



**RATE SCHEDULE ET-2
RESIDENTIAL SERVICE TIME-OF-USE
TIME ADVANTAGE 7PM-NOON**

AVAILABILITY

This rate schedule is available in all territory served by the Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the sites served.

This rate schedule will be available beginning July 1, 2006 subject to meter availability and work schedule constraints.

A customer participating in this rate may switch to another available residential rate during their first year of subscription or anytime thereafter. However, after switching to another rate, the customer may not return to this rate for a period of 1 year. Eligible customers that have switched between other residential rates within the 12 months prior to implementation of this rate may subscribe to this rate before the 1-year minimum stay is completed.

APPLICATION

This rate schedule is applicable to all Standard Offer and Direct Access electric service required for residential purposes in individual private dwellings and in individually metered apartments when such service is supplied at one site through one point of delivery and measured through one meter.

Rate selection is subject to paragraphs 3.2 through 3.5 of the Company's Schedule 1, Terms and Conditions for Standard Offer and Direct Access Services, and this rate schedule will become effective only after the Company has installed the required timed kilowatthour meter.

This schedule is not applicable to breakdown, standby, supplemental or resale service.

TYPE OF SERVICE

The type of service provided under this schedule will be single phase, 60 Hertz, at a single standard voltage (120/240 or 120/208 as may be selected by customer subject to availability at the customer's site). Three phase service may be furnished under the Company's Schedule 3 (Conditions Governing Extensions of Electric Distribution Lines and Services) and is required for motors of an individual rated capacity of 7-1/2 HP or more.

RATES

The customer's bill shall be computed at the following rates, plus any adjustments incorporated in this schedule:

Bundled Standard Offer Service

Basic Service Charge: \$ 0.493 per day

Energy Charge:

May – October Billing Cycles (Summer)	November – April Billing Cycles (Winter)
\$ 0.21601 per kWh during On-Peak hours, plus \$ 0.05413 per kWh during Off-Peak hours	\$0.17519 per kWh during On-Peak hours, plus \$0.05412 per kWh during Off-Peak hours



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RATES (cont)

Bundled Standard Offer Service consists of the following Unbundled Components:

Unbundled Components

Basic Service Charge:	\$ 0.211	per day
Revenue Cycle Service Charges:		
Metering	\$ 0.165	per day
Meter Reading	\$ 0.055	per day
Billing	\$ 0.062	per day
System Benefits Charge:	\$ 0.00185	per kWh
Transmission Charge:	\$ 0.00520	per kWh
Delivery Charge:	\$ 0.02474	per kWh
Generation Charge:		

May – October Billing Cycles (Summer)	November – April Billing Cycles (Winter)
\$0.18422 per kWh during On-Peak hours, plus \$0.02234 per kWh during Off-Peak hours	\$0.14340 per kWh during On-Peak hours, plus \$0.02233 per kWh during Off-Peak hours

DIRECT ACCESS

The bill for Direct Access customers will consist of the Unbundled Components Basic Service Charge, the System Benefits Charge, and the Delivery Charge, plus any applicable adjustments incorporated in this schedule. Direct Access customers must acquire and pay for generation, transmission, and revenue cycle services from a competitive third party supplier. If any revenue cycle services are not available from a third party supplier and must be obtained from the Company, the Unbundled Components Revenue Cycle Service Charges will be applied to the customer's bill.

TIME PERIODS

The On-Peak time period for this rate schedule is 12 noon to 7 p.m. Monday through Friday excluding the holidays listed below. All hours not included in the On-Peak time period shall be Off-Peak hours.

The following holidays are Off-Peak: New Year's Day (January 1), Memorial Day (last Monday in May), Independence Day (July 4), Labor Day (first Monday in September), Thanksgiving Day (fourth Thursday in November), and Christmas (December 25). When any holiday listed above falls on a Saturday, the preceding Friday will be recognized as an off-peak period. When any holiday listed above falls on a Sunday, the following Monday will be recognized as an off-peak period. Mountain Standard Time shall be used in the application of this rate schedule.



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ADJUSTMENTS

1. The Environmental Portfolio Surcharge shall be applied to every retail electric service as set forth in the Company's Adjustment Schedule EPS-1 or successor schedules as approved by the Arizona Corporation Commission.
2. The bill is subject to the Power Supply Adjustment factor as set forth in the Company's Adjustment Schedule PSA-1 pursuant to Arizona Corporation Commission Decision No. 67744 and Arizona Corporation Commission Decision No. 69663.
3. The bill is subject to the Transmission Cost Adjustment factor as set forth in the Company's Adjustment Schedule TCA-1 pursuant to Arizona Corporation Commission Decision No. 67744.
4. The bill is subject to the Environmental Improvement Surcharge as set forth in the Company's Adjustment Schedule EIS pursuant to Arizona Corporation Commission Decision No. 69663.
5. The bill is subject to the Competition Rules Compliance Charge as set forth in the Company's Adjustment Schedule CRCC-1 pursuant to Arizona Corporation Commission Decision No. 67744.
6. Direct Access customers returning to Standard Offer service may be subject to a Returning Customer Direct Access Charge as set forth in the Company's Adjustment Schedule RCDAC-1 pursuant to Arizona Corporation Commission Decision No. 67744.
7. The bill is subject to the Demand Side Management Adjustment charge as set forth in the Company's Adjustment Schedule DSMAC-1 pursuant to Arizona Corporation Commission Decision No. 67744.
8. The bill is subject to the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of APS and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

CONTRACT PERIOD

Any applicable contract period will be set forth in APS' standard agreement for service.

TERMS AND CONDITIONS

Service under this rate schedule is subject to the Company's Schedule 1, Terms and Conditions for Standard Offer and Direct Access Services and the Company's Schedule 10, Terms and Conditions for Direct Access. These schedules have provisions that may affect the customer's bill. In addition, service may be subject to special terms and conditions as provided for in a customer contract or service agreement.