



**SCHEDULE SOLAR-3
CLASSIFIED SERVICE
SOLAR POWER PILOT PROGRAM**

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. The Solar Power Pilot Program is offered as a three-year pilot program and is available to residential standard offer customers who wish to purchase electricity generated from solar sources for their homes. The Company will procure or construct new solar generation resources to provide service under Schedule Solar-3. Therefore, such service is not expected to be available before July 2008. The Company shall limit participation in Schedule Solar-3 based on the amount of solar generation resources available.

A customer may only subscribe to one green power or solar rate option. Schedule Solar-3 may not be used in conjunction with rate schedules GPS-1, GPS-2, Solar-1, Solar-2, or SP-1.

APPLICATION

Service under this schedule provides all or a portion of the customer's service from solar electric generating systems producing AC electricity and delivered via APS' electric power grid. All provisions of the Customer's current applicable rate schedule will apply, including the unbundled generation components as applied to the Customers total monthly energy consumption. However, the charges in Schedule EIS and Adjustment Schedule EPS-1 will not apply to the Solar Power Energy (kWh) served in accordance with Schedule Solar-3, up to 100% of the customer's total monthly kWh supplied by the Company. The customer is required to subscribe for a minimum term of one year. Direct Access customers are not eligible for service under this rate schedule.

SERVICE CHARGES

The customer shall be charged a Solar Power Premium Rate for all Solar Power Energy (kWh) served under this rate schedule. The Solar Power Premium Rate shall be the Solar Power Price, which represents the Company's price for Solar Power used to serve this rate schedule credited for the Avoided Cost, which represents the Company's associated savings in generation costs. The Solar Power Premium Rate shall be applied to the Solar Power Energy on a monthly basis.

Solar Power Price:	\$0.225 per kWh
Avoided Cost Credit:	<u>\$0.059 per kWh</u>
Solar Power Premium Rate:	\$0.166 per kWh

Solar Power Energy shall be a percentage of the customer's total monthly energy (kWh) supplied by the Company. Two options are available:

- A. Solar Power shall account for 100.0% of the customer's total monthly energy supplied by the Company.
- B. Solar Power shall account for 50.0% of the customer's total monthly energy supplied by the Company.

TERMS AND CONDITIONS

Subject to Company's Schedule 1, Terms and Conditions for Standard Offer and Direct Access Services, which contain 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.