



ADJUSTMENT SCHEDULE DSMAC-1 DEMAND SIDE MANAGEMENT ADJUSTMENT

AVAILABILITY

The Demand Side Management Adjustment Charge (DSMAC) applies to all Customer service accounts.

DESCRIPTION

The monthly DSMAC charge is used to recover the cost of Commission-approved programs and services to meet compliance with Arizona's Energy Efficiency Standard that are not collected through base rates.

CHARGES

The monthly charge for each service account will be calculated at the following rate:

For all Residential Customers:		
All kWh	\$ 0.001204	per kWh

For General Service Customers not billed a demand charge:		
All kWh	\$ 0.001204	per kWh

For General Service Customers billed a demand charge:		
All billed kW	\$ 0.490	per kW

SELF-DIRECTION

Qualifying Customers have an option under Adjustment Schedule DSMAC-1 under which the Customer may reserve DSMAC contributions, less administrative and other program costs, for exclusive use to fund qualifying DSM projects at the Customer's facilities. To qualify, the Customer must:

1. Use a minimum of 40 million kWh per calendar year, based on aggregation of all of the Customer's accounts;
2. Notify APS on or before December 1st in each year the Customer wishes to self-direct; and



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3. Upon notification and verification of eligibility by APS, 85% of the Customer's DSM charges will be reserved for tracking purposes for the Customer's future energy efficiency project(s), which must be completed within two years. The remaining 15% will be retained to cover self-direction program administration costs.

For further details regarding Self-Direction provisions, please see Arizona Corporation Commission Decision No. 71448, Attachment C to the Settlement Agreement, which may be modified from time to time with Commission approval.

SERVICE DETAILS

1. The DSMAC is calculated annually and will go into effect upon approval of the Company's annual DSM Implementation Plan and will remain in effect for the following 12-month period unless otherwise ordered by the Commission.
2. All the terms and charges in the Customer's rate schedule continue to apply to electric service provided under this adjustment.
3. Charges under Adjustment Schedules REAC-1 and DSMAC-1 may be combined and shown on the "Environmental Benefits Surcharge" line of the Customer's monthly bill.