



ADJUSTMENT SCHEDULE REAC-1 RENEWABLE ENERGY ADJUSTMENT CHARGE

AVAILABILITY

The Renewable Energy Adjustment Charge (REAC) applies to all Customer service accounts.

DESCRIPTION

The monthly REAC charge recovers expenditures made by the Company to meet compliance with Arizona's Renewable Energy Standard.

CHARGES

The monthly charge for each service account will be calculated at the following rates and surcharge caps:

kWh Charge	\$ (0.013781)	per kWh
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Surcharge Caps (per service account per month)

Residential Customers	\$ (5.51)	per Month
Non-Residential Customers		
Extra-Small and Small	\$ (204.74)	per Month
Medium	\$ (344.53)	per Month
Large	\$ (689.05)	per Month
Extra-Large	\$ (4,478.83)	per Month

Surcharge caps shown above apply to the following:

1. Customers who have not installed an on-site renewable distribution generation system;
2. Customers that installed an on-site renewable distribution generation system prior to July 1, 2012; and
3. Customers that installed an on-site renewable distribution generation system after July 1, 2012 and before February 1, 2013 and did not receive an incentive.



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Alternative REAC Charges, Flat Charges, and Minimum Charges

Residential Customers	\$ (5.02)	Flat charge per Month
Non-Residential Customers		
Extra-Small	\$ (11.51)	Minimum charge per Month
	\$ (204.74)	Surcharge cap
Small	\$ (57.54)	Minimum charge per Month
	\$ (204.74)	Surcharge cap
Medium	\$ (313.52)	Flat charge per Month
Large	\$ (629.89)	Flat charge per Month
Extra-Large	\$ (4,478.83)	Flat charge per Month

Flat charges shown above apply to the following:

1. Customers that installed a renewable distributed generation system after July 1, 2012 and received an incentive; and
2. Customers that installed a renewable distributed generation system interconnected to the Company's distribution grid after February 1, 2013, regardless of whether an incentive was received.

Minimum Charges and Surcharge Caps shown above apply to the following:

1. Extra-Small and Small General Service Customers that installed a renewable distributed generation system after July 1, 2012 and received an incentive; and
2. Extra-Small and Small General Service Customers that installed a renewable distributed generation system and interconnected to the Company's distribution grid after February 1, 2013, regardless of whether an incentive was received.



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NON-RESIDENTIAL CUSTOMER BILLING CATEGORIES

Non-residential Customers served under the following retail rate schedules will be billed under the surcharge categories shown below:

<u>Retail Rate Schedule</u>	<u>Surcharge Category</u>
E-47, E-58, E-59, Contract 12, E-67, E-36M (small option)	Extra-Small
E-32 S, E-32TOU S	Small
E-32 M, E-32TOU M	Medium
E-32 L, E-32 L SP, E-32TOU L, E-36M (medium option), GS-Schools L	Large
E-34, E-35, E-36 XL	Extra-Large

For non-residential Customers served under the following rate schedules, the surcharge category will be based on the monthly billing demand as shown below:

<u>Retail Rate Schedule</u>	<u>Monthly Billing Demand</u>	<u>Surcharge Category</u>
E-221, E-221 8T	20 kW and less	Extra-Small
E-221, E-221 8T	21 - 100 kW	Small
E-221, E-221 8T	101- 400 kW	Medium
E-221, E-221 8T	> 400 kW	Large
GS-Schools M	20 kW and less	Extra-Small
GS-Schools M	21 - 100 kW	Small
GS-Schools M	> 100 kW	Medium
E-20	20 kW and less	Extra-Small
E-20	> 20 kW	Small

SERVICE DETAILS

1. The charges will be revised annually, effective on the first billing cycle in January, or as otherwise ordered by the Arizona Corporation Commission, and will not be prorated.
2. All the terms and charges in the customer's rate schedule continue to apply to electric service provided under this adjustment.



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3. Charges applied 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.