



**Power Supply Adjustment
Plan of Administration**

Table of Contents

1. *General Description*1

2. *PSA Components*2

3. *Calculation of the PSA Rate*4

4. *Filing and Procedural Deadlines*5

5. *Verification and Audit* 5

6. *Definitions*6

7. *Schedules*..... 8

8. *Compliance Reports*8

9. *Allowable Costs*.....10

1. General Description

This document describes the plan for administering the Power Supply Adjustment mechanism (“PSA”) approved for Arizona Public Service Company (APS) by the Commission on June 28, 2007 in Decision No. 69663, and subsequently amended by the Commission in Decision Nos. 71448 (December 30, 2009), 73183 (May 24, 2012), 76295 (August 18, 2017) and 78317(November 9, 2021). The PSA provides for the recovery of fuel and purchased power costs and other production-related variable costs to the extent that those costs deviate from the amount recovered through APS’s Base PSA Cost (\$0.031451 per kWh) authorized in Decision No. 78317, on November 9, 2021.

Non-fuel production costs included in the PSA relate to environmental chemical expenses, which vary directly with power plant production. The production-related environmental chemical costs are limited to expenses for lime, sulfur and ammonia used at fossil fuel generation sites. The PSA allows for the refund or recovery of said costs that deviate from the base cost amount of \$0.000500 per kWh¹.

In addition, the PSA allows for the refund or recovery of the net margins from sales of emission allowances to the extent the actual sales margins deviate from the base cost amount of (\$0.000001) per kWh,² and for recovery of mandated carbon emission costs when it is economical to incur those costs as discussed below.

APS shall not incur mandatory carbon emission allowance costs unless it passes those costs on to the California entities that are purchasing energy from APS. In no event shall APS incur California’s carbon emission allowance costs when doing so is not an economical choice for APS’s Arizona ratepayers.

¹ \$0.000500 per kWh is the result of the following: (2015 chemical costs of \$13,527,111 / 2015 test year native load sales of 27,030,686 MWh) / 1000.

²(\$0.000001) per kWh is the result of the following: (2015 net gains from sales of SO₂ allowances of \$25,181 / 2015 test year native load sales of 27,030,686 MWh) / 1000.



The PSA described in this Plan of Administration (“POA”) uses a forward-looking estimate of fuel and purchased power costs and environmental chemical costs for fossil fuel production, and margins on the sales of emission allowances (“PSA Costs”) to set a rate that is then reconciled to actual costs experienced.

This PSA includes a limit of \$0.004 per kilowatt-hour (kWh) on the amount the PSA rate may change in any one year absent express approval of the Commission. This PSA also provides a mechanism for mid-year rate adjustment by either the Commission or the Company (only if overcollection occurs) in the event that conditions change sufficiently to cause extraordinarily high balances to accrue under application of this PSA.

2. PSA Components

The PSA Rate will consist of three components designed to provide for the recovery of actual, prudently incurred PSA Costs. Those components are:

1. The Forward Component, which recovers or refunds differences between expected PSA Year’s³ PSA Costs and those embedded in base rates.
2. The Historical Component, which tracks the differences between the PSA Year's actual PSA Costs (fuel, purchased power and other allowable costs) and the recovery of those same cost elements through the combination of base rates and the Forward Component, and which provides for their recovery or refund during the next PSA Year.
3. The Transition Component, which provides for:
 - a. The opportunity to seek mid-year changes in the PSA Rate in cases where variances between the anticipated recovery of fuel and purchased power and other allowable costs for the PSA Year under the combination of base rates and the Forward Component become so large as to warrant recovery/refund, should the Commission deem such an adjustment to be appropriate or if the Company requests to make such a refund of an overcollection.
 - b. The tracking of balances resulting from the application of the Transition Components in order to provide a basis for the refund or recovery of any such balances.

Except for circumstances when the Commission approves new base rates, a PSA Year begins on February 1 and ends on the ensuing January 31. In the event that new base rates become effective on a date other than February 1, the Commission may, at its discretion, adjust any or all of the PSA components to reflect the new base rates.

On or before November 30 of each year, APS will submit a PSA Rate filing, which shall include a calculation of the three components of the proposed PSA Rate. This filing shall be accompanied by such supporting information as Staff determines to be required.

a. Forward Component Description

The Forward Component is intended to refund or recover the difference between: (1) PSA Costs embedded in base rates and (2) the forecast PSA Costs over a PSA Year that begins on February 1 and ends on the ensuing January 31. APS will submit, on or before November 30 of each year,

³ Each February 1 through January 31 period shall constitute a PSA Year.



a forecast for the upcoming calendar year (January 1-December 31) of its PSA Costs. It will also submit a forecast of kWh sales for the same calendar year, and divide the forecast costs by the forecast sales to produce the cents/kWh unit rate required to collect those costs over those sales. The result of subtracting the Base PSA Costs from this unit rate shall be the Forward Component.

APS shall maintain and report monthly the balances in a Forward Component Tracking Account, which will record APS's over/under-recovery of its actual PSA Costs as compared to the Base PSA Costs recovered in revenue. The balance calculated as a result of these steps is then reduced by the current month's collection of Forward Component revenue. This account will operate on a PSA Year basis (i.e., February to January), and its balances will be used to administer this PSA's Historical Component, which is described immediately below.

b. Historical Component Description

The Historical Component in any current PSA Year is intended to refund or recover the balances accumulated in the Forward Component Tracking Account (described above) and Historical Component Tracking Account (described below) during the immediately preceding PSA Year. The sum of the projected Forward Component Tracking Account balance on January 31 of the following calendar year and the projected Historical Component Tracking Account balance on January 31 of the following calendar year is divided by the forecast kWh sales used to set the Forward Component for the coming PSA Year. That result comprises the proposed Historical Component for the coming PSA year.

APS shall maintain and report monthly the balances in a Historical Component Tracking Account, which will reflect monthly collections under the Historical Component and the amounts approved for use in calculating the Historical Component.

Each annual November 30 APS filing will include an accumulation of Forward Component Tracking Account balances and Historical Component Tracking Account balances for the preceding February through October and an estimate of the balances for November through January (the remaining three months of the current PSA Year). The APS filing shall use these balances to calculate the Historical Component for the coming PSA Year⁴.

The November 30 filing's use of estimated balances for November through January (with supporting workpapers) is required to allow the PSA review process to begin in a way that will support its completion and a Commission decision, if necessary, prior to February 1.

The Historical Component Tracking Account will measure the changes each month in the Historical Component balance used to establish the current Historical Component as a result of collections under the Historical Component in effect. It will subtract each month's Historical Component collections from the Historical Component balance. The Historical Component Account will also include Applicable Interest on any balances. APS shall file the amounts and supporting calculations and workpapers for this account each month.

⁴ For example, the November 30, 2008 filing would include actual balances for February through October of 2008 and estimated balances for November 2008 through January 2009.

c. Transition Component Description

The Transition Component will be used as the method for incorporating any approved mid-year changes to the PSA rate. APS or Staff may request at any time a change in the PSA rate through an adjustment to the Transition Component to address a significant imbalance between anticipated collections and costs for the PSA Year under the Forward Component element of this PSA. After the review of such request, the Commission may provide for the refund or collection of such balance (through a change to the Transition Component Balance) over such period as the Commission determines appropriate through a unit rate (\$/kWh) imposed as part of the Transition Component. The Commission on its own motion may also change the PSA rate as described above.

Notwithstanding the preceding paragraph, APS may at any time during the PSA Year request to reduce the PSA through the Transition Component, which shall be deemed approved and become effective beginning with the first billing cycle of the month following the filing of such a request, provided APS files the request within the first 15 days of a month and Staff does not file opposition to the request.

A Transition Component Tracking Account will measure the changes each month in the Transition Component balance. APS, Staff, or the Commission on its own motion may request that the balance in any Transition Component Tracking Account at the end of the period set for recovery be included in the establishment of the Transition Component for the coming PSA Year.

The Transition Component Account will also include Applicable Interest as determined by the Commission. APS shall file the amounts and supporting calculations and workpapers for this account each month.

As it must do for the Historical Component filing, APS shall file on or before November 30 of each year an accumulation of Transition Component Tracking Account balances for the preceding February through October and an estimate of the balances for November through January (the remaining three months of the prior PSA Year). Those balances will form the basis for setting the preliminary Transition Component for the coming PSA Year.

3. Calculation of the PSA Rate

The PSA Rate is the sum of the three components; *i.e.*, Forward Component, Historical Component and Transition Component. The PSA rate shall be applied to customer bills. Unless the Commission has otherwise acted on a new PSA Rate by February 1, the proposed PSA Rate shall go into effect. However, the PSA Rate may not change from the prior year's PSA Rate by more than plus or minus \$0.004 per kWh without an offsetting change in the Base Cost of Fuel and Purchased Power. The PSA Rate shall be applicable to APS's retail electric rate schedules (with the exception of E-36 XL, AG-X, Direct Access service and any other rate that is exempt from the PSA) and is adjusted annually. The PSA Rate shall be applied to the customer's bill as a monthly kWh charge that is the same for all customer classes.

The PSA Rate shall be reset on February 1 of each year, and shall be effective with the first February billing cycle unless suspended by the Commission. It is not prorated.

4. Filing and Procedural Deadlines

a. November 30 Filing

APS shall file the PSA Rate with all Component calculations for the PSA Year beginning on the next February 1, including all supporting data, with the Commission on or before November 30 of each year. That calculation shall use a forecast of kWh sales and of PSA Costs for the coming calendar year, with all inputs and assumptions being the most current available for the Forward Component. The filing will also include the Historical Component calculation for the year beginning on the next February 1, with all supporting data. That calculation shall use the same forecast of sales used for the Forward Component calculation. The Transition Component filing shall also include a proposed method for addressing the over or under recovery of any Transition Component balances that result from changes in the sales forecasts or recovery periods set or any additions to or subtractions from Transition Component balances reviewed or approved by the Commission since the last February 1 resetting of the new PSA.⁵

b. Additional Filings

APS shall also file with the Commission any additional information that Staff determines it requires to verify the component calculations, account balances and any other matter pertinent to the PSA.

c. Review Process

The Commission Staff and interested parties shall have an opportunity to review the November 30 forecast, balances and supporting data on which the calculations of the three PSA components have been based. Any objections to the November 30 calculations shall be filed within 60 days of the APS filing. Before Storage Product Costs may be calculated in the PSA, APS will first seek approval. APS will request this approval by filing the third party storage contract with the Commission at least 90 days before the contract becomes effective. Unless the Commission has otherwise acted on the APS calculation by February 1, the PSA rate proposed by APS shall go into effect with the first February billing cycle.

5. Verification and Audit

The amounts charged through the PSA shall be subject to periodic audit to assure their completeness and accuracy and to assure that all fuel and purchased power and other allowable costs were incurred reasonably and prudently. The Commission may, after notice and opportunity for hearing, make such adjustments to existing balances or to already recovered amounts as it finds necessary to correct any accounting or calculation errors or to address any costs found to be unreasonable or imprudent. Such adjustments, with appropriate interest, shall be recovered or refunded through the Transition Component.

⁵ This method assumes that the Commission defers the recovery of any approved Transition Component Balance changes until the next February 1 PSA resetting. The Commission may also, as part of the approval of any such Transition Component Balance change, make a PSA change effective on dates and across periods as it determines to be appropriate when it approves such a Transition Component Balance change.

6. Definitions

Applicable Interest - Interest is applied on the PSA balance annually at the following rates: any over-collection existing at the end of the PSA year will be credited an amount equal to interest at a rate equal to the Company's authorized Return on Equity ("ROE") or APS's then-existing short term borrowing rate, whichever is greater, and will be refunded to customers over the following 12 months; any under-collection existing at the end of the PSA Year will be debited an amount equal to interest at a rate equal to the Company's authorized ROE or APS's then-existing short term borrowing rate, whichever is less, and will be recovered from customers over the following 12 months.

Base Chemical Costs - An amount generally expressed as a rate per kWh, which reflects the non-fuel production costs embedded in the base rates as approved by the Commission in APS's most recent rate case. The production-related environmental chemical costs are limited to expenses for lime, sulfur and ammonia used at fossil fuel generation sites. The Base Chemical Costs are set at \$0.000500 per kWh effective on December 1, 2021.

Base Cost of Fuel and Purchased Power - An amount generally expressed as a rate per kWh, which reflects the fuel and purchased power costs embedded in the base rates as approved by the Commission in APS's most recent rate case. The Base Cost of Fuel and Purchased Power recovered in base revenue is the approved rate per kWh times the applicable sales volumes. Decision No. 78317 set the base cost at \$0.031451 per kWh effective on December 1, 2021.

Base Net Margins on the Sale of Emission Allowances - An amount generally expressed as a rate per kWh, which reflects the net margins on sales of SO₂ emission allowances embedded in the base rates as approved by the Commission in APS's most recent rate case. The Base Net Margins on the Sale of Emission Allowances is set at (\$0.000001) per kWh effective on December 1, 2021.

Base PSA Costs - A rate equal to the sum of Base Cost of Fuel and Purchased Power as defined above, the Base Chemical Costs, and the Base Net Margins on the Sale of Emission Allowances.

Forward Component - An amount generally expressed as a rate per kWh charge that is updated annually on February 1 of each year and is effective with the first billing cycle in February. The Forward Component for the PSA Year will adjust for the difference between the forecast PSA Costs generally expressed as a rate per kWh less the Base PSA Costs generally expressed as a rate per kWh embedded in APS's base rates. The result of this calculation will equal the Forward Component, generally expressed as a rate per kWh.

Forward Component Tracking Account - An account that records on a monthly basis APS's over/under-recovery of its actual PSA Costs as compared to the actual Base PSA Costs recovered in revenue and Forward Component revenue, plus Applicable Interest. The balance of this account as of the end of each PSA Year is, subject to periodic audit, reflected in the next Historical Component calculation. APS files the balances and supporting details underlying this Account with the Commission on a monthly basis.



Historical Component - An amount generally expressed as a rate per kWh charge that is updated annually on February 1 of each year and is effective with the first billing cycle in February unless suspended by the Commission. The purpose of this charge is to provide for a true-up mechanism to reconcile any over or under-recovered amounts from the preceding PSA Year tracking account balances to be refunded/collected from customers in the coming year's PSA rate.

Historical Component Tracking Account - An account that records on a monthly basis the account balance to be collected via the Historical Component rate as compared to the actual Historical Component revenues; plus Applicable Interest at year end. The balance of which at the close of the preceding PSA Year is, subject to periodic audit, then reflected in the next Historical Component calculation. APS files the balances and supporting details underlying this Account with the Commission on a monthly basis.

ISFSI - Costs associated with the Independent Spent Fuel Storage Installation that stores spent nuclear fuel.

Mandated Carbon Emission Allowance Costs - The costs incurred in purchasing allowances to meet legal requirements, beginning in 2013, that electricity from resources which emit carbon must be accompanied by carbon emission allowances equal to the amount of carbon emitted in generating the electricity (recorded in FERC Account 509 - Allowances).

Mark-to-Market Accounting - Recording the value of qualifying commodity contracts to reflect their current market value relative to their actual cost.

Native Load - Native load refers to the energy needed for customer load in the balancing authority area for which APS has a generation service obligation.

Net Margins on the Sale of Emission Allowances - Revenues incurred from the sale of emission allowances net of the costs incurred to produce the excess allowances.

Preference Power - Power allocated to APS wholesale customers by federal power agencies such as the Western Area Power Administration.

PSA - The Power Supply Adjustment mechanism approved by the Commission.

PSA Costs - The combination of System Book Fuel and Purchased Power Costs net of the System Book Off-System Sales Revenues plus costs for environmental chemicals used in power production at fossil and nuclear production sites, approved storage product costs and the Net Margins on the Sales of Emission Allowances.

PSA Year - A consecutive 12-month period generally beginning each February 1.

Rate Schedule AG-X - Alternative Generation Rate Schedule approved by the Commission in Decision No. 76295. Resale of capacity and energy displaced by Rate Schedule AG-X shall be excluded from the PSA at a flat amount of \$1,250,000 a month. The portion of capacity and energy sales margins that is not the result of displacement from Rate Schedule AG-X will continue to be a credit to the PSA. As authorized in Decision No. 78317, the portion of capacity



and energy sales margins displaced by AG-X that grows beyond the original allocation of 200 MW will proportionately increase the \$1,250,000 per month exclusion.

Storage Product Costs - All costs associated with third-party storage facilities, including rent, capacity, and lease payments for electricity storage facilities (e.g., batteries) that APS utilizes in the dispatch of generated or purchased electricity.

System Book Fuel and Purchased Power Costs - The costs recorded for the fuel and purchased power used by APS to serve both Native Load and off-system sales, less the costs associated with applicable special contracts, E-36 XL, AG-X, RCDAC-1, ISFSI, and Mark-to-Market Accounting adjustments. Wheeling costs and broker fees are included up to the level in the Base Cost of Fuel and Purchased Power authorized in Decision No. 78317.

System Book Off-System Sales Revenue - The revenue recorded from sales made to non-Native Load customers, for the purpose of optimizing the APS system, using APS-owned or contracted generation and purchased power, less Mark-to-Market Accounting adjustments.

Traditional Sales-for-Resale - The portion of load from Native Load wholesale customers that is served by APS, excluding the load served with Preference Power.

Transition Component - An amount generally expressed as a rate per kWh charge to be applied when necessary to provide for significant changes between estimated and actual costs under the Forward Component.

Transition Component Tracking Account - An account that records on a monthly basis the account balance to be collected via the Transition Component as compared to the actual Transition Component revenues, plus applicable interest; the balance of which upon Commission consideration may then be reflected in the next Transition Component calculation. APS files the balances and supporting details underlying this Account with the Commission on a monthly basis.

Wheeling Costs (FERC Account 565, Transmission of Electricity by Others) - Amounts payable to others for the transmission of APS's electricity over transmission facilities owned by others.

7. Schedules

Samples of the following schedules are attached to this Plan of Administration

- Schedule 1 PSA Rate Calculation
- Schedule 2 PSA Forward Component Rate Calculation
- Schedule 3 PSA Year Forward Component Tracking Account
- Schedule 4 PSA Historical Component Rate Calculation
- Schedule 5 Historical Component Tracking Account
- Schedule 6 PSA Transition Component Rate Calculation
- Schedule 7 PSA Transition Tracking Account

8. Compliance Reports

APS shall provide monthly reports to Staff and to the Residential Utility Consumer Office detailing all calculations related to the PSA. An APS Principal Officer, as listed in APS's annual



report filed with the Commission's Corporations Division, shall certify under oath that all information provided in the reports itemized below is true and accurate to the best of his or her information and belief. These monthly reports shall be due within 30 days of the end of the reporting period.

The publicly available reports will include at a minimum:

1. The PSA Rate Calculation (Schedule 1); Forward Component, Historical Component, and Transition Component Calculations (Schedules 2, 4, and 6); Annual Forward Component, Historical Component and Transition Component Tracking Account Balances (Schedules 3, 5, and 7). Additional information will provide other relative inputs and outputs such as:
 - a. Total power and fuel costs
 - b. Margins on the sale of excess emission allowances
 - c. Environmental chemical costs for fossil generation
 - d. Customer sales in both MWh and thousands of dollars by customer class
 - e. Number of customers by customer class
 - f. A detailed listing of all items excluded from the PSA calculations
 - g. A detailed listing of any adjustments to the adjustor reports
 - h. Total off-system sales revenues
 - i. System losses in MW and MWh
 - j. Monthly maximum retail demand in MW
2. Identification of a contact person and phone number from APS for questions.

APS shall provide to Commission Staff monthly reports containing the information listed below. These reports shall be due within 30 days of the end of the reporting period. All of these additional reports will be provided confidentially.

A. Information for each generating unit shall include the following items:

1. Net generation, in MWh per month, and 12 months cumulatively
2. Average heat rate, both monthly and 12-month average
3. Equivalent forced-outage factor, both monthly and 12-month average
4. Outage information for each month including, but not limited to, event type, start date and time, end date and time, and a description
5. Total fuel costs per month
6. The fuel cost per kWh per month

B. Information on power purchases shall include the following items per seller (information on economy interchange purchases may be aggregated):

1. The quantity purchased in MWh
2. The demand purchased in MW to the extent specified in the contract
3. The total cost for demand to the extent specified in the contract
4. The total cost of energy

C. Information on off-system sales shall include the following items:

1. An itemization of off-system sales margins per buyer



2. Details on negative off-system sales margins

D. Fuel purchase information shall include the following items:

1. Natural gas interstate pipeline costs, itemized by pipeline and by individual cost components, such as reservation charge, usage, surcharges and fuel
2. Natural gas commodity costs, categorized by short-term purchases (one month or less) and longer term purchases, including price per therm or per MCF, total cost, supply basin and volume by contract

E. APS will also provide:

1. Monthly projections for the next 12-month period showing estimated over/under-collected amounts
2. A summary of unplanned outage costs by resource type
3. A summary of the net margins on the sale of emission allowances
4. The data necessary to arrive at the System and Off-System Book Fuel and Purchased Power cost reflected in the non-confidential filing
5. The data necessary to arrive at the Native Load Energy Sales MWh reflected in the non-confidential filing

Work papers and other documents that contain proprietary or confidential information will be provided to the Commission Staff under an appropriate confidentiality agreement. APS will keep fuel and purchased power invoices and contracts available for Commission review. The Commission has the right to review the prudence of fuel and power purchases and any calculations associated with the PSA at any time. Any costs flowed through the PSA are subject to refund if those costs are found to be imprudently incurred.

9. Allowable Costs

a. Accounts

The allowable PSA costs include fuel and purchased power costs incurred to provide service to retail customers. And, the prudent direct costs of contracts used for hedging system fuel and purchased power will be recovered under the PSA. Additionally, costs for specified environmental chemicals that vary with power generated at fossil power plants, storage product costs, and the net margins on the sale of emission allowances and Mandated Carbon Emission Allowance Costs will also be refunded or recovered through the PSA. The allowable cost components include the following Federal Energy Regulatory Commission (FERC) accounts:

- 501 Fuel (Steam)
- 518 Fuel (Nuclear) less ISFSI regulatory amortization
- 547 Fuel (Other Production)
- 555 Purchased Power
- 565 Wheeling (Transmission of Electricity by Others)
- 411 O&M (Margins on the Sale of Emission Allowances)
- 509 Allowances⁶

⁶ Or any successor FERC account used to record the costs of purchasing carbon emission allowances.



Additionally, broker fees recorded in FERC account 557 up to the amount included in the Base Fuel Cost, costs for environmental chemicals used in power production in FERC accounts 502 and 549, and the FERC account where applicable Storage Product Costs will be recorded are allowable accounts.

These accounts are subject to change if the Federal Energy Regulatory Commission alters its accounting requirements or definitions.

b. Directly Assignable Power Supply Costs Excluded

Decision No. 66567 provides APS the ability to recover reasonable and prudent costs associated with customers who have left APS standard offer service, including special contract rates, for a competitive generation supplier and then return to standard offer service. For administrative purposes, customers who were direct access customers since origination of service and request standard offer service would be considered to be returning customers. A direct assignment or special adjustment may be applied that recognizes the cost differential between the power purchases needed to accommodate the returning customer and the power supply cost component of the otherwise applicable standard offer service rate. This process is described in the Returning Customer Direct Access Charge rate schedule and associated Plan for Administration filed with the Commission.

In addition, if APS purchases power under specific terms on behalf of a standard offer special contract customer, the costs of that power may be directly assigned. In both cases, where specific power supply costs are identified and directly assigned to a large returning customer or standard offer special contract customer or group of customers, these costs will be excluded from the Adjustor Rate calculations. Schedule E-36 XL and AG-X customers are directly assigned power supply costs based on the APS system incremental cost at the time the customer is consuming power from the APS system so their power supply costs and kWh usage are excluded from the PSA.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 1
Power Supply Adjustment (PSA) Rate Calculation
(\$/kWh)

Line	Current	Proposed	Increase/(Decrease)	
<u>No.</u> PSA Rate Calculation	<u>February 1, XXXX</u>	<u>February 1, XXXX</u> ¹	<u>\$/kWh</u>	<u>%</u>
1 Forward Component Rate - FC (Schedule 2, L16)	\$ -	\$ -	N/A	N/A
2 Historical Component Rate - HC (Schedule 4, L5) ²	#.#####	\$ -	N/A	N/A
3 PSA Transition Component Rate (Schedule 6, L3) ³	\$ -	\$ -	N/A	N/A
4 PSA Rate (L1+ L2 + L3)	<u>#.#####</u>	<u>\$ -</u>	<u>N/A</u>	<u>N/A</u>

Notes:

- ¹ Proposed levels of the PSA rate components are provided in the November 30 filing each year.
- ² A Historical Component is a true up related to respective prior period PSA activity.
- ³ Provides for Mid-Period Corrections when necessary.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 2
PSA Forward Component Rate Calculation
(\$ in thousands; Forward Component Rate in \$/kWh)

Line No.		Current	Proposed	Increase/(Decrease)	
		February 1, XXXX	February 1, XXXX ¹	\$ Values	%
1	Projected Fuel and Purchased Power Costs	\$ #,###,###	\$ -	N/A	N/A
2	Projected Off-System Sales Revenue	\$ #,###,###	-	N/A	N/A
3	PSA Adjustments to Fuel and Purchased Power Costs ²	\$ (#,###,###)	-	N/A	N/A
4	Net Fuel and Purchased Power Cost (L1 through L3)	\$ #,###,###	\$ -	N/A	N/A
5	Projected Fossil Chemical Costs	-	-	N/A	N/A
6	Projected Net Margins on the Sale of Emission Allowances	-	-	N/A	N/A
7	Projected Billed Native Load Sales, excluding E-36XL and AG-X (MWh) ³	##,###,###	-	N/A	N/A
8	Projected Average Net Fuel Cost \$/kWh (L4 / L7)	#.#####	\$ -	N/A	N/A
9	Average Fossil Chemical Costs \$/kWh (L5 / L7)	#.#####	-	N/A	N/A
10	Projected Average Margin on Emission Allowances \$/kWh (L6 / L7)	\$ -	\$ -	N/A	N/A
11	Total Projected Average PSA Cost \$/kWh (L8+L9+L10)	#.#####	\$ -	N/A	N/A
12	Authorized Base Cost of Fuel and Purchased Power Rate \$/kWh ⁴	\$ #.#####	\$ -	N/A	N/A
13	Authorized Base Chemical Cost Rate \$/kWh ⁴	#.#####	-	N/A	N/A
14	Authorized Base Net Margins on the Sale of Emission Allowances Rate \$/kWh ⁴	\$ #.#####	\$ -	N/A	N/A
15	Total Authorized Base Cost \$/kWh	#.#####	\$ -	N/A	N/A
16	Forward Component Rate \$/kWh (L11 - L15)	#.#####	\$ -	N/A	N/A

Notes:

¹ Proposed levels are provided in the November 30 filing each year.

² Includes costs associated with E-36XL, AG-X and other direct assignment customers, ISFSI, and mark-to-market accounting adjustments.

³ The Projected Billed Native Load Sales of X,XXX,XXX MWh for the Current Rate represent forecast sales for XXXX as of November 30th, XXXX. They exclude sales made under the City of Williams wholesale contract through December 2017.

⁴ Base Cost of Fuel and Purchased Power, Chemicals, and Net Margins on the Sale of Emission Allowances established in Decision No. 76295.

Schedule presentation will appear to round up to \$000s and MWh; however, calculations are performed on an actual \$ and kWh basis with resultant Rates/kWh rounded up to \$0.000000/kWh

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Schedule 3

XXXX PSA Year Forward Component Tracking Account - in Effect from February 1, XXXX to Jan 31, XXXX

(\$ in thousands; Forward Component Rate and Base Rate in \$/kWh)

		<u>Feb-XX</u>	<u>Mar-XX</u>	<u>Apr-XX</u>	<u>May-XX</u>	<u>Jun-XX</u>	<u>Jul-XX</u>	<u>Aug-XX</u>	<u>Sept-XX</u>	<u>Oct-XX</u>	<u>Nov-XX</u>	<u>Dec-XX</u>	<u>Jan-XX</u>	<u>XXXX Total</u>
1	Prior Month's Balance	<i>From L27</i>												
Energy Sales														
2	PSA Retail Energy Sales ¹													
3	Wholesale Native Load Energy Sales ²													
4	Total Native Load Energy Sales	<i>L2 + L3</i>												
5	Retail Energy Sales as a % of Total	<i>L2 / L4</i>												
6	Retail Billed Sales Excluding E-36XL and AG-X Sales (MWh) ³													
PSA Costs														
7	Fuel and Purchased Power Costs ^{4,5}													
8	Off System Revenue (Credit) ⁶													
9	Off System Margin Displaced by AG-X (Debit)													
10	Fossil Chemical Costs													
11	Net Margins on Sale of Emission Allowances													
12	Net PSA Costs	<i>sum(L7 to L11)</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail PSA Costs														
13	Fuel and Purchased Power Costs	<i>L5 * L7</i>												
14	Off System Revenue (Credit)	<i>L5 * L8</i>												
15	Off System Margin Displaced by AG-X (Debit)	<i>L5 * L9</i>												
16	Fossil Chemical Costs	<i>L5 * L10</i>												
17	Net Margins on Sale of Emission Allowances	<i>L5 * L11</i>												
18	Net Retail PSA Costs	<i>sum(L13 to L17)</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Base Rate Power Supply Recovery														
19	Fuel and Purchased Power Recovery	<i>L29 * L2</i>												
20	Fossil Chemical Cost Recovery	<i>L30 * L2</i>												
21	Net Margins on Sale of Emission Allowances Recovery	<i>L31 * L2</i>												
(Over) Under Recovery From Base Rate														
22	Fuel and Purchased Power (Over) Under Recovery	<i>(L13 + L14 + L15) - L19</i>												
23	Fossil Chemical Costs (Over) Under Recovery	<i>L16 - L20</i>												
24	Net Margins on Sale of Emission Allowances (Over) Under Recovery	<i>L17 - L21</i>												
25	Total (Over) Under Recovery	<i>sum(L22 to L24)</i>	-	-	-	-	-	-	-	-	-	-	-	-
26	Forward Component Collections ⁷	<i>- L32 * L6</i>												
27	Tracking Account Balance	<i>L1 + L25 + L26</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28	Annual Interest (Calculated only in January)													

Notes:

29 Total Base Fuel Rate - ¢ per kWh

#.####

30 Base Chemical Rate - ¢ per kWh

#.####

31 Base Net Margin on the Sale of Emission Allowances - ¢ per kWh

#.####

32 Forward Component Rate - ¢ per kWh

#.####

¹ PSA Retail Energy Sales are the calendar month's MWh sales. XXXX PSA Year Cumulative Retail Energy Sales of XX,XXX MWhs under rate schedules E-36XL and AG-X are excluded from the PSA Calculations.

² Includes traditional sales for resale, PacifiCorp supplemental sales, and other non-ACC jurisdictional sales. City of Williams energy sales through December 2017 are excluded from the PSA Calculation.

³ Retail Billed Sales on Line 6 relate specifically to the Forward Component Collections. Due to billing adjustments and timing, this amount may differ from other components' Retail Billed Sales.

⁴ Renewables costs exclude \$X,XXX,XXX of XXXX PSA Year year-to-date costs that are currently being recovered through the REAC rate schedule.

⁵ Includes native load and off-system fuel and purchased power costs less those costs associated with E-36XL, AG-X and other direct assignment customers, amortization of previously deferred ISFSI, coal reclamation, and mark-to-market accounting adjustments.

⁶ Includes off-system revenue less mark-to-market accounting adjustments.

⁷ Generally, Line 32 * Line 6 = Line 26; however, differences may occur due to billing adjustments.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 4
PSA Historical Component Rate Calculation
(\$ in thousands; Historical Component Rate in \$/kWh)

Line	Current	Proposed	<u>Increase/(Decrease)</u>	
<u>No.</u> <u>PSA Historical Component Rate Calculation</u>	<u>February 1, XXXX</u>	<u>February 1, XXXX ¹</u>	<u>\$ Values</u>	<u>%</u>
1 Forward Component Tracking Account Balance (Schedule 3, L27 + L28)	#,###	\$ -	N/A	N/A
2 Historical Component Tracking Account Balance (Schedule 5, L9 + L10) ²	#,###	-	N/A	N/A
3 Total Historical Amount to be (Refunded)/Collected Balance (L1+L2)	#,###	\$ -	N/A	N/A
4 Projected Billed Retail Energy Sales without E-36 XL and AG-X (MWh)	##,###,###	-	N/A	N/A
5 Applicable Historical Component Rate (L3 / L4)	#.#####	\$ -	N/A	N/A

Notes:

¹ Proposed levels are provided in the November 30 filing each year.

² The Current Rate Projected Billed Retail Energy Sales are for February XXXX through January XXXX.

Schedule presentation will appear to round up to \$000s; however, calculations are performed on an actual \$ and kWh basis with resultant Rates/kWh rounded up to \$0.000000/kWh.

ARIZONA PUBLIC SERVICE COMPANY

Schedule 5

Historical Component Tracking Account in Effect Feb 1, XXXX through Jan. 31, XXXX

(\$ in thousands Historical Component Rate in \$/kWh)

Line No.	January	February	March	April	May	June	XXXX Data					XXXX January
							July	August	September	October	November	
1	Projected HC Tracking Account Balance at Nov. 30, XXXX											
2	Projected FC Tracking Account Balance at Nov. 30, XXXX											
3	True-up from November - January Estimate ¹											
4	Prior Month's Ending Balance											
5	HC Adjusted Beginning Balance (L1+ L2 + L3 + L4)											
6	Applicable Historical Component Rate (\$/kWh) ²											
7	Retail Billed Sales Excluding E-36XL and AG-X Sales (MWhs) ³											
8	Less Revenue from Applicable HC (L6 x L7) ⁴											
9	HC Ending Balance (L5 - L8)											
10	Annual Interest (Calculated only in January)											
	\$	-										

Notes:

- ¹ True-up is the result of using estimated revenue and deferral for November, December and January since the actual amount was not available at the time of the projected PSA rate filing.
- ² Historical Component, Schedule 4, Line 5
- ³ Sales amounts are for energy billed each period.
- ⁴ Generally, Line 7 x Line 6 = Line 8; however, differences may occur due to billing adjustments.

Schedule presentation will appear to round up to \$000s and MWh; however, calculations are performed on an actual \$ and kWh basis with resultant Rates/kWh rounded up to \$0.000000/kWh.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 6
PSA Transition Component Rate Calculation
(\$ in thousands; Transition Component Rate(s) in \$/kWh)

Line No.		Current	Proposed	Increase/(Decrease)	
		<u>February 1, XXXX</u>	<u>February 1, XXXX</u>	<u>\$ Values</u>	<u>%</u>
1	PSA Transition - Approved (Refundable)/Collection Amount ¹	N/A	N/A	N/A	0.00%
2	Projected Energy Sales without E-36XL and AG-X (MWh) XXX. X, XX to XXX. X,XX	N/A	N/A	N/A	0.00%
3	PSA Transition Component (Refundable)/Collection Rate (L1 / L2)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>0.00%</u>

Notes:

¹ Commission Decision No. XXXXX

Schedule presentation will appear to round up to \$000s and MWh; however, calculations are performed on an actual \$ and kWh basis with resultant Rates/kWh rounded up to \$0.000000/kWh.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 7
PSA Transition Tracking Account in Effect XX 1, 20XX through XX 31, 20XX
(\$ in thousands; Transition Component Rate in \$/kWh)

Line No.		20XX Data												20XX January		
		January	February	March	April	May	June	July	August	September	October	November	December			
1	Transferred balance from FC Tracking Acct Per Decision No. XXXXX			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Prior Month's Ending Balance			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	Transition Component TA Adjusted Beginning Balance (L1+ L2)			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	Applicable Transition TA Component Rate (\$/kWh) ¹			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	Retail Billed Sales Excluding E-36XL and AG-X Sales (MWhs) ²			-	-	-	-	-	-	-	-	-	-	-	-	-
6	Less Revenue from Applicable Transition Component (L4 x L5) ³			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Ending Balance; (L3 - L6)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Notes:

- ¹ Transition Component, Schedule 6, Line 3
- ² Sales amounts are for energy billed each period.
- ³ Generally, Line 4 x Line 5 = Line 6; however, differences may occur due to billing adjustments.

Schedule presentation will appear to round up to \$000s and MWh; however, calculations are performed on an actual \$ and kWh basis with resultant Rates/kWh rounded up to \$0.000000/kWh.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 8
Summary of Monthly Calculations
Mo YYYY
(\$ in thousands)

Line No.	XXXX Data												
	January	February	March	April	May	June	July	August	September	October	November	December	XXXX January
XXXX Forward Component Tracking Account													
1	Beginning Balance												
2	Transfers to XXXX Historical Component Tracking Account												
3	Transfers to XXXX Transition Component Tracking Account												
4	(Over)/Under Collection												
5	Less Revenue from Applicable Forward Component Rate												
6	Annual Interest (Calculated only in January)												
7	Ending Balance (Line 1 + Line 2 + Line 3 + Line 4 - Line 5 + Line 6)												
<hr/>													
XXXX Historical Component Tracking Account													
8	Beginning Balance												
9	Transfers from XXXX Forward Component Tracking Account												
10	Less Revenue from Applicable Historical Component Rate												
11	Annual Interest (Calculated only in January)												
12	Ending Balance (Line 8 + Line 9 - Line 10 + Line 11)												
<hr/>													
XXXX Transition Component Tracking Account													
13	Beginning Balance												
14	Transfers from XXXX Forward Component Tracking Account												
15	Less Revenue from Applicable Historical Component Rate												
16	Annual Interest (Calculated only in January)												
17	Ending Balance (Line 13 + Line 14 - Line 15 + Line 16)												
<hr/>													
18	Combined Balance ((Line 7 + Line 12 + Line 17))¹												
<hr/>													
19	Annual Interest Rate # ##%												

Schedule presentation will appear to round up to \$000s and MWh; however, calculations are performed on an actual \$ and kWh basis with resultant Rates/kWh rounded up to \$0.000000/kWh.

¹ Interest is applied on the PSA balance annually at the following rates: any over-collection existing at the end of the PSA Year will accrue interest at a rate equal to the Company's authorized ROE or APS's existing short term borrowing rate, whichever is greater, and will be refunded to customers over the following 12 months; any under-collection existing at the end of the PSA Year will accrue interest at a rate equal to the Company's authorized ROE or APS's existing short term borrowing rate, whichever is less, and will be recovered from customers over the following 12 months.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 9
YYYY Native Load Customer Counts, Sales and Revenue
Mo YYYY

Line No.	Class	January	February	March	April	May	June	July	August	September	October	November	December	Total ¹
Customers														
1	Residential													#DIV/0!
2	Commercial													#DIV/0!
3	Industrial													#DIV/0!
4	Irrigation													#DIV/0!
5	Sales for Resale ²													#DIV/0!
6	Streetlights & Other Public Authority													#DIV/0!
7	Less E-36XL, AG-X and CoW (includes adj. to prior mth)													#DIV/0!
8	Total													#DIV/0!
Sales (MWh)														
9	Residential													-
10	Commercial													-
11	Industrial													-
12	Irrigation													-
13	Sales for Resale ²													-
14	Streetlights & Other Public Authority													-
15	Less E-36XL, AG-X and CoW (includes adj. to prior mth)													-
16	Total													-
Revenue (\$000)														
17														\$ -
18	Commercial													\$ -
19	Industrial													\$ -
20	Irrigation													\$ -
21	Sales for Resale ²													\$ -
22	Streetlights & Other Public Authority													\$ -
23	Less E-36XL, AG-X and CoW (includes adj. to prior mth)													\$ -
24	Total													\$ -
Est. System Losses and Peak														
25	Est. Native Load Sys. Losses (MWh)													
26	Est. Native Load Sys. Losses (MW)													
27	Est. Native Load Sys. Peak (MW) ³													

¹ The Customers total is the average of the customer class' monthly totals.

² Includes traditional sales for resale, PacifiCorp supplemental sales; City of Williams (CoW), and other non-ACC jurisdictional sales. Off-System Interchange customers, sales and revenue are excluded from Sales for Resale.

³ The Preliminary Native Load System Peak totals will be updated each month.