AVAILABILITY

This rate rider is available to Customers with a qualifying on-site cogeneration or small power production facility with a generating nameplate capacity of 100 kW-ac or less which is interconnected to the Company’s distribution grid.

DESCRIPTION

This rate rider describes how the Company will bill a Customer with an on-site Qualifying Facility (QF). A partial requirements Customer has on-site generation that serves some of their electrical needs and relies on the Company for additional electrical services. Export energy occurs when the Customer’s generation is greater than their electrical load in any instant and this excess energy flows back to the Company’s grid.

TIME PERIODS

The On-Peak and Off-Peak purchase rates below will be applied to the specific On-Peak and Off-Peak hours under a Customer’s retail rate. If the Customer’s retail rate has a Shoulder-Peak period, these hours will be credited at the On-Peak purchase rate.

The summer season is the May through October billing cycles and the winter season is the November through April billing cycles.

PURCHASE RATES

The export energy will be acquired by the Company in exchange for a credit on the Customer’s monthly bill, based on the following rates for summer and winter seasons:

<table>
<thead>
<tr>
<th>Rate Type</th>
<th>Summer</th>
<th>Winter</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-Peak Non-Firm Rate</td>
<td>$0.02989</td>
<td>$0.03040 per kWh</td>
</tr>
<tr>
<td>Off-Peak Non-Firm Rate</td>
<td>$0.02897</td>
<td>$0.02831 per kWh</td>
</tr>
<tr>
<td>On-Peak Firm Rate</td>
<td>$0.04297</td>
<td>$0.03040 per kWh</td>
</tr>
<tr>
<td>Off-Peak Firm Rate</td>
<td>$0.03009</td>
<td>$0.02831 per kWh</td>
</tr>
</tbody>
</table>

BILLING DETAILS

All terms and charges in the Customer’s rate schedule continue to apply to electric service provided under this rider.

ARIZONA PUBLIC SERVICE COMPANY
Phoenix, Arizona
Filed by: Charles A. Miessner
Title: Pricing Manager
Original Effective Date: October 25, 1981

A.C.C. No. 5957
Canceling A.C.C. No. 5865
Rate Rider EPR-2
Revision No. 18
Effective: August 19, 2017

Page 1 of 2
SERVICE DETAILS

1. Partial Requirements Service is electric service provided to a Customer that has an on-site distributed generation system interconnected to the Company’s distribution grid that is configured so that the energy generated first supplies its own electric requirements, and any excess generation (over and above its own requirements at any point in time) is then exported to the Company. The Company supplies the Customer’s supplemental electric requirements (those not met by the Customer’s own generation facilities).

2. A Qualifying Facility (QF) is a cogeneration or small power production facility which meets the requirements for QFs under 18 CFR, Chapter 1, Part 292, Subpart B of the Federal Energy Regulatory Commission requirements. To qualify for this rate rider, the QF must have a nameplate continuous output power rating of 100 kW or less.

3. Export energy equals the Customer’s generation (kWh) in excess of their electricity needs at any point in time as metered by the Company. Export energy is metered and accumulated instantaneously for any part of an hour.

4. Non-Firm Power is electric power which is supplied by the Customer’s generator at the Customer’s option, where no firm guarantee is provided and the power can be interrupted by the Customer at any time.

5. Firm Power is power available, upon demand, at all times (except for forced outages) during the period covered by the Purchase Agreement from the Customer’s facilities with an expected or demonstrated reliability which is greater than or equal to the average reliability of the Company’s firm power sources.

6. Electric sales to the Company must be single phase or three phase, 60 Hertz, at one standard voltage as may be selected by customer (subject to availability at the premises).

7. Power sales and services supplied by the Company to the Customer in order to meet its electric requirements will be priced at the Customer’s retail rate schedule.

8. Customers served under this rate schedule must have an AMI meter that will register and accumulate the net electrical requirements of the customer. The AMI meter will be provided at no additional cost to the customer.

9. The Company provides service under this rider in accordance with its Interconnection Requirements Manual, which has provisions that may affect the Customer’s bill. Special provisions may also be included in a Customer interconnection or purchase agreement.