



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	TBD	per kWh

For General Service Customers not billed a demand charge:		
All kWh	TBD	per kWh

For General Service Customers billed a demand charge:		
All billed kW	TBD	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
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.



ADJUSTMENT SCHEDULE DSMAC-1 DEMAND SIDE MANAGEMENT ADJUSTMENT

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.



ADJUSTMENT SCHEDULE EIS
ENVIRONMENTAL IMPROVEMENT SURCHARGE

APPLICATION

The Environmental Improvement Surcharge (EIS) will be applied monthly to all Customer bills, except for those Customers served under Rate Schedule E-36 XL and AG-X.

DESCRIPTION

The EIS adjustment recovers costs associated with investment and expenses for environmental improvements at the Company’s generation facilities that the Arizona Corporation Commission (Commission) has approved and the Company is not already recovering in base rates. Ongoing environmental improvement projects designed to comply with upcoming environmental standards required by federal, state, tribal, or local laws or regulations are also approved for recovery.

CHARGES

The charge will be calculated at the following rate:

EIS Adjustment Charge	TBD	per kWh
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SERVICE DETAILS

1. The EIS adjustment charge will be calculated annually and will go into effect with the first billing cycle in April (without proration) and will remain in effect for the following 12-month period unless otherwise ordered by the Commission.
2. All terms and charges in the customer’s rate schedule, other than those specifically included here, continue to apply to electric service provided under this rider.



ADJUSTMENT SCHEDULE LFCR LOST FIXED COST RECOVERY MECHANISM

APPLICATION

The Lost Fixed Cost Recovery (LFCR) Mechanism applies to all Customer service accounts, except for Customers served under Rate Schedules E-30, E-32L, E-32 TOU L, E-32 L SP, E-34, E-35, E-36XL, XHLF and unmetered lighting schedules E-47, E-58, E-59, and Contract 12.

DESCRIPTION

The LFCR adjustment charge recovers fixed costs of providing service that are not recovered due to mandated energy efficiency and renewable resource requirements. For Customers on a three-part (demand) rate, the LFCR charge is calculated on a per kW rate each month. For Customers on a two-part (energy) rate, the LFCR charge is calculated on a per kWh rate each month.

CHARGES

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

For Customers on a demand rate:	TBD	per kW per month
For Customers on an energy-only rate:	TBD	per kWh per month

SERVICE DETAILS

1. The LFCR adjustment charge is calculated annually and will go into effect with the first billing cycle of May (without proration) 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, other than those specifically included here, continue to apply to electric service provided under this rider.



ADJUSTMENT SCHEDULE PSA-1 POWER SUPPLY ADJUSTMENT

AVAILABILITY

The Power Supply Adjustment (PSA) applies to all Customer bills with the exception of E-36 XL, AG-Y, AG-X, and Direct Access service.

DESCRIPTION

This adjustment schedule recovers or credits Customer bills for any fuel and purchased power costs that vary from the cost of fuel collected in base rates.

CHARGES

PSA Historical Component	TBD	per kWh
PSA Forward Component	TBD	per kWh
PSA Transition Component	TBD	per kWh

SERVICE DETAILS

1. The PSA Historical Component, PSA Forward Component, and PSA Transition Component are defined in the Company's Power Supply Adjustment Plan of Administration.
2. This adjustment is recalculated on an annual basis, except for the Transition Component which may apply from time to time, and will go into effect with the first billing cycle in February (without proration) and will remain in effect for a 12-month period unless otherwise ordered by the Commission.
3. All terms and charges in the Customer's rate schedule continue to apply to electric service provided under this adjustment.



ADJUSTMENT SCHEDULE RCDAC-1 RETURNING CUSTOMER DIRECT ACCESS CHARGE

AVAILABILITY

The Returning Customers Direct Access Charge (RCDAC) will apply to Customers, or an aggregated group of Customers, of 3 MW or greater who left Standard Offer or special contract service for competitive generation suppliers and are returning to Standard Offer service.

CHARGES

The RCDAC will be identified in the Electric Service Agreement between the Customer and the Company and will be in addition to any Standard Offer service charges. The charge will be based on the cost differential between the applicable Standard Offer rate generation component and the cost of the resources required to serve the returning Customer. The costs associated with serving Customers that are required to enter into RCDAC agreements will be separate from the retail power supply costs subject to recovery through the Power Supply Adjustment.

Types of costs that will be used to develop the RCDAC are incremental Power Supply, Transmission, Ancillary Services and Metering costs as defined in the Returning Customer Direct Access Charge Plan for Administration. These costs will be amortized over an appropriate period to allow for timely recovery. The RCDAC will not be billed longer than 12 months for any individual Customer.

SERVICE DETAILS

1. Customers that have been Direct Access Customers since beginning service from the Company are considered returning Customers for the purposes of this schedule.
2. The RCDAC will only be applied if the Customer wants to return to Standard Offer service and the Company did not include that Customer load in planned resource acquisitions. If the Company is provided one year's advance notice of the Customer's intent to return to Standard Offer service, that Customer will not be assessed the RCDAC charge.
3. APS may create a specific RCDAC in each individual case and require the Customer to enter into a service agreement that specifies the charge, its duration, and how it will be applied and collected. In situations where an aggregated group of Customers wish to return to Standard Offer service, each Customer from the group will be charged the same rate for the same duration and an Electric Service Agreement will be required from each customer.
4. All provisions of the Customer's current applicable rate schedule will apply in addition to this charge.



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	TBD	per kWh
Surcharge Caps (per service account per month)		
Residential Customers	TBD	per Month
Non-Residential Customers		
Extra-Small and Small	TBD	per Month
Medium	TBD	per Month
Large	TBD	per Month
Extra Large	TBD	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.



ADJUSTMENT SCHEDULE REAC-1
RENEWABLE ENERGY ADJUSTMENT CHARGE

Alternative REAC Charges, Flat Charges, and Minimum Charges

Residential Customers	TBD	Flat charge per Month
Non-Residential Customers		
Extra Small	TBD	Minimum charge per month
	TBD	Surcharge cap
Small	\$TBD	Minimum charge per month
	TBD	Surcharge cap
Medium	TBD	Flat charge per month
Large	TBD	Flat charge per month
Extra Large	TBD	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.



**ADJUSTMENT SCHEDULE REAC-1
RENEWABLE ENERGY ADJUSTMENT CHARGE**

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,	Extra-Small
E-32 S, E-32TOU S	Small
E-32 M, E-32TOU M	Medium
E-32 L, E-32TOU L, 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.
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.



ADJUSTMENT SCHEDULE SDR SELF-DIRECTED RENEWABLE RESOURCES

AVAILABILITY

The Self-Directed Renewable Resources (SDR) Adjustment Schedule is available to all Customers who meet the eligibility requirements below.

DESCRIPTION

The SDR is a self-direct option available to Customers that meet the eligibility requirements below. Under the SDR adjustment schedule, Customers may reserve their REAC-1 contributions, less administrative costs, for exclusive use to help fund qualifying renewable projects at the Customer's site.

ELIGIBILITY REQUIREMENTS

1. Funding Eligibility:

- a. The Customer is eligible to receive funds pursuant to this schedule if the total of all REAC related payments made to the Company for the customer's service account or accounts, individually or collectively, total \$25,000 or more in any one calendar year (January - December).
- b. Funds collected from the Customer in any one year (the Payment Year) will be available to the Customer for self-directed projects in the following year (the Funding Year). Funds received during the Funding Year will not exceed payments collected by the Company in the Payment Year. In addition, if the Customer has facilities in multiple service territories, only those payments collected by the Company are eligible for SDR funding.
- c. Customers requesting funds for self-directed projects must declare their intention by applying in writing to the Company on or before March 31 of the Payment Year. The application must include a description of the proposed project and its expected cost.
- d. The Customer shall provide at least half of the funds necessary to complete the proposed project, as required by A.A.C. R14-2-1809.B.

2. Project Eligibility:

- a. SDR funds obtained by the Customer from the Company may only be used for projects physically located within the Company's service territory.
- b. Projects specified in the Company's Distributed Energy Administration Plan ("DEAP") are eligible for SDR funding. SDR Customers must request incentives no greater than the prescribed incentives specified in the DEAP. If the Customer wishes to apply funds to a



**ADJUSTMENT SCHEDULE SDR
SELF-DIRECTED RENEWABLE RESOURCES**

project not specified in the DEAP, the Customer must submit documentation detailing project economics and funding requirements.

- c. Any project proposed by the Customer must meet the requirements for a Distributed Renewable Energy Resource described in the Arizona Corporation Commission's Renewable Energy Standard Tariff Rules (A.A.C. R14-2-1802.B).
- d. For purposes of financing SDR projects, funds provided by the Company may be assigned to third parties. Such assignment will be at the Customer's sole discretion. The Company assumes no liability for third-party assigned funds.

SERVICE DETAILS

- 1. All the terms and charges in the Customer's rate schedule continue to apply to electric service provided under this adjustment.
- 2. All Renewable Energy Credits derived from any project funded through this schedule, including generation and Extra Credit Multipliers, will be applied to satisfy the Company's annual Renewable Energy Standard requirements.



ADJUSTMENT SCHEDULE TCA-1 TRANSMISSION COST ADJUSTMENT

AVAILABILITY

The Transmission Cost Adjustment (TCA) charge applies to all Customer monthly bills.

DESCRIPTION

The TCA allows the Company to recover transmission costs associated with service to retail Customers at the level approved by the Federal Energy Regulatory Commission (FERC) as new transmission rates become effective.

CHARGES

Customer Class	TCA Charge	
Residential	TBD	per kWh
General Service 20 kW or less	TBD	per kWh
General Service over 20 kW, under 3,000 kW	TBD	per kW
General Service 3,000 kW and over	TBD	per kW

SERVICE DETAILS

1. The TCA will be calculated annually and will go into effect with the first billing cycle in June (without proration) 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.



ADJUSTMENT SCHEDULE TEAM
TAX EXPENSE ADJUSTOR MECHANISM

This rate schedule is no longer available to any Customer and has been cancelled per Decision No. XXXXX dated MM/DD/YY

Cancelled