



SERVICE SCHEDULE 3
CONDITIONS GOVERNING EXTENSIONS OF
ELECTRIC DISTRIBUTION LINES AND SERVICES

General Description

This schedule establishes the terms and conditions under which Company will extend, relocate, and upgrade its facilities in order to provide service. Provision of electric service from Arizona Public Service Company (Company) may require construction of new facilities or the relocation or upgrade of existing facilities. Costs for construction depend on the applicant's location, scope of project, load size, and load characteristics. Costs include, but are not limited to, project management, coordination, engineering, design, surveys, permits, construction inspection, and support services.

All facility installations and upgrades will be made in accordance with good utility construction practices, as determined by Company, and are subject to the availability of adequate capacity, voltage and Company facilities at the beginning point of an extension as determined by Company.

The following provisions govern the installation of overhead and underground electric distribution facilities to applicants whose requirements are deemed by Company to be usual and reasonable in nature.

1. Definitions

- 1.1. **APS Approved Electrical Distribution Contractor** means an electrical contractor who is licensed in the State of Arizona and properly qualified to install electric distribution facilities in accordance with Company standards and good utility construction practices as determined by Company.
- 1.2. **Backbone Infrastructure** means the electrical distribution facilities typically consisting of main three-phase feeder lines and/or cables, conduit, duct banks, manholes, switching cabinets and capacitor banks.
- 1.3. **Conduit Only Design** means the conduit layout design for the installation of underground Extension Facilities that will be required when the Extension Facilities are to be installed at a later date.
- 1.4. **Conversion** means converting overhead distribution facilities to underground facilities.
- 1.5. **Corporate Business and Industrial Park Development** means a tract of land which has been divided into contiguous lots in which a developer offers improved lots for sale and the purchaser of the lot is responsible for construction of buildings for commercial or industrial use.
- 1.6. **Doubtful Permanency** means a customer who, in the opinion of the Company, is neither Permanent nor Temporary. Service which, in the opinion of the Company, is for operations of a speculative character is considered Doubtfully Permanent.
- 1.7. **Economic Feasibility** means a determination by Company that the estimated annual revenue based on Company's then currently effective rate for delivery service (excluding



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- taxes, regulatory assessment and other adjustments) less the cost of service provides an adequate rate of return on the investment made by Company to serve the applicant.
- 1.8. **Execution Date** means the date Company signs the agreement after the applicant has signed the agreement and money has been collected by company.
- 1.9. **Extension Facilities** means the electrical facilities, including conductors, cables, transformers, and related equipment, installed solely to serve an individual applicant or groups of applicants. For example, the Extension Facilities to serve a Residential Subdivision would consist of the line extension required to connect the subdivision to Company's existing system as well as Company's electrical facilities constructed within the subdivision which would include primary and service lines, and transformers.
- 1.10. **High Rise Development** means a building built with four or more floors (usually using elevators for accessing floors) that may consist of residential or non-residential use, or a combination of both residential and non-residential uses.
- 1.11. **Irrigation** means water pumping service.
- 1.12. **Limited-Income Multi-Unit Residential Housing** means multi-unit housing that primarily leases to lower income or very low-income residents as defined by the U.S. Department of Housing and Urban Development HUD Public Housing Program.
- 1.13. **Line Extension Agreement** means the contractual agreement between Company and applicant that defines applicant payment requirements, terms of refund, scope of project, estimated costs, and construction responsibilities for Company and the applicant. Line Extension Agreements may be assigned to applicant's successors in interest with Company approval, which approval will not be unreasonably withheld.
- 1.14. **Master Planned Community Development** means a development that consists of a number of separately subdivided parcels for different Residential Subdivisions. The development may also incorporate a variety of uses including multi-family, non-residential, and public use facilities.
- 1.15. **Master Meter** means a meter for measuring or recording the flow of electricity that has passed through it at a single location where said electricity is distributed to tenants or occupants for their individual usage.
- 1.16. **Metro Area** means a city with a population of 750,000 or more and its contiguous and surrounding communities.
- 1.17. **Mixed-Use Development** means a development that consists of both residential and non-residential uses, such as a building with three stories or less, where the first level is for commercial purposes and the upper floors are for residential units, or a development that includes an apartment complex and a commercial center, or a development that includes a subdivision and a water treatment plant.
- 1.18. **Permanent** means a customer who is a tenant or owner of a service location who applies for and receives electric service, which, in the opinion of the Company, is of a permanent and established character. The use of electricity may be continuous, intermittent, or seasonal in nature. Permanency at the service location may be established by such things



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as city/county/state permits, a permanent water system, an approved sewer/septic system, or other permanent structures.

- 1.19. **Project-Specific Cost Estimate** means cost estimates that are developed recognizing the unique characteristics of large or special projects to which the Schedule of Charges is not applicable. A Project-Specific Cost Estimate provided to an applicant is valid for a period of up to six months from the date the estimate is provided to the applicant.
- 1.20. **Relocation** means moving a distribution line or facilities from its current location to a new location.
- 1.21. **Residential "Lot Sale" Development** means a tract of land that has been divided into four or more contiguous lots in which a developer offers improved lots for sale and the purchaser of the lot is responsible for construction of a residential home and the costs to provide service, which may include backbone, transformer and service.
- 1.22. **Residential Multi-Family Development** means a development consisting of apartments, condominiums, or townhouses with less than four floors.
- 1.23. **Residential Single Family** means a house, or a manufactured or mobile home Permanently affixed to a lot or site.
- 1.24. **Residential Subdivision** means a tract of land, which has been divided into four or more contiguous lots with an average size of one acre or less, in which the developer is responsible for the costs to provide service, including backbone, transformers and services for the residential homes or permanent manufactured or mobile home sites.
- 1.25. **Residual Value** means the remaining un-depreciated original cost of the existing facilities to be removed.
- 1.26. **Arizona Rural Municipality** means Arizona incorporated cities and towns with populations of less than 150,000 (based on U.S. Census Bureau 2010 population data) not contiguous with or situated within a Metro Area.
- 1.27. **Rural Municipal Business Development** means a tract of land which has been divided into contiguous lots, is owned and developed by an Arizona Rural Municipality, and where the Arizona Rural Municipality will be the lease-holder for future permanent applicants.
- 1.28. **Schedule of Charges** means the list of charges that is used to determine the applicant's cost responsibility for the Extension Facilities.
- 1.29. **Service Entrance Upgrade** means the replacement of the customer's electric panel to one with larger load capacity. This includes panels that are upgraded to a larger amperage rating, greater voltage or additional phases (1 phase to 3 phase).
- 1.30. **Temporary** means premises or enterprises which are temporary in character, or where it is known in advance that the Extension Facilities will be of limited duration.
- 1.31. **Voltage** for purposes of APS rates, secondary voltage is considered 600v and below. Primary is considered 601v up to 69kv. Transmission is 69kv and above. For clearances or engineering purposes refer to APS's Electric Service Requirements Manual.



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2. General Provisions for Service

2.1. Applicant Classification - For the purposes of this Service Schedule 3, applications for Extension Facilities will be classified as "Residential" or "General Service" as listed below, and further described in the referenced sections.

- (A) Residential classifications are: "Residential Single Family Home" (Section 3), "Residential Subdivision Developments" (Section 4), "Residential "Lot Sale" Developments (Section 5), "Master Planned Community Developments" (Section 6) or "Residential Multi-Family Developments" (Section 7).
- (B) General Service classifications are: "Basic General Service" (Section 9), "High Rise Developments" (Section 10), Mixed-Use Developments (Section 11), "Corporate Business & Industrial Park Developments" (Section 12), Temporary Applicants (Section 13), and Doubtful Permanency Customers (Section 14).

2.2. Schedule of Charges - An applicant requesting an extension will be provided a sketch showing the Extension Facilities and a quote based on the Schedule of Charges or other applicable details. When the Schedule of Charges is not applicable, charges for Extension Facilities will be determined by the Company based on Project-Specific Cost Estimates. The Schedule of Charges is not applicable for the following:

- (A) Extension Facilities requiring modifications, removal, relocations or conversions of existing facilities in conjunction with a new extension or existing customer requested upgrade. The removal, replacement, conversion, and new Extension Facilities charges will be determined by a combination of Schedule of Charges and a Project-Specific Cost Estimate depending on the scope of the project and may include residual value costs as computed in accordance with the method described in A.R.S 40-347.
- (B) Extension Facilities required for modifications, relocations or conversions of existing facilities not in conjunction with a new extension or existing customer upgrade.
- (C) Subdivisions 100 lots or greater or that require feeder, backbone and/or major infrastructure to serve development.
- (D) Extension Facilities for General Service applicants that require feeder, backbone and/or major infrastructure or specialized equipment to serve project.
- (E) Extension Facilities required for High Rise Developments, Mixed-Use Developments, Master Planned Developments, Residential Lot Sale, Corporate Business and Industrial Park Developments, or Temporary service.
- (F) Extension Facilities involving spot networks, vault installations, primary metering, or specialized or additional equipment for enhanced reliability.
- (G) Special studies, leases or permits required by the city, county, state or federal governmental agency for installing electric facilities on private, government or public lands.



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- 2.3. **General Underground Construction Policy** - With respect to all underground installations under a Line Extension Agreement, Company will install underground facilities only if all of the following conditions are met:
- (A) The Extension Facilities meet all requirements as specified in “Residential” or “General Service” Sections 2.1 (A) & (B) of this Service Schedule 3.
 - (B) The applicant signs a trench agreement and provides all earthwork including, but not limited to, trenching, boring or punching, backfill, compaction, and surface restoration in accordance with Company specifications.
 - (C) The applicant provides installation of equipment pads, pull-boxes, manholes, conduits, and appurtenances as required and in accordance with Company specifications.
 - (D) In lieu of applicant providing these services and equipment, the applicant may pay Company to provide these services and equipment as a non-refundable contribution in aid of construction. The payment will equal the cost of such work plus any administrative or inspection fees incurred by Company. Applicants electing this option will be required to sign an agreement indemnifying and holding Company harmless against claims, liabilities, losses or damage (Claims) asserted by a person or entity other than Company’s contractors, which Claims arise out of the trenching and conduit placement, provided the Claims are not attributable to the Company’s gross negligence or intentional misconduct.
- 2.4. **Refunds** – The following general refund conditions will apply:
- (A) No refund will be made to any applicant for an amount more than the unrefunded balance of the applicant’s refundable advance.
 - (B) The Company reserves the right to withhold refunds to any applicant who is delinquent on any account, agreement, or invoice, including the payment of electric service, and may apply these refund amounts to past due bills.
 - (C) The refund eligibility period for Basic General Service and High-Rise Development will be five years from the date the Company executes the Line Extension Agreement with the applicant. Any unrefunded advance balance will become a non-refundable contribution in aid of construction five years from the Execution Date of the agreement.
 - (D) The refund eligibility period for Residential Subdivisions and Multi-Family Developments will be five years and will start three months from the date the Company executes the Line Extension Agreement with the applicant. Any unrefunded advance balance will become a non-refundable contribution in aid of construction five years from the Execution Date of the agreement.
 - (E) Refunds will be mailed to the applicant of record noted on the executed agreement no later than 60-days from the annual review date.
- 2.5. **Interest** - All refundable advances made by the applicant to the Company will be non-interest bearing.



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2.6. **Ownership** - Except for applicant owned facilities, all Extension Facilities installed in accordance with this Service Schedule 3 will be owned, operated, and maintained by Company.

RESIDENTIAL

3. Residential Single Family Homes

- 3.1. Extension Facilities will be installed to new Permanent residential applicants or groups of new Permanent residential applicants on an allowance under the following conditions:
- (A) A Line Extension Agreement signed by the applicant and construction costs in excess of the allowances, as described in 3.1(C) and 3.2 will be paid by the applicant before the Company begins installing facilities. Payment is due at the time the Line Extension Agreement is signed by the applicant.
 - (B) The site plan has been approved and recorded in the county having jurisdiction.
 - (C) The total cost of the Extension Facilities (primary, secondary, service), as determined by Company, is less than \$10,000 per applicant.
- 3.2. All additional construction costs over \$10,000 per applicant will be paid by applicant as a non-refundable contribution in aid of construction.
- 3.3. Applicants who combine to form a group may also combine their allowance as specified in Sections 3.1(C) and 3.2.
- 3.4. The cost of extending service to applicant will be determined in accordance with the Schedule of Charges or combination of Schedule of Charges and a Project-Specific Cost Estimate depending on the scope of the project which will exclude the cost of one single-phase transformer.
- 3.5. The allowance cap of \$10,000 will be reviewed from time to time with the Arizona Corporation Commission.

4. Residential Subdivision Developments

- 4.1. Extension Facilities will be installed to Residential Subdivision developments of four or more homes in advance of application for service by Permanent customers under the following conditions:
- (A) A Line Extension Agreement signed by the applicant and advance payment of all project costs is required before the start of construction by the Company. Payment is due at the time the Line Extension Agreement is signed by the applicant.
 - (B) The subdivision development plat has been approved and recorded in the county having jurisdiction. Applicant is responsible for providing Company an approved subdivision plat prior to project design. If the final approved plat is different from what was originally submitted to the Company, it may cause delays and additional cost for redesign.



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- 4.2. The cost of extending service to applicant will be determined in accordance with the Schedule of Charges or combination of Schedule of Charges and a Project-Specific Cost Estimate depending on the scope of the project.
- 4.3. A portion of the project cost will be designated as a refundable advance and will be eligible for refund based on the “per lot” allowance provisions of Section 4.6 and in accordance with Section 2.4.
- 4.4. In lieu of a cash payment for the refundable advance amount, the Company will reserve the right to accept an alternative financial instrument, such as a Letter of Credit or Surety Bond, based on the financial condition or organizational structure of developer.
- 4.5. That portion of the project cost in excess of the refundable advance will be non-refundable in addition to any other non-standard construction charges such as streetlights.
- 4.6. The refundable advance will be eligible for refund based on a “per lot” allowance of \$3,500 for each Permanently connected residential customer over a five-year period. Refunds of refundable advances will be governed by Section 2.4. The refund eligibility period will be five years which will start three months from the date the Company executes the Line Extension Agreement with the applicant. A review of the project will be conducted annually to determine subdivision buildout, and if the qualifications have been met for any refunds.
- 4.7. Examples of the application of Section 4 can be found in Attachment 1 – Residential Subdivision Illustrative Example.

5. Residential “Lot Sale” Developments

- 5.1. Extension Facilities will be installed to residential “Lot Sale” developments in advance of application for service by Permanent applicants under the following conditions:
 - (A) A Line Extension Agreement signed by the applicant and advance payment of all project costs is required before the start of Company construction. Payment is due at the time the Line Extension Agreement is signed by the applicant.
 - (B) The development plat has been approved and recorded in the county having jurisdiction.
- 5.2. The cost of extending service to applicant will be determined in accordance with a Project-Specific Cost Estimate.
- 5.3. The applicant will pay the total project estimated cost as a non-refundable contribution in aid of construction in addition to costs for streetlights and other non-standard construction charges.
- 5.4. Company will provide a “Conduit Only Design” provided applicant makes a payment in the amount equal to the estimated cost of the preparation of the design, in addition to the costs for any materials, field survey and inspections that may be required. Future extensions in the development will be required to follow the original design plan.



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5.5. Extension Facilities will be installed to individual applicants in accordance with provisions listed in Section 3.

6. Master Planned Community Developments

- 6.1. Extension Facilities will be installed to Master Planned Community Developments in advance of application for service by Permanent applicants under the following conditions:
- (A) A Line Extension Agreement signed by the applicant and advance payment of all project costs is required before the start of Company construction. Payment is due at the time the Line Extension Agreement is signed by the applicant.
 - (B) The site development plan has been approved and recorded in the county having jurisdiction.
- 6.2. The cost of extending service to applicant will be determined by a Project-Specific Cost Estimate.
- 6.3. The applicant will pay the total project estimated cost as a non-refundable contribution in aid of construction in addition to costs for streetlights and other non-standard construction charges.
- 6.4. Extension Facilities will be installed to each subdivided tract within the planned development in accordance with the applicable sections of this Service Schedule 3.

7. Residential Multi-Family Developments

- 7.1. Extension Facilities will be installed to Residential Multi-Family Developments in advance of application for service by Permanent customers under the following conditions:
- (A) A Line Extension Agreement signed by the applicant and advance payment of all project costs is required before the start of Company construction. Payment is due at the time the Line Extension Agreement is signed by the applicant.
 - (B) The site development plan has been approved and recorded in the county having jurisdiction.
- 7.2. The cost of extending service to applicant will be determined in accordance with a Project-Specific Cost estimate.
- 7.3. A portion of the project cost will be designated as a refundable advance and will be eligible for refund based on the “per unit” refundable allowance provisions of Section 7.6 and in accordance with Section 2.4.
- 7.4. In lieu of a cash payment for the refundable advance amount, the Company will reserve the right to accept an alternative financial instrument, such as a Letter of Credit or Surety Bond, based on the financial condition, or organizational structure of applicant.
- 7.5. That portion of the project cost in excess of the refundable advance will be non-refundable in addition to any other non-standard construction charges such as streetlights etc.



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7.6. The refundable advance will be eligible for refund based on a “per unit” allowance of \$1,000 for each new meter, installed for a permanent residential structure, over a five-year period. Refunds of refundable advances will be governed by Section 2.4. The refund eligibility period will be five years which will start three months from the date Company executes the Line Extension Agreement. A review of the project will be conducted annually to determine buildout and if the qualifications have been met for any refunds.

GENERAL SERVICE

8. General Service Provisions

8.1. Extension Facilities that do not meet the requirements under Residential Sections 3, 4, 5, 6, or 7 will be considered General Service and will be installed to all applicants who meet the qualifications under Sections 9, 10, 11, 12, 13, or 14 of this Service Schedule 3.

9. Basic General Service

9.1. Extension Facilities will be installed to Basic General Service in advance of application for service by Permanent applicants under the following conditions:

(A) A Line Extension Agreement signed by the applicant and advance payment of all project costs is required before the start of Company construction. Payment is due at the time the Line Extension Agreement is signed by the applicant.

(B) The site development plan for the project for which the Line Extension has been requested has been approved and recorded in the county having jurisdiction.

9.2. The project costs for Basic General Service installations will be determined in accordance with the Schedule of Charges, a Project-Specific Cost Estimate, or a combination of Schedule of Charges and Project-Specific Cost Estimate depending on the scope of the project.

9.3. The cost for Extension Facilities that require feeder, backbone, major infrastructure, or specialized equipment to serve the project, will be determined in accordance with a Project-Specific Cost Estimate.

9.4. Economic Feasibility Analysis for Basic General Service Applicants - Applicants whose Extension Facilities are installed on the basis of an Economic Feasibility analysis which determines that the estimated installation cost of the Extension Facilities is not supported by the applicant's estimated delivery service revenue may be required to advance sufficient funds to make installation of the Extension Facilities economically feasible. Company reserves the right to collect a full advance from the applicant based on the project scope, location, applicant's financial condition or organizational structure of the applicant. The following conditions will apply to Economic Feasibility projects:



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- (A) Project Cost \$25,000 or less - Economic Feasibility for projects where the applicant's Extension Facilities cost (excluding non-refundable applicant contributions such as street lights and other non-standard construction charges) is \$25,000 or less will be established where the estimated annual revenue based on Company's then currently effective rate for delivery service (excluding taxes, regulatory assessment and other adjustments) multiplied by six is equal to or greater than the cost of the applicant's Extension Facilities.
- (B) Project Cost greater than \$25,000 - Economic Feasibility for projects where the applicant's Extension Facilities cost (excluding non-refundable applicant contributions such as street lights and other non-standard construction charges) is greater than \$25,000 will be established where the estimated annual revenue based on Company's then currently effective rate for delivery service (excluding taxes, regulatory assessment and other adjustments), less the cost of service, provides an adequate rate of return on the investment made by Company to serve the applicant.
- (C) Applicants whose Economic Feasibility analysis results in the requirement for a payment in advance of construction may be eligible for a refund of such advance over the term of the Line Extension Agreement's five-year period if the actual annual delivery service revenue for the applicant's project exceeds the estimated delivery service revenue used in the Economic Feasibility analysis.
- (D) The Economic Feasibility analysis for the Extension Facilities will be reviewed at the end of the third and fifth year of the Line Extension Agreement based on actual delivery service revenue for the preceding year, and to the degree that actual revenue supports the Extension Facilities cost, all or a portion of the applicant's construction advance may be refunded. In no case will refunds exceed the unrefunded balance of the applicant's advance.
- (E) Any unrefunded balance remaining five years from the date of the Company's executed Line Extension Agreement will become a non-refundable contribution in aid of construction.
- (F) Company may include a capacity factor component, as determined by Company, to the Economic Feasibility Analysis for applicants that request excess or redundant system capacity.

10. High Rise Developments

- 10.1. Extension Facilities will be installed to High Rise Developments in advance of application for service by Permanent applicants under the following conditions:
 - (A) A Line Extension Agreement is signed by the applicant and advance payment of all project costs is required before the start of Company construction. Payment is due at the time the Line Extension Agreement is signed by the applicant.



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- (B) The site development plan has been approved and recorded in the county or city having jurisdiction.
 - (C) The residential units are individually metered or master metered in accordance with Section 21.
 - (D) Extension Facilities will be installed to designated points of delivery in accordance with APS' Electric Service Requirements Manual (ESRM). It is the applicant's responsibility to provide and maintain the electrical facilities within the building.
- 10.2. The charges for Extension Facilities will be determined based on a Project-Specific Cost Estimate and will be paid by the applicant before Company installing facilities.
- 10.3. Economic Feasibility Analysis for High Rise Developments - Applicants whose Extension Facilities are installed on the basis of an Economic Feasibility analysis which determines that the estimated installation cost of the Extension Facilities is not supported by the applicant's estimated delivery service revenue may be required to advance sufficient funds to make installation of the Extension Facilities economically feasible. Company reserves the right to collect a full advance from the applicant based on the project scope, location, applicant's financial condition or organizational structure of the applicant. The following conditions will apply to Economic Feasibility projects:
- (A) Economic Feasibility for projects where the applicant's Extension Facilities cost (excluding non-refundable applicant contributions such as street lights and other non-standard construction charges) is greater than \$25,000 will be established where the estimated annual revenue based on Company's then currently effective rate for delivery service (excluding taxes, regulatory assessment and other adjustments), less the cost of service, provides an adequate rate of return on the investment made by Company to serve the applicant.
 - (B) Applicants whose Economic Feasibility analysis results in the requirement for a payment in advance of construction may be eligible for a refund of such advance over the term of the Line Extension Agreement's five-year period if the actual annual delivery service revenue for the applicant's project exceeds the estimated delivery service revenue used in the Economic Feasibility analysis.
 - (C) The Economic Feasibility analysis for the Extension Facilities will be reviewed at the end of the third and fifth year of the Line Extension Agreement based on actual delivery service revenue for the preceding year, and to the degree that actual revenue supports the Extension Facilities cost, all or a portion of the applicant's construction advance may be refunded. In no case will refunds exceed the unrefunded balance of the applicant's advance. Any unrefunded balance remaining five years from the date of the Company's executed Line Extension Agreement will become a non-refundable contribution in aid of construction.
 - (D) Company may include a capacity factor component, as determined by Company, to the Economic Feasibility Analysis for applicants that request excess or redundant system capacity.



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- 10.4. Before Company orders specialized materials or equipment required to provide service, applicant will be required to make an advance payment to the Company for the estimated cost of the material or equipment in accordance with Section 27.2.

11. Mixed-Use Developments

- 11.1. Extension Facilities will be installed to Mixed-Use Developments in advance of application for service by Permanent applicants under the following conditions:
- (A) A Line Extension Agreement is signed by the applicant and advance payment of all project costs is required before the start of Company construction. Payment is due at the time the Line Extension Agreement is signed by the applicant.
 - (B) The site development plan has been approved and recorded in the county or city having jurisdiction.
 - (C) The residential units are individually metered or master metered in accordance with Section 21.
- 11.2. The charges for Extension Facilities will be determined based on a Project-Specific Cost Estimate and will be paid by the applicant before Company installing facilities.
- 11.3. Economic Feasibility Analysis for Mixed Use Developments - Applicants whose Extension Facilities are installed on the basis of an Economic Feasibility analysis which determines that the estimated installation cost of the Extension Facilities is not supported by the applicant's estimated delivery service revenue may be required to advance sufficient funds to make installation of the Extension Facilities economically feasible. Company reserves the right to collect a full advance from the applicant based on the project scope, location, applicant's financial condition or organizational structure of the applicant. The following conditions will apply to Economic Feasibility projects:
- (A) Economic Feasibility for projects where the applicant's Extension Facilities cost (excluding non-refundable applicant contributions such as street lights and other non-standard construction charges) is greater than \$25,000 will be established where the estimated annual revenue based on Company's then currently effective rate for delivery service (excluding taxes, regulatory assessment and other adjustments), less the cost of service, provides an adequate rate of return on the investment made by Company to serve the applicant.
 - (B) Applicants whose Economic Feasibility analysis results in the requirement for a payment in advance of construction may be eligible for a refund of such advance over the term of the Line Extension Agreement's five-year period if the actual annual delivery service revenue for the applicant's project exceeds the estimated delivery service revenue used in the Economic Feasibility analysis.
 - (C) The Economic Feasibility analysis for the Extension Facilities will be reviewed at the end of the third and fifth year of the Line Extension Agreement based on actual delivery service revenue for the preceding year and to the degree that actual



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revenue supports the Extension Facilities cost, all or a portion of the applicant's construction advance may be refunded. In no case will refunds exceed the unrefunded balance of the applicant's advance. Any unrefunded balance remaining five years from the date of the Company's executed Line Extension Agreement will become a non-refundable contribution in aid of construction.

- (D) Company may include a capacity factor component, as determined by Company, to the Economic Feasibility Analysis for applicants that request excess or redundant system capacity.

- 11.4. Before Company orders specialized materials or equipment required to provide service applicant will be required to make an advance payment to the Company for the estimated cost of the material or equipment in accordance with Section 27.2.

12. Corporate Business & Industrial Park Developments

- 12.1. Extension Facilities will be made to Corporate Business and Industrial Park Developments in advance of application for service by Permanent customer under the following conditions:
 - (A) A Line Extension Agreement signed by the applicant and advance payment of all project costs is required before the start of Company construction. Payment is due at the time the Line Extension Agreement is signed by the applicant.
 - (B) The site development plan has been approved and recorded in the county or city having jurisdiction.
- 12.2. The cost of installing Extension Facilities will be determined in accordance with a Project-Specific Cost Estimate.
- 12.3. The applicant will pay the total project estimated cost as a non-refundable contribution in aid of construction in addition to costs for streetlights and other non-standard construction charges.
- 12.4. Company will provide a "Conduit Only Design" provided applicant makes a payment in the amount equal to the estimated cost of the preparation of the design, in addition to the costs for any materials, field survey and inspections that may be required. Future extensions in the development will be required to follow the original design plan.
- 12.5. Extension Facilities will be installed to individual lots (at the request of an applicant) within the Corporate Business and Industrial Park Development in accordance with the applicable sections of this Service Schedule 3.

13. Temporary Applicants

- 13.1. Where Temporary Extension Facilities are required to provide service to the applicant, the applicant will make a non-refundable payment in advance of installation or construction equal to the cost of installing and removing of the facilities required in



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providing Temporary service, less the salvage value of such facilities. Charges will be determined by Company based on a Project-Specific Cost Estimate.

- 13.2. A Line Extension Agreement signed by the applicant and advance payment of all project costs is required before the start of Company construction. Payment is due at the time the Line Extension Agreement is signed by the applicant.
- 13.3. When use of the Temporary service is discontinued or service is terminated, Company may dismantle and remove its facilities and the materials and equipment provided by Company will remain Company property.

14. Doubtful Permanency Customers

- 14.1. When, in the opinion of Company, permanency of the applicant's residence or operation is doubtful, the applicant will be required to pay the total cost of the Extension Facilities. The cost of extending service to applicant will be determined in accordance with a Project-Specific Cost Estimate. The applicant will pay the total project estimated cost as a non-refundable contribution in aid of construction in addition to costs for streetlights and other non-standard construction charges.
- 14.2. A Line Extension Agreement signed by the applicant and advance payment of all project costs is required before the start of Company construction. Payment is due at the time the Line Extension Agreement is signed by the applicant.

OTHER CONDITIONS

15. Municipalities and Other Governmental Agencies

- 15.1. Extension Facility installations, relocations, or conversions of existing facilities required to serve loads of municipalities or other governmental agencies may be constructed before the receipt of a signed Line Extension Agreement. However, this does not relieve the municipality or governmental agency of the responsibility for payment of the Extension Facilities costs in accordance with the applicable sections of this Service Schedule 3.
- 15.2. The effective date for projects enacted under this provision for purposes of Section 2.4 will be the date the municipality or agency provided written approval to the Company to proceed with construction.

16. Change in Applicant's Service Requirements

- 16.1. Company will rebuild, modify, or upgrade its existing facilities to meet the applicant's added load, service entrance upgrade, or change in service requirements on the basis specified in Sections 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, or 14. Charges for such changes will be in accordance with the Schedule of Charges, a Project-Specific Cost Estimate, or



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combination of Schedule of Charges and a Project-Specific Cost Estimate determined by the Company based on project-specific requirements.

17. Relocations, Conversions and Upgrades of Company Facilities

- 17.1. **Relocations** - Company will relocate its facilities at the applicant's request. The cost of relocations not in conjunction with a new extension or existing customer upgrade will be determined by a Project-Specific Cost Estimate.
- (A) When the relocation of Company facilities involves "prior rights" conditions, the applicant will be required to make payment equal to the estimated cost of relocation as a non-refundable contribution in aid of construction. In addition, applicant will be required to provide similar "rights" for the relocated facilities.
- (B) Payment of all project costs is required prior to the start of Company construction. Payment is due at the time the Line Extension Agreement is signed by applicant.
- 17.2. **Conversions** - Company will convert from overhead to underground its facilities at applicant request. The cost of conversions not in conjunction with a new extension or existing customer upgrade will be determined by a Project-Specific Cost Estimate and may include residual value costs as computed in accordance with the method described in A.R.S. Section 40-347.
- (A) The applicant will be required to make a payment equal to the estimated cost of conversion as a non-refundable contribution in aid of construction.
- (B) Payment of all project costs is required prior to the start of Company construction. Payment is due at the time the Line Extension Agreement is signed by the applicant.
- 17.3. **Upgrades** - Company will upgrade its facilities at applicant request. The cost of Company facility upgrades not in conjunction with a new extension or existing customer upgrade will be determined by a Project-Specific Cost Estimate.
- (A) The applicant will be required to make a payment equal to the estimated cost of the upgrade as a non-refundable contribution in aid of construction.
- (B) Payment of all project costs is required prior to the start of Company construction. Payment is due at the time the Line Extension Agreement is signed by the applicant.

18. Additional Primary Feed or Specialized Equipment

- 18.1. When specifically requested by an applicant to provide an alternate primary feed or specialized equipment (excluding transformation), Company will perform a special study to determine the feasibility of the request. The applicant will be required to pay for the cost of the additional feed requested as a non-refundable contribution in aid of construction. Installation cost will be based on a Project-Specific Cost Estimate. Payment for the installation of Extension Facilities is due at the time the Line Extension



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Agreement is signed by the applicant.

19. Unusual Circumstances

- 19.1. In unusual circumstances as determined by Company, when the application and provisions of this Service Schedule 3 appear impractical, or in case of extension of lines to be operated on voltages other than specified in the applicable rate schedule, or when applicant's estimated demand load will exceed 3,000 kW, Company may make a special study of the conditions to determine the basis on which service may be provided. Additionally, Company may require special contract arrangements as provided for in the Company's Service Schedule 1, Terms and Conditions for Standard Offer and Direct Access Service.

20. Abnormal Loads

- 20.1. Company, at its option, may install Extension Facilities to serve certain abnormal loads (such as transformer type welders, x-ray machines, wind machines, excess capacity for test purposes and loads of unusual characteristics) and the costs of any distribution system modifications or enhancements required to serve the applicant will be included in the payment described in previous sections of this Service Schedule 3.

21. Master Metering

- 21.1. **Mobile Home Parks** - Company will refuse service to all new construction or expansion of existing Permanent residential mobile home parks unless the construction or expansion is individually metered by Company.
- 21.2. **Residential Apartment Complexes, Condominiums** - Company will refuse service to all new construction of apartment complexes and condominiums which are master metered unless the builder or developer can demonstrate that the installation meets the provisions of R14-2-205 of the Arizona Administrative Code and the requirements discussed in 21.3 below. This section is not applicable under the following conditions:
- (A) For Senior Care/Nursing Centers registered with the State of Arizona with independent living units which provide packaged services such as housing, food, and nursing care or;
 - (B) For Limited-Income Multi-Unit Residential Housing that uses solar power in a "behind-the-meter" application
- 21.3. **Multi-Unit High Rise Residential Developments** - Company will allow master metering for high rise residential units under the following conditions:
- (A) The building will be served by a centralized heating, ventilation or air conditioning system.



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- (B) Each residential unit will be individually sub-metered and responsible for energy consumption of that unit.
- (C) Sub-metering will be provided and maintained by the builder or homeowners association.
- (D) Responsibility and methodology for determining each unit's energy billing will be clearly specified in the original bylaws of the homeowners association, a copy of which must be provided to Company before Company installing Extension Facilities.

21.4. **Conversion from master meter to individually metered system** - Company will convert its facilities from a master metered system to a permanent individually metered system at the applicant's request provided the applicant makes a non-refundable contribution in aid of construction equal to the residual value plus the removal costs less salvage of the master meter facilities to be removed. The new facilities to serve the individual meters will be extended in accordance with the applicable sections of this Service Schedule 3. Applicant is responsible for all costs related to the installation of new service entrance equipment.

22. Voltage

- 22.1. All Extension Facility installations will be designed and constructed for operation at standard voltages used by Company in the area in which the Extension Facilities are located. At the request of applicant, Company may, at its option, deliver service for special applications of non-standard or higher voltages with prior approval from Company's Engineering Department. Applicant will be required to pay the costs of any required studies as a non-refundable payment.
- 22.2. Extension Facilities installed at higher voltages will be limited to serving an applicant operating as one integral unit under the same name and as part of the same business on adjacent and contiguous sites not separated by private property owned by another party or separated by public property or public right-of-way.

23. Point of Delivery

- 23.1. For overhead service, the point of delivery will be where Company's service conductors terminate at the applicant's weatherhead or bus riser.
- 23.2. For underground service, the point of delivery will be where Company's service conductors terminate in the applicant's or development's service equipment. The applicant will furnish, install and maintain any risers, raceways and termination cabinets necessary for the installation of Company's underground service conductors.
- 23.3. For special applications where service is provided at voltages higher than the standard voltages specified in the APS Electric Service Requirements Manual, Company and applicant will mutually agree upon the designated point of delivery.



24. Easements

- 24.1. Before Company begins construction of Extension Facilities, all suitable easements and rights-of-way required for any portion of the extension will be obtained by applicant and provided to Company in Company's name without cost to or condemnation by Company. All easements and rights-of-way obtained on behalf of Company will be on Company's standard easement form which contains the terms and conditions that are acceptable to Company.

25. Grade Modifications

- 25.1. If after construction of Extension Facilities, the final grade of the property established by the applicant is changed in such a way as to require relocation of Company facilities, or the applicant's actions or those of his contractor results in damage to such facilities, the cost of replacement, relocation, or any resulting repairs will be borne by applicant as a non-refundable contribution in aid of construction.

26. Measurement and Location

- 26.1. Measurement must be along the proposed route of construction.
- 26.2. Construction will be on public streets, roadways, highways, or easements acceptable to Company.
- 26.3. The Extension Facilities must be a branch from, the continuation of, or an addition to, Company's existing distribution facilities.

27. Agreements

- 27.1. **Study and Design Agreements** - Any applicant requesting Company to prepare special studies or detailed plans, specifications, or cost estimates will be required to make a payment to Company in an amount equal to the estimated cost of preparation. When the applicant authorizes Company to proceed with construction of the Extension Facilities, the payment will be credited to the cost of the Extension Facilities otherwise the payment will be non-refundable. Company will prepare, without charge, a preliminary sketch and rough estimate of the cost to be paid by the applicant upon request.
- 27.2. **Material Order Agreements** - Any applicant requesting Company to enter into a Line Extension Agreement or relocation agreement which requires either large quantities of material or material and equipment which the Company does not keep in stock will be required to make a payment to Company before the material being ordered in an amount equal to the material/equipment's estimated cost. When the applicant authorizes Company to proceed with construction of the extension, the payment will be



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credited to the cost of the extension; otherwise, the payment will be non-refundable.

- 27.3. **Line Extension Agreements** - All facility installations or equipment upgrades requiring payment by an applicant will be in writing and signed by both the applicant and Company.

28. Applicant Construction of Company Distribution Facilities

- 28.1. Applicant may provide construction related labor only services associated with the installation of new distribution line facilities (21 kV and below) to serve the applicant's new or added load provided the applicant receives written approval from Company before performing any such services and uses electrical contractors who are qualified and licensed in the State of Arizona to construct such facilities and designated as an APS Approved Electrical Distribution Contractor.
- 28.2. This option is not available for the following:
- (A) Replacement, modifications, upgrades, relocation, or conversions of existing systems.
 - (B) Where all or a portion of the distribution line facilities are to be constructed on or installed on existing distribution line or transmission lines.
- 28.3. All construction services provided by the applicant will be subject to inspection by a duly authorized Company representative and will comply with Company designs, construction standards, and other requirements which may be in effect at the time of construction. Any work found to be substandard in the sole opinion of the Company must be corrected by applicant before energization by Company.
- 28.4. Applicant will reimburse Company for all inspection and project coordination costs as a non-refundable contribution in aid of construction. Estimated costs for inspection and project coordination will be identified in the construction agreement executed by Company and applicant.
- 28.5. Costs for Extension Facilities for applicants who provide construction of Company distribution facilities will be based on a Project-Specific Cost Estimate.
- 28.6. A signed agreement and payment of all project costs minus labor are required before the start of applicant construction. Payment is due at the time the agreement is signed by the applicant.
- 28.7. For applicants that are not served by the terms in General Service Sections of this document, Company will provide a Project-Specific Cost Estimate. Applicants may submit an invoice detailing costs of Extension Facilities and apply any allowance provided in Residential Sections 3, 4, or 7 to these costs. At no point will these costs exceed the Company's Project-Specific Cost Estimate.
- 28.8. Applicants served by the terms in General Service Sections 9, 10, 11, 12, 13, or 14 of this document will be subject to the rules set forth in the respective section and Refund Section 2.4.



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29. Settlement of Disputes

- 29.1. Any dispute between the applicant or prospective applicant and the Company regarding the interpretation of these "Conditions Governing Extensions of Electric Distribution Lines and Services" may be referred to the Arizona Corporation Commission or a designated representative or employee for determination by either party.

30. Policy Exceptions

- 30.1. This Schedule 3 is applicable to all applicants unless specific exceptions are approved by the Arizona Corporation Commission.
- (A) The following exceptions have been approved for Rural Municipality applicants:
- i. Extension Facilities will be installed to Rural Municipal Business Developments on the basis of an Economic Feasibility analysis in advance of application for service by permanent applicants.
 - ii. The cost of installing Extension Facilities to Rural Municipal Business Developments will be determined in accordance with the Schedule of Charges, a Project-Specific Cost Estimate, or combination of Schedule of Charges and a project-specific cost estimate depending on the scope of the project.
 - iii. The refund eligibility period for Rural Municipal Business Developments will be 7 years from the date the Company executes the Line Extension Agreement with the Rural Municipality applicant.
 - iv. Rural Municipal Business Development applicants will be required to advance payment of one-half of the project costs at the time the Line Extension Agreement is signed and before the start of Company construction. The balance of the project cost will be required 7 years from the Execution Date of the agreement if the project has not become economically feasible by the end of the 7th year refundable period. Any unrefunded advance balance paid at the start of the project, plus the balance of project costs due at the end of refund period, will become a non-refundable contribution in aid of construction 7 years from the Execution Date of the agreement.
 - v. Company may require a Surety Bond, Irrevocable Letter of Credit or Assignment of Monies in amount equal to any Advance not collected at the start of construction.
 - vi. The Economic Feasibility analysis for the Rural Municipal Business Development's Extension Facilities will be reviewed at the end of the third, fifth and seventh year of the Line Extension Agreement based on the average monthly demand within the Rural Municipal Business Development for the preceding year and to the degree that the average monthly demand supports



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the Extension Facilities cost, all or a portion of the applicant's construction advance may be refunded. In no case will refunds exceed the unrefunded balance of the applicant's advance.

- vii. Company may include a capacity factor component, as determined by Company, to the Economic Feasibility Analysis for applicants that request excess or redundant system capacity.
- (B) The following exceptions for sections 3, 7, 9, 10, and 11 have been approved for Hopi and Navajo applicants for the extension of electric service to residential and commercial buildings within the Navajo Nation and the Hopi Reservation that are in the APS service territory.
 - i. APS distribution facilities will be extended up to 2,000 feet at no cost to such applicants.
 - ii. Applicants requiring distribution facilities extending more than 2,000 feet will pay the amount as calculated through the schedule of charges or project specific costs for any distribution facilities after the initial 2,000 feet from existing APS distribution consistent with the application sections of this schedule.

SCHEDULE OF CHARGES

Description	Rate	Unit
Single Family Underground	\$ 8.40	Per foot
Single Family Overhead	\$ 22.40	Per foot
Residential Subdivision*	\$ 12.26	Per foot
General Service and Commercial, Single Phase, Underground	\$ 16.06	Per foot
General Service and Commercial, Single Phase, Overhead	\$ 28.12	Per foot
General Service and Commercial, Three Phase, Underground	\$ 42.81	Per foot
General Service and Commercial, Three Phase, Overhead	\$ 59.04	Per foot
Single Phase Pole Interset (pole set in existing line)	\$ 7,133.39	Each
Three Phase Pole Interset (pole set in existing line)	\$ 9,378.39	Each
*Residential Subdivision projects with 100 or more lots will be determined via project specific costs.		



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Attachment 1
Residential Subdivision Illustrative Example

Scenario 1	
Number of Planned Homes	100
Estimated Construction Cost	\$ 350,000
Total Potential Refundable Allowance	\$ 350,000
Non-Refundable Contribution	\$ -
Number of Homes Completed	100
Credited Allowance	\$ 350,000
Potential Remaining Allowance	\$ -

Scenario 2	
Number of Planned Homes	100
Estimated Construction Cost	\$ 400,000
Total Potential Refundable Allowance	\$ 350,000
Non-Refundable Contribution	\$ 50,000
Number of Homes Completed	100
Credited Allowance	\$ 350,000
Potential Remaining Allowance	\$ -

Scenario 3	
Number of Planned Homes	100
Estimated Construction Cost	\$ 350,000
Total Potential Refundable Allowance	\$ 350,000
Non-Refundable Contribution	\$ -
Number of Homes Completed	45
Credited Allowance	\$ 157,500
Potential Remaining Allowance	\$ 192,500

Scenario 4	
Number of Planned Homes	100
Estimated Construction Cost	\$ 400,000
Total Potential Refundable Allowance	\$ 350,000
Non-Refundable Contribution	\$ 50,000
Number of Homes Completed	45
Credited Allowance	\$ 157,500
Potential Remaining Allowance	\$ 192,500