

[FOR CONSIDERATION AT ~~JULY 17,~~AUGUST 21, 2000 BOARD  
MEETING]

**Az ISA FERC ELECTRIC TARIFF**

**RATE SCHEDULE No. 1**

**Section 1      Purpose**

This Rate Schedule describes the procedures for calculation and collection of the Az ISA charges and remittance of said charges to the Az ISA. The Az ISA charges are assessed upon each Scheduling Coordinator ("SC") for services provided by the Az ISA pursuant to the terms and conditions of the ISA-TP Agreements and ISA-SC-TP ~~Agreements.~~ Agreements on a monthly basis in accordance with the formula set forth in Section 3 below. Each ~~The collection and remittance of these charges to the Az ISA are the responsibility of each~~ Transmission Provider ("TP") ~~providing that provides~~ transmission services to SCs consistent with the Protocols Manual ~~("PM").~~ ("PM") and in accordance with the formulas set forth in Section 4 below shall collect and remit these charges to the Az ISA.

**Section 2      Definitions**

Any capitalized term used but not defined in this Rate Schedule shall have the meaning provided in the ISA-TP ~~Agreement.~~

Agreement. Unless otherwise specified herein, amounts are in dollars, load is in MWh and rates are in dollars per MWh.

2.01 ~~"Aggregate Retail Load" or "ARL" shall equal the sum of each TP's TPRL, in MWh,~~ **Aggregate Retail Load ("AGGRL")** - the sum of each Transmission Provider's Retail Load for the billing month.

2.02 ~~"Monthly Debt Repayment" or "MDR" shall equal~~ **Debt ("DEBT")** - the sum of all debt payments owed by the Az ISA in the billing month, ~~in dollars (excluding the payments~~ month (both principal and interest), but excluding the repayment obligations associated with the loans itemized in EXHIBIT 1 of each ~~TP's~~ ISA-TP Agreements), ~~including principal and interest payments, as calculated by the Az ISA.~~

2.03 ~~"Monthly Debt Repayment Rate" or "MDRR" shall equal the rate, in dollars per MWh, applied to SC transactions and is calculated as follows:~~

2.02 ~~MDRR = TPDR / TPRL~~ Agreement.

2.04 ~~2.03 "Monthly Deficiency" or "MDEF" shall equal~~ **Deficiency ("DEF")** - any deficit in or under-

collection of revenues or expenses not known to or included by the Az ISA in the calculation of a prior billing month's ~~OCR.~~Operating Cost Rate.

~~2.052.04 "Monthly Revenue" or "MR" shall equal any revenue received by the Az ISA related to fees charged~~Fees ("FEES") - any fees assessed by the Az ISA for specific transactions,~~fees charged for~~ dispute resolution~~services provided, or any other fees or charges.~~Charges or fees~~services, or any other services provided by the Az ISA.~~ Fees received after the Revenue Requirement is calculated for a monthly~~operating costs are calculated~~particular billing month shall be included in the calculation of the Revenue Requirement for a subsequent billing month~~and not reflected in the prior month's MR.~~

2.05 Operating Cost Rate ("OCR")- the net monthly costs and revenues associated with Az ISA operations (excluding Transmission Provider Repayment), divided by Aggregate Retail Load. OCR is calculated as follows:

$$\text{OCR} = [\text{REV} + \text{DEBT} + \text{DEF} - \text{FEES}] / \text{AGGRL}$$

2.06 Repayment Obligation Rate ("REPAYR") - the Transmission Provider's Repayment divided by the Transmission Provider's Retail Load.

~~2.06~~2.07 "Monthly Revenue Requirement" or "MRR" shall meanRevenue Requirement ("REV") - the Az ISA's good faith estimate of its ~~monthly operating costs, in dollars, and includes amounts to be retained in the operating account for the billing month and~~operating costs for the billing month, including cash working capital requirements. Any operating costs not included in the OCR for the then subsequent month. Operating expenses and other costs not known at the time the OCR for the billing month is calculatedcurrent billing month shall be included in a subsequent billing month's OCR ~~as part of the MDEF component.~~

~~2.07 "Operating Cost Rate" or "OCR" shall equal the sum of all monthly fixed and variable operating costs associated with Az ISA operations, except for costs~~

~~associated with the loans itemized in Exhibit 1 of each TP's ISA-TP Agreements, for the billing month, divided by the Aggregate Retail Load ("ARL"), in dollars per MWh, and is calculated as follows:~~

$$\text{OCR} = [\text{MRR} + \text{MDR} + \text{MDEF} - (\text{MR} + \text{PMR})] / \text{ARL}$$

~~2.08 "Operating Cost Transmission Provider" or "OCTP" shall equal a share of the Az ISA's monthly operating costs, in dollars, billed to a specific TP for the billing month.~~

~~2.09 "Past Monthly Revenue" or "PMR" shall equal any category of revenue set forth in the description of the MR component above that which was paid, but not included, in a prior billing month's operating expenses calculation.~~

2.102.08 **"Scheduling Coordinator's Load" or "SCL"** shall equal Load ("SCL") - an SC's load, measured in MWh, including all losses, for the billing month, as reasonably forecasted or measured by the SC and agreed to by the affected TP. To the extent the SCL in a particular billing month is estimated, and subsequent actual measurements indicate that ~~thethis~~ this estimate was high or low, any excessive or deficient payment based on said estimate shall be subject to true-up in a subsequent billing month.

~~2.11 "Total Monthly Payment" or "TMP" shall equal the sum of all debt payments owed by the Az ISA in the billing month, in dollars, including principle and interest, for each loan listed in EXHIBIT 1 of each TP's ISA-TP Agreement, to each of the TPs as calculated by the Az ISA.~~

~~2.122.09 "Transmission Provider(s)" or "TP(s)" shall~~  
mean **Transmission Provider(s) ("TP(s))** - Arizona Electric Power Cooperative, Inc. ("AEPCO"), Arizona Public Service Company ("APS"), Citizens Utilities Company ("Citizens"), and Tucson Electric Power Company ("TEP").

2.10 **Transmission Provider Operating Cost ("TPOC")** - the Operating Cost Rate multiplied by the specified TP's Retail Load.

~~2.132.11 "Transmission Provider Debt Repayment" or "TPDR" shall mean the payment owed and calculated by the Az ISA,~~  
**Transmission Provider's Repayment ("TPREPAY")** - the payment owed, to a specific TP in a ~~specific~~the billing month, for repayment of that TP's loan, as listed in EXHIBIT 1 of the ~~specific TP's~~applicable ISA-TP Agreement.

~~2.142.12 "Transmission Provider's Retail Load" or "TPRL" shall equal for each TP,~~  
**Load ("TPRL")** - for each TP

~~except AEPCO, TPRL is~~ the sum of all retail Competitive SC and Standard Offer SC Load connected to its system, measured in kWh, in the billing month. For ~~Arizona Electric Power Cooperative, Inc. ("AEPCO")~~, ~~TPRL shall be equal to~~AEPCO, TPRL is the aggregate ~~of the load~~retail load in Arizona served by each entity that is now, or at some future time becomes, a retail distribution cooperative, Class A member of AEPCO (the "Members"), where said ~~load,~~ ~~in~~retail MWh, load is measured in a manner consistent with the measurements employed by the other ~~Participating Utilities. The current Members~~TPs. The current Class A Members in Arizona include the following entities, ~~their successors and assigns~~:

~~Anza Electric Cooperative~~

Duncan Valley Electric Cooperative

Graham County Electric Cooperative

Mohave Electric Cooperative

Sulphur Springs Valley Electric Cooperative

Trico Electric Cooperative, Inc.

~~City of Mesa~~

~~Morenci Water and Electric~~

~~Salt River Project~~

**Section 3      Scheduling Coordinator Payment Obligation**

Each SC that takes retail transmission service from a TP pursuant to a TP's OATT or other tariff, shall be assessed by and shall pay to said TP, each billing month, a

Scheduling Coordinator Monthly Payment ("SCMP") calculated as follows:

$$\text{SCMP} = \text{[MRR[REPAYR} + \text{OCR]} \times \text{SCL}$$

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#### Section 4 Transmission Provider Payment Obligation

~~4.14.01~~ Each TP shall remit to the Az ISA each billing month ~~its share~~ a portion of the Az ISA's monthly operating costs ~~or OCTP(TPOC)~~ calculated by the Az ISA as follows:

$$\text{OCTP(TPOC)} = [\text{OCR} \times \text{TPRL}]$$

4.02 Each TP shall remit to the Az ISA each billing month ~~all revenues that a TP collects through the application of that TP's MDRR.~~ a portion of the Az ISA's monthly repayment obligation costs (TPREPAY) calculated by the Az ISA as follows:

$$\text{TPREPAY} = [\text{REPAYR} \times \text{TPRL}]$$

4.03 A TP's obligation to ~~make payment~~ remit funds to the Az ISA in accordance with Section 4.01 of this Rate Schedule is not contingent upon the level of charges collected by said TP pursuant to this Rate Schedule.

#### Section 5 Billing And Payment

Each TP, on behalf of the Az ISA, shall collect and ~~dispose of~~ remit the charges specified in and in accordance with (a) this Rate Schedule, (b) the ISA-TP Agreement between each TP and the Az ISA, and ~~(b)~~ (c) the ISA-SC-TP Agreement between the Az ISA, the applicable TP, and each SC taking retail transmission service to satisfy that TP's

~~retail access requirements.~~ legal requirements for retail access. Under no circumstances shall the Az ISA be liable, directly or indirectly, for the acts of any TP acting in this collection capacity on behalf of the Az ISA. A TP's authority to collect and ~~dispose of~~ remit said charges on behalf of the Az ISA shall terminate immediately, unless otherwise agreed in writing by the Az ISA, upon such TP's withdrawal from or the termination of the ISA-TP Agreement between the Az ISA and that TP.

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