



Business Practice

Rollover Rights with Extensions of Commencement of Transmission Service

1. General Policies

- 1.1. This business practice provides additional information regarding APS Open Access Transmission Tariff ("OATT") Section 17.6 regarding firm Point to Point transmission service.
- 1.2. Firm transmission service as referenced in APS's OATT Section 17.6 includes both firm Network and firm Point to Point transmission service.

2. Rollover Rights When Extending Commencement of Transmission Service

- 2.1. Transmission Customers who execute a service agreement with a minimum term of five (5) years have the right to roll over the capacity for a subsequent period of time. Customers electing to extend the commencement of their transmission service must take service for the minimum time period (five (5) years) to retain access to rollover rights.
 - 2.1.1. Periods of time in which the commencement of service has been extended do not qualify towards the minimum time period to retain access to rollover rights. Please see the example described below:

Transmission Customer executes a service agreement for a period of five (5) years beginning on January 1, 2014 (terminating on January 1, 2019), but elects to extend the commencement of service by one year. Should the Transmission Customer wish to retain the previously applicable rollover rights, the end date must also be extended by one year (to terminate on January 1, 2020).
- 2.2. The Transmission Customer can obtain, subject to availability, up to five (5) one-year extensions for the commencement of service.
 - 2.2.1. The Transmission Customer must submit a revised Transmission Service Request ("TSR") reflecting the revised start and/or end dates. A new service agreement will then be issued that reflects the revised start and/or end dates.
 - 2.2.2. Transmission Customers who obtain an extension for the commencement of service are required to pay a non-refundable annual reservation fee equal to one-month's charge for Firm Transmission Service for each year or fraction thereof within 15 days of notifying APS it intends to extend the commencement of service.



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2.2.3.If another Transmission Customer submits an application for Firm Transmission Service, and the service request may only be satisfied by releasing all or a portion of the reserved capacity (*i.e.*, transmission service with an extended commencement date), the original Transmission Customer will forfeit that portion of its reserved capacity necessary to satisfy the other Transmission Customer's request unless it agrees to pay the Firm Point-to-Point transmission rate for its reserved capacity concurrent with the service commencement date requested by the new Transmission Customer.

2.2.4.The reserved capacity of the Transmission Customer with the lowest queue position will be subject to release first. Please see the example described below:

Transmission Customers 1 and 2 both have 100 MW of reserved capacity on a transmission line that has 200 MW of available transmission capacity. Both have elected to extend commencement of service by one year. Transmission Customer 3 completes an application for transmission capacity of 50 MW with a commencement of service to begin immediately. Transmission Customer 2 has the opportunity to begin service or forfeit 50 MW of its 100 MW of reserved capacity. If Transmission Customer 2 elects to begin service, Transmission Customer 1 will then be afforded the opportunity to begin service or forfeit 50 MW of its 100 MW of reserved capacity to Transmission Customer 3.

2.2.5.Transmission Customer Reservation Priority is designated pursuant to Section 13.2 of the APS OATT.

3. Extension of Commencement of Service of a Portion of the Transmission Service Agreement

A Transmission Customer with an executed service agreement may elect to extend the commencement of service for a portion of the requested capacity, subject to availability, pursuant to APS's OATT Section 17.6 and as described in this Business Practice.

3.1. Transmission Customers electing to extend a portion of the capacity must submit a request to split the TSR to reflect the modification.

3.1.1.The submittal of the TSRs will not result in a queue position change for the requesting Transmission Customer, if applicable.

3.1.2.The Transmission Customer may not increase its requested transmission capacity during this resubmittal, or alter the original request in any material way. A split of the capacity which results in the same or less capacity and the modifications described in Section 2 of this Business Practice will not be considered material changes that would result in a new TSR and movement to the end of the queue.

3.2. Only the portion of the TSR that is initially extended may be extended in subsequent requests, and such extensions must always be sequential (*i.e.*, no extensions of



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commencement of service are allowed once service under the previously extended TSR has commenced).

- 3.3. The extended TSR will not be granted additional extensions of service (i.e., if a transmission customer previously extended the full capacity for three years, the resubmitted TSR would only be allocated two additional years of potential extensions).

This Business Practice describes general conditions and practices. There may be specific circumstances that require some variation from or are not addressed by this Business Practice.

Version	Effective Date	Change Tracking	Reviewed By	Approved By	Standard No.
Original	03/03/2014	Original	Thomas McCall	Robert Bean	N/A
1	03/04/2014	Added Section 1.2	Thomas McCall	Robert Bean	N/A
2	03/02/2015	Added Section 3, included TSR as a defined term and made typographical corrections.	Thomas McCall	Twyana Blair	N/A