NEW APPLICATION

Melissa M. Krueger  
Thomas L. Mumaw  
David Hinkson  
Pinnacle West Capital Corporation  
400 North 5th Street, MS 8695  
Phoenix, Arizona 85004  
Tel: (602) 250-2439  
Fax: (602) 250-3393  
E-Mail: Melissa.Krueger@pinnaclewest.com  
Thomas.Mumaw@pinnaclewest.com  
David.Hinkson@pinnaclewest.com

Attorneys for Arizona Public Service Company

BEFORE THE ARIZONA CORPORATION COMMISSION

ROBERT BURNS, Chairman  
BOYD DUNN  
SANDRA D. KENNEDY  
JUSTIN OLSON  
LEA MÁRQUEZ PETERSON

IN THE MATTER OF ARIZONA PUBLIC SERVICE COMPANY’S APPLICATION FOR APPROVAL OF COVID-19 EMERGENCY RELIEF PACKAGE FOR APS CUSTOMERS EXPERIENCING FINANCIAL HARDSHIP DUE TO COVID-19 PANDEMIC.

DOCKET NO. E-01345A-20-

APPLICATION

As every American knows, we are in the grips of a serious pandemic that has upended many of our day-to-day lives. This is a challenging time for all of us: layoffs have occurred, schools in many districts have closed, local and national economies are suffering, stores are trying to manage their inventories—and individuals have been infected by the virus.¹

This Commission has demonstrated its keen awareness of the seriousness of this crisis and its concern for utility customers. On March 12, 2020, the Commission opened an inquiry to ensure that the utilities it regulates were adequately prepared to ensure the continuation of safe and reliable utility service during the pandemic. See Docket No. AU-00000A-20-0050, Commission Inquiry into Utility Preparedness Plans to Ensure Safe and

¹ Excerpt from National Association of Regulatory Utility Commissioners President, Brandon Presley’s Statement of March 18, 2020.
Reliable Operations During the COVID-19. In addition, Commissioners have issued numerous letters and asked detailed questions of utilities during both a special and regular open meeting about the handling of the crisis.

Likewise, the Governor of the State of Arizona declared a public health emergency in Arizona on March 11, 2020 due to COVID-19. The Governor subsequently requested and received a federal Major Disaster declaration for the State on April 4, 2020. In addition, the Governor has issued numerous executive orders to address this public health emergency. Those orders include precautions to help prevent the spread of this dangerous disease through social distancing, limits on or closures of certain non-essential businesses, and a multitude of provisions to address the imminent economic harm that many individuals and businesses are experiencing as a result of these activities. It is against this backdrop that APS files this application for emergency relief to provide additional help and assistance to its customers who are being most severely impacted by the pandemic.

I. OVERVIEW OF REQUEST FOR EMERGENCY SUPPORT PROGRAMS TO HELP CUSTOMERS NAVIGATE ECONOMIC HARDSHIPS CAUSED BY COVID-19 CRISIS

The COVID-19 worldwide pandemic is creating unprecedented challenges and economic hardship for many of APS’s customers. APS remains steadfast in its efforts to support customers while at the same time ensuring continued safe and reliable electric service. As outlined in our prior filings to the Commission, APS ceased disconnection for non-payment beginning on March 13, 2020, and is waiving late fees on past due balances during the pendency of the crisis. APS also established a Customer Support Fund with $1.5 million in shareholder funds to assist customers who are having trouble paying their bills. All limited-income customers on the Energy Support Program (Rate Riders E-3 and E-4) are immediately eligible for $100 in credit to their bills, while additional requests from residential and small business customers with delinquencies of at least two months receive priority. To date, over $900,000 has been distributed to customers in need from this fund. In addition, APS has provided support to our customers and communities through other means as summarized below.
• APS has provided over $2.9 million in Crisis Bill Assistance funding to assist customers in crisis. Through this program, qualifying residential customers can receive up to $800 in support over a rolling 12 months. To make it easier for customers to receive this assistance, APS has modified its application and enrollment procedures for the Crisis Bill Assistance Program to allow our partners who administer this support to accept applications by e-mail or over the phone during the pandemic.

• APS is providing nearly $1.2 million in funding to United Way through the APS Community Services Fund in April 2020. The Company’s contribution represents a 50% match to more than $2.4 million donated by individual APS employees and retirees last fall through APS’s Community Services Fund Campaign.

• APS has also committed $1.25 million to support other community initiatives and nonprofits. Those commitments include the following:
  o APS has committed $250,000 in emergency funding to Arizona Together. This initiative will fund personal protective equipment for frontline medical personnel, support for non-profits that help the State’s most vulnerable population, and expand access to technology for low-income students to help them transition to online learning.
  o APS has committed $500,000 to help Arizona non-profits respond to the COVID-19 crisis, including $250,000 to the Arizona Community Foundation’s COVID Response Fund and $250,000 to the United Way.
  o APS provides a 100% match for employee contributions to the Arizona Food Bank Network (AZFBN).
  o In an effort to provide assistance to Arizona Tribal Communities that have been impacted by COVID-19, APS has joined with the other Arizona-based owners of the Four Corners Power Plant to provide
$250,000 to support the Navajo Nation. APS’s commitment is $150,000.

- APS has committed $250,000 to the support of small businesses, including $125,000 for small business emergency cash grants and $125,000 for CARES Act outreach and education.

Additional details about these and other initiatives are provided in APS’s April 3, 2020 letter to the Commission’s COVID-19 Crisis docket.

Arizona has not yet hit the peak of this crisis either from a health or economic perspective. To address the ongoing needs of our customers, and in addition to the resources it has already dedicated to this crisis, APS proposes a comprehensive $16 million emergency relief package that includes both programmatic changes and financial support programs designed primarily to help residential and small business customers most in need during this difficult time.

APS proposes to fund these programs with $16 million that has been collected through the Demand Side Management Adjustor Clause (DSMAC), but has not been allocated for use on current Demand Side Management (DSM) programs. Under this proposal these funds would be spent on those customers most impacted by the crisis and about one half of the funds would be used to support residential customers and one half would be used to support our business customers, primarily small business. As discussed below in Section V, APS has approximately $39 million of collected but unallocated DSMAC funds. Thus, $16 million could be allocated to COVID-19 emergency relief for those most in need without impacting any of the Commission-approved DSM programs or increasing any customer rates. A brief description of each proposed emergency program is below in Sections II, III and IV.

---

APS recommends that at least $3 million of the collected but unallocated funds be reserved to offset the 2020 DSM budget, so the adjustor can remain flat.
In the alternative, all or a portion of the collected but unallocated DSMAC funds could be returned to all customers via a credit to the DSMAC. This alternative is discussed in Section VI.

II. SUPPORT FOR RESIDENTIAL CUSTOMERS

APS proposes to support its residential customers affected by this crisis by providing temporary eligibility for its 25% discount Energy Support program to customers experiencing unemployment and a special one-time COVID-19 bill credit program that will provide partial bill forgiveness for customers in need as described below.

A. Expanded Programs for Limited-Income Customers and Customers Collecting Unemployment Benefits


APS proposes a change to its Energy Support program (Rate Riders E-3 and E-4) to temporarily extend eligibility to APS customers who are unemployed due to COVID-19. The goal is to extend access to the 25% bill discount benefit under the Energy Support program to customers experiencing hardship due to a loss of work created by COVID-19.

Presently, the Energy Support program provides customers whose incomes are at or below 150% of the federal poverty guidelines, with a 25% discount on their monthly bills. APS proposes to add a COVID Unemployment Energy Support provision to the program that allows customers who are approved for unemployment benefits after March 11, 2020, the date the public health emergency was declared in Arizona, to enroll in and receive the Energy Support discount for four months following their date of enrollment in the program. Upon conclusion of the special four-month unemployment eligibility period, customers who can demonstrate that they are at or below 150% of the federal poverty level may remain on the program. The total proposed budget for this program is $6 million with $5.5 million for customer discounts and $0.5 million for administrative and outreach expenses to recruit customers and determine customer eligibility. This program will continue until it serves 28,000 customers or expends $5.5 million in discounts, whichever occurs first.
APS will make a compliance filing containing revised E-3 and E-4 Rate Riders to reflect the addition of the Unemployment Energy Support program within 10 days of a Commission decision on this application, if applicable.

B. Residential Bill Forgiveness: COVID Relief Credit

APS also proposes to create a $2 million bill forgiveness fund. These funds will be used to give a one-time bill credit of up to $300 to eligible residential customers to partially or fully forgive past due balances. The credits will be targeted to customers in severe financial need with past due balances. Eligible customers must be at least one month late on their bill and receiving the COVID Unemployment Energy Support discount discussed above, or be on either APS’s Energy Support program (E-3 Rate Rider) or Medical Care Support program (E-4 Rate Rider). Program participation is limited to 6,700 customers or $2 million, whichever occurs first.

III. SUPPORT FOR SMALL BUSINESS CUSTOMERS

Small businesses are being especially hit hard by the COVID-19 crisis. They “are more sensitive to weak consumer demand [and] are often hit the hardest in economic downturns. The COVID-19 recession is uniquely damaging to them, especially those relying on foot traffic and social interaction.” APS provides service to approximately 125,000 small businesses across its service territory. These customers have monthly loads up to 100 kW and include customers such as restaurants, bars, convenience stores, small retail establishments and the like. These customers have been hit especially hard by the restrictions necessary to slow the spread of COVID-19. Many have temporarily ceased operations or are operating only in a limited capacity.

---

3 For purposes of these programs, Small Businesses are defined as general service customers on the following service schedules: E-32 XS, E-32 XS D, E-32 XS TOU, E-32 S and E-32 S TOU.

A. Small Business Hold Program

In this program, APS proposes to help small businesses who are experiencing very low or no monthly usage due to COVID-19 restrictions by providing them with bill credits to help defray the fixed charges on their bills, thus getting their monthly bills as close to zero as possible while they are closed or operating in a severely reduced capacity. This program provides an alternative to disconnection, which can often be costly and inefficient for a business. Specifically, eligible businesses would receive a $40 per month bill credit designed to offset the basic service charge for four consecutive months beginning June 1. The program would be available on an as-requested basis for small businesses with a demonstrated, significant reduction in usage. Keeping these customers connected also prevents potential operational challenges and delays that could occur due to the need to reconnect high numbers of customers quickly as travel and social distancing restrictions ease and the economy recovers. It is anticipated that this program will support 6,200 small businesses. The program participation will be capped at $1 million.

B. Small Business Bill Forgiveness: COVID Relief Credit

Similar to the COVID Relief Credit described above for residential customers, APS proposes to create a $6 million bill forgiveness program for its small and extra-small business customers. These funds will be used to give a one-time bill credit of up to $1,000 to eligible businesses to partially or fully forgive past due balances. The focus of this program and the credit will be for small business customers in severe financial need with past due balances. APS is still working to develop a systematic way to identify and target small business customers in industries that have been hardest hit by the COVID-19 crisis and anticipates that this program could be available beginning approximately June 1, 2020. Program spending will not exceed $6 million.

IV. RESERVE FUND FOR GENERAL SERVICE SUPPORTS

At this juncture the full spectrum of impacts to our business customers is unknown. There may be the need for additional unforeseen programs and supports. Thus, APS proposes to hold $1 million of the $16 million in reserve for potential future programs to
assist our business customers, including medium and large customers. While the specifics of these programs cannot yet be determined, these funds may be used to support programs such as waivers of reconnection fees for customers that needed to temporarily close due to COVID-19, among others. APS will supplement this filing with further details as the crisis continues.

V. FUNDING FOR THESE PROGRAMS

APS proposes to utilize $16 million that has been collected through the DSMAC to fund these initiatives. These funds have been collected, but are not allocated toward or required to support currently approved DSM initiatives. In APS’s Application for Approval of its 2020 DSM Plan, filed on December 30, 2019, APS reported approximately $30 million of collected but unallocated funds in the DSM balancing account. APS proposed in that DSM Plan using $30 million of the collected but unspent and unallocated funds to offset the 2020 DSMAC proposed budget of $51.9 million for 2020. Since December 2019, the available amount of collected but unspent funds has increased to approximately $39 million. Given the unusual circumstances posed by the COVID-19 crisis and anticipated severe financial needs of customers, APS proposes that $16 million of these collected but unallocated funds be used to support this package of COVID-19 emergency relief programs. Table 1 below summarizes the proposal for how these funds would initially be allocated. Depending upon participation levels, the funds may be shifted among the categories to meet customer needs.
Table 1: Proposed Allocation of Funding for COVID-19 Emergency Programs

<table>
<thead>
<tr>
<th>Emergency Program</th>
<th>$ (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>COVID Unemployment Energy Support</td>
<td>$5.5</td>
</tr>
<tr>
<td>Outreach and Administration for COVID Unemployment</td>
<td>$0.5</td>
</tr>
<tr>
<td>Residential Bill Forgiveness: COVID Relief Credit</td>
<td>$2.0</td>
</tr>
<tr>
<td>COVID Hold Program for Small Businesses</td>
<td>$1.0</td>
</tr>
<tr>
<td>Small Business Bill Forgiveness: COVID Relief Credit</td>
<td>$6.0</td>
</tr>
<tr>
<td>Reserve Fund</td>
<td>$1.0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$16.0</strong></td>
</tr>
</tbody>
</table>

This shift of these funds to COVID-19 emergency relief would not impact currently approved or proposed DSM programs, nor would it affect the total requested DSM budget for 2020 or the currently authorized DSMAC surcharge. APS proposes to continue its DSMAC at current levels and use $3 million of collected but unallocated funds to offset the budget and keep the DSMAC flat. In the event that the Commission approves this Application, APS will file an Amended Application for Approval of its 2020 DSM Plan consistent with the foregoing and in consultation with DSM Collaborative Members.

VI. ALTERNATIVE PROPOSAL TO RETURN $36 MILLION IN COLLECTED BUT UNALLOCATED DSMAC FUNDS TO ALL CUSTOMERS

In the alternative, all or a portion of the collected, but unallocated DSMAC funds, could be returned to all customers through a dollars per kWh credit. The DSMAC adjustor presently has a fund balance of $39 million. As noted above, in order to keep the adjustor from increasing in 2020, $3 million of the balance needs to be reserved to offset the 2020 budget. If, for example, the Commission were to direct that the remaining $36 million in the fund balance were to be returned to customers in June and July, customers would receive the following benefits, based on an estimated average level of usage per class as shown below.
### Table 2: Alternative Proposal to Return $36 million

<table>
<thead>
<tr>
<th>Customer Segment</th>
<th>Average Monthly Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Residential Customer (600 kWh/month)</td>
<td>$3.96</td>
</tr>
<tr>
<td>Medium Residential Customer (approx. 1,299 kWh/month)</td>
<td>$8.58</td>
</tr>
<tr>
<td>Large Residential Customer (2,000 kWh/month)</td>
<td>$13.20</td>
</tr>
<tr>
<td>X-Small and Small General Service (1,575 kWh/month)</td>
<td>$10.40</td>
</tr>
<tr>
<td>Small General Service (7,752 kWh/month)</td>
<td>$51.18</td>
</tr>
<tr>
<td>Medium General Service (68,381 kWh/month)</td>
<td>$451.43</td>
</tr>
<tr>
<td>Large General Service (314,925 kWh/month)</td>
<td>$2,079.05</td>
</tr>
<tr>
<td>Extra-Large General Service (3,841,873 kWh/month)</td>
<td>$25,363.03</td>
</tr>
</tbody>
</table>

APS offers this alternative for the Commission's consideration. APS's preference, however, is to allocate $16 million for the emergency programs proposed above because they are specifically tailored to assist its customers that are most in need. The balance of the collected but unspent and unallocated funds could then be used in a future DSM proceeding to fund future programs and/or offset the DSMAC budget.

### VII. CONCLUSION

APS respectfully requests that the Commission grant the above-requested relief on an expedited basis. APS will waive the thirty-day period under A.R.S. § 40-367 as to this request, so that these important relief programs can be approved expeditiously and provide much needed assistance to customers during this crisis.

Specifically, APS respectfully requests:

- That the Commission authorize APS to spend up to $16 million in funding that has been collected through the DSMAC, but is unallocated

---

5 The credit amounts are illustrative based on particular levels of usage. Customer credits will vary based on their individual usage and circumstances.
to any current DSM program offerings, to support the COVID-19 emergency relief programs approved herein.

- That the Commission rule on this matter expeditiously and that the requested changes become effective on June 1, 2020 or as soon as possible thereafter.

RESPECTFULLY SUBMITTED this 17th day of April 2020.

By:/s/ Melissa M. Krueger

Melissa M. Krueger
Thomas L. Mumaw
David Hinkson
Attorneys for Arizona Public Service Company

Electronically filed this 17th day of April 2020 with:

Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

s/TD