

# CPS Energy

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## NEW SERVICE OPTIONS

Electric and Gas System Optional Services Tariff

### NSO

**DRAFT**

#### APPLICATION

This New Service Options (NSO) Tariff defines policies by which new service options may be offered to Customers for testing purposes. Options developed under this NSO Tariff are intended to be an important step in providing our customers with innovative energy services, furthering CPS Energy's strategic initiatives. The intent of the NSO Tariff is to pilot different options in order to gauge customer interest and gather information to refine the offering. If successful, a NSO offering may continue pursuant to a City Council approved tariff available to all customers. However, all pilots will be time bound and will not continue in perpetuity.

Under authority of the NSO Tariff, CPS Energy may add, offer, unbundle or create new services, products and/or pricing options related to its electric and gas businesses in accordance with the provisions of the NSO Tariff. The new services, products and pricing options that are provided under the NSO Tariff are to be offered on an experimental basis in order to optimize CPS Energy's portfolio of wholesale and retail products and services. Options and rates developed under the NSO Tariff are available only under the defined time horizons and accountability procedures defined herein. Options offered under this NSO Tariff are not guaranteed to continue past the pilot period to a Council approved tariff. CPS Energy may choose to cancel an option offered under this NSO Tariff based on the results of the pilot.

- All NSO offerings are available to qualifying Customers within CPS Energy's Service Area.
- These rates are not applicable to resale service to Customers currently served under an existing electric or gas retail rate.
- NSO offerings will support CPS Energy's efforts to:
  - Gather information about the adoption of new technologies within its service area;
  - Determine the viability of NSO offerings to support the adoption of technologies; and
  - Identify those pricing structures which best suit Customers' needs and recover the costs of providing the service.
- Rates for retail NSO offerings continuing after their pilot periods shall comply with the Flow of Funds provisions adopted within CPS Energy's approved Bond Ordinances.
- City Council shall retain regulatory authority over all NSO offerings.

#### NEW SERVICE TERM SHEET

There shall be a New Service Term Sheet that states the following for each offering:

- The purpose of the NSO offering;
- The scope of the offering to be provided;
- The conditions of service and charges for the offering that the Customer will incur each month;
- The effective date of the offering and the time period during which the offering is available;
- The criteria to be used to evaluate the success of the NSO offering;
- The existing City Council approved rate tariff to which the Customer will revert, if the offering is not continued at the pilot's conclusion or cancellation;
- The maximum number of Customers that may participate in the pilot;
- The Customer may be required to execute a Service Agreement, subject to the applicable rates during the pilot period and to the tariff rates thereafter, provided the NSO offering continues at the conclusion of the pilot period.
- For any new NSO offering that requires a capital contribution by CPS Energy, the Customer will be required to execute a Service Agreement at the initiation of the pilot to ensure appropriate cost recovery by CPS Energy.

**MONTHLY BILL**

The Monthly Bill will be in accordance with the New Service Term Sheet.

**LATE PAYMENT CHARGE**

The Monthly Bill will be charged, provided payment of the previous bill is made within the period indicated on the bill. Bills not paid within this period will be charged an additional 2 percent times the Monthly Bill, excluding the adjustment for fuel costs, fees for City services and sales taxes.

**TERMS AND CONDITIONS OF SERVICE**

1. Customers are obligated to participate for the length of the pilot, unless otherwise specified.
2. NSO offerings are intended to support the initial diffusion of technology into CPS Energy's system, and CPS Energy may choose to cancel any offering at any time. If CPS Energy cancels the offering during the pilot period, the Customer will be notified of an applicable alternate approved tariff, if available. NSO Customers will automatically revert to the alternate tariff unless, prior to the renewal date, the Customer notifies CPS Energy in writing that the Customer no longer wishes to continue service.
3. CPS Energy has the right to remove a Customer from any NSO offering for any reason, including, but not limited to:
  - a. Customer fails to make timely payments as specified within the New Service Term Sheet, is placed on a payment arrangement plan, or is disconnected for nonpayment. CPS Energy will follow its standard procedures for collection as outlined in CPS Energy's Rules and Regulations Applying to Retail Electric and Gas Service; or
  - b. Any failure to comply with the CPS Energy's Rules and Regulations Applying to Retail Electric and Gas Service.
4. Unless otherwise specified, CPS Energy is not liable for any repairs and/or maintenance for any equipment required to participate in the offering, including, but not limited to, any parts or labor charges.
5. CPS Energy will collect from Customer other Miscellaneous Fees as specified in CPS Energy's Policy for Miscellaneous Customer Charges Tariff for requests or specialized services such as, but not limited to, return payment fees.
6. Each NSO pilot program will be available to a limited number of Customers as established in the New Service Term Sheet.
7. At the end of the pilot, CPS Energy may require participating Customers to retrofit their property, at the Customer's expense, to conform to existing CPS Energy standards.
8. Piloted offerings are subject to any general increase in rates.
9. Customers are obligated to provide CPS Energy all data associated with their participation in the pilot.

**ACCOUNTABILITY PROCEDURES**

To assist in evaluating the reasonableness of the NSO offering's rates and charges, CPS Energy will comply with the following accountability procedures.

1. CPS Energy will design NSO offerings to not materially disadvantage non-participating Customers.
2. CPS Energy shall submit a New Service Term Sheet to the City's Office of Public Utilities (OPU) for each offering under the NSO Tariff. OPU shall review the New Service Term Sheet to confirm that the rates are designed with the intent to recover the offering's cost of service and are otherwise within the parameters of the NSO Tariff.
3. CPS Energy shall submit quarterly status reports summarizing the operational and financial performance of all active offerings under the NSO Tariff, and the disposition of completed offerings. The reports shall include the following items, at a minimum:
  - a. The number of Customers utilizing each offering;

- b. The number of Customers that are no longer participating in the offering pilot due to early termination or abuse;
  - c. Consumption information; and
  - d. Any Customer feedback, including survey results received from Customers regarding the offering.
4. CPS Energy shall submit to City Council a briefing on the status of the NSO Offerings annually, or as requested by OPU.

At the start of a NSO offering, OPU may specify additional accountability procedures.

#### **CONFIDENTIAL INFORMATION**

The supporting documentation for any additional New Service Options may include confidential information, such as formulae or other calculations used to develop the offering. OPU may request such confidential information and, upon receipt from CPS Energy, shall use its best efforts to maintain the confidentiality of any information designated as such.

#### **RULES AND REGULATIONS**

If applicable, service is subject to CPS Energy's Rules and Regulations Applying to Retail Electric and Gas Service, as may be amended from time to time (Rules and Regulations), which are incorporated herein by reference as if set forth in full. In the event that the Rules and Regulations, the terms of this NSO Tariff, and/or any New Service Term Sheet conflict or are inconsistent with one another, the order precedence is as follows: (1) applicable New Service Term Sheet, then (2) this NSO Tariff, then (3) Rules and Regulations.

#### **CURTAILMENT**

CPS Energy has the right at any and all times to immediately adjust, in whole or in part, the supply of electricity and/or gas to Customers, in order to adjust fuel supplies for generation of electricity and/or gas supplies available for resale and/or any other factors affecting delivery capability.