

BEFORE THE ARIZONA CORPORATION



0000023186

MARC SPITZER
Chairman

JIM IRVIN
Commissioner

WILLIAM A. MUNDELL
Commissioner

JEFF HATCH-MILLER
Commissioner

MIKE GLEASON
Commissioner

Arizona Corporation Commission

DOCKETED

AUG 13 2003

DOCKETED BY *Nac*

IN THE MATTER OF SULPHUR SPRINGS)
VALLEY ELECTRIC COOPERATIVE, INC.)
- APPLICATION FOR APPROVAL OF)
REVISIONS TO SCHEDULES RT, GT, AND)
PT.)

DOCKET NO. E-01575A-03-0465

DECISION NO. 66177

ORDER

Open Meeting
August 12 and 13, 2003
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") is certificated to provide electric service as a public service corporation in the State of Arizona.

2. On July 8, 2003, SSVEC filed an application for approval of revisions to its tariffs, Schedules RT, GT, and PT. On July 10, 2003, SSVEC filed a letter to extend the time clock for review of the tariffs to the August 12 and 13, 2003 Open Meeting.

3. Schedule RT (Residential Time of Use), Schedule GT (General Service & Small Power Time of Use) and Schedule PT (General Power Service Time of Use) are experimental time-of-use tariffs. On March 25, 2002 (Decision No. 64654), the Commission approved revisions to the tariffs. On June 5, 2002, the Commission froze the tariffs because SSVEC had discovered that it had made an error in determining the revised rates.

4. The proposed revisions would adjust the rates, unfreeze the tariffs, and limit the number of customers served under the three schedules to a maximum of 5 MW of installed load.

1 10. Schedule GT (General Service & Small Power Time of Use) was originally
2 approved as an experimental tariff by the Commission in SSVEC's last rate case (Decision
3 No. 58358, July 23, 1993). The optional schedule is available for commercial customers who
4 require less than 50 kVA transformer capacity. Under the current Schedule GT, there is a service
5 availability charge of \$14.25 per month for the first 10 kVA of installed transformer capacity plus
6 \$1.50 for each additional kVA, an on-peak capacity charge of \$13.37 per kW, and an energy
7 charge of \$0.05968 per kWh. The on-peak and off-peak hours are the same as on Schedule RT.
8 There are currently 23 customers on this schedule.

9 11. Under the proposed revisions, the rates would consist of \$12.57 per month for the
10 first 10 kVA of installed transformer capacity plus \$1.50 for each additional kVA, an on-peak
11 capacity charge of \$17.00 per kW, and an energy charge of \$0.06739 per kWh.

12 12. Schedule PT (General Power Service Time of Use) was originally approved as an
13 experimental tariff by the Commission in SSVEC's last rate case (Decision No. 58358, July 23,
14 1993). The optional schedule is available for commercial customers who guarantee a monthly
15 billing capacity of more than 50 kVA. Under the current Schedule PT, there is a service
16 availability charge of \$45.30 per month, an on-peak capacity charge of \$13.37 per kVA, an off-
17 peak capacity charge of \$4.09 per kVA (with a minimum billing kVA of the greater of 50 kVA, 60
18 percent of transformer capacity, or contract capacity), and an energy charge of \$0.02698 per kWh.
19 The on-peak and off-peak hours are the same as on Schedules RT and GT. There are currently 16
20 customers on this schedule.

21 13. Under the proposed revisions, the rates would consist of a service availability
22 charge of \$43.84 per month, an on-peak capacity charge of \$17.00 per kVA, an off-peak capacity
23 charge of \$4.09 per kVA (with a maximum billing capacity of the greater of the maximum
24 monthly kVA metered capacity for the billing period, 50 kVA, 80 percent of the highest maximum
25 monthly kVA metered capacity established during the previous 11 months, 60 percent of installed
26 substation capacity, or the contract capacity), and an energy charge of \$0.03469 per kWh.

27 14. Staff has recommended approval of the proposed Schedules RT, GT, and PT. The
28 rate schedules send proper price signals to customers to shift load to off-peak hours, benefiting

1 both the customers and the utility. In addition, the rates to be paid under these schedules would
2 cover SSVEC's costs to serve the customers.

3 15. Staff also analyzed the fair value implications for purposes of this application only.
4 In this matter, the overall impact of these tariff revisions on SSVEC's revenue is de minimus,
5 about 0.06 percent. This results in a de minimus increase in SSVEC's annual rate of return of
6 about 0.04 percent. Under these circumstances and those described in the application, the overall
7 impact of the proposed revisions is de minimus, and the revisions result in just and reasonable
8 rates.

9 16. Because of the limited customer participation on these time-of-use tariffs and the
10 changes being proposed, Staff also recommends that these tariffs remain experimental. These
11 tariffs should be reviewed in SSVEC's next rate case.

12 17. In addition, Staff recommends that SSVEC notify all customers currently on these
13 tariffs of the changes approved by this Decision. Within 15 days of this Decision, SSVEC should
14 submit the proposed notice language to the Utilities Division Director for review and approval.
15 The notice should advise customers of the differences between the previously approved time-of-
16 use tariffs and those approved by this Decision and also advise customers of their ability to change
17 to the regular rate applicable to that customer's particular class. After notification to SSVEC by
18 the Utilities Division Director that the proposed notice language has been approved, SSVEC
19 should provide notice in its next regular bill or by special mailing, but no more than 30 days from
20 the date of approval of the notice language by the Utilities Division Director. The revised tariffs
21 should not become effective until 15 calendar days after the notice is provided to all customers
22 presently on the three time-of-use tariffs.

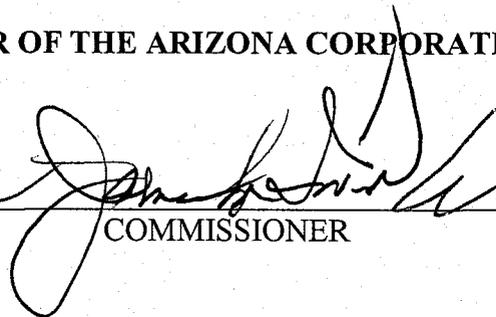
23 18. Staff further recommends that SSVEC continue to file annual reports that provide
24 information on how many customers are taking service under these tariffs, how much those
25 customers have saved relative to SSVEC's non-time-of-use rates for the same class of service, and
26 how these tariffs have provided a benefit to SSVEC. The reports are to be filed each February 15
27 for the previous calendar year.

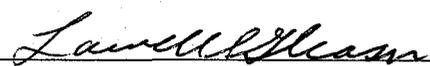
28 ...

1 IT IS FURTHER ORDERED that by June 30, 2005 Staff shall issue a report with a
2 recommendation as to whether these rates shall be amended, extinguished or made permanent,
3 which would be subject to Commission approval.

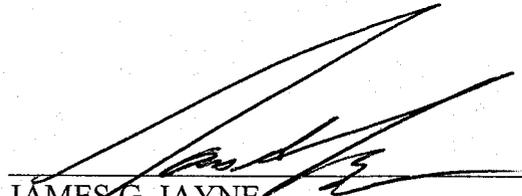
4 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

5
6 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

7
8 
9 CHAIRMAN  COMMISSIONER  COMMISSIONER

10
11  COMMISSIONER  COMMISSIONER

13 IN WITNESS WHEREOF, I, JAMES G. JAYNE, Interim
14 Executive Secretary of the Arizona Corporation Commission,
15 have hereunto, set my hand and caused the official seal of
16 this Commission to be affixed at the Capitol, in the City of
17 Phoenix, this 13th day of August, 2003.

18
19 
20 JAMES G. JAYNE
Interim Executive Secretary

21 DISSENT: _____

22
23 DISSENT: _____

24 EGJ:BEK:1hm\JDG

1 SERVICE LIST FOR: Sulphur Springs Valley Electric Cooperative, Inc.
2 DOCKET NO. E-01575A-03-0465

3 Mr. Jack G. Crask
4 Customer Service Manager, Willcox
5 Sulphur Springs Valley Electric Cooperative, Inc.
6 Post Office Box 820
7 Willcox, Arizona 85644-0820

8 Mr. Ernest G. Johnson
9 Director, Utilities Division
10 Arizona Corporation Commission
11 1200 West Washington St.
12 Phoenix, Arizona 85007

13 Mr. Christopher C. Kempley
14 Chief Counsel
15 Arizona Corporation Commission
16 1200 West Washington St.
17 Phoenix, Arizona 85007

18
19
20
21
22
23
24
25
26
27
28