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 2 JIM IRVIN
 Commissioner
 3 WILLIAM A. MUNDELL
 Commissioner
 4 JEFF HATCH-MILLER
 Commissioner
 5 MIKE GLEASON
 Commissioner

Arizona Corporation Commission

DOCKETED

AUG 13 2003

DOCKETED BY	<i>Mae</i>
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7 IN THE MATTER OF TRICO ELECTRIC
 COOPERATIVE, INC. - APPLICATION
 8 FOR APPROVAL OF A GENERAL
 9 SERVICE RATE SCHEDULE GS-4

) DOCKET NO. E-01461A-03-0481
) DECISION NO. 66183
) ORDER

10
 11 Open Meeting
 August 12 and 13, 2003
 12 Phoenix, Arizona

13 BY THE COMMISSION:

14 FINDINGS OF FACT

15 1. Trico Electric Cooperative, Inc. ("Trico") is certificated to provide electric service
 16 as a public service corporation in the State of Arizona.

17 2. On July 14, 2003, Trico filed an application for approval of a General Service Rate
 18 Schedule GS-4 ("GS-4").

19 3. GS-4 would apply to customers with three-phase service used for commercial and
 20 industrial loads in excess of 1,500 kW. The rate schedule would provide for service at different
 21 service levels of distribution delivery and for multiple delivery points. The proposed GS-4 would
 22 provide options currently not available on any other Trico rate schedule.

23 4. Under GS-4, there would be a distribution demand charge based on the location of
 24 the metering point. For transmission delivery (service taken at 69 kV or higher), the charge would
 25 be \$0.21 per kW. For substation delivery (service taken from the low side bus of the substation),
 26 the charge would be \$1.75 per kW. For primary delivery (customer owns final transformation
 27 equipment or has multiple delivery points metered at a primary metering location), the charge
 28 would be \$7.19 per kW. For secondary delivery (utility owns final transformation equipment), the

1 charge would be \$7.70 per kW. The billing demand would be the greatest of (1) the contract
2 demand as defined in the agreement for electric service, (2) the highest maximum 30-minute
3 demand during the current and previous 11 billing periods, or (3) 1,500 kW. The demand charges
4 were based on a cost of service study provided by the company.

5 5. In addition, customers would pay a monthly charge of \$500 and the actual
6 wholesale power cost. The wholesale power cost would be the amounts that Trico pays to its
7 suppliers for the cost of electricity to serve the customer, including costs for capacity, energy,
8 transmission, ancillary services, and fuel. The customer's billing units could be adjusted for line
9 losses. There may also be a facilities charge to cover capital costs and operation and maintenance
10 costs of additional facilities required to serve multiple delivery points.

11 6. None of Trico's current customers would qualify for GS-4 without making
12 infrastructure investments. GS-4 may be helpful in encouraging large customers to locate within
13 Trico's service area.

14 7. Trico currently has General Service Schedule GS-3 ("GS-3") which applies to loads
15 greater than 10 kW up to 11,999 kW. Customers who qualify for both GS-3 and GS-4 could
16 choose the one that is more beneficial to the customer. Generally, customers with lower load
17 factors (45 percent or lower) would benefit from GS-3. Customers with higher load factors would
18 benefit from GS-4.

19 8. Staff has recommended approval of the proposed GS-4. Staff has further
20 recommended that Trico file tariff pages consistent with the terms of this Decision within 15 days
21 from the effective date of the Decision.

22 9. Staff also analyzed this application in terms of whether there were fair value
23 implications. Compared to Trico's total revenue, any impact from this tariff would be de minimus,
24 and any impact on Trico's fair value rate base and rate of return would also be de minimus.

25 10. Because customers on GS-4 would not contribute to Trico's wholesale power cost
26 adjutor, Staff has also recommended that costs and revenues associated with GS-4 be excluded
27 from the wholesale power cost adjutor, but that the costs and revenues be reported as a memo
28 item on the wholesale power cost adjutor reports.

CONCLUSIONS OF LAW

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1. Trico is an Arizona public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over Trico and over the subject matter of the application.

3. Approval of the proposed tariff does not constitute a rate increase as contemplated by A.R.S. Section 40-250.

4. The Commission, having reviewed the application and Staff's Memorandum dated July 18, 2003, concludes that it is in the public interest to approve the tariff.

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ORDER

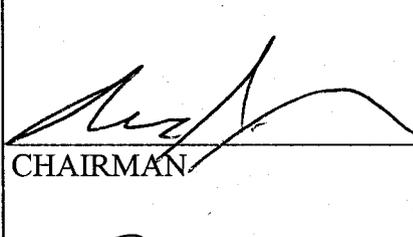
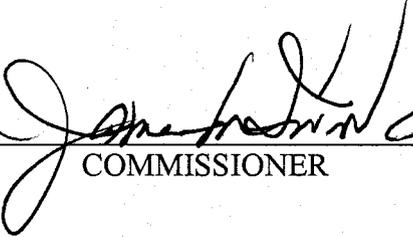
IT IS THEREFORE ORDERED that the proposed tariff be and hereby is approved.

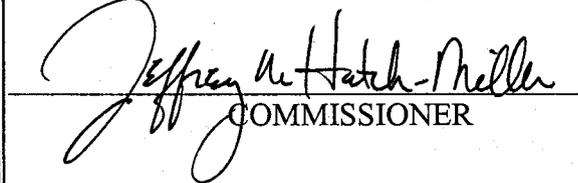
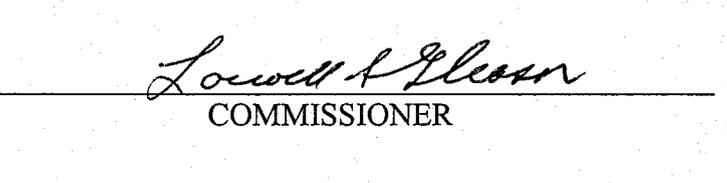
IT IS FURTHER ORDERED that Trico file tariff pages consistent with the terms of this Decision within 15 days from the effective date of the Decision.

IT IS FURTHER ORDERED that costs and revenues associated with GS-4 be excluded from Trico's wholesale power cost adjustor, but that the costs and revenues be reported as a memo item on the wholesale power cost adjustor reports.

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

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

		
CHAIRMAN	COMMISSIONER	COMMISSIONER

	
COMMISSIONER	COMMISSIONER

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



 JAMES G. JAYNE
 Interim Executive Secretary

DISSENT: _____

DISSENT: _____

EGJ:BEK:rdp/JDG

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