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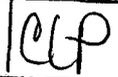
BEFORE THE ARIZONA CORPORATION COMMISSION

1
2 WILLIAM A. MUNDELL
Chairman
3 JIM IRVIN
Commissioner
4 MARC SPITZER
Commissioner
5

Arizona Corporation Commission

DOCKETED

MAR 25 2002

DOCKETED BY 

6 IN THE MATTER OF SULPHUR SPRINGS)
VALLEY ELECTRIC COOPERATIVE -)
7 APPLICATION FOR APPROVAL OF REVISIONS)
TO SCHEDULES GT, PT, AND RT)
8

DOCKET NO. E-01575A-02-0038

DECISION NO. 64645

ORDER

9 Open Meeting
March 19 and 20, 2002
10 Phoenix, Arizona

11 BY THE COMMISSION:

12 FINDINGS OF FACT

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

15 2. On January 16, 2002, SSVEC filed an application for approval of revisions to its tariffs,
16 Schedules GT, PT, and RT. On January 31, 2002, the Commission suspended the application for 120
17 days so that Staff could have sufficient time to evaluate the application (Decision No. 64394). On
18 February 4, 2002, SSVEC filed amended pages that clarified some of the wording in the tariffs.

19 3. Schedule GT (General Service & Small Power Time of Use), Schedule PT (General
20 Power Service Time of Use), and Schedule RT (Residential Time of Use) are currently experimental
21 time-of-use tariffs. The proposed revisions would adjust the rates, adjust the on-peak and off-peak
22 hours, clarify some language, and make the tariffs permanent. In addition, the number of customers
23 served under the three schedules would be limited to a maximum of 5 MW of installed load.

24 4. Schedule GT (General Service & Small Power Time of Use) was originally approved as
25 an experimental tariff by the Commission in SSVEC's last rate case (Decision No. 58358, July 23,
26 1993). The optional schedule is available for commercial customers who require less than 50 kVA
27 transformer capacity. Under the current Schedule GT, there is a service availability charge of \$22.50
28 per month, an on-peak capacity charge of \$8.50 per kVA, an on-peak energy charge of \$0.1585 per

1 kWh, and an off-peak energy charge of \$0.045 per kWh. The summer on-peak hours are 11:00 a.m.-
2 9:00 p.m., Monday through Friday. The winter on-peak hours are 6:00 a.m.-11:00 a.m. and 5:30 p.m.-
3 9:00 p.m., Monday through Friday. All other hours are off-peak. There is a limit of 25 customers on
4 this schedule. There are currently 16 customers on this schedule.

5 5. Under the proposed revisions, the rates would consist of a service availability charge of
6 \$14.25 per month, an on-peak capacity charge of \$13.37 per kW, and an energy charge of \$0.05968
7 per kWh. The summer on-peak hours would be 2:00 p.m.-7:00 p.m., Monday through Saturday. The
8 winter on-peak hours would be 6:30 a.m.-10:00 a.m. and 6:00 p.m.-9:30 p.m., Monday through Friday.
9 All other hours would be off-peak. The 25-customer limit would be removed in favor of the 5 MW
10 maximum load for all three time-of-use schedules.

11 6. SSVEC buys all of its power from Arizona Electric Power Cooperative ("AEPCO") as
12 a Class A member. SSVEC is billed for demand coincident with AEPCO's monthly peak for Class
13 A members. SSVEC provided to Staff AEPCO hourly load data for 1999 through 2001 that supports
14 the on-peak and off-peak hours proposed by SSVEC for its time-of-use schedules.

15 7. The proposed tariff would contain only 30 on-peak hours in a summer week and 35 on-
16 peak hours in a winter week, compared to 50 on-peak hours in a summer week and 42.5 on-peak hours
17 in a winter week in the current tariff. Customers currently on Schedule GT have from 87 percent to
18 100 percent of their energy consumption during off-peak hours. With the decrease in on-peak hours,
19 the off-peak consumption should increase.

20 8. Schedule PT (General Power Service Time of Use) was originally approved as an
21 experimental tariff by the Commission in SSVEC's last rate case (Decision No. 58358, July 23, 1993).
22 The optional schedule is available for commercial customers who guarantee a monthly billing capacity
23 of more than 50 kVA. Under the current Schedule PT, there is a service availability charge of \$55.00
24 per month, an on-peak capacity charge of \$10.00 per kVA, an off-peak capacity charge of \$1.50 per
25 kVA, an on-peak energy charge of \$0.105 per kWh, and an off-peak energy charge of \$0.041 per kWh.
26 The on-peak and off-peak hours are the same as for Schedule GT. Although there is a limit of 5
27 customers on this schedule, there are currently no customers on Schedule PT.

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1 9. Under the proposed revisions, the rates would consist of a service availability charge of
2 \$45.30 per month, an on-peak capacity charge of \$13.37 per kVA, an off-peak capacity charge of
3 \$4.09 per kVA (with a minimum billing kVA of the greater of 50 kVA, 60 percent of transformer
4 capacity, or contract capacity), and an energy charge of \$0.02698 per kWh. The proposed on-peak and
5 off-peak hours would be the same as proposed for Schedule GT. The 5-customer limit would be
6 removed in favor of the 5 MW maximum load for all three time-of-use schedules.

7 10. Because there are no customers currently on Schedule PT, there is no consumption
8 history of actual customers. Since the proposed tariff would contain only 30 on-peak hours in a
9 summer week and 35 on-peak hours in a winter week, compared to 50 on-peak hours in a summer
10 week and 42.5 on-peak hours in a winter week in the current tariff, customers may be more likely to
11 go on to Schedule PT under the proposed tariff.

12 11. Schedule RT (Residential Time of Use) was originally approved as an experimental tariff
13 by the Commission on September 20, 1995 (Decision No. 59285), with an expiration date of
14 September 30, 1997. On September 26, 1997 (Decision No. 60421), April 30, 1998 (Decision
15 No. 60840), and January 7, 1999 (Decision No. 61330), the Commission extended the rate schedule
16 until March 31, 1998, December 31, 1998, and December 31, 1999, respectively. The optional
17 schedule was available for residential customers who required less than 50 kVA of single-phase
18 service. Under Schedule RT, there was a service availability charge of \$17.50 per month, an on-peak
19 energy charge of \$0.1405 per kWh, and an off-peak energy charge of \$0.041 per kWh. The summer
20 on-peak hours were 11:00 a.m.-9:00 p.m., Monday through Saturday. The winter on-peak hours were
21 6:00 a.m.-11:00 a.m. and 5:30 p.m.-9:00 p.m., Monday through Saturday. All other hours were off-
22 peak. There was a limit of 200 customers on this schedule. There are currently 21 customers on this
23 schedule.

24 12. Under the proposed Schedule RT, the rates would consist of a customer charge of \$9.75
25 per month, an on-peak energy charge of \$0.14050 per kWh, and an off-peak energy charge of
26 \$0.06548 per kWh. The on-peak and off-peak hours would be the same as proposed for Schedules GT
27 and PT.

28 13. The proposed Schedule RT would contain only 30 on-peak hours in a summer week and

1 35 on-peak hours in a winter week, compared to 60 on-peak hours in a summer week and 51 on-peak
 2 hours in a winter week in the current Schedule RT. Customers currently on Schedule RT have from
 3 45 percent to 78 percent of their energy consumption during off-peak hours. Because SSVEC has
 4 estimated that the proposed change in on-peak hours would lead to a 25 percent shift of energy
 5 consumption from on-peak to off-peak hours, current RT customers (except for one customer with
 6 high on-peak consumption) would have from 68 percent to 86 percent off-peak consumption under
 7 the proposed tariff without changing anything. Only 65 percent of energy consumption would have
 8 to be off-peak for customers to save under the proposed rate structure compared to the regular
 9 residential rate schedule (Schedule R).

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EXAMPLES OF CUSTOMER BILLS				
Annual kWh	Current % of kWh off-peak	Annual Bill on Schedule R	Annual Bill on Current Schedule RT	Annual Bill on Proposed Schedule RT (assume 25% fewer on-peak kWh)
12,000	70%	\$1,210	\$1,012	\$1,057
12,000	75%	\$1,210	\$953	\$1,024
12,000	80%	\$1,210	\$893	\$990
9,000	70%	\$941	\$812	\$822
9,000	75%	\$941	\$767	\$797
9,000	80%	\$941	\$722	\$772

18 14. Staff has recommended approval of the proposed Schedules GT, PT, and RT, as
 19 amended. The rate schedules send proper price signals to customers to shift load to off-peak hours,
 20 benefiting both the customers and the utility. In addition, the rates to be paid under these schedules
 21 would continue to cover SSVEC's marginal costs of supplying the power.

22 15. The proposed 5 MW maximum load to be served under the three time-of-use rates
 23 represents an increase in the availability of these rates. Current load on these rates is about 0.5 MW.
 24 If all three schedules had maximum subscription to current limits, the load would be about 1.2 MW.

25 16. Staff also analyzed this application in terms of whether there were fair value implications
 26 that required a further rate review or proceeding. In this matter, the overall impact of these tariff
 27 revisions on SSVEC's revenue is de minimus, probably about 0.01 percent. This results in a de
 28 minimus increase in SSVEC's annual rate of return of about 0.1 percent. Under these circumstances

1 and those described in the application, there is no need for additional fair value analysis of SSVEC's
2 proposed tariff revisions impact on ratepayers, and the proposed revisions result in just and reasonable
3 rates.

4 17. SSVEC sent letters to customers currently served on the time-of-use tariffs to inform of
5 them of the proposed changes. Customers will have the opportunity to switch to other tariffs at no
6 charge if they choose to do so.

7 18. Because of the limited customer participation on these tariffs and the changes being
8 proposed, Staff has also recommended that these tariffs remain experimental.

9 19. Staff has further recommended that SSVEC file tariff pages consistent with the terms of
10 this Decision within 15 days from the effective date of the Decision.

11 20. Staff has further recommended that SSVEC file annual reports that provide information
12 on how many customers are taking service under these tariffs, how much those customers have saved
13 relative to SSVEC's non-time-of-use rates for the same class of service, and how these tariffs have
14 provided a benefit to SSVEC. The reports should be filed each February 15 for the previous calendar
15 year.

16 CONCLUSIONS OF LAW

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

19 2. The Commission has jurisdiction over SSVEC and over the subject matter of the
20 application.

21 3. Approval of the proposed tariff revisions do not constitute rate increases as contemplated
22 by A.R.S. Section 40-250.

23 4. The Commission, having reviewed the application and Staff's Memorandum dated March
24 19, 2002, concludes that it is in the public interest to approve the tariff revisions, as amended.

25 ORDER

26 IT IS THEREFORE ORDERED that the proposed tariff revisions, as amended, be and hereby
27 are approved.

28 IT IS FURTHER ORDERED that the tariffs remain experimental.

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Decision No. _____

1 IT IS FURTHER ORDERED that SSVEC file annual reports that provide information on how
 2 many customers are taking service under these tariffs, how much those customers have saved relative
 3 to SSVEC's non-time-of-use rates for the same class of service, and how these tariffs have provided
 4 a benefit to SSVEC. These reports shall be filed each February 15 for the previous calendar year.

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

7 IT IS FURTHER ORDERED that Sulphur Springs Valley Electric Cooperative shall notify
 8 all customers currently on the three previously approved experimental tariffs of the changes
 9 approved by this decision.

10 IT IS FURTHER ORDERED that Sulphur Springs Valley Electric Cooperative shall
 11 submit within fifteen (15) days of this decision the proposed notice language to the Utilities
 12 Division Director for his review and approval.

13 IT IS FURTHER ORDERED that the above notice shall advise customers of the
 14 differences between the previously approved experimental tariffs and those approved by this
 15 decision and also advise customers of their ability to change to the regular rate applicable to that
 16 customer's particular class at any time without penalty.

17 IT IS FURTHER ORDERED that after notification of Sulphur Springs Valley Electric
 18 Cooperative by the Utilities Division Director that the proposed notice language has been
 19 approved, that Sulphur Springs Valley Electric Cooperative shall provide this notice in its next
 20 regular bill or by special mailing, but no more than thirty (30) days from the date of approval of the
 21 notice language by the Utilities Division Director.

22 IT IS FURTHER ORDERED that the new experimental tariffs approved in this decision
 23 shall not become effective until fifteen (15) calendar days after the notice required above is
 24 provided by Sulphur Springs Valley Electric Cooperative to all customers presently on the three
 25 previously approved experimental tariffs.

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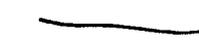
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IT IS FURTHER ORDERED that this Decision shall become effective immediately.

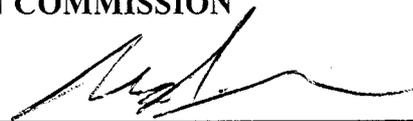
BY ORDER OF THE ARIZONA CORPORATION COMMISSION



CHAIRMAN



COMMISSIONER



COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, 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 25TH day of MARCH, 2002.



BRIAN C. McNEIL
Executive Secretary

DISSENT: _____

EGJ:BEK:rdp/JMA

64645

Decision No. _____

1 SERVICE LIST FOR: Sulphur Springs Valley Electric Cooperative
DOCKET NO. E-01575A-02-0038

2 Mr. Kirby Chapman
3 Manager of Finance and Administration
4 Sulphur Springs Valley Electric Cooperative, Inc.
Post Office Box 638
4 Sierra Vista, Arizona 85636-0638

5 Mr. Christopher C. Kempley
6 Chief Counsel
7 Arizona Corporation Commission
1200 West Washington
7 Phoenix, Arizona 85007

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

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