

WILLIAM A. MUNDELL  
CHAIRMAN  
JIM IRVIN  
COMMISSIONER  
MARC SPITZER  
COMMISSIONER



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ARIZONA CORPORATION COMMISSION 2:58

AZ CORP COMMISSION Arizona Corporation Commission  
DOCUMENT CONTROL DOCKETED

DATE: April 18, 2001

DOCKET NO: E-01049A-00-0761

APR 18 2001

TO ALL PARTIES:

DOCKETED BY	SD
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Enclosed please find the recommendation of Administrative Law Judge Jane Rodda. The recommendation has been filed in the form of an Order on:

MORENCI WATER AND ELECTRIC COMPANY  
(RESELLER)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and ten (10) copies of the exceptions with the Commission's Docket Control at the address listed below by 12:00 p.m. on or before:

APRIL 27, 2001

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Working Session and Open Meeting to be held on:

MAY 1, 2001 and MAY 2, 2001

For more information, you may contact Docket Control at (602)542-3477 or the Hearing Division at (602)542-4250.

BRIAN C. McNEIL  
EXECUTIVE SECRETARY

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 WILLIAM A. MUNDELL  
CHAIRMAN  
3 JIM IRVIN  
COMMISSIONER  
4 MARC SPITZER  
COMMISSIONER  
5

6 IN THE MATTER OF THE APPLICATIONS OF  
7 MORENCI WATER AND ELECTRIC COMPANY  
8 FOR AN INCREASE IN ITS PURCHASED  
POWER AND FUEL ADJUSTER CLAUSE.

DOCKET NO. E-01049A-00-0761

DECISION NO. \_\_\_\_\_

**ORDER**

9 Open Meeting  
10 May 1 and 2, 2001  
Phoenix, Arizona

11 **BY THE COMMISSION:**

12 Having considered the entire record herein and being fully advised in the premises, the  
13 Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

14 **FINDINGS OF FACT**

15 1. Morenci Water & Electric Company ("MWE" or "Company") provides electric,  
16 water and wastewater service to customers in various portions of Greenlee County, Arizona. MWE  
17 services approximately 2,000 electric customers.

18 2. On September 29, 2000, MWE filed with Commission an application to approve a  
19 change in its Purchased Power Fuel Adjustor Clause ("PPFAC") rate.

20 3. The Commission set MWE's current PPFAC at a negative \$0.05052 per kWh in  
21 Decision No. 61705 (May 13, 1999).

22 4. The PPFAC, established in Decision No. 61705, was intended to refund \$279,128 in  
23 an over-collected bank balance account and to reflect a reduced cost of purchased power. The  
24 refund was complete in July 2000.

25 5. Since the establishment of the current PPFAC rate, the cost of power in the wholesale  
26 market has increased and MWE's cost of purchased power and transmission have increased  
27 accordingly.

28 6. At the end of August 2000, MWE's PPFAC bank balance was undercollected by

1 \$159,007, and MWE projected that at the current PPFAC rate of negative \$0.05052, the under  
2 collection would increase significantly.

3 7. MWE requested a new PPFAC rate of negative \$0.020916, which MWE projected  
4 would eliminate the under-collected PPFAC bank balance over two years.

5 8. On January 10, 2001, MWE filed an amendment to its application. Due to changes in  
6 the electric power market since the filing of the application, MWE's under-collected PPFAC bank  
7 balance had grown significantly faster than anticipated. MWE requested a PPFAC rate of negative  
8 \$0.012475 per kWh, which was designed to bring the PPFAC bank balance to zero by the end of  
9 2002, assuming the PPFAC rate is effective on April 1, 2001.

10 9. The Commission's Utilities Division Staff ("Staff") filed a Staff Report on March 29,  
11 2001. In the Staff Report, Staff recommended the Commission approve the change in MWE's  
12 PPFAC rate without a hearing.

13 10. MWE's PPFAC bank balance was under-collected by \$496,715 as of February 28,  
14 2001.

15 11. Staff estimated the increase in the PPFAC from a negative \$0.05052 to a negative  
16 \$0.012475 per kWh will increase the average residential bill with a monthly usage of 526 kWh by  
17 \$20.01, from \$32.32 to \$52.33.

18 12. Staff recommended that the negative fuel adjuster of \$0.05052 be reduced to negative  
19 \$0.012475, and remain in effect until the PPFAC bank balance is reduced to zero or until further  
20 order of the Commission.

21 13. It is reasonable to collect the under-collected Purchased Power and Fuel costs over an  
22 approximately two-year period.

### 23 CONCLUSIONS OF LAW

24 1. MWE is a public service corporation within the meaning of Article XV of the Arizona  
25 Constitution.

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

27 3. Approval of the negative new adjuster as described herein will not result in an increase in  
28 rates within the meaning of A.R.S. § 40-250.

1 4. The recommendations set forth in Findings of Fact No. 12 and 13 are reasonable and  
2 should be adopted.

3 **ORDER**

4 IT IS THEREFORE ORDERED that Morenci Water and Electric Company shall collect its  
5 under-collected PPFAC bank balance by means of a PPFAC rate of negative \$0.012475 per kWh.

6 IT IS FURHTER ORDERED that the Purchase Power Fuel Adjuster approved herein shall  
7 become effective June 1, 2001, and shall remain in effect until the PPFAC bank balance is reduced to  
8 zero or until further Order of the Commission.

9 IT IS FURTHER ORDERED that Morenci Water and Electric Company shall file revised rate  
10 schedules to its tariff to reflect the changes to its Purchased Power and Fuel Adjustment Clause rate  
11 approved herein within 5 business days of this Decision.

12 IT IS FURTHER ORDERED that Morenci Water and Electric Company shall mail notice of  
13 the change of the PPFAC rate and its effective date to its customers within 15 days of the effective  
14 date of this Decision.

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1 IT IS FURTHER ORDERED that Morenci Water and Electric Company shall file a monthly  
2 report that details the changes in its PPFAC bank balance account.

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

4 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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6  
7 CHAIRMAN COMMISSIONER COMMISSIONER

8 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive  
9 Secretary of the Arizona Corporation Commission, have  
10 hereunto set my hand and caused the official seal of the  
11 Commission to be affixed at the Capitol, in the City of Phoenix,  
12 this \_\_\_\_ day of \_\_\_\_\_, 2001.

13 \_\_\_\_\_  
14 BRIAN C. McNEIL  
EXECUTIVE SECRETARY

15 DISSENT \_\_\_\_\_  
16 JR:dap

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1 SERVICE LIST FOR: MORENCI WATER & ELECTRIC COMPANY

2 DOCKET NO.: E-01049A-00-0761

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4 Michael Patten  
5 ROSHKA, HEYMAN & DeWULF  
6 Two Arizona Center  
7 400 N. 5<sup>th</sup> Street, Suite 1000  
8 Phoenix, Arizona 85004-3096  
9 Attorneys for MWE

7 Christopher Kempley, Chief Counsel  
8 ARIZONA CORPORATION COMMISSION  
9 1200 West Washington Street  
10 Phoenix, Arizona 85007

10 Deborah R. Scott, Director  
11 ARIZONA CORPORATION COMMISSION  
12 1200 West Washington Street  
13 Phoenix, Arizona 85007

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