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MEMORANDUM

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AZ CORP COMMISSION
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TO: THE COMMISSION

FROM: Utilities Division

DATE: November 15, 2005

RE: IN THE MATTER OF THE APPLICATION OF ARIZONA ELECTRIC POWER
COOPERATIVE, INC. FOR AN ORDER EXTENDING THE TIME TO FILE ITS
AMENDED EPS PLAN (DOCKET NO. E-01773A-05-0723)

On February 8, 2001, the Arizona Corporation Commission ("Commission") entered Decision No. 66364, which adopted the Environmental Portfolio Standard ("EPS" or "Portfolio") Rules, A.A.C. R14-2-1618. Five parties to the docket filed applications for rehearing and reconsideration of the decision.

On March 29, 2001, the Commission entered Decision No. 63486 ("Decision" or "Order"), which modified the EPS Rules and which included exemptions to the rules in response to some of the applications for rehearing and reconsideration.

The Commission exempted nonprofit, member-owned cooperatives from compliance with the EPS Rules for a period of 180 days. The Decision further allowed the cooperatives, at their own option, to commence collecting the Environmental Portfolio Surcharge.

The Commission ordered the cooperatives to file a plan for meeting the Portfolio requirements for Commission consideration on or before the end of the 180-day exemption period expiration. The Order further stated that the timely filing of the plan or request for an extension would extend the exemption period until the Commission considers and acts upon the plan or request.

On August 10, 2004, the Commission entered Decision No. 67176, which approved the Arizona Electric Power Cooperative, Inc. ("AEPSCO") EPS Plan as a limited plan pending Commission review and action on AEPSCO's revised Plan that was required to be submitted by December 31, 2005.

On October 13, 2005, AEPSCO filed a request asking the Commission to enter an order extending the due date for filing its amended EPS Plan until 120 days after the revised EPS Rules are adopted. AEPSCO further requested that the Commission continue its finding that the AEPSCO EPS Plan approved in Decision No. 67176 is consistent with the current EPS Rules requirements and, as the Rules may be revised, until the Commission acts on the amended EPS Plan filing and any associated requests.

THE COMMISSION

November 15, 2005

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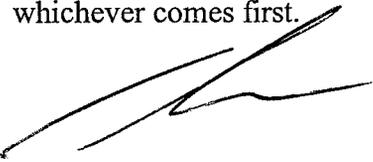
AEPCO's request mentioned that, due to the delay in the amendment of the Environmental Portfolio Standard Rules, AEPCO would not be able to incorporate changes to the rules in its revised EPS Plan.

Staff has reviewed AEPCO's application and agrees with AEPCO's premise that it is premature to submit a revised EPS Plan prior to adoption of the revised Environmental Portfolio Standard Rules.

Staff expressed concern that to merely extend the due date to 120 days after the revised EPS Rules are adopted could cause a problem if, for some reason, the EPS Rules are not amended or are amended well into the future.

Staff recommends that the Commission declare that the AEPCO EPS Plan approved in Decision No. 67176 is consistent with the requirements of the current EPS Rules and, as they may be revised, until the Commission acts on the amended EPS Plan filing and associated requests.

Staff further recommends that the Commission extend the due date for AEPCO's filing of its amended EPS Plan to 120 days after the EPS Rules are amended or to December 31, 2006, whichever comes first.



Ernest G. Johnson
Director
Utilities Division

EGJ:RTW:lhm/JMA

ORIGINATOR: Ray T. Williamson

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BEFORE THE ARIZONA CORPORATION COMMISSION

JEFF HATCH-MILLER
Chairman
WILLIAM A. MUNDELL
Commissioner
MARC SPITZER
Commissioner
MIKE GLEASON
Commissioner
KRISTIN K. MAYES
Commissioner

IN THE MATTER OF THE APPLICATION)
OF THE ARIZONA ELECTRIC POWER)
COOPERATIVE, INC. FOR AN ORDER)
EXTENDING THE TIME TO FILE ITS)
AMENDED EPS PLAN)

DOCKET NO. E-01773A-05-0723
DECISION NO. _____
ORDER

Open Meeting
December 6 and 7, 2005
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On February 8, 2001, the Arizona Corporation Commission ("Commission) entered Decision No. 66364, which adopted the Environmental Portfolio Standard ("EPS" or "Portfolio") Rules, A.A.C. R14-2-1618. Five parties to the docket filed applications for rehearing and reconsideration of the decision.
2. On March 29, 2001, the Commission entered Decision No. 63486 ("Decision" or "Order"), which modified the EPS Rules and which included exemptions to the rules in response to some of the applications for rehearing and reconsideration.
3. The Commission exempted nonprofit, member-owned cooperatives from compliance with the EPS Rules for a period of 180 days. The Decision further allowed the cooperatives, at their own option, to commence collecting the Environmental Portfolio Surcharge.
4. The Commission ordered the cooperatives to file a plan for meeting the Portfolio requirements for Commission consideration on or before the end of the 180-day exemption period

1 expiration. The Order further stated that the timely filing of the plan or request for an extension
2 would extend the exemption period until the Commission considers and acts upon the plan or
3 request.

4 5. On August 10, 2004, the Commission entered Decision No. 67176, which approved
5 the Arizona Electric Power Cooperative, Inc. ("AEPCO") EPS Plan as a limited plan pending
6 Commission review and action on AEPCO's revised Plan that was required to be submitted by
7 December 31, 2005.

8 6. On October 13, 2005, AEPCO filed a request asking the Commission to enter an
9 order extending the due date for filing its amended EPS Plan until 120 days after the revised EPS
10 Rules are adopted.

11 7. AEPCO further requested that the Commission continue its finding that the AEPCO
12 EPS Plan approved in Decision No. 67176 is consistent with the current EPS Rules requirements
13 and, as the Rules may be revised, until the Commission acts on the amended EPS Plan filing and
14 any associated requests.

15 8. AEPCO's request mentioned that, due to the delay in the amendment of the
16 Environmental Portfolio Standard Rules, AEPCO would not be able to incorporate changes to the
17 rules in its revised EPS Plan.

18 9. Staff has reviewed AEPCO's application and agrees with AEPCO's premise that it
19 is premature to submit a revised EPS Plan prior to adoption of the revised Environmental Portfolio
20 Standard Rules.

21 10. Staff expressed concern that to merely extend the due date to 120 days after the
22 revised EPS Rules are adopted could cause a problem, if for some reason the EPS Rules are not
23 amended or are amended well into the future.

24 11. Staff has recommended that the Commission declare that the AEPCO EPS Plan
25 approved in Decision No. 67176 is consistent with the requirements of the current EPS Rules and,
26 as they may be revised, until the Commission acts on the amended EPS Plan filing and associated
27 requests.

28 ...

1 IT IS FURTHER ORDERED that the due date for AEPCO's filing of its amended EPS
 2 Plan is extended to 120 days after the EPS Rules are amended or to December 31, 2006, whichever
 3 comes first.

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

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

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CHAIRMAN

COMMISSIONER

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COMMISSIONER

COMMISSIONER

COMMISSIONER

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IN WITNESS WHEREOF, I BRIAN C. McNEIL, Executive
 Director 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 _____ day of _____, 2005.

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BRIAN C. McNEIL
 Executive Director

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DISSENT: _____

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DISSENT: _____

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EGJ:RTW:lhj/JMA

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1 SERVICE LIST FOR: Arizona Electric Power Cooperative, Inc.
2 DOCKET NO. E-01773A-05-0723

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