



BEFORE THE ARIZONA CORPORATION CC
RECEIVED

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

COMMISSIONERS

2006 MAR -2 P 4: 31

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

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION
OF THE ARIZONA ELECTRIC POWER
COOPERATIVE, INC. FOR PERMISSION
TO IMPLEMENT AN FPPCA ADJUSTOR
RATE ON APRIL 1, 2006

DOCKET NO. E-01773A-06-0047

**SULPHUR SPRINGS VALLEY
ELECTRIC COOPERATIVE, INC.'S
COMMENTS**

Sulphur Springs Valley Electric Cooperative, Inc. ("Sulphur Springs") hereby submits its Comments to address its concerns with the Application of Arizona Electric Power Cooperative, Inc. ("AEPSCO") for Permission to Implement an FPPCA Adjustor Rate on April 1, 2006 ("FPPCA Application"). Sulphur Springs is a non-profit, member-owned distribution cooperative that provides electricity to more than 45,000 services, Sulphur Springs is currently an all-requirements member of AEPSCO¹, and as one of AEPSCO's largest members, purchases approximately half of AEPSCO's all-requirements wholesale generation. Contemporaneous with these Comments, Sulphur Springs has filed a Motion to Intervene in this matter.

Sulphur Springs supports AEPSCO's request to begin collecting the FPPCA on April 1, 2006. Sulphur Springs further supports ACC Decision No. 68071, which allows AEPSCO to collect its All Requirements under collected balance from September 1, 2005 to December 31, 2005 in the amount of \$5,059,393.54 or .00344. Sulphur Springs does not support collecting funds prior to ACC Decision No. 68071 (September 1, 2005) or collecting the September to December balances twice.

Since AEPSCO filed its FPPCA Application on January 30, 2006, Sulphur Springs has sought information regarding the calculations set out in Exhibit B of the Application, some of

¹ Sulphur Springs is in the process of converting to a partial requirements member.

1 which questions have not yet been adequately addressed. Sulphur Springs is now seeking
2 intervention and providing these Comments because it appears that the amount of under-
3 collected fuel and purchased power costs that AEPCO is attempting to collect is not correct. It
4 appears that in its calculation, AEPCO has based its calculation on a historic 12 month average,
5 which includes costs for power that were incurred up to eight months before the FPPCA was
6 approved, and has double-counted the months September 2005 through December 2005 in its
7 calculation.

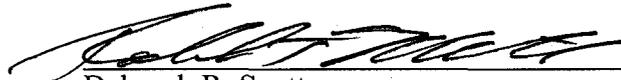
8 As a result, Sulphur Springs believes that AEPCO is incorrectly seeking to recover
9 approximately \$4 million more from Sulphur Springs than should be allowed.

10 Therefore, Sulphur Spring respectfully requests that the Commission exclude these
11 amounts, as set forth in the schedule below from the AEPCO request for under-recovery.

| 2005 kWhs | kWh |
|--|--------------------|
| SSVEC's kWh | 750,923,975 |
| AEPCO's ARM kWh | 1,471,354,500 |
| SSVEC's Percent | 51.04% |
| All Requirements Members (ARM) - From Exhibit B | |
| FPPCA - Calendar Year 2005 (1) | \$7,910,483.69 |
| AEPCO's Proposed Under Collection (Sep/Dec 2005) (2) | \$5,059,393.54 |
| Proposed AEPCO Collection (1 + 2) | \$12,969,877.23 |
| SSVEC's share @ 51.04% (3) | \$6,619,337.33 |
| Total Cost Allowed Per ACC Decision No. 68071 (Actual Costs Incurred September 1, 2005 to December 31, 2005) | \$5,059,393.54 |
| SSVEC's share @ 51.04% (4) | \$2,582,124.10 |
| AEPCO's Proposed Over Collect from SSVEC (3 - 4) | \$4,037,213.23 |

22 RESPECTFULLY submitted this 2 day of March, 2006.

23 SNELL & WILMER

24 

25 Deborah R. Scott
26 Robert J. Metli
27 One Arizona Center
28 400 East Van Buren
Phoenix, Arizona 85004-2202
Attorneys for Sulphur Springs Valley Electric
Cooperative, Inc.

1 ORIGINAL and 13 copies of the foregoing
filed this 2nd day of March, 2006, with:

2 Docket Control
3 Arizona Corporation Commission
1200 West Washington
4 Phoenix, AZ 85007

5 COPY of the foregoing was hand-delivered this 2nd day of March, 2006, to:

6 Lyn Farmer
Chief Administrative Law Judge
7 Hearing Division
ARIZONA CORPORATION COMMISSION
1200 West Washington
8 Phoenix, Arizona 85007

Christopher C. Kempley, Chief Counsel
Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

9 Ernest G. Johnson, Director
10 Utilities Division
ARIZONA CORPORATION COMMISSION
11 1200 West Washington Street
Phoenix, Arizona 85007

Michael M. Grant
Todd C. Wiley
Gallagher & Kennedy, P.A.
2575 East Camelback Road
Phoenix, AZ 85016-9225

12
13 COPY of the foregoing was mailed this 2nd day of March, 2006, to:

14 Christopher Hitchcock
Law Offices of Christopher Hitchcock, P.L.C.
15 One Copper Queen Plaza
Post Office Box AT
16 Bisbee, AZ 85603-0115

Michael A. Curtis
William P. Sullivan
Larry K. Udall
Curtis, Goodwin, Sullivan, Udall & Schwab, P.L.C.
2712 North Seventh Street
Phoenix, AZ 85006

17
18 
1800408.1

19
20
21
22
23
24
25
26
27
28