

ORIGINAL NEW APPLICATION



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Copper Market, Inc.

P. O. Box 245 - Bagdad, Arizona 86321 - (928) 633-2241 - Fax (928) 633-3217

2006 APR 11 P 12: 30

April 7, 2006

AZ CORP COMMISSION
DOCUMENT CONTROL

Attention: Julian Pereira
Arizona Corporation Commission
Utilities Division
1200 West Washington Street
Phoenix, Arizona 85007-2996

RE: PGA Surcharge Co. #G-02308A

G-02308A-06-0240

Dear Sir or Madam:

With this filing, Copper Market, Inc. seeks Commission approval of a purchased gas adjustor surcharge for its Bagdad, Arizona area propane gas distribution system in combination of writing off our current bank balance effective July 1, 2006. Our attachment 1.0 indicates a need for \$0.01595 surcharge per cubic foot after the bank balance is written off. The surcharge would be in effect for the July 2006 billing through the December 2007 billing.

In the past years, Copper Market has been able to keep its bank balance below the \$120,000 threshold that it is required to maintain. However, in the last year, we have seen propane prices skyrocket to record levels. We have been able to contract in our current propane rate of \$1.125 per gallon, but have not passed that on to our customers. Since we have not passed this onto our customers, our bank balance has become severely undercollected. Writing off the bank balance is a non-event in terms of finances for the company, since we have already sustained the loss as it has been incurred. Copper Market does not foresee the price of propane dropping anytime soon. Our current purchased propane rate of \$1.125 per gallon is locked in until August, and all signs point to another increase in price for the next contract year. This is why we have asked for a surcharge slightly above our current price of propane, so that we may offset any increases that may arise.

We understand that a surcharge of \$0.01595 per cubic foot is a sizable surcharge and will come as an initial shock to our customers. However, our projections indicate that if a surcharge is not implemented, our undercollected bank balance will reach upwards of \$640,000 by the end of 2007 (attachment 2.0). With this surcharge, and if rates stay the same, our bank balance would be modestly overcollected by the end of 2007. (attachment 4.0) Our customers currently receive their propane at a large discount of 56.7 cents per gallon, while the company is currently paying \$1.125 per gallon for propane. The average customer would see an increase on their winter bill from \$54.52 to \$110.30 (attachment 3.0), which brings our rates more in line with other utilities of our size and service area.

Thank you for your consideration in this matter.

Sincerely,

Marcus Middleton
Manager, Copper Market Inc.

Copper Market, Inc.
P.O. Box 245
Bagdad, AZ 86321

Joe Customer
PO Box 9999
Bagdad, AZ 86321

March 29, 2006

To Our Gas Customers:

RE: Purchased Gas Adjustor Surcharge

Copper Market, Inc. ("Copper Market") is the local propane gas distribution service provider for the Bagdad area. As such, we purchase propane wholesale through a vendor, and distribute it to you through our distribution system in Copper Market's service territory.

Because of the volatility of the cost of propane, the Arizona Corporation Commission (ACC) authorized a Purchased Gas Adjustment (PGA) bank account method that allows us to track the difference between the actual cost of propane and the approved ACC rate we charge customers for propane.

Nationwide gas costs continue to increase, as we all know. We had previously entered into a fixed contract that enabled Copper Market to purchase propane at well below market rates. However, the contract has expired and we are now paying \$0.0308 cents per cubic foot for wholesale propane, which is much higher than our previous contract. Unfortunately, we can no longer afford to absorb the increase in cost and we must pass it on to our customers. Currently, all customers pay a base cost of gas of \$0.0128 per cubic foot plus you receive a PGA adjustment (increase) to your bill of \$0.00279 per cubic foot, for a total of \$0.01559 per cubic foot.

Copper Market has filed a request with the ACC to charge an additional surcharge of \$0.01595 per cubic foot starting on July 1st, 2006, to cover the actual cost of gas. This would make the total cost of gas \$0.03154 per cubic foot. If approved this would increase the average residential customer's monthly winter bill that uses 3,600 cubic feet of gas by \$57.42. The following table shows the result of the surcharge depending upon the monthly gas usage. These amounts do not include sales tax.

Cubic Feet-Residential	Present Winter Bill with \$0.00279 adjustment	Proposed Winter Gas Bill with \$.01595 surcharge	Proposed Change (Increase to Winter Bill)
1800	\$28.06	\$56.77	\$28.71
3600	\$56.12	\$113.54	\$57.42
4800	\$74.83	\$151.39	\$76.56
Cubic Feet-Commercial			
4800	\$74.83	\$151.39	\$76.56
5200	\$81.06	\$164.00	\$82.94
6500	\$101.34	\$205.01	\$103.67

If you would like to obtain additional information about Copper Market's application for a proposed surcharge, you can contact Copper Market at (928) 633-3348. Copper Market has requested the ACC approve its application for a surcharge at an Open Meeting on May 31, 2006 at 1200 W. Washington St., Phoenix, Arizona. To find out when the actual Open Meeting will be scheduled for this matter or how to comment on the proposed surcharge, you can contact the ACC at <http://www.cc.state.az.us> or by calling 1-800-222-7000.

Surcharge Calculation
 Company Number G-02308A
 Beginning Bank Balance (Unrecovered Gas Costs)

#1.0

	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07
Sales Gallons	68,696.18	60,472.35	50,699.61	33,053.43	21,404.35	19,413.41	253,739.33	11,903.91	11,767.83	12,019.17	12,518.91	24,458.47	890,043.63	1,874,225.00
Sales Cubic Feet	2,489,864.00	2,200,598.83	1,844,958.83	1,202,814.17	778,904.17	706,454.17	9,233,574.17	433,183.17	428,231.50	437,377.50	455,563.00	890,043.63	1,874,225.00	2,200,598.83
Allowed Gas Cost per Cubic Foot	0.0128	0.0128	0.0128	0.0128	0.0128	0.0128	0.0128	0.0128	0.0128	0.0128	0.0128	0.0128	0.0128	0.0128
Calculated PGA per Cubic Foot	0.00279	0.00279	0.00279	0.00279	0.00279	0.00279	0.00279	0.00279	0.00279	0.00279	0.00279	0.00279	0.00279	0.00279
Calculated Surcharge per Cubic Foot	0	0	0	0	0	0	0.03154	0.01585	0.01585	0.01585	0.01585	0.01585	0.01585	0.01585
Total Gas Cost per Cubic Foot	0.01559	0.01559	0.01559	0.01559	0.01559	0.01559	0.03154	0.03154	0.03154	0.03154	0.03154	0.03154	0.03154	0.03154
Allowed Gas Cost	38,972.72	34,307.18	28,782.91	18,751.67	12,143.12	11,013.62	143,951.42	13,862.60	13,506.42	13,794.89	14,368.46	28,071.98	59,113.06	78,845.40
Projected Gas Cost per Cubic Foot	0.03092	0.03092	0.03092	0.03092	0.03092	0.03092	0.03092	0.03092	0.03092	0.03092	0.03092	0.03092	0.03092	0.03092
Projected Gas Cost per Gallon	1.125	1.125	1.125	1.125	1.125	1.125	1.125	1.125	1.125	1.125	1.125	1.125	1.125	1.125
Total Projected Gas Cost	77,283.20	68,031.39	57,037.06	37,185.10	24,079.89	21,840.09	285,456.74	13,391.90	13,238.61	13,521.56	14,093.77	27,515.78	67,941.83	77,283.20
Projected amount to be Under or (Over) Collected	38,310.48	33,724.21	28,274.15	18,433.23	11,936.77	10,826.47	(270.70)	(267.61)	(273.32)	(284.69)	(556.20)	(1,171.23)	(1,582.19)	(1,375.18)

Beginning Bank Balance as of July 1, 2006
 Projected Amount to be Under or (Over) Collected
 Projected Ending Bank Balance

(11,418)
 (11,418)
 (11,418)

Surcharge Calculation
 Company Number G-02308A
 Beginning Bank Balance (Unrecovered Gas Costs)

#1.0

Month	Sales Gallons	Allowed Gas Cost per Cubic Foot	Calculated PGA per Cubic Foot	Calculated Surcharge per Cubic Foot	Total Gas Cost per Cubic Foot
Mar-07	50,699.61	0.03092	0.00279	0.01595	0.03154
Apr-07	33,053.43	0.03092	0.00279	0.01595	0.03154
May-07	21,404.35	0.03092	0.00279	0.01595	0.03154
Jun-07	19,413.41	0.03092	0.00279	0.01595	0.03154
Jul-07	11,903.91	0.03092	0.00279	0.01595	0.03154
Aug-07	11,767.83	0.03092	0.00279	0.01595	0.03154
Sep-07	12,019.17	0.03092	0.00279	0.01595	0.03154
Oct-07	12,518.91	0.03092	0.00279	0.01595	0.03154
Nov-07	24,458.47	0.03092	0.00279	0.01595	0.03154
Dec-07	51,503.85	0.03092	0.00279	0.01595	0.03154
	1,844,958.83	37,936.76	24,566.64	22,281.56	13,862.60
		58,190.00			
		0.03092	1.125	37,185.10	24,079.89
				21,840.09	13,391.90
				13,238.81	13,521.56
				14,083.77	27,515.78
					57,941.83
					59,113.08
					1,171.23
					(1,152.94)
					(751.85)
					(486.75)
					(441.47)
					(270.70)
					(267.61)
					(273.32)
					(284.89)
					(556.20)
					(1,171.23)

Projected amount to be Under or (Over) Collected
 Beginning Bank Balance as of July 1, 2006
 Projected Amount to be Under or (Over) Collected
 Projected Ending Bank Balance

(11,418)
 (11,418)

Copper Market, Inc.
Bank Balance Schedule Without Surcharge
 2006-Forecast

Attachment 2.0

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1. Bank Balance Brought Forward from Prior Month	\$ (39,966.70)	\$ (96,149.09)	\$ (394,820.82)	\$ (400,813.87)	\$ (419,211.76)	\$ -	\$ 4,324.91	\$ 5,721.26	\$ (7,805.26)	\$ (12,952.30)	\$ (30,901.93)	\$ (43,573.29)
2. Actual Cost of Purchased Propane	\$ 68,253.11	\$ 50,978.92	\$ 44,735.95	\$ 37,149.77	\$ 13,557.55	\$ 6,688.71	\$ 5,356.97	\$ 20,123.88	\$ 11,965.75	\$ 25,051.87	\$ 28,547.12	\$ 54,195.20
3. Actual Cubic Feet Purchased	2,838,050	2,119,706	1,860,954	1,544,688	583,724	278,117	222,743	836,752	497,536	1,041,558	1,103,831	2,253,439
4. Total Cost to be Recovered (1-2)	\$ (407,121.81)	\$ (419,128.00)	\$ (429,576.78)	\$ (437,963.63)	\$ (432,769.31)	\$ (6,688.71)	\$ (1,032.06)	\$ (14,402.62)	\$ (19,771.01)	\$ (38,004.16)	\$ (57,449.09)	\$ (97,768.48)
AMOUNT RECOVERED BY BASE GAS RATE												
5. Total Sales in Cubic Feet	2,499,654	2,200,589	1,844,959	1,202,814	778,904	706,454	433,183	428,232	437,378	455,553	860,044	1,874,225
6. Base Gas Rate	0.0128	0.0128	0.0128	0.0128	0.0128	0.0128	0.0128	0.0128	0.0128	0.0128	0.0128	0.0128
7. Amount Recovered from Base Gas Rate(5x6)	\$ 31,998.13	\$ 28,167.54	\$ 23,615.47	\$ 15,396.02	\$ 9,989.97	\$ 9,042.61	\$ 5,544.74	\$ 5,481.36	\$ 5,588.43	\$ 5,831.21	\$ 11,392.56	\$ 23,990.08
AMOUNT RECOVERED BY FUEL ADJUSTMENT												
8. Total Sales in Cubic Feet	2,499,654	2,200,589	1,844,959	1,202,814	778,904	706,454	433,183	400,000	437,378	455,553	860,044	1,874,225
9. PGA Rate	0.00279	0.00279	0.00279	0.00279	0.00279	0.00279	0.00279	0.00279	0.00279	0.00279	0.00279	0.00279
10. Amount Recovered from PGA Rate(8x9)	\$ 6,974.59	\$ 6,139.64	\$ 5,147.44	\$ 3,355.85	\$ 2,173.14	\$ 1,971.01	\$ 1,208.58	\$ 1,116.00	\$ 1,220.28	\$ 1,271.02	\$ 2,483.22	\$ 5,228.09
11. Total Amount Recovered (7+10)	\$ 38,972.72	\$ 34,307.18	\$ 28,762.91	\$ 18,751.87	\$ 12,143.11	\$ 11,013.62	\$ 6,753.32	\$ 6,597.36	\$ 6,818.71	\$ 7,102.23	\$ 13,875.78	\$ 29,218.17
13. Surcharge to reclaim bank balance deficit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14. Amount recovered from special surcharge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14. Bank Balance at end of month (4+11+12+13)	\$ (396,149.09)	\$ (384,820.82)	\$ (400,813.87)	\$ (419,211.76)	\$ (420,826.20)	\$ 4,324.91	\$ 5,721.26	\$ (7,805.26)	\$ (12,952.30)	\$ (30,901.93)	\$ (43,573.29)	\$ (88,549.31)

Copper Market, Inc.
Bank Balance Schedule Without Surcharge Attachment 2.0
 2007-Forecast

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
1. Bank Balance Brought Forward from Prior Mths.	\$ (68,549.31)	\$ (97,831.69)	\$ (114,503.43)	\$ (130,496.47)	\$ (148,894.37)	\$ (150,308.81)	\$ (145,983.90)	\$ (144,587.55)	\$ (158,114.06)	\$ (163,261.10)	\$ (181,210.74)	\$ (193,882.09)
2. Actual Cost of Purchased Propane	\$ 68,256.11	\$ 50,978.92	\$ 44,755.95	\$ 37,149.77	\$ 13,957.55	\$ 6,688.71	\$ 5,956.97	\$ 20,123.88	\$ 11,965.75	\$ 25,051.87	\$ 26,547.12	\$ 54,195.20
3. Actual Cubic Feet Purchased	2,838,090	2,119,706	1,860,954	1,544,689	563,724	278,117	222,743	836,752	497,536	1,041,658	1,103,831	2,253,439
4. Total Cost to be Recovered (1+2)	\$ (136,804.41)	\$ (148,810.61)	\$ (159,258.38)	\$ (167,846.24)	\$ (162,451.92)	\$ (156,997.52)	\$ (151,340.87)	\$ (164,711.42)	\$ (170,079.81)	\$ (188,312.97)	\$ (207,757.86)	\$ (248,077.28)
AMOUNT RECOVERED BY BASE GAS RATE												
5. Total Sales in Cubic Feet	2,499,854	2,200,589	1,844,959	1,202,614	778,904	706,454	433,183	428,232	437,378	455,563	890,044	1,874,225
6. Base Gas Rate	0.0128	0.0128	0.0128	0.0128	0.0128	0.0128	0.0128	0.0128	0.0128	0.0128	0.0128	0.0128
7. Amount Recovered from Base Gas Rate(5x6)	\$ 31,998.13	\$ 28,167.54	\$ 23,619.47	\$ 15,396.02	\$ 9,989.97	\$ 9,042.61	\$ 5,544.74	\$ 5,481.36	\$ 5,598.43	\$ 5,831.21	\$ 11,392.56	\$ 23,990.08
AMOUNT RECOVERED BY FUEL ADJUSTMENT												
8. Total Sales in Cubic Feet	2,499,854	2,200,589	1,844,959	1,202,614	778,904	706,454	433,183	400,000	437,378	455,563	890,044	1,874,225
9. PGA Rate	0.00279	0.00279	0.00279	0.00279	0.00279	0.00279	0.00279	0.00279	0.00279	0.00279	0.00279	0.00279
10. Amount Recovered from PGA Rate(8x9)	\$ 6,974.59	\$ 6,139.64	\$ 5,147.44	\$ 3,355.85	\$ 2,173.14	\$ 1,971.01	\$ 1,208.58	\$ 1,116.00	\$ 1,220.28	\$ 1,271.02	\$ 2,483.22	\$ 5,228.09
11. Total Amount Recovered (7+10)	\$ 38,972.72	\$ 34,307.18	\$ 28,766.91	\$ 18,751.87	\$ 12,143.11	\$ 11,013.62	\$ 6,753.32	\$ 6,597.36	\$ 6,818.71	\$ 7,102.23	\$ 13,875.78	\$ 29,218.17
12. PGA Surcharge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13. Other Adjustments (please Explain)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14. Bank Balance at end of month (4+1+12+13)	\$ (97,831.69)	\$ (114,503.43)	\$ (130,496.47)	\$ (148,894.37)	\$ (150,308.81)	\$ (145,983.90)	\$ (144,587.55)	\$ (158,114.06)	\$ (163,261.10)	\$ (181,210.74)	\$ (193,882.09)	\$ (218,858.11)

Projected
Bank Balance With Surcharge
Company Number G-02308A

Attachment 4.0

date	Bank Balance	Purchases	total to be recovered	sales cubic ft	base cost recovery 0.0128	pga rate	pga recovery	total recovered	surcharge rate	surcharge	total	ending balance
Jan-06	338,867	77,283	416,150	2,499,854	31,998	0.00279	6975	38,973	0	-	38,973	377,177
Feb-06	377,177	68,031	445,209	2,200,589	28,168	0.00279	6140	34,307	0	-	34,307	410,901
Mar-06	410,901	57,037	467,938	1,844,959	23,615	0.00279	5147	28,763	0	-	28,763	439,176
Apr-06	439,176	37,185	476,361	1,202,814	15,396	0.00279	3356	18,752	0	-	18,752	457,609
May-06	457,609	24,080	481,689	778,904	9,970	0.00279	2173	12,143	0	-	12,143	469,546
Jun-06	469,546	21,840	491,386	706,454	9,043	0.00279	1971	11,014	0	-	11,014	480,372
Jul-06	-	13,392	13,392	433,183	5,545	0.00279	1209	6,753	0.01595	6,909	13,663	(271)
Aug-06	(271)	13,239	12,968	428,232	5,481	0.00279	1195	6,676	0.01595	6,830	13,506	(538)
Sep-06	(538)	13,522	12,983	437,378	5,598	0.00279	1220	6,819	0.01595	6,976	13,795	(812)
Oct-06	(812)	14,084	13,272	455,563	5,831	0.00279	1271	7,102	0.01595	7,266	14,368	(1,096)
Nov-06	(1,096)	27,516	26,419	890,044	11,393	0.00279	2483	13,876	0.01595	14,196	28,072	(1,653)
Dec-06	(1,653)	57,942	56,289	1,874,225	23,990	0.00279	5229	29,219	0.01595	29,894	59,113	(2,824)
Jan-07	(2,824)	77,283	74,459	2,499,854	31,998	0.00279	6975	38,973	0.01595	39,873	78,845	(4,386)
Feb-07	(4,386)	68,031	63,645	2,200,589	28,168	0.00279	6140	34,307	0.01595	35,099	69,407	(5,761)
Mar-07	(5,761)	57,037	51,276	1,844,959	23,615	0.00279	5147	28,763	0.01595	29,427	58,190	(6,914)
Apr-07	(6,914)	37,185	30,271	1,202,814	15,396	0.00279	3356	18,752	0.01595	19,185	37,937	(7,666)
May-07	(7,666)	24,080	16,414	778,904	9,970	0.00279	2173	12,143	0.01595	12,424	24,567	(8,152)
Jun-07	(8,152)	21,840	13,688	706,454	9,043	0.00279	1971	11,014	0.01595	11,268	22,282	(8,594)
Jul-07	(8,594)	13,392	4,798	433,183	5,545	0.00279	1209	6,753	0.01595	6,909	13,663	(8,865)
Aug-07	(8,865)	13,239	4,374	428,232	5,481	0.00279	1195	6,676	0.01595	6,830	13,506	(9,132)
Sep-07	(9,132)	13,522	4,389	437,378	5,598	0.00279	1220	6,819	0.01595	6,976	13,795	(9,406)
Oct-07	(9,406)	14,084	4,678	455,563	5,831	0.00279	1271	7,102	0.01595	7,266	14,368	(9,690)
Nov-07	(9,690)	27,516	17,826	890,044	11,393	0.00279	2483	13,876	0.01595	14,196	28,072	(10,246)
Dec-07	(10,246)	57,942	47,695	1,874,225	23,990	0.00279	5229	29,219	0.01595	29,894	59,113	(11,418)