



0000055595

410

OPEN MEETING

ORIGINAL

MEMORANDUM

RECEIVED

Arizona Corporation Commission

DOCKETED

2003 JUL 22 P 3: 49

JUL 22 2003

AZ CORP COMMISSION
DOCUMENT CONTROL

TO: THE COMMISSION

FROM: Utilities Division

DATE: July 22, 2003

DOCKETED BY 

RE: TRICO ELECTRIC COOPERATIVE, INC. - APPLICATION FOR APPROVAL OF A GENERAL SERVICE RATE SCHEDULE GS-4 (DOCKET NO. E-01461A-03-0481)

On July 14, 2003, Trico Electric Cooperative, Inc. ("Trico") filed an application for approval of a General Service Rate Schedule GS-4 ("GS-4").

GS-4 would apply to customers with three-phase service used for commercial and industrial loads in excess of 1,500 kW. The rate schedule would provide for service at different service levels of distribution delivery and for multiple delivery points. The proposed GS-4 would provide options currently not available on any other Trico rate schedule.

Under GS-4, there would be a distribution demand charge based on the location of the metering point. For transmission delivery (service taken at 69 kV or higher), the charge would be \$0.21 per kW. For substation delivery (service taken from the low side bus of the substation), the charge would be \$1.75 per kW. For primary delivery (customer owns final transformation equipment or has multiple delivery points metered at a primary metering location), the charge would be \$7.19 per kW. For secondary delivery (utility owns final transformation equipment), the charge would be \$7.70 per kW. The billing demand would be the greatest of (1) the contract demand as defined in the agreement for electric service, (2) the highest maximum 30-minute demand during the current and previous 11 billing periods, or (3) 1,500 kW. The demand charges were based on a cost of service study provided by the company.

In addition, customers would pay a monthly charge of \$500 and the actual wholesale power cost. The wholesale power cost would be the amounts that Trico pays to its suppliers for the cost of electricity to serve the customer, including costs for capacity, energy, transmission, ancillary services, and fuel. The customer's billing units could be adjusted for line losses. There may also be a facilities charge to cover capital costs and operation and maintenance costs of additional facilities required to serve multiple delivery points.

None of Trico's current customers would qualify for GS-4 without making infrastructure investments. GS-4 may be helpful in encouraging large customers to locate within Trico's service area.

THE COMMISSION

July 22, 2003

Page 2

Trico currently has General Service Schedule GS-3 ("GS-3") which applies to loads greater than 10 kW up to 11,999 kW. Customers who qualify for both GS-3 and GS-4 could choose the one that is more beneficial to the customer. Generally, customers with lower load factors (45 percent or lower) would benefit from GS-3. Customers with higher load factors would benefit from GS-4.

Staff recommends approval of the proposed GS-4. Staff further recommends that Trico file tariff pages consistent with the terms of this Decision within 15 days from the effective date of the Decision.

Staff also analyzed this application in terms of whether there were fair value implications. Compared to Trico's total revenue, any impact from this tariff would be de minimus, and any impact on Trico's fair value rate base and rate of return would also be de minimus.

Because customers on GS-4 would not contribute to Trico's wholesale power cost adjustor, Staff also recommends that costs and revenues associated with GS-4 be excluded from the wholesale power cost adjustor, but that the costs and revenues be reported as a memo item on the wholesale power cost adjustor reports.



Ernest G. Johnson
Director
Utilities Division

EGJ:BEK:rdp/JDG

ORIGINATOR: Barbara Keene

BEFORE THE ARIZONA CORPORATION COMMISSION

1 MARC SPITZER
Chairman
2 JIM IRVIN
Commissioner
3 WILLIAM A. MUNDELL
Commissioner
4 JEFF HATCH-MILLER
Commissioner
5 MIKE GLEASON
Commissioner
6

7 IN THE MATTER OF TRICO ELECTRIC) DOCKET NO. E-01461A-03-0481
COOPERATIVE, INC. - APPLICATION)
8 FOR APPROVAL OF A GENERAL) DECISION NO. _____
9 SERVICE RATE SCHEDULE GS-4) ORDER

10
11 Open Meeting
August 12 and 13, 2003
12 Phoenix, Arizona

13 BY THE COMMISSION:

14 FINDINGS OF FACT

- 15 1. Trico Electric Cooperative, Inc. ("Trico") is certificated to provide electric service
16 as a public service corporation in the State of Arizona.
- 17 2. On July 14, 2003, Trico filed an application for approval of a General Service Rate
18 Schedule GS-4 ("GS-4").
- 19 3. GS-4 would apply to customers with three-phase service used for commercial and
20 industrial loads in excess of 1,500 kW. The rate schedule would provide for service at different
21 service levels of distribution delivery and for multiple delivery points. The proposed GS-4 would
22 provide options currently not available on any other Trico rate schedule.
- 23 4. Under GS-4, there would be a distribution demand charge based on the location of
24 the metering point. For transmission delivery (service taken at 69 kV or higher), the charge would
25 be \$0.21 per kW. For substation delivery (service taken from the low side bus of the substation),
26 the charge would be \$1.75 per kW. For primary delivery (customer owns final transformation
27 equipment or has multiple delivery points metered at a primary metering location), the charge
28 would be \$7.19 per kW. For secondary delivery (utility owns final transformation equipment), the

1 charge would be \$7.70 per kW. The billing demand would be the greatest of (1) the contract
2 demand as defined in the agreement for electric service, (2) the highest maximum 30-minute
3 demand during the current and previous 11 billing periods, or (3) 1,500 kW. The demand charges
4 were based on a cost of service study provided by the company.

5 5. In addition, customers would pay a monthly charge of \$500 and the actual
6 wholesale power cost. The wholesale power cost would be the amounts that Trico pays to its
7 suppliers for the cost of electricity to serve the customer, including costs for capacity, energy,
8 transmission, ancillary services, and fuel. The customer's billing units could be adjusted for line
9 losses. There may also be a facilities charge to cover capital costs and operation and maintenance
10 costs of additional facilities required to serve multiple delivery points.

11 6. None of Trico's current customers would qualify for GS-4 without making
12 infrastructure investments. GS-4 may be helpful in encouraging large customers to locate within
13 Trico's service area.

14 7. Trico currently has General Service Schedule GS-3 ("GS-3") which applies to loads
15 greater than 10 kW up to 11,999 kW. Customers who qualify for both GS-3 and GS-4 could
16 choose the one that is more beneficial to the customer. Generally, customers with lower load
17 factors (45 percent or lower) would benefit from GS-3. Customers with higher load factors would
18 benefit from GS-4.

19 8. Staff has recommended approval of the proposed GS-4. Staff has further
20 recommended that Trico file tariff pages consistent with the terms of this Decision within 15 days
21 from the effective date of the Decision.

22 9. Staff also analyzed this application in terms of whether there were fair value
23 implications. Compared to Trico's total revenue, any impact from this tariff would be de minimus,
24 and any impact on Trico's fair value rate base and rate of return would also be de minimus.

25 10. Because customers on GS-4 would not contribute to Trico's wholesale power cost
26 adjustor, Staff has also recommended that costs and revenues associated with GS-4 be excluded
27 from the wholesale power cost adjustor, but that the costs and revenues be reported as a memo
28 item on the wholesale power cost adjustor reports.

CONCLUSIONS OF LAW

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

1. Trico is an Arizona public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.
2. The Commission has jurisdiction over Trico and over the subject matter of the application.
3. Approval of the proposed tariff does not constitute a rate increase as contemplated by A.R.S. Section 40-250.
4. The Commission, having reviewed the application and Staff's Memorandum dated July 18, 2003, concludes that it is in the public interest to approve the tariff.

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

ORDER

IT IS THEREFORE ORDERED that the proposed tariff be and hereby is approved.

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

IT IS FURTHER ORDERED that costs and revenues associated with GS-4 be excluded from Trico's wholesale power cost adjustor, but that the costs and revenues be reported as a memo item on the wholesale power cost adjustor reports.

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

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN	COMMISSIONER	COMMISSIONER
COMMISSIONER	COMMISSIONER	

IN WITNESS WHEREOF, I, JAMES G. JAYNE, Interim 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 _____ day of _____, 2003.

JAMES G. JAYNE
Interim Executive Secretary

DISSENT: _____

DISSENT: _____

EGJ:BEK:rdp/JDG

1 SERVICE LIST FOR: TRICO ELECTRIC COOPERATIVE, INC.
2 DOCKET NO. E-01461A-03-0481

3 Mr. Russell E. Jones
4 Attorneys for Trico Electric Cooperative, Inc.
5 Waterfall Economidis Caldwell Hanshaw & Villamana
6 5210 East Williams Circle, Suite 800
7 Tucson, Arizona 85711

8 Mr. Ernest G. Johnson
9 Director, Utilities Division
10 Arizona Corporation Commission
11 1200 West Washington St.
12 Phoenix, Arizona 85007

13 Mr. Christopher C. Kempley
14 Chief Counsel
15 Arizona Corporation Commission
16 1200 West Washington St.
17 Phoenix, Arizona 85007

18
19
20
21
22
23
24
25
26
27
28