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BEFORE THE ARIZONA CORPORATION COMMISSION

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KRISTIN K. MAYES
GARY PIERCE

Arizona Corporation Commission

DOCKETED

APR - 4 2008

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IN THE MATTER OF THE APPLICATION OF
ARIZONA ELECTRIC POWER COOPERATIVE,
INC., FOR A RATE INCREASE.

Docket No. E-01773A-04-0528

IN THE MATTER OF THE APPLICATION OF
SOUTHWEST TRANSMISSION COOPERATIVE,
INC., FOR A RATE INCREASE.

Docket No. E-04100A-04-0527

**AEPCO'S REPLY TO RESPONSE
OF MOHAVE ELECTRIC
COOPERATIVE, INC. TO
AEPCO'S FUEL AND
PURCHASE POWER COST
ADJUSTOR FILINGS AND
REQUEST FOR RELIEF**

GALLAGHER & KENNEDY, P.A.
2575 E. CAMELBACK ROAD
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(602) 530-8000

The Arizona Electric Power Cooperative, Inc. ("AEPCO") submits this reply to the Response of Mohave Electric Cooperative, Inc. ("MEC") to AEPCO's Fuel and Purchase Power Cost Adjustor Filings and Request for Relief. Like SSVEC's response to the FPPCA filings,¹ MEC does not ask that the Commission delay implementation of the revised adjustors which AEPCO has requested in its March 28 Amended Efficacy Filing. AEPCO asks that the Commission approve those adjustors as soon as possible.

By requesting that the "underlying costs and allocation methodologies utilized by AEPCO in calculating the FPPCA be fully reviewed,"² MEC appears simply to mimic the SSVEC request that the clause be reworked and applied on an entirely different basis than was agreed to by the parties, recommended by Staff and approved by the Commission in the 2005

¹ SSVEC's Response to AEPCO's Request for Review of FPPCA Efficacy and Implementation of Alternative Adjustor Rates dated March 28, 2008 ("SSVEC Response").

² MEC Response, p. 2, ll. 7-8.

1 rate case. AEPCO has fully responded to that issue in its reply to the SSVEC Response and
2 incorporates that reply here.

3 In short, the MEC request is an impermissible collateral attack on the Rate Case
4 Decision. Further, AEPCO does not currently have and will not have for about a year the ability
5 to track and allocate data in the way SSVEC and, apparently MEC, think costs should be
6 assigned. Also, use of revised FPPCA adjustors designed in a wholly different manner than the
7 bases in the FPPCA would create an inherent mismatch between base and adjustor. Finally, the
8 Commission has already ordered a review of the FPPCA in next year's rate case and that forum
9 is the appropriate and legally required manner in which to take up such a review.

10 AEPCO requests that the Commission deny the SSVEC and MEC requests and authorize,
11 as soon as possible, revised adjustor rates of 14.76 mills/kWh and 13.05 mills/kWh for its all-
12 and partial-requirements members, respectively.

13 RESPECTFULLY SUBMITTED this 4th day of April, 2008.

14 GALLAGHER & KENNEDY, P.A.

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By 
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20 **Original and 15 copies** filed this
21 4th day of April, 2008, with:

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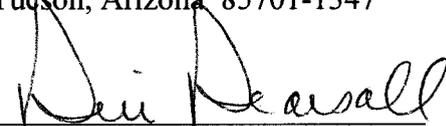
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