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December 21, 2007

Arizona Corporation Commission

DOCKETED

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Docket Control  
Arizona Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007



Re: *Revised Partial-Requirements Rate Schedule Effective January 1, 2008;*  
*December 18-19, 2007 Open Meeting Agenda Item 12;*  
*Docket Nos. E-0175A-07-0490, E-01575A-07-0490 and E-01750A-07-0490*

Dear Sir/Madam:

The Commission having approved the Joint Application of AEPCO, SSVEC and MEC at its Open Meeting, attached are the original and 17 copies of the Revised Partial-Requirements Rate Schedule, effective January 1, 2008. Your assistance in relation to this matter is appreciated.

Very truly yours,

GALLAGHER & KENNEDY, P.A.

By: Michael M. Grant

MMG/plp  
10421-48/1737141

Attachment

cc (w/attachment): Bill Musgrove, Utilities Division (delivered)

**Original and 17 copies** filed with Docket Control this 21<sup>st</sup> day of December, 2007.

## Arizona Electric Power Cooperative, Inc.

### Partial-Requirements Members Rates and Fixed Charge (Effective January 1, 2008)

Service provided to Mohave Electric Cooperative, Inc. ("MEC") and Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") by the Arizona Electric Power Cooperative, Inc. under the Partial Requirements Capacity and Energy Agreements shall be at the rates set forth in the attached Exhibit A.

Power Cost Adjustor Rate – The monthly bill computed under this Schedule will, on the procedures stated herein, be increased or decreased by an amount equal to the result of multiplying the kWh used by the Power Cost Adjustor Rate where:

$$F = (PC + BA) - \$0.01603$$

F = Power Cost Adjustor Rate in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

PC = The Commission allowed pro forma fuel, purchased power and wheeling costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BA = The "Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over or under collected in the past.

Allowable fuel, purchased power and wheeling costs include:

- A. The costs of fossil fuel and natural gas consumed in AEPCO's own plants as recorded in RUS Accounts 501 and 547, plus
- B. The actual costs associated with power purchased for reasons other than identified in paragraph (C) below as recorded in RUS Account 555, plus
- C. The cost of energy purchased when such energy is purchased on an economic dispatch basis. Included therein may be such costs as that charged for economy energy purchases and the charges as a result of scheduled outage. All such kinds of energy being purchased by AEPCO to substitute for its own higher cost energy as recorded in RUS Account 555, plus
- D. The firm and non-firm wheeling expenses associated with the delivery of energy as recorded in RUS Account 565, excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc for

electric power and energy furnished to the all-requirements Class A members and less

- E. The demand and energy costs recovered through non-tariff contractual firm sales of power and energy as recorded in RUS Account 447, less
- F. The demand and energy costs recovered through inter-system sales including the incremental fuel and/or purchased energy costs related to economy energy sales and other energy sold on an economic dispatch basis as recorded in RUS Account 447.

On a calendar semi-annual basis, AEPCO shall compute the Power Cost Adjustor Rate as specified herein based upon a rolling twelve-month average and file by September 1 or March 1 of the month preceding the effective date of the revised Power Cost Adjustor Rate (i.e., October 1 or April 1): (1) calculations supporting the revised Adjustor Rate with the Director, Utilities Division and (2) a Schedule reflecting the revised Adjustor Rate with the Commission which shall be effective for billings after the 1<sup>st</sup> day of the following month and which shall continue in effect until revised pursuant to the procedures specified herein.

DSM Adjustor Rate – Monthly bills for service provided hereunder will also include an amount for recovery of costs associated with pre-approved DSM programs. The DSM Adjustor Rate will be calculated by dividing the account balance of any costs incurred by AEPCO for pre-approved DSM programs less revenues received through the DSM Adjustor Rate by the total number of kWh sold to Class A members in the previous calendar year. AEPCO will file a request for the initial or revised DSM Adjustor Rate and supporting documentation with Utilities Division Staff by February 1 for a DSM Adjustor Rate to be effective on March 1.

