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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

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2008 APR -1 P 2:31  
AZ CORP COMMISSION  
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Arizona Corporation Commission  
DOCKETED

APR -1 2008

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

DOCKET NO. E-01773A-04-05278

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

DOCKET NO. E-04100A-04-05287

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

Mohave Electric Cooperative, Inc. ("Mohave") is a partial requirements customer of Arizona Electric Power Cooperative ("AEPCo"). Pursuant to A.A.C. R14-3-105, Mohave was granted intervention in the above captioned matters by the Arizona Corporation Commission (the "Commission") on or about November 2, 2004.<sup>1</sup>

On February 29, 2008, AEPCo made two filings in these dockets involving the Fuel and Purchase Power Cost Adjustor (FPPCA) approved by Decision No. 68071 dated August 17, 2005.<sup>2</sup> The first filing reflects a proposed semi-annual adjustment in the FPPCA, while the second filing requests an efficacy review of the FPPCA and requests the

<sup>1</sup> Mohave has never withdrawn as a party. The two dockets were consolidated pursuant to Procedural Order dated September 17, 2004 and still are consolidated. In the event the Commission believes that a separate Motion to Intervene is necessary, Mohave respectfully requests this Response also be treated as such a motion. Mohave will be directly impacted by the Commission's decision and granting Mohave intervenor status will not delay or unduly broaden the issues presented in the proceedings.

<sup>2</sup> By Decision No. 68594, dated March 23, 2006 (docket number E-01773A-06-0047), the Commission accelerated the initial re-setting of the FPPCA from October 1, 2006 to April 1, 2006. Mohave was a party to that matter also.

1 amortization period be reduced from the current twelve month period to a sixth month period.  
2 On March 27, 2008, AEPCo made an Amended Filing adjusting the new FPPCA Adjustor  
3 Rates that AEPCo proposes go into effect April 1, 2008.

4 Mohave hereby files its response to AEPCo's recent FPPCA filings and, while  
5 not requesting that the Commission delay implementation of any of the relief requested by  
6 AEPCo, Mohave does request additional affirmative relief. In particular, Mohave requests the  
7 underlying costs and allocation methodologies utilized by AEPCo in calculating the FPPCA  
8 be fully reviewed, and that Mohave be allowed to participate in such review, to ensure that the  
9 FPPCA is being implemented in a fair and equitable manner consistent with Decision No.  
10 68701 and AEPCo's contractual obligation to Mohave. To the extent necessary adjustments  
11 are identified from the foregoing review, Mohave further requests such adjustments be made  
12 to AEPCo's bank balance to correct any historic over collection by AEPCo through its  
13 application of the FPPCA, including any misallocation as between AEPCo member classes  
14 and AEPCo members.

15 Mohave has been meeting with AEPCo for more than a year to address certain  
16 contractual issues, including allocation of purchase power costs. To date, those issues have  
17 not been resolved. It is appropriate for Mohave and AEPCo to address fuel and purchase  
18 power cost issues, including the allocation among AEPCo Member classes, in the context of  
19 AEPCO's FPPCA.

20 Please direct a copy of all communications in connection with the above-  
21 captioned proceedings to:

22 Michael A. Curtis  
23 William P. Sullivan  
24 Larry K. Udall  
25 Curtis, Goodwin, Sullivan, Udall & Schwab, PLC  
501 East Thomas Road  
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1 wsullivan@cgsuslaw.com  
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3 CONCLUSION

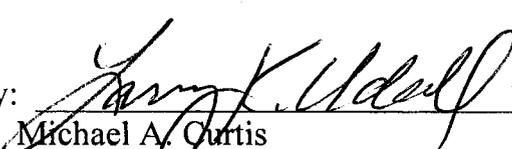
4 AEPCo has had a FPPCA since April 1, 2006. During that period, issues have  
5 arisen between Mohave and AEPCo regarding the application of the FPPCA to Mohave. It is  
6 important that AEPCo's implementation of its FPPCA be fully reviewed to ensure that it is  
7 being administered in a fair and equitable manner consistent with Decision No. 68071 and  
8 AEPCo's contractual obligations to Mohave. To the extent the review identifies costs or  
9 allocation methodologies that are inconsistent with the Decision No. 68071 or AEPCo's  
10 contractual obligations to Mohave, the fuel bank balance should be adjusted to reflect the  
11 appropriate operation of the FPPCA.

12 WHEREFORE it is respectfully requested that the Commission:

- 13 1. Order AEPCo to participate in a complete review of the operation of its  
14 FPPCA and authorizing Mohave to participate in such review with Staff; and  
15 2. Grant such further relief as the Commission deems just and appropriate.

16 RESPECTFULLY SUBMITTED this 15<sup>th</sup> day of April, 2008.

17 CURTIS, GOODWIN, SULLIVAN,  
18 UDALL & SCHWAB, P.L.C.

19 By: 

20 Michael A. Curtis  
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25 Attorneys for Mohave Electric  
Cooperative, Inc.

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**PROOF OF AND CERTIFICATE OF MAILING**

I hereby certify that on this 18<sup>th</sup> day of April, 2008, I caused the foregoing document to be served on the Arizona Corporation Commission by delivering the original and fifteen (15) copies of the above to:

Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

COPIES of the foregoing hand delivered/  
mailed this 18<sup>th</sup> day of April, 2008 to:

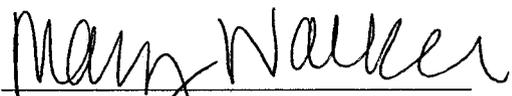
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