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OPEN MEETING AGENDA ITEM

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July 23, 2009



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Arizona Corporation Commission
DOCKETED

JUL 23 2009

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HAND DELIVERY

Kristin K. Mayes, Chairman
ARIZONA CORPORATION COMMISSION
1200 West Washington
Phoenix, Arizona 85007

Re: Commission Staff Meeting for July 23, 2009 – Agenda Item 9 - Sulphur Springs Valley Electric Cooperative, Inc. Rate Case - Docket No. E-01575A-08-0328

Dear Chairman Mayes:

I am writing this letter to the Arizona Corporation Commission (“Commission”) on behalf of Sulphur Springs Valley Electric Cooperative, Inc. (“SSVEC” or “Cooperative”). The purpose of this letter is to share with the Commission the serious concerns that the Cooperative has regarding postponing consideration of the Recommended Opinion and Order (“ROO”) in SSVEC’s rate case currently noticed for July 28, 2009, until such time that an Open Meeting may be scheduled for the Commission to hear the matter in Tucson, Arizona. Although the Cooperative does not oppose the matter being heard in Tucson, SSVEC would like to make the Commission aware of the following concerns if the ROO is not considered and voted upon by July 31, 2009:

- The ROO currently provides for SSVEC’s rate increase to go into effect on August 1, 2009. If consideration of the ROO is delayed until some time in August and rates will not go into effect until September 1, SSVEC’s rate case consultant has advised the Cooperative that it will lose approximately \$1 million of much-needed increased revenue.
- Just this morning, the attached news article was published in the *Sierra Vista Herald* reporting that the Commission would be considering SSVEC’s rate case (and one other matter) at the July 28/29 Open Meeting in Phoenix. Additionally, since the issuance of the ROO, SSVEC has received phone calls from members inquiring as to the date, time, and location of the Open Meeting. If consideration of the ROO is postponed at this late date, in light of this news article and the phone calls SSVEC received, SSVEC has no way of contacting those individuals who are planning to attend the Open Meeting on July 28 to inform them of a change in the Open Meeting date, and these individuals will travel to Phoenix on July 28 for nothing.
- Pursuant to A.A.C. R14-2-103.B.11 (“Time-Clock Rules”), SSVEC believes the Commission needs to consider the matter on or before August 8, 2009.

Kristin K. Mayes, Chairman
July 23, 2009
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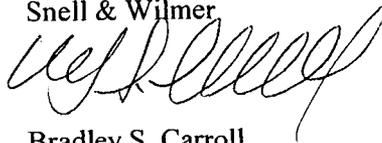
- To ensure that the rate case proceeding would comply with Time-Clock Rules, SSVEC and Staff proposed a procedural schedule that was adopted by the Administrative Law Judge ("ALJ") which governed the administration of the proceeding. SSVEC paid for an expedited transcript of the proceedings to expedite the briefing schedule in order to give the ALJ additional time to draft and file the ROO for the specific purpose of meeting the July 28/29 Open Meeting deadline to be in compliance with the Time-Clock Rules.¹
- SSVEC has been operating on the assumption that the ROO would be considered at the July 28/29 Open Meeting since the conclusion of the rate case hearing. Following the issuance of the ROO on July 14, 2009, that noticed the ROO for Commission consideration on July 28/29, SSVEC personnel, as well as its out-of-state consultants, arranged their respective business schedules to be in Phoenix to attend the Open Meeting in order to be available to answer questions from the Commissioners.²
- There has been considerable public comment already given in this matter at the February 11, 2009, Public Comment Session held in Sierra Vista, as well as at the April 21, 2009, hearing. Additionally, numerous comment letters and other information have been filed in the docket by the Cooperative's members for the Commission's consideration.
- SSVEC learned that various individuals who have previously expressed interest in this proceeding (some of whom have already given public comment and made filings in the docket) are already planning to attend the Open Meeting in Phoenix on June 28.

SSVEC respectfully requests that the Commission take these factors into consideration before pulling the matter from the July 28 Open Meeting agenda. If, however, the Commission still desires to hold the Open Meeting in Tucson, SSVEC requests that such Open Meeting be held on July 29, 30, or 31 so that the rate increase, if approved, can still go into effect on August 1, to ensure that the Cooperative will not lose approximately \$1 million of much-needed increased revenue.

For the convenience of the Commission, I will be in attendance at the Commission Staff Meeting this afternoon in the event that any of the Commissioners have questions. Thank you for your consideration.

Very truly yours,

Snell & Wilmer



Bradley S. Carroll

BSC/dcp

¹ See Transcript of Proceedings at page 672, lines 16-24.

² SSVEC CEO Creden Huber has a previously scheduled out-of state commitment the week of August 3, 2009.

Kristin K. Mayes, Chairman

July 23, 2009

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cc: Gary Pierce, Commissioner (Hand-Delivered)
Paul Newman, Commissioner (Hand-Delivered)
Sandra D. Kennedy, Commissioner (Hand-Delivered)
Bob Stump, Commissioner (Hand-Delivered)
Jane Rodda, Administrative Law Judge (Via E-Mail)
Janice Alward, Chief Counsel (Hand-Delivered)
Wesley C. Van Cleve, Attorney (Hand-Delivered)
Ernest Johnson, Director of Utilities (Hand-Delivered)
Docket Control (14 copies) (Hand-Delivered)
Creden Huber, SSVEC (Via E-Mail)
Jack Blair, SSVEC (Via E-Mail)

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 **SIERRA VISTA**
THE HERALD**News****Rate regulators to hear power, water issues**[Print Page](#)

By Dana Cole
Herald/Review

Published: Thursday, July 23, 2009 2:17 AM MST

SIERRA VISTA — The Arizona Corporation Commission will be addressing some cases affecting Cochise County during its open meeting July 28 and 29 in Phoenix.

Commissioners will decide whether to approve an agreement between Sulphur Springs Valley Electric Cooperative regarding an adjustment clause between the cooperative and Arizona Electric Cooperative Inc.

Sulphur Springs Valley, Trico and Mohave Electric buy power from Arizona Electric Cooperative. Sulphur Springs Valley filed a complaint against Arizona Electric Cooperative alleging the power company was not fairly allocating its fuel and purchased-power adjustment clause between its members. Sulphur Springs Valley, Trico and Mohave Electric reached a settlement agreement to address the issue, and the commission's administrative law judge is recommending approval.

The commission's staff reviewed the settlement agreement and found it to be "a fair and reasonable resolution" of the complaint by Sulphur Springs Valley.

"Though the administrative law judge that heard this case is recommending approval, the commissioners may choose to deny the recommendation and can make any changes they deem necessary," said Rebecca Wilder, the commission's public information officer.

The commission also will be hearing a rate increase request by Sulphur Springs Valley, which appears as item No. 13 on the agenda.

Algonquin Water request

Agenda items 24 and 25, which will likely be heard July 29, refer to charges Northern Sunrise and Southern Sunrise water companies, owned by Algonquin Water Services Inc., are requesting for water main extensions that will be applied to properties with failed wells within Algonquin's service areas. The two water companies comprise the seven water systems once owned by John McLain Sr.

Northern consists of the Mustang, Crystal, Sierra Sunset and Coronado Estates water systems in the Whetstone area, near Huachuca City. Southern includes the Cochise, Horseshoe Ranch Estates and Miracle Valley water systems in the Hereford and Palominas areas.

Algonquin is proposing a main extension tariff of approximately \$62.46 per linear foot to construct a water line from the farthest point in the extension area to the company's facilities. In addition, customers may be charged for the cost of materials.

Landowners who have experienced failed wells will be allowed to connect to the company's water distribution system without paying the standard "off-site hook-up fee" at the time of the interconnection.

The waiver was approved by the commission when landowners voiced concerns about the viability of their private wells in areas where much deeper commercial wells were slated for construction to support future developments.

The waiver, however, does not apply to service line and meter installation charges.

In addition, should a new water main need to be constructed or extensions to existing water mains added, Algonquin is authorized to charge the landowner.

Rate meetings

The commission's open meetings start at 10 a.m. July 28 and 29 at the Corporation Commission's hearing room, 1300 W. Washington in Phoenix.

Commissioners will be addressing 32 agenda items. Those wishing to listen to the proceedings without having to go to Phoenix can go online to the commission's Web site at www.azcc.gov and click on the "listen line" link at the bottom of the page.

For those who do not have computers, call (800) 250-4525.

Herald/Review reporter Dana Cole can be reached at 515-4618 or by e-mail at dana.cole@svherald.com.

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