

OPEN MEETING



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ORIGINAL

MEMORANDUM

RECEIVED

TO: THE COMMISSION

2009 AUG 21 P 12:10

FROM: Utilities Division

AZ CORP COMMISSION
DOCKET CONTROL

DATE: August 21, 2009

RE: APPLICATION OF TRICO ELECTRIC COOPERATIVE, INC., AN ARIZONA NONPROFIT CORPORATION, FOR A PERMANENT RATE INCREASE, FOR A DETERMINATION OF THE FAIR VALUE OF THE CORPORATION'S ELECTRIC SYSTEM FOR RATEMAKING PURPOSES, FOR A FINDING OF A JUST AND REASONABLE RATE OF RETURN THEREON, AND FOR APPROVAL OF RATE SCHEDULES DESIGNED TO DEVELOP SUCH RETURN (DOCKET NO. E-01461A-08-0430)

On August 15, 2008, Trico Electric Cooperative, Inc. ("Trico" or "Cooperative") filed an application with the Arizona Corporation Commission ("Commission") an application which sought to increase Trico's overall rates, modify its Residential Time of Use ("TOU") rates, and to implement other changes.

Trico's Residential TOU rates do not presently include on-peak hours during weekends or holidays. On-peak hours in summer are from 1:00 p.m. to 9 p.m. Monday through Friday.¹ Winter on-peak hours are from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m. Monday through Friday.² The monthly Customer Charge is \$16.00. The Energy Charge during on-peak hours is \$0.12144. The Energy Charge during Off-peak hours is \$0.04144.

On August 6, 2009, the Commission issued Decision No. 71230 in regard to the application. Decision No. 71230 adopted Trico's proposed customer charges and rate design.³

The Decision directed Trico to file for Commission approval a Residential TOU Tariff that results in a neutral return on the Cooperative from the TOU class and which does not include on-peak times during weekends.⁴ At the Open Meeting, the Commission discussed the possibility of approving a TOU tariff with an on-peak and off-peak hours schedule that could include on-peak hours on Saturday, or Saturday, Sunday and holidays rather than a tariff with a TOU hourly schedule that did not include weekend on-peak hours. The Commission asked that Trico submit additional TOU tariffs that reflect these different TOU schedule possibilities for its consideration as an alternative to approving a tariff with a TOU hourly schedule that did not include weekend on-peak hours.

¹ Summer period is April 1 through October 31.

² Winter period is November 1 through March 31.

³ ACC Decision No. 71230. August 6, 2009. Page 8, lines 19-20.

⁴ Ibid. Page 11, lines 13-14.

Arizona Corporation Commission
DOCKETED

AUG 21 2009

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On August 5, 2009, Trico filed a Notice of Filing Alternative Residential Time of Use Service Schedule R2-TOU Tariffs as Requested by the Arizona Corporation Commission. Trico's filing included three alternative tariffs. These tariffs are labeled in the filing as Alternative No. 1, Alternative No. 2, and Alternative No. 3.

Trico's proposed Alternative No. 1 is a TOU tariff that limits on-peak hours to Monday through Friday, with no on-peak hours during weekends or holidays, as recommended by the Administrative Law Judge in her Recommended Order and Opinion.

Trico's proposed Alternative No. 2 is a TOU tariff that includes on-peak hours every day of the year including weekends and holidays.

Trico's proposed Alternative No. 3 is a TOU tariff that includes on-peak hours from Monday through Saturday, but does not include on-peak hours on Sundays or holidays.

Each of Trico's proposed Alternatives include the same Customer Charge and Energy Charge. The Customer Charge is \$19.00 per Customer per month. The On-peak Energy Charge is \$0.1932 per kWh. The Off-peak Energy Charge is \$0.0732 per kWh.

Staff continues to recommend that the TOU tariff not include on-peak weekends, as on-peak weekend hours may be unduly burdensome to ratepayers, and consequently Staff supports Trico's proposed Alternative No. 1.

Table I
Alternative No. 1

<u>Summer Monday - Friday</u>		<u>Winter Monday - Friday</u>	
On-peak	1:00 p.m. to 9:00 p.m.	On-peak	6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m.
Off-peak	all others	Off-peak	all others

Should the Commission choose to approve either Trico's Alternative No. 2 or Alternative No. 3, Staff recommends that the on-peak hours included in these alternatives be adjusted as shown in Table II-B and Table III-B respectively.

Trico's Alternative No. 2 includes the following on-peak and off-peak hours schedule:

Table II-A
Alternative No. 2

<u>Summer Monday - Sunday</u>		<u>Winter Monday - Sunday</u>	
On-peak	1:00 p.m. to 7:00 p.m.	On-peak	6:30 a.m. to 8:30 a.m. and 6:00 p.m. to 9:00 p.m.
Off-peak	all others	Off-peak	all others

Staff recommends the following on-peak and off-peak hours schedule apply to Alternative No. 2, should it be approved by the Commission, in order to provide more off-peak hours to ratepayers during weekends and holidays. This will help to reduce the burden of having on-peak hours during weekends and holidays.

**Table II-B
Modified Alternative No. 2**

<u>Summer Monday - Friday</u>		<u>Winter Monday - Friday</u>	
On-peak	1:00 p.m. to 8:00 p.m.	On-peak	6:30 a.m. to 8:30 a.m. and 6:00 p.m. to 9:30 p.m.
Off-peak	all others	Off-peak	all others
 <u>Summer Sat., Sun. and Holidays</u>		 <u>Winter Sat., Sun. and Holidays</u>	
On-peak	2:00 p.m. to 6:00 p.m.	On-peak	6:30 a.m. to 8:00 a.m. and 7:00 p.m. to 9:00 p.m.
Off-peak	all others	Off-peak	all others

Staff calculates that the on-peak and off-peak hours contained in Table II-B will produce approximately the same total on-peak hours as contained in Table II-A.

Trico's Alternative No. 3 includes the following on-peak and off-peak hours schedule:

**Table III
Alternative No. 3**

<u>Summer Monday - Saturday</u>		<u>Winter Monday - Saturday</u>	
On-peak	1:00 p.m. to 8:00 p.m.	On-peak	6:00 a.m. to 9:00 a.m. and 6:00 p.m. to 9:00 p.m.
Off-peak	all others	Off-peak	all others

Staff recommends the following on-peak and off-peak hours schedule apply to Alternative No. 3, should it be approved by the Commission, in order to provide more off-peak hours to ratepayers on Saturdays. This will help to reduce the burden of having on-peak hours on Saturdays.

**Table III-B
Modified Alternative No. 3**

<u>Summer Monday - Friday</u>		<u>Winter Monday - Friday</u>	
On-peak	1:00 p.m. to 8:30 p.m.	On-peak	6:00 a.m. to 9:00 a.m. and 6:00 p.m. to 9:30 p.m.
Off-peak	all others	Off-peak	all others
 <u>Summer Saturdays</u>		 <u>Winter Saturdays</u>	
On-peak	2:00 p.m. to 7:00 p.m.	On-peak	6:30 a.m. to 8:30 a.m. and 6:30 p.m. to 8:30 p.m.
Off-peak	all others	Off-peak	all others

Staff calculates that the on-peak and off-peak hours contained in Table III-A will produce approximately the same total on-peak hours as contained in Table III-B.

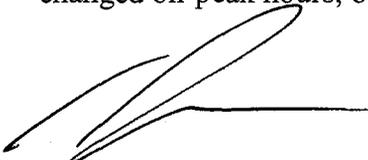
THE COMMISSION

August 21, 2009

Page 4

Staff recommends that Trico Electric Cooperative, Inc. provide notice to residential Time of Use customers of the revised rate schedule in a bill insert in a form acceptable to Staff during the next available full billing cycle in order to inform customers of the change to the service schedule.

Staff recommends that Trico Electric Cooperative, Inc. apply the terms of the revised Residential Time of Use Service Schedule R2TOU beginning with the first full billing cycle that follows the cycle in which customer notice has been provided in order to inform customers of the changed on-peak hours, off-peak hours, and rates in advance of application of the new terms.



Steven M. Olea
Director
Utilities Division

SMO:SPI:lhmkOT

ORIGINATOR: Steve Irvine

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BEFORE THE ARIZONA CORPORATION COMMISSION

- KRISTIN K. MAYES
Chairman
- GARY PIERCE
Commissioner
- PAUL NEWMAN
Commissioner
- SANDRA D. KENNEDY
Commissioner
- BOB STUMP
Commissioner

IN THE MATTER OF THE APPLICATION
 OF TRICO ELECTRIC COOPERATIVE,
 INC., AN ARIZONA NONPROFIT
 CORPORATION, FOR A PERMANENT
 RATE INCREASE, FOR A
 DETERMINATION OF THE FAIR VALUE
 OF THE CORPORATION'S ELECTRIC
 SYSTEM FOR RATEMAKING PURPOSES,
 FOR A FINDING OF A JUST AND
 REASONABLE RATE OF RETURN
 THEREON, AND FOR APPROVAL OF
 RATE SCHEDULES DESIGNED TO
 DEVELOP SUCH RETURN

DOCKET NO. E-01461A-08-0430
 DECISION NO. _____
ORDER

Open Meeting
 August 25 and 26, 2009
 Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Trico Electric Cooperative, Inc. ("Trico") is certificated to provide electric service as a public service corporation in the State of Arizona.
2. On August 15, 2008, Trico filed an application with the Arizona Corporation Commission ("Commission") an application which sought to increase Trico's overall rates, modify its Residential Time of Use ("TOU") rates, and to implement other changes.
3. Trico's Residential Time of Use rates do not presently include on-peak hours during weekends or holidays. On-peak hours in summer are from 1:00 p.m. to 9 p.m. Monday through ...

1 Friday.¹ Winter on-peak hours are from 6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m.
2 Monday through Friday.² The monthly Customer Charge is \$16.00. The Energy Charge during
3 on-peak hours is \$0.12144. The Energy Charge during off-peak hours is \$0.04144.

4 4. On August 6, 2009, the Commission issued Decision No. 71230 in regard to the
5 application.

6 5. Decision No. 71230 adopted Trico's proposed customer charges and rate design.³

7 6. The Decision directed Trico to file for Commission approval a Residential TOU
8 Tariff that results in a neutral return on the Cooperative from the TOU class and which does not
9 include on-peak times during weekends.⁴ At the Open Meeting, the Commission discussed the
10 possibility of approving a TOU tariff with an on-peak and off-peak hours schedule that could
11 include on-peak hours on Saturday, or Saturday, Sunday and holidays rather than a tariff with a
12 TOU hourly schedule that did not include weekend on-peak hours. The Commission asked that
13 Trico submit additional TOU tariffs that reflect these different TOU schedule possibilities for its
14 consideration as an alternative to approving a tariff with a TOU hourly schedule that did not
15 include weekend on-peak hours.

16 7. On August 5, 2009, Trico filed a Notice of Filing Alternative Residential Time of
17 Use Service Schedule R2-TOU Tariffs as Requested by the Arizona Corporation Commission.

18 8. Trico's filing included three alternative tariffs. These tariffs are labeled in the filing
19 as Alternative No. 1, Alternative No. 2, and Alternative No. 3.

20 9. Trico's proposed Alternative No. 1 is a TOU tariff that limits on-peak hours to
21 Monday through Friday, with no on-peak hours during weekends or holidays, as recommended by
22 the Administrative Law Judge in her Recommended Order and Opinion.

23 10. Trico's proposed Alternative No. 2 is a TOU tariff that includes on-peak hours
24 every day of the year including weekends and holidays.

25 ...

26 _____
27 ¹ Summer period is April 1 through October 31.

² Winter period is November 1 through March 31.

28 ³ ACC Decision No. 71230. August 6, 2009. Page 8, lines 19-20.

⁴ Ibid. Page 11, lines 13-14.

11. Trico's proposed Alternative No. 3 is a TOU tariff that includes on-peak hours from Monday through Saturday, but does not include on-peak hours on Sundays or holidays.

12. Each of Trico's proposed Alternatives include the same Customer charge and Energy Charge. The Customer Charge is \$19.00 per Customer per month. The On-peak Energy Charge is \$0.1932 per kWh. The Off-peak Energy Charge is \$0.0732 per kWh.

13. Staff has continued to recommend that the TOU tariff not include on-peak weekends, as on-peak weekend hours may be unduly burdensome to ratepayers, and consequently Staff supports Trico's proposed Alternative No. 1.

Table I
Alternative No. 1

<u>Summer Monday – Friday</u>		<u>Winter Monday - Friday</u>	
On-peak	1:00 p.m. to 9:00 p.m.	On-peak	6:00 a.m. to 10:00 a.m. and 6:00 p.m. to 10:00 p.m.
Off-peak	all others	Off-peak	all others

14. Should the Commission choose to approve either Trico's Alternative No. 2 or Alternative No. 3, Staff has recommended that the on-peak hours included in these alternatives be adjusted as shown in Table II-B and Table III-B respectively.

15. Trico's Alternative No. 2 includes the following on-peak and off-peak hours schedule:

Table II-A
Alternative No. 2

<u>Summer Monday - Sunday</u>		<u>Winter Monday - Sunday</u>	
On-peak	1:00 p.m. to 7:00 p.m.	On-peak	6:30 a.m. to 8:30 a.m. and 6:00 p.m. to 9:00 p.m.
Off-peak	all others	Off-peak	all others

16. Staff has recommended the following on-peak and off-peak hours schedule apply to Alternative No. 2, should it be approved by the Commission, in order to provide more off-peak hours to ratepayers during weekends and holidays. This will help to reduce the burden of having on-peak hours during weekends and holidays.

...

...

...

**Table II-B
Modified Alternative No. 2**

<u>Summer Monday - Friday</u>		<u>Winter Monday - Friday</u>	
On-peak	1:00 p.m. to 8:00 p.m.	On-peak	6:30 a.m. to 8:30 a.m. and 6:00 p.m. to 9:30 p.m.
Off-peak	all others	Off-peak	all others
<u>Summer Sat., Sun. and Holidays</u>		<u>Winter Sat., Sun. and Holidays</u>	
On-peak	2:00 p.m. to 6:00 p.m.	On-peak	6:30 a.m. to 8:00 a.m. and 7:00 p.m. to 9:00 p.m.
Off-peak	all others	Off-peak	all others

17. Staff calculates that the on-peak and off-peak hours contained in Table II-B will produce approximately the same total on-peak hours as contained in Table II-A.

18. Trico's Alternative No. 3 includes the following on-peak and off-peak hours schedule:

**Table III
Alternative No. 3**

<u>Summer Monday - Saturday</u>		<u>Winter Monday - Saturday</u>	
On-peak	1:00 p.m. to 8:00 p.m.	On-peak	6:00 a.m. to 9:00 a.m. and 6:00 p.m. to 9:00 p.m.
Off-peak	all others	Off-peak	all others

19. Staff has recommended the following on-peak and off-peak hours schedule apply to Alternative No. 3, should it be approved by the Commission, in order to provide more off-peak hours to ratepayers on Saturdays. This will help to reduce the burden of having on-peak hours on Saturdays.

**Table III-B
Modified Alternative No. 3**

<u>Summer Monday - Friday</u>		<u>Winter Monday - Friday</u>	
On-peak	1:00 p.m. to 8:30 p.m.	On-peak	6:00 a.m. to 9:00 a.m. and 6:00 p.m. to 9:30 p.m.
Off-peak	all others	Off-peak	all others
<u>Summer Saturdays</u>		<u>Winter Saturdays</u>	
On-peak	2:00 p.m. to 7:00 p.m.	On-peak	6:30 a.m. to 8:30 a.m. and 6:30 p.m. to 8:30 p.m.
Off-peak	all others	Off-peak	all others

20. Staff calculates that the on-peak and off-peak hours contained in Table III-A will produce approximately the same total on-peak hours as contained in Table III-B.

...

1 IT IS FURTHER ORDERED Trico Electric Cooperative, Inc. file with Docket Control, as
2 a compliance item in this matter, tariff pages consistent with the terms of this Decision within 15
3 days from the effective date of this Decision.

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

5
6 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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9 CHAIRMAN

COMMISSIONER

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11 COMMISSIONER

COMMISSIONER

COMMISSIONER

12
13 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
14 Executive Director of the Arizona Corporation Commission,
15 have hereunto, set my hand and caused the official seal of
16 this Commission to be affixed at the Capitol, in the City of
17 Phoenix, this _____ day of _____, 2009.

18
19 _____
20 ERNEST G. JOHNSON
21 EXECUTIVE DIRECTOR

22 DISSENT: _____

23 DISSENT: _____

24 SMO:SPI:lm\KOT

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1 SERVICE LIST FOR: Trico Electric Cooperative, Inc.
2 DOCKET NO. E-01461A-08-0430

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