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ARIZONA CORPORATION COMMISSION  
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Arizona Corporation Commission  
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IN THE MATTER OF THE APPLICATION OF THE  
ARIZONA ELECTRIC POWER COOPERATIVE,  
INC. FOR A HEARING TO DETERMINE THE  
FAIR VALUE OF ITS PROPERTY FOR  
RATEMAKING PURPOSES, TO FIX A JUST AND  
REASONABLE RETURN THEREON AND TO  
APPROVE RATES DESIGNED TO DEVELOP  
SUCH RETURN

Docket No. E-01773A-09-0472

**AEPCO'S MOTION TO  
CONTINUE ITS FUEL AND  
PURCHASED POWER COST  
ADJUSTOR UNTIL  
COMMISSION RATE DECISION**

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The Arizona Electric Power Cooperative, Inc. ("AEPCO" or the "Cooperative") requests that the Commission authorize continuation of AEPCO's Fuel and Purchased Power Cost Adjustor ("FPPCA") pending the Commission's action on FPPCA matters in this rate case.

The Commission authorized AEPCO's FPPCA in the Cooperative's last rate case. (Decision No. 68071, dated August 17, 2005.) On August 31, 2005, AEPCO filed an amended tariff which incorporated the Commission-approved FPPCA and became effective on September 1, 2005. Under the terms of the Decision, however, the FPPCA will expire on August 31, 2010 "unless extended by the Commission." (Decision No. 68071, ¶35(a).)

The primary purpose of the FPPCA is to address purchased power and fuel cost volatility between full rate proceedings. In approving the current adjustor, the Commission acknowledged the twin benefits of allowing timely recovery of increases in costs, as well as the timely refund of any decreases. (Decision No. 68071, ¶36.) Over the past several years, AEPCO's clause has functioned well in both areas.

1 The FPPCA was instrumental in addressing the extraordinary fuel cost increases after  
2 Hurricane Katrina and, more recently, has also facilitated timely return of over-collected  
3 balances to Cooperative members. In 2008, the Commission approved a slight adjustment to  
4 AEPCO's FPPCA and again confirmed the benefits of keeping the adjustor in place. (Decision  
5 No. 70354, dated May 16, 2008.<sup>1</sup>)

6 In this rate case, AEPCO has requested that its FPPCA be continued. (Direct Testimony  
7 of Dirk Minson, p. 10.) Messrs. Pierson and Goble discuss in their direct testimonies certain  
8 clause modifications to address cost allocation issues between AEPCO's all-requirements and  
9 partial-requirements members which have been agreed to by the members. (Pierson Direct,  
10 pp. 14-15; Goble Direct, pp. 22-23.) Extending the clause as requested will allow the parties  
11 time to discuss these matters and the Administrative Law Judge and the Commission time to  
12 consider and decide them.

13 In light of the foregoing, AEPCO requests that the Commission extend the Cooperative's  
14 FPPCA pending its decision on these and other issues in this rate case.

15 RESPECTFULLY SUBMITTED this 29<sup>th</sup> day of March, 2010.

16 GALLAGHER & KENNEDY, P.A.

17  
18 By 

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23 Attorneys for Arizona Electric Power  
24 Cooperative, Inc.

<sup>1</sup> The Commission also has recently approved continuation or initiation of adjustor clauses for several other utilities. See, for example, Decision No. 71448, dated December 30, 2009 (approving APS settlement agreement which continued the Fuel and Power Supply Adjustment Provision) and Decision No. 70628, dated December 1, 2008 (approving the TEP settlement agreement which authorized a Purchased Power and Fuel Adjustment Clause).

1 **Original and 13 copies** filed  
this 29<sup>th</sup> day of March, 2010, with:

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6 **Copies** of the foregoing delivered  
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