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NEW APPLICATION

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AZ CORPORATION COMMISSION

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Attorneys for BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

DEC 11 1997

JAMES M. IRVIN
Chairman/Commissioner
RENZ D. JENNINGS,
Commissioner
CARL J. KUNASEK,
Commissioner

DOCKETED BY *Paul*

~~E-01750A-97-0701~~

DOCKET NO. ~~U-0000-94-166~~

~~E-1787-97~~

IN THE MATTER OF THE COMPETITION)
IN THE PROVISION OF ELECTRIC SERVICES)
THROUGHOUT THE STATE OF ARIZONA)

APPLICATION OF MOHAVE
ELECTRIC COOPERATIVE, INC.

Pursuant to Arizona Administrative Code (A.A.C.) R14-2-1615.C, Mohave Electric Cooperative, Inc., an Arizona corporation organized under the Rural Electric Cooperative laws of Arizona ("Mohave"), makes this Application to the Arizona Corporation Commission ("Commission") for an extension of time from December 31, 1997 to March 31, 1998, within which to file its Unbundled Service Tariffs with the Commission as required by the Commission's Rule on Competition. Mohave, in support of its Application, states as follows:

- Mohave is an Arizona rural electric corporation supplying electric service to consumers in the portions of Mohave, Coconino and Yavapai Counties, Arizona, pursuant to Certificates of Convenience and Necessity to Mohave by the Commission in Arizona. Mohave is an "Affected Utility" as defined in A.A.C. R14-2-1601.1.
- Pursuant to A.A.C. R14-2-1606.C, Mohave is required to file by December 31, 1997, Unbundled Service Tariffs pertaining to various electric services

1 provided by Mohave. A.A.C. R14-2-1615.C., however, provides that Affected Utilities may
2 seek variances from the terms of A.A.C., Title 14, Chapter 2, Article 16, Retail Electric
3 Competition Rules ("Rules").

4 3. For the reasons set forth below, Mohave requests that it be given until
5 March 31, 1998 to submit such Unbundled Service Tariffs.

6 4. The reasons supporting this Application and why the public interest will
7 be served by granting this Application are as follows:

8 A. Mohave is a member-owned, non-profit electric utility.
9 Shortly after the Rules were adopted on December 26, 1996, Arizona's electric cooperatives,
10 including Mohave, began working in conjunction with one of its major lender's, the National
11 Rural Utilities Cooperative Finance Corporation ("CFC"), to develop a standard cost model
12 which would allow the accurate design of unbundled rates. Most of the basic work on this
13 model has been completed. Mohave retained Resource Management International ("RMI") to
14 complete the work. The work requires customizing the computer models and programs to fit
15 the specific circumstances of Mohave. RMI advises that additional refinements are required
16 before the standard cost model can be applied specifically to Mohave. The extension will allow
17 this work to be completed by RMI to better insure that distribution and other costs as well as
18 the financial requirements of Mohave's lenders, the United States of America through the
19 Rural Utilities Service and CFC, Times Interest Earned ("TIER") and Debt Service Coverage
20 ("DSC"), are appropriately assigned and recovered.

21 B. In September, the cooperatives and CFC met to discuss this
22 unbundling project with the Commission Staff. Based on that meeting, additional work in
23 relation to the model is being performed by RMI and the extension of time requested should
24 facilitate Staff and Commission review of the Mohave Unbundled Service Tariffs once filed.

25 C. A.A.C. R14-2-1606.G.2. requires that the rates set forth in the
26

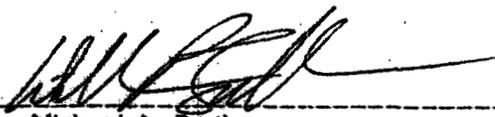
1 Unbundled Service Tariffs shall reflect the costs of providing the services. To this point,
2 calendar 1996 data has been used in relation to the cooperatives' Unbundled Service Tariffs
3 project. To be fair and equitable to the customer-owners of Mohave, because the tariffs will
4 not take effect until, at the earliest, January 1, 1999, this unbundled cost data should be as
5 current as reasonably practicable. The most recent calendar year is the best data. By March
6 31, 1998, RMI advises Mohave will be able to use data as current as December 31, 1997 to
7 support the costs underlying the tariffs, thus greatly improving the cost data of the model and
8 its use and relevance.

9 D. Inasmuch as competitive rates will not become effective until
10 January 1, 1999, a three (3) month delay in filing the tariffs will provide no detriment to
11 the Staff or the Commission. The additional three (3) months will enable Mohave and RMI to
12 provide tariffs which will be based upon much more accurate information and a more cost
13 reflective basis that will be in the best interests of the portion of the public that will be
14 affected by such tariffs.

15 WHEREFORE, having full stated its Application, Mohave respectfully requests
16 the Commission enter such orders of postponement or waiver as the Commission believes
17 appropriate authorizing the filing of Unbundled Service Tariffs by Mohave on or before March
18 31, 1998.

19 RESPECTFULLY SUBMITTED this 11th day of December, 1997.

20 MARTINEZ & CURTIS, P.C.

21
22 By 

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One (1) ORIGINAL and 10 Copies Filed
this 11th day of December, 1997 with:

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

Copies to:

Legal Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Director - Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

COPIES of the foregoing mailed
this 11th day of December, 1997 to:

All persons on the Hearing Division's mailing
list for Docket No. U-0000-94-165