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ORIGINAL

Dixie
Escalante



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AZ CORP COMMISSION DOCKET CONTROL
The Power of Friendly Service

September 26, 2011

Arizona Corporation Commission
DOCKETED

SEP 29 2011

Docket Control
Arizona Corporation Commission
1200 W Washington St
Phoenix AZ 85007

DOCKETED BY 

Docket No. **E-02044A-10-0505**
Decision No. **72445**

Re: Update of Avoided Costs for Dixie Escalante Rural Electric Association, Inc. ("Dixie Escalante")

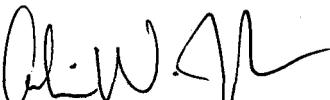
Dear Sir or Madam:

In Dixie Escalante's Net Metering Service Tariff (Schedule No. NM,) compliant with Commission Decision No. 72445, the Avoided Costs are set at \$0.0162/kWh, which is based on a wholesale rate of \$0.015/kWh (see attached Rate Schedule A from Deseret Power,) plus 8% for losses through the transmission, substation, and distribution system. For the calendar year of 2011, the attached Rate Schedule A has not changed; therefore the avoided costs will remain at \$0.0162/kWh for credits made in January 2012 for remaining excess kWh.

If Staff has questions concerning the updated avoided energy costs, please contact Colin Jack at (435) 673-3297 or colinj@dixiepower.com.

Sincerely,

DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION, INC.


Colin W. Jack, PE
Chief Operating Officer

ENCLOSURES: Original and 13 copies
Copy: Compliance Section, Arizona Corporation Commission

DESERET GENERATION & TRANSMISSION CO-OPERATIVE

WHOLESALE RATE SCHEDULE "A"

EFFECTIVE 4/1/96

APPLICABLE FOR RESALE SERVICES TO MEMBER SYSTEMS

A. Availability:

Service under this Wholesale Rate Schedule "A" will be available to a Member only to the extent that and only for so long as that Member (i) purchases its electric capacity and energy requirements from Deseret pursuant to an amended all-requirements contract approved by Deseret; (ii) integrates all of the Member's Resources for scheduling and ratemaking purposes, pursuant to an approved Resource Integration Agreement; and (iii) participates as a lender/creditor in purchasing a portion of Deseret's indebtedness to the RUS in connection with Deseret's 1996 debt restructuring, at a level approved by Deseret's Board of Trustees.

B. Character of Service:

Firm electric power at three phase, sixty hertz, alternating current at any point of interconnection where there are facilities for service at 138,000 volts or higher, as set forth in the Member's wholesale power contract with Deseret, as amended from time to time. Service per said contracts, at any point of interconnection at 44,000 to 69,000 volts, will be provided pursuant to the excess facilities charge as described in Section K.

C. Rates:

1. Facilities Charge (annual):

Bridger Valley Electric Assn.	\$ 1,100,000.00
Dixie Escalante Rural Electric	\$ 425,000.00
Flowell Electric Assn.	\$ 225,000.00
Garkane Power Assn.	\$ 325,000.00
Moon Lake Electric Assn.	\$ 2,400,000.00
Mt. Wheeler Power	\$ 1,100,000.00
Total	\$ 5,575,000.00

The annual Facilities Charge shall be prorated monthly based on the Member's previous three year average monthly energy requirements.

If a Member's energy purchases under this tariff in any calendar year are at least 10% less than the Energy Base

for that Member reflected in Exhibit A (as it may have been previously adjusted), that Member's Facilities Charge for the following year will be reduced by an amount equal to the reduction in energy purchases divided by the Energy Base multiplied by the Facilities Charge, as illustrated in Exhibit A.

If a Member's Facilities Charge is reduced in accordance with the previous paragraph, that Member's Facilities Charge will be increased if the Member's energy purchases under this tariff in any subsequent calendar year are at least 10% more than that Member's Energy Base (as previously adjusted), by an amount equal to the Facilities Charge multiplied by the increase in energy purchases divided by the adjusted Energy Base (but not in excess of the amount specified above for that Member in this Section C.1), in a manner similar to that illustrated in Exhibit A.

An adjusted Energy Base will be established for a Member each time an adjustment is made to the Facilities Charge, in a manner similar to that illustrated in Exhibit A.

2. Meter Reading and Billing Charge:

This charge is determined monthly by multiplying the number of wholesale power contract points of delivery by \$300.00:

Bridger Valley Electric Assn.	\$ 900.00
Dixie Escalante Rural Electric	\$ 900.00
Flowell Electric Assn.	\$ 300.00
Garkane Power Assn.	\$ 600.00
Moon Lake Electric Assn.	\$ 1200.00
Mt. Wheeler Power	<u>\$ 300.00</u>
Total	\$ 4200.00/month

3. Demand Rate: \$6.518/kw-month of Billing Demand.

4. Energy Rate: \$0.0150/kwh of Billing Energy.

D. Minimum Bill:

The monthly minimum bill will be the Facilities Charge and Meter Reading and Billing Charge as described in Sections C.1 and C.2.

E. Billing Demand:

Billing Demand in kilowatts is the individual Member's 60-minute demand contribution to the Deseret system peak load. The Deseret system peak load is defined as the maximum monthly sum of the coincident 60-minute Member demands including loads billed under Negotiated Contract Rates and loads of Members served under Wholesale Rate Schedule B. For billing purposes, the Member's 60-minute demand contribution shall exclude the demand of loads served under Negotiated Contract Rates measured at the time of the Deseret system peak. Measurements shall be made at Deseret's points of interconnection and Member's resource interconnections. In the absence of adequate measurement, Billing Demand shall be based on the best estimate available and shall be agreed to by the Member and Deseret.

F. Billing Energy:

Billing Energy is all energy in kilowatt-hours delivered to Member from all resources, as adjusted for loads served under Negotiated Contract Rates. Measurements shall be made at or adjusted to Deseret's points of interconnection and Member's resource interconnections. In the absence of adequate measurement, Billing Energy shall be based on the best estimate available and shall be agreed to by the Member and Deseret.

G. Negotiated Contracts:

Any new load with a demand of more than 2.5 Mw shall be served under a Negotiated Contract. The rates and terms of such contracts will be negotiated between Deseret and the Member on a case-by-case basis.

Deseret may make available Negotiated Contracts to enable a Member to serve at-risk loads that Deseret determines to be economically beneficial that may be lost unless a Negotiated Contract rate is made available. The rates and terms of such contracts will be negotiated between Deseret and the Member on a case-by-case basis.

A Member's Energy Base and Facilities Charge shall be adjusted (consistent with the adjustment procedure reflected in Exhibit A) if and for so long as a load that was included in the Member's Energy Base (as it may have been adjusted) is served under Negotiated Contract Rates. Loads served under Negotiated Contracts shall not be included in the calculation of any adjustment in the Facilities Charge under Section C.1 based upon a reduction in energy purchases.

H. Power Factor:

The rates above are based on the Member maintaining at all times a power factor of 90% (lagging) or higher as determined by measurement. Should the power factor, as metered at the points of interconnection, not be maintained within such limits, Deseret shall notify the Member and request that the power factor be corrected. If the Member has not begun corrective action at the end of 90 days, corrective action may be taken and the Member shall be obligated to compensate Deseret for all sums expended.

I. Excess Facilities Charge:

Whenever a Member's wholesale power contract with Deseret provides for supply of electricity in a manner which will require service at a voltage level below 138 kV, such facilities will be provided pursuant to a monthly excess facilities charge based on the cost to Deseret for such facilities.

J. Payment Terms:

1. When Bills are Payable

On or before the twentieth (20th) day of each month, Deseret shall render to each Member a monthly billing statement for charges for services furnished during the previous month determined in accordance with this Rate Schedule. All bills are due and payable no later than the fifth day after the end of the month in which the invoice was prepared.

If all or a portion of a monthly billing statement is disputed, payment shall be made in full. Deseret shall reimburse any amount determined to have been correctly disputed, with a simple interest charge thereon equal to one percent (1%) per month on the reimbursed amount, pro-rated by days, until such amount owed, including interest, is paid in full.

2. Late Payment Charge

A monthly late payment charge will be added by Deseret when payments are not received within five (5) days after the end of the month in which the invoice is mailed to the Member. In the event the Bills are not rendered by the twentieth (20th) day of the month the final due date shall be fifteen (15) days after the date on which the bill is issued. If the scheduled payment date falls on other than a business day, the payment is due on the next

normal business day. The late payment charge for each day beyond the final due date shall be computed as the simple interest on the unpaid balance at a rate of 1 percent per month, pro-rated by days. The late payment charge will be added to the billing amount for the next month. Payments will be credited against the most delinquent charges.

K. General Terms and Conditions:

1. Service under this Schedule will be in accordance with the terms of the wholesale power contract between the Member and Deseret. Electric service regulations of Deseret on file with and approved by the Rural Utilities Services ("RUS") or other regulatory authority having proper jurisdiction, will be considered as forming a part of and incorporated in said wholesale power contract.
2. The rates specified in this Wholesale Rate Schedule A may be revised periodically by Deseret's Board of Trustees to reflect changes in Deseret's production costs, exclusive of debt service costs. The rates specified in this Wholesale Rate Schedule A shall be revised periodically by Deseret's Board of Trustees to reflect changes in costs of Member Resources. Member Resource costs will be based upon budget projections as approved by Deseret's Board of Trustees. Any rate changes will be subject to approval by any regulatory authority having proper jurisdiction.

Exhibit A
[Energy Base and Facilities Charge Adjustments]

The initial Energy Base for each Member is as follows:

	<u>Energy Base*</u>
Bridger Valley Electric Assn.	86,650,671
Dixie Escalante Rural Electric	126,765,291
Flowell Electric Assn.	19,307,971
Garkane Power Assn.	115,756,010
Moon Lake Electric Assn.	192,397,096
Mt. Wheeler Power	<u>151,533,776</u>
Total	692,410,815

*Adjusted August 1995 Test Year energy purchases in kWh, excluding loads currently served under Negotiated Contracts.

A Member's Energy Base and Facilities Charge will be adjusted pursuant to Section C.1 for any year in which energy purchases increase or decrease by at least 10% over the Energy Base. The Facilities Charge adjustment will be equal to the amount of loss or gain in annual energy purchases (in kWh) divided by the Energy Base times the Facilities Charge. An appropriate adjustment will be made to the Energy Base each time an adjustment is made to the Facilities Charge.

For purposes of illustration, if Moon Lake's purchases were to decrease by 20,000,000 kWh, the following adjustments would be made:

The Facilities Charge adjustment would be $(20,000,000 \text{ kWh} / 192,397,096) \times 2,400,000 = \underline{\$249,484}$. The Facilities Charge would thus be reduced from \$2,400,000 to \$2,150,516. The adjusted Energy Base would be 172,397,096 kWh (192,397,096 kWh - 20,000,000 kWh).