

GALLAGHER & KENNEDY

P.A.

ATTORNEYS AT LAW

MICHAEL M. GRANT
DIRECT DIAL: (602) 530-8291
E-MAIL: MMG@GKNET.COM



0000130737

RECEIVED

2011 OCT 26 P 4:42

AZ CORP COMMISSION
DOCKET CONTROL

2575 EAST CAMELBACK ROAD
PHOENIX, ARIZONA 85016-9225
PHONE: (602) 530-8000
FAX: (602) 530-8500
WWW.GKNET.COM

ORIGINAL

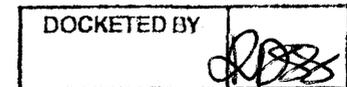
October 26, 2011

Arizona Corporation Commission
DOCKETED

OCT 26 2011

HAND DELIVERED

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



Re: *Notice of Errata Concerning AEPCO's September 1, 2011 Request for Review of PPFAC Efficacy and Approval of Alternate Adjustor Rates ("Efficacy Filing"); Docket No. E-01773A-09-0472*

Dear Sir or Madam:

On September 1, 2011, AEPCO made its Efficacy Filing, which requested that the Commission enter its Order approving the revised adjustors in the CARM Tariff and the PRM Schedule which were attached to the filing.

In relation to the CARM tariff, AEPCO has discovered typographical errors in the BF entry under the Base Resources Adjustor Rate at page 3 (\$0.03361 should instead read \$0.03513) and in the OF entry under the Other Resources Adjustor Rate at page 4 (\$0.07941 should instead read \$0.07188).

Similarly, in relation to the PRM Schedule, at page 3, the Base Resources Fuel Base or BFB should read \$0.03454 instead of \$0.03330 for MEC; \$0.03449 instead of \$0.03337 for SSVEC; and \$0.03431 instead of \$0.03336 for Trico and at page 4, the Other Resources Fuel Base or OFB should read \$0.06191 instead of \$0.06971 for MEC; \$0.06449 instead of \$0.07241 for SSVEC; and \$0.08274 instead of \$0.09084 for Trico.

Docket Control
October 26, 2011
Page 2

For convenience, a revised CARM tariff and PRM schedule with the correct values are attached hereto and should be substituted for the tariff and schedule attached to the Efficacy Filing. We apologize for the error.

Very truly yours,

GALLAGHER & KENNEDY, P.A.



By:

Michael M. Grant

MMG/plp
10421-59/2887730
Attachments

cc (delivered): Terri Ford, Utilities Division
Barbara Keene, Utilities Division
Bentley Erdwurm, Utilities Division
Janet Wagner, Legal Division
Maureen Scott, Legal Division

cc (mailed and/or emailed): William Sullivan, Attorneys for MEC
Michael Patten, Attorneys for Trico
Christopher Hitchcock, Attorneys for SSVEC
Steve Lines, Graham County Electric Cooperative
Mike Pearce, Duncan Valley Electric Cooperative
Gloria Britton, Anza Electric Cooperative

Original and 13 copies filed with Docket
Control this 26th day of October, 2011.

ARIZONA ELECTRIC POWER COOPERATIVE, INC.

TARIFF

PERMANENT

Effective Date: October 1, 2011

AVAILABILITY

Available to all cooperative associations which are or shall be collective all-requirements Class A members ("CARM") of the Arizona Electric Power Cooperative, Inc. ("AEPSCO").

MONTHLY RATE (BILLING PERIOD)

Electric power and energy furnished under this Tariff will be subject to the rates set forth in the attached Exhibit A and the terms set forth herein in addition to any applicable terms set forth in the Member's Wholesale Power Contract.

Billing Month – The first calendar month preceding the month the bill is rendered.

Demand Overrun Adjustment – If, in any hour, the CARM's metered load exceeds its Allocated Capacity, then AEPSCO shall compute a Demand Overrun Adjustment for the CARM and each Member shall be charged a portion of such Demand Overrun Adjustment in proportion to that Member's demand ratio share. Such Demand Overrun Adjustment shall equal the product of the CARM's Fixed Charge multiplied by the demand overrun adjustment factor. The demand overrun adjustment factor shall be any non-negative number determined from the following formula:

$$\text{doaf} = ((\text{mbdkW}) / \text{AC}) - 1$$

Where:

doaf = Demand Overrun Adjustment Factor,
mbdkW = Metered kW of CARM, and
AC = Allocated Capacity of CARM, in kW.

In addition, Member shall pay for the energy associated with the Demand Overrun Adjustment at the then-applicable Other Resources Energy Rate.

Power Factor – Each Member shall maintain Power Factor at the time of maximum demand as close to unity as possible. If the Power Factor of Member measured at the aggregated Member's Delivery Point(s) at the time of Member peak demand is outside a bandwidth of 95% leading to 95% lagging, a Power Factor Adjustment shall be separately charged to the Member. The Power Factor Adjustment shall be the product of the Member's power factor adjustment (as set forth

below) multiplied by the quotient of the Member's demand ratio share of the CARM O&M Charge divided by the sum of the CARM's 12-month rolling average demand. The power factor adjustment shall be any non-negative number determined from the following formula:

$$pfakW = ((mkW / mpf)(bpf)) - mkW$$

Where:

pfakW = power factor adjustment in kW,
mkW = Member Metered kW,
mpf = measured power factor at the time of Member peak demand, and
bpf = 0.95.

The provisions of the power factor adjustment may be waived if power factor is detrimentally impacted as a direct result of system improvements or a change in operational procedure by AEPCO to reduce transmission losses and/or improve system reliability.

Capacity and Energy Below Allocated Capacity – If CARM is utilizing a Future Resource, Supplemental Purchase or S&G PPA in any hour to serve Native Load and CARM fails to take its required share of Minimum Base Capacity or Minimum Other Capacity, CARM shall pay a charge as set forth in Section 2.4 of Rate Schedule A to the Member's Wholesale Power Contract.

Taxes – Bills rendered are subject to adjustment for all federal, state and local government taxes or levies, including any taxes or levies imposed as a carbon tax or "cap and trade" or other carbon assessments system imposed on electricity sales or electricity production and any assessments that are or may be imposed by federal or state regulatory agencies on electric utility gross revenues.

Transmission and Ancillary Service Charges – Each Class A member shall also be billed by AEPCO for charges AEPCO incurs for the transmission of power and energy to the Class A member's delivery point(s). Such charges will be assessed to the Class A member at the rates actually charged AEPCO by the transmission provider and others for transmission service and the provision of ancillary services.

Power Cost Adjustor Rates

"Base Resources" are defined as (1) AEPCO's Steam Turbine Units 2 and 3, (2) power purchased under contract from the Western Area Power Administration and (3) economy purchases displacing base resources generation.

"Other Resources" are defined as (1) AEPCO's generation units other than Steam Turbine Units 2 and 3, (2) power purchased under contracts which serve the combined scheduled loads of AEPCO's Class A members plus power purchased under contract and economy energy purchases (other than economy purchases displacing base resources generation) made for the purpose of meeting the scheduled load requirements of all Class A members and (3) power purchased under contracts or resources which have been acquired to serve Class A Member load and which the Member has expressly agreed to in a participation agreement.

The monthly bill computed under this Tariff shall, using the procedures stated herein, be increased or decreased by an amount equal to the result of multiplying the kWh derived from each resource type by the applicable Power Cost Adjustor Rate for Base Resources and Other Resources where:

Base Resources Adjustor Rate

$$BF = (BPC + BBA) - \$0.03513$$

BF = Base Resources Power Cost Adjustor Rate in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BPC = The Commission-allowed pro forma fuel costs of Base Resources generation, the purchased power costs of Base Resources and wheeling costs associated with Base Resources in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BBA = The "Base Resources Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over- or under-collected in the past from Base Resources. The BBA component is determined by dividing the over-collected or under-collected bank balance dollars by six months of Base Resources kWh energy sales.

Allowable Base Resources fuel, purchased power and wheeling costs include:

- A. The costs of fossil fuel and natural gas consumed in AEPCO's Steam Generating Units 2 and 3 as recorded in RUS Account 501, plus
- B. The actual costs associated with Base Resources power purchased for reasons other than identified in paragraph (C) below as recorded in RUS Account 555, plus
- C. The cost of energy purchased when such energy is purchased on an economic dispatch basis to substitute for higher cost Base Resources energy as recorded in RUS Account 555, plus
- D. The firm and non-firm wheeling expenses associated with the delivery of Base Resources energy as recorded in RUS Account 565, excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to the collective all-requirements Class A members, less
- E. The demand and energy costs recovered through non-tariff contractual firm sales of Base Resources power and energy as recorded in RUS Account 447, less

- F. The demand and energy costs recovered through inter-system economy energy and/or intra-system resource transfer sales of Base Resources power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

Other Resources Adjustor Rate

OF = (OPC + OBA) - \$0.07188

OF = Other Resources Power Cost Adjustor Rate in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OPC = The Commission-allowed pro forma fuel costs of Other Resources generation, Other Resources purchased power and wheeling costs associated with Other Resources in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OBA = The "Other Resources Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over- or under-collected in the past from Other Resources. The OBA component is determined by dividing the over-collected or under-collected bank balance dollars by six months of Other Resources kWh energy sales.

Allowable Other Resources fuel, purchased power and wheeling costs include:

- A. The costs of fossil fuel and natural gas consumed in AEPCO's Steam Generating Units 1, 4, 5 and 6 as recorded in RUS Accounts 501 and 547, plus
- B. The actual costs associated with Other Resources purchased power for reasons other than identified in paragraph (C) below as recorded in RUS Account 555, plus
- C. The cost of Other Resources energy purchased when such energy is purchased on an economic dispatch basis. Included therein are such costs as those charged for economy energy purchases and the charges resulting from a scheduled outage of Other Resources generation units. All such kinds of Other Resources energy being purchased by AEPCO to substitute for its own higher cost Other Resources energy as recorded in RUS Account 555, plus
- D. The firm and non-firm wheeling expenses associated with the delivery of Other Resources energy as recorded in RUS Account 565, excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to the collective all-requirements Class A members, less
- E. The demand and energy costs recovered through non-tariff contractual firm sales of Other Resources power and energy as recorded in RUS Account 447, less

- F. The demand and energy costs recovered through inter-system economy energy and/or intra-system resource transfer sales of Other Resources power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

On a calendar semi-annual basis, AEPCO shall compute the Power Cost Adjustor Rates as specified herein based upon a rolling 12-month average of allowable fuel, purchased power and wheeling costs for the BPC and the OPC plus the bank balance amortization component for the BBA and OBA. AEPCO shall initially file by September 1, 2011 and thereafter on March 1 or September 1 of the month preceding the effective date of the revised Power Cost Adjustor Rates (i.e., April 1 or October 1): (1) calculations supporting the revised Adjustor Rates with the Director, Utilities Division, and (2) a Tariff reflecting the revised Adjustor Rates with the Commission which shall be effective for billings after the first day of the following month and which shall continue in effect until revised pursuant to the procedures specified herein.

EXHIBIT A

Effective Date	January 1, 2011*
Collective All-Requirements Members:	
Total Fixed Charge/Month	\$238,793**
Total O&M Charge/Month	\$414,019**
Base Resources Energy Rate – \$/kWh	\$0.03156
Other Resources Energy Rate – \$/kWh	\$0.06170

Base Resources Power Cost Adjustor Rate – \$/kWh \$0.00622***
Other Resources Power Cost Adjustor Rate – \$/kWh (\$0.05026)***

- * Rates are effective for service provided on and after this date.
- ** The Total Fixed Charge and the Total O&M Charge will be apportioned among the CARMs and allocated to each CARM based upon each CARM's monthly Demand Ratio Share. The Demand Ratio Share will be calculated each month as the percentage of each CARM's 12-month rolling average demand to the total of the CARMs' 12-month rolling average demand.
- *** Effective October 1, 2011 and determined and revised as set forth in the Tariff.

Arizona Electric Power Cooperative, Inc.

Partial-Requirements Schedule Rates and Fixed Charge (Effective October 1, 2011)

Service provided to Mohave Electric Cooperative, Inc. ("MEC"), Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") and Trico Electric Cooperative, Inc. ("Trico") by the Arizona Electric Power Cooperative, Inc. ("AEPSCO") under the Partial Requirements Capacity and Energy Agreements shall be at the rates set forth in the attached Exhibit A and subject to the terms set forth herein in addition to any applicable terms set forth in the Members' Partial Requirements Capacity and Energy Agreement.

Billing Month – The first calendar month preceding the month the bill is rendered.

Demand Overrun Adjustment – If, in any hour, (i) Member's scheduled load (if Member is not in AEPSCO's Control Area) or (ii) Member's metered load less capacity obtained from sources outside the Dispatch Pool (if Member is in AEPSCO's Control Area) exceeds its Allocated Capacity, then Member shall be charged a Demand Overrun Adjustment. Such Demand Overrun Adjustment shall equal the product of Member's Fixed Charge multiplied by the demand overrun adjustment factor. The demand overrun adjustment factor shall be any non-negative number determined from the following formula:

$$\text{doaf} = ((\text{mbdkW}) / \text{AC}) - 1$$

Where:

- doaf = Demand Overrun Adjustment Factor,
- mbdkW = Member Schedule in kW or Metered kW less capacity from sources outside the Dispatch Pool, as applicable, and
- AC = Allocated Capacity of Member, in kW.

In addition, Member shall pay for the energy associated with the Demand Overrun Adjustment at the then-applicable Other Resources Energy Rate.

Power Factor – Each Member shall maintain Power Factor at the time of maximum demand as close to unity as possible. If the Power Factor of Member measured at the aggregated Member's Delivery Point(s) at the time of Member's peak demand is outside a bandwidth of 95% leading to 95% lagging, a Power Factor Adjustment shall be separately charged to the Member. The Power Factor Adjustment shall be the product of the Member's power factor adjustment (as set forth below) multiplied by the quotient of the Member's O&M Charge divided by the sum of the Member's 12-month rolling average demand. The power factor adjustment kW shall be any non-negative number determined from the following formula:

$$pfakW = ((mkW / mpf)(bpf)) - mkW$$

Where:

- pfakW = power factor adjustment in kW,
- mkW = Member Metered kW,
- mpf = measured power factor at the time of Member peak demand, and
- bpf = 0.95.

The provisions of the power factor adjustment may be waived if power factor is detrimentally impacted as a direct result of system improvements or a change in operational procedure by AEPCO to reduce transmission losses and/or improve system reliability.

Taxes – Bills rendered are subject to adjustment for all federal, state and local government taxes or levies, including any taxes or levies imposed as a carbon tax or “cap and trade” or other carbon assessments system imposed on electricity sales or electricity production and any assessments that are or may be imposed by federal or state regulatory agencies on electric utility gross revenues.

Power Cost Adjustor Rates

“Base Resources” are defined as (1) AEPCO’s Steam Turbine Units 2 and 3, (2) power purchased under contract from the Western Area Power Administration and (3) economy purchases displacing base resources generation.

“Other Resources” are defined as (1) AEPCO’s generation units other than Steam Turbine Units 2 and 3, (2) power purchased under contracts which serve the combined scheduled loads of AEPCO’s Class A members plus power purchased under contract and economy energy purchases (other than economy purchases displacing base resources generation) made for the purpose of meeting the scheduled load requirements of all Class A members and (3) power purchased under contracts or resources which have been acquired to serve Class A Member load and which the Member has expressly agreed to in a participation agreement.

The monthly bill computed under this Tariff shall, using the procedures stated herein, be increased or decreased by an amount equal to the result of multiplying the kWh derived from each resource type by the applicable Power Cost Adjustor Rate for Base Resources and Other Resources where:

Base Resources Adjustor Rate

$$BF = (BPC + BBA) - BFB$$

BF = Base Resources Power Cost Adjustor Rate in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BPC = The Commission-allowed pro forma fuel costs of Base Resources generation, purchased power costs of Base Resources and wheeling costs associated with Base Resources in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BBA = The "Base Resources Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over- or under-collected in the past from Base Resources. The BBA component is determined by dividing the over-collected or under-collected bank balance dollars by six months of Base Resources kWh energy sales.

BFB = The Base Resources Fuel Base or BFB is \$0.03454 for MEC, \$0.03449 for SSVEC and \$0.03431 for Trico.

Allowable Base Resources fuel, purchased power and wheeling costs include:

- A. The costs of fossil fuel and natural gas consumed in AEPCO's Steam Generating Units 2 and 3 as recorded in RUS Account 501, plus
- B. The actual costs associated with Base Resources power purchased for reasons other than identified in paragraph (C) below as recorded in RUS Account 555, plus
- C. The cost of energy purchased when such energy is purchased on an economic dispatch basis to substitute for higher cost Base Resources energy as recorded in RUS Account 555, plus
- D. The firm and non-firm wheeling expenses associated with the delivery of Base Resources energy as recorded in RUS Account 565, excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to the all-requirements Class A members, less
- E. The demand and energy costs recovered through non-tariff contractual firm sales of Base Resources power and energy as recorded in RUS Account 447, and less
- F. The demand and energy costs recovered through inter-system economy energy and/or intra-system resource transfer sales of Base Resources power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

Other Resources Adjustor Rate

OF = $(OPC + OBA) - OFB$

OF = Other Resources Power Cost Adjustor Rate in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OPC = The Commission-allowed pro forma fuel costs of Other Resources generation, Other Resources purchased power and wheeling costs associated with Other Resources in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OBA = The "Other Resources Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over- or under-collected in the past from Other Resources. The OBA component is determined by dividing the over-collected or under-collected bank balance dollars by six months of Other Resources energy sales.

OFB = The Other Resources Fuel Base or OFB is equal to \$0.06191 for MEC, \$0.06449 for SSVEC and \$0.08274 for Trico.

Allowable Other Resources fuel, purchased power and wheeling costs include:

- A. The costs of fossil fuel and natural gas consumed in AEPCO's Steam Generating Units 1, 4, 5 and 6 as recorded in RUS Accounts 501 and 547, plus
- B. The actual costs associated with Other Resources purchased power for reasons other than identified in paragraph (C) below as recorded in RUS Account 555, plus
- C. The cost of Other Resources energy purchased when such energy is purchased on an economic dispatch basis. Included therein are such costs as those charged for economy energy purchases and the charges as a result of a scheduled outage of Other Resources generation units. All such kinds of Other Resources energy being purchased by AEPCO to substitute for its own higher cost Other Resources energy as recorded in RUS Account 555, plus
- D. The firm and non-firm wheeling expenses associated with the delivery of Other Resources energy as recorded in RUS Account 565, excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to the all-requirements Class A members, less
- E. The demand and energy costs recovered through non-tariff contractual firm sales of Other Resources power and energy as recorded in RUS Account 447, and less
- F. The demand and energy costs recovered through inter-system economy energy and/or intra-system resource transfer sales of Other Resources power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

On a calendar semi-annual basis, AEPCO shall compute the Power Cost Adjustor Rates as specified herein based upon a rolling 12-month average of allowable fuel, purchased power and wheeling costs (BPC and OPC) plus a bank balance amortization component (BBA and OBA). AEPCO shall initially file by September 1, 2011 and thereafter on March 1 or September 1 of the month preceding the effective date of the revised Power Cost Adjustor Rates (i.e., April 1 or October 1): (1) calculations supporting the revised Adjustor Rates with the Director, Utilities Division, and (2) a Tariff reflecting the revised Adjustor Rates with the Commission which shall be effective for billings after the first day of the following month and which shall continue in effect until revised pursuant to the procedures specified herein.

EXHIBIT A

Effective Date	January 1, 2011*		
	MEC	SSVEC	Trico
Partial Requirements Members:			
Fixed Charge – \$/month	\$727,283	\$643,991	\$646,435
O&M Charge – \$/month	\$1,274,882	\$1,128,876	\$764,465
Base Resources Energy Rate – \$/kWh	\$0.03215	\$0.03229	\$0.03238
Other Resources Energy Rate – \$/kWh	\$0.06879	\$0.06676	\$0.06604

MEC

Base Resources Power Cost Adjustor Rate – \$/kWh \$0.01054**
Other Resources Power Cost Adjustor Rate – \$/kWh (\$0.03348)**

SSVEC

Base Resources Power Cost Adjustor Rate – \$/kWh \$0.00762**
Other Resources Power Cost Adjustor Rate – \$/kWh (\$0.03608)**

Trico

Base Resources Power Cost Adjustor Rate – \$/kWh \$0.00490**
Other Resources Power Cost Adjustor Rate – \$/kWh (\$0.06838)**

* Rates are effective for service provided on and after this date.

** Effective October 1, 2011 and determined as set forth in the Tariff.