

ORIGINAL

OPEN MEETING



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MEMORANDUM

Arizona Corporation Commission

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2011 NOV 29 P 4:09

TO: THE COMMISSION

NOV 29 2011

FROM: Utilities Division

DOCKETED BY

AZ CORP COMMISSION
DOCKET CONTROL

DATE: November 29, 2011

RE: ARIZONA ELECTRIC POWER COOPERATIVE, INC. – APPLICATION FOR APPROVAL OF ITS TEMPORARY PURCHASED POWER AND FUEL ADJUSTMENT CLAUSE RIDER NO. 1 – REVISION 1 (DOCKET NO. E-01773A-09-0472)

On August 29, 2011, Arizona Electric Power Cooperative, Inc. (“AEPSCO”) filed an application for approval of a Temporary Purchased Power and Fuel Adjustment Clause Rider No. 1 – Revision (“PPFAC Rider Revision 1”). This Rider accelerates the refund of an over-collected balance under AEPSCO’s prior Fuel and Purchased Power Clause Adjustor (“FPPCA”) which expired December 31, 2010. Members Anza Electric Cooperative (“Anza”), Duncan Valley Electric Cooperative (“Duncan Valley”), and Trico Electric Cooperative (“Trico”) are still due refunds associated with the expired FPPCA.

Six Class A Member Cooperatives receive wholesale power from AEPSCO. In addition to Anza, Duncan Valley, and Trico, AEPSCO’s members are Sulphur Springs Valley Electric Cooperative, Graham County Electric Cooperative, and Mohave Electric Cooperative. These Member Cooperatives combined serve approximately 144,000 residential, commercial, agricultural and industrial customers.

AEPSCO’s 2010 rate decision (Decision No. 72005) authorized a surcharge to refund to members any over-collection in the prior FPPCA. Refunds had been completed to Mohave Electric Cooperative, Sulphur Springs Valley Electric Cooperative and Graham County Electric Cooperative. However, at the current refund rate, refunds to Trico, Anza and Duncan Valley will not be completed until June 2012, August 2014 and December 2012, respectively. To avoid this overly lengthy refund period, AEPSCO’s Board of Directors authorized an accelerated refund whereby the FPPCA balance owed to each member as of the first billing period following Commission approval shall be divided by 6, and that resulting amount returned to Trico, Anza and Duncan in six monthly installments.

At the expiration of the prior FPPCA in December 2010, a total of \$2,370,000 in over-collection was subject to refund by AEPSCO. As of October 31, 2010, the remaining amount subject to refund was \$650,000. Of the remaining amount, AEPSCO must refund \$166,000 to Anza, \$37,000 to Duncan, and \$447,000 to Trico.

11/29/11

Recommendation

Staff recommends approval of PPFAC Rider Revision 1. Approval will establish a simple and timely process for refunding over-collections to the three cooperative members who remain uncompensated for a fuel adjustment clause that expired a year ago. Moreover, the magnitude of and necessity for refunds has already been approved in Decision No. 72005.



Steven M. Olea
Director
Utilities Division

SMO: DBE:kdh\MAS
ORIGINATOR: Bentley Erdwurm

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BEFORE THE ARIZONA CORPORATION COMMISSION

- GARY PIERCE
Chairman
- BOB STUMP
Commissioner
- SANDRA D. KENNEDY
Commissioner
- PAUL NEWMAN
Commissioner
- BRENDA BURNS
Commissioner

IN THE MATTER OF THE APPLICATION
OF ARIZONA ELECTRIC POWER
COOPERATIVE, INC. FOR APPROVAL OF
ITS TEMPORARY PURCHASED POWER
AND FUEL ADJUSTMENT CLAUSE
RIDER NO. 1 – REVISION 1

DOCKET NO. E-01773A-09-0472
DECISION NO. _____
ORDER

Open Meeting
December 13 and 14, 2011
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Arizona Electric Power Cooperative, Inc. (“AEPSCO”) is engaged in providing electric service within Arizona, pursuant to authority granted by the Arizona Corporation Commission (“Commission”).
 2. On August 29, 2011, AEPSCO filed an application for approval of a Temporary Purchased Power and Fuel Adjustment Clause Rider No. 1 - Revision (“PPFAC Rider Revision 1”). This Rider accelerates the refund of an over-collected balance under AEPSCO’s prior Fuel and Purchased Power Clause Adjustor (“FPPCA”) which expired December 31, 2010.
 3. Members Anza Electric Cooperative (“Anza”), Duncan Valley Electric Cooperative (“Duncan Valley”), and Trico Electric Cooperative (“Trico”) are still due refunds associated with the expired FPPCA.
- ...

1 IT IS FURTHER ORDERED that Arizona Electric Power Cooperative, Inc. provide notice
 2 to Staff of the completion of the refunding process under PPFAC Rider Revision 1 within ninety
 3 days of the completion date. Upon completion of refunds, PPFAC Rider Revision 1 shall be
 4 designated as cancelled and Arizona Electric Power Cooperative, Inc. shall file with the
 5 Commission a compliance tariff marked as cancelled.

6 IT IS FURTHER ORDERED that this Order shall become effective immediately.

7
 8 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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 10 _____
 CHAIRMAN COMMISSIONER

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 13 _____
 COMMISSIONER COMMISSIONER COMMISSIONER

14
 15 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
 16 Executive Director of the Arizona Corporation Commission,
 17 have hereunto, set my hand and caused the official seal of this
 Commission to be affixed at the Capitol, in the City of Phoenix,
 this _____ day of _____, 2011

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 20 _____
 21 ERNEST G. JOHNSON
 EXECUTIVE DIRECTOR

22
 23 DISSENT: _____

24 DISSENT: _____

25 SMO: DBE:kdh/MAS

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1 SERVICE LIST FOR: Arizona Electric Power Cooperative, Inc.;
2 DOCKET NO. E-01773A-09-0472

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5 Arizona Corporation Commission
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