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BEFORE THE ARIZONA CORPORATION RECEIVED

COMMISSIONERS

GARY PIERCE, Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
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2011 DEC 23 P 3:18
AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC. FOR A HEARING TO DETERMINE THE FAIR VALUE OF ITS PROPERTY FOR RATEMAKING PURPOSES, TO FIX A JUST AND REASONABLE RETURN THEREON, TO APPROVE RATES DESIGNED TO DEVELOP SUCH RETURN AND FOR RELATED APPROVALS.

DOCKET NO. E-01575A-08-0328

Arizona Corporation Commission DOCKETED

DEC 23 2011

DOCKETED BY [Signature]

IN THE MATTER OF THE APPLICATION OF SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC. FOR AN ORDER INSTITUTING A MORATORIUM ON NEW CONNECTIONS TO THE V-7 FEEDER LINE SERVING THE WHETSTONE, RAIN VALLEY, ELGIN, CANELO, SONOITA, AND PATAGONIA, ARIZONA AREAS.

DOCKET NO. E-01575A-09-0453

PETITION OF SSVEC TO:

(1) INCREASE ITS WHOLESALE POWER AND FUEL COST ADJUSTOR RATE;

AND

(2) MODIFY CERTAIN OPERATING CONDITIONS RELATED TO THE FUEL ADJUSTOR CONTAINED IN DECISION 71274 PURSUANT TO A.R.S. § 40-252

(Expedited Consideration Requested)

In accordance with Decision 71274 issued September 8, 2009, in Docket No. E-01575A-08-0328, Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC" or the "Cooperative") hereby petitions the Arizona Corporation Commission ("Commission") for permission to increase its authorized Wholesale Power and Fuel Cost Adjustor ("WPFCA" or "Fuel Adjustor") rate which is currently set at negative \$0.00315 per kilowatt hour ("kWh").¹ The increase is necessary

¹ Based upon the current negative WPFCA rate, customers of SSVEC currently receive a credit on their utility bills under the WPFCA.

BROWNSTEIN HYATT FARBER SCHRECK, LLP
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1 to address a projected under-collection in SSVEC's WPFCA account balance at the current rate
2 which starts in December 2011 and increases steadily thereafter, exceeding \$2,000,000 in
3 February 2012. In order to mitigate the impact of the increase on customers, SSVEC proposes to
4 phase-in the increase as described herein.

5 In addition, in conjunction with increasing the WPFCA rate, SSVEC seeks to amend
6 Decision 71274 pursuant to A.R.S. § 40-252 to address certain shortcomings in the operation of
7 the WPFCA. Specifically, the Cooperative seeks the following modifications:

- 8 1. Increase the current \$2,000,000 threshold for under-collected balances to a
9 \$3,000,000 threshold, and increase the current \$1,000,000 threshold for
10 over-collected balances to a \$3,000,000 threshold; and
- 11 2. Within the new \$6,000,000 range for the WPFCA account (*i.e.*, up to a
12 \$3,000,000 over-collected balance or up to a \$3,000,000 under-collected
13 balance), allow SSVEC to decrease or increase the WPFCA rate without
14 prior Commission approval. SSVEC would continue to file monthly
15 WPFCA reports with the Commission, and would highlight increases or
16 decreases in the WPFCA rate in those reports. In addition, if the over-
17 collected balance ever exceeds \$3,000,000, then SSVEC would be required
18 to make a filing with the Commission addressing how the Cooperative will
19 bring the over-collected balance back below the \$3,000,000 threshold.

20 For the reasons described herein, SSVEC requests that this petition be considered on an
21 expedited basis without a hearing. In support of this petition, SSVEC states as follows:

22 **I. REQUEST TO INCREASE WPFCA RATE EFFECTIVE FEBRUARY 1, 2012.**

23 SSVEC is a member-owned Arizona nonprofit corporation with its principal business
24 office located at 350 North Haskell, Willcox, Arizona 85643. SSVEC is a public service
25 corporation providing electric distribution service in parts of Cochise, Santa Cruz, Pima and
26 Graham Counties pursuant to a Certificate of Convenience and Necessity issued by this
27 Commission. SSVEC's elected Board of Directors oversees all aspects of the Cooperative's
28 operations, including the WPFCA, and approves the annual operating budget for the Cooperative.

The Commission authorized the WPFCA in Decision 71274. The WPFCA "is a
purchased power adjustor that uses charges or credits to allow the Cooperative to collect or refund
the difference between the base cost and the actual cost of wholesale power."² Pursuant to

² Decision 71274 at 27, lines 10-12.

1 Decision 71274, SSVEC must apply to the Commission for any increase in its WPFCA rate.
2 Specifically, "SSVEC [is] required to file an application to increase the WPFCA rate either when
3 the bank balance reaches the \$2 million threshold for under-collected balances for two
4 consecutive months, or when it reasonably anticipates that the threshold will be reached within
5 six months and would continue at or above the threshold for two or more consecutive months."³
6 Decreases in the WPFCA rate do not require Commission approval.

7 Although SSVEC has decreased its WPFCA rate on three prior occasions, this is the first
8 time that SSVEC has sought approval to increase its WPFCA rate since the Fuel Adjustor was
9 approved in Decision 71274. SSVEC's current WPFCA rate is a negative \$0.00315 per kWh,
10 which has been in effect since February 2011. However, as illustrated on the spreadsheet
11 attached hereto as Attachment 1, SSVEC's projected under-collected WPFCA account balance at
12 the current rate will pass the \$2,000,000 threshold in February 2012 (which is within six months
13 of the date of this petition) and will remain well above the threshold thereafter without an
14 increase in the Fuel Adjustor rate.⁴ Thus, the conditions of Decision 71274 have been met in
15 order for SSVEC to request and obtain an increase in the WPFCA rate.

16 The required increase in the WPFCA rate is largely the result of an October 1, 2011,
17 increase and other approved increases that will become effective January 1, 2012, in the fuel
18 adjustor of the Arizona Electric Power Cooperative ("AEPSCO"). AEPSCO is a non-profit electric
19 generation cooperative which serves the power needs of its three all-requirements members and
20 its three partial-requirements members, one of which is SSVEC. In Decision 72055 (Docket E-
21 01773A-09-0472), the Commission approved the modification and continuation of AEPSCO's fuel
22 adjustor, known currently as the Purchased Power and Fuel Adjustment Clause ("PPFAC").⁵
23 Under the PPFAC, AEPSCO passes on its costs of purchased power and fuel to its members,
24 including SSVEC. Through 2012, SSVEC estimates that it will obtain between 75.3% and 88.3%
25 of its power from AEPSCO.⁶ Thus, changes in AEPSCO's PPFAC have a direct and substantial

26 ³ Decision 71274 at 28, lines 2-5.

27 ⁴ Attachment 1 is based upon actual data through October 31, 2011, and estimated data thereafter.

28 ⁵ The prior version of AEPSCO's fuel adjustor called the Fuel and Purchased Power Cost Adjustor
was approved by the Commission in Decision 68071 dated August 17, 2005.

⁶ 2008 Rate Case (Docket E-01575A-08-0328), Exhibit S-13 at 3, lines 12-25.

1 impact on SSVEC's WPFCA.

2 Pursuant to Decision 72055, AEPCO was required to make its first semi-annual adjustor
3 filing for the new PPFAC on September 1, 2011, to become effective on October 1, 2011. In its
4 September 1, 2011 filing, AEPCO informed the Commission that "a serious problem was
5 detected with the allocation method used to assign certain fixed-gas costs within, and recover
6 those costs through, the PPFAC."⁷ As the solution to the problem, AEPCO proposed an increase
7 in the "Base Resources Power Cost Adjustor Rate" for SSVEC from \$0.00000 per kWh to
8 \$0.00604 per kWh. Similarly, AEPCO proposed an increase in the "Other Resources Power Cost
9 Adjustor Rate" for SSVEC from \$0.00000 per kWh to \$0.03632 per kWh. These increased rates
10 were approved by the Commission effective October 1, 2011, and they are now being passed
11 through to SSVEC.

12 In addition, at the Open Meeting on December 13, 2011, the Commission approved
13 additional increases in the AEPCO fuel adjustor, together with a one-time surcharge, in Docket E-
14 01773A-0472. These rates and the surcharge will become effective January 1, 2012, and will
15 further increase the under-collection in SSVEC's WPFCA account. With this filing, SSVEC
16 requests approval to implement the following specific changes to its WPFCA:

EFFECTIVE DATE OF NEW WPFCA RATE	NEW WPFCA RATE
February 1, 2012	\$0.0030
April 1, 2012	\$0.0055
June 1, 2012	\$0.0045

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21
22 SSVEC projects that it would maintain the \$0.0045 WPFCA rate from June 1, 2012,
23 through the end of September 2012. Thereafter, SSVEC requests approval (as discussed more
24 fully below) to increase or decrease the WPFCA rate without prior Commission approval as
25 necessary to maintain the WPFCA account balance within the proposed new \$3,000,000 over-
26 collection and under-collection thresholds. Attached hereto as Attachment 2 is a spreadsheet
27 which shows the effect of the proposed February 1, April 1 and June 1 WPFCA rate changes on

28 ⁷ September 1, 2011, letter to the commissioners in Docket E-01773A-09-0472, at 2.

1 the Fuel Adjustor account balance, as well as the projected rate changes, implementation dates
2 and account balances thereafter through December 2013. Based upon the projections, the under-
3 collected WPFCA account balance peaks at \$2,811,615 in May 2012 before it begins to decline.
4 The under-collected WPFCA account balance then begins to increase in November 2012 until it
5 peaks at \$2,477,364 in March 2013, when it then begins to decline again.

6 SSVEC is entitled to an increase in its WPFCA rate under the terms of Decision 71274.
7 The proposed phase-in of the rate increase is designed to mitigate the impact of the increase on
8 SSVEC's member-customers. Attached hereto as Attachment 3 is a copy of SSVEC's Board
9 Resolution No. 2011-08 dated November 22, 2011, authorizing this filing.

10 **II. REQUEST TO AMEND DECISION 71274 PURSUANT TO A.R.S. SECTION § 40-**
11 **252 TO MODIFY CERTAIN OPERATING CONDITIONS OF THE WPFCA.**

12 **A. Background and History of SSVEC's WPFCA.**

13 Prior to Decision 71274 in the 2008 rate case, SSVEC had a wholesale power cost
14 adjustor approved by the Commission in Decision 58358 in the Cooperative's 1993 rate case.
15 Also, prior to January 2008, SSVEC was an "all requirements" member of the AEPCO, meaning
16 that the Cooperative obtained all of its power from AEPCO. AEPCO passed fuel and purchased
17 power costs through to SSVEC under a Commission-approved adjustor and SSVEC, in turn,
18 passed those costs through to its members under its own adjustor. Under its prior adjustor
19 mechanism, SSVEC was not required to obtain Commission approval to increase its adjustor rate,
20 nor was the Cooperative subject to over-collection or under-collection thresholds.

21 In January 2008, SSVEC became a "partial requirements" member of AEPCO which
22 enabled the Cooperative to obtain a portion of its power from sources other than AEPCO.
23 Notwithstanding, through 2012 it is projected that SSVEC will still obtain between 75.3% and
24 88.3% of its power from AEPCO.⁸ Thus, SSVEC will continue to purchase a substantial portion
25 of its power from AEPCO.

26 AEPCO's fuel adjustor mechanism is closely monitored and approved by the Commission
27 through semi-annual filings made by AEPCO. The Commission does not permit increases in

28 ⁸ 2008 Rate Case (Docket E-01575A-08-0328), Exhibit S-13 at 3, lines 12-25.

1 AEPCO's fuel adjustor unless those increases are shown to be necessary and appropriate. Like
2 all AEPCO member distribution cooperatives, SSVEC has no control over the costs AEPCO
3 passes through to it and has no choice but to pay those costs. As seen recently in Docket E-
4 01773A-09-0472, increases in AEPCO's fuel adjustor can be substantial.

5 Decision 71274 approving SSVEC's current WPFCA adopted Staff's recommendation to
6 set a \$2,000,000 under-collection threshold before the Cooperative may request an increase in the
7 WPFCA rate and a \$1,000,000 over-collection threshold which triggers a requirement that the
8 Cooperative must reduce the WPFCA rate to refund the over-collected balance to customers.
9 Decision 71274 also adopted Staff's recommendation that SSVEC be required to file an
10 application with the Commission for approval of any increase in the WPFCA rate. Neither of
11 these requirements were included in SSVEC's prior adjustor mechanism approved in Decision
12 58358. Further, SSVEC is not aware of any other electric utility in Arizona that has these specific
13 requirements related to its fuel adjustor.⁹

14 **B. Requested Amendments to Decision 71274.**

15 SSVEC seeks to amend Decision 71274 pursuant to A.R.S. § 40-252 as follows:

- 16 • Increase the current \$2,000,000 threshold for under-collected balances to a
17 \$3,000,000 threshold, and increase the current \$1,000,000 threshold for
18 over-collected balances to a \$3,000,000 threshold; and
- 19 • Within the proposed new \$6,000,000 range for the WPFCA account (*i.e.*,
20 up to a \$3,000,000 over-collected balance or up to a \$3,000,000 under-
21 collected balance), allow SSVEC to decrease or increase the WPFCA rate
22 as necessary to remain within the authorized range without prior
23 Commission approval. SSVEC would continue to file monthly WPFCA
24 reports with the Commission, as it does now, and would highlight increases
25 or decreases in the WPFCA rate in the reports. In addition, if the over-
26 collected balance exceeds \$3,000,000, then SSVEC would be required to
27 make a filing with the Commission to address how the Cooperative will
28 bring the over-collected balance back below the \$3,000,000 threshold.

⁹ Although Tucson Electric Power Company must obtain annual Commission approval to change its adjustor, its mechanism was established pursuant to a settlement agreement, the components of which are very different than SSVEC's WPFCA. *See* Decision No. 70628 (December 1, 2008).

1 **1. Increasing the Under-Collection and Over-Collection**
2 **Thresholds to \$3,000,000 Each.**

3 SSVEC was not subject to over-collection or under-collection account thresholds prior to
4 Decision 71274, and the Cooperative is not aware of any other electric utility in Arizona that has
5 these specific requirements related to its fuel adjustor. The \$3,000,000 range set by Decision
6 71274 is simply too narrow in light of the size of the increases in AEPCO's fuel adjustor that are
7 passed through to SSVEC. By way of illustration, SSVEC had an actual over-collected WPFCA
8 account balance of \$2,093,518 at the end of October 2011, but the Cooperative is projecting an
9 under-collected account balance of \$2,239,018 at the end of February 2012. That is a swing of
10 \$4,332,536 in only four months' time.

11 Even with frequent increases and decreases in the WPFCA rate, it would be difficult if not
12 impossible for SSVEC to remain within the \$3,000,000 range. Particularly problematic is the
13 over-collected threshold of only \$1,000,000, which provides little room for wholesale price
14 swings. By increasing the range from \$3,000,000 to \$6,000,000, SSVEC will be better able to
15 administer the WPFCA in a steady and predictable way, without the need for large or frequent
16 adjustments in rates. Moreover, as a distribution cooperative (as opposed to an investor-owned
17 utility) governed by a democratically-elected independent Board of Directors, SSVEC is directly
18 accountable to the members which ensures that the WPFCA is prudently administered.

19 **2. Allowing Increases in the WPFCA Rate without Prior Approval.**

20 Decision 71274 requires that SSVEC obtain prior Commission approval each time it
21 increases its WPFCA rate. At the hearing in the 2008 rate case, Staff acknowledged that it
22 typically takes as long as four or five months for the Commission to approve an adjustor reset.¹⁰
23 Such delays would impose adverse financial impacts on SSVEC. As discussed above, for
24 example, the Commission recently approved significant increases in the adjustor rates of AEPCO
25 which became effective for power delivered to SSVEC on and after October 1, 2011. Other
26 increases in the AEPCO fuel adjustor as well as a one-time surcharge were approved by the
27 Commission this month and will go into effect on January 1, 2012. Notwithstanding the fact that

28 ¹⁰ 2008 Rate Case (Docket E-01575A-08-0328), Hearing Transcript at 539, lines 7-16.

1 the Commission has already reviewed and approved AEPCO's new rates, and the fact that the
2 AEPCO rates must be paid by SSVEC, the Cooperative must still make its own redundant filing
3 to increase its own WPFCA rate to address the increased AEPCO rates. SSVEC will incur the
4 expense of the filing and a delay in the recovery of its purchase power costs. Thus, the process
5 established in Decision 71274 requiring prior approval of rate increases defeats the very purpose
6 of an adjustor mechanism, which is to allow timely recovery of wholesale costs incurred that are
7 outside the Cooperative's control.¹¹ In the 2008 rate case, SSVEC's outside rate consultant
8 provided the following testimony regarding the WPFCA:

9 SSVEC is dependent upon AEPCO for the majority of its purchases
10 and market prices for the remainder. SSVEC is not always able to
11 predict changes in power cost into the future. That is why the
12 WPFCA factor is so important in the recovery of these costs.
13 Unlike an investor-owned utility that may be able to predict fuel
14 costs well into the future, SSVEC does not have that same ability.
15 It is essential that SSVEC have the ability to recover sudden
16 increases in fuel costs without a significant delay at the
17 Commission.¹²

18 The Commission imposed the prior approval requirement on SSVEC even though no
19 other Arizona electric cooperative is subject to such a requirement. This was undoubtedly due in
20 large part to the fact that the wholesale power market experienced a spike in 2008 during the
21 Cooperative's rate case. At that time, the on-peak wholesale power price was approximately \$126
22 per megawatt hour whereas today, SSVEC is purchasing non-AEPCO power at less than half that
23 amount. The volatility in the wholesale power market in 2008 was unusual and relatively short-
24 lived, yet SSVEC must now comply with a condition that requires prior Commission approval of
25 all WPFCA rate increases.

26 Past volatility in wholesale power cannot justify the continuation of an approval
27 requirement which has several negative impacts on SSVEC. Specifically, the prior approval
28 requirement: (i) negatively impacts the ability of SSVEC to properly administer its WPFCA
account balance; (ii) requires SSVEC to use its equity margin to "lay out" the money to purchase

¹¹ 2008 Rate Case (Docket E-01575A-08-0328), Hearing Exhibit A-8 at 18, line 25 to page 19,
line 2.

¹² 2008 Rate Case (Docket E-01575A-08-0328), Hearing Exhibit A-9 at 14, lines 2-11.

1 the power (that as a public utility it is obligated to acquire) for extended periods of time;
 2 (iii) requires SSVEC to spend time, money and resources going through a Commission
 3 proceeding to obtain a rate increase; (iv) causes significant delays in SSVEC's ability to recover
 4 its costs; and (v) hinders SSVEC's ability to be in compliance with the under-collection account
 5 balance threshold.

6 It should also be noted that SSVEC has consistently had the lowest power costs among the
 7 Arizona electric cooperatives. Set forth below are three tables compiled from data supplied by
 8 Grand Canyon State Electric Cooperative, Inc., which compare each Arizona electric
 9 cooperative's base power costs in rates plus its respective fuel adjustor in rates as of May 1, 2011,
 10 September 1, 2010, and December 1, 2009, respectively:

11

12 **COMPARISON OF POWER COSTS FOR ARIZONA ELECTRIC COOPERATIVE**
ON MAY 1, 2011

13 DISTRIBUTION COOPERATIVE	TOTAL POWER COST PER KWH	COST PER KWH OVER SSVEC	PERCENT OVER SSVEC
14 SSVEC	0.068977		
15 MOHAVE	0.085298	0.016321	23.7%
16 TRICO	0.086638	0.017661	25.6%
17 DUNCAN	0.093330	0.024353	35.3%
18 GRAHAM	0.096509	0.027532	39.9%

19

20 **COMPARISON OF POWER COSTS FOR ARIZONA ELECTRIC COOPERATIVE**
ON SEPTEMBER 1, 2010

21 DISTRIBUTION COOPERATIVE	TOTAL POWER COST PER KWH	COST PER KWH OVER SSVEC	PERCENT OVER SSVEC
22 SSVEC	0.072130		
23 MOHAVE	0.090298	0.01817	23.66%
24 DUNCAN	0.090430	0.01830	25.38%
25 GRAHAM	0.101510	0.02938	40.74%
26 TRICO	0.101640	0.02951	40.92%

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COMPARISON OF POWER COSTS FOR ARIZONA ELECTRIC COOPERATIVE ON DECEMBER 1, 2009			
DISTRIBUTION COOPERATIVE	TOTAL POWER COST PER KWH	COST PER KWH OVER SSVEC	PERCENT OVER SSVEC
SSVEC	0.07213		
GRAHAM	0.08651	0.01438	19.94%
DUNCAN	0.09243	0.02030	28.15%
MOHAVE	0.09530	0.02317	32.13%
TRICO	0.09764	0.02551	35.37%

Decision 71274 treats SSVEC differently than other electric cooperatives with respect to its WPFCA. On the basis of the power cost data above, however, SSVEC should not be subject to an additional approval process that is not applicable to other Arizona cooperatives.

If SSVEC's request to implement WPFCA rate increases without prior Commission approval, the Commission will still have adequate oversight regarding the operation of the Fuel Adjustor. SSVEC currently files monthly WPFCA reports with the Commission, and it would continue this practice in the future. In addition, SSVEC would highlight in the reports any increases or decreases in the WPFCA rate since the last report so that the Commission will have real-time notice of such changes. Further, if the over-collected balance exceeds the proposed new \$3,000,000 threshold, then SSVEC would be required to make a filing with the Commission to address how the Cooperative will bring the over-collected balance back below the \$3,000,000 threshold. This process would ensure that SSVEC has the flexibility to properly manage its WPFCA and timely recover its costs while protecting the interests of the Cooperative's members.

For all of the reasons set forth above, SSVEC requests that within the proposed new \$6,000,000 range for the WPFCA account, the Cooperative be allowed to decrease or increase the WPFCA rate as necessary to remain within the range without prior Commission approval.

III. EXPEDITED ACTION REQUESTED.

SSVEC requests expedited consideration of this petition because the Cooperative's WPFCA account is projected to reach under-collected status this month, and is projected to pass

1 the \$2,000,000 threshold permitting a WPFCA rate increase in February 2012. Without an
2 increase in the WPFCA rate, the under-collected balance will increase dramatically and will
3 remain well above the \$2,000,000 threshold. SSVEC further requests that the requested increase
4 in the WPFCA rate be approved without a hearing.

5 In addition, SSVEC requests that the proposed modifications to Decision 71274 be
6 approved by the Commission without a hearing because: (i) the modifications pertain to the
7 WPFCA and to no other issues or matters contained in Decision 71274; (ii) there is already an
8 extensive and complete record in Docket No. E-01575A-08-0328 pertaining to the WPFCA upon
9 which to make a decision; and (iii) the requested modifications raise issues of Commission policy
10 that may properly be decided in an open meeting or other publicly noticed meeting.

11 **IV. CONCLUSION.**

12 SSVEC requests approval of a phased-in increase in its WPFCA rate as described herein
13 commencing with billings on and after February 1, 2012. SSVEC further requests that the
14 Commission amend Decision 71274 pursuant to A.R.S. § 40-252 to (i) increase the current
15 \$2,000,000 threshold for under-collected balances to a \$3,000,000 threshold, and increase the
16 current \$1,000,000 threshold for over-collected balances to a \$3,000,000 threshold; and (ii) allow
17 SSVEC to decrease or increase the WPFCA rate without prior Commission approval within the
18 proposed new \$6,000,000 range for the WPFCA account.

19 RESPECTFULLY SUBMITTED this 23rd day of December, 2011.

20 BROWNSTEIN HYATT FARBER
21 SCHRECK, LLP

22
23 By: 
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28 Electric Cooperative, Inc.

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ATTACHMENT 1

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09
"Bank Balance"								
Forward	(341,349.57)	(1,268,029.95)	(1,444,319.88)	(1,506,606.68)	(2,599,706.19)	(2,729,285.49)	(3,314,689.38)	(3,134,342.79)
Est AEPSCO Surcharge								
Purchased Pwr Cost	4,889,001	4,692,604	4,961,896	4,872,525	5,795,396	6,350,333	7,384,894	6,591,814
Net Cost to Recover	4,547,652	3,424,574	3,517,576	3,365,918	3,195,690	3,621,047	4,070,205	3,457,471
KWH Sales	58,762,058	54,726,978	56,473,010	67,052,599	71,276,113	77,956,577	85,798,396	95,635,614
Base Period Costs	0.05897	0.05897	0.05897	0.05897	0.05897	0.05897	0.05897	0.05897
Amount Recovered by Base Period Cost	3,465,199	3,227,250	3,330,213	3,954,092	4,203,152	4,597,099	5,059,531	5,639,632
Fuel Adjustment Per KWH	0.04000	0.03000	0.03000	0.03000	0.03000	0.03000	0.03000	0.02000
Amount Recovered by	2,350,483	1,641,644	1,693,969	2,011,533	2,138,206	2,338,637	2,145,016	1,912,679
ACC ADJUSTMENT								
PRE-APPROVED DSM COSTS					416,383.11			
Total Amount Recovered	5,815,682	4,868,894	5,024,182	5,965,624	5,924,975	6,935,736	7,204,548	7,552,312
Ending "Bank Balance"	(1,268,030)	(1,444,320)	(1,506,607)	(2,599,706)	(2,729,285)	(3,314,689)	(3,134,343)	(4,094,840)

(positive bal = undercollected)

New Rates

	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10
	(4,094,840.29)	(5,363,734.30)	(6,808,603.38)	(6,814,248.85)	(6,182,255.23)	(6,286,065.25)	(6,445,461.86)	(6,382,226.62)	(6,180,404.84)
5,678,092	4,219,507	3,793,083	4,587,498	4,297,745	4,014,979	4,175,817	4,797,209	5,053,813	
1,583,252	(1,144,227)	(3,015,520)	(2,226,751)	(1,884,510)	(2,271,086)	(2,269,645)	(1,585,017)	(1,126,592)	
84,588,462	68,938,929	52,639,109	54,851,570	61,025,065	57,875,356	57,018,612	63,712,444	67,568,698	
0.05897	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	
4,988,182	4,972,358	3,796,701	3,956,279	4,401,555	4,174,376	4,112,581	4,595,387	4,873,527	
0.02316	0.01000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	
1,958,805	692,018	2,028	(775)	-	-	-	-	(28)	
6,946,986	5,664,376	3,798,729	3,955,505	4,401,555	4,174,376	4,112,581	4,595,387	4,873,500	
(5,363,734)	(6,808,603)	(6,814,249)	(6,182,255)	(6,286,065)	(6,445,462)	(6,382,227)	(6,180,405)	(6,000,092)	

	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11
	(6,000,091.59)	(5,366,750.82)	(5,281,611.14)	(4,829,212.90)	(5,131,008.69)	(5,489,380.22)	(4,935,564.27)	(4,321,061.25)	(3,829,963.70)
6,241,292	6,828,084	6,504,675	5,667,072	4,501,197	4,284,766	4,587,279	4,630,928	4,524,557	
241,201	1,461,333	1,223,064	837,859	(629,812)	(1,204,614)	(348,286)	309,866	694,594	
77,751,070	93,487,105	83,911,387	82,754,976	67,375,163	51,727,514	55,080,284	58,977,150	59,405,345	
0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	
5,607,951	6,742,944	6,052,277	5,968,868	4,859,568	3,730,950	3,972,776	4,253,845	4,284,729	
0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	-0.00200	-0.00315	
-	-	-	-	-	-	-	(117,954)	(187,127)	
5,607,951	6,742,944	6,052,277	5,968,868	4,859,568	3,730,950	3,972,776	4,139,830	4,102,194	
(5,366,751)	(5,281,611)	(4,829,213)	(5,131,009)	(5,489,380)	(4,935,564)	(4,321,061)	(3,829,964)	(3,407,600)	

	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11
	(3,407,600.02)	(3,061,139.01)	(2,564,036.65)	(2,225,451.71)	(1,850,715.12)	(2,302,087)	(2,016,821)
4,572,988	4,726,690	5,024,235	5,836,686	6,166,005	5,977,723	5,109,929	
1,165,388	1,665,551	2,460,198	3,611,234	4,315,290	3,675,636	3,093,108	
61,267,179	61,324,553	67,938,109	79,192,527	95,944,081	82,531,328	84,695,030	
0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127
4,419,018	4,423,156	4,900,172	5,711,919	6,920,159	5,952,737	6,108,798	
-0.00315	-0.00315	-0.00315	-0.00315	-0.00315	-0.00315	-0.00315	-0.00315
(192,992)	(193,172)	(214,005)	(249,456)	(302,224)	(259,974)	(266,789)	
501.08	(395.85)	(517.06)	(513.89)	(558.11)	(306.10)	-441.91	
4,226,527	4,229,588	4,685,650	5,461,949	6,617,377	5,692,457	5,841,567	
(3,061,139)	(2,564,037)	(2,225,452)	(1,850,715)	(2,302,087)	(2,016,821)	(2,748,459,01)	

Actual Thru 10/31/2011	Estimated>>> Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12
4,807,357	4,772,167	4,982,483	5,157,745	5,236,568	5,301,338	5,204,457	5,590,922
2,058,898	2,678,649	4,026,044	5,314,178	6,412,126	7,540,356	8,440,648	9,623,939
60,207,088	52,700,000	56,100,000	60,000,000	60,500,000	62,400,000	63,900,000	70,900,000
0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127
4,342,557	3,801,093	4,046,325	4,327,620	4,363,684	4,500,725	4,608,915	5,113,804
-0.00315	-0.00315	-0.00315	-0.00315	-0.00315	-0.00315	-0.00315	-0.00315
(189,652)	(166,005)	(176,715)	(189,000)	(190,575)	(196,560)	(201,285)	(223,335)
(488)							
4,152,416	3,635,088	3,869,610	4,138,620	4,173,109	4,304,165	4,407,630	4,890,469
(2,093,518)	(956,439)	156,434	1,175,558	2,239,018	3,236,191	4,033,018	4,733,470

	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
	4,733,470	5,248,152	5,320,275	5,660,761	5,942,846	6,573,453	7,673,023	8,670,504
	6,074,228	6,762,892	6,341,485	6,200,312	5,445,202	4,796,737	4,936,067	5,102,260
	10,807,698	12,011,044	11,661,760	11,861,072	11,388,048	11,370,190	12,609,090	13,772,764
	80,600,000	97,000,000	87,000,000	85,800,000	69,800,000	53,600,000	57,100,000	61,100,000
	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127
	5,813,436	6,996,319	6,275,049	6,188,497	5,034,465	3,866,007	4,118,452	4,406,960
	-0.00315	-0.00315	-0.00315	-0.00315	-0.00315	-0.00315	-0.00315	-0.00315
	(253,890)	(305,550)	(274,050)	(270,270)	(219,870)	(168,840)	(179,865)	(192,465)
	5,559,546	6,690,769	6,000,999	5,918,227	4,814,595	3,697,167	3,938,587	4,214,495
	5,248,152	5,320,275	5,660,761	5,942,846	6,573,453	7,673,023	8,670,504	9,558,269

	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13
9,558,269	10,443,073	11,256,769	12,019,030	12,683,649	13,160,650	13,186,589	13,484,060	13,724,937	13,724,937
5,133,787	5,193,736	5,252,664	5,644,758	6,140,013	6,833,969	6,408,834	6,262,569	5,497,340	
14,692,056	15,636,809	16,509,433	17,663,788	18,823,662	19,994,619	19,595,422	19,746,629	19,222,277	
61,600,000	63,500,000	65,100,000	72,200,000	82,100,000	98,700,000	88,600,000	87,300,000	71,100,000	
0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127
4,443,023	4,580,065	4,695,468	5,207,569	5,921,627	7,118,935	6,390,452	6,296,687	5,128,230	
-0.00315	-0.00315	-0.00315	-0.00315	-0.00315	-0.00315	-0.00315	-0.00315	-0.00315	-0.00315
(194,040)	(200,025)	(205,065)	(227,430)	(258,615)	(310,905)	(279,090)	(274,995)	(223,965)	
4,248,983	4,380,040	4,490,403	4,980,139	5,663,012	6,808,030	6,111,362	6,021,692	4,904,265	
10,443,073	11,256,769	12,019,030	12,683,649	13,160,650	13,186,589	13,484,060	13,724,937	14,318,013	

Nov-13 Dec-13

14,318,013 15,389,540

4,837,672 4,976,995

19,155,684 20,366,535

54,600,000 58,100,000

0.072127 0.072127

3,938,134 4,190,579

-0.00315 -0.00315

(171,990) (183,015)

3,766,144 4,007,564

15,389,540 16,358,972

ATTACHMENT 2

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09
"Bank Balance"								
Forward	(341,349.57)	(1,268,029.95)	(1,444,319.88)	(1,506,606.68)	(2,599,706.19)	(2,729,285.49)	(3,314,689.38)	(3,134,342.79)
Est AEPSCO Surcharge								
Purchased Pwr Cost	4,889,001	4,692,604	4,961,896	4,872,525	5,795,396	6,350,333	7,384,894	6,591,814
Net Cost to Recover	4,547,652	3,424,574	3,517,576	3,365,918	3,195,690	3,621,047	4,070,205	3,457,471
KMWH Sales	58,762,058	54,726,978	56,473,010	67,052,599	71,276,113	77,956,577	85,798,396	95,635,614
Base Period Costs	0.05897	0.05897	0.05897	0.05897	0.05897	0.05897	0.05897	0.05897
Base Cost Recovered	3,465,199	3,227,250	3,330,213	3,954,092	4,203,152	4,597,099	5,059,531	5,639,632
Fuel Adjustment Per KMWH	0.04000	0.03000	0.03000	0.03000	0.03000	0.03000	0.02500	0.02000
Amount Recovered by	2,350,483	1,641,644	1,693,969	2,011,533	2,138,206	2,338,637	2,145,016	1,912,679
ACC ADJUSTMENT								
PRE-APPROVED DSM COSTS					416,383.11			
Total Amount Recovered	5,815,682	4,868,894	5,024,182	5,965,624	5,924,975	6,935,736	7,204,548	7,552,312
Ending "Bank Balance"	(1,268,030)	(1,444,320)	(1,506,607)	(2,599,706)	(2,729,285)	(3,314,689)	(3,134,343)	(4,094,840)

(positive bal = undercollected)

		New Rates									
	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10		
	(4,094,840.29)	(5,363,734.30)	(4,708,793.23)	(6,814,248.85)	(6,182,255.23)	(6,286,065.25)	(6,445,461.86)	(6,382,226.62)	(6,180,404.84)		
5,678,092	4,807,357	3,793,083	4,587,498	4,297,745	4,014,979	4,175,817	4,797,209	5,053,813			
1,583,252	(556,377)	(3,015,520)	(2,226,751)	(1,884,510)	(2,271,086)	(2,269,645)	(1,585,017)	(1,126,592)			
84,588,462	60,207,088	52,639,109	54,851,570	61,025,065	57,875,356	57,018,612	63,712,444	67,568,698			
0.05897	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127			
4,988,182	4,342,557	3,796,701	3,956,279	4,401,555	4,174,376	4,112,581	4,595,387	4,873,527			
0.02316	-0.00315	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000			
1,958,805	(189,652)	2,028	(775)	-	-	-	-	(28)			
	(488)										
6,946,986	4,152,416	3,798,729	3,955,505	4,401,555	4,174,376	4,112,581	4,595,387	4,873,500			
(5,363,734)	(4,708,793)	(6,814,249)	(6,182,255)	(6,286,065)	(6,445,462)	(6,382,227)	(6,180,405)	(6,000,092)			

	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11
	(6,000,091.59)	(5,366,750.82)	(5,281,611.14)	(4,829,212.90)	(5,131,008.69)	(5,489,380.22)	(4,935,564.27)	(4,321,061.25)	(3,829,963.70)
6,241,292	6,828,084	6,504,675	5,667,072	4,501,197	4,284,766	4,587,279	4,630,928	4,524,557	
241,201	1,461,333	1,223,064	837,859	(629,812)	(1,204,614)	(348,286)	309,866	694,594	
77,751,070	93,487,105	83,911,387	82,754,976	67,375,163	51,727,514	55,080,284	58,977,150	59,405,345	
0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	
5,607,951	6,742,944	6,052,277	5,968,868	4,859,568	3,730,950	3,972,776	4,253,845	4,284,729	
0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	-0.00200	-0.00315	
-	-	-	-	-	-	-	(117,954)	(187,127)	
5,607,951	6,742,944	6,052,277	5,968,868	4,859,568	3,730,950	3,972,776	4,139,830	4,102,194	
(5,366,751)	(5,281,611)	(4,829,213)	(5,131,009)	(5,489,380)	(4,935,564)	(4,321,061)	(3,829,964)	(3,407,600)	

Actual Thru
31-Oct-11 Estimated>>>
Oct-11 Nov-11

	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11
	(3,407,600.02)	(3,061,139.01)	(2,564,036.65)	(2,225,451.71)	(1,850,715.12)	(2,302,087)	(2,016,821)	(2,748,459)	(2,093,518)
4,572,988	4,726,690	5,024,235	5,836,686	6,166,005	5,977,723	5,109,929	4,807,357	4,772,167	
1,165,388	1,665,551	2,460,198	3,611,234	4,315,290	3,675,636	3,093,108	2,058,898	2,678,649	
61,267,179	61,324,553	67,938,109	79,192,527	95,944,081	82,531,328	84,695,030	60,207,088	52,700,000	
0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127
4,419,018	4,423,156	4,900,172	5,711,919	6,920,159	5,952,737	6,108,798	4,342,557	3,801,093	
-0.00315	-0.00315	-0.00315	-0.00315	-0.00315	-0.00315	-0.00315	-0.00315	-0.00315	-0.00315
(192,992)	(193,172)	(214,005)	(249,456)	(302,224)	(259,974)	(266,789)	(189,652)	(166,005)	
501.08	(395.85)	(517.06)	(513.89)	(558.11)	(306.10)	-441.91	(488)		
4,226,527	4,229,588	4,685,650	5,461,949	6,617,377	5,692,457	5,841,567	4,152,416	3,635,088	
(3,061,139)	(2,564,037)	(2,225,452)	(1,850,715)	(2,302,087)	(2,016,821)	(2,748,459.01)	(2,093,518)	(956,439)	

	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12
	(956,439)	156,434	1,175,558	1,866,943	2,480,356	2,724,448	2,811,615	2,709,707	2,039,780
	\$66,667	\$66,667	\$66,667	\$66,667	\$66,667	\$66,667	\$66,667	\$66,667	\$66,667
4,982,483	5,157,745	5,236,568	5,301,338	5,204,457	5,590,922	6,074,228	6,762,892	6,341,485	
4,026,044	5,314,178	6,412,126	7,168,281	7,684,813	8,315,369	8,885,843	9,472,599	8,381,265	
56,100,000	60,000,000	60,500,000	62,400,000	63,900,000	70,900,000	80,600,000	97,000,000	87,000,000	
0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127
4,046,325	4,327,620	4,363,684	4,500,725	4,608,915	5,113,804	5,813,436	6,996,319	6,275,049	
-0.00315	-0.00315	0.003	0.003	0.0055	0.0055	0.0045	0.0045	0.0045	0.0045
(176,715)	(189,000)	181,500	187,200	351,450	389,950	362,700	436,500	391,500	
3,869,610	4,138,620	4,545,184	4,687,925	4,960,365	5,503,754	6,176,136	7,432,819	6,666,549	
156,434	1,175,558	1,866,943	2,480,356	2,724,448	2,811,615	2,709,707	2,039,780	1,714,716	

	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
	1,714,716	1,340,431	1,297,468	1,764,558	2,088,259	2,255,044	2,412,968	2,477,364	2,471,445
	\$66,667	\$66,667	\$66,667	\$66,667					
6,200,312	5,445,202	4,796,737	4,936,067	5,102,260	5,133,787	5,193,736	5,252,664	5,644,758	
7,915,027	6,785,633	6,094,205	6,700,625	7,190,519	7,388,831	7,606,704	7,730,028	8,116,203	
85,800,000	69,800,000	53,600,000	57,100,000	61,100,000	61,600,000	63,500,000	65,100,000	72,200,000	
0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	
6,188,497	5,034,465	3,866,007	4,118,452	4,406,960	4,443,023	4,580,065	4,695,468	5,207,569	
0.0045	0.0065	0.00865	0.00865	0.00865	0.00865	0.00865	0.00865	0.00865	
386,100	453,700	463,640	493,915	528,515	532,840	549,275	563,115	624,530	
6,574,597	5,488,165	4,329,647	4,612,367	4,935,475	4,975,863	5,129,340	5,258,583	5,832,099	
1,340,431	1,297,468	1,764,558	2,088,259	2,255,044	2,412,968	2,477,364	2,471,445	2,284,104	

	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
2,284,104	1,792,325	653,604	(94,405)	(883,668)	(1,129,572)	(702,325)	
6,140,013	6,833,969	6,408,834	6,262,569	5,497,340	4,837,672	4,976,995	
8,424,117	8,626,294	7,062,437	6,168,164	4,613,672	3,708,099	4,274,670	
82,100,000	98,700,000	88,600,000	87,300,000	71,100,000	54,600,000	58,100,000	
0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127	0.072127
5,921,627	7,118,935	6,390,452	6,296,687	5,128,230	3,938,134	4,190,579	
0.00865	0.00865	0.00865	0.00865	0.00865	0.00865	0.00865	0.00865
710,165	853,755	766,390	755,145	615,015	472,290	502,565	
6,631,792	7,972,690	7,156,842	7,051,832	5,743,245	4,410,424	4,693,144	
1,792,325	653,604	(94,405)	(883,668)	(1,129,572)	(702,325)	(418,473)	

ATTACHMENT 3

Board Resolution **2011-08**
Fuel and Purchase Power Cost Adjustor (FPPCA)

I, Archie J. Smith, do hereby certify that: I am the Secretary of Sulphur Springs Valley Electric Cooperative, Inc. and the following is a true and correct copy of excerpts from the minutes of a meeting of SSVEC's Board of Directors held on November 22, 2011 as they appear in SSVEC's Minutes, including the resolution duly adopted thereat; the meeting was duly and regularly held in accordance with the bylaws of SSVEC; and said resolution has not been rescinded or modified:

WHEREAS, the Arizona Corporation Commission (ACC) placed restrictions on SSVEC's ability to manage their FPPCA that are more burdensome than those placed on other Arizona utilities, and

WHEREAS, management believes these restrictions impair SSVEC's ability to effectively manage its FPPCA, and

WHEREAS, currently the ACC must approve and order any increase in SSVEC's FPPCA, and

WHEREAS, the FPPCA bank will become under collected soon and will continue to increase at the current negative FPPCA rate unless it is increased, and

WHEREAS, the current ACC restrictions would require a significant increase in the FPPCA, which would be detrimental to SSVEC's members,

WHEREAS, a phase-in of the FPPCA increases would be more acceptable to members, it is now

RESOLVED, that the Board of Directors hereby directs the SSVEC Chief Executive Officer to provide the necessary filing to the Arizona Corporation Commission to establish phased-in rates to limit rate shocks to members and to remove and modify the restrictions placed on SSVEC's FPPCA.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the SSVEC seal this 22nd day of November, 2011.


Secretary

(Corporate Seal)