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BEFORE THE ARIZONA CORPORATION COMMISSION

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IN THE MATTER OF THE APPLICATION OF MOHAVE ELECTRIC COOPERATIVE, INCORPORATED, AN ELECTRIC COOPERATIVE NONPROFIT MEMBERSHIP CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS PROPERTY FOR RATEMAKING PURPOSES, TO FIX A JUST AND REASONABLE RETURN THEREON AND TO APPROVE RATES DESIGNED TO DEVELOP SUCH RETURN.

DOCKET NO. E-01750A-11-0136

NOTICE OF FILING OF REBUTTAL TESTIMONY

Arizona Corporation Commission

DOCKETED

FEB 23 2012

DOCKETED BY

Mohave Electric Cooperative, Incorporated ("Mohave" or the "Cooperative")

by and through undersigned counsel, gives notice of the filing of Rebuttal Testimony of Michael W. Searcy and Carl Stover.

RESPECTFULLY SUBMITTED this 23rd day of February, 2012.

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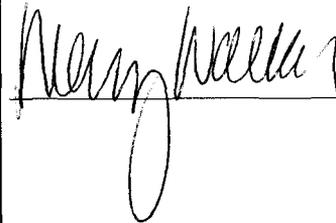
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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF
MOHAVE ELECTRIC COOPERATIVE,
INCORPORATED FOR A HEARING TO DETERMINE
THE FAIR VALUE OF ITS PROPERTY FOR
RATEMAKING PURPOSES, TO FIX A JUST AND
REASONABLE RETURN THEREON AND TO
APPROVE RATES DESIGNED TO DEVELOP SUCH
RETURN

Docket No. E-01750A-11-0136

**REBUTTAL TESTIMONY OF
MICHAEL W. SEARCY
ON BEHALF OF
MOHAVE ELECTRIC COOPERATIVE, INCORPORATED**

February 23, 2012

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**REBUTTAL TESTIMONY OF
MICHAEL W. SEARCY
ON BEHALF OF
MOHAVE ELECTRIC COOPERATIVE, INCORPORATED**

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SUMMARY OF REBUTTAL TESTIMONY

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Mr. Searcy is a Managing Consultant for CH Guernsey & Company, the consulting firm retained by Mohave Electric Cooperative Incorporated to assist in the preparation and processing of its rate application. In his rebuttal testimony Mr. Searcy discusses:

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1. Staff's use of a 2010 test year (instead of the 2009 test year used by Mohave);
 2. Adjustments to "other revenue" and rate case expense;
 3. The general consensus on revenue requirement, rate design and Mohave's service rules and regulations except for differences relating to:
 - a) Implementing a pre-paid service program,
 - b) Recovering transformer costs from new customers outside subdivisions,
 - c) The time period Mohave will apply its existing line extension policies to persons receiving a written estimate prior to a Decision in this case,
 - d) The level of residential customer charge,
 - e) The on-peak periods for the residential time of use rate,
 - f) The design of large commercial and industrial time of use,
 - g) Staff's capping the residential class revenue requirement at the overall percentage rate increase; and
 - h) Staff's request that Mohave be ordered to file its next rate case no later than April 1, 2016 using a 2015 test year.

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Mr. Searcy demonstrates that Mohave's position regarding each of the foregoing issues is superior to the position advocated by Staff and should be adopted by the Commission. Mr. Searcy further demonstrates that as the duly elected representatives of the customers Mohave serves, the determinations and preferences of the Mohave's Board of Directors should be given substantial weight and deference.

1 **1. INTRODUCTION**

2 **Q. Please state your name, your employer and your position.**

3 A. My name is Michael W. Searcy and I am employed by C. H. Guernsey & Company
4 ("Guernsey"). My current position is Managing Consultant. I have previously
5 presented Direct and Supplemental Testimony in this matter on behalf of Mohave
6 Electric Cooperative, Incorporated ("Mohave" or the "Cooperative").

7 **2. PURPOSE OF TESTIMONY**

8 **Q. What is the purpose of your rebuttal testimony?**

9 A. My rebuttal testimony will address the direct testimony submitted by Staff on the
10 following issues:

- 11 1. Staff's test year;
- 12 2. Staff's \$55,820 increase to other revenues;
- 13 3. Staff's omission of rate case expense and recommendation that Mohave be
14 ordered to file its next case no later than 2016;
- 15 4. Staff's exclusion of both power costs and margins related to third party sales;
- 16 5. Staff's recommended revenue requirement;
- 17 6. Staff's recommendations on Mohave's service rules and regulations,
18 including line extension policy and prepaid metering service;
- 19 7. Staff's comments regarding Mohave's cost of service study; and
- 20 8. Staff's class revenue and rate design recommendations.

21 **3. SELECTION OF TEST YEAR**

22 **Q. What test year did Mohave use?**

23 A. Mohave selected the 2009 calendar year for its test year as it was the most recent
24 audited data available when the application was being compiled. The actual test
25 year was then adjusted for known and measurable changes of a continuing nature.
26 At Staff's request, Mohave supplemented its application with actual 2010 calendar

1 year data with adjustments to reflect: a) AEPCO's new wholesale power rates, b)
2 updated third party sales power cost and revenue projections, c) the expiration of a
3 special contract rate applicable to a single large customer and d) the PPCA revenues
4 flowing from the power cost changes. In my supplemental direct at page15, lines 11
5 - 25, I explained that the supplemental 2010 data served to demonstrate the
6 reasonableness of the 2009 test year Mohave had selected.

7 **Q. What test year has Staff chosen to use?**

8 A. Staff elected to use the largely unadjusted 2010 calendar year data suggesting it,
9 "reflected the most recent historical 12 month period, consistent with Commission
10 Rules, and provided Staff with more recent information to perform its analysis. Staff
11 updated the test year to 2010." (Direct testimony of Crystal S. Brown, page 4, lines
12 12 - 14.)

13 **Q. Does Mohave agree with Staff's use of the 2010 test year?**

14 A. Certainly 2010 is more recent than 2009. Mohave does not necessarily agree that
15 2010 is more representative than 2009 or that this change in test year is necessary.
16 However, because the bottom line revenue recommendation of Staff, after making
17 the few necessary adjustments to the 2010 operating revenues and expenses I will
18 specifically discuss, will result in substantially the same revenue requirement as
19 requested by the Cooperative, Mohave will not dispute Staff's use of a 2010 test
20 year.

21 **4. STAFF ADJUSTMENT TO "OTHER REVENUE"**

22 **Q. Did Staff recommend an adjustment to Mohave's proposed "Other Revenue?"**

23 A. Yes. Staff witness Crystal Brown accepted Mohave's adjusted 2010 test year "Other
24 Revenue" of \$606,899. However, in adjusting for the impact of the revised service
25 fees proposed by the Cooperative, Ms. Brown increased the "Other Revenue"
26 adjustment by \$55,820, from \$256,648 to \$312,468. In her testimony (Direct
27 Testimony of Crystal S. Brown, Page 13, line 10 - Page 14, line 3), she states this was
28 to include \$55,820 in additional revenue from a new service charge that was not
29 included in Mohave's proposed revenue requirement.

1 **Q. Is the \$55,820 "Other Revenue" adjustment appropriate?**

2 A. No. Based upon communications with Staff, I believe Ms. Brown may have
3 misunderstood my response to data request CA 5.13 involving the computation of
4 revenues from a new deferred payment plan late fee. In my response, I stated, in
5 part:

6 *"In the course of developing the response to this question, an error in the*
7 *data was discovered... The original projected amount was \$56,537. The*
8 *revised amount is \$55,820. The \$717 difference is not material."*

9 The intent of the answer provided was to indicate that the portion of Mohave's
10 proposed "Other Revenue" increase associated with revenue generated by the new
11 late fee, if adjusted at all, should be lowered by \$717, not increased by \$55,820.

12 **Q. What is the appropriate level of 'Other Revenue' for the adjusted 2010 test**
13 **year?**

14 A. In responding to Staff's Data Request 5, Mohave discovered other small service
15 charge corrections that were provided to Staff as a part of Data Request 5. Attached
16 as MWS-Rebuttal Schedule 1 is a summary of "other revenue" as originally proposed
17 by Mohave and with all corrections submitted to Staff. The total 2010 test year
18 "Other Revenue" amount, adjusted for the new rates, is \$867,282. This reflects an
19 increase of \$260,383 over the adjusted test year amount, or \$3,735 more than
20 reflected on Mohave Supplemental Schedule A-1.0. The final corrected amount for
21 "Other Revenue" is \$52,085 less than reflected on Schedule CSB-3 to Ms. Brown's
22 direct testimony.

23 **Q. Would such an adjustment require further changes beyond an adjustment to**
24 **"Other Revenue?"**

25 A. Yes. Any revenue not collected from service charges/other revenue must be
26 recovered from base rates. This will involve slight changes in base rates for the rate
27 classes and will affect the final rates and tariffs to a slight degree. Mohave has
28 included these changes in its Rebuttal Rates as MWS-Rebuttal Schedule 6.

29 **Q. Is it your understanding Staff agrees with Mohave's adjusted "Other Revenue"**
30 **figure?**

31 A. Yes. It is my understanding Staff agrees with Mohave about making this revenue
32 change and will include both the reduction in "other revenue" and the
33 corresponding increase to base rates as a part of its surrebuttal testimony.

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1 **5. RATE CASE EXPENSE/NEXT RATE FILING**

2 **Q. Did Staff include any amount for rate case expense in its adjusted 2010 test**
3 **year income statement?**

4 A. No. As noted, Mohave intended to rely on the 2009 test year which included
5 \$150,000 in rate case expense amortized over 3 years. This amount was not carried
6 over to the supplemental 2010 data, since Mohave was not proposing to use it for
7 rate making purposes. Since Staff is using the 2010 test year, Staff should have also
8 included a reasonable sum for rate case expense.

9 **Q. Was any amount of rate case expense included in the actual 2010 expenses**
10 **Staff is using for the 2010 test year?**

11 A. No. Mohave set up a deferred account, so none of these expenses is included as a
12 part of Mohave's 2010 expenses and none is included as a part of Mohave's 2010
13 income statement.

14 **Q. What amount is Mohave requesting as rate case expense?**

15 A. Mohave is requesting \$400,000 amortized over 4 years as rate case expense
16 resulting in \$100,000 being included in the test year. Of this amount, \$341,090 had
17 actually been incurred by January 31, 2012 and the rest is the current projected
18 costs to conclude this matter.

19 **Q. What has caused Mohave's rate case expense to increase over its original**
20 **projections?**

21 A. Staff's request for supplemental 2010 data and Staff's decision to conduct a
22 purchase power prudence review as part of this rate case have significantly
23 increased rate case costs beyond those initially projected by the Cooperative.
24 Mohave agreed to provide the supplemental 2010 data and to provide four years of
25 significant power cost data. Mohave timely objected to Staff's request to go back an
26 additional 5 ½ years as part of its purchase power prudence review because it is
27 unduly burdensome, had been previously provided to Staff in the form of monthly
28 purchase power filings and is well beyond the customary scope of the historical test
29 year (whether 2009 or 2010) used to set rates in this proceeding. Without seeking
30 an order to compel, Staff, through its consultant Mr. Mendl, is recommending the
31 Commission impose a \$1.946 million penalty, as a prudence adjustment "because
32 MEC failed to maintain and provide the information to support the prudence of its
33 purchased power" for the period between July 25, 2001 and December 31, 2006.
34 (Direct Testimony of Jerry Mendl, pp. 26-28). Mohave is working with Staff in an
35 effort to resolve this issue, but as of the deadline for filing rebuttal testimony, the

1 issue is contested and is consuming significant time and effort on the part of
2 Mohave.

3 **Q. Would such an adjustment require further changes beyond an adjustment to**
4 **operating expenses?**

5 A. Yes. The recommended increase in operating revenue would need to be increased
6 the same amount as the amount of rate case expense included the adjusted test year
7 to attain the operating margins recommended by Staff. This is reflected on MWS-
8 Rebuttal Schedules A-1 and A-2.

9 **Q. Why is a four year amortization period appropriate?**

10 A. Staff is recommending Mohave be ordered to file a new rate case no later than April
11 1, 2016 based upon a test year ending December 31, 2015. As rates will not go into
12 effect until July or August of 2012, there will be approximately 4 years to collect the
13 rate case expense under the rates approved in this proceeding, based upon Staff's
14 recommendation.

15 **Q. Does Mohave support Staff's recommendation that the Commission require**
16 **the Cooperative to file a rate case no later than April 1, 2016 with a test year**
17 **ending December 31, 2015?**

18 A. While Mohave agrees it likely that a rate case will be appropriate by that period, the
19 Cooperative opposes being ordered to make a rate filing by a date certain or having
20 its test year determined in advance of such filing. Mohave believes its member
21 elected Board of Directors is better able to determine when a rate filing is necessary
22 and that such decision, and the appropriate test year, should be based upon actual
23 operational data. Moreover, Mohave has an annual audit done by an outside
24 certified public accountant. The results of such audits are usually not presented to
25 the Cooperative's Board until June or July following the close of the calendar year
26 being audited. Therefore, requiring a filing before September 1 would not allow
27 Mohave to base its filing upon audited data.

28 Mohave would not object to being required, as a compliance item, to file in this
29 docket on or before April 1, 2016 a copy of its unaudited Form 7 for the calendar
30 year 2015, together with a summary schedule containing the information contained
31 in Schedule CSB-1 reflecting an estimate of any increase in rates the Cooperative's
32 management anticipates might deem appropriate, unless prior thereto it has already
33 separately docketed a rate case.

1 **6. POWER COST, PPCA BASE COST, BASE REVENUE & PPCA REVENUE**

2 **Q. Did Staff recommend an adjustment to Mohave's adjusted 2010 Power cost,**
3 **PPCA base cost and Base Revenue and PPCA Revenue?**

4 A. Yes. Staff witnesses Crystal Brown and Jerry Mendl recommended removing
5 recovery of \$594,737 in expenses related to power supply from power cost and
6 from recovery through the PPCA. All but \$32,702 of these expenses were found to be
7 justified and transferred to Mohave non-power cost expenses. Mohave is not
8 disputing removal of the \$32,702 from adjusted 2010 test year expenses. As
9 discussed further by Carl N. Stover in his rebuttal testimony, Mohave does oppose
10 Staff's exclusion of the remaining \$562,035 in costs from power supply related
11 expenses, as well as Staff's proposal that in the future Mohave exclude from PPCA
12 calculations both power cost and margins received from third party sales (TPS), as
13 opposed to its current practice of excluding only power cost.

14 **7. REVENUE REQUIREMENT**

15 **Q. What is the net impact on Mohave's revenue requirement and how does that**
16 **compare to Staff's recommendation?**

17 A. Regardless of whether the Commission agrees with Mohave or Staff relating to the
18 treatment of these items in PPCA calculations, Mohave's revenue requirement for
19 the adjusted 2010 test year is \$79,073,715, (MWS-Rebuttal Schedule A-1) as
20 compared to Staff's recommended revenue requirement of \$78,973,715 (Staff
21 Schedule CSB-3). The total difference is \$100,000 and is entirely related to including
22 recovery of rate case expense.

23 Since total revenue required by the Cooperative is not in dispute, any increase or
24 decrease in PPCA revenue will require an off-setting decrease or increase in the
25 base rates and revenue. Attached is MWS-Rebuttal Schedule A-1, showing Mohave's
26 proposed change to Staff's recommended income statement shown on Staff
27 Schedule CSB-3. Changes made were to 1) correct "Other Revenue", 2) add rate case
28 expense, 3) restore Mohave's treatment of power-supply-related expense as power
29 cost and recover these costs through the PPCA rather than base rates, and 4) restore
30 Mohave's treatment of third party sales margins and not refund these margins to
31 members through the PPCA. While the changes affect the items listed above,
32 operating margin and return developed under Mohave's rebuttal income statement
33 and under Staff's income statement are identical. MWS-Rebuttal Schedule 4, shows
34 the calculation of Mohave's base PPCA cost continuing Mohave's existing treatment

1 of power-supply-related expenses and third party sales margins and rejecting Staff's
2 recommended changes in these areas.

3
4 **8. STAFF ADJUSTMENTS TO MOHAVE'S POLICIES, INCLUDING**
5 **ITS LINE EXTENSION POLICY AND PREPAID METERING**

6 **Q. Does Mohave agree with Staff's recommended changes to its service rules and**
7 **regulations?**

8 A. Mohave will adopt all the changes to its policies recommended by Staff, other than
9 those I will discuss separately related to line extension and the recommendation
10 that Mohave make a separate application for its prepaid metering option.

11 **Q. Did Staff recommend any changes to Mohave's proposed line extension policy**
12 **with which Mohave does not agree?**

13 A. Yes. While Mohave and Staff are in almost total agreement with regard to MEC's
14 policies, Mohave does not agree with two of Staff's recommendations regarding its
15 proposed line extension policy:

16 1) "Mohave [should] not charge the cost of the transformer to individuals not
17 within a subdivision requesting single phase or three phase service" (Direct
18 Testimony of Candrea Allen, Recommendation 5, Page 9, Lines 18 - 20), and

19 2) "any potential customer who has been given the current line extension
20 free footage allowance estimate or quote by Mohave up to one year prior to
21 an Order in the matter should be given the line extension free footage
22 allowance as specified in Mohave[s] current Service Rules and Regulations,
23 as discussed in the testimony." (Direct Testimony of Candrea Allen,
24 Recommendation 7, Page 9, Lines 26 - 30).

25 **Q. Please explain why Mohave feels it is appropriate to include the cost of the**
26 **transformer in calculating line extension allowable investment for those**
27 **outside of subdivisions in particular.**

28 Mohave's line extension policy is designed to recover, through a combination of
29 revenue from the member over time and as up-front contributions in aid of
30 construction, each member's share of the cost of providing line extension to serve
31 their facilities. Staff agrees with this general concept. Witness Candrea Allen on page
32 6, lines 22 - 23 states: "Staff believes that Mohave's proposed line extension
33 allowance would be beneficial for its customers." Transformers are part of the plant
34 investment whether installed to serve a subdivision or individual lots.

1 Unlike heavily urban utilities, Mohave is a rural electric cooperative. Mohave serves
2 many residential customers outside of urban areas and outside of subdivisions.
3 While rural growth is typically slower than in urban areas, residential customers do
4 request service outside of subdivisions, including quite rural parts of the
5 cooperative's service territory. They are in areas of low customer density where
6 each customer typically requires their own individual service transformer, rather
7 than a typical subdivision where multiple customers are more often connected to a
8 single transformer. So the average per-customer transformer plant investment is
9 often greater outside of subdivisions. Removing recovery of the Cooperative's
10 investment in transformation facilities from any group creates a subsidy.

11 Mohave believes its proposed method, including full recovery of transformer plant
12 investment from customers outside of subdivisions is fairer to all cooperative
13 members and requests that its proposed line extension policy be approved as
14 submitted.

15 As an alternative, Mohave suggests that outside of subdivisions, the customer's
16 responsibility for transformer costs be capped at one half of the transformer's cost.
17 This ensures that individual will share at least one half the transformer cost with
18 either another customer/neighbor or the Cooperative. Where a transformer is
19 expected to serve more than two members, an individual member would only be
20 responsible for his or her pro rata share.

21 **Q. Is Staff's recommendation that customers who have received a line extension**
22 **estimate be given a year to proceed under the existing line extension policy**
23 **necessary or appropriate?**

24 **A.** No. Today, each member is provided a written estimate on a standard printed form
25 identifying the cost on any line extension to a member requesting line extension. A
26 copy of this standard form is attached and included as MWS-Rebuttal Exhibit 2.

27 The form states on page 1, Section I, Item 1 the following:

28 *"This estimated construction cost is valid for 60 (sixty) calendar days*
29 *from _____. The full estimated cost of construction must be paid, this*
30 *agreement must be executed, and Mohave's construction must be*
31 *started within that 60 (sixty) days, or this agreement may be declared*
32 *null and void at the option of Mohave."*

33 To the extent Staff is concerned that a customer might see an unexpected increase in
34 the cost of extension of electric service due to the policy changes, they are already
35 on written notice that the estimate is only good for sixty (60) days.

1 **Q. Does Mohave recommend revisions to the wording of Staff's recommended**
2 **change to Mohave's proposed line extension policy?**

3 A. Yes. Mohave believes that recommendation 7 as referenced in the direct testimony
4 of Candrea Allen, page 9, lines 26 – 30 is unnecessary and should be eliminated. If,
5 however, the Commission feels some additional customer protection is needed,
6 Mohave suggests the recommendation and order provide:

7 "Any potential customer who has been given the current line extension
8 free footage estimate or quote by Mohave up to sixty (60) days prior to an
9 Order in this matter shall be given the line extension free footage
10 allowance as specified in Mohave's current Service Rules and Regulations
11 for up to sixty (60) days after the effective date of such Order."

12 The foregoing will have the effect of extending the validity of the original estimate
13 for a period of sixty (60) days following the date the policy changes are effective.
14 Mohave will include in its customer notice concerning the rate change the following
15 statement:

16 "The Commission has also approved changes to Mohave's line extension
17 policy. Mohave will continue to honor written line extension estimates
18 received on or after 60 days prior to the date of the Decision (i.e., on or
19 after _____) for an additional 60 days (i.e., until _____). Thereafter, all
20 line extensions will be calculated based upon the revised line extension
21 policy."

22 **Q. Were there other policy matters addressed by the Staff?**

23 A. Yes. Staff recommended several changes to Mohave's policies and recommended
24 that Mohave's request to implement prepaid metering be considered separately and
25 not as a part of this proceeding.

26 **Q. Why does Mohave not wish to see the prepaid metering request be handled at**
27 **a later date as a part of a separate proceeding?**

28 A. Mohave does not wish to delay implementation. Mohave is not proposing a separate
29 or different rate be applied to pre-paid metering customers. And Mohave is not
30 proposing that pre-paid metering be considered as a part of its DSM program, either
31 as assumed reductions in usage or for cost recovery through its proposed DSM
32 adder.

33 Mohave is proposing that it be allowed to implement prepaid metering for a single
34 reason, to allow members with an option to putting up a security deposit, without

1 placing the cooperative's financial position at risk. Customers taking part in prepaid
2 metering will not have to put up a security deposit, and many customers have
3 strongly requested their cooperative implement this program.

4 The prepaid metering program would not affect revenue.

5 **Q. Does Mohave anticipate that implementing prepaid metering would result in a**
6 **reduction in its annual write-offs as recorded in Account 904?**

7 A. Mohave has no idea how many members whose accounts might result in write-offs
8 would take part in prepaid program, and therefore, the amount of any adjustment is
9 not known or measurable.

10 **9. STAFF REVIEW OF THE COST OF SERVICE STUDY**

11 **Q. Did Staff conduct its own cost of service study (COSS) for Mohave?**

12 A. No. Staff reviewed, commented on and relied on the COSS submitted by Mohave.
13 Staff witness Bentley Erdwurm states Mohave's COSS presents, "a traditional fully
14 allocated cost of service study ("COSS"), along with Mohave's proposed rate
15 designs." (Direct testimony of Bentley Erdwurm, page 2, lines 6 - 7) "It is not the
16 position of Staff that Mohave's proposed functionalization, **classification**, and
17 allocation techniques used in its proposed COSS fall outside the bounds of standard
18 industry practice . . ." (Direct testimony of Bentley Erdwurm, page 9, lines 7 - 9;
19 underline in original; bold emphasis added.)

20 **Q. According to Staff, how does Mohave's classification approach affect its rate**
21 **design proposals?**

22 A. According to Staff's witness Bentley Erdwurm, Mohave's use of distribution items
23 separate from the functions of metering, meter-reading, the service drop, and
24 customer service, "inflates its proposed residential customer charge to \$16.50 per
25 month, which is in excess of a more appropriate charge of \$12.00 per month
26 supported by Staff." (Direct testimony of Bentley Erdwurm, page 9, lines 12 - 19)

27 **Q. Do you agree with this assessment of Mohave's COSS offered by Staff?**

28 A. No. The COSS classification methodology used is consistent with standard industry
29 practice and does not "inflate" the residential customer charge. In fact, Staff's
30 proposed rate design uses Mohave's classification methodology for all rate classes,
31 except for residential and large industrial and commercial time of use customers.
32 The same classification methodology described by Staff as "not acceptable," (Direct
33 testimony of Bentley Erdwurm, Page 9, line 14) was used to develop cost

1 classification in two previous TRICO rate cases, one previous SSVEC rate case and
2 one previous Navopache rate case. In each of these cases, the COSS was prepared by
3 Guernsey and Staff recommended approval of the COSS, although with some
4 deviation in rate design.

5 In addition, Guernsey has used the same methodology for cases presented and
6 approved without changes in recent years by Wyoming, Arkansas, and New Mexico
7 regulatory Commissions, along with numerous states where cooperatives are
8 regulated by their elected boards, including Colorado, Florida, Georgia, Kansas,
9 Minnesota, Mississippi, Missouri, Nebraska, Oklahoma, and Texas.

10 This issue is important because Staff recommends Mohave have a significantly
11 lower residential customer charge than the \$18.50 residential customer charge the
12 COSS demonstrates is properly recovered by the customer charge. The \$16.50
13 residential customer charge proposed by the Cooperative moves toward, but not to
14 the actual customer-related cost the COSS indicates Mohave incurs in making
15 electricity available to individual residential customers.

16 **Q. Please explain the basis of a COSS for an electric distribution cooperative?**

17 A. Classification of costs is in effect a "bucket" that categorizes each cost. There can be
18 many classifications for distribution cooperatives, but they typically are
19 summarized into three main cost components: 1) power supply (demand-related
20 and energy-related), 2) customer-related, and 3) capacity-related. The last two are
21 the costs of operating Mohave's own distribution, substation and subtransmission
22 systems. No power supply related costs are included in these last two components.

23 To the extent changes in rates move a cooperative closer toward recovering costs in
24 a similar manner to how costs are incurred, rates are generally fairer to customers,
25 and provide a cooperative with a more secure revenue source that causes the
26 cooperative less financial disincentive to promote renewables, energy efficiency and
27 conservation (decoupling).

28 Electric cooperatives have quite different customer mixes than is typically the case
29 with investor-owned utilities. Electric cooperatives nearly always include a greater
30 percentage of their systems in rural areas than is true of more urban utilities.
31 Mohave, for example, serves rural territory in the Kingman area, while an investor-
32 owned utility, UNS, serves most of Kingman itself. Cooperatives have stretches of
33 rural line with quite low line density that often serve a high percentage of loads such
34 as barns, stock wells, etc. with low usage - yet no matter how low the density, or
35 how low the usage for each customer on a rural line, at least some minimum size of
36 poles and wire must be used and some minimum size of transformer must be hung.

1 This minimum size of facilities, therefore, is driven not by the customer's capacity,
2 but by his or her simply being a customer – and the only way the Cooperative can
3 recover these costs from such an extremely low usage customer is through the
4 customer charge.

5 **Q. Has the Commission recognized the foregoing COSS attributes in approving**
6 **rates for electric distribution cooperatives?**

7 A. The same classification methodology described by Staff as “not acceptable,” (Direct
8 testimony of Bentley Erdwurm, Page 9, line 14) was used to develop cost
9 classification in two previous TRICO rate cases, one previous SSVEC rate case and
10 one previous Navopache rate case. In each of these cases, the COSS was prepared by
11 Guernsey and Staff recommended approval of the COSS, although with some
12 deviation in rate design.

13 In Decision No. 71230, dated August 6, 2009, the Commission expressly recognized
14 that customer service costs “includes *the customer component of distribution line*
15 *expense, a portion of the transformer expense*, [in addition to] the meter and
16 service drop expense and meter reading and customer records expenses.” Decision
17 at p. 7, lines 17-20. Where the only disputed issues with Staff involved rate design,
18 the Commission approved Trico Electric Cooperative's request for a \$15.00 per
19 month residential customer charge and rejected Staff's lesser increase to \$13.50.

20 **Q. Staff indicates that Mohave's cost classification, if implemented in rates,**
21 **“creates a price signal that runs counter to encouraging the efficient use of**
22 **electricity.” (Direct Testimony of Bentley Erdwurm, page 9, line 24) Do you**
23 **agree?**

24 A. No. In fact, Mohave has proposed a \$16.50 customer charge that moved it closer to
25 the \$18.50 reflected in the COSS in lieu of seeking the more complex decoupling
26 mechanisms proposed by Arizona Public Service Company and Southwest Gas
27 because it provides the customer a simpler and cost based price signal. Before
28 doing so, Mohave considered the impact on its residential customers of moving its
29 residential customer charge to \$16.50. The impact was moderated both by the
30 limited overall increase being sought for the residential class and by moving to a
31 three tier energy rate design from the existing single energy rate design. Moreover,
32 the first tier of energy rates for usage from 0 to 400 kWh per month reflects de
33 minimis usage rather than that of normal occupied residence, especially during the
34 hot summer months in the Cooperative's service area. Mohave's proposed rates
35 targeted residential customers with energy usage of between 400 to 2,000 kWh to
36 experience a limited increase in their overall electric bills ranging from 3.94% to
37 3.72% (i.e., below the overall increase originally requested). See, Supplemental

1 Schedule H-4.0. Because of the Staff-recommended increase in energy charges
2 between the blocks, under Mohave's rebuttal rates, residential customers with
3 energy usage of 400 kWh will experience an increase of only 0.46% as compared to
4 usage under existing rates. Customer with usage of 1,000 kWh per month would
5 actually see a small decrease of 0.77%. See MWS-Rebuttal Schedule 8. In contrast,
6 Staff's proposed residential rate design customer charge would require other
7 members to subsidize those members who can afford to leave the service area for a
8 part of the year (particularly in the summer months for vacations or summer
9 residences) because these customers often have several months in the year with
10 little or no usage.

11 Mohave is committed to promoting the efficient use of electricity and has taken
12 several measures to accomplish this. Two examples include its proposed rates with
13 inclining blocks and its long-standing rebates for energy efficient HVAC equipment.
14 But Mohave does not believe the best method of promoting energy efficiency is to
15 recover its fixed cost of providing service through energy charges.

16 All of Mohave's cost of providing service is fixed cost - either driven by customer-
17 related factors or by peak capacity on facilities. Shifting cost classification from fixed
18 customer-related cost classification to some other fixed cost classification as
19 recommended by Staff does not change this. In particular, recovering fixed
20 customer-related cost through variable (energy) billing units is not fair to all
21 customers and places cooperative margins at risk in years with low usage.

22 Cooperatives are quite small and have relatively little industrial load as compared to
23 investor-owned utilities. This makes them extremely vulnerable to the changes in
24 margins that occur when fixed costs are recovered through variable billing units
25 that are highly dependent on weather, the economy, and the cooperative's own
26 promotion of renewables, energy efficiency and conservation.

27 In addition, recovering fixed customer-related costs through variable energy rates
28 runs counter to the PURPA standard that promotes decoupling in rate making.
29 Mohave believes that the simplest, most logical, and easiest to understand method
30 of decoupling rates, particularly for a small electric cooperative, is by recovering
31 much of its fixed customer-related cost of providing service through fixed customer
32 charges instead of through variable energy charges. If rates are not decoupled, as
33 Mohave continues to succeed in promoting energy efficiency, margins will
34 continually fall and new subsidies will be created.

35 Finally, Mohave believes long-standing, industry standard and historically Staff and
36 Commission approved COSS classification methodology should not be modified to
37 produce a result. For example, if Staff were to believe Mohave has requested a

1 customer charge that produces what it considers to be an unacceptable increase, the
2 focus of discussion should be entirely on that customer impact issue, rather than
3 suggesting that the COSS be modified to show justification for a lower customer
4 charge.

5 Mohave's elected Board of Directors deems its proposed movement toward cost of
6 service as demonstrated in the COSS, including its increased residential customer
7 charge, coupled with a three tier energy charge and the absence of a decoupling
8 mechanism, to be fair and reasonable for its members.

9 **Q. What is Mohave's recommendation with regard to the COSS?**

10 A. Mohave recommends the COSS be approved as prepared and without changes,
11 including classification of costs.

12 **10. STAFF REVENUE CHANGES BY RATE CLASS**

13 **Q. Do Staff and Mohave agree as to Mohave's system revenue requirement and**
14 **Mohave's requested rate change request?**

15 A. Adjusted for rate case expense and properly accounting for "Other Revenue", the
16 system revenue requirement proposed by Mohave and Staff are very similar. See
17 MSW-Rebuttal Schedule A-1.

18 **Q. Does Staff recommend changes to Mohave's proposed revenue allocation to**
19 **the various rate classes?**

20 A. Yes. As shown on Staff Exhibit DBE-1, Mohave's proposed increase to the residential
21 rate class of 4.07% has been reduced to 3.81%. Staff witnesses Bentley Erdwurm
22 states in direct testimony on Page 5, beginning on line 16, "Staff believes that the
23 residential percentage increase should not exceed the system percentage increase,
24 unless compelling cost considerations indicate otherwise."

25 **Q. Does Mohave agree with Staff that the "residential percentage increase should**
26 **not exceed the system percentage increase?"**

27 A. No. Such a cap on the allocation of revenue responsibility to the residential class a)
28 is arbitrary, b) is unsupported by the record, c) is contrary to the Public Utility
29 Policy Act's intent to structure rates that, to the maximum extent practicable, will
30 reflect the costs of service to each customer class, d) ignores the minimal amount of
31 additional revenue Mohave is proposing to shift to the residential class, e) foregoes
32 the opportunity to make such shifts when the overall increase request is minimal,

1 and, f) if followed consistently, would forever preclude closing the gap between the
2 residential and other customer classes.

3 Mohave believes, given the long regulatory history of basing cost recovery from the
4 rate classes more closely to how each class incurs costs, that it should be assumed
5 that, while balancing the impact on customers, a cooperative will move each rate
6 class closer to cost of service UNLESS there is a compelling cost consideration or a
7 practical reason not to do so. Imposition of an arbitrary cap is not a compelling cost
8 consideration to preclude the movement of the residential class somewhat closer to
9 paying its actual cost of service.

10 On Schedule G-2.1 of the original filing, relative performance of each rate class with
11 and without Mohave's proposed rate change is shown. Prior to any rate changes, the
12 residential rate class relative rate of return (RROR) is 0.2. Any RROR number less
13 than 1 means a rate class is receiving a subsidy provided by other rate classes. After
14 Mohave's proposed rate change, the residential RROR is 0.72. Mohave has balanced
15 the impact on residential customers, therefore, and while not proposing an increase
16 to the residential class large enough to bring the residential class RROR up to the
17 system average, has proposed that a small step in that direction be made. Mohave is
18 over 90% residential. If Staff's position is that Mohave can never increase its
19 residential rate class by a percentage increase above the system average percentage
20 increase, Mohave will never be able to close the gap that exists between residential
21 and other rate classes.

22 As shown on Staff Schedule DBE-1, the difference between Mohave's proposed
23 revenue from the residential rate class and Staff's recommended revenue from the
24 same class is only \$110,090. Staff indicates the small difference is a reason to adopt
25 their suggested change. Mohave believes the small difference is an insufficient
26 reason to step away from its proposed modest step toward cost-based class
27 revenue.

28 Furthermore, the best time to correct subsidies between rate classes is when the
29 over-all rate change is small. The total proposed rate increase is less than 4%.
30 Taking a quite small step now toward reducing subsidies between rate classes will
31 result in less customer impact than waiting for some future rate case when the over-
32 all change might be higher.

33 For the foregoing reasons, Staff's suggestion "there exists no practical reason that
34 the residential percentage increase cannot be capped at the system increase" (Direct
35 Testimony of Bentley Erdwurm, p. 5, lines 22-23) is wrong.

1 **Q. Other than the residential rate class, does Mohave disagree with the revenue**
2 **allocation changes Staff proposes for any other rate classes?**

3 A. Yes. Mohave also objects to Staff's proposed change to the Large Commercial &
4 Industrial time of use rate (LC&I TOU) class. Mohave's disagreement will be
5 discussed below as a part of the rate design testimony. In addition, adjusting "Other
6 Revenue" and adding rate case expense will necessitate a small change in the total
7 revenue requirement from Staff's recommended totals allocated to the various rate
8 classes.

9 **Q. What is Mohave's proposal with regard to the class revenue requirement?**

10 A. Mohave believes the proposed class revenue requirements should be as provided on
11 the attached MWS-Rebuttal Schedule 5.

12 **11. PROPOSED STAFF RATE DESIGNS**

13 **Q. Did Staff recommend changes to Mohave's proposed rate designs?**

14 A. While Staff generally followed the rate designs proposed by Mohave, Staff did
15 recommend some changes as illustrated on Staff Exhibit DBE-3. Mohave does not
16 oppose:

17 1. Increasing the charge between residential energy blocks 15 mills
18 per block instead of 10 mills per block.

19 2. Adjusting the rate designs to reflect changes to the base power
20 cost and to achieve the overall revenue requirement authorized by
21 the Commission, (although not agreeing with the specific base
22 power cost and revenue requirement proposed by Staff).

23 3. An inclining energy rate in the TOU rates.

24 4. Changing the on-peak period for the optional residential time of
25 use (RES TOU) rates that include weekends.

26 5. Subject to adjustments for base power costs and the final overall
27 revenue requirement, the rate designs for Small Commercial,
28 Large Commercial & Industrial, Irrigation and Lighting customers.

29 Despite general agreement on rate designs, Mohave does oppose Staff's proposals
30 relating to:

31 1. Residential customer charges.

1 industry practice. Staff's primary concern is the percentage impact the rate design
2 will have on customers using a nominal amount of energy (0 to 400 kWh per
3 month).

4 Mohave took into account customer impact in considering an appropriate level for
5 the customer charge. Mohave's elected Board of Directors determined \$16.50 is a
6 good balance of moving cooperative rates closer to the cost-based \$18.50 rate
7 demonstrated by Mohave's COSS (see, Schedule G-6.0, p. 1), moving rates closer to
8 the PURPA decoupling standard, and reducing subsidies from one residential
9 member to another, while minimizing customer impact.

10 Importantly, customer billings reflecting energy usage of less than 400 kWh can
11 often be explained by absence from the home (e.g., for vacations or use of second
12 homes), a partial month's billing, or by a rental home being vacant, rather than a
13 consistent level of usage. Mohave's service area has high level of turnover, so
14 billings for part of a month are numerous. Customers that can afford to do so will
15 leave the service territory during the hotter summer periods minimizing their
16 energy usage for that period. Mohave deems it inappropriate for the rest of the
17 membership to subsidize these customers and have proposed a customer charge
18 and tiered rate blocks to avoid such subsidization.

19 Mohave's proposed changes to energy charges are closely linked to customer
20 charges. Mohave proposed an inclining block rate. This rate helps offset the impact
21 of the proposed customer charge increase on low usage customers, since the
22 inclining block change in rate falls most heavily on customers with highest usage
23 and reduces the per kWh charge that would otherwise be applied to customers with
24 low usage. In agreeing to Staff's recommended increase in the inclining energy block
25 charges, Mohave's rebuttal rate designs even further offset the impact of the
26 customer charges because of the higher per-block increase.

27 Mohave's over-all rate request is under 4%. Mohave feels that the best time to
28 address inequities between and within rate classes is when the over-all rate change
29 is low.

30 **Q. What would Mohave's rebuttal residential rate look like?**

31 A. Mohave's rebuttal residential rate design is attached as MWS-Rebuttal Schedule 6.
32 The comparison of existing, originally-proposed, Staff recommended and Mohave
33 rebuttal rates is shown as MWS-Rebuttal Schedule 8. As shown, Mohave's rebuttal
34 rates, without any phasing, result in the average customer with usage of 860 kWh
35 per month seeing a slight decrease of -\$0.63 per month or -0.62% as compared to

1 existing rates. A customer with median usage of 637 kWh would see a decrease of -
2 \$0.21 per month or -0.27%.

3 The rebuttal rate provides a strong pricing signal promoting energy efficiency
4 through its inclining block rate – which under the rebuttal rates incline more steeply
5 than originally proposed.

6 As was the case with all rates, Residential rates were modified to reflect rebuttal
7 base power cost and total revenue requirement.

8 **Q. Would Mohave be willing to phase in its requested change in customer charge**
9 **over time?**

10 A. Mohave proposed a \$16.50 customer charge for the residential class because that is
11 the level its elected Board of Directors deems appropriate after balancing the factors
12 I have discussed. If the Commission deems such a rate change is too large in one
13 step, then Mohave would be willing to work with Staff to develop a phase in plan
14 leading to its proposed \$16.50 customer charge over a period of years. If this
15 approach is selected by the Commission, Mohave proposes starting with Staff's
16 proposed customer charge of \$12.00 on the effective date of the new rates, and then
17 over the next two years commencing with November usage in 2013, increase the
18 customer charge an additional \$2.25 each year and lower the energy charges for
19 each rate block so that, based upon test year billings, the authorized revenue for the
20 residential class was produced. November is selected because this is a period when
21 energy usage is normally close to its lowest. In this manner the full customer charge
22 would be implemented with November usage of 2014.

23 **Q. What would the phased rates discussed above look like?**

24 A. MWS-Rebuttal Schedule 7 shows the phasing set forth above. MWS-Rebuttal
25 Schedule 8 shows comparisons under the phases at different usage levels.

26 **13. RESIDENTIAL TIME OF USE RATE AND**
27 **NET METERING CUSTOMER CHARGE**

28 **Q. What changes did Staff recommend to Mohave's RES TOU rate?**

29 A. Staff did not provide a copy of a suggested RES TOU rate. In testimony, Staff
30 recommended a decrease in monthly customer charge from Mohave's proposed
31 \$21.50 per month to \$15.00 per month (which is the existing customer charge for
32 RES TOU). Staff recommended changes in summer on-peak hours and agreed with
33 Mohave's proposed winter on-peak hours.

1 Staff indicated it was important for Mohave's RES TOU rate to have inclining blocks
2 similar to those in the standard RES rate. Mohave agrees with this last statement.

3 As was the case with all rates, the RES TOU rates were modified to reflect the Staff-
4 recommended change in base power cost and to total revenue requirement.

5 **Q. Does Mohave agree with the Staff recommended customer charge?**

6 A. Mohave agrees that the customer charge for RES TOU customers should be set to
7 collect the cost difference between the standard RES rate and the RES TOU rate.
8 Mohave contends this cost differential is \$5 rather than the \$3 recommended by
9 Staff.

10 The proposed customer charge difference between the RES and RES TOU rates is
11 based on the added cost in buying, programming, reading and billing TOU meters as
12 compared to standard meters. Mohave only installs meters for TOU customers that
13 display TOU information. Mohave's cost for a standard AMI meter that will NOT
14 display TOU data is \$125. Mohave's cost for a meter and module that will display
15 TOU data is \$449. Assuming cost recovery over ten years, depreciation cost alone
16 adds \$2.70 per month per customer. Mohave's cost of billing and accounting per
17 standard residential meter is \$5.00 per month, according to the COSS (Schedule G-
18 6.0, page 7, original filing). The Cooperative estimates the added cost of customer
19 service, installation, meter reading, billing and accounting for TOU customers would
20 exceed \$2.50 per customer per month.

21 Once the Cooperative has completed installation of its AMI metering system, this
22 cost differential may decrease but such is currently speculation. In 2009 and 2010
23 deployment of Mohave's AMI metering system was in its early stages and is still an
24 ongoing effort.

25 **Q. Does Mohave agree with the Staff's recommended changes to the on-peak and
26 off-peak hours included in the proposed RES TOU rate?**

27 A. Mohave can support a shortened peak period for both its optional RES TOUs rates,
28 but does not support the same peak period for both.

29 Mohave's system can and does peak on weekends. Currently, Mohave's optional
30 RES TOU does not include weekends. Thus customers can contribute to Mohave's
31 peak, while receiving a discounted TOU rate. To address this situation, Mohave
32 proposed an innovative second optional RES TOU rate that had shorter peaks and an
33 additional 2.25% discount on energy charges if the customer agreed to include
34 weekends, while maintaining the existing (longer) peak periods if the customer
35 desired to continue to exclude weekends. The basic concept was to balance

1 providing a pricing signal to members with having an easily understandable rate
2 and encouraging members to take part in reducing peak load while minimizing the
3 negative margin effect of "free riders."

4 Mohave wants to give customers a clear indication that it understands controlling
5 load on weekends might be more difficult or less desirable. So a customer
6 voluntarily choosing the weekend option receives two benefits, he or she has fewer
7 hours per day (though the same number per season) requiring control, and a clearly
8 indicated per kWh credit for any added effort or inconvenience caused by weekend
9 peak load reduction.

10 Staff's proposal that the same on-peak periods be used for both options (with and
11 without weekends) during the summer, results in the weekend option having more
12 total hours of control in the season – thus defeating a key part of Mohave's attempt
13 at simplicity and reward for including weekend hours.

14 As an alternative to its initial RES TOU rates, Mohave is willing to offer shortened
15 summer on-peak periods for both RES TOU optional rates (with and without
16 weekends) in the summer, while maintaining the differential in total hours of
17 control between the two options. This alternative rate design for the RES TOU rate
18 options is summarized on MWS-Rebuttal Schedule 7 and developed on MWS-
19 Rebuttal Schedule 6a. A summary of the proposed hours in each option is provided
20 on MWS-Rebuttal Schedule 3.

21 As originally proposed, the summer peak period excluding weekends would be from
22 12PM to 9PM (9 hours) and the summer peak period including weekends would be
23 from 2PM to 8:30 PM (6.5 hours). Both options would have approximately 2,350
24 peak hours per year (including winter). Mohave's rebuttal proposal is that the
25 summer peak period excluding weekend would be from 12PM to 7:30PM (7.5
26 hours) and the summer peak period including weekends would be from 2PM to 7:30
27 PM (5.5 hours). Both options would have approximately 2,090 peak hours per year
28 (including winter). Staff and Mohave agree with Mohave's originally proposed
29 Winter hours.

30 No residential customer desiring to participate in the TOU rate is required to reduce
31 weekend load. And, since the existing TOU rate has a summer peak period from
32 12PM to 9PM, any customer connecting to TOU before rates could be changed would
33 have decreased hours of peak as compared to existing rates.

34 As was the case with all rates, the Residential TOU rates were modified to reflect the
35 rebuttal change in base power cost and to total revenue requirement.

1 **Q. How does Mohave's customer charge for its net metering customers relate to**
2 **its time of use rates?**

3 A. Under the net metering tariff approved by the Commission, the customer charge for
4 net metering customers is the same as the customer charge for the applicable TOU
5 rate for that class of customer. The Commission recognized that TOU and net
6 metering customers require similar metering, meter reading, customer service, and
7 billing services and cost Mohave more to service than standard customers.
8 Therefore the customer charge for both, in a particular class of customers, should be
9 generally be the same.

10 **Q. Would the residential TOU and net metering rates be phased if the standard**
11 **residential rates are phased?**

12 A. Because of the costs associated with phasing in a relatively few customers, Mohave
13 would prefer not to phase in the customer charges for TOU and net metering
14 residential customers. These rates are optional and customers can chose to move to
15 the standard rate if the difference in customer charge per month is an issue to them.

16 **14. RESIDENTIAL EXPERIMENTAL DEMAND RATE**

17
18 **Q. What rate design does Mohave recommend for its proposed experimental**
19 **residential demand rate?**

20 A. Staff did not discuss this rate in direct testimony or provide suggested rate designs
21 for review. Mohave believes the customer charges for the experimental residential
22 demand rate and the RES TOU rate should be set at the same level since both rate
23 classes, along with net metering customers, require additional metering, meter
24 reading customer service, and billing expenses. Mohave proposes this level be set at
25 \$21.50 per month, but in any case, believes the level should be \$5 greater than the
26 approved customer charge for the standard residential rate.

27 The rebuttal rate design for net metering is shown on MWS-Rebuttal Schedule 6.
28 The rebuttal rate design for residential demand is shown on MWS-Rebuttal
29 Schedule 6b and summarized on MWS-Rebuttal Schedule 7.

30 As was the case with all rates, the Residential Demand rate was modified to reflect
31 the Rebuttal base power cost and total revenue requirement.

1 **15. SMALL COMMERCIAL RATES**

2 **Q. Does Mohave agree with Staff rate designs for the small commercial energy,**
3 **small commercial TOU and small commercial net metering rates?**

4 A. Mohave agrees with Staff that Mohave's "Small Commercial Energy and Small
5 Commercial - Net Metering customer charges are based on residential charges."
6 (Direct Testimony of Bentley Erdwurm, p. 10, lines 18-19). Therefore, Mohave
7 continues to propose that the Small Commercial - Energy customer charge be the
8 same as the customer charge for the RES TOU customers and that the Small
9 Commercial - Energy net metering customer charge should be an additional \$5 per
10 month. The customer charge for Small Commercial - Demand TOU customers
11 should also be \$5 per month more than the customer charge for the standard Small
12 Commercial - Demand customer. In other words, a \$5 per month differential is
13 appropriate for the additional costs associated with providing net metering and
14 TOU service to members.

15 **Q. Does Mohave agree with Staff rate designs for the small commercial demand**
16 **rate?**

17 A. In general, Mohave agrees with the Staff recommended rate designs. Mohave has
18 proposed a small change in the bundled demand charges for all rates related to its
19 rebasing of power cost. Mohave agrees with the Staff customer charge.

20 The rebuttal rate designs are shown on MWS-Rebuttal Schedule 6 and summarized
21 on MWS-Rebuttal Schedule 7.

22 As was the case with all rates, Small Commercial rates were modified to reflect the
23 Rebuttal base power cost and total revenue requirement.

24 **16. IRRIGATION AND IRRIGATION TOU RATE**

25 **Q. Does Mohave agree with Staff rate designs for the Irrigation and IRR TOU**
26 **rates?**

27 A. In general, Mohave agrees with the Staff recommended rate designs. Mohave has
28 proposed small changes in bundled demand charges related to rebasing of power
29 cost. Mohave agrees with the Staff customer charge.

30 The rebuttal rate designs are shown on MWS-Rebuttal Schedule 6 and summarized
31 on MWS-Rebuttal Schedule 7.

32 As was the case with all rates, Irrigation rates were modified to reflect the Rebuttal
33 base power cost and total revenue requirement.

**17. LARGE COMMERCIAL AND INDUSTRIAL RATE
AND LC&I TIME OF USE RATE**

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Q. Does Mohave agree with Staff rate designs for the LC&I standard rate?

A. In general, Mohave agrees with the Staff recommended rate designs for the LC&I standard rate. Mohave has proposed a small change in the bundled demand charge related to its rebasing of power cost. And, as was the case with all rates, LC&I standard rates were modified to reflect the Rebuttal base power cost and total revenue requirement. Mohave agrees with the Staff customer charge.

Q. Does Mohave agree with Staff rate designs for the LC&I TOU rate?

A. No. Staff's recommended LC&I TOU rate, Mohave believes inadvertently, has the potential to send an incorrect price signal and allow the standard LC&I customers to dramatically reduce their electric costs without providing any cost savings to Mohave or any benefit from reductions in peak load. As a result, if Staff's rate design were adopted and a significant number of LC&I standard customers shifted to the TOU rate, Mohave's operating margins, TIER and DSC would all be negatively impacted. Total revenue Mohave and Staff have agreed should be recovered from Mohave's members would not be recovered, specifically due to under recovery from this rate class.

Q. Please explain.

A. While Staff deems Mohave's proposed LC&I TOU rate is appropriate for new customers (Direct Testimony of Bentley Erdwurm, p.4, line 24), Staff developed a different TOU rate design in an effort to limit the impact on the three existing LC&I TOU customers. Id., p.4, lines 25-26. As a result, a large number of existing standard LC&I customers could save money simply by moving to the Staff's recommended LC&I TOU rate. They would not be required to do anything to reduce on-peak usage to achieve savings. If these customers were to shift to the LC&I TOU, Mohave would lose approximately \$1.8 million per year in revenue where the total rate increase being requested is just under \$3 million.

Q. Why do the proposed LC&I TOU rates result in a 40% increase to the 3 existing LC&I TOU customers?

A. The primary reason for the large percentage increase to the three existing LC&I TOU customers is that the existing rate is not correctly designed. It allows customers to shift usage out of on-peak windows and eliminate paying for both power supply related demand costs, as well as any portion of Mohave's distribution wires service

1 costs. The large percentage is not a reflection of the fact that the proposed rate is too
2 high, but rather that the existing rate is poorly designed and therefore unacceptably
3 low for these 3 customers.

4 Designing an optional rate available to existing customers must never happen in a
5 vacuum. Each standard LC&I customer will have the option of selecting the
6 proposed LC&I standard rate or the LC&I TOU rate. So the LC&I TOU rate must be
7 designed to match the LC&I standard rate or customers can migrate to the TOU rate,
8 do nothing to lower on-peak usage, and dramatically reduce the Cooperative's
9 margins. This is particularly the case with this rate class, which makes up the
10 Cooperative's largest customers.

11 MWS-Rebuttal Schedule 9, shows application of the Staff proposed rate to each
12 existing LC&I customer with the assumption that 100% of each customer's NCP kW
13 will become its on-peak kW under the LC&I TOU rate. Almost every customer would
14 see a decrease – the total decrease is \$1.8 million.

15 It is my understanding that Staff is in agreement with Mohave about this issue and
16 that Staff has indicated their agreement that the originally suggested Staff LC&I TOU
17 rate will need to be modified in some way to avoid the potential revenue impact I
18 have described above.

19 I have reviewed a variety of rate design options to correct this situation without a
20 large increase for existing LC&I TOU customers. No solution was found that both
21 preserved the Staff-approved margins and reduced the percentage increase for the
22 existing customers. In addition, Staff has agreed with Mohave that its proposed LC&I
23 TOU rate is "reasonable for designing a new rate." (Direct Testimony of Bentley
24 Erdwurm, p.4, line 24. Given the agreement expressed by Staff with the rate design
25 proposed for new customers, therefore, I believe it would be a mistake to design a
26 rate applicable to all LC&I customers driven by the negative impact it has on three
27 customers with usage that is quite atypical of the customer group as a whole.

28 **Q. Given the fact that Staff agrees that Mohave's proposed LC&I TOU rate is**
29 **reasonable for new customers (Direct Testimony of Bentley Erdwurm, p.4,**
30 **line 24), did the Cooperative consider requesting that the three existing**
31 **customers be "grandfathered" and applying the proposed rate to new**
32 **customers in the rate class?**

33 **A.** Yes, but the Cooperative ultimately decided this was unfair to other members and is
34 not proposing it as a part of its rebuttal rate designs. Mohave's COSS shows on
35 Schedule G-2.1, the standard LC&I rate class under existing rates has a relative rate
36 of return (RROR) of 10.47, while the LC&I TOU rate class under existing rates has a

1 RROR of -0.34. Mohave's residential rate class has a RROR of 0.20. RRORs greater
2 than 1.0 provide a subsidy to other rate classes. RRORs under 1.0 receive a subsidy.

3 Mohave's other customer classes (including residential) with higher RRORs than
4 LC&I TOU are, therefore, subsidizing existing LC&I TOU customers. Under Mohave's
5 proposed rates, the LC&I RROR moves to 4.11, while the LC&I TOU RROR moves to
6 1.74.

7 **Q. What types of customers are included in this rate class?**

8 A. The existing customers have relatively high monthly NCP kW and quite low monthly
9 CP kW. One customer in particular creates great rate design difficulty within the
10 class. This customer is a commercial/industrial aggregate business. In 2010, the
11 customer had total annual usage of 179,880 kWh. The sum of the customer's
12 monthly NCP kW was 3,637 kW. This means the customer's annual load factor was
13 only 7%. At the same time, the sum of this customer's on-peak kW for the entire
14 year was 49.2 kW.

15 Mohave very much wants the existing LC&I TOU customers to be in its TOU rate.
16 Since these customers have so little usage and can easily avoid peaks, the
17 Cooperative wants to provide a pricing signal to do so. But Mohave cannot continue
18 to provide these customers with a rate that also allows them to avoid recovery of
19 Mohave's own cost of providing service. In his testimony on page 4, Mr. Erdwurm
20 says that, "having an "on-peak" demand charge and an NCP demand charge is a
21 more cost-based design that recognizes that "upstream" costs (incurred closer to
22 power generation and further from the end-use customer) are more driven by the
23 level of "on-peak demand" (system-wide coincident peaks) and "downstream" costs
24 (incurred further from power generation and closer to the end-use customer) are
25 more driven by NCP demand (localized non-coincident peaks)." I agree with his
26 analysis. Later on the same page, he says, "the Staff proposal maintains this
27 [Mohave's proposed NCP and CP demand rate] structure."

28 **Q. What is Mohave's ultimate solution?**

29 A. Mohave believes these customers should be billed under its rebuttal LC&I TOU rate
30 structure. While this results in high percentage changes for these customers, and
31 while Mohave is sensitive to the customer impact issue, such a percentage change is
32 unavoidable without either placing Mohave's financial integrity at risk or without
33 continuing to provide an unfair and unjustifiable subsidy to three customers at the
34 expense of other customers, including residential customers. And, since Staff and
35 Mohave are in agreement with the basic structure of the rate design, that design
36 should be put into effect.

1 **Q. Has Mohave considered phasing in the rate change to minimize customer**
2 **impact?**

3 A. Yes. While Mohave believes its proposed LC&I TOU rate is well structured and that
4 existing LC&I TOU customers should ultimately move to this rate, Mohave is also
5 sensitive to the customer impact issue raised by Staff and has developed a three
6 phase approach for consideration.

7 Under this approach, all new LC&I TOU customers would be billed under Mohave's
8 proposed LC&I rate. For the three existing customer only, a tariff would be approved
9 that would be similar to Mohave's proposed Residential TOU rate phase in. That is,
10 the customer would be billed under phase one on the effective date of the new rates,
11 and then over the next two years commencing with November usage in 2013, move
12 the customers to phase two, and then commencing with November usage in 2014,
13 move the customers to phase three. In this manner the existing customers would be
14 billed under the standard LC&I TOU rate with November usage of 2014.

15 The three phases would not be revenue neutral, and Mohave would not receive the
16 full amount of the revenue requirement until phase three was in effect. But the
17 amount of revenue difference between the phases is not significant. MWS-Rebuttal
18 Schedule 11 shows development of the three phases and the amount of revenue
19 change between each phase and the existing rate, as well as the revenue change
20 between one phase and another.

21 **Q. Does Mohave believe that Staff's focus on the percentage change between the**
22 **existing and proposed LC&I TOU rate is the correct metric to employ in**
23 **evaluating these rates?**

24 No. Mohave believes the focus on difference between existing LC&I TOU rate and
25 proposed LC&I TOU rate is not the key factor in reviewing the proposed rate. The
26 focus should instead be on whether the proposed LC&I TOU rate as compared to the
27 proposed LC&I standard rate provides these customers an opportunity to continue
28 to achieve significant savings by moving usage out of on-peak windows.

29 MWS-Rebuttal Schedule 10 page 1 shows that under existing rates, existing LC&I
30 TOU customers save \$48,035 per year as compared to billing under the existing
31 standard LC&I rate. Under Mohave's originally proposed LC&I TOU rate, the same
32 customers would save \$39,031 per year as compared to Mohave's originally
33 proposed LC&I rate – still a significant savings. Under Staff's recommended LC&I
34 TOU rate (see page 2 of the same report), the same customers will save \$46,836 per
35 year as compared to Staff's recommended LC&I rate. Under Mohave's proposed
36 rebuttal rates phase three (see page 5 of the same report), these customers would

1 have savings of \$39,477 as compared to the proposed rebuttal LC&I standard rate –
2 a strong pricing signal to adopt the TOU rate.

3 It should be noted that, as is the case under existing rates, each LC&I TOU customer
4 can at any time move back to the standard LC&I rate. This means their potential
5 billing increase is effectively capped at no more than what any other customer of
6 their size and usage would see under the LC&I rate.

7 **18. LIGHTING RATES**

8 **Q. Does Mohave agree with the Staff recommended lighting rates?**

9 A. Just as Staff revised lighting rates primarily to account for Staff differences in base
10 power cost and revenue requirement, Mohave's rebuttal rates have been modified
11 for differences in rebuttal base power cost and revenue requirement.

12 **19. GENERAL RATE DESIGN COMMENTS**

13 **Q. Do you have comments of a general nature related to rate designs to add?**

14 A. Yes. It is important to note that Mohave's proposed rate designs were approved by
15 its board of directors prior to being submitted to the Commission. This fact should
16 be considered in three main areas.

17 First, Mohave's board is democratically elected by cooperative
18 members to represent the member-customers when making
19 decisions, including decisions related to rate changes.

20 Second, each board member lives in the area and is themselves a
21 Mohave member who will pay the rates they approve.

22 Third, should Mohave's members disagree with rate designs
23 recommended by their board, they can influence change and/or their
24 board member representative through the democratic process.

25 In addition, Mohave held a series of member meetings across its service area at the
26 time rates were submitted to Staff. During those meetings, proposed rates were
27 shown and discussed and opportunities were given to express objections. Mohave
28 staff and board members were present to answer questions and to hear comments.
29 No rate design objections were presented, including no objections to proposed
30 customer charges.

1 Mohave's members have a great deal of opportunity to control the rate change
2 process. While the Mohave Board or its members would prefer it if no rate increase
3 were necessary, they also recognize that a small percentage increase coupled with
4 much better rate designs are necessary and will serve Mohave and the members in
5 the long term.

6 Mohave believes that as the elected representatives of the member-customers
7 Mohave serves, the designs of the Mohave Board should be given weight and
8 deference when it comes to the rate designs they propose to apply to themselves
9 and the member-customers they represent.

10 **Q. Does this conclude your testimony?**

11 **A. Yes, it does.**

MOHAVE ELECTRIC COOPERATIVE, INC.

DEVELOPMENT OF PROPOSED OTHER REVENUE - CORRECTED

	Quantity	Actual 2010		Adjusted 2010		Proposed 2010	
		Rate	Revenue	Rate	Revenue	Rate	Revenue
As Filed							
451.00 Re-Establishment Fees	2,780	\$ 25.00	\$ 69,750.00	\$ 25.00	\$ 69,750.00	\$ 40.00	\$ 111,600.00
451.00 Establishment Fees	11,236	\$ 25.00	280,900.00	\$ 25.00	280,900.00	\$ 40.00	\$ 449,440.00
454.00 Pole Attachment Rental **	10,615	\$ 20.99	222,768.04	\$ 21.21	225,144.15	\$ 21.21	\$ 225,144.15
456.10 Returned Check Collection Charges	804	\$ 15.00	12,060.00	\$ 15.00	12,060.00	\$ 25.00	\$ 20,100.00
456.20 Meter Re-Read Charge	29	\$ 5.00	145.00	\$ 5.00	145.00	\$ 25.00	\$ 725.00
456.30 Meter Test Fees	0	\$ 25.00	0.00	\$ 25.00	0.00	\$ 40.00	\$ -
Theft of Service			9,052.12		9,052.12		
Tax Return Credit			9,883.17		9,883.17		
Power Displacement Agreement *			117,546.00				
Device Rental Agreement *			12,000.00				
Disbursement Management Agmt *			15,000.00				
Miscellaneous			(35.00)		(35.00)		
Late Fees	3,769,168	0.0%	0.00	0.0%	0.00	1.5%	\$ 56,537.52
Total			<u>\$ 749,069.33</u>		<u>\$ 606,899.44</u>		<u>\$ 863,546.67</u>
As Revised							
451.00 Establishment Regular Hours	13,326	\$ 25.00	\$ 333,150.00	\$ 25.00	\$ 333,150.00	\$ 40.00	\$ 533,040.00
451.00 Establishment After Hours	350	\$ 50.00	17,500.00	\$ 50.00	17,500.00	\$ 60.00	\$ 21,000.00
454.00 Pole Attachment Rental **	10,615	\$ 20.99	222,768.04	\$ 21.21	225,144.15	\$ 21.21	\$ 225,144.15
456.10 Returned Check Collection Charges	804	\$ 15.00	12,060.00	\$ 15.00	12,060.00	\$ 25.00	\$ 20,100.00
456.20 Meter Re-Read Charge	29	\$ 5.00	145.00	\$ 5.00	145.00	\$ 25.00	\$ 725.00
456.30 Meter Test Fees	0	\$ 25.00	0.00	\$ 25.00	0.00	\$ 40.00	\$ -
Theft of Service			9,052.12		9,052.12		
Tax Return Credit			9,883.17		9,883.17		
Power Displacement Agreement *			117,546.00				
Device Rental Agreement *			12,000.00				
Disbursement Management Agmt *			15,000.00				
Miscellaneous			(35.00)		(35.00)		
Late Fees	3,721,333	0.0%	0.00	0.0%	\$ -	1.5%	55,819.99
Finance Charges on Delinquent Fees	763,535	0.0%	0.00	0.0%	\$ -	1.5%	11,453.02
Total			<u>\$ 749,069.33</u>		<u>\$ 606,899.44</u>		<u>\$ 867,282.16</u>

* Provided by Contract - will not continue in 2011 and beyond

** Contract changed April 2010

MOHAVE ELECTRIC COOPERATIVE, INC.

STAFF'S ADJUSTED INCOME STATEMENT - MOHAVE'S REBUTTAL INCOME STATEMENT - INCLUDING RATE CASE EXPENSES
SUPPLEMENTAL DATA FOR THE YEAR ENDING DECEMBER 31, 2010

	Mohave Adjusted 12/31/2010 (a)	Staff Adjustments CSB-3 (b)	Staff Adjusted Test Year (c)	Staff Recommended Change (d)	Staff Recommended (e)	Mohave Adjusted 12/31/2010 (a)	Mohave Rebuttal Adjustments (b)	Mohave Rebuttal Adj TY (c)	Mohave Recommended Change (d)	Mohave Rebuttal Recommended (e)
Operating Revenues										
1 Base Revenue (Remainder)	\$ 56,732,893	\$ 15,505,234	\$ 72,238,127	\$ 2,593,241	\$ 74,831,368	\$ 56,732,893	\$ 15,505,234	\$ 72,238,127	\$ 2,745,326	\$ 74,983,453
2 Base Revenue (TPS Pur Pwr)	3,222,980		3,222,980		3,222,980	3,222,980		3,222,980		3,222,980
3 PCA	15,505,234	(15,505,234)	0		0	15,505,234	(15,505,234)	0		0
4 Other	606,899		606,899	312,468	919,367	606,899		606,899	260,383	867,282
5 Total	\$ 76,068,006	\$ 0	\$ 76,068,006	\$ 2,905,709	\$ 78,973,715	\$ 76,068,006	\$ 0	\$ 76,068,006	\$ 3,005,709	\$ 79,073,715
6										
Operating Expenses										
7 Purchased Power	\$ 61,802,677	\$ (594,737)	\$ 61,207,940		\$ 61,207,940	\$ 61,802,677	\$ (32,702)	\$ 61,769,975		\$ 61,769,975
8 Sub Transmission O&M	169,400		169,400		169,400	169,400		169,400		169,400
9 Distribution-Operations	2,773,698		2,773,698		2,773,698	2,773,698		2,773,698		2,773,698
10 Distribution-Maintenance	1,194,657		1,194,657		1,194,657	1,194,657		1,194,657		1,194,657
11 Consumer Accounting	2,227,246		2,227,246		2,227,246	2,227,246		2,227,246		2,227,246
12 Customer Service	196,226		196,226		196,226	196,226		196,226		196,226
13 Sales	96,252		96,252		96,252	96,252		96,252		96,252
14 Administrative & General	4,756,463	562,035	5,318,498		5,318,498	4,756,463	100,000	4,856,463		4,856,463
15 Depreciation	2,239,666		2,239,666		2,239,666	2,239,666		2,239,666		2,239,666
16 Tax	0		0		0	0		0		0
17 Total	\$ 75,456,285	\$ (32,702)	\$ 75,423,583	\$ 0	\$ 75,423,583	\$ 75,456,285	\$ 67,298	\$ 75,523,583	\$ 0	\$ 75,523,583
18										
19										
20 Return	\$ 611,721	\$ 32,702	\$ 644,423	\$ 2,905,709	\$ 3,550,132	\$ 611,721	\$ (67,298)	\$ 544,423	\$ 3,005,709	\$ 3,550,132
21										
Interest & Other Deductions										
22 Interest L-T Debt	\$ 2,161,308	\$ 0	\$ 2,161,308	\$ 0	\$ 2,161,308	\$ 2,161,308	\$ 0	\$ 2,161,308	\$ 0	\$ 2,161,308
23 Amortize RUS Gain	0		0		0	0		0		0
24 Interest-Other	142,396		142,396		142,396	142,396		142,396		142,396
25 Other Deductions	17,024		17,024		17,024	17,024		17,024		17,024
26 Total	\$ 2,320,728	\$ 0	\$ 2,320,728	\$ 0	\$ 2,320,728	\$ 2,320,728	\$ 0	\$ 2,320,728	\$ 0	\$ 2,320,728
27										
28										
29 Operating Margin	\$ (1,709,007)	\$ 32,702	\$ (1,676,305)	\$ 2,905,709	\$ 1,229,404	\$ (1,709,007)	\$ (67,298)	\$ (1,776,305)	\$ 3,005,709	\$ 1,229,404
30										
Non-Operating Margins										
31 Interest Income	\$ 410,049	\$ 0	\$ 410,049	\$ 0	\$ 410,049	\$ 410,049	\$ 0	\$ 410,049	\$ 0	\$ 410,049
32 Gain(Loss) Equity Investments	110,369		110,369		110,369	110,369		110,369		110,369
33 Other Margins	(32,307)		(32,307)		(32,307)	(32,307)		(32,307)		(32,307)
34 G&T Capital Credits	3,509,969		3,509,969		3,509,969	3,509,969		3,509,969		3,509,969
35 Other Capital Credits	107,687		107,687		107,687	107,687		107,687		107,687
36 Total	\$ 4,105,767	\$ 0	\$ 4,105,767	\$ 0	\$ 4,105,767	\$ 4,105,767	\$ 0	\$ 4,105,767	\$ 0	\$ 4,105,767
37										
38										
39 Net Margins	\$ 2,396,760	\$ 32,702	\$ 2,429,462	\$ 2,905,709	\$ 5,335,171	\$ 2,396,760	\$ (67,298)	\$ 2,329,462	\$ 3,005,709	\$ 5,335,171
40 Rate Change										3.820%
41 Operating TIER										1.57

MOHAVE ELECTRIC COOPERATIVE, INC.

RATE CASE EXPENSE

Rate Case Expense	\$ 400,000.00
Number of Years to Amortize	4
Annual Expense	<u>\$ 100,000.00</u>
Test Year Amount	0.00
Adjustment	<u><u>\$ 100,000.00</u></u>

MOHAVE ELECTRIC COOPERATIVE, INC.

Actual Expenses and Projected Expenses

Project-To-Date as of: 31-Jan-12

Components	2010 Costs	2011 Costs	2012 Costs	Total Costs
Engineering & Consulting	44,526.70	177,486.36	11,180.00	233,193.06
Publication & Computer Programming	-	24,363.16		24,363.16
Legal Costs	-	83,534.22		83,534.22
Estimated Add'l Recoverable Cost			58,909.56	58,909.56
Totals	44,526.70	285,383.74	70,089.56	400,000.00

Work Order # _____

Form LEC1
Page 1 of 3

AGREEMENT FOR CONSTRUCTING ELECTRIC FACILITIES

THIS AGREEMENT, made and entered into in duplicate on this _____ day of _____, 20____ by and between MOHAVE ELECTRIC COOPERATIVE, INC., an Arizona Corporation, party of the first part, (hereinafter referred to as "Mohave") and

a corporation, partnership, or individual, party of the second part (hereinafter referred to as the "Consumer").

WITNESSETH:

WHEREAS, Mohave is a corporation engaged in the sale and distribution of electrical energy in portions of Mohave, Yavapai, and Coconino Counties, Arizona; and

WHEREAS, the Consumer is subdividing and developing a portion of that area and it is to be served with electricity by virtue of an electric system; and

WHEREAS, it is desired by the parties hereto to enter into an agreement whereby Mohave will construct and operate such a system to service said area:

NOW THEREFORE for and in consideration of mutual covenants and agreements hereinafter set forth, it is agreed as follows:

Mohave agrees to construct or cause to be constructed and to maintain and operate an electric system in the above-described area in accordance with existing specifications and estimates upon the following terms and conditions:

SECTION I. TERMS OF CONSTRUCTION

1. This estimated construction cost is valid for 60 (sixty) calendar days from _____. The full estimated cost of construction must be paid, this agreement must be executed, and Mohave's construction must be started within that 60 (sixty) days, or this agreement may be declared null and void at the option of Mohave.
2. The Consumer will advance Mohave the full estimated cost of construction, \$ _____, in accordance with Mohave's construction practices.

Work Order # _____

Form LEC1
Page 2 of 3

At the time construction is finished, Mohave will:

- a. Return to the Consumer any advance in excess of actual construction cost, or
 - b. Bill the Consumer that amount which is in excess of the estimated construction cost.
3. If an underground electric line extension is requested, then the Consumer will provide all necessary conduit, trenching, backfill, vaults, and three phase transformer pads as required by Mohave without cost to Mohave. All primary and secondary conduits are to be inspected by Mohave prior to backfill, and shall be 3" Schedule 40 electrical grade PVC conduit(s).

SECTION II. REFUNDING

1. Upon completion of construction, the estimated cost on this agreement will be adjusted to reflect the actual cost of construction.
2. The term of this agreement is five (5) years. Refunds will be calculated and made each six (6) months during the term of this agreement. Any advance funds remaining un-refunded at the end of the five (5) year term will revert to Mohave as a direct contribution in aid of construction
3. Mohave will refund a portion of the cost of construction to the Consumer for each electrical consumer attached to the electric system during the term of this agreement upon the following terms and conditions:
 - a. The connection must be a permanent member/consumer as defined by Mohave.
 - b. In no case shall refunds exceed the Consumer's aid-to-construction.
4. The Consumer will furnish to Mohave names and addresses of residents as they occupy individual lots during any six (6) month period for the purpose of refunds.

SECTION III. OTHER CONDITIONS

1. This estimate is based on information supplied to Mohave by the Consumer. Should the plans, specifications, and/or details supplied to Mohave change, Mohave has the option of rendering this agreement null and void, or requiring the Consumer to make the necessary corrections at his expense.
2. All easements or rights-of-way and surveying required by Mohave will be furnished to Mohave without cost. These will be furnished in a manner and form approved by Mohave, and must be satisfactory to Mohave.

Work Order # _____

Form LEC1
Page 3 of 3

3. If an underground line extension is requested, then a detailed, referenced as-built plan of the conduit system shall be provided to Mohave upon completion of the conduit installation.
4. All construction will become the property of Mohave and will be owned, operated and maintained by Mohave, except the individual Consumer's wiring, disconnect breakers or switches, and facilities on the Consumer's premises.
5. In the event this construction agreement is cancelled by the Consumer, an amount equal to 15% of the Consumer's advance shall be withheld from the Consumer's advance as a Cancellation Fee. This Cancellation Fee is in addition to any direct costs, including overheads, that may have already been incurred on this construction agreement at the time of cancellation by the Consumer. This fee does not include the purchase cost of Special Equipment (special order materials) purchased for the construction agreement; the purchase cost of Said Special Equipment (including tax and shipping) shall also be deducted from the Consumer's advance, and Said Special Equipment shall become the property of the Consumer.

SECTION IV. EXECUTION OF AGREEMENT

The parties hereto have caused this agreement to be executed by their duly authorized officers all on the day and year written below.

Consumer Signatures

By _____
Consumer Signature

By _____
Consumer Printed Name

By _____
Attestor Signature

By _____
Attestor Printed Name

Date _____

Cooperative Signatures

By _____
Mohave Electric Cooperative, Inc.

By _____
Attestor

Date _____

Revised 07/09

MOHAVE ELECTRIC COOPERATIVE, INC.

RESIDENTIAL TIME OF USE ON PEAK OPTIONS

EXISTING RATE	MOHAVE PROPOSED		STAFF PROPOSED		MOHAVE REBUTTAL	
	OPTION 1 *	OPTION 2 *	OPTION 1 *	OPTION 2 *	OPTION 1 *	OPTION 2 *
SUMMER						
Apr 16 - Oct 15	12 pm - 9 pm	2 pm - 8:30 pm	1 pm - 7:30 pm	1 pm - 7:30 pm	12 pm - 7:30 pm	2 pm - 7:30 pm
Block Length	9	6.5	6.5	6.5	7.5	5.5
WINTER						
Oct 16 - Apr 15	6 am - 10 am	6:30 am - 9:30 am	6 am - 10 am	6:30 am - 9:30 am	6 am - 10 am	6:30 am - 9:30 am
Total Block Length	9	6.5	9	6.5	9	6.5
Total Annual Hours	2,349	2,373	2,019	2,373	2,085	2,097

* OPTION 1 EXCLUDES WEEKENDS

* OPTION 2 INCLUDES WEEKENDS

MOHAVE ELECTRIC COOPERATIVE, INC.

DEVELOPMENT OF PROPOSED PPCA BASE COST - 2010 DATA

	Mohave Original Filing			Staff Recommendation			Mohave Rebuttal		
	Adjusted 2010	Proposed 2010	Difference	Adjusted 2010	Proposed 2010	Difference	Adjusted 2010	Proposed 2010	Difference
Total kWh Sales	655,743,735	655,743,735	0	655,743,735	655,743,735	0	655,743,735	655,743,735	0
Less Lighting kWh Sales	1,100,103		(1,100,103)	1,100,103		(1,100,103)	1,100,103		(1,100,103)
Jurisdictional kWh Sales	654,643,632	655,743,735	1,100,103	654,643,632	655,743,735	1,100,103	654,643,632	655,743,735	1,100,103
Jurisdictional Purchased Power	58,579,697	58,579,697	0	58,579,697	58,579,697	0	58,579,697	58,579,697	0
Remove Consultants & Attorney		0	0		-571,723	(571,723)		-32,702	(32,702)
Remove Fuel Bank Consulting					-23,015				
Remove TPS Margins (PP already removed)					-475,687				
Purchased Power	58,579,697	58,579,697	0	58,579,697	57,509,272	(1,070,424)	58,579,697	58,546,995	(32,702)
Power Cost per kWh Sold	0.089483	0.089333	(0.000150)	0.089483	0.087701	(0.001782)	0.089483	0.089283	(0.000200)
Authorized Base Cost	0.065798	0.091183	0.025385	0.065798	0.087701	0.021903	0.065798	0.089283	0.023485
Average PPCA Factor	0.023685	(0.001850)	(0.025535)	0.023685	0.000000	(0.023685)	0.023685	0.000000	(0.023685)

Adjusted 2010 Power Cost on Supplemental Schedule F-7.0

Adjusted 2010 kWh Sales on Supplemental Schedule F-2.0

Note: PPCA to be charged on lighting under new rates

MOHAVE ELECTRIC COOPERATIVE, INC.

COMPARISON OF 2010 REVENUE UNDER EXISTING AND PROPOSED RATES

	Cust	kWh		Avg Mh	Adjusted		Mohave Proposed Rates		Staff Proposed Rates		Mohave Rebuttal	
		Total			2010	Change	Proposed	Change	Proposed	Change	2010	Change
Residential	34,875	364,970,959	872	42,986,712	1,748,617	4.07%	44,735,329	1,638,528	3.81%	44,739,019	1,752,307	4.08%
Irrigation Time of Use	12	1,730,345	12,016	166,306	1,720	1.03%	168,026	1,062	0.64%	168,033	1,727	1.04%
Irrigation Pumping	11	2,572,007	19,485	302,194	7,768	2.57%	309,962	6,204	2.05%	309,995	7,801	2.58%
Subtotal Irrigation	23	4,302,352	15,588	468,500	9,488	2.03%	477,988	7,266	1.55%	478,028	9,528	2.03%
Small Comm Energy	3,201	42,164,591	1,098	4,900,351	277,040	5.65%	5,177,391	282,453	5.76%	5,178,524	278,173	5.68%
Small Comm Demand	529	70,626,268	11,126	7,389,210	339,908	4.60%	7,729,118	314,520	4.26%	7,730,537	341,327	4.62%
Small Comm TOU	8	1,020,044	10,825	96,177	4,759	4.95%	100,936	5,071	5.27%	100,956	4,779	4.97%
Subtotal Small Comm	3,738	113,810,903	2,537	12,385,738	621,707	5.02%	13,007,445	602,044	4.86%	13,010,017	624,279	5.04%
Large Comm & Industrial	118	170,994,538	4,495,062	15,775,430	333,204	2.11%	16,108,634	328,337	2.08%	16,110,076	334,646	2.12%
LC&I TOU	3	564,880	15,691	48,035	19,408	40.40%	67,443	12,331	25.67%	67,524	19,489	40.57%
Lighting Devices	* 1,151	1,100,103	80	98,025	5,159	5.26%	103,184	5,570	5.68%	103,011	4,986	5.09%
Resale	* 1	46,862,961	3,905,247	3,698,667	0	0.00%	3,698,667	0	0.00%	3,698,667	0	0.00%
Total Energy Sales	* 38,757	702,606,696	1,511	75,461,107	2,737,583	3.63%	78,198,690	2,594,076	3.44%	78,206,342	2,745,235	3.64%
Other Revenue				606,899	256,647	42.29%	863,547	312,468	51.49%	867,282	260,383	42.90%
Total Revenue				76,068,007	2,994,230	3.94%	79,062,237	2,906,543	3.82%	79,073,624	3,005,617	3.95%

* Total Customers excludes Lighting Devices and Resale

3,005,709

MOHAVE ELECTRIC COOPERATIVE, INC.
DEVELOPMENT OF 2010 REVENUE UNDER PROPOSED RATES - PHASE THREE

	Billing Units		Proposed Rate		Proposed Revenue	
	Units	Pur Pwr	Dist Wires	Total	Dist Wires	Total
1. RESIDENTIAL SERVICE						
Residential						
Service Charge (12 Month Sum)	417,302	0.00	16.50	16.50	0	6,885,483
Energy Charge per kWh						
First 200 kWh per month	75,441,637	0.081047	0.008929	0.089976	6,114,318	6,787,937
Next 200 kWh per month	62,783,417	0.081047	0.008929	0.089976	5,088,408	5,649,001
Next 200 kWh per month	50,237,165	0.094547	0.010429	0.104976	4,749,773	5,273,697
Next 200 kWh per month	39,197,460	0.094547	0.010429	0.104976	3,706,002	4,114,793
Next 200 kWh per month	30,436,462	0.094547	0.010429	0.104976	2,877,676	3,195,098
Over 1,000 kWh per month	106,015,612	0.108047	0.011929	0.119976	11,454,669	12,719,329
Base Revenue	384,111,753				33,990,846	44,625,338
PPCA Revenue					0	0
Total Revenue					33,990,846	44,625,338
Residential - Seasonal						
Service Charge (12 Month Sum)	11	0.00	16.50	16.50	0	182
Energy Charge per kWh						
First 200 kWh per month	201	0.081047	0.008929	0.089976	16	18
Next 200 kWh per month	200	0.081047	0.008929	0.089976	16	18
Next 200 kWh per month	148	0.094547	0.010429	0.104976	14	16
Next 200 kWh per month	0	0.094547	0.010429	0.104976	0	0
Next 200 kWh per month	0	0.094547	0.010429	0.104976	0	0
Over 1,000 kWh per month	549	0.108047	0.011929	0.119976	46	234
Base Revenue					46	234
PPCA Revenue					0	0
Total Revenue					46	234
Residential - Net Metering						
Service Charge (12 Month Sum)	863	0.00	21.50	21.50	0	18,555
Energy Charge per kWh						
First 200 kWh per month	114,805	0.081047	0.008929	0.089976	9,305	10,330
Next 200 kWh per month	97,201	0.081047	0.008929	0.089976	7,878	8,746
Next 200 kWh per month	79,816	0.094547	0.010429	0.104976	7,546	8,379
Next 200 kWh per month	63,706	0.094547	0.010429	0.104976	6,023	6,688
Next 200 kWh per month	49,825	0.094547	0.010429	0.104976	4,711	5,230
Over 1,000 kWh per month	234,706	0.108047	0.011929	0.119976	25,359	28,159
Base Revenue	640,060				60,822	86,087
PPCA Revenue					0	0
Total Revenue					60,822	86,087

MOHAVE ELECTRIC COOPERATIVE, INC.
DEVELOPMENT OF 2010 REVENUE UNDER PROPOSED RATES - PHASE THREE

	Billing Units	Proposed Rate		Pur Pwr	Proposed Revenue Dist Wires	Total
		Pur Pwr	Total			
1. RESIDENTIAL SERVICE (Continued)						
Res - Gov						
Service Charge (12 Month Sum)	318	0.00	16.50	0	5,247	5,247
Energy Charge per kWh						
First 200 kWh per month	60,246	0.081047	0.008929	4,883	538	5,421
Next 200 kWh per month	44,692	0.081047	0.008929	3,622	399	4,021
Next 200 kWh per month	28,446	0.094547	0.010429	2,689	297	2,986
Next 200 kWh per month	20,173	0.094547	0.010429	1,907	210	2,118
Next 200 kWh per month	15,693	0.094547	0.010429	1,484	164	1,647
Over 1,000 kWh per month	49,347	0.108047	0.011929	5,332	589	5,920
Base Revenue	218,597			19,917	7,444	27,360
PPCA Revenue				0	0	0
Total Revenue				19,917	7,444	27,360
Base Revenue	364,970,959			34,071,631	10,667,385	44,739,019
PPCA Revenue				0	0	0
Total Revenue				34,071,631	10,667,385	44,739,019
2. IRRIGATION SERVICE						
Irrigation Time of Use						
Service Charge (12 Month Sum)	144	0.00	66.91	0	9,635	9,635
On-Peak Demand	2,234.49	8.90	0.00	19,887	0	19,887
NCP Demand	8,466.81	0.00	1.60	0	13,547	13,547
Energy Charge per kWh	1,730,345	0.072135	0.000084	124,818	145	124,964
Base Revenue				144,705	23,327	168,033
PPCA Revenue				0	0	0
Total Revenue				144,705	23,327	168,033
Irrigation Pumping						
Service Charge (12 Month Sum)	132	0.00	61.76	0	8,152	8,152
NCP Demand	12,025.74	5.90	1.60	70,952	19,241	90,193
Energy Charge per kWh	2,572,007	0.072135	0.010155	185,532	26,119	211,650
Base Revenue				256,484	53,512	309,995
PPCA Revenue				0	0	0
Total Revenue				256,484	53,512	309,995
Base Revenue	4,302,352			401,189	76,839	478,028
PPCA Revenue				0	0	0
Total Revenue				401,189	76,839	478,028

MOHAVE ELECTRIC COOPERATIVE, INC.

DEVELOPMENT OF 2010 REVENUE UNDER PROPOSED RATES - PHASE THREE

	Billing		Proposed Rate		Proposed Revenue	
	Units	Pur Pwr	Dist	Wires	Dist	Wires
3. SMALL COMMERCIAL SERVICE						
Sm Comm Demand - Net Metering						
Service Charge (12 Month Sum)	5	0.00	41.03	41.03	0	205
NCP Demand > 3 kW	73.68	6.31	4.61	10.92	465	805
Energy Charge per kWh	24,280	0.073000	0.000101	0.073191	1,772	5
Base Revenue					2,237	550
PPCA Revenue					0	0
Total Revenue					2,237	550
Small Commercial Demand						
Service Charge (12 Month Sum)	5,552	0.00	36.03	36.03	0	200,039
NCP Demand > 3 kW	187,060.45	6.31	4.61	10.92	1,180,351	862,349
Energy Charge per kWh	63,019,478	0.073000	0.000191	0.073191	4,600,422	12,037
Base Revenue					5,780,773	1,074,425
PPCA Revenue					0	0
Total Revenue					5,780,773	1,074,425
Small Commercial Energy						
Service Charge (12 Month Sum)	35,164	0.00	21.50	21.50	0	756,026
Energy Charge per kWh	38,541,431	0.088094	0.015129	0.103223	3,395,269	583,093
Base Revenue					3,395,269	1,339,119
PPCA Revenue					0	0
Total Revenue					3,395,269	1,339,119
Small Commercial - Net Metering						
Service Charge (12 Month Sum)	49	0.00	26.50	26.50	0	1,299
Energy Charge per kWh	64,010	0.088094	0.013125	0.101219	5,639	840
Base Revenue					5,639	2,139
PPCA Revenue					0	0
Total Revenue					5,639	2,139
Small Commercial TOU						
Service Charge (12 Month Sum)	91	0.00	41.03	41.03	0	3,734
On-Peak Demand	1,430.12	15.00	0.00	15.00	21,452	0
NCP kW	3,175.62	0.00	4.61	4.61	0	14,640
Energy Charge per kWh	1,020,044	0.045185	0.014744	0.059929	46,091	15,040
Base Revenue					67,543	33,414
PPCA Revenue					0	0
Total Revenue					67,543	33,414
SC Energy Gov						
Service Charge (12 Month Sum)	3,208	0.00	21.50	21.50	0	68,972
Energy Charge per kWh	3,559,150	0.088094	0.015129	0.103223	313,540	53,846
Base Revenue					313,540	122,818
PPCA Revenue					0	0
Total Revenue					313,540	122,818

MOHAVE ELECTRIC COOPERATIVE, INC.
DEVELOPMENT OF 2010 REVENUE UNDER PROPOSED RATES - PHASE THREE

	Billing Units	Proposed Rate		Total	Proposed Revenue		
		Pur Pwr	Dist Wires		Pur Pwr	Dist Wires	
3. SMALL COMMERCIAL SERVICE (Continued)							
SC Demand Gov							
Service Charge (12 Month Sum)	784	0.00	36.03	36.03	0	28,248	28,248
NCP Demand > 3 kW	26,495.68	6.31	4.61	10.92	167,188	122,145	289,333
Energy Charge per kWh	7,582,510	0.073000	0.000191	0.073191	553,523	1,448	554,971
Base Revenue					720,711	151,841	872,552
PPCA Revenue					0	0	0
Total Revenue					720,711	151,841	872,552
Base Revenue	113,810,903				10,285,712	2,724,306	13,010,017
PPCA Revenue					0	0	0
Total Revenue					10,285,712	2,724,306	13,010,017
4. LARGE COMMERCIAL & INDUSTRIAL SERVICE							
Large C&I Secondary							
Service Charge (12 Month Sum)	983	0.00	175.00	175.00	0	172,025	172,025
NCP Demand	189,369.16	7.76	3.08	10.84	1,469,505	583,257	2,052,762
Energy Charge per kWh	76,311,058	0.064184	0.006000	0.070184	4,897,949	457,866	5,355,815
Base Revenue					6,367,454	1,213,148	7,580,602
PPCA Revenue					0	0	0
Total Revenue					6,367,454	1,213,148	7,580,602
Large C&I Primary							
Service Charge (12 Month Sum)	36	0.00	175.00	175.00	0	6,300	6,300
NCP Demand	17,172.00	7.76	3.08	10.84	133,255	52,890	186,144
Energy Charge per kWh	8,497,320	0.064184	0.006000	0.070184	545,392	50,984	596,376
Primary Discount on Demand & Energy		-1.00%	-1.00%	-1.00%	(6,786)	(1,039)	(7,825)
Base Revenue					671,861	109,135	780,995
PPCA Revenue					0	0	0
Total Revenue					671,861	109,135	780,995

MOHAVE ELECTRIC COOPERATIVE, INC.
DEVELOPMENT OF 2010 REVENUE UNDER PROPOSED RATES - PHASE THREE

	Billing Units	Proposed Rate		Pur Pwr	Total	Proposed Revenue		
		Dist Wires	Total			Dist Wires	Total	
4. LARGE COMMERCIAL & INDUSTRIAL SERVICE (Continued)								
Large C&I TOU								
Service Charge (12 Month Sum)	31	0.00	180.00	0	180.00	0	5,580	5,580
On-Peak Demand	690.80	23.00	0.00	15,888	23.00	0	15,888	15,888
NCP KW	5,713.20	0.00	3.08	0	3.08	0	17,597	17,597
Energy Charge per kWh	564,880	0.045261	0.005120	0.050381	0.050381	2,892	28,459	28,459
Base Revenue				41,455		26,069	67,524	67,524
PPCA Revenue				0		0	0	0
Total Revenue				41,455		26,069	67,524	67,524
Large C&I GOV								
Service Charge (12 Month Sum)	362	0.00	175.00	0	175.00	0	63,350	63,350
NCP Demand	64,343.36	7.76	3.08	499,304	10.84	198,178	697,482	697,482
Energy Charge per kWh	17,180,160	0.064184	0.006000	0.070184	0.070184	103,081	1,205,772	1,205,772
Base Revenue				1,601,995		364,609	1,966,604	1,966,604
PPCA Revenue				0		0	0	0
Total Revenue				1,601,995		364,609	1,966,604	1,966,604
LC&I Trans (Current TOU)								
Service Charge (12 Month Sum)	12	0.00	175.00	0	175.00	0	2,100	2,100
NCP KW	53,106.00	7.76	3.08	412,103	10.84	163,566	575,669	575,669
Energy Charge per kWh	30,204,000	0.064184	0.006000	0.070184	0.070184	181,224	2,119,838	2,119,838
Subtransmission Discount on Demand & Energy				(176,304)	(7.50%)	(25,859)	(202,163)	(202,163)
Base Revenue				2,174,413		321,031	2,495,444	2,495,444
PPCA Revenue				0		0	0	0
Total Revenue				2,174,413		321,031	2,495,444	2,495,444

MOHAVE ELECTRIC COOPERATIVE, INC.
DEVELOPMENT OF 2010 REVENUE UNDER PROPOSED RATES - PHASE THREE

	Billing Units	Proposed Rate		Total	Proposed Revenue		
		Pur Pwr	Dist Wires		Pur Pwr	Dist Wires	
4. LARGE COMMERCIAL & INDUSTRIAL SERVICE (Continued)							
<i>Billed at Substation Delivery Level</i>							
LP Substation							
Service Charge (12 Month Sum)	24	0.00	175.00	175.00	0	4,200	4,200
NCP KW	67,500.00	7.76	3.08	10.84	523,800	207,900	731,700
Energy Charge per kWh	38,802,000	0.064184	0.006000	0.070184	2,490,468	232,812	2,723,280
Substation Discount on Demand & Energy		-5.00%	-5.00%	-5.00%	(150,713)	(22,036)	(172,749)
Base Revenue					2,863,555	422,876	3,286,431
PPCA Revenue					0	0	0
Total Revenue					2,863,555	422,876	3,286,431
Base Revenue	171,559,418				13,720,733	2,456,868	16,177,600
PPCA Revenue					0	0	0
Total Revenue					13,720,733	2,456,868	16,177,600
5. LIGHTING SERVICE							
175 W MVL	6,039	6.19	0.94	7.13	37,381	5,677	43,058
100 W HPS	2,594	3.09	5.22	8.31	8,015	13,541	21,556
175 W MVL CO	320	6.13	0.49	6.62	1,962	157	2,118
100 W HPS CO	3,644	3.09	2.26	5.35	11,260	8,235	19,495
250 W HPS	1,211	7.89	5.97	13.86	9,555	7,230	16,784
Base Revenue	13,808				68,173	34,840	103,011
PPCA Revenue					0	0	0
Total Revenue					68,173	34,840	103,011
kWh							
6. RESALE REVENUE							
Base Revenue	1,100,103				3,222,980	475,687	3,698,667
PPCA Revenue					0	0	0
Total Revenue	46,862,961				3,222,980	475,687	3,698,667

MOHAVE ELECTRIC COOPERATIVE, INC.
DEVELOPMENT OF 2010 REVENUE UNDER PROPOSED RATES - PHASE THREE

	Billing Units	Proposed Rate		Proposed Revenue	
		Pur Pwr	Total	Dist Wires	Total
7. TOTAL REVENUE					
Base Revenue	702,606,696	61,770,418	16,435,925	78,206,342	
PPCA Revenue		0	0	0	
Other Revenue		0	863,547	863,547	
Total		61,770,418	17,299,472	79,069,889	

MOHAVE ELECTRIC COOPERATIVE, INC.
DEVELOPMENT OF RESIDENTIAL TIME OF USE RATES - 2010 DATA

	Billing Units	Proposed Rate		Proposed Revenue	
		Pur Pwr	Dist Wires	Pur Pwr	Dist Wires
			Total		Total
1. RESIDENTIAL SERVICE					
Proposed Residential Rate					
Service Charge (12 Month Sum)	417,631	0.00	16.50	0	6,890,912
First 400 kWh per month	138,330,393	0.081047	0.008929	11,211,263	1,235,152
Next 600 kWh per month	119,935,547	0.094547	0.010429	11,339,546	1,250,808
Over 1,000 kWh per month	106,705,019	0.108047	0.011929	11,529,157	1,272,884
Total					
Base Revenue	364,970,959			34,079,966	44,729,722
PPCA Revenue				0	0
Total Revenue				34,079,966	44,729,722

MOHAVE ELECTRIC COOPERATIVE, INC.

DEVELOPMENT OF RESIDENTIAL TIME OF USE RATES - 2010 DATA

	Billing Units	Proposed Rate		Pur Pwr	Proposed Revenue
		Dist Wires	Total		
Proposed Residential Time of Use - Including Weekends On-Peak					
Service Charge (12 Month Sum)	417,631	21.50	21.50	0	8,979,067
Desired Discount	2.5%	Applied to Power Supply			
Calculated Discount on total Energy Charges		2.26%			
Estimated On Peak kWh					
First	400 kWh per month	0.008929	0.197637	6,526,013	308,788
Next	600 kWh per month	0.010429	0.212299	6,052,847	312,702
Over	1,000 kWh per month	0.011929	0.226962	5,736,275	318,221
Total	91,242,740				
Estimated Off Peak kWh					
First	400 kWh per month	0.008929	0.054400	4,717,516	926,364
Next	600 kWh per month	0.010429	0.069062	5,274,136	938,106
Over	1,000 kWh per month	0.011929	0.083725	5,745,745	954,663
Total	273,728,219				
Base Revenue	364,970,959			34,052,532	12,737,911
PPCA Revenue				0	0
Total Revenue				34,052,532	12,737,911
Proposed Residential Time of Use - Excluding Weekends On-Peak					
Service Charge (12 Month Sum)	417,631	21.50	21.50	0	8,979,067
Assumed Off Peak kWh %	75%				
Estimated On Peak kWh					
First	400 kWh per month	0.008929	0.202476	6,693,344	308,788
Next	600 kWh per month	0.010429	0.217476	6,208,062	312,702
Over	1,000 kWh per month	0.011929	0.232476	5,883,357	318,221
Total	91,242,740				
Estimated Off Peak kWh					
First	400 kWh per month	0.008929	0.055566	4,838,444	926,364
Next	600 kWh per month	0.010429	0.070566	5,409,387	938,106
Over	1,000 kWh per month	0.011929	0.085566	5,893,046	954,663
Total	273,728,219				
Base Revenue	364,970,959			34,925,640	12,737,911
PPCA Revenue				0	0
Total Revenue				34,925,640	12,737,911

MOHAVE ELECTRIC COOPERATIVE, INC.
DEVELOPMENT OF RESIDENTIAL DEMAND RATES - 2010 DATA

1. RESIDENTIAL SERVICE

	Billing Units	Proposed Rate		Pur Pwr	Proposed Revenue	
		Dist Wires	Total		Dist Wires	Total
<u>Proposed Residential Rate</u>						
Service Charge (12 Month Sum)	417,631	16.50	16.50	0	6,890,912	6,890,912
First 400 kWh per month	138,330,393	0.008929	0.089976	11,211,263	1,235,152	12,446,415
Next 600 kWh per month	119,935,547	0.094547	0.104976	11,339,546	1,250,808	12,590,354
Over 1,000 kWh per month	106,705,019	0.108047	0.119976	11,529,157	1,272,884	12,802,041
Total						
Base Revenue	364,970,959			34,079,966	10,649,756	44,729,722
PPCA Revenue				0	0	0
Total Revenue				34,079,966	10,649,756	44,729,722

Proposed Residential Demand Rate

	Billing Units	Proposed Rate		Pur Pwr	Proposed Revenue	
		Dist Wires	Total		Dist Wires	Total
Service Charge (12 Month Sum)	417,631	21.50	21.50	0	8,979,067	8,979,067
Demand Charge Assumed 3.00	1,252,893	0.50	8.50	10,023,144	626,447	10,649,591
First 400 kWh per month	138,330,393	0.053584	0.060788	7,412,296	996,532	8,408,828
Next 600 kWh per month	119,935,547	0.067084	0.075788	8,045,756	1,043,919	9,089,675
Over 1,000 kWh per month	106,705,019	0.080584	0.090788	8,598,717	1,088,818	9,687,535
Total	364,970,959					
Base Revenue				34,079,913	12,734,783	46,814,696
PPCA Revenue				0	0	0
Total Revenue				34,079,913	12,734,783	46,814,696

MOHAVE ELECTRIC COOPERATIVE, INC.

SUMMARY OF RATES

	Existing Rate	Mohave Prop Rate	Staff Prop Rate	Mohave Rebuttal Rate		
				Phase 1	Phase 2	Phase 3
Power Cost, per kWh Sold	\$0.089483	\$0.089333	\$0.087701	\$0.089283	\$0.089283	\$0.089283
PPCA Base Cost, per kWh Sold	\$0.065798	\$0.091183	\$0.087701	\$0.089283	\$0.089283	\$0.089283
PPCA Factor, per kWh	\$0.023685	(\$0.001850)	\$0.000000	\$0.000000	\$0.000000	\$0.000000
<u>Residential Service</u>						
Service Charge, per month	\$9.50	\$16.50	\$12.00	\$12.00	\$14.25	\$16.50
First 400 kWh per month	\$0.083190	\$0.096373	\$0.094823	\$0.095136	\$0.092556	\$0.089976
Next 600 kWh per month	\$0.083190	\$0.106373	\$0.109823	\$0.110136	\$0.107556	\$0.104976
Over 1,000 kWh per month	\$0.083190	\$0.116373	\$0.124823	\$0.125136	\$0.122556	\$0.119976
<u>Optional Res Time of Use - Excludes Weekends</u>						
Service Charge, per month	\$15.00	\$21.50	\$15.00			\$21.50
On-Peak Energy Charge, per kWh						
First 400 kWh per month	\$0.149500	\$0.208316				\$0.202486
Next 600 kWh per month	\$0.149500	\$0.218316				\$0.217486
Over 1,000 kWh per month	\$0.149500	\$0.228316				\$0.232486
Off-Peak Energy Charge, per kWh						
First 400 kWh per month	\$0.052000	\$0.058316				\$0.055576
Next 600 kWh per month	\$0.052000	\$0.068316				\$0.070576
Over 1,000 kWh per month	\$0.052000	\$0.078316				\$0.085576
<u>Optional Res Time of Use - Includes Weekends</u>						
Discount on all energy charges excluding PPCA		2.25%	2.25%			2.25%
<u>Experimental Residential Demand Service</u>						
Service Charge, per month	\$13.50	\$21.50				\$21.50
Demand Charge, per NCP kW	\$7.50	\$8.50				\$8.50
First 400 kWh per month	\$0.048000	\$0.068402				\$0.060788
Next 600 kWh per month	\$0.048000	\$0.077467				\$0.075788
Over 1,000 kWh per month	\$0.048000	\$0.087467				\$0.090788

MOHAVE ELECTRIC COOPERATIVE, INC.

SUMMARY OF RATES

	Existing Rate	Mohave Prop Rate	Staff Prop Rate	Mohave Rebuttal Rate		
				Phase 1	Phase 2	Phase 3
Power Cost, per kWh Sold	\$0.089483	\$0.089333	\$0.087701	\$0.089283	\$0.089283	\$0.089283
PPCA Base Cost, per kWh Sold	\$0.065798	\$0.091183	\$0.087701	\$0.089283	\$0.089283	\$0.089283
PPCA Factor, per kWh	\$0.023685	(\$0.001850)	\$0.000000	\$0.000000	\$0.000000	\$0.000000
<u>Irrigation</u>						
Service Charge, per month	\$60.00	\$60.00	\$61.76			\$61.76
Demand Charge, per NCP kW	\$7.00	\$7.53	\$7.42			\$7.50
Energy Charge, per kWh	\$0.058000	\$0.084077	\$0.082043			\$0.082290
<u>Irrigation Time of Use</u>						
Service Charge, per month	\$60.00	\$65.00	\$66.91			\$66.91
On Peak Demand Charge, per on peak kW	\$13.50	\$8.90	\$8.63			\$8.90
Demand Charge, per NCP kW	\$0.00	\$1.63	\$1.68			\$1.60
Energy Charge, per kWh	\$0.050000	\$0.074077	\$0.071792			\$0.072219
<u>Small Commercial - Energy</u>						
Service Charge, per month	\$12.00	\$21.50	\$17.00			\$21.50
Energy Charge, per kWh	\$0.081600	\$0.105039	\$0.107426			\$0.103223
<u>Small Commercial - Demand</u>						
Service Charge, per month	\$25.00	\$35.00	\$36.03			\$36.03
Billing Demand Charge, per NCP kW > 3 kW	\$8.25	\$10.79	\$10.74			\$10.92
All kWh per month	\$0.053740	\$0.075507	\$0.073351			\$0.073191
<u>Small Commercial - Time of Use</u>						
Service Charge, per month	\$30.00	\$40.00	\$41.01			\$41.03
On Peak Demand Charge, per on peak kW	\$12.50	\$15.00	\$14.45			\$15.00
Demand Charge, per NCP kW		\$4.48	\$4.61			\$4.61
All kWh per month	\$0.050400	\$0.062256	\$0.060989			\$0.059929

**MOHAVE ELECTRIC COOPERATIVE, INC.
SUMMARY OF RATES**

	Existing Rate	Mohave Prop Rate	Staff Prop Rate	Mohave Rebuttal Rate		
				Phase 1	Phase 2	Phase 3
Power Cost, per kWh Sold	\$0.089483	\$0.089333	\$0.087701	\$0.089283	\$0.089283	\$0.089283
PPCA Base Cost, per kWh Sold	\$0.065798	\$0.091183	\$0.087701	\$0.089283	\$0.089283	\$0.089283
PPCA Factor, per kWh	\$0.023685	(\$0.001850)	\$0.000000	\$0.000000	\$0.000000	\$0.000000
<u>Large Commercial & Industrial</u>						
Customer Charge, per month	\$70.00	\$170.00	\$175.00			\$175.00
Demand Charge, per NCP kW	\$9.75	\$10.75	\$10.89			\$10.84
Energy Charge, per kWh	\$0.045580	\$0.072288	\$0.070031			\$0.070184
<u>LC&I Time of Use (Existing Customers)</u>						
Customer Charge, per month	\$70.00	\$175.00	\$189.00	\$180.00	\$180.00	\$180.00
On Peak Demand Charge, per on peak kW	\$13.50	\$23.00	\$11.11	\$11.11	\$16.71	\$23.00
Demand Charge, per NCP kW		\$2.99	\$3.08	\$3.08	\$3.08	\$3.08
Energy Charge, per kWh	\$0.041000	\$0.053276	\$0.051754	\$0.050381	\$0.050381	\$0.050381
<u>LC&I Time of Use (All New Customers)</u>						
Customer Charge, per month	\$70.00	\$175.00	\$189.00			\$180.00
On Peak Demand Charge, per on peak kW	\$13.50	\$23.00	\$11.11			\$23.00
Demand Charge, per NCP kW		\$2.99	\$3.08			\$3.08
Energy Charge, per kWh	\$0.041000	\$0.053276	\$0.051754			\$0.050381
Discount on Dem & Ener - Subtransmission Service	0.00%	-7.50%	-7.50%	-7.50%	-7.50%	-7.50%
Discount on Dem & Ener - Substation Service	0.00%	-5.00%	-5.00%	-5.00%	-5.00%	-5.00%
Discount on Dem & Ener - Dist Primary Service	0.00%	-1.00%	-1.00%	-1.00%	-1.00%	-1.00%

**MOHAVE ELECTRIC COOPERATIVE, INC.
SUMMARY OF RATES**

	Existing Rate	Mohave Prop Rate	Staff Prop Rate	Mohave Rebuttal Rate		
				Phase 1	Phase 2	Phase 3
Power Cost, per kWh Sold	\$0.089483	\$0.089333	\$0.087701	\$0.089283	\$0.089283	\$0.089283
PPCA Base Cost, per kWh Sold	\$0.065798	\$0.091183	\$0.087701	\$0.089283	\$0.089283	\$0.089283
PPCA Factor, per kWh	\$0.023685	(\$0.001850)	\$0.000000	\$0.000000	\$0.000000	\$0.000000
Lighting						
175 W MVL	\$6.85	\$7.32	\$7.11			\$7.13
100 W HPS	\$7.88	\$8.42	\$8.46			\$8.31
175 W MVL CO	\$5.11	\$6.49	\$6.58			\$6.62
100 W HPS CO	\$5.11	\$5.46	\$5.41			\$5.35
250 W HPS	\$13.18	\$14.09	\$13.95			\$13.86
	No PCA	PCA	PCA			PCA

1 MOHAVE ELECTRIC COOPERATIVE, INC.
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 3 COMPARISONS - 2010 USAGE
 4 LC&I TIME OF USE (EXISTING CUSTOMERS)
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 10 L.F. Estimated On-Peak * NCP kW
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	L.F.	Estimated On-Peak *	NCP kW	kWh	Existing LC&I Rate		Mohave Proposed Rate		TOU Rate Change	
					Standard	TOU	TOU Savings	Standard	TOU	TOU Savings
12	Customer Charge				\$70.00	\$70.00	\$170.00	\$175.00	\$105.00	150%
13	On Peak Demand Charge, per on peak kW				\$9.75	\$13.50	\$10.75	\$23.00	\$9.50	70%
14	Demand Charge, per NCP kW				\$0.045580	\$0.041000	\$0.072288	\$0.053276	\$2.99	30%
15	Energy Charge, per kWh				\$0.023685	\$0.023685	(\$0.001850)	(\$0.001850)	(\$0.012276)	-108%
16	PPCA Factor								(\$0.025535)	
17										
18										
19	20%	0%	300.00	43,800	\$6,029	\$2,903	\$6,480	\$3,324	\$421	15%
20	40%	30.00	300.00	87,600	\$9,063	\$6,141	\$9,565	\$3,267	\$126	2%
21	60%	150.00	300.00	131,400	\$12,096	\$10,595	\$12,651	\$11,279	\$685	6%
22	80%	300.00	300.00	175,200	\$15,130	\$15,453	\$15,736	\$16,982	\$1,529	10%
23										
24	20%	0%	1,000.00	146,000	\$19,933	\$9,514	\$21,204	\$10,673	\$1,159	12%
25	40%	100.00	1,000.00	292,000	\$30,045	\$20,308	\$31,488	\$20,481	\$173	1%
26	60%	500.00	1,000.00	438,000	\$40,158	\$35,152	\$41,772	\$37,190	\$2,038	6%
27	80%	1,000.00	1,000.00	584,000	\$50,271	\$51,346	\$52,056	\$56,198	\$4,852	9%
28										
29	20%	0%	5,000.00	730,000	\$99,383	\$47,290	\$105,340	\$52,666	\$5,376	11%
30	40%	500.00	5,000.00	1,460,000	\$149,947	\$101,260	\$156,759	\$101,707	\$447	0%
31	60%	2,500.00	5,000.00	2,190,000	\$200,510	\$175,480	\$208,179	\$185,248	\$9,768	6%
32	80%	5,000.00	5,000.00	2,920,000	\$251,074	\$256,450	\$259,599	\$280,289	\$23,839	9%
33										
34	20%	0%	10,000.00	1,460,000	\$198,687	\$94,510	\$210,509	\$105,157	\$10,647	11%
35	40%	1,000.00	10,000.00	2,920,000	\$299,824	\$202,450	\$313,349	\$203,239	\$789	0%
36	60%	5,000.00	10,000.00	4,380,000	\$400,951	\$350,890	\$416,188	\$370,321	\$19,431	6%
37	80%	10,000.00	10,000.00	5,840,000	\$502,078	\$512,630	\$519,028	\$560,403	\$47,572	9%
38										
39	Existing TOU Customers - 2010 Usage (Billed under Phase Three)									
40	33%	244.80	28%	884.00	\$24,099	\$17,803	\$26,135	\$20,874	\$3,071	17%
41	20%	396.80	33%	1,192.00	\$24,279	\$17,232	\$26,871	\$23,564	\$6,332	37%
42	7%	49.20	1%	3,637.20	\$48,622	\$13,000	\$53,470	\$23,007	\$10,008	77%
43										
44		690.80	12%	5,713.20	\$97,000	\$48,035	\$106,476	\$67,445	\$19,410	40%
45										
46										
47	Estimated On-Peak									
48										
49	Secondary									
50	59%	1,279.20	100%	1,279.20	\$51,713	\$53,971	\$54,842	\$63,857	\$9,886	18%
51	49%	1,480.40	100%	1,480.40	\$52,092	\$55,209	\$55,396	\$67,912	\$12,702	23%
52	80%	1,393.60	100%	1,393.60	\$70,471	\$71,992	\$74,014	\$79,929	\$7,938	11%
53	80%	1,224.40	100%	1,224.40	\$62,124	\$63,448	\$65,286	\$70,437	\$6,988	11%
54	77%	4,519.20	100%	4,519.20	\$220,996	\$226,299	\$229,697	\$250,295	\$23,996	11%
55	86%	4,603.20	100%	4,603.20	\$244,772	\$248,872	\$253,946	\$269,523	\$20,651	8%
56	53%	1,636.00	100%	1,636.00	\$60,772	\$63,998	\$64,352	\$77,273	\$13,275	21%

1 MOHAVE ELECTRIC COOPERATIVE, INC.
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 3 COMPARISONS - 2010 USAGE
 4 LC&I TIME OF USE (EXISTING CUSTOMERS)
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	L.F.	Estimated On-Peak *	NCP kW	kWh	Existing LC&I Rate		Mohave Proposed Rate			TOU Rate Change	
					Standard	TOU	TOU Savings	Standard	TOU	TOU Savings	\$
12		Customer Charge			\$70.00	\$70.00	\$170.00	\$175.00	\$105.00	150%	
13		On Peak Demand Charge, per on peak kW			\$9.75	\$13.50	\$10.75	\$23.00	\$9.50	70%	
14		Demand Charge, per NCP kW			\$0.045580	\$0.041000	\$0.072288	\$2.99	\$2.99		
15		Energy Charge, per kWh			\$0.023685	\$0.023685	(\$0.001850)	\$0.053276	\$0.012276	30%	
16		PPCA Factor					(\$0.001850)	(\$0.001850)	(\$0.025535)	-108%	
17											
57	41%	996.80	100%	299,680	\$31,316	\$33,682	\$33,864	\$43,418	\$9,737	29%	
58	38%	1,225.20	100%	335,400	\$36,017	\$39,076	\$38,836	\$51,191	\$12,116	31%	
59	38%	1,807.20	100%	500,720	\$53,143	\$57,626	\$56,737	\$74,819	\$17,193	30%	
60	39%	1,523.20	100%	431,840	\$45,603	\$49,337	\$48,832	\$63,896	\$14,559	30%	
61	33%	1,879.20	100%	449,880	\$50,323	\$55,310	\$53,930	\$74,076	\$18,766	34%	
62	71%	4,768.80	100%	2,488,800	\$219,723	\$226,207	\$228,611	\$254,030	\$27,823	12%	
63	70%	4,732.80	100%	2,433,520	\$215,543	\$222,145	\$224,330	\$250,252	\$28,107	13%	
64	63%	4,004.00	100%	4,004,000	\$188,335	\$174,856	\$175,714	\$201,537	\$26,680	15%	
65	70%	2,143.20	100%	1,099,280	\$97,878	\$100,880	\$102,510	\$114,333	\$13,453	13%	
66	69%	1,264.80	100%	640,240	\$57,518	\$59,329	\$60,734	\$67,897	\$8,568	14%	
67	46%	1,265.60	100%	422,400	\$42,437	\$45,249	\$45,998	\$56,715	\$11,467	25%	
68	50%	2,374.40	100%	868,240	\$84,129	\$89,057	\$88,722	\$108,461	\$19,404	22%	
69	50%	2,261.60	100%	825,760	\$80,087	\$84,786	\$84,517	\$103,345	\$18,559	22%	
70	35%	1,838.00	100%	469,560	\$51,215	\$55,962	\$54,803	\$73,966	\$18,004	32%	
71	92%	2,476.48	100%	1,654,720	\$139,250	\$140,958	\$144,367	\$150,684	\$9,726	7%	
72	76%	2,060.80	100%	1,144,800	\$99,737	\$102,222	\$103,641	\$113,308	\$11,085	11%	
73	74%	2,582.40	100%	1,398,720	\$122,901	\$126,179	\$128,324	\$141,147	\$14,969	12%	
74	76%	1,332.80	100%	735,040	\$64,747	\$66,379	\$68,142	\$74,540	\$8,161	12%	
75	53%	3,433.20	100%	1,336,080	\$126,857	\$133,613	\$133,058	\$160,038	\$26,426	20%	
76	41%	1,130.40	100%	335,200	\$35,079	\$37,783	\$37,803	\$46,717	\$10,934	29%	
77	74%	1,424.00	100%	769,480	\$68,022	\$69,838	\$71,549	\$78,681	\$8,843	13%	
78	29%	1,296.24	100%	271,200	\$32,283	\$35,909	\$35,099	\$49,788	\$13,879	39%	
79	57%	3,694.96	100%	1,533,760	\$143,102	\$149,933	\$149,796	\$177,007	\$27,074	18%	
80	119%	194.40	100%	168,800	\$13,727	\$13,683	\$14,320	\$14,083	\$400	3%	
81	57%	921.60	100%	384,800	\$36,479	\$38,172	\$39,052	\$45,841	\$7,669	20%	
82	53%	2,796.80	100%	2,796,800	\$102,486	\$108,064	\$107,744	\$130,048	\$21,983	20%	
83	31%	1,244.00	100%	280,280	\$32,383	\$35,764	\$35,155	\$48,845	\$13,081	37%	
84	45%	1,312.00	100%	428,920	\$43,341	\$46,297	\$46,356	\$58,257	\$11,960	26%	
85	41%	2,264.00	100%	681,440	\$70,114	\$75,483	\$74,377	\$95,985	\$20,502	27%	
86	62%	1,076.80	100%	1,076,800	\$44,996	\$46,809	\$47,843	\$55,075	\$8,266	18%	
87	64%	1,270.12	100%	592,360	\$54,253	\$56,303	\$57,418	\$65,573	\$9,270	16%	
88	60%	1,339.20	100%	583,360	\$54,304	\$56,654	\$57,527	\$66,906	\$10,252	18%	
89	26%	1,795.20	100%	631,520	\$62,085	\$65,925	\$65,821	\$81,234	\$15,309	23%	
90	48%	1,311.24	100%	249,840	\$30,930	\$34,703	\$33,794	\$49,027	\$14,325	41%	
91	55%	1,254.80	100%	500,640	\$47,751	\$50,164	\$50,793	\$60,458	\$10,294	21%	
92	55%	4,298.40	100%	1,710,240	\$161,209	\$169,495	\$168,714	\$201,766	\$32,271	19%	
93	58%	2,176.80	100%	914,160	\$85,383	\$89,359	\$89,832	\$105,667	\$16,327	18%	
94	68%	1,913.60	100%	952,720	\$85,488	\$88,300	\$89,719	\$100,829	\$15,529	14%	

1 MOHAVE ELECTRIC COOPERATIVE, INC.

2 COMPARISONS - 2010 USAGE
3 LC&I TIME OF USE (EXISTING CUSTOMERS)

L.F.	Estimated On-Peak *	NCP kW	kWh	Existing LC&I Rate		Mohave Proposed Rate		TOU Rate Change	
				Standard	TOU	Standard	TOU	\$	%
12	Customer Charge			\$70.00	\$70.00	\$170.00	\$175.00	\$105.00	150%
13	On Peak Demand Charge, per on peak kW			\$9.75	\$13.50	\$10.75	\$23.00	\$9.50	70%
14	Demand Charge, per NCP kW			\$0.045560	\$0.041000	\$0.072288	\$0.053276	\$2.99	
15	Energy Charge, per kWh			\$0.023685	\$0.023685	(\$0.001850)	(\$0.001850)	\$0.012276	30%
16	PPCA Factor							(\$0.025535)	-108%
95	57%	3,940.00	1,645,200	\$153,210	\$160,450	\$160,280	\$189,107	\$28,657	18%
96	72%	1,972.00	1,035,360	\$91,781	\$94,434	\$96,168	\$106,597	\$12,162	13%
97	28%	1,599.20	332,480	\$39,461	\$43,936	\$39,461	\$60,761	\$16,826	38%
98	73%	1,786.40	951,800	\$84,184	\$86,524	\$88,287	\$97,476	\$10,952	13%
99	60%	1,177.60	513,600	\$47,896	\$49,960	\$50,876	\$59,118	\$16,330	28%
100	41%	1,767.60	528,480	\$54,679	\$58,887	\$58,267	\$75,218	\$16,330	28%
101	58%	2,883.60	1,224,840	\$113,794	\$118,997	\$119,314	\$140,033	\$21,036	18%
102	58%	5,476.00	2,238,800	\$209,301	\$219,583	\$218,604	\$259,554	\$39,971	18%
103	49%	1,643.20	584,160	\$57,323	\$60,810	\$60,851	\$74,848	\$14,038	23%
104	26%	2,480.40	469,320	\$57,531	\$64,683	\$61,762	\$90,701	\$28,017	40%
105	41%	1,113.60	331,680	\$34,671	\$37,328	\$37,374	\$48,099	\$10,771	29%
106	14%	686.40	72,360	\$11,914	\$14,157	\$12,986	\$22,086	\$10,771	29%
107	19%	1,121.08	158,040	\$22,367	\$25,847	\$24,374	\$38,489	\$17,929	56%
108	54%	1,704.00	669,200	\$63,806	\$67,131	\$67,495	\$80,801	\$12,642	49%
109	34%	1,952.00	480,080	\$53,125	\$58,246	\$58,840	\$77,521	\$13,670	20%
110	55%	1,204.00	480,160	\$45,837	\$48,153	\$48,805	\$58,085	\$19,275	33%
111	22%	271.04	43,538	\$5,868	\$6,685	\$6,490	\$9,808	\$9,932	21%
112	0%	90.00	90.00	\$961	\$1,298	\$1,152	\$2,524	\$3,123	47%
113	74%	7,430.40	4,032,000	\$352,563	\$361,960	\$365,923	\$402,566	\$1,226	94%
114	73%	9,698.40	5,163,840	\$453,073	\$465,791	\$470,028	\$519,717	\$40,605	11%
115	51%	1,256.80	463,680	\$45,211	\$47,800	\$48,211	\$58,609	\$53,926	12%
116	50%	1,598.40	578,880	\$56,521	\$59,863	\$59,988	\$73,412	\$10,809	23%
117	78%	1,464.80	837,840	\$73,155	\$74,810	\$76,802	\$83,257	\$13,549	23%
118	53%	353.88	136,920	\$13,284	\$13,984	\$14,289	\$17,114	\$8,446	11%
119	52%	7,406.40	2,785,920	\$266,019	\$281,034	\$277,893	\$337,861	\$3,130	22%
120	30%	716.80	158,960	\$18,839	\$20,799	\$20,942	\$28,904	\$6,827	20%
121	3%	3,231.20	75,120	\$37,547	\$49,320	\$42,067	\$89,942	\$8,105	39%
122	12%	774.00	69,840	\$12,804	\$15,387	\$14,260	\$24,758	\$40,622	82%
123	55%	118.00	47,600	\$4,518	\$4,742	\$4,791	\$5,690	\$9,371	61%
124	49%	1,656.00	587,040	\$57,647	\$61,169	\$61,192	\$75,329	\$948	20%
125	40%	2,059.20	607,440	\$62,992	\$67,931	\$66,963	\$86,857	\$14,160	23%
126	8%	1,350.84	79,400	\$19,510	\$24,212	\$22,154	\$41,292	\$17,079	71%
127	43%	1,880.00	586,600	\$59,801	\$64,164	\$63,569	\$81,128	\$16,963	26%
128	60%	5,217.44	2,291,360	\$210,421	\$219,482	\$219,526	\$255,537	\$36,045	16%
129	60%	2,221.00	980,680	\$90,422	\$94,259	\$94,993	\$110,256	\$15,997	17%
130	54%	2,441.60	967,840	\$91,683	\$96,406	\$96,460	\$115,329	\$18,923	20%
131	44%	3,156.80	1,015,120	\$101,931	\$109,120	\$107,479	\$136,349	\$27,229	25%
132	49%	1,095.76	390,240	\$38,554	\$40,875	\$41,307	\$50,647	\$9,772	24%

1 MOHAVE ELECTRIC COOPERATIVE, INC.
 2
 3 COMPARISONS - 2010 USAGE
 4 LC&I TIME OF USE (EXISTING CUSTOMERS)
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 10 L.F. Estimated On-Peak * NCP
 11 kW kWh

	L.F.	Estimated On-Peak *	NCP kW	kWh	Existing LC&I Rate		Mohave Proposed Rate		TOU Rate Change	
					Standard	TOU	TOU Savings	Standard	TOU	TOU Savings
12	Customer Charge				\$70.00	\$70.00	\$170.00	\$175.00	\$105.00	150%
13	On Peak Demand Charge, per on peak kW				\$9.75	\$13.50	\$10.75	\$23.00	\$9.50	70%
14	Demand Charge, per NCP kW				\$0.045580	\$0.041000	\$0.072288	\$0.053276	\$2.99	30%
15	Energy Charge, per kWh				\$0.023685	\$0.023685	(\$0.001850)	(\$0.001850)	(\$0.025535)	-108%
16	PPCA Factor									
17										
18										
133	46%	1,324.40	100%	449,240	\$44,870	\$47,778	\$47,921	\$59,624	\$11,845	25%
134	63%	312.28	100%	143,160	\$13,801	\$14,316	\$15,481	\$17,578	\$3,262	23%
135	28%	548.60	100%	113,200	\$13,680	\$15,218	\$15,061	\$21,305	\$6,086	40%
136	45%	996.76	100%	330,760	\$33,489	\$35,691	\$36,053	\$45,015	\$9,324	26%
137	31%	3,238.64	100%	726,160	\$82,714	\$91,533	\$88,005	\$123,616	\$32,082	35%
138	64%	2,014.00	100%	937,600	\$85,349	\$88,608	\$89,563	\$102,486	\$13,878	16%
139	12%	113.60	100%	9,600	\$1,843	\$2,225	\$2,067	\$3,621	\$1,397	63%
140	Correction			(610,240)	(\$42,198)	(\$39,403)	(\$42,814)	(\$31,207)	\$8,196	-21%
141	Total	189,369.16	100%	76,311,058	\$7,200,845	\$7,561,474	\$7,578,027	\$9,018,102	\$1,456,627	19%
142										
143	Secondary Governmental									
144	46%	1,217.60	100%	406,880	\$40,894	\$43,597	\$43,789	\$54,670	\$11,073	25%
145	40%	1,855.20	100%	535,560	\$56,024	\$60,528	\$59,707	\$77,858	\$17,330	29%
146	37%	5,646.40	100%	1,543,520	\$162,804	\$176,909	\$171,461	\$228,227	\$51,318	29%
147	35%	5,715.20	100%	1,456,960	\$157,480	\$172,239	\$166,104	\$225,564	\$53,325	31%
148	20%	1,587.20	100%	232,080	\$32,390	\$37,279	\$35,450	\$55,286	\$18,007	48%
149	5%	1,248.00	100%	43,280	\$16,006	\$20,488	\$18,505	\$36,761	\$16,274	79%
150	22%	1,771.20	100%	285,920	\$37,913	\$43,246	\$41,220	\$62,837	\$19,591	45%
151	58%	1,186.40	100%	503,600	\$47,289	\$49,432	\$50,266	\$58,833	\$9,401	19%
152	30%	1,023.60	100%	225,000	\$26,405	\$29,213	\$28,892	\$40,274	\$11,061	38%
153	28%	2,095.92	100%	433,800	\$51,322	\$57,195	\$55,127	\$78,882	\$21,686	38%
154	28%	1,768.00	100%	358,800	\$42,792	\$47,788	\$46,178	\$66,399	\$18,612	28%
155	39%	3,160.00	100%	911,000	\$94,750	\$102,428	\$100,179	\$131,077	\$28,649	28%
156	32%	3,054.00	100%	718,200	\$80,363	\$88,526	\$85,459	\$118,408	\$29,882	34%
157	31%	2,018.60	100%	457,800	\$52,231	\$57,704	\$55,986	\$78,106	\$20,402	35%
158	29%	2,812.00	100%	596,800	\$69,594	\$77,406	\$74,306	\$105,875	\$28,469	37%
159	33%	2,516.00	100%	614,600	\$67,941	\$74,561	\$72,378	\$99,087	\$24,536	33%
160	35%	1,354.44	100%	341,760	\$37,718	\$41,232	\$40,673	\$54,877	\$13,646	33%
161	51%	1,436.40	100%	536,200	\$52,123	\$55,045	\$55,391	\$67,110	\$12,065	22%
162	57%	1,936.80	100%	804,480	\$75,446	\$79,025	\$79,527	\$93,809	\$14,784	19%
163	65%	3,676.80	100%	1,742,400	\$157,376	\$163,184	\$164,297	\$187,265	\$24,081	15%
164	47%	2,390.40	100%	827,040	\$81,431	\$86,607	\$85,992	\$106,758	\$20,150	23%
165	7%	3,295.20	100%	160,560	\$44,089	\$55,711	\$48,773	\$95,999	\$40,288	72%
166	45%	1,655.20	100%	537,760	\$54,226	\$57,970	\$57,712	\$72,773	\$14,803	26%
167	96%	2,008.80	100%	1,413,960	\$118,364	\$119,421	\$123,231	\$127,023	\$7,602	6%
168	11%	1,444.40	100%	116,040	\$22,960	\$27,845	\$25,741	\$45,607	\$17,762	64%
169	4%	926.40	100%	24,480	\$11,568	\$14,930	\$13,723	\$27,436	\$12,506	84%
170	54%	988.40	100%	366,240	\$37,230	\$39,167	\$39,871	\$47,651	\$8,484	22%

1 MOHAVE ELECTRIC COOPERATIVE, INC.
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 3 COMPARISONS - 2010 USAGE
 4 LC&I TIME OF USE (EXISTING CUSTOMERS)
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L.F.	Estimated On-Peak*	NCP kW	kWh	Existing LC&I Rate		Mohave Proposed Rate		TOU Rate Change	
				Standard	TOU	TOU savings	Standard	TOU	TOU Savings
12	Customer Charge			\$70.00	\$70.00	\$170.00	\$175.00	\$105.00	150%
13	On Peak Demand Charge, per on peak kW			\$13.50	\$13.50	\$23.00	\$23.00	\$9.50	70%
14	Demand Charge, per NCP kW			\$9.75	\$9.75	\$10.75	\$2.99	\$2.99	
15	Energy Charge, per kWh			\$0.045580	\$0.041000	\$0.072288	\$0.053276	\$0.012276	30%
16	PPCA Factor			\$0.023685	\$0.023685	(\$0.001850)	(\$0.001850)	(\$0.025535)	-108%
17									
176	48%	1,586.80	100%	\$54,432	\$57,862	\$57,864	\$71,644	\$13,782	24%
177	31%	1,394.80	100%	\$36,299	\$40,084	\$39,264	\$54,581	\$14,497	36%
178	19%	1,011.60	100%	\$19,813	\$22,972	\$21,487	\$34,294	\$11,322	49%
179	28%	561.60	100%	\$13,685	\$15,267	\$14,781	\$21,183	\$5,916	39%
180	Correction		100%	(\$10,289)	(\$9,586)	(\$9,969)	(\$7,024)	\$2,562	-27%
181	Total	64,343.36		\$1,842,672	\$2,005,274	\$1,963,367	\$2,619,141	\$613,867	31%
182									
183	Primary								
184	51%	3,924.00	100%	\$140,170	\$148,202	\$145,509	\$177,307	\$29,105	20%
185	75%	11,952.00	100%	\$570,523	\$585,379	\$585,315	\$642,563	\$57,184	10%
186	52%	1,296.00	100%	\$47,820	\$50,409	\$50,380	\$60,660	\$10,251	20%
187	Total	17,172.00		\$768,514	\$783,991	\$781,203	\$880,530	\$96,539	12%
188	Transmission (Billed as TOU in Test Year - Assumed Non-TOU under new rates)								
189	78%	49,732.47	94%	\$2,610,704	\$2,625,974	\$2,493,715	\$2,639,463	\$13,489	1%
190	Substation								
191	81%	60,072.00	100%	\$3,057,141	\$3,119,048	\$2,998,941	\$3,224,492	\$105,444	3%
192	58%	7,428.00	100%	\$290,284	\$303,789	\$287,168	\$338,178	\$34,389	11%
193	Total	67,500.00		\$3,347,426	\$3,422,637	\$3,286,109	\$3,562,670	\$139,832	4%
194	Total Lost Revenue							\$237	

1 MOHAVE ELECTRIC COOPERATIVE, INC.

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3 COMPARISONS - 2010 USAGE

4 LC&I TIME OF USE (EXISTING CUSTOMERS)

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10 L.F. Estimated On-Peak * NCP kW

11

12 Customer Charge

13 On Peak Demand Charge, per on peak kW

14 Demand Charge, per NCP kW

15 Energy Charge, per kWh

16 PPCA Factor

17

18

19 20% - 0% 300.00 43,800

20 40% 30.00 87,600

21 60% 150.00 300.00 131,400

22 80% 300.00 100% 300.00 175,200

23

24 20% - 0% 1,000.00 146,000

25 40% 100.00 1,000.00 292,000

26 60% 500.00 50% 1,000.00 438,000

27 80% 1,000.00 100% 1,000.00 584,000

28

29 20% - 0% 5,000.00 730,000

30 40% 500.00 10% 5,000.00 1,460,000

31 60% 2,500.00 50% 5,000.00 2,190,000

32 80% 5,000.00 100% 5,000.00 2,920,000

33

34 20% - 0% 10,000.00 1,460,000

35 40% 1,000.00 10% 10,000.00 2,920,000

36 60% 5,000.00 50% 10,000.00 4,380,000

37 80% 10,000.00 100% 10,000.00 5,840,000

38

39 Existing TOU Customers - 2010 Usage (Billed under Phase Three)

40 33% 244.80 28% 884.00 214,400

41 20% 396.80 33% 1,192.00 170,600

42 7% 49.20 1% 3,637.20 179,880

43

44 690.80 12% 5,713.20 564,880

45

46

47 Estimated On-Peak 100%

48

49 Secondary

50 59% 1,279.20 100% 1,279.20 554,400

51 49% 1,480.40 100% 1,480.40 531,560

52 80% 1,393.60 100% 1,393.60 809,120

53 80% 1,224.40 100% 1,224.40 713,440

54 77% 4,519.20 100% 4,519.20 2,542,320

55 86% 4,603.20 100% 4,603.20 2,873,760

56 53% 1,636.00 100% 1,636.00 634,960

Existing LC&I Rate		Staff's Proposed Rate		TOU Rate Change	
Standard	TOU	Standard	TOU	\$	%
\$70.00	\$70.00	\$175.00	\$189.00	\$119.00	170%
\$9.75	\$13.50	\$10.89	\$11.11	(\$2.39)	-18%
\$0.045580	\$0.041000	\$0.070031	\$0.051754	\$3.08	26%
\$0.023685	\$0.023685	\$0.000000	\$0.000000	(\$0.02)	-100%
\$6,029	\$2,903	\$6,509	\$3,380	\$477	16%
\$9,063	\$6,141	\$9,577	\$3,980	(\$161)	-3%
\$12,096	\$10,595	\$12,644	\$9,580	(\$1,015)	-10%
\$15,130	\$15,453	\$15,711	\$13,513	(\$1,940)	-13%
\$19,933	\$9,514	\$21,290	\$10,825	\$1,311	14%
\$30,045	\$20,308	\$31,514	\$19,492	(\$816)	-4%
\$40,158	\$35,152	\$41,739	\$31,492	(\$3,660)	-10%
\$50,271	\$51,346	\$51,963	\$44,603	(\$6,743)	-13%
\$99,383	\$47,290	\$105,748	\$53,369	\$6,079	13%
\$149,947	\$101,260	\$156,870	\$96,705	(\$4,555)	-4%
\$200,510	\$175,480	\$207,993	\$156,705	(\$18,775)	-11%
\$251,074	\$256,450	\$259,116	\$222,261	(\$34,190)	-13%
\$198,697	\$94,510	\$211,320	\$106,650	\$12,040	13%
\$299,824	\$202,450	\$313,566	\$193,221	(\$9,230)	-5%
\$400,951	\$350,890	\$415,811	\$313,222	(\$37,669)	-11%
\$502,078	\$512,850	\$518,056	\$444,332	(\$68,496)	-13%
\$24,099	\$17,803	\$26,216	\$18,240	\$436	2%
\$24,279	\$17,232	\$27,028	\$19,177	\$1,945	11%
\$48,622	\$13,000	\$53,956	\$22,949	\$9,949	77%
\$97,000	\$48,035	\$107,201	\$60,365	\$12,330	26%
\$51,713	\$53,971	\$54,856	\$49,112	(\$4,856)	-9%
\$52,092	\$55,209	\$55,447	\$50,785	(\$4,424)	-8%
\$70,471	\$71,992	\$73,940	\$63,918	(\$8,073)	-11%
\$62,124	\$63,448	\$65,222	\$56,377	(\$7,072)	-11%
\$220,996	\$226,299	\$229,355	\$197,971	(\$31,385)	-13%
\$44,772	\$48,872	\$48,872	\$216,316	(\$26,556)	-13%
\$60,772	\$63,998	\$64,383	\$58,345	(\$5,654)	-9%

1 MOHAVE ELECTRIC COOPERATIVE, INC.
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 3 COMPARISONS - 2010 USAGE
 4 LC&I TIME OF USE (EXISTING CUSTOMERS)
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 10 L.F. Estimated On-Peak* NCP kW
 11
 12 Customer Charge
 13 On Peak Demand Charge, per on peak kW
 14 Demand Charge, per NCP kW
 15 Energy Charge, per kWh
 16 PPCA Factor
 17
 18

	L.F.	Estimated On-Peak*	NCP kW	kWh	Existing LC&I Rate		Staff's Proposed Rate		TOU Rate Change			
					Standard	TOU	TOU Savings	Standard	TOU	TOU Savings	\$	%
57	41%	996.80	100%	299,680	\$31,316	\$33,682	\$0	\$33,942	\$31,922	\$2,020	(\$1,759)	-5%
58	38%	1,225.20	100%	335,400	\$36,017	\$39,076	\$0	\$38,931	\$37,012	\$1,919	(\$2,064)	-5%
59	38%	1,807.20	100%	500,720	\$53,143	\$57,626	\$0	\$56,846	\$53,826	\$3,020	(\$3,800)	-7%
60	39%	1,523.20	100%	431,840	\$45,603	\$49,337	\$0	\$48,930	\$46,232	\$2,698	(\$3,105)	-6%
61	33%	1,879.20	100%	449,880	\$50,323	\$55,310	\$0	\$54,070	\$52,217	\$1,853	(\$3,093)	-6%
62	71%	4,768.80	100%	2,488,800	\$219,723	\$226,207	\$0	\$228,325	\$198,743	\$29,583	(\$27,464)	-12%
63	70%	4,732.80	100%	2,433,520	\$215,543	\$222,145	\$0	\$224,062	\$195,371	\$28,691	(\$26,774)	-12%
64	63%	4,004.00	100%	1,854,560	\$168,335	\$174,856	\$0	\$175,580	\$155,066	\$20,515	(\$19,791)	-11%
65	70%	2,143.20	100%	1,099,280	\$97,878	\$100,880	\$0	\$102,423	\$89,572	\$12,851	(\$11,308)	-11%
66	69%	1,264.80	100%	640,240	\$57,518	\$59,329	\$0	\$60,710	\$53,350	\$7,360	(\$5,978)	-10%
67	46%	1,265.60	100%	422,400	\$42,437	\$45,249	\$0	\$45,463	\$42,088	\$3,376	(\$3,161)	-7%
68	50%	2,374.40	100%	868,240	\$84,129	\$89,057	\$0	\$88,761	\$80,896	\$7,865	(\$8,161)	-9%
69	50%	2,261.60	100%	825,760	\$80,087	\$84,786	\$0	\$84,558	\$77,096	\$7,461	(\$7,689)	-9%
70	35%	1,838.00	100%	468,560	\$51,215	\$55,962	\$0	\$54,930	\$52,599	\$2,330	(\$3,363)	-6%
71	92%	2,476.48	100%	1,654,720	\$139,250	\$140,958	\$0	\$144,076	\$122,103	\$21,973	(\$18,855)	-13%
72	76%	2,060.80	100%	1,144,800	\$99,737	\$102,222	\$0	\$103,489	\$89,436	\$14,053	(\$12,766)	-13%
73	74%	2,582.40	100%	1,398,720	\$122,901	\$126,179	\$0	\$128,176	\$111,302	\$16,874	(\$14,877)	-12%
74	76%	1,332.80	100%	735,040	\$64,747	\$66,379	\$0	\$68,090	\$59,222	\$8,868	(\$7,157)	-11%
75	53%	3,433.20	100%	1,336,080	\$126,857	\$133,613	\$0	\$133,055	\$120,133	\$12,922	(\$13,480)	-10%
76	41%	1,130.40	100%	335,200	\$35,079	\$37,783	\$0	\$37,884	\$35,656	\$2,228	(\$2,126)	-6%
77	74%	1,424.00	100%	769,480	\$68,022	\$69,838	\$0	\$71,495	\$62,298	\$9,197	(\$7,540)	-11%
78	29%	1,298.24	100%	271,200	\$32,283	\$35,909	\$0	\$35,230	\$34,726	\$505	(\$1,163)	-3%
79	57%	3,694.96	100%	1,533,760	\$143,102	\$149,933	\$0	\$149,749	\$134,078	\$15,671	(\$15,856)	-11%
80	119%	194.40	100%	188,800	\$13,727	\$13,683	\$44	\$14,288	\$11,873	\$2,416	(\$1,811)	-13%
81	57%	921.60	100%	384,800	\$36,479	\$38,172	\$0	\$39,084	\$35,260	\$3,824	(\$2,912)	-8%
82	53%	2,798.80	100%	1,073,520	\$102,486	\$109,064	\$0	\$107,759	\$97,542	\$10,217	(\$10,523)	-10%
83	31%	1,244.00	100%	280,280	\$32,383	\$35,764	\$0	\$35,275	\$34,426	\$849	(\$1,338)	-4%
84	45%	1,312.00	100%	428,920	\$43,341	\$46,297	\$0	\$46,425	\$43,084	\$3,342	(\$3,213)	-7%
85	41%	2,264.00	100%	681,440	\$70,114	\$75,483	\$0	\$74,477	\$69,661	\$4,815	(\$5,822)	-8%
86	62%	1,076.80	100%	485,920	\$44,996	\$46,809	\$0	\$47,856	\$42,696	\$5,160	(\$4,112)	-9%
87	64%	1,270.12	100%	592,360	\$54,253	\$56,303	\$0	\$57,415	\$50,948	\$6,467	(\$5,355)	-10%
88	60%	1,339.20	100%	583,360	\$56,654	\$58,654	\$0	\$57,537	\$51,462	\$6,075	(\$5,191)	-9%
89	48%	1,795.20	100%	631,520	\$62,065	\$65,925	\$0	\$65,876	\$60,426	\$5,450	(\$5,499)	-8%
90	26%	1,311.24	100%	1,311,240	\$30,930	\$34,703	\$0	\$33,876	\$33,805	\$71	(\$898)	-3%
91	55%	1,254.80	100%	500,640	\$47,751	\$50,164	\$0	\$50,825	\$45,841	\$4,984	(\$4,180)	-8%
92	55%	4,298.40	100%	1,710,240	\$161,209	\$169,495	\$0	\$168,679	\$151,774	\$16,905	(\$17,721)	-10%
93	58%	2,176.80	100%	914,160	\$85,383	\$89,359	\$0	\$89,825	\$80,468	\$9,357	(\$8,891)	-10%
94	68%	1,913.60	100%	952,720	\$85,488	\$88,300	\$0	\$89,659	\$78,729	\$10,930	(\$9,571)	-11%

1 MOHAVE ELECTRIC COOPERATIVE, INC.
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 3 COMPARISONS - 2010 USAGE
 4 LC&I TIME OF USE (EXISTING CUSTOMERS)
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 13 On Peak Demand Charge, per on peak kW
 14 Demand Charge, per NCP kW
 15 Energy Charge, per kWh
 16 PPCA Factor
 17
 18

	L.F.	Estimated On-Peak *	NCP kW	kWh	Existing LC&I Rate		Staff's Proposed Rate		TOU Rate Change	
					Standard	TOU	Standard	TOU	\$	%
95	57%	3,940.00	100%	1,645,200	\$70.00	\$70.00	\$175.00	\$189.00	\$119.00	170%
96	72%	1,972.00	100%	1,035,360	\$9.75	\$13.50	\$96.082	\$11.11	(\$2.39)	-18%
97	28%	1,599.20	100%	332,480	\$0.045680	\$0.041000	\$10.89	\$3.08	\$3.08	26%
98	73%	1,786.40	100%	951,800	\$0.023685	\$0.023685	\$0.000000	\$0.000000	(\$0.02)	-100%
99	60%	1,177.60	100%	513,600	\$153.210	\$160.450	\$160.222	\$143.322	(\$17.127)	-11%
100	41%	1,767.60	100%	528,480	\$91.781	\$94.434	\$96.082	\$83.835	(\$10.600)	-11%
101	58%	2,883.60	100%	1,224,840	\$39.461	\$43.936	\$42.799	\$42.168	(\$1.768)	-4%
102	56%	5,476.00	100%	2,236,800	\$84.184	\$86.524	\$88.209	\$76.876	(\$9.647)	-11%
103	43%	1,643.20	100%	584,160	\$47.896	\$49.960	\$50.892	\$45.559	(\$4.401)	-9%
104	26%	2,480.40	100%	469,320	\$113.794	\$118.997	\$119.279	\$106.577	(\$4.186)	-7%
105	41%	1,113.60	100%	331,680	\$209.301	\$219.583	\$218.519	\$195.839	(\$23.743)	-11%
106	14%	686.40	100%	72,360	\$57.323	\$60.810	\$60.904	\$55.818	(\$4.992)	-8%
107	19%	1,121.08	100%	158,040	\$57.531	\$64.683	\$61.979	\$61.754	(\$2.929)	-5%
108	54%	1,704.00	100%	689,200	\$34.571	\$37.328	\$37.455	\$36.236	(\$2.093)	-6%
109	34%	1,952.00	100%	480,080	\$11.914	\$14.157	\$13.067	\$14.052	(\$1.05)	-1%
110	55%	1,204.00	100%	480,160	\$22.367	\$25.847	\$24.501	\$25.410	(\$4.37)	-2%
111	22%	271.04	100%	43,538	\$63.806	\$67.131	\$67.521	\$61.082	(\$6.050)	-9%
112	0%	90.00	100%	200	\$53.125	\$56.246	\$56.978	\$54.813	(\$3.433)	-6%
113	74%	7,430.40	100%	4,032,000	\$45.837	\$48.153	\$48.838	\$44.203	(\$3.950)	-8%
114	73%	9,698.40	100%	5,163,840	\$5.868	\$6.685	\$6.526	\$6.666	(\$19)	0%
115	51%	1,256.80	100%	463,680	\$961	\$1,298	\$1,169	\$1,476	\$179	14%
116	50%	1,598.40	100%	578,880	\$352.563	\$361.960	\$365.382	\$316.376	(\$45.583)	-13%
117	78%	1,464.80	100%	837,840	\$453.073	\$465.791	\$469.344	\$407.138	(\$58.654)	-13%
118	53%	353.88	100%	136,920	\$45.211	\$47.800	\$48.259	\$44.099	(\$3.701)	-8%
119	52%	7,406.40	100%	2,785,920	\$56.521	\$59.863	\$60.046	\$54.909	(\$4.955)	-8%
120	30%	716.80	100%	158,960	\$73.155	\$74.810	\$76.726	\$66.415	(\$8.395)	-11%
121	3%	3,231.20	100%	75,120	\$13.284	\$13.984	\$14.317	\$13.053	(\$931)	-7%
122	12%	774.00	100%	69,840	\$266.019	\$281.034	\$277.856	\$251.547	(\$29.486)	-10%
123	55%	118.00	100%	47,600	\$18.839	\$20.799	\$21.038	\$20.666	(\$133)	-1%
124	49%	1,656.00	100%	587,040	\$37.547	\$49.320	\$42.548	\$52.006	\$2,686	5%
125	40%	2,059.20	100%	607,440	\$12.804	\$15.387	\$14.370	\$15.732	\$345	2%
126	8%	1,350.84	100%	79,400	\$4.518	\$4.742	\$4.793	\$4.327	(\$415)	-9%
127	43%	1,880.00	100%	586,600	\$57.647	\$61.169	\$61.245	\$56.148	(\$5,020)	-8%
128	60%	5,217.44	100%	2,291,360	\$62.992	\$67.931	\$67.064	\$62.925	(\$5,006)	-7%
129	60%	2,221.00	100%	980,680	\$19.510	\$24.212	\$22.371	\$25.546	\$1,333	6%
130	54%	2,441.60	100%	967,840	\$59.801	\$64.164	\$63.653	\$59.304	(\$4,860)	-8%
131	44%	3,156.80	100%	1,015,120	\$210.421	\$219.492	\$219.384	\$194.891	(\$24,802)	-11%
132	49%	1,095.76	100%	390,240	\$90.422	\$94.259	\$94.965	\$84.538	(\$9,721)	-10%
					\$91.683	\$96.406	\$96.468	\$87.004	(\$9,402)	-10%
					\$101.931	\$109.120	\$107.587	\$99.600	(\$9,520)	-9%
					\$38.554	\$40.875	\$41.362	\$38.013	(\$2,862)	-7%

1 MOHAVE ELECTRIC COOPERATIVE, INC.
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 3 COMPARISONS - 2010 USAGE
 4 LC&I TIME OF USE (EXISTING CUSTOMERS)
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	L.F.	Estimated On-Peak*	NCP KW	kWh	Existing LC&I Rate		Staff's Proposed Rate		TOU Rate Change	
					Standard	TOU	Standard	TOU	\$	%
12		Customer Charge			\$70.00	\$70.00	\$175.00	\$189.00	\$119.00	170%
13		On Peak Demand Charge, per on peak kW			\$13.50	\$13.50	\$10.89	\$11.11	(\$2.39)	-18%
14		Demand Charge, per NCP kW			\$0.045560	\$0.041000	\$0.070031	\$0.051754	\$0.01	26%
15		Energy Charge, per kWh			\$0.023685	\$0.023685	\$0.000000	\$0.000000	(\$0.02)	-100%
16		PPCA Factor								
17										
18	46%	1,324.40	100%	449,240	\$44,870	\$47,778	\$47,983	\$44,311	(\$3,467)	-7%
133	63%	312.28	100%	143,160	\$13,801	\$14,316	\$15,526	\$14,108	(\$208)	-1%
134	28%	548.60	100%	113,200	\$13,680	\$15,218	\$15,127	\$14,966	(\$252)	-2%
135	45%	996.76	100%	330,760	\$33,469	\$35,691	\$36,118	\$33,530	(\$2,161)	-6%
136	31%	3,238.64	100%	726,160	\$82,714	\$91,533	\$88,223	\$85,806	(\$5,727)	-6%
137	64%	2,014.00	100%	937,600	\$85,349	\$88,608	\$89,519	\$79,182	(\$9,425)	-11%
138	12%	113.60	100%	9,600	\$1,843	\$2,225	\$2,084	\$2,298	\$73	3%
139	Correction	-	100%	(610,240)	(\$42,198)	(\$39,403)	(\$42,561)	(\$31,393)	\$8,010	-20%
140	Total	189,369.16	100%	76,311,058	\$7,200,845	\$7,561,474	\$7,578,395	\$6,822,338	(\$739,137)	-10%
141										
142										
143		Secondary Governmental								
144	46%	1,217.60	100%	406,880	\$40,894	\$43,597	\$43,854	\$40,603	(\$2,993)	-7%
145	40%	1,855.20	100%	535,560	\$56,024	\$60,528	\$59,809	\$56,311	(\$4,217)	-7%
146	37%	5,646.40	100%	1,543,520	\$162,804	\$176,909	\$171,684	\$162,274	(\$14,635)	-8%
147	35%	5,715.20	100%	1,456,960	\$157,480	\$172,239	\$166,371	\$158,770	(\$13,468)	-8%
148	20%	1,587.20	100%	232,080	\$32,390	\$37,279	\$35,637	\$36,801	(\$478)	-1%
149	5%	1,248.00	100%	43,280	\$16,006	\$20,488	\$18,722	\$22,217	\$1,729	8%
150	22%	1,771.20	100%	285,920	\$37,913	\$43,246	\$41,412	\$42,199	(\$1,047)	-2%
151	58%	1,186.40	100%	503,600	\$47,289	\$49,432	\$50,288	\$45,166	(\$4,265)	-9%
152	30%	1,023.60	100%	225,000	\$26,405	\$29,123	\$29,004	\$28,438	(\$566)	-3%
153	28%	2,095.92	100%	433,800	\$51,322	\$57,195	\$55,304	\$54,460	(\$844)	-5%
154	28%	1,768.00	100%	356,800	\$42,792	\$47,788	\$46,341	\$45,822	(\$519)	-4%
155	39%	3,160.00	100%	911,000	\$94,750	\$102,428	\$100,311	\$94,256	(\$6,054)	-6%
156	32%	3,054.00	100%	718,200	\$80,363	\$88,526	\$85,654	\$82,774	(\$2,880)	-6%
157	31%	2,018.60	100%	457,800	\$52,231	\$57,704	\$56,143	\$54,605	(\$3,099)	-5%
158	29%	2,812.00	100%	596,800	\$69,594	\$77,406	\$74,517	\$73,057	(\$4,349)	-6%
159	33%	2,516.00	100%	614,600	\$67,941	\$74,561	\$72,540	\$69,778	(\$2,762)	-6%
160	35%	1,354.44	100%	341,760	\$37,718	\$41,232	\$40,784	\$39,175	(\$2,057)	-5%
161	51%	1,436.40	100%	536,200	\$52,123	\$55,045	\$55,433	\$50,505	(\$4,540)	-8%
162	57%	1,936.80	100%	804,480	\$75,446	\$79,025	\$79,530	\$71,386	(\$7,638)	-10%
163	65%	3,676.80	100%	1,742,400	\$157,376	\$163,184	\$164,162	\$144,618	(\$18,566)	-11%
164	47%	2,390.40	100%	827,040	\$81,431	\$86,607	\$86,050	\$78,990	(\$7,059)	-9%
165	7%	3,295.20	100%	160,560	\$44,089	\$55,711	\$49,229	\$57,337	\$7,108	3%
166	45%	1,655.20	100%	537,760	\$54,226	\$57,970	\$57,785	\$53,587	(\$4,384)	-8%
167	96%	2,008.80	100%	1,413,960	\$118,364	\$119,421	\$122,997	\$103,951	(\$15,470)	-13%
168	11%	1,444.40	100%	116,040	\$22,960	\$27,845	\$25,956	\$28,770	\$924	3%
169	4%	926.40	100%	24,480	\$11,568	\$14,930	\$13,903	\$16,681	\$1,751	12%
170	54%	988.40	100%	386,240	\$37,230	\$39,167	\$39,912	\$36,283	(\$2,884)	-7%

1 MOHAVE ELECTRIC COOPERATIVE, INC.
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 3 COMPARISONS - 2010 USAGE
 4 LC&I TIME OF USE (EXISTING CUSTOMERS)
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	L.F.	Estimated On-Peak*	NCP kW	kWh	Existing LC&I Rate			Staff's Proposed Rate			TOU Rate Change	
					Standard	TOU	TOU savings	Standard	TOU	TOU savings	\$	%
12		Customer Charge			\$70.00	\$70.00	\$0	\$175.00	\$189.00	\$13.00	\$119.00	170%
13		On Peak Demand Charge, per on peak kW			\$9.75	\$13.50	\$0	\$10.89	\$3.08	(\$7.81)	\$3.08	-18%
14		Demand Charge, per NCP kW			\$0.045980	\$0.041000	\$0	\$0.070031	\$0.051754	(\$0.018277)	\$0.01	26%
15		Energy Charge, per kWh			\$0.023685	\$0.023685	\$0	\$0.000000	\$0.000000	\$0	(\$0.02)	-100%
16		PPCA Factor										
17												
171	48%	1,586.80	100%	550,360	\$54,432	\$57,862	\$0	\$57,923	\$53,268	\$4,654	(\$4,594)	-8%
172	31%	1,394.80	100%	315,600	\$36,299	\$40,084	\$0	\$39,391	\$38,394	\$997	(\$1,691)	-4%
173	19%	1,011.60	100%	138,600	\$19,813	\$22,972	\$0	\$21,598	\$22,473	\$875	(\$499)	-2%
174	28%	561.60	100%	114,480	\$13,685	\$15,267	\$0	\$14,833	\$14,650	\$183	(\$617)	-4%
175	Correction	-	100%	(153,600)	(\$10,289)	(\$9,586)	\$0	(\$9,882)	(\$7,004)	\$2,878	\$2,581	-27%
176	Total	64,343.36		17,180,160	\$1,842,672	\$2,005,274	\$0	\$1,967,193	\$1,870,592	\$96,599	(\$134,682)	-7%
177												
178	Primary											
179	51%	3,924.00	100%	1,459,200	\$140,170	\$148,202	\$0	\$145,551	\$132,134	\$13,417	(\$16,068)	-11%
180	75%	11,952.00	100%	6,542,280	\$570,523	\$585,379	\$0	\$584,515	\$505,351	\$79,164	(\$80,028)	-14%
181	52%	1,296.00	100%	495,840	\$47,820	\$50,409	\$0	\$50,428	\$45,857	\$4,571	(\$4,553)	-9%
182	Total	17,172.00		8,487,320	\$758,514	\$783,991	\$0	\$780,495	\$683,343	\$97,153	(\$100,649)	-13%
183												
184	Transmission (Billed as TOU in Test Year - Assumed Non-TOU under new rates)											
185	78%	49,732.47	94%	30,204,000	\$2,610,704	\$2,625,974	\$0	\$2,493,468	\$2,110,425	\$383,043	(\$515,550)	-20%
186												
187	Substation											
188	81%	60,072.00	100%	35,668,800	\$3,057,141	\$3,119,048	\$0	\$2,996,496	\$2,565,658	\$430,837	(\$553,390)	-18%
189	58%	7,428.00	100%	3,133,200	\$290,284	\$303,789	\$0	\$287,291	\$256,336	\$30,956	(\$47,453)	-16%
190	Total	67,500.00		38,802,000	\$3,347,426	\$3,422,837	\$0	\$3,283,787	\$2,821,994	\$461,793	(\$600,844)	-18%
191												
192	Total Lost Revenue										\$1,845,261	

1 MOHAVE ELECTRIC COOPERATIVE, INC.

2 COMPARISONS - 2010 USAGE
3 LC& TIME OF USE (EXISTING CUSTOMERS)

4 LC& TIME OF USE (EXISTING CUSTOMERS)

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10 L.F. Estimated On-Peak * NCP kW

11 Customer Charge

12 On Peak Demand Charge, per on peak kW

13 Demand Charge, per NCP kW

14 Energy Charge, per kWh

15 PPCA Factor

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Existing TOU Customers - 2010 Usage (Billed under Phase Three)

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Estimated On-Peak **100%**

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	L.F.	Estimated On-Peak *	NCP kW	kWh	Existing LC&I Rate		Mohave's Rebuttal Rate		TOU Rate Change	
					Standard	TOU	Standard	TOU	\$	%
					\$70.00	\$70.00	\$175.00	\$180.00	\$110.00	157%
					\$9.75	\$13.50	\$10.84	\$23.00	\$9.50	70%
					\$0.045580	\$0.041000	\$0.070184	\$0.050381	\$3.08	23%
					\$0.023685	\$0.023685	\$0.000000	\$0.000000	\$0.009381	-100%
	20%	0%	300.00	43,800	\$6,029	\$2,903	\$6,501	\$3,311	\$407	14%
	40%	10%	300.00	87,600	\$9,063	\$6,141	\$9,575	\$3,368	\$66	1%
	60%	50%	150.00	131,400	\$12,096	\$10,595	\$12,649	\$11,174	\$579	5%
	80%	100%	300.00	175,200	\$15,130	\$15,453	\$15,723	\$16,831	\$1,378	9%
	20%	0%	1,000.00	146,000	\$19,933	\$9,514	\$21,262	\$10,616	\$1,102	12%
	40%	10%	1,000.00	292,000	\$30,045	\$20,308	\$31,509	\$20,271	(\$37)	0%
	60%	50%	500.00	438,000	\$40,158	\$35,152	\$41,756	\$36,827	\$1,675	5%
	80%	100%	1,000.00	584,000	\$50,271	\$51,346	\$52,002	\$55,683	\$4,336	8%
	20%	0%	5,000.00	730,000	\$99,383	\$47,290	\$105,609	\$52,358	\$5,068	11%
	40%	10%	5,000.00	1,460,000	\$149,947	\$101,260	\$156,844	\$100,636	(\$624)	-1%
	60%	50%	2,500.00	2,190,000	\$200,510	\$175,480	\$208,078	\$183,414	\$7,934	5%
	80%	100%	5,000.00	2,920,000	\$251,074	\$266,450	\$259,312	\$277,693	\$21,242	8%
	20%	0%	10,000.00	1,460,000	\$198,697	\$94,510	\$211,044	\$104,536	\$10,026	11%
	40%	10%	10,000.00	2,920,000	\$299,824	\$202,450	\$313,512	\$201,093	(\$1,358)	-1%
	60%	50%	5,000.00	4,380,000	\$400,951	\$350,890	\$415,981	\$366,649	\$15,758	4%
	80%	100%	10,000.00	5,840,000	\$502,078	\$512,830	\$518,450	\$555,205	\$42,375	8%
	33%	28%	244.80	214,400	\$24,099	\$17,803	\$26,205	\$20,775	\$2,972	17%
	40%	33%	396.80	170,600	\$24,279	\$17,232	\$26,995	\$23,553	\$6,321	37%
	7%	1%	49.20	179,880	\$48,622	\$13,000	\$53,802	\$23,197	\$10,197	78%
	12%	12%	690.80	564,880	\$97,000	\$48,035	\$107,002	\$67,524	\$19,489	41%
	59%	100%	1,279.20	554,400	\$51,713	\$53,971	\$54,877	\$63,453	\$9,462	18%
	49%	100%	1,480.40	531,560	\$52,092	\$55,209	\$55,455	\$67,549	\$12,340	22%
	80%	100%	1,393.60	809,120	\$70,471	\$71,992	\$73,994	\$79,269	\$7,278	10%
	80%	100%	1,224.40	713,440	\$62,124	\$63,448	\$65,270	\$69,856	\$6,408	10%
	77%	100%	4,519.20	2,542,320	\$220,996	\$226,299	\$229,518	\$248,105	\$21,806	10%
	86%	100%	4,603.20	2,873,760	\$244,772	\$248,872	\$253,691	\$266,994	\$18,122	7%
	53%	100%	1,636.00	634,960	\$60,772	\$63,998	\$64,398	\$76,817	\$12,818	20%

1 MOHAVE ELECTRIC COOPERATIVE, INC.
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 3 COMPARISONS - 2010 USAGE
 4 LC&I TIME OF USE (EXISTING CUSTOMERS)
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 10 L.F. Estimated On-Peak * NCP kW
 11
 12 Customer Charge
 13 On Peak Demand Charge, per on peak kW
 14 Demand Charge, per NCP kW
 15 Energy Charge, per kWh
 16 PPCA Factor
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	L.F.	Estimated On-Peak *	NCP kW	kWh	Existing LC&I Rate		Mohave's Rebuttal Rate		TOU Rate Change	
					Standard	TOU	Standard	TOU	\$	%
57	41%	996.80	100%	299,680	\$70.00	\$33,682	\$33,938	\$43,255	\$9,573	28%
58	38%	1,225.20	100%	335,400	\$36,017	\$39,076	\$38,921	\$51,011	\$11,935	31%
59	38%	1,807.20	100%	500,720	\$53,143	\$57,626	\$56,833	\$74,519	\$16,892	29%
60	39%	1,523.20	100%	431,840	\$45,603	\$49,337	\$48,920	\$63,642	\$14,305	29%
61	33%	1,879.20	100%	449,880	\$50,323	\$55,310	\$54,045	\$73,835	\$18,525	33%
62	71%	4,768.80	100%	2,488,800	\$219,723	\$226,207	\$228,468	\$251,919	\$25,712	11%
63	70%	4,732.80	100%	2,433,520	\$215,543	\$222,145	\$224,198	\$248,195	\$26,050	12%
64	63%	4,004.00	100%	1,854,560	\$168,335	\$174,856	\$175,864	\$200,019	\$25,163	14%
65	70%	2,143.20	100%	1,099,280	\$97,878	\$100,880	\$102,484	\$113,437	\$12,557	12%
66	69%	1,264.80	100%	640,240	\$57,518	\$59,329	\$60,745	\$67,402	\$8,073	14%
67	46%	1,265.60	100%	422,400	\$42,437	\$45,249	\$45,465	\$56,448	\$11,199	25%
68	50%	2,374.40	100%	868,240	\$84,129	\$89,057	\$88,775	\$107,827	\$18,771	21%
69	50%	2,261.60	100%	825,760	\$80,087	\$84,786	\$84,571	\$102,745	\$17,959	21%
70	35%	1,838.00	100%	468,560	\$51,215	\$55,962	\$54,909	\$73,702	\$17,740	32%
71	92%	2,476.48	100%	1,654,720	\$139,250	\$140,958	\$144,205	\$149,213	\$8,255	6%
72	76%	2,060.80	100%	1,144,800	\$99,737	\$102,222	\$103,561	\$112,322	\$10,100	10%
73	74%	2,582.40	100%	1,398,720	\$122,901	\$126,179	\$128,261	\$139,978	\$13,799	11%
74	76%	1,332.80	100%	735,040	\$64,747	\$66,379	\$68,136	\$73,951	\$7,573	11%
75	53%	3,433.20	100%	1,336,080	\$126,857	\$133,613	\$133,087	\$159,011	\$25,398	19%
76	41%	1,130.40	100%	335,200	\$35,079	\$37,783	\$37,879	\$48,529	\$10,746	28%
77	74%	1,424.00	100%	769,480	\$68,022	\$69,838	\$71,541	\$78,065	\$8,227	12%
78	29%	1,298.24	100%	271,200	\$32,283	\$35,909	\$35,207	\$49,681	\$13,773	38%
79	57%	3,694.96	100%	1,533,760	\$143,102	\$149,933	\$149,799	\$175,797	\$25,864	17%
80	119%	194.40	100%	168,800	\$13,727	\$13,683	\$14,304	\$13,934	\$251	2%
81	57%	921.60	100%	384,800	\$36,479	\$38,172	\$39,097	\$45,582	\$7,410	19%
82	53%	2,798.80	100%	1,073,520	\$102,486	\$108,064	\$107,783	\$129,238	\$21,173	20%
83	31%	1,244.00	100%	280,280	\$32,383	\$35,764	\$35,256	\$48,724	\$12,960	36%
84	45%	1,312.00	100%	428,920	\$43,341	\$46,297	\$46,425	\$57,986	\$11,690	25%
85	62%	2,264.00	100%	681,440	\$70,114	\$74,809	\$74,468	\$95,537	\$20,054	27%
86	62%	1,076.80	100%	485,920	\$44,996	\$46,809	\$47,876	\$54,724	\$7,916	17%
87	64%	1,270.12	100%	592,360	\$54,253	\$56,303	\$57,442	\$65,128	\$8,825	16%
88	60%	1,339.20	100%	583,360	\$54,304	\$56,654	\$57,559	\$66,477	\$9,623	17%
89	48%	1,795.20	100%	631,520	\$62,085	\$65,925	\$65,883	\$80,795	\$14,870	23%
90	26%	1,311.24	100%	249,840	\$30,930	\$34,703	\$33,849	\$48,944	\$14,242	41%
91	55%	1,254.80	100%	500,640	\$47,751	\$50,164	\$50,839	\$60,108	\$9,944	20%
92	55%	4,298.40	100%	1,710,240	\$161,209	\$169,495	\$168,726	\$200,426	\$30,931	18%
93	58%	2,176.80	100%	914,160	\$85,583	\$89,359	\$89,856	\$104,987	\$15,628	17%
94	68%	1,913.60	100%	952,720	\$85,488	\$88,300	\$89,709	\$100,066	\$11,765	13%

1 MOHAVE ELECTRIC COOPERATIVE, INC.

2 COMPARISONS - 2010 USAGE

3 LC&I TIME OF USE (EXISTING CUSTOMERS)

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L.F.	Estimated On-Peak *	NCP kW	kWh	Existing LC&I Rate		Mohave's Rebuttal Rate		TOU Rate Change			
				Standard	TOU Savings	Standard	TOU Savings	\$	%		
95	57%	3,940.00	100%	1,645,200	\$70.00	\$160,450	\$0	\$175.00	\$187,802	\$27,352	17%
96	72%	1,972.00	100%	1,035,360	\$13.50	\$94,434	\$0	\$10.84	\$105,752	\$11,318	12%
97	28%	1,599.20	100%	332,480	\$9.75	\$43,936	\$0	\$0.070184	\$60,618	\$16,682	38%
98	73%	1,786.40	100%	951,800	\$0.041000	\$66,524	\$0	\$0.000000	\$66,702	\$10,178	12%
99	60%	1,177.60	100%	513,600	\$0.023685	\$47,896	\$0	\$0.000000	\$48,747	\$8,788	18%
100	41%	1,767.60	100%	528,480		\$58,887	\$0		\$74,884	\$15,997	27%
101	58%	2,883.60	100%	1,224,840		\$118,997	\$0		\$139,073	\$20,076	17%
102	56%	5,476.00	100%	2,238,800		\$219,583	\$0		\$257,767	\$38,184	17%
103	49%	1,643.20	100%	584,160		\$60,810	\$0		\$74,445	\$13,636	22%
104	26%	2,480.40	100%	489,320		\$64,683	\$0		\$90,494	\$25,810	40%
105	41%	1,113.60	100%	331,680		\$37,328	\$0		\$47,913	\$10,585	28%
106	14%	686.40	100%	72,360		\$14,157	\$0		\$22,087	\$7,930	56%
107	19%	1,121.08	100%	158,040		\$22,367	\$0		\$38,460	\$12,613	49%
108	54%	1,704.00	100%	689,200		\$67,131	\$0		\$80,315	\$13,184	20%
109	34%	1,952.00	100%	480,080		\$53,125	\$0		\$77,255	\$19,009	33%
110	55%	1,204.00	100%	480,160		\$45,837	\$0		\$57,751	\$9,598	20%
111	22%	271.04	100%	43,538		\$6,685	\$0		\$9,802	\$3,117	47%
112	0%	90.00	100%	200		\$1,298	\$0		\$2,537	\$1,239	95%
113	74%	7,430.40	100%	4,032,000		\$361,960	\$0		\$399,081	\$37,121	10%
114	73%	9,698.40	100%	5,163,840		\$465,791	\$0		\$515,254	\$49,462	11%
115	51%	1,256.80	100%	463,680		\$45,211	\$0		\$58,298	\$10,498	22%
116	50%	1,598.40	100%	578,880		\$56,521	\$0		\$73,011	\$13,148	22%
117	78%	1,464.80	100%	837,840		\$73,155	\$0		\$82,573	\$7,763	10%
118	53%	353.88	100%	136,920		\$13,284	\$0		\$17,027	\$3,043	22%
119	52%	7,406.40	100%	2,785,920		\$281,034	\$0		\$335,676	\$54,643	19%
120	30%	716.80	100%	158,960		\$18,839	\$0		\$28,863	\$8,064	39%
121	3%	3,231.20	100%	75,120		\$37,547	\$0		\$90,214	\$40,894	83%
122	12%	774.00	100%	69,840		\$12,804	\$0		\$24,785	\$9,388	61%
123	55%	118.00	100%	47,600		\$4,518	\$0		\$5,656	\$914	19%
124	49%	1,656.00	100%	587,040		\$57,647	\$0		\$74,924	\$13,755	22%
125	40%	2,059.20	100%	607,440		\$62,992	\$0		\$86,467	\$18,536	27%
126	8%	1,350.84	100%	79,400		\$19,510	\$0		\$41,390	\$17,178	71%
127	43%	1,880.00	100%	586,600		\$59,801	\$0		\$80,744	\$16,580	26%
128	60%	5,217.44	100%	2,291,360		\$210,421	\$0		\$253,672	\$34,180	16%
129	60%	2,221.00	100%	980,680		\$90,422	\$0		\$109,491	\$15,233	16%
130	54%	2,441.60	100%	967,840		\$91,683	\$0		\$114,598	\$18,191	19%
131	44%	3,156.80	100%	1,015,120		\$109,120	\$0		\$135,632	\$26,512	24%
132	49%	1,095.76	100%	390,240		\$38,554	\$0		\$50,398	\$9,523	23%

1 MOHAVE ELECTRIC COOPERATIVE, INC.
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 3 COMPARISONS - 2010 USAGE
 4 LC&I TIME OF USE (EXISTING CUSTOMERS)
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 10 L.F. Estimated On-Peak * NCP kW
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 12 Customer Charge
 13 On Peak Demand Charge, per on peak kW
 14 Demand Charge, per NCP kW
 15 Energy Charge, per kWh
 16 PPCA Factor
 17

	L.F.	Estimated On-Peak *	NCP kW	kWh	Existing LC&I Rate		Mohave's Rebuttal Rate		TOU Rate Change	
					Standard	TOU	Standard	TOU	\$	%
133	46%	1,324.40	100%	449,240	\$70.00	\$70.00	\$175.00	\$180.00	\$110.00	157%
134	63%	312.28	100%	143,160	\$13.50	\$13.50	\$0.00	\$23.00	\$9.50	70%
135	28%	548.60	100%	113,200	\$9.75	\$9.75	\$0.00	\$3.08	\$3.08	23%
136	45%	996.76	100%	330,760	\$0.045580	\$0.041000	\$0.000000	\$0.000000	\$0.009381	-100%
137	31%	3,238.64	100%	726,160	\$0.023685	\$0.023685	\$0.000000	\$0.000000	(\$0.023685)	
138	64%	2,014.00	100%	937,600	\$44,870	\$47,778	\$47,986	\$59,334	\$11,555	24%
139	12%	113.60	100%	9,600	\$13,801	\$14,316	\$15,533	\$17,517	\$3,201	22%
140	Correction	-	100%	(610,240)	\$13,680	\$15,218	\$15,117	\$21,271	\$6,052	40%
141	Total	189,369.16		76,311,058	\$33,469	\$35,691	\$36,119	\$44,820	\$9,128	26%
142					\$82,714	\$91,533	\$88,172	\$123,208	\$31,675	35%
143	Secondary Governmental				\$85,349	\$88,608	\$89,561	\$101,742	\$13,135	15%
144	46%	1,217.60	100%	406,880	\$1,843	\$2,225	\$2,080	\$3,626	\$1,402	63%
145	40%	1,855.20	100%	535,560	(\$42,198)	(\$39,403)	(\$42,654)	(\$30,565)	\$8,839	-22%
146	37%	5,646.40	100%	1,543,520	\$7,200,845	\$7,561,474	\$7,580,602	\$8,960,315	\$1,398,841	18%
147	35%	5,715.20	100%	1,456,960	\$40,894	\$43,597	\$43,855	\$54,414	\$10,817	25%
148	20%	1,587.20	100%	232,080	\$56,024	\$60,528	\$59,798	\$77,526	\$16,998	28%
149	5%	1,248.00	100%	43,280	\$162,804	\$176,939	\$171,637	\$227,182	\$50,273	28%
150	22%	1,771.20	100%	285,920	\$157,480	\$172,239	\$166,308	\$224,616	\$52,377	30%
151	58%	1,186.40	100%	503,600	\$32,390	\$37,279	\$35,594	\$55,247	\$17,967	48%
152	30%	1,023.60	100%	225,000	\$16,006	\$20,488	\$18,666	\$36,888	\$16,401	80%
153	28%	2,095.92	100%	433,800	\$37,913	\$43,246	\$41,367	\$62,758	\$19,512	45%
154	28%	1,768.00	100%	356,800	\$47,289	\$49,432	\$50,305	\$68,473	\$10,978	18%
155	39%	3,160.00	100%	911,000	\$26,405	\$29,213	\$28,987	\$40,191	\$10,978	38%
156	32%	3,054.00	100%	718,200	\$51,322	\$57,195	\$55,266	\$78,677	\$21,482	38%
157	31%	2,018.60	100%	457,800	\$42,792	\$47,788	\$46,307	\$66,245	\$18,458	39%
158	29%	3,160.00	100%	911,000	\$94,750	\$102,428	\$100,292	\$130,470	\$28,042	27%
159	33%	2,812.00	100%	596,800	\$80,363	\$88,526	\$85,612	\$117,992	\$28,466	33%
160	35%	1,354.44	100%	614,600	\$52,231	\$57,704	\$56,112	\$77,870	\$20,166	35%
161	51%	1,436.40	100%	538,200	\$69,594	\$77,406	\$74,468	\$105,564	\$28,158	36%
162	57%	1,936.80	100%	804,480	\$67,941	\$74,561	\$72,509	\$98,741	\$24,180	32%
163	65%	3,676.80	100%	1,742,400	\$37,718	\$41,232	\$40,768	\$54,702	\$13,470	33%
164	47%	2,390.40	100%	827,040	\$52,123	\$55,045	\$55,444	\$66,736	\$11,691	21%
165	7%	3,295.20	100%	1,413,960	\$75,446	\$79,025	\$79,557	\$93,202	\$14,178	18%
166	45%	1,655.20	100%	537,760	\$157,376	\$163,184	\$164,245	\$185,835	\$22,651	14%
167	96%	2,008.80	100%	2,008.80	\$81,431	\$86,607	\$86,057	\$106,169	\$19,561	23%
168	11%	1,444.40	100%	1,444.40	\$44,089	\$55,711	\$49,089	\$66,188	\$40,477	73%
169	4%	926.40	100%	26,480	\$54,226	\$57,970	\$57,785	\$72,421	\$14,450	25%
170	54%	988.40	100%	386,240	\$118,364	\$119,421	\$123,113	\$125,786	\$6,365	5%
					\$22,960	\$27,845	\$25,901	\$45,676	\$17,831	64%
					\$11,568	\$14,930	\$13,860	\$27,554	\$12,624	85%
					\$98,400	\$98,400	\$39,922	\$47,397	\$8,229	21%

1 MOHAVE ELECTRIC COOPERATIVE, INC.
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 3 COMPARISONS - 2010 USAGE
 4 LC&I TIME OF USE (EXISTING CUSTOMERS)
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	L.F.	Estimated On-Peak *	NCP KW	kWh	Existing LC&I Rate		Mohave's Rebuttal Rate		TOU Rate Change	
					Standard	TOU	TOU Savings	Standard	TOU	TOU Savings
12		Customer Charge			\$70.00	\$70.00	\$175.00	\$180.00	\$110.00	157%
13		On Peak Demand Charge, per on peak kW			\$9.75	\$13.50	\$10.84	\$3.08	\$9.50	70%
14		Demand Charge, per NCP kW			\$0.045580	\$0.041000	\$0.070184	\$0.050381	\$3.08	
15		Energy Charge, per kWh			\$0.023685	\$0.023685	\$0.000000	\$0.000000	\$0.009381	23%
16		PPCA Factor							(\$0.023685)	-100%
17										
171	48%	1,586.80	1,586.80	550,360	\$54,432	\$57,862	\$57,927	\$71,271	\$13,410	23%
172	31%	1,394.80	1,394.80	315,600	\$36,299	\$40,084	\$39,370	\$54,437	\$14,352	36%
173	19%	1,011.60	1,011.60	138,600	\$19,813	\$22,972	\$21,568	\$34,265	\$11,293	49%
174	28%	561.60	561.60	114,480	\$13,685	\$15,267	\$14,822	\$21,134	\$5,867	38%
175	Correction	-	-	(153,600)	(\$10,289)	(\$9,586)	(\$9,805)	(\$6,839)	\$2,747	-29%
176	Total	64,343.36	64,343.36	17,180,160	\$1,842,672	\$2,005,274	\$1,966,604	\$2,608,786	\$603,514	30%
177										
178	Primary									
179	51%	3,924.00	3,924.00	1,459,200	\$140,170	\$148,202	\$145,578	\$176,234	\$28,031	19%
180	75%	11,952.00	11,952.00	6,542,280	\$570,523	\$585,379	\$584,915	\$637,040	\$51,661	9%
181	52%	1,296.00	1,296.00	495,840	\$47,820	\$50,409	\$50,439	\$60,331	\$9,922	20%
182	Total	17,172.00	17,172.00	8,497,320	\$758,514	\$783,991	\$780,932	\$873,605	\$89,614	11%
183										
184	Transmission (Billed as TOU in Test Year - Assumed Non-TOU under new rates)									
185	78%	49,732.47	53,106.00	30,204,000	\$2,610,704	\$2,625,974	\$2,495,286	\$2,618,935	(\$7,039)	0%
186										
187	Substation									
188	81%	60,072.00	60,072.00	35,668,800	\$3,057,141	\$3,119,048	\$2,998,627	\$3,197,574	\$78,526	3%
189	58%	7,428.00	7,428.00	3,133,200	\$290,284	\$303,789	\$287,394	\$336,049	\$32,260	11%
190	Total	67,500.00	67,500.00	38,802,000	\$3,347,426	\$3,422,837	\$3,286,221	\$3,533,623	\$110,786	3%
191										
192	Total Lost Revenue								\$370	

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 3 COMPARISONS - 2010 USAGE
 4 LC&I TIME OF USE (EXISTING CUSTOMERS)
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	L.F.	On-Peak *	NCP kW	kWh	Existing LC&I Rate		Mohave Proposed Rate		TOU Rate Change		
					Standard	TOU	TOU Savings	Standard	TOU	TOU Savings	\$
9											
10					\$70.00	\$70.00	\$170.00	\$175.00	\$105.00	150%	
11						\$13.50		\$23.00	\$9.50	70%	
12							\$10.75	\$2.99	\$2.99		
13					\$0.045580	\$0.041000	\$0.072288	\$0.053276	\$0.012276	30%	
14					\$0.023685	\$0.023685	(\$0.001850)	(\$0.001850)	(\$0.025535)	-108%	
15											
16											
17											
18											
19											
20					\$24,099	\$17,803	\$26,135	\$20,874	\$3,071	17%	
21					\$24,279	\$17,232	\$26,871	\$23,564	\$6,332	37%	
22					\$48,622	\$13,000	\$53,470	\$23,007	\$10,008	77%	
23					\$97,000	\$48,035	\$106,476	\$67,445	\$19,410	40%	

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 4 LC&I TIME OF USE (EXISTING CUSTOMERS)
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	L.F.	On-Peak *	NCP kW	kWh	Existing LC&I Rate			Staff's Proposed Rate			TOU Rate Change		
					Standard	TOU	TOU Savings	Standard	TOU	TOU Savings	\$	%	
9													
10					\$70.00	\$70.00		\$175.00	\$189.00		\$119.00	170%	
11					\$9.75	\$13.50		\$10.89	\$11.11		(\$2.39)	-18%	
12					\$0.045580	\$0.041000		\$0.070031	\$0.051754		\$3.08		
13					\$0.023685	\$0.023685		\$0.000000	\$0.000000		\$0.01	26%	
14											(\$0.02)	-100%	
15													
16													
17													
18													
19													
20					\$24,099	\$17,803	\$6,296	\$26,216	\$18,240	\$7,977	\$436	2%	
21					\$24,279	\$17,232	\$7,047	\$27,028	\$19,177	\$7,851	\$1,945	11%	
22					\$48,622	\$13,000	\$35,622	\$53,956	\$22,949	\$31,008	\$9,949	77%	
23					\$97,000	\$48,035	\$48,965	\$107,201	\$60,365	\$46,836	\$12,330	26%	

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 4 **LC&I TIME OF USE (EXISTING CUSTOMERS)**
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	L.F.	On-Peak *	NCP kW	kWh	Existing LC&I Rate			Mohave's Rebuttal Rate Phase 1			TOU Rate Change		
					Standard	TOU	TOU Savings	Standard	TOU	TOU Savings	From Existing	%	
9													
10					\$70.00	\$70.00		\$175.00	\$180.00		\$110.00	157%	
11					\$9.75	\$13.50		\$10.84	\$11.11		(\$2.39)	-18%	
12					\$0.045580	\$0.041000		\$0.070184	\$0.050381		\$3.08		
13					\$0.023685	\$0.023685		\$0.000000	\$0.000000		\$0.009381	23%	
14											(\$0.023685)	-100%	
15													
16													
17													
18													
19													
20					\$24,099	\$17,803	\$6,296	\$26,205	\$17,864	\$8,341	\$61	0%	
21					\$24,279	\$17,232	\$7,047	\$26,995	\$18,635	\$8,160	\$1,603	9%	
22					\$48,622	\$13,000	\$35,622	\$53,802	\$22,612	\$31,190	\$9,612	74%	
23					\$97,000	\$48,035	\$48,965	\$107,002	\$59,311	\$47,691	\$11,276	23%	

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	Existing LC&I Rate		Mohave's Rebuttal Rate Phase 2				TOU Rate Change	
	Standard	TOU	TOU Savings	Standard	TOU	TOU Savings	From Existing	%
9								
10	L.F.	On-Peak *	NCP kW	kWh				
11								
12	Customer Charge	\$70.00	\$70.00	\$175.00	\$180.00	\$180.00	\$110.00	157%
13	On Peak Demand Charge, per on peak kW	\$13.50	\$13.50	\$10.84	\$16.71	\$16.71	\$3.21	24%
14	Demand Charge, per NCP kW	\$9.75		\$0.070184	\$3.08	\$3.08	\$3.08	
15	Energy Charge, per kWh	\$0.045580	\$0.041000	\$0.000000	\$0.050381	\$0.050381	\$0.009381	23%
16	PPCA Factor	\$0.023685	\$0.023685	\$0.000000	\$0.000000	\$0.000000	(\$0.023685)	-100%
17								
18								
19	TOU Customers - 2010 Usage							
20	33%	244.80	28%	884.00	214.400	\$6,296	\$1,432	8%
21	20%	396.80	33%	1,192.00	170,600	\$7,047	\$3,825	22%
22	7%	49.20	1%	3,637.20	179,880	\$35,622	\$9,888	76%
23	1%	690.80	12%	5,713.20	564,880	\$48,965	\$15,144	32%

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	Existing LC&I Rate			Mohave's Rebuttal Rate Phase 3			TOU Rate Change	
	Standard	TOU	TOU Savings	Standard	TOU	TOU Savings	From Existing	%
9								
10	L.F.	On-Peak *	NCP kW					
11			kWh					
12	Customer Charge			\$70.00	\$70.00	\$180.00	\$110.00	157%
13	On Peak Demand Charge, per on peak kW			\$13.50	\$13.50	\$23.00	\$9.50	70%
14	Demand Charge, per NCP kW			\$9.75	\$10.84	\$3.08	\$3.08	
15	Energy Charge, per kWh			\$0.045580	\$0.041000	\$0.050381	\$0.009381	23%
16	PPCA Factor			\$0.023685	\$0.023685	\$0.000000	(\$0.023685)	-100%
17								
18								
19	TOU Customers - 2010 Usage							
20	33%	244.80	28%	884.00	214,400	\$6,296	\$2,972	17%
21	20%	396.80	33%	1,192.00	170,600	\$7,047	\$6,321	37%
22	7%	49.20	1%	3,637.20	179,880	\$35,622	\$10,197	78%
23	1%	690.80	12%	5,713.20	564,880	\$48,965	\$19,489	41%
				\$97,000	\$48,035	\$107,002	\$67,524	\$39,477

MOHAVE ELECTRIC COOPERATIVE, INC

DEVELOPMENT OF PHASE-IN RATES FOR EXISTING LC&I TOU CUSTOMERS

	Billing Units	Proposed Rate		Total	Proposed Revenue	
		Pur Pwr	Dist Wires		Pur Pwr	Dist Wires
Large C&I TOU - REBUTTAL PHASE ONE (2012)						
Service Charge (12 Month Sum)	31	0.00	180.00	180.00	0	5,580
On-Peak Demand	690.80	11.11	0.00	11.11	7,675	0
NCP KW	5,713.20	0.00	3.08	3.08	0	17,597
Energy Charge per kWh	564,880	0.045261	0.005120	0.050381	25,567	2,892
Base Revenue					33,242	26,069
PPCA Revenue					0	0
Total Revenue					33,242	26,069
Existing Revenue						48,035
Percentage Change from Existing						23%
Large C&I TOU - REBUTTAL PHASE TWO (2013)						
Service Charge (12 Month Sum)	31	0.00	180.00	180.00	0	5,580
On-Peak Demand	690.80	16.71	0.00	16.71	11,543	0
NCP KW	5,713.20	0.00	3.08	3.08	0	17,597
Energy Charge per kWh	564,880	0.045261	0.005120	0.050381	25,567	2,892
Base Revenue					37,110	26,069
PPCA Revenue					0	0
Total Revenue					37,110	26,069
Existing Revenue						48,035
Percentage Change from Existing						32%
Percentage Change from Prior Phase						7%
Large C&I TOU - REBUTTAL PHASE THREE (2014)						
Service Charge (12 Month Sum)	31	0.00	180.00	180.00	0	5,580
On-Peak Demand	690.80	23.00	0.00	23.00	15,888	0
NCP KW	5,713.20	0.00	3.08	3.08	0	17,597
Energy Charge per kWh	564,880	0.045261	0.005120	0.050381	25,567	2,892
Base Revenue					41,455	26,069
PPCA Revenue					0	0
Total Revenue					41,455	26,069
Existing Revenue						48,035
Percentage Change from Existing						41%
Percentage Change from Prior Phase						7%

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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF
MOHAVE ELECTRIC COOPERATIVE,
INCORPORATED FOR A HEARING TO DETERMINE
THE FAIR VALUE OF ITS PROPERTY FOR
RATEMAKING PURPOSES, TO FIX A JUST AND
REASONABLE RETURN THEREON AND TO
APPROVE RATES DESIGNED TO DEVELOP SUCH
RETURN

Docket No. E-01750A-11-0136

REBUTTAL TESTIMONY OF
CARL N. STOVER, JR., P.E.
ON BEHALF OF
MOHAVE ELECTRIC COOPERATIVE, INCORPORATED

February 23, 2012

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15 market should be rejected.....26

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17

- 1 Mr. Stover recommends:
- 2 1. Prudence adjustment related to 2008 power cost be rejected (Staff has already
3 agreed with this recommendation)
- 4 2. Prudence adjustment (sanction) related to Mohave's timely objection to producing
5 7/25/2001 - 12/31/2006 data be rejected.
- 6 3. Power supply related cost:
- 7 a. Lobbying cost be removed from recoverable cost.
- 8 b. All other disputed costs continue to be part of PPCA. Alternatively, continue
9 recovery under the PPCA until revised rates with test year costs included in
10 base rates are effective.
- 11 4. Third-party sales:
- 12 a. Continue current treatment, as consistent with Commission treatment of
13 other sales excluded from PPCA and discussions with Staff in 2004 and also
14 providing the greatest equity to the member consumers.
- 15 b. If treatment is changed, then make appropriate adjustment to base
16 purchased power cost as described by Mr. Searcy.
- 17

1 **1. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME, YOUR EMPLOYER AND YOUR POSITION.**

3 A. My name is Carl N. Stover, Jr., and I am employed by C. H. Guernsey & Company.

4 **Q. ARE YOU THE SAME CARL N. STOVER, JR. WHO SUBMITTED DIRECT**
5 **TESTIMONY IN THIS PROCEEDING?**

6 A. Yes. I previously presented Direct and Supplemental Testimony in this matter on
7 behalf of Mohave Electric Cooperative, Incorporated ("Mohave" or the
8 "Cooperative") in this proceeding.

9 **2. PURPOSE OF TESTIMONY**

10 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

11 A. My rebuttal testimony focuses on the following:

- 12 1. Staff witness Mendl's recommendation that the Mohave purchased power
13 cost adjuster (PPCA) bank balance be reduced by \$163,222 for
14 undocumented 2008 transmission costs.
- 15 2. Staff witness Mendl's recommendation that the Mohave PPCA bank balance
16 be reduced by \$1.946 million as a sanction for Mohave timely objecting to
17 producing detailed support for power costs prior to 2007.
- 18 3. Staff witness Mendl's recommendation that the Mohave PPCA bank balance
19 be reduced by \$594,737 related to power purchase related costs, \$562,035 of
20 which Staff allowed as re-categorized administrative and general expenses
21 and \$32,702 of which Staff disallowed as lobbying expenses.
- 22 4. Staff witness Mendl's recommendations related to the treatment of third-
23 party sales.
- 24 5. Staff witness Mendl's recommendation that Mohave reconsider the limit on
25 power purchased from the spot market.

26 **Q. DID YOU PREPARE EXHIBITS IN SUPPORT OF YOUR REBUTTAL TESTIMONY?**

27 A. Yes.

1 Q. WERE THE EXHIBITS PREPARED BY YOU OR UNDER YOUR DIRECT
2 SUPERVISION?

3 A. Yes.

4 Q. DO YOU HAVE ANY GENERAL COMMENTS ON MR. MENDEL'S PRUDENCE REVIEW
5 AND TESTIMONY?

6 A. In reviewing Mr. Mendl's direct testimony, while not agreeing with all of his
7 conclusions and recommendations, I found the general approach taken to evaluate
8 Mohave's procurement process sound. However, it is insufficiently tailored to an
9 electric distribution cooperative that is owned and governed by its member-
10 customers, making a transition to a partial requirements member of a G&T
11 cooperative, still making the vast majority of its power purchases under contracts
12 and rates approved by the Arizona Corporation Commission and submitting
13 monthly fuel bank reports to Commission Staff for the specific purposes of tracking
14 and monitoring the Cooperative's purchase power bank balance and ensuring the
15 costs of purchased power are accurately calculated and documented. As a result, Mr.
16 Mendl's recommendations to penalize Mohave in the absence of any evidence of
17 wrongdoing are inappropriate and should be rejected.

18 **3. MR. MENDEL'S RECOMMENDATION TO REDUCE THE PURCHASED**
19 **POWER BANK BALANCE BY \$163,222 FOR UNDOCUMENTED**
20 **2008 POWER COST IS NO LONGER AT ISSUE**

21 Q. WHAT IS THE NATURE OF THIS ADJUSTMENT?

22 A. Mr. Mendl stated he made an adjustment of \$163,221.69 related to firm
23 transmission services provided by the Western Area Power Administration
24 ("WAPA" or "Western") for the months of June through November 2008.

25 Q. DID HE MAKE THE ADJUSTMENT BECAUSE THERE WAS A QUESTION AS TO
26 WHETHER OR NOT MOHAVE ACTUALLY RECEIVED THE TRANSMISSION
27 SERVICE?

28 A. No. His testimony does not raise any question regarding Mohave's utilization of the
29 firm transmission service, the provision of the service or the rates charged. The sole
30 basis for his recommended adjustment was the absence of Western invoices
31 supporting the cost amount in the vast amount of documentation provided by

1 Mohave in response to Mr. Mendl's data requests. A major element of his review
2 process apparently involved checking amounts charged to Mohave's PPCA against
3 invoices – an activity the Staff asserts is done when the monthly reports are initially
4 filed. See Staff Response to MWS-2.11 attached as CNS-Rebuttal Exhibit 1.

5 **Q. HAS MOHAVE SUBSEQUENTLY PROVIDED THE REQUESTED INVOICES?**

6 A. Yes. Reference CNS - Rebuttal Exhibit 2 which is a copy of Staff's response to MWS-
7 2.6. Mohave also believes the invoices were initially submitted with its monthly fuel
8 bank reports, but has not taken the time to locate and review its original filings,
9 since ACC Staff is no longer proposing the adjustment.

10 **4. MR. MENDEL'S RECOMMENDATION TO REDUCE THE PURCHASED**
11 **POWER BANK BALANCE BY \$1.946 MILLION IS AN**
12 **UNSUPPORTED SANCTION AND SHOULD BE REJECTED**

13 **Q. WHAT IS THE NATURE OF THE \$1.946 MILLION ADJUSTMENT PROPOSED BY**
14 **MR. MENDEL?**

15 A. Mr. Mendl characterizes the amount as a prudence adjustment (page 28, line 10;
16 page 33, line 5; page 47, line 19), but as I will explain, it is imposed as sanction for
17 Mohave's timely exercise of its right to object to unduly burdensome and
18 questionably relevant data requests. It is a calculated amount equal to 1% of
19 Mohave's entire purchased power costs reported in its monthly fuel bank reports
20 submitted to the Commission during the period August 1, 2001 through December
21 31, 2006. Mr. Mendl recommends Mohave be required to refund this amount to
22 Mohave's owner/member/customers through its PPCA. Mohave is discussing this
23 recommendation with Staff and hopes to resolve it prior to hearing.

24 **Q. WHAT IS THE BASIS FOR THIS SANCTION/ADJUSTMENT?**

25 A. Mr. Mendl states that the adjustment is appropriate "because MEC failed to maintain
26 and provide the information to support the prudence of its purchased power."
27 Reference Direct Testimony of Jerry Mendl, p. 27, lines 16-17. No other basis for the
28 proposed \$1.946 million adjustment is provided.

1 **Q. DO YOU HAVE PERSONAL KNOWLEDGE OF DISCUSSIONS WITH STAFF ON**
2 **ISSUES RELATED TO THE PPCA MONTHLY REPORTING PROCESS?**

3 A. Yes. I participated in a meeting on January 28, 2004, with Mohave and ACC Staff at
4 which time we discussed supporting data for the PPCA. That particular meeting
5 focused on treatment of third-party sales. However, I reference the meeting to
6 illustrate Mohave's efforts to work with Staff to make certain they have the
7 information needed to ensure that costs for purchased power are accurately
8 calculated and documented.

9 **Q. DID MOHAVE FAIL TO MAINTAIN ANY INFORMATION THE COMMISSION HAS**
10 **REQUIRED IT TO MAINTAIN?**

11 A. No. Mohave regularly submitted its monthly fuel bank reports to the Commission,
12 including invoices to support its power purchase costs. "The purpose of the monthly
13 purchase power report is to track and monitor a utility's purchase power bank
14 balance and ensure the costs of purchased power are accurately calculated *and*
15 *documented.*" (Italics added) See Staff Response to MWS-2.11 attached as CNS-
16 Rebuttal Exhibit 1.

17 **Q. DID MOHAVE FAIL TO PROVIDE STAFF MONTHLY REPORTS RELATING TO ITS**
18 **PURCHASED POWER FOR THE PERIOD JULY 25, 2001 THROUGH DECEMBER**
19 **31, 2006?**

20 A. No. CNS-Rebuttal Exhibit 3 (Staff Response to MWS-2.36) shows that Staff received
21 the reports for this time period. Mohave occasionally receives requests from the
22 Staff to clarify or file additional information if the Staff has questions or finds that a
23 particular report is missing or insufficient. To my knowledge, Mohave has never
24 refused to provide any additional or missing information requested by Staff in
25 relation to the monthly power purchase reports.

26 **Q. THEN WHAT IS THE BASIS OF MR. MENDEL'S ASSERTION THAT MOHAVE**
27 **FAILED TO MAINTAIN AND PROVIDE INFORMATION TO SUPPORT ITS**
28 **PURCHASED POWER?**

29 A. Apparently, it is Mohave's exercise of its right to object to burdensome and
30 questionably relevant data that is the sole basis of Mr. Mendl's recommendation of a
31 \$1.946 million adjustment/sanction.

1 When Mohave unexpectedly received data requests seeking voluminous power
2 purchase information for the period July 2001 through 2010, it timely objected as
3 permitted by Commission rules and the Procedural Order, dated July 15, 2011,
4 governing this proceeding. The formal basis of the objection is set forth in a letter
5 dated September 8, 2011, a copy of which is attached as CNS-Rebuttal Exhibit 4.
6 Without waiving its objections, Mohave provided Staff an extensive confidential
7 narrative setting forth the nature of its purchase power procedure and purchases
8 since July 2001, and all supporting invoices encompassing the period January 1,
9 2007 through 2010. Reference JEM-2 Confidential. Mohave also provided some
10 additional historical information, such as the historical Mead Index monthly on-peak
11 and off-peak prices for the period January 2001 through December 2010 (Reference
12 JEM-14 Confidential, which is Mohave's response to JM-3.64).

13 Preparation of these responses to the questions, and providing documentary
14 support related to the January 1, 2007 through 2010 period, required significant
15 time and effort by Mohave's employees, attorneys and outside consultants, as well
16 as extensive effort on the part of Mr. Mendl to review and analyze. Reference CNS-
17 Rebuttal Exhibit 5 (Staff Response to MWS-2.34). It should be noted that Staff also
18 needed an additional 45 days to complete its review of the data supplied, thereby
19 delaying a hearing on Mohave's application and its needed rate relief.

20 **Q. IN YOUR OPINION WAS IT REASONABLE FOR MOHAVE TO ASSUME THAT**
21 **DETAILED DOCUMENTARY SUPPORT FOR ITS PURCHASED POWER COSTS FOR**
22 **THE PERIOD JULY 2001 THROUGH DECEMBER 31, 2006, WAS AVAILABLE TO**
23 **MR. MENDEL AND THAT STAFF WOULD MOVE TO COMPEL PRODUCTION OF**
24 **ANY MISSING INFORMATION?**

25 A. Yes. Mohave had previously provided the detailed support for these costs to Staff on
26 a monthly basis and had responded to any requests for additional information.
27 Therefore, it was reasonable for Mohave to assume that Mr. Mendl had independent
28 access to this data and that Staff would move to compel production of any missing
29 support.

30

1 **Q. DID STAFF SEEK TO COMPEL MOHAVE TO PROVIDE ANY OF THE DATA THAT**
2 **IT OBJECTED TO PROVIDING AS PERMITTED BY THE COMMISSION RULES AND**
3 **THE JULY 15, 2011, PROCEDURAL ORDER?**

4 A. No.

5 **Q. WHY DO YOU REFER TO MR. MENDEL'S PROPOSED \$1.946 MILLION**
6 **ADJUSTMENT AS A SANCTION?**

7 A. Because the purpose is to penalize Mohave for timely objecting to a portion of the
8 data requests he crafted and to avoid sending "a signal that a utility can avoid
9 scrutiny by failing to maintain records and file requested information." Reference
10 Direct testimony of Jerry Mendl, p. 27, lines 11-12.

11 **Q. DOES MR. MENDEL HAVE ANY BASIS FOR RECOMMENDING THAT A PRUDENCE**
12 **ADJUSTMENT IS APPROPRIATE BASED ON INADEQUACY OF THE**
13 **INFORMATION PROVIDED?**

14 A. No. CNS-Rebuttal Exhibit 6 is response to MWS-2.29(a) which asked for this
15 information. The response is not yet complete with regard to certain elements of the
16 question. However, the response to (c) references a lack of supporting invoices as
17 specified in Mr. Mendl's testimony. But Mr. Mendl has not provided Mohave any
18 listing of specific data that was not provided or was missing when Mohave
19 submitted its PPCA monthly reports for the period July 25, 2001 through December
20 31, 2006.

21 **Q. IS IT CLEAR THAT MR. MENDEL WAS PROVIDED ALL OF THE MONTHLY PPCA**
22 **REPORTING DATA SUBMITTED TO THE ACC BY MOHAVE FOR HIS AUDIT?**

23 A. Yes. CNS-Rebuttal Exhibit 7 is copy of Staff's response to MWS-2.24 which indicates
24 Mr. Mendl was provided copies of the monthly purchased power adjustor reports.

25 **Q. IS THERE A LIST IN MR. MENDEL'S TESTIMONY IDENTIFYING SPECIFIC MONTHS**
26 **OR DATA THAT WERE MISSING OR NEEDED FURTHER EXPLANATION TO**
27 **SUPPORT THE PPCA MONTHLY REPORT?**

28 A. No. Mr. Mendl's testimony, as well as the data requests received by Mohave only
29 reference the entire sixty five (65) month period. In responding to a question about
30 conclusions regarding prudence during this period he states "...MEC objected to

1 providing information prior to 2007. Therefore Staff can make no determination
2 regarding the prudence of MEC's power purchases prior to 2007." (Reference Direct
3 testimony of Jerry Mendl, p. 26, line 19).

4 **Q. WHAT IS MOHAVE'S REBUTTAL POSITION WITH REGARD TO PROVIDING**
5 **REQUIRED DATA TO SUPPORT THE PPCA BANK?**

6 A. Mohave has fully documented all purchased power expenses for the 2007 through
7 2010 period in responses to data requests in this proceeding. In addition, Mohave
8 provided monthly reports for the 2001 through 2010 period. Mohave further
9 acknowledges the requirement to provide Staff adequate supporting data of its
10 purchased power costs with its monthly filings and to timely supplement that
11 information when requested by Staff. Having done so, it is unreasonable and
12 arbitrary to require Mohave to produce that same data during a rate proceeding or
13 independent proceeding so Staff can conduct an independent prudence review of
14 Mohave's purchase power practices. In the event Staff conducts an independent
15 review of those monthly reports and identifies specific gaps in the documentation
16 Mohave previously supplied, then Mohave should and will commit to make a
17 reasonable effort to provide documentation in order to address those specifically
18 identified gaps in information. However, Staff and Mohave have a joint
19 responsibility to verify the completeness of the monthly reports when submitted.
20 CNS Rebuttal Exhibit 1 and CNS Rebuttal Exhibit 1A, response to MWS-2.11 clearly
21 identifies this process.

22 **Q. IS THERE ANY COMMISSION RULE OR ORDER OR AN ACCOUNTING PRINCIPLE**
23 **THAT REQUIRED MOHAVE TO MAINTAIN DOCUMENTATION OF ITS**
24 **PURCHASED POWER COSTS FOR MORE THAN FOUR (4) YEARS?**

25 A. I know of none and Staff has not identified any.

26 **Q. HOW WAS THE ADJUSTMENT OF \$1.946 MILLION PENALTY DETERMINED?**

27 A. The value is equal to 1% of the total wholesale power cost for the period July 25,
28 2001 to December 31, 2006, of \$194.681 million. Reference direct testimony of Jerry
29 Mendl, p. 28, lines 4-11.

1 **Q. WHY DID MR MENDL USE A 1% FACTOR?**

2 A. Mr. Mendl does not state the basis for the 1% value. Attached is CNS-Rebuttal
3 Exhibit 8 (Response to MWS-2.28) which indicates that values of 0% up to 100%
4 were considered by Staff.

5 **Q. WHAT IS THE AUTHORITY FOR PROPOSING THE PRUDENCE ADJUSTMENT?**

6 A. Mohave's data request MWS-2.28(d) asked Staff to "identify any authority upon
7 which Staff relied in developing its \$1.946 million (1%) prudence adjustment
8 recommendation." As of the filing of this rebuttal testimony, Staff has not provided
9 any.

10 **Q. WHAT IS THE REASON FOR USING THE TOTAL PURCHASED POWER COST OF**
11 **\$194.681 MILLION (PAGE 28, LINE 9) IN THE CALCULATION OF THE**
12 **PRUDENCE ADJUSTMENT?**

13 A. Again, Mr. Mendl does not state why he applies the 1% factor to the total purchased
14 power cost incurred by Mohave for the period July 25, 2001 to December 31, 2006.
15 The total includes power costs incurred by Mohave for payments under ACC
16 approved rates to AEPCO and also includes transmission costs. However, in
17 response to MWS-2.30, Staff acknowledged it is not its position that a prudency
18 penalty should be paid for amounts paid to AEPCO or others at ACC approved rates.
19 See CNS-Rebuttal Exhibit 9 (Response to MWS-2.30).

20 **Q. DID MR. MENDL INDICATE THE APPROPRIATE FACTOR THAT WOULD BE**
21 **APPLICABLE FOR THAT PORTION OF THE POWER COST THAT WAS EITHER**
22 **PURCHASED AT MARKET RATES OR THAT PORTION OF THE AEPCO COST**
23 **THAT MOHAVE COULD HAVE REPLACED WITH MARKET PURCHASES?**

24 A. No. In response to data request MWS-2.30, Staff merely suggests such calculation
25 was precluded due to a lack of information supplied by Mohave. Staff does not
26 explain why the information was unavailable from the monthly reports Mohave had
27 submitted and it provided to Mr. Mendl. Given the fact that Staff considered values
28 ranging from 0% to 100%, it is fair to assume Staff arrived at a value it believed sent
29 the intended signal that a utility cannot avoid scrutiny by failing to maintain
30 requested file data, even though it presented no evidence Mohave had failed to
31 maintain or file data. In reality, Staff is recommending a \$1.946 million sanction be

1 imposed on Mohave for timely objecting to re-submitting data 5 to 10 years
2 following its initial submittal with Staff.

3 **Q. DOES MR. MENDEL SPECIFICALLY CONCLUDE THAT MEC'S PURCHASED POWER**
4 **COSTS BETWEEN 7/25/2001 AND 12/31/2006 WERE IMPRUDENT?**

5 A. No. When asked what the Staff concluded about the prudence of Mohave's power
6 cost during this period, his answer is "Nothing." (Reference direct testimony of Jerry
7 Mendl, p. 26, line 19.)

8 **Q. GIVEN THE FACT THAT MR. MENDEL WAS NOT ABLE TO COME TO A**
9 **CONCLUSION ABOUT PRUDENCE, DOES HE PROVIDE ALTERNATIVES TO DEAL**
10 **WITH THE PRUDENCE OF MOHAVE PURCHASED POWER COSTS BETWEEN**
11 **7/25/2001 AND 12/31/2006?**

12 A. Yes. He lists three options beginning on page 27 of his testimony. The options are:

13 1. The Commission could direct MEC to file the needed information. As
14 discussed above, Staff had this option but did not pursue it. This may be
15 based on Mr. Mendl's unilateral determination that "it is likely that the
16 requisite information is no longer available. Even if MEC provided its
17 purchased power information, it would also have to reconstruct the context
18 of the market and other parameters in that time period. Doing this option
19 would be at best time consuming and burdensome [the precise basis of
20 Mohave's objection], if even possible." As discussed earlier, Staff has never
21 identified which of the sixty five (65) months required additional supporting
22 data, yet the penalty (prudence adjustment) is applied equally to all power
23 purchases over the entire sixty five (65) month period, suggesting all months
24 were of equal concern.

25 2. The Commission could accept the costs reported for the period July 25, 2001
26 through December 31, 2006, as prudent. He rejects this option as sending a
27 signal that a utility can avoid scrutiny by failing to maintain records and file
28 requested information, which, as discussed, is not consistent with Mohave's
29 actions. However, this option is actually supported by the facts. The four-year
30 period for which Mohave re-submitted purchase power documentation, of
31 the more than \$54 million in annual purchased power costs claimed by
32 Mohave, not a single expense remains undocumented and only \$32,702 is

1 being completely disallowed. From this evidence, it is reasonable to conclude
2 that Mohave does maintain documentation for all of the purchase power
3 costs it claims in its monthly reports.

- 4 3. The Commission could impose a 1% prudence adjustment, based upon the
5 unsupported accusation that MEC failed to maintain and provide the
6 information to support its purchased power cost.

7 Mr. Mendl and Staff adopted option #3 as a signal to Mohave and other utilities that
8 they should not try to avoid Commission scrutiny.

9 Importantly, Mohave has never asserted it is immune from Commission scrutiny or
10 has no obligation to maintain and file documentation supporting its purchased
11 power costs. The sole question is whether it is reasonable to penalize Mohave
12 \$1.946 million for timely objecting to Staff's broad request, during this rate
13 proceeding, that Mohave resubmit data going back 5 to 10 years without indicating
14 what specific information had not been submitted with its monthly purchased
15 power reports, where:

- 16 • No Commission rule or order or accounting principle mandates retention of
17 such documentation for such a prolonged period;
- 18 • Mohave regularly submitted its monthly reports (CNS-Rebuttal Exhibit 3
19 (response to MWS-2.36) indicates Staff did receive information from
20 Mohave);
- 21 • Staff acknowledges that the purpose of the monthly purchase power reports
22 is to allow Staff to track and monitor a utility's purchase power bank balance
23 and ensure the costs of purchased power are accurately calculated *and*
24 *documented* (CNS-Rebuttal Exhibit 1 (response to MWS-2.11));
- 25 • Mr. Mendl was provided the monthly reports (CNS-Rebuttal Exhibit 5
26 (response to MWS-2.24)), but did not identify any specific data that was
27 missing; and
- 28 • The documentation that has been provided demonstrates Mohave does
29 maintain that appropriate documentation.

30 In my opinion imposing any penalty under the facts of this case is unreasonable.
31 Applying a blanket percentage against all purchased power costs incurred during
32 the period is arbitrary and unduly penalizes this electric distribution cooperative for

1 exercising its right to object to burdensome data requests. To suggest Mohave is not
2 maintaining or has not responded to reasonable requests for information is simply
3 not true. As I indicated previously, Mohave staff and ACC Staff met in 2004 where
4 Mohave described the change from an All Requirements Class A Member of AEPCO
5 ("ARM") to a Partial Requirements Member of AEPCO ("PRM"), explained the
6 treatment of costs, including third-party sales, explained the reports Mohave
7 intended to file, and sought feedback from Staff as to the adequacy of the proposed
8 treatment of the PPCA bank. To my knowledge Mohave has always provided data
9 requested by Staff to support the PPCA.

10 **Q. DO YOU BELIEVE THERE ARE ADDITIONAL REASONS TO REJECT STAFF'S**
11 **RECOMMENDATION OF A \$1.946 MILLION PENALTY (PRUDENCE**
12 **ADJUSTMENT)?**

13 A. Yes. Mr. Mendl references Exhibit JEM-15 in coming to conclusions about the
14 prudence of Mohave's purchased power cost for the period following 12/31/2006.
15 The exhibit also shows data for the period July 2001 to 2007. The exhibit shows
16 MEC's Average Cost, excluding transmission, was competitive with Mead On-Peak
17 and Off-Peak prices (provided by Mohave in Data Response Attachment JEM-3.64).
18 In fact, Mohave was more competitive during this period than the period post July
19 2008, which Mr. Mendl found to be reasonable. This data supports the notion that
20 Mohave's actual implementation of the power supply strategy resulted in
21 competitive rates.

22 Mr. Mendl also makes a specific recommendation to "Acknowledge that MEC's
23 selection and management of Western to provide critical services are prudent and
24 reasonable" (page 33, line 22). Western has had active involvement and has played
25 essentially the same role for Mohave since Mohave first became a PRM. I believe it is
26 reasonable to assume that Western's actions for the period 2001-2006 resulted in
27 the same prudent decisions as for the period 2007-2010. Exhibit JEM-15 data
28 supports this conclusion.

29 **Q. PLEASE SUMMARIZE YOUR CONCLUSIONS RELATED TO THE PRUDENCY**
30 **ADJUSTMENT PROPOSED BY MR. MENDL.**

31 A. Mohave does not oppose filing data to support the purchased power adjustment
32 bank and Mohave is not seeking to avoid scrutiny. Mohave has filed data in support

1 of the costs included in the purchased power bank since its inception. Mohave also
2 met with the Commission Staff to review data that would be filed after becoming a
3 PRM to make certain the required information was being provided.

4 Mohave generally agrees with Mr. Mendl's conclusion regarding the relative
5 difficulty of reconstructing, in 2011 or 2012, events that occurred in the 2001-2006
6 period due to the absence of detailed market data.

7 Mohave believes that Mr. Mendl has done a good job in reconstructing cost and
8 market relationships in prior periods with his Exhibit JEM-15, page 1. Mohave
9 believes that this analysis indicates the strategy as reflected in actual power cost
10 would clearly not support an imprudence finding.

11 Mohave appreciates the time and effort Mr. Mendl has spent in understanding
12 Western's role in the power supply acquisition and implementation process.
13 Mohave places great value on Mr. Mendl's conclusion that involving Western's
14 services was prudent and reasonable. Western has been involved since 2001 and
15 continues to be an integral part of the team.

16 Staff provided Mr. Mendl with data for the 65-month period from August 2001 to
17 December 2006; data which Staff indicates it had already reviewed in order to
18 ensure the monthly power purchase costs reported were accurately calculated and
19 reported.

20 For these reasons I have stated, Mohave does not believe the \$1.94 million prudence
21 adjustment is supported by the facts in this proceeding.

22 **5. MR. MENDEL'S RECOMMENDATION TO REDUCE**
23 **THE PURCHASED POWER BANK BALANCE BY \$ 594,737 IS**
24 **UNSUPPORTED AND SHOULD BE REJECTED**

25 **Q. WHAT IS THE NATURE OF THIS ADJUSTMENT?**

26 A. During the 2010 test year, Mohave incurred \$594,737 in purchased power activities
27 that it included in its PPCA bank balance and that Mr. Mendl characterizes as
28 ineligible costs. These costs involved outside consulting and legal costs, as well as
29 Mohave staff's costs associated with securing, scheduling, documenting and
30 reporting purchased power.

1 **Q. ARE THE COSTS INELIGIBLE BECAUSE THEY INCLUDE COSTS THAT SHOULD**
2 **NOT BE PAID BY THE RATE PAYER?**

3 A. No. Staff has reclassified \$562,035 of the \$594,737 as administrative and general
4 expenses for recovery in base rates. Staff recommends disallowing \$32,702 of the
5 costs associated with efforts relating to federal Hoover power remarketing
6 legislation. Mohave does not contest this part of the adjustment, while not conceding
7 it is appropriate. Therefore, the question is how the \$562,035 should be recovered,
8 i.e., as part of the PPCA as proposed by Mohave or part of the base rates as proposed
9 by Staff.

10 **Q. WHAT APPEARS TO BE THE BASIS FOR DETERMINING WHETHER THE COSTS**
11 **SHOULD BE RECOVERED THROUGH THE PPCA OR BASE RATES?**

12 A. Mr. Mendl suggests two criteria.

13 1. Whether the costs are within the control of the utility. If the costs are within
14 the control of the utility, they should be recovered through general rates
15 (page 15, line 6).

16 2. Whether the costs are subject to volatile change (page 15, line 4 and line 12).
17 If the costs are volatile (like fuel prices) they can be included in an adjustor.

18 **Q. DO YOU AGREE WITH MR. MENDEL'S RECOMMENDATIONS AS TO THE**
19 **APPLICABLE CRITERIA FOR DETERMINING HOW COSTS SHOULD BE**
20 **RECOVERED?**

21 A. Yes, I believe his criteria-related volatility/predictability and control are
22 appropriate. Mohave's primary objective in the development of retail rates is to
23 recover only the cost of providing service to the retail member-consumer. Mr.
24 Mendl's criteria are an important part of deciding how best to accomplish this
25 objective.

26 **Q. WHY DO YOU BELIEVE IT IS APPROPRIATE TO RECOVER THE \$562,035 IN**
27 **PURCHASED POWER RELATED COSTS THROUGH THE PPCA RATHER THAN**
28 **BASE RATES?**

29 A. I believe these purchase power related costs track both of Mr. Mendl's criteria. First,
30 I agree there is a portion of the costs that are predictable; however, there is also a

1 component of the costs (particularly those related to outside services) that are
2 volatile and unpredictable. For example, the level of costs is driven by:

- 3 1. When AEPCO and SWTCO have a rate proceeding before the ACC. The timing
4 for the AEPCO rate cases, the complexity of the cases, and the level of effort
5 required are not readily defined.
- 6 2. AEPCO may have a special filing with the ACC such as the recent fixed fuel
7 adjustor filing.
- 8 3. Mohave must deal with potential legislative actions that can adversely impact
9 the hydro allocation.
- 10 4. Market conditions will require differing levels of effort to track costs and take
11 advantage of market purchases.
- 12 5. Mohave will evaluate power supply alternatives when they come up.

13 The point is that the volatility that Mr. Mendl references is a fact of life for Mohave,
14 as staff and consultants manage power supply issues.

15 With regard to management control, while Mohave's management and Board have
16 some control over the level of staff costs and outside costs associated with dealing
17 with power supply issues, the level of involvement is driven by the significant
18 portion of Mohave's total cost of service represented by power supply costs. While
19 Mohave could decide not to participate in a particular filing, hearing, litigation,
20 power supply plan, etc., its failure to actively represent its members' interest in
21 maintaining a reliable and low cost wholesale power supply would not be seen as
22 prudent by the Commission. Therefore, the level of activity is to a large extent
23 driven by external factors over which Mohave has no direct control. Since these
24 costs are also directly related to securing, scheduling, and documenting and
25 reporting purchased power, it is appropriate to record them as purchased power
26 costs and recover them under the PPCA.

27 **Q. WHAT IS YOUR RECOMMENDATION IF THE STAFF PROPOSAL IS ADOPTED?**

- 28 A. If the Staff recommendation to include cost recovery in the base rates is adopted,
29 then the costs in question should continue to be covered in the PPCA until the
30 revised rates go into effect. On the effective date of the new rates, the costs should
31 be excluded from the PPCA. The costs should not be included in the prudence

1 adjustment because this would result in refund to the consumers of costs that the
2 Commission has determined to be recoverable.

3 **Q ARE THERE ANY OTHER REASONS IT IS APPROPRIATE TO CONTINUE TO**
4 **RECOVER THE COSTS IN THE PPCA UNTIL THE EFFECTIVE DATE OF THE NEW**
5 **RATES?**

6 A. Yes. The current base rates were designed prior to Mohave transitioning to partial
7 requirement status. Therefore, there are no power supply support costs in the
8 existing Mohave base rates and it is appropriate to recover these costs through the
9 PPCA until such time as they are transferred (assuming Staff's recommendation is
10 adopted) to the base rates.

11 **Q. WAS MR. MENDEL CRITICAL OF MOHAVE'S NOT INCLUDING THE POWER**
12 **SUPPLY SUPPORT CHARGES IN THE PPCA UNTIL JANUARY 1, 2010?**

13 A. Yes. As Mr. Mendl recognizes, Mohave has been evolving as to its purchase power
14 practices since its conversion to a PRM in 2001. Prior to 2008, Mohave did not
15 specifically record legal, consulting and staff expense that was dedicated to
16 purchase power activity. Additionally, it had sufficient margins from third-party
17 sales to support these activities. During 2008 and 2009, Mohave refined its
18 documentation of these costs and how they were booked. By 2010, appropriate
19 procedures had been implemented to document and book these costs as power
20 purchase costs so they could be submitted, with necessary documentation, under its
21 PPCA. This action also assisted Mohave in addressing substantially eroding margins,
22 in part due to the decrease in margins made from third-party sales. Contrary to Mr.
23 Mendl's testimony, Mohave had not intentionally excluded these costs from the
24 PPCA prior to 2010. Mohave did not have them properly segregated and
25 documented and there was less of a need to recover them prior to 2010.

26 **6. OTHER CONSIDERATIONS RELATED TO MR. MENDEL'S**
27 **RECOMMENDATION TO REDUCE THE PPCA BANK BALANCE**

28 **Q. WHAT IS THE TOTAL AMOUNT BY WHICH MR. MENDEL RECOMMENDS THAT**
29 **THE PURCHASED POWER BANK BALANCE BE ADJUSTED?**

30 A. The total adjustment is \$2.704 million (reference p. 46, line 3) and consists of the
31 three components described above:

1	Adjustment for unsupported 2008 power cost:	\$ 163,221
2	Adjustment to reflect imprudence penalty:	\$ 1,946,000
3	Adjustment for ineligible power supply-related costs:	<u>\$ 594,737</u>
4	Total	\$2,703,958

5 My understanding is that Staff has accepted the documentation for the 2008 power
6 cost and I assume the recommended reduction is now approximately \$2.54 million.
7 Mr. Mendl also recommends that the PPCA bank balance be adjusted to reflect
8 additional legal, consulting and staff purchased power-related costs included in the
9 PPCA bank balance from the end of the test year to when new rates are effective.
10 The actual amount is currently unknown, but it can be expected to meet or exceed
11 the \$562,065 incurred in 2010. Therefore, the total adjustment is estimated to be
12 \$3,102,802.

13 **Q. ARE THERE FACTORS THE COMMISSION SHOULD CONSIDER IN EVALUATING**
14 **THE REASONABLENESS OF MR. MENDEL'S RECOMMENDATION?**

15 A. Yes. There needs to be an understanding as to how not only Mohave but also the
16 member-consumers will be impacted by reductions in the PPCA bank balance. My
17 understanding, based on Mohave's discussions with its auditor, is that there will be
18 the following accounting adjustments made in the year in which the new rates go
19 into effect (I am assuming this will be 2012) to reflect Mr. Mendl's recommended
20 write-off. The adjustments include:

- 21 1. Income Statement:
 - 22 a. Total revenue will be reduced to reflect the amount of the write-off.
 - 23 b. Operating Income will be reduced to reflect the amount of the write-off.
 - 24 c. Net income will be reduced by the amount of the write-off.
 - 25 d. Coverage ratios (TIER and DSC) will be reduced by the amount of the
26 write-off.
- 27 2. Balance Sheet:
 - 28 a. Equity will be reduced by the amount of the write-off.

1 b. Current and Accrued Liability will be increased by the amount of write-
2 off.

3 3. Member Patronage Capital Accounts:

4 a. Member patronage will be reduced by the amount of the write-off
5 (subject to any other applicable limitation).

6 **Q WHAT ARE THE IMPLICATIONS OF THESE ADJUSTMENTS RESULTING FROM**
7 **MR. MENDEL'S RECOMMENDATION?**

8 A. The consequences include:

9 1. The Income Statement Impact: The adjustment will result in completely
10 eliminating any increased revenue associated with approved rates in 2012.
11 As a result, Mohave will be in default of its mortgage coverage requirements.
12 This means Mohave will be in default of the mortgage requirements for the
13 last four years. RUS requires the Cooperative to maintain OTIER coverage
14 greater than 1.10 for two of the last three years. CNS-Rebuttal Exhibit 10
15 shows the OTIER values of:

16	2009	0.32
17	2010	0.19
18	2011	(0.12) est

19 CNS-Rebuttal Exhibit 10 shows the impact assuming the Staff revenue
20 requirement for the 2010 test year and assuming the rates are in effect for a
21 full twelve months and the Staff adjustment of \$3.1 million is adopted. The
22 resulting OTIER is 0.42. Given that the proposed rates will not be in place for
23 a full twelve months, Mohave will clearly be in default of the mortgage
24 requirements and this will be the 4th consecutive year of default.

25 2. The Balance Sheet Impact: The adjustment will result in a reduction in the
26 equity.

27 3. The Patronage Capital Impact: The adjustment will mean the patronage
28 capital assigned to all member-consumers will be reduced.

1 **Q. TYPICALLY, THE NOTION OF A PENALTY APPLIED TO A UTILITY SUGGESTS**
2 **THAT SOME THIRD PARTY WILL BE IMPACTED AND NOT THE RATE PAYERS.**
3 **IS THIS THE CASE WITH THE ADJUSTMENT PROPOSED BY MR. MENDEL?**

4 A. No. There is no third party. There are no stockholders. The member-consumer is the
5 owner of the Cooperative and is directly impacted by the adjustment. The
6 Cooperative needs access to funds for capital expenditures to serve the member-
7 consumers, the adjustment puts this at risk. It is in the Cooperative's interest to
8 maintain adequate equity— the adjustment will adversely impact the equity. The
9 member's patronage capital accounts will be reduced.

10 As described above, Mohave does not believe the prudence adjustment related to
11 the 2008 period, the 2001-2006 period, or the power supply-related costs is
12 justified or appropriate. Any suggestion that this is in the best interest of the retail
13 member-consumers served ignores the business model of a cooperative.

14 **Q. DID THE STAFF ADDRESS THE FINANCIAL IMPACT ISSUE?**

15 A. Not in direct testimony. However, in response to data requests when asked about
16 the financial impact of the prudence adjustment, Staff indicated that for Staff's
17 calculation of cash flow, TIER, and DSC there would be no impact of a prudence
18 adjustment that would be recorded below the line - CNS- Rebuttal Exhibit 11 (MWS-
19 2.32).

20 **Q. DO YOU AGREE?**

21 A. As mentioned earlier, Mohave has had discussions with their auditor as to how the
22 adjustments would be reported. The auditor indicates that assuming prior period
23 financials did not have to be restated, that the prudence adjustment would be made
24 to revenue and would impact the income statement and balance sheet as I have
25 described above. I am not an accountant and it would be important for Staff and
26 Mohave accountants to discuss this issue. One very important point, however, is
27 Staff does recognize that even with the Staff assumptions, the RUS/CFC financial
28 ratios would be impacted. See CNS-Rebuttal Exhibit 11 (Response to MWS-2.32).
29 RUS and CFC are the lenders to Mohave. A cooperative is obligated to meet coverage
30 ratios based on both OTIER and Net TIER which include both operating margins and
31 net margins. The retail member-consumers served by Mohave are also Mohave's
32 owners and will be directly impacted not only in terms of current financials but

1 more importantly in terms of the ramifications of not having debt financing
2 available. This can only lead to higher rates for Mohave.

3 **7. IT IS APPROPRIATE TO CREDIT THE PPCA BANK BALANCE**
4 **WITH COST OF SALES TO THIRD-PARTY SALES AND ALLOCATE**
5 **MARGINS TO THE BENEFIT OF ALL MEMBERS**

6 **Q. WHAT IS THE ISSUE RELATED TO THE PPCA TREATMENT FOR THIRD -PARTY**
7 **SALES?**

8 A. The issue is whether the PPCA bank should receive a credit in the amount of cost
9 associated with making third-party sales or with the total revenue associated with
10 third-party sales. Mohave has historically credited the PPCA bank with the cost of
11 the third-party sales and reported the revenues as income, with the margins
12 reflected in the income statement. This is consistent with the discussion Mohave had
13 with Staff in January 2004. Staff is now recommending that the total revenue be
14 credited to the PPCA bank.

15 **Q. WHAT IS THE DIFFERENCE BETWEEN THE TWO ALTERNATIVES?**

16 A. In explaining the difference, it is important to keep in mind that the revenue from a
17 third-party sale consists of two components:

- 18 1. The cost associated with making the sale. The cost typically consists of
19 energy cost and sometimes a transmission cost.
- 20 2. The margin associated with the sale. The margin is the amount the third-
21 party is willing to pay less the cost incurred in making the sale.

22 Mohave's approach is to credit the PPCA with the cost of making the third-party
23 sale. As a result, the retail member-consumers are not charged any cost associated
24 with making a third-party sale. Mohave then flows through the margins earned from
25 third-party sales to the net income. The Staff proposal credits to the PPCA the total
26 revenue associated with the third-party sale.

1 **Q. DOES THE STAFF PROPOSAL RESULT IN A LOWER PPCA BANK BALANCE AS**
2 **COMPARED TO MOHAVE'S METHODOLOGY?**

3 A. Yes, the difference is typically the amount of the margin. Mohave's methodology
4 ensures that the PPCA is always credited with the cost of the transaction so the
5 retail member-consumer is never at risk.

6 **Q. DOES THE RETAIL MEMBER-CONSUMER BENEFIT FROM THE MARGIN UNDER**
7 **MOHAVE'S METHODOLOGY?**

8 A. Yes, the retail member-consumer benefits as follows:

- 9 1. Increases the margins resulting in higher coverage ratios
- 10 2. Flows to equity and increases the equity ratio for the Cooperative
- 11 3. Flows to the member's patronage capital account which increases the equity
12 each member has in the Cooperative

13 The retail member-consumer benefits in that the margin component is allocated as
14 part of patronage capital, the Cooperative is able to realize a stronger financial basis,
15 and, depending on how rates and costs perform, it is possible margins from third-
16 party sales can postpone the need for base rate increases.

17 **Q. DOES THE STAFF METHODOLOGY ACCOMPLISH ANY OF THESE OBJECTIVES?**

18 A. No. The Staff alternative credits the total revenue of the third-party sale to the PPCA
19 bank. This results in a lower PPCA bank balance. However, because the total amount
20 is a credit to the PPCA bank balance, there is no contribution to an increase in
21 coverage ratio, equity or allocated patronage capital account.

22 **Q. WITH THE STAFF METHODOLOGY, WHO WILL GET THE BENEFIT OF THE**
23 **MARGINS ASSOCIATED WITH A THIRD-PARTY SALE IN A PARTICULAR**
24 **MONTH?**

25 A. The benefit flows to those member-consumers who are taking service in the month
26 in which the third-party sale is made. Typically, these are off-peak months.

27 **Q. DOES THIS RESULT IN SOME INEQUITIES IN YOUR OPINION?**

28 A. Yes. Mohave is able to make third-party sales because they have the assets in place
29 to make the sale. Most of the sales are a result of excess AEPCO Base Resource

1 energy. The excess sales occur during those months in which Mohave's retail load is
2 low and excess energy is available. However, Mohave's member-consumers pay the
3 fixed costs for the asset as a part of the rate each month of the year. In fact, a large
4 part of the fixed costs is covered during the peak usage month. These are the very
5 months in which there is little or no excess Base Resource energy available for third-
6 party sales. Therefore, with the Staff methodology there is a disconnect between
7 payment of fixed costs and receipt of margins realized from utilization of the asset.

8 **Q. HOW DOES MOHAVE'S METHODOLOGY PROVIDE A MORE EQUITABLE**
9 **ALIGNMENT OF COSTS AND BENEFITS?**

10 A. Mohave explicitly recognizes the margin component. The margin component flows
11 to the benefit of all members by increasing earnings, coverages and equity. The
12 margins are allocated to individual members-consumers based on business done
13 with the Cooperative. This provides a better alignment with allocation of benefits to
14 those members that are paying for the assets that create the benefits.

15 **Q. ARE THERE ANY OTHER FACTORS THE COMMISSION SHOULD CONSIDER IN**
16 **EVALUATING THE APPROPRIATE WAY TO DEAL WITH THIRD-PARTY SALES?**

17 A. Yes, the methodology used by Mohave to deal with third-party sales in the
18 calculation of the PPCA is not new or different. In fact, it is the same methodology
19 that Mohave used for sales to another customer; it is a methodology that has been in
20 place for a number of years; it is and a methodology that was reviewed with
21 Commission Staff in January 2004.

22 **Q. PLEASE EXPLAIN.**

23 A. For many years, Mohave provided service to a large power customer. In establishing
24 the purchased power cost applicable to the PPCA, Mohave subtracted from the total
25 power cost the power cost associated with serving the large power customer. This
26 isolated the other retail member-consumers from any wholesale power costs
27 incurred in serving the customer. After Mohave became a PRM and had the
28 opportunity to make third-party sales, we met with the Commission Staff in January
29 2004 and explained the situation. We proposed a treatment to deal with third-party
30 sales that was exactly the same as that used for the large power load. We have been
31 using the same methodology ever since Mohave became a partial requirements

1 customer. To my knowledge, Staff has not previously raised any questions
2 concerning treatment of the third-party sales.

3 **8. MR. MENDEL'S RECOMMENDATION THAT MOHAVE RECONSIDER**
4 **THE LIMIT ON POWER PURCHASED FROM**
5 **THE SPOT MARKET SHOULD BE REJECTED.**
6

7 **Q. WHAT IS THE NATURE OF MR. MENDEL'S RECOMMENDATION?**

8 A. As a PRM, Mohave is allocated 35.8% of AEPCO generation resources, and this
9 allocation provides sufficient capacity and energy to serve Mohave's native load
10 requirements in all months except summer months. Mohave fills the summer
11 resource deficiency with a combination of block purchases and spot market
12 purchases. One criterion for summer power supply planning is that not more than a
13 certain percentage of Mohave's total monthly load (in summer months) is exposed
14 to spot market. The reason for the criterion is to reduce Mohave's exposure to
15 economic risk of volatile spot market prices. Mr. Mendl notes that in the past two
16 years spot market prices have been stable and low and not very volatile. See Mendl's
17 direct testimony at page 11, line 20. In fact, according to Mendl, spot market prices
18 were less expensive than the block power Mohave purchased. He concludes that it is
19 not reasonable to have an arbitrary limit on the amount of lower cost power
20 Mohave could procure from the spot market. See Mendl's direct testimony at page
21 12, line 1 - 4.

22 **Q. DO YOU DISAGREE WITH MR. MENDEL'S ANALYSIS OF SPOT MARKET PRICES**
23 **OVER THE PAST TWO YEARS?**

24 A. No. It has been our experience that during some summer periods the actual spot
25 price is lower than the block purchase made by Mohave and in some summer
26 periods the actual spot price is higher than the block purchase made by Mohave.

27 **Q. IF SPOT MARKET PRICES WERE LOWER THAN THE BLOCK PRICE, WHY DID**
28 **MOHAVE MAKE THE BLOCK PURCHASE?**

29 A. At the time of the block purchases, the block prices were made based on forward
30 market prices for the summer. While the actual spot market prices turned out to be
31 less than the forwards in place at the time of the block purchase, the reverse could

1 equally have occurred. For example, an unplanned outage of a generation unit in the
2 region could result in high spot market prices.

3 **Q. EXACTLY WHAT IS MR. MENDL'S RECOMMENDATION?**

4 A. Mr. Mendl recommends that Mohave reconsider its "arbitrary limit on the amount of
5 spot market electricity it purchases to take advantage of potentially lower cost
6 opportunities in the future and modify its policies of power supply planning and
7 implementation accordingly." See Mendl's direct testimony at page 12, line 12.

8 **Q. WHY SHOULD HIS RECOMMENDATION BE REJECTED?**

9 A. Mr. Mendl's recommendation should be rejected for the following reasons. First, he
10 erroneously characterizes the limit as a "policy." It is not a policy but simply a
11 planning criterion which Mohave may change at any time. Mohave is not locked into
12 an arbitrary limit. The fact that Mohave has not changed its summer planning
13 criteria does not mean that the Cooperative has not reconsidered the criteria.
14 Mohave has reconsidered and decided that the existing criterion is still valid.
15 Second, if the spot market prices are less than AEPCO resource cost, Mohave has the
16 ability to reduce the AEPCO resource and replace it with market purchases.
17 Therefore, Mohave has additional flexibility to take advantage of market prices.
18 Consequently, Mr. Mendl is making a recommendation that Mohave already has in
19 place.

20 **Q. ARE THERE ANY LIMITATIONS TO THE AMOUNT OF ENERGY THAT MOHAVE
21 MUST PURCHASE FROM AEPCO?**

22 A. Yes, there is a limitation: AEPCO Base Resource, which consists primarily of coal
23 generation, has a minimum must-run level which is allocated to Members according
24 to their Allocated Capacity. Mohave's allocated share is 35.8%. Should Mohave
25 schedule less than its allocated AEPCO minimum Base Resource and purchase from
26 a third party, Mohave is subject to a minimum take-or-pay requirement.
27 Consequently, as a rule Mohave will not schedule below its allocated minimum Base
28 Resource level. This limitation puts a constraint on how much Mohave can back
29 down its AEPCO Base Resource schedule and replace with spot market purchases. In
30 the summer months when Mohave has its maximum load requirement, however, the
31 constraint is much less a factor than in the other months.

1 **Q. COULD MOHAVE BACK DOWN THE ENTIRE AEPCO RESOURCE AND REPLACE IT**
2 **WITH LOWER MARKET PRICES?**

3 A. No. In the worst case scenario when AEPCO's total system requirement is less than
4 AEPCO's minimum Base Requirement level, Mohave could not replace all of the
5 AEPCO Base Resource with spot market purchases without incurring a take-or-pay
6 penalty from AEPCO.

7 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

8 A. Yes, it does.

**UTILITIES DIVISION STAFF'S RESPONSES TO
MOHAVE ELECTRIC COOPERATIVE, INC.'S SECOND SET
OF DATA REQUESTS TO ARIZONA CORPORATION COMMISSION
DOCKET NO. E-01750A-11-0136
FEBRUARY 17, 2012**

MWS-2.11: Please explain the purpose(s) behind requiring the submittal of monthly purchase power adjustor reports and supporting invoices to Staff.

RESPONSE:

The purpose of the monthly purchase power report is to track and monitor a utility's purchased power bank balance and ensure that costs for purchased power are accurately calculated and documented.

RESPONDENT: Candrea Allen, Public Utilities Analyst II

**UTILITIES DIVISION STAFF'S RESPONSES TO
MOHAVE ELECTRIC COOPERATIVE, INC.'S SECOND SET
OF DATA REQUESTS TO ARIZONA CORPORATION COMMISSION
DOCKET NO. E-01750A-11-0136
FEBRUARY 17, 2012**

MWS-2.10: Please describe the nature and extent of Commission Staff's review of MEC's monthly purchase power adjustor reports, and supporting invoices, after being received by Staff.

RESPONSE:

Staff compiles the information received by a utility and inputs the data into a spreadsheet which is used to track and monitor the purchased power adjustor bank balance.

RESPONDENT: Candrea Allen, Public Utilities Analyst II

**UTILITIES DIVISION STAFF'S RESPONSES TO
MOHAVE ELECTRIC COOPERATIVE, INC.'S SECOND SET
OF DATA REQUESTS TO ARIZONA CORPORATION COMMISSION
DOCKET NO. E-01750A-11-0136
FEBRUARY 17, 2012**

MWS-2.6: Please confirm that the Supplemental response to JEM-9.14 dated January 20, 2012 provides adequate support for the \$163,221.69 for firm transmission services provided by WAPA in 2008, as referenced at page 19, lines 13 – 14 of Mr. Mendi's direct testimony and that Staff no longer recommends an adjustment to the fuel bank balance related thereto.

RESPONSE:

That is correct.

RESPONDENT: Jerry E. Mendi, Consultant

**UTILITIES DIVISION STAFF'S RESPONSES TO
MOHAVE ELECTRIC COOPERATIVE, INC.'S SECOND SET
OF DATA REQUESTS TO ARIZONA CORPORATION COMMISSION
DOCKET NO. E-01750A-11-0136
FEBRUARY 17, 2012**

MWS-2.36: Please admit that MEC has submitted to Commission Staff monthly fuel bank reports, with supporting power purchase invoices, for each calendar month from January 2001 through December 2006. In the event you deny or otherwise do not admit the foregoing, please set forth all facts and provide any information that support or contradict your response.

RESPONSE:

Staff did receive monthly purchased power reports and supporting invoices for the time period from January 2001 through December 2006. However, there were months during the January 2001 through December 2006 time frame when the filings that were submitted did not include all invoices for costs claimed by MEC (as required by Decision No. 50266).

RESPONDENT: Candrea Allen, Public Utilities Analyst II

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REFER TO FILE NO. 1234-18-8

September 8, 2011

Via Email only

Bridget Humphrey, Esq.
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Re: Mohave Electric Cooperative, Incorporated Rate Case
Docket No. E-01750A-11-0136 – Objections to Staff's
Third Set of Data Requests

Dear Bridget:

Mohave Electric Cooperative, Incorporated (Mohave) has received Staff's Second and Third Set of Data Requests dated August 30, 2011 and September 1, 2011, respectively. As we have noted in prior communications, Mohave does not maintain a separate staff to process rate cases. Therefore, Mohave's employees remain responsible for performing their regular duties, in addition to responding to data requests received related to the pending rate case. Mohave intends to remain cooperative and responsive to legitimate Staff inquiries, to avoid unnecessary discovery disputes, and to otherwise facilitate the prompt processing of its rate case. However, Mohave objects to numerous broad, burdensome and irrelevant data requests included within Staff's Third Set of Data Requests, prepared by Mr. Jerry Mendl of MS Energy Associates, Inc.

These data requests seek information related to Mohave's power purchases and power purchasing practices for the last decade (i.e., prior to and after the Commission expressly authorized Mohave's conversion to a Partial Requirements Member (PRM) of the Arizona Electric Power Cooperative (AEPSCO) pursuant to Decision No. 63868, dated July 25, 2001). Importantly, not only do these requests seek a large amount of detailed information involving periods well outside of the test year ending December 31, 2009 that would be extremely burdensome if not impossible to gather, the Commission's Decision No. 72055, dated January 6,

Bridget Humphrey, Esq.
September 8, 2011
Page 2

2011 renders the bulk of the information of limited or no value in accessing Mohave's current and future power purchasing practices.

By Decision No. 72055, the Commission approved new and revised contracts between AEPCO and its PRMs, Mohave, Sulphur Springs Valley Electric Cooperative, Inc., and Trico Electric Cooperative, Inc., as well as a revised all requirements agreement between AEPCO and its ARMs, Duncan Valley Electric Cooperative and Graham County Electric Cooperative. These new and revised contracts substantially alter the manner in which AEPCO's costs are allocated among its ARMs and PRMs and thus the rates and charges AEPCO is authorized to charge the ARMs and PRMs. Moreover, even prior to the Commission's approval of the latest round of new and amended ARM and PRM contracts, the Commission had also approved intermediate new and amended contracts that impacted Mohave's relationship to AEPCO and other members of AEPCO. See, Decision No. 70105, dated December 21, 2007 (where the Commission approved SSVEC's conversion to a PRM).

Mohave therefore objects to the data requests specifically listed below as unduly burdensome and irrelevant:

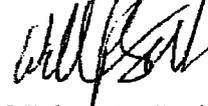
JM-3.7 d), e) and f); JM-3.8; JM-3.15 (all subparts); 3.16 (all subparts); JM-3.17 (all subparts); JM-3.19; JM-3.20; JM-3.22; JM-3.23; JM-3.25; JM-3.27; JM-3.29; JM-3.31; JM-3.33; JM-3.34 (all subparts); JM-3.38; JM-3.39; JM-3.40; JM-3.41; JM-3.42; JM-3.44; JM-3.48 through JM-3.51 (all subparts); JM-3.53; JM-3.55 through JM-3.58; JM-3.60; JM-3.62 - JM-3.72; JM-3.74 and JM-3.76;

In an effort to minimize disputes with Staff, and without waiving its objection to the specific data requests listed above, Mohave notifies Staff of its intent to provide a narrative generally describing its present and past relationship with AEPCO and power purchasing practices. To the extent maintained and reasonably retrievable by Mohave, Mohave will also provide information regarding its power purchases for the period commencing January 1, 2007 through December 31, 2009 in response to specific data requests. Mohave is still evaluating whether and to what extent additional time may be necessary to respond to Staff's Third Set of Data Requests. As you know, the Third Set of Data Requests was emailed two days after Staff emailed its Second Set of Data Requests. The standard 10 calendar day response period for both sets of data requests included the Labor Day holiday. Mohave expects to be able to provide responses to the Second Set of Data Requests no later than 4 p.m. Friday, September 9, 2011 (the 10th calendar day after electronic receipt). However Mohave asks that Staff grant Mohave until Monday, September 19, 2011 to provide its initial response to Staff's Third Set of Data Requests. Also, Mohave requests a Protective Agreement with Staff prior to providing confidential information (e.g., price) requested in the Third Set of Data Requests. We are reviewing the form of Protective Agreement proposed by Staff shortly after the rate application was filed and will provide comments or return it signed by the end of business tomorrow.

Bridget Humphrey, Esq.
September 8, 2011
Page 3

If you have any questions regarding this letter, please do not hesitate to contact the undersigned to discuss.

Very truly yours,



Michael A. Curtis
William P. Sullivan
For the Firm

WPS/maw

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**UTILITIES DIVISION STAFF'S RESPONSES TO
MOHAVE ELECTRIC COOPERATIVE, INC.'S SECOND SET
OF DATA REQUESTS TO ARIZONA CORPORATION COMMISSION
DOCKET NO. E-01750A-11-0136
FEBRUARY 17, 2012**

MWS-2.34: Please identify the number of hours MSB has expended to date in performing the following:

- (a) Preparing data requests
- (b) Reviewing responses to data requests
- (c) Independently securing and reviewing information secured from sources other than MEC
- (d) Preparing direct testimony

RESPONSE:

MSB does not record its hours in these particular categories. Rather it uses a functional description of the tasks performed. A major component not listed in the above categories is analysis which MSB performed in connection with reviewing responses to data requests, reviewing information from independent sources and drafting testimony.

In an effort to be responsive, Mr. Mendl reviewed his time records and estimated that he spent approximately 40 hours reviewing MEC's initial application and testimony filings and developing data requests. He spent approximately 80 hours reviewing responses to the data requests (some of this time also would have gone to analysis rather than review per se, and other of this time would have gone to developing follow-up and clarifying data requests). He spent approximately 15 hours securing and analyzing independent information. Mr. Mendl estimates that he spent approximately 70 hours preparing the testimony and exhibits, which includes analysis and writing/revision time. Mr. Mendl also estimates that he committed another 70 hours to analysis (which may have been pertinent to review of the responses to data responses, review of independent information, and preparing testimony) and other tasks. Note that these are only estimates as the time records do not permit direct assessment of the categories specified by MEC.

RESPONDENT: Jerry E. Mendl, Consultant

**UTILITIES DIVISION STAFF'S RESPONSES TO
MOHAVE ELECTRIC COOPERATIVE, INC.'S SECOND SET
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DOCKET NO. E-01750A-11-0136
FEBRUARY 17, 2012**

MWS-2.29: At page 27, line 15 of his direct testimony, Mr. Mendl states the \$1.946 million (1%) prudence adjustment could be imposed "because MEC failed to maintain and provide the information to support the prudence of its purchased power." Please identify:

- (a) The authority upon which Staff relies in proposing a prudence adjustment based on the inadequacy of the information maintained or provided.
- (b) All ACC rules, decisions, orders or other controlling authority applicable to MEC that identified the purchase power information that MEC was expected to maintain in order to avoid a prudency adjustment.
- (c) All Information that supports or contradicts Staff's position that MEC has failed to maintain required purchase power related information.
- (d) All Information that supports or contradicts Staff's position that MEC has failed to produce purchase power related information requested by Staff.
- (e) All ACC rules, decisions, orders or other controlling authority that indicates that MEC was required to provide information after objecting thereto, without an order compelling it to do so.

RESPONSE:

- (a) Staff is in the process of compiling information and will supplement.
- (b) Staff is in the process of compiling information and will supplement.
- (c) Lack of supporting invoices (as specified in Mr. Mendl's direct testimony) that were not provided to the Commission as required by Decision No. 50266;
- (d) See response to (c);
- (e) Staff is in the process of compiling information and will supplement.

RESPONDENT: Candrea Allen, Public Utilities Analyst II

**UTILITIES DIVISION STAFF'S RESPONSES TO
MOHAVE ELECTRIC COOPERATIVE, INC.'S SECOND SET
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DOCKET NO. E-01750A-11-0136
FEBRUARY 17, 2012**

MWS-2.24: Please indicate whether and when Staff provided MSB with copies of MEC's monthly purchased power adjustor reports, including the date(s) the reports were provided, the time period covered by the reports and whether Staff attempted to include all information MEC had submitted to Staff in connection with the reports and provide any information that supports or contradicts your response.

RESPONSE:

Once Staff received the signed protective agreement for MEC's monthly purchased power adjustor reports from MSB, Staff provided copies of the documents on September 2, 8, 12, and 13, 2011. Staff provided MSB copies of all monthly reports and invoices that were submitted from MEC between August 2001 and December 2010.

RESPONDENT: Candrea Allen, Public Utilities Analyst II

**UTILITIES DIVISION STAFF'S RESPONSES TO
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DOCKET NO. E-01750A-11-0136
FEBRUARY 17, 2012**

MWS-2.28: In connection with the \$1.946 million (1%) prudence adjustment being recommended by Staff (Recommendation 8 at page 47 of Mr. Mendl's Direct Testimony):

- (a) Please identify all factors Staff considered, pro and con, that resulted in Staff recommending a \$1.946 million (1%) prudence adjustment.
- (b) Please identify all other prudence adjustment levels considered by Staff.
- (c) Please provide all correspondence, meeting notes, e-mails in which Mr. Mendl discussed the basis for an prudence adjustment with other non-legal ACC staff.
- (d) Please identify any authority upon which Staff relied in developing its \$1.946 million (1%) prudence adjustment recommendation.

RESPONSE:

- (a) Refer to Mr. Mendl's Confidential Direct Testimony, page 27.
- (b) 0%, 5%, 10% and 100%.
- (c) Please see the email from Mr. Mendl, attachment MWS 2.28

RESPONDENT: Jerry E. Mendl, Consultant

RESPONSE:

- (d) Staff is in the process of compiling information and will supplement.

**UTILITIES DIVISION STAFF'S RESPONSES TO
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DOCKET NO. E-01750A-11-0136
FEBRUARY 17, 2012**

MWS-2.30: Is it Staff's position that MEC should pay a prudency penalty for sums paid to AEPCO, or others, at ACC approved rates for purchase of power? Please fully explain your answer.

RESPONSE:

No. If there were a verified quantity of energy purchased from AEPCO under approved rates, and if there were no other less costly power supplies from which MEC could have purchased power, the costs incurred to AEPCO would likely have been found prudent. However, MEC refused to provide the data necessary to document and verify the expenses for the 2001-2006 time period.

- MEC did not document the volumes allegedly purchased from AEPCO at the approved rates.
- MEC did not document that AEPCO was the cheapest source.
- MEC did not provide information regarding how much power was purchased from sources other than AEPCO from 2001-2006 after MEC gained that opportunity as a PRM. (For 2007-2010 where MEC provided data, power sources other than AEPCO represented 7-10% of total. Those sources are not under approved AEPCO tariffs. If approximately 8% of purchases in the 2001-2006 period were from sources other than AEPCO, the 1% adjustment is approximately one-eighth of non-AEPCO supplies by volume. However, the cost of non-AEPCO supplies may have been higher, as were the block purchases in 2007-2010. That would suggest that the 1% adjustment is less than one-eighth of non-AEPCO supplies by cost.)
- MEC did not document the cost of (or rates paid for) power from sources other than AEPCO.

RESPONDENT: Jerry E. Mendl, Consultant

MOHAVE ELECTRIC COOPERATIVE, INC.

HISTORICAL TIER COVERAGES

	Actual		2011	Staff Adj 2010	
	2009	2010		w/rate chng CSB-3	w/rate chng & adj *
Operating TIER	0.32	0.19	(0.12)	1.57	0.15
RUS OTIER	0.52	0.30	(0.00)	1.68	0.26
Modified Net TIER	0.67	0.47	0.85	1.84	0.42
Net TIER	3.54	2.09	2.22	3.47	2.05

Note: By the time this adjustment is implemented, Mohave will no doubt have less "below the line" G&T patronage than in 2011, thus placing its net TIER at risk

RUS Required Coverages

RUS OTIER	1.10	1.10	1.10	1.10	1.10
Net TIER	1.25	1.25	1.25	1.25	1.25

Operating TIER

Operating Margins + Interest on LT Debt
Interest on LT Debt

RUS OTIER

Operating Margins + Interest on LT Debt + Cash CC Refunds
Interest on LT Debt

Modified Net TIER

Net Margins + Interest on LT Debt - G&T Capital Credits
Interest on LT Debt

Net TIER

Net Margins + Interest on LT Debt
Interest on LT Debt

* Staff "Prudence" Adjustment

* Staff 2010 and 2011 "Ineligible Power Cost" Adjustment

Total

(1,546,000)
(1,124,070)
(3,070,070)

Interest on LT Debt	2,208,733	2,161,308	2,067,212	2,161,308	2,161,308
Operating Margin	(1,493,242)	(1,750,594)	(2,317,708)	1,229,404	(1,840,666)
Net Margin	5,619,827	2,355,173	2,513,414	5,335,171	2,265,101
G&T Capital Credits	6,340,428	3,509,969	2,820,502	3,509,969	3,509,969
Cash CC Refunds	441,272	243,588	243,588	243,588	243,588

Note: 2011 Form 7 is not finalized - Cash CC estimated at 2010 level

MOHAVE ELECTRIC COOPERATIVE, INC.

SHOWS THE EFFECT OF STAFF "PRUDENCY ADJUSTMENT" AND REFUND OF "INELIGIBLE COSTS"
APPLIED TO STAFF ADJUSTED

SUPPLEMENTAL DATA FOR THE YEAR ENDING DECEMBER 31, 2010

	Mohave Adjusted 12/31/2010 (a)	Staff Adjustments CSB-3 (b)	Staff Adjusted Test Year (c)	Recommended Change (d)	Staff Recommended (e)	Staff Penalty Adjustments (f)	After Penalty
Operating Revenues							
1 Base Revenue (Remainder)	\$ 58,732,883	\$ 15,505,234	\$ 72,238,127	\$ 2,593,241	\$ 74,831,368	\$	\$ 74,831,368
2 Base Revenue (TPS Pur Pwr)	3,222,980		3,222,980		3,222,980		3,222,980
3 PCA	15,505,234	(15,505,234)	0	0	0	(3,070,070)	(3,070,070)
4 Other	606,899		606,899	312,468	919,367		919,367
5 Total	\$ 78,068,006	\$ 0	\$ 76,068,006	\$ 2,905,709	\$ 78,973,715	\$ (3,070,070)	\$ 75,903,645
6							
Operating Expenses							
7 Purchased Power	\$ 61,802,677	\$ (594,737)	\$ 61,207,940	\$	\$ 61,207,940	\$	\$ 61,207,940
8 Sub-Transmission O&M	169,400		169,400		169,400		169,400
9 Distribution-Operations	2,773,688		2,773,688		2,773,688		2,773,688
10 Distribution-Maintenance	1,194,657		1,194,657		1,194,657		1,194,657
11 Consumer Accounting	2,227,246		2,227,246		2,227,246		2,227,246
12 Customer Service	196,226		196,226		196,226		196,226
13 Sales	96,252		96,252		96,252		96,252
14 Administrative & General	4,756,463	562,035	5,318,498		5,318,498		5,318,498
15 Depreciation	2,239,666		2,239,666		2,239,666		2,239,666
16 Tax	0		0		0		0
17 Total	\$ 75,456,285	\$ (32,702)	\$ 75,423,583	\$ 0	\$ 75,423,583	\$ (3,070,070)	\$ 72,353,513
18							
19							
20 Return	\$ 511,721	\$ 32,702	\$ 544,423	\$ 2,905,709	\$ 3,550,132	\$	\$ 480,062
21							
Interest & Other Deductions							
22 Interest L-T Debt	\$ 2,161,308	\$	\$ 2,161,308	\$	\$ 2,161,308	\$	\$ 2,161,308
23 Amortize RUS Gain	0		0		0		0
24 Interest-Other	142,396		142,396		142,396		142,396
25 Other Deductions	17,024		17,024		17,024		17,024
26 Total	\$ 2,320,728	\$ 0	\$ 2,320,728	\$ 0	\$ 2,320,728	\$	\$ 2,320,728
27							
28							
29 Operating Margin	\$ (1,709,007)	\$ 32,702	\$ (1,676,305)	\$ 2,905,709	\$ 1,229,404	\$ (3,070,070)	\$ (1,840,666)
30							
Non-Operating Margins							
31 Interest Income	\$ 410,049	\$	\$ 410,049	\$	\$ 410,049	\$	\$ 410,049
32 Gain(Loss) Equity Investments	110,369		110,369		110,369		110,369
33 Other Margins	(32,307)		(32,307)		(32,307)		(32,307)
34 G&T Capital Credits	3,509,969		3,509,969		3,509,969		3,509,969
35 Other Capital Credits	107,687		107,687		107,687		107,687
36 Total	\$ 4,105,767	\$ 0	\$ 4,105,767	\$ 0	\$ 4,105,767	\$	\$ 4,105,767
37							
38							
39 Net Margins	\$ 2,396,760	\$ 32,702	\$ 2,429,462	\$ 2,905,709	\$ 5,335,171	\$ (3,070,070)	\$ 2,265,101
40 Rate Change							
41 Operating TIER	0.21		0.22		0.22		3.820%
42 RUS OTIER	0.23		0.24		0.24		1.57
43 OTIER (Modified Net TIER)	0.48		0.50		0.50		1.58
44							0.16
45							0.42

* Staff Adjustment Consists of the following:
 "Prudency Adjustment" - Schedule Stream in Direct Testimony of Jerry Mansel, page 28, lines 4 - 9
 "Ineligible Costs" - Expenses related to power supply - 2010
 Estimated "Ineligible Costs" - Expenses related to power supply - 2011 & 2012
 Total

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DOCKET NO. E-01750A-11-0136
FEBRUARY 17, 2012**

MWS-2.32: Please describe how Staff's recommendations, if all except the \$163,222 adjustment are adopted by the Commission, will impact the cash flow, TIER and DSC of MEC for the three (3) calendar years following the Commission entering a decision on MEC's rate application.

RESPONSE:

For Staff's calculation of cash flow, TIER, and DSC, there would be no impact as the \$1.94 million amount would be recorded below-the-line.

However, the National Rural Utilities Cooperative Finance Corporation ("RUS"/"CFC") cash flow, TIER, and DSC calculations would be affected in the fiscal years in which any refunds are made to customers.

RESPONDENT: **Crystal S. Brown, Public Utilities Analyst V**