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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

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DOCKETED BY [Signature]

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

IN THE MATTER OF THE APPLICATION OF SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC. FOR APPROVAL OF AN INCREASE IN THE WHOLESALE POWER AND FUEL COST ADJUSTOR RATE AND MODIFICATION OF CERTAIN OPERATING CONDITIONS RELATED TO THE FUEL ADJUSTOR CONTAINED IN DECISION NO. 71274 PURSUANT TO A.R.S. § 40-252

DOCKET NO. E-01575A-08-0328

DECISION NO. 73081

ORDER

Open Meeting
March 27 and 28, 2012
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

Introduction

1. Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") is certificated to provide electric service within portions of Arizona, pursuant to authority granted by the Arizona Corporation Commission ("Commission").

2. On December 23, 2011, SSVEC filed an application with the Commission requesting approval of an increase to the Wholesale Power and Fuel Cost Adjustor ("WPFCA") rate. According to SSVEC, the purpose of the proposed increase to the rate is to address a projected under-collection in SSVEC's WPFCA bank balance. SSVEC is requesting a stepped increase in the WPFCA rate as detailed in the table below.

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EFFECTIVE DATE OF PROPOSED RATE	PROPOSED WPFCA RATE
Current WPFCA Rate (per kWh)	(\$0.00315)
February 1, 2012	\$0.0030
April 1, 2012	\$0.0055
June 1, 2012	\$0.0045

3. SSVEC is requesting the surcharge remain at \$0.0045 per kWh through the end of September 2012. After September 2012, SSVEC is requesting approval to increase or decrease the WPFCA rate without prior Commission approval as necessary to maintain the WPFCA bank balance within the proposed new over/under-collection thresholds as discussed below.

4. In addition, SSVEC's application also contains a request to amend Decision No. 71274, dated September 8, 2009 pursuant to Arizona Revised Statutes ("A.R.S.") § 40-252 to address the operation of the WPFCA. Specifically, SSVEC requests to modify Decision No. 71274 as follows: (1) Increase the current \$2,000,000 threshold for under-collected balances to a \$3,000,000 threshold, and increase the current \$1,000,000 threshold for over-collected balances to a \$3,000,000 threshold; and (2) Within the new \$6,000,000 range for the WPFCA account (i.e., up to a \$3,000,000 over-collected balance or up to a \$3,000,000 under-collected balance), allow SSVEC to decrease or increase the WPFCA rate without prior Commission approval. SSVEC indicates it would continue to file monthly WPFCA reports with the Commission, and would highlight increases or decreases in the WPFCA rate in those reports. SSVEC's application also stipulated that if the over-collected balance exceeds the \$3,000,000 threshold, then SSVEC would be required to make a filing with the Commission addressing how SSVEC would bring the over-collected balance back below the \$3,000,000 threshold. SSVEC's application requested that this portion of the petition be considered on an expedited basis without a hearing.

5. SSVEC is a member-owned Arizona non-profit cooperative with its principal business office in Willcox, Arizona. SSVEC is a public service corporation providing electric distribution service to approximately 51,000 customers in parts of Cochise, Santa Cruz, Pima and

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1 Graham counties. SSVEC's Board of Directors oversees all aspects of SSVEC's operations,
2 including the WPFCA, and approves the annual operating budget.

3 Background for Modification to Decision No. 71274

4 6. In Decision No. 71274, the Commission authorized the implementation of a
5 WPFCA rate for SSVEC. The WPFCA "is a purchased power adjustor that uses charges or credits
6 to allow SSVEC to collect or refund the difference between the base cost and the actual cost of
7 wholesale power."¹ In addition, in the same Decision, the Commission required SSVEC to submit
8 proposed increases to the WPFCA rate to the Commission for approval. Any decreases to the
9 WPFCA rate do not require Commission approval. One of the conditions of the approval of the
10 implementation of the WPFCA from Decision No. 71274 is that SSVEC is "required to file an
11 application to increase the WPFCA rate either when the bank balance reaches the \$2,000,000
12 threshold for under-collected balances for two consecutive months, or when it reasonably
13 anticipates that the threshold will be reached within six months and would continue at or above the
14 threshold for two or more consecutive months."² Further, SSVEC could return over-collected
15 bank balances at anytime except that it must return over-collected amounts once the over-collected
16 bank balance reaches \$1,000,000 and remains over that threshold for two consecutive months.

17 7. Prior to Decision No. 71274, SSVEC had a wholesale power cost adjustor approved
18 by the Commission in Decision No. 58358 in SSVEC's 1993 rate case. Also, prior to January
19 2008, SSVEC was an All Requirements Member ("ARM") with Arizona Electric Power
20 Cooperative ("AEPSCO") getting all of its power supply from AEPSCO. AEPSCO is a non-profit
21 electric generation cooperative which serves the power needs of six members (five in Arizona and
22 one in California). AEPSCO passed fuel and purchased power costs through to SSVEC under a
23 Commission-approved adjustor and SSVEC, in turn, passed those costs through to its members
24 under its own adjustor. Under its prior adjustor mechanism, SSVEC was not required to obtain
25 Commission approval to increase its adjustor rate and was not subject to over-collection or under-
26 collection thresholds.

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28 ¹ Decision No. 71274, Page 27, Lines 10-12.

² Decision No. 71274, Page 28, Lines 2-5.

1 8. In January 2008, SSVEC became a Partial Requirements Member (“PRM”) with
2 AEPCO giving SSVEC the option to obtain a portion of its supply from sources other than
3 AEPCO. Despite the ability to purchase elsewhere, SSVEC has made the decision to continue to
4 purchase a substantial portion of its power from AEPCO and is projecting to continue to do so
5 throughout the rest of 2012. SSVEC indicates that just like all AEPCO member distribution
6 companies, SSVEC has no control over the costs AEPCO passes through to it and has no choice
7 but to pay the costs.

8 9. Decision No. 71274 does not allow SSVEC to increase the WPFCA rate without
9 Commission approval and includes the \$2,000,000 under-collection threshold and the \$1,000,000
10 over-collection threshold discussed above. These thresholds and filing requirements were not in
11 place prior to Decision No. 71274. SSVEC maintains there is no other electric utility in Arizona
12 that has these specific requirements related to its fuel adjustor other than Tucson Electric Power
13 who must obtain annual Commission approval to change its adjustor rate. (Staff notes that
14 Morenci Water and Electric and Ajo Improvement Company cannot change their adjustor rates
15 without Commission approval.)

16 10. SSVEC also contends that the \$3,000,000 range (\$2,000,000 under-collection to
17 \$1,000,000 over-collection) is too narrow when you consider the size of the recent increases in
18 AEPCO’s Purchased Power and Fuel Adjustment Clause (“PPFAC”) that have been passed
19 through to SSVEC. It is SSVEC’s opinion that the \$1,000,000 over-collection threshold does not
20 provide enough room for wholesale price swings. If the range is increased to \$6,000,000, as
21 proposed, SSVEC maintains that it will be better able to administer the WPFCA in a more
22 predictable manner without large swings in the WPFCA rate. In addition, SSVEC, as a
23 distribution cooperative, is governed by a Board of Directors making the company directly
24 responsible to the members of the cooperative for the administration of the rates charged.

25 11. Not only is SSVEC requesting a widening of the over/under-collection threshold
26 range, SSVEC is also requesting the ability to automatically adjust the WPFCA rate as needed to
27 stay within the threshold range without having to file with the Commission. If SSVEC intends to
28 increase the WPFCA rate, Decision No. 71274 requires SSVEC to obtain Commission approval

1 prior to implementing the increase. SSVEC maintains that this requirement goes against the
2 premise behind an adjustor mechanism which is to allow the timely recovery of wholesale costs
3 SSVEC has incurred. SSVEC believes this requirement was put on SSVEC in response to the
4 volatility experienced in the wholesale power market in 2008 which was an anomaly and not
5 representative of SSVEC. In addition, SSVEC has indicated that the prior approval requirement
6 negatively impacts SSVEC's ability to monitor its bank balance, requires SSVEC to carry the
7 reserve necessary to purchase the power to supply customers even during an under-collection
8 situation and causes delays in SSVEC being able to recover its costs. SSVEC has indicated that it
9 is spending time, money, and resources to obtain Commission approval prior to putting an increase
10 into effect.

11 Background for the WPFCA Increase

12 12. Since the implementation of the WPFCA in September 2009, SSVEC has decreased
13 the adjustor rate three times. This application represents the first time SSVEC has asked to
14 increase the WPFCA rate. The current negative \$0.00315 rate went into effect February 2011. At
15 the current rate, SSVEC projects the bank balance to surpass the \$2,000,000 threshold by February
16 2012 and is estimated to remain well above the threshold for several months without an adjustment
17 to the current WPFCA rate. In accordance with the conditions set in Decision No. 71274, SSVEC
18 has filed an application to increase the WPFCA rate as SSVEC anticipates the threshold will be
19 reached within the next six months and is estimated to continue at that level for several months.

20 13. According to SSVEC, changes to the bank balance for SSVEC can be attributed to
21 changes in its supply costs. In Decision No. 72055, the Commission approved the modification
22 and continuation of AEPCO's PPFAC. Under the PPFAC, AEPCO passes on its costs of
23 purchased power and fuel to its members, including SSVEC. SSVEC, as a PRM, estimates that in
24 2012 it will obtain between 75% and 88% of its power supply from AEPCO. With such a large
25 portion of its supply coming from AEPCO, any increase in the PPFAC for AEPCO will, in turn,
26 lead to higher purchased power costs for SSVEC leading to a possible under-recovery of costs.

27 14. Pursuant to Decision No. 72055, dated January 6, 2011, AEPCO was required to
28 make its first semi-annual adjustor filing for the new PPFAC on September 1, 2011, to become

1 effective on October 1, 2011. As a result of that semi-annual adjustor filing, SSVEC's power costs
2 from AEPCO increased substantially in October 2011. Decision No. 72735 (January 6, 2012)
3 amended Decision No. 72055 to correct errors in the calculation of AEPCO's rates. In addition to
4 corrections on rates charged to SSVEC, a temporary one year surcharge was also added, with all of
5 the changes effective January 1, 2012. As a result of the changes in the pass through rates from
6 AEPCO, SSVEC has found itself in a situation where the over-collected bank balance is now
7 eliminated and is estimated to be under-collected within a couple of months into 2012.

8 Staff Analysis of the Modification to Decision No. 71274

9 15. Staff has reviewed SSVEC's filing to modify certain operating conditions related to
10 the WPFCA contained in Decision No. 71274 pursuant to A.R.S. § 40-252 and is in agreement
11 with the modifications in part. SSVEC requested and was granted a reopening of Decision No.
12 71274 during the Commission Staff Meeting on January 24, 2012. Specifically, SSVEC is
13 requesting to amend Decision No. 71274 to: (1) increase the current \$2,000,000 threshold for
14 under-collected balances to a \$3,000,000 threshold and increase the current \$1,000,000 threshold
15 for over-collected balances to a \$3,000,000 threshold; and (2) within the new proposed threshold
16 range, allow SSVEC to decrease or increase the WPFCA rate as necessary to remain within the
17 authorized range without prior Commission approval. SSVEC would continue to file monthly fuel
18 adjustor reports and would make a filing with the Commission addressing how SSVEC will bring
19 the over-collected balance back below the \$3,000,000 threshold if it is exceeded.

20 16. With regard to increasing the threshold levels currently in effect, Staff felt it was
21 necessary to revisit why the threshold levels were put in place in the original Decision and why at
22 that level. In 2008, SSVEC experienced a high degree of volatility in its power purchase prices.
23 The WPFCA rate (this adjustor was referred to as the WPCA rate prior to Decision No. 71274)
24 increased in April 2008 and increased again in August 2008. The result was an increase of
25 \$0.03195 per kWh cost between April and August 2008. At the same time, SSVEC became a
26 PRM of AEPCO thus giving SSVEC more flexibility in purchasing its own supply but also
27 subjecting SSVEC to greater price volatility. In response to these concerns, the Commission
28 established threshold levels that would trigger SSVEC to make adjustments to the WPFCA rate

1 and also that SSVEC would need to seek Commission approval prior to increasing the WPFCA
2 rate.

3 17. Staff has had the opportunity to review SSVEC's power purchases from 2009
4 through 2011 and how the WPFCA was managed given the requirements established by Decision
5 No. 71274. As reported on monthly fuel adjustor filings by SSVEC, the average monthly
6 purchased power cost for 2009 was \$5,318,054; for 2010 was \$5,079,499, and for 2011 was
7 \$5,085,015. As evidenced through monthly invoices, SSVEC is still purchasing a substantial
8 amount of its supply from AEPCO and has not experienced in recent years the volatility visible in
9 2008. Looking forward, given that AEPCO is still a major supplier for SSVEC, the AEPCO rate
10 increases that have already gone into effect have caused SSVEC to experience an increase in
11 supply costs making it more difficult to stay within the established threshold levels. Even
12 managing the decreases in the WPFCA rate to refund an over-collected balance over the past two
13 years, SSVEC experienced a substantial change in the bank balance.

14 18. Also a consideration for Staff when looking at adjusting the threshold levels was to
15 look at other cooperatives in Arizona purchasing power from AEPCO and the threshold levels
16 established for them. The table below shows a list of those cooperatives, the number of customers
17 served as filed in 2010 Annual Reports with the Commission, total annual revenue as filed in 2010
18 Annual Reports with the Commission, and the set threshold levels.

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COMPARISON OF THRESHOLD LEVELS WITHIN COOPERATIVES			
COOPERATIVE	# OF CUSTOMERS	INTRASTATE GROSS ANNUAL REVENUE (\$)	CURRENT THRESHOLD LEVELS
SSVEC	51,066	\$103,834,258	\$2,000,000 under collected \$1,000,000 over collected
TRICO	39,852	\$99,519,350	\$800,000 under collected \$800,000 over collected
MOHAVE	38,662	\$76,084,867	currently no thresholds
GRAHAM COUNTY	8,823	\$21,393,383	\$275,000 under collected \$275,000 over collected
DUNCAN VALLEY	2,339	\$3,161,073	\$50,000 under collected \$50,000 over collected

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27 19. As can be seen from the table above, most of the cooperatives purchasing power
28 from AEPCO have established thresholds for their bank balances. When looking at size in number

1 of customers and gross revenue, SSVEC is the largest cooperative and currently has the largest
2 threshold levels when carrying a bank balance. Although SSVEC has the largest threshold levels
3 currently, they are the only one of the five cooperatives required to file for approval to increase its
4 adjustor rate. The other cooperatives manage the adjustor as needed to stay within the prescribed
5 threshold levels.

6 20. In addition to the power purchases of SSVEC and the threshold levels for the other
7 Arizona cooperatives buying power from AEPCO, Staff took into consideration the swings
8 experienced in other cooperative bank balances over the course of 2010 and 2011. Bank balances
9 are designed to insulate the customer from drastic rate adjustments in response to changes in
10 purchased power prices. It is not uncommon for bank balances to swing between an under and
11 over-collected position. The swings experienced by the three larger cooperatives (SSVEC, Trico,
12 and Mohave) for 2010 and 2011 all ranged from \$2,000,000 to \$4,000,000. Given the history
13 available on other cooperatives, the over-collected bank balance carried by SSVEC is neither
14 unusual nor inappropriate for the size of cooperative.

15 21. When considering all of the above information regarding SSVEC's track record
16 over the past three years, Staff has recommended approval of SSVEC's request to increase the
17 current \$2,000,000 threshold for under-collected balances to a \$3,000,000 threshold and increase
18 the current \$1,000,000 threshold for over-collected balances to a \$3,000,000 threshold. SSVEC
19 has demonstrated the ability to stabilize power purchases for the past few years and is continuing
20 to buy a large portion of supply from AEPCO even though it is a PRM. SSVEC is the largest
21 Arizona cooperative purchasing from AEPCO when considering number of customers and gross
22 revenue. Staff agrees that SSVEC should have greater flexibility in the range associated with its
23 balance thresholds. Also, SSVEC has experienced significant swings in its bank balance over the
24 past two years, but Staff agrees that the swings are in line with other cooperative bank balance
25 variances over the past two years.

26 22. Staff concurs that SSVEC has displayed the appropriate level of monitoring over
27 the bank balance since the last rate case. Even though a substantial over-collected bank balance
28 was carried for a year by SSVEC before beginning to refund the balance, SSVEC was able to

1 detail the decisions made in the timing of the refund to the customers. However, specifically with
2 regard to the over-collected bank balance going forward, Staff has recommended that SSVEC be
3 allowed to adjust the WPFCA rate as needed to refund dollars to the ratepayer keeping the bank
4 balance within the established threshold level. Staff has also recommended that SSVEC be
5 required to adjust the WPFCA rate to refund dollars to the ratepayer when the over-collected bank
6 balance exceeds the \$3,000,000 threshold level or SSVEC must make a filing with the
7 Commission explaining why a refund is not necessary at this point in time.

8 23. With regard to the under-collected bank balances, Staff has recommended that
9 SSVEC be allowed to adjust the WPFCA rate as needed to maintain a bank balance within the
10 \$3,000,000 under-collected threshold level. Staff has further recommended that when the under-
11 collected bank balance exceeds the \$3,000,000 threshold level, SSVEC must adjust the WPFCA
12 rate in the following month or make a filing with the Commission explaining why an increase is
13 not necessary at this point in time.

14 Staff Analysis of the WPFCA Increase

15 24. Staff has reviewed SSVEC's application and attachments in this filing checking
16 provided data against that previously submitted by SSVEC as part of the monthly fuel adjustor
17 reporting requirement. After discussing minor discrepancies with SSVEC, Staff has completed a
18 detailed analysis of projected power costs and sales for 2012 and 2013 for SSVEC. As can be seen
19 in Exhibit 1 the analysis highlights the effect of the projected costs and sales on the bank balance
20 with and without an adjustment to the current WPFCA rate.

21 25. Staff's analysis agrees with SSVEC's assessment that at the current WPFCA rate of
22 negative \$0.00315 per kWh, the bank balance would surpass the \$2,000,000 under-collected
23 threshold by February 2012 and is projected to remain well above the threshold for several months.
24 As set in Decision No. 71274, Staff agrees that the threshold will be reached within the next six
25 months and is estimated to continue at that level for several months. SSVEC has met the filing
26 requirements established in Decision No. 71274 to ask the Commission for an increase to the
27 WPFCA rate.

28 . . .

1 26. As can be seen from Staff's analysis, if no change is made to the current WPFCA
2 rate of negative \$0.00315 per kWh, SSVEC's bank balance is estimated to grow to an under-
3 collected balance of almost \$9.4 million by the end of 2012 and almost double that amount by the
4 end of 2013 with a projected under-collected bank balance of over \$17 million.

5 27. Prior to 2009, SSVEC had the ability to adjust the WPFCA as needed to control the
6 under/over-collected bank balance. With Decision No. 71274, SSVEC is able to decrease the
7 WPFCA rate as needed to stay within established threshold levels but is required, as they have in
8 this application, to seek Commission approval to increase the WPFCA rate. Staff's review of the
9 bank balance, since Decision No. 71274 was put in effect, showed a decrease in the WPFCA rate
10 three times to refund an over-collected bank balance to customers, a decrease at the end of 2009
11 and two decreases in 2011. The decreases in 2011 along with increases in SSVEC purchased
12 power costs passed through from AEPCO have resulted in the bank balance at the end of 2011
13 being under-collected \$291,276.

14 28. As explained previously, SSVEC's application requested an increase to the
15 WPFCA effective February 1, 2012, April 1, 2012, and June 1, 2012 with the June increase
16 remaining in place through the end of September 2012. After September 2012, SSVEC is
17 requesting to have the ability to increase or decrease the WPFCA rate without prior Commission
18 approval as necessary to maintain the WPFCA bank balance within the proposed new over/under-
19 collection thresholds as discussed above.

20 29. Filed along with SSVEC's application was an attachment showing the anticipated
21 changes to the WPFCA beyond September 2012 that SSVEC would need to make to maintain the
22 bank balance within the proposed new over/under-collection thresholds. Those projected changes
23 have been included in Staff's analysis in Exhibit 1.

24 30. After close review of SSVEC's proposed rate changes, Staff concludes that the rate
25 increases are reasonable to recover the under-collected bank balance while taking into
26 consideration the impact of an increase in the surcharge in the higher customer usage months of
27 June, July and August. Exhibit 1 includes the monthly projections for 2012 and 2013 of the effect
28 on the bank balance if the surcharge remains as a negative \$0.00315 per kWh and if the surcharge

1 is adjusted as SSVEC has proposed. Exhibit 1 also details the bill impact on the average
2 residential customer of the increase in the surcharge.

3 31. As can be seen in the table below, SSVEC's proposal works to lower the under-
4 collected bank balance getting SSVEC into a better position to be able to maintain the bank
5 balance within the established threshold levels.

	SSVEC Proposed Rate	\$ Increase in Residential Bill	Bank Balance (under-collected)
8 Current Adjustor Rate (January 2012)	(\$0.00315)	\$0.00	\$1,217,465
9 February 2012	\$0.00300	\$4.79	\$1,968,572
10 April 2012	\$0.00550	\$4.85	\$2,945,462
11 June 2012	\$0.00450	\$5.37	\$3,050,132
11 October 2012*	\$0.00650	\$6.40	\$1,876,764
12 November 2012*	\$0.00865	\$7.08	\$2,403,545

13 *These proposed rate changes are not part of the increase SSVEC requested. These are the
14 proposed rates SSVEC expects it will need to implement to maintain a bank balance within the
15 established threshold levels.

16 32. Looking specifically at the effect of a rate increase in the residential customer's bill,
17 as can be seen in Exhibit 1, SSVEC's proposal based on an average residential customer usage of
18 731 kWh will result in an increase on average for 2012 of \$5.57 per month over the current
19 negative surcharge and an increase on average for 2013 of approximately \$8.63 per month over the
20 current negative surcharge.

21 33. Given Staff's recommendation to approve SSVEC's request to amend Decision No.
22 71274 pursuant to A.R.S. § 40-252 allowing SSVEC to manage the WPFCA rate within the
23 established threshold levels, Staff has recommended effective April 1, 2012 that SSVEC be given
24 the approval to increase and decrease the WPFCA rate as necessary to maintain the bank balance
25 within the established threshold levels.

26 34. The bank balance is currently within the proposed threshold band. With
27 Commission approval of the new threshold band, Staff has recommended that SSVEC may make
28 its proposed changes to the WPFCA rate without additional Commission approval.

...

CONCLUSIONS OF LAW

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2 1. Sulphur Springs Valley Electric Cooperative, Inc. is an Arizona public service
3 corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

4 2. The Commission has jurisdiction over Sulphur Springs Valley Electric Cooperative,
5 Inc. and over the subject matter of the Application.

6 3. The Commission, having reviewed the application and Staff's Memorandum dated
7 March 19, 2012, concludes that it is in the public interest to amend Decision No. 71274 pursuant to
8 A.R.S. § 40-252 allowing Sulphur Springs Valley Electric Cooperative, Inc. to adjust its
9 Wholesale Power and Fuel Cost Adjustor rate as necessary to maintain the bank balance within a
10 \$3,000,000 over and under collected threshold.

ORDER

11
12 IT IS THEREFORE ORDERED that Sulphur Springs Valley Electric Cooperative, Inc.'s
13 request for the threshold for under-collected bank balances to change to \$3,000,000 and the
14 threshold for over-collected bank balances to change to \$3,000,000 be, and hereby is, approved.

15 IT IS FURTHER ORDERED that Sulphur Springs Valley Electric Cooperative, Inc. shall
16 adjust its Wholesale Power and Fuel Cost Adjustor rate as needed to maintain the bank balance
17 within the threshold band established above.

18 IT IS FURTHER ORDERED that Sulphur Springs Valley Electric Cooperative, Inc. shall
19 continue to file monthly Wholesale Power and Fuel Cost Adjustor reports with the Commission
20 highlighting the bank balance and any adjustments to the Wholesale Power and Fuel Cost Adjustor
21 rate.

22 IT IS FURTHER ORDERED that Sulphur Springs Valley Electric Cooperative, Inc. shall
23 be allowed to adjust the Wholesale Power and Fuel Cost Adjustor rate as needed to refund dollars
24 to the ratepayer keeping the bank balance within the established threshold level. In addition, when
25 the over-collected bank balance exceeds the \$3,000,000 threshold level, Sulphur Springs Valley
26 Electric Cooperative, Inc. must adjust the Wholesale Power and Fuel Cost Adjustor rate in the
27 following month or make a filing with the Commission explaining why a decrease is not necessary
28 at this point in time.

1 IT IS FURTHER ORDERED that Sulphur Springs Valley Electric Cooperative, Inc. shall
2 be allowed to adjust the Wholesale Power and Fuel Cost Adjustor rate as needed to maintain a
3 bank balance within the \$3,000,000 under-collected threshold level. In addition, when the under-
4 collected bank balance exceeds the \$3,000,000 threshold level, Sulphur Springs Valley Electric
5 Cooperative, Inc. must adjust the Wholesale Power and Fuel Cost Adjustor rate in the following
6 month or make a filing with the Commission explaining why an increase is not necessary at this
7 point in time.

8 IT IS FURTHER ORDERED that the change to the bank balance threshold levels shall
9 become effective April 1, 2012.

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1 IT IS FURTHER ORDERED that the change allowing Sulphur Springs Valley Electric
2 Cooperative, Inc to increase and decrease the Wholesale Power and Fuel Cost Adjustor rate within
3 the threshold band without prior Commission approval shall become effective April 1, 2012.

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

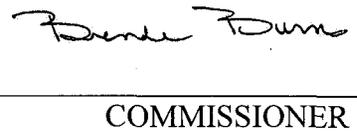
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6 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

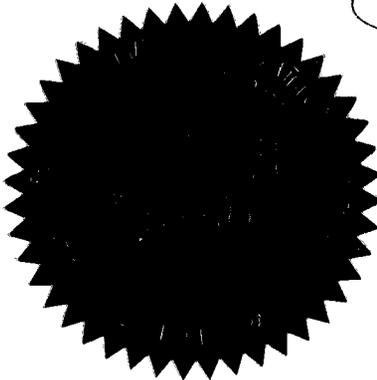
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9 CHAIRMAN


COMMISSIONER

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COMMISSIONER


COMMISSIONER



IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
Executive Director of the Arizona Corporation Commission,
have hereunto, set my hand and caused the official seal of this
Commission to be affixed at the Capitol, in the City of Phoenix,
this 4th day of April, 2012.


ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

20 DISSENT: _____

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22 DISSENT: _____

23 SMO:RSP:lh\WVC
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1 SERVICE LIST FOR: Sulphur Springs Valley Electric Cooperative, Inc
2 DOCKET NO.: E-01575A-08-0328

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EXHIBIT 1
SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.
 WHOLESALE PURCHASED POWER AND FUEL ADJUSTOR
 BILL IMPACT

ESTIMATE FOR 2012 (actual for January)

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
WPCCA RATE (per kWh)												
No Change to Current Credit Surcharge	\$ (0.00315)	\$ (0.00315)	\$ (0.00315)	\$ (0.00315)	\$ (0.00315)	\$ (0.00315)	\$ (0.00315)	\$ (0.00315)	\$ (0.00315)	\$ (0.00315)	\$ (0.00315)	\$ (0.00315)
SSVEC Proposed Changes	\$ (0.00315)	\$ 0.00300	\$ 0.00300	\$ 0.00550	\$ 0.00550	\$ 0.00450	\$ 0.00450	\$ 0.00450	\$ 0.00450	\$ 0.00650	\$ 0.00865	\$ 0.00865

ESTIMATED BANK BALANCE

No Change to Current Credit Surcharge	\$ 1,217,464.74	\$ 2,340,647.24	\$ 3,397,516.04	\$ 4,254,031.64	\$ 5,014,221.44	\$ 5,588,577.04	\$ 5,720,400.04	\$ 6,120,600.04	\$ 6,462,427.24	\$ 7,152,749.24	\$ 8,312,010.04	\$ 9,369,216.54
SSVEC Proposed Changes	\$ 1,217,464.74	\$ 1,968,572.24	\$ 2,641,681.04	\$ 2,945,461.64	\$ 3,082,366.44	\$ 3,050,132.04	\$ 2,439,905.04	\$ 2,174,555.04	\$ 1,860,012.24	\$ 1,876,764.24	\$ 2,403,545.04	\$ 2,786,971.54

- POSITIVE BANK BALANCE REPRESENTS UNDERCOLLECTION

ESTIMATED RESIDENTIAL BILL IMPACT

	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	average
average residential usage (kWh)	780	778	679	560	571	702	965	860	898	664	600	715	731
No Change to Current Credit Surcharge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SSVEC Proposed Changes	\$ -	\$ 4.79	\$ 4.18	\$ 4.85	\$ 4.94	\$ 5.37	\$ 7.38	\$ 6.58	\$ 6.87	\$ 6.40	\$ 7.08	\$ 8.44	\$ 5.57

ESTIMATE FOR 2013

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
WPCCA RATE (per kWh)												
No Change to Current Credit Surcharge	\$ (0.00315)	\$ (0.00315)	\$ (0.00315)	\$ (0.00315)	\$ (0.00315)	\$ (0.00315)	\$ (0.00315)	\$ (0.00315)	\$ (0.00315)	\$ (0.00315)	\$ (0.00315)	\$ (0.00315)
SSVEC Proposed Changes	\$ 0.00865	\$ 0.00865	\$ 0.00865	\$ 0.00865	\$ 0.00865	\$ 0.00865	\$ 0.00865	\$ 0.00865	\$ 0.00865	\$ 0.00865	\$ 0.00865	\$ 0.00865

ESTIMATED BANK BALANCE

No Change to Current Credit Surcharge	\$ 10,256,999.54	\$ 11,141,821.94	\$ 11,955,510.94	\$ 12,717,766.84	\$ 13,382,367.84	\$ 13,859,326.84	\$ 13,885,326.84	\$ 14,182,757.14	\$ 14,423,617.84	\$ 15,016,662.94	\$ 16,088,187.94	\$ 17,057,644.54
SSVEC Proposed Changes	\$ 2,953,774.54	\$ 3,111,716.94	\$ 3,176,105.94	\$ 3,170,181.84	\$ 2,982,822.84	\$ 2,491,043.84	\$ 1,352,341.94	\$ 604,292.14	\$ (184,987.16)	\$ (430,922.06)	\$ (3,677.06)	\$ 280,199.54

- POSITIVE BANK BALANCE REPRESENTS UNDERCOLLECTION

ESTIMATED RESIDENTIAL BILL IMPACT

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	average
average residential usage (kWh)	780	778	679	560	571	702	965	860	898	664	600	715	731
No Change to Current Credit Surcharge	\$ 9.20	\$ 9.18	\$ 8.02	\$ 6.61	\$ 6.74	\$ 8.28	\$ 11.38	\$ 10.14	\$ 10.60	\$ 7.83	\$ 7.08	\$ 8.44	\$ 8.66
SSVEC Proposed Changes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -