



ORIGINAL

Sulphur Springs Valley Electric Cooperative, Inc.

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A Touchstone Energy® Cooperative



2012 MAY 23 P 12:30 PM 311 E. Wilcox, Sierra Vista AZ 85635

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

May 22, 2012

Arizona Corporation Commission
Attn: Docket Control
1200 W. Washington Street
Phoenix, AZ, 85007

Arizona Corporation Commission

DOCKETED

MAY 22 2012

Re: DOCKET: E-01575A-08-0328 DECISION NO: 71274



To Whom It May Concern,

Attached is SSVEC's Time of Use Report in compliance with the above referenced Decision.

All correspondence concerning this filing should be sent to:

David Bane
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With a copy to:

Jack Blair
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520-515-3470
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Respectfully,

David Bane
Key Account Manager

cc: Carmel Hood



UTILITY: Sulphur Springs Valley Electric Cooperative, Inc.

DOCKET: E-01575A-08-0328

DECISION NO: 71274

ACTION File in this docket one year from the effective date of this Decision, and annually thereafter, a REPORT DETAILING THE TOTAL NUMBER OF RESIDENTIAL TOU RATEPAYERS and the cost savings or losses experienced by the participants in the Residential TOU Plan.

Response for Compliance:

The following Charts detail the number and savings and losses of our Residential TOU Customers;

Account	Rate	2010 Cost on TOU Rate	2011 Cost if on non-TOU rate	Annual Savings or (Cost)
778201	RT1	\$ 1,269.99	\$ 1,074.92	\$ (195.07)
6176200	RT1	\$ 1,145.00	\$ 1,078.99	\$ (66.01)
1659200	RT1	\$ 2,344.00	\$ 2,308.06	\$ (35.94)
6597300	RT1	\$ 2,329.81	\$ 2,294.22	\$ (35.59)
1716000	RT1	\$ 1,909.97	\$ 1,886.08	\$ (23.89)
851900	RT1	\$ 1,812.20	\$ 1,796.09	\$ (16.11)
848900	RT1	\$ 1,311.00	\$ 1,298.86	\$ (12.14)
5785300	RT1	\$ 1,108.28	\$ 1,108.32	\$ 0.04
4176800	RT1	\$ 1,316.00	\$ 1,334.36	\$ 18.36
2745000	RT1	\$ 1,396.79	\$ 1,417.10	\$ 20.31
3358901	RT1	\$ 2,959.00	\$ 2,989.75	\$ 30.75
6869700	RT1	\$ 2,143.56	\$ 2,175.65	\$ 32.09
1690800	RT1	\$ 1,720.41	\$ 1,768.14	\$ 47.73
1266603	RT1	\$ 2,025.67	\$ 2,132.32	\$ 106.65
6892700	RT1	\$ 6,024.38	\$ 6,192.86	\$ 168.48

In 2010:

- 15 total Residential Customers on TOU
- 7 would have paid less on the Non-TOU rate
- 8 saved money by using the TOU rate

Account	Rate	2011 Cost on TOU Rate	2011 Cost if on non-TOU rate	Annual Savings or (Cost)
778201	RT1	\$ 1,376.86	\$ 1,216.30	\$ (160.56)
7107400	RT1	\$ 814.80	\$ 702.35	\$ (112.45)
571412	RT1	\$ 626.09	\$ 524.19	\$ (101.90)
1716000	RT1	\$ 2,419.12	\$ 2,319.09	\$ (100.03)
5785300	RT1	\$ 1,049.46	\$ 988.89	\$ (60.57)
6176200	RT1	\$ 1,144.00	\$ 1,100.09	\$ (43.91)
1659200	RT1	\$ 2,196.00	\$ 2,176.03	\$ (19.97)
3609601	RT1	\$ 688.69	\$ 668.97	\$ (19.72)
848900	RT1	\$ 1,275.00	\$ 1,257.07	\$ (17.93)
3434603	RT1	\$ 120.41	\$ 114.69	\$ (5.72)
851900	RT1	\$ 1,168.17	\$ 1,168.49	\$ 0.32
180902	RT1	\$ 214.27	\$ 215.69	\$ 1.42
2745000	RT1	\$ 1,387.96	\$ 1,389.70	\$ 1.74
6597300	RT1	\$ 2,137.99	\$ 2,139.96	\$ 1.97
3358901	RT1	\$ 1,536.00	\$ 1,549.82	\$ 13.82
4176800	RT1	\$ 1,740.00	\$ 1,762.25	\$ 22.25
6869700	RT1	\$ 1,866.72	\$ 1,908.51	\$ 41.79
1690800	RT1	\$ 1,677.98	\$ 1,779.81	\$ 101.83
1266603	RT1	\$ 2,102.00	\$ 2,253.07	\$ 151.07
6892700	RT1	\$ 6,894.06	\$ 7,131.95	\$ 237.89

In 2011:

- 20 Customers using the TOU rate
- 10 would have saved money by using the NON-TOU rate
- 10 saved money by using the TOU Rate

UTILITY: Sulphur Springs Valley Electric Cooperative, Inc.

DOCKET: E-01575A-08-0328

DECISION NO: 71274

ACTION IF, after two (2) years from the effective date of this Decision, less than 10 percent of the eligible ratepayers are participating in SSVEC Residential TOU plan, we will require SSVEC to file a plan for Commission approval, to increase participation in the Residential TOU plan to at least 10 percent.

Response for Compliance:

The Charts on the previous pages clearly shows that with only 20 participants we have not reached the 10% of the residential rate class (which would be about 4,200 accounts) that was stated as a participation target in our rate case.

In 2010 and 2011, SSVEC spent a total of \$45,000 on advertising our TOU rates to inform our members that they have a choice in residential rates. Despite this marketing effort, SSVEC now only has a total of 20 members who are served under the TOU residential rate. Of those 20, ten would have spent less money on the standard residential rate instead of the TOU rate.

SSVEC's rate structure and climate are very different from the Phoenix area where APS has a very high percentage of their Customers using the TOU rate option. The differences are as follows.

SSVEC is a not-for-profit electric distribution utility. The current power contract with Arizona Electric Power Cooperative (AEPSCO), which provides 80% of its needs, includes demand cost for those peak hours in a high consumption month is as low as \$4.50 per kW which is much less than the IOU peak costs which can exceed \$18 per kW. In addition, there are no seasonal differences in SSVEC's power contract with AEPSCO for the price of energy or demand. Oddly enough because a portion of the transmission bill is a fixed cost, the transmission costs on a per kW basis, can be higher in the months with less energy sales. In this instance a TOU rate increases the cost per kW. Since SSVEC does not own any generation assets, there are no external market forces driving up peak demand expenses.

SSVEC is a partial requirements member of AEPSCO and purchases the peak power in the power market with contracts from competitive suppliers. Since 2009 we have been able to purchase this peak power at rates below our "base power" contract rates from AEPSCO and these peak kWh purchases have no demand charge in the purchase cost. The incremental transmission cost from Southwest Transmission Cooperative for these purchased kWh, has been as low as \$4.50 per kW which makes it extremely difficult to design a TOU rate pricing structure that reduces peak demand when there are instances where SSVEC's peak time is when SSVEC is purchasing its "cheapest" power.

System peaks are driven by extreme climates. In Phoenix there is a much higher summer temperature that requires a higher use of A/C. Temperatures in most of SSVEC's service area are 20 degrees cooler year round than Phoenix with a lower humidity where the use of evaporative cooling still works.

Based on SSVEC's energy cost and climate, it is not possible for SSVEC to provide a TOU rate to reach the 10% participation level without discounting the rate to a level where the other customers in the rate classes would be subsidizing the TOU Customers. SSVEC will continue to offer a TOU option for those members whose lifestyle and energy conservation practices can take advantage of the savings in the TOU rate, but not with a rate that is detrimental to other members in the rate class.