



Grand Canyon State Electric
Cooperative Association, Inc.

Your Touchstone Energy® Cooperatives

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AZ CORP COMMISSION
DOCKET CONTROL
June 29, 2012

Arizona Corporation Commission
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JUN 29 2012

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Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

Re: Electric Cooperatives' Comments Arizona Corporation Commission Staff's Draft
Proposed Rule Filed on June 25, 2012: ***Rate Case and Financing Rules for
Nonprofit, Cooperatively-owned Gas, Electric or Water Utilities; Docket
No. RU-00000A-12-0270***

Dear Sir/Madam:

On June 28, 2012, comments on the Arizona Corporation Commission Staff's Proposed Rules ("Proposed Rules") filed in this docket on June 25, 2012 were provided by Arizona Electric Power Cooperative, Inc.; Southwest Transmission Cooperative, Inc.; Duncan Valley Electric Cooperative, Inc.; Graham County Electric Cooperative, Inc.; Graham County Utilities; Mohave Electric Cooperative, Inc.; Navopache Electric Cooperative, Inc.; Trico Electric Cooperative, Inc. and Sulphur Springs Valley Electric Cooperative, Inc. (collectively, "the Cooperatives").

The Cooperatives' comments filed on June 28, 2012 refer to a redlined version of the Proposed Rules that contained their proposed revisions for Commission consideration but this document

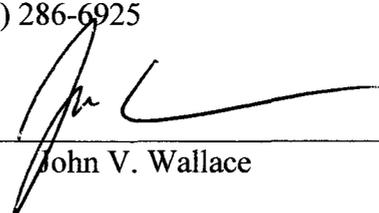
Docket Control
June 29, 2012
Page 2

was not attached. The Cooperatives have attached to this letter their redlined version of the Proposed Rules that contain their proposed revisions for Commission consideration.

Sincerely,

GRAND CANYON STATE ELECTRIC
COOPERATIVE ASSOCIATION
2210 South Priest Drive
Tempe, AZ 85282
(602) 286-6925

By



John V. Wallace

Original and thirteen (13) copies of
Electric Cooperatives' Comments
filed this 29th day of June, 2012,
with:

DOCKET CONTROL
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

R14-2-107. Electric or Natural Gas Cooperative Alternative Rate Application

Filing Requirements and Process

A. Definitions. In this Section, unless otherwise specified:

1. “Base revenue” means the revenue generated by permanent rates and charges, excluding:
 - a. Revenue generated through adjustor mechanisms, and
 - b. Revenue generated through miscellaneous service charges.
2. “CFC” means the National Rural Utilities Cooperative Finance Corporation.
3. “Commission” means the Arizona Corporation Commission.
4. “Cooperative” means a legal entity that is:
 - a. A domestic corporation or a foreign corporation authorized to transact business in this state;
 - b. Operated non-profit or not-for-profit;
 - c. Owned and controlled by its members; and
 - d. Operating as a public service corporation in this state by providing either electric utility services or natural gas utility services.
5. “Docket Control” means the organizational unit within the Commission’s Hearing Division that accepts, records, and maintains filings.
6. “FERC” means the Federal Energy Regulatory Commission.
7. “File” means to submit to Docket Control, with the required number of copies and in an acceptable format, for recording under an appropriate docket number.
8. “Full permanent rate case decision” means a Commission decision:
 - a. Issued on an application filed under R14-2-103 and not under this Section,
 - b. In which the Commission ascertained the fair value of a public service corporation’s property within Arizona and established a schedule of rates and charges for the public service corporation’s provision of utility services within Arizona, and
 - c. Not issued under A.R.S. § 40-252.

Deleted: as defined in A.R.S. § 42-5151

9. “Non-price tariff change” means modification of one or more tariff provisions, either through altering existing tariff language or adding new tariff language, in a manner that substantively alters a requirement other than a rate or charge.
10. “Rate schedule” means a schedule of rates and conditions for a specific classification of customer or for other specific services.
11. “Rate structure change” means any of the following:
- a. Introduction of a new rate schedule;
 - b. Elimination of an existing rate schedule;
 - c. A change in base revenue generated by any one rate class greater than 150% of the overall base revenue increase;
 - d. A change greater than 25% in the customer charge within a rate schedule for residential customers; or
 - e. A change in the rate blocks or the percentage relationship of the prices among rate blocks.
12. “RUS” means United States Department of Agriculture, Rural Utilities Service.
13. “Staff” has the same meaning as in R14-2-103.
14. “Test year” means the one-year historical period used in determining rate base, operating income, and rate of return, which shall have an ending date within 9 months before the filing date for a rate application under this Section and shall include at least six months during which a cooperative’s current rates and charges were in effect.
15. “Timely” means in the manner and before the deadline prescribed in this Section.

B. Eligibility Requirements. A cooperative may file and pursue a rate application under this Section rather than R14-2-103 if all of the following eligibility requirements are met:

1. The cooperative is classified as a Class A, B, or C utility under R14-2-103(A)(3)(q);

2. A full permanent rate case decision for the cooperative has been issued within the 180-month period immediately preceding the filing of the cooperative's rate application;
3. The cooperative has not filed a rate application under this Section within the 12 months immediately preceding the filing of the cooperative's rate application;
4. The cooperative's rate application is the first, second, third, fourth or fifth rate application filed by the cooperative under this Section since its last full permanent rate case decision was issued;
5. The cooperative is required by law or contract to make a certified annual financial and statistical report to a federal agency, such as RUS or FERC, or an established national non-profit lender that specializes in the utility industry, such as CFC or CoBank.
6. The test year used in the cooperative's rate application complies, without waiver, to the definition of a test year in subsection (A);
7. The cooperative's rate application includes audited financials for a period ending no more than 9 months before the beginning of the test year;
8. The cooperative's rate application does not propose an increase in total base revenue amounting to more than 6% of the actual test year total base revenue;
9. The cooperative's rate application uses its original cost rate base as its fair value rate base;
10. The cooperative's rate application proposes only a change in rates and charges and does not propose any of the following:
 - a. A change in an existing adjustor or surcharge mechanism;
 - b. Adoption of a new adjustor or surcharge mechanism, unless incorporating a charge or charges otherwise previously approved by the Commission; or
 - c. Adoption of a new hook-up fee or another new type of fee;
11. The cooperative's rate application does not propose a rate structure change or a non-price tariff change;

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