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Sulphur Springs Valley Electric Cooperative, Inc.

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ARIZONA CORPORATION COMMISSION
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July 3, 2012

Arizona Corporation Commission

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

Re: Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) comments on
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:

The following comments on the Arizona Corporation Commission Staff's Proposed Rules ("Proposed Rules") filed in this docket on June 25, 2012 are being provided by SSVEC.

SSVEC would first express its thanks to ACC Staff for all of their efforts on the Proposed Rule. SSVEC also is appreciative of the Commission's willingness to conduct a formal rulemaking process to consider and institute a rate case process rule for the Cooperatives.

SSVEC supports this Proposed Rule with a few exceptions that are discussed in the Grand Canyon State Electric Cooperative, Inc. ("GCSECA") letter filed on June 28, 2012. As a

member of GCSECA, SSVEC has developed and supports the positions taken by GCSECA in this matter.

SSVEC believes that a 15 year time period should be included in the Proposed Rules in R14-2-107(B)(2) and the associated issue of being able to file five rate cases as opposed to the three rate cases stated in R14-2-107(B)(4) is reasonable and appropriate. The purpose of the Proposed Rules is to save time and money in processing a cooperative's rate cases so that those associated savings can be realized by a cooperative's members/customers. To the extent that a cooperative is able to file an additional rate case(s) within the 15 year time period versus the 10 year time period being recommended by Staff, its members/customers will benefit from the associated savings. SSVEC spent \$1.164 million in rate case expenses to have its rates approved by the Commission in its last rate case. SSVEC estimates that in addition to the \$1.164 million dollars spent, we incurred over \$500,000 in payroll costs during our rate case. SSVEC estimates that for every rate case it can file under the Proposed Rules, it will save 50% to 80% of the rate case expense associated with filing a rate case under the existing rules depending on the amount of cooperative employees' versus outside consultants' time that will be involved.

In conclusion, the associated savings in time and rate case expense under the Proposed Rules will directly benefit the cooperative and its members. The associated savings to our members of being able to file an additional case(s) under a 15 year time frame are substantial and justify a 15 year time period. SSVEC would urge the Commission to adopt these revisions for the reasons

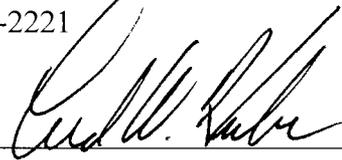
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stated above and the reasons stated in the letter filed by GCSECA. The democratically elected SSVEC Board of Directors and Management support this rate case process for cooperatives.

Sincerely,

SSVEC
350 North Haskell
Willcox, AZ 85643
520-384-2221

By _____



Creden W. Huber, CEO

Original and thirteen (13) copies
filed this 3rd day of July, 2012,
with:

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Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
