

ORIGINAL

OPEN MEETING AGENDA ITEM



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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

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IN THE MATTER OF RESOURCE PLANNING AND PROCUREMENT IN 2011 AND 2012.

Docket No. E-00000A-11-0113

AEPCO'S SUPPLEMENTAL STATEMENT TO ITS RESOURCE PLANNING FILING

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Following discussions with the Utilities Division Staff and its consultants, AEPCO files this Supplemental Statement to the Resource Planning Filing, R14-2-703.C-F and H, which it submitted on March 30, 2012 (the "Resource Planning Filing"). Its purpose is to clarify the scope of the forecasting and Resource Planning activities which were conducted by AEPCO in relation to (1) its ongoing power supply responsibilities to all of its six Class A member distribution cooperatives and (2) the Resource Planning Filing made with the Commission. Briefly to summarize, AEPCO's forecasts of future loads, as well as the resource planning it undertakes to meet those loads, take into account its power supply responsibilities to all six of its member distribution cooperatives.

On an ongoing basis, AEPCO has two types of power supply responsibilities. The first is to its three all-requirements members ("ARMs"), i.e., Graham County Electric ("GCEC") and Duncan Valley Electric ("DVEC") which are located in Arizona and Anza Electric ("Anza") which is located in south-central California. AEPCO must plan for and meet each of those ARMs' current, as well as their future anticipated, power and energy needs.

1 AEPCO's second type of power supply responsibility is to its partial-requirements
2 members ("PRMs"): Mohave Electric, Trico Electric and Sulphur Springs Valley Electric. In
3 their cases, AEPCO's responsibility is only to make available to each PRM the maximum base
4 capacity (sometimes referred to as the PRM's Allocated Capacity or "AC") which the PRM is
5 entitled to from AEPCO's existing resources under the PRM Power Supply and Capacity
6 Agreements which have been approved by the Commission. AEPCO has no responsibility to its
7 PRMs to plan for or supply any additional power and energy above the PRM's AC which the
8 PRM may need in the future to meet its members' retail demands.

9 The forecasting and analysis performed by AEPCO and included in AEPCO's Resource
10 Planning Filing took into account both of these power supply responsibilities to the ARMs and
11 PRMs. That's stated in the Base Case Assumptions for the Load Forecast (Exhibit C to the
12 Resource Planning Filing) as follows:

13 For All Requirements Members, the load forecast is from the 2011 Transmission
14 Requirements Study (TRS) forecast of non-coincidental peak demand and energy
15 requirements, medium economic scenario approved by the Board in October,
2011 and submitted to RUS for approval in November, 2011. This applies to
Anza Electric Cooperative, Duncan Valley Electric Cooperative and Graham
County Electric Cooperative.

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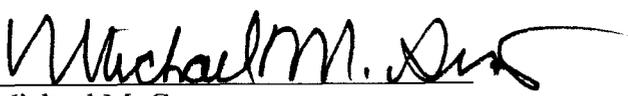
17 For Mohave Electric Cooperative (MEC), Sulphur Springs Valley Electric
18 Cooperative (SSVEC) and Trico Electric Cooperative (TEC), the load forecast
19 used in the Model is equal to the lesser of either the maximum base capacity
available to each member or their load forecast for that hour based on the 2011
TRS for all hours of the forecast.

20 In relation to the information supplied in response to R14-2-703.C.1 in the Resource
21 Planning Analysis, AEPCO stated that it has an obligation to provide resource planning on
22 behalf of only two member cooperatives located in Arizona, i.e., DVEC and GCEC. While this
23 is an accurate statement, it may have left the impression that AEPCO's forecasting and planning

1 efforts in the Resource Planning Filing did not include or consider all of the power supply
2 responsibilities AEPCO owes to its PRMs, as well as any future additional supply obligations it
3 has to Anza. That is not the case and AEPCO trusts this Supplemental Statement has clarified
4 any confusion on that issue.

5 RESPECTFULLY SUBMITTED this 5th day of September, 2012.

6 GALLAGHER & KENNEDY, P.A.

7
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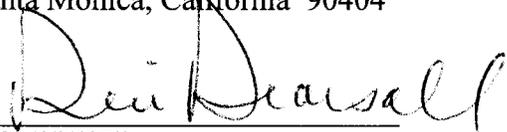
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