

ORIGINAL

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

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August 31, 2012

HAND DELIVERED

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

Arizona Corporation Commission

DOCKETED

AUG 31 2012

DOCKETED BY *TJM*

Re: *Tariff and Schedule Filing to Revise AEPCO's PPFAC Adjustor Rates;
Decision No. 72055 as Amended By Decision No. 72735;
Docket No. E-01773A-09-0472*

Dear Sir or Madam:

Pursuant to Decision No. 72055 (Finding 71 and First Ordering Paragraph) as amended by Decision No. 72735 (Findings 18, 19, 20 and 21 and First Ordering Paragraph) (the "Rate Case Decisions"), enclosed are the original and 13 copies of the following:

1. A revised all-requirements Tariff effective October 1, 2012 stating a new Base Resources Power Cost Adjustor Rate of \$0.00058 and a new Other Resources Power Cost Adjustor Rate of a negative \$0.02536 for AEPCO's collective all-requirements members;
2. A revised partial-requirements rates and fixed charge Schedule effective October 1, 2012 stating new PPFAC Adjustor Rates as follows: (a) for Mohave Electric Cooperative, a Base Resources Power Cost Adjustor Rate of \$0.00815 and an Other Resources Power Cost Adjustor Rate of a negative \$1.92017; (b) for Sulphur Springs Valley Electric Cooperative, a Base Resources Power Cost Adjustor Rate of \$0.00472 and an Other Resources Power Cost Adjustor Rate of \$0.40235; and (c) for Trico Electric Cooperative, a Base Resources Power Cost Adjustor Rate of a negative \$0.00243 and an Other Resources Power Cost Adjustor Rate of a negative \$0.04407; and
3. A nine-page schedule which provides information concerning the calculation of the revised PPFAC Adjustor Rates and the fuel, purchased power and wheeling costs used to determine them.

Docket Control
August 31, 2012
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Should Staff have any questions concerning this filing, please contact Gary Pierson or Joe King at AEPCO.

Very truly yours,

GALLAGHER & KENNEDY, P.A.

A handwritten signature in black ink that reads "Michael M. Grant". The signature is written in a cursive style with a checkmark at the beginning.

By:

Michael M. Grant

MMG/plp
10421-59/3131917
Enclosures

cc w/enclosures (delivered): Bentley Erdwurm, Utilities Division
Barbara Keene, Utilities Division

Original and 13 copies filed with Docket
Control this 31st day of August, 2012.

ARIZONA ELECTRIC POWER COOPERATIVE, INC.

TARIFF

PERMANENT

Effective Date: October 1, 2012

AVAILABILITY

Available to all cooperative associations which are or shall be collective all-requirements Class A members (“CARM”) of the Arizona Electric Power Cooperative, Inc. (“AEPSCO”).

MONTHLY RATE (BILLING PERIOD)

Electric power and energy furnished under this Tariff will be subject to the rates set forth in the attached Exhibit A and the terms set forth herein in addition to any applicable terms set forth in the Member’s Wholesale Power Contract.

Billing Month – The first calendar month preceding the month the bill is rendered.

Demand Overrun Adjustment – If, in any hour, the CARM’s metered load exceeds its Allocated Capacity, then AEPSCO shall compute a Demand Overrun Adjustment for the CARM and each Member shall be charged a portion of such Demand Overrun Adjustment in proportion to that Member’s demand ratio share. Such Demand Overrun Adjustment shall equal the product of the CARM’s Fixed Charge multiplied by the demand overrun adjustment factor. The demand overrun adjustment factor shall be any non-negative number determined from the following formula:

$$\text{doaf} = ((\text{mbdkW}) / \text{AC}) - 1$$

Where:

- doaf = Demand Overrun Adjustment Factor,
- mbdkW = Metered kW of CARM, and
- AC = Allocated Capacity of CARM, in kW.

In addition, Member shall pay for the energy associated with the Demand Overrun Adjustment at the then-applicable Other Resources Energy Rate.

Power Factor – Each Member shall maintain Power Factor at the time of maximum demand as close to unity as possible. If the Power Factor of Member measured at the aggregated Member’s Delivery Point(s) at the time of Member peak demand is outside a bandwidth of 95% leading to 95% lagging, a Power Factor Adjustment shall be separately charged to the Member. The Power Factor Adjustment shall be the product of the Member’s power factor adjustment (as set forth below) multiplied by the quotient of the Member’s demand ratio share of the CARM O&M Charge divided by the sum of the CARM’s 12-month rolling average demand. The power factor adjustment shall be any non-negative number determined from the following formula:

$$pfkW = ((mkW / mpf)(bpf)) - mkW$$

Where:

- pfkW = power factor adjustment in kW,
- mkW = Member Metered kW,
- mpf = measured power factor at the time of Member peak demand, and
- bpf = 0.95.

The provisions of the power factor adjustment may be waived if power factor is detrimentally impacted as a direct result of system improvements or a change in operational procedure by AEPCO to reduce transmission losses and/or improve system reliability.

Capacity and Energy Below Allocated Capacity – If CARM is utilizing a Future Resource, Supplemental Purchase or S&G PPA in any hour to serve Native Load and CARM fails to take its required share of Minimum Base Capacity or Minimum Other Capacity, CARM shall pay a charge as set forth in Section 2.4 of Rate Schedule A to the Member’s Wholesale Power Contract.

Taxes – Bills rendered are subject to adjustment for all federal, state and local government taxes or levies, including any taxes or levies imposed as a carbon tax or “cap and trade” or other carbon assessments system imposed on electricity sales or electricity production and any assessments that are or may be imposed by federal or state regulatory agencies on electric utility gross revenues.

Transmission and Ancillary Service Charges – Each Class A member shall also be billed by AEPCO for charges AEPCO incurs for the transmission of power and energy to the Class A member’s delivery point(s). Such charges will be assessed to the Class A member at the rates actually charged AEPCO by the transmission provider and others for transmission service and the provision of ancillary services.

Power Cost Adjustor Rates

“Base Resources” are defined as (1) AEPCO’s Steam Turbine Units 2 and 3, (2) power purchased under contract from the Western Area Power Administration and (3) economy purchases displacing base resources generation.

“Other Resources” are defined as (1) AEPCO’s generation units other than Steam Turbine Units 2 and 3, (2) power purchased under contracts which serve the combined scheduled loads of AEPCO’s Class A members plus power purchased under contract and economy energy purchases (other than economy purchases displacing base resources generation) made for the purpose of meeting the scheduled load requirements of all Class A members and (3) power purchased under contracts or resources which have been acquired to serve Class A Member load and which the Member has expressly agreed to in a participation agreement.

The monthly bill computed under this Tariff shall, using the procedures stated herein, be increased or decreased by an amount equal to the result of multiplying the kWh derived from each resource type by the applicable Power Cost Adjustor Rate for Base Resources and Other Resources where:

Base Resources Adjustor Rate

BF = $(BPC + BBA) - \$0.03513$

BF = Base Resources Power Cost Adjustor Rate in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BPC = The Commission-allowed pro forma fuel costs of Base Resources generation, the purchased power costs of Base Resources and wheeling costs associated with Base Resources in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BBA = The "Base Resources Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over- or under-collected in the past from Base Resources. The BBA component is determined by dividing the over-collected or under-collected bank balance dollars by six months of Base Resources kWh energy sales.

Allowable Base Resources fuel, purchased power and wheeling costs include:

- A. The costs of fossil fuel and natural gas consumed in AEPCO's Steam Generating Units 2 and 3 as recorded in RUS Account 501, plus
- B. Other provisions of this Tariff notwithstanding, pursuant to the authorizations contained in Decision No. 72735, AEPCO is, effective with January 1, 2012 usage, recovering the test year amount of its fixed gas costs through the members' fixed monthly charge. Further, any increase or decrease in the fixed gas costs from the test year level will be (1) allocated to members through the PPFAC on a member Allocated Capacity Percentage basis and (2) recovered or credited to members through the Base and/or Other Resources Adjustor Rates.
- C. The actual costs associated with Base Resources power purchased for reasons other than identified in paragraph (D) below as recorded in RUS Account 555, plus
- D. The cost of energy purchased when such energy is purchased on an economic dispatch basis to substitute for higher cost Base Resources energy as recorded in RUS Account 555, plus
- E. The firm and non-firm wheeling expenses associated with the delivery of Base Resources energy as recorded in RUS Account 565, excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to the collective all-requirements Class A members, less
- F. The demand and energy costs recovered through non-tariff contractual firm sales of Base Resources power and energy as recorded in RUS Account 447, less

- G. The demand and energy costs recovered through inter-system economy energy and/or intra-system resource transfer sales of Base Resources power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

Other Resources Adjustor Rate

OF = (OPC + OBA) - \$0.07188

OF = Other Resources Power Cost Adjustor Rate in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OPC = The Commission-allowed pro forma fuel costs of Other Resources generation, Other Resources purchased power and wheeling costs associated with Other Resources in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OBA = The "Other Resources Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over- or under-collected in the past from Other Resources. The OBA component is determined by dividing the over-collected or under-collected bank balance dollars by six months of Other Resources kWh energy sales.

Allowable Other Resources fuel, purchased power and wheeling costs include:

- A. The costs of fossil fuel and natural gas consumed in AEPSCO's Steam Generating Units 1, 4, 5 and 6 as recorded in RUS Accounts 501 and 547, plus
- B. Other provisions of this Tariff notwithstanding, pursuant to the authorizations contained in Decision No. 72735, AEPSCO is, effective with January 1, 2012 usage, recovering the test year amount of its fixed gas costs through the members' fixed monthly charge. Further, any increase or decrease in the fixed gas costs from the test year level will be (1) allocated to members through the PPFAC on a member Allocated Capacity Percentage basis and (2) recovered or credited to members through the Base and/or Other Resources Adjustor Rates.
- C. The actual costs associated with Other Resources purchased power for reasons other than identified in paragraph (D) below as recorded in RUS Account 555, plus
- D. The cost of Other Resources energy purchased when such energy is purchased on an economic dispatch basis. Included therein are such costs as those charged for economy energy purchases and the charges resulting from a scheduled outage of

Other Resources generation units. All such kinds of Other Resources energy being purchased by AEPCO to substitute for its own higher cost Other Resources energy as recorded in RUS Account 555, plus

- E. The firm and non-firm wheeling expenses associated with the delivery of Other Resources energy as recorded in RUS Account 565, excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to the collective all-requirements Class A members, less
- F. The demand and energy costs recovered through non-tariff contractual firm sales of Other Resources power and energy as recorded in RUS Account 447, less
- G. The demand and energy costs recovered through inter-system economy energy and/or intra-system resource transfer sales of Other Resources power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

On a calendar semi-annual basis, AEPCO shall compute the Power Cost Adjustor Rates as specified herein based upon a rolling 12-month average of allowable fuel, purchased power and wheeling costs for the BPC and the OPC plus the bank balance amortization component for the BBA and OBA. AEPCO shall initially file by September 1, 2011 and thereafter on March 1 or September 1 of the month preceding the effective date of the revised Power Cost Adjustor Rates (i.e., April 1 or October 1): (1) calculations supporting the revised Adjustor Rates with the Director, Utilities Division, and (2) a Tariff reflecting the revised Adjustor Rates with the Commission which shall be effective for billings after the first day of the following month and which shall continue in effect until revised pursuant to the procedures specified herein.

EXHIBIT A

Effective Date	January 1, 2012*
Collective All-Requirements Members:	
Total Fixed Charge/Month	\$273,334**
Total O&M Charge/Month	\$414,019**
Base Resources Energy Rate – \$/kWh	\$0.03132
Other Resources Energy Rate – \$/kWh	\$0.05300

Base Resources Power Cost Adjustor Rate – \$/kWh \$0.00058***
Other Resources Power Cost Adjustor Rate – \$/kWh (\$0.02536)***

*Rates are effective for service provided on and after this date.

**The Total Fixed Charge and the Total O&M Charge will be apportioned among the CARMs and allocated to each CARM based upon each CARM's monthly Demand Ratio Share. The Demand Ratio Share will be calculated each month as the percentage of each CARM's 12-month rolling average demand to the total of the CARMs' 12-month rolling average demand.

***Effective October 1, 2012 and determined and revised as set forth in the Tariff.

Arizona Electric Power Cooperative, Inc.

Partial-Requirements Schedule Rates and Fixed Charges (Effective October 1, 2012)

Service provided to Mohave Electric Cooperative, Inc. ("MEC"), Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") and Trico Electric Cooperative, Inc. ("Trico") by the Arizona Electric Power Cooperative, Inc. ("AEPCO") under the Partial Requirements Capacity and Energy Agreements shall be at the rates set forth in the attached Exhibit A and subject to the terms set forth herein in addition to any applicable terms set forth in the Members' Partial Requirements Capacity and Energy Agreement.

Billing Month – The first calendar month preceding the month the bill is rendered.

Demand Overrun Adjustment – If, in any hour, (i) Member's scheduled load (if Member is not in AEPCO's Control Area) or (ii) Member's metered load less capacity obtained from sources outside the Dispatch Pool (if Member is in AEPCO's Control Area) exceeds its Allocated Capacity, then Member shall be charged a Demand Overrun Adjustment. Such Demand Overrun Adjustment shall equal the product of Member's Fixed Charge multiplied by the demand overrun adjustment factor. The demand overrun adjustment factor shall be any non-negative number determined from the following formula:

$$\text{doaf} = ((\text{mbdkW}) / \text{AC}) - 1$$

Where:

- doaf = Demand Overrun Adjustment Factor,
- mbdkW = Member Schedule in kW or Metered kW less capacity from sources outside the Dispatch Pool, as applicable, and
- AC = Allocated Capacity of Member, in kW.

In addition, Member shall pay for the energy associated with the Demand Overrun Adjustment at the then-applicable Other Resources Energy Rate.

Power Factor – Each Member shall maintain Power Factor at the time of maximum demand as close to unity as possible. If the Power Factor of Member measured at the aggregated Member's Delivery Point(s) at the time of Member's peak demand is outside a bandwidth of 95% leading to 95% lagging, a Power Factor Adjustment shall be separately charged to the Member. The Power Factor Adjustment shall be the product of the Member's power factor adjustment (as set forth below) multiplied by the quotient of the Member's O&M Charge divided by the sum of the Member's 12-month rolling average demand. The power factor adjustment kW shall be any non-negative number determined from the following formula:

$$pfkW = ((mkW / mpf)(bpf)) - mkW$$

Where:

- pfkW = power factor adjustment in kW,
- mkW = Member Metered kW,
- mpf = measured power factor at the time of Member peak demand, and
- bpf = 0.95.

The provisions of the power factor adjustment may be waived if power factor is detrimentally impacted as a direct result of system improvements or a change in operational procedure by AEPCO to reduce transmission losses and/or improve system reliability.

Taxes – Bills rendered are subject to adjustment for all federal, state and local government taxes or levies, including any taxes or levies imposed as a carbon tax or “cap and trade” or other carbon assessments system imposed on electricity sales or electricity production and any assessments that are or may be imposed by federal or state regulatory agencies on electric utility gross revenues.

Power Cost Adjustor Rates

“Base Resources” are defined as (1) AEPCO’s Steam Turbine Units 2 and 3, (2) power purchased under contract from the Western Area Power Administration and (3) economy purchases displacing base resources generation.

“Other Resources” are defined as (1) AEPCO’s generation units other than Steam Turbine Units 2 and 3, (2) power purchased under contracts which serve the combined scheduled loads of AEPCO’s Class A members plus power purchased under contract and economy energy purchases (other than economy purchases displacing base resources generation) made for the purpose of meeting the scheduled load requirements of all Class A members and (3) power purchased under contracts or resources which have been acquired to serve Class A Member load and which the Member has expressly agreed to in a participation agreement.

The monthly bill computed under this Tariff shall, using the procedures stated herein, be increased or decreased by an amount equal to the result of multiplying the kWh derived from each resource type by the applicable Power Cost Adjustor Rate for Base Resources and Other Resources where:

Base Resources Adjustor Rate

$$BF = (BPC + BBA) - BFB$$

BF = Base Resources Power Cost Adjustor Rate in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BPC = The Commission-allowed pro forma fuel costs of Base Resources generation, purchased power costs of Base Resources and wheeling costs associated with Base Resources in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BBA = The "Base Resources Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over- or under-collected in the past from Base Resources. The BBA component is determined by dividing the over-collected or under-collected bank balance dollars by six months of Base Resources kWh energy sales.

BFB = The Base Resources Fuel Base or BFB is \$0.03454 for MEC, \$0.03449 for SSVEC and \$0.03431 for Trico.

Allowable Base Resources fuel, purchased power and wheeling costs include:

- A. The costs of fossil fuel and natural gas consumed in AEPCO's Steam Generating Units 2 and 3 as recorded in RUS Account 501, plus
- B. Other provisions of this Schedule notwithstanding, pursuant to the authorizations contained in Decision No. 72735, AEPCO is, effective with January 1, 2012 usage, recovering the test year amount of its fixed gas costs through the members' fixed monthly charge. Further, any increase or decrease in the fixed gas costs from the test year level will be (1) allocated to members through the PPFAC on a member Allocated Capacity Percentage basis and (2) recovered or credited to members through the Base and/or Other Resources Adjustor Rates.
- C. The actual costs associated with Base Resources power purchased for reasons other than identified in paragraph (D) below as recorded in RUS Account 555, plus
- D. The cost of energy purchased when such energy is purchased on an economic dispatch basis to substitute for higher cost Base Resources energy as recorded in RUS Account 555, plus
- E. The firm and non-firm wheeling expenses associated with the delivery of Base Resources energy as recorded in RUS Account 565, excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to the all-requirements Class A members, less
- F. The demand and energy costs recovered through non-tariff contractual firm sales of Base Resources power and energy as recorded in RUS Account 447, and less
- G. The demand and energy costs recovered through inter-system economy energy and/or intra-system resource transfer sales of Base Resources power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

Other Resources Adjustor Rate

OF = (OPC + OBA) - OFB

OF = Other Resources Power Cost Adjustor Rate in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OPC = The Commission-allowed pro forma fuel costs of Other Resources generation, Other Resources purchased power and wheeling costs associated with Other Resources in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OBA = The "Other Resources Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over- or under-collected in the past from Other Resources. The OBA component is determined by dividing the over-collected or under-collected bank balance dollars by six months of Other Resources energy sales.

OFB = The Other Resources Fuel Base or OFB is equal to \$0.06191 for MEC, \$0.06449 for SSVEC and \$0.08274 for Trico.

Allowable Other Resources fuel, purchased power and wheeling costs include:

- A. The costs of fossil fuel and natural gas consumed in AEPCO's Steam Generating Units 1, 4, 5 and 6 as recorded in RUS Accounts 501 and 547, plus
- B. Other provisions of this Schedule notwithstanding, pursuant to the authorizations contained in Decision No. 72735, AEPCO is, effective with January 1, 2012 usage, recovering the test year amount of its fixed gas costs through the members' fixed monthly charge. Further, any increase or decrease in the fixed gas costs from the test year level will be (1) allocated to members through the PPFAC on a member Allocated Capacity Percentage basis and (2) recovered or credited to members through the Base and/or Other Resources Adjustor Rates.
- C. The actual costs associated with Other Resources purchased power for reasons other than identified in paragraph (D) below as recorded in RUS Account 555, plus
- D. The cost of Other Resources energy purchased when such energy is purchased on an economic dispatch basis. Included therein are such costs as those charged for economy energy purchases and the charges as a result of a scheduled outage of Other Resources generation units. All such kinds of Other Resources energy being purchased by AEPCO to substitute for its own higher cost Other Resources energy as recorded in RUS Account 555, plus

- E. The firm and non-firm wheeling expenses associated with the delivery of Other Resources energy as recorded in RUS Account 565, excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to the all-requirements Class A members, less
- F. The demand and energy costs recovered through non-tariff contractual firm sales of Other Resources power and energy as recorded in RUS Account 447, and less
- G. The demand and energy costs recovered through inter-system economy energy and/or intra-system resource transfer sales of Other Resources power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

On a calendar semi-annual basis, AEPCO shall compute the Power Cost Adjustor Rates as specified herein based upon a rolling 12-month average of allowable fuel, purchased power and wheeling costs (BPC and OPC) plus a bank balance amortization component (BBA and OBA). AEPCO shall initially file by September 1, 2011 and thereafter on March 1 or September 1 of the month preceding the effective date of the revised Power Cost Adjustor Rates (i.e., April 1 or October 1): (1) calculations supporting the revised Adjustor Rates with the Director, Utilities Division, and (2) a Schedule reflecting the revised Adjustor Rates with the Commission which shall be effective for billings after the first day of the following month and which shall continue in effect until revised pursuant to the procedures specified herein.

EXHIBIT A

Effective Date	January 1, 2012*		
	MEC	SSVEC	Trico
Partial Requirements Members:			
Fixed Charge – \$/month	\$835,756	\$740,041	\$710,367
O&M Charge – \$/month	\$1,274,882	\$1,128,876	\$764,465
Base Resources Energy Rate – \$/kWh	\$0.03191	\$0.03205	\$0.03214
Other Resources Energy Rate – \$/kWh	\$0.05852	\$0.05742	\$0.05747

MEC

Base Resources Power Cost Adjustor Rate – \$/kWh	\$0.00815**
Other Resources Power Cost Adjustor Rate – \$/kWh	(\$1.92017)**

SSVEC

Base Resources Power Cost Adjustor Rate – \$/kWh	\$0.00472**
Other Resources Power Cost Adjustor Rate – \$/kWh	\$0.40235**

Trico

Base Resources Power Cost Adjustor Rate – \$/kWh	(\$0.00243)**
Other Resources Power Cost Adjustor Rate – \$/kWh	(\$0.04407)**

*Rates are effective for service provided on and after this date.

**Effective October 1, 2012 and determined and revised as set forth in the Schedule.

**Arizona Electric Power Cooperative
Computation of CARM Power Cost Adjustor Rates
Twelve Months Ended June 30, 2012**

Base Resources:

CARM Tariff Formula - Base Resources Adjustor Rate:

$$BF = (BPC + BBA) - \$0.03513$$

BF = Adjustment factor in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BPC = The Commission allowed Base Resources pro forma fuel, purchased power and wheeling costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BBA = The "Base Resources Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over or under collected in the past.

Computation of BPC:

Pro Forma Fuel, Purchased Power and Wheeling Costs	\$ 8,799,688
CARM Base Resources kWh sales	232,453,273
CARM Base Resources PC - \$/kWh	<u>\$ 0.03786</u>

Computation of BBA:

CARM Under/(Over) Collected Balance	\$ 855,066
CARM Amount Recovered Through PPFAC	\$ 1,081,732
CARM Total Under/(Over) Collected Balance - as of June 30, 2012	<u>\$ (226,666)</u>
CARM Base Resources kWh sales	105,308,590
CARM BA - \$/kWh	<u>\$ (0.00215)</u>

Computation of CARM Base Resources

Power Cost Adjustor Rate - \$/kWh

$$F = (\$ 0.03786 + \$ (0.00215)) - \$ 0.03513$$

$$F = \$ 0.03571 - \$ 0.03513$$

$$F = \$ 0.00058$$

Adjustor Rate Effective October 1, 2012	\$ 0.00058
Adjustor Rate Effective April 1, 2012	\$ 0.00885
Increase/(Decrease) to Adjustor Rate	<u>\$ (0.00827)</u>

**Arizona Electric Power Cooperative
Computation of CARM Power Cost Adjustor Rates
Twelve Months Ended June 30, 2012**

Other Resources:

CARM Tariff Formula - Other Resources Adjustor Rate:

$$OF = (OPC + OBA) - \$0.07188$$

OF = Adjustment factor in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OPC = The Commission allowed Other Resources pro forma fuel, purchased power and wheeling costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OBA = The "Other Resources Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over or under collected in the past.

Computation of OPC:

Pro Forma Fuel, Purchased Power and Wheeling Costs	\$ 1,075,843
CARM Other Resources kWh sales	26,485,535
CARM Other Resources PC - \$/kWh	<u>\$ 0.04062</u>

Computation of OBA:

CARM Under/(Over) Collected Balance	\$ (1,083,287)
CARM Amount Recovered Through PPFAC	\$ (1,197,455)
CARM Total Under/(Over) Collected Balance - as of June 30, 2012	<u>\$ 114,168</u>
CARM Other Resources kWh sales	<u>\$ 19,342,207</u>
CARM OBA - \$/kWh	<u>\$ 0.00590</u>

Computation of CARM Other Resources

Power Cost Adjustor Rate - \$/kWh

$$F = (\$ 0.04062 + \$ 0.00590) - \$ 0.07188$$

$$F = \$ 0.04652 - \$ 0.07188$$

$$F = \$ (0.02536)$$

Adjustor Rate Effective October 1, 2012	\$ (0.02536)
Adjustor Rate Effective April 1, 2012	<u>\$ (0.06158)</u>
Increase/(Decrease) to Adjustor Rate	<u>\$ 0.03622</u>

Arizona Electric Power Cooperative
Computation of Mohave Electric Cooperative Power Cost Adjustor Rates
Twelve Months Ended June 30, 2012

Base Resources:

Mohave Tariff Formula - Base Resources Adjustor Rate:

$$BF = (BPC + BBA) - \$0.03454$$

BF = Adjustment factor in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BPC = The Commission allowed Base Resources pro forma fuel, purchased power and wheeling costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BBA = The "Base Resources Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over or under collected in the past.

Computation of BPC:

Pro Forma Fuel, Purchased Power and Wheeling Costs	\$ 26,582,216
Mohave Base Resources kWh sales	<u>656,527,000</u>
Mohave Base Resources PC - \$/kWh	<u>\$ 0.04049</u>

Computation of BBA:

Mohave Under/(Over) Collected Balance	\$ 4,719,533
Mohave Amount Recovered Through PPFAC	\$ 4,111,023
Mohave Total Under/(Over) Collected Balance - as of June 30, 2012	<u>\$ 608,510</u>
Mohave Base Resources kWh sales	<u>277,050,000</u>
Mohave BA - \$/kWh	<u>\$ 0.00220</u>

Computation of Mohave Base Resources

Power Cost Adjustor Rate - \$/kWh

$$F = (\$ 0.04049 + \$ 0.00220) - \$ 0.03454$$

$$F = \$ 0.04269 - \$ 0.03454$$

$$F = \$ 0.00815$$

Adjustor Rate Effective October 1, 2012	\$ 0.00815
Adjustor Rate Effective April 1, 2012	<u>\$ 0.01143</u>
Increase/(Decrease) to Adjustor Rate	<u>\$ (0.00328)</u>

**Arizona Electric Power Cooperative
Computation of Mohave Electric Cooperative Power Cost Adjustor Rates
Twelve Months Ended June 30, 2012**

Other Resources:

Mohave Tariff Formula - Other Resources Adjustor Rate:

$$OF = (OPC + OBA) - \$0.06191$$

OF = Adjustment factor in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OPC = The Commission allowed Other Resources pro forma fuel, purchased power and wheeling costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OBA = The "Other Resources Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over or under collected in the past.

Computation of OPC:

Pro Forma Fuel, Purchased Power and Wheeling Costs	\$ 3,889
Mohave Other Resources kWh sales	91,000
Mohave Other Resources PC - \$/kWh	<u>\$ 0.04274</u>

Computation of OBA:

Mohave Under/(Over) Collected Balance	\$ (7,869)
Mohave Amount Recovered Through PPFAC	\$ (264)
Mohave Total Under/(Over) Collected Balance - as of June 30, 2012	<u>\$ (7,604)</u>
Mohave Other Resources kWh sales	4,000
Mohave OBA - \$/kWh	<u>\$ (1.90100)</u>

Computation of Mohave other Resources

Power Cost Adjustor Rate - \$/kWh

$$F = (\$ 0.04274 + \$ (1.90100)) - \$ 0.06191$$

$$F = \$ (1.85826) - \$ 0.06191$$

$$F = \$ (1.92017)$$

Adjustor Rate Effective October 1, 2012	\$ (1.92017)
Adjustor Rate Effective April 1, 2012	\$ (0.10583)
Increase/(Decrease) to Adjustor Rate	<u>\$ (1.81434)</u>

**Arizona Electric Power Cooperative
Computation of Sulphur Springs Valley Electric Coop. Power Cost Adjustor Rates
Twelve Months Ended June 30, 2012**

Base Resources:

Sulphur Springs Tariff Formula - Base Resources Adjustor Rate:

$$BF = (BPC + BBA) - \$0.03449$$

BF = Adjustment factor in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BPC = The Commission allowed Base Resources pro forma fuel, purchased power and wheeling costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BBA = The "Base Resources Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over or under collected in the past.

Computation of BPC:

Pro Forma Fuel, Purchased Power and Wheeling Costs	\$ 26,250,921
Sulphur Springs Base Resources kWh sales	680,024,000
Sulphur Springs Base Resources PC - \$/kWh	<u>\$ 0.03860</u>

Computation of BBA:

Sulphur Springs Under/(Over) Collected Balance	\$ 3,456,813
Sulphur Springs Amount Recovered Through PPFAC	\$ 3,281,696
Sulphur Springs Total Under/(Over) Collected Balance - as of June 30, 2012	<u>\$ 175,117</u>
Sulphur Springs Base Resources kWh sales	287,913,000
Sulphur Springs BA - \$/kWh	<u>\$ 0.00061</u>

**Computation of Sulphur Springs Base Resources
Power Cost Adjustor Rate - \$/kWh**

$$F = (\$ 0.03860 + \$ 0.00061) - \$ 0.03449$$

$$F = \$ 0.03921 - \$ 0.03449$$

$$F = \$ 0.00472$$

Adjustor Rate Effective October 1, 2012	\$ 0.00472
Adjustor Rate Effective April 1, 2012	\$ 0.00866
Increase/(Decrease) to Adjustor Rate	<u>\$ (0.00394)</u>

**Arizona Electric Power Cooperative
Computation of Sulphur Springs Valley Electric Coop. Power Cost Adjustor Rates
Twelve Months Ended June 30, 2012**

Other Resources:

Sulphur Springs Tariff Formula - Other Resources Adjustor Rate:

$$OF = (OPC + OBA) - \$0.06449$$

OF = Adjustment factor in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OPC = The Commission allowed Other Resources pro forma fuel, purchased power and wheeling costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OBA = The "Other Resources Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over or under collected in the past.

Computation of OPC:

Pro Forma Fuel, Purchased Power and Wheeling Costs	\$ 25,380
Sulphur Springs Other Resources kWh sales	230,000
Sulphur Springs Other Resources PC - \$/kWh	<u>\$ 0.11035</u>

Computation of OBA:

Sulphur Springs Under/(Over) Collected Balance	\$ 52,236
Sulphur Springs Amount Recovered Through PPFAC	\$ 24,430
Sulphur Springs Total Under/(Over) Collected Balance - as of June 30, 2012	<u>\$ 27,806</u>
Sulphur Springs Other Resources kWh sales	78,000
Sulphur Springs OBA - \$/kWh	<u>\$ 0.35649</u>

**Computation of Sulphur Springs Other Resources
Power Cost Adjustor Rate - \$/kWh**

$$F = (\$ 0.11035 + \$ 0.35649) - \$ 0.06449$$

$$F = \$ 0.46684 - \$ 0.06449$$

$$F = \$ 0.40235$$

Adjustor Rate Effective October 1, 2012	\$ 0.40235
Adjustor Rate Effective April 1, 2012	\$ 0.36422
Increase/(Decrease) to Adjustor Rate	<u>\$ 0.03813</u>

**Arizona Electric Power Cooperative
Computation of Trico Electric Cooperative Power Cost Adjustor Rates
Twelve Months Ended June 30, 2012**

Base Resources:

Trico Tariff Formula - Base Resources Adjustor Rate:

$$BF = (BPC + BBA) - \$0.03431$$

BF = Adjustment factor in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BPC = The Commission allowed Base Resources pro forma fuel, purchased power and wheeling costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BBA = The "Base Resources Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over or under collected in the past.

Computation of BPC:

Pro Forma Fuel, Purchased Power and Wheeling Costs	\$ 18,159,544
Trico Base Resources kWh sales	511,875,647
Trico Base Resources PC - \$/kWh	<u>\$ 0.03548</u>

Computation of BBA:

Trico Under/(Over) Collected Balance	\$ 986,468
Trico Amount Recovered Through PPFAC	\$ 1,822,924
Trico Total Under/(Over) Collected Balance - as of June 30, 2012	<u>\$ (836,456)</u>
Trico Base Resources kWh sales	232,276,140
Trico BA - \$/kWh	<u>\$ (0.00360)</u>

Computation of Trico Base Resources

Power Cost Adjustor Rate - \$/kWh

$$F = (\$ 0.03548 + \$ (0.00360)) - \$ 0.03431$$

$$F = \$ 0.03188 - \$ 0.03431$$

$$F = \$ (0.00243)$$

Adjustor Rate Effective October 1, 2012	\$ (0.00243)
Adjustor Rate Effective April 1, 2012	<u>\$ 0.00622</u>
Increase/(Decrease) to Adjustor Rate	<u>\$ (0.00865)</u>

**Arizona Electric Power Cooperative
Computation of Trico Electric Cooperative Power Cost Adjustor Rates
Twelve Months Ended June 30, 2012**

Other Resources:

Trico Tariff Formula - Other Resources Adjustor Rate:

$$OF = (OPC + OBA) - \$0.08274$$

OF = Adjustment factor in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OPC = The Commission allowed Other Resources pro forma fuel, purchased power and wheeling costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OBA = The "Other Resources Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over or under collected in the past.

Computation of OPC:

Pro Forma Fuel, Purchased Power and Wheeling Costs	\$ 9,504,515
Trico Other Resources kWh sales	183,298,655
Trico Other Resources PC - \$/kWh	<u>\$ 0.05185</u>

Computation of OBA:

Trico Under/(Over) Collected Balance	\$ (8,278,171)
Trico Amount Recovered Through PPFAC	\$ (7,079,409)
Trico Total Under/(Over) Collected Balance - as of June 30, 2012	<u>\$ (1,198,763)</u>
Trico Other Resources kWh sales	90,931,659
Trico OBA - \$/kWh	<u>\$ (0.01318)</u>

Computation of Trico Other Resources

Power Cost Adjustor Rate - \$/kWh

$$F = (\$ 0.05185 + \$ (0.01318)) - \$ 0.08274$$

$$F = \$ 0.03867 - \$ 0.08274$$

$$F = \$ (0.04407)$$

Adjustor Rate Effective October 1, 2012	\$ (0.04407)
Adjustor Rate Effective April 1, 2012	<u>\$ (0.06445)</u>
Increase/(Decrease) to Adjustor Rate	<u>\$ 0.02038</u>

Arizona Electric Power Cooperative, Inc.
Summary of Base and Other Resource Fuel Adjustor Costs
Twelve Months ended June 30, 2012

Description	Total Costs	CARM Allocated	MEC Allocated	SSVEC Allocated	TRICO Allocated
Base Resource Fuel Adjustor Costs:					
July-11	\$ 8,718,059.89	\$ 1,012,800.81	\$ 3,079,031.53	\$ 2,795,575.05	\$ 1,830,652.50
August-11	9,210,214.48	1,018,829.35	3,278,702.57	2,995,389.29	1,917,293.28
September-11	7,935,693.58	849,467.29	2,673,425.47	2,621,384.05	1,791,416.77
October-11	6,781,718.27	695,364.78	2,216,126.86	2,298,691.76	1,571,534.87
November-11	5,955,762.79	649,376.49	1,804,417.92	2,025,198.84	1,476,769.55
December-11	8,264,841.15	897,768.43	2,526,923.59	2,800,457.99	2,039,691.14
January-12	6,924,845.04	735,093.22	2,176,412.03	2,295,840.61	1,717,499.18
February-12	6,148,707.92	654,559.15	1,907,277.24	2,032,976.11	1,553,895.42
March-12	3,620,417.74	407,675.46	1,303,209.55	1,175,272.90	734,259.83
April-12	3,524,638.00	399,832.10	1,278,797.98	1,136,217.12	709,790.80
May-12	5,637,640.99	642,359.47	1,947,361.82	1,809,882.32	1,238,037.38
June-12	7,069,828.83	836,561.05	2,390,529.35	2,264,034.77	1,578,703.66
Total	\$ 79,792,368.68	\$ 8,799,687.60	\$ 26,582,215.90	\$ 26,250,920.79	\$ 18,159,544.39
Other Resource Fuel Adjustor Costs:					
July-11	\$ 1,703,935.01	\$ 152,738.06	\$ 2,208.79	\$ 241.06	\$ 1,548,747.09
August-11	1,938,732.31	149,769.15	1,564.67	-	1,787,398.50
September-11	1,206,492.63	43,010.65	-	286.93	1,163,195.04
October-11	770,237.76	23,507.50	-	24.99	746,705.28
November-11	383,982.14	76,664.87	90.95	1,113.56	306,112.75
December-11	311,741.70	9,763.17	(42.60)	22,211.21	279,809.92
January-12	18,537.04	-	-	-	18,537.04
February-12	63,855.92	2,242.73	38.42	963.49	60,611.28
March-12	678,246.13	145,094.99	10.62	26.09	533,114.43
April-12	813,471.83	185,249.01	-	59.94	628,162.88
May-12	1,127,103.07	96,412.99	15.90	397.21	1,030,276.97
June-12	1,593,291.27	191,389.73	2.14	55.54	1,401,843.87
Total	\$ 10,609,626.81	\$ 1,075,842.85	\$ 3,888.89	\$ 25,380.02	\$ 9,504,515.04
Base Resource Billing Units:					
July-11	232,299,044	27,079,125	80,900,000	73,721,000	50,598,919
August-11	237,856,149	26,117,646	83,541,000	76,858,000	51,339,503
September-11	203,042,993	21,262,533	66,876,000	66,964,000	47,940,460
October-11	170,210,303	16,810,848	53,714,000	58,271,000	41,414,455
November-11	145,310,107	15,726,630	40,894,000	50,321,000	38,368,477
December-11	189,613,594	20,147,901	53,552,000	65,976,000	49,937,693
January-12	177,517,703	18,074,913	51,443,000	60,285,000	47,714,790
February-12	156,636,560	16,093,539	44,739,000	52,824,000	42,980,021
March-12	106,734,399	14,202,986	33,097,000	32,258,000	27,176,413
April-12	100,980,148	13,732,564	32,496,000	29,055,000	25,696,584
May-12	171,193,581	19,800,517	55,695,000	54,016,000	41,682,064
June-12	189,485,339	23,404,071	59,580,000	59,475,000	47,026,268
Total	2,080,879,920	232,453,273	656,527,000	680,024,000	511,875,647
Other Resource Billing Units:					
July-11	30,141,662	2,820,252	58,000	8,000	27,255,410
August-11	32,494,416	2,507,771	28,000	-	29,958,645
September-11	17,805,680	546,994	-	5,000	17,253,686
October-11	10,557,447	251,182	-	1,000	10,305,265
November-11	5,480,472	993,626	1,000	26,000	4,459,846
December-11	3,269,647	23,503	-	112,000	3,134,144
January-12	413,395	-	-	-	413,395
February-12	1,355,516	55,110	1,000	19,000	1,280,406
March-12	24,138,172	5,039,707	1,000	3,000	19,094,465
April-12	29,459,955	6,517,279	-	2,000	22,940,676
May-12	21,962,491	2,667,529	2,000	54,000	19,238,962
June-12	33,026,337	5,062,582	-	-	27,963,755
Total	210,105,190	26,485,535	91,000	230,000	183,298,655