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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

2012 SEP 11 A 10:30

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

SEP 11 2012

DOCKETED BY [Signature]

IN THE MATTER OF THE APPLICATION OF ARIZONA ELECTRIC POWER COOPERATIVE, INC. FOR A HEARING TO DETERMINE THE FAIR VALUE OF ITS PROPERTY FOR RATEMAKING PURPOSES, TO FIX A JUST AND REASONABLE RETURN THEREON AND TO APPROVE RATES DESIGNED TO DEVELOP SUCH RETURN.

DOCKET NO. E-01773A-12-0305

RATE CASE
PROCEDURAL ORDER

BY THE COMMISSION:

On July 5, 2012, Arizona Electric Power Cooperative, Inc. ("AEPCO" or "Cooperative") filed with the Arizona Corporation Commission ("Commission") an application for a rate decrease. AEPCO requests that the new rates become effective on or before November 1, 2013.

On August 8, 2012, AEPCO filed a new Schedule F.1.1 and a revised Schedule H-2.

On August 10, 2012, the Commission's Utilities Division ("Staff") filed a Letter of Sufficiency in the docket, notifying the Cooperative that the applications were deemed sufficient pursuant to Arizona Administrative Code ("A.A.C.") R14-2-103, and classifying the utility as Class A.

On August 22, 2012, Trico Electric Cooperative, Inc. ("Trico") filed a Motion to Intervene.

On August 24, 2012, Staff filed a Proposed Schedule for Filing Dates. Staff stated therein that Southwest Transmission Cooperative, Inc. ("SWTC"), which provides wholesale transmission services to AEPCO, filed a rate application on August 3, 2012, in Docket No. E-04100-12-0353, and that both AEPCO and SWTC have requested that the implementation date of new rates and charges be synchronized. Staff stated that, as the witnesses in both cases may be the same, and the issues may be interrelated, Staff anticipated that it would seek to combine the hearings for AEPCO and SWTC following a finding that the SWTC application is sufficient.

1 On August 28, 2012, AEPCO filed a Response to Staff's Proposed Schedule. AEPCO stated
2 that it agreed with the procedural dates proposed by Staff. AEPCO further stated that the AEPCO
3 and SWTC matters involve different rate designs, adjustor clauses, depreciation rates, and additional
4 issues unique to each applicant. AEPCO proposed that the hearings be kept separate, but scheduled
5 consecutively in order to avoid any confusion on the different issues that might arise.

6 On September 4, 2012, Staff filed a Reply to AEPCO's Response to Staff's Proposed
7 Schedule. Staff stated that the SWTC case had become sufficient. Staff clarified that its intention is
8 primarily to eliminate unnecessary redundancy in the testimony and appearance of witnesses in the
9 two matters, and that until the issues are narrowed, it remains unknown how that can best be
10 accomplished. Staff stated that it will recommend that both cases be set for hearing to commence on
11 the same date, with details as to exactly how and when each matter will be heard to be determined at
12 a later date.

13 AEPCO's request in the application for the implementation of new rates on or before
14 November 1, 2013, constitutes a voluntary waiver of the Commission's timeclock rules, A.A.C. R14-
15 2-103.B.11, until November 1, 2013. The timeclock rules should therefore be extended in this matter
16 until November 1, 2013.

17 The filing dates proposed by Staff in its August 24, 2012, filing and agreed to by AEPCO in
18 its August 28, 2012, filing are reasonable and will be incorporated into the procedural deadlines set
19 forth herein. The hearing in this matter and in the SWTC matter will be set to commence at the same
20 date and time, and the actual conduct of both hearings will be determined during the pre-hearing
21 conference, which will also be set to occur at the same date and time for both matters.

22 Pursuant to A.A.C. R14-3-101, the Commission now issues this Procedural Order to govern
23 the preparation and conduct of this proceeding.

24 IT IS THEREFORE ORDERED that the **hearing** in the above-captioned matter is hereby
25 scheduled to commence on **July 29, 2013, at 10:00 a.m.**, or as soon thereafter as practicable, at the
26 Commission's offices, 1200 West Washington Street, **Hearing Room No. 1**, Phoenix, Arizona
27 85007.

1 IT IS FURTHER ORDERED that a pre-hearing conference shall be held on **July 22, 2013,**
2 **commencing at 2:00 p.m.,** at the Commission's Phoenix offices, for the purpose of scheduling
3 witnesses and the conduct of the hearing.

4 IT IS FURTHER ORDERED that the **direct testimony with the exception of rate design**
5 **issues** and associated exhibits to be presented at hearing **on behalf of Staff and intervenors,** shall be
6 reduced to writing and filed on or before **March 6, 2013.**

7 IT IS FURTHER ORDERED that the **direct testimony on rate design issues** and associated
8 exhibits to be presented at hearing **on behalf of Staff and intervenors,** shall be reduced to writing
9 and filed on or before **March 25, 2013.**

10 IT IS FURTHER ORDERED that any **rebuttal testimony and associated exhibits to be**
11 **presented at hearing by the Cooperative** shall be reduced to writing and filed on or before **April**
12 **22, 2013.**

13 IT IS FURTHER ORDERED that any **surrebuttal testimony and associated exhibits to be**
14 **presented by Staff and intervenors** shall be reduced to writing and filed on or before **May 20, 2013.**

15 IT IS FURTHER ORDERED that any **rejoinder testimony and associated exhibits to be**
16 **presented at hearing by the Cooperative** shall be reduced to writing and filed on or before **June 10,**
17 **2013.**

18 IT IS FURTHER ORDERED that **all filings shall be made by 4:00 p.m. on the date the**
19 **filing is due.**

20 IT IS FURTHER ORDERED that any **objections to testimony or exhibits that have been**
21 **prefiled as of June 10, 2013, shall be made before or at the July 22, 2013, prehearing**
22 **conference.**

23 IT IS FURTHER ORDERED that all testimony filed shall include a table of contents which
24 lists the issues discussed.

25 IT IS FURTHER ORDERED that any substantive corrections, revisions, or supplements to
26 prefiled testimony shall be reduced to writing and filed no later than five calendar days before the
27 witness is scheduled to testify.

28

1 IT IS FURTHER ORDERED that the parties shall prepare a brief, written summary of the
2 prefiled testimony of each of their witnesses and shall file each summary at least two working days
3 before the witness is scheduled to testify.

4 IT IS FURTHER ORDERED that copies of summaries shall be served upon the
5 Administrative Law Judge, the Commissioners, and the Commissioners' aides as well as the parties
6 of record.

7 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105,
8 except that **all motions to intervene must be filed on or before February 6, 2013.**

9 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and
10 regulations of the Commission, except that until **April 8, 2013**, any objection to discovery requests
11 shall be made within 7 calendar days of receipt¹ and responses to discovery requests shall be made
12 within 10 calendar days of receipt. Thereafter, objections to discovery requests shall be made within
13 5 calendar days and responses shall be made within 7 calendar days. The response time may be
14 extended by mutual agreement of the parties involved if the request requires an extensive compilation
15 effort.

16 IT IS FURTHER ORDERED that for discovery requests, objections, and answers, if a
17 receiving party requests service to be made electronically, and the sending party has the technical
18 capability to provide service electronically, service to that party shall be made electronically.

19 IT IS FURTHER ORDERED that, in the alternative to filing a written motion to compel
20 discovery, any party seeking resolution of a discovery dispute may telephonically contact the
21 Commission's Hearing Division to request a date for a procedural hearing to resolve the discovery
22 dispute; that upon such a request, a procedural hearing will be convened as soon as practicable; and
23 that the party making such a request shall forthwith contact all other parties to advise them of the
24 hearing date and shall at the hearing provide a statement confirming that the other parties were
25 contacted.²

26 _____
27 ¹ The date of receipt of discovery requests is not counted as a calendar day, and requests received after 4:00 p.m. MST
will be considered as received the next business day.

28 ² The parties are encouraged to attempt to settle discovery disputes through informal, good-faith negotiations before
seeking Commission resolution of the controversy.

1 IT IS FURTHER ORDERED that any motions which are filed in this matter and which are
2 not ruled upon by the Commission within 20 calendar days of the filing date of the motion shall be
3 deemed denied.

4 IT IS FURTHER ORDERED that any responses to motions shall be filed within five calendar
5 days of the filing date of the motion.

6 IT IS FURTHER ORDERED that any replies shall be filed within five calendar days of the
7 filing date of the response.

8 IT IS FURTHER ORDERED that the Cooperative shall provide public notice of the hearing
9 in this matter, in the following form and style with the heading in no less than 18-point bold type and
10 the body in no less than 10-point regular type:

11 **PUBLIC NOTICE OF HEARING ON THE**
12 **RATE APPLICATION OF**
13 **ARIZONA ELECTRIC POWER COOPERATIVE, INC.**
(DOCKET NO. E-01773A-12-0305.)

14 The Arizona Electric Power Cooperative, Inc. ("AEPCO" or "Cooperative") , a non-profit electric
15 generation cooperative, serves the power needs of three all-requirements members ("ARMs")
16 comprised of Anza Electric Cooperative, Inc., Duncan Valley Electric Cooperative, Inc. and Graham
17 County Electric Cooperative, Inc. and three Arizona Class A partial-requirements members
18 ("PRMs") comprised of Mohave County Electric Cooperative, Inc., Sulphur Springs Valley Electric
19 Cooperative, Inc., and Trico Electric Power Cooperative, Inc. AEPCO also provides power to
20 various other classes of customers.

21 On July 5, 2012, AEPCO filed a rate application with the Arizona Corporation Commission
22 ("Commission"). The Cooperative requests an overall decrease in electric utility revenues of 2.92
23 percent, a Debt Service Coverage ratio of 1.32 and operating income of approximately \$931,000.
24 The proposed 2.92 percent decrease is a blend of a 1.30 percent decrease in revenues from the ARMs
25 and a 3.12 percent decrease in revenues from the PRMs collectively. AEPCO also requests
26 continuation of its existing Purchased Power and Fuel Adjustor Clause ("PPFAC") with some
27 modifications. The impact of AEPCO's proposed wholesale rates on the retail customer is difficult to
28 estimate because AEPCO's members have different retail rate levels and structures.

29 If you have any questions concerning how the Cooperative's rate proposal will affect your bill or
30 have other substantive questions about this application, you may contact the Cooperative at:
31 **[COOPERATIVE SHOULD INSERT NAME, ADDRESS, TELEPHONE NUMBER, AND E-
32 MAIL ADDRESS FOR CUSTOMER CONTACTS CONCERNING THE APPLICATION].**

33 The Commission's Utilities Division ("Staff") is in the process of auditing and analyzing the
34 application, and will make recommendations regarding the Cooperative's proposal. The Commission
35 will issue a Decision regarding AEPCO's requests following consideration of testimony and evidence

1 presented at an evidentiary hearing. THE COMMISSION IS NOT BOUND BY THE PROPOSALS
2 MADE BY AEPSCO, STAFF, OR ANY INTERVENORS, AND THE FINAL RATES APPROVED
3 BY THE COMMISSION MAY DIFFER FROM THE RATES REQUESTED BY AEPSCO OR
4 OTHER PARTIES.

How You Can View or Obtain a Copy of the Rate Proposals

4 Copies of the application and proposed tariffs are available from AEPSCO [**Insert Cooperative**
5 **address**]; at [**web page, if available there**]; at the Commission's Docket Control Center, 1200 West
6 Washington, Phoenix, Arizona and its Tucson offices, 400 West Congress, Suites 218, Tucson,
7 Arizona, for public inspection during regular business hours; and at the Commission's website,
8 www.azcc.gov using the e-Docket function, located at the bottom of the web page.

Arizona Corporation Commission Public Hearing Information

8 The Commission will hold a hearing on this matter beginning **July 29, 2013, at 10:00 a.m.**, at the
9 Commission's offices, 1200 West Washington Street, Phoenix, Arizona. Public comments will be
10 taken on the first day of the hearing. Written public comments may be submitted by mailing a letter
11 referencing **Docket No. E-01773A-12-0305** to: Arizona Corporation Commission, Consumer
12 Services Section, 1200 West Washington, Phoenix, AZ 85007. If you require assistance, you may
13 contact the Consumer Services Section at 520.628.6550 or 1.800.222.7000.

12 Interested parties may participate in this matter through (1) filing for intervention and becoming a
13 formal party to the proceeding; or (2) through written or oral public comment. Any interested person
14 may file written public comments regarding the Cooperative's application in **Docket No. E-01773A-**
15 **12-0305** at any time.

15 If you do not intervene in this proceeding, you will receive no further notice of the proceedings in this
16 docket. **However, all documents filed in this docket are available online** (usually within 24 hours
17 after docketing) at the Commission's website www.azcc.gov using the e-Docket function, located at
18 the bottom of the website homepage. RSS feeds are also available through e-Docket.

About Intervention

18 You do not need to intervene if you want to appear at the hearing and provide public comment on the
19 application, or if you want to file written comments in the record of the case. Any interested person
20 may file written public comments regarding AEPSCO's application in **Docket No. E-01773A-12-0305**
21 at any time.

21 Any person or entity entitled by law to intervene and having a direct substantial interest in the matter
22 will be permitted to intervene. The granting of intervention entitles a party to present sworn evidence
23 at hearing and to cross-examine other witnesses. **If you wish to intervene, you must file an original**
24 **and 13 copies of a written motion to intervene with the Commission's Docket Control Center**
25 **no later than February 6, 2013, and send a copy of the motion to AEPSCO or its counsel and to**
26 **all parties of record.**

25 Contact information for AEPSCO and all parties of record may be obtained using the Commission's e-
26 Docket Function and Docket No. **E-01773A-12-0305**. Your motion to intervene must contain the
27 following:

- 27 1. Your name, address, and telephone number, and the name, address, and telephone number of
28 any party upon whom service of documents is to be made, if not yourself;

- 1 2. A short statement of your interest in the proceeding (e.g., a member/customer of the Cooperative, etc.); and
- 2 3. A statement certifying that you have mailed a copy of the motion to intervene to AEPCO or its counsel and to all parties of record in the case.

3 The granting of motions to intervene is governed by A.A.C. R14-3-105, except that all motions to
4 intervene must be filed on or before February 6, 2013. For a sample intervention request form, go to
5 <http://www.azcc.gov/divisions/utilities/FORMS/interven.pdf>. All parties must comply with Arizona
Supreme Court Rules 31 and 38 and A.R.S. § 40-243 with respect to the practice of law.

6 **ADA/Equal Access Information**

7 The Commission does not discriminate on the basis of disability in admission to its public meetings.
8 Persons with a disability may request a reasonable accommodation such as a sign language
9 interpreter, as well as request this document in an alternative format, by contacting the ADA
Coordinator, Shaylin Bernal, email Sbernal@azcc.gov, voice phone number 602-542-3931. Requests
should be made as early as possible to allow time to arrange the accommodation.

10 IT IS FURTHER ORDERED that AEPCO shall mail to each of its members (all customer
11 classes), and publish at least twice (and at least two weeks apart) in newspapers of local circulation in
12 the service territories of its member distribution cooperatives, a copy of the above notice, with the
13 first publication to occur by November 9, 2012, and second publication no later than December 7,
14 2012. If possible, AEPCO shall also arrange to have the notice published in any newsletters
15 published by its member distribution cooperatives, as soon as possible, and prior to January 15, 2013.

16 IT IS FURTHER ORDERED that the Cooperative shall file certification of mailing and
17 publication as soon as practicable after the mailing and publication have been completed.

18 IT IS FURTHER ORDERED that notice shall be deemed complete upon mailing and
19 publication of same, notwithstanding the failure of an individual customer to read or receive the
20 notice.

21 IT IS FURTHER ORDERED that the deadline for a final Commission determination on the
22 application under the Commission's timeclock rule, A.A.C. R14-2-103.B.11, is hereby extended to
23 November 1, 2013.

24 IT IS FURTHER ORDERED that Trico is hereby granted intervention.

25 IT IS FURTHER ORDERED that all parties must comply with Arizona Supreme Court Rules
26 31 and 38 and A.R.S. § 40-243 with respect to the practice of law and admission *pro hac vice*.

27 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance
28

1 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Arizona
2 Supreme Court Rule 42). Representation before the Commission includes appearances at all hearings
3 and procedural conferences, as well as all Open Meetings for which the matter is scheduled for
4 discussion, unless counsel has previously been granted permission to withdraw by the Administrative
5 Law Judge or the Commission.

6 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized
7 Communications) applies to this proceeding and shall remain in effect until the Commission's
8 Decision in this matter is final and non-appealable.

9 IT IS FURTHER ORDERED that the time periods specified herein shall not be extended
10 pursuant to Rule 6(a) or (e) of the Rules of Civil Procedure.

11 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend,
12 or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at
13 hearing.

14 DATED this 11th day of September, 2012.

15
16 

17 TEENA JIBILIAN
18 ADMINSTRATIVE LAW JUDGE

19 Copies of the foregoing mailed/delivered
20 This 11th day of September, 2012 to:

21 Michael M. Grant
22 Jennifer Cranston
23 GALLAGHER & KENNEDY P.A.
24 2575 E. Camelback Road
25 Phoenix, AZ 85016-9225
26 Attorneys for AEPCO

27 Michael W. Patten
28 ROSHKA, DEWULF & PATTEN PLC
400 E. Van Buren, Suite 800
Phoenix, AZ 85004
Attorneys for Trico

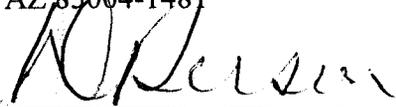
1 Russell E. Jones
2 WATERFALL ECONOMIDIS CALDWELL
3 HANSHAW & VILLAMANA P.C.
4 5210 E. Williams Circle, Suite 800
5 Tucson, AZ 85711
6 Attorneys for Trico

7 Vincent Nitido
8 Karen Cathers
9 TRICO ELECTRIC COOPERATIVE, INC.
10 8600 W. Tangerine Road
11 P.O. Box 930
12 Marana, AZ 85653

13 Janice Alward, Chief Counsel
14 Legal Division
15 ARIZONA CORPORATION COMMISSION
16 1200 West Washington Street
17 Phoenix, AZ 85007

18 Steven M. Olea, Director
19 Utilities Division
20 ARIZONA CORPORATION COMMISSION
21 1200 West Washington Street
22 Phoenix, AZ 85007

23 ARIZONA REPORTING SERVICE, INC.
24 2200 N. Central Ave., Suite 502
25 Phoenix, AZ 85004-1481

26 By: 
27 Debbi Person
28 Assistant to Teena Jibilian