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GALLAGHER & KENNEDY

P.A.

ATTORNEYS AT LAW

OPEN MEETING AGENDA ITEM



0000140742

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2012 DEC 4

December 4, 2012

**HAND DELIVERED**

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

Re: *Supplement to AEPCO's Corrections to Staff's Draft 3 Assessment of the 2012 Integrated Resource Plans ("Draft 3"); Docket No. E-00000A-11-0113*

Dear Sir or Madam:

Enclosed are the original and 13 copies of additional materials in support of AEPCO's Corrections to Staff's Draft 3. AEPCO's Corrections were filed in this docket on November 29, 2012.

Very truly yours,

GALLAGHER & KENNEDY, P.A.

By:

Michael M. Grant

MMG/plp  
10421-42/3195048  
Attachments

cc w/attachments (delivered): Steve Olea, Utilities Division  
Richard Lloyd, Utilities Division  
Barbara Keene, Utilities Division  
Maureen Scott, Legal Division  
Scott Hesla, Legal Division

**Original and 13 copies** filed with Docket Control this 4<sup>th</sup> day of December, 2012.

**EXHIBIT A**

## Commission Descriptions and Approvals of the PRM Agreements

Decision No. 63868—July 25, 2001—Commission approval of MEC as a partial-requirements member (“PRM”)

Finding 43. “AEPCO will supply Mohave power and energy based on its historic demand and investment. However, Mohave will be free to procure its additional needs from other sources.”

Finding 42. “The restructuring will also provide the five remaining Class A, full requirement members the opportunity to seek to become partial requirements customers in the future pursuant to separate conversion agreements that would be subject to approval of the RUS.”

\* \* \*

Decision No. 70105—December 21, 2007—Commission approval of SSVEC as a PRM

Finding 4. “Under the partial-requirements relationship, [the PRM] commits to purchase a fixed amount of capacity and energy from AEPCO and then secures from a source of its own choosing any additional power requirements necessary to meet the power and energy needs of its retail members.”

First Ordering Paragraph. “[T]he Joint Application...to convert Sulphur Springs Valley Electric Cooperative, Inc. to a partial requirements member is approved.”

\* \* \*

June 3, 2010—Decision No. 71722 approving revisions to the Resource Planning Rules is adopted by the Commission. Rules take effect December 20, 2010.

\* \* \*

Decision No. 72055—January 6, 2011—Commission approval of Trico as a PRM

Finding 62. “Trico is converting to a PRM in order to gain increased flexibility and access to economies of scale in meeting its customers’ needs economically and responsively. Trico states that PRM status allows Trico to better meet its renewable energy and energy efficiency obligations under Commission Rules.”

Findings 62 and 64. “Staff recommends approval of the Contracts [including “Trico’s Partial Requirements Capacity and Energy Agreement].”

**EXHIBIT B**

NEW APPLICATION

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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

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COMMISSIONERS

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BRENDA BURNS

AZ CORP COMMISSION  
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E-01773A-11-0080

IN THE MATTER OF THE APPLICATION OF THE  
ARIZONA ELECTRIC POWER COOPERATIVE,  
INC. FOR A WAIVER OF THE REQUIREMENTS  
OF R14-2-702.E.

Docket No. E-01773A-11-\_\_\_\_\_

APPLICATION

GALLAGHER & KENNEDY, P.A.  
2575 E. CAMELBACK ROAD  
PHOENIX, ARIZONA 85016-9225  
(602) 530-8000

The Arizona Electric Power Cooperative, Inc. ("AEPCO" or the "Cooperative") submits this Application for a waiver of the requirements of R14-2-702.E. That Rule requires AEPCO to file by April 19, 2011<sup>1</sup> "the documents that would have been due on April 1, 2010, under R-2-703(C), (D), (E), (F), and (H) had the revisions to those subsections been effective at that time." Instead, AEPCO requests that the Commission authorize its initial filing of those documents by April 1, 2012.

In summary, AEPCO's resource planning role has been reduced dramatically by the conversion of three of its members to partial-requirements status over the past decade. As a result, based on current forecasts, AEPCO does not expect to build any new generation resources for at least the next 10-15 years. Under these circumstances, a one-year delay in the initial filing will save both the Commission and the Cooperative considerable time and effort and will have no adverse impact on planning efforts or the information available to the Commission and its Staff.

Further, the Commission just approved last month in the Cooperative's rate decision new requirements agreements, cost allocations and rate designs for AEPCO's members. It also

<sup>1</sup> April 19, 2011 is "120 days after the effective date of the" IRP Rules.

1 ordered AEPCO to conduct a study of the Apache Station as to how the Station relates to its  
2 members' needs for future power, including an assessment of potential impacts on Apache of  
3 known or pending EPA rulemakings or regulatory actions.<sup>2</sup> AEPCO is collecting data this year  
4 on the actual use of Apache Station by its members under these changed circumstances.<sup>3</sup> The  
5 one-year delay in the IRP filing requested in this Application will allow better coordination and  
6 compliance with both the Rule and also the rate decision's study requirements.

7 Finally, given AEPCO's reduced planning role, it has also significantly reduced its  
8 planning staff. Only two staff members are permanently assigned to that role on a going-forward  
9 basis. In light of that personnel constraint, the one-year delay will also allow preparation of a  
10 better product for filing in 2012.

#### 11 Background

12 AEPCO is a not-for-profit, generation cooperative which supplies all or part of the  
13 wholesale power needs of its five Arizona not-for-profit member distribution cooperatives.  
14 AEPCO is unique among load-serving entities covered by the IRP Rules in that it supplies no  
15 power at retail and, therefore, serves no demand-side role in the integrated resource planning  
16 process. Instead, its member distribution cooperatives are responsible for providing the  
17 electricity at retail to their member/customers and any efficiency programs in relation to that  
18 energy supply.

19 Prior to 2001, each of AEPCO's Class A members were all-requirements members  
20 ("ARM"). But, commencing in 2001 and continuing through today, AEPCO's wholesale,  
21 supply-only role has shrunken dramatically with the conversion of its three largest, most rapidly  
22 growing members to partial-requirements status. Unlike an all-requirements member, a partial-

23 <sup>2</sup> Decision No. 72055, Ordering Paragraphs, pp. 17-18.

24 <sup>3</sup> See AEPCO's Action Plan, page 3, filed January 27, 2011 (copy attached as Exhibit A).

1 requirements member ("PRM") is entitled only to a fixed share of the output from existing  
2 AEPCO resources. To the extent the PRM's retail loads exceed its fixed share of AEPCO  
3 resources, the PRM, not AEPCO, has the duty to plan for and secure the additional power  
4 resources necessary to meet that customer growth.

5 In 2001, the Commission approved Mohave Electric Cooperative's ("MEC") conversion  
6 to PRM status<sup>4</sup> and in 2007 approved Sulphur Springs Valley Electric Cooperative's ("SSVEC")  
7 conversion.<sup>5</sup> Finally, just last month, the Commission approved the Partial Requirements  
8 Capacity and Energy Agreement between AEPCO and Trico Electric Cooperative ("Trico") for  
9 its conversion to PRM status effective January 1, 2011.<sup>6</sup>

10 As a result, about 89% of AEPCO's current 555 MW of generation at the Apache Station  
11 (as well as its 30 MW of federal hydro power resources) and 97% of its two long-term purchase  
12 power agreements are now dedicated to, and the cost responsibility of, these PRMs. As  
13 importantly for resource planning purposes, with Trico's conversion to PRM status on January 1,  
14 2011, AEPCO now has no responsibility for future resource planning in relation to the MEC,  
15 SSVEC and Trico systems. Those three cooperatives account for more than 90% of the retail  
16 load served by the Arizona members.

17 The two Arizona distribution cooperatives for which AEPCO has resource planning  
18 responsibility are the Duncan Valley and Graham County Electric Cooperatives ("DVEC" and  
19 "GCEC," respectively). Those are the two smallest cooperatives, with a total annual peak  
20 demand of less than 47 MW. Historically, they are also the slowest growing of AEPCO's  
21 Arizona members. DVEC has a relatively stable membership base of about 1,700 retail

22 \_\_\_\_\_  
23 <sup>4</sup> Decision No. 63868.

<sup>5</sup> Decision No. 70105.

<sup>6</sup> Decision No. 72055, pp. 16-17, Second and Third Ordering Paragraphs.

1 customers located in Greenlee County and a small area of western New Mexico. GCEC's  
2 membership ranges between 6,000 and 6,500 members who are situated primarily in the rural  
3 areas surrounding Safford and Thatcher. However, pursuant to an agreement between GCEC  
4 and Safford, GCEC is scheduled to transfer a portion of its service territory containing over 500  
5 members—more than 8% of GCEC's current retail customers and 10% of its retail sales—to  
6 Safford on January 1, 2016.<sup>7</sup> Also, under that Agreement, GCEC will transfer the large  
7 Wal-Mart load to Safford on December 31 of next year.<sup>8</sup>

8 Finally, with the expiration of AEPCO's 100 MW long-term, firm power sale agreement  
9 with the Salt River Project at the end of 2010, the resources previously used to serve that sales  
10 agreement are now available to meet AEPCO members' loads. GCEC and DVEC's share of  
11 those returning resources is nine megawatts (9 MW). Combined with GCEC and DVEC's  
12 current share of other existing resources, neither cooperative is expected to need any new base  
13 load resources to meet their retail members' needs for the foreseeable future.

#### 14 Waiver Request

15 On a routine basis, the information required by R14-2-703.C-F is due by "April 1 of each  
16 even year." Therefore, an IRP filing would not normally be due until April 1, 2012. However,  
17 on a one-time basis, R14-2-702.E requires those documents to be filed within 120 days after the  
18 effective date of the Rules or, in this case, by April 19, 2011. By this request, AEPCO simply  
19 asks that it instead be authorized to file according to the Rules' standard timetable, i.e., by  
20 April 1, 2012.

21 R14-2-702.C provides that the Commission may exempt a load-serving entity such as  
22 AEPCO from Rules compliance if the burden of compliance exceeds potential benefits to

23 <sup>7</sup> Decision No. 71471, p. 5, Findings 24 and 25.

24 <sup>8</sup> *Id.*, Finding 23.

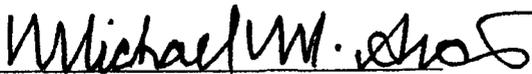
1 customers in the form of "cost savings, service reliability, risk reductions, or reduced  
2 environmental impacts" that would result from compliance. Given the facts that AEPCO does  
3 not expect to construct any new generating resources for at least the next 10-15 years and that a  
4 one-year delay in the initial filing will facilitate compilation of necessary Apache operating data  
5 for preparation of a better product—both in compliance with these Rules and AEPCO's Rate  
6 Decision No. 72055—the Cooperative's request clearly meets that requirement.

7 **Conclusion**

8 AEPCO requests that the Commission enter its Order waiving the requirement of R14-2-  
9 702.E that it file the IRP documents by April 19, 2011.

10 RESPECTFULLY SUBMITTED this 11<sup>th</sup> day of February, 2011.

11 GALLAGHER & KENNEDY, P.A.

12  
13 By 

14 Michael M. Grant  
15 2575 East Camelback Road  
16 Phoenix, Arizona 85016-9225  
Attorneys for Arizona Electric Power  
Cooperative, Inc.

17 **Original and 13 copies** filed this  
18 11<sup>th</sup> day of February, 2011, with:

19 Docket Control  
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Phoenix, Arizona 85007

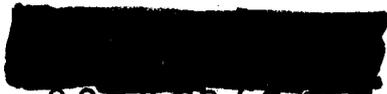
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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

- GARY PIERCE, Chairman
- BOB STUMP
- SANDRA D. KENNEDY
- PAUL NEWMAN
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IN THE MATTER OF THE FILING BY THE ARIZONA ELECTRIC POWER COOPERATIVE, INC. OF ITS WORK PLAN PURSUANT TO THE REQUIREMENTS OF R14-2-703(G).

Docket No. E-00000A-11-0113

**WORK PLAN FOR ARIZONA ELECTRIC POWER COOPERATIVE, INC.**

GALLAGHER & KENNEDY, P.A.  
2575 E. CAMELBACK ROAD  
PHOENIX, ARIZONA 85016-9225  
(602) 530-8000

The Arizona Electric Power Cooperative, Inc. ("AEPCO" or the "Cooperative") submits this work plan as required by R14-2-703(G) of the Resource Planning Rules (the "Rules") in relation to the resource plan the Cooperative anticipates submitting by April 1, 2012. As explained below, AEPCO does not have a demand-side role in the resource planning process and, in recent years, its supply-side role has been reduced dramatically. This work plan is impacted by, and takes into account, both of those factors.

Background

AEPCO is a not-for-profit, generation cooperative which supplies all or part of the wholesale power needs of its five Arizona not-for-profit member distribution cooperatives. There are two factors unique to AEPCO which impact substantially this work plan and next year's resource plan.

First, AEPCO is unique among load-serving entities covered by the Rules in that it supplies no power at retail. Therefore, the Cooperative has no demand-side role in the integrated resource planning process. Instead, its member distribution cooperatives are responsible for providing electricity at retail to their member/customers and the development and deployment of

1 any efficiency programs in relation to that energy supply. This restricts AEPCO's planning role  
2 in relation to the Rules—most notably, AEPCO does not consider nor select resources based  
3 upon “a wide range of... demand-side options.” R14-2-703.F.1. However, the forecasts the  
4 Cooperative receives from its members will include any assumptions they make as to demand-  
5 side management programs' effects on their supply-side needs.

6 Second, prior to 2001, each of AEPCO's Class A members were all-requirements  
7 members. But, commencing in 2001 and continuing through today, AEPCO's wholesale,  
8 supply-only role has shrunk dramatically with the conversion of its three largest, most rapidly  
9 growing members to partial-requirements status. What this means for resource planning  
10 purposes is, with Trico's conversion to PRM status on January 1, 2011, AEPCO now has no  
11 responsibility for growth planning or resource acquisition in relation to the Mohave Electric  
12 Cooperative, the Sulphur Springs Valley Electric Cooperative and the Trico Electric Cooperative  
13 systems.

14 The two Arizona distribution cooperatives for which AEPCO does have resource  
15 planning responsibility are the Duncan Valley and Graham County Electric Cooperatives  
16 (“DVEC” and “GCEC,” respectively). Those are the two smallest cooperatives, with a total  
17 annual peak demand of less than 47 MW. Historically, they are also the slowest growing of  
18 AEPCO's Arizona members and, as a result, require very little in terms of resource planning.

19 Also, with the expiration of AEPCO's 100 MW long-term, firm power sale agreement  
20 with the Salt River Project at the end of 2010, the resources previously used to serve that sales  
21 agreement are now available to meet AEPCO members' loads. GCEC and DVEC's share of  
22 those returning resources is nine megawatts (9 MW). Combined with GCEC and DVEC's  
23 current share of other existing resources, neither cooperative is expected to need any new base

1 load resources to meet their retail members' needs for at least the next 10-15 years. This  
2 obviously will impact substantially the Resource Planning process which needs to be conducted  
3 next year and for the foreseeable future.

#### 4 Work Plan

5 With reference to the four elements of the work plan as stated in R14-2-703.G, at the  
6 current time, AEPCO anticipates the following:

7 1. As relevant to its unique circumstances, AEPCO will pattern its process to  
8 conform to the requirements of that rule. As explained, AEPCO does not anticipate that any new  
9 resource or portfolio of resources will need to be selected as part of the 2012 resource plan  
10 process in order to reliably serve GCEC and DVEC's demands. Concerning potential adverse  
11 environmental impacts of power production, as ordered by the Commission in Decision  
12 No. 72055<sup>1</sup> and as discussed at page 3 of the Action Plan which AEPCO filed in the rate case  
13 docket on January 27, 2011, AEPCO will study those issues at its Apache Generating Station and  
14 currently anticipates filing that study on September 30, 2012. In relation to R-14-2-703.F.4  
15 and 5, AEPCO does not sell retail kWh and cooperatives are subject to the plan filing  
16 requirements of R-14-2-1814. As explained, the member distribution cooperatives are  
17 responsible for energy efficiency initiatives.

18 2. Although AEPCO does not anticipate that its resource plan will indicate the need  
19 for any potential resources, in general, its method for assessing potential resources includes the  
20 analysis of resource options available to serve any deficiency using "Strategist." Strategist is a  
21 sophisticated and power-industry-specific software that compares any forecast need to the  
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24 <sup>1</sup> First Ordering Paragraph, p. 18.

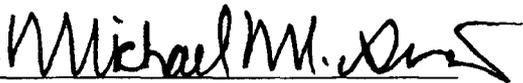
1 present value of a number of generating or purchase power options. Purchase power options are  
2 solicited through Requests for Proposals.

3 3. The sources of the Cooperative's current assumptions are (i) the most recent 2010  
4 20-year load forecast as approved by DVEC and GCEC's boards for their respective member  
5 loads and (ii) the current forecast of generation available, capacity and any potential retirement  
6 dates.

7 4. AEPCO currently anticipates two primary methods of including public  
8 participation in its plan. First, DVEC and GCEC have four members which serve on AEPCO's  
9 Board of Directors. Those Directors—who are also Board members of the cooperatives—will be  
10 kept advised throughout the year of developments in relation to the resource plan. They will be  
11 requested to report such developments to the DVEC and GCEC boards, as well as to use the  
12 cooperatives' communication techniques in relaying that information to the retail members.  
13 Second, AEPCO also intends to use the DVEC and GCEC annual meetings as an additional  
14 opportunity for public input in relation to resource planning issues.

15 RESPECTFULLY SUBMITTED this 1<sup>st</sup> day of April, 2011.

16 GALLAGHER & KENNEDY, P.A.

17  
18 By   
19 Michael M. Grant  
20 2575 East Camelback Road  
21 Phoenix, Arizona 85016-9225  
22 Attorneys for Arizona Electric Power  
23 Cooperative, Inc.  
24

1 **Original and 13 copies** filed this  
1<sup>st</sup> day of April, 2011, with:

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3 Arizona Corporation Commission

1200 West Washington Street

4 Phoenix, Arizona 85007

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

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**

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,  
16 2011 and submitted to RUS for approval in November, 2011. This applies to  
17 Anza Electric Cooperative, Duncan Valley Electric Cooperative and Graham  
18 County Electric Cooperative.

16 \*\*\*

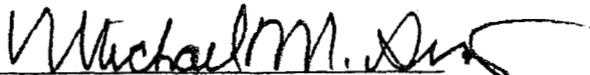
17 For Mohave Electric Cooperative (MEC), Sulphur Springs Valley Electric  
18 Cooperative (SSVEC) and Trico Electric Cooperative (TEC), the load forecast  
19 used in the Model is equal to the lesser of either the maximum base capacity  
20 available to each member or their load forecast for that hour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

22 In relation to the information supplied in response to R14-2-703.C.1 in the Resource  
23 Planning Analysis, AEPCO stated that it has an obligation to provide resource planning on  
24 behalf of only two member cooperatives located in Arizona, i.e., DVEC and GCEC. While this  
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 5<sup>th</sup> day of September, 2012.

6 GALLAGHER & KENNEDY, P.A.

7  
8 By   
9 Michael M. Grant  
10 2575 East Camelback Road  
11 Phoenix, Arizona 85016-9225  
12 Attorneys for Arizona Electric Power  
13 Cooperative, Inc.

12 **Original and 13 copies** filed this  
13 5<sup>th</sup> day of September, 2012, with:

14 Docket Control  
15 Arizona Corporation Commission  
16 1200 West Washington Street  
17 Phoenix, Arizona 85007

18 **Copies** of the foregoing delivered  
19 this 5<sup>th</sup> day of September, 2012, to:

20 Maureen Scott  
21 Legal Division  
22 Arizona Corporation Commission  
23 1200 West Washington Street  
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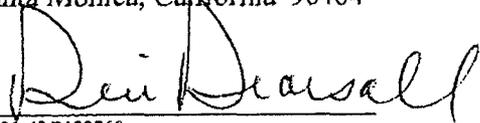
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**ARIZONA ELECTRIC POWER COOPERATIVE, INC.  
RESPONSES TO THIRD SET OF DATA REQUESTS OF  
ARIZONA CORPORATION COMMISSION STAFF  
Docket No. E-0000A-11-0113  
September 17, 2012**

**STF 3.1** AEPCO states in its IRP filing that “AEPCO has an obligation to provide resource planning only on behalf of DVEC and GCEC in the State of Arizona.”

- a) Please explain what you mean by this statement; and
- b) Please explain how AEPCO, in its IRP filing, considered its current and future supply obligations to its partial-requirements members, as well as, its current and future power supply obligations to Anza Electric Cooperative.

**Respondent:** Melanie Schilling, Planning Engineer II

**Response:**

- a) Attached is AEPCO’s September 5, 2012 Supplemental Statement to its Resource Planning Filing which provides greater detail on this subject.

Briefly to summarize, what was meant by the statement is, in Arizona, AEPCO must plan for and meet each of DVEC and GCEC’s current power and energy requirements for their retail members and also must plan for and meet their future anticipated power and energy needs. That same statement is true for Anza Electric Cooperative—AEPCO’s third all-requirements member—but Anza is located in California, not Arizona.

AEPCO also has three partial-requirements members (“PRM”), which are located in Arizona. However, in each of their cases, AEPCO has no obligation to plan for or to meet either of their current or future energy needs. Instead, AEPCO’s only obligation to the PRMs is to make available to each PRM the maximum base capacity (sometimes referred to as the PRM’s Allocated Capacity or “AC”) which the PRM is contractually entitled to from AEPCO’s existing resources. In other words, AEPCO has no contractual or other requirement to plan for or meet any current demands or future growth needs on the PRMs’ retail systems to the extent either exceeds their contractual entitlement in existing resources. That is the PRMs’ planning responsibility.



- b) AEPCO considered all of its contractual power supply responsibilities to all its six all-requirements members (“ARM”) and PRMs in the Resource Planning Filing’s forecasting and analysis process. To demonstrate that, attached is AEPCO’s Allocated Capacity Table for 2012. It details how each

**ARIZONA ELECTRIC POWER COOPERATIVE, INC.  
RESPONSES TO THIRD SET OF DATA REQUESTS OF  
ARIZONA CORPORATION COMMISSION STAFF**

**Docket No. E-0000A-11-0113**

**September 17, 2012**

MW of AEPCO's existing resources is allocated among the three PRMs and the three ARMs. Also attached is a Loads & Resources Table that depicts the ARMs at their load forecast levels and the PRMs at their contractual "entitlements" level in AEPCO's existing resources. The tables depict similar minimal shortfalls as were shown in the tables included in the IRP filing and Data Request STF 1.13. The MW shortfall differences from the tables included in the IRP filing and Data Requests are attributable to Anza Electric Cooperative. Anza, similar to DVEC and GCEC, also serves a very slow-growing territory.

**APPENDIX B to Exhibit A-5 to Rate Schedules A  
PRM and CARM Monthly Allocated Capacity for 2012**

| <b>All Values in MW Unless Indicated</b>                                    |        | <b>Jan</b>   | <b>Feb</b>   | <b>Mar</b>   | <b>Apr</b>   | <b>May</b>   | <b>Jun</b>   | <b>Jul</b>   | <b>Aug</b>   | <b>Sep</b>   | <b>Oct</b>   | <b>Nov</b>   | <b>Dec</b>   |
|---|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Existing Resources</b>   |        |              |              |              |              |              |              |              |              |              |              |              |              |
| Apache ST-2 Coal-fired  |        | 175.0        | 175.0        | 175.0        | 175.0        | 175.0        | 175.0        | 175.0        | 175.0        | 175.0        | 175.0        | 175.0        | 175.0        |
| Apache ST-3 Coal-fired  |        | 175.0        | 175.0        | 175.0        | 175.0        | 175.0        | 175.0        | 175.0        | 175.0        | 175.0        | 175.0        | 175.0        | 175.0        |
| Subtotal Base Units   |        | 350.0        | 350.0        | 350.0        | 350.0        | 350.0        | 350.0        | 350.0        | 350.0        | 350.0        | 350.0        | 350.0        | 350.0        |
| Fed Hydro - SLCA IP PPA (1)   |        | 1.6          | 1.6          | 1.4          | 6.9          | 7.0          | 7.3          | 8.2          | 7.8          | 6.8          | 1.4          | 1.4          | 1.6          |
| Fed Hydro - Parker-Davis PPA (1)  |        | 17.3         | 17.3         | 22.4         | 22.4         | 22.4         | 22.4         | 22.4         | 22.4         | 22.4         | 17.3         | 17.3         | 17.3         |
| Sub Total Base Resources  |        | 368.9        | 368.9        | 373.8        | 379.3        | 379.4        | 379.7        | 380.6        | 380.2        | 379.2        | 366.7        | 366.7        | 368.9        |
| Apache CC-1   |        | 82.0         | 82.0         | 82.0         | 82.0         | 82.0         | 82.0         | 82.0         | 82.0         | 82.0         | 82.0         | 82.0         | 82.0         |
| Apache GT-2   |        | 20.0         | 20.0         | 20.0         | 20.0         | 20.0         | 20.0         | 20.0         | 20.0         | 20.0         | 20.0         | 20.0         | 20.0         |
| Apache GT-3   |        | 65.0         | 65.0         | 65.0         | 65.0         | 65.0         | 65.0         | 65.0         | 65.0         | 65.0         | 65.0         | 65.0         | 65.0         |
| Apache GT-4   |        | 38.0         | 38.0         | 38.0         | 38.0         | 38.0         | 38.0         | 38.0         | 38.0         | 38.0         | 38.0         | 38.0         | 38.0         |
| Subtotal Other Resources  |        | 205.0        | 205.0        | 205.0        | 205.0        | 205.0        | 205.0        | 205.0        | 205.0        | 205.0        | 205.0        | 205.0        | 205.0        |
| Subtotal Existing Resource Units  |        | 555.0        | 555.0        | 555.0        | 555.0        | 555.0        | 555.0        | 555.0        | 555.0        | 555.0        | 555.0        | 555.0        | 555.0        |
| Subtotal Fed Hydro PPA (1)  |        | 18.9         | 18.9         | 23.8         | 29.3         | 29.4         | 29.7         | 30.6         | 30.2         | 29.2         | 18.7         | 18.7         | 18.9         |
| Total Existing Resources  |        | 573.9        | 573.9        | 578.8        | 584.3        | 584.4        | 584.7        | 585.6        | 585.2        | 584.2        | 573.7        | 573.7        | 573.9        |
| <b>Reserve Calculation</b>  |        |              |              |              |              |              |              |              |              |              |              |              |              |
| 2nd Hr Reserves Req'd for LSH Plus 29 MW (2)                                |        | 217.0        | 217.0        | 217.0        | 217.0        | 217.0        | 217.0        | 217.0        | 217.0        | 217.0        | 217.0        | 217.0        | 217.0        |
| Less: WW-Mead-Davis Displacement  |        | 50.0         | 50.0         | 50.0         | 50.0         | 50.0         | 50.0         | 50.0         | 50.0         | 50.0         | 50.0         | 50.0         | 50.0         |
| Less: AEPPO Wheeling Available  |        | 40.0         | 40.0         | 40.0         | 40.0         | 40.0         | 5.0          | 5.0          | 5.0          | 5.0          | 5.0          | 40.0         | 40.0         |
| Less: SWTC Transmission Reserved  |        | 90.0         | 90.0         | 90.0         | 90.0         | 90.0         | 90.0         | 90.0         | 90.0         | 90.0         | 90.0         | 90.0         | 90.0         |
| Less: Western/MEC Transmission Reserved                                     |        | 0.0          | 0.0          | 0.0          | 0.0          | 36.0         | 35.0         | 35.0         | 35.0         | 35.0         | 35.0         | 0.0          | 0.0          |
| Total: Transmission Import Capacity (3)                                     |        | 180.0        | 180.0        | 180.0        | 180.0        | 180.0        | 180.0        | 180.0        | 180.0        | 180.0        | 180.0        | 180.0        | 180.0        |
| Remaining Reserve Requirement (MW)  |        | 37.0         | 37.0         | 37.0         | 37.0         | 37.0         | 37.0         | 37.0         | 37.0         | 37.0         | 37.0         | 37.0         | 37.0         |
| Reserve Requirement (% of Unit Cap) (3)                                     |        | 6.7%         | 6.7%         | 6.7%         | 6.7%         | 6.7%         | 6.7%         | 6.7%         | 6.7%         | 6.7%         | 6.7%         | 6.7%         | 6.7%         |
| <b>Power Sales Resources MW</b>   |        |              |              |              |              |              |              |              |              |              |              |              |              |
| Electrical District 2 Firm  |        | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          |
| Salt River Project Firm   |        | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Power Sales Resources   |        | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          |
| Less Power Sales Losses (4)   | 2.97%  | 0.2          | 0.2          | 0.2          | 0.2          | 0.2          | 0.2          | 0.2          | 0.2          | 0.2          | 0.2          | 0.2          | 0.2          |
| Less Power Sales Reserves - MW  |        | 0.5          | 0.5          | 0.5          | 0.5          | 0.5          | 0.5          | 0.5          | 0.5          | 0.5          | 0.5          | 0.5          | 0.5          |
| SubTotal for Power Sales Resources  |        | 8.7          | 8.7          | 8.7          | 8.7          | 8.7          | 8.7          | 8.7          | 8.7          | 8.7          | 8.7          | 8.7          | 8.7          |
| <b>Net Existing Resource Capacity</b>                                       |        |              |              |              |              |              |              |              |              |              |              |              |              |
| Existing Resource Units after Pwr Sales                                     |        | 546.3        | 546.3        | 546.3        | 546.3        | 546.3        | 546.3        | 546.3        | 546.3        | 546.3        | 546.3        | 546.3        | 546.3        |
| Less Member Losses after Reserves (4)                                       | 2.31%  | 11.8         | 11.8         | 11.8         | 11.8         | 11.8         | 11.8         | 11.8         | 11.8         | 11.8         | 11.8         | 11.8         | 11.8         |
| Net Existing Resource Unit Capacity   |        | 534.5        | 534.5        | 534.5        | 534.5        | 534.5        | 534.5        | 534.5        | 534.5        | 534.5        | 534.5        | 534.5        | 534.5        |
| Existing Fed Hydro Capacity   |        | 18.9         | 18.9         | 23.8         | 29.3         | 29.4         | 29.7         | 30.6         | 30.2         | 29.2         | 18.7         | 18.7         | 18.9         |
| Total Existing Resource Capacity  |        | 553.4        | 553.4        | 558.3        | 563.8        | 563.9        | 564.2        | 565.1        | 564.7        | 563.7        | 553.2        | 553.2        | 553.4        |
| <b>Portion of Member Capacity Net of Losses</b>                             |        |              |              |              |              |              |              |              |              |              |              |              |              |
| CARM Existing Resource @ ACP  | 11.4%  | 63.1         | 63.1         | 63.7         | 64.3         | 64.3         | 64.3         | 64.4         | 64.4         | 64.3         | 63.1         | 63.1         | 63.1         |
| TRICO Existing Resource @ ACP   | 21.1%  | 116.8        | 116.8        | 117.8        | 119.0        | 119.0        | 119.1        | 119.2        | 119.2        | 118.9        | 116.7        | 116.7        | 116.8        |
| MEC Existing Resource @ ACP   | 36.8%  | 198.1        | 198.1        | 199.9        | 201.9        | 201.9        | 202.0        | 202.3        | 202.2        | 201.8        | 198.1        | 198.1        | 198.1        |
| SSVEC Existing Resource @ ACP   | 31.7%  | 175.4        | 175.4        | 177.0        | 178.7        | 178.8        | 178.9        | 179.1        | 179.0        | 178.7        | 175.4        | 175.4        | 175.4        |
| <b>Member Reserve Shares (MW)</b>   |        |              |              |              |              |              |              |              |              |              |              |              |              |
| CARM Reserves   |        | 4.2          | 4.2          | 4.2          | 4.2          | 4.2          | 4.2          | 4.2          | 4.2          | 4.2          | 4.2          | 4.2          | 4.2          |
| TRICO Reserves  |        | 7.7          | 7.7          | 7.7          | 7.7          | 7.7          | 7.7          | 7.7          | 7.7          | 7.7          | 7.7          | 7.7          | 7.7          |
| MEC Reserves (5)  |        | 13.0         | 13.0         | 13.0         | 13.1         | 13.0         | 13.0         | 13.0         | 13.1         | 13.0         | 13.1         | 13.1         | 13.0         |
| SSVEC Reserves  |        | 11.6         | 11.6         | 11.6         | 11.6         | 11.6         | 11.6         | 11.6         | 11.6         | 11.6         | 11.6         | 11.6         | 11.6         |
| Less: EuroFresh Reserve Credit (6)  |        | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Net SSVEC from Existing Resources   |        | 11.6         | 11.6         | 11.6         | 11.6         | 11.6         | 11.6         | 11.6         | 11.6         | 11.6         | 11.6         | 11.6         | 11.6         |
| Total Reserves Req'd of Class A Members                                     |        | 36.5         | 36.5         | 36.5         | 36.6         | 36.5         | 36.5         | 36.5         | 36.6         | 36.5         | 36.6         | 36.6         | 36.5         |
| <b>S&amp;G PPA Resources</b>  |        |              |              |              |              |              |              |              |              |              |              |              |              |
| Griffith Purchased Power  |        | 0.0          | 0.0          | 0.0          | 0.0          | 35.0         | 25.0         | 25.0         | 25.0         | 25.0         | 25.0         | 0.0          | 0.0          |
| South Point Purchased Power   |        | 0.0          | 0.0          | 0.0          | 0.0          | 35.0         | 35.0         | 35.0         | 35.0         | 35.0         | 35.0         | 0.0          | 0.0          |
| Total S&G PPA Resources   |        | 0.0          | 0.0          | 0.0          | 0.0          | 60.0         | 60.0         | 60.0         | 60.0         | 60.0         | 60.0         | 0.0          | 0.0          |
| Total After Network Losses  |        | 0.0          | 0.0          | 0.0          | 0.0          | 58.6         | 58.6         | 58.6         | 58.6         | 58.6         | 58.6         | 0.0          | 0.0          |
| CARM Available S&G Capacity   | 3.2%   | 0.0          | 0.0          | 0.0          | 0.0          | 1.9          | 1.9          | 1.9          | 1.9          | 1.9          | 1.9          | 0.0          | 0.0          |
| TRICO Available S&G Capacity  | 96.8%  | 0.0          | 0.0          | 0.0          | 0.0          | 56.7         | 56.7         | 56.7         | 56.7         | 56.7         | 56.7         | 0.0          | 0.0          |
| <b>Member Total Allocated Capacity (MW)</b>                                 |        |              |              |              |              |              |              |              |              |              |              |              |              |
| CARM Total AC   |        | 58.9         | 58.9         | 59.5         | 60.1         | 62.0         | 62.0         | 62.1         | 62.1         | 62.0         | 60.8         | 58.9         | 58.9         |
| TRICO Total AC  |        | 109.1        | 109.1        | 110.1        | 111.3        | 168.0        | 168.1        | 168.2        | 168.2        | 167.9        | 165.7        | 109.0        | 109.1        |
| MEC Total AC  |        | 185.1        | 185.1        | 186.9        | 188.8        | 188.9        | 189.0        | 189.3        | 189.1        | 188.8        | 185.0        | 185.0        | 185.1        |
| SSVEC Total AC  |        | 163.8        | 163.8        | 165.4        | 167.1        | 167.2        | 167.3        | 167.5        | 167.4        | 167.1        | 163.8        | 163.8        | 163.8        |
| <b>Total</b>  |        | <b>516.9</b> | <b>516.9</b> | <b>521.9</b> | <b>527.3</b> | <b>586.1</b> | <b>586.4</b> | <b>587.1</b> | <b>586.8</b> | <b>585.8</b> | <b>575.3</b> | <b>516.7</b> | <b>516.9</b> |
| <b>Member Available Base Capacity After Power Sales, Losses (MW)</b>        |        |              |              |              |              |              |              |              |              |              |              |              |              |
| CARM Available Base Capacity (8)  | 11.4%  | 40.2         | 40.2         | 40.8         | 41.4         | 41.4         | 41.4         | 41.5         | 41.5         | 41.4         | 40.2         | 40.2         | 40.2         |
| TRICO Available Base Capacity (8)   | 21.1%  | 74.5         | 74.5         | 75.5         | 76.7         | 76.7         | 76.8         | 76.9         | 76.9         | 76.6         | 74.4         | 74.4         | 74.5         |
| MEC Available Base Capacity (8)   | 36.8%  | 126.3        | 126.3        | 126.1        | 130.0        | 130.1        | 130.2        | 130.5        | 130.3        | 130.0        | 126.2        | 126.2        | 126.3        |
| SSVEC Available Base Capacity (8)   | 31.7%  | 111.8        | 111.8        | 113.4        | 115.1        | 115.2        | 115.3        | 115.4        | 115.4        | 115.1        | 111.8        | 111.8        | 111.8        |
| Subtotal Base   | 100.0% | 352.8        | 352.8        | 357.8        | 363.2        | 363.4        | 363.7        | 364.4        | 364.1        | 363.1        | 352.6        | 352.6        | 352.8        |
| <b>Member Available Other Capacity After Losses, Reserves (MW)</b>          |        |              |              |              |              |              |              |              |              |              |              |              |              |
| CARM Available Other Capacity (8)   | 11.4%  | 18.7         | 18.7         | 18.7         | 18.7         | 18.7         | 18.7         | 18.7         | 18.7         | 18.7         | 18.7         | 18.7         | 18.7         |
| TRICO Available Other Capacity (8)  | 21.1%  | 34.6         | 34.6         | 34.6         | 34.6         | 34.6         | 34.6         | 34.6         | 34.6         | 34.6         | 34.6         | 34.6         | 34.6         |
| MEC Available Other Capacity (8)  | 36.8%  | 58.8         | 58.8         | 58.8         | 58.8         | 58.8         | 58.8         | 58.8         | 58.8         | 58.8         | 58.8         | 58.8         | 58.8         |
| SSVEC Available Other Capacity (8)  | 31.7%  | 52.0         | 52.0         | 52.0         | 52.0         | 52.0         | 52.0         | 52.0         | 52.0         | 52.0         | 52.0         | 52.0         | 52.0         |
| Subtotal Available Other Cap  |        | 164.1        | 164.1        | 164.1        | 164.1        | 164.1        | 164.1        | 164.1        | 164.1        | 164.1        | 164.1        | 164.1        | 164.1        |
| <b>Member Total Available Capacity with Available S&amp;G Capacity (MW)</b> |        |              |              |              |              |              |              |              |              |              |              |              |              |
| CARM Total Available Capacity   |        | 58.9         | 58.9         | 59.5         | 60.1         | 62.0         | 62.0         | 62.1         | 62.1         | 62.0         | 60.8         | 58.9         | 58.9         |
| TRICO Total Available Capacity  |        | 109.1        | 109.1        | 110.1        | 111.3        | 168.0        | 168.1        | 168.2        | 168.2        | 167.9        | 165.7        | 109.0        | 109.1        |
| MEC Total Available Capacity  |        | 185.1        | 185.1        | 186.9        | 188.8        | 188.9        | 189.0        | 189.3        | 189.1        | 188.8        | 185.0        | 185.0        | 185.1        |
| SSVEC Total Available Capacity  |        | 163.8        | 163.8        | 165.4        | 167.1        | 167.2        | 167.3        | 167.5        | 167.4        | 167.1        | 163.8        | 163.8        | 163.8        |
| <b>Total</b>  |        | <b>516.9</b> | <b>516.9</b> | <b>521.9</b> | <b>527.3</b> | <b>586.1</b> | <b>586.4</b> | <b>587.1</b> | <b>586.8</b> | <b>585.8</b> | <b>575.3</b> | <b>516.7</b> | <b>516.9</b> |

- Notes: (1) Federal Hydro Estimated - AEPPO will establish Fed Hydro portion of Available Base Capacity monthly pursuant to the Federal Hydro Power Agreements.  
(2) The 29 MW value added to LSH Reserves of 188 MW of Coal Unit capacity (includes spinning reserve capability) is required to restore SRSG Operating Reserves.  
(3) The Class A Members have agreed that AEPPO will purchase transmission import capacity from SWTC or others as needed to hold generating reserves to 6.7%.  
(4) The SWTC loss factors are subject to change from time to time as changes are implemented to such loss factors pursuant to SWTC's OATT Tariff.  
(5) MEC Reserve fraction is rounded to ensure total reserves match total reserves required of Class A members.  
(6) Credit for Operating Reserve contribution from EuroFresh generation controlled by SSVEC pursuant to AEPPO-SSVEC agreement.  
(7) Griffith PPA is available only in WECC Peak Hours; SouthPoint PPA is available only in Daytime Hours.  
(8) Class A Member Available Base and Other Capacity fractions are rounded up and down as needed to match total AC.

| Arizona Electric Power Cooperative, Inc.                        |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Loads & Resources Summary - Medium Economic Forecast - 2011 PRS |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
| With Unit Contract End Date                                     |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
|   | 2012         | 2013         | 2014         | 2015         | 2016         | 2017         | 2018         | 2019         | 2020         | 2021         | 2022         | 2023         | 2024         | 2025         | 2026         |
| <b>Coincident Load</b>  |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Anza Electric Cooperative                                       | 10.6         | 10.8         | 11.0         | 11.1         | 11.3         | 11.5         | 11.7         | 12.0         | 12.2         | 12.4         | 12.6         | 12.9         | 13.1         | 13.4         | 13.6         |
| Duncan Valley Electric Cooperative                              | 6.6          | 6.8          | 6.9          | 7.0          | 7.1          | 7.3          | 7.4          | 7.5          | 7.7          | 7.8          | 7.9          | 8.1          | 8.2          | 8.4          | 8.5          |
| Graham County Electric Cooperative                              | 38.8         | 40.2         | 40.3         | 41.1         | 37.8         | 38.5         | 39.1         | 38.8         | 40.5         | 41.3         | 42.1         | 43.0         | 43.9         | 44.8         | 45.8         |
| Mohave Electric Cooperative                                     | 189.3        | 189.3        | 192.1        | 192.1        | 192.1        | 192.1        | 192.1        | 192.1        | 192.1        | 192.1        | 137.3        | 137.3        | 137.3        | 137.3        | 137.3        |
| Sulphur Springs Valley Electric Cooperative                     | 167.5        | 167.5        | 170.1        | 170.1        | 170.1        | 170.1        | 170.1        | 170.1        | 170.1        | 170.1        | 121.5        | 121.5        | 121.5        | 121.5        | 121.5        |
| Trico Electric Cooperative                                      | 168.2        | 168.2        | 168.9        | 113.2        | 113.2        | 113.2        | 113.2        | 113.2        | 113.2        | 80.9         | 80.9         | 80.9         | 80.9         | 80.9         | 80.9         |
| <b>Total AZ Class A ARM Coincident Load</b>                     | <b>562.1</b> | <b>562.8</b> | <b>609.3</b> | <b>534.7</b> | <b>531.7</b> | <b>532.7</b> | <b>533.6</b> | <b>534.7</b> | <b>535.7</b> | <b>401.2</b> | <b>402.4</b> | <b>403.6</b> | <b>404.9</b> | <b>406.3</b> | <b>407.7</b> |
| <b>Allocated Capacity of Existing AEPCCO Resources</b>          |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Anza Electric Cooperative                                       | 13.3         | 13.5         | 13.5         | 13.9         | 13.9         | 13.9         | 13.9         | 13.9         | 13.9         | 10.0         | 10.0         | 10.0         | 10.0         | 10.0         | 10.0         |
| Duncan Valley Electric Cooperative                              | 6.9          | 7.0          | 7.1          | 7.2          | 7.2          | 7.2          | 7.2          | 7.2          | 7.2          | 5.2          | 5.2          | 5.2          | 5.2          | 5.2          | 5.2          |
| Graham County Electric Cooperative                              | 41.9         | 42.9         | 43.1         | 42.1         | 42.1         | 42.1         | 42.1         | 42.1         | 42.1         | 30.5         | 30.5         | 30.5         | 30.5         | 30.5         | 30.5         |
| Mohave Electric Cooperative                                     | 189.3        | 192.1        | 192.1        | 192.1        | 192.1        | 192.1        | 192.1        | 192.1        | 192.1        | 137.3        | 137.3        | 137.3        | 137.3        | 137.3        | 137.3        |
| Sulphur Springs Valley Electric Cooperative                     | 167.5        | 170.1        | 170.1        | 170.1        | 170.1        | 170.1        | 170.1        | 170.1        | 170.1        | 121.5        | 121.5        | 121.5        | 121.5        | 121.5        | 121.5        |
| Trico Electric Cooperative                                      | 168.2        | 179.4        | 168.9        | 113.2        | 113.2        | 113.2        | 113.2        | 113.2        | 113.2        | 80.9         | 80.9         | 80.9         | 80.9         | 80.9         | 80.9         |
| <b>Total Total Installed Generating Capacity</b>                | <b>567.1</b> | <b>605.0</b> | <b>614.8</b> | <b>538.6</b> | <b>538.6</b> | <b>538.6</b> | <b>538.6</b> | <b>538.6</b> | <b>538.6</b> | <b>385.4</b> | <b>385.4</b> | <b>385.4</b> | <b>385.4</b> | <b>385.4</b> | <b>385.4</b> |
| <b>Determination of Required Resources</b>                      |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Resource Surplus/Shortfall to ME Load                           | 5.0          | 22.2         | 5.5          | 3.9          | 6.9          | 5.9          | 5.0          | 3.9          | 2.9          | (15.8)       | (17.6)       | (16.2)       | (19.5)       | (20.9)       | (22.3)       |

\*Notes: Assumes all gas-fired resources except GT-4 are unavailable after 12/31/2020, includes S&G and Sempra Purchases.

\*Notes: Assumes Partial Requirements Members contracted Allocated Capacity in existing AEPCCO resources as 2011 Load Forecast.

| Arizona Electric Power Cooperative, Inc.                        |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Loads & Resources Summary - Medium Economic Forecast - 2011 PRS |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Without Unit Contract End Date                                  |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
|   | 2012         | 2013         | 2014         | 2015         | 2016         | 2017         | 2018         | 2019         | 2020         | 2021         | 2022         | 2023         | 2024         | 2025         | 2026         |
| <b>Coincident Load</b>  |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Anza Electric Cooperative                                       | 10.6         | 10.8         | 11.0         | 11.1         | 11.3         | 11.5         | 11.7         | 12.0         | 12.2         | 12.4         | 12.6         | 12.9         | 13.1         | 13.4         | 13.6         |
| Duncan Valley Electric Cooperative                              | 6.6          | 6.8          | 6.9          | 7.0          | 7.1          | 7.3          | 7.4          | 7.5          | 7.7          | 7.8          | 7.9          | 8.1          | 8.2          | 8.4          | 8.5          |
| Graham County Electric Cooperative                              | 38.8         | 40.2         | 40.3         | 41.1         | 37.8         | 38.5         | 39.1         | 38.8         | 40.5         | 41.3         | 42.1         | 43.0         | 43.9         | 44.8         | 45.8         |
| Mohave Electric Cooperative                                     | 189.3        | 189.3        | 192.1        | 192.1        | 192.1        | 192.1        | 192.1        | 192.1        | 192.1        | 192.1        | 192.1        | 192.1        | 192.1        | 192.1        | 192.1        |
| Sulphur Springs Valley Electric Cooperative                     | 167.5        | 167.5        | 170.1        | 170.1        | 170.1        | 170.1        | 170.1        | 170.1        | 170.1        | 170.1        | 170.1        | 170.1        | 170.1        | 170.1        | 170.1        |
| Trico Electric Cooperative                                      | 168.2        | 168.2        | 168.9        | 113.2        | 113.2        | 113.2        | 113.2        | 113.2        | 113.2        | 113.2        | 113.2        | 113.2        | 113.2        | 113.2        | 113.2        |
| <b>Total AZ Class A ARM Coincident Load</b>                     | <b>562.1</b> | <b>562.8</b> | <b>609.3</b> | <b>534.7</b> | <b>531.7</b> | <b>532.7</b> | <b>533.6</b> | <b>534.7</b> | <b>535.7</b> | <b>536.9</b> | <b>538.1</b> | <b>539.3</b> | <b>540.6</b> | <b>542.0</b> | <b>543.4</b> |
| <b>Allocated Capacity of Installed AEPCCO Generating Units</b>  |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Anza Electric Cooperative                                       | 13.3         | 13.5         | 13.5         | 13.9         | 13.9         | 13.9         | 13.9         | 13.9         | 13.9         | 13.9         | 13.9         | 13.9         | 13.9         | 13.9         | 13.9         |
| Duncan Valley Electric Cooperative                              | 6.9          | 7.0          | 7.1          | 7.2          | 7.2          | 7.2          | 7.2          | 7.2          | 7.2          | 7.2          | 7.2          | 7.2          | 7.2          | 7.2          | 7.2          |
| Graham County Electric Cooperative                              | 41.9         | 42.9         | 43.1         | 42.1         | 42.1         | 42.1         | 42.1         | 42.1         | 42.1         | 42.1         | 42.1         | 42.1         | 42.1         | 42.1         | 42.1         |
| Mohave Electric Cooperative                                     | 189.3        | 192.1        | 192.1        | 192.1        | 192.1        | 192.1        | 192.1        | 192.1        | 192.1        | 192.1        | 192.1        | 192.1        | 192.1        | 192.1        | 192.1        |
| Sulphur Springs Valley Electric Cooperative                     | 167.5        | 170.1        | 170.1        | 170.1        | 170.1        | 170.1        | 170.1        | 170.1        | 170.1        | 170.1        | 170.1        | 170.1        | 170.1        | 170.1        | 170.1        |
| Trico Electric Cooperative                                      | 168.2        | 179.4        | 168.9        | 113.2        | 113.2        | 113.2        | 113.2        | 113.2        | 113.2        | 113.2        | 113.2        | 113.2        | 113.2        | 113.2        | 113.2        |
| <b>Total Total Installed Generating Capacity</b>                | <b>567.1</b> | <b>605.0</b> | <b>614.8</b> | <b>538.6</b> |
| <b>Determination of Required Resources</b>                      |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Resource Surplus/Shortfall to ME Load                           | 5.0          | 22.2         | 5.5          | 3.9          | 6.9          | 5.9          | 5.0          | 3.9          | 2.9          | 1.7          | 0.5          | (0.7)        | (2.0)        | (3.4)        | (4.8)        |

\*Notes: Assumes all gas-fired resources are still available after 12/31/2020, includes S&G and Sempra Purchases.

\*Notes: Assumes Partial Requirements Members contracted Allocated Capacity in existing AEPCCO resources as 2011 Load Forecast.

**EXHIBIT C**

**PARTIAL REQUIREMENTS  
CAPACITY AND ENERGY AGREEMENT  
BETWEEN  
ARIZONA ELECTRIC POWER COOPERATIVE, INC.  
AND  
TRICO ELECTRIC COOPERATIVE, INC.**

to reach an agreement within forty (40) days after Member's notice of dispute, the Member may refer the matter to binding arbitration or may seek resolution of such dispute in a court of competent jurisdiction.

3. PLANNING AND RESOURCE ALLOCATIONS AND MODIFICATIONS:

3.1 Resource Planning.

3.1.1 AEPCO shall not be responsible for and Member shall not be charged for: (i) bulk power supply planning, or (ii) any Future Resource procurement services (such services, collectively referred to as "Planning Services") for the Member, except pursuant to a separate written agreement for such Planning Services executed by the Member and AEPCO and paid for by Member. If the Member contracts separately to obtain Planning Services from AEPCO, it shall be referred to as a "Planning Contract Member."

3.1.2 Unless and until the Member becomes a Planning Contract Member, performing or obtaining any Planning Services whatsoever shall be the sole responsibility of Member and not of AEPCO.

3.2 Allocated Capacity Percentage.

3.2.1 Allocated Capacity Percentage (ACP). AEPCO shall at all times maintain the Exhibits to Rate Schedule A which identify all AEPCO Resources, and the ACP and AC allocated to the Member with respect to each AEPCO Resource, by month, for the original projected useful life or for the contract term of each AEPCO Resource. AEPCO shall at all times also maintain current Tables and Exhibits to Schedule B. AEPCO shall provide copies of any revised Exhibits and Tables to Member at least fifteen (15) business days before such revisions become effective.

3.2.2 Future Resource. Unless the Parties agree by separate written agreement to establish an ACP for Member in a Future Resource, the Member shall not be charged by AEPCO for any costs directly or indirectly resulting from such Future Resource, and shall have no obligation or responsibility for repayment of the costs or charges of such Future Resource.

3.3 Change of Certain Member Obligations.

3.3.1 Subject to Section 5.6 hereof and Section 3 of Rate Schedule A, the Member's obligations shall be subject to certain changes as follows:

3.3.1.1 Except as provided in this Section 3.3.1, AEPCO may not, in the case of a modification of a Resource in which Member has an ACP, without the prior written consent of the Member: (i) determine and modify the AC of Member in an Existing Resource; (ii) otherwise add or modify an Exhibit to Rate Schedule A; or (iii) modify any other provision of this