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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
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Arizona Corporation Commission

DOCKETED

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

Docket No. E-00000A-11-0113

**EXCEPTIONS TO STAFF'S
RECOMMENDED OPINION
AND ORDER**

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The Arizona Electric Power Cooperative, Inc. ("AEPSCO") submits these exceptions to Staff's Recommended Opinion and Order ("ROO") which was attached to its Assessment of the 2012 Integrated Resource Plans of the Arizona Electric Utilities ("Assessment"). The Assessment and ROO were filed in this docket on December 21, 2012. In these exceptions, AEPSCO requests (1) that its 2012 IRP be acknowledged and (2) a clarification as to its future IRP filings.

Background

AEPSCO is unique among the four Arizona utilities covered by the IRP rules, because (1) all of its energy sales are at wholesale; (2) accordingly, it serves no retail load and, therefore, has no demand-side role in the IRP process;¹ and (3) even its "wholesale, supply-only role has shrunken dramatically since 2001 with the conversion of its three largest, most rapidly growing members to partial-requirements status...AEPSCO no longer has responsibility for growth

¹ Staff states at page 2 of the Assessment, AEPSCO's IRP does not have to "meet the requirements of the Annual Renewable Energy...Distributed Renewable Energy...and the Energy Efficiency..." Requirements and Standard. Commission Rules leave those matters to annual plans filed by its member distribution cooperatives which are reviewed and approved by the Commission.

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1 resource need through 2026, with only a possibility of a small peaking shortfall of just 12MW to
2 18MW in the 2021 to 2026 period.⁴ Practically speaking, short-term market purchases are the
3 only feasible option for such a small, only possible peaking need many years from now. Finally,
4 at pages 3-4 of the Assessment, Staff also criticized APS, TEP and UNSE for reliance on short-
5 term market purchases, but, nonetheless, Staff recommended that their IRPs be acknowledged.
6 In fairness, AEPCO should receive the same treatment.

7 2. Staff further recommends that the Commission “require AEPCO to continue in
8 the IRP process but without the necessity of having its future IRPs acknowledged by the
9 Commission.” AEPCO appreciates the recommendation and has no objection to Staff’s position
10 that its future IRPs need not be acknowledged.

11 3. Finally, at page 6, Staff recommends that AEPCO include an examination of the
12 potential load growth attributes of its PRMs when preparing its 2014 and subsequent IRPs.
13 AEPCO has clarified that what Staff wants is to be provided the PRMs’ load forecast on a
14 confidential basis when AEPCO files its IRP, with no additional work or analysis performed by
15 AEPCO as to those forecasts. As clarified, AEPCO has no objection to that recommendation.

16 Consistent with these exceptions, Exhibit A contains requested Amendments to the ROO.
17 AEPCO requests that the Commission modify the ROO as requested.

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23 ⁴ *Id.* This small, future and very contingent nature of the need is also the reason why AEPCO did not perform a
24 renewable, intermittent or risk/uncertainty analysis.

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RESPECTFULLY SUBMITTED this 13th day of February, 2013.

GALLAGHER & KENNEDY, P.A.

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Original and 13 copies filed this
13th day of February, 2013, with:

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Copies of the foregoing delivered
this 13th day of February, 2013, to:

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12 **Copies** of the foregoing mailed
13 this 13th day of February, 2013, to:

14 IRP Service List

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16 10421-42/3238794

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AEPCO's Requested Amendments to the Staff Recommended Opinion and Order

At page 6, line 7, insert the following new sentence:

However, given AEPCO's unique circumstances as discussed in the Staff Report, as well as the fact that its IRP plan indicated possibly no need or only a small, contingent need for any new resource through 2026, we believe AEPCO's IRP was sufficient for its circumstances and should be acknowledged.

At page 6, lines 17-18, delete Finding 15 and renumber accordingly.

At page 6, line 21, add the following after "subsequent IRPs":

"by providing its PRMs' load forecasts to Staff on a confidential basis when AEPCO files its IRP, with no additional work or analysis performed by AEPCO as to those forecasts."

At page 7, lines 15-16, delete the words "not" and "due to the noted filing deficiencies".

At page 7, lines 19-20, delete the Ordering Paragraph.

At page 8, lines 1-3, delete the remainder of the sentence after “Cooperative” and insert:

“provide its PRMs’ load forecasts to Staff on a confidential basis when AEPCO files its IRP, with no additional work or analysis performed by AEPCO as to those forecasts.”