

ORIGINAL

OPEN MEETING



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MEMORANDUM

Arizona Corporation Commission

DOCKETER

MAR 25 2013

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

TO: THE COMMISSION

FROM: Utilities Division

DATE: March 25, 2013

DOCKETED BY *JM*

RE: MOHAVE ELECTRIC COOPERATIVE, INC. – APPLICATION FOR APPROVAL OF ITS PURCHASED POWER AND FUEL COST ADJUSTOR PLAN OF ADMINISTRATION (DOCKET NO. E-01750A-11-0136)

INTRODUCTION

On August 21, 2012, the Arizona Corporation Commission (“Commission”) issued Decision No. 73352, which in part, ordered Mohave Electric Cooperative, Inc. (“MEC” or “Company”) to file a proposed Plan of Administration (“POA”) for its Purchased Power Clause Adjustor (“PPCA”) within ninety (90) days of the effective date of the Decision for Commission approval. In addition, Decision No. 73352 also required MEC to engage in informal discussions with Commission Staff within sixty (60) days of the Decision to allow Staff the opportunity to provide input regarding the types of documentation that may be required in future rate cases and purchased power prudence reviews.

On October 12, 2012, MEC met with Staff at the Commission offices to review a draft of the proposed POA. Based on the discussion with Staff, MEC submitted its Purchased Power and Fuel Cost Adjustor (“PPFCA”), formerly referred to as the PPCA, POA on November 20, 2012. In compliance with Decision No. 73352, this was filed within 90 days of the effective date of the Decision.

Included in the POA filing is an overview of the Company itself, its status as a Class A member with the Arizona Electric Power Cooperative (“AEPSCO”), and a history of the PPFCA and the PPFCA bank balance. The POA further defines how the PPFCA works and lists the specific Rural Utilities Services (“RUS”) accounts that contain the costs allowed to be recovered through the PPFCA.

In addition to outlining the components of the PPFCA, the POA also lays out the detail in the monthly reporting requirements regarding the PPFCA bank balance and the timing of the reporting of those costs to the Commission. In an effort to minimize the impact of changes to the PPFCA on the customer, MEC self-imposed bank balance thresholds of an over/under collection of \$3,700,000. If the bank balance meets or exceeds those thresholds, MEC shall make an adjustment in the PPFCA rate within sixty (60) days following the submittal of a monthly fuel report to Staff indicating the threshold was exceeded.

As part of MEC’s POA are schedules of the monthly reports that MEC will file with Staff’s Compliance Section. These reports are built off the FA-1, FA-2, and FA-3 schedules developed as templates by Staff many years ago for all electric distribution cooperative

purchased power reports. The FA-1, FA-2, and FA-3 schedules have been adjusted slightly based on requests from Staff made during the October 2012 meeting.

As a result of the last rate case, MEC elected to clearly define a Document Retention Policy for power purchases. This policy was filed with the POA and was one of the documents Staff was able to review in draft form in October 2012. The Document Retention Policy clearly outlines the starting point for the retention of power purchase documents and the type of documents that need to be retained.

On March 6, 2013, MEC filed with Docket Control a revised POA. This filing was necessary after discussions between Staff and MEC led to minor changes to the originally filed POA. MEC submitted this revised POA in place of the originally filed POA.

RECOMMENDATIONS

After reviewing the revised POA filed on March 6, 2013, Staff is in agreement that it complies with the requirements outlined in Decision No. 73352. Staff recommends approval of the revised POA filed on March 6, 2012. In addition, Staff recommends that the revised POA remain in effect until further order of the Commission.



Steven M. Olea
Director
Utilities Division

SMO:RSP:sms/BH

Originator: Ranelle Paladino

BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP
Chairman
GARY PIERCE
Commissioner
BRENDA BURNS
Commissioner
BOB BURNS
Commissioner
SUSAN BITTER SMITH
Commissioner

IN THE MATTER OF MOHAVE ELECTRIC)
COOPERATIVE, INC.'S APPLICATION)
FOR APPROVAL OF ITS PURCHASED)
POWER AND FUEL COST ADJUSTOR)
PLAN OF ADMINISTRATION)

DOCKET NO. E-01750A-11-0136

DECISION NO. _____

ORDER

Open Meeting
April 9, 2013 and April 10, 2013
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Mohave Electric Cooperative, Inc. ("MEC" or the "Company") is certificated to provide electric service within portions of Arizona, pursuant to authority granted by the Arizona Corporation Commission ("Commission").

INTRODUCTION

2. On August 21, 2012, the Commission issued Decision No. 73352, which in part, ordered MEC to file a proposed Plan of Administration ("POA") for its Purchased Power Clause Adjustor ("PPCA") within ninety (90) days of the effective date of the Decision for Commission approval. In addition, Decision No. 73352 also required MEC to engage in informal discussions with Commission Staff within sixty (60) days of the Decision to allow

1 Staff the opportunity to provide input regarding the types of documentation that may be required in
2 future rate cases and purchased power prudence reviews.

3 3. On October 12, 2012, MEC met with Staff at the Commission offices to review a
4 draft of the proposed POA. Based on the discussion with Staff, MEC submitted its Purchased
5 Power and Fuel Cost Adjustor ("PPFCA"), formerly referred to as the PPCA, POA on November
6 20, 2012. In compliance with Decision No. 73352, this was filed within 90 days of the effective
7 date of the Decision.

8 4. Included in the POA filing is an overview of the Company itself, its status as a
9 Class A member with the Arizona Electric Power Cooperative ("AEPSCO"), and a history of the
10 PPFCA and the PPFCA bank balance. The POA further defines how the PPFCA works and lists
11 the specific Rural Utilities Services ("RUS") accounts that contain the costs allowed to be
12 recovered through the PPFCA.

13 5. In addition to outlining the components of the PPFCA, the POA also lays out the
14 detail in the monthly reporting requirements regarding the PPFCA bank balance and the timing of
15 the reporting of those costs to the Commission. In an effort to minimize the impact of changes to
16 the PPFCA on the customer, MEC self-imposed bank balance thresholds of an over/under
17 collection of \$3,700,000. If the bank balance meets or exceeds those thresholds, MEC shall make
18 an adjustment in the PPFCA rate within sixty (60) days following the submittal of a monthly fuel
19 report to Staff indicating the threshold was exceeded.

20 6. As part of MEC's POA are schedules of the monthly reports that MEC will file
21 with Staff's Compliance Section. These reports are built off the FA-1, FA-2, and FA-3 schedules
22 developed as templates by Staff many years ago for all electric distribution cooperative purchased
23 power reports. The FA-1, FA-2, and FA-3 schedules have been adjusted slightly based on requests
24 from Staff made during the October 2012 meeting.

25 7. As a result of the last rate case, MEC elected to clearly define a Document
26 Retention Policy for power purchases. This policy was filed with the POA and was one of the
27 documents Staff was able to review in draft form in October 2012. The Document Retention
28

1 Policy clearly outlines the starting point for the retention of power purchase documents and the
2 type of documents that need to be retained.

3 8. On March 6, 2013, MEC filed with Docket Control a revised POA. This filing was
4 necessary after discussions between Staff and MEC led to minor changes to the originally filed
5 POA. MEC submitted this revised POA in place of the originally filed POA.

6 **RECOMMENDATIONS**

7 9. After reviewing the revised POA filed on March 6, 2013, Staff is in agreement that
8 it complies with the requirements outlined in Decision No. 73352. Staff has recommended
9 approval of the revised POA filed on March 6, 2012. In addition, Staff has recommended that the
10 revised POA remain in effect until further order of the Commission.

11 CONCLUSIONS OF LAW

12 1. Mohave Electric Cooperative, Inc. is an Arizona public service corporation within
13 the meaning of Article XV, Section 2, of the Arizona Constitution.

14 2. The Commission has jurisdiction over Mohave Electric Cooperative, Inc. and over
15 the subject matter of the Application.

16 3. The Commission, having reviewed the application and Staff's Memorandum dated
17 March 25, 2013, concludes that it is in the public interest to approve Mohave Electric Cooperative
18 Inc.'s Purchased Power and Fuel Cost Adjustor Plan of Administration.

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ORDER

IT IS THEREFORE ORDERED that Mohave Electric Cooperative, Inc. revised proposed Purchased Power and Fuel Cost Adjustor Plan of Administration be and hereby is approved as discussed herein.

IT IS FURTHER ORDERED that Mohave Electric Cooperative, Inc.'s revised Purchased Power and Fuel Cost Adjustor Plan of Administration shall remain in effect until further order of the Commission.

IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2013.

JODI JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:RSP:sms/BH

1 SERVICE LIST FOR: Mohave Electric Cooperative, Inc.
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