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BEFORE THE ARIZONA CORPORATION COMMISSION  
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**COMMISSIONERS**

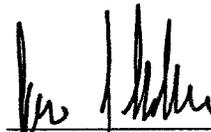
BOB STUMP, Chairman 2013 APR 12 P 3: 02  
GARY PIERCE  
BRENDA BURNS AZ CORP COMMISSION  
BOB BURNS DOCKET CONTROL  
SUSAN BITTER SMITH

IN THE MATTER OF THE APPLICATION OF ) DOCKET NO. E-01049A-11-0300  
MORENCI WATER & ELECTRIC COMPANY )  
FOR APPROVAL OF A RATE INCREASE. )

IN THE MATTER OF THE APPLICATION OF ) DOCKET NO. W-01049A-11-0311  
MORENCI WATER & ELECTRIC COMPANY )  
FOR THE ESTABLISHMENT OF JUST AND )  
REASONABLE RATES FOR ITS ELECTRIC )  
AND WATER DEPARTMENTS. ) **NOTICE OF FILING**  
**CALCULATION OF PPFAC RATE**

Pursuant to Decision No. 73737 (February 20, 2013) and the related approved Purchased Power and Fuel Adjustment Clause ("PPFAC") Plan of Administration – Morenci Water and Electric Company submits its calculation of the PPFAC rate to be in effect from June 1 through November 30, 2013.

RESPECTFULLY SUBMITTED this 12<sup>th</sup> day of April, 2013.

By   
Jason D. Gellman  
KOSHK A DEWULF & PATTEN, PLC.  
One Arizona Center  
400 East Van Buren Street, Suite 800  
Phoenix, Arizona 85004

*Attorney for Morenci Water & Electric Company*

Original and 13 copies of the foregoing filed this 12<sup>th</sup> day of April, 2013, with:

Docket Control  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Arizona Corporation Commission  
**DOCKETED**

APR 12 2013

DOCKETED BY 

1 Copy of the foregoing hand-delivered  
this 12 day of April, 2013 to:

2 Lyn A. Farmer, Esq.  
3 Chief Administrative Law Judge  
4 Hearing Division  
5 Arizona Corporation Commission  
6 1200 West Washington Street  
7 Phoenix, Arizona 85007

8 Janice M. Alward, Esq.  
9 Chief Counsel, Legal Division  
10 Arizona Corporation Commission  
11 1200 West Washington Street  
12 Phoenix, Arizona 85007

13 Steve Olea  
14 Director, Utilities Division  
15 Arizona Corporation Commission  
16 1200 West Washington Street  
17 Phoenix, Arizona 85007

18 Brian Bozzo  
19 Manager of Compliance and Enforcement  
20 Utilities Division  
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22 1200 West Washington Street  
23 Phoenix, Arizona 85007

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By Robbie Amara

**MORENCI WATER & ELECTRIC COMPANY**  
**Schedule PPFAC 1**  
**PPFAC Adjustor Calculation**

**May 2013 Through April 2014**  
**April 15 2013 Filing**  
**June 1, 2013 Implementation**

DESCRIPTION	PPFAC ADJUSTMENT PER KWH		
<hr/>			
(1) True-Up Component per Schedule PPFAC 2	0		
(2) Forward Component per Schedule PPFAC 3	-\$0.00650		
(3) Total PPFAC Adjustor Before Frozen Bank Surcharge (1) + (2)	-\$0.00650		
(4) Current PPFAC Adjustor	-\$0.00927		
(5) Increase (Decrease) in Adjustor (3)-(4)	\$0.00277		
(6) Final PPFAC Adjustor (See Restrictions)	-\$0.00650		
(7) Frozen Bank Surcharge per Schedule PPFAC 6	\$0.00451		
(8) Total PPFAC Adjustor (6) + (7)	-\$0.00199		
		MONTHLY BILL	
		<hr/>	
(9) Average Residential Bill With Current Adjustor (682 kWh)	\$54.28	682	682
		0.07628	0.07628
(10) Average Residential Bill With Revised Adjustor	\$56.17	52.02	52.02
(11) Change in Monthly Bill	\$1.89	-0.00476	-0.00199
		-3.25	-1.36
(12) Percentage Change	3.48%		
		5.5	5.5
		52.02	52.02
		-3.25	-1.36
		54.28	56.17

**PPFAC ADJUSTOR RESTRICTIONS:**

Any calculated increase on line 5 is limited to \$0.00400 per kWh. There are no restrictions on calculation if the amount on line (5) is less than \$0.00400 per kWh, amounts on lines (3) and (6) are equal.

**MORENCI WATER & ELECTRIC COMPANY**  
**Schedule PPFAC 2**  
**True-Up Component Calculation**

**May 2013 Through April 2014**  
**April 15 2013 Filing**  
**June 1, 2013 Implementation**

DESCRIPTION	DATE OR PERIOD	PPFAC AMOUNTS
(1) PPFAC Balance Per FA-1 (Over) Under Collected	@ February 28, 2013	\$0
(2) Projected KWh Sales - Per Schedule PPFAC 4	May 2013 - Oct 2013	21,157,709
(3) PPFAC True-Up Component Cost per kWh (1)/(2)	May 2013 - Oct 2013	\$0.00000

**MORENCI WATER & ELECTRIC COMPANY**  
**Schedule PPFAC 3**  
**Forward Component Calculation**

**May 2013 Through April 2014**  
**April 15 2013 Filing**  
**June 1, 2013 Implementation**

DESCRIPTION	6 MONTH PERIOD	PPFAC AMOUNTS
From Schedule PPFAC 4:		
Projected Purchased Power Costs	May 2013 - Oct 2013	\$920,341
Projected kWh Sales	May 2013 - Oct 2013	21,157,709
(1) Projected Purchased Power Cost per kWh	May 2013 - Oct 2013	\$0.04350
(2) Base Cost of Purchased Power per kWh		\$0.05000
Forward Component per kWh (1)-(2)	May 2013 - Oct 2013	-\$0.00650

**MORENCI WATER & ELECTRIC COMPANY**  
**Schedule PPFAC 4**  
**Forward Component Worksheet**

**May 2013 Through April 2014**  
**April 15 2013 Filing**  
**June 1, 2013 Implementation**

JUNE 1, 2013 FORWARD COMPONENT DETAIL

MONTH	PROJECTED THIS YEAR			ACTUAL FOR PRIOR YEAR 2012		
	KWH SALES	PP COST	COST/KWH	KWH SALES	PP COST	COST/KWH
May	3,057,145	124,426	0.0407	2,779,223	100,330	0.0361
June	3,407,186	142,420	0.0418	3,097,442	114,915	0.0371
July	4,166,379	190,820	0.0458	3,787,617	143,172	0.0378
August	4,346,305	200,799	0.0462	3,951,186	158,443	0.0401
September	3,660,397	157,031	0.0429	3,327,634	129,445	0.0389
October	2,520,297	104,844	0.0416	2,291,179	93,251	0.0407
Total (1)	21,157,709	920,341	0.0435	19,234,281	739,555	0.0384

DECEMBER 1, 2013 FORWARD COMPONENT DETAIL

MONTH	PROJECTED THIS YEAR			ACTUAL FOR PRIOR YEAR _____		
	KWH SALES	PP COST	COST/KWH	KWH SALES	PP COST	COST/KWH
November						
December						
January						
February						
March						
April						
Total (1)						

NOTE:

(1) Projected totals tie to Schedule PPFAC 2 and Schedule PPFAC 3

**MORENCI WATER & ELECTRIC COMPANY**  
**Schedule PPFAC 5**  
**Actual vs Projected Purchased Power Cost**

**May 2013 Through April 2014**  
**April 15 2013 Filing**  
**June 1, 2013 Implementation**

MONTH	ACTUAL			PROJECTED (1)		
	KWH SALES	PP COST	COST/KWH	KWH SALES	PP COST	COST/KWH
May				3,057,145	124,426	0.0407
June				3,407,186	142,420	0.0418
July				4,166,379	190,820	0.0458
August				4,346,305	200,799	0.0462
September				3,660,397	157,031	0.0429
October				2,520,297	104,844	0.0416
Total				21,157,709	920,341	0.0435

MONTH	ACTUAL			PROJECTED (2)		
	KWH SALES	PP COST	COST/KWH	KWH SALES	PP COST	COST/KWH
November						
December						
January						
February						
March						
April						
Total						

**NOTE:**

- (1) Projected in April 15th, 2013 PPFAC Adjustor Filing
- (2) Projected In October 15th, 2013 PPFAC Adjustor Filing

**MORENCI WATER & ELECTRIC COMPANY**  
**Schedule PPFAC 6**  
**Frozen Bank Account Recovery Worksheet**

<b>MONTH</b>	<b>BEGINNING BANK BALANCE</b>	<b>KWH SALES</b>	<b>SURCHARGE RECOVERY AT \$0.00451 PER KWH</b>	<b>ENDING BANK BALANCE</b>
Mar-13	322,772	2,379,950	10,734	312,038