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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

AZ CORP COMMISSION
DOCKET CONTROL

- BOB STUMP, Chairman
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IN THE MATTER OF THE APPLICATION OF
SOUTHWEST TRANSMISSION 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-04100A-12-0353

**SWTC'S NOTICE OF FILING
REVISIONS TO PREPARED
DIRECT TESTIMONY OF
PETER SCOTT AND
SUPPLEMENTAL REJOINDER
EXHIBITS**

Notice is given that Southwest Transmission Cooperative, Inc. ("SWTC") files the attached revised page 1 of Peter Scott's Direct Testimony, which reflects his current position as Chief Financial Officer.

Also, pursuant to the Rejoinder Testimony of Gary E. Pierson, SWTC gives notice of filing the following attached supplemental exhibits:

- Exhibit GEP-12, SWTC's Network Transmission Revenue Adjustor Tariff Rider
- Exhibit GEP-13, SWTC's Transmission Revenue Adjustor Plan of Administration.

Arizona Corporation Commission
DOCKETED

JUL 23 2013

DOCKETED BY NR

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

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RESPECTFULLY SUBMITTED this 23rd day of July, 2013.

GALLAGHER & KENNEDY, P.A.

By 

Michael M. Grant
Jennifer A. Cranston
2575 East Camelback Road
Phoenix, Arizona 85016-9225
Attorneys for Southwest Transmission
Cooperative, Inc.

Original and 13 copies filed this
23rd day of July, 2013, with:

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

Copies of the foregoing delivered this
23rd day of July, 2013, to:

Bridget Humphrey
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Terri Ford
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Barbara Keene
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

1 Candrea Allen
Utilities Division
2 Arizona Corporation Commission
1200 West Washington Street
3 Phoenix, Arizona 85007

4
5 **Copies** of the foregoing mailed this
23rd day of July, 2013, to:

6 Michael W. Patten
Roshka DeWulf & Patten, PLC
7 One Arizona Center
400 East Van Buren, Suite 800
8 Phoenix, Arizona 85004-2262
Attorneys for Trico Electric Cooperative, Inc.

9
10 Russell E. Jones
Waterfall, Economidis, Caldwell, Hanshaw & Villamana, P.C.
5210 East Williams Circle, Suite 800
11 Tucson, Arizona 85711-7497
Attorneys for Trico Electric Cooperative, Inc.

12
13 Vincent Nitido
Karen Cathers
Trico Electric Cooperative, Inc.
14 8600 West Tangerine Road
P.O. Box 930
15 Marana, Arizona 85653

16 Jeffrey W. Crockett
Brownstein Hyatt Farber Schreck LLP
17 One East Washington Street, Suite 2400
Phoenix, Arizona 85004
18 Attorneys for Sulphur Springs Valley
Electric Cooperative, Inc.

19
20 Kirby Chapman
Sulphur Springs Valley
Electric Cooperative, Inc.
21 311 East Wilcox Drive
Sierra Vista, Arizona 85635

22

23

24

1 Michael A. Curtis
William P. Sullivan
2 Curtis, Goodwin, Sullivan,
Udall & Schwab, P.L.C.
3 501 East Thomas Road
Phoenix, Arizona 85012-3205
4 Attorneys for Mohave Electric Cooperative, Inc.

5 Tyler Carlson
Mohave Electric Cooperative, Inc.
6 P.O. Box 1045
Bullhead City, Arizona 86430

7
8 Peggy Gillman
Mohave Electric Cooperative, Inc.
P.O. Box 1045
9 Bullhead City, Arizona 86430

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EXHIBIT GEP-12

SOUTHWEST TRANSMISSION COOPERATIVE, INC.

NETWORK TRANSMISSION REVENUE ADJUSTOR (TRA)

TARIFF RIDER

TEMPORARY*

Effective Date: **[INSERT]**

APPLICABILITY OF NETWORK TRANSMISSION REVENUE ADJUSTOR (TRA)

Applicable to all customers that receive service under SWTC's Network Transmission Service Tariff.

TERMS AND CONDITIONS OF TRANSMISSION REVENUE ADJUSTOR (TRA)

The TRA adjusts SWTC's monthly Network Transmission Service Revenue Requirement and its monthly Mohave 2 Network Transmission Service Revenue Requirement (collectively, the "NTS Revenue Requirements") in the event of the addition of a long term point-to-point transmission service agreement ("Firm Point-To-Point Contract"), defined as a firm (i.e., includes a monthly capacity charge), non-energy based, point-to-point contract that is of a term one year or longer.

In the event that an additional Firm Point-To-Point Contract is entered into, the Company's monthly NTS Revenue Requirements in effect at the time the contract takes effect will be adjusted downward.

Only those revenues derived from the actual transmission service component of a Firm Point-To-Point Contract shall be used in calculating the TRA adjustment. System Control and Load Dispatch revenues and any other Ancillary Service revenues associated with the Firm Point-To-Point Contract(s) will not be included in the calculation of the TRA adjustment.

RATE

As of the Effective Date of this Rider, the following TRA amounts would be applied as credits to the NTS Revenue Requirements as specified in the Network Transmission Service Tariff:

[insert cumulative amount of downward adjustment].

*These revised rates will remain in effect until Commission approval of a subsequent TRA adjustment in response to an additional Firm Point-To-Point Contract.

EXHIBIT GEP-13

**Southwest Transmission Cooperative,
Inc.**

**Transmission Revenue Adjustor (TRA)
Plan of Administration**

1 **Transmission Revenue Adjustor - Plan of Administration**

2 **General Description:**

3 The purpose of the Southwest Transmission Cooperative, Inc. (“SWTC”) Network
4 Transmission Revenue Adjustor (“TRA”) is to track changes in SWTC’s firm point-to-
5 point transmission contract revenue and to return increases in those revenues through an
6 adjustor mechanism applied to the Network Transmission Service and Mohave 2
7 Network Transmission Service Revenue Requirements.

8 **Key Definitions:**

- 9 1. Annual Network Transmission Service Revenue Requirement – Annual network
10 transmission service revenue requirement as authorized by the Arizona
11 Corporation Commission in the Company’s most recent rate filing, Decision No.
12 [insert].
- 13 2. Annual Mohave 2 Network Transmission Service Revenue Requirement – Annual
14 network transmission service revenue requirement related to service under the
15 Mohave 2 contract as authorized by the Arizona Corporation Commission in the
16 Company’s most recent rate filing, Decision No. [insert].
- 17 3. Monthly Network Transmission Service Revenue Requirement – Annual Network
18 Transmission Service Revenue Requirement divided by 12 and as specified in
19 SWTC’s Network Transmission Service Tariff, Exhibit A.
- 20 4. Monthly Mohave 2 Network Transmission Service Revenue Requirement –
21 Annual Mohave 2 Network Transmission Service Revenue Requirement divided
22 by 12 and as specified in SWTC’s Network Transmission Service Tariff, Exhibit
23 A.
- 24 5. Long Term Point-to-Point Transmission Service Agreement (Firm Point-to-Point
25 Contract) - Firm (i.e., includes a monthly capacity charge), non-energy based,
26 point-to-point contract that is or was of a term one year or longer.
- 27 6. Network Transmission Service Revenue – Revenues collected under the terms
28 and conditions of SWTC’s Network Transmission Service Tariff and as recorded
29 in Rural Utilities Service (“RUS”) Accounts 447 and 456.

- 1 7. Firm Point-to-Point Transmission Service Revenue – Revenues collected under
2 the terms and conditions of SWTC’s Point-to-Point Transmission Service Tariff
3 for Firm Point-To-Point Contract customers and as recorded in RUS Accounts
4 447 and 456, but not including Ancillary Service Revenues.

- 5 8. Ancillary Service Revenues – Revenues associated with services provided by
6 SWTC which are necessary to support the transmission of electric power from a
7 seller to a purchaser given the obligations of control areas and transmitting
8 utilities within those control areas to maintain reliable operations of the
9 interconnected transmission system as defined by the Federal Energy Regulatory
10 Commission (“FERC”). The FERC identifies six different kinds of ancillary
11 services.

12 **Test Year Data:**

13 Based on the most recent test year data and as ordered by the Commission, initial values
14 to be used for the computation of the revised Monthly Network Transmission Service
15 Revenue Requirement and revised Monthly Mohave 2 Network Transmission Service
16 Revenue Requirement are as follows:

- 17 1. Monthly Network Transmission Service Revenue Requirement = [Insert
18 Value]

- 19 2. Monthly Mohave 2 Network Transmission Service Revenue Requirement =
20 [Insert Value]

21 **Computations:**

22 The revised Monthly Network Transmission Service Revenue Requirement and Monthly
23 Mohave 2 Network Transmission Service Revenue Requirement shall be calculated as
24 follows:

25 Revised Monthly Network Transmission Service Revenue Requirement

26 The Revised Monthly Network Transmission Service Revenue Requirement = the
27 Monthly Network Transmission Service Revenue Requirement as specified in
28 Exhibit A of the Network Transmission Service Tariff minus the monthly
29 revenue(s) to be received as the result of service supplied pursuant to the
30 Additional Firm Point-to-Point Contract(s) (but not including Ancillary Service
31 Revenues)
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1
2 Revised Monthly Mohave 2 Network Transmission Service Revenue Requirement

3
4 The Revised Monthly Mohave 2 Network Transmission Service Revenue
5 Requirement = the Monthly Mohave 2 Network Transmission Service Revenue
6 Requirement as specified in Exhibit A of the Network Transmission Service
7 Tariff minus the monthly revenue(s) to be received as the result of service
8 supplied pursuant to the Additional Firm Point-to-Point Contract(s) (but not
9 including Ancillary Service Revenues)

10
11
12 **ACC Revised Network Transmission Service Tariff Filing Requirements:**

13 In the event of the addition of a Firm Point-To-Point Contract, SWTC will file a Network
14 Transmission Revenue Adjustor Tariff Rider ("TRA Rider") that reflects the amount of
15 the adjustment to the revenue requirements shown in Exhibit A to the Network
16 Transmission Service Tariff along with the contract documentation and calculations
17 supporting the TRA Rider. The TRA Rider will be subject to a sixty (60) day Arizona
18 Corporation Commission Staff review period and shall become effective upon
19 Commission approval.

20
21
22 **Compliance Reports:**

23 Six months following the effective date of the first TRA Rider, SWTC will file a report
24 containing the following information:

- 25
26 1. The customers and their associated revenues collected under the terms and
27 conditions of SWTC's Network Transmission Service Tariff.
28
29 2. The customers and their associated revenues collected under the terms and
30 conditions of SWTC's Point-to-Point Transmission Service Tariff for Firm Point-
31 To-Point Contract customers.

32
33 SWTC will file these compliance reports every six months thereafter. In order to provide
34 SWTC with sufficient time to compile the data, the reports will contain data for the
35 twelve month period ended two months prior to the report date.

36 In addition, each report will be accompanied by a certification from SWTC's Chief
37 Executive Officer or Chief Financial Officer that all information provided in the filing is
38 true and accurate to the best of his or her information and belief.

39

1 **Notification:**

2 Within fifteen (15) days of the Commission's approval of a TRA Rider, SWTC will
3 provide its Network Transmission Service customers a notice of the revised Monthly
4 Network Transmission Service Revenue Requirement and revised Monthly Mohave 2
5 Network Transmission Service Revenue Requirement.