

ORIGINAL



0000148913

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

COMMISSIONERS

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

2013 OCT 15 A 11: 32

ARIZONA CORP COMMISSION
DOCKET CONTROL

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 December 1, 2013 through May 31, 2014.

RESPECTFULLY SUBMITTED this 15th day of October, 2013.

Arizona Corporation Commission

DOCKETED

OCT 15 2013

DOCKETED BY

By

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

Attorney for Morenci Water & Electric Company

1 Original and 13 copies of the foregoing
filed this 15th day of October, 2013, with:

2 Docket Control
Arizona Corporation Commission
3 1200 West Washington Street
Phoenix, Arizona 85007
4

5 Copy of the foregoing hand-delivered
this 15th day of October, 2013 to:

6 Lyn A. Farmer, Esq.
Chief Administrative Law Judge
7 Hearing Division
Arizona Corporation Commission
8 1200 West Washington Street
Phoenix, Arizona 85007
9

10 Janice M. Alward, Esq.
Chief Counsel, Legal Division
11 Arizona Corporation Commission
12 1200 West Washington Street
Phoenix, Arizona 85007
13

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

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

21

22

23

By *Debbie Amund*

24

25

26

27

MORENCI WATER & ELECTRIC COMPANY
Schedule PPFAC 1
PPFAC Adjustor Calculation

December 2013 Through May 2014
October 15 2013 Filing
December 1, 2013 Implementation

| DESCRIPTION | PPFAC ADJUSTMENT PER KWH | | |
|---|--------------------------------|-----------------|-------------------|
| (1) True-Up Component per Schedule PPFAC 2 | 0.00250 | | |
| (2) Forward Component per Schedule PPFAC 3 | -\$0.00504 | | |
| (3) Total PPFAC Adjustor Before Frozen Bank Surcharge (1) + (2) | -\$0.00254 | | |
| (4) Current PPFAC Adjustor | -\$0.00620 | | |
| (5) Increase (Decrease) in Adjustor (3)-(4) | \$0.00366 | | |
| (6) Final PPFAC Adjustor (See Restrictions) | -\$0.00254 | | |
| (7) Frozen Bank Surcharge per Schedule PPFAC 6 | \$0.00451 | | |
| (8) Total PPFAC Adjustor (6) + (7) | \$0.00197 | | |
| | | MONTHLY BILL | |
| (9) Average Residential Bill With Current Adjustor (595 kWh) | \$49.88 | 595 | 595 |
| | | <u>0.07628</u> | <u>0.07628</u> ** |
| (10) Average Residential Bill With Revised Adjustor | \$52.06 | 45.39 | 45.39 |
| (11) Change in Monthly Bill | \$2.18 | <u>-0.00169</u> | <u>0.00197</u> |
| | | -1.01 | 1.17 |
| (12) Percentage Change | 4.37% | | |
| | | 5.5 | 5.5 |
| | | 45.39 | 45.39 |
| | | <u>-1.01</u> | <u>1.17</u> |
| | | 49.88 | 52.06 |

PPFAC ADJUSTOR RESTRICTIONS:

Any calculated increase on line 5 is limited to \$0.00400 per kWh. There are no restrictions on calculated decreases.

If the amount on line (5) is less than \$0.00400 per kWh, amounts on lines (3) and (6) are equal.

**The 0.07628 is the base energy charge that consists of (1) the base fuel and purchased power cost of \$0.05000; and (2) the distribution charge of \$0.02628

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

December 2013 Through May 2014
October 15 2013 Filing
December 1, 2013 Implementation

| <u>DESCRIPTION</u> | <u>DATE OR PERIOD</u> | <u>PPFAC AMOUNTS</u> |
|---|-----------------------|----------------------|
| (1) PPFAC Balance Per FA-1 (Over) Under Collected | @ August 31, 2013 | \$42,466 |
| (2) Projected KWh Sales - Per Schedule PPFAC 4 | Dec 2013 - May 2014 | 16,979,275 |
| (3) PPFAC True-Up Component Cost per kWh (1)/(2) | Dec 2013 - May 2014 | \$0.00250 |

MORENCI WATER & ELECTRIC COMPANY
Schedule PPFAC 3
Forward Component Calculation

December 2013 Through May 2014
October 15 2013 Filing
December 1, 2013 Implementation

| DESCRIPTION | 6 MONTH PERIOD | PPFAC AMOUNTS |
|--|-------------------------|------------------|
| ----- | ----- | ----- |
| From Schedule PPFAC 4: | | |
| Projected Purchased Power Costs | Dec 2013 - May 2014 | \$763,317 |
| Projected kWh Sales | Dec 2013 - May 2014 | 16,979,275 |
| (1) Projected Purchased Power Cost per kWh | Dec 2013 - May 2014 | \$0.04496 |
| (2) Base Cost of Purchased Power per kWh | | \$0.05000 |
| Forward Component per kWh (1)-(2) | Dec 2013 - May 2014 | -\$0.00504 |

MORENCI WATER & ELECTRIC COMPANY

Schedule PPFAC 4

Forward Component Worksheet

December 2013 Through May 2014

October 15 2013 Filing

December 1, 2013 Implementation

DECEMBER 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 |
| 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 | 2,405,738 | 100,079 | 0.0416 | 2,291,179 | 93,251 | 0.0407 |
| November | 2,111,829 | 89,753 | 0.0425 | 2,011,266 | 86,082 | 0.0428 |
| Total (1) | 20,097,834 | 880,902 | 0.0438 | 18,466,324 | 725,308 | 0.0393 |

DECEMBER 1, 2013 FORWARD COMPONENT DETAIL

| MONTH | PROJECTED 2013-14 | | | ACTUAL FOR 2012-13 | | |
|------------------|-------------------|----------------|---------------|--------------------|----------------|---------------|
| | KWH SALES | PP COST | COST/KWH | KWH SALES | PP COST | COST/KWH |
| December | 2,851,388 | 126,602 | 0.0444 | 2,715,608 | 111,883 | 0.0412 |
| January | 2,782,145 | 123,527 | 0.0444 | 2,649,662 | 114,995 | 0.0434 |
| February | 2,801,986 | 125,809 | 0.0449 | 2,625,268 | 114,462 | 0.0436 |
| March | 2,932,034 | 130,182 | 0.0444 | 2,379,950 | 107,336 | 0.0451 |
| April | 2,693,538 | 117,708 | 0.0437 | 2,190,550 | 99,889 | 0.0456 |
| May | 2,918,184 | 139,489 | 0.0478 | 2,369,067 | 107,556 | 0.0454 |
| Total (1) | 16,979,275 | 763,317 | 0.0450 | 14,930,105 | 656,121 | 0.0439 |

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

December 2013 through May 2014
October 15 2013 Filing
December 1, 2013 Implementation

| MONTH | ACTUAL | | | PROJECTED (1) | | |
|--------------|-------------------|----------------|---------------|-------------------|----------------|---------------|
| | KWH SALES | PP COST | COST/KWH | KWH SALES | PP COST | COST/KWH |
| June | 3,326,034 | 150,231 | 0.0452 | 3,407,186 | 142,420 | 0.0418 |
| July | 3,611,800 | 161,569 | 0.0447 | 4,166,379 | 190,820 | 0.0458 |
| August | 3,524,982 | 154,088 | 0.0437 | 4,346,305 | 200,799 | 0.0462 |
| September | 3,566,142 | 158,973 | 0.0446 | 3,660,397 | 157,031 | 0.0429 |
| October | | | | 2,405,738 | 100,079 | 0.0416 |
| November | | | | 2,111,829 | 89,753 | 0.0425 |
| Total | 14,028,958 | 624,861 | 0.0445 | 20,097,834 | 880,902 | 0.0438 |

| MONTH | ACTUAL | | | PROJECTED (2) | | |
|--------------|-----------|---------|----------|-------------------|----------------|---------------|
| | KWH SALES | PP COST | COST/KWH | KWH SALES | PP COST | COST/KWH |
| December | | | | 2,851,388 | 126,602 | 0.0444 |
| January | | | | 2,782,145 | 123,527 | 0.0444 |
| February | | | | 2,801,986 | 125,809 | 0.0449 |
| March | | | | 2,932,034 | 130,182 | 0.0444 |
| April | | | | 2,693,538 | 117,708 | 0.0437 |
| May | | | | 2,918,184 | 139,489 | 0.0478 |
| Total | | | | 16,979,275 | 763,317 | 0.0450 |

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

| MONTH | BEGINNING BANK BALANCE | KWH SALES | SURCHARGE RECOVERY AT \$0.00451 PER KWH | ENDING BANK BALANCE |
|----------------------------------|------------------------------|-----------|--|---------------------------|
| Balance as of March 31, 2013 | 322,772 | 2,379,950 | 10,734 | 312,038 |
| Balance as of April 30, 2013 | 312,038 | 2,190,550 | 9,879 | 302,159 |
| Balance as of May 31, 2013 | 302,159 | 2,369,067 | 10,684 | 291,475 |
| Balance as of June 30, 2013 | 291,475 | 3,326,034 | 15,000 | 276,474 |
| Balance as of July 31, 2013 | 276,474 | 3,611,800 | 16,289 | 260,185 |
| Balance as of August 31, 2013 | 260,185 | 3,524,982 | 15,898 | 244,287 |
| Balance as of September 30, 2013 | 244,287 | 3,566,142 | 16,083 | 228,204 |