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October 30, 2013

Arizona Corporation Commission

DOCKETED

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AZ CORP COMMISSION  
Docket Control

**HAND DELIVERED**

Docket Control  
Arizona Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007

Re: *Network Transmission, Point-to-Point and Ancillary Services Tariffs; Network Transmission Revenue Adjustor Tariff Rider and Plan of Administration; Southwest Transmission Cooperative, Inc. Rate Case; Docket No. E-04100A-12-0353*

Dear Sir or Madam:

Pursuant to the Ordering Paragraphs of Decision No. 74172, enclosed are the original and 13 copies of the following:

1. Network Transmission Service Tariff with an effective date of November 1, 2013;
2. Point-to-Point Transmission Service Tariff with an effective date of November 1, 2013;
3. Ancillary Services Tariff with an effective date of November 1, 2013;
4. Network Transmission Revenue Adjustor Tariff Rider effective date of November 1, 2013; and
5. Network Transmission Revenue Adjustor Plan of Administration.

Sincerely,

GALLAGHER & KENNEDY, P.A.

By:   
Jennifer A. Cranston

JAC:njk  
Enclosures  
15169-0019/3860106

October 30, 2013

Page 2

cc (w/enclosures): Teena Jibilian, Administrative Law Judge (*hand delivered*)  
William P. Sullivan and Michael A. Curtis, Attorneys for MEC (*mailed*)  
Jeffrey W. Crockett, Attorneys for SSVEC (*mailed*)  
Michael W. Patten and Jason D. Gellman, Attorneys for Trico (*mailed*)

**Original and 13 copies** filed with Docket  
Control this 30th day of October, 2013.

G|K

**SOUTHWEST TRANSMISSION COOPERATIVE, INC.**

NETWORK TRANSMISSION SERVICE

TARIFF

PERMANENT

Effective Date: November 1, 2013

AVAILABILITY OF NETWORK TRANSMISSION SERVICE

Available to all cooperative associations which are or shall be Class A members of Southwest Transmission Cooperative, Inc. ("SWTC"), including those cooperatives who receive network transmission service through Arizona Electric Power Cooperative, Inc. ("AEPSCO"), a Class B member of SWTC, as well as to other Eligible Customers. In addition, SWTC also offers firm and non-firm point-to-point transmission service and ancillary services. All service is subject to the terms and conditions of the Open Access Transmission Tariff ("OATT") filed by SWTC with the Federal Energy Regulatory Commission.

NETWORK TRANSMISSION SERVICE

The Monthly Demand Charge for the Rates and Charges for Network Transmission Service is the product of the Network Customer's Load Ratio Share times the Transmission Revenue Requirement set forth on the attached Exhibit A. As the Monthly Demand Charge is load-based, the actual monthly charge will vary according to changes in the Load Ratio Share of the Network Customer.

In addition to the Monthly Demand Charge, the Network Customer may also be responsible for other charges including, but not limited to, Direct Assignment Facilities charges, any applicable power factor adjustment charges, Ancillary Services charges, applicable study costs and redispatch costs, although the Network Customer may also be entitled to a credit for redispatch costs.

**EXHIBIT A**

Nov. 1, 2013\*

Network Transmission Service:

Transmission Revenue Requirement (Monthly)      \$1,579,106\*\*

Mohave 2 Network Transmission Service:

Transmission Revenue Requirement (Monthly)\*\*\*      \$1,260,481\*\*

\* The stated Transmission Revenue Requirements apply to Network Service provided on and after this date.

\*\* Subject to the terms and conditions of the Network Transmission Revenue Adjustor ("TRA") Tariff Rider.

\*\*\* Monthly revenue requirement used to calculate the Mohave Electric 2 discounted Network Transmission Service charge.

**SOUTHWEST TRANSMISSION COOPERATIVE, INC.**

**POINT-TO-POINT TRANSMISSION SERVICE**

**TARIFF**

**PERMANENT**

Effective Date: November 1, 2013

**AVAILABILITY OF POINT-TO-POINT SERVICE**

Available to all cooperative associations which are or shall be Class A members of Southwest Transmission Cooperative, Inc. ("SWTC"), including those cooperatives who receive transmission service through Arizona Electric Power Cooperative, Inc. ("AEPSCO"), a Class B member of SWTC, as well as to other Eligible Customers. In addition, SWTC also offers network transmission service and ancillary services. All service is subject to the terms and conditions of the Open Access Transmission Tariff ("OATT") filed by SWTC with the Federal Energy Regulatory Commission.

**FIRM AND NON-FIRM POINT-TO-POINT TRANSMISSION SERVICE**

The Transmission Customer shall compensate SWTC each month for Firm Point-to-Point Transmission Service. The basic maximum rate for monthly delivery of Reserved Capacity is as set forth in the attached Exhibit A. The service may be purchased for shorter periods of time.

The Transmission Customer shall compensate SWTC for Non-Firm Point-to-Point Transmission Service. The basic maximum rate for monthly delivery is as set forth in the attached Exhibit A. The service may be purchased for shorter periods of time.

The Transmission Customer may also be responsible for other charges including but not limited to any applicable power factor adjustment charges and Ancillary Services charges.

**EXHIBIT A**

Nov. 1, 2013\*

**Point-to-Point:**

Firm Point-to-Point  
Rate - \$/kW Month                      \$2.572

Non-Firm Point-to-Point  
Rate - \$/kW Month                      \$2.572

\* Rates apply to Point-to-Point Service provided from and after this date.

# **SOUTHWEST TRANSMISSION COOPERATIVE, INC.**

## ANCILLARY SERVICES

### TARIFF

#### PERMANENT

Effective Date: November 1, 2013

#### AVAILABILITY OF ANCILLARY SERVICES

Available to all cooperative associations which are or shall be Class A members of Southwest Transmission Cooperative, Inc. ("SWTC"), including those cooperatives who receive network transmission service through Arizona Electric Power Cooperative, Inc. ("AEPSCO"), a Class B member of SWTC, as well as to other Eligible Customers. In addition, SWTC also offers network and firm and non-firm point-to-point transmission service. All service is subject to the terms and conditions of the Open Access Transmission Tariff ("OATT") filed by SWTC with the Federal Energy Regulatory Commission.

#### ANCILLARY SERVICES

SWTC's rates and general terms of service for providing Ancillary Services are specified in Schedules 1 through 6. The basic charges are as follows:

##### Schedule 1

Scheduling, System Control and Dispatch Service is required to schedule the movement of power through, out of, within or into a Control Area. The basic charge for each whole month of service or whole month's peak period of Reserved Capacity is as set forth in the attached Exhibit A. The service may be purchased for shorter periods of time.

##### Schedule 2

Reactive Supply and Voltage Control from Generation Sources Services addresses the reactive power needed to maintain transmission voltage on SWTC's transmission facilities within acceptable limits. The basic charge for network customers for each whole month of service of Network Load and the basic charge

for Point-to-Point Transmission Customers for each whole month of service or whole month's on-peak period of Reserved Capacity is as set forth in the attached Exhibit A. The service may be purchased for shorter periods of time.

### Schedule 3

Regulation and Frequency Response Service addresses the continuous balancing of resources and load to maintain scheduled Interconnection frequency at sixty cycles per second (60 Hz) despite moment-by-moment changes in load. The basic charge for each whole month of service or whole month's on-peak period of reserved Capacity or Network Load is as set forth in the attached Exhibit A. The service may be purchased for shorter periods of time.

### Schedule 4

Energy Imbalance Service is provided when a difference occurs between scheduled and actual delivery of energy to a load located within a Control Area over a single hour. If SWTC does not receive the energy imbalance back in kind or if the energy imbalance is outside the deviation band of +/- 1.5 percent (with a minimum of 2MW) then SWTC will charge the following: (i) for positive imbalances, the Transmission Customers receive a credit of 90% of AEPSCO's average monthly fuel cost (currently 32.63 mills per kWh) applied to the amount of energy imbalance or (ii) for negative imbalances, Transmission Customers receive a charge of the greater of 100 mills per kWh or the price plus 10% that SWTC paid for energy to satisfy the imbalance.

### Schedule 5

Operating Reserve - Spinning Reserve Service addresses resources needed to serve load immediately in the event of a system contingency so as to maintain reliability. The basic charge for each whole month of service or whole month's on-peak period of Reserved Capacity or Network Load is as set forth in the attached Exhibit A. The service may be purchased for shorter periods of time.

### Schedule 6

Operating Reserve - Supplemental Reserve Service addresses resources needed to serve load within a period of fifteen minutes rather than immediately in the event of a system contingency so as to maintain reliability. The basic charge for each

whole month of service or whole month's on-peak period of Reserved Capacity or Network Load is as set forth in the attached Exhibit A. The service may be purchased for shorter periods of time.

The Transmission Customer may also be responsible for other charges.

## **EXHIBIT A**

Nov. 1, 2013\*

### **Network Ancillary Services**

Schedule 1: System Control and Load Dispatch - \$/kW Mon.	0.1730
Schedule 2: Cost of Reactive Power (VAR) Production - \$/kW Mon.	0.0960
Schedule 3: Regulation and Frequency Response - \$/kW Mon.	0.2575
Schedule 4: Energy Imbalance - \$/MWh	32.63
Schedule 5: Operating Reserves – Spinning - \$/kW Mon.	0.7157
Schedule 6: Operating Reserves – Supplemental - \$/kW Mon.	0.4959

### **Point-to-Point Ancillary Services**

Schedule 1: System Control and Load Dispatch - \$/kW Mon.	0.1730
Schedule 2: Cost of Reactive Power (CAR) Production - \$/kW Mon.	0.0700
Schedule 3: Regulation and Frequency Response - \$/kW Mon.	0.2575
Schedule 4: Energy Imbalance - \$/MWh	32.63
Schedule 5: Operating Reserves – Spinning - \$/kW Mon.	0.7157
Schedule 6: Operating Reserves – Supplemental - \$/kW Mon.	0.4959

\* Rates apply to Ancillary Services provided on and after this date.

**SOUTHWEST TRANSMISSION COOPERATIVE, INC.**

NETWORK TRANSMISSION REVENUE ADJUSTOR (TRA)

TARIFF RIDER

TEMPORARY\*

Effective Date: November 1, 2013

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:

\$0.00

\*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.

**Southwest Transmission Cooperative,  
Inc.**

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



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 = \$1,579,106  
18 2. Monthly Mohave 2 Network Transmission Service Revenue Requirement =  
19 \$1,260,481

20 **Computations:**

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

24 Revised Monthly Network Transmission Service Revenue Requirement

25  
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)  
32  
33  
34  
35  
36

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.