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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL
October 31, 2013

Arizona Corporation Commission
DOCKETED

OCT 31 2013

HAND DELIVERED

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

DOCKETED BY

Re: *CARM Tariff; PRM Schedule and PPFAC Plan of Administration; Arizona Electric Power Cooperative, Inc. Rate Case; Docket No. E-01773A-12-0305*

Dear Sir or Madam:

Pursuant to the Ordering Paragraphs of Decision No. 74173, enclosed are the original and 13 copies of the following:

1. The Collective All-Requirements Class A Members' Tariff with an effective date of November 1, 2013;
2. The Partial-Requirements Class A Members' Schedule with an effective date of November 1, 2013; and
3. The Purchased Power and Fuel Adjustment Clause Plan of Administration.

Sincerely,

GALLAGHER & KENNEDY, P.A.

By:

Jennifer A. Cranston

JAC:njk
Enclosures
10421-0067/3860219

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 31st day of October, 2013.

ARIZONA ELECTRIC POWER COOPERATIVE, INC.

TARIFF

PERMANENT

Effective Date: November 1, 2013

AVAILABILITY

Available to all cooperative associations which are or shall be collective all-requirements Class A members ("CARM") of the Arizona Electric Power Cooperative, Inc. ("AEPCO").

MONTHLY RATE (BILLING PERIOD)

Electric power and energy furnished under this Tariff will be subject to the rates set forth in the attached Exhibit A and the terms set forth herein in addition to any applicable terms set forth in the Member's Wholesale Power Contract.

Billing Month – The first calendar month preceding the month the bill is rendered.

Demand Overrun Adjustment – If, in any hour, the CARM's metered load exceeds its Allocated Capacity, then AEPCO shall compute a Demand Overrun Adjustment for the CARM and each Member shall be charged a portion of such Demand Overrun Adjustment in proportion to that Member's demand ratio share. Such Demand Overrun Adjustment shall equal the product of the CARM's Fixed Charge multiplied by the demand overrun adjustment factor. The demand overrun adjustment factor shall be any non-negative number determined from the following formula:

$$\text{doaf} = ((\text{mbdkW}) / \text{AC}) - 1$$

Where:

doaf = Demand Overrun Adjustment Factor,
mbdkW = Metered kW of CARM, and
AC = Allocated Capacity of CARM, in kW.

In addition, Member shall pay for the energy associated with the Demand Overrun Adjustment at the then-applicable Other Resources Energy Rate.

Power Factor – Each Member shall maintain Power Factor at the time of maximum demand as close to unity as possible. If the Power Factor of Member measured at the aggregated Member's Delivery Point(s) at the time of Member peak demand is outside a bandwidth of 95% leading to 95% lagging, a Power Factor Adjustment shall be separately charged to the Member. The Power Factor Adjustment shall be the product of the Member's power factor adjustment (as set forth

below) multiplied by the quotient of the Member's demand ratio share of the CARM O&M Charge divided by the sum of the CARM's 12-month rolling average demand. The power factor adjustment shall be any non-negative number determined from the following formula:

$$pfakW = ((mkW / mpf)(bpf)) - mkW$$

Where:

pfakW = power factor adjustment in kW,
mkW = Member Metered kW,
mpf = measured power factor at the time of Member peak demand, and
bpf = 0.95.

The provisions of the power factor adjustment may be waived if power factor is detrimentally impacted as a direct result of system improvements or a change in operational procedure by AEPCO to reduce transmission losses and/or improve system reliability.

Capacity and Energy Below Allocated Capacity – If CARM is utilizing a Future Resource, Supplemental Purchase, S&G PPA in any hour to serve Native Load and CARM fails to take its required share of Minimum Base Capacity or Minimum Other Capacity, CARM shall pay a charge as set forth in Section 2.4 of Rate Schedule A to the Member's Wholesale Power Contract.

Taxes – Bills rendered are subject to adjustment for all federal, state and local government taxes or levies, including any taxes or levies imposed as a carbon tax or "cap and trade" or other carbon assessments system imposed on electricity sales or electricity production and any assessments that are or may be imposed by federal or state regulatory agencies on electric utility gross revenues.

Transmission and Ancillary Service Charges – Each Class A member shall also be billed by AEPCO for charges AEPCO incurs for the transmission of power and energy to the Class A member's delivery point(s). Such charges will be assessed to the Class A member at the rates actually charged AEPCO by the transmission provider and others for transmission service and the provision of ancillary services.

Power Cost Adjustor Rates and Power Cost Bank Charges

"Base Resources" are defined as (1) AEPCO's Steam Turbine Units 2 and 3, (2) power purchased under contract from the Western Area Power Administration and (3) economy purchases displacing base resources generation.

"Other Resources" are defined as (1) AEPCO's generation units other than Steam Turbine Units 2 and 3, (2) power purchased under contracts which serve the combined scheduled loads of AEPCO's Class A members plus power purchased under contract and economy energy purchases (other than economy purchases displacing base resources generation) made for the purpose of meeting the scheduled load requirements of all Class A members and (3) power purchased under contracts or resources which have been acquired to serve Class A Member load and which the Member has expressly agreed to in a participation agreement.

“Fixed Power Costs” are defined as those costs that do not vary directly with the production and/or purchase of electric power and energy. Such costs include, but are not limited to, demand charges, reservation charges, and wheeling expenses that do not vary directly with energy take.

The monthly bill computed under this Tariff shall, using the procedures stated herein, be increased or decreased by the monthly fixed costs adjustor charge, the monthly bank charges and an amount equal to the result of multiplying the kWh derived from each resource type by the applicable Power Cost Adjustor Rate for Base Resources and Other Resources where:

Base Resources Adjustor Rate

BF = BPC - \$0.02958

BF = Base Resources Power Cost Adjustor Rate in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BPC = The Commission-allowed pro forma fuel costs of Base Resources generation, the purchased power costs of Base Resources and wheeling costs associated with Base Resources in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

Allowable Base Resources fuel, purchased power and wheeling costs include:

- A. The costs of fossil fuel and natural gas consumed in AEPCO’s Steam Generating Units 2 and 3 as recorded in RUS Account 501 (excluding those costs identified as Fixed Power Costs), plus
- B. The actual costs associated with Base Resources power purchased for reasons other than identified in paragraph (C) below as recorded in RUS Account 555 (excluding those costs identified as Fixed Power Costs), plus
- C. The cost of energy purchased when such energy is purchased on an economic dispatch basis to substitute for higher cost Base Resources energy as recorded in RUS Account 555, plus
- D. The firm and non-firm wheeling expenses associated with the delivery of Base Resources energy as recorded in RUS Account 565 (excluding those costs identified as Fixed Power Costs) excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to the CARM, less
- E. The energy costs recovered through non-tariff contractual firm sales of Base Resources power and energy as recorded in RUS Account 447, less
- F. The energy costs recovered through inter-system economy energy and/or intra-system resource transfer sales of Base Resources power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

Base Resources Bank Charge

$$\text{BBC} = \text{BBA} / 6 *$$

BBC = Base Resources Bank Charge in dollars per month, rounded to the nearest cent (\$0.01).

BBA = The "Base Resources Bank Account" represents allowable accumulated fuel, purchased power and wheeling costs in dollars over- or under-collected in the past from Base Resources, rounded to the nearest cent (\$0.01).

* The BBC for each individual CARM is based on the accumulated (over)/under collected BBA for that individual Member.

Other Resources Adjustor Rate

$$\text{OF} = \text{OPC} - \$0.03904$$

OF = Other Resources Power Cost Adjustor Rate in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OPC = The Commission-allowed pro forma fuel costs of Other Resources generation, Other Resources purchased power and wheeling costs associated with Other Resources in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

Allowable Other Resources fuel, purchased power and wheeling costs include:

- A. The costs of fossil fuel and natural gas consumed in AEPCO's Steam Generating Units 1, 4, 5 and 6 as recorded in RUS Accounts 501 and 547 (excluding those costs identified as Fixed Power Costs), plus
- B. The actual costs associated with Other Resources purchased power for reasons other than identified in paragraph (C) below as recorded in RUS Account 555 (excluding those costs identified as Fixed Power Costs), plus
- C. The cost of Other Resources energy purchased when such energy is purchased on an economic dispatch basis. Included therein are such costs as those charged for economy energy purchases and the charges resulting from a scheduled outage of Other Resources generation units. All such kinds of Other Resources energy being purchased by AEPCO to substitute for its own higher cost Other Resources energy as recorded in RUS Account 555, plus
- D. The firm and non-firm wheeling expenses associated with the delivery of Other Resources energy as recorded in RUS Account 565 (excluding those costs identified as Fixed Power Costs), excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to the CARM, less

- E. The energy costs recovered through non-tariff contractual firm sales of Other Resources power and energy as recorded in RUS Account 447, less
- F. The energy costs recovered through inter-system economy energy and/or intra-system resource transfer sales of Other Resources power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

Other Resources Bank Charge

OBC = OBA / 6 *

OBC = Other Resources Bank Charge in dollars per month, rounded to the nearest cent (\$0.01).

OBA = The "Other Resources Bank Account" represents allowable accumulated fuel, purchased power and wheeling costs in dollars over- or under-collected in the past from Other Resources, rounded to the nearest cent (\$0.01).

* The OBC for each individual CARM is based on the accumulated (over)/under collected OBA for that individual Member.

Fixed Power Costs Adjustor Charge

FC = FPC - \$183,236 *

FC = Fixed Power Costs Adjustor Charge in dollars per month, rounded to the nearest cent (\$0.01).

FPC = The Commission-allowed pro forma fixed fuel costs of Base and Other Resources generation, fixed costs of Base and Other Resources purchased power and fixed wheeling costs associated with Base and Other Resources in dollars, rounded to the nearest cent (\$0.01).

Allowable fixed fuel, purchased power and wheeling costs include:

- A. The fixed costs of fossil fuel and natural gas consumed in AEPCO's Steam Generating Units as recorded in RUS Accounts 501 and 547, plus
- B. The fixed costs associated with purchased power as recorded in RUS Account 555, plus
- C. The fixed wheeling expenses associated with the delivery of Base and Other Resources energy as recorded in RUS Account 565, excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to the CARM, less

- D. The demand and other fixed costs recovered through non-tariff contractual firm sales of power and energy as recorded in RUS Account 447, less
- E. The demand and other fixed costs recovered through inter-system economy energy and/or intra-system resource transfer sales of power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

* The FC is apportioned among the CARMs and allocated to each CARM based upon each CARM's monthly Demand Ratio Share. The Demand Ratio Share is calculated each month as the percentage of each CARM's 12-month rolling average demand to the total of the CARMs' 12-month rolling average demand.

Fixed Power Costs Bank Charge

$$FBC = FBA / 6 *$$

FBC = Fixed Power Costs Bank Charge in dollars per month, rounded to the nearest cent (\$0.01).

FBA = The "Fixed Power Costs Bank Account" represents allowable accumulated fixed fuel, purchased power and wheeling costs in dollars over- or under-collected in the past, rounded to the nearest cent (\$0.01).

* The FBC for each individual CARM is based on the accumulated (over)/under collected FBA for that individual Member.

For purposes of calculating the Power Cost Bank Charges, AEPCO shall separately track each individual CARM's BBA, OBA and FBA. In addition, on a calendar semi-annual basis, AEPCO shall compute the Power Cost Adjustor Rates as specified herein based upon a rolling 12-month average of allowable fuel, purchased power and wheeling costs for the BPC, the OPC and the FPC. AEPCO shall initially file by March 1, 2014 and thereafter on March 1 and September 1 of the month preceding the effective date of the revised Power Cost Adjustor Rates and Power Cost Bank Charges (i.e., April 1 or October 1): (1) calculations supporting the revised Adjustor Rates and Bank Charges with the Director, Utilities Division, and (2) a Tariff reflecting the revised Adjustor Rates and Bank Charges with the Commission, which Tariff shall be effective for billings after the first day of the following month and which shall continue in effect until revised pursuant to the procedures specified herein.

EXHIBIT A

Effective Date	November 1, 2013 (1)
Collective All-Requirements Members:	
Total Fixed Charge/Month	\$280,682 (2)
Total O&M Charge/Month	\$462,845 (2)
Base Resources Energy Rate – \$/kWh	\$0.02958
Other Resources Energy Rate – \$/kWh	\$0.03904

Adjustor Rates/Charges

Base Resources Power Cost Adjustor Rate – \$/kWh	\$0.00000*
Other Resources Power Cost Adjustor Rate – \$/kWh	\$0.00000*
Fixed Power Costs Adjustor Charge – Total \$/mo. (2)	\$0.00*

Bank Charges

Anza Electric Cooperative, Inc.

Base Resources Bank Charge – \$/mo.	\$0.00*
Other Resources Bank Charge – \$/mo.	\$0.00*
Fixed Power Costs Bank Charge – \$/mo.	\$0.00*

Duncan Valley Electric Cooperative, Inc.

Base Resources Bank Charge – \$/mo.	\$0.00*
Other Resources Bank Charge – \$/mo.	\$0.00*
Fixed Power Costs Bank Charge – \$/mo.	\$0.00*

Graham County Electric Cooperative, Inc.

Base Resources Bank Charge – \$/mo.	\$0.00*
Other Resources Bank Charge – \$/mo.	\$0.00*
Fixed Power Costs Bank Charge – \$/mo.	\$0.00*

- (1) Rates are effective for service provided on and after this date.
- (2) The Total Fixed Charge, the Total O&M Charge, and the Fixed Power Costs Adjustor Charge are apportioned among the CARMs and allocated to each CARM based upon each CARM's monthly Demand Ratio Share. The Demand Ratio Share is calculated each month as the percentage of each CARM's 12-month rolling average demand to the total of the CARMs' 12-month rolling average demand.

* Effective November 1, 2013 and determined and revised as set forth in the Tariff.

Arizona Electric Power Cooperative, Inc.

Partial-Requirements Schedule Rates and Fixed Charge (Effective November 1, 2013)

Service provided to Mohave Electric Cooperative, Inc. ("MEC"), Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") and Trico Electric Cooperative, Inc. ("Trico") by the Arizona Electric Power Cooperative, Inc. ("AEPSCO") under the Partial Requirements Capacity and Energy Agreements shall be at the rates set forth in the attached Exhibit A and subject to the terms set forth herein in addition to any applicable terms set forth in the Members' Partial Requirements Capacity and Energy Agreements.

Billing Month – The first calendar month preceding the month the bill is rendered.

Demand Overrun Adjustment – If, in any hour, (i) Member's scheduled load (if Member is not in AEPSCO's Control Area) or (ii) Member's metered load less capacity obtained from sources outside the Dispatch Pool (if Member is in AEPSCO's Control Area) exceeds its Allocated Capacity, then Member shall be charged a Demand Overrun Adjustment. Such Demand Overrun Adjustment shall equal the product of Member's Fixed Charge multiplied by the demand overrun adjustment factor. The demand overrun adjustment factor shall be any non-negative number determined from the following formula:

$$\text{doaf} = ((\text{mbdkW}) / \text{AC}) - 1$$

Where:

- doaf = Demand Overrun Adjustment Factor,
- mbdkW = Member Schedule in kW or Metered kW less capacity from sources outside the Dispatch Pool, as applicable, and
- AC = Allocated Capacity of Member, in kW.

In addition, Member shall pay for the energy associated with the Demand Overrun Adjustment at the then-applicable Other Resources Energy Rate.

Power Factor – Each Member shall maintain Power Factor at the time of maximum demand as close to unity as possible. If the Power Factor of Member measured at the aggregated Member's Delivery Point(s) at the time of Member's peak demand is outside a bandwidth of 95% leading to 95% lagging, a Power Factor Adjustment shall be separately charged to the Member. The Power Factor Adjustment shall be the product of the Member's power factor adjustment (as set forth below) multiplied by the quotient of the Member's O&M Charge divided by the sum of the Member's 12-month rolling average demand. The power factor adjustment kW shall be any non-negative number determined from the following formula:

$$pfakW = ((mkW / mpf)(bpf)) - mkW$$

Where:

- pfakW = power factor adjustment in kW,
- mkW = Member Metered kW,
- mpf = measured power factor at the time of Member peak demand, and
- bpf = 0.95.

The provisions of the power factor adjustment may be waived if power factor is detrimentally impacted as a direct result of system improvements or a change in operational procedure by AEPCO to reduce transmission losses and/or improve system reliability.

Taxes – Bills rendered are subject to adjustment for all federal, state and local government taxes or levies, including any taxes or levies imposed as a carbon tax or “cap and trade” or other carbon assessments system imposed on electricity sales or electricity production and any assessments that are or may be imposed by federal or state regulatory agencies on electric utility gross revenues.

Power Cost Adjustor Rates and Power Cost Bank Charges

“Base Resources” are defined as (1) AEPCO’s Steam Turbine Units 2 and 3, (2) power purchased under contract from the Western Area Power Administration and (3) economy purchases displacing base resources generation.

“Other Resources” are defined as (1) AEPCO’s generation units other than Steam Turbine Units 2 and 3, (2) power purchased under contracts which serve the combined scheduled loads of AEPCO’s Class A members plus power purchased under contract and economy energy purchases (other than economy purchases displacing base resources generation) made for the purpose of meeting the scheduled load requirements of all Class A members and (3) power purchased under contracts or resources which have been acquired to serve Class A Member load and which the Member has expressly agreed to in a participation agreement.

“Fixed Power Costs” are defined as those costs that do not vary directly with the production and/or purchase of electric power and energy. Such costs include, but are not limited to, demand charges, reservation charges, and wheeling expenses that do not vary directly with energy take.

The monthly bill computed under this Tariff shall, using the procedures stated herein, be increased or decreased by the monthly fixed costs adjustor charge, the monthly bank charges and an amount equal to the result of multiplying the kWh derived from each resource type by the applicable Power Cost Adjustor Rate for Base Resources and Other Resources where:

Base Resources Adjustor Rate

$$BF = BPC - BFB$$

BF = Base Resources Power Cost Adjustor Rate in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BPC = The Commission-allowed pro forma fuel costs of Base Resources generation, purchased power costs of Base Resources and wheeling costs associated with Base Resources in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BFB = The Base Resources Fuel Base or BFB is \$0.02931 for MEC, \$0.02975 for SSVEC and \$0.02984 for Trico.

Allowable Base Resources fuel, purchased power and wheeling costs include:

- A. The costs of fossil fuel and natural gas consumed in AEPCO's Steam Generating Units 2 and 3 as recorded in RUS Account 501 (excluding those costs identified as Fixed Power Costs), plus
- B. The actual costs associated with Base Resources power purchased for reasons other than identified in paragraph (C) below as recorded in RUS Account 555 (excluding those costs identified as Fixed Power Costs), plus
- C. The cost of energy purchased when such energy is purchased on an economic dispatch basis to substitute for higher cost Base Resources energy as recorded in RUS Account 555, plus
- D. The firm and non-firm wheeling expenses associated with the delivery of Base Resources energy as recorded in RUS Account 565 (excluding those costs identified as Fixed Power Costs), excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to AEPCO's all-requirements Class A members, less
- E. The energy costs recovered through non-tariff contractual firm sales of Base Resources power and energy as recorded in RUS Account 447, less
- F. The energy costs recovered through inter-system economy energy and/or intra-system resource transfer sales of Base Resources power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

Base Resources Bank Charge

BBC = $BBA / 6$

BBC = Base Resources Bank Charge in dollars per month rounded to the nearest cent (\$0.01).

BBA = The "Base Resources Bank Account" represents allowable accumulated fuel, purchased power and wheeling costs in dollars over- or under-collected in the past from Base Resources, rounded to the nearest cent (\$0.01).

Other Resources Adjustor Rate

OF = OPC – OFB

OF = Other Resources Power Cost Adjustor Rate in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OPC = The Commission-allowed pro forma fuel costs of Other Resources generation, Other Resources purchased power and wheeling costs associated with Other Resources in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OFB = The Other Resources Fuel Base or OFB is \$0.04118 for MEC, \$0.04139 for SSVEC and \$0.03747 for Trico.

Allowable Other Resources fuel, purchased power and wheeling costs include:

- A. The costs of fossil fuel and natural gas consumed in AEPCO's Steam Generating Units 1, 4, 5 and 6 as recorded in RUS Accounts 501 and 547 (excluding those costs identified as Fixed Power Costs), plus
- B. The actual costs associated with Other Resources purchased power for reasons other than identified in paragraph (C) below as recorded in RUS Account 555 (excluding those costs identified as Fixed Power Costs), plus
- C. The cost of Other Resources energy purchased when such energy is purchased on an economic dispatch basis. Included therein are such costs as those charged for economy energy purchases and the charges resulting from a scheduled outage of Other Resources generation units. All such kinds of Other Resources energy being purchased by AEPCO to substitute for its own higher cost Other Resources energy as recorded in RUS Account 555, plus
- D. The firm and non-firm wheeling expenses associated with the delivery of Other Resources energy as recorded in RUS Account 565 (excluding those costs identified as Fixed Power Costs), excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to AEPCO's all-requirements Class A members, less
- E. The energy costs recovered through non-tariff contractual firm sales of Other Resources power and energy as recorded in RUS Account 447, and less
- F. The energy costs recovered through inter-system economy energy and/or intra-system resource transfer sales of Other Resources power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

Other Resources Bank Charge

$$OBC = OBA / 6$$

OBC = Other Resources Bank Charge in dollars per month, rounded to the nearest cent (\$0.01).

OBA = The "Other Resources Bank Account" represents allowable accumulated fuel, purchased power and wheeling costs in dollars over- or under-collected in the past from Other Resources, rounded to the nearest cent (\$0.01).

Fixed Power Costs Adjustor Charge

$$FC = FPC - FFB$$

FC = Fixed Power Costs Adjustor Charge in dollars per month, rounded to the nearest cent (\$0.01).

FPC = The Commission-allowed pro forma fixed fuel costs of Base and Other Resources generation, fixed costs of Base and Other Resources purchased power and fixed wheeling costs associated with Base and Other Resources in dollars, rounded to the nearest cent (\$0.01).

FFB = The Fixed Power Costs Base or FFB is \$549,433.00 for MEC, \$486,509.00 for SSVEC and \$574,197.00 for Trico.

Allowable fixed fuel, purchased power and wheeling costs include:

- A. The fixed costs of fossil fuel and natural gas consumed in AEPCO's Steam Generating Units as recorded in RUS Accounts 501 and 547, plus
- B. The fixed costs associated with purchased power as recorded in RUS Account 555, plus
- C. The fixed wheeling expenses associated with the delivery of Base and Other Resources energy as recorded in RUS Account 565, excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to AEPCO's all-requirements Class A members, less
- D. The demand and other fixed costs recovered through non-tariff contractual firm sales of power and energy as recorded in RUS Account 447, less
- E. The demand and other fixed costs recovered through inter-system economy energy and/or intra-system resource transfer sales of power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

Fixed Power Costs Bank Charge

$$\text{FBC} = \text{FBA} / 6$$

FBC = Fixed Power Costs Bank Charge in dollars per month, rounded to the nearest cent (\$0.01).

FBA = The "Fixed Power Costs Bank Account" represents allowable accumulated fixed fuel, purchased power and wheeling costs in dollars over- or under-collected in the past, rounded to the nearest cent (\$0.01).

For purposes of calculating the Power Cost Bank Charges, AEPCO shall separately track each individual Partial-Requirements Member's BBA, OBA, and FBA. In addition, on a calendar semi-annual basis, AEPCO shall compute the Power Cost Adjustor Rates as specified herein based upon a rolling 12-month average of allowable fuel, purchased power and wheeling costs for the BPC, the OPC and the FPC. AEPCO shall initially file by March 1, 2014 and thereafter on March 1 and September 1 of the month preceding the effective date of the revised Power Cost Adjustor Rates and Power Cost Bank Charges (i.e., April 1 or October 1): (1) calculations supporting the revised Adjustor Rates and Bank Charges with the Director, Utilities Division, and (2) a Tariff reflecting the revised Adjustor Rates and Bank Charges with the Commission, which Tariff shall be effective for billings after the first day of the following month and which shall continue in effect until revised pursuant to the procedures specified herein.

EXHIBIT A

Effective Date	November 1, 2013 (1)		
	MEC	SSVEC	Trico
Partial-Requirements Members:			
Fixed Charge – \$/month	\$856,617	\$758,513	\$743,980
O&M Charge – \$/month	\$1,433,723	\$1,269,525	\$868,482
Base Resources Energy Rate – \$/kWh	\$0.02931	\$0.02975	\$0.02984
Other Resources Energy Rate – \$/kWh	\$0.04118	\$0.04139	\$0.03747

Adjustor Rates/Charges

MEC

Base Resources Power Cost Adjustor Rate – \$/kWh	\$0.00000*
Other Resources Power Cost Adjustor Rate – \$/kWh	\$0.00000*
Fixed Power Costs Adjustor Charge – Total \$/mo.	\$0.00*

SSVEC

Base Resources Power Cost Adjustor Rate – \$/kWh	\$0.00000*
Other Resources Power Cost Adjustor Rate – \$/kWh	\$0.00000*
Fixed Power Costs Adjustor Charge – Total \$/mo.	\$0.00*

Trico

Base Resources Power Cost Adjustor Rate – \$/kWh	\$0.00000*
Other Resources Power Cost Adjustor Rate – \$/kWh	\$0.00000*
Fixed Power Costs Adjustor Charge – Total \$/mo.	\$0.00*

Bank Charges

MEC

Base Resources Bank Charge – \$/mo.	\$0.00*
Other Resources Bank Charge – \$/mo.	\$0.00*
Fixed Power Costs Bank Charge – \$/mo.	\$0.00*

SSVEC

Base Resources Bank Charge – \$/mo.	\$0.00*
Other Resources Bank Charge – \$/mo.	\$0.00*
Fixed Power Costs Bank Charge – \$/mo.	\$0.00*

Trico

Base Resources Bank Charge – \$/mo.	\$0.00*
Other Resources Bank Charge – \$/mo.	\$0.00*
Fixed Power Costs Bank Charge – \$/mo.	\$0.00*

(1) Rates are effective for service provided on and after this date.

* Effective November 1, 2013 and determined and revised as set forth in the Tariff.

Arizona Electric Power Cooperative, Inc.

**Purchased Power and Fuel Adjustment Clause
(PPFAC)
Plan of Administration**

1 **Purchased Power and Fuel Adjustment Clause — Plan of Administration**

2 **General Description:**

3 The purpose of the Arizona Electric Power Cooperative, Inc. (“AEPSCO”) Purchased
4 Power and Fuel Adjustment Clause (“PPFAC”) is to track changes in AEPSCO’s fuel,
5 purchased power and wheeling costs and to recover or return increases or decreases in
6 those costs through an adjustor mechanism without the time and expense of a general rate
7 case.

8 The PPFAC was first authorized in Decision No. 68071 and consisted of the following
9 major components:

- 10 1. Establishment of power cost adjustor bases for all- and partial-requirements
11 members;
- 12 2. Monthly calculation of all-requirements and partial-requirements Class A
13 Members’ fuel and purchased power costs over-collection and/or under-
14 collection;
- 15 3. Establishment of bank balancing accounts for each Class A Member subject to the
16 provisions of the PPFAC; and
- 17 4. Development and filing semi-annually of all-requirements and partial-
18 requirements Power Cost Adjustor Rates.

19 In a subsequent rate case (Decision No. 72055), AEPSCO and its members agreed to, and
20 the Commission approved, modifications to its Class A Members’ rate schedules and the
21 PPFAC. One of the modifications refined the PPFAC calculations to distinguish between
22 the costs associated with Base Resources Energy and Other Resources Energy. The
23 PPFAC was also revised to separate adjustor bases and rates for AEPSCO’s collective all-
24 requirements Class A Members (collectively, the “CARM”) and for each of the three
25 partial-requirements Class A Members (“PRM”). These modifications resulted in eight
26 (8) PPFAC bases, eight (8) PPFAC adjustor rate calculations and eight (8) PPFAC bank
27 balances.¹

28 In AEPSCO’s most recent rate case (Decision No. 74173), AEPSCO and its members
29 agreed to, and the Commission approved, further modifications to the PPFAC. One
30 modification removed fixed power costs from the calculation of PPFAC Base and Other
31 Resources and instead authorized AEPSCO to track and recover those fixed costs through

¹ The bank balances were included in the adjustor rate calculations.

1 the establishment of a fixed power costs base and a separate adjustor rate based on a
2 monthly charge. The second modification removed the bank balances from the kWh
3 adjustor rate calculations. As a result, the bank balances for each CARM and PRM are
4 now amortized over a six (6) month period at the time revised PPFAC adjustor rates
5 become effective (i.e., April 1 and October 1 of each year). The intent of these
6 modifications was to establish kWh adjustor rates that reflect the truly variable kWh cost
7 of fuel, purchased power, and wheeling. These modifications resulted in twelve (12)
8 PPFAC bases, twelve (12) PPFAC adjustor rate/charge calculations and twelve (12)
9 PPFAC bank balances.²

10 Attached to this Plan of Administration as Exhibits A and B are the approved CARM
11 Tariff and PRM Schedule, including the PPFAC provisions, developed by AEPCO and
12 its Class A members. AEPCO will file monthly information regarding calculations of the
13 fuel, purchased power and wheeling costs and separately identified fixed power costs,
14 over-collection and/or under-collection amounts and changes to each Class A Member's
15 bank balance accounts. The above-described modifications have been incorporated into
16 the prior PPFAC and result in the following:

- 17 1. Separate adjustor bases for Base Resources, Other Resources and Fixed Power
18 Costs for the CARM and for each PRM.

- 19 2. Based upon 2011 test year data, power cost adjustor bases for the CARM are
20 \$0.02958/kWh for Base Resources, \$0.03904/kWh for Other Resources and
21 \$183,236.00/month for Fixed Power Costs. For the PRMs, a Base Resources
22 power cost adjustor base of \$0.02931/kWh applies to Mohave Electric
23 Cooperative, Inc. ("MEC"), \$0.02975/kWh for Sulphur Springs Valley Electric
24 Cooperative, Inc. ("SSVEC") and \$0.02984/kWh for Trico Electric Cooperative,
25 Inc. ("Trico"). Adjustor bases for Other Resources are \$0.04118/kWh for MEC,
26 \$0.04139/kWh for SSVEC and \$0.03747/kWh for Trico. The Fixed Power Costs
27 Bases are \$549,433.00/month for MEC, \$486,509.00/month for SSVEC and
28 \$574,197.00/month for Trico.

- 29 3. AEPCO will determine monthly sales to each PRM and for the CARM as a
30 whole, separately identified by Base Resources and Other Resources. These kWh
31 sales by resource type are developed in a Billing Unit Program ("BUP") that
32 reflects the member loads served by each resource type.

² Individual bank balances for each CARM (i.e., Anza, Duncan, and Graham) will be tracked and reported separately. See CARM Tariff, Exhibit A, for a more detailed explanation.

- 1 4. Fixed Power Costs will be separately identified and allocated monthly to each
2 PRM and for the CARM as a whole.
- 3 5. The Base and Other Resources adjustor rates and Fixed Power Costs adjustor
4 charges for all Class A Members will initially be set at zero until new adjustors
5 are established as described below.
- 6 6. AEPCO will calculate the costs and revenue credits associated with transfers of
7 power and energy among Class A Member supply resources and AEPCO sales to
8 third parties and will net the revenues against the costs of such transfers.
- 9 7. AEPCO will set the bank balances for each Class A Member to zero at the time
10 new rates are implemented. A Rider No. 1 temporary surcharge has been
11 authorized by the Commission to recover or refund Class A Members' bank
12 balances attributable to the prior PPFAC. The surcharge will collect or refund the
13 bank balances, as they existed on November 1, 2013, through a monthly charge
14 and will remain in effect for twelve (12) months. On or before November 29,
15 2013, AEPCO will file Rider No. 1 (a draft of which is attached to this Plan of
16 Administration as Exhibit C) to become effective December 1, 2013.
- 17 8. AEPCO will record and separately maintain bank balances by type of resource
18 (i.e., Base Resources, Other Resources and Fixed Power Costs) for each Class A
19 Member at the time new adjustor rates and charges are implemented.
- 20 The results of the PPFAC calculations will be applied to the rates of the PRM and CARM
21 Members through the Power Cost Adjustor Rates. Initially set at zero, the Power Cost
22 Adjustors will be recalculated commencing on March 1, 2014 to be effective April 1,
23 2014. Thereafter, on or before March 1 or September 1, AEPCO will file (1) calculations
24 supporting revised Adjustor Rates and Bank Charges with the Director, Utilities Division,
25 and (2) a new Tariff and Schedule reflecting the revised Adjustor Rates and Bank
26 Charges with Docket Control with an effective date of April 1 or October 1.
- 27 Each month, AEPCO will continue to submit to the Utilities Division, Compliance
28 Section, a report of its calculation of the CARM and PRM Base Resources and Other
29 Resources fuel, purchased power and wheeling costs and Fixed Power Costs over-
30 collection and/or under-collection. In addition, AEPCO will continue to provide certain
31 information confidentially to the Director, Utilities Division, regarding generating units,
32 power purchases and fuel purchases on a monthly basis.

1 **Allowable Costs and Revenue Credits:**

2 The cost components allowed in the calculation of the PPFAC are described in the Tariff
3 and Schedule attached as Exhibits A and B and generally are those costs recorded in RUS
4 Account 501 (fuel costs for steam generation, less legal fees and less fixed fuel costs,
5 except for gas reservation charges), RUS Account 547 (fuel costs for other generation),
6 RUS Account 555 (purchased power costs, both demand and energy) and RUS
7 Account 565 (wheeling costs, both firm and non-firm, except for network service
8 transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for
9 electric power and energy furnished to the Class A Members). Prudent direct costs of
10 contracts used for hedging fuel and purchased power costs will also be included. Power
11 supply costs directly assignable to special contract customers will not be included.
12 Revenues credited in the calculation of the PPFAC would be those Non-Class A Member
13 revenues recorded in RUS Account 447 (Non-Class A sales for resale revenues, less
14 revenues for fuel-related legal expenses). The Fixed Power Costs, if any, associated with
15 the aforementioned RUS Accounts will be identified and tracked separately for purposes
16 of the PPFAC calculations.

17 **Computations:**

18 **Part 1. Monthly Fuel and Purchased Power Costs:**

19
20 AEPCO will calculate, on a monthly basis and for each Class A Member separately, the
21 actual costs for Base Resources and Other Resources based upon allowable fuel,
22 purchased power and wheeling costs and revenue credits. In addition, Fixed Power Costs
23 will be calculated in a similar fashion, but will not be differentiated by Base and Other
24 Resources. These calculations will differentiate and direct assign the Southpoint and
25 Griffith purchased power expenses and associated wheeling charges that are applicable to
26 the CARM and Trico but not to other Class A Members. In addition, subsequent
27 purchased power agreements shall be differentiated and direct assigned if they are
28 applicable only to certain Class A Member(s). Furthermore, AEPCO will calculate the
29 costs and revenue credits associated with transfers of power and energy among Class A
30 Member supply resources and from the resources of Class A Members to third parties.

31 **Part 2. Monthly Determination of Bank Balancing Accounts:**

32
33 Upon determination of the actual monthly Base Resources and Other Resources fuel,
34 purchased power and wheeling costs on a per-kWh basis for the CARM and each PRM,
35 AEPCO will subtract the applicable Commission-approved power cost adjustor bases to
36 determine the separate monthly under-collected (over-collected) costs on a per-kWh basis
37 for Base Resources and Other Resources. The resultant monthly under-collected (over-
38 collected) costs on a per-kWh basis will then be multiplied by each Class A Member's
39 kWh sales attributable to that resource for the month to determine the dollar amount of

1 under-collected (over-collected) fuel, purchased power and wheeling costs by resource
2 type for each Class A Member. The under-collected (over-collected) fuel and purchased
3 power costs for each resource type will be added to the prior month's bank balancing
4 account. In order to determine the current month's bank balance amount for Base and
5 Other Resources, AEPCO will also subtract from the prior month's bank balancing
6 account any amounts collected by the Power Cost Adjustor Rate (which is determined by
7 multiplying the applicable Power Cost Adjustor Rate by the Class A Member's kWh
8 sales attributable to each resource type).

9 The Fixed Power Costs bank balancing account component will be determined by
10 subtracting the applicable Commission-approved Fixed Power Cost adjustor base from
11 the actual monthly Fixed Power Costs for the CARM and each PRM. The resultant
12 under-collected (over-collected) fixed fuel, purchased power and wheeling costs will be
13 added to the Member's prior month's bank balancing account. In order to determine the
14 current month's bank balance amount for Fixed Power Costs, AEPCO will also subtract
15 from the prior month's bank balancing account any amounts collected by the Fixed
16 Power Costs Adjustor Charge.

17 **Part 3. Semi-Annual Determination of Bank (Refunds)/Charges:**
18

19 As described in Exhibits A and B to this Plan of Administration, the bank
20 (refunds)/charges for each CARM and PRM by type of resource (Base Resources, Other
21 Resources and Fixed Power Costs) are based on the accumulated (over)/under collections
22 for the six (6) month period between semi-annual adjustor filings. The initial period (i.e.,
23 March 1 filing with the ACC) will only contain two (2) months (i.e., November and
24 December of 2013) of (over)/under collections since the new rates in Decision No. 74173
25 are effective November 1, 2013. Thereafter, the six-month accumulated bank balances
26 associated with Base Resources, Other Resources, and Fixed Power Costs for each
27 CARM and PRM at the end of December and June of each year will be determined by
28 dividing the balance of each bank by six (6).³ This calculation represents a six-month
29 amortization of each of the bank balance components of the PPFAC. A fixed monthly
30 (refund)/charge for each of these bank components will be itemized on each Members'
31 bill.

32 **Part 4. Semi-Annual Determination of Power Cost Adjustor Rates and Charges:**
33

34 The CARM and PRM power cost adjustor rates and charges shall be determined as
35 described in the Tariff and Schedule attached to this Plan of Administration as Exhibits A
36 and B.

³ The bank (refunds)/charges for each individual CARM is based on the accumulated (over)/under collections for that individual Member.

1 **Compliance Reports:**

2 AEPCO will file a report showing the monthly calculation of the CARM and PRM
3 Members' fuel, purchased power and wheeling costs over-collection and/or under-
4 collection by resource type and each Member's balancing account balance for each
5 resource type and by fixed power cost components. The initial report will cover the fuel,
6 purchased power and wheeling costs in November 2013 and will be due on February 1,
7 2014. Thereafter, each month's report will be due on the first day of the third month
8 following the end of the reporting month. This report will set forth:
9

- 10 1. Bank balance calculations, including all inputs and outputs;
- 11 2. Total power and fuel costs by resource type and by fixed component(s);
- 12 3. Class A Member Sales, both in kWh and dollars, by Member for each
13 resource type;
- 14 4. Detailed listing of all items excluded from the PPFAC calculations;
- 15 5. Detailed listing of any adjustments to the report;
- 16 6. Non-Class A Member Sales; and
- 17 7. The name and phone number of a contact person at AEPCO for questions.

18 In addition, AEPCO will file a confidential report providing information on its generating
19 units, power purchases and fuel purchases with the Director, Utilities Division. The
20 initial report will provide information for November 2013 and will be due February 1,
21 2014. Thereafter, each month's report will be due on the first day of the third month
22 following the end of the reporting month. This report will set forth:

- 23 1) Generating unit information:
 - 24 a) Net generation, in MWh per month, and 12-month cumulatively;
 - 25 b) Average heat rate, both monthly and 12-month average;
 - 26 c) Equivalent forced outage rate, both monthly and 12-month average;
 - 27 d) Outage information for each month, including event type, start date and
28 time, end date and time and description of outage;
 - 29 e) Total fuel costs per month; and
 - 30 f) Fuel cost per kWh month.
- 31 2) Power purchases information:
 - 32 a) Quantity purchased in MWh;

- 1 b) Demand purchased in MW to the extent the information is specified in the
- 2 contract;
- 3 c) Total cost for demand to the extent the information is specified in the
- 4 contract;
- 5 d) Total cost for energy;
- 6 e) Aggregated information on economy interchange purchases; and
- 7 f) Itemization of off-system sales.

- 8 3) Fuel purchase information:

- 9 a) Coal contract commodity costs;
- 10 b) Fixed coal costs, such as rail car lease costs;
- 11 c) Natural gas interstate pipeline costs, itemized by pipeline and by
- 12 individual cost components, such as reservation charge and incremental
- 13 cost; and
- 14 d) Natural gas commodity costs.

15 Each report will be accompanied by a certification from the AEPCO Chief Executive
16 Officer or Chief Financial Officer that all information provided in the report is true and
17 accurate to the best of his or her information and belief.

18 **PPFAC Review:**

19 AEPCO may file with any semi-annual report a request that the Commission review the
20 efficacy of the PPFAC.

EXHIBIT A

ARIZONA ELECTRIC POWER COOPERATIVE, INC.

TARIFF

PERMANENT

Effective Date: November 1, 2013

AVAILABILITY

Available to all cooperative associations which are or shall be collective all-requirements Class A members ("CARM") of the Arizona Electric Power Cooperative, Inc. ("AEPCO").

MONTHLY RATE (BILLING PERIOD)

Electric power and energy furnished under this Tariff will be subject to the rates set forth in the attached Exhibit A and the terms set forth herein in addition to any applicable terms set forth in the Member's Wholesale Power Contract.

Billing Month – The first calendar month preceding the month the bill is rendered.

Demand Overrun Adjustment – If, in any hour, the CARM's metered load exceeds its Allocated Capacity, then AEPCO shall compute a Demand Overrun Adjustment for the CARM and each Member shall be charged a portion of such Demand Overrun Adjustment in proportion to that Member's demand ratio share. Such Demand Overrun Adjustment shall equal the product of the CARM's Fixed Charge multiplied by the demand overrun adjustment factor. The demand overrun adjustment factor shall be any non-negative number determined from the following formula:

$$\text{doaf} = ((\text{mbdkW}) / \text{AC}) - 1$$

Where:

doaf = Demand Overrun Adjustment Factor,
mbdkW = Metered kW of CARM, and
AC = Allocated Capacity of CARM, in kW.

In addition, Member shall pay for the energy associated with the Demand Overrun Adjustment at the then-applicable Other Resources Energy Rate.

Power Factor – Each Member shall maintain Power Factor at the time of maximum demand as close to unity as possible. If the Power Factor of Member measured at the aggregated Member's Delivery Point(s) at the time of Member peak demand is outside a bandwidth of 95% leading to 95% lagging, a Power Factor Adjustment shall be separately charged to the Member. The Power Factor Adjustment shall be the product of the Member's power factor adjustment (as set forth

below) multiplied by the quotient of the Member's demand ratio share of the CARM O&M Charge divided by the sum of the CARM's 12-month rolling average demand. The power factor adjustment shall be any non-negative number determined from the following formula:

$$pfakW = ((mkW / mpf)(bpf)) - mkW$$

Where:

pfakW = power factor adjustment in kW,
mkW = Member Metered kW,
mpf = measured power factor at the time of Member peak demand, and
bpf = 0.95.

The provisions of the power factor adjustment may be waived if power factor is detrimentally impacted as a direct result of system improvements or a change in operational procedure by AEPCO to reduce transmission losses and/or improve system reliability.

Capacity and Energy Below Allocated Capacity – If CARM is utilizing a Future Resource, Supplemental Purchase, S&G PPA in any hour to serve Native Load and CARM fails to take its required share of Minimum Base Capacity or Minimum Other Capacity, CARM shall pay a charge as set forth in Section 2.4 of Rate Schedule A to the Member's Wholesale Power Contract.

Taxes – Bills rendered are subject to adjustment for all federal, state and local government taxes or levies, including any taxes or levies imposed as a carbon tax or "cap and trade" or other carbon assessments system imposed on electricity sales or electricity production and any assessments that are or may be imposed by federal or state regulatory agencies on electric utility gross revenues.

Transmission and Ancillary Service Charges – Each Class A member shall also be billed by AEPCO for charges AEPCO incurs for the transmission of power and energy to the Class A member's delivery point(s). Such charges will be assessed to the Class A member at the rates actually charged AEPCO by the transmission provider and others for transmission service and the provision of ancillary services.

Power Cost Adjustor Rates and Power Cost Bank Charges

"Base Resources" are defined as (1) AEPCO's Steam Turbine Units 2 and 3, (2) power purchased under contract from the Western Area Power Administration and (3) economy purchases displacing base resources generation.

"Other Resources" are defined as (1) AEPCO's generation units other than Steam Turbine Units 2 and 3, (2) power purchased under contracts which serve the combined scheduled loads of AEPCO's Class A members plus power purchased under contract and economy energy purchases (other than economy purchases displacing base resources generation) made for the purpose of meeting the scheduled load requirements of all Class A members and (3) power purchased under contracts or resources which have been acquired to serve Class A Member load and which the Member has expressly agreed to in a participation agreement.

“Fixed Power Costs” are defined as those costs that do not vary directly with the production and/or purchase of electric power and energy. Such costs include, but are not limited to, demand charges, reservation charges, and wheeling expenses that do not vary directly with energy take.

The monthly bill computed under this Tariff shall, using the procedures stated herein, be increased or decreased by the monthly fixed costs adjustor charge, the monthly bank charges and an amount equal to the result of multiplying the kWh derived from each resource type by the applicable Power Cost Adjustor Rate for Base Resources and Other Resources where:

Base Resources Adjustor Rate

BF = BPC - \$0.02958

BF = Base Resources Power Cost Adjustor Rate in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BPC = The Commission-allowed pro forma fuel costs of Base Resources generation, the purchased power costs of Base Resources and wheeling costs associated with Base Resources in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

Allowable Base Resources fuel, purchased power and wheeling costs include:

- A. The costs of fossil fuel and natural gas consumed in AEPCO’s Steam Generating Units 2 and 3 as recorded in RUS Account 501 (excluding those costs identified as Fixed Power Costs), plus
- B. The actual costs associated with Base Resources power purchased for reasons other than identified in paragraph (C) below as recorded in RUS Account 555 (excluding those costs identified as Fixed Power Costs), plus
- C. The cost of energy purchased when such energy is purchased on an economic dispatch basis to substitute for higher cost Base Resources energy as recorded in RUS Account 555, plus
- D. The firm and non-firm wheeling expenses associated with the delivery of Base Resources energy as recorded in RUS Account 565 (excluding those costs identified as Fixed Power Costs) excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to the CARM, less
- E. The energy costs recovered through non-tariff contractual firm sales of Base Resources power and energy as recorded in RUS Account 447, less
- F. The energy costs recovered through inter-system economy energy and/or intra-system resource transfer sales of Base Resources power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

Base Resources Bank Charge

$$\text{BBC} = \text{BBA} / 6 *$$

BBC = Base Resources Bank Charge in dollars per month, rounded to the nearest cent (\$0.01).

BBA = The "Base Resources Bank Account" represents allowable accumulated fuel, purchased power and wheeling costs in dollars over- or under-collected in the past from Base Resources, rounded to the nearest cent (\$0.01).

* The BBC for each individual CARM is based on the accumulated (over)/under collected BBA for that individual Member.

Other Resources Adjustor Rate

$$\text{OF} = \text{OPC} - \$0.03904$$

OF = Other Resources Power Cost Adjustor Rate in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OPC = The Commission-allowed pro forma fuel costs of Other Resources generation, Other Resources purchased power and wheeling costs associated with Other Resources in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

Allowable Other Resources fuel, purchased power and wheeling costs include:

- A. The costs of fossil fuel and natural gas consumed in AEPCO's Steam Generating Units 1, 4, 5 and 6 as recorded in RUS Accounts 501 and 547 (excluding those costs identified as Fixed Power Costs), plus
- B. The actual costs associated with Other Resources purchased power for reasons other than identified in paragraph (C) below as recorded in RUS Account 555 (excluding those costs identified as Fixed Power Costs), plus
- C. The cost of Other Resources energy purchased when such energy is purchased on an economic dispatch basis. Included therein are such costs as those charged for economy energy purchases and the charges resulting from a scheduled outage of Other Resources generation units. All such kinds of Other Resources energy being purchased by AEPCO to substitute for its own higher cost Other Resources energy as recorded in RUS Account 555, plus
- D. The firm and non-firm wheeling expenses associated with the delivery of Other Resources energy as recorded in RUS Account 565 (excluding those costs identified as Fixed Power Costs), excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to the CARM, less

- E. The energy costs recovered through non-tariff contractual firm sales of Other Resources power and energy as recorded in RUS Account 447, less
- F. The energy costs recovered through inter-system economy energy and/or intra-system resource transfer sales of Other Resources power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

Other Resources Bank Charge

$$\text{OBC} = \text{OBA} / 6 *$$

OBC = Other Resources Bank Charge in dollars per month, rounded to the nearest cent (\$0.01).

OBA = The "Other Resources Bank Account" represents allowable accumulated fuel, purchased power and wheeling costs in dollars over- or under-collected in the past from Other Resources, rounded to the nearest cent (\$0.01).

* The OBC for each individual CARM is based on the accumulated (over)/under collected OBA for that individual Member.

Fixed Power Costs Adjustor Charge

$$\text{FC} = \text{FPC} - \$183,236 *$$

FC = Fixed Power Costs Adjustor Charge in dollars per month, rounded to the nearest cent (\$0.01).

FPC = The Commission-allowed pro forma fixed fuel costs of Base and Other Resources generation, fixed costs of Base and Other Resources purchased power and fixed wheeling costs associated with Base and Other Resources in dollars, rounded to the nearest cent (\$0.01).

Allowable fixed fuel, purchased power and wheeling costs include:

- A. The fixed costs of fossil fuel and natural gas consumed in AEPCO's Steam Generating Units as recorded in RUS Accounts 501 and 547, plus
- B. The fixed costs associated with purchased power as recorded in RUS Account 555, plus
- C. The fixed wheeling expenses associated with the delivery of Base and Other Resources energy as recorded in RUS Account 565, excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to the CARM, less

- D. The demand and other fixed costs recovered through non-tariff contractual firm sales of power and energy as recorded in RUS Account 447, less
- E. The demand and other fixed costs recovered through inter-system economy energy and/or intra-system resource transfer sales of power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

* The FC is apportioned among the CARMs and allocated to each CARM based upon each CARM's monthly Demand Ratio Share. The Demand Ratio Share is calculated each month as the percentage of each CARM's 12-month rolling average demand to the total of the CARMs' 12-month rolling average demand.

Fixed Power Costs Bank Charge

$$FBC = FBA / 6 *$$

FBC = Fixed Power Costs Bank Charge in dollars per month, rounded to the nearest cent (\$0.01).

FBA = The "Fixed Power Costs Bank Account" represents allowable accumulated fixed fuel, purchased power and wheeling costs in dollars over- or under-collected in the past, rounded to the nearest cent (\$0.01).

* The FBC for each individual CARM is based on the accumulated (over)/under collected FBA for that individual Member.

For purposes of calculating the Power Cost Bank Charges, AEPCO shall separately track each individual CARM's BBA, OBA and FBA. In addition, on a calendar semi-annual basis, AEPCO shall compute the Power Cost Adjustor Rates as specified herein based upon a rolling 12-month average of allowable fuel, purchased power and wheeling costs for the BPC, the OPC and the FPC. AEPCO shall initially file by March 1, 2014 and thereafter on March 1 and September 1 of the month preceding the effective date of the revised Power Cost Adjustor Rates and Power Cost Bank Charges (i.e., April 1 or October 1): (1) calculations supporting the revised Adjustor Rates and Bank Charges with the Director, Utilities Division, and (2) a Tariff reflecting the revised Adjustor Rates and Bank Charges with the Commission, which Tariff shall be effective for billings after the first day of the following month and which shall continue in effect until revised pursuant to the procedures specified herein.

EXHIBIT A

Effective Date	November 1, 2013 (1)
Collective All-Requirements Members:	
Total Fixed Charge/Month	\$280,682 (2)
Total O&M Charge/Month	\$462,845 (2)
Base Resources Energy Rate – \$/kWh	\$0.02958
Other Resources Energy Rate – \$/kWh	\$0.03904

Adjustor Rates/Charges

Base Resources Power Cost Adjustor Rate – \$/kWh	\$0.00000*
Other Resources Power Cost Adjustor Rate – \$/kWh	\$0.00000*
Fixed Power Costs Adjustor Charge – Total \$/mo. (2)	\$0.00*

Bank Charges

Anza Electric Cooperative, Inc.

Base Resources Bank Charge – \$/mo.	\$0.00*
Other Resources Bank Charge – \$/mo.	\$0.00*
Fixed Power Costs Bank Charge – \$/mo.	\$0.00*

Duncan Valley Electric Cooperative, Inc.

Base Resources Bank Charge – \$/mo.	\$0.00*
Other Resources Bank Charge – \$/mo.	\$0.00*
Fixed Power Costs Bank Charge – \$/mo.	\$0.00*

Graham County Electric Cooperative, Inc.

Base Resources Bank Charge – \$/mo.	\$0.00*
Other Resources Bank Charge – \$/mo.	\$0.00*
Fixed Power Costs Bank Charge – \$/mo.	\$0.00*

- (1) Rates are effective for service provided on and after this date.
- (2) The Total Fixed Charge, the Total O&M Charge, and the Fixed Power Costs Adjustor Charge are apportioned among the CARMs and allocated to each CARM based upon each CARM's monthly Demand Ratio Share. The Demand Ratio Share is calculated each month as the percentage of each CARM's 12-month rolling average demand to the total of the CARMs' 12-month rolling average demand.

* Effective November 1, 2013 and determined and revised as set forth in the Tariff.

EXHIBIT B

Arizona Electric Power Cooperative, Inc.

Partial-Requirements Schedule Rates and Fixed Charge (Effective November 1, 2013)

Service provided to Mohave Electric Cooperative, Inc. ("MEC"), Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") and Trico Electric Cooperative, Inc. ("Trico") by the Arizona Electric Power Cooperative, Inc. ("AEPCO") under the Partial Requirements Capacity and Energy Agreements shall be at the rates set forth in the attached Exhibit A and subject to the terms set forth herein in addition to any applicable terms set forth in the Members' Partial Requirements Capacity and Energy Agreements.

Billing Month – The first calendar month preceding the month the bill is rendered.

Demand Overrun Adjustment – If, in any hour, (i) Member's scheduled load (if Member is not in AEPCO's Control Area) or (ii) Member's metered load less capacity obtained from sources outside the Dispatch Pool (if Member is in AEPCO's Control Area) exceeds its Allocated Capacity, then Member shall be charged a Demand Overrun Adjustment. Such Demand Overrun Adjustment shall equal the product of Member's Fixed Charge multiplied by the demand overrun adjustment factor. The demand overrun adjustment factor shall be any non-negative number determined from the following formula:

$$\text{doaf} = ((\text{mbdkW}) / \text{AC}) - 1$$

Where:

doaf = Demand Overrun Adjustment Factor,
mbdkW = Member Schedule in kW or Metered kW less capacity from sources outside the Dispatch Pool, as applicable, and
AC = Allocated Capacity of Member, in kW.

In addition, Member shall pay for the energy associated with the Demand Overrun Adjustment at the then-applicable Other Resources Energy Rate.

Power Factor – Each Member shall maintain Power Factor at the time of maximum demand as close to unity as possible. If the Power Factor of Member measured at the aggregated Member's Delivery Point(s) at the time of Member's peak demand is outside a bandwidth of 95% leading to 95% lagging, a Power Factor Adjustment shall be separately charged to the Member. The Power Factor Adjustment shall be the product of the Member's power factor adjustment (as set forth below) multiplied by the quotient of the Member's O&M Charge divided by the sum of the Member's 12-month rolling average demand. The power factor adjustment kW shall be any non-negative number determined from the following formula:

$$pfakW = ((mkW / mpf)(bpf)) - mkW$$

Where:

- pfakW = power factor adjustment in kW,
- mkW = Member Metered kW,
- mpf = measured power factor at the time of Member peak demand, and
- bpf = 0.95.

The provisions of the power factor adjustment may be waived if power factor is detrimentally impacted as a direct result of system improvements or a change in operational procedure by AEPCO to reduce transmission losses and/or improve system reliability.

Taxes – Bills rendered are subject to adjustment for all federal, state and local government taxes or levies, including any taxes or levies imposed as a carbon tax or “cap and trade” or other carbon assessments system imposed on electricity sales or electricity production and any assessments that are or may be imposed by federal or state regulatory agencies on electric utility gross revenues.

Power Cost Adjustor Rates and Power Cost Bank Charges

“Base Resources” are defined as (1) AEPCO’s Steam Turbine Units 2 and 3, (2) power purchased under contract from the Western Area Power Administration and (3) economy purchases displacing base resources generation.

“Other Resources” are defined as (1) AEPCO’s generation units other than Steam Turbine Units 2 and 3, (2) power purchased under contracts which serve the combined scheduled loads of AEPCO’s Class A members plus power purchased under contract and economy energy purchases (other than economy purchases displacing base resources generation) made for the purpose of meeting the scheduled load requirements of all Class A members and (3) power purchased under contracts or resources which have been acquired to serve Class A Member load and which the Member has expressly agreed to in a participation agreement.

“Fixed Power Costs” are defined as those costs that do not vary directly with the production and/or purchase of electric power and energy. Such costs include, but are not limited to, demand charges, reservation charges, and wheeling expenses that do not vary directly with energy take.

The monthly bill computed under this Tariff shall, using the procedures stated herein, be increased or decreased by the monthly fixed costs adjustor charge, the monthly bank charges and an amount equal to the result of multiplying the kWh derived from each resource type by the applicable Power Cost Adjustor Rate for Base Resources and Other Resources where:

Base Resources Adjustor Rate

$$BF = BPC - BFB$$

BF = Base Resources Power Cost Adjustor Rate in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BPC = The Commission-allowed pro forma fuel costs of Base Resources generation, purchased power costs of Base Resources and wheeling costs associated with Base Resources in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BFB = The Base Resources Fuel Base or BFB is \$0.02931 for MEC, \$0.02975 for SSVEC and \$0.02984 for Trico.

Allowable Base Resources fuel, purchased power and wheeling costs include:

- A. The costs of fossil fuel and natural gas consumed in AEPCO's Steam Generating Units 2 and 3 as recorded in RUS Account 501 (excluding those costs identified as Fixed Power Costs), plus
- B. The actual costs associated with Base Resources power purchased for reasons other than identified in paragraph (C) below as recorded in RUS Account 555 (excluding those costs identified as Fixed Power Costs), plus
- C. The cost of energy purchased when such energy is purchased on an economic dispatch basis to substitute for higher cost Base Resources energy as recorded in RUS Account 555, plus
- D. The firm and non-firm wheeling expenses associated with the delivery of Base Resources energy as recorded in RUS Account 565 (excluding those costs identified as Fixed Power Costs), excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to AEPCO's all-requirements Class A members, less
- E. The energy costs recovered through non-tariff contractual firm sales of Base Resources power and energy as recorded in RUS Account 447, less
- F. The energy costs recovered through inter-system economy energy and/or intra-system resource transfer sales of Base Resources power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

Base Resources Bank Charge

BBC = $BBA / 6$

BBC = Base Resources Bank Charge in dollars per month rounded to the nearest cent (\$0.01).

BBA = The "Base Resources Bank Account" represents allowable accumulated fuel, purchased power and wheeling costs in dollars over- or under-collected in the past from Base Resources, rounded to the nearest cent (\$0.01).

Other Resources Adjustor Rate

OF = OPC – OFB

OF = Other Resources Power Cost Adjustor Rate in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OPC = The Commission-allowed pro forma fuel costs of Other Resources generation, Other Resources purchased power and wheeling costs associated with Other Resources in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OFB = The Other Resources Fuel Base or OFB is \$0.04118 for MEC, \$0.04139 for SSVEC and \$0.03747 for Trico.

Allowable Other Resources fuel, purchased power and wheeling costs include:

- A. The costs of fossil fuel and natural gas consumed in AEPCO's Steam Generating Units 1, 4, 5 and 6 as recorded in RUS Accounts 501 and 547 (excluding those costs identified as Fixed Power Costs), plus
- B. The actual costs associated with Other Resources purchased power for reasons other than identified in paragraph (C) below as recorded in RUS Account 555 (excluding those costs identified as Fixed Power Costs), plus
- C. The cost of Other Resources energy purchased when such energy is purchased on an economic dispatch basis. Included therein are such costs as those charged for economy energy purchases and the charges resulting from a scheduled outage of Other Resources generation units. All such kinds of Other Resources energy being purchased by AEPCO to substitute for its own higher cost Other Resources energy as recorded in RUS Account 555, plus
- D. The firm and non-firm wheeling expenses associated with the delivery of Other Resources energy as recorded in RUS Account 565 (excluding those costs identified as Fixed Power Costs), excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to AEPCO's all-requirements Class A members, less
- E. The energy costs recovered through non-tariff contractual firm sales of Other Resources power and energy as recorded in RUS Account 447, and less
- F. The energy costs recovered through inter-system economy energy and/or intra-system resource transfer sales of Other Resources power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

Other Resources Bank Charge

$$\text{OBC} = \text{OBA} / 6$$

OBC = Other Resources Bank Charge in dollars per month, rounded to the nearest cent (\$0.01).

OBA = The "Other Resources Bank Account" represents allowable accumulated fuel, purchased power and wheeling costs in dollars over- or under-collected in the past from Other Resources, rounded to the nearest cent (\$0.01).

Fixed Power Costs Adjustor Charge

$$\text{FC} = \text{FPC} - \text{FFB}$$

FC = Fixed Power Costs Adjustor Charge in dollars per month, rounded to the nearest cent (\$0.01).

FPC = The Commission-allowed pro forma fixed fuel costs of Base and Other Resources generation, fixed costs of Base and Other Resources purchased power and fixed wheeling costs associated with Base and Other Resources in dollars, rounded to the nearest cent (\$0.01).

FFB = The Fixed Power Costs Base or FFB is \$549,433.00 for MEC, \$486,509.00 for SSVEC and \$574,197.00 for Trico.

Allowable fixed fuel, purchased power and wheeling costs include:

- A. The fixed costs of fossil fuel and natural gas consumed in AEPCO's Steam Generating Units as recorded in RUS Accounts 501 and 547, plus
- B. The fixed costs associated with purchased power as recorded in RUS Account 555, plus
- C. The fixed wheeling expenses associated with the delivery of Base and Other Resources energy as recorded in RUS Account 565, excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to AEPCO's all-requirements Class A members, less
- D. The demand and other fixed costs recovered through non-tariff contractual firm sales of power and energy as recorded in RUS Account 447, less
- E. The demand and other fixed costs recovered through inter-system economy energy and/or intra-system resource transfer sales of power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

Fixed Power Costs Bank Charge

$$\text{FBC} = \text{FBA} / 6$$

FBC = Fixed Power Costs Bank Charge in dollars per month, rounded to the nearest cent (\$0.01).

FBA = The "Fixed Power Costs Bank Account" represents allowable accumulated fixed fuel, purchased power and wheeling costs in dollars over- or under-collected in the past, rounded to the nearest cent (\$0.01).

For purposes of calculating the Power Cost Bank Charges, AEPCO shall separately track each individual Partial-Requirements Member's BBA, OBA, and FBA. In addition, on a calendar semi-annual basis, AEPCO shall compute the Power Cost Adjustor Rates as specified herein based upon a rolling 12-month average of allowable fuel, purchased power and wheeling costs for the BPC, the OPC and the FPC. AEPCO shall initially file by March 1, 2014 and thereafter on March 1 and September 1 of the month preceding the effective date of the revised Power Cost Adjustor Rates and Power Cost Bank Charges (i.e., April 1 or October 1): (1) calculations supporting the revised Adjustor Rates and Bank Charges with the Director, Utilities Division, and (2) a Tariff reflecting the revised Adjustor Rates and Bank Charges with the Commission, which Tariff shall be effective for billings after the first day of the following month and which shall continue in effect until revised pursuant to the procedures specified herein.

EXHIBIT A

Effective Date	November 1, 2013 (1)		
	MEC	SSVEC	Trico
Partial-Requirements Members:			
Fixed Charge – \$/month	\$856,617	\$758,513	\$743,980
O&M Charge – \$/month	\$1,433,723	\$1,269,525	\$868,482
Base Resources Energy Rate – \$/kWh	\$0.02931	\$0.02975	\$0.02984
Other Resources Energy Rate – \$/kWh	\$0.04118	\$0.04139	\$0.03747

Adjustor Rates/Charges

MEC

Base Resources Power Cost Adjustor Rate – \$/kWh	\$0.00000*
Other Resources Power Cost Adjustor Rate – \$/kWh	\$0.00000*
Fixed Power Costs Adjustor Charge – Total \$/mo.	\$0.00*

SSVEC

Base Resources Power Cost Adjustor Rate – \$/kWh	\$0.00000*
Other Resources Power Cost Adjustor Rate – \$/kWh	\$0.00000*
Fixed Power Costs Adjustor Charge – Total \$/mo.	\$0.00*

Trico

Base Resources Power Cost Adjustor Rate – \$/kWh	\$0.00000*
Other Resources Power Cost Adjustor Rate – \$/kWh	\$0.00000*
Fixed Power Costs Adjustor Charge – Total \$/mo.	\$0.00*

Bank Charges

MEC

Base Resources Bank Charge – \$/mo.	\$0.00*
Other Resources Bank Charge – \$/mo.	\$0.00*
Fixed Power Costs Bank Charge – \$/mo.	\$0.00*

SSVEC

Base Resources Bank Charge – \$/mo.	\$0.00*
Other Resources Bank Charge – \$/mo.	\$0.00*
Fixed Power Costs Bank Charge – \$/mo.	\$0.00*

Trico

Base Resources Bank Charge – \$/mo.	\$0.00*
Other Resources Bank Charge – \$/mo.	\$0.00*
Fixed Power Costs Bank Charge – \$/mo.	\$0.00*

(1) Rates are effective for service provided on and after this date.

* Effective November 1, 2013 and determined and revised as set forth in the Tariff.

EXHIBIT C

ARIZONA ELECTRIC POWER COOPERATIVE, INC.

TEMPORARY PURCHASED POWER and FUEL ADJUSTMENT CLAUSE

RIDER NO. 1

TEMPORARY

Effective Date: December 1, 2013

APPLICABILITY

Applicable to the Company's Class A members as follows:

Partial Requirements Members:

Mohave Electric Cooperative, Inc.
Sulphur Springs Valley Electric Cooperative, Inc.
Trico Electric Cooperative, Inc.

Collective All-Requirements Members:

Anza Electric Cooperative, Inc.
Duncan Valley Electric Cooperative, Inc.
Graham County Electric Cooperative, Inc.

RATE

Pursuant to Arizona Corporation Commission Decision No. 74173, the customer monthly bill shall consist of the applicable charges and adjustments as set forth in the Partial-Requirements Schedule of Rates and Fixed Charge and as set forth in the Company's Tariff for its collective all-requirements Class A members ("CARM"). In addition, the monthly bill will include an applicable Rider No. 1 charge or credit as follows:

Partial Requirements Members:

Mohave Electric Cooperative, Inc. - \$TBA/mo.
Sulphur Springs Valley Electric Cooperative, Inc. - \$TBA/mo.
Trico Electric Cooperative, Inc. - \$TBA/mo.

Collective All-Requirements Members:

Anza Electric Cooperative, Inc. - \$TBA/mo.
Duncan Valley Electric Cooperative, Inc. - \$TBA/mo.
Graham County Electric Cooperative, Inc. - \$TBA/mo.

This temporary purchased power and fuel adjustment charge or credit shall remain in effect for a period of twelve (12) months beginning with the effective date specified herein.