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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

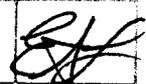
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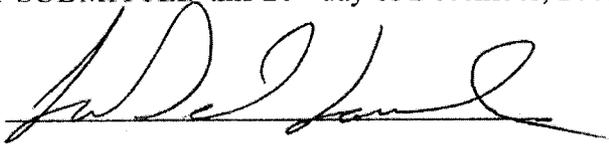
BOB STUMP, Chairman  
GARY PIERCE  
BRENDA BURNS  
BOB BURNS  
SUSAN BITTER SMITH

DOCKETED BY 

IN THE MATTER OF THE APPLICATION OF ) DOCKET NO. E-02044A-12-0419  
DIXIE ESCALANTE RURAL ELECTRIC )  
ASSOCIATION, INC. FOR A DETERMINATION )  
OF THE FAIR VALUE OF ITS PROPERTY AND )  
FOR AN ORDER SETTING JUST AND )  
REASONABLE RATES )

Dixie Escalante Rural Electric Association, Inc. ("Dixie") hereby files its Purchased Power Adjustor Mechanism ("PPAM") Plan of Administration in compliance with Decision No. 74082, dated September 23, 2013.

RESPECTFULLY SUBMITTED this 20<sup>th</sup> day of December, 2013.

By 

LaDel Laub  
Dixie Escalante Rural Electric Association

**Original** and thirteen (13) copies filed this 20<sup>th</sup> day of December, 2013, with:

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

**Dixie Escalante's ("Dixie's")**

**Plan of Administration**

**For Its**

**Purchased Power Adjustor Mechanism ("PPAM")**

As per Docket No. E-02044A-12-0419, Dixie established a PPAM to capture variable costs in wholesale power supply costs. In the rate case, the base cost of wholesale power was set at \$0.032778 per kWh, which reflects actual purchased power costs and kWh usage during the 2011 test year.

Dixie utilized the PPAM in October of 2013 and adjusted its retail energy rates by \$0.0015 per kWh to reflect changes in wholesale power supply costs for the period 2012. The average cost for 2012 was \$0.034184 per kWh, which reflected an actual difference of \$0.001406 per kWh (this difference was rounded up to \$0.0015 per kWh, as per the approved PPAM). This adjustment was effective with the October billing due to the PPMA being approved by the Commission, effective October 1 2013.

Dixie's Plan for Administration for the PPAM in future years is to take the total of the per kWh base cost for wholesale power, plus any adjustors that have been utilized, subtracted from the actual total cost per kWh for the most current year. If the difference between the base cost plus the adjustor rate, if any, and the actual total cost per kWh for the current period is less than \$0.0005 per kWh, Dixie will not reset the adjustor rate. If the difference per kWh is more than \$0.0005 per kWh, the PPAM adjustment will be rounded up or down to the nearest increment of \$0.0005 per kWh.

In January of 2014, and any subsequent year, the actual total cost per kWh of purchased power for 2013, and any subsequent years, will be calculated. This cost will be compared to the base year cost, plus any adjustors that have been utilized, and the difference, if any, will be added or subtracted from the total cost, rounded to the nearest \$0.0005 per kWh, and passed through to the energy portion of the retail rates effective for the February 2014 billing period.. This process will be repeated in subsequent years.

For example, it is estimated that the total cost per kWh for 2013 will be \$0.034634 per kWh. The base cost from 2011 is \$0.032778 per kWh and the one adjustor rate that has been utilized to date is \$0.0015, which results in a total rate of \$.034278 per kWh for purchased power. Taking the difference between the current year (\$0.034634 per kWh) and the base year plus adjustors (\$0.03427 per kWh) equals \$0.000364 per kWh. Because the difference is not equal to or greater than \$0.0005, no adjustor will be utilized and passed through to the retail energy rates in February 2014.