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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

Arizona Corporation Commission

DOCKETED

NOV 05 2014



IN THE MATTER OF THE APPLICATION OF
SULPHUR SPRINGS ELECTRIC COOPERATIVE,
INC. FOR APPROVAL OF A NEW CONTRACT
POWER RATE UNDER SCHEUDLE CP FOR
NATURESWEET, USA

DOCKET NO. E-01575A-14-0384
REQUEST FOR CONTRACT POWER
RATE

Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") hereby submits a proposed contract between SSVEC and NatureSweet USA, Inc. using Schedule CP of our currently approved tariffs. Schedule CP is available to Customers who have a monthly demand in excess of 1 MW and whose rate is then customized based on the cost to serve the Customer.

RESPECTFULLY SUBMITTED this 5th day of November 2014

Sulphur Springs Valley Electric Cooperative, Inc.

By 
David Bane
Key Account Manager

Original and thirteen (13) copies filed this 5th day of November, 2014, with:

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

cc: Steve M. Olea, Director, Utilities Division
Janice Alward, Chief Counsel, Legal Division

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1 **Background**

2 NatureSweet USA acquired the property formerly used by EuroFresh Inc. when EuroFresh
3 declared bankruptcy. This property is served by a substation built for EuroFresh to serve the
4 approximately 250 acres of greenhouses. All greenhouses are served from a single meter located
5 in the Substation (Bonita Sub) and under the power contract with EuroFresh, the cost of the
6 “dedicated” substation was paid as part of the contract power agreement.

7 NatureSweet agreed to continue to pay for the “dedicated substation” in the form of an “increased
8 service availability charge” or ISAC as they have been operating on Tariff rate IP that being the
9 most cost effective non-contract rate available. NatureSweet requested that we keep the ISAC
10 format in the power contract for their internal cost accounting. The ISAC will continue until 120
11 payments have been made over the course of the current use of Rate IP and the new proposed CP
12 rate.

13 The prior Contract rate with EuroFresh contained provisions to use the on-site generators to
14 reduce the SSVEC system peak and in turn would provide discounts to the billed demand charge
15 to EuroFresh. The proposed Contract with NatureSweet contains no provisions for SSVEC to
16 operate their generators for peak reduction and no demand credits are included in the proposed
17 contract.

18 The signed Contract Rate (attached) is based on Rate IP but reflects the lower cost to serve this
19 Customer based on economics of scale and the ISAC to recover the investment in the Bonita
20 Substation.

21
22 SSVEC’s Point of Contact for questions regarding this filing is:

23 David Bane
24 311 E. Wilcox
25 Sierra Vista, AZ 85635
26 520-515-3472
dbane@ssvec.com



Sulphur Springs Valley Electric Cooperative, Inc.

A Touchstone Energy[®] Cooperative 

CONTRACT POWER AGREEMENT
between
SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.
and
NATURESWEET USA, LLC.

This Contract Power Agreement ("Agreement") is entered into by Sulphur Springs Valley Electric Cooperative, Inc., an Arizona not-for-profit corporation ("SSVEC") located in Willcox Arizona, hereinafter called the Cooperative, and NatureSweet USA, LLC ("NatureSweet"), hereinafter called the Customer.

1. WITNESSETH:

For and in consideration of the mutual covenants and agreements hereinafter contained, the parties hereto agree with each other as follows:

The Cooperative agrees to furnish to the Customer during the term of the Agreement, and the Customer agrees to take from the Cooperative all of the electrical energy requirements used by the Customer at the NatureSweet Greenhouse facilities in Graham County Arizona as set forth below.

2. TERM:

Subject to Sections 3 and 23 of this Agreement, the term will be for ten (10) years beginning on first day of the month following the date the Arizona Corporation Commission (ACC) approves of this Agreement.

If the Cooperative's service territory is open to electric competition (open access), the Customer has the right to terminate the Agreement at any time to obtain direct access service with 180 days prior notice. However, service to the Customer under open access can only be accomplished once all of the Cooperative's "open access" tariffs have been approved by the Arizona Corporation Commission (ACC).

At the end of the ten year initial term, subject to the mutual agreement of both parties, this agreement will continue on an annual basis until either party provides a 180 day termination notice.

3. EFFECTIVE DATE

This Agreement shall be effective at the beginning of the next billing cycle after the approval of the ACC. Service shall be provided to the Customer at the tariff rate IP until this Agreement is ratified by the ACC.

4. SERVICE:

The Cooperative shall cause the power and energy purchased by the Customer hereunder to be delivered via the Bonita Substation to the Customer owned distribution transformers at 12.47 kV or 24.9 kV. The Cooperative shall own, operate, and maintain all equipment and controls up to the "high side" of the Customer's distribution transformers.

5. SUBSTATION CAPACITY and COST RECOVERY

The dedicated substation capacity provided by Cooperative under this Agreement shall be 10 MVA. The unamortized Cost of this dedicated substation capacity shall be recovered over the life of this contract in the form of a monthly *Increased Service Availability Charge* (ISAC) of \$8,675.23. This charge will stop at the end of the 120th billing (including the monthly ISAC payments while under rate IP) of the ISAC. In the event of termination of this Agreement by the Customer to obtain direct access, the Customer agrees to pay the remaining amount due under this ISAC as part of the wheeling tariff approved by the ACC.

6. RIGHTS OF WAY:

The Customer agrees to allow the Cooperative to occupy such facilities and rights of way of the Customer as may be required to adequately serve Customer's requirements. The Customer agrees that the properly authorized agents of the Cooperative shall at all reasonable hours have free access to Customer's premises for the purpose of examining, repairing or removing meters, appliances, equipment, or other appurtenances belonging to the Cooperative. However, any such activity of Cooperative shall not interrupt or disturb Customer's ongoing business operations except upon and consistent with prior notice and agreement.

7. PAYMENT

The electric energy used by the Customer shall be measured by means of suitable industry standard metering equipment installed and owned by the Cooperative and the Customer agrees to pay the Cooperative monthly for the same in accordance with this Agreement.

This Agreement is subject to the rate schedule, service conditions and extensions of service facilities tariffs heretofore approved by the ACC and now in force and effect, except as the same may be subsequently modified, in which case the subsequent modifications after they have been duly approved by the ACC shall thereafter apply.

8. SECURITY DEPOSIT

The security deposit posted by the Customer under the tariff rate IP shall be transferred to the Contract Rate when the contract rate becomes effective. The Cooperative at its sole discretion may adjust the security deposit based upon the Customers payment history. In no case shall the required deposit exceed 2.5 times the highest monthly bill in the previous twelve months. The Customer may choose the nature of the security deposit from one of the following: 1) Irrevocable Letter of Credit, 2) Surety Bond, 3) Cash Deposit, or 4) a combination of the three methods. The payment history will be reviewed by SSVEC annually in the month of January using the prior calendar year as the basis for any adjustments in the deposit amount. Any increase or decrease must be paid or refunded within 30 days of notification of the new deposit amount.

9. BILLING

Bills for power service shall be rendered monthly and will be due and payable fifteen (15) days from the date the bill is mailed and delinquent thereafter. Service is subject to a late fee and disconnect in accordance with the collection policy of the Cooperative as stated in the ACC approved Service Conditions.

10. DEFAULT

If the Customer shall default in the payment of any bill as aforesaid, or shall violate any of the terms or conditions of this Agreement and after such default or violation the Cooperative shall have the right to cut off such supply and continue to withhold the supply of electricity until such time as such default in, or violation of, the terms of this Agreement has been corrected. Any suspension of services by the Cooperative as provided for herein shall not terminate this Agreement, and the Customer hereby agrees to pay for the

provide NatureSweet with a new rate to be compatible with the new IP rate structure and provide the same proportional savings under the this contract.

16. METERING

- a) The Cooperative shall provide, or cause to provide, metering facilities at the Point of Delivery on the primary voltage feeder(s) in the Bonita Substation. Such metering facilities will shall measure and record kWh of energy, kVA demand on a 15-minute basis, and Power Factor. The Cooperative may also record other types of load data for the purpose of system management and reliability.
- b) The Cooperative shall test, or cause to be tested, the calibration of the meter(s) by comparison of actual standards at intervals established by the ACC. Meter(s) registering not more than plus or minus (+/-) 2% shall be deemed to be accurate. The reading of any meter which shall have been disclosed by tests as inaccurate shall be corrected for the 60 days prior to such test.
- c) The Customer may request a meter test at any time but, will pay for all associated testing costs if the meter is within the plus or minus (+/-) 2% of accurate.

17. SPECIAL TAX AND ASSESSMENT CLAUSE:

In case of an increase in rates of existing taxes of this character or additional new taxes, licenses or fees based upon generation, distribution, purchase and/or sale of electric power current or energy, shall be imposed upon or required to be paid by the Cooperative, the rates herein may be increased by a surcharge equal to the amount of the cost per kWh, or per customer or per demand, capacity, or other applicable unit of charge for such new or additional taxes, licenses or fees to be billed to and paid by the customer.

18. INTERRUPTIONS OF SERVICE:

The Cooperative shall use due diligence and its best effort in the operation and maintenance of its facilities so as to furnish the Customer as nearly as may be a continuous and uninterrupted supply of electric energy, but it is expressly understood and agreed that the Cooperative shall not be liable to the Customer hereunder, nor shall the Customer be liable to the Cooperative hereunder by reason of the failure of the Cooperative to deliver, or the Customer to receive, electric energy as the result of Uncontrollable Forces (as defined below).

19. NON-LIABILITY:

Except for gross negligence by the Cooperative, the Cooperative shall not be liable to the Customer for any loss, injury or damage resulting from the Customer's use of his/her equipment or from the use of the energy from the Cooperative or beyond the point of the connections of the Cooperative's wires and equipment with the Customer's wires and equipment; said point of connection is to be the point of termination of the Cooperative's service conductors as defined in Section 4. IT IS THE CUSTOMER'S RESPONSIBILITY TO PROVIDE ADEQUATE PROTECTIVE DEVICES TO PROTECT THEIR EQUIPMENT FROM HIGH OR LOW VOLTAGE, PHASE REVERSALS OR SINGLE-PHASING CONDITIONS.

20. UNCONTROLLABLE FORCES:

- a) Other than the obligation of the Customer to pay bills submitted by Cooperative pursuant to this document, no party shall be considered to be in default in the performance of any of its obligation hereunder (except as may be otherwise specifically provided in this Agreement), when a failure of performance shall be due to Uncontrollable Forces.
- b) The term "Uncontrollable Forces" shall mean any cause beyond the control of the Party unable to perform its obligation, including, but not limited to, the causes herein set forth, which by exercise of due diligence such Party could not reasonably have been able to overcome. Such causes are: acts of God, failure of or

threat of immediate failure of facilities, explosion, flood, drought, earthquake, storm, fire, pestilence, lightning and other natural catastrophes, epidemic, war, riot, civil disturbance or disobedience, strike, labor disturbance, disputes or unrest of whatever nature, labor, material or fuel shortage, restraintment by court order or public authority, and action or non-action by or inability to obtain the necessary authorizations or approvals from any governmental agency or authority.

- c) A Party shall not, however, be relieved of liability for failure of performance if such failure is due to causes arising out of its own negligence or to removable or remedial causes which it fails to remove or remedy with reasonable dispatch.
- d) Nothing herein shall require a Party to settle any strike or labor dispute in which it may be involved.
- e) In the event Cooperative is unable to deliver power and energy to Customer because of Uncontrollable Forces, the Cooperative shall not be liable to Customer for such failure. However, in such event, Cooperative shall only be entitled to payment from Customer for the actual metered electric power and energy delivered during the billing period including Service Charge, Demand Charge, Distribution charges, Applicable tax and Regulatory Assessment.
- f) In the event Customer is unable to take power and energy from the Cooperative because of Uncontrollable Forces, the Customer shall not be liable to Cooperative for such failure. However, in such event, Cooperative shall only be entitled to payment from Customer for the actual metered electric power and energy delivered during the billing period including Service Charge, Demand Charge, Distribution charges, Applicable tax and Regulatory Assessment.

21. MEMBERSHIP:

The Customer shall become a member of the Cooperative, shall pay the membership fee and be bound by the provisions of the articles of incorporation and bylaws of the Cooperative and by such rules and regulations as may from time to time be adopted by the Cooperative.

22. REGULATION:

This Agreement shall at all times be subject to such changes or modifications as may be required by the Arizona Corporation Commission, as said Commission may from time to time direct in the exercise of their jurisdiction.

23. APPROVALS

This Agreement is subject to approval and is not effective until approval by the Arizona Corporation Commission (ACC). In the event of such disapproval or unacceptable requirement(s) for change or modification which are deemed unacceptable by either party, the Parties shall negotiate in good faith to modify, within 60 days of the receipt of the ACC written notice of such disapproval or unacceptable requirement, this Agreement so as to attempt to secure approval.

24. SIGNATURES

This Agreement cancels and supersedes all previous Agreements or Contracts relating to the supply of the service described herein, and no agreement or representation made by any representative of the Cooperative or Customer, not incorporated herein, shall be binding upon either party. There will be no Assignment and Assumption of this Agreement without the prior written approval of the Cooperative.

This Agreement shall be binding upon the successors of the parties hereto.

Accepted by:

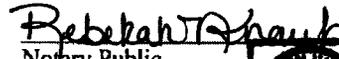
**Sulphur Springs Valley
Electric Cooperative, Inc.**

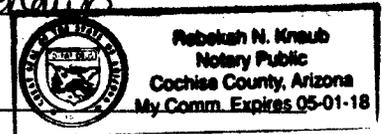
By 
Creden W. Huber
Its Chief Executive Officer

STATE OF ARIZONA)
)ss
County of Cochise)

On this 3 day of Nov, 2014, before me, the undersigned Notary Public, personally appeared Creden Huber, known to me to be the individual who executed the foregoing instrument and acknowledged the same to be his free act and deed.

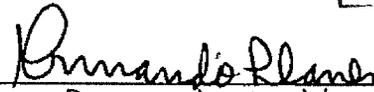
My commission expires: 05-01-18


Notary Public



Accepted by:

NatureSweet USA, LLC

By 
Armando C. Llanes
Its Vice President & CFO

STATE OF Texas)
)ss
County of Bexar)

On this 29 day of September 2014 before me, the undersigned Notary Public, personally appeared Armando C. Llanes, known to me to be the individual who executed the foregoing instrument and acknowledged the same to be his free act and deed.

My commission expires:

August 21st, 2016

