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BEFORE THE ARIZONA CORPORATION COMMISSION

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CORP COMMISSION DOCKET CONTROL

ORIGINAL

COMMISSIONERS

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

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. E-01049A-11-0300
 MORENCI WATER & ELECTRIC COMPANY)
 FOR APPROVAL OF A RATE INCREASE.)

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. W-01049A-11-0311
 MORENCI WATER & ELECTRIC COMPANY)
 FOR THE ESTABLISHMENT OF JUST AND)
 REASONABLE RATES FOR ITS ELECTRIC)
 AND WATER DEPARTMENTS.)

**NOTICE OF FILING
CALCULATION OF PPFAC RATE**

Pursuant to Decision No. 73737 (February 20, 2013) and the related approved Purchased Power and Fuel Adjustment Clause ("PPFAC") Plan of Administration – Morenci Water and Electric Company submits its calculation of the PPFAC rate to be in effect from December 1, 2014 through June 30, 2015.

RESPECTFULLY SUBMITTED this 15th day of October, 2014.

By

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 400 East Van Buren Street, Suite 800
 Phoenix, Arizona 85004

Attorney for Morenci Water & Electric Company

Arizona Corporation Commission

DOCKETED

OCT 15 2014

DOCKETED BY

1 Original and 13 copies of the foregoing
filed this 15th day of October, 2014, with:

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

5 Copy of the foregoing hand-delivered
this 15th day of October, 2014 to:

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

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Utilities Division
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By Jaclyn Howard

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MORENCI WATER & ELECTRIC COMPANY
Schedule PPFAC 1
PPFAC Adjustor Calculation

Dec 2014 Through May 2015
October 15 2014 Filing
December 1, 2014 Implementation

DESCRIPTION	PPFAC ADJUSTMENT PER KWH		
(1) True-Up Component per Schedule PPFAC 2	0.00423		
(2) Forward Component per Schedule PPFAC 3	-\$0.00678		
(3) Total PPFAC Adjustor Before Frozen Bank Surcharge (1) + (2)	-\$0.00255		
(4) Current PPFAC Adjustor	\$0.00057		
(5) Increase (Decrease) in Adjustor (3)-(4)	-\$0.00312		
(6) Final PPFAC Adjustor (See Restrictions)	-\$0.00255		
(7) Frozen Bank Surcharge per Schedule PPFAC 6	\$0.00451		
(8) Total PPFAC Adjustor (6) + (7)	\$0.00196		
		MONTHLY BILL	
(9) Average Residential Bill With Current Adjustor (595 kWh)	\$53.91	595	595
		<u>0.07628</u>	<u>0.07628</u> **
(10) Average Residential Bill With Revised Adjustor	\$52.05	45.39	45.39
(11) Change in Monthly Bill	-\$1.86	<u>0.00508</u>	<u>0.00196</u>
		3.02	1.17
(12) Percentage Change	-3.44%		
		5.5	5.5
		45.39	45.39
		<u>3.02</u>	<u>1.17</u>
		53.91	52.05

PPFAC ADJUSTOR RESTRICTIONS:

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

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

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

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

December 2014 Through May 2015
October 15 2014 Filing
December 1, 2014 Implementation

<u>DESCRIPTION</u>	<u>DATE OR PERIOD</u>	<u>PPFAC AMOUNTS</u>
(1) PPFAC Balance Per FA-1 (Over) Under Collected	@ August 31, 2014	\$73,326
(2) Projected KWh Sales - Per Schedule PPFAC 4	Dec 2014 - May 2015	17,320,452
(3) PPFAC True-Up Component Cost per kWh (1)/(2)	Dec 2014 - May 2015	\$0.00423

MORENCI WATER & ELECTRIC COMPANY
Schedule PPFAC 3
Forward Component Calculation

December 2014 Through May 2015
October 15 2014 Filing
December 1, 2014 Implementation

DESCRIPTION	6 MONTH PERIOD	PPFAC AMOUNTS
From Schedule PPFAC 4:		
Projected Purchased Power Costs	Dec 2014 - May 2015	\$748,529
Projected kWh Sales	Dec 2014 - May 2015	17,320,452
(1) Projected Purchased Power Cost per kWh	Dec 2014 - May 2015	\$0.04322
(2) Base Cost of Purchased Power per kWh		\$0.05000
Forward Component per kWh (1)-(2)	Dec 2014 - May 2015	-\$0.00678

**MORENCI WATER & ELECTRIC COMPANY
Schedule PPFAC 4
Forward Component Worksheet**

**December 2014 Through May 2015
October 15 2014 Filing
December 1, 2014 Implementation**

JUNE 1, 2014 FORWARD COMPONENT DETAIL

MONTH	PROJECTED THIS YEAR			ACTUAL FOR PRIOR YEAR 2013		
	KWH SALES	PP COST	COST/KWH	KWH SALES	PP COST	COST/KWH
June	2,851,388	126,602	0.0444	3,326,034	150,231	0.0452
July	2,782,145	123,527	0.0444	3,611,800	161,569	0.0447
August	2,801,986	125,809	0.0449	3,524,982	154,088	0.0437
September	3,078,636	132,905	0.0432	3,566,142	156,973	0.0440
October	2,828,215	130,664	0.0462	2,263,208	100,227	0.0443
November	3,064,093	140,335	0.0458	2,345,741	104,477	0.0445
Total (1)	17,406,463	779,842	0.0448	18,637,907	827,565	0.0444

DECEMBER 1, 2014 FORWARD COMPONENT DETAIL

MONTH	PROJECTED 2014-15			ACTUAL FOR 2013-14		
	KWH SALES	PP COST	COST/KWH	KWH SALES	PP COST	COST/KWH
December	2,799,191	123,444	0.0441	2,665,896	135,933	0.0510
January	3,299,083	144,830	0.0439	3,141,984	152,403	0.0485
February	3,080,506	135,850	0.0441	2,933,815	183,690	0.0626
March	2,708,081	117,531	0.0434	2,579,125	123,906	0.0480
April	2,490,077	107,073	0.0430	2,371,502	116,681	0.0492
May	2,943,514	119,801	0.0407	2,803,347	138,695	0.0495
Total (1)	17,320,452	748,529	0.0432	16,495,669	851,308	0.0516

NOTE:

(1) Projected totals tie to Schedule PPFAC 2 and Schedule PPFAC 3

MORENCI WATER & ELECTRIC COMPANY
Schedule PPFAC 5
Actual vs Projected Purchased Power Cost

December 2014 through May 2015
 October 15 2014 Filing
 December 1, 2014 Implementation

MONTH	ACTUAL			PROJECTED (1)		
	KWH SALES	PP COST	COST/KWH	KWH SALES	PP COST	COST/KWH
June	3,820,341	188,333	0.0493	2,851,388	126,602	0.0444
July	3,403,418	159,700	0.0469	2,782,145	123,527	0.0444
August	4,372,385	199,987	0.0457	2,801,986	125,809	0.0449
September				3,078,636	132,905	0.0432
October				2,828,215	130,664	0.0462
November				3,064,093	140,335	0.0458
Total	11,596,144	548,021	0.0473	17,406,463	779,842	0.0448

MONTH	ACTUAL			PROJECTED (2)		
	KWH SALES	PP COST	COST/KWH	KWH SALES	PP COST	COST/KWH
December				2,799,191	123,444	0.0441
January				3,299,083	144,830	0.0439
February				3,080,506	135,850	0.0441
March				2,708,081	117,531	0.0434
April				2,490,077	107,073	0.0430
May				2,943,514	119,801	0.0407
Total				17,320,452	748,529	0.0432

NOTE:

- (1) Projected in April 15th, 2014 PPFAC Adjustor Filing
- (2) Projected In October 15th, 2014 PPFAC Adjustor Filing

MORENCI WATER & ELECTRIC COMPANY
Schedule PPFAC 6
Frozen Bank Account Recovery Worksheet

MONTH	BEGINNING BANK BALANCE	KWH SALES	SURCHARGE RECOVERY AT \$0.00451 PER KWH	ENDING BANK BALANCE
Balance as of March 31, 2013	322,772	2,379,950	10,734	312,038
Balance as of April 30, 2013	312,038	2,190,550	9,879	302,159
Balance as of May 31, 2013	302,159	2,369,067	10,684	291,475
Balance as of June 30, 2013	291,475	3,326,034	15,000	276,474
Balance as of July 31, 2013	276,474	3,611,800	16,289	260,185
Balance as of August 31, 2013	260,185	3,524,982	15,898	244,287
Balance as of September 30, 2013	244,287	3,566,142	16,083	228,204
Balance as of October 31, 2013	228,204	2,263,208	10,207	217,997
Balance as of November 30, 2013	217,997	2,345,741	10,579	207,418
Balance as of December 31, 2013	207,418	2,665,896	12,023	195,394
Balance as of January 2014	195,394	3,141,984	14,170	181,224
Balance as of February 2014	181,224	2,933,815	13,232	167,993
Balance as of March 2014	167,993	2,579,125	11,632	156,361
Balance as of April 2014	156,361	2,371,502	10,695	145,665
Balance as of May 2014	145,665	2,803,347	12,643	133,022
Balance as of June 2014	133,022	3,820,341	17,230	115,792
Balance as of July 2014	115,792	3,403,418	15,349	100,443
Balance as of August 2014	100,443	4,372,385	19,719	80,724