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Arizona Corporation Commission

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ARIZONA CORPORATION COMMISSION  
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6 IN THE MATTER OF THE APPLICATION OF THE  
7 ARIZONA ELECTRIC POWER COOPERATIVE,  
8 INC. FOR A HEARING TO DETERMINE THE  
9 FAIR VALUE OF ITS PROPERTY FOR  
10 RATEMAKING PURPOSES, TO FIX A JUST AND  
11 REASONABLE RETURN THEREON AND TO  
12 APPROVE RATES DESIGNED TO DEVELOP  
13 SUCH RETURN

Docket No. E-01773A-12-0305

**REQUEST FOR PROCEDURAL  
CONFERENCE AND  
POSTPONEMENT OF  
COMMISSION  
CONSIDERATION RE ECAR**

GALLAGHER & KENNEDY, P.A.  
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11 On January 14, 2015, the Administrative Law Judge filed a Recommended Order  
12 concerning the Application filed by Arizona Electric Power Cooperative, Inc. ("AEPCO" or the  
13 "Cooperative") regarding a proposed Environmental Compliance Adjustment Rider ("ECAR").  
14 The memo accompanying the Recommended Order indicates that this matter is tentatively  
15 scheduled for Commission consideration at the February 3, 2015 Open Meeting.

16 For the reasons stated herein, AEPCO respectfully requests that the Administrative Law  
17 Judge issue a Procedural Order scheduling a brief conference to set a hearing date concerning the  
18 ECAR Application. Because the proposed hearing is anticipated to develop an evidentiary  
19 record that would assist the Commission in its consideration of the ECAR – specifically  
20 concerning AEPCO's request that certain chemical costs be eligible for recovery through the  
21 ECAR mechanism – AEPCO further requests that the Commission remove the ECAR  
22 Application from the tentative February Open Meeting agenda and, instead, postpone  
23 consideration until after the hearing is held.  
24

1 **BACKGROUND**

2 Pursuant to Decision No. 74173 (the "Rate Decision"), AEPCO filed its Application for  
3 approval of the ECAR Tariff and Plan of Administration on April 30, 2014. Prior to that filing,  
4 the Cooperative worked with Utilities Division Staff ("Staff") to address the issues set forth in  
5 Finding of Fact No. 78 of the Rate Decision. The parties reached agreement on all aspects of the  
6 ECAR mechanism, with one exception – that being use of the ECAR to recover chemical  
7 expenses incurred solely due to environmental regulation(s). AEPCO's Application requested  
8 Commission approval for the recovery of the chemical expenses through the clause and  
9 explained the factual and public policy bases for that request.

10 In compliance with the Rate Decision, as modified by Decision No. 74600, AEPCO  
11 provided notice of the ECAR Application to the customers of its member distribution  
12 cooperatives in a form acceptable to the member cooperatives and Staff. AEPCO then requested  
13 and received a Procedural Order establishing deadlines for AEPCO and Staff to brief their  
14 respective positions regarding recovery of chemical costs through the ECAR.

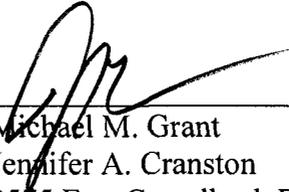
15 Pursuant to the Procedural Order, on October 17, 2014, Staff filed a Report in which it  
16 agreed that the Commission should approve the ECAR but argued that AEPCO's request to  
17 recover certain chemical costs through the mechanism should be denied. Staff's Report did not  
18 expressly dispute the factual basis for AEPCO's request to recover chemical costs, but instead  
19 appeared to oppose the request as a matter of policy. On November 13, 2014, AEPCO filed its  
20 Response to Staff's Report. The Response included factual data demonstrating the volatility of  
21 certain chemical costs in order to support the Cooperative's policy argument that such costs are  
22 appropriate for recovery through an adjustor mechanism.



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RESPECTFULLY SUBMITTED this 22nd day of January, 2015.

GALLAGHER & KENNEDY, P.A.

By   
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**Original and 13 copies** filed this  
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**Copies** of the foregoing delivered  
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