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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH, Chairman  
BOB STUMP  
BOB BURNS  
DOUG LITTLE  
TOM FORESE

RECEIVED  
AZ CORP COMMISSION  
DOCKET CONTROL

2015 APR 15 PM 4:29

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 June 1, 2015 through November 30, 2015.

RESPECTFULLY SUBMITTED this 15<sup>th</sup> day of April, 2015.

By

Jason D. Gellman  
SNELL & WILMER, LLP.  
One Arizona Center  
400 East Van Buren Street, Suite 1900  
Phoenix, Arizona 85004

Attorney for Morenci Water & Electric Company

Arizona Corporation Commission  
**DOCKETED**

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1 Original and 13 copies of the foregoing  
2 filed this 15<sup>th</sup> day of April, 2015, with:

3 Docket Control  
4 Arizona Corporation Commission  
5 1200 West Washington Street  
6 Phoenix, Arizona 85007

7 Copy of the foregoing hand-delivered  
8 this 15<sup>th</sup> day of April, 2015 to:

9 Lyn A. Farmer, Esq.  
10 Chief Administrative Law Judge  
11 Hearing Division  
12 Arizona Corporation Commission  
13 1200 West Washington Street  
14 Phoenix, Arizona 85007

15 Janice M. Alward, Esq.  
16 Chief Counsel, Legal Division  
17 Arizona Corporation Commission  
18 1200 West Washington Street  
19 Phoenix, Arizona 85007

20 Steve Olea  
21 Director, Utilities Division  
22 Arizona Corporation Commission  
23 1200 West Washington Street  
24 Phoenix, Arizona 85007

25 Brian Bozzo  
26 Manager of Compliance and Enforcement  
27 Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

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**MORENCI WATER & ELECTRIC COMPANY**  
**Schedule PPFAC 1**  
**PPFAC Adjustor Calculation**

**June 2015 Through November 2015**  
**April 15 2015 Filing**  
**June 1, 2015 Implementation**

DESCRIPTION	PPFAC ADJUSTMENT PER KWH		
(1) True-Up Component per Schedule PPFAC 2	-0.00128		
(2) Forward Component per Schedule PPFAC 3	-\$0.01483		
(3) Total PPFAC Adjustor Before Frozen Bank Surcharge (1) + (2)	-\$0.01611		
(4) Current PPFAC Adjustor	-\$0.00250		
(5) Increase (Decrease) in Adjustor (3)-(4)	-\$0.01361		
(6) Final PPFAC Adjustor (See Restrictions)	-\$0.01611		
(7) Frozen Bank Surcharge per Schedule PPFAC 6	\$0.00000		
(8) Total PPFAC Adjustor (6) + (7)	-\$0.01611		
		MONTHLY BILL	
(9) Average Residential Bill With Current Adjustor (595 kWh)	\$52.05	595	595
		<u>0.07628</u>	<u>0.07628</u> **
(10) Average Residential Bill With Revised Adjustor	\$41.30	45.39	45.39
(11) Change in Monthly Bill	-\$10.75	<u>0.00196</u>	<u>-\$0.01611</u>
		1.17	-9.59
(12) Percentage Change	-20.66%		
		5.5	5.5
		45.39	45.39
		<u>1.17</u>	<u>-9.59</u>
		52.05	41.30

**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**

**June 2015 Through November 2015**  
**April 15 2015 Filing**  
**June 1, 2015 Implementation**

<u>DESCRIPTION</u>	<u>DATE OR PERIOD</u>	<u>PPFAC AMOUNTS</u>
(1) PPFAC Balance Per FA-1 (Over) Under Collected	@ February 28, 2015	-\$25,150
(2) Projected KWh Sales - Per Schedule PPFAC 4	June 2015 - Nov 2015	19,610,449
(3) PPFAC True-Up Component Cost per kWh (1)/(2)	June 2015 - Nov 2015	-\$0.00128

**MORENCI WATER & ELECTRIC COMPANY**  
**Schedule PPFAC 3**  
**Forward Component Calculation**

**June 2015 Through November 2015**  
**April 15 2015 Filing**  
**June 1, 2015 Implementation**

DESCRIPTION	6 MONTH PERIOD	PPFAC AMOUNTS
From Schedule PPFAC 4:		
Projected Purchased Power Costs	June 2015 - Nov 2015	\$689,793
Projected kWh Sales	June 2015 - Nov 2015	19,610,449
(1) Projected Purchased Power Cost per kWh	June 2015 - Nov 2015	\$0.03517
(2) Base Cost of Purchased Power per kWh		\$0.05000
Forward Component per kWh (1)-(2)	June 2015 - Nov 2015	-\$0.01483

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

**June 2015 Through November 2015**  
**April 15 2015 Filing**  
**June 1, 2015 Implementation**

JUNE 1, 2015 FORWARD COMPONENT DETAIL

MONTH	PROJECTED THIS YEAR			ACTUAL FOR PRIOR YEAR 2014		
	KWH SALES	PP COST	COST/KWH	KWH SALES	PP COST	COST/KWH
June	3,824,161	132,008	0.0345	3,820,341	188,333	0.0493
July	3,406,821	122,319	0.0359	3,403,418	159,700	0.0469
August	4,376,757	154,537	0.0353	4,372,385	199,987	0.0457
September	3,120,190	107,329	0.0344	3,117,073	144,190	0.0463
October	2,931,200	104,510	0.0357	2,928,272	134,960	0.0461
November	1,951,318	69,089	0.0354	1,949,369	92,346	0.0474
Total (1)	19,610,449	689,793	0.0352	19,590,858	919,517	0.0469

DECEMBER 1, 2015 FORWARD COMPONENT DETAIL

MONTH	PROJECTED 2014-15			ACTUAL FOR 2013-14		
	KWH SALES	PP COST	COST/KWH	KWH SALES	PP COST	COST/KWH
December						
January						
February						
March						
April						
May						
Total (1)						

**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**

June 2015 through November 2015  
 April 15 2015 Filing  
 June 1, 2015 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	3,117,073	144,190	0.0463	3,078,636	132,905	0.0432
October	2,928,272	134,960	0.0461	2,828,215	130,664	0.0462
November	1,949,369	92,346	0.0474	3,064,093	140,335	0.0458
<b>Total</b>	<b>19,590,858</b>	<b>919,517</b>	<b>0.0469</b>	<b>17,406,463</b>	<b>779,842</b>	<b>0.0448</b>

MONTH	ACTUAL			PROJECTED (2)		
	KWH SALES	PP COST	COST/KWH	KWH SALES	PP COST	COST/KWH
December	2,370,184	98,700	0.0416	3,824,161	132,008	0.0345
January	3,167,588	123,481	0.0390	3,406,821	122,319	0.0359
February	2,573,648	97,432	0.0379	4,376,757	154,537	0.0353
March				3,120,190	107,329	0.0344
April				2,931,200	104,510	0.0357
May				1,951,318	69,089	0.0354
<b>Total</b>	<b>8,111,420</b>	<b>319,613</b>	<b>0.0394</b>	<b>19,610,449</b>	<b>689,793</b>	<b>0.0352</b>

**NOTE:**

- (1) Projected in October 15th, 2014 PPFAC Adjustor Filing
- (2) Projected In April 15th, 2015 PPFAC Adjustor Filing

**MORENCI WATER & ELECTRIC COMPANY**  
**Schedule PPAC 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 December 2014	44,667	2,370,184	10,690	33,978
Balance as of January 2015	33,978	3,167,588	14,286	19,692
Balance as of February 2015	19,692	2,573,648	11,607	8,085