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March 29, 2016 2016 MAR 29 PM 12 13

**HAND DELIVERED**

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

Arizona Corporation Commission  
**DOCKETED**

MAR 29 2016

DOCKETED BY *JG*

Re: *Notice of Completion of Merger; Decision No. 74591;*  
*Docket Nos. E-01773A-14-0018 & E-04100A-14-0018*

Dear Sir or Madam:

In Decision No. 74591 dated July 30, 2014 (the "Decision"), the Commission approved the merger of Arizona Electric Power Cooperative, Inc. ("AEPSCO") and Southwest Transmission Cooperative, Inc. ("SWTC"), with AEPSCO as the surviving entity. On August 7, 2014, in compliance with the Second Ordering Paragraph on page 9 of the Decision, AEPSCO filed SWTC's transmission tariffs in AEPSCO's name, bearing an effective date of the day immediately following the date upon which the merger would be completed and closed (a date that was unknown at that time). After consultation with the Commission's Legal Division and in order to clarify the effective date of the transmission tariffs under AEPSCO's name, AEPSCO filed a Status Report on October 6, 2015 in which it agreed to file a notice confirming the completion of the merger and effective date of the tariffs in AEPSCO's name.

Pursuant to the Status Report, notice is hereby given that AEPSCO's Statement of Merger has been accepted by the Commission and, pursuant to A.R.S. § 40-2144, became effective on March 1, 2016.

Additionally, pursuant to AEPSCO's communications with the Commission's Utilities Division, enclosed are the originals and 15 copies of the following tariffs and rider, which have now been issued under AEPSCO's name and confirm a post-merger effective date of March 2, 2016:

1. Network Transmission Service Tariff;
2. Point-to-Point Transmission Service Tariff;
3. Ancillary Services Tariff;
4. Network Transmission Revenue Adjustor Tariff Rider; and

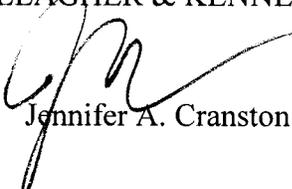
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5. Network Transmission Revenue Adjustor Plan of Administration.<sup>1</sup>

Thank you for your assistance with this matter.

Sincerely,

GALLAGHER & KENNEDY, P.A.

By:   
Jennifer A. Cranston

JAC:  
Enclosures  
5337479v1/10421-0069

cc (w/enclosures): William P. Sullivan, Attorneys for MEC (*mailed*)  
Michael W. Patten, Attorneys for Trico (*mailed*)

**Original and 15 copies** filed with Docket  
Control this 29th day of March, 2016.

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<sup>1</sup> Although the Plan of Administration does not have a new “effective date” as a result of the merger, it is included in this filing for ease of reference and to confirm that AEPCO will continue to administer the Network Transmission Revenue Adjustor Tariff Rider consistent with the terms of the Plan approved by the Commission in SWTC’s last rate case, Decision No. 74172.

**ARIZONA ELECTRIC POWER COOPERATIVE, INC.**

**NETWORK TRANSMISSION SERVICE**

**TARIFF**

**PERMANENT**

Effective Date: March 2, 2016.

**AVAILABILITY OF NETWORK TRANSMISSION SERVICE**

Available to all cooperative associations which are or shall be Class A members of AEPCO, as well as to other Eligible Customers. In addition, AEPCO offers firm and non-firm point-to-point transmission service and ancillary services. All service is subject to the terms and conditions of AEPCO's Open Access Transmission Tariff ("OATT") which follows the OATT that Southwest Transmission Cooperative, Inc. previously filed with the Federal Energy Regulatory Commission.

**NETWORK TRANSMISSION SERVICE**

The Monthly Demand Charge for the Rates and Charges for Network Transmission Service is the product of the Network Customer's Load Ratio Share times the Transmission Revenue Requirement set forth on the attached Exhibit A. As the Monthly Demand Charge is load-based, the actual monthly charge will vary according to changes in the Load Ratio Share of the Network Customer.

In addition to the Monthly Demand Charge, the Network Customer may also be responsible for other charges including, but not limited to, Direct Assignment Facilities charges, any applicable power factor adjustment charges, Ancillary Services charges, applicable study costs and redispatch costs, although the Network Customer may also be entitled to a credit for redispatch costs.

**EXHIBIT A**

Network Transmission Service:	
Transmission Revenue Requirement (Monthly)	\$1,579,106*
Mohave 2 Network Transmission Service:	
Transmission Revenue Requirement (Monthly)**	\$1,260,481*

\* Subject to the terms and conditions of the Network Transmission Revenue Adjustor (“TRA”) Tariff Rider.

\*\* Monthly revenue requirement used to calculate the Mohave Electric 2 discounted Network Transmission Service charge.

**ARIZONA ELECTRIC POWER COOPERATIVE, INC.**

**POINT-TO-POINT TRANSMISSION SERVICE**

**TARIFF**

**PERMANENT**

Effective Date: March 2, 2016.

**AVAILABILITY OF POINT-TO-POINT SERVICE**

Available to all cooperative associations which are or shall be Class A members of AEPCO, as well as to other Eligible Customers. In addition, AEPCO offers network transmission service and ancillary services. All service is subject to the terms and conditions of AEPCO's Open Access Transmission Tariff ("OATT") which follows the OATT that Southwest Transmission Cooperative, Inc. previously filed with the Federal Energy Regulatory Commission.

**FIRM AND NON-FIRM POINT-TO-POINT TRANSMISSION SERVICE**

The Transmission Customer shall compensate AEPCO each month for Firm Point-to-Point Transmission Service. The basic maximum rate for monthly delivery of Reserved Capacity is as set forth in the attached Exhibit A. The service may be purchased for shorter periods of time.

The Transmission Customer shall compensate AEPCO for Non-Firm Point-to-Point Transmission Service. The basic maximum rate for monthly delivery is as set forth in the attached Exhibit A. The service may be purchased for shorter periods of time.

The Transmission Customer may also be responsible for other charges including but not limited to any applicable power factor adjustment charges and Ancillary Services charges.

## EXHIBIT A

### **Point-to-Point:**

Firm Point-to-Point  
Rate - \$/kW Month \$2.572

Non-Firm Point-to-Point  
Rate - \$/kW Month \$2.572

ARIZONA ELECTRIC POWER COOPERATIVE, INC.

ANCILLARY SERVICES

TARIFF

PERMANENT

Effective Date: March 2, 2016.

AVAILABILITY OF ANCILLARY SERVICES

Available to all cooperative associations which are or shall be Class A members of AEPCO, as well as to other Eligible Customers. In addition, AEPCO offers network and firm and non-firm point-to-point transmission service. All service is subject to the terms and conditions of AEPCO's Open Access Transmission Tariff ("OATT") which follows the OATT that Southwest Transmission Cooperative, Inc. previously filed with the Federal Energy Regulatory Commission.

ANCILLARY SERVICES

AEPCO's rates and general terms of service for providing Ancillary Services are specified in Schedules 1 through 6. The basic charges are as follows:

Schedule 1

Scheduling, System Control and Dispatch Service is required to schedule the movement of power through, out of, within or into a Control Area. The basic charge for each whole month of service or whole month's peak period of Reserved Capacity is as set forth in the attached Exhibit A. The service may be purchased for shorter periods of time.

Schedule 2

Reactive Supply and Voltage Control from Generation Sources Services addresses the reactive power needed to maintain transmission voltage on AEPCO's transmission facilities within acceptable limits. The basic charge for network customers for each whole month of service of Network Load and the basic charge for Point-to-Point Transmission Customers for each whole month of service or whole month's on-peak period of Reserved Capacity is as set forth in the attached Exhibit A. The service may be purchased for shorter periods of time.

### Schedule 3

Regulation and Frequency Response Service addresses the continuous balancing of resources and load to maintain scheduled Interconnection frequency at sixty cycles per second (60 Hz) despite moment-by-moment changes in load. The basic charge for each whole month of service or whole month's on-peak period of reserved Capacity or Network Load is as set forth in the attached Exhibit A. The service may be purchased for shorter periods of time.

### Schedule 4

Energy Imbalance Service is provided when a difference occurs between scheduled and actual delivery of energy to a load located within a Control Area over a single hour. If AEPCO does not receive the energy imbalance back in kind or if the energy imbalance is outside the deviation band of +/- 1.5 percent (with a minimum of 2MW) then AEPCO will charge the following: (i) for positive imbalances, the Transmission Customers receive a credit of 90% of AEPCO's average monthly fuel cost (currently 32.63 mills per kWh) applied to the amount of energy imbalance or (ii) for negative imbalances, Transmission Customers receive a charge of the greater of 100 mills per kWh or the price plus 10% that AEPCO paid for energy to satisfy the imbalance.

### Schedule 5

Operating Reserve - Spinning Reserve Service addresses resources needed to serve load immediately in the event of a system contingency so as to maintain reliability. The basic charge for each whole month of service or whole month's on-peak period of Reserved Capacity or Network Load is as set forth in the attached Exhibit A. The service may be purchased for shorter periods of time.

### Schedule 6

Operating Reserve - Supplemental Reserve Service addresses resources needed to serve load within a period of fifteen minutes rather than immediately in the event of a system contingency so as to maintain reliability. The basic charge for each

whole month of service or whole month's on-peak period of Reserved Capacity or Network Load is as set forth in the attached Exhibit A. The service may be purchased for shorter periods of time.

The Transmission Customer may also be responsible for other charges.

## EXHIBIT A

### **Network Ancillary Services**

Schedule 1: System Control and Load Dispatch - \$/kW Mon.	0.1730
Schedule 2: Cost of Reactive Power (VAR) Production - \$/kW Mon.	0.0960
Schedule 3: Regulation and Frequency Response - \$/kW Mon.	0.2575
Schedule 4: Energy Imbalance - \$/MWh	32.63
Schedule 5: Operating Reserves – Spinning - \$/kW Mon.	0.7157
Schedule 6: Operating Reserves – Supplemental - \$/kW Mon.	0.4959

### **Point-to-Point Ancillary Services**

Schedule 1: System Control and Load Dispatch - \$/kW Mon.	0.1730
Schedule 2: Cost of Reactive Power (CAR) Production - \$/kW Mon.	0.0700
Schedule 3: Regulation and Frequency Response - \$/kW Mon.	0.2575
Schedule 4: Energy Imbalance - \$/MWh	32.63
Schedule 5: Operating Reserves – Spinning - \$/kW Mon.	0.7157
Schedule 6: Operating Reserves – Supplemental - \$/kW Mon.	0.4959

**ARIZONA ELECTRIC POWER COOPERATIVE, INC.**

**NETWORK TRANSMISSION REVENUE ADJUSTOR (TRA)**

**TARIFF RIDER**

**TEMPORARY\***

Effective Date: March 2, 2016.

**APPLICABILITY OF NETWORK TRANSMISSION REVENUE ADJUSTOR (TRA)**

Applicable to all customers that receive service under AEPCO's Network Transmission Service Tariff.

**TERMS AND CONDITIONS OF TRANSMISSION REVENUE ADJUSTOR (TRA)**

The TRA adjusts AEPCO's monthly Network Transmission Service Revenue Requirement and its monthly Mohave 2 Network Transmission Service Revenue Requirement (collectively, the "NTS Revenue Requirements") in the event of the addition of a long term point-to-point transmission service agreement ("Firm Point-To-Point Contract"), defined as a firm (i.e., includes a monthly capacity charge), non-energy based, point-to-point contract that is of a term one year or longer.

In the event that an additional Firm Point-To-Point Contract is entered into, the Company's monthly NTS Revenue Requirements in effect at the time the contract takes effect will be adjusted downward.

Only those revenues derived from the actual transmission service component of a Firm Point-To-Point Contract shall be used in calculating the TRA adjustment. System Control and Load Dispatch revenues and any other Ancillary Service revenues associated with the Firm Point-To-Point Contract(s) will not be included in the calculation of the TRA adjustment.

RATE

As of the Effective Date of this Rider, the following TRA amounts would be applied as credits to the NTS Revenue Requirements as specified in the Network Transmission Service Tariff:

\$36,008

\*These revised rates will remain in effect until Commission approval of a subsequent TRA adjustment in response to an additional Firm Point-To-Point Contract.

**Arizona Electric Power Cooperative, Inc.**

**Transmission Revenue Adjustor (TRA)  
Plan of Administration**



1 7. Firm Point-to-Point Transmission Service Revenue – Revenues collected under  
2 the terms and conditions of AEPCO’s Point-to-Point Transmission Service Tariff  
3 for Firm Point-To-Point Contract customers and as recorded in RUS Accounts  
4 447 and 456, but not including Ancillary Service Revenues.

5 8. Ancillary Service Revenues – Revenues associated with services provided by  
6 AEPCO which are necessary to support the transmission of electric power from a  
7 seller to a purchaser given the obligations of control areas and transmitting  
8 utilities within those control areas to maintain reliable operations of the  
9 interconnected transmission system as defined by the Federal Energy Regulatory  
10 Commission (“FERC”). The FERC identifies six different kinds of ancillary  
11 services.

12 **Test Year Data:**

13 Based on the test year data and as ordered by the Commission, initial values to be used  
14 for the computation of the revised Monthly Network Transmission Service Revenue  
15 Requirement and revised Monthly Mohave 2 Network Transmission Service Revenue  
16 Requirement are as follows:

- 17 1. Monthly Network Transmission Service Revenue Requirement = \$1,579,106.  
18 2. Monthly Mohave 2 Network Transmission Service Revenue Requirement =  
19 \$1,260,481.

20 **Computations:**

21 The revised Monthly Network Transmission Service Revenue Requirement and Monthly  
22 Mohave 2 Network Transmission Service Revenue Requirement shall be calculated as  
23 follows:

24 **Revised Monthly Network Transmission Service Revenue Requirement**

25 The Revised Monthly Network Transmission Service Revenue Requirement = the  
26 Monthly Network Transmission Service Revenue Requirement as specified in  
27 Exhibit A of the Network Transmission Service Tariff minus the monthly  
28 revenue(s) to be received as the result of service supplied pursuant to the  
29 Additional Firm Point-to-Point Contract(s) (but not including Ancillary Service  
30 Revenues).

1            Revised Monthly Mohave 2 Network Transmission Service Revenue Requirement

2            The Revised Monthly Mohave 2 Network Transmission Service Revenue  
3            Requirement = the Monthly Mohave 2 Network Transmission Service Revenue  
4            Requirement as specified in Exhibit A of the Network Transmission Service  
5            Tariff minus the monthly revenue(s) to be received as the result of service  
6            supplied pursuant to the Additional Firm Point-to-Point Contract(s) (but not  
7            including Ancillary Service Revenues).

8            ACC Revised Network Transmission Service Tariff Filing Requirements:

9            In the event of the addition of a Firm Point-To-Point Contract, AEPCO will file a  
10           Network Transmission Revenue Adjustor Tariff Rider (“TRA Rider”) that reflects the  
11           amount of the adjustment to the revenue requirements shown in Exhibit A to the Network  
12           Transmission Service Tariff along with the contract documentation and calculations  
13           supporting the TRA Rider. The TRA Rider will be subject to a sixty (60) day Arizona  
14           Corporation Commission Staff review period and shall become effective upon  
15           Commission approval.

16           Compliance Reports:

17           Six months following the effective date of the first TRA Rider, AEPCO will file a report  
18           containing the following information:

- 19           1. The customers and their associated revenues collected under the terms and  
20           conditions of AEPCO’s Network Transmission Service Tariff.
- 21           2. The customers and their associated revenues collected under the terms and  
22           conditions of AEPCO’s Point-to-Point Transmission Service Tariff for Firm  
23           Point-To-Point Contract customers.

24           AEPCO will file these compliance reports every six months thereafter. In order to  
25           provide AEPCO with sufficient time to compile the data, the reports will contain data for  
26           the twelve month period ended two months prior to the report date.

27           In addition, each report will be accompanied by a certification from AEPCO’s Chief  
28           Executive Officer or Chief Financial Officer that all information provided in the filing is  
29           true and accurate to the best of his or her information and belief.

1 **Notification:**

- 2 Within fifteen (15) days of the Commission's approval of a TRA Rider, AEPCO will  
3 provide its Network Transmission Service customers a notice of the revised Monthly  
4 Network Transmission Service Revenue Requirement and revised Monthly Mohave 2  
5 Network Transmission Service Revenue Requirement.