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April 24, 2017

**HAND DELIVERED**

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

Arizona Corporation Commission

**DOCKETED**

**APR 24 2017**

DOCKETED BY

Re: *AEPCO Compliance Filing re revised Ancillary Services Tariff;  
Decision No. 76061; Docket No. E-01773A-17-0061*

Dear Sir or Madam:

Pursuant to the First Ordering Paragraph on page 5 of Decision No. 76061, enclosed are the original and 13 copies of the revised Ancillary Services Tariff, with an effective date of April 1, 2017.

Sincerely,

GALLAGHER & KENNEDY, P.A.

By:

Jennifer A. Cranston

JAC/plp  
Enclosures  
5950090v1/10421-0085

**Original and 13 copies** filed with Docket Control this 24th day of April, 2017.

**ARIZONA ELECTRIC POWER COOPERATIVE, INC.**

ANCILLARY SERVICES

TARIFF

PERMANENT

Effective Date: April 1, 2017.

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.	0.1852
Schedule 4: Energy Imbalance - \$/MWh	32.63
Schedule 5: Operating Reserves – Spinning - \$/kW Mon.	0.1348
Schedule 6: Operating Reserves – Supplemental - \$/kW Mon.	0.1157

### **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.	0.1852
Schedule 4: Energy Imbalance - \$/MWh	32.63
Schedule 5: Operating Reserves – Spinning - \$/kW Mon.	0.1348
Schedule 6: Operating Reserves – Supplemental - \$/kW Mon.	0.1157