



Arizona Electric Power Cooperative, Inc.

P.O. Box 670 • Benson, Arizona 85602-0670 • Phone 520-586-3631

FOR IMMEDIATE RELEASE

Contact: Geoff Oldfather, Communications and Public Relations Manager
(520) 586-5465 - C: (520) 444-3473 - goldfather@ssw.coop

ARIZONA ELECTRIC POWER COOPERATIVE WINS SURFACE TRANSPORTATION BOARD CASE

STB Ruling Means AEPCO Will Receive Substantial Rate Relief From Railroads Over Next Decade

Visit our website at www.azgt.coop

BENSON – Arizona Electric Power Cooperative (AEPCO) has won a major victory in its three-year effort to get equitable rates from the railroads it uses to transport coal to the Apache Generating Station near Cochise, Arizona.

The Surface Transportation Board's (STB) ruling issued November 22 said AEPCO is entitled to be reimbursed for what the STB called overpayments to the railroads it uses to ship coal. The ruling also means AEPCO will pay competitive rates to the railways and will be able to buy coal from coal suppliers it could not buy from previously.

The combination of refunds and lower rates through 2018 may be worth up to \$63 million to AEPCO.

CEO Patrick Ledger said the most important aspect of the ruling is that it gives the utility options to buy more competitively priced coal.

"It opens up new markets to us for coal which over time should help reduce our costs," Ledger said.

"When you have new markets it means you can buy competitively, and it also helps stabilize our fuel costs into the future," Ledger said.

The railroads involved in the STB case are the BNSF Railway and Union Pacific Railroad.

AEPCO attorney Skip Whitley said lower fuel costs "may help us to avoid power rate increases."

Ledger said he wanted to credit the AEPCO Board of Directors. "Taking this case before the STB was a difficult undertaking for a relatively small generation and transmission cooperative," Ledger said.

"But it was the right thing to do, and thankfully it looks like the results will be very positive for our cooperatives and their member customers," Ledger said.

Arizona's G&T Cooperatives

AEPCO, Southwest Transmission Cooperative (SWTC) and Sierra Southwest Cooperative Services collectively make up Arizona's G&T Cooperatives (G&Ts).

AEPCO owns and operates the 605 (combined gross) megawatt Apache Generating Station at Cochise, Arizona, east of Benson.

SWTC owns and maintains more than 600 miles of transmission lines and 26 substations that transmit wholesale power from the Apache Generating Station to six Member Distribution Cooperatives in southern Arizona, northwestern Arizona in Bullhead City and Mohave County, and Anza in California.

Combined, the Distribution Cooperatives that receive AEPCO's wholesale power serve more than 144,000 residential, commercial, agricultural and industrial customers.

The six Class A Member Cooperatives that receive wholesale power from AEPCO include five in Arizona; Sulphur Springs Valley Electric Cooperative in Willcox, Duncan Valley Electric Cooperative in Duncan, Graham County Electric Cooperative in Pima, Trico Electric Cooperative in Marana, Mohave Electric Cooperative in Bullhead City, and the California member, Anza Electric Cooperative in Anza.

The G&Ts and the Member Cooperatives they provide wholesale power to are not-for-profit utilities.

###