

Via E-mail & USPS

January 11, 2007

Mr. J. Tyler Carlson
Regional Manager
Western Area Power Administration
Desert Southwest Region
P. O. Box 6457
Phoenix, AZ 85005-6457

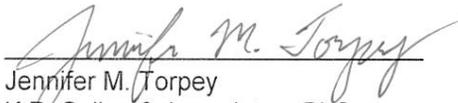
Re: City of Safford Integrated Resource Plan

Dear Mr. Carlson,

As you know, Western Area Power Administration's ("Western") Integrated Resource Planning Approval Criteria require Western's customers to submit updated Integrated Resource (or Small Customer) Plans to the appropriate Regional Manager every five years after Western's approval of the initial Plan. Enclosed on behalf of the City of Safford ("Safford"), pursuant to 10 C.F.R. § 905.13(b), is the second five-year update to Safford's Integrated Resource Plan. This update was approved by Safford's City Council at a public meeting held on January 8, 2007.

If you have any questions regarding this Integrated Resource Plan, please do not hesitate to contact me.

Sincerely,


Jennifer M. Torpey
K.R. Saline & Associates, PLC

Enclosure

cc: John Li (w/encl.)
Joe Mulholland (w/encl.)
Jay Howe (w/encl.)

**INTEGRATED
RESOURCE
PLAN**

SECOND FIVE-YEAR UPDATE

**CITY OF SAFFORD
STATE OF ARIZONA**

January 8, 2007

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Profile Data

The City of Safford (“City” or “Safford”) is located in southeastern Arizona on the south bank of the Gila River in Graham County. The City was established in 1874 and as a result of its proximity to the Gila River immediately became a major supplier of agricultural products in Arizona. Since 1874 Safford has grown and has become the anchor to the economic development in Graham County. Although the City’s economy is still highly dependent upon agricultural products, recent copper mining, tourism, government facilities and small industrial growth throughout Graham County are providing additional sources for economic growth as well as substantial pressures on Safford utilities. Historically the City’s population has grown at an average annual rate of less than 1% per year; however, current population estimates indicate that the growth rate is increasing.

The City currently serves water, wastewater, gas and electricity and is governed by a mayor, six council members and a city manager. In OY2006, Safford served electricity to approximately 4,000 customers with 52.4% of total sales going to the commercial class, 46.3% to residential customers, and 1.3% to other customers. To facilitate these sales, Safford owns and operates one 69/12.47 kV substation which is used to distribute electric service to its customers. Safford’s electric service territory is currently limited to electric loads located within the City of Safford limits.

Safford’s current staff consists of 10 employees. The City’s current council members and relevant contact persons are detailed below.

- **City Council Members**

Ronald M. Green—Mayor
J.T. Cotter—Vice Mayor
Danny Hoopes
Richard Ortega
Ed Ragland
Danny Smith
Ed Zappia

- **Contact Persons**

Jay Howe—Utilities Director
City of Safford
405 W. Discovery Park Blvd.
Safford, AZ 85546-4203
Ph: (928) 348-3143
Fax: (928) 348-3150

Dennis Delaney—Engineering Consultant
K. R. Saline & Associates, PLC
160 N. Pasadena, Ste. 101
Mesa, AZ 85201-6764
Ph: (480) 610-8741
Fax: (480) 610-8796

Safford receives federal preference power and energy to serve its customers from its entitlements to Hoover power, Navajo power and Colorado River Storage Project power ("CRSP" or "SLCA/IP" power). This power is transported by the Southwest Transmission Cooperative, Inc. ("Southwest") and Graham County Electric Cooperative ("GCEC") from delivery points on the federal transmission systems to Safford's Eighth Avenue Substation. Safford receives these Hoover, Navajo, and CRSP power and energy resources from the Arizona Power Authority ("the Authority"), Salt River Project ("SRP"), and Western Area Power Administration ("Western"), respectively. In addition, Safford has a supplemental supply arrangement with Arizona Electric Power Cooperative, Inc. ("AEPSCO") and transmission contracts with Southwest and GCEC. Safford is also a participant in the Hoover Power Resource Exchange Program and a party to an Integrated Resource Scheduling Agreement with other similarly situated utilities to integrate and exchange Hoover and SLCA/IP power resources, respectively. The power and energy from the Authority, SRP, and Western are transmitted over Western's Parker-Davis and Navajo transmission system to Southwest's transmission system, which in turn delivers the power and energy over the GCEC sub-transmission system to the City-owned substation. The City does own and operate a very small portion of 69kV sub-transmission from a tap at the GCEC substation to Safford's substation. The power and energy are distributed to City customers over facilities owned and operated by the City.

The policies for service, rates and taxes for power provided by Safford to its customers are determined and set by Safford's City Council. Copies of Safford's current rate schedules are attached as **Appendix B**.

The financial outlook for Safford's customers continues to be bright. Since the early nineties, Safford has become more aggressive in the management of the electric utility with renewed emphasis on power supply costs and efficient use of its resources. The current projection of Safford's loads for the upcoming two-year and five-year periods does not indicate that additional resources are needed. The resource scheduling and utilization of the City's resources have been and will continue to be managed through the Authority's Hoover Power Resource Exchange Program and through the City's participation in the Integrated Resource Scheduling Agreement for Hoover and SLCA/IP resources, respectively. These resource management programs have provided the necessary flexibility for the City to re-pattern its resources monthly to meet its changing loads and exchange the resources with other preference entities who can temporarily utilize the power during the same periods. With the continuation of these programs using current loads and resources, there is not any long-term need for additional resources for the City. Therefore, Safford will use its current entitlements of Hoover, Navajo, and SLCA/IP resources with intermittent purchases of supplemental power to meet its projected loads through the five-year planning period.

Safford Goals and Objectives

- Provide Reliable Electric Power at Lowest Practicable Cost, Consistent With Sound Business Principles
- Continue to Participate with other Utilities in Graham County to Provide Reliable Electric Service and Promote County Wide Economic Growth
- Enhance Customer Financial Stability by Providing Services which Provide Long-Term Stability in Electric Power Rates

Competitive Situation

- **Contract Information**

Arizona Power Authority (Hoover Power Contract)
Western Area Power Administration (SLCA/IP Contract)
Salt River Project (Navajo Power)
Arizona Electric Power Cooperative (Scheduling, Trading and Displacement Services Agreement)
Southwest Transmission Cooperative (Transmission Agreement)
Graham County Electric Cooperative (Transmission Agreement)
Integrated Resource Scheduling Agreement

- **Regulations Applicable to Safford**

Energy Planning and Management Program (EPACT '00)
Service Territory Agreement with GCEC

- **Regulations Applicable to Safford Customers**

Low Income Rate Support
Emergency Medical Rate

- **Competition With Safford Service**

There is aggressive competition for new as well as existing customers within Graham County from GCEC and the Town of Thatcher. Therefore, to the extent that Safford's electric rates become significantly higher than other areas, the competition for electric load may significantly impact the electric load of the City. In OY2006, the City's top ten customers (metered points) accounted for

approximately 16.6% of the City's total load and are the most susceptible to competition. These top 10 customers are detailed below.

Energy Sales - Top 10 Meters

<u>Customer Name</u>	<u>Annual kWh</u>	<u>Percentage of Total Annual kWh</u>
MT GRAHAM REGIONAL MEDICAL CTR (1)	2,410,185	3.5%
THRIFTEE SUPER MRKT	2,017,738	2.9%
CITY OF SAFFORD WRP	1,757,851	2.5%
MT GRAHAM REGIONAL MEDICAL CTR (2)	1,447,700	2.1%
IMPRESSIVE LABELS INC	1,268,557	1.8%
SAFFORD UNIFIED SCHOOLS	650,900	0.9%
MC DONALD'S	600,400	0.9%
QWEST	542,700	0.8%
SAFFORD UNIFIED SCHOOLS	445,682	0.6%
BUREAU OF LAND MGT	440,143	0.6%
TOTAL		16.6%

Load and Resource Information

- Historical and Five-Year Load Forecast:**

Oct-Sep	Winter Demand CP @ Sub (kW)	Summer Demand CP @Sub (kW)	Peak Annual Growth	Energy @Substation (kWh)	Energy @Meters (kWh)	Load Factor
1997	9,792	13,444		55,348,860	54,263,590	47%
1998	11,159	13,831	3%	56,118,657	54,018,300	46%
1999	10,139	13,974	1%	54,788,340	53,714,060	45%
2000	9,364	15,015	7%	56,677,996	55,566,660	43%
2001	12,199	15,402	3%	61,937,522	60,742,470	46%
2002	10,649	15,361	0%	64,438,052	63,174,560	48%
2003	9,649	16,014	4%	64,671,659	63,401,080	46%
2004	13,735	16,653	4%	62,522,141	61,271,700	43%
2005	11,919	16,674	0%	67,347,152	66,000,210	46%
2006	11,898	17,984	8%	69,101,996	67,719,954	44%

Current Forecast

2007	13,179	18,372	2%	70,591,950	65,913,891	44%
2008	13,661	19,077	4%	73,300,357	68,442,815	44%
2009	13,964	19,813	4%	76,129,643	71,084,607	44%
2010	14,445	20,583	4%	79,087,061	73,846,039	44%
2011	15,289	21,388	4%	82,180,299	76,734,291	44%

See **Appendix C** for a summary of the historical monthly load information (by operating year) as well as a graphical illustration of how the City schedules its resources to cover its loads in a typical year.

- **Customer Profile Information**

The City’s customers are currently divided amongst the customer classes as follows:

- Commercial—13.7%
 - Large Demand—1.3%
 - Small Demand—0.8%
 - Other Commercial—11.6%
- Residential—85.9%
- Other—0.4%

See **Appendix C** for a graphical illustration.

Detailed below is a summary of the historical energy sales by customer class for each of the past seven years.

ENERGY SALES BY CUSTOMER CLASS (KWH)

OPERATING YEAR	RESIDENTIAL	COMMERCIAL	AGRICULTURAL	PUBLIC USE/ STREET LIGHTING	TOTAL	% CHANGE
2000	25,433,814	28,880,657	374,877	423,796	55,113,144	
2001	26,015,883	30,510,573	327,117	423,796	57,277,369	3.93%
2002	25,833,866	31,256,855	403,401	423,796	57,917,918	1.12%
2003	26,066,710	30,814,362	299,037	423,796	57,603,905	-0.54%
2004	27,770,774	32,236,267	350,519	423,796	60,781,356	5.52%
2005	26,729,961	31,602,320	283,844	423,796	59,039,921	-2.87%
2006	29,577,704	33,495,184	402,629	423,796	63,899,313	8.23%

The below chart outlines the historical energy sales by customer class in terms of percentages of total sales.

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
COMMERCIAL	52.4%	53.3%	54.0%	53.5%	53.0%	53.5%	52.4%
LARGE DEMAND	30.1%	31.4%	32.4%	32.5%	32.0%	32.5%	32.8%
SMALL DEMAND	5.4%	5.2%	5.3%	5.2%	5.4%	5.2%	6.8%
NON DEMAND	16.9%	16.6%	16.2%	15.8%	15.7%	15.7%	12.8%
RESIDENTIAL	46.1%	45.4%	44.6%	45.3%	45.7%	45.3%	46.3%
AGRICULTURAL	0.7%	0.6%	0.7%	0.5%	0.6%	0.5%	0.6%
PUBLIC USE/ STREET LIGHTING	0.8%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%

- **Supply Side Resources**

Safford anticipates that current federal resources and other resources under contract and continuation of the Integrated Resource Scheduling procedures and the Authority Hoover Resource Exchange Program will be sufficient for the City to meet its monthly power and energy requirements through the short-term and long-term planning periods. Some supplemental power will continue to be purchased from time-to-time to cover any short-term power deviations. Detailed below are the City’s current contractual commitments:

Arizona Power Authority (Hoover Power) at AEPCO’s Apache Substation

- Hoover B Capacity & Energy
 - 2,000 kW (Maximum with Hoover Firming Capacity)
 - 2,255,000 kWh (Contract Entitlement)
- Expires September 30, 2017

Salt Lake City Area/Integrated Project Capacity at Apache Substation

- Winter Season CROD: 521 kW
- Summer Season CROD: 1,141 kW
- Energy entitlements by fiscal year:

<i>Fiscal Year</i>	<i>Winter Season Energy (kWh)</i>	<i>Summer Season Energy (kWh)</i>
FY 2006	898,819	1,953,662
FY 2007	917,705	1,994,714
FY 2008	936,592	2,035,766
FY 2009 - FY 2024	955,479	2,076,818

- Contract Term: Expires September 30, 2024

Salt River Project (Navajo Power) at Apache Substation

- Summer and Winter Season 10,000 kW CROD @ 70% minimal annual load factor
- Expires September 30, 2011

Supplemental Resources

- From time to time Safford purchases exchange power or layoff power to meet its loads. To the extent exchange SLCA/IP power or layoff Hoover power are not available, Safford will purchase supplemental resources from AEPCO as needed to satisfy its load requirements.

- **Demand Side Resources**

Safford has several ongoing Demand Side Management (“DSM”) activities, including the distribution of conservation information and hot water heater wraps

to customers, as well as load management and lighting efficiency programs for some of its new and old commercial customers. Safford also performs energy audits for its customers upon request.

Identification and Comparison of Resource Options

The identification of options for additional resources within this Integrated Resource Plan is coordinated through an examination of the costs and benefits for each resource. Due to the somewhat limited nature of the City's financial and administrative resources, the examination of additional resources often indicates that the additional cost to the City may be prohibitive. Nevertheless, Safford will continue to look for additional opportunities for energy savings from evolving technological advances in energy efficiency.

Designation of Options

If additional resources are needed, the least cost option is identified from a cost benefit analysis. This information is considered by Safford's City Council in public meetings and combined with other information to select an Action Plan for the City which conforms with the regulations and guidelines of the Energy Planning and Management Program. The selection of the City's Action Plan also includes consideration for reliability of service, economics, rate impacts and price elasticity, environmental effects, regulatory impacts and risks, legal considerations and risks, competitive impacts, social acceptance and public considerations and any other factors which may be identified from time-to-time which may be pertinent in selecting or implementing an Action Plan.

Action Plan

- **Resource Action Plan**

The time period covered by Safford's Action Plan is the five-year period from 2007 through 2011.

Safford has determined that to provide reliable electric power at the lowest practicable cost, consistent with sound business principles, the City will continue using its long-term entitlements of Hoover, SLCA/IP and Navajo power to supply its projected long-term power requirements. The current federal and SRP resources and continuation of the Integrated Resource Scheduling procedures and the Authority Hoover Resource Exchange Program will be sufficient for the City to meet its monthly power and energy requirements through the short-term and long-term planning periods. Additional purchases of supplemental power will

continue to be made from time-to-time to cover any short-term power deviations. The City is not experiencing any significant load growth and therefore does not need any new resources at this time. However, the City continues to participate in the Southwest Public Power Resources (“SPPR”) Group in evaluating future resource opportunities. The SPPR Group represents 20 Participants comprised of thirty-nine public power entities providing service in Arizona, California, and Nevada. Although Safford does not anticipate any immediate change in resource options due to the efforts of the SPPR Group, it may assist the City in accessing new long-term options in the future. Safford continuously reevaluates the possible need for new resources, the availability of less costly resources and the potential for additional DSM activities. The City’s Resource Action Plan enhances customer financial stability by providing services that will enhance property values and provide long-term stability in electric power rates.

Since no new resources are needed, there are no milestones to evaluate accomplishment of the Plan activities. Nevertheless, Safford will monitor any adjustments to the Plan for the long-term resource needs and will annually review its electric loads and resources for any significant changes. In the event the loads of the City are projected to materially increase above those levels represented in the Load and Resource information, other than normal deviations due to weather impacts, the City will review its forecast and evaluate the need for modifying its Integrated Resource Plan (“IRP”) and notify Western accordingly. In any event, Safford will evaluate its load forecast and resource information in detail every five years and refresh its IRP, in accordance with Western’s regulations.

- **Conservation Action Plan**

The City has decided to continue certain conservation activities to promote and maintain energy efficiency and customer awareness for conserving electric resources.

Period: Calendar Year 2007 through 2011
Activity: Distribution System Monitoring and Efficiency Improvements
Commercial User Load Monitoring and Municipal and Commercial Lighting Efficiency
Public Information and Education

- **Validation and Evaluation**

Distribution System Monitoring and Efficiency Improvements

Safford’s activities on its distribution system include the use of monitoring equipment and ongoing distribution system analysis to examine ways to improve efficiencies and develop a system expansion plan to serve current and future loads. A few years ago, Safford completed a major capital reconstruction of its

substation including higher efficiency equipment as a result of this activity, and upgrades continue. Currently, Safford is realizing a 99% or greater level of efficiency at its substation.

Commercial User Load Monitoring and Municipal and Commercial Lighting Efficiency

Safford has continued to work with new and old commercial customers to discuss load management and how their loads contribute to the City's power requirements. In the past few years Safford has contacted commercial customers to advise and assist them in improving energy efficiencies. Safford continues to sponsor lighting efficiency by the following activities:

- Lighting surveys of City facilities
- Lighting surveys of commercial customer facilities
- Conversion to radio controlled airport runway lighting
- Low pressure sodium City street and security lights

Safford has sponsored lighting surveys and has current information on efficient lighting technologies available to all customers. Over the past few years Safford has performed energy efficient lighting surveys of all the-City owned facilities and 25 of the large commercial customers. Based upon the results of these surveys, the estimated annual potential savings is estimated to be 472,000 kWh. These estimated power savings include all possible savings, without regard to the cost effectiveness of the replacements that would be required to achieve such savings. As an additional incentive, the City offers several demand rates to encourage efficient use of power for its commercial customers. The City is also implementing an electronic metering program that will report time of use information; this program will be phased in over the next five years. Safford continues to benefit from the City's conversion to low pressure sodium street and security lights and the radio controlled runway lights. The estimated annual energy savings from these projects is 485,000 kWh.

Public Information and Education

Safford continues to provide updated conservation literature and "Energy Tips" to its customers. Energy conservation and load management tips are periodically submitted to the local newspapers and radio station. Individual customers are contacted to provide additional assistance. Safford also offers its customers, both residential and business, the opportunity to have an energy audit performed to identify areas where energy efficiency could be improved.

The ability of Safford to stabilize its rates and power supply costs relies upon economically feasible conservation of every resource. Some of the other activities pursued by Safford and its customers are:

- Infra red surveys of Safford's electrical system and City owned facilities.

- Installation of new, more efficient motors at the City's lift stations, which resulted in a 30% reduction of energy usage.
- Distribution of hot water heater blankets
- Recent construction of a more energy efficient sewer treatment plant.
- Promotion of high efficiency natural gas appliances.

Environmental Effects

The City is required, to the extent practicable, to minimize adverse environmental effects of new resource acquisitions and document these efforts in the IRP. Since the City does not foresee the acquisition of any additional resources, there are no adverse environmental effects caused by new resource acquisition. Under Safford's current resource plan, the City utilizes hydro resources to meet much of its electric loads. To the extent Safford utilizes the Integrated Resource Scheduling procedures or the Authority Hoover Resource Exchange Program to exchange and better utilize the hydro resources of the City and other similarly situated utilities, such efforts should be environmentally beneficial since such increased utilization would offset steam generation purchases. In addition, to the extent the City sponsors conservation activities and information activities with its customers, the conservation of energy is the fundamental achievement, which is environmentally beneficial and economically sound.

Public Participation

Safford has held one public meeting to discuss the development of its IRP.

Prior to the meeting, the City posted notice in advance of the meeting, giving the time and place of the meeting and specifying that the City would be considering a draft IRP at the meeting. The notice was posted in accordance with statutory open meeting law requirements. The notice stated that the draft IRP would be available to the public in advance of the meeting and that public comment on the draft IRP would be accepted at the meeting. A copy of the notice is attached as **Appendix D**.

At the meeting, the draft IRP was presented to the City Council. After discussion and the opportunity for public comment, the Council authorized the preparation of a final IRP, with such revisions as the Council deemed appropriate. There were no public comments. This document is the final IRP. No changes were made following the meeting.

MINUTE RECORD OF THE COMMON COUNCIL OF THE CITY OF SAFFORD AT A
MEETING HELD ON THE DAY OF
AT THE CITY HALL AT

19

RESOLUTION NO. 656

RESOLUTION ESTABLISHING RATES AND POLICY FOR INSTALLATION
AND USE OF SECURITY LIGHTS.

WHEREAS, it is desirable to have, and many people has requested, security lights; and

WHEREAS, the City of Safford has examined the costs and expenses of providing security lights at the request of citizens; and

WHEREAS, Section 13-4-3 of the City Code provides that rates shall be established by Resolution.

NOW THEREFORE, BE IT RESOLVED as follows:

1. Upon request of a citizen within the electrical service system area for the installation of a security light, such security light may be installed and operated upon payment of the charges established in this Resolution.

2. Installation fees:

a. If there is an existing pole with ^{appropriate} available voltage, the installation fee shall be \$50.00, payable before installation.

b. In all other cases the installation fee shall be the cost to the City to extend the lines, install the poles, transformers, or any other expenses necessary for the installation.

3. The monthly charge for the electrical service shall be \$8.00 per month plus fuel adjustment factor, to be computed at billing.

PASSED AND ADOPTED BY THE COMMON COUNCIL of the City of Safford, Arizona, this 12th day of February, 1985.

CITY OF SAFFORD

by Carol Macdonald
Mayor Carol Macdonald

ATTEST:

Pat Savage
Pat Savage, City Clerk

APPROVED AS TO FORM:

Irval L. Mortensen
Irval L. Mortensen, City Attorney

City of Safford Utilities Electric Rate Schedule

Residential Electric Service

Applicability: For service to single residences and individual family apartments. Service shall not be resold or shared with others. In those existing cases where two or more family dwelling units are served through a single meter, all provisions of the rates shall be applied as though each dwelling unit had been separately metered

Character of Service: Single phase service at approximately 120 or 120/240 volts.

Customers Charge: \$ 5.00 per month or \$0.1642 per day.

Charge for Energy: \$0.084 per kWh for all usage

Minimum Bill: No monthly bill shall be less than the customer charge.

The above rate is subject to adjustment as described in the Purchased Power Adjustment Clause attached hereto.

Commercial Electric Rates

Applicability: For service to single commercial establishments. Where a portion of a residential unit is used for non-residential purposes, the appropriate commercial rate schedule shall be applicable for all service. Service shall be through a single delivery point for each utility and shall not be resold without written agreement with the City of Safford Utilities.

General Commercial Rates

(Applicable to customers whose demand is, or has been, 5 kW or less during the preceding eleven (11) months)

Customer Charge: - \$ 12.00 per month or \$0.3942 per day customer

Energy Charge: \$ 0.087 per kWh for all usage.

Minimum Bill: No monthly bill shall be less than the customer charge. Service under this rate is subject to the Purchased Power Adjustment.

Small Commercial Demand Electric Rate

(Applicable to customers whose average monthly usage is less than 10,000 kWh.)

Customer Charge: - \$ 12.00 per month or \$0.3942 per day customer

Billing Demand Charge: \$ 8.00 per kW

Energy Charge: \$ 0.067 per kWh for all usage

Minimum Bill: No bill shall be less than the Billing Demand Charge plus the Customer Charge. Service under this rate is subject to the Purchased Power Adjustment.

Determination of Billing Demand: The customer's capacity requirement shall be the maximum measured kilowatt demand occurring during any fifteen (15) minute interval during the billing period, provided however for billing purposes such demand requirements shall not be less than 80% of the maximum demand requirement during any of the eleven (11) preceding months, nor less than five (5) kW. Meters for measuring the maximum capacity requirements over a fifteen-minute period shall be installed by the City of Safford Utilities.

Large Commercial Demand Electric Rate

(Applicable to customers whose average monthly usage is greater than 10,000 kWh.)

Customer Charge: \$ 50.00 per month or \$1.6427 per day customer

Billing Demand Charge: \$10.00 per kW

Energy Charge: \$ 0.057 per kWh for all usage.

Minimum Bill: No bill shall be less than the Billing Demand Charge plus the Customer Charge. Service under this rate is subject to the Purchased Power Adjustment.

Determination of Billing Demand: The customer's capacity requirement shall be the maximum measured kilowatt demand occurring during any fifteen (15) minute interval during the billing period, provided however for billing purposes such demand requirements shall not be less than 80% of the maximum demand requirement during any of the eleven (11) proceeding months. Meters for measuring the maximum capacity requirements over a fifteen-minute period shall be installed by the City of Safford Utilities.

Purchased Power Adjustment

Effective with all billings on and after July 1, 1998, all electricity billed by the City of Safford Utilities will be subject to the following "Purchased Power Adjustment":

The current monthly bill, as calculated under any rate schedule requiring the measurement of kilowatt-hour consumption shall be increased or decreased in direct proportion to the "Purchased Power Adjustment." The Purchased Power Adjustment is computed by factoring into the 12 month weighted rolling average, the current Energy Related Power Cost per kWh billed to the City of Safford Utilities and dividing this new average by the current Base Charge of 2.06 cents per kWh.

CITY OF SAFFORD

Demand @ Meters (kW)

Year	October	November	December	January	February	March	April	May	June	July	August	September	Max
1997	9,600	5,860	7,360	7,200	6,920	6,060	8,020	11,180	12,280	13,180	12,700	12,400	13,180
1998	10,940	5,120	7,260	7,260	6,860	6,380	8,020	10,440	13,560	12,940	13,460	12,520	13,560
1999	9,940	6,500	7,520	7,220	7,000	6,260	7,900	11,320	13,600	13,700	13,540	12,780	13,700
2000	9,180	6,740	7,700	7,380	6,660	6,420	11,080	11,900	13,600	14,500	14,720	13,200	14,720
2001	11,960	7,260	7,720	7,960	7,580	6,700	9,500	7,920	13,220	13,540	15,040	14,080	15,100
2002	10,440	7,600	8,340	7,960	7,880	7,340	8,700	14,380	15,060	14,280	14,800	14,580	15,060
2003	9,460	6,900	7,540	7,200	7,640	7,200	7,960	13,020	14,880	15,700	14,680	14,940	15,700
2004	13,460	6,900	7,700	7,820	7,700	8,240	8,780	11,100	14,860	16,320	16,260	14,040	16,320
2005	11,680	7,940	8,000	7,640	7,380	6,800	8,300	13,920	16,340	13,560	16,300	13,760	16,340
2006	11,660	8,420	8,600	8,420	7,340	7,110	8,876	15,350	14,716	17,624	16,862	13,246	17,624

Demand @ Substation (kW)

Year	October	November	December	January	February	March	April	May	June	July	August	September	Max
1997	9,792	5,977	7,507	7,344	7,058	6,181	8,180	11,404	12,526	13,444	12,954	12,648	13,444
1998	11,159	6,242	7,405	7,405	6,997	6,508	8,180	10,649	13,831	13,199	13,729	12,771	13,831
1999	10,139	6,630	7,670	7,365	7,140	6,385	8,377	7,365	13,872	13,974	13,811	13,035	13,974
2000	9,364	6,875	7,854	7,527	6,794	6,812	11,301	12,138	13,872	14,790	15,015	13,464	15,015
2001	12,199	7,405	7,874	8,119	7,732	6,834	9,690	13,484	13,811	15,341	15,402	14,362	15,402
2002	10,649	7,752	8,507	8,119	8,038	7,486	8,874	14,667	15,361	14,565	15,096	14,872	15,361
2003	9,649	7,038	7,691	7,344	7,793	7,344	8,119	13,281	15,178	16,014	14,974	15,245	16,014
2004	13,735	7,041	7,858	7,980	7,857	8,408	8,959	11,326	15,163	16,653	16,592	14,326	16,653
2005	11,919	8,102	8,164	7,796	7,531	6,938	8,470	14,204	16,674	13,837	16,633	14,041	16,674
2006	11,898	8,592	8,775	8,592	7,490	7,255	9,057	15,663	15,016	17,984	17,206	13,516	17,984

Energy @ Meters (kWh)

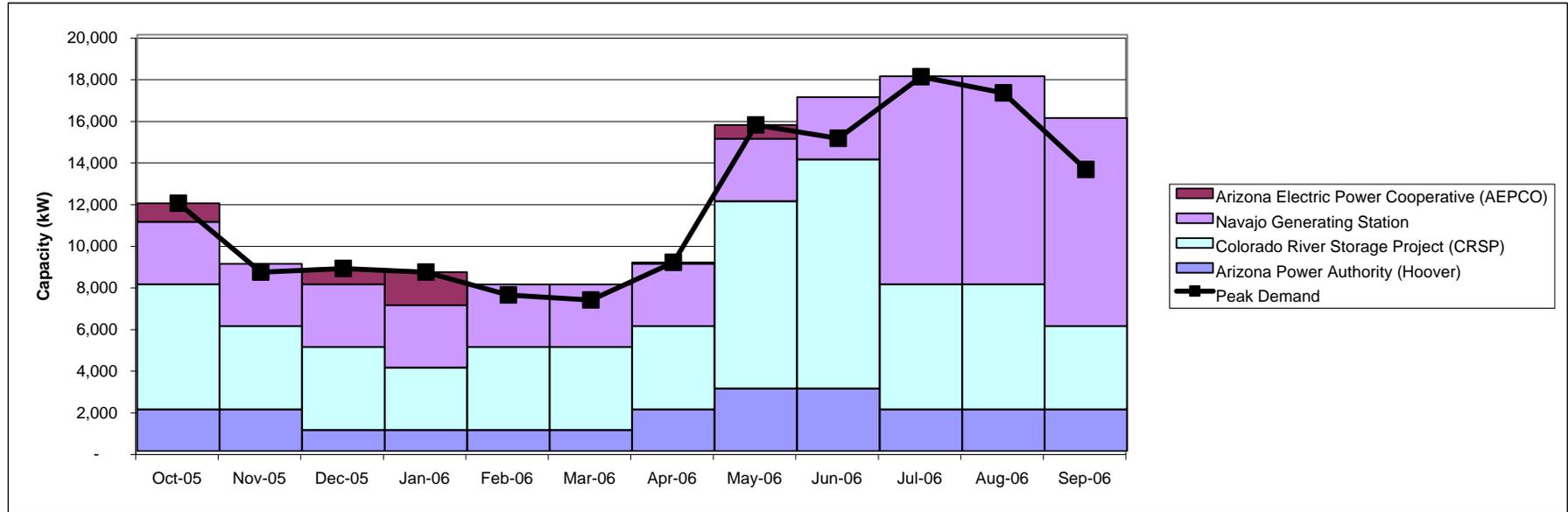
Year	October	November	December	January	February	March	April	May	June	July	August	September	Total
1997	4,132,950	3,533,570	4,037,290	4,058,230	3,430,460	3,609,150	3,516,720	4,670,060	5,264,890	6,062,360	6,218,750	5,729,160	54,263,590
1998	4,042,790	3,535,690	4,217,610	3,963,520	3,565,290	3,748,560	3,590,850	4,306,080	5,276,660	5,583,940	6,514,900	5,672,410	54,018,300
1999	3,507,560	2,525,490	4,168,050	4,017,630	3,540,320	3,771,570	3,756,210	4,627,890	5,688,170	6,172,660	6,423,490	5,515,020	53,714,060
2000	4,235,690	3,740,190	4,339,300	2,864,750	3,660,850	3,858,540	4,125,760	5,594,440	6,274,290	7,058,510	4,801,380	5,012,960	55,566,660
2001	4,400,950	4,093,420	4,427,830	4,467,280	3,819,850	4,041,170	4,106,720	5,357,410	6,427,390	6,829,490	6,869,380	5,901,580	60,742,470
2002	4,568,050	4,024,340	4,587,840	4,480,010	3,861,920	4,130,580	4,581,000	5,529,170	7,069,770	7,222,080	7,024,410	6,095,390	63,174,560
2003	4,475,490	4,035,170	4,576,200	4,310,200	3,882,740	4,136,600	4,130,890	5,524,400	6,563,350	7,810,090	7,693,370	6,262,580	63,401,080
2004	5,181,180	4,101,680	4,672,390	4,339,580	1,942,130	4,446,520	4,269,400	5,691,290	6,656,480	7,268,440	6,867,910	5,834,700	61,271,700
2005	4,682,150	4,250,370	4,820,970	4,558,450	4,029,680	4,279,590	4,325,900	5,836,540	6,996,440	8,128,110	7,579,280	6,512,730	66,000,210
2006	5,022,690	4,290,790	4,919,810	4,733,480	4,025,830	4,141,649	4,591,385	6,425,912	7,795,629	8,307,751	7,529,605	5,935,423	67,719,954

Energy @ Substation (kWh)

Year	October	November	December	January	February	March	April	May	June	July	August	September	Total
1997	4,215,609	3,604,241	4,118,036	4,139,394	3,499,069	3,681,333	3,587,054	4,763,461	5,370,188	6,183,607	6,343,125	5,843,743	55,348,860
1998	4,123,646	3,606,404	4,301,962	4,042,791	3,636,595	3,823,532	3,662,657	4,392,202	5,382,193	6,715,619	6,645,198	5,785,858	56,118,657
1999	3,577,711	2,575,999	4,251,411	4,097,982	3,611,126	3,847,002	3,831,335	4,720,448	5,801,933	6,296,113	6,551,960	5,625,320	54,788,340
2000	4,320,404	3,814,994	4,426,086	2,922,045	3,734,067	3,935,710	4,208,276	5,706,329	6,399,776	7,199,681	4,897,408	5,113,220	56,677,996
2001	4,488,969	4,175,289	4,516,387	4,556,626	3,896,247	4,121,993	4,168,854	5,464,558	6,555,938	6,966,081	7,006,768	6,019,812	61,937,522
2002	4,659,411	4,104,827	4,679,597	4,569,610	3,939,159	4,213,192	4,672,620	5,639,753	7,211,165	7,366,521	7,164,899	6,217,298	64,438,052
2003	4,565,000	4,115,874	4,667,724	4,396,404	3,960,395	4,219,332	4,213,508	5,634,888	6,694,617	7,966,292	7,847,238	6,390,387	64,671,659
2004	5,286,918	4,185,388	4,767,745	4,428,143	1,981,765	4,537,265	4,356,530	5,807,439	6,792,326	7,416,775	7,008,072	5,953,775	62,522,141
2005	4,777,704	4,337,113	4,919,357	4,651,479	4,111,918	4,366,928	4,414,184	5,955,653	7,139,225	8,293,990	7,733,959	6,645,642	67,347,152
2006	5,125,194	4,378,357	5,020,214	4,830,081	4,107,990	4,226,173	4,685,087	6,557,054	7,954,724	8,477,297	7,683,271	6,056,554	69,101,996

CITY OF SAFFORD

SCHEDULED RESOURCES TO COVER TYPICAL PEAK DEMAND



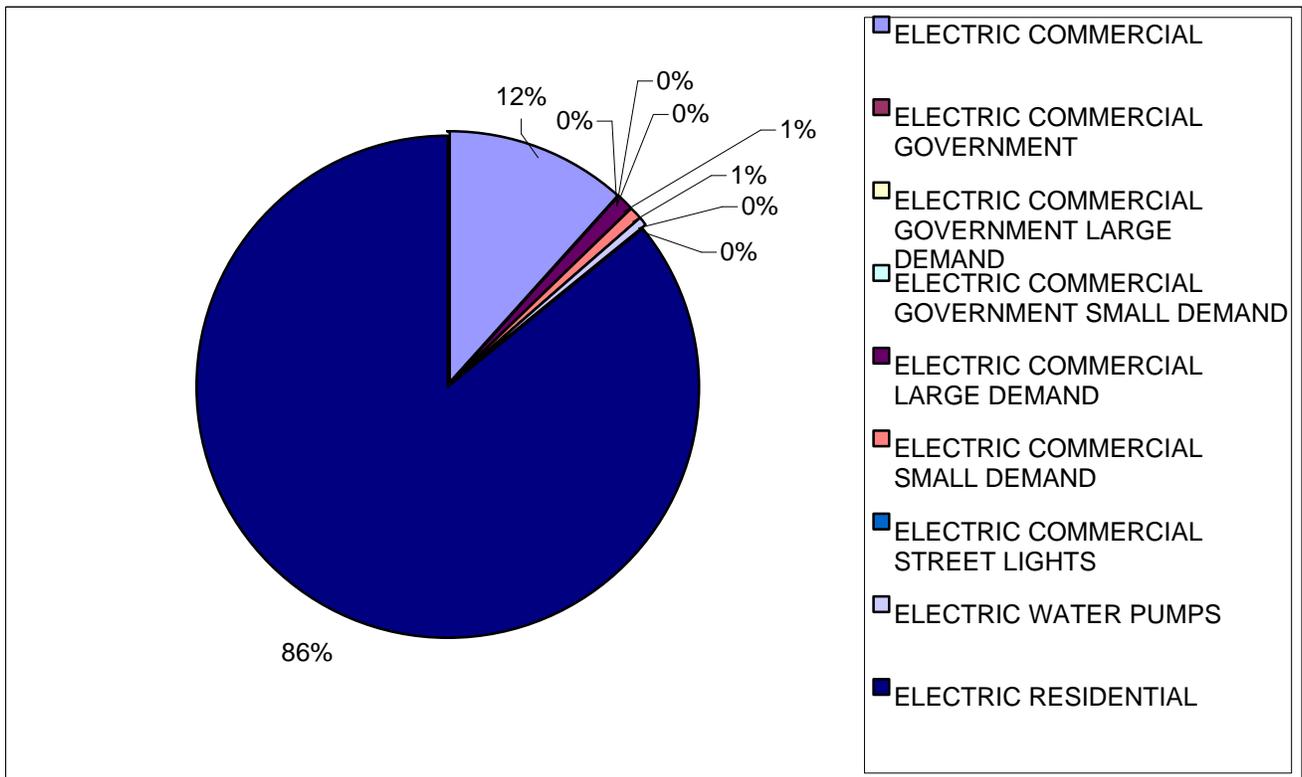
Resources

	<u>Oct-05</u>	<u>Nov-05</u>	<u>Dec-05</u>	<u>Jan-06</u>	<u>Feb-06</u>	<u>Mar-06</u>	<u>Apr-06</u>	<u>May-06</u>	<u>Jun-06</u>	<u>Jul-06</u>	<u>Aug-06</u>	<u>Sep-06</u>
<i>Arizona Power Authority (Hoover)</i>	2,000	2,000	1,000	1,000	1,000	1,000	2,000	3,000	3,000	2,000	2,000	2,000
<i>Colorado River Storage Project (CRSP)</i>	6,000	4,000	4,000	3,000	4,000	4,000	4,000	9,000	11,000	6,000	6,000	4,000
<i>Navajo Generating Station</i>	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	10,000	10,000	10,000
<i>Arizona Electric Power Cooperative (AEPCO)</i>	898	-	775	1,592	-	-	57	663	-	-	-	-
Peak Demand	11,898	8,592	8,775	8,592	7,490	7,255	9,057	15,663	15,016	17,984	17,206	13,516

CITY OF SAFFORD

Customer Profile

Customer Type	# of Customers
ELECTRIC COMMERCIAL	470
ELECTRIC COMMERCIAL GOVERNMENT	1
ELECTRIC COMMERCIAL GOVERNMENT LARGE DEMAND	2
ELECTRIC COMMERCIAL GOVERNMENT SMALL DEMAND	0
ELECTRIC COMMERCIAL LARGE DEMAND	49
ELECTRIC COMMERCIAL SMALL DEMAND	33
ELECTRIC COMMERCIAL STREET LIGHTS	1
ELECTRIC WATER PUMPS	15
ELECTRIC RESIDENTIAL	3484
Total	4055



Obituaries:

Continued from Page 5

Clarence Turner

Clarence Turner died Dec. 19, 2006, in Phoenix. He was born April 28, 1945, in Safford to Clarence Turner and Johnnie Mae (Nannie) Turner. Clarence moved to Phoenix with his brother, Robert, at a very early age

and worked with his cousin, Gary, to build up what is now known as Paul Bunyan Firewood.

He worked for Jim's Detail Shop for 10 years, detailing everything from small vehicles to travel trailers. After Jim's "closed," Clarence worked with his brother, Robert, at Sea Ray, a company that built boats — from luxury liners and sailboats to speedsters. Even though

Clarence held other jobs, he continued helping his cousin, Gary, with his company.

Clarence liked working with his hands. Getting them dirty, he said, "kept him feeling young." He loved to dance, anywhere, anytime. Clarence was mostly known for his sense of humor, love of music, spending time with his buddies and, of course, dancing. Clarence worked for Paul

(Wade) of Safford, Ann Klajda (Frank) of Tempe and Denise Motley (Terry) of Gilbert; two aunts, Ora Lee Mitchell and Ebbie Hines, and an uncle, L.C. Kilgore (Bea) of Safford; six grandchildren; his beloved cousin, Gary Jordan; and a host of nieces, nephews and cousins.

He was preceded in death by his father, Clarence Turner; his mother, Johnnie Mae (Nannie) Turner; and his

grandmothers, Lillie Mae Turner and Lucille Ayers. Services were Saturday, Dec. 30, at the Church at Safford.

The viewing was Dec. 29. Concluding services and interment followed at the Safford Cemetery.

Arrangements were entrusted to McDougal's Caldwell Chapel.



Maria Rupert

Maria became a naturalized U.S. citizen in New York City on July 5, 1951. Maria's family remembers her as a very polite, loving and giving person. She even sacrificed to help others. She was a hard worker, good mother and a great cook of German food.

She enjoyed all types of sewing, including, knitting and crocheting. Maria enjoyed many of the old re-

runs, such as "Bonanza" and "All in the Family" on television. She also enjoyed reading.

Maria participated in many of the senior adult activities at the First Southern Baptist Church in Thatcher. Not many yard sales escaped her attention, either.

Another enjoyment was baby Anthony, who lit up her life. During her last months,

she was very courageous and a great example to her family. Maria is survived by her daughter, Karen of Arizona; and son, John of Ohio; grandchildren, Lori, Lisa, Mark, David and Robert of Arizona, and Tiffany, Jonathan, and Christopher of Ohio; great-grandchildren, Haley, Alicia, Mason, Anthony and two others; a brother, Hans; and sister, Ann; and other relatives in Germany. Her friends and family will miss her very much.

Funeral services were conducted Dec. 20 at the First Southern Baptist Church of Thatcher with interment in Gila Valley Memorial Gardens.

Arrangements were entrusted to McDougal's Caldwell Chapel.



Jim Peru

Jim Peru was born Sept. 9, 1915, to Laura and Valente Peru in Metcalf.

He passed away Dec. 19, 2006, at his home in Verde Lee. He is survived by his wife of 68 years, Natividad S. Peru; son, Bobby Peru; and daughters, Arlene Cota and Rose Ortega.

He was preceded in death

by his oldest son, Jimmy Peru Jr.

Also surviving are his brothers, Lito and Paublino Peru of Phoenix, and brother, Gilbert Peru of Clifton; and sister, Carmen Valenzuela from Phoenix.

He retired from Phelps Dodge in 1975 after 37 years of service. The family would like to thank Mt. Graham

Hospice for all its help and service and Deacon Sam Fuller for prayers and visits.

The Mass of Christian Burial was Dec. 28 at the Sacred Heart Church in Clifton with interment in Sacred Heart Cemetery.

Arrangements were entrusted to McDougal's Caldwell Chapel.

Send obituaries to:
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Safford to review Integrated Resource Plan

The city of Safford will be holding a council meeting at 7 p.m. on Jan. 8 at the City of Safford Council Chambers in the Phelps Dodge room of the library.

At that council meeting

the city's power resource plan for the next five years.

The final Integrated Resource Plan will be available to the public prior to the meeting.

Written comments regarding the Integrated Resource

Plan will be accepted any time prior to or at the meeting.

Public comments will also be accepted at this time.

Contact Jay W. Howe at 928-348-3143 for more information.

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Local racer thinks drag strip would benefit a

By Jon Johnson
Staff Writer

Thatcher resident Mark Young wants to take youthful drag racers off the streets and give them a legal venue in which to speed.

Drag racing is a form of auto racing in which two vehicles attempt to complete a fairly short, straight and level course in the shortest amount of time, starting from a dead stop.

Young has been involved with drag racing since his childhood in Tucson.

"I used to go out to the old

drag strip and watch all the racers," he said. "I would learn from them and also work on race cars my friends had."

When Young's children started to reach driving age he noticed he was having a problem controlling his son Jacob's speed.

"When you have kids, especially boys, they tend to get lead feet," Young said. "It got to the point where I had cops coming over to my house telling me I had to have a talk to my son about racing."

That's when Young decided to build a race car with

Jacob and encourage him to race legally. The two have raced their cars for the past six years and have pushed their dragsters up to speeds nearing 150 mph. Young's other son, Daniel, recently started racing as well.

"This is our hobby — our fun thing to do," Young said. "We all go to the race track as a family and have a good time."

Young believes there is a lot of support for a drag strip and says there are plenty of local people involved in racing. He also said it would be a good way to deter illegal racing.

"It would be good to get a lot of those punk kids off the street," he said. "It would give them somewhere legal to race instead of doing it out by the airport."

Graham County Sheriff Frank Hughes said there has been a problem with illegal drag racing in the past, but he hasn't received any complaints in a long time. Nonetheless, he said the Sheriff's Department would be supportive of a drag strip.

"If someone wants to build a private strip to give the kids a place to go, I'm all for it," he said.

According to Graham County Manager Terry Cooper, the fairgrounds wouldn't be an option.

"I don't think we've got enough property to allow construction of a drag strip out at the fairgrounds," he said, "but there are other spots in the county that would work."

A conventional drag strip is 1/4-mile long with extra

track to allow the cars to slow down. Young believes racers would only need 1/8 of a mile to race with another 1/8 mile to slow down.

"Most of the cars around here will max out and be done in an 1/8 of a mile anyway," Young said.

Young said a second option would be to have the city block off a section of road and put up a portable timing tree for the takeoffs. Local police and fire departments would have to be involved, and racers would pay a fee that could be used by the city

to finance the project. According to a lot of kids rily on the outskirts have been caught them that they'r said.

Mt. Graham Park runs a Motor track at the fair adheres to strict including having tors and riders s from the premi believes a drag function in the s

Safford to review resource plan

The city of Safford will be holding a council meeting at 7 p.m. on Jan. 8 at the City of Safford Council Chambers in the Phelps Dodge room of the Library.

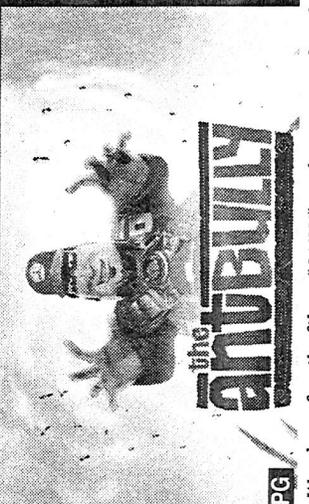
At that council meeting the city will review and approve its updated Integrated Resource Plan. This Integrated Resource Plan, which is required by the Western Area Power Administration, details the

city's power resource plan for the next five years. The final Integrated Resource Plan will be available to the public prior to the meeting.

Written comments regarding the Integrated Resource Plan will be accepted anytime prior to or at the meeting. Public comments will also be accepted at this time. Contact Jay W. Howe at 928-348-3143 for more information.

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