

RENZ D. JENNINGS  
CHAIRMAN

MARCIA WEEKS  
COMMISSIONER

ARL J. KUNASEK  
COMMISSIONER



0000000196

ARIZONA CORPORATION COMMISSION

DATE: JULY 25, 1995

DOCKET NO: U-1345-95-134 and U-1750-95-134

TO ALL PARTIES:

Enclosed please find the recommendation of Hearing Officer SCOTT S. WAKEFIELD . The recommendation has been filed in the form of an Opinion and Order on:

ARIZONA PUBLIC SERVICE COMPANY and  
MOHAVE ELECTRIC COOPERATIVE, INC.

(TRANSFER PORTION OF CC&N)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Hearing Officer by filing an original and ten (10) copies of the exceptions with the Commission's Docket Control at the address listed below by 5:00 p.m. on or before:

AUGUST 3, 1995

The enclosed is NOT an order of the Commission, but a recommendation of the Hearing Officer to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Working Session and Open Meeting to be held on:

AUGUST 7, 1995 and AUGUST 8, 1995

For more information, you may contact Docket Control at (602)542-3477 or the Hearing Division at (602)542-4250.

*James Matthews*  
James Matthews  
EXECUTIVE SECRETARY

JM  
Enc.  
cc: ALL PARTIES

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 RENZ D. JENNINGS  
CHAIRMAN  
3 MARCIA WEEKS  
COMMISSIONER  
4 CARL J. KUNASEK  
COMMISSIONER

5 IN THE MATTER OF THE TRANSFER OF A )  
6 PORTION OF ARIZONA PUBLIC SERVICE )  
COMPANY'S CERTIFICATE OF )  
7 CONVENIENCE AND NECESSITY TO )  
MOHAVE ELECTRIC COOPERATIVE, INC. )

DOCKET NO. U-1345-95-134  
DOCKET NO. U-1750-95-134  
DECISION NO. \_\_\_\_\_

8 **OPINION AND ORDER**

9 DATE OF HEARING: July 11, 1995  
10 PLACE OF HEARING: Phoenix, Arizona  
11 PRESIDING OFFICER: Marc E. Stern<sup>1</sup>  
12 APPEARANCES: Mr. Warren C. Kotzman, on behalf of Arizona Public Service  
13 Company;  
14 ROSHKA, HEYMAN & DEWULF, by Mr. Raymond S. Heyman, on  
behalf of Mohave Electric Cooperative, Inc.; and  
15 Mr. Bradford Borman, Staff Attorney, Legal Division, on behalf of the  
Utilities Division of the Arizona Corporation Commission.

16 **BY THE COMMISSION:**

17 On April 10, 1995, Arizona Public Service Company ("APS") and Mohave Electric  
18 Cooperative, Inc. ("MEC") filed with the Arizona Corporation Commission ("Commission") an  
19 application to transfer a portion of APS's Certificate of Convenience and Necessity ("CC&N" or  
20 "Certificate") to MEC.

21 On May 23, 1995, the Commission's Utilities Division Staff ("Staff") filed its Staff Report in  
22 this matter.

23 On June 5, 1995, the Commission issued a Procedural Order setting the hearing in the above-  
24 captioned matter. On July 11, 1995, a full public hearing was held before a duly authorized Hearing  
25 Officer of the Commission at its offices in Phoenix, Arizona. APS, MEC and Staff appeared with  
26 counsel and presented evidence. At the conclusion of the hearing the matter was taken under  
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28 \_\_\_\_\_  
<sup>1</sup> The Recommended Opinion and Order was written by Scott S. Wakefield.

1 advisement pending submission to the Commission of a Recommended Opinion and Order.

2 \* \* \* \* \*

3 Having considered the entire record herein and being fully advised in the premises, the  
4 Commission finds, concludes, and orders that:

5 **FINDINGS OF FACT**

6 1. APS is an Arizona corporation doing business in all or portions of 13 counties in  
7 Arizona pursuant to authority granted by the Commission.

8 2. MEC is a nonprofit electric cooperative providing service in Mohave, Yavapai and  
9 Coconino Counties pursuant to authority granted by the Commission.

10 3. Since approximately 1950, MEC has provided electric service to residents of a remote  
11 portion of APS's service area (the "Certificated Area") near the borders of Coconino and Yavapai  
12 Counties, which is described in Exhibit A attached hereto and incorporated herein by reference.

13 4. On April 10, 1995, APS and MEC filed an application seeking Commission  
14 authorization to transfer the Certificated Area from APS to MEC.

15 5. Pursuant to the Commission's Procedural Order dated June 5, 1995, notice of the  
16 hearing on the application was provided in accordance with the law.

17 6. There are approximately 12 customers in residence in the Certificated Area, some of  
18 whom are seasonal and use their homes only for vacation and/or recreational purposes.

19 7. A prospective customer has requested service in the Certificated Area from MEC, but  
20 MEC is delaying service to that customer, pending the Commission's action on the application herein.

21 8. APS does not have transmission or distribution lines to service the customers in the  
22 Certificated Area and its closest facilities are located approximately six miles south.

23 9. MEC will pay APS \$30,000 in consideration of the transfer of the Certificated Area  
24 in which APS has neither customers nor assets.

25 10. On May 23, 1995, Staff filed its Staff Report, recommending approval of the  
26 application, with the following additional recommendations:

- 27 • APS be ordered to record half of the \$30,000 gain in the Energy Conservation and  
28 Efficiency Account, originally established in Decision No. 55818 (December 14, 1987);  
...

- MEC be ordered to continue to charge its existing rates and charges in the Certificated Area until further order of the Commission; and
  - The Commission should reserve the right to determine the ratemaking treatment of the payment by MEC until MEC's next rate case.
11. At the hearing, APS and MEC stipulated to Staff's recommendations.
  12. APS holds no deposits for customers located in the Certificated Area.

**CONCLUSIONS OF LAW**

1. APS and MEC are public service corporations within the meaning of Article XV of the Arizona Constitution and A.R.S. § 40-281, 40-282 and 40-285.
2. The Commission has jurisdiction over APS and MEC and over the subject matter of the application.
3. There is a continuing need for electric utility service in the Certificated Area.
4. MEC is a fit and proper entity to provide electrical utility service to the Certificated Area.
5. Approval of the application is in the public interest.
6. Staff's recommendations, as set forth in Finding of Fact No. 10, are reasonable and should be adopted.

**ORDER**

IT IS THEREFORE ORDERED that the application for approval to transfer a portion of Arizona Public Service Company's Certificate of Convenience and Necessity, as described in Exhibit A attached hereto and incorporated herein by reference, to Mohave Electric Cooperative, Inc., is hereby granted.

IT IS FURTHER ORDERED that Arizona Public Service Company shall record half of the \$30,000 gain in the Energy Conservation and Efficiency Account originally established in Decision No. 55818.

IT IS FURTHER ORDERED that Mohave Electric Cooperative, Inc. shall continue to charge its existing rates and charges in the Certificated Area until further order of the Arizona Corporation Commission.

...

1 IT IS FURTHER ORDERED that consideration of the \$30,000 payment by Mohave Electric  
2 Cooperative, Inc. for ratemaking purposes shall be reserved until Mohave Electric Cooperative, Inc.'s  
3 next general rate case.

4 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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7  
8 CHAIRMAN

COMMISSIONER

COMMISSIONER

9  
10 IN WITNESS WHEREOF, I, JAMES MATTHEWS, Executive Secretary of  
11 the Arizona Corporation Commission, have hereunto set my hand and caused  
12 the official seal of the Commission to be affixed at the Capitol, in the City of  
13 Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 1995.

14 \_\_\_\_\_  
15 JAMES MATTHEWS  
16 EXECUTIVE SECRETARY

17 DISSENT \_\_\_\_\_  
18 SSW:dap

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SERVICE LIST FOR:

ARIZONA PUBLIC SERVICE COMPANY AND MOHAVE  
ELECTRIC COOPERATIVE, INC.

DOCKET NO.:

U-1345-95-134 AND U-1750-95-134

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EXHIBIT "A"

Description of Area to Be Transferred

Sections 1 through 21 of Township 24 North, Range 8 West;

The north half of Sections 22, 23, and 24, Township 24 North, Range 8 West;

Sections 1 through 24 of Township 24 North, Range 9 West;

Sections 1, 2, 3, 10, 11, 12, 13, 14, 15, 22, 23, and 24 of Township 24 North, Range 10 West;

The sections of 4, 9, 16, and 21 of Township 24 North, Range 10 West that are within Yavapai County;

All sections of Township 25 North, Range 8 West.