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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission
DOCKETED

JAN 11 2001

1
2 WILLIAM A. MUNDELL
Chairman
3 JIM IRVIN
Commissioner
4 MARC SPITZER
Commissioner
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DOCKETED BY	<i>sd</i>
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6 IN THE MATTER OF TUCSON ELECTRIC)
7 POWER COMPANY - APPLICATION FOR A)
STANDBY CAPACITY AGREEMENT)
8 WITH THE UNIVERSITY OF ARIZONA)

DOCKET NO. E-01933A-00-0997

DECISION NO. 63319

ORDER

9 Open Meeting
10 January 9 and 10, 2001
Phoenix, Arizona

11 BY THE COMMISSION:

12 FINDINGS OF FACT

13 1. Tucson Electric Power Company ("TEP") is certificated to provide electric service as
14 a public service corporation in the State of Arizona.

15 2. On December 7, 2000, Tucson Electric Power Company ("TEP") filed an application
16 for a Standby Capacity Agreement with the University of Arizona ("UofA"). The agreement was filed
17 confidentially with Staff. On December 13, 2000, TEP filed a letter extending the 30-day time limit
18 for the Commission to act on the agreement through the first Open Meeting in January 2001.

19 3. The proposed agreement would allow TEP to request standby capacity from UofA at
20 times when TEP experiences either 1) generation capacity shortages or 2) system emergency
21 conditions. The UofA could provide the standby capacity from any source including shedding load
22 or operating self-generation units. The term of this proposed Standby Capacity Agreement would run
23 concurrently with a time-of-use agreement for the UofA's Health Sciences Center.

24 4. Staff has recommended approval of the agreement. TEP would benefit by having the
25 standby capacity available in these times of short supply of generation capacity.

26 5. Staff's analysis shows that the terms of the proposed agreement can provide a cost-
27 effective means of providing energy for TEP's customers.

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6. In addition, Staff has recommended that the Commission specify in its Order that approval of the agreement at this time does not guarantee any future ratemaking treatment of the agreement with the UofA.

CONCLUSIONS OF LAW

1. TEP is an Arizona public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over TEP and over the subject matter of the application.

3. The Commission, having reviewed the application and Staff's Memorandum dated December 27 2000, concludes that it is in the public interest to approve the agreement.

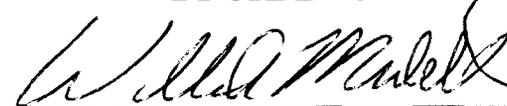
ORDER

IT IS THEREFORE ORDERED that the proposed Standby Capacity Agreement with the UofA be and hereby is approved.

IT IS FURTHER ORDERED that approval of the agreement at this time does not guarantee any future ratemaking treatment of the agreement with the UofA.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

		
CHAIRMAN	COMMISSIONER	COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 14th day of January, 2001.


BRIAN C. McNEIL
Executive Secretary

DISSENT: _____

DRS:BEK:jbc/TIW

1 SERVICE LIST FOR: Tucson Electric power Company
2 DOCKET NO. E-01933A-00-0997

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