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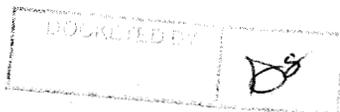
OPEN MEETING ORIGINAL



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DEC 28 2000

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MEMORANDUM

2000 DEC 28 A 9:28

TO: THE COMMISSION

AZ CORP COMMISSION
DOCUMENT CONTROL

FROM: Utilities Division

DATE: December 27, 2000

RE: TUCSON ELECTRIC POWER COMPANY - APPLICATION FOR A STANDBY CAPACITY AGREEMENT WITH THE UNIVERSITY OF ARIZONA (DOCKET NO. E-01933A-00-0997)

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

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

Staff recommends approval of the agreement. TEP would benefit by having the standby capacity available in these times of short supply of generation capacity.

In addition, Staff recommends 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.

Deborah R. Scott
Director
Utilities Division

DRS:BEK:jbc/TIW

ORIGINATOR: Barbara Keene

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BEFORE THE ARIZONA CORPORATION COMMISSION

CARL J. KUNASEK
Chairman
JIM IRVIN
Commissioner
WILLIAM A. MUNDELL
Commissioner

IN THE MATTER OF TUCSON ELECTRIC)
POWER COMPANY - APPLICATION FOR A)
STANDBY CAPACITY AGREEMENT)
WITH THE UNIVERSITY OF ARIZONA)

DOCKET NO. E-01933A-00-0997
DECISION NO. _____
ORDER

Open Meeting
January 9 and 10, 2001
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

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

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

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

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

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

...

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 ____ day of _____, 2001.

BRIAN C. McNEIL
Executive Secretary

DISSENT: _____

DRS:BEK:jbc/TIW

1 SERVICE LIST FOR: Tucson Electric power Company
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