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January 18, 2005

AZ CORP COMMISSION
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VIA FACSIMILE

Mr. William P. Sullivan
Curtis, Goodwin, Sullivan, Udall & Schwab, P.L.C.
2712 North Seventh Street
Phoenix, AZ 85006

Arizona Corporation Commission
DOCKETED

JAN 18 2005

DOCKETED BY	<i>CAK</i>
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RE: Mohave Electric Cooperative, Inc. v. UNS Electric, Inc.
Docket No.: E-04230A-04-0798
UNS Electric, Inc./CC&N Application
Docket Nos.: E-~~04230A~~-04-0824 and E-~~04230A~~-04-0824

04230A
04204A

01750A

Dear Mr. Sullivan:

MEC's response contained in your January 14, 2005 letter is not acceptable. UNS Electric's January 11, 2005 proposal separates the pending litigation from interim service to CTI so that CTI is not held hostage by the litigation. MEC's response, on the other hand, is not acceptable because it links the litigation and interim service.

UNS Electric has worked with ACC staff for months in an attempt to get CTI service and, to that end, offered a borderline agreement to MEC in early November. CTI could have had service months ago if MEC had not tried to use CTI's predicament to force UNS Electric into an unprecedented "system-wide" borderline agreement. Such an agreement is not necessary to serve CTI. UNS Electric has made it clear for months that a system-wide agreement is not acceptable because borderline service agreements are customer specific. Borderline agreements are done on a case by case basis in response to a customer request. MEC's consistent refusal to accept a simple borderline agreement for CTI is unreasonable and in total disregard of the interests of CTI.

The UNS Electric position is clear. First, UNS Electric wants the CC&N for this area transferred back because North Star Steel is no longer in operation. Second, borderline agreements should be addressed on a case by case basis. A system-wide borderline agreement is not acceptable. Third, while the first two issues are being litigated (and it is clear after months of discussion that they are only going to be resolved in litigation) UNS Electric will provide service to CTI on an interim basis without either party waiving any arguments or rights in the pending litigation.

MEC should enter into the standard, straight forward authorization provided by UNS Electric over two months ago with the understanding that neither party waives any rights in the pending litigation.

Sincerely,

LEWIS AND ROCA LLP



Thomas H. Campbell

THC/rm

cc: Docket Control Arizona Corporation Commission (eighteen copies of this letter –
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Chairman Jeff Hatch-Miller (hand-delivered)
Commissioner Marc Spitzer (hand-delivered)
Commissioner William A. Mundell (hand-delivered)
Commissioner Mike Gleason (hand-delivered)
Commissioner Kristin K. Mayes (hand-delivered)
Administrative Law Judge, Dwight D. Nodes (hand-delivered)
Jason Gellman (hand-delivered)
Terrance G. O'Hara (via facsimile)