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BEFORE THE ARIZONA CORP

Arizona Corporation Commission

DOCKETED

MAY 16 2002

1  
2 WILLIAM A. MUNDELL  
Chairman  
3 JIM IRVIN  
Commissioner  
4 MARC SPITZER  
Commissioner  
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DOCKETED BY	<i>mac</i>
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6 IN THE MATTER OF TUCSON ELECTRIC )  
POWER COMPANY - APPLICATION FOR )  
7 APPROVAL OF A SPECIAL DISTRIBUTED )  
GENERATION AGREEMENT WITH GREEN )  
8 VALLEY RECREATION CENTER )

DOCKET NO. E-01933A-02-0226

DECISION NO. 64825

ORDER

9 Open Meeting  
May 14 and 15, 2002  
10 Phoenix, Arizona

11 BY THE COMMISSION:

12 FINDINGS OF FACT

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

15 2. On March 22, 2002, TEP filed an application for approval of a Special Distributed  
16 Generation Agreement with Green Valley Recreation Center ("GVR"). On April 17, 2002 (Decision  
17 No. 64726), the Commission suspended the application for 120 days so that Staff could have sufficient  
18 time to evaluate the application.

19 3. GVR currently purchases all of its electric power from TEP under TEP's General Service  
20 Rate No. 10. Sierra Southwest Cooperative Services, Inc., has contracted with GVR to install a  
21 cogeneration unit at the recreation center to meet a large portion of GVR's electric load and to heat  
22 water for a swimming pool. The proposed agreement provides for TEP to supply partial requirements  
23 service to GVR. Partial requirements service includes service for supplemental, standby, and  
24 maintenance needs. Rate No. 10 is not applicable for partial requirements service. TEP does not have  
25 a tariff for partial requirements service for a customer the size of GVR, except for PRS-103, which is  
26 for Qualifying Facilities (certified by the Federal Energy Regulatory Commission) under 100 kW.  
27 Although GVR's facility would probably qualify for PRS-103, the rates would be time-of-use and  
28 would appear to not be beneficial for this facility.

1 4. Staff recommends approval of the proposed agreement with GVR.

2 5. Staff also recommends that the agreement be modified such that in the event the  
3 Commission approves a partial requirements tariff for TEP that would be more beneficial to the  
4 customer than this agreement, that the customer be allowed to be served under the tariff, but if  
5 Commission approved Tariff is less favorable than this agreement, the customers may choose to  
6 continue service under this agreement.

7 6. In addition, Staff recommends that the Commission specify in its Order that approval of  
8 the agreement at this time does not guarantee any future ratemaking treatment of the agreement with  
9 GVR.

10 CONCLUSIONS OF LAW

11 1. TEP is an Arizona public service corporation within the meaning of Article XV, Section  
12 2, of the Arizona Constitution.

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

15 3. The Commission, having reviewed the application and Staff's Memorandum dated April  
16 26, 2002, concludes that it is in the public interest to approve the application.

17 ORDER

18 IT IS THEREFORE ORDERED that the proposed agreement with GVR be and hereby is  
19 approved.

20 IT IS FURTHER ORDERED that the agreement be modified such that in the event the  
21 Commission approves a partial requirements tariff for TEP that would be more beneficial to the  
22 customer than this agreement, that the customer be allowed to be served under the tariff, but if the  
23 Commission approved Tariff is less favorable than this agreement, the customers may choose to  
24 continue service under this agreement.

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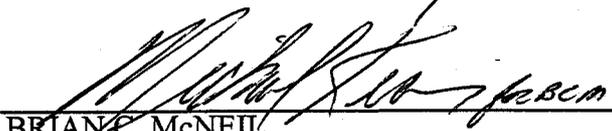
1 IT IS FURTHER ORDERED that approval of the agreement at this time does not guarantee  
2 any future ratemaking treatment of the agreement with GVR.

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

4 **BY ORDER OF THE ARIZONA CORPORATION COMMISSION**

5   
6 CHAIRMAN COMMISSIONER COMMISSIONER

7 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive  
8 Secretary of the Arizona Corporation Commission, have  
9 hereunto, set my hand and caused the official seal of this  
10 Commission to be affixed at the Capitol, in the City of  
11 Phoenix, this 16<sup>th</sup> day of MAY, 2002.

12   
13 BRIAN C. McNEIL  
14 Executive Secretary

15 DISSENT: \_\_\_\_\_

16 EGJ:BEK:jbc/JMA

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1 SERVICE LIST FOR: Tucson Electric Power Company  
DOCKET NO. E-01933A-02-0226

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Decision No. \_\_\_\_\_