

OPEN MEETING ITEM



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MEMORANDUM

2001 SEP 20 P 4: 42

TO: THE COMMISSION

AZ CORP COMMISSION
DOCUMENT CONTROL

FROM: Utilities Division

64082

DATE: September 19, 2001

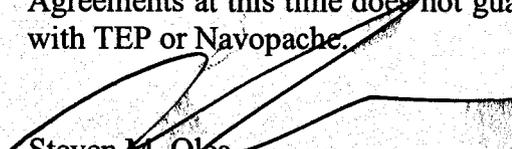
RE: TUCSON ELECTRIC POWER COMPANY AND NAVOPACHE ELECTRIC COOPERATIVE, INC. - JOINT APPLICATION FOR APPROVAL OF AN ELECTRIC SERVICE AUTHORIZATION AGREEMENT BETWEEN TUCSON ELECTRIC POWER COMPANY AND NAVOPACHE ELECTRIC COOPERATIVE, INC., AND ELECTRIC SERVICE AGREEMENT BETWEEN NAVOPACHE ELECTRIC COOPERATIVE, INC., AND RELIANT PROCESSING, LTD. (DOCKET NOS. E-01933A-01-0702 AND E-01787A-01-0702)

On September 7, 2001, Tucson Electric Power Company ("TEP") and Navopache Electric Cooperative, Inc. ("Navopache") jointly filed confidentially with Staff an Electric Service Authorization Agreement ("ESAA") between TEP and Navopache and an Electric Service Agreement ("ESA") between Navopache and Reliant Processing, LTD ("Reliant") for Commission approval.

TEP and Navopache have entered into these Agreements in order to provide electric service to Reliant. Reliant would install its mining facilities on the property adjacent to the Springerville Generating Station Site, which is owned by TEP but located in Navopache's electric service territory.

Staff recommends approval of the proposed ESAA and ESA because Reliant has a viable alternative to buying power from Navopache. In addition, the revenue to be received from Reliant would cover Navopache's marginal cost to serve Reliant.

Staff further recommends that the Commission specify in its Order that approval of the Agreements at this time does not guarantee any future rate making treatment of the Agreements with TEP or Navopache.


Steven M. Olea
Acting Director
Utilities Division

Arizona Corporation Commission

DOCKETED

SMO:EAA:rdp/CCK

SEP 20 2001

ORIGINATOR: Erinn Andreasen



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BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL
Chairman
JIM IRVIN
Commissioner
MARC SPITZER
Commissioner

IN THE MATTER OF TUCSON)
ELECTRIC POWER COMPANY AND)
NAVOPACHE ELECTRIC)
COOPERATIVE, INC. - JOINT)
APPLICATION FOR APPROVAL OF AN)
ELECTRIC SERVICE AUTHORIZATION)
AGREEMENT BETWEEN TUCSON)
ELECTRIC POWER COMPANY AND)
NAVOPACHE ELECTRIC)
COOPERATIVE, INC., AND ELECTRIC)
SERVICE AGREEMENT BETWEEN)
NAVOPACHE ELECTRIC)
COOPERATIVE, INC., AND RELIANT)
PROCESSING, LTD)

DOCKET NOS. E-01933A-01-0702
E-01787A-01-0702
DECISION NO. _____

ORDER

Open Meeting
October 2 and 3, 2001
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Tucson Electric Power Company ("TEP") and Navopache Electric Cooperative, Inc. ("Navopache") are certified to provide electric service as a public service corporation in the State of Arizona.

2. On September 7, 2001, TEP and Navopache jointly filed confidentially with Staff an Electric Service Authorization Agreement ("ESAA") between TEP and Navopache and an Electric Service Agreement ("ESA") between Navopache and Reliant Processing, LTD ("Reliant") for Commission approval.

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1 SERVICE LIST FOR: Tucson Electric Power Company and Navopache Electric Cooperative, Inc.
2 DOCKET NOS. E-01933A-01-0702 and E-01787A-01-0702.

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