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BEFORE THE ARIZONA CORPORATION COMMISSION Commission

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2 WILLIAM A. MUNDELL
CHAIRMAN
3 JIM IRVIN
COMMISSIONER
4 MARC SPITZER
COMMISSIONER
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6 IN THE MATTER OF THE JOINT APPLICATION
OF TUCSON ELECTRIC POWER COMPANY
7 AND TRICO ELECTRIC POWER COOPERTIVE,
INC. FOR ORDERS APPROVING THE
8 EXCHANGE OF PORTIONS OF OPERATING
RIGHTS AND THE TRANSFER OF RELATED
9 PORTIONS OF CERTIFICATES OF
CONVENIENCE AND NECESSITY IN PIMA
10 COUNTY, ARIZONA. --

DOCKET NO. E-01461A-01-0202
DOCKET NO. E-01933A-01-0202

DECISION NO. 64064

OPINION AND ORDER

11 DATE OF HEARING: August 21, 2001
12 PLACE OF HEARING: Tucson, Arizona
13 ADMINISTRATIVE LAW JUDGE: Jane L. Rodda
14 APPEARANCES: Mr. Eric Bakken, on behalf of Tucson Electric
15 Power Company;
16 Mr. Russell Jones, Waterfall Economidis
17 Coldwell Hanshaw & Villamana, PC, on behalf
of Trico Electric Power Cooperative, Inc.; and
18 Ms. Teena Wolfe, Staff Attorney, Legal Division
19 on behalf of the Utilities Division of the Arizona
Corporation Commission.

BY THE COMMISSION:

21 Having considered the entire record herein and being fully advised in the premises, the
22 Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

24 1. Tucson Electric Power Company ("TEP") provides generation, transmission and
25 distribution of electric power in portions of Pima and Cochise Counties, Arizona pursuant to
26 authority granted by the Commission.

27 2. Trico Electric Power Cooperative, Inc. ("Trico") provides transmission and
28 distribution of electricity to its members/customers in portions of Pima, Pinal and Santa Cruz

1 Counties, Arizona pursuant to authority granted by the Commission.

2 3. Rancho Sahuarita is a planned development proposed for an area of Pima County
3 south of Tucson, Arizona. The development overlaps the service territories of both TEP and Trico.

4 4. On March 6, 2001, TEP and Trico filed a joint application to transfer the portion of
5 Trico's Certificate of Convenience and Necessity ("CC&N" or "Certificate") that overlaps the
6 Rancho Sahuarita development to TEP. That portion of Trico's service territory to be transferred to
7 TEP is described in Exhibit A, and incorporated herein by reference.

8 5. The larger portion of the Rancho Sahuarita Subdivision lies within TEP's certificated
9 area and TEP's existing facilities are closer to the subdivision than Trico's existing facilities.

10 6. In exchange for Trico transferring a portion of its certificated area to TEP, TEP will
11 transfer a portion of its certificated area to Trico. A description of the TEP certificated area to be
12 transferred to Trico is set forth in Exhibit B, and incorporated herein by reference.

13 7. The same developer as the Rancho Sahuarita development anticipates that the TEP
14 service area that is proposed to be transferred to Trico will be developed as a commercial center for
15 the Town of Sahuarita. Trico currently has transmission and distribution facilities in the area to be
16 transferred.

17 8. On June 12, 2001, the Commission's Utility Division Staff ("Staff") filed its Staff
18 Report recommending approval of the application after a hearing.

19 9. By Procedural Order dated June 22, 2001, the matter was set for hearing at the
20 Commission's offices in Tucson, Arizona.

21 10. The hearing convened as scheduled with TEP, Trico and Staff appearing through
22 counsel and presenting evidence.

23 11. The proposed territory transfer will permit TEP and Trico to service the areas at a
24 lower cost and with greater reliability because each of them has existing facilities in the vicinity of
25 the areas being transferred. TEP estimated the transfer will reduce the cost to serve the Rancho
26 Sahuarita development by approximately \$380,000.

27 12. Currently, neither TEP nor Trico has any existing customers in the proposed transfer
28 areas, except that TEP is providing power to a well site owned by the Rancho Sahuarita master

1 developer. The well is located in Trico's service area, but provides water to a lake located within
2 TEP's service area. The well is so close to the boundary between the utilities, that TEP originally
3 thought it was in its own service territory.

4 13. TEP and Trico mailed notice of the hearing on the joint application to all property
5 owners in the areas to be transferred and published notice of the hearing in a newspaper of general
6 circulation within their service territories.

7 14. Staff believes the proposed transfer is in the public interest because it enables TEP and
8 Trico to provide reliable service at lower costs to the consumer.

9 **CONCLUSIONS OF LAW**

10 1. TEP and Trico are public service corporations within the meaning of Article XV of the
11 Arizona Constitution and A.R.S. §§ 40-250, 40-251, 40-252, 40-281 and 40-282.

12 2. The Commission has jurisdiction over the parties and of the subject matter of the
13 application.

14 3. Notice of the joint application was given in accordance with the law.

15 4. It is in the public interest for TEP and Trico to exchange portions of operating rights
16 and transfer related portions of their CC&Ns.

17 **ORDER**

18 IT IS THEREFORE ORDERED that the Joint Application of Tucson Electric Power
19 Company and Trico Electric Power Cooperative, Inc. for approval of the exchange of portions of
20 their operating rights and the transfer of related portions of their CC&Ns in Pima County, Arizona, as
21 more fully described in Exhibits A and B, hereto, is hereby approved.

22 IT IS FURTHER ORDERED that Tucson Electric Power Company's Certificate of
23 Convenience and Necessity is amended to include the area more fully described in Exhibit A, and to
24 delete that area more fully described in Exhibit B.

25 IT IS FURTHER ORDERED that Trico Electric Power Cooperative, Inc.'s Certificate of
26 Convenience and Necessity is amended to include the area more fully described in Exhibit B, and to
27 delete that area more fully described in Exhibit A.

28 IT IS FURTHER ORDERED that within 30 days from the effective date of this Decision,

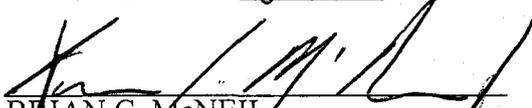
1 Tucson Electric Power and Trico Electric Power Cooperative, Inc. shall file with Staff's Engineering
2 Division a composite legal description for their certificated service areas and related maps for Pima
3 County, Arizona in accordance with A.A.C. R14-2-212(H).

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

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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8 CHAIRMAN COMMISSIONER COMMISSIONER

9 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
10 Secretary of the Arizona Corporation Commission, have
11 hereunto set my hand and caused the official seal of the
12 Commission to be affixed at the Capitol, in the City of Phoenix,
13 this 4th day of October, 2001.

14 
15 BRIAN C. McNEIL
16 EXECUTIVE SECRETARY

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DISSENT _____
JR

1 SERVICE LIST FOR: TUCSON ELECTRIC POWER COMPANY and TRICO
2 ELECTRIC POWER COOPERATIVE, INC.

3 DOCKET NOS.: E-01461A-01-0202 and E-01933A-01-0202

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EXHIBIT "A"

PORTION OF TRICO'S SERVICE AREA TO BECOME TEP'S

Those portions of Sections 1, 11, and 12, Township 17 South, Range 13 East, Gila and Salt River Base and Meridian, Pima County, Arizona, described as follows:

BEGINNING at a point on the north-south midsection line of said Section 12, said point bears North 00 degrees 23 minutes 45 seconds West, a distance of 1179.73 feet from the center of said Section 12;

Thence North along the north-south midsection line of said Section 12 to the South one quarter corner of said Section 1;

Thence North along the north-south midsection line of said Section 1 to the North one quarter corner of said Section 1;

Thence South 89 degrees 06 minutes 18 seconds West along the North line of said Section 1, a distance of 1323.11 feet;

Thence leaving said North line South 00 degrees 53 minutes 53 seconds East, a distance of 5252.90 feet to a point on the north line of said Section 12;

Thence South 89 degrees 49 minutes 00 seconds West along the north line of said Section 12, a distance of 1317.34 feet to the Northeast corner of said Section 11

Thence South 89 degrees 06 minutes 59 seconds West along the north line of said Section 11, a distance of 2647.83 feet to the North one quarter corner of said Section 11;

Thence South 89 degrees 06 minutes 38 seconds West along the north line of said Section 11, a distance of 723.75 feet to the Easterly right-of-way of Interstate 19;

Thence South 07 degrees 06 minutes 50 seconds East along said Easterly right-of-way, a distance of 3292.51 feet;

Thence leaving said right-of-way, North 74 degrees 49 minutes 29 seconds East, a distance of 860.91 feet;

Thence North 74 degrees 18 minutes 22 seconds East, a distance of 90.94 feet;

Thence North 73 degrees 47 minutes 16 seconds East, a distance of 1579.63 feet to a point of curve;

Thence along said curve to the left, having a central angle of 10 degrees 08 minutes 48 seconds, a radius of 1200.00 feet, an arc length of 212.51 feet and whose long chord bears North 68 degrees 42 minutes 51 seconds East, distance of 212.24 feet to a point of tangent;

Thence North 63 degrees 38 minutes 27 seconds East, a distance of 420.01 feet to a point of curve;

Thence along said curve to the right, having a central angle of 29 degrees 35 minutes 44 seconds, a radius of 900.00 feet, an arc length of 464.89 feet and whose long chord bears South 78 degrees 26 minutes 19 seconds West, a distance of 459.74 feet to a point of tangent;

Thence South 86 degrees 45 minutes 48 seconds East, a distance of 484.95 feet to a point of curve;

Thence along said curve to the left, having a central angle of 33 degrees 50 minutes 31 seconds, a radius of 500.00 feet, an arc length of 295.33 feet and whose long chord bears North 76 degrees 18 minutes 56 seconds East, a distance of 291.05 feet to a point of tangent;

Thence North 59 degrees 23 minutes 40 seconds East, a distance of 1605.24 feet to the POINT OF BEGINNING.

EXHIBIT "S"

PORTION OF TEP'S SERVICE AREA TO BECOME TRICO'S

Those portions of Sections 13, 14, and 23, Township 17 South, Range 13 East, Gila and Salt River Base and Meridian, Pima County, Arizona, described as follows:

BEGINNING at the Northwest corner of said Section 14;

Thence South 00 degrees 46 minutes 28 seconds East along the West line of said Section 14, a distance of 2636.46 feet to the West one quarter corner of said Section 14;

Thence East along the east-west midsection line of said Section 14 to a point 1320.00 feet west of the East one quarter corner of said Section 14;

Thence South and parallel with the East line of Sections 14 and 23 to the East sixteenth corner on the south line of said Section 23;

Thence Easterly along the South line of said Section 23, North 89 degrees 40 minutes 50 seconds East, to the Southeast corner of said Section 23;

Thence North 00 degrees 46 minutes 36 seconds West along the East line of said Section 23, a distance of 2678.45 feet;

Thence North 00 degrees 46 minutes 13 seconds East along said East line, 38.79 feet;

Thence leaving said East line, North 45 degrees 46 minutes 13 seconds West, a distance of 286.21 feet;

Thence North 00 degrees 35 minutes 20 seconds East, a distance of 2239.16 feet to the Southerly right-of-way line of El Toro Road as recorded in Book 2611 of Road Maps at pages 286 and 289 records of the Pima County Recorder, Pima County, Arizona;

Thence South 89 degrees 05 minutes 28 seconds West along said southerly right-of-way, 85.15 feet;

Thence leaving said Southerly right-of-way, North 00 degrees 29 minutes 13 seconds West, 200.43 feet to a point on the Northerly right-of-way of said El Toro Road, said point bears South 89 degrees 05 minutes 28 seconds West, 264.43 feet from the Southeast corner of said Section 14;

Thence continue North 00 degrees 29 minutes 13 seconds West, 658.97 feet.

Thence North 89 degrees 05 minutes 54 seconds East, 264.42 feet to a point on the East line of said Section 14, said point bears North 00 degrees 29 minutes 13 seconds West, 658.94 feet from the Southeast corner of said Section 14;

Thence North 00 degrees 29 minutes 13 seconds West along the East line of said Section 14, a distance of 1976.82 feet to the East one quarter corner of said Section 14;

Thence North 00 degrees 28 minutes 56 seconds West along said East line, 1317.69 feet;

Thence South 89 degrees 35 minutes 29 seconds East, 1138.68 feet;

Thence North 03 degrees 17 minutes 49 seconds West, 611.31 feet;

Thence North 06 degrees 20 minutes 15 seconds East, 715.44 feet to a point on the North line of Section 13;

Thence West along the North lines of Sections 13 and 14 to the Northwest corner of said Section 14, to the POINT OF BEGINNING.