

ORIGINAL NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JEFF HATCH-MILLER - CHAIRMAN
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
BARRY WONG

2006 DEC 28 A 11: 50

AZ CORP COMMISSION
DOCUMENT CONTROL

Arizona Corporation Commission

DOCKETED

DEC 28 2006

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| DOCKETED BY | <i>MW</i> |
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E-01933A-06-0801
G-00000E-06-0801

IN THE MATTER OF THE APPLICATION OF
TUCSON ELECTRIC POWER COMPANY FOR
APPROVAL OF AN CUSTOMER AGREEMENT
WITH ASARCO, LLC, AND SILVER BELL
MINING, LLC.

DOCKET NO. E-01933A-06-

APPLICATION

Tucson Electric Power Company ("TEP"), through undersigned counsel, hereby applies for approval of a proposed Electric Power Supply Agreement ("Power Agreement") between TEP, ASARCO LLC ("Asarco"), and Silver Bell Mining LLC ("Silver Bell Mining"). The proposed Power Agreement will replace an expiring power supply agreement regarding TEP's electric utility service to mining operations known as the Mission Complex and the Silver Bell Mine. The terms of the Power Agreement are confidential and the Power Agreement will be provided to the Commission pursuant to a protective agreement.

In support of this Application, TEP states:

1. TEP is a public service corporation certificated to provide electric service to customers in Pima and Cochise Counties, Arizona, under the authority granted by the Arizona Corporation Commission.

2. Asarco is a limited liability corporation that operates mines, mills and related facilities at the Mission Complex. Silver Bell Mining is a limited liability corporation that operates mines, solvent extraction/electro winning and related facilities at the Silver Bell Mine. Silver Bell Mining owns a majority interest in Silver Bell Mine. Asarco owns a majority interest in Silver Bell Mining.

1 3. The Mission Complex includes facilities previously known as Mission Unit 1 and
2 Mission Unit 2, which are both located in Pima County, Arizona. Silver Bell Mine is also located
3 in Pima County, Arizona. Both facilities are within TEP's certificated area. The locations of these
4 facilities are defined and described within the Power Agreement.

5 4. TEP is currently providing electric service to Asarco for the Mission Complex
6 under agreements approved by the Commission in Decision Nos. 61868 (August 5, 1999) and
7 63726 (June 6, 2001). Further, TEP is currently providing electric service to the Silver Bell Mine
8 under the agreement approved by the Commission in Decision No. 61868.¹ The proposed Power
9 Agreement attached to this Application will supplant all previous agreements between TEP,
10 Asarco and Silver Bell Mining in connection with the provision of electric power service to both
11 the Mission Complex and the Silver Bell Mine – except for any special payment plan
12 arrangements previously agreed-to between TEP, Asarco and Silver Bell Mining. The current
13 agreements are scheduled to expire December 31, 2006.

14 5. Both Asarco and Silver Bell Mine require the continued availability of electric
15 service in order to conduct its normal business activities. Under the terms and conditions of the
16 Power Agreement, TEP will supply the total electric power requirements for both Asarco at the
17 Mission Complex and Silver Bell Mining at the Silver Bell Mine under the prices and charges as
18 detailed in the Power Agreement. The hourly charges will be based on a Time of Use pricing
19 plan. TEP will supply this power under the rules and regulations of the Arizona Corporation
20 Commission, except where amended by either TEP's Rules and Regulations, or where amended
21 by the Power Agreement, as approved by the Commission.

22 6. Under its terms and conditions, the proposed Power Agreement will commence on
23 January 1, 2007, subject to the Commission's approval, and will continue to be in effect through
24

25 _____
26 ¹ The original agreement for TEP's provision of service to Asarco for the Mission Complex was
27 approved by the Commission in Decision No. 58584 (April 6, 1994). The original agreement for
TEP providing service for the Silver Bell Mine was approved by the Commission in Decision No.
60324 (July 31, 1997). Asarco was a majority owner of Silver Bell Mining when Decision No.
60324 was issued.

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1 December 31, 2011. If approval by the Commission takes place after January 1, 2007, the Power
2 Agreement states that its terms and conditions will nevertheless commence in January 1, 2007.

3 7. TEP, Asarco, and Silver Bell Mining believe that approval of the Power Agreement
4 retroactive to January 1, 2007, will be consistent with and promote the public interest.

5 8. Notice of this Application will be sent to Asarco and Silver Bell Mining.

6 9. TEP respectfully requests that the Commission review this Application in an
7 expeditious manner and that the Power Agreement be approved as soon as possible in 2007. TEP
8 agrees to waive the statutory 30-day time period for review and approval of the Power Agreement
9 until March 30, 2007.

10 WHEREFORE, TEP requests that the Commission approve the Power Agreement between
11 TEP, Asarco and Silver Bell Mining.

12 RESPECTFULLY SUBMITTED this 28th day of December 2006.

13 TUCSON ELECTRIC POWER COMPANY

14
15 By 

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21 and

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- 1 Original and 13 copies of the foregoing
- 2 filed this 28th day of December 2006 with:
- 3 Docket Control
- 4 Arizona Corporation Commission
- 5 1200 West Washington Street
- 6 Phoenix, Arizona 85007
- 7
- 8 Copy of the foregoing hand-delivered/mailed
- 9 this 28th day of December 2006 to:
- 10
- 11 Chairman Jeff Hatch-Miller
- 12 Arizona Corporation Commission
- 13 1200 West Washington Street
- 14 Phoenix, Arizona 85007
- 15
- 16 Commissioner William A. Mundell
- 17 Arizona Corporation Commission
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- 26 Commissioner Kristin K. Mayes
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- Commissioner Barry Wong
- Arizona Corporation Commission
- 1200 West Washington Street
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- Lyn A. Farmer, Esq.
- Chief Administrative Law Judge
- Hearing Division
- Arizona Corporation Commission
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