

# OPEN MEETING



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**ORIGINAL**

## MEMORANDUM RECEIVED

TO: THE COMMISSION

2007 NOV -2 P 12: 51

Arizona Corporation Commission

**DOCKETED**

FROM: Utilities Division

AZ CORP COMMISSION  
DOCKET CONTROL

NOV 02 2007

DATE: November 2, 2007

DOCKETED BY	<i>MM</i>
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RE: ARIZONA PUBLIC SERVICE COMPANY - REVISED LINE EXTENSION  
TARIFF SCHEDULE 3 (DOCKET NOS. E-01345A-05-0816, E-01345A-05-0826  
AND E-01345A-05-0827)

Decision No. 69663 ordered Arizona Public Service Company ("APS" or "Company"), within 30 days after the effective date of the Decision, to file for Commission approval a revised Line Extension Tariff that eliminates any free footage or free equipment allowance, and remove any requirement for any economic feasibility analysis in its line extension policy. On July 27, 2007, APS filed in Docket Control the revised Schedule 3. On October 25, 2007, APS filed an amended version of its proposed Schedule 3 tariff, which replaced the Company's July 27, 2007 filing.

The current Schedule 3 grants equipment allowances and/or economic feasibility analyses. For example, there is a \$5,000 equipment allowance for single family homes. Elimination of the free allowance and economic feasibility analyses is in accordance with the waivers of Arizona Administrative Code R14-2-207(C.1 and C.2) granted by Decision No. 69663.

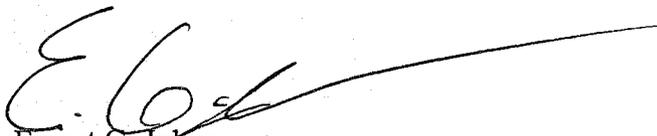
Staff is in agreement with the proposed tariff filed by APS on October 25, 2007, which removes all free footage and free equipment allowance for all classes of customers, and eliminates economic feasibility analysis in all line extension cases. However, Staff takes exception to what is stated in the second paragraph of Schedule 3, "... All payments received for new or upgraded service under provisions of this schedule shall be non-refundable and treated as Other Electric Revenue." Staff believes that discussion of the accounting treatment of payments should not be included in the tariff because it goes beyond what is required or authorized by Decision No. 69663. Therefore, the sentence should be deleted from the tariff. Staff believes that these payments should continue to be treated as Contributions in Aid of Construction ("CIAC") until the Commission orders otherwise. If APS wants these payments to be accounted for as revenue, it should make a separate filing (most likely a rate application) to do so.

THE COMMISSION

November 2, 2007

Page 2

Staff recommends approval of the amended Schedule 3 tariff filed by APS on October 25, 2007, with the above noted exception. Staff further recommends that within 15 days of the effective date of the order in this matter, APS file with Docket Control amended tariff pages that are consistent with the Decision in this matter.

A handwritten signature in black ink, appearing to read 'E. G. Johnson', with a long horizontal line extending to the right.

Ernest G. Johnson

Director

Utilities Division

EGJ:PKB:lm\JFW

ORIGINATOR: Prem Bahl

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

MIKE GLEASON  
Chairman  
WILLIAM A. MUNDELL  
Commissioner  
JEFF HATCH-MILLER  
Commissioner  
KRISTIN K. MAYES  
Commissioner  
GARY PIERCE  
Commissioner

IN THE MATTER OF THE APPLICATION )  
OF ARIZONA PUBLIC SERVICE )  
COMPANY - REVISED LINE EXTENSION )  
TARIFF SCHEDULE 3 )

DOCKET NOS. E-01345A-05-0816  
E-01345A-05-0826  
E-01345A-05-0827

DECISION NO. \_\_\_\_\_  
ORDER

Open Meeting  
November 27 and 28, 2007  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Arizona Public Service Company ("APS") is certificated to provide electric service as a public service corporation in the State of Arizona.
2. Decision No. 69663 ordered APS, within 30 days after the effective date of the Decision, to file for Commission approval a revised Line Extension Tariff that eliminates any free footage or free equipment allowance, and remove any requirement for any economic feasibility analysis in its line extension policy.
3. On July 27, 2007, APS filed in Docket Control the revised Schedule 3. On October 25, 2007, APS filed an amended version of its proposed Schedule 3 tariff, which replaced the Company's July 27, 2007 filing.
4. The current Schedule 3 grants equipment allowances and/or economic feasibility analyses. For example, there is a \$5,000 equipment allowance for single family homes.

1 Elimination of the free allowance and economic feasibility analyses is in accordance with the  
2 waivers of Arizona Administrative Code R14-2-207(C.1 and C.2) granted by Decision No. 69663.

3 5. Staff is in agreement with the proposed tariff filed by APS on October 25, 2007,  
4 which removes all free footage and free equipment allowance for all classes of customers, and  
5 eliminates economic feasibility analysis in all line extension cases. However, Staff takes  
6 exception to what is stated in the second paragraph of Schedule 3, "... All payments received for  
7 new or upgraded service under provisions of this schedule shall be non-refundable and treated as  
8 Other Electric Revenue."

9 6. Staff believes that discussion of the accounting treatment of payments should not be  
10 included in the tariff because it goes beyond what is required or authorized by Decision No. 69663.  
11 Therefore, the sentence should be deleted from the tariff. Staff believes that these payments  
12 should continue to be treated as Contributions in Aid of Construction ("CIAC") until the  
13 Commission orders otherwise. If APS wants these payments to be accounted for as revenue, it  
14 should make a separate filing (most like a rate application) to do so.

15 7. Staff has recommended approval of the amended Schedule 3 tariff filed by APS on  
16 October 25, 2007, with the above noted exception.

17 8. Staff has further recommended that within 15 days of the effective date of the order  
18 in this matter, APS file with Docket Control amended tariff pages that are consistent with the  
19 Decision in this matter.

#### 20 CONCLUSIONS OF LAW

21 1. APS is an Arizona public service corporation within the meaning of Article XV,  
22 Section 2, of the Arizona Constitution.

23 2. The Commission has jurisdiction over APS and over the subject matter of the  
24 application.

25 3. The Commission, having reviewed the application and Staff's Memorandum dated  
26 November 2, 2007, concludes that the Schedule 3 tariff filed on October 25, 2007, amended to  
27 include Staff's recommendation in Findings of Fact No. 6, is in the public interest.

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ORDER

IT IS THEREFORE ORDERED that the APS Schedule 3 tariff filed on October 25, 2007, is hereby approved, with the modifications recommended in Finding of Fact No. 6.

IT IS FURTHER ORDERED that within 15 days of the effective date of the order in this matter, APS file amended tariff pages that are consistent with the Decision in this matter.

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

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

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I DEAN S. MILLER, Interim Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2007.

\_\_\_\_\_  
DEAN S. MILLER  
Interim Executive Director

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

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

EGJ:PKB:lhm\JFW

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