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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

Arizona Corporation Commission

DOCKETED

DEC 21 2007

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IN THE MATTER OF THE JOINT  
APPLICATION OF TUCSON ELECTRIC  
POWER COMPANY AND SULPHUR  
SPRINGS VALLEY ELECTRIC  
COOPERATIVE, INC. FOR AN ORDER  
APPROVING A BORDERLINE  
AGREEMENT

DOCKET NOS. E-01933A-06-0806  
E-01575A-06-0806

DECISION NO. 70107

ORDER

Open Meeting  
December 18 and 19, 2007  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Tucson Electric Power Company ("TEP") and Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") are engaged in providing electric service within portions of Arizona, pursuant to authority granted by the Arizona Corporation Commission ("Commission" or "ACC").

2. On December 29, 2006, TEP and SSVEC (collectively "Utilities") filed a joint application for approval of a Borderline Agreement for SSVEC to provide electric service to Fort Huachuca, a military installation located in Cochise County within the certificated service territory of TEP. TEP and SSVEC entered into the Borderline Agreement authorizing SSVEC to enter the subject area, certificated to TEP, to serve the subject property until such time that TEP notifies SSVEC of its intention to provide service to the subject property.

3. TEP is a public service corporation engaged in the generation, transmission and distribution of electricity. TEP's authority to serve Fort Huachuca is set forth in Commission Decision No. 13571, issued January 27, 1942. SSVEC is a cooperative public service corporation

1 engaged in the distribution of electricity for the purpose of serving its customers located within  
2 specifically designated service areas of Pima, Cochise, Graham, and Santa Cruz Counties in  
3 Arizona which have been certified and approved by the Commission.

4 4. Fort Huachuca is located 75 miles southeast of Tucson, Arizona, in Cochise County  
5 and is owned by the United States government. The United States Military is planning to build  
6 three waste water lift stations at Fort Huachuca. The lift stations have not yet been constructed,  
7 but construction costs have been included in the Fort's most recent budget. A completion date for  
8 the construction is unknown at this time. The Utilities state that there are no existing line  
9 extensions or other agreements pertaining to electric service to the area in which the Fort  
10 Huachuca Lift Stations are proposed to be located, nor are there any facilities, easements or right-  
11 of-way to be transferred in the event the Borderline Agreement is approved.

12 5. Fort Huachuca is located within TEP's certificated service territory; however, the  
13 nearest available TEP lines are more than four miles away from the Fort's proposed site. Line  
14 extension costs for TEP to bring overhead lines to the perimeter of the property have been roughly  
15 estimated by TEP to be about \$1,127,000. SSVEC currently has lines adjacent to the Fort  
16 Huachuca property and the estimated cost for SSVEC to serve Fort Huachuca is \$48,000. The  
17 Utilities feel that it is in the best interest of the property owner and the Utilities for SSVEC to  
18 serve the subject property until such time as TEP determines that it is economically feasible for it  
19 to provide electric service to the property.

20 6. The Borderline Agreement does not mention a mechanism governing the purchase  
21 of SSVEC infrastructure (i.e., electrical lines and facilities) if TEP decides to re-enter the subject  
22 property at a later point in time to serve Fort Huachuca. Staff received confirmation from SSVEC  
23 that the Borderline Agreement will be amended to stipulate that TEP will not purchase any  
24 infrastructure from SSVEC due to the fact that no significant infrastructure will be built.

25 7. SSVEC indicated that it does not have an estimated monthly projected kWh since  
26 definite plans have not been completed.

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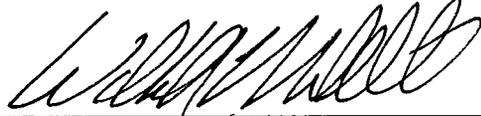


1 IT IS THEREFORE ORDERED that approval of the Borderline Agreement at this time  
2 does not guarantee any future ratemaking treatment of the Borderline Agreement between Tucson  
3 Electric Power Company and Sulphur Springs Valley Electric Cooperative, Inc.

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

6 BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

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CHAIRMAN

  
COMMISSIONER

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COMMISSIONER

  
COMMISSIONER

  
COMMISSIONER

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13 IN WITNESS WHEREOF, I DEAN S. MILLER, Interim  
14 Executive Director of the Arizona Corporation Commission,  
15 have hereunto, set my hand and caused the official seal of  
16 this Commission to be affixed at the Capitol, in the City of  
17 Phoenix, this 21<sup>st</sup> day of December, 2007.

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19 DEAN S. MILLER  
Interim Executive Director

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

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

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1 SERVICE LIST FOR: Tucson Electric Power Company  
Sulphur Springs Valley Electric Cooperative  
2 DOCKET NOS. E-01933A-06-0806 and E-01575A-06-0806

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