

NEW APPLICATION



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BEFORE THE ARIZONA CORPORATI

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Arizona Corporation Commission

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

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COMMISSIONERS

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

IN THE MATTER OF THE JOINT
 APPLICATION OF ARIZONA PUBLIC
 SERVICE COMPANY, AN ARIZONA
 CORPORATION AND UNISOURCE
 ENERGY CORPORATION, AN
 ARIZONA CORPORATION, FOR AN
 ORDER APPROVING ELECTRIC
 SERVICE AUTHORIZATION
 AGREEMENTS

DOCKET NO. E-01345A-08
 DOCKET NO. E-04204A-08

JOINT APPLICATION

E-01345A-08-0064
E-04204A-08-0064

I. INTRODUCTION

Arizona Public Service Company, an Arizona Corporation ("APS") and UNS Electric, Inc., an Arizona Corporation ("UNSE"), collectively ("Applicants") herein, allege to this Arizona Corporation Commission ("Commission") as follows, in support of this Joint Application:

1. APS is a public service corporation engaged in the generation, transmission, and distribution of electricity for the purpose of serving its customers located within specifically designated service areas in all or portions of 11 of Arizona's 15 counties, which has been certified and approved by the Commission ("APS' Service Area").

2. UNSE is a public service corporation engaged in the distribution of electricity for the purpose of serving its customers located within a specifically designated service area in portions of Mohave and Santa Cruz Counties, Arizona, which has been certified and approved by the Commission ("UNSE's Service Area").

3. The corporate officers and financial statements of APS and UNSE are the same as presently on file with the Commission.

4. This application seeks Commission approval of two separate service authorization agreements between APS and UNSE for authorization for UNSE to serve El

1 Paso Natural Gas Company and Western Summits, L.L.C. Although each customer is
2 located within APS' service territory, the proximity of each customer to UNSE's facilities
3 makes service by UNSE more economical as set forth below.

4 II. SERVICE TO EL PASO NATURAL GAS COMPANY

5 5. El Paso Natural Gas Company, a Delaware corporation ("El Paso"), has
6 property within APS' certificated area located in the northwest one-quarter of Section 14,
7 Township 21, North, Range 10 West, in Yavapai County, Arizona. A map of the location
8 is attached as Exhibit A. El Paso needs electric service to its property for a cathodic
9 protection system facility, on El Paso's pipeline. In order to reduce the costs and to be
10 served in a more efficient manner, El Paso has requested electric service from UNSE
11 because UNSE's electric facilities exist within closer proximity to the proposed service
12 site than the nearest APS Facilities.

13 6. UNSE is willing to serve El Paso even though El Paso is outside the UNSE
14 Service Area, and APS is willing to allow UNSE to serve El Paso within the APS Service
15 Area under the conditions set forth herein.

16 7. APS and UNSE have entered into an agreement (the "El Paso Agreement"),
17 attached hereto as Exhibit B, in order that UNSE may provide electric service to El Paso.
18 Pursuant to the El Paso Agreement, APS reserves the right to provide electric service to El
19 Paso when APS determines that it is economical to do so. In the event that APS
20 determines to provide such service, APS will compensate UNSE for any of UNSE's
21 facilities, which could then be used by APS in providing service to El Paso. APS and
22 UNSE request that the El Paso Agreement be approved by the Commission.

23 8. Applicants APS and UNSE believe that the El Paso Agreement will be
24 consistent with and promote the public interest, will be in the best interest of El Paso, and
25 will enable El Paso to more efficiently and economically receive electric service, while
26 preserving the existing service area rights of both APS and UNSE.

27 9. There is no existing line extension or other agreements pertaining to electric
28 service to the area in which El Paso's property is located, nor are there any facilities,

1 easements, or rights of way to be transferred in the event the El Paso Agreement is
2 approved.

3 10. Although El Paso was the initiating party seeking service from UNSE,
4 notice of this Joint Application will be sent to El Paso.

5 III. SERVICE TO WESTERN SUMMITS, L.L.C.

6 11. Western Summits, L.L.C., a Connecticut limited liability company
7 ("Western Summits"), owns property within APS' certificated area located along the
8 Northeast Quarter of Section 11, Township 21, North, Range 10 West Gila and Salt River
9 Meridian, Yavapai County, Arizona. See Exhibit A. Western Summits needs electric
10 service for a cell tower site for its operations and operations of its subleases, sublicensees,
11 and designated assigns. In order to reduce the costs and to be served in a more efficient
12 manner, Western Summits has requested electric service from UNSE because UNSE's
13 electric facilities exist within closer proximity to the proposed service site than the nearest
14 APS Facilities.

15 12. UNSE is willing to serve Western Summits even though Western Summits
16 is outside the UNSE Service Area, and APS is willing to allow UNSE to serve Western
17 Summits within the APS Service area under the conditions set forth herein.

18 13. APS and UNSE have entered into an agreement (the "Western Summits'
19 Agreement"), attached hereto as Exhibit C, in order that UNSE may provide electric
20 service to Western Summits. Pursuant to the Western Summits' Agreement, APS reserves
21 the right to provide electric service to Western Summits when APS determines that it is
22 economical to do so. In the event that APS determines to provide such service, APS will
23 compensate UNSE for any of UNSE's facilities, which could be used by APS in providing
24 service to Western Summits. APS and UNSE request that the Western Summits'
25 Agreement be approved by the Commission.

26 14. Applicants APS and UNSE believe that the Western Summits' Agreement
27 will be consistent with and promotes the public interest, will be in the best interest of
28 Western Summits, and will enable Western Summits to more efficiently and economically

1 receive electric service, while preserving the existing service area rights of both APS and
2 UNSE.

3 15. There is no existing line extension or other agreements pertaining to electric
4 service to the area in which Western Summits' property is located, nor are there any
5 facilities, easements, or rights of way to be transferred in the event the Western Summits'
6 Agreement is approved.

7 16. Although Western Summits was the initiating party seeking electric service
8 from UNSE, notice of this Joint Application will be sent to Western Summits.

9 WHEREFORE, the Joint Applicants respectfully request the Commission issue an
10 order approving both the El Paso Agreement and the Western Summits' Agreement
11 entered into between APS and UNSE.

12 RESPECTFULLY submitted this 4 day of February, 2008.

13 PINNACLE WEST CAPITAL CORP.
14 Law Department

15 By: s/Thomas L. Mumaw
16 Thomas L. Mumaw

17
18 Attorneys for Arizona Public Service Company
19 SNELL & WILMER L.L.P.

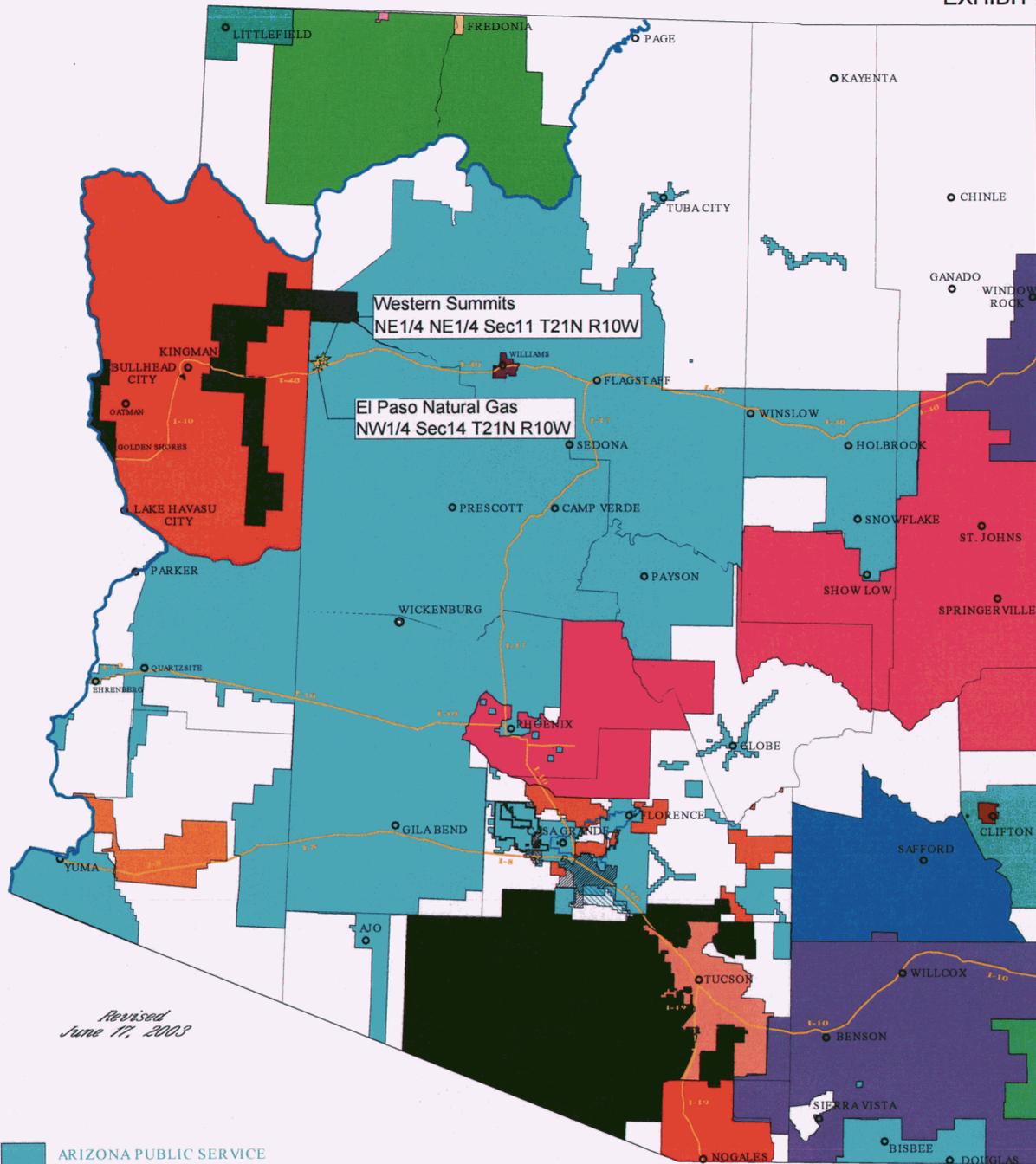
20 By: 
21 Robert J. Metli

22
23 Attorneys for UNSE

24 By:  FOR
25 Michelle Livengood

1 Original and 13 copies filed this
2 4 day of February, 2008 with:

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington Street
6 Phoenix, Arizona 85007
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*Revised
June 17, 2008*

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| ARIZONA PUBLIC SERVICE | ELECTRIC DISTRICT NO. 1 | MORENCI WATER & ELECTRIC |
| UNISOURCE ENERGY SERVICES | ELECTRIC DISTRICT NO. 2 | NAVOPACHE ELECTRIC CO-OP |
| CITY OF FREDONIA | ELECTRIC DISTRICT NO. 3 | SALT RIVER PROJECT |
| CITY OF WILLIAMS | ELECTRIC DISTRICT NO. 4 | SAN CARLOS IRRIGATION |
| COLORADO CITY | ELECTRIC DISTRICT NO. 5 | SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC. |
| COLUMBUS ELECTRIC CO-OP | GARKANE POWER ASSOCIATION | TRICO ELECTRIC COOPERATIVE |
| CONTINENTAL DIVIDE ELECTRIC COOPERATIVE, INC. | GRAHAM COUNTY ELECTRIC COOPERATIVE, INC. | TUCSON ELECTRIC POWER |
| DIXIE ESCALANTE RURAL ELECTRIC ASSOCIATION | MOHAVE ELECTRIC COOPERATIVE | WELLTON MOHAWK |
| DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. | | |

STATE OF ARIZONA - ELECTRIC

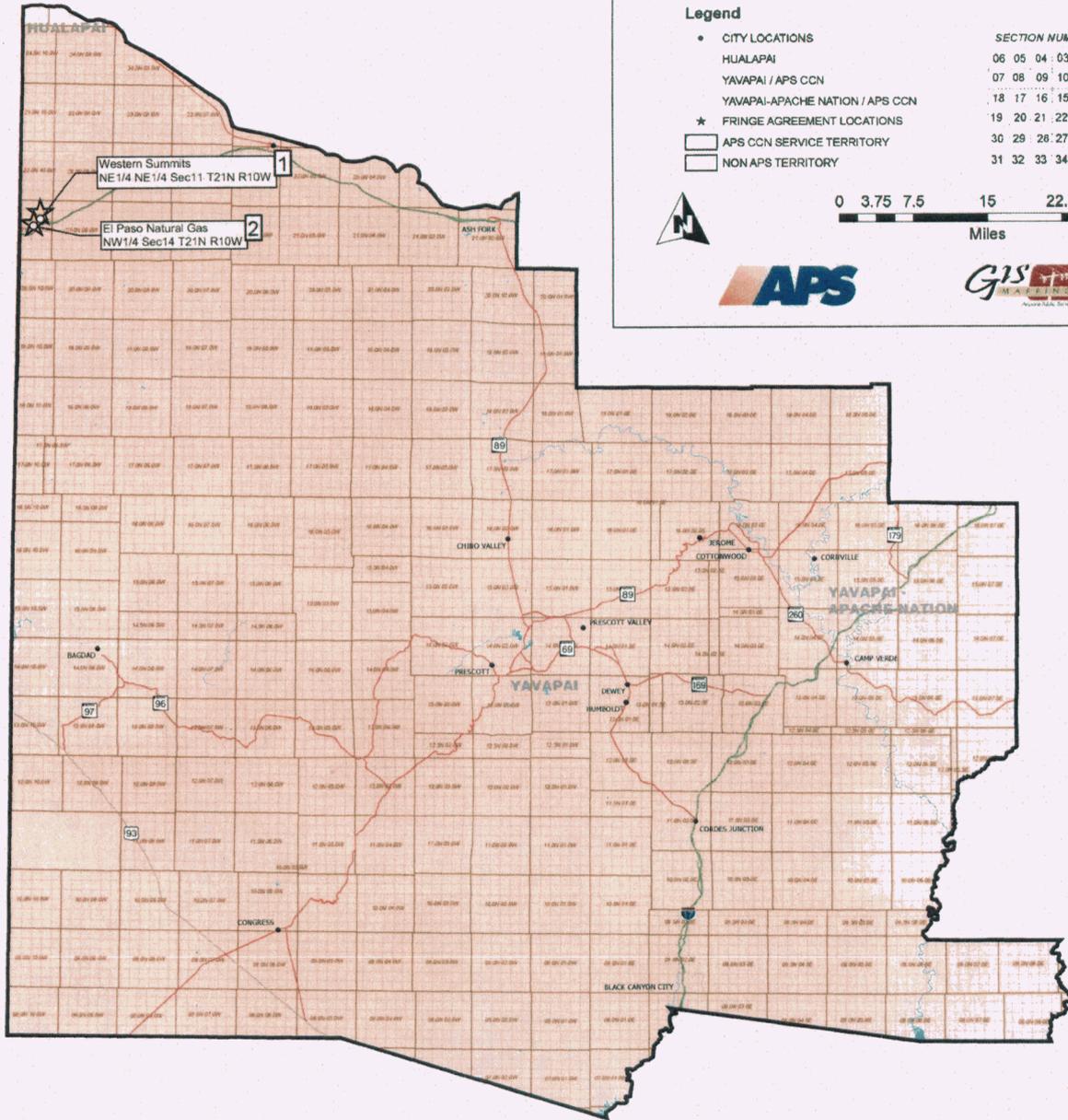
YAVAPAI COUNTY

Legend

- CITY LOCATIONS
- HUALAPAI
- YAVAPAI / APS CCN
- YAVAPAI-APACHE NATION / APS CCN
- ★ FRINGE AGREEMENT LOCATIONS
- APS CCN SERVICE TERRITORY
- NON APS TERRITORY

SECTION NUMBERING

| | | | | | |
|----|----|----|----|----|----|
| 06 | 05 | 04 | 03 | 02 | 01 |
| 07 | 08 | 09 | 10 | 11 | 12 |
| 13 | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 |
| 31 | 32 | 33 | 34 | 35 | 36 |



**ELECTRIC SERVICE AUTHORIZATION AGREEMENT
(FRINGE AREA)**

This Electric Service Authorization Agreement ("Agreement") is entered into this 1st day of November, 2007, by and between Arizona Public Service Company, an Arizona corporation ("APS"), UNS Electric, Inc., an Arizona corporation ("UNSE") and El Paso Natural Gas Company, an El Paso corporation ("El Paso").

RECITALS:

A. APS and UNSE have adjacent service territories in Yavapai and Mohave Counties, respectively, covered by Certificates of Convenience and Necessity authorized by the Arizona Corporation Commission (the "Commission") and franchise agreements with the respective counties.

B. APS and UNSE retain the right to serve all customers located in their respective certificated service territories.

C. El Paso needs electric service for a cathodic protection system facility, CPS #1570, (the "Subject Facilities") on El Paso's pipeline located in APS' service territory in the northwest ¼ of Section 14, Township 21 North, Range 10 West, in Yavapai County, Arizona (the "Subject Area");

D. In order to reduce the cost El Paso will have to pay to have electric service extended to the Subject Facilities in the Subject Area, El Paso has requested electric service from UNSE, because UNSE's electric facilities in its adjacent service territory are closer than APS' electric facilities.

E. It is El Paso's proposal to receive metered electric service from UNSE near the boundary between the adjacent utility companies' service territories and that El Paso construct, own and maintain a distribution line extending approximately 1 ½ miles into the Subject Area to serve the Subject Facilities.

F. The difference in the distance to the Subject Facilities from the existing electric facilities presently owned by APS and UNSE, respectively, would allow El Paso to be served in a more cost-effective manner by receiving service from UNSE. As such, APS is willing to allow UNSE, and UNSE is willing to provide, the electric service to the Subject Facilities, under the terms set forth herein.

PROMISES AND COVENANTS:

NOW, THEREFORE, in consideration of the foregoing recitals and in further consideration of the following covenants, promises and provisions, the parties hereto, for themselves, their agents, employees, successors and assignees, do hereby agree as follows:

1. UNSE and El Paso are hereby authorized by APS to enter the Subject Area and to construct and maintain electric service lines and facilities necessary for UNSE to serve the Subject Facilities until such time as APS notifies UNSE and El Paso in writing of APS' intention to provide service to the Subject Facilities pursuant to APS' then effective line extension policy, or until such time as El Paso requests service from APS under APS' then effective line extension policy. APS shall only provide such notice if APS' nearest distribution facilities are within 1,000 feet of Subject Facilities, but in no event earlier than 10 years from the effective date of Agreement.

2. As part of APS' notice to UNSE and El Paso of APS' intention to serve the Subject Facilities, APS will indicate whether it elects to purchase the electric lines and facilities installed, owned and maintained by UNSE and/or El Paso within APS' service territory. If APS so elects, UNSE and El Paso will sell to APS and APS will, notwithstanding paragraph 6, purchase all of UNSE' and El Paso's electric lines and facilities located within APS' service territory used to serve the Subject Facilities at a mutually agreed upon price.

3. Whether or not APS elects to purchase UNSE's and El Paso's electric lines and facilities, at the time APS notifies UNSE and El Paso of APS' intention to serve the Subject Facilities, APS will enter into an electric service agreement with El Paso. At the time APS is ready to serve the Subject Facilities, UNSE will discontinue providing electricity to the Subject Area, and El Paso will enter into the electric service agreement with APS.

4. If APS purchases UNSE' and/or El Paso's facilities and such purchase is subject to prior approval by the Commission, UNSE and El Paso will use their reasonable best efforts to obtain said sale approval.

5. Nothing in this Agreement authorizes UNSE or El Paso to serve any other customers or facilities within the Subject Area or elsewhere in APS' service territory.

6. Nothing in this Agreement shall preclude APS from serving El Paso or other customers within the Subject Area with APS' facilities.

7. This Agreement shall be binding upon and inure to the benefit of the successors in interest and assigns of the parties hereto and their respective successors in interest and assigns, whether arising voluntarily or by operation of law.

8. Notwithstanding anything in this Agreement to the contrary, the parties hereto understand and agree that this Agreement is subject to approval by the Commission or its staff as authorized by the Commission. Therefore, this Agreement shall not be implemented until the parties hereto have received Commission approval.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

ARIZONA PUBLIC SERVICE COMPANY,
an Arizona corporation

By [Signature]
Its Director, Northern AZ Delivery

STATE OF ARIZONA)
) ss.
County of Coconino)

The foregoing instrument was acknowledged before me this 19 day of December, 2007,
by MICHAEL McELMURY, the DIRECTOR NORTHERN AZ DELIVERY
of Arizona Public Service Company, an Arizona corporation, on behalf of the corporation.

[Signature]
Notary Public

My Commission Expires: Aug. 26, 2009



UNS ELECTRIC INC.,
an Arizona corporation

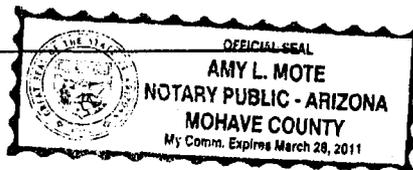
By [Signature]
Its VP - General Manager

STATE OF ARIZONA)
) ss.
County of Mohave)

The foregoing instrument was acknowledged before me this 28th day of November, 2007,
by Thomas J. Ferry, the VP - General Manager
of UNS Electric, Inc., an Arizona corporation, on behalf of the corporation.

[Signature]
Notary Public

My Commission Expires:



**ELECTRIC SERVICE AUTHORIZATION AGREEMENT
(FRINGE AREA)**

This Electric Service Authorization Agreement ("Agreement") is entered into this 1st day of November, 2007, by and between Arizona Public Service Company, an Arizona corporation ("APS"), UNS Electric, Inc., an Arizona corporation ("UNSE") and Western Summits, LLC, a Connecticut limited liability company and its agents, affiliates and designated assigns ("Western Summits").

RECITALS:

A. APS and UNSE have adjacent service territories in Yavapai and Mohave Counties, respectively, covered by Certificates of Convenience and Necessity authorized by the Arizona Corporation Commission (the "Commission") and franchise agreements with the respective counties.

B. APS and UNSE retain the right to serve all customers located in their respective certificated service territories.

C. Western Summits needs electric service for a cell tower site (the "Subject Facilities") for its operations and the operations of its sub-lessees, sub-licensee's and designated assigns located in APS' service territory in the Northeast Quarter of the Northeast Quarter of Section 11, Township 21 North, Range 10 West, Gila and Salt River Meridian, Yavapai County, Arizona (the "Subject Area");

D. In order to reduce the cost Western Summits will have to pay to have electric service extended to the Subject Facilities in the Subject Area, Western Summits has requested electric service from UNSE, because UNSE's electric facilities in its adjacent service territory are closer than APS' electric facilities.

E. It is Western Summits' proposal to receive metered electric service from UNSE near the boundary between the adjacent utility companies' service territories and that Western Summits construct, own and maintain a distribution line extending approximately 2 ½ miles into the Subject Area to serve the Subject Facilities.

F. The difference in the distance to the Subject Facilities from the existing electric facilities presently owned by APS and Western Summits, respectively, would allow Western Summits to be served in a more cost-effective manner by receiving service from UNSE. As such, APS is willing to allow UNSE, and UNSE is willing to provide, the electric service to the Subject Facilities, under the terms set forth herein.

PROMISES AND COVENANTS:

NOW, THEREFORE, in consideration of the foregoing recitals and in further consideration of the following covenants, promises and provisions, the parties hereto, for themselves, their agents, employees, successors and assignees, do hereby agree as follows:

1. UNSE and Western Summits are hereby authorized by APS to enter the Subject Area and to construct and maintain electric service lines and facilities necessary for UNSE to serve the Subject Facilities until such time as APS notifies UNSE and Western Summits in writing of APS' intention to provide service to the Subject Facilities pursuant to APS' then effective line extension policy, or until such time as Western Summits requests service from APS under APS' then effective line extension policy. APS shall only provide such notice if APS' nearest distribution facilities are within 1,000 feet of Subject Facilities, but in no event earlier than 10 years from the effective date of Agreement.

2. As part of APS' notice to UNSE and Western Summits of APS' intention to serve the Subject Facilities, APS will indicate whether it elects to purchase the electric lines and facilities installed, owned and maintained by UNSE and/or Western Summits within APS' service territory. If APS so elects, UNSE and Western Summits will sell to APS and APS will, notwithstanding paragraph 6, purchase all of UNSE's and Western Summits' electric lines and facilities located within APS' service territory used to serve the Subject Facilities at a mutually agreed upon price.

3. Whether or not APS elects to purchase UNSE's and Western Summits' electric lines and facilities, at the time APS notifies UNSE and Western Summits of APS' intention to serve the Subject Facilities, APS will enter into an electric service agreement with Western Summits. At the time APS is ready to serve the Subject Facilities, UNSE will discontinue providing electricity to the Subject Area, and Western Summits will enter into the electric service agreement with APS.

4. If APS purchases UNSE's and/or Western Summits' facilities and such purchase is subject to prior approval by the Commission, UNSE and Western Summits will use their reasonable best efforts to obtain said sale approval.

5. Nothing in this Agreement authorizes UNSE or Western Summits to serve any other customers or facilities within the Subject Area or elsewhere in APS' service territory.

6. Nothing in this Agreement shall preclude APS from serving Western Summits or other customers within the Subject Area with APS' facilities.

7. This Agreement shall be binding upon and inure to the benefit of the successors in interest and assigns of the parties hereto and their respective successors in interest and assigns, whether arising voluntarily or by operation of law.

8. Notwithstanding anything in this Agreement to the contrary, the parties hereto understand and agree that this Agreement is subject to approval by the Commission or its staff as authorized by the Commission. Therefore, this Agreement shall not be implemented until the parties hereto have received Commission approval.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

ARIZONA PUBLIC SERVICE COMPANY,
an Arizona corporation

By *Michael McElmury*

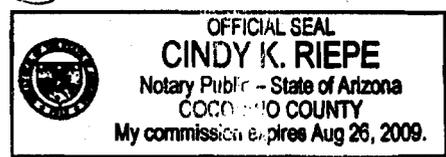
Its *Director, Northern Arizona Delivery*

STATE OF ARIZONA)
) ss.
County of *Coconino*)

The foregoing instrument was acknowledged before me this *14th* day of *November*, 2007,
by *MICHAEL McELMURY*, the *DIRECTOR, NORTHERN ARIZONA*
of Arizona Public Service Company, an Arizona corporation, on behalf of the corporation. *DELIVERY*

C. K. Riepe
Notary Public

My Commission Expires: *Aug. 26, 2009*



UNS ELECTRIC INC., an Arizona corporation

By *Thomas J. Ferry*

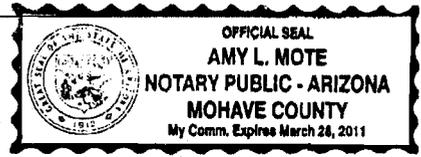
Its *VP & General Manager*

STATE OF ARIZONA)
) ss.
County of *Mohave*)

The foregoing instrument was acknowledged before me this *13th* day of *November*, 2007,
by *Thomas J. Ferry*, the *V.P. + General Manager*
of UNS Electric Inc., an Arizona corporation, on behalf of the corporation.

Amy L. Mote
Notary Public

My Commission Expires:



WESTERN SUMMITS, LLC,
a Connecticut limited liability company

By SGK

Its VICE PRESIDENT

Commonwealth of Massachusetts)
County of Hampshire) ss.

The foregoing instrument was acknowledged before me this 6 day of November, 2007,
by Stephen G. Kotfila, the Vice president
of Western Summits, LLC, a Connecticut limited liability company, on behalf of the limited
liability company.

Karen A. Craig
Notary Public

My Commission Expires: _____



KAREN A. CRAIG
Notary Public
Commonwealth of Massachusetts
My Commission Expires
August 25, 2011