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# OPEN MEETING

**ORIGINAL**

## MEMORANDUM

RECEIVED

Arizona Corporation Commission

DOCKETED

2008 JUL 11 P 3:07

TO: THE COMMISSION

FROM: Utilities Division

JUL 11 2008

AZ CORP COMMISSION  
DOCKET CONTROL

DATE: July 11, 2008

DOCKETED BY *mm*

RE: IN THE MATTER OF THE JOINT APPLICATION OF TUCSON ELECTRIC POWER COMPANY AND TRICO ELECTRIC COOPERATIVE, INC. FOR APPROVAL OF A BORDERLINE AGREEMENT TO PROVIDE SERVICE TO THE SIGNAL LIGHT AT THE INTERSECTION OF INTERSTATE 10 AND TANGERINE ROAD (DOCKET NOS. E-01461A-08-0130 AND E-01933A-08-0130)

On March 5, 2008, Trico Electric Cooperative, Inc. ("Trico") and Tucson Electric Power Company ("TEP") filed for Commission approval of a borderline agreement allowing Trico to provide service to traffic signal lights at the Interstate 10 interchange with Tangerine Road in Marana, Arizona.

The Town of Marana made an application for service for the proposed traffic signal light, and the location of the site is within TEP's certificated service territory. However, the location in question is within 40 feet of Trico facilities, while TEP's closest facilities are over 650 feet away and would require TEP to cross Interstate 10 to provide service. For Trico, the total cost of extending service to this location would be \$622, with no cost paid by the Town of Marana. If TEP were to extend service to this location, the total cost would be approximately \$25,000, with the Town of Marana's costs estimated at around \$13,000.

TEP and Trico entered into a borderline agreement, dated February 28, 2008, containing a number of provisions for providing service to the traffic signal light. Such provisions include TEP authorizing Trico to provide electric service, and terms under which TEP may begin serving the location if it chooses to do so at some point in the future. On June 11, 2008, the Town of Marana sent a letter to Trico, expressing its desire for Trico to serve the location in question.

If Trico provides service to the location, it would be under Trico's General Service Schedule GS-1. If TEP were to provide service to the location, it would be under TEP's Pricing Plan PS-41, Traffic Signal and Street Lighting Service. The rates under these respective rate schedules as of June 23, 2008, are shown in the table below.

	TEP Rates - GS-1	Trico Rates - PS-41
Customer Charge	None	\$15.00 per month
Per kWh Charge	\$0.067861 per kWh	\$0.10538 per kWh
Adjustor Rate	None	\$0.02 per kWh

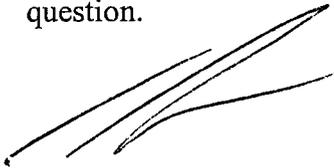
THE COMMISSION

July 11, 2008

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TEP's rates at this time are significantly lower than Trico's rates. Trico has indicated to Staff that it expects monthly usage at the site of approximately 2,500 kWh per month. Staff spoke to a representative of the Town of Marana on June 23, 2008, regarding the rate differential. The Town of Marana representative indicated to Staff that it understood that there was a rate differential, but that avoiding the up-front cost involved in taking service from TEP was more important, and thus the Town of Marana preferred taking service from Trico. The up-front and on-going costs to a customer of taking service from Trico and/or TEP likely will change over time as the Commission considers line extensions, hookup fees, and rate proceedings.

Staff believes that the proposed borderline agreement would allow the Town of Marana to receive service for the traffic signal light in question at a lower initial cost, and that approval of the borderline agreement is in the public interest. Staff recommends approval of the borderline agreement between Trico and TEP. Staff further recommends that TEP be required to notify the Utilities Division prior to exercising its right to provide service to the location in question.



*for*  
Ernest G. Johnson  
Director  
Utilities Division

EGJ:RGG:lhm\KOT

ORIGINATOR: Robert Gray

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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 JOINT  
APPLICATION OF TUCSON ELECTRIC  
POWER COMPANY AND TRICO  
ELECTRIC COOPERATIVE, INC. FOR  
APPROVAL OF A BORDERLINE  
AGREEMENT TO PROVIDE SERVICE TO  
THE SIGNAL LIGHT AT THE  
INTERSECTION OF INTERSTATE 10 AND  
TANGERINE ROAD

DOCKET NOS. E-01461A-08-0130  
E-01933A-08-0130

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

ORDER

Open Meeting  
July 29 and 30, 2008  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Tucson Electric Power Company ("TEP") is engaged in providing electricity service within portions of Arizona, pursuant to authority granted by the Arizona Corporation Commission ("Commission").

2. Trico Electric Cooperative, Inc. ("Trico") is engaged in providing electricity service within portions of Arizona, pursuant to authority granted by the Commission.

3. On March 5, 2008, Trico and TEP filed for Commission approval of a borderline agreement allowing Trico to provide service to traffic signal lights at the Interstate 10 interchange with Tangerine Road in Marana, Arizona.

4. The Town of Marana made an application for service for the proposed traffic signal light and the location of the site is within TEP's certificated service territory.

1           5.       However, the location in question is within 40 feet of Trico facilities, while TEP's  
2 closest facilities are over 650 feet away and would require TEP to cross Interstate 10 to provide  
3 service.

4           6.       For Trico, the total cost of extending service to this location would be \$622, with no  
5 cost paid by the Town of Marana. If TEP were to extend service to this location, the total cost  
6 would be approximately \$25,000, with the Town of Marana's costs estimated at around \$13,000.

7           7.       TEP and Trico entered into a borderline agreement, dated February 28, 2008,  
8 containing a number of provisions for providing service to the traffic signal light. Such provisions  
9 include TEP authorizing Trico to provide electric service, and terms under which TEP may begin  
10 serving the location if it chooses to do so at some point in the future.

11          8.       On June 11, 2008, the Town of Marana sent a letter to Trico, expressing its desire  
12 for Trico to serve the location in question.

13          9.       If Trico provides service to the location, it would be under Trico's General Service  
14 Schedule GS-1. If TEP were to provide service to the location, it would be under TEP's Pricing  
15 Plan PS-41, Traffic Signal and Street Lighting Service. The rates under these respective rate  
16 schedules as of June 23, 2008, are shown in the table below.

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	TEP Rates – GS-1	Trico Rates – PS-41
18 Customer Charge	None	\$15.00 per month
19 Per kWh Charge	\$0.067861 per kWh	\$0.10538 per kWh
20 Adjustor Rate	None	\$0.02 per kWh

21

22          10.       TEP's rates at this time are significantly lower than Trico's rates. Trico has  
23 indicated to Staff that it expects monthly usage at the site of approximately 2,500 kWh per month.

24          11.       Staff spoke to a representative of the Town of Marana on June 23, 2008, regarding  
25 the rate differential. The Town of Marana representative indicated to Staff that it understood that  
26 there was a rate differential, but that avoiding the up-front cost involved in taking service from  
27 TEP was more important, and thus the Town of Marana preferred taking service from Trico.

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IT IS FURTHER ORDERED that Tucson Electric Power Company notify the Utilities Division prior to exercising its right to provide service to the location in question.

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

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

CHAIRMAN	COMMISSIONER	
COMMISSIONER	COMMISSIONER	COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, 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 \_\_\_\_\_, 2008.

\_\_\_\_\_  
BRIAN C. McNEIL  
EXECUTIVE DIRECTOR

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

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

EGJ:RGG:lhmkOT

1 SERVICE LIST FOR: Tucson Electric Power Company  
Trico Electric Cooperative, Inc.  
2 DOCKET NOS. E-01461A-08-0130 and E-01933A-08-0130

3  
4 Mr. Charles Emerson  
Manager of Technical Service  
5 8600 West Tangerine Road  
Post Office Box 930  
6 Marana, Arizona 85653

7 Mr. David Couture  
8 Director, Regulatory Affairs  
4350 East Irvington Road  
9 Post Office Box 711, Mail Stop OH 122  
Tucson, Arizona 85702

10  
11 Mr. Ernest G. Johnson  
Director, Utilities Division  
12 Arizona Corporation Commission  
1200 West Washington Street  
13 Phoenix, Arizona 85007

14 Ms. Janice M. Alward  
15 Chief Counsel, Legal Division  
Arizona Corporation Commission  
16 1200 West Washington Street  
Phoenix, Arizona 85007

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