

ORIGINAL

OPEN MEETING
MEMORANDUM



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TO: THE COMMISSION

FROM: Utilities Division

DATE: December 31, 2008

2008 DEC 31 P 2:31

AZ CORP COMMISSION
DOCKET CONTROL

RE: IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY AND SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC. FOR AN ORDER APPROVING ELECTRIC SERVICE AUTHORIZATION AGREEMENTS (DOCKET NOS. E-01345A-08-0393, E-01575A-08-0393 AND E-01575A-08-0448)

On July 31, 2008 Arizona Public Service Company ("APS") and Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") filed a Joint Application and Electric Authorization Agreement ("Joint Application") for SSVEC to provide electric service to SBA Structures, Inc. ("SBA"). Both APS and SSVEC are engaged in providing electric service within portions of Cochise County, Arizona.

SBA property within APS' service territory is located in the northeast quarter of Section 4, Township 22 South, Range 22 East, in Cochise County, Arizona. SSVEC has a distribution service line 1/2 mile from SBA Cell Tower, while APS' closest facility is located approximately 6 miles from the Cell Tower.

APS' estimates that SBA's cost to have APS provide electric service to be \$395K. However, SSVEC could supply SBA with electric service for \$31,097. Based on a 4,400 approximated monthly usage, SBA will also save money. APS' charge would be \$1,054, while SSVEC's monthly charge would be \$762.

In Section VII of the Joint Application and Electric Service Authorization Agreement, filed July 31, 2008, APS reserves the right to provide electric service to SBA when APS determines that it is economically feasible to do so. If APS chooses to exercise the right to serve SBA, APS will compensate SSVEC for any SSVEC facilities used by APS in order to provide service.

Staff believes that the Electric Service Authorization Agreement between APS and SSVEC is a reasonable. Staff recommends that the Commission approve the Electric Service Authorization Agreement between APS and SSVEC. In addition, Staff recommends that SSVEC be required to notify the Commission prior to exercising its right to provide service to

Arizona Corporation Commission
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THE COMMISSION

December 31, 2008

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SBA. Staff further recommends that the Commission specify, in its Order, that approval of the Electric Service Authorization Agreement at this time does not guarantee any future ratemaking treatment of the Electric Service Authorization Agreement between APS and SSVEC.



~~Fg~~ Ernest G. Johnson
Director
Utilities Division

EGJ:KS:ihm\WVC

ORIGINATORS: Kiana Sears

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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 ARIZONA PUBLIC
SERVICECOMPANY, AN ARIZONA
CORPORATION AND SULPHUR SPRINGS
VALLEY ELECTRIC COOPERATIVE,
INC., AN ARIZONA CORPORATION, FOR
AN ORDER APPROVING ELECTRIC
SERVICE AUTHORIZATION
AGREEMENTS

DOCKET NOS. E-01345A-08-0393
E-01575A-08-0393
E-01575A-08-0448

DECISION NO. _____

ORDER

Open Meeting
January 13, and January 14
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Arizona Public Service Company ("APS ") 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 July 31, 2008, Arizona Public Service Company ("APS") and Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") filed a Joint Application and Electric Service Authorization Agreement ("Joint Application") for SSVEC to provide electric service to SBA Structures, Inc. ("SBA"). APS and SSVEC operate pursuant to authority granted by the Arizona Corporation Commission ("Commission").

3. SBA is located within APS' certified territory. According to the Joint Application, the estimated cost to establish the requested service for SBA by APS is \$395,000. The nearest APS facilities are more than 6 miles from SBA. However, SSVEC nearest facilities are ½ mile from SBA. The cost to establish the requested service for SBA by SSVEC would be \$31,097.

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IT IS FURTHER ORDERED that approval of the Electric Service Authorization Agreement does not guarantee any future ratemaking treatment of the Electric Service Authorization Agreement between Arizona Public Service Company and Sulphur Springs Valley Electric Cooperative, Inc.

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 _____, 2009.

BRIAN C. McNEIL
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

EGJ:KS:lh\WVC

1 SERVICE LIST FOR: Arizona Public Service Company and Sulphur Springs Valley Electric
Cooperative, Inc.

2 DOCKET NOS. E-01345A-08-0393, E-01575A-08-0393 AND E-01575A-08-0448

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