

ORIGINAL

OPEN MEETING



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MEMORANDUM RECEIVED

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Arizona Corporation Commission

DOCKETED

TO: THE COMMISSION

AZ CORP COMMISSION  
DOCKET CONTROL

APR 13 2009

FROM: Utilities Division

DATE: April 13, 2009

DOCKETED BY	<i>MS</i>
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RE: IN THE MATTER OF THE JOINT APPLICATION OF TRICO ELECTRIC COOPERATIVE, INC. AND TUCSON ELECTRIC POWER COMPANY FOR AN ORDER APPROVING A BORDERLINE AGREEMENT (DOCKET NOS. E-01461A-09-0019 AND E-01933A-09-0019)

On January 21, 2009, Trico Electric Cooperative, Inc. ("Trico") and Tucson Electric Power Company ("TEP") filed a Joint Application and Borderline Agreement ("Joint Application") for Trico to provide electric service to Pima County's Camino De Oeste and Ajo Highway (State Route 86) intersection traffic signal lights and intersection lighting.

State Route 86 intersection traffic signal lights and intersection lighting are located within TEP's certificated territory on the western half and are located in Trico's certificated territory on the eastern half. Pima County ("the County") made an application for electric service to Trico and TEP. However, Trico's facilities exist along the westerly boundary of said intersection and can provide service at no line extension charge because the distance to serve said traffic signal lights and intersection lights is less than 600 feet distance. The nearest TEP facilities that can provide the requested single-phase service are more than 1,000 feet away and, the cost of the line extension per TEP's applicable tariffs would be approximately \$17,852.51. Trico and TEP have entered into an agreement in order that Trico may provide electric service to the intersection on State Route 86. The table below indicates the monthly rates and differences between TEP and Trico.

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

As indicated above, the monthly rate for Trico will be nearly twice the amount as the monthly rate billed under TEP. Staff has spoken with Pima County's representative regarding the price difference. Staff has been assured that Pima County would prefer to avoid the \$17,852.51 upfront cost and pay the higher monthly rate to receive service from Trico.

In Section IV of the Joint Application and Borderline Agreement, filed January 21, 2009, TEP reserves the right to provide electric service to State Route 86 intersection when TEP determines that it is economically feasible to do so. If TEP chooses to exercise the right to serve

THE COMMISSION

April 13, 2009

Page 2

the State Route 86, TEP will compensate Trico for any Trico facilities used by TEP in order to provide service.

Staff believes that the Borderline Agreement between Trico and TEP is a reasonable solution to allow extension of electric service to State Route 86 intersection traffic signal lights and intersection lighting and is in the public interest. Therefore, Staff recommends the Commission approve the Authorization Agreement between Trico and TEP. Staff further recommends that Trico be required to notify the Utilities Division prior to exercising its right to provide service to the location in question.

A handwritten signature in black ink, appearing to read 'EGJ', with a long horizontal flourish extending to the right.

Ernest G. Johnson  
Director  
Utilities Division

EGJ:KS:lhmVAH

ORIGINATOR: Kiana Sears

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

KRISTIN K. MAYES  
Chairman  
GARY PIERCE  
Commissioner  
PAUL NEWMAN  
Commissioner  
SANDRA D. KENNEDY  
Commissioner  
BOB STUMP  
Commissioner

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

DOCKET NOS. E-01461A-09-0019  
E-01933A-09-0019

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

Open Meeting  
April 28 and 29, 2009  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Trico Electric Cooperative, Inc. ("Trico") and Tucson Electric Power Company ("TEP") are engaged in providing electric service within portions of Arizona, pursuant to authority granted by the Arizona Corporation Commission ("Commission" or "ACC").
2. On January 21, 2009, Trico and TEP filed a Joint Application and Borderline Agreement ("Joint Application") for Trico to provide electric service to Pima County's Camino De Oeste and Ajo Highway ("State Route 86") intersection traffic signal lights and intersection lighting.
3. Pima County has made application (the "County"), for electric service for State Route 86 intersection to Trico and TEP. On January 21, 2009, Trico and TEP filed a Joint Application and Borderline Agreement ("Joint Application") for Trico to provide electric service to Pima County's Camino De Oeste and Ajo Highway (State Route 86) intersection traffic signal lights and intersection lighting. According to the Joint Application submitted by Trico and TEP,

1 the estimated cost to establish the requested service will cost the customer \$17, 852.51 if served  
 2 by TEP because the necessary line extension is more than 1,000 feet. However, Trico's nearest  
 3 facilities are less than 600 feet from State Route 86 intersection so the area will receive the service  
 4 with no charge for the line extension.

5 4. In Section IV of the Joint Application and Borderline Agreement, filed January 21,  
 6 2009, TEP reserves the right to provide electric service to State Route 86 intersection when TEP  
 7 determines that it is economically feasible to do so. If TEP chooses to exercise the right to serve  
 8 the State Route 86, TEP will compensate Trico for any Trico facilities used by TEP in order to  
 9 provide service.

10 **The following chart represents a rate comparison for service received by TEP and Trico.**

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

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 15 5. On March 11, 2009, Staff spoke with Mr. Don Pittenger, a representative for Pima  
 16 County, informing him of the rate differences between Trico and TEP applicable tariff on a  
 17 monthly basis. Even with the higher Trico energy charge it will take Pima County over eight years  
 18 to expend the additional \$17,852.51 it would cost to have State Route 86 served by TEP. Staff has  
 19 been assured that Pima County would prefer to avoid the \$17,852.51 upfront cost and pay the  
 20 higher monthly rate to receive service from Trico.

21 6. Staff believes that the Borderline Agreement between Trico and TEP is a  
 22 reasonable solution to allow extension of electric service to the State Route 86 intersection and is  
 23 in the public interest. Therefore, Staff recommends the Commission approve the Borderline  
 24 Agreement between Trico and TEP.

#### 25 CONCLUSIONS OF LAW

26 1. Trico and TEP are Arizona public service corporations within the meaning of  
 27 Article XV, Section 2, of the Arizona Constitution.

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IT IS FURTHER ORDERED that approval of the Borderline Agreement at this time does not guarantee any future ratemaking treatment of the Borderline Agreement between Trico Electric Cooperative, Inc. and Tucson Electric Power Company.

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, MICHAEL P. KEARNS, 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 \_\_\_\_\_, 2009.

\_\_\_\_\_  
MICHAEL P. KEARNS  
INTERIM EXECUTIVE DIRECTOR

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

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

EGJ:KS:lhm\AH

1 SERVICE LIST FOR: TRICO ELECTRIC COOPERATIVE, INC. AND TUCSON ELECTRIC  
POWER COMPANY  
2 DOCKET NOS. E-01461A-09-0019 AND E-01933A-09-0019

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4 Mr. David Couture  
Tucson Electric Power Company  
5 One South Church Avenue  
Post Office Box 711  
6 Tucson, Arizona 85702

7 Mr. Bill Cyr  
8 8780 South Highway 95  
Post Office Box 6870  
9 Mohave Valley, Arizona 86440

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

13  
14 Ms. Janice M. Alward  
Chief Counsel, Legal Division  
15 Arizona Corporation Commission  
1200 West Washington Street  
16 Phoenix, Arizona 85007

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