

ORIGINAL

OPEN MEETING



0000149683

MEMORANDUM

RECEIVED

TO: THE COMMISSION
 FROM: Utilities Division
 DATE: November 26, 2013
 RE: UNS ELECTRIC, INC. AND MOHAVE ELECTRIC COOPERATIVE, INC. --
 JOINT APPLICATION FOR AN ORDER APPROVING A BORDERLINE
 AGREEMENT (DOCKET NOS. E-04204A-13-0348 AND E-01750A-13-0348)

Arizona Corporation Commission

2013 NOV 26 P 2: 36

DOCKETED

NOV 26 2013

AZ CORP COMMISSION
DOCKET CONTROL

DOCKETED BY	
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On October 9, 2013, UNS Electric, Inc. ("UNS Electric") and Mohave Electric Cooperative, Inc. ("MEC") filed for Commission approval of a borderline agreement allowing MEC to provide service to WPI-919 Farm AZ's ("WPI Farm") property located at the corner of Vanderslice Road and King Street in Mohave County, Arizona. WPI Farm is currently served by MEC. However, the additional land that WPI Farm intends to farm is located in UNS Electric's service territory.

The nearest UNS Electric facilities to WPI Farm that can provide the requested three-phase service are approximately 12,672 feet away. The cost of the line extension, pursuant to UNS Electric's applicable tariff, would be approximately \$181,093.37 with an estimated deposit of \$18,110.00 required to cover the estimated cost of the engineering design. Additional easements and permits would be necessary to access the property. In contrast, the nearest MEC facilities that can provide the requested service are approximately 125 feet away and the cost of the line extension to a temporary service, pursuant to MEC's Service Rules and Regulations, would be approximately \$13,000.00 plus an estimated deposit of \$500.00 required to cover the estimated cost of engineering design. Any additional easements and permits necessary to access the property would be secured by WPI Farm at no cost to MEC.

UNS Electric and MEC entered into an Electric Service Authorization Agreement ("Agreement"), dated October 9, 2013, which contains a number of provisions for providing service. Pursuant to the Agreement, UNS Electric reserves the right to provide electric service to WPI Farm when UNS Electric determines that it is economically feasible to do so. In the event that UNS Electric determines that it can provide such service, UNS Electric will: 1) provide MEC and WPI Farm written notice thereof not less than thirty (30) calendar days prior to extending service to WPI Farm, and 2) coordinate with MEC the exchange of the service, including the transfer of any facilities paid for by WPI Farm and dedicated exclusively to providing service to WPI Farm.

If MEC provides service to the location, it would be under MEC's Large Irrigation Pumping Service Schedule IP. If UNS Electric were to provide service to the location, it would be under UNS Electric's Pricing Plan LGS. The rates under these respective rate schedules as of November 1, 2013, are shown in the table below.

THE COMMISSION

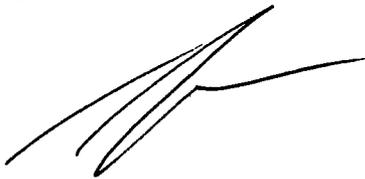
Docket Nos. E-04204A-13-0348 AND E-01750A-13-0348

Page 2

	UNS Electric – LGS	MEC Rates – IP
Customer Charge	\$16.00	\$61.76
Demand Charge	\$14.12 per kW	7.52 per kW
Energy Charge	\$0.062076 per kWh	\$0.082254 per kWh

UNS Electric's and MEC's rates are difficult to compare due to their respective structures and are dependent on the customer's load characteristics. A high load factor customer could realize significant savings on UNS Electric's rate schedule since a larger portion of the cost is in the demand charge. The up-front and on-going costs to a customer of taking service from MEC and/or UNS Electric likely will change over time as the Commission considers line extension and hookup fee matters and rate proceedings in the future.

Staff believes that the proposed borderline agreement would allow WPI Farm to receive service at an initial lower cost and that approval of the borderline agreement is in the public interest. Staff recommends approval of the borderline agreement between MEC and UNS Electric. Staff further recommends that UNS Electric be required to notify the Utilities Division prior to exercising its right to provide service to the location in question in the future.



Steven M. Olea
Director
Utilities Division

SMO:PML:sms\BES

ORIGINATOR: Patrick Lowe

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BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP
Chairman
GARY PIERCE
Commissioner
BRENDA BURNS
Commissioner
BOB BURNS
Commissioner
SUSAN BITTER SMITH
Commissioner

IN THE MATTER OF THE JOINT
APPLICATION OF UNS ELECTRIC, INC.
AND MOHAVE ELECTRIC
COOPERATIVE, INC. FOR AN ORDER
APPROVING A BORDERLINE
AGREEMENT

DOCKET NOS. E-04204A-13-0348 AND
E-01750A-13-0348
DECISION NO. _____
ORDER

Open Meeting
December 17 and 18, 2013
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. UNS Electric, Inc. ("UNS Electric") and Mohave Electric Cooperative, Inc. ("MEC") are certificated to provide electric service as public service corporations in the state of Arizona.

2. On October 9, 2013, UNS Electric and MEC filed for Commission approval of a borderline agreement allowing MEC to provide service to WPI-919 Farm AZ, LLC's ("WPI Farm") property located at the corner of Vanderslice Road and King Street in Mohave County, Arizona. WPI Farm is currently served by MEC; however, the additional land that WPI Farm intends to farm is located in UNS Electric's service territory.

3. The nearest UNS Electric facilities to WPI Farm that can provide the requested three-phase service are approximately 12,672 feet away. The cost of the line extension, pursuant to UNS Electric's applicable tariff, would be approximately \$181,093.37, with an estimated deposit of \$18,110.00 required to cover the cost of the engineering design. Additional easements and

1 permits would be necessary to access the property. In contrast, the nearest MEC facilities that can
 2 provide the requested service are approximately 125 feet away and the cost of the line extension to
 3 a temporary service, pursuant to MEC's Service Rules and Regulations, would be approximately
 4 \$13,000.00 plus an estimated deposit of \$500.00 required to cover the estimated cost of
 5 engineering design. Any additional easements and permits necessary to access the property would
 6 be secured by WPI Farm at no cost to MEC.

7 4. UNS Electric and MEC entered into an Electric Service Authorization Agreement
 8 ("Agreement"), dated October 9, 2013, which contains a number of provisions for providing
 9 service. Pursuant to the Agreement, UNS Electric reserves the right to provide electric service to
 10 WPI Farm when UNS Electric determines that it is economically feasible to do so. In the event that
 11 UNS Electric determines it can provide such service, UNS Electric will: 1) provide MEC and WPI
 12 Farm written notice thereof not less than thirty (30) calendar days prior to extending service to
 13 WPI Farm, and 2) coordinate with MEC the exchange of the service, including the transfer of any
 14 facilities paid for by WPI Farm and dedicated exclusively to providing service to WPI Farm.

15 5. If MEC provides service to the location, it would be under MEC's Large Irrigation
 16 Pumping Service Schedule IP. If UNS Electric were to provide service to the location, it would be
 17 under UNS Electric's Pricing Plan LGS. The rates under these respective rate schedules as of
 18 November 1, 2013, are shown in the table below.

	UNS Electric – LGS	MEC Rates – IP
20 Customer Charge	\$16.00	\$61.76
21 Demand Charge	\$14.12 per kW	7.52 per kW
22 Energy Charge	\$0.062076 per kWh	\$0.082254 per kWh

23 6. UNS Electric's and MEC's rates are difficult to compare due to their respective
 24 structures and are dependent on the customer's load characteristics. A high load factor customer
 25 could realize significant savings on UNS Electric's rate schedule since a larger portion of the cost
 26 is in the demand charge. The up-front and on-going costs to a customer of taking service from

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1 MEC and/or UNS Electric likely will change over time as the Commission considers line
2 extension and hookup fee matters and rate proceedings in the future.

3 7. Staff believes that the proposed borderline agreement would allow WPI Farm to receive
4 service at an initial lower cost and that approval of the borderline agreement is in the public
5 interest. Staff has recommended approval of the borderline agreement between MEC and UNS
6 Electric. Staff has further recommended that UNS Electric be required to notify the Utilities
7 Division prior to exercising its right to provide service to the location in question in the future.

8 CONCLUSIONS OF LAW

9 1. UNS Electric and MEC are Arizona public service corporations within the meaning
10 of Article XV, Section 2, of the Arizona Constitution.

11 2. The Commission has jurisdiction over UNS Electric, MEC and over the subject
12 matter of the application.

13 3. The Commission, having reviewed the application and Staff's memorandum dated
14 November 26, 2013, concludes that it is in the public interest to approve the borderline agreement
15 between MEC and UNS Electric.

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ORDER

IT IS THEREFORE ORDERED that the borderline agreement between Mohave Electric Cooperative, Inc. and UNS Electric, Inc. to serve WPI-919 Farm AZ, LLC, as discussed herein, be approved.

IT IS FURTHER ORDERED that UNS Electric, Inc. be required to notify the Utilities Division Director prior to exercising its right to provide service to WPI-919 Farm AZ, LLC's property located at the corner of Vanderslice Road and King Street in Mohave County, Arizona, in the future.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, 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 _____, 2013.

JODI JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:PML:sms\BES

1 SERVICE LIST FOR: UNS Electric, Inc. and Mohave Electric Cooperative, Inc.
2 DOCKET NOS. E-04204A-13-0348 & E-01750A-13-0348

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