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BEFORE THE ARIZONA CORPORATION COMMISSION

2014 NOV 24 P 4: 23

Arizona Corporation Commission

DOCKETED

NOV 24 2014

COMMISSIONERS

BOB STUMP, CHAIRMAN  
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BRENDA BURNS  
BOB BURNS  
SUSAN BITTER SMITH

REC'D CORP COMMISSION  
DOCKET CONTROL

DOCKETED BY

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

DOCKET NO. E-01750A-14-0394

E-04204A-14-0394

JOINT APPLICATION

UNS Electric, Inc. ("UNS Electric"), and Mohave Electric Cooperative, Incorporated ("MEC") through undersigned counsel, hereby submit a Joint Application to the Arizona Corporation Commission ("Commission") for approval of a Borderline Agreement between UNS Electric and MEC.

**I. BACKGROUND.**

UNS Electric is a public service corporation engaged the generation, transmission and distribution of electricity for the purpose of serving its customers located within a specifically designated service area in portions of Santa Cruz and Mohave Counties, Arizona, which has been certified and approved by the Commission.

MEC is a member-owned electric cooperative 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, Yavapai, and Coconino Counties, Arizona, which has been certified and approved by the Commission.

**II. REQUEST.**

Mohave Sunrise Solar 1, LLC ("Applicant") is constructing a 5 MW solar generating

1 facility (the "Solar Facility") within the approximately 34 acres of property more particularly  
2 described in **Exhibit 1 to Exhibit A** (the "Property") attached hereto. The Property is located  
3 in UNS Electric's certificated territory.

4 MEC has entered into a Solar Project Power Purchase Agreement ("PPA") to acquire  
5 the output of the Solar Facility. As part of the operation of the Solar Facility, it is necessary for  
6 the power taker (MEC) to supply parasitic loads to maintain generation capability. It is not  
7 feasible for a third party, such as UNS Electric, to provide the parasitic load. Since MEC must  
8 provide the parasitic loads to the Solar Facility, Applicant has also requested MEC provide the  
9 remaining incidental electric service to the Property.

10 MEC has three-phase facilities in close proximity to the Property. Applicant will be  
11 constructing or causing to be constructed the interconnection facilities needed for the Solar  
12 Facility to supply power to MEC and receive electricity from MEC for the Solar Facility's  
13 parasitic loads. There will be minimal additional costs incurred to enable MEC to provide the  
14 remaining incidental electric service to the Property.

15 UNS Electric has three-phase facilities adjacent to the Property, but the extension of  
16 UNS Electric facilities would not satisfy the need for electricity from the power taker to meet  
17 the Solar Facility's parasitic loads.

18 At this time, it is in the best interests of Applicant to be served by MEC until such time  
19 as MEC is no longer taking power from the Solar Facility and UNS Electric determines it is  
20 economically feasible for UNS Electric to serve the Property.

21 **III. ELECTRIC SERVICE AUTHORIZATION AGREEMENT.**

22 UNS Electric and MEC have entered into an Electric Service Authorization Agreement  
23 (the "Agreement") for the Property, attached hereto as **Exhibit A**, in order for MEC to  
24 provide temporary electric service to the Property subject to the Applicant: 1) executing a  
25 non-member application for service, 2) paying any and all costs for the upgrade of MEC's

1 existing facilities, 3) securing any and all easements and permits associated with MEC's  
2 provision of such service and 4) paying all applicable deposits, fees, rates and charges  
3 associated with the requested class of service approved by the Commission for MEC's retail  
4 customers, and 5) complying with the terms and conditions of the PPA and related  
5 Interconnection Agreement that have previously been executed between MEC and Applicant.  
6 Pursuant to the Agreement, UNS Electric reserves the right to provide electric service to the  
7 Property after MEC provides written notice of its intent to permanently cease taking power  
8 from the Solar Facility. In the event MEC intends to permanently cease taking power from the  
9 Solar Facility, MEC will: 1) provide UNS Electric and Applicant written notice thereof not  
10 less than 90 calendar days prior to permanently ceasing to take power from the Solar Facility  
11 and 2) coordinate with UNS Electric the exchange of the service, including the transfer of any  
12 facilities paid for by Applicant and dedicated exclusively to providing service to the Property  
13 at no cost to UNS Electric.<sup>1</sup> UNS Electric and MEC request that the Commission approve the  
14 Agreement.

15 Applicants, UNS Electric and MEC, believe that the Agreement will be consistent with  
16 and promote the public interest, and will be in the best interest of Applicant to enable it to  
17 more efficiently and economically be provided electric service for the Solar Facility and  
18 Property.

19 UNS Electric has no outstanding line extension agreement with Applicant. There are  
20 no easements or rights-of-way to be transferred. The Applicant shall be charged the  
21 applicable Commission approved rate(s) by MEC. A copy of this Joint Application has been  
22 mailed to Applicant as set forth on the certificate of service.

23 WHEREFORE, UNS Electric and MEC jointly and respectfully request the  
24 Commission to issue its order approving the Agreement.

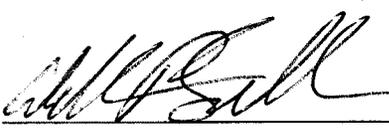
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<sup>1</sup> The transfer of facilities would not include structures from MEC's lines to the point of interconnection as reflected on Exhibit 2 to Exhibit A, which facilities will be retained by MEC.

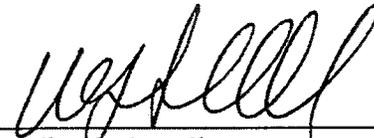
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RESPECTFULLY SUBMITTED this 24<sup>th</sup> day of November, 2014.

MOHAVE ELECTRIC COOPERATIVE,  
INCORPORATED

UNS ELECTRIC, INC.

By:   
Michael Curtis, General Counsel  
Mohave Electric Cooperative,  
Incorporated  
c/o Curtis, Goodwin, Sullivan,  
Udall & Schwab, P.L.C.  
501 E. Thomas Rd.  
Phoenix, Arizona 85012

By:   
Bradley S. Carroll  
UNS Electric, Inc.  
88 East Broadway, MS HQE910  
P.O. Box 711  
Tucson, Arizona 85702

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PROOF OF AND CERTIFICATE OF MAILING

I hereby certify that on this 24<sup>th</sup> day of November, 2014, I caused the foregoing document to be served on the Arizona Corporation Commission by delivering the original and thirteen (13) copies of the above to:

Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

COPY of the foregoing hand delivered  
this 24<sup>th</sup> day of November, 2014 to:

Janice Alward, Chief Counsel  
Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Steve Olea, Director  
Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

COPY of the foregoing mailed  
this 24<sup>th</sup> day of November, 2014 to:

Mohave Sunrise Solar 1, LLC  
6263 N. Scottsdale Rd., Suite 290  
Scottsdale, AZ 85250

By: Mary Walker

EXHIBIT A

**ELECTRIC SERVICE AUTHORIZATION AGREEMENT**

THIS ELECTRIC SERVICE AUTHORIZATION AGREEMENT (this "Agreement") is entered into this 21<sup>st</sup> day of November 2014, by and between UNS Electric, Inc., an Arizona corporation ("UNS Electric") and Mohave Electric Cooperative, Incorporated ("MEC").

**RECITALS:**

- A. The real property described in Exhibit 1 attached hereto (the "Subject Area") is within the area of UNS Electric's Certificates of Convenience and Necessity issued by the Arizona Corporation Commission ("Commission");
- B. Mohave Sunrise Solar 1, LLC ("Customer") is constructing a 5 MW solar facility (the Solar Facility) with the Subject Area;
- C. Customer and MEC have entered into a Solar Project Power Purchase Agreement ("PPA") regarding the purchase of the output of the Solar Facility, including the associated renewable energy credits;
- D. As part of the operation of the Solar Facility, it is necessary for the power taker (MEC) to supply parasitic loads to maintain generation capability;
- E. Customer also has requested that MEC provide the remaining incidental electric service to the Subject Area;
- F. In UNS Electric's opinion, because of current conditions it is beneficial to the Customer for UNS Electric to temporarily permit MEC to provide electric service to the Subject Area so long as MEC is the taker of power from the solar facility, which MEC is willing to provide as hereafter agreed.

**PROMISES AND CONVENANTS:**

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

- 1. MEC is hereby authorized by UNS Electric to enter the Subject Area, certificated to UNS Electric, and construct and maintain electric service lines and facilities necessary to receive power from the solar facility being constructed by Customer and to serve the electric needs of the Subject

Area so long as MEC is taking power from the Solar Facility.

2. MEC is willing to provide temporary electric service to the Subject Area for so long as it is taking power produced from the Solar Facility built by Customer, subject to Customer: a) executing a non-member service agreement; b) paying all costs of facilities necessary to enable MEC to provide the requested service; c) securing at no cost to MEC any and all permits and easements MEC determines are needed to provide the requested service; d) paying all applicable deposits, fees, rates and charges associated with the requested class of service approved by the Arizona Corporation Commission for MEC's retail customers, and e) complying with the terms and conditions of the PPA and related Interconnection Agreement that have previously been executed between MEC and Customer.

3. MEC shall provide UNS and the Customer not less than ninety (90) days written notice of its intent to permanently cease taking power from the Solar Facility. Upon receipt of such written notice, MEC and UNS shall cooperate on the transferring of service to UNS, including transferring all of MEC's title and interest in those facilities paid for by the Customer and dedicated exclusively to serving the Customer, but excluding structures from MEC's lines to the point of interconnection as reflected on Exhibit 2, which facilities will be retained by MEC. The transfer of such facilities from MEC to UNS shall be at no cost to UNS. Any upgrades of MEC's facilities used to serve other customers of MEC shall remain the property of MEC.

4. MEC will then discontinue providing electric service to Customer in the Subject Area on a date mutually agreed upon by MEC and UNS.

5. MEC and UNS shall have no obligation, but may separately agree to allow MEC to retain any facilities UNS does not intend to use to serve the Customer.

6. The transfer to UNS of MEC's facilities dedicated exclusively to serve the Customer shall not be subject to further approval by the Commission.

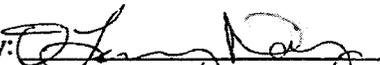
7. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors in interest and assigns, whether arising voluntarily or by operation of law.

8. This Agreement shall become effective upon approval by the Commission.

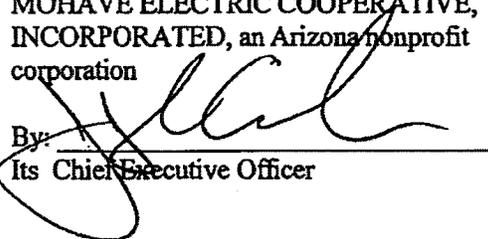
[SIGNATURE PAGE FOLLOWS]

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

UNS ELECTRIC, INC.,  
an Arizona corporation

By:   
Its Senior Director

MOHAVE ELECTRIC COOPERATIVE,  
INCORPORATED, an Arizona nonprofit  
corporation

By:   
Its Chief Executive Officer

**Exhibit 1**  
**Legal Description of the "Subject Area"**

All that certain real property situated in the County of Mohave, State of Arizona, (APN 221-35-018), described as follows:

A part of the South half of the East half of the West half (S ½ E ½ W ½ ) of Section 31, Township 19 North, Range 21 West of the Gila and Salt River Base and Meridian, Mohave County, Arizona, more particularly described as follows:

Commencing at the Southwest corner of the Southeast quarter of the Southwest quarter (S/W ¼ S/E ¼ S/W ¼) of said Section 31;

THENCE North 00°03'40" East a distance of 42 Feet along the west line of said Southeast quarter of the Southwest quarter to the TRUE POINT OF BEGINNING;

THENCE Continuing North 00°03'40" East a distance of 1370 Feet along the west line of said Southeast quarter of the Southwest quarter;

THENCE South 89°56'56" East a distance of 1080 Feet;

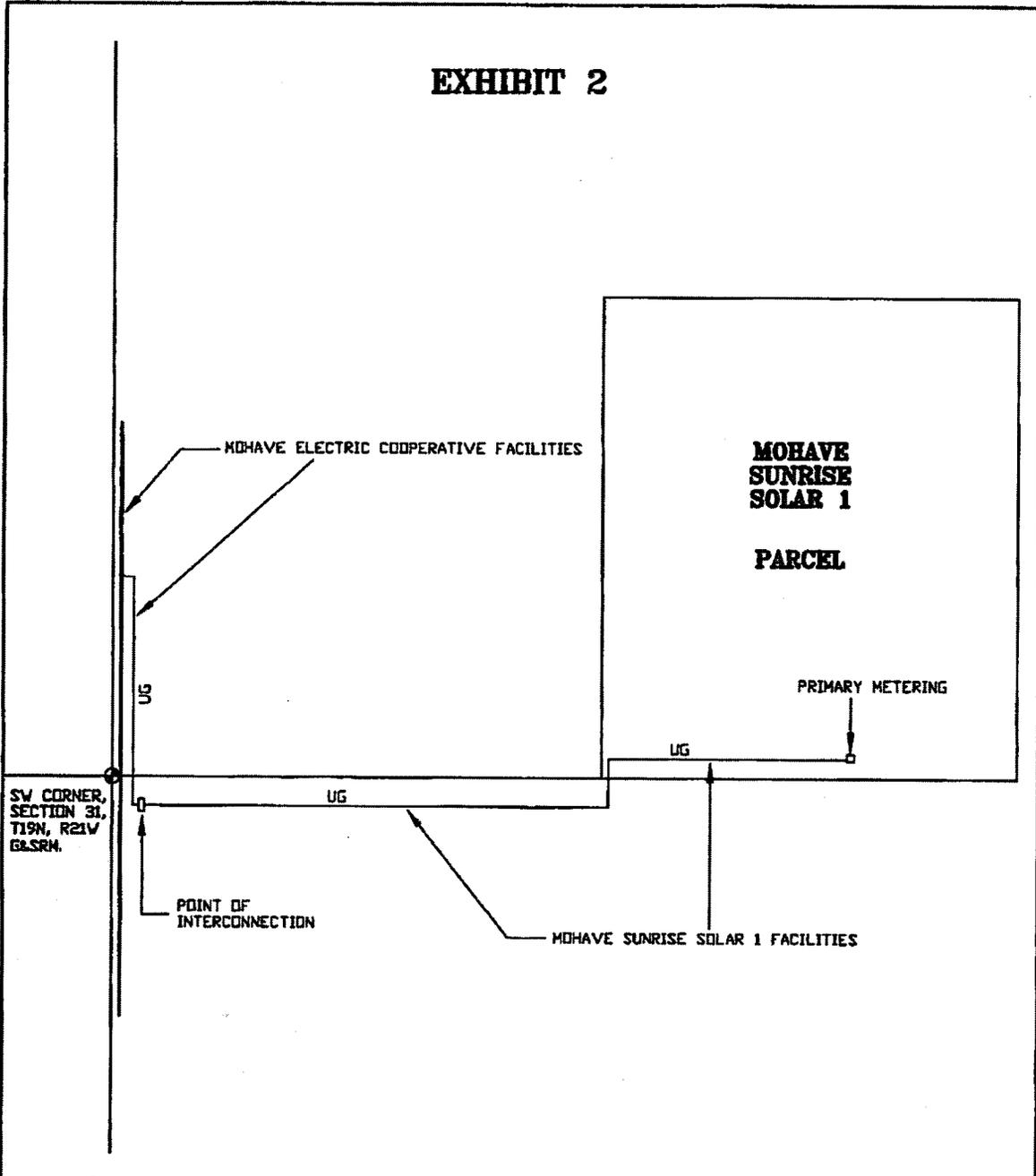
THENCE South 00°03'40" West a distance of 1370 Feet to the North line of a 42 foot Public Right Of Way as described in Book 1992, Page 312, Official Records of Mohave County;

THENCE North 89°56'56" West along the Northerly Right Of Way line a distance of 1080 Feet to the TRUE POINT OF BEGINNING. Said parcel contains 34 acres more or less.

Except all oil and gas, coal and minerals, as reserved in instrument recorded in Book 58 of Deeds, Page 300.

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# EXHIBIT 2



<b>MOHAVE ELECTRIC COOPERATIVE INC.</b>  <b>ARIZONA 22</b>		<b>EXHIBIT 2</b>		SCALE 1 INCH = N.T.S.	
DWN. BY GARY FISER FILE	APPD. BY DATE 10-1-14	STATE & CO. ARIZONA MOHAVE	SEC. T-R SW 1/4 S31 T19N R21W	MAP NO.	