

ORIGINAL

NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION

AZ CORP COMMISSION  
DOCKET CONTROL

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Arizona Corporation Commission

DOCKETED

JAN 28 2016

**COMMISSIONERS**

- DOUG LITTLE, INTERIM CHAIRMAN
- BOB STUMP
- BOB BURNS
- TOM FORESE
- VACANT

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

DOCKET NO. E-01750A-16-0031 -  
E-04204A-16-0031 -

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 in 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.

...

1 By Commission Decision No. 74972 dated March 16, 2015, the Commission approved  
2 a Borderline Agreement between UNS and MEC authorizing MEC to serve a specific 34 acres  
3 of property within the certificated area of UNS where a 5 MW solar generating facility has been  
4 constructed and MEC is purchasing its output under a solar power purchase agreement.

5 An additional 11 MW solar generating facility ("11 MW Solar Facility") is now being  
6 constructed on approximately 84.5 acres on the property, as described in **Exhibit 1 to Exhibit**  
7 **A** (the "Property"). The Property is located in proximity to the 5 MW solar facility as depicted  
8 on **Exhibit B**. The 11 MW Solar Facility is being developed by Constellation Solar Arizona 2,  
9 LLC ("Applicant"), an affiliate of the owner of the 5 MW solar facility. MEC has agreed to  
10 acquire the output of the 11 MW Solar Facility under a Solar Power Purchase Agreement (the  
11 "PPA").

12 **II. REQUEST.**

13 Applicant is constructing the 11 MW Solar Facility within the Property. The Property  
14 is located in UNS Electric's certificated territory.

15 MEC has entered into the PPA to acquire the output of the 11 MW Solar Facility. A  
16 copy of the PPA has been provided to Commission Staff. As part of the operation of the 11 MW  
17 Solar Facility, it is necessary for the power taker (MEC) to supply parasitic loads to maintain  
18 generation capability. It is not feasible for a third party, such as UNS, to provide the parasitic load.  
19 Since MEC must provide the parasitic loads to the Solar Facility, Applicant has also requested  
20 MEC provide the remaining incidental electric service to the Property.

21 MEC has three-phase facilities in close proximity to the Property. Applicant will be  
22 constructing or causing to be constructed the interconnection facilities needed for the Solar Facility  
23 to supply power to MEC and receive electricity from MEC for the Solar Facility's parasitic loads.  
24 There will be minimal additional cost incurred to enable MEC to provide the remaining incidental  
25 electric service to the Property.

1           UNS Electric has three-phase facilities adjacent to the Property, but the extension of  
2 UNS Electric facilities would not satisfy the need for electricity from the power taker to meet  
3 the 11 MW Solar Facility's parasitic loads.

4           At this time, it is in the best interests of the public and the Applicant for MEC to serve  
5 the Property until such time as MEC is no longer taking power from the 11 MW Solar Facility  
6 and UNS Electric determines it is economically feasible for UNS Electric to serve the Property.

7 **III. ELECTRIC SERVICE AUTHORIZATION AGREEMENT.**

8           UNS Electric and MEC have entered into an Electric Service Authorization Agreement  
9 (the "Agreement") for the Property, attached hereto as **Exhibit A**, in order for MEC to provide  
10 temporary electric service to the Property subject to the Applicant: 1) executing a non-member  
11 application for service, 2) paying any and all costs for the upgrade of MEC's existing facilities,  
12 3) securing any and all easements and permits associated with MEC's provision of such service,  
13 4) paying all applicable deposits, fees, rates and charges associated with the requested class of  
14 service approved by the Commission for MEC's retail customers, and 5) complying with the  
15 terms and conditions of the PPA and related Interconnection Agreement that have previously been  
16 executed between MEC and Applicant. Pursuant to the Agreement, UNS Electric reserves the  
17 right to provide electric service to the Property after MEC provides written notice of its intent  
18 to permanently cease taking power from the Solar Facility. In the event MEC intends to  
19 permanently cease taking power from the Solar Facility, MEC will: 1) provide UNS Electric  
20 and Applicant written notice thereof not less than 90 calendar days prior to permanently ceasing  
21 to take power from the Solar Facility, and 2) coordinate with UNS Electric the exchange of the  
22 service, including the transfer of any facilities paid for by Applicant and dedicated exclusively  
23 to providing service to the Property at no cost to UNS.<sup>1</sup> UNS Electric and MEC request that  
24 the Commission approve the Agreement.

25 <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.

1           UNS Electric, MEC and Applicant, believe the Agreement to be consistent with and  
2 promotes the public interest, and is in the best interest of Applicant.

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

7           The name, address, telephone number, facsimile number and e-mail address of the  
8 attorneys and representatives for UNS Electric and MEC upon whom service of all documents  
9 is to be made are:

10  
11           Bradley S. Carroll  
12           UNS Electric, Inc.  
13           88 East Broadway, MS HQE910  
14           P.O. Box 711  
15           Tucson, Arizona 85702  
16           Phone: 520-884-3679  
17           E-mail: bcarroll@tep.com

18  
19           William P. Sullivan  
20           Law Offices of William P. Sullivan, P.L.L.C.  
21           501 East Thomas Road  
22           Phoenix, Arizona 85012  
23           Phone: 602-393-1700  
24           Fax: 602-393-1703  
25           E-mail: wps@wsullivan.attorney

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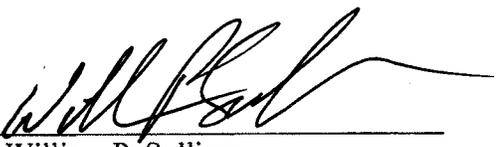
Jonathan A. Coury  
Hool Coury Law, PLC  
2398 East Camelback Road, Suite 1020  
Phoenix, Arizona 85016  
Phone: 602-852-5583  
Fax: 602-852-5499  
Email: jcoury@hoolcourylaw.com

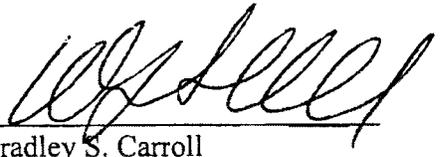
WHEREFORE, UNS Electric and MEC jointly and respectfully request the Commission to issue its order approving the Agreement.

RESPECTFULLY SUBMITTED this 28<sup>th</sup> day of January 2016.

MOHAVE ELECTRIC COOPERATIVE,  
INCORPORATED

UNS ELECTRIC, INC.

By:   
William P. Sullivan  
William P. Sullivan, P.L.L.C.  
501 East Thomas Road  
Phoenix, Arizona 85012

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

PROOF OF AND CERTIFICATE OF MAILING

I hereby certify that on this 28<sup>th</sup> day of January 2016, 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

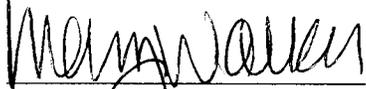
1 COPY of the foregoing hand delivered  
2 this 28<sup>th</sup> day of Jan, 2016 to:

3 Janice Alward, Chief Counsel  
4 Legal Division  
5 Arizona Corporation Commission  
6 1200 West Washington Street  
7 Phoenix, Arizona 85007

8 Thomas Broderick, Director  
9 Utilities Division  
10 Arizona Corporation Commission  
11 1200 West Washington Street  
12 Phoenix, Arizona 85007

13 COPY of the foregoing mailed  
14 this 28<sup>th</sup> day of Jan, 2016 to:

15 Constellation Solar Arizona 2, LLC  
16 100 Constellation Way, Suite 1000C  
17 Baltimore, MD 21202  
18 Attn: Vice President, Solar

19 By: 

20 P:\\_WPS PLLC\2056 Mohave Electric\Application (Jt) to Approve Borderline Agreement (MSSII - UNS\_MEC) 1 13 16.docx

21  
22  
23  
24  
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# EXHIBIT A

**ELECTRIC SERVICE AUTHORIZATION AGREEMENT**  
**(BORDERLINE AGREEMENT)**

THIS ELECTRIC SERVICE AUTHORIZATION AGREEMENT (this "Agreement") is entered into this 20 day of January, 2011, by and between UNS Electric, Inc., an Arizona corporation ("UNS Electric") and Mohave Electric Cooperative, Incorporated, an Arizona nonprofit corporation ("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. Constellation Solar Arizona 2, LLC ("Customer") is constructing an 11 MW solar facility (the "Solar Facility") within 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 COVENANTS:**

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.

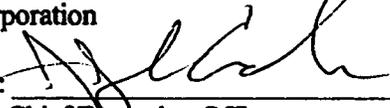
[SIGNATURE PAGE FOLLOWS]

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 Sr. Director

MOHAVE ELECTRIC COOPERATIVE,  
INCORPORATED, an Arizona nonprofit  
corporation

By:   
Its Chief Executive Officer

## EXHIBIT 1

### Legal Description of the "Subject Area"

#### LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF MOHAVE, STATE OF ARIZONA, AND IS DESCRIBED AS FOLLOWS:

PARCEL NO. 1:

That portion of the North half 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 Northwest corner of said Section 31,

Thence South 89 degrees 23 minutes 15 seconds East along the North line of said Section 31 a distance of 973.35 feet;

Thence departing the North line of said Section 31 South 00 degrees 07 minutes 22 seconds East a distance of 42.00 feet to the TRUE POINT OF BEGINNING;

Thence South 89 degrees 23 minutes 15 seconds East parallel and 42 feet South of the Section line a distance of 1663.88 feet to a point on the mid section line of Section 31;

Thence South 89 degrees 22 minutes 28 seconds East along a line 42 feet South of the North line of the Northeast quarter of Section 31 a distance of 625.51 feet;

Thence South 00 degrees 29 minutes 17 seconds West a distance of 1672.19 feet,

Thence North 89 degrees 22 minutes 48 seconds West a distance of 1944.28 feet to a point on the East line of Government Lot 2;

Thence North 00 degrees 26 minutes 35 seconds East along the East line of Government Lot 2 a distance of 391.21 feet to the Northeast corner of Government Lot 2;

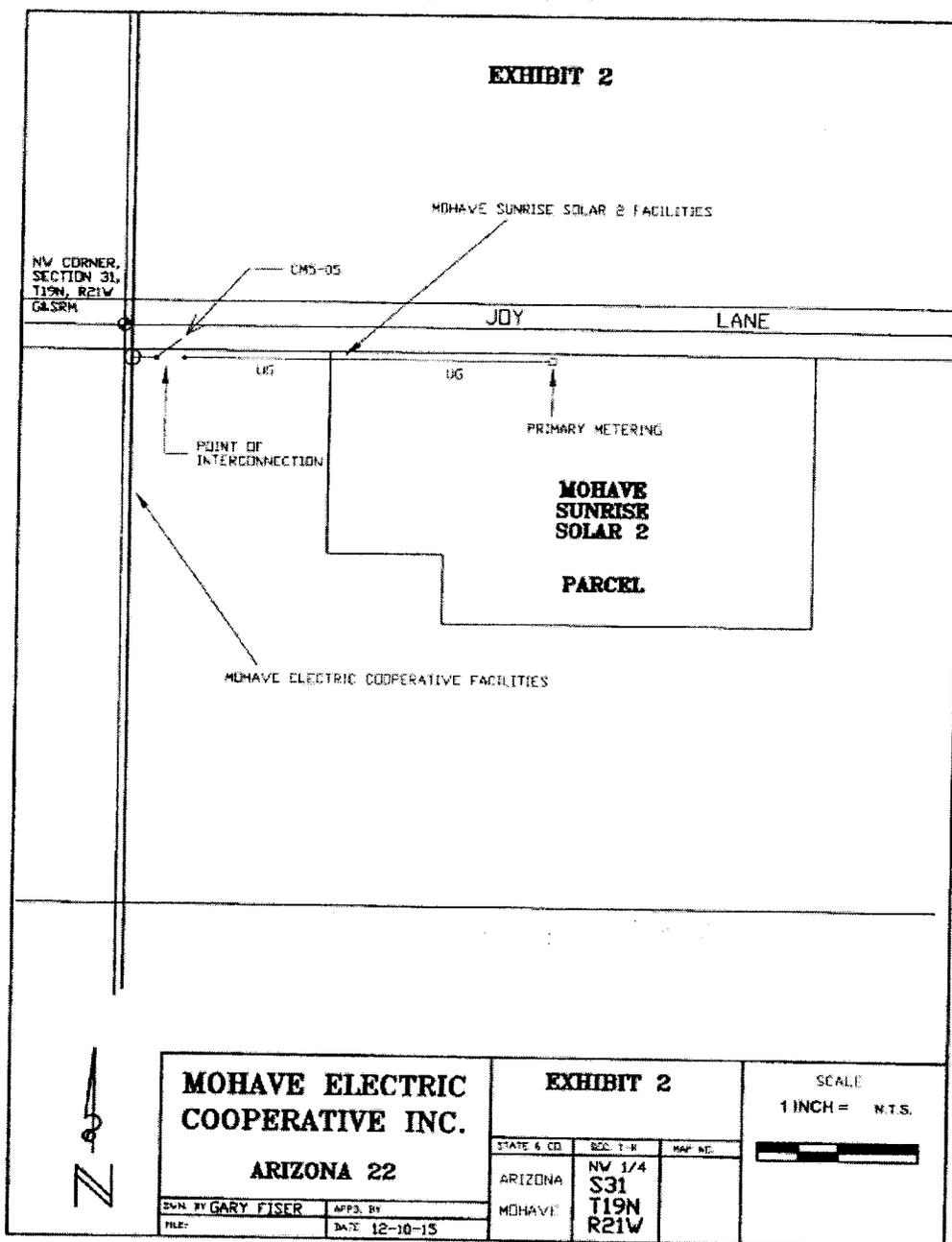
Thence North 89 degrees 24 minutes 33 seconds West along the North line of Government Lot 2 a distance of 331.15 feet;

Thence North 00 degrees 07 minutes 22 seconds West a distance of 1281.10 feet to the TRUE POINT OF BEGINNING.

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

## EXHIBIT 2

### Map/Survey of Subject Area and Point of Interconnection



**MOHAVE ELECTRIC  
COOPERATIVE INC.**

**ARIZONA 22**

**EXHIBIT 2**

SCALE  
1 INCH = N.T.S.

STATE & CO.	SEC. T-R	MAP NO.
ARIZONA	NW 1/4 S31	
MOHAVE	T19N R21W	

ENR. BY GARY FISER	APPR. BY
FILE:	DATE 12-10-15