

NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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OCT 04 2016

COMMISSIONERS

DOUG LITTLE, CHAIRMAN
BOB STUMP
BOB BURNS
TOM FORESE
ANDY TOBIN

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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-04204A-16-0359
E-01750A-16-0359

JOINT APPLICATION

UNS Electric, Inc. ("UNS Electric"), and Mohave Electric Cooperative, Incorporated ("MEC"), through undersigned counsel, hereby submit this 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 **II. REQUEST.**

2 Gray Hawk Solar, LLC¹ (“Customer”) (surviving entity and successor in interest to LS-
3 Cliffrose, LLC (“Cliffrose”)), intends to construct a 46 MW solar generating facility (“Solar Facility”)
4 and to take an assignment of the Solar Power Purchase Agreement with UNS Electric as described
5 below. The Solar Facility will consist of approximately 500 acres, and will be in Mohave County,
6 Arizona as more particularly described on **Exhibit 1** to the form of Electric Service Authorization
7 Agreement (“Borderline Agreement”) attached as **Exhibit A** (the “Property”) to this Joint
8 Application. The Property on which Customer intends to construct the Solar Facility is located in
9 MEC’s certificated territory, while the interconnection point for the Solar Facility will be located in
10 UNS Electric’s certificated territory.

11 UNS Electric and Cliffrose entered into a Solar Power Purchase Agreement with Customer
12 dated as of June 23, 2015, to acquire the output of the Solar Facility, as amended by that certain First
13 Amendment to Solar Project Power Purchase Agreement dated July 29, 2016, and as may be further
14 amended, (collectively “PPA”). Cliffrose intends to assign the PPA to Customer. As part of the
15 operation of the 46 MW Solar Facility, it is necessary for UNS Electric, as a purchaser under the PPA
16 (power taker), to supply parasitic load to maintain generation capability. It is not feasible nor cost-
17 effective for a third party, such as MEC, to provide the parasitic load. Since UNS Electric must provide
18 the parasitic load to the Solar Facility, Customer has also requested UNS Electric provide the remaining
19 incidental electric service to the Property.²

20 Customer has requested that the Solar Facility interconnect to UNS Electric’s 69 kV
21 transmission system via 2.5 miles of 795 ACSR conductor to the 69 kV industrial substation served
22 from Hilltop 230 kV substation. Customer will be constructing or causing to be constructed the
23 interconnection facilities needed for the Solar Facility to supply power to UNS Electric and receive

24 ¹ Or such other special purpose entity which shall be an affiliate of Gray Hawk Solar, LLC, or subsidiary of Torch Clean
25 Energy, LLC in accordance with the terms set forth in the Power Purchase Agreement.

² The Commission has approved similar borderline agreements between MEC and UNS Electric, whereby a solar facility
was in UNS Electric’s territory and MEC was requesting to serve the solar facility’s parasitic load. *See* Commission
Decision No. 75557 dated May 13, 2016 and Decision No. 74972 dated March 16, 2015.

1 electricity from UNS Electric for the Solar Facility's parasitic load. There will be minimal additional
2 cost to the customer incurred to enable UNS Electric to provide the remaining incidental electric service
3 to the Property.

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

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

9 UNS Electric and MEC have entered into a Borderline Agreement attached hereto as **Exhibit**
10 **A**, in order for UNS Electric to provide electric service to the Property. UNS Electric is willing to
11 provide electric service to the Solar Facility for so long as it is taking power produced from the Solar
12 Facility built by Customer, subject to Customer: a) executing any applicable service agreements; b)
13 paying all costs of facilities necessary to enable UNS Electric to provide the requested service; c)
14 securing at no cost to UNS Electric any and all permits and easements UNS Electric determines are
15 needed to provide the requested service; d) paying all applicable deposits, fees, rates and charges
16 associated with the requested class of service approved by the Commission for UNS Electric's retail
17 customers; and e) complying with the terms and conditions of the PPA and related interconnection
18 agreement to be entered into between UNS Electric and Customer.

19 Pursuant to the Borderline Agreement, MEC reserves the right to provide electric service to
20 the Property after UNS Electric provides written notice of its intent to permanently cease taking power
21 from the Solar Facility. In the event UNS Electric intends to permanently cease taking power from the
22 Solar Facility, UNS Electric will: 1) provide MEC and Customer written notice thereof not less than
23 ninety (90) calendar days prior to permanently ceasing to take power from the Solar Facility, and 2)
24 coordinate MEC the exchange of the service, including the transfer of any facilities paid for by UNS
25 Electric and dedicated exclusively to providing service to the Property at no cost to MEC.

1 UNS Electric and MEC believe the Borderline Agreement to be consistent with and promote
2 the public interest, and is in the best interest of the UNS Electric to enable it to provide more efficient
3 and economical electric service for the Solar Facility and Property.

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

8 The name, address, telephone number, facsimile number and e-mail address of the attorneys
9 for UNS Electric and MEC upon whom service of all documents 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

WHEREFORE, UNS Electric and MEC request the Commission to issue an order approving
the Borderline Agreement by December 31, 2016.

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RESPECTFULLY SUBMITTED this 4th day of October, 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

1 **Original and thirteen copies of the foregoing**
2 filed this 4th day of October, 2016, with:

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington
6 Phoenix, Arizona 85007

7 **COPY of the foregoing hand delivered**
8 this 4th day of October, 2016, to:

9 Janice Alward, Chief Counsel
10 Legal Division
11 Arizona Corporation Commission
12 1200 West Washington Street
13 Phoenix, Arizona 85007

14 Thomas Broderick, Director
15 Utilities Division
16 Arizona Corporation Commission
17 1200 West Washington Street
18 Phoenix, Arizona 85007

19 Dwight D. Nodes, Chief Administrative Law Judge
20 Hearing Division
21 Arizona Corporation Commission
22 1200 West Washington
23 Phoenix, Arizona 85007

24 **COPY of the foregoing mailed**
25 this 4th day of October, 2016 to:

Travis Haggard
Torch Clean Energy
4 Houston Center
1331 Lamar, Ste 1075
Houston, TX 77010-3039
Email: thaggard@torchcleanenergy.com

LS-Cliffrose, LLC
c/o Longview Solar, LLC
1080 W. Ewing Place
Suite 300B
Seattle, WA 98119

By: Jacklyn Howard

EXHIBIT A

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

THIS ELECTRIC SERVICE AUTHORIZATION AGREEMENT (this “Agreement”) is entered into this 1st day of October, 2016 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 MEC’s Electric’s Certificates of Convenience and Necessity issued by the Arizona Corporation Commission (“Commission”);
- B. Gray Hawk Solar, LLC¹ (“Customer”) (successor in interest to LS-Cliffrose, LLC (“Cliffrose”)) is constructing a 46 MW solar facility (the “Solar Facility”) within the Subject Area;
- C. Cliffrose and UNS Electric have entered into a Solar Project Power Purchase Agreement (“PPA”) dated June 23, 2015, as amended by that certain First Amendment to Solar Project Power Purchase Agreement dated July 29, 2016, and as further amended, regarding the purchase of the output of the Solar Facility, including the associated renewable energy credits;
- D. Cliffrose intends to assign the PPA to Customer in accordance with the terms set forth in the PPA;
- E. As part of the operation of the Solar Facility, it is necessary for the power taker (“UNS Electric”) to supply parasitic loads to maintain generation capability;
- F. Customer also has requested that UNS Electric provide the remaining incidental electric service to the Subject Area;
- G. In MEC’s opinion, because of current conditions it is beneficial to the Customer for MEC to temporarily permit UNS Electric to provide electric service to the Subject Area so long as

¹ Or another special purpose entity which shall be an affiliate of Gray Hawk Solar, LLC, or subsidiary of Torch Clean Energy, LLC.

UNS Electric is the taker of power from the solar facility, which UNS Electric is willing to provide as hereafter agreed.

PROMISES AND CONVENANTS:

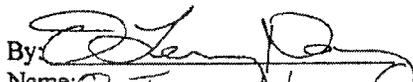
NOW, THEREFORE, in consideration of the foregoing recitals and in further consideration of the following covenants, promises, and provisions, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, for themselves, their agents, employees, successors and assigns, do hereby agree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

1. UNS Electric is hereby authorized by MEC to enter the Subject Area, certificated to MEC, 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 UNS Electric is taking power from the Solar Facility.
2. UNS Electric 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 any applicable service agreements; b) paying all costs of facilities necessary to enable UNS Electric to provide the requested service; c) securing at no cost to UNS Electric any and all permits and easements UNS Electric 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 UNS Electric's retail customers; and e) complying with the terms and conditions of the PPA and related Interconnection Agreement that have previously been executed between UNS Electric and Customer.
3. UNS Electric shall provide MEC 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, UNS Electric and MEC shall cooperate on the transferring of service to MEC, including transferring all of UNS Electric's title and interest in those facilities paid for by the Customer and dedicated exclusively to serving the Customer, but excluding structures from UNS Electric's lines to the point of interconnection as reflected on Exhibit 2, which facilities will be retained by UNS Electric. The transfer of such facilities from UNS Electric to MEC shall be at no cost to MEC. Any upgrades of UNS Electric's facilities used to serve other customers of UNS Electric shall remain the property of UNS Electric.

4. UNS Electric will then discontinue providing electric service to Customer in the Subject Area on a date mutually agreed upon by UNS Electric and MEC.
5. UNS Electric and MEC shall have no obligation, but may separately agree to allow UNS Electric to retain any facilities MEC does not intend to use to serve the Customer.
6. The transfer to MEC of UNS Electric'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.

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

UNS ELECTRIC, INC.,
an Arizona corporation

By: 
Name: O. Terry Namy
Title: Sr. Director

MOHAVE ELECTRIC COOPERATIVE,
INCORPORATED, an Arizona nonprofit
corporation

By: 
Name: Arden G. Lauxman
Title: Chief Financial Officer

EXHIBIT 1

Legal Description of the "Subject Area"

Legal description of properties:

1. Long Mountain Valley Ranches, Parcels 30-1 through 30-16, Section 30, Township 23 North, Range 15 West, Gila & Salt River Meridian, Mohave County, Arizona.

Properties comprising approximately 652.82 acres.

Note: Long Mountain Valley Ranches being more particularly described in Book 13, Record of Surveys, Pages 22-22D, recorded on October 13, 1995 at Fee # 95-53419, M.C.R., which descriptions are incorporated herein by reference.

EXHIBIT 2

Map/Survey of Subject Area and Point of Interconnection

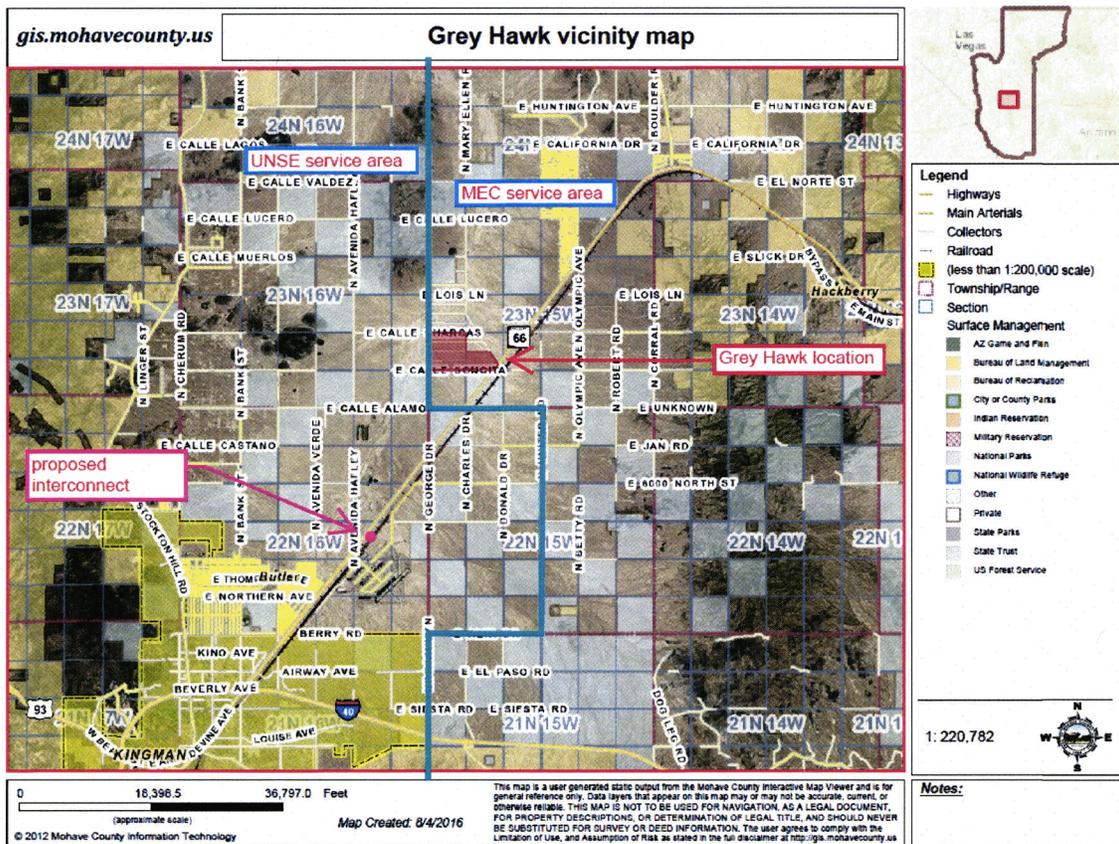
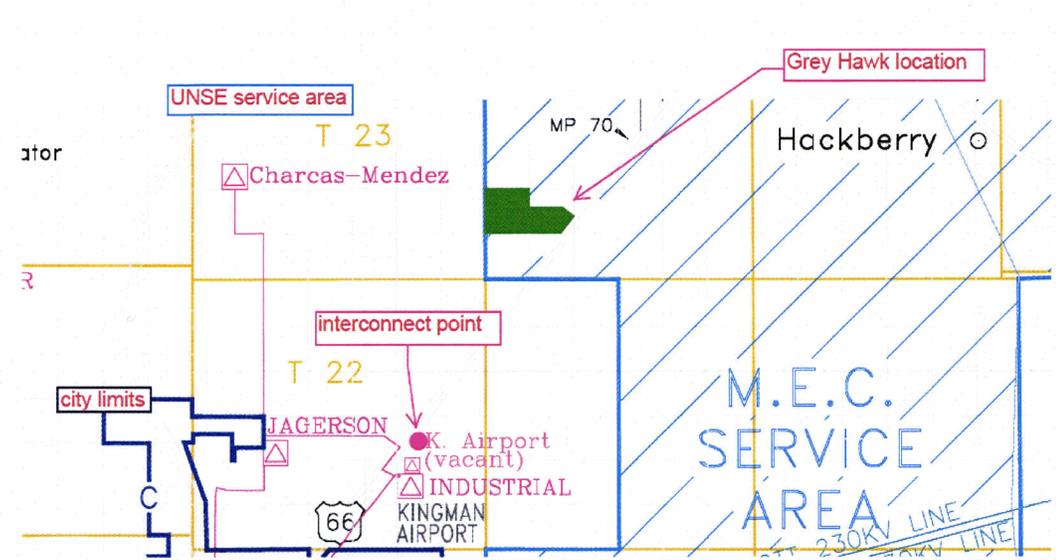


EXHIBIT 2 (continued)

Map/Survey of Subject Area and Point of Interconnection

