

ORIGINAL

OPEN MEETING



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MEMORANDUM

Arizona Corporation Commission

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TO: THE COMMISSION

DOCKETED 2017 MAR 22 A 10: 24

FROM: Utilities Division

MAR 22 2017

DATE: March 22, 2017

DOCKETED BY
GB

RE: IN THE MATTER OF THE JOINT APPLICATION OF UNS ELECTRIC, INC. AND MOHAVE ELECTRIC COOPERATIVE, INCORPORATED FOR AN ORDER APPROVING A BORDERLINE AGREEMENT (DOCKET NOS. E-04204A-17-0038 AND E-01750A-17-0038)

INTRODUCTION

Enclosed are the Commission Staff's memorandum and proposed order for the Joint Application of UNS Electric, Inc. and Mohave Electric Cooperative, Incorporated for an order approving a Borderline Agreement (Docket Nos. E-04204A-17-0038 and E-01750A-17-0038). This is only a Staff recommendation to the Commission; it has not yet become an order of the Commission. The Commission can decide to accept, amend or reject Staff's proposed order.

You may file comments to the recommendation(s) of the proposed order by filing an original and thirteen (13) copies of the comments with the Commission's Docket Control Center at 1200 W. Washington St., Phoenix, AZ 85007 by 4:00 p.m. on or before **April 3, 2017**.

This matter may be scheduled for Commission deliberation at its Open Meetings scheduled **April 5, 2017**, at 10:00 a.m. and **April 6, 2017** at 10:00 a.m.

If you have any questions about this matter, please contact Beth Soliere of our Staff at (602) 542-0830 or Elijah Abinah, Acting Director, at (602) 542-6935.

BACKGROUND

On February 14, 2017, UNS Electric, Inc. ("UNS") and Mohave Electric Cooperative, Incorporated ("MEC") filed a Joint Application and Borderline Agreement ("Joint Application") for MEC to provide electric service to residential customers, Mr. and Mrs. Victor Van Houten (collectively "Customer"), located at 13075 East Marble Drive, Kingman, Arizona ("Van Houten property").

The Van Houten property is located within UNS's certificated territory. According to the Joint Application, the Van Houten property is located approximately 4,000 feet from UNS's facilities, and the estimated cost to establish the requested single-phase service is \$65,000. Alternatively, MEC is located in very close proximity to the Van Houten property, and the cost to extend service is \$11,500. MEC is willing to provide electric service to the Van Houten property

subject to: 1) Customer executing a non-member application for service; 2) Customer paying all costs for the upgrade of MEC's existing facilities necessary to enable MEC to provide the requested service; 3) Customer securing any and all easements and permits associated with MEC's provision of such service; and 4) Customer paying all applicable deposits, fees, rates and charges associated with the requested class of service approved by the Arizona Corporation Commission ("Commission") for MEC's retail customers.

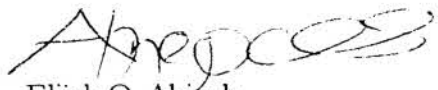
In the event MEC intends to permanently cease providing power to the Van Houten property, MEC will: 1) provide UNS and the Customer written notice of not less than 90 calendar days prior to ceasing power to the Customer; and 2) coordinate with UNS the exchange of service at no cost to UNS.

STAFF ANALYSIS AND RECOMMENDATIONS

Staff believes that the Borderline Agreement between UNS and MEC is a reasonable solution to allow extension of electric service to the Van Houten property and is in the public interest. Therefore, Staff recommends the Commission approve the Borderline Agreement between UNS and MEC.

In addition, Staff recommends that MEC be required to notify the Commission prior to exercising its right to provide service to the Van Houten property.

Staff further recommends that the Commission specify in its Order that approval of the Borderline Agreement at this time does not guarantee any future ratemaking treatment of the Borderline Agreement between UNS and MEC.



Elijah O. Abinah
Acting Director
Utilities Division

EOA:BLS:red\BH

ORIGINATOR: Beth Soliere

THE COMMISSION

March 22, 2017

Page 3

On this 22nd day of March, 2017, the foregoing document was filed with Docket Control as a **Utilities Division Memorandum & Proposed Order**, and copies of the foregoing were mailed on behalf of the Utilities Division to the following who have not consented to email service. On this date or as soon as possible thereafter, the Commission's eDocket program will automatically email a link to the foregoing to the following who have consented to email service.

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BEFORE THE ARIZONA CORPORATION COMMISSION

TOM FORESE
Chairman
BOB BURNS
Commissioner
DOUG LITTLE
Commissioner
ANDY TOBIN
Commissioner
BOYD DUNN
Commissioner

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-17-0038
E-01750A-17-0038

DECISION NO. _____

ORDER

Open Meeting
April 5 and 6, 2017
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. UNS Electric, Inc. ("UNS") and Mohave Electric Cooperative, Incorporated ("MEC") are engaged in providing electric service within portions of Arizona, pursuant to authority granted by the Arizona Corporation Commission ("Commission" or "ACC").

Background

2. On February 14, 2017, UNS and MEC filed a Joint Application and Borderline Agreement ("Joint Application") for MEC to provide electric service to residential customers, Mr. and Mrs. Van Houten ("Customer") located at 13075 East Marble Drive, Kingman, Arizona, ("Van Houten property").

Borderline Agreement

3. The Van Houten Property is located within UNS's certificated territory. According to the Joint Application, the Van Houten property is located approximately 4,000 feet from UNS's facilities, and the estimated cost to establish the requested single-phase service is \$65,000.

1 Alternatively, MEC is located in very close proximity to the Van Houten property, and the cost to
2 extend service is \$11,500.

3 4. MEC is willing to provide electric service to the Van Houten property subject to: 1)
4 Customer executing a non-member application for service; 2) Customer paying all costs for the
5 upgrade of MEC's existing facilities necessary to enable MEC to provide the requested service; 3)
6 Customer securing any and all easements and permits associated with MEC's provision of such
7 service; and 4) Customer paying all applicable deposits, fees, rates and charges associated with the
8 requested class of service approved by the Commission for MEC's retail customers.

9 5. In the event MEC intends to permanently cease providing power to the Van Houten
10 property, MEC will: 1) provide UNS and the Customer written notice of not less than 90 calendar
11 days prior to ceasing power to the Customer; and 2) coordinate with UNS the exchange of service at
12 no cost to UNS.

13 **Recommendations**

14 6. Staff believes the Borderline Agreement between UNS and MEC is a reasonable
15 solution to allow extension of electric service to the Van Houten property and is in the public interest.

16 7. Staff has recommended that the Commission approve the Borderline Agreement
17 between UNS and MEC.

18 8. Staff has recommended that MEC be required to notify the Commission prior to
19 exercising its right to provide service to the Van Houten property.

20 9. Staff has further recommended that the Commission specify in its Order that approval
21 of the Borderline Agreement at this time does not guarantee any future ratemaking treatment of the
22 Borderline Agreement between UNS and MEC.

23 CONCLUSIONS OF LAW

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

26 2. The Commission has jurisdiction over UNS and MEC and over the subject matter of
27 the Joint Application.

28 ...

1 IT IS FURTHER ORDERED that approval of the Borderline Agreement at this time does
2 not guarantee any future ratemaking treatment of the Borderline Agreement between UNS Electric,
3 Inc. and Mohave Electric Cooperative, Incorporated.

4 IT IS FURTHER ORDERED that this decision shall become effective immediately.

5
6 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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8 _____
CHAIRMAN FORESE

COMMISSIONER DUNN

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10
11 _____
COMMISSIONER TOBIN

COMMISSIONER LITTLE

COMMISSIONER BURNS

12
13 IN WITNESS WHEREOF, I, TED VOGT, Executive
14 Director of the Arizona Corporation Commission, have
15 hereunto, set my hand and caused the official seal of this
16 Commission to be affixed at the Capitol, in the City of
17 Phoenix, this _____ day of _____, 2017.

18 _____
TED VOGT
EXECUTIVE DIRECTOR

19
20 DISSENT: _____

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22 DISSENT: _____

23 EOA:BLS:red/BH
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1 SERVICE LIST FOR: UNS Electric, Inc. and Mohave Electric Cooperative, Incorporated
2 Docket Nos. E-04204A-17-0038 and E-01750A-17-0038

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