

ORIGINAL

OPEN MEETING



0000180771

MEMORANDUM

RECEIVED
AZ CORP COMMISSION
DOCKET CONTROL

2017 JUN 26 A 11: 25

Arizona Corporation Commission

DOCKETED

JUN 26 2017

DOCKETED BY
CB

TO: THE COMMISSION

FROM: Utilities Division

DATE: June 26, 2017

RE: IN THE MATTER OF THE JOINT APPLICATION OF TRICO ELECTRIC COOPERATIVE, INC. AND TUCSON ELECTRIC POWER COMPANY FOR AN ORDER APPROVING A BORDERLINE AGREEMENT (DOCKET NOS. E-01461A-17-0121 AND E-01933A-17-0121)

INTRODUCTION

Enclosed are the Commission Staff's Memorandum and Proposed Order for the joint application of Trico Electric Cooperative, Inc. and Tucson Electric Power Company for an order approving a borderline agreement (Docket Nos. E-01461A-17-0121 and E-01933A-17-0121). 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 July 10, 2017.

This matter may be scheduled for Commission deliberation at its Open Meetings scheduled **July 11, 2017**, at 10:00 a.m. and **July 12, 2017**, at 10:00 a.m.

If you have any questions about this matter, please contact Candrea Allen of our Staff at (602) 364-0235 or Elijah Abinah, Director, at (602) 542-6935.

BACKGROUND

Trico Electric Cooperative, Inc. ("Trico") is a member-owned electric distribution cooperative that provides service within portions of Pima, Pinal, and Santa Cruz Counties, Arizona. Tucson Electric Power Company ("TEP") is an electric public service corporation that provides generation, transmission, and distribution service within portions of Pima County, Arizona.

On May 3, 2017, Trico and TEP filed a joint application requesting approval of a borderline agreement for Trico to provide electric service to residential customers, Mr. Daniel Nieves-Gonzalez and Ms. Christine Fuentes-Feliciano (collectively "Customer"), located at 3755 E. Wetstones Road, Vail, Arizona 85641 in Pima County ("Property").

APPLICATION

The Property is located within TEP's service territory. Although located in TEP's service territory, with TEP facilities located approximately 600 feet from the Property, the cost for TEP to provide a line extension to the Property is estimated to be in excess of \$2,000. The cost for Trico to extend facilities to the Property, with Trico facilities located approximately 15-20 feet from the Property, is estimated to be \$0.

Trico is willing to provide electric service to the Property subject to: 1) Customer executing an application for service; 2) Customer paying any and all costs for the line extension or upgrade of Trico's existing facilities necessary to enable Trico to provide the requested service; 3) Customer securing any and all easements and permits associated with Trico'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 Commission for Trico's retail customers.

In the event Trico intends to permanently cease providing service to the Property, Trico will: 1) provide TEP and the Customer written notice of not less than 90 calendar days prior to ceasing service to the Customer; and 2) coordinate with TEP for the exchange of service at no cost to TEP and the Customer. However, in the event that TEP determines it is economically feasible for TEP to provide electric service to the Property, TEP will: 1) provide Trico and the Customer written notice of not less than 90 calendar days prior to the intended date of TEP providing service to the Property, and 2) coordinate with Trico for the exchange of service, including transferring any facilities paid for by Trico and dedicated to providing service exclusively to the Property, at no cost to Trico or the Customer.

STAFF ANALYSIS AND RECOMMENDATIONS

Staff believes that the borderline agreement between Trico and TEP is a reasonable solution to allow extension of electric service to the Property and is in the public interest. Therefore, Staff recommends approval of the borderline agreement between Trico and TEP as described. In addition, Staff recommends that TEP be required to notify the Commission prior to exercising its right to provide service to the 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 Trico and TEP.



Elijah O. Abinah

Director

Utilities Division

EOA:CLA:red\BG

ORIGINATOR: Candrea Allen

THE COMMISSION

June 26, 2017

Page 3

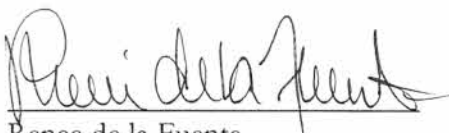
On this 26th day of June, 2017, the foregoing document was filed with Docket Control as a **Utilities Division Memorandum & Proposed Order**, and copies of the foregoing were mailed on behalf of the Utilities Division to the following who have not consented to email service. On this date or as soon as possible thereafter, the Commission's eDocket program will automatically email a link to the foregoing to the following who have consented to email service.

Mr. Timothy J. Sabo
Snell & Wilmer, LLC
One Arizona Center
400 East Van Buren
Phoenix, Arizona, 85004

Mr. Bradley S. Carroll
Tucson Electric Power Company
88 East Broadway, MS HQE910
P.O Box 711
Tucson, Arizona 85702

Mr. Andy Kvesic
Arizona Corporation Commission
Director, Legal Division
1200 W. Washington
Phoenix, Arizona 85007
LegalDiv@azcc.gov
Eabinah@azcc.gov

Consented to Service by Email

By: 
Renee de la Fuente
Administrative Support Specialist

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

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 TRICO ELECTRIC COOPERATIVE, INC. AND TUCSON ELECTRIC POWER COMPANY FOR AN ORDER APPROVING A BORDERLINE AGREEMENT

DOCKET NOS. E-01461A-17-0121
E-01933A-17-0121
DECISION NO. _____
ORDER

Open Meeting
July 11 and 12, 2017
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Trico Electric Cooperative, Inc. ("Trico") and Tucson Electric Power Company ("TEP") are certificated to provide electric service within portions of Arizona, pursuant to authority granted by the Arizona Corporation Commission ("Commission").

Background

2. Trico is a member-owned electric distribution cooperative that provides service within portions of Pima, Pinal, and Santa Cruz Counties, Arizona. TEP is an electric public service corporation that provides generation, transmission, and distribution service within portions of Pima County, Arizona.

3. On May 3, 2017, Trico and TEP filed a joint application requesting approval of a borderline agreement for Trico to provide electric service to residential customers, Mr. Daniel Nieves-Gonzalez and Ms. Christine Fuentes-Feliciano (collectively "Customer"), located at 3755 E. Wetstones Road, Vail, Arizona 85641 in Pima County ("Property").

Application

4. The Property is located within TEP's service territory. Although located in TEP's service territory, with TEP facilities located approximately 600 feet from the Property, the cost for TEP to provide a line extension to the Property is estimated to be in excess of \$2,000. The cost for Trico to extend facilities to the Property, with facilities Trico facilities located approximately 15-20 feet from the Property, is estimated to be \$0.

5. Trico is willing to provide electric service to the Property subject to: 1) Customer executing an application for service; 2) Customer paying any and all costs for the line extension or upgrade of Trico's existing facilities necessary to enable Trico to provide the requested service; 3) Customer securing any and all easements and permits associated with Trico'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 Commission for Trico's retail customers.

6. In the event Trico intends to permanently cease providing service to the Property, Trico will: 1) provide TEP and the Customer written notice of not less than 90 calendar days prior to ceasing service to the Customer; and 2) coordinate with TEP for the exchange of service at no cost to TEP and the Customer. However, in the event that TEP determines it is economically feasible for TEP to provide electric service to the Property, TEP will: 1) provide Trico and the Customer written notice of not less than 90 calendar days prior to the intended date of TEP providing service to the Property, and 2) coordinate with Trico for the exchange of service, including transferring any facilities paid for by Trico and dedicated to providing service exclusively to the Property, at no cost to Trico or the Customer.

Staff Analysis and Recommendations

7. Staff believes that the borderline agreement between Trico and TEP is a reasonable solution to allow extension of electric service to the Property and is in the public interest. Therefore, Staff has recommended approval of the borderline agreement between Trico and TEP as described.

8. In addition, Staff has recommended that TEP be required to notify the Commission prior to exercising its right to provide service to the Property.

...

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

IT IS FURTHER ORDERED that approval of the borderline agreement at this time does not guarantee any future ratemaking treatment of the borderline agreement between Trico Electric Cooperative, Inc. and Tucson Electric Power Company.

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

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN FORESE

COMMISSIONER DUNN

COMMISSIONER TOBIN

COMMISSIONER LITTLE

COMMISSIONER BURNS

IN WITNESS WHEREOF, I, TED VOGT, 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 _____, 2017.

TED VOGT
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

EOA:CLA:red/BG

1 SERVICE LIST FOR: Trico Electric Cooperative, Inc. and Tucson Electric Power Company
2 Docket Nos. E-01461A-17-0121 and E-01933A-17-0121

3 Mr. Timothy J. Sabo
4 Snell & Wilmer, LLC
5 One Arizona Center
6 400 East Van Buren
7 Phoenix, Arizona, 85004

8 Mr. Bradley S. Carroll
9 Tucson Electric Power Company
10 88 East Broadway, MS HQE910
11 P.O Box 711
12 Tucson, Arizona 85702

13 Mr. Andy Kvesic
14 Arizona Corporation Commission
15 Director, Legal Division
16 1200 W. Washington
17 Phoenix, Arizona 85007
18 LegalDiv@azcc.gov
19 Eabinah@azcc.gov

20 **Consented to Service by Email**

21
22
23
24
25
26
27
28