

ORIGINAL OPEN MEETING



MEMORANDUM RECEIVED

30NE

2007 NOV 15 P 2: 16

TO: THE COMMISSION

FROM: Utilities Division

AZ CORP COMMISSION  
DOCUMENT CONTROL

DATE: November 15, 2007

RE: **ADDENDUM TO ARIZONA PUBLIC SERVICE COMPANY'S REVISED LINE EXTENSION TARIFF SCHEDULE 3 (DOCKET NOS. E-01345A-05-0816, E-01345A-05-0826 AND E-01345A-05-0827)**

This memorandum is an addendum to the Memo dated November 2, 2007, addressing the referenced Docket. The purpose of this Memo is to address an issue that Staff inadvertently failed to address in its previous Memorandum (dated November 2, 2007). In its filing on October 24, 2007, APS proposed a transition plan affecting the applicability of the revised Line Extension Schedule 3. APS proposed that all those applicants who have executed line extension agreements as of the date that this revised Schedule 3 is approved would be "grandfathered" into the old Schedule 3. Staff agrees with APS' proposal.

APS provided two options that would allow for additional grandfathering. Applicants that have not executed a line extension agreement could be "grandfathered" if they meet both of the following conditions: (1) such applicant has received from APS, within six months prior to the approval of revised Schedule 3, a written estimate of the costs to the applicant for extending service; and (2) that same applicant executes a written line extension agreement within 12 months of the effective date of the revised Schedule 3. A variant on this option would have the 12 months run from the date the written estimate is received by the applicant, which would give each potential applicant the same amount of time after having received an estimate from APS to execute a line extension agreement. Staff recommends the Commission approve the first alternative.

The revised Recommended Opinion and Order that incorporates Staff's recommendation in regards to APS' transition plan is attached herewith.

  
Ernest G. Johnson  
Director  
Utilities Division

EGJ:PKB:lhm\JFW

ORIGINATOR: Prem Bahl

Arizona Corporation Commission  
**DOCKETED**

NOV 15 2007

DOCKETED BY	NR
-------------	----

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**

MIKE GLEASON  
Chairman  
WILLIAM A. MUNDELL  
Commissioner  
JEFF HATCH-MILLER  
Commissioner  
KRISTIN K. MAYES  
Commissioner  
GARY PIERCE  
Commissioner

IN THE MATTER OF THE APPLICATION )  
OF ARIZONA PUBLIC SERVICE )  
COMPANY - REVISED LINE EXTENSION )  
TARIFF SCHEDULE 3 )

DOCKET NOS. E-01345A-05-0816  
E-01345A-05-0826  
E-01345A-05-0827

DECISION NO. \_\_\_\_\_  
ORDER

Open Meeting  
November 27 and 28, 2007  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Arizona Public Service Company ("APS") is certificated to provide electric service as a public service corporation in the State of Arizona.
2. Decision No. 69663 ordered APS, within 30 days after the effective date of the Decision, to file for Commission approval a revised Line Extension Tariff that eliminates any free footage or free equipment allowance, and remove any requirement for any economic feasibility analysis in its line extension policy.
3. On July 27, 2007, APS filed in Docket Control the revised Schedule 3. On October 24, 2007, APS filed an amended version of its proposed Schedule 3 tariff, which replaced the Company's July 27, 2007 filing.
4. The current Schedule 3 grants equipment allowances and/or economic feasibility analyses. For example, there is a \$5,000 equipment allowance for single family homes.

1 Elimination of the free allowance and economic feasibility analyses is in accordance with the  
2 waivers of Arizona Administrative Code R14-2-207(C.1 and C.2) granted by Decision No. 69663.

3         5. Staff is in agreement with the proposed tariff filed by APS on October 24, 2007,  
4 which removes all free footage and free equipment allowance for all classes of customers, and  
5 eliminates economic feasibility analysis in all line extension cases. However, Staff takes  
6 exception to what is stated in the second paragraph of Schedule 3, "...All payments received for  
7 new or upgraded service under provisions of this schedule shall be non-refundable and treated as  
8 Other Electric Revenue."

9         6. Staff believes that discussion of the accounting treatment of payments should not be  
10 included in the tariff, and, therefore, the sentence should be deleted from the tariff. Furthermore,  
11 Staff disagrees with APS' contention that these payments should be treated as revenues. Staff  
12 believes that these payments should continue to be treated as Contributions in Aid of Construction  
13 ("CIAC") until the Commission orders otherwise.

14         7. Staff has recommended approval of the amended Schedule 3 tariff filed by APS on  
15 October 24, 2007, with the above noted exception.

16         8. Along with its proposal for the new Schedule 3, APS also submitted the transition  
17 plan describing how this new Schedule 3 would be implemented. APS proposed that all those  
18 applicants who have executed line extension agreements as of the date that this revised Schedule 3  
19 is approved would be "grandfathered" into the old Schedule 3. Staff agrees with APS' proposal.

20         9. APS provided two options that would allow for additional grandfathering.  
21 Applicants that have not executed a line extension agreement could be "grandfathered" if they  
22 meet both of the following conditions: (1) such applicant has received from APS, within six  
23 months prior to the approval of revised Schedule 3, a written estimate of the costs to the applicant  
24 for extending service; and (2) that same applicant executes a written line extension agreement  
25 within 12 months of the effective date of the revised Schedule 3. A variant on this option would  
26 have the 12 months run from the date the written estimate is received by the applicant, which  
27 would give each potential applicant the same amount of time after having received an estimate

28 ...

1 from APS to execute a line extension agreement. Staff recommends the Commission approve the  
2 first alternative.

3 10. Staff has further recommended that within 15 days of the effective date of the order  
4 in this matter, APS file with Docket Control, as a compliance matter in this docket, amended tariff  
5 pages that are consistent with the Decision in this matter.

6 CONCLUSIONS OF LAW

7 1. APS is an Arizona public service corporation within the meaning of Article XV,  
8 Section 2, of the Arizona Constitution.

9 2. The Commission has jurisdiction over APS and over the subject matter of the  
10 application.

11 3. The Commission, having reviewed the application and Staff's Memorandum dated  
12 November 2, 2007, concludes that the Schedule 3 tariff filed on October 24, 2007, amended to  
13 include Staff's recommendation in Findings of Fact No. 6, is in the public interest.

14 4. The Commission, having reviewed the application and Staff's Addendum  
15 Memorandum dated November 15, 2007, concludes that APS' Transition Plan as recommended by  
16 Staff in Finding of Fact No. 9 is in the public interest.

17 ORDER

18 IT IS THEREFORE ORDERED that the APS Schedule 3 tariff filed on October 24, 2007,  
19 is hereby approved, with the modifications recommended in Finding of Fact No. 6.

20 IT IS THEREFORE ORDERED and that APS adopt the transition plan recommended by  
21 Staff as described in Finding of Fact No. 9.

22 ...  
23 ...  
24 ...  
25 ...  
26 ...  
27 ...  
28 ...

1 IT IS FURTHER ORDERED that within 15 days of the effective date of the order in this  
 2 matter, APS file with Docket Control, as a compliance matter in this docket, amended tariff pages  
 3 that are consistent with the Decision in this matter.

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

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

CHAIRMAN	COMMISSIONER	
COMMISSIONER	COMMISSIONER	COMMISSIONER

12 IN WITNESS WHEREOF, I DEAN S. MILLER, Interim  
 13 Executive Director of the Arizona Corporation Commission,  
 14 have hereunto, set my hand and caused the official seal of  
 15 this Commission to be affixed at the Capitol, in the City of  
 16 Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2007.

17 \_\_\_\_\_  
 18 DEAN S. MILLER  
 19 Interim Executive Director

20 DISSENT: \_\_\_\_\_

21 DISSENT: \_\_\_\_\_

22 EGJ:PKB:lhmfJFW

1	SERVICE LIST FOR: Arizona Public Service Company	
2	DOCKET NOS. E-01345A-05-0816, et al.	
3	Deborah R. Scott	Sein Seitz, President
4	Kimberly A. Grouse	Arizona Solar Energy Industries Association
5	SNELL & WILMER	3008 North Civic Center Plaza
6	One Arizona Center	Scottsdale, AZ 85251
7	400 East Van Buren	
8	Phoenix, AZ 85004-2202	Dan Austin
9	Thomas L. Mumaw	Comverge, Inc.
10	Karilee S. Ramaley	6509 West Frye Road, Suite 4
11	Pinnacle West Capital Corporation	Chandler, AZ 85226
12	P. O. Box 53999, MS 8695	Timothy M. Hogan
13	Phoenix, AZ 85072-3999	Arizona Center for Law in the Public Interest
14	C. Webb Crockett	202 East McDowell Road, Suite 153
15	Patrick J. Black	Phoenix, AZ 85004
16	FENNEMORE CRAIG, P.C.	Jay I. Moyes
17	3003 North Central, Suite 2600	MOYES STOREY LTD.
18	Phoenix, AZ 85012-2913	1850 North Central Avenue, Suite 1100
19	Michelle Livengood	Phoenix, AZ 85004
20	UniSource Energy Services	Kenneth R. Saline, P.E.
21	One South Church Street, Suite 200	K.R. SALINE & ASSOC., PLC
22	Tucson, AZ 85702	160 North Pasadena, Suite 101
23	Steven B. Bennett	Mesa, AZ 85201
24	Deputy City Attorney	Robert W. Geake
25	City of Scottsdale	Vice President and General Counsel
26	City Attorney's Office	Arizona Water Company
27	3939 North Drinkwater Blvd.	P. O. Box 29006
28	Scottsdale, AZ 85251	Phoenix, AZ 85038-9006
	Michael W. Patten	Lieutenant Colonel Karen S. White
	ROSKA DEWULF & PATTEN, PLC	Chief, Air Force Utility Litigation Team
	One Arizona Center	AFLSA/JACL-ULT
	400 East Van Buren, Suite 800	139 Barnes Drive
	Phoenix, AZ 85004	Tyndall AFB, FL 32403
	Gary Yaquinto, President	Greg Patterson
	Arizona Utility Investors Association	Arizona Competitive Power Alliance
	2100 North Central Avenue, Suite 210	916 West Adams, Suite 3
	Phoenix, AZ 85004	Phoenix, AZ 85007

1	Jim Nelson 12621 North 17th Place Phoenix, AZ 85022	Amanda Ormond The Ormond Group LLC Southwest Representative Interwest Energy Alliance 7650 South McClintock, Suite 103-282 Tempe, AZ 85284
2		
3	George Bien-Willner 3641 North 39th Avenue Phoenix, AZ 85014	
4		
5	Gary L. Nakarado ARIZONA SOLAR ENERGY INDUSTRIES ASSOCIATION 24657 Foothills Drive North Golden, CO 80401	Michael L. Kurtz Kurt J. Boehm BOEHM, KURTZ & LOWRY 36 East Seventh Street, Suite 1510 Cincinnati, OH 45202
6		
7		
8		
9	Scott S. Wakefield RUCO 1110 West Washington, Suite 220 Phoenix, AZ 85007	Tammie Woody 10825 West Laurie Lane Peoria, AZ 85345
10		
11		Joseph Knauer, President Jewish Community of Sedona and the Verde Valley 100 Meadowlark Drive Post Office Box 10242 Sedona, AZ 86339-8242
12	Lawrence V. Robertson, Jr. MUNGER CHADWICK P. O. Box 1448 Tubac, AZ 85646	
13		
14		
15	Bill Murphy Murphy Consulting 5401 North 25th Street Phoenix, AZ 85016	David C. Kennedy, Esq. 3819 East Indian School Road Phoenix, AZ 85018
16		
17		Michael F. Healy MORGAN, LEWIS & BOCKIUS 1111 Pennsylvania Avenue, NW Washington, DC 20004
18	Andrew W. Bettwy Karen S. Haller Assistants General Counsel Legal Affairs Department SOUTHWEST GAS CORPORATION 5241 Spring Mountain Road Las Vegas, Nevada 89150	Barbara Klemstine Brian Brumfield Arizona Public Service P.O. Box 53999, Mail Station 9708 Phoenix, AZ 85072-3999
19		
20		
21		
22	Tracy Spoon Sun City Taxpayers Association 12630 North 103rd Avenue, Suite 144 Sun City, AZ 85351	Jon Poston AARP Electric Rate Project 6733 East Dale Lane Cave Creek, AZ 85331
23		
24		
25	Douglas V. Fant Law Offices of Douglas V. Fant 3655 West Anthem Drive Suite A-109 PMB 411 Anthem, AZ 85086	Coralette Hannon AARP Government Relations & Advocacy 6705 Reedy Creek Road Charlotte, NC 28215
26		
27		
28		

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

Michael M. Grant  
GALLAGHER & KENNEDY, P.A.  
2575 E. Camelback Road  
Phoenix, AZ 85016-9225

Jana Van Ness  
Arizona Public Service Company  
400 North 5<sup>th</sup> Street, MS 8695  
Phoenix, AZ 85004

Mr. Ernest G. Johnson  
Director, Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Mr. Christopher C. Kempley  
Chief Counsel, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007