

124 FERC ¶ 61,314  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Sudeen G. Kelly, Marc Spitzer,  
Philip D. Moeller, and Jon Wellinghoff.

Arizona Public Service Company

Docket Nos. ER08-1264-000  
ER08-1264-001

ORDER ON TARIFF REVISIONS

(Issued September 30, 2008)

1. In this order, the Commission rejects proposed tariff revisions submitted by Arizona Public Service Company (APS). APS proposed to modify certain non-rate terms and conditions of its open access transmission tariff (OATT), in order to waive certain requirements regarding the designation of network resources.

**APS' Filing**

2. On July 14, 2008, as amended August 26, 2008, APS filed revisions to its OATT proposing to modify section 29.2.8 (Applications Procedures for Network Transmission Service) and section 30.2 (Designation of New Network Resources) in order to waive the OATT requirement that in order to designate a resource as a network resource, the network customer must own or have committed to purchase power from that resource. According to APS, one of its existing network customers has certain retail customers that have received an allocation of "preference power"<sup>1</sup> from the Western Area Power Administration (WAPA). In order for these retail customers to receive their allocated preference power, that power must be transmitted from WAPA's transmission system over the transmission system of APS. According to APS, under WAPA's legal requirements for preference power, only the recipient of the preference power allocation, in this case the retail customer, may take title to the power. Because the network

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<sup>1</sup> Preference power is generation produced by the Bureau of Reclamation or a Federal power marketing administration that is made available to certain eligible entities.

customer cannot take title to the power, APS states that the network customer cannot fulfill the requirements under APS' OATT for designating the preference power as a network resource, and therefore, cannot fulfill the requirements for taking network transmission service for delivery of that power.

3. In order to effect the proposed change in its OATT, APS proposes to add specific language to sections 29.2.8 and 30.2, respectively, that waives the necessity for network customers, under this circumstance, to designate the preference power as a network resource. As a result, APS proposes that the following language, as highlighted below, be added to sections 29.2.8 and 30.2:

29.2.8 **“Except with regard to preference power being allocated to a retail customer of an Eligible Customer, where the retail customer is not otherwise eligible for service under this Tariff,** a statement signed by an authorized officer from or agent of the Network Customer attesting that all of the network resources ... satisfy the following conditions: ...”

30.2 Designation of Network Resources

“ ... A designation of a new Network Resource must be made through the Transmission Provider's OASIS by a request for modification of service pursuant to an Application under Section 29. **Except with regard to preference power being allocated to a retail customer of an Eligible Customer, where the retail customer is not otherwise eligible for service under this Tariff,** this request must include a statement that the new network resource satisfies the following conditions: ...”

4. APS requests that the Commission accept its proposed tariff revisions effective September 1, 2008.

#### **Notice of Filing**

5. Notices of APS' filings were published in the *Federal Register*, 73 Fed. Reg. 44,713 (2008) and 73 Fed. Reg. 51,636 (2008), with interventions and protests due on or before August 2, 2008 and September 4, 2008, respectively. None was filed.

## Discussion

6. The Commission rejects APS' proposed tariff revisions. In Order No. 890,<sup>2</sup> the Commission affirmed the long-standing requirement that a resource must be owned, purchased or leased by the network customer in order to qualify for designation as a network resource.<sup>3</sup> Among other things, this ensures that the network customer is able to fulfill its obligation to redispatch its network resources as requested by the transmission provider.<sup>4</sup> APS has failed to demonstrate that its proposed tariff revision is consistent with the obligations of network customers under the *pro forma* OATT. APS also fails to explain why alternative arrangements, such as the use of point-to-point transmission service by the network customer, are insufficient to allow the retail customer in question to access its preference power. We therefore are unable to conclude that the proposed tariff revisions are consistent with or superior to the *pro forma* OATT.

### The Commission orders:

APS' revised tariff sheets are rejected as discussed above.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

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<sup>2</sup> *Preventing Undue Discrimination and Preference in Transmission Serv.*, Order No. 890, 72 Fed. Reg. 12,226 (Mar. 15, 2007), FERC Stats. & Regs. ¶ 31,241, *order on reh'g*, Order No. 890-A, 73 Fed. Reg. 2984 (Jan. 16, 2008), FERC Stats. & Regs. ¶ 31,261 (2007); *order on reh'g*, Order No. 890-B, 73 Fed. Reg. 39,092 (July 8, 2008) 123 FERC ¶ 61,299 (2008).

<sup>3</sup> *See id.* P 1523, *pro forma* OATT, section 30.1.

<sup>4</sup> *Pro forma* OATT, section 30.5