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February 6, 2014

VIA ETARIFF

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

Re: *Arizona Public Service Company*, Docket No. ER14-____-000,
Agency Agreement

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act ("FPA")¹ and Part 35 of the regulations of the Federal Energy Regulatory Commission ("FERC" or "Commission"),² Arizona Public Service Company ("APS") hereby submits for filing an Agency Agreement between APS and Southern California Edison Company ("SCE"), designated as APS Rate Schedule No. 271, regarding the reassignment of SCE's grandfathered transmission service under the Edison-Arizona Transmission Agreement ("EATA"). APS requests that the Commission grant waiver of its prior notice requirements and accept the Agency Agreement for filing to be effective February 28, 2014.

I. COMMUNICATIONS

Communications regarding this filing should be sent to the following individuals:

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¹ 16 U.S.C. § 824d.

² 18 C.F.R. Part 35 (2013).

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II. INTRODUCTION

A. APS

APS, a wholly-owned subsidiary of Pinnacle West Capital Corporation ("PWCC"), is a vertically-integrated public utility doing business under the laws of the State of Arizona. APS is engaged in the business of generating, transmitting and distributing electricity to eleven of Arizona's fifteen counties. APS serves more than one million retail electric customers in Arizona, and participates in wholesale markets throughout the West. APS provides transmission service pursuant to its Commission-approved Open Access Transmission Tariff ("OATT") and owns facilities used for the sale and transmission of electric energy in interstate commerce. In addition, APS is authorized to sell wholesale power at both market-based rates and cost-based rates. APS is also a transmission customer, taking service under its OATT as well as under the transmission tariffs of other transmission providers in the West. APS is registered with the North American Electric Reliability Corporation ("NERC") for purposes of compliance with the Electric Reliability Standards and performs twelve (12) of the possible fourteen (14) registered NERC functions.³

B. The Filings in Docket No. ER14-897-000

On December 30, 2013, in Docket No. ER14-897-000, SCE submitted for filing to the Commission an Assignment and Assumption Agreement between SCE and APS ("Assignment Agreement") and a Tariff for the Assignment of Transmission Rights Purchased Under the Edison-Arizona Transmission Agreement ("Resale Tariff").⁴ SCE explained that these documents are the requisite jurisdictional documents to effectuate (i) the assignment of 300 MW of SCE's transmission rights under a grandfathered transmission service agreement known as the EATA to APS's marketing and trading business function ("APS M&T") and (ii) the periodic assignment of all or a portion of SCE's remaining transmission rights ("Remaining Rights") under the EATA to as-yet-unknown third parties (through the Resale Tariff), using the APS transmission business function ("APS Transmission") as its agent for marketing such transmission capacity.⁵ With regard to the latter, section 9 of the Resale Tariff states that "APS is authorized to act as SCE's agent for purposes of entering into transactions under this Tariff."

Consistent with section 9 of the Resale Tariff, APS and SCE have entered into the enclosed Agency Agreement, which describes the agency functions that APS Transmission function will perform for SCE in reassigning the transmission service capacity associated with SCE's Remaining Rights to third parties.

APS notes that the Agency Agreement primarily describes terms and conditions regarding reassignments of SCE's transmission service that are already memorialized in the Resale Tariff filed by SCE in Docket No. ER14-897-000. Furthermore, the remarketing of a

³ APS is currently registered with NERC as a Balancing Authority, Transmission Operator, Transmission Owner, Transmission Planner, Transmission Service Provider, Planning Authority, Generation Operator, Generation Owner, Resource Planner, Purchasing Selling Entity, Load Serving Entity and Distribution Provider.

⁴ See *Southern California Edison Co.*, Submission for Filing of Assignment Agreement and Resale Tariff, Docket No. ER14-897-000 (Dec. 30, 2013) ("December 30 Filing").

⁵ See *id.*, transmittal letter at 5.

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transmission customer's transmission capacity for reassignment is already authorized under Commission policy, as explained below. Nevertheless, out of an abundance of caution, APS is filing the Agency Agreement for the Commission's review under Section 205.

III. DESCRIPTION OF FILING

In Order No. 888, the Commission explained that a transmission customer may request that the transmission provider effect a reassignment on the customer's behalf.⁶ In this situation, the transmission provider "must immediately post the available capacity on its OASIS" and "must assure that any revenues associated with the reassignment are credited to the assignor."⁷ In addition, the "assignor may request the transmission provider to provide the billing and payment services for the reassignment."⁸

Consistent with this policy, the Agency Agreement describes APS Transmission's agreement to effect reassignments on SCE's behalf. For example, section 1 of the Agency Agreement provides that Edison "shall, through the APS OASIS, post for remarketing by APS Transmission to third parties the Remaining Rights and that "[e]ach assignment of the Remaining Rights shall take place through the APS OASIS and shall be subject to the terms and conditions of the [Resale] Tariff." The Agency Agreement further provides that APS Transmission must use its best efforts to offer the Remaining Rights at rates that will maximize the revenues to SCE from the Remaining Rights. However, APS Transmission's offer to reassign SCE's capacity must meet the terms and conditions of the Resale Tariff, which cap the rate for reassignments of SCE's capacity at the existing long-term firm point-to-point transmission rate under the APS Open Access Transmission Tariff ("OATT").⁹

SCE's existing service under the EATA may be curtailed to provide emergency service in accordance with the Edison-Navajo Transmission Agreement. As a result, as reflected in Sections 2 and 4 of the Agency Agreement, reassignments of SCE's transmission capacity under the EATA must also be subject to this limitation. The Agency Agreement also reflects provisions of the Resale Tariff permitting continuation of service for assignees,¹⁰ stating that any SCE rollover rights shall be offered to customers taking assignments of the Remaining Rights for periods of five years or more.¹¹

⁶ See *Promoting Wholesale Competition Through Open Access Nondiscriminatory Transmission Services by Public Utilities and Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, FERC Stats. & Regs. ¶ 31,036 at 31,697 (1996) (Order No. 888), *order on reh'g*, Order No. 888-A, FERC Stats. & Regs. ¶ 31,048 (1997), *order on reh'g*, Order No. 888-B, 81 FERC ¶ 61,248 (1997), *order on reh'g*, Order No. 888-C, 82 FERC ¶ 61,046 (1998), *aff'd in relevant part sub nom. Transmission Access Policy Study Group, et al. v. FERC*, 225 F.3d 667 (D.C. Cir. 2000), *aff'd sub nom., New York v. FERC*, 535 U.S. 1 (2002).

⁷ *Id.*

⁸ *Id.* at n.324.

⁹ Section 6 of the Resale Tariff provides that SCE shall assign any transmission rights pursuant to the Resale Tariff at a price mutually agreed to between SCE and purchaser, provided, however, that such price shall not exceed the price for long-term firm point-to-point service under the APS OATT, as in effect and as it may change from time to time.

¹⁰ See sections 2 and 5 of the Resale Tariff.

¹¹ APS notes that Section 2 of the Resale Tariff also acknowledges the right of customers to seek to convert service under the Resale Tariff to service under the APS OATT.

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Finally, the Resale Tariff provides that SCE will provide to the Commission data in its Electric Quarterly Reports ("EQRs") concerning transmission capacity assignments by SCE. To assist SCE in effectuating its reporting obligation, section 4 of the Agency Agreement states that APS Transmission will provide Edison written documentation of each transaction under the Resale Tariff with sufficient detail to allow Edison to report such transactions in its EQRs.

IV. REQUEST FOR WAIVERS

Under section 6 of the Agency Agreement, the Agency Agreement's effective date is the last of: (i) the closing of the Four Corners Transaction; (ii) Commission acceptance for filing of the Agency Agreement and the Resale Tariff; and (iii) the California Independent System Operator Corporation's ("CAISO") approval of the removal of the transmission capacity of the Arizona Transmission System from the CAISO's operational control. To date, the Four Corners Transaction has closed¹² and the CAISO has approved removal of the transmission capacity of the Arizona Transmission System from the CAISO's operational control.¹³ Thus, the Agency Agreement is contemplated to become effective on the date of acceptance of the Assignment Agreement filed in Docket No. ER14-897-000. In Docket No. ER14-897-000, SCE has requested that the Assignment Agreement and Resale Tariff be effective as of February 28, 2014.¹⁴ Therefore, APS respectfully requests waiver of the Commission's prior notice requirements to permit an effective date of February 28, 2014, for the Agency Agreement.¹⁵ Good cause exists to grant the requested effective date so that the Agency Agreement may become effective on the same date as the Resale Tariff.

APS further requests any additional waivers of Part 35 of the Commission's regulations necessary to permit the Agency Agreement to become effective as requested. In support, APS notes that the Agency Agreement contains no rates or charges and, therefore, the Commission's requirements pertaining to cost-of-service statements are inapplicable.¹⁶

V. CONTENTS OF FILING

The contents of this filing are:

- This transmittal letter; and
- The Agency Agreement in E-Tariff format, designated as APS Rate Schedule No. 271.

¹² See *Arizona Public Service Co.*, Notice of Closing, Docket Nos. ER13-1402-001, et al. (Jan. 7, 2014).

¹³ See *California Independent System Operator Corp.*, Motion to Intervene and Comments at 5, Docket No. ER14-897 (Jan. 22, 2014).

¹⁴ See December 30 Filing, transmittal letter at 5.

¹⁵ *Prior Notice & Filing Requirements Under Part II of the Federal Power Act*, 64 FERC ¶ 61,139 (1993).

¹⁶ See 18 CFR § 35.13(a)(iii) (2013).

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VI. CONCLUSION

APS respectfully requests that the Commission accept the Agency Agreement for filing, to be effective February 28, 2014.

Respectfully Submitted,

/s/ Jennifer L. Spina

Jennifer L. Spina

RATE SCHEDULE 271

Agency Agreement

Between

Arizona Public Service Company

And

Southern California Edison

To Be Effective

February 28, 2014

EXECUTION VERSION**AGENCY AGREEMENT**

This **AGENCY AGREEMENT** (“Agreement”) is made as of December 30, 2013, by and between **SOUTHERN CALIFORNIA EDISON COMPANY**, a California corporation (“Edison”), and **ARIZONA PUBLIC SERVICE COMPANY**, an Arizona corporation (“APS”), hereinafter collectively referred to as the “Parties.”

WHEREAS, Edison and APS are parties to that certain Edison-Arizona Transmission Agreement (the “Edison-Arizona Transmission Agreement”) dated as of July 20, 1966, as amended by Amendment No. 1 dated as of August 26, 1966, Amendment No. 2 dated as of February 29, 1972, and Amendment No. 3 dated as of August 27, 1982.

WHEREAS, pursuant to the Edison-Arizona Transmission Agreement, APS furnishes certain transmission services to Edison over the 500 kV AC transmission line and associated facilities, as described in the Edison-Arizona Transmission Agreement, from the Four Corners Power Plant to the Arizona-Nevada border (“Arizona Transmission System”).

WHEREAS, Edison and APS have entered into an Asset Purchase Agreement dated as of November 8, 2010, pursuant to which Edison will sell and transfer to APS 100 percent of its ownership interests in Units 4 and 5 of the Four Corners Power Plant and the associated 500 kV and 345 kV switchyards located at, and adjacent to, the Four Corners Power Plant (the “Four Corners Transaction”).

WHEREAS, Edison and APS are parties, among others, to the Edison-Navajo Transmission Agreement executed as of May 21, 1973, as amended by Amendment No. 1 dated as of July 25, 1988 (the “Edison-Navajo Transmission Agreement”), which provides for certain rights to the use of the Arizona Transmission System.

WHEREAS, pursuant to the Edison-Arizona Transmission Agreement, Edison has rights to use all of the transmission capacity of the Arizona Transmission System for the term of the Edison-Arizona Transmission Agreement subject to the aforementioned provisions of the Edison-Navajo Transmission Agreement, and, on the Effective Date (as defined below) will have all necessary rights and consents to assign such capacity, including having removed the Transmission Capacity from the operational control of the California Independent System Operator Corporation (the “CAISO”).

WHEREAS, in a contemporaneous transaction, Edison has assigned 300 MW of transmission capacity on the Arizona Transmission System to APS Marketing and Trading.

WHEREAS Edison desires to make, with the exception of the aforementioned 300 MW, the entirety of its remaining rights to the transmission capacity of the Arizona Transmission System (“Remaining Rights”) available for use by third parties through assignments effected by the APS transmission function (“APS Transmission”) on the APS Open Access Same-Time Information System (“OASIS”); and

WHEREAS, Edison has developed a Tariff for the Assignment of Transmission Rights Purchased under the Edison-Arizona Transmission Agreement (“Assignment Tariff”) setting forth the rates, terms, and conditions pursuant to which Edison desires to assign the Remaining Rights to third parties.

AGREEMENT

NOW, THEREFORE, for mutually agreeable consideration and the mutual covenants and agreements of the Parties contained herein, the Parties agree as follows:

1. On or before the Effective Date, Edison shall, through the APS OASIS, post for remarketing by APS Transmission to third parties the Remaining Rights. Each assignment of the Remaining Rights shall take place through the APS OASIS and shall be subject to the terms and conditions of the Assignment Tariff.
2. The Assignment Tariff shall include, but not be limited to, the following terms and conditions: (i) limitations upon Edison’s rights to the use of the transmission capacity as set forth in the Edison-Arizona Transmission Agreement and the Edison-Navajo Transmission Agreement shall be applicable to customers obtaining any portions of the Remaining Rights under such Assignment Tariff; (ii) rates to a third party assignee for the Remaining Rights shall not exceed the maximum applicable point-to-point transmission charges under the APS OATT for transmission service of an equivalent duration and quality; and (iii) any Edison rollover rights shall be offered to customers taking assignments of the Remaining Rights for periods of five years or more.
3. Edison agrees to promptly seek all requisite regulatory approvals of the Assignment Tariff.
4. APS Transmission shall serve as Edison’s agent for the purpose of posting the Remaining Rights through the APS OASIS and effecting transactions pursuant to the Assignment Tariff. APS Transmission may enter into transactions on behalf of Edison under the Assignment Tariff and shall be responsible for billing and payment services on Edison’s behalf for such transactions. APS will not charge Edison for its agency services. In fulfilling its role of agent for Edison, APS Transmission shall use its best efforts to offer the Remaining Rights on the OASIS at rates that, in APS Transmission’s sole judgment, will maximize revenues from the Remaining Rights. APS will provide Edison written documentation of each transaction with sufficient detail to allow Edison to report such transactions in its Electric Quarterly Report.
5. APS Transmission shall implement any necessary curtailment of service offered under the Assignment Tariff, in accordance with the requirements of the Edison-Navajo Transmission Agreement.
6. The Effective Date of this Agreement shall be the last of: (i) the closing of the Four Corners Transaction; (ii) Federal Energy Regulatory Commission acceptance for filing of this Agreement and the Assignment Tariff; and (iii) the CAISO’s approval of the removal of the

transmission capacity of the Arizona Transmission System from the CAISO's operational control.

7. Miscellaneous agreements and acknowledgements.

- 7.1 Expenses. Except as otherwise provided herein, each Party is responsible for its own costs and expenses (including attorneys' and consultants' fees, cost and expenses) incurred in connection with this Agreement and the consummation of the transactions contemplated by this Agreement.
- 7.2 Entire Document. This Agreement contains the entire agreement between the Parties with respect to the transactions contemplated hereby and superseded all negotiations, representations, warranties, commitments, offers, contracts and writings prior to the execution date of this Agreement, written or oral. No waiver and no modification or amendment of any provision of this Agreement is effective unless made in writing and duly signed by the Parties referring specifically to this Agreement, and then only to the specific purpose, extent and interest so provided.
- 7.3 Assignability. This Agreement is binding upon and inures to the benefit of the successors and assigns of the Parties, but is not assignable by any Party without the prior written consent of the other Party, which consent may be granted or withheld in such Party's sole discretion. Any such assignment is conditioned on the assignee's agreement in writing to assume the assigning Party's duties and obligations under this Agreement. Any assignment effected in accordance with this Section 6.3 will not relieve the assigning Party of its obligations and liabilities under this Agreement.
- 7.4 Governing Law. The validity, interpretation and effect of this Agreement are governed by and will be construed in accordance with the laws of the State of Arizona, without regard to conflicts of law doctrines except to the extent that certain matters are preempted by Federal law or are governed by the law of the jurisdiction of organization of the respective Parties.
- 7.5 Regulatory. The obligations of the Parties hereunder shall be conditioned upon (1) the acceptance for filing by FERC of this Agreement and the Assignment Tariff and (2) the CAISO's approval of the removal of the transmission capacity of the Arizona Transmission System from the CAISO's operational control. To the extent (A) this Agreement and the Assignment Tariff are not accepted for filing pursuant to the Federal Power Act or are accepted for filing subject to conditions that one or both Parties declare to the other Party, within 15 days of issuance by FERC of an order not accepting the assignment or imposing such condition, to be unacceptable, (B) the CAISO does not approve of the removal of the transmission capacity of the Arizona Transmission System from the CAISO's operational control, or approves such removal subject to conditions that one or both Parties declare to the other Party, within 15 days of receipt of the CASIO written notice of such conditions, to be unacceptable, or (C) the Four Corners Transaction does not close by January 31, 2014, this Agreement shall be terminated and the Parties

shall negotiate in good faith for alternative arrangements that to the extent practicable put the Parties in the same economic positions as envisioned in this Agreement. In the event of such termination, the terms and conditions of this Agreement shall have no relevance with respect to the interpretation of the terms and conditions of the Edison-Arizona Transmission Agreement.

- 7.6 No Third Party Beneficiaries. Except as may be specifically set forth in this Agreement, nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the Parties and their respective permitted successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any Party, nor give any third Persons any right of subrogation or action against any Party.
- 7.7 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, APS and Edison have executed this Agency Agreement as of the day and year first written above.

Arizona Public Service Company

By: *De'A Hove*
Title: Vice President Fossil Generation
Date: _____

Southern California Edison Company

By: _____
Title: _____
Date: _____

IN WITNESS WHEREOF, APS and Edison have executed this Agency Agreement as of the day and year first written above.

Arizona Public Service Company

By: _____
Title: _____
Date: _____

Southern California Edison Company

By: FAUCI Jorda
Title: VICE PRESIDENT AND TREASURER
Date: _____

RATE SCHEDULE 271

Agency Agreement

Between

Arizona Public Service Company

And

Southern California Edison

To Be Effective

February 28, 2014

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WHEREAS, Edison and APS are parties to that certain Edison-Arizona Transmission Agreement (the “Edison-Arizona Transmission Agreement”) dated as of July 20, 1966, as amended by Amendment No. 1 dated as of August 26, 1966, Amendment No. 2 dated as of February 29, 1972, and Amendment No. 3 dated as of August 27, 1982.

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WHEREAS, Edison and APS have entered into an Asset Purchase Agreement dated as of November 8, 2010, pursuant to which Edison will sell and transfer to APS 100 percent of its ownership interests in Units 4 and 5 of the Four Corners Power Plant and the associated 500 kV and 345 kV switchyards located at, and adjacent to, the Four Corners Power Plant (the “Four Corners Transaction”).

WHEREAS, Edison and APS are parties, among others, to the Edison-Navajo Transmission Agreement executed as of May 21, 1973, as amended by Amendment No. 1 dated as of July 25, 1988 (the “Edison-Navajo Transmission Agreement”), which provides for certain rights to the use of the Arizona Transmission System.

WHEREAS, pursuant to the Edison-Arizona Transmission Agreement, Edison has rights to use all of the transmission capacity of the Arizona Transmission System for the term of the Edison-Arizona Transmission Agreement subject to the aforementioned provisions of the Edison-Navajo Transmission Agreement, and, on the Effective Date (as defined below) will have all necessary rights and consents to assign such capacity, including having removed the Transmission Capacity from the operational control of the California Independent System Operator Corporation (the “CAISO”).

WHEREAS, in a contemporaneous transaction, Edison has assigned 300 MW of transmission capacity on the Arizona Transmission System to APS Marketing and Trading.

WHEREAS Edison desires to make, with the exception of the aforementioned 300 MW, the entirety of its remaining rights to the transmission capacity of the Arizona Transmission System (“Remaining Rights”) available for use by third parties through assignments effected by the APS transmission function (“APS Transmission”) on the APS Open Access Same-Time Information System (“OASIS”); and

WHEREAS, Edison has developed a Tariff for the Assignment of Transmission Rights Purchased under the Edison-Arizona Transmission Agreement (“Assignment Tariff”) setting forth the rates, terms, and conditions pursuant to which Edison desires to assign the Remaining Rights to third parties.

AGREEMENT

NOW, THEREFORE, for mutually agreeable consideration and the mutual covenants and agreements of the Parties contained herein, the Parties agree as follows:

1. On or before the Effective Date, Edison shall, through the APS OASIS, post for remarketing by APS Transmission to third parties the Remaining Rights. Each assignment of the Remaining Rights shall take place through the APS OASIS and shall be subject to the terms and conditions of the Assignment Tariff.
2. The Assignment Tariff shall include, but not be limited to, the following terms and conditions: (i) limitations upon Edison’s rights to the use of the transmission capacity as set forth in the Edison-Arizona Transmission Agreement and the Edison-Navajo Transmission Agreement shall be applicable to customers obtaining any portions of the Remaining Rights under such Assignment Tariff; (ii) rates to a third party assignee for the Remaining Rights shall not exceed the maximum applicable point-to-point transmission charges under the APS OATT for transmission service of an equivalent duration and quality; and (iii) any Edison rollover rights shall be offered to customers taking assignments of the Remaining Rights for periods of five years or more.
3. Edison agrees to promptly seek all requisite regulatory approvals of the Assignment Tariff.
4. APS Transmission shall serve as Edison’s agent for the purpose of posting the Remaining Rights through the APS OASIS and effecting transactions pursuant to the Assignment Tariff. APS Transmission may enter into transactions on behalf of Edison under the Assignment Tariff and shall be responsible for billing and payment services on Edison’s behalf for such transactions. APS will not charge Edison for its agency services. In fulfilling its role of agent for Edison, APS Transmission shall use its best efforts to offer the Remaining Rights on the OASIS at rates that, in APS Transmission’s sole judgment, will maximize revenues from the Remaining Rights. APS will provide Edison written documentation of each transaction with sufficient detail to allow Edison to report such transactions in its Electric Quarterly Report.
5. APS Transmission shall implement any necessary curtailment of service offered under the Assignment Tariff, in accordance with the requirements of the Edison-Navajo Transmission Agreement.
6. The Effective Date of this Agreement shall be the last of: (i) the closing of the Four Corners Transaction; (ii) Federal Energy Regulatory Commission acceptance for filing of this Agreement and the Assignment Tariff; and (iii) the CAISO’s approval of the removal of the

transmission capacity of the Arizona Transmission System from the CAISO's operational control.

7. Miscellaneous agreements and acknowledgements.

- 7.1 Expenses. Except as otherwise provided herein, each Party is responsible for its own costs and expenses (including attorneys' and consultants' fees, cost and expenses) incurred in connection with this Agreement and the consummation of the transactions contemplated by this Agreement.
- 7.2 Entire Document. This Agreement contains the entire agreement between the Parties with respect to the transactions contemplated hereby and superseded all negotiations, representations, warranties, commitments, offers, contracts and writings prior to the execution date of this Agreement, written or oral. No waiver and no modification or amendment of any provision of this Agreement is effective unless made in writing and duly signed by the Parties referring specifically to this Agreement, and then only to the specific purpose, extent and interest so provided.
- 7.3 Assignability. This Agreement is binding upon and inures to the benefit of the successors and assigns of the Parties, but is not assignable by any Party without the prior written consent of the other Party, which consent may be granted or withheld in such Party's sole discretion. Any such assignment is conditioned on the assignee's agreement in writing to assume the assigning Party's duties and obligations under this Agreement. Any assignment effected in accordance with this Section 6.3 will not relieve the assigning Party of its obligations and liabilities under this Agreement.
- 7.4 Governing Law. The validity, interpretation and effect of this Agreement are governed by and will be construed in accordance with the laws of the State of Arizona, without regard to conflicts of law doctrines except to the extent that certain matters are preempted by Federal law or are governed by the law of the jurisdiction of organization of the respective Parties.
- 7.5 Regulatory. The obligations of the Parties hereunder shall be conditioned upon (1) the acceptance for filing by FERC of this Agreement and the Assignment Tariff and (2) the CAISO's approval of the removal of the transmission capacity of the Arizona Transmission System from the CAISO's operational control. To the extent (A) this Agreement and the Assignment Tariff are not accepted for filing pursuant to the Federal Power Act or are accepted for filing subject to conditions that one or both Parties declare to the other Party, within 15 days of issuance by FERC of an order not accepting the assignment or imposing such condition, to be unacceptable, (B) the CAISO does not approve of the removal of the transmission capacity of the Arizona Transmission System from the CAISO's operational control, or approves such removal subject to conditions that one or both Parties declare to the other Party, within 15 days of receipt of the CASIO written notice of such conditions, to be unacceptable, or (C) the Four Corners Transaction does not close by January 31, 2014, this Agreement shall be terminated and the Parties

shall negotiate in good faith for alternative arrangements that to the extent practicable put the Parties in the same economic positions as envisioned in this Agreement. In the event of such termination, the terms and conditions of this Agreement shall have no relevance with respect to the interpretation of the terms and conditions of the Edison-Arizona Transmission Agreement.

- 7.6 No Third Party Beneficiaries. Except as may be specifically set forth in this Agreement, nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the Parties and their respective permitted successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any Party, nor give any third Persons any right of subrogation or action against any Party.
- 7.7 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, APS and Edison have executed this Agency Agreement as of the day and year first written above.

Arizona Public Service Company

By: *Debra A. Hove*
Title: Vice President Fossil Generation
Date: _____

Southern California Edison Company

By: _____
Title: _____
Date: _____

IN WITNESS WHEREOF, APS and Edison have executed this Agency Agreement as of the day and year first written above.

Arizona Public Service Company

By: _____
Title: _____
Date: _____

Southern California Edison Company

By: FAUCI Jorda
Title: VICE PRESIDENT AND TREASURER
Date: _____

FERC rendition of the electronically filed tariff records in Docket No. ER14-01279-000

Filing Data:

CID: C001436

Filing Title: Rate Schedule No. 271 Agency Agreement between APS and SCE

Company Filing Identifier: 265

Type of Filing Code: 10

Associated Filing Identifier:

Tariff Title: Rate Schedules

Tariff ID: 31

Payment Confirmation:

Suspension Motion:

Tariff Record Data:

Record Content Description, Tariff Record Title, Record Version Number, Option Code:

Rate Schedule No. 271, Agency Agreement Between APS and SCE, 0.0.0, A

Record Narrative Name:

Tariff Record ID: 141

Tariff Record Collation Value: 1162520890 Tariff Record Parent Identifier: 0

Proposed Date: 2014-02-28

Priority Order: 500

Record Change Type: NEW

Record Content Type: 2

Associated Filing Identifier:

This is a PDF section and we cannot render PDF in a RTF document.

Document Content(s)

265-160338b9-5237-4600-9aad-98144d9be7f4.PDF.....1-5

265-b108a3b5-7c3d-4118-979f-0a51a9f8b859.PDF.....6-12

265-83961e75-2aff-468f-ab05-0711ddf9e715.PDF.....13-19

FERC GENERATED TARIFF FILING.RTF.....20-20