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May 25, 2016

VIA ELECTRONIC FILING

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: *Arizona Public Service Company*, Docket No. ER16-____-000
Service Agreement No. 355

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act¹ ("FPA") and Part 35 of the Federal Energy Regulatory Commission's ("Commission" or "FERC") Regulations,² Arizona Public Service Company ("APS") hereby submits for filing an executed Engineering & Procurement Agreement ("E&P") between APS Transmission and APS Fossil Project³ (collectively, the "Parties"), designated as Service Agreement No. 355.

I. COMMUNICATIONS

The names and addresses of the persons upon whom all communications concerning this proceeding should be served are as follows:

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II. BACKGROUND OF FILING PARTY

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

¹ 16 U.S.C. § 824d.

² 18 C.F.R. Part 35 (2015).

³ APS Transmission and APS Fossil Project are not separate entities, only separate business units within APS. APS has used "Transmission" and "Fossil Project" in the instant filing to distinguish the parties to the E&P Agreement.

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 (subject to certain restrictions) 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 10 of the possible 12 registered NERC functions.⁴

III. DESCRIPTION OF THE FILING

APS Fossil Project is seeking to interconnect its facilities and network upgrades associated with the proposed 595 MW large generation project ("Project") at the Ocotillo Power Plant with APS's transmission system located in Tempe, Arizona. To obtain interconnection service for the Project, it will be necessary to construct certain interconnection facilities. Construction of such interconnection facilities will be governed by a Large Generator Interconnection Agreement ("LGIA"), which the Parties anticipate executing at a later date. Prior to the execution of the LGIA, the Parties have entered into the E&P Agreement in order to initiate certain engineering and procurement activities that require long lead times. The E&P Agreement provides the terms and conditions under which APS will begin to design, engineer, and procure items associated with the interconnection of the proposed Project.

IV. CONTENTS OF FILING

1. This transmittal letter; and
2. Service Agreement No. 355, executed E&P Agreement.

V. CONCLUSION

Pursuant to the Commission's regulations in 18 C.F.R. 35.3(a)(2), the Parties request an effective date of May 3, 2016. In order to meet the scheduled in-service date of the facilities, this effective date is needed to begin the engineering and procurement activities for interconnection of the project.

Respectfully submitted,



Raymond C. Myford
Director, Federal Affairs and Compliance

⁴ 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, and Distribution Provider.