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BEFORE THE ARIZONA CORPORATION CO

COMMISSIONERS

- JEFF HATCH-MILLER, Chairman
- WILLIAM A. MUNDELL
- MIKE GLEASON
- KRISTIN K. MAYES
- BARRY WONG

IN THE MATTER OF THE APPLICATION OF SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT ON BEHALF OF ITSELF AND ARIZONA PUBLIC SERVICE COMPANY, SANTA CRUZ WATER AND POWER DISTRICTS ASSOCIATION, SOUTHWEST TRANSMISSION COOPERATIVE, INC., AND TUCSON ELECTRIC POWER IN CONFORMANCE WITH THE REQUIREMENTS OF ARIZONA REVISED STATUTES SECTION 40-360, et seq., FOR A CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY AUTHORIZING CONSTRUCTION OF THE PINAL WEST TO SOUTHEAST VALLEY/BROWNING PROJECT INCLUDING THE CONSTRUCTION OF TRANSMISSION LINES FROM PINAL WEST TO THE BROWNING SUBSTATION AND OTHER INTERCONNECTION COMPONENTS IN PINAL AND MARICOPA COUNTIES, ARIZONA.

DOCKET NO. L-00000B-04-0126

DECISION NO. 69183

Arizona Corporation Commission
DOCKETED
 DEC - 8 2006

DOCKETED BY	<i>nr</i>
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ORDER

Open Meeting
 December 7, 2006
 Phoenix, Arizona

BY THE COMMISSION:

On August 25, 2005, the Arizona Corporation Commission ("Commission") issued Decision No. 68093 in this docket, which granted a modified and amended Certificate of Environmental Compatibility ("CEC") issued by the Arizona Power Plant and Transmission Line Siting Committee to the Salt River Project Agricultural Improvement and Power District ("SRP" or "Applicant"). On November 14, 2005, the Commission issued Decision No. 68291 in this docket, which amended Decision No. 68093 to expand the corridor width of the CEC.

On August 11, 2006, SRP filed a request in this docket pursuant to Condition No. 23 of the CEC granted in Decision No. 68093 for Commission approval to construct a 230 kV circuit on the 500 kV structures to be built pursuant to that CEC in the certificated route south of Casa Grande.

1 Specifically, SRP requested authority to add a 230 kV circuit to the 500 kV structures at a point on
 2 Cornman Road, near the intersection with Thornton Road, and continuing east along the route to the
 3 future Pinal South Substation. SRP's request stated that it requires such approval in order to allow it
 4 to move forward with obtaining the appropriate line siting approvals for a planned new project which
 5 would include the 230 kV circuit, a 230 kV line from Desert Basin to Pinal South ("Desert Basin 230
 6 kV Project").

7 * * * * *

8 Having considered the entire record herein and being fully advised in the premises, the
 9 Commission finds, concludes, and orders that:

10 **FINDINGS OF FACT**

11 1. On August 25, 2005, the Commission issued Decision No. 68093, which granted to
 12 SRP a modified and amended CEC issued by the Arizona Power Plant and Transmission Line Siting
 13 Committee.

14 2. Decision No. 68093 includes Condition No. 23. Condition No. 23 states that the
 15 authority granted by the CEC includes contingent authority to construct a 230 kV circuit on the 500
 16 kV structures authorized by the CEC, between the Santa Rosa and SEV Substations.¹

17
 18 ¹ Condition No. 23 of Decision No. 68093 provides as follows:

19 23. The authority granted by this Certificate includes the authority to construct a 230 kV circuit on the
 20 500 kV structures (authorized within this Certificate), between the Santa Rosa and SEV
 21 Substations. This authority is contingent upon the following:

- 22 (a) The Applicant will identify proposed use of the 230 kV facilities in a January 2006 filing of
 23 the annual ten year plan submittals. The Applicant will include the 230 kV facilities and
 24 the required technical study work in each subsequent ten year plan filing until the 230 kV
 25 facilities are constructed.
- 26 (b) Prior to beginning construction of a 230 kV circuit on any portion of the route between the
 27 Santa Rosa and SEV Substations, Applicant shall submit to the Utilities Division of the
 28 Arizona Corporation Commission ("ACC Staff") a written study that describes the
 proposed 230 kV circuit and provides all available study results of a system reliability
 analysis relating to the proposed circuit, including but not limited to, studies demonstrating
 that the proposed 230 kV circuit meets NERC/WECC [North American Electricity
 Reliability Coordinating Council/Western Electricity Coordinating Council] reliability
 criteria as well as any other criteria utilized by the Commission at the time of the filing.
 The study will also identify the needs and objectives of the stakeholders, address how the
 230 kV circuit will best meet the regional needs of the stakeholders and address how the
 230 kV circuit will be incorporated with other long term 230 kV plans identified to meet the
 load serving needs of the region. The study will also address issues of reliability relating to
 consolidation of these lines on common structures, the use of common corridors and
 interconnection of facilities. The study work will be performed in an open and

1 3. On November 14, 2005, the Commission issued Decision No. 68291 in this docket,
2 which amended Decision No. 68093 to expand the corridor width of the CEC.

3 4. On August 11, 2006, pursuant to the requirements of Condition No. 23, SRP filed a
4 report and technical study work to support a request for approval to construct a 230 kV circuit on the
5 500 kV structures to be built pursuant to the CEC in the certificated route south of Casa Grande.
6 Specifically, SRP requested that a 230 kV circuit be added to the 500 kV structures at a point on
7 Cornman Road, near the intersection with Thornton Road, and continuing east along the route to the
8 future Pinal South Substation. The circuit for which SRP is requesting approval would be part of its
9 planned new Desert Basin 230 kV Project. The August 11, 2006 filing included two exhibits: a
10 CATS-HV Saturated Load Study Interim Report dated January 27, 2006, and a Desert Basin 230 kV
11 Power Line Project Corridor Outage Study dated July 2006.

12 5. On November 7, 2006, the Commission's Utilities Division Staff ("Staff") filed a
13 Supplement to Staff Report Analyzing Salt River Project's Compliance with Condition No. 23 in
14 Docket No. L00000B-04-0126 and Request for Approval to Construct a 230 kV Line on a Portion of
15 the Pinal West to Southeast Valley 500 kV Line ("Staff Report"). The Staff Report concluded, based
16 on Staff's analysis, that SRP has complied with Condition No. 23 of the CEC granted in Decision No.
17 68093. Staff recommended approval of construction of the requested 230 kV circuit for the stated
18 purposes, without the need for a hearing.

collaborative manner open to all stakeholders in a regional forum, such as the CATS-HV
Technical Study Work Group.

- 20 (c) Upon the submission of the study work described in subsection b (in the paragraph above)
21 to the ACC Staff, the Applicant shall make a compliance filing with Docket Control
22 documenting said study work submission. The ACC Staff shall then docket within 90 days
23 a Staff Report with regard to the Applicant's study work. The Staff Report shall include a
24 Staff recommendation as to whether a hearing should be held in this matter as well as
25 Staff's recommendation as to whether the Commission should approve the Applicant's
26 request to attach a 230 kV circuit line to the 500 kV structures. Regardless of whether the
27 matter proceeds to a hearing, the Commission shall make the final determination whether
28 the Applicant is authorized to construct the 230 kV circuit on any portion of the common
500 kV line structures spanning from Santa Rosa to the SEV Substations. Only upon
receipt of an affirmative determination from the Commission, may the Applicant construct
the 230 kV circuit described in subsection a.

- (d) A request for approval of a particular 230 kV circuit shall not preclude subsequent requests
for other 230 kV circuits.

With respect to the Project, Applicant shall participate in good faith in state and regional
transmission study forums, and shall coordinate transmission expansion plans related to the Project
to resolve transmission constraints in a timely manner.

1 6. The Staff Report was provided to the service list in this docket, and no objections were
2 filed to Staff's recommendations.

3 7. On November 9, 2006, Staff filed an Amendment of Exhibit A for its November 7,
4 2006 filing.

5 8. Staff stated in its Staff Report that SRP is currently in compliance with the ongoing
6 requirements of Condition No. 23(a).

7 9. Staff analyzed both the CATS-HV Saturated Load Study Interim Report dated January
8 27, 2006, and the Desert Basin 230 kV Power Line Project Corridor Outage Study dated July 2006
9 filed by SRP, and based on that analysis, concluded in its Staff Report that SRP has complied with
10 each of the requirements listed in Condition No. 23(b) of Decision No. 68093.

11 10. Staff stated in the Staff Report that the question of need for the requested 230 kV line
12 will be the subject of extensive examination when SRP files an application for a CEC authorizing
13 construction of the new 230 kV line, and stated that Staff wished to reserve its right to comment on
14 the validity of justifications of need for the line that SRP offered in its August 11, 2006 request.
15 However, Staff stated in the Staff Report that that there is sufficient evidence for Staff to conclude
16 that SRP is likely to establish a reasonable presumption of need in the upcoming CEC proceeding for
17 the proposed Desert Basin 230 kV Project.

18 11. Staff stated in the Staff Report that the Desert Basin 230 kV Power Line Project
19 Corridor Outage Study dated July 2006 filed by SRP considered four corridors for the line. Staff
20 stated that consideration of those corridors will be the subject of the upcoming CEC proceeding for
21 the proposed Desert Basin 230 kV Project, and that Staff will offer its opinion regarding those
22 corridors in that proceeding. Staff stated, however, that one of the corridors, the 500 kV corridor, is
23 germane to Staff's assessment pursuant to Condition No. 23. Staff stated that the corridor outage
24 study concludes that a simultaneous outage of the planned Desert Basin 230 kV Project and the Santa
25 Rosa to Pinal South 500 kV line would not violate any Western Electricity Coordinating Council
26 ("WECC") reliability standards for the study time period 2006 through 2015; that a remedial action
27 scheme ("RAS") or special protection scheme is not required for such an outage, and that the
28 construction of the new 230 kV line would actually eliminate the need for the existing RAS at Desert

1 Basin.

2 12. In its Staff Report, Staff stated that based upon its analysis, the construction of the 230
3 kV circuit on 500 kV structures in common with the Santa Rosa to Pinal South 500 kV line poses no
4 material near-term system reliability risks, and that such construction is compatible with and
5 supportive of the long range service needs defined by local stakeholders. Staff stated that it therefore
6 finds no reason to oppose the requested consolidation of the proposed Desert Basin to Pinal South
7 230 kV line and the Santa Rosa to Pinal South 500 kV line on common 500 kV structures for the
8 purposes stated by SRP.

9 13. Staff stated in the Staff Report that it recommends Commission approval of SRP's
10 requested construction of a portion of the Desert Basin to Pinal South 230 kV line on common 500
11 kV structures with the Santa Rosa to Pinal South 500 kV line, but that construction should not occur
12 until such time that a CEC has been approved for the planned Desert Basin 230 kV Project.

13 14. Staff stated that it believes no Commission hearing on SRP's request is required, due
14 to the statutory requirement for SRP to file a new application for a CEC for the planned Desert Basin
15 230 kV Project.

16 15. Staff's recommendations are reasonable and will be adopted.

17 16. Based on Staff's analysis of SRP's August 11, 2006 compliance filing and its attached
18 studies, we find that SRP's August 11, 2006 compliance filing fulfills the requirements of Condition
19 No. 23 in Decision No. 68093.

20 17. We further find that because need for the planned Desert Basin 230 kV Project has not
21 yet been established, no construction of any portion of the proposed Desert Basin to Pinal South 230
22 kV line on common 500 kV structures with the Santa Rosa to Pinal South 500 kV line should
23 commence until such time that a CEC has been granted for the planned Desert Basin 230 kV Project.

24 CONCLUSIONS OF LAW

25 1. The Commission has jurisdiction over SRP with respect to the subject matter
26 contained herein pursuant to A.R.S. § 40-360 et seq.

27 2. Notice of the proceeding was given in the manner prescribed by law.

28 3. Granting SRP's request for a finding that it has satisfied Condition No. 23 in Decision

No. 68093 is in the public interest.

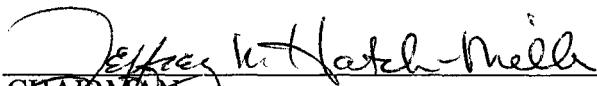
ORDER

IT IS THEREFORE ORDERED that the Salt River Project Agricultural Improvement and Power District has met the requirements set forth in Condition No. 23 of Decision No. 68093.

IT IS FURTHER ORDERED that the Salt River Project Agricultural Improvement and Power District shall not commence construction of any portion of the proposed Desert Basin to Pinal South 230 kV line on common 500 kV structures with the Santa Rosa to Pinal South 500 kV line until such time that a Certificate of Environmental Compatibility has been granted for the planned Desert Basin 230 kV Project.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.


CHAIRMAN


COMMISSIONER

COMMISSIONER


COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 8th day of Dec., 2006.


BRIAN C. McNEIL
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____

1 SERVICE LIST FOR:

SALT RIVER PROJECT AGRICULTURAL
IMPROVEMENT AND POWER DISTRICT

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L-00000B-04-0126

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