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BEFORE THE ARIZONA CORPORATION COMMISSION

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DOCKET NO. E-01032A-99-0401

AZ CORP COMMISSION
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IN THE MATTER OF SERVICE QUALITY ISSUES, ANALYSIS OF TRANSMISSION ALTERNATIVES AND PROPOSED PLAN OF ACTION IN THE SANTA CRUZ ELECTRIC DIVISION OF CITIZENS UTILITIES COMPANY.

In accordance with the Procedural Order of Judge Jane Rodda on May 9, 2005, I submit the following surrebuttal:

August 11,Supplemental by Jerry Smith:

KURTZ 3-3: "...The delays experienced to date in providing remedy to reliability concerns in Santa Cruz County will be further exacerbated by pursuit of transmission options requiring such siting considerations. Such delays are unacceptable to staff..."

As I have previously explained delays were solely caused by TEP's bad business judgements. If Mr. Smith and TEP continue to pursue the 345 option they will experience further, and probably lengthy delays because the 345 has no route approved by both the ACC and Forest Service and will need to go to the Line Siting Committee. Further the 345 has no guarantee it will ever get approved for construction in the Santa Cruz Valley or the west side of the Tumcacori Mountains. And then even if an approval is obtained it will not be constructed in a timely fashion because it needs additional permits, it needs rights-of-way(which will require condemnation proceedings) ,will be faced with lawsuits, and still will need to get a reliability approval from the DOE for the Mexican connection which might be a lengthy process. And further during the Line Siting hearings and during the EIS proceedings TEP has never made a convincing case their 345 interconnection project is necessary or of benefit to Arizona but rather of benefit to themselves and their shareholders.

Also Mr Smith does not acknowledge there are options proposed that do not require going through the Line Siting process.

For any timely completion of a 2nd line it should not rely on the 345. And as suggested by the public and intervenors should be a separate issue. The ACC commissioners also indicated the two might be considered separately.

KURTZ 3-4 response by Jerry Smith and letter Oct. 10, 2003 from Heyman hand delivered to Jerry Smith:
"...Interconnection Agreement between TEP and CFE..."

The confidentiality of this letter means: "trust me". Until TEP presents us the hard evidence that it and not a subsidiary (a subsidiary on which I have been unable to find any information) actually has an interconnection agreement with CFE to cross the border at Nogales I have to conclude they do not have one. And in the absence of one it is highly unlikely TEP would ever build a 345 line. Once again, timely resolution of the 2n^{d} line should not include the 345.

Jerry Smith rebuttal to Magruder's testimony:

Page 10 "...Mr Magruders's current testimony continues to reflect a personal conflict in commercial interest." This is not true.

Mr. Beck Rebuttal testimony: page 2 lines13-14: "These intervenors all now acknowledge, as evidence by their direct testimonies, that a second transmission line is necessary."

I have never opposed a 2nd transmission line. I have always opposed the 345 as a means of providing the 2nd line.

Mr Beck's Rebuttal page 5: "In Line Siting Case 111 overwhelming evidence was presented demonstrating that a 115kv transmission line is not sufficient to meet future loads." "A smaller line would not meet future load needs"

This is not true. Evidence was presented at the Line Siting hearings that the EXISTING 115kv line was not sufficient. The existing line can be upgraded, whatever that may take, to serve the UNSE service until at least 2040. A smaller line can be constructed to do the same.

Mr. Beck Rebuttal page 8: "first of all Mr. Magruder's proposal relies on the day-to-day use of the existing 46kv tie from TEP to Kantor substation."

My reading of the Magruder alternatives are that they will serve as a second redundant line and thus would be used only when the main 155kv line had a failure.

Submitted August 22, 2005 to the ACC Tucson Office; copies mailed to attached list

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