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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION  
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IN THE MATTER OF UNS ELECTRIC INC.'S	)	Docket No. L-00000F-97-0088
REQUEST FOR EXTENSION OF THE	)	
CERTIFICATE OF ENVIRONMENTAL	)	Case Number 88
COMPATIBILITY AUTHORIZING	)	
CONSTRUCTION OF 230kV/69kV DOUBLE	)	
CIRCUIT TRANSMISSION LINE AND	)	<b>UNS ELECTRIC, INC.'S REQUEST</b>
SUBSTATIONS IN MOHAVE COUNTY,	)	<b>FOR EXTENSION OF CERTIFICATE</b>
ARIZONA, BETWEEN THE EXISTING	)	<b>OF ENVIRONMENTAL</b>
HILLTOP SUBSTATION NEAR KINGMAN	)	<b>COMPATIBILITY</b>
AND THE PROPOSED NORTH HAVASU	)	
SUBSTATION NEAR LAKE HAVASU CITY,	)	
A DISTANCE OF APPROXIMATELY	)	
56 MILES	)	

UNS Electric, Inc. ("UNSE"), through undersigned counsel, respectfully requests that the time period to construct a portion of the facilities authorized by the Certificate of Environmental Compatibility ("CEC") approved by Decision No. 60344 (July 31, 1997), specifically a 28-mile portion of the 230kV/69kV double circuit transmission line from a substation located near the Griffith Power Plant site to the North Havasu Substation, be extended from July 31, 2007 to July 31, 2012. In support hereof, UNSE states as follows:

**I. BACKGROUND.**

In Decision No. 60344, UNSE was granted a CEC to construct the following facilities: (i) the North Havasu Substation near Lake Havasu City; (ii) a substation near the Griffith power plant site (the "Griffith Substation"); (iii) a 230kV/69kV double circuit transmission line from the existing Hilltop Substation near Kingman to the proposed Griffith Substation; and (iv) a 230kV/69kV double circuit transmission line from the proposed Griffith Substation to the

1 proposed North Havasu Substation.<sup>1</sup>

2 The CEC approved by Decision No. 60344 expressly provides:

3 The authorization to construct the project will expire ten (10) years from  
4 the date the Certificate is approved by the Arizona Corporation  
5 Commission unless construction is completed by that time; provided,  
6 however, that the Applicant (or its transferee, assignee or successor) shall  
7 have the right to apply to the Arizona Corporation Commission for an  
8 extension of this time limitation.

9 Decision No. 60344 at 4 (emphasis added). That provision requires the CEC holder to complete  
10 construction of all facilities authorized by the CEC by July 31, 2007, unless an extension of the  
11 time limitation is granted by the Commission. To date, the North Havasu Substation, the Griffith  
12 Substation and the portion of the transmission line from the Hilltop Substation to the Griffith  
13 Substation have been constructed. Additionally, approximately 14 miles of the line will be  
14 constructed from North Havasu to the Franconia Substation and operated at 69kV prior to  
15 expiration of the CEC. However, construction on the final 28 mile portion of the transmission  
16 line from the Griffith Substation to Franconia Substation has not yet commenced.

17 **II. UNSE's REQUEST FOR AN EXTENSION IS IN THE PUBLIC INTEREST.**

18 As provided for in the CEC, UNSE requests an extension of the July 31, 2007 time  
19 limitation to July 31, 2012. UNSE's request is in the public interest because it will: (i) provide  
20 UNSE with the flexibility to consider alternative short-term options for additional transmission  
21 capacity into the Lake Havasu City area and (ii) allow UNSE to expend its available capital  
22 resources on more immediate needs.

23 If UNSE does not receive an extension, it would need to commence construction almost  
24 immediately on the remaining portion of the transmission line in order to ensure that construction  
25 would be completed by July 31, 2007. However, although the remaining portion of the line will  
26 be needed in the future to provide sufficient transmission capacity into the Lake Havasu City area,  
27 intervening circumstances since the granting of the CEC have delayed the timing of the need for

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<sup>1</sup> The CEC was held initially by Citizens Utilities Company and was transferred to UNS in conjunction with sale of assets from Citizens Utilities Company to UniSource Energy Corporation and its affiliates. See Decision No. 66028 (July 3, 2003).

1 the final segment.

2 For example, the Western Area Power Administration ("WAPA") is in the process of  
3 determining if additional transmission capacity is available into the Lake Havasu area using  
4 existing facilities. This study originated at the request of several entities that obtain transmission  
5 from WAPA and that indicated a need for additional transmission capacity in northwestern  
6 Arizona. Moreover, the study is consistent with Recommendation No. 3 in Section 3.2.2 of the  
7 Third Biennial Transmission Assessment 2004-2013 prepared in November of 2004 (Arizona  
8 Corporation Commission Docket No. E-00000D-03-0047). That Recommendation states:

9 Conditions in Mohave County must be reviewed in order to  
10 understand whether mitigation is required due to constraints on the  
11 physical system or whether it can be managed through contractual  
or commercial practices. The answer to this question will drive  
when additional infrastructure will be required in Mohave County.

12 The actual amount and duration of the transmission capacity relief that may result from  
13 WAPA's on-going analysis is presently unknown. Regardless, the need for the increased capacity  
14 into the Lake Havasu area from the remaining portion of the transmission line will still exist even  
15 if WAPA identifies additional capacity. Only the specific timing of that need will change.  
16 However, if WAPA is able to identify that such additional capacity exists, it would be prudent for  
17 UNSE to utilize that capacity before constructing the remaining portion of the 230kV transmission  
18 line.

19 UNSE estimates that the cost of constructing the remaining portion of the transmission line  
20 authorized under the CEC (which would run approximately 42 miles) would be approximately \$22  
21 million. Approximately \$8 million of this amount will be spent in 2006 and 2007 related to the  
22 portion from North Havasu to Franconia. The balance would not need to be expended until the  
23 2009 - 2012 time frame. It will benefit UNSE and its customers to the extent UNSE can delay  
24 that financial obligation until a later time closer to when the transmission will be needed.

25 UNSE requests this extension so that it can wait for WAPA's determination on additional  
26 available transmission capacity. UNSE believes that it is prudent to work with WAPA to  
27 determine if there are other short-term, less capital-intensive solutions for increasing transmission

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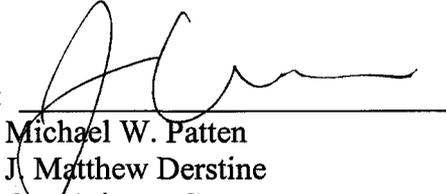
1 capacity into the Lake Havasu area. That determination could allow UNSE to avoid incurring  
2 capital expenditures for the remaining portion of the 230kV line *now* simply in order to meet the  
3 construction deadline set forth in the CEC. This would allow UNSE to use its available capital  
4 resources on more immediate needs

5 In sum, the requested extension will provide UNSE with the flexibility to consider  
6 additional options for increased transmission capacity into the Lake Havasu area. The extension  
7 also will allow UNSE to construct the remaining portion of the 230kV transmission line in a time  
8 frame that meets actual need, thus delaying the imposition of the cost of construction on  
9 customers.

10 Therefore, for all of the foregoing reasons, UNSE respectfully requests that the  
11 Commission extend the time limitation set forth in the Certificate of Environmental Compatibility  
12 approved by Decision No. 60344 to July 31, 2012.

13 RESPECTFULLY SUBMITTED this 2<sup>nd</sup> day of November, 2005.

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1 ORIGINAL and 25 copies of the  
2 foregoing filed this 3rd day of  
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6 Copy of the foregoing hand-delivered/mailed  
7 on this 3rd day of November, 2005, to:

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