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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS:
JEFF HATCH-MILLER – Chairman
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2005 DEC 21 P 4: 41
AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF TUCSON ELECTRIC) DOCKET NO. L-00000^S-95-0084
POWER COMPANY'S REQUEST FOR AN)
EXTENSION OF TIME ON THE CERTIFICATE)
OF ENVIRONMENTAL COMPATIBILITY FOR A) Case No. 84
PORTION OF PHASE II TO THE CYPRUS)
SIERRITA SUBSTATION)
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)

TUCSON ELECTRIC POWER COMPANY'S
REQUEST FOR EXTENSION OF TIME ON THE
CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY

Tucson Electric Power Company (TEP) 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. 59221 (August 8, 1995) (*Cyprus CEC*) be extended from June 27, 2006 to June 27, 2013. Specifically, the portion in question is "Phase II", as described in the *Cyprus CEC*.

I. BACKGROUND.

The *Cyprus CEC* granted TEP approval to construct a 138 kV transmission line from the South Substation to the Green Valley Substation, and then on to the Cyprus Sierrita Substation, together with "associated transmission structures, substation[s], and related facilities." (*Cyprus CEC* at 4). The portion of the project from the South Substation to the Green Valley Substation was known as "Phase I", and the portion of the project from the Green Valley Substation to the Cyprus Sierrita Substation was known as "Phase II." A copy of the *Cyprus CEC* is attached as Exhibit A.

1 The CEC was subject to three conditions. The third condition imposed a deadline for
2 completing Phase II, as follows:

- 3 (3) that the Applicant: (a) commence construction of Phase Two of
4 said transmission line, being that portion between the Green Valley
5 and Cyprus Sierrita Substations, no later than ten (10) years from
6 the date of the granting of this Certificate by the Committee, and
7 (b) complete construction of said Phase Two within one year of the
8 date of the commencement of construction. The Applicant shall
9 have the right to apply to the Corporation Commission for an
10 extension of these time limitations, to be exercised at any time at
11 the Applicant's option.

12 (*Cyprus CEC* at 5.)

13 The Arizona Power Plant and Line Siting Committee adopted the CEC on June 27, 1995.
14 Thus, under Condition 3(a), the deadline to begin construction was June 27, 2005. TEP began
15 construction of Phase II by this deadline. TEP is currently constructing the following portion of
16 Phase II: from the Green Valley Substation, a distance of approximately 4.7 miles south of
17 Green Valley Substation, to the existing Cyprus Raw Water Substation (the total distance of
18 Phase II is 12.2 miles).

19 Since construction began on June 27, 2005, the one-year deadline to complete
20 construction under Condition 3(b) is June 27, 2006. Under Condition 3, TEP has "the right to
21 apply to the Corporation Commission for an extension of these time limitations." Accordingly,
22 TEP respectfully requests that the Commission extend the deadline in Condition 3(b) until June
23 27, 2013.

24 **II. REASONS FOR THE EXTENSION.**

25 TEP requests this extension for two reasons. First, TEP has encountered difficulty in
26 obtaining easements needed to construct a portion of Phase II along the route approved by the
27 *Cyprus CEC*. In particular, TEP has had difficulty obtaining an easement over a portion of
Marley Ranch. This ranch is owned by Marley Cattle Company and Corrigan Real Estate
Investments, LLC (collectively, Owners). TEP needs an easement (Marley Easement) over a
portion of the property approximately 50 feet wide and approximately 474 feet long, comprising
approximately 0.546 acres. TEP has made diligent efforts to acquire the Marley Easement from

1 the Owners, but to date the Owners are unwilling to sell. This refusal has unfortunately forced
2 TEP to file a complaint to condemn the Marley Easement. (*Tucson Electric Power Co. v. Marley*
3 *Cattle Co. and Corrigan Real Estate Investment, LLC*, Pima County Superior Court No.
4 C20056718). It is uncertain how long this litigation will take, and when TEP will be able to gain
5 possession of the Marley Easement.

6 Second, the actual load growth in that particular area of Green Valley has been slower
7 than was anticipated a decade ago. TEP estimates that the completion of Phase II may not be
8 needed until 2013 depending upon load growth. The portion of Phase II that is being completed
9 this year is anticipated to feed a future substation to be located adjacent to the existing Cyprus
10 Raw Water Substation. This will adequately serve load growth in the area that has developed
11 since 1995.

12 Further, depending on load growth, TEP may be able to find alternatives that will further
13 delay the need for portions of Phase II. The requested extension will allow TEP to make an
14 informed decision about when and whether to complete these portions once further load growth
15 data is available. Without the extension, TEP will be forced to choose between rushing to
16 construct potentially unneeded facilities (assuming that TEP can timely obtain the right to
17 construct across the Marley Easement), or risking a shortage of transmission capacity in the
18 future if that need does develop. Neither option benefits TEP or its customers. The requested
19 extension represents a third, more sensible, option.

20 The estimated cost of completing Phase II is \$ 7.5 million. This cost can be broken down
21 as follows: (1) the first 4.7 miles, \$2.5 million, and (2) the balance of 7.5 miles, \$5 million. If
22 Phase II is completed before it is needed, TEP (and ultimately, its ratepayers) will be forced to
23 bear the additional \$5 million in costs, as well as carrying costs, before they are needed.

24 **III. THE EXTENSION IS IN THE PUBLIC INTEREST.**

25 Granting the extension will allow TEP the flexibility to complete Phase II in a prudent
26 and appropriate manner. If the extension is not granted, TEP would have to expedite
27 construction to meet the deadline, which would likely drive up costs. Further, an extension will

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allow TEP to delay substantial construction expenses until the expenses are truly necessary. Indeed, depending on load growth and other factors, certain portions of Phase II ultimately may never be needed. Moreover, TEP will be able to use its available capital resources on more immediate needs. In addition, an extension will allow the condemnation of the Marley Easement to be completed.

For all of these reasons, the extension request is in the public interest. Accordingly, TEP respectfully requests that the Commission extend the deadline in Condition 3(b) of the *Cyprus CEC* until June 27, 2013.

RESPECTFULLY SUBMITTED this 21st day of December 2005.

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2 filed this 21st day of December 2005 with:

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8 this 21st day of December 2005 to:

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