

WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER



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ARIZONA CORPORATION COMMISSION

DATE: DECEMBER 11, 2001

DOCKET NO: E-01345A-01-0227

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Jane Rodda. The recommendation has been filed in the form of an Order on:

ARIZONA PUBLIC SERVICE COMPANY
(SELL TRANSMISSION LINE)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and ten (10) copies of the exceptions with the Commission's Docket Control at the address listed below by 12:00 p.m. on or before:

COMPANY HAS WAIVED THE 10 DAYS FOR EXCEPTIONS

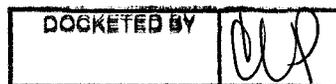
The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Working Session and Open Meeting to be held on:

DECEMBER 18, 2001 and DECEMBER 19, 2001

For more information, you may contact Docket Control at (602)542-3477 or the Hearing Division at (602)542-4250.

Arizona Corporation Commission
DOCKETED

DEC 11 2001



A handwritten signature in black ink.

BRIAN C. McNEIL
EXECUTIVE SECRETARY

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BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

IN THE MATTER OF THE APPLICATION OF
ARIZONA PUBLIC SERVICE COMPANY FOR
APPROVAL TO SELL THE GLEN CANYON
TRANSMISSION LINE TO PACIFICORP.

DOCKET NO. E-01345A-01-0227

DECISION NO. _____

ORDER

Open Meeting
December 18 and 19, 2001
Phoenix, Arizona

BY THE COMMISSION:

Having considered the entire record herein and being fully advised in the premises, the Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

1. On March 14, 2001, Arizona Public Service Company ("APS" or "Company") filed an application for authority pursuant to A.R.S. § 40-285.A to sell its 10.4 miles of the Glen Canyon Transmission Line to Pacificorp.
2. The transmission line in question runs from the Switchyard at Glen Canyon Dam to Pacificorp's Sigurd substation in Utah. A copy of the legal description of the transmission line and related facilities is attached hereto as Exhibit A, and incorporated herein by reference. The transmission line is 159 miles in length and only 10.4 miles of it belongs to APS in Arizona. The remainder of the line is in Utah and has always been owned by Pacificorp. The line is used exclusively by Pacificorp to transmit power and energy from Glen Canyon to the Western Area Power Administration.
3. In 1995, APS and Pacificorp entered into a Memorandum of Understanding to sell the transmission line and related facilities to Pacificorp for \$1.5 million.
4. APS states that Pacificorp delayed closing the transaction until 2001.
5. The original cost of the transmission line was \$430,671, and its net book value was

1 \$53,736 as of December 31, 2000.

2 6. APS expects a gain on from the sale of approximately \$1.4 million. APS proposes to
3 share the gain between investors and ratepayers on a 50/50 basis.

4 7. APS also proposes to treat the ratepayer's portion of the gain as a deferred credit in its
5 next rate case because its claims an immediate distribution of the gain would be administratively
6 cumbersome and not cost effective.

7 8. APS states that the sale of the transmission line would not impact its operations
8 because it is not necessary to provide service in Arizona. APS asserts ratepayers would benefit from
9 the elimination of all costs and risks associated with ownership of the line.

10 9. On December 7, 2001, the Commission's Utilities Division Staff ("Staff") filed its
11 Staff Report, recommending approval of the sale without a hearing.

12 10. Staff concurs with APS's proposal to share the gain 50/50 between ratepayers and
13 investors. Staff states that historically it has been the Commission's policy to share gains in this
14 fashion. Staff cites Decision No. 55175 (August 21, 1986) in which the Commission authorized APS
15 to distribute its gains on sale of assets between shareholders and ratepayers on a 50/50 basis. In
16 Decision No. 55228 (October 9, 1986), the Commission stated the "method of treating gains on sale
17 or other disposition of operating systems set forth in Decision No. 55175 is reasonable and should be
18 adopted as a general policy." This policy has been followed in subsequent cases.

19 11. Staff agrees with APS' proposal to treat the ratepayers' half of the gain as a deferred
20 credit in the next rate case, however, it recommends that the deferred credit should earn interest at 6.0
21 percent per year from the date of our Decision in this case until the end of the Test Year in the next
22 rate proceeding.

23 12. Staff believes that APS's proposed sale of the transmission line would not negatively
24 impact its ability to provide service in Arizona and that there is no technical or financial reason to
25 deny the sale to Pacificorp.

26 13. On August 3, 2001, the Federal Energy Regulatory Commission ("FERC") issued an
27 order authorizing the disposition of the FERC jurisdictional assets. On November 6, 2001, FERC
28 issued a second order approving the transfer of license.

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IT IS FURTHER ORDERED that Arizona Public Service Company shall file written documentation with the Commission confirming consummation of the sale within 30 days of the sale's completion.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary 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 ____ day of _____, 2001.

BRIAN C. McNEIL
EXECUTIVE SECRETARY

DISSENT _____
JR:mlj

1 SERVICE LIST FOR: ARIZONA PUBLIC SERVICE COMPANY

2 DOCKET NO.: E-01345A-01-0227

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EXHIBIT A
LEGAL DESCRIPTION

Glen Canyon Switchyard To The Arizona - Utah Border 230kV Transmission Line

That portion of Sections 2, 3, 11, and 12, Township 41 North, Range 7 East, and that portion of Sections 7, 16, 17, 18, 21, 22, 25, 26, and 27, Township 41 North, Range 8 East, and that portion of Sections 33, and 34, Township 42 North, Range 7 East, of the Gila and Salt River Meridian, Coconino County, Arizona, as shown on the attached Map E-17864 (FPC 2469), and more particularly described as follows:

Said Right-of-way being 120 feet in width, 60 feet on each side of the following described centerline.

Commencing, at the northeast corner of Section 33, Township 42 North, Range 7 East, as described above;

Thence, South 89 degrees 52' 02" West, (basis of bearings) along the North line of said Section 33, a distance of 703.71 feet to the TRUE POINT OF BEGINNING, said point designated as Station 547+57.48:

Thence, South 20 degrees 08 minutes 20 seconds East, a distance of 4,012.88 feet, to a point designated as Station 507+44.60 A.P.R.;

Thence, South 58 degrees 30 minutes 30 seconds East, a distance of 456.10 feet, to a point on the South line of Section 34, designated as Station 502+88.50 P.O.T., said point being located West, of the South Quarter Corner of said Section 34, a distance of 1573.30 feet, and also having a bearing equation North 58 degrees 30 minutes 30 seconds West ahead = North 58 degrees 34 minutes 25 seconds West back;

Thence, South 58 degrees 34 minutes 25 seconds East, across the North-half of Section 3, Township 41 North, Range 7 East, as described above, a distance of 4,936.92 feet to a point on the East line of said Section 3, designated as Station 453+51.98 P.O.T., said point lying North 00 degrees 05 minutes East, of the East Quarter Corner of Section 3, a distance of 65.18 feet;

Thence, continuing South 58 degrees 34 minutes 25 seconds East, across the Southwest Quarter of the Northwest Quarter of Section 2, and the South-half of Section 2, Township 41 North, Range 7 East, as described above, a distance of 5,178.62 feet to a point on the South line of said Section 2, designated as Station 401+73.36 P.O.T., said point lying West, of the Southeast Corner of Section 2, a distance of 861.50 feet;

Thence, continuing South 58 degrees 34 minutes 25 seconds East, across the Northeast Quarter of Section 11, and the Northwest Quarter of Section 12, and that portion of the East-half of Section 12, Township 41 North, Range 7 East, as described above, a distance of 7,502.50 feet to a point on the East line of said Section 12, designated as Station 326+70.86 P.O.T., said point lying South, of the East Quarter Corner of Section 12, a distance of 1,123.51 feet:

Thence, continuing South 58 degrees 34 minutes 25 seconds East, across the Southeast Quarter of Section 7, and the North-half of Section 18, and that portion of the South-half of Section 17, and a portion of the Northwest Quarter of Section 17, Township 41 North, Range 8 East, as described above, a distance of 12,056.56 feet to a point on the East line of said Section 17, designated as Station 206+14.30 P.O.T., said point lying North, of the Southeast Corner of Section 17, a distance of 352.32 feet;

Thence, continuing South 58 degrees 34 minutes 25 seconds East, across a portion of State Land (Permit 14-2891) in the Southwest Quarter of Section 16, Township 41 North, Range 8 East, as described above, a distance of 675.72 feet to a point on the South line of said Section 16, designated as Station 199+38.58 P.O.T., said point lying East, of the Southwest Corner of Section 16, a distance of 576.29 feet;

Thence, continuing South 58 degrees 34 minutes 25 seconds East, across the North-half of Section 21, and the Southeast Quarter of Section 21, and that portion of the South-half of Section 22, Township 41 North, Range 8 East, as described above, a distance of 10,112.62 feet to a point on the South line of said Section 22, designated as Station 98+25.96 P.O.T., said point lying West, of the Southeast Corner of Section 22, a distance of 1369.79 feet;

Thence, across a portion of the Northeast Quarter of Section 27, and the North-half of Section 26, and the Northwest Quarter of Section 25, Township 41 North, Range 8 East, as described above; commencing at Station 98+25.96 lying West, a distance of 1369.79 feet from the Northeast Corner of Section 27;

Thence, continuing South 58 degrees 34 minutes 25 seconds East, a distance of 3,474.18 feet to a point designated as Station 63+51.78 A.P.R.

Thence, North 84 degrees 09 minutes 33 seconds East, a distance of 3,706.78 feet to a point on the East line of said Section 26, designated as Station 26+45.00 P.O.T.;

Thence, continuing North 84 degrees 09 minutes 33 seconds East, across that portion of Section 25, a distance of 1,004.20 feet to a point designated as Station 16+40.80 A.P.R.;

Thence, North 37 degrees 02 minutes 33 seconds East, a distance of 1,163.40 feet to a point designated as Station 4+77.40 A.P.R.;

Thence, North 78 degrees 36 minutes 33 seconds East, a distance of 477.40 feet to the Glen Canyon Switch Yard, and a point, designated as Station 0+00.00 Begin;

Glen Canyon 230kV line is 10.3707 miles in total length and contains 150.8471 acres.

State Land	0.1280 miles	1.8615 acres
Fed. Land	10.2427 miles	148.9856 acres

EXHIBIT B

INVENTORY OF TRANSMISSION FACILITIES

All pole structures, downguys and wires as reflected in the following list and on the attached map.

Location Code 13000205 MILES: 10.4

FERC ACCT	RU#	RU DESCRIPTION	QUANTITY	UNIT OF ISSUE
TWO OR THREE POLE STRUCTURES				
355	5650110	Wood Pole - 65 FT	2	EA
355	5650112	Wood Pole - 75 FT	1	EA
	Total Wood Poles		3	
355	5654010	2-Pole Structure (61-65 FT)	4	EA
355	5654012	2-Pole Structure (71-75 FT)	14	EA
355	5654110	3-Pole Structure (61-65 FT)	1	EA
355	5654111	3-Pole Structure (66-70 FT)	1	EA
355	5654112	3-Pole Structure (71-75 FT)	3	EA
	Total Structures		23	
355	5550100	Transmission Down Guys	54	EA
350-2		Land Rights		LT
CONDUCTOR/ GROUND WIRE				
356	5250304	954 MCM ACSR	164,736	FT
356	5250201	OHGW ALUMOWELD	109,824	FT
	Total Conductor/ Ground Wire		274,560	

DECISION NO. _____