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**AZ CORP COMMISSION
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October 4, 2002

VIA HAND-DELIVERY

Docketing Supervisor
Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington Street, 1st Floor
Phoenix, Arizona 85007-2927

Arizona Corporation Commission
DOCKETED

OCT 04 2002

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**RE: COMMENTS ON SECOND BIENNIAL TRANSMISSION ASSESSMENT STAFF'S
DRAFT REPORT OF SEPTEMBER 20, 2002; DOCKET NO. E-00000D-02-0065**

Dear Docketing Supervisor:

Attached for filing this date are Harquahala Generating Company's "Comments on Second Biennial Transmission Assessment Staff's Draft Report of September 20, 2002" to be filed this date in Docket No. E-00000D-02-0065. Per phone instructions from your docketing department, we are providing the original for filing and 25 copies to be distributed to the appropriate parties. We were informed that we did not have to mail these to a service list. Please advise if we are mistaken and if there is a service list of parties to whom we should forward copies of these comments. We have also submitted the comments electronically to Neal Balu and Jerry Smith at nbalu@ppluscorp.com and jsmith@cc.state.az.us as requested in Jerry Smith's filing instructions of September 20, 2002.

Sincerely,

Roger K. Ferland

RKF:slm
Enclosure

ACC Docketing Supervisor
October 4, 2002
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cc: Jim Filippi
Tom Broderick
Jim Tramuto

Comments on
Second Biennial Transmission Assessment
Staff's Draft Report of
September 20, 2002

2.4: According to the WECC web site (www.wecc.biz), "The WSCC was merged with the Western Transmission Association (WRTA) and the Southwest Regional Transmission Association (SWRTA) to create the Western Electricity Coordinating Council (WECC) on April 18, 2002." The draft report says WECC was formed in 2001.

3.1: The draft states, "The regional and federal reliability criteria do not apply to the internal systems of utilities." However, all of the NERC standards and some of the WECC standards apply to internal systems of utilities. (See the preface of the NERC/WECC Planning Standards.)

Figure 6.1: The La Paz Project should be deleted. There is no other reference to that project anywhere in the report, and the developers, Allegheny Power, have formally cancelled the project.

7.2.1: We concur with and support the staff's concerns regarding the Phoenix Area import capability.

9.1.6: The report should clarify that this project has been cancelled.

9.3.3: The draft states, "Harquahala was included in the Hassayampa interconnect study, and no transmissions problems are expected. However, the plant rating has been increased to 1,170 MW, which puts an additional burden on the transmission system that is already constrained." The second sentence is not accurate. The rating of the plant has not changed significantly. The 1,170 MW figure corresponds to the maximum output of the plant on a cold winter day. It is not the plant rating. The rated capacity (nameplate) of the plant is 1,092 MW. In addition, the Hassayampa interconnect study is based on these same maximum output capability and the rated capacity figures, as is the Interconnection Agreement.

10.3: Recommendations

- Continue with the "Guiding Principles for ACC Staff determination of Electric System Adequacy and Reliability" to aid Staff in the determination of adequacy and reliability of power plant and transmission line projects.
- Continue with the stipulation of the requirement of two or more lines out of each plant's switchyard to meet (N-1) contingency criteria without relying on remedial actions such as generator tripping or load shedding.

In the first BTA, NEG and others took issues with the Staff's "Guiding Principles". In particular, NEG took issue with both the principle that two or more lines should be required out of each plant's switchyard and the Staff's assertion that this principle is consistent with the best engineering practices established in Arizona or anywhere else.

The reasons for NEG's objections and the objections of others were detailed in the proceedings for the first BTA. NEG continues to object to the Staff's use of the Guiding Principles in Appendix A.

We support the recommendations concerning formation of new collaborative study groups, considering generation contingencies when evaluating the benefits of local generation to alleviate import constraints, and encouraging collaborative activities between the transmission providers and merchant plant developers.