

ORIGINAL
OPEN MEETING



0000056586

MEMORANDUM
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TO: THE COMMISSION 2006 JUN 23 A 11: 17

FROM: Utilities Division AZ CORP COMMISSION
DOCUMENT CONTROL

DATE: June 23, 2006

RE: TUCSON ELECTRIC POWER COMPANY'S REQUEST FOR AN EXTENSION OF TIME ON THE CERTIFICATION OF ENVIRONMENTAL COMPATIBILITY FOR A 138 KV LINE FROM SOUTH SUBSTATION TO THE CYPRUS SIERRITA SUBSTATION (LINE SITING CASE NO. 84 AND DOCKET NO. L-00000C-95-0084)

On December 21, 2005, Tucson Electric Power Company (TEP) filed a request for a time extension to construct a portion of the transmission facilities approved by the subject certificate of environmental compatibility (CEC). The third condition of the CEC states:

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

The Committee approved the CEC on June 27, 1995. Therefore, TEP was to commence construction on the Phase Two facilities by June 27, 2005 and such construction was to be completed by June 27, 2006. TEP indicates it has started construction by the required date and states it is currently constructing 4.7 miles of the 12.2 mile Phase Two project.

TEP offers two reasons for requesting a time extension to the subject CEC. They are in condemnation proceedings with Marley Cattle Company for an easement needed to complete construction of the certificated project. Secondly, TEP states the actual load growth in the vicinity of Green Valley Substation has been lower than anticipated a decade ago. TEP also offers the opinion that a time extension would also facilitate a consideration of alternative system solutions more suited to currently prevailing conditions.

Staff requests that the Commission issue a Decision or Procedural Order that grants a temporary time extension until December 31, 2006. It will allow sufficient time for the condemnation proceeding with Marley Cattle Company to conclude. The additional time will also afford TEP sufficient time to perform its due diligence review of alternative system

THE COMMISSION

June 23, 2006

Page 2

improvements. Finally, this extension in time will allow Staff an opportunity to ascertain the level of CEC compliance already achieved by TEP and file a responsive Staff report.

Staff further requests that the Commission order TEP to file a report with Staff by August 31, 2006 that addresses the status of its condemnation proceeding with Marley Cattle Company, forecasts when additional Phase Two or alternative facilities are needed, and the findings of any and all system improvements considered as an alternative to the portion of the certificated Phase Two Project not yet constructed. Staff proposes to file a Staff report regarding this matter by September 29, 2006.

A proposed order is attached for the Commission's consideration.



Ernest G. Johnson
Director
Utilities Division

EGJ:JDS:lhv\JMA

ORIGINATOR: Jerry D. Smith

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BEFORE THE ARIZONA CORPORATION COMMISSION

JEFF HATCH-MILLER
Chairman
WILLIAM A. MUNDELL
Commissioner
MARC SPITZER
Commissioner
MIKE GLEASON
Commissioner
KRISTIN K. MAYES
Commissioner

IN THE MATTER OF TUCSON ELECTRIC
POWER COMPANY' REQUEST FOR AN
EXTENSION OF TIME ON THE
CERTIFICATE OF ENVIRONMENTAL
COMPATIBILITY FOR A PORTION OF
PHASE II TO THE CYPRUS SIERRITA
SUBSTATION

DOCKET NO. L-00000C-95-0084
DECISION NO. _____

ORDER

Open Meeting
June 27 and 28, 2006
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On August 8, 1995, the Arizona Corporation Commission ("Commission") issued Decision No. 59221 in Docket No. L-00000C-95-0084 ("Case No. 84"). Decision No. 59221 granted Tucson Electric Power Company ("TEP") a Certificate of Environmental Compatibility ("CEC") authorizing construction of a 138 kV transmission line from South Substation to Cyprus Sierrita Substation with an interim interconnection at Green Valley Substation. The Green Valley to Cyprus Sierrita Substation segment of the project was referred to as "Phase Two" in the CEC.

2. The third condition of the CEC states:

"(3) that the Applicant: (a) commence construction of Phase Two of said transmission line, being that portion between the Green Valley and Cyprus Sierrita Substations, no later than ten (10) years from the date of granting of this Certificate by the Committee, and (b) complete construction of said Phase Two within one year of the date of the commencement of

1 construction. The Applicant shall have the right to apply to the
2 Corporation Commission for an extension of these time
3 limitations, to be exercised at any time at the Applicant's
4 option."

5 3. The Committee approved the CEC on June 27, 1995. Therefore, TEP was to
6 commence construction on the Phase Two facilities by June 27, 2005 and such construction was to
7 be completed by June 27, 2006.

8 4. On December 21, 2005, TEP filed a request for a time extension to construct a
9 portion of the transmission facilities approved by the subject CEC. TEP offers two reasons for
10 requesting a time extension to the subject CEC. They are in condemnation proceedings with
11 Marley Cattle Company for an easement needed to complete construction of the certificated
12 project. Secondly, TEP states the actual load growth in the vicinity of Green Valley Substation has
13 been lower than anticipated a decade ago and, therefore, there is not a current need for the Phase
14 Two Project facilities.

15 5. In its December 21, 2005 filing, TEP indicated it commenced construction of Phase
16 Two facilities by the required date and states its is currently constructing 4.7 miles of the 12.2
17 miles Phase Two Project.

18 6. TEP also opines that a time extension would facilitate a consideration of alternative
19 system solutions more suited to currently prevailing conditions.

20 7. On June 23, 2006, the Commission's Utilities Division Staff ("Staff") filed a
21 memorandum in this docket. Therein Staff requested that the Commission issue a Decision or
22 Procedural Order that grants a temporary time extension until December 31, 2006. Such a time
23 extension will allow sufficient time for the condemnation proceeding with Marley Cattle Company
24 to conclude. The additional time will also afford TEP sufficient time to perform its due diligence
25 review of alternative system improvements. Finally, this extension in time will allow Staff an
26 opportunity to ascertain the level of CEC compliance already achieved by TEP and time to prepare
27 and file a responsive Staff report.

28 8. Staff also requested that the Commission order TEP to file a report with Staff by
August 31, 2006, that addresses the status of it condemnation proceeding with Marley Cattle

1 Company, forecasts when additional Phase Two or alternative facilities are now needed, and the
2 findings of any and all system improvements considered as an alternative to the portion of the
3 certificated Phase Two Project not yet constructed.

4 9. In its June 23, 2006 memorandum, Staff recommends a responsive Staff report be
5 filed by September, 29, 2006.

6 CONCLUSIONS OF LAW

7 1. The Commission has jurisdiction over the Company and of the subject matter of the
8 request.

9 2. Staff's recommendations in Findings of Fact Nos. 7, 8 and 9 are reasonable and
10 should be adopted.

11 3. The Commission, having reviewed the filing and Staff's Memorandum dated
12 June 23, 2006, finds that it is in the public interest to extend the expiration date to construct the
13 facilities granted in Decision No. 59221 to December 31, 2006.

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ORDER

IT IS THEREFORE ORDERED that the expiration to construct facilities granted in Decision No. 59221 is hereby extended to December 31, 2006.

IT IS FURTHER ORDERED that TEP will file with Commission Docket Control, no later than August 31, 2006, a report addressing topics outline in Finding No. 8.

IT IS FURTHER ORDERED that Staff shall file a Staff Report regarding TEP's request for extension of time for its authority to constructed facilities granted in Decision No. 59221 no latter than September 29, 2006.

IT IS FURTHER ORDERED that this decision shall be effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I BRIAN C. McNEIL, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2006.

BRIAN C. McNEIL
Executive Director

DISSENT: _____

DISSENT: _____

EGJ:JDS:lhm\JMA

1 SERVICE LIST FOR: Tucson Electric Power Company
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