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AZ CORP COMMISSION  
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July 11, 2006

Mr. Jeff Palermo  
Mr. Eric Sedina  
KEMA, Inc.  
4400 Fair Lakes Court  
Fairfax, VA 22033

Mr. Jerry Smith  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, Arizona 85007

Re: Arizona Corporation Commission  
2006 Biennial Transmission Assessment Workshop I  
Docket No. E-00000D-05-0040

Arizona Corporation Commission  
**DOCKETED**

JUL 12 2006

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Dear Sirs:

Entegra Power Group, LLC, owns and operates the Gila River Power plant ("GRP") located near Gila Bend, Arizona. GRP is a 2,200 MW natural gas fired combined cycle merchant facility that has been in commercial operations since May 2003. Unlike many of the merchants facilities located in Arizona, GRP is not located at the Palo Verde hub. To facilitate the plant's integration into Arizona's transmission grid, GRP has funded over \$77M of transmission infrastructure over the past 5 years. GRP also purchases significant volumes of transmission service from Arizona transmission providers, and actively participates in collaborative transmission planning activities in the region. I recently attended the above reference workshop and would like to offer the following comments for your consideration and further discussion.

The Certificate of Environmental Compatibility (CEC) for the Southeast Valley (SEV) 500 kV transmission project allows for flexibility in both interconnection points and termination points. See Decision No. 67012 (May 24, 2004). Specifically, this 500 kV line may either tie into the Jojoba switching station, or bypass the station and terminate at either the Redhawk switching station or directly into the Hassayampa switching station. Due, in part, to the "Westwing" incident that occurred in 2004, there has been a heightened concern over improving the access of generation sources to reach the Phoenix load centers. To address this concern, the reliability benefits of interconnecting the SEV line at Redhawk have been assessed as part of the 2006 Biennial Transmission Assessment. As reported at the June 6<sup>th</sup> Biennial Transmission Assessment Workshop, for the loss of the Hassayampa switchyard the Redhawk termination for the SEV line results in significant reliability benefits. Under this contingency, the SEV line would continue to be sourced from the Redhawk station, providing the Tucson area as well as the east part of the Phoenix Valley with a strong generation source.

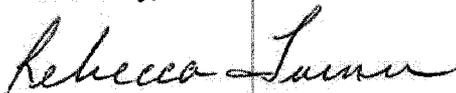
Mr. Jeff Palermo & Mr. Eric Sedina, KEMA, Inc.  
Mr. Jerry Smith, ACC  
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However, in the event that the SEV line terminates directly into Hassayampa, the reliability benefits provided by the Redhawk termination would be lost. For this case, due to the size and proximity of GRP to the Jojoba switching, it is likely that similar reliability benefits may be achieved by interconnecting the SEV line into the Jojoba switching station. Unfortunately, the reliability benefits of the Pinal West-Jojoba-Hassayampa configuration has not yet been studied as part of this 2006 Biennial Transmission Assessment. As this configuration may offer similar reliability benefits as that of the SEV Redhawk termination, it seems appropriate to evaluate this configuration as well. In the event that the SEV participants do not choose to terminate the SEV line at Redhawk, the Jojoba interconnection may be a viable alternative to ensure comparable reliability in the region.

Entegra would also like to comment on the proposed Palo Verde-Devers II 500 kV transmission line. There has been some concern voiced by the ACC that this transmission line may result in more power from the Arizona region being exported to serve load in California. In light of this concern, consideration should be given in the 2006 Biennial Transmission Assessment to ensuring that Arizona's ratepayers have equitable access to all existing generation in Arizona. GRP is a 2,200 MW facility that delivers directly to the Jojoba switching station. Due to their ownership in the Valley Transmission system, Arizona Public Service Company and Salt River Project have direct access to this generation, but other smaller load serving entities in Arizona do not. An interconnection of the SEV line to the Jojoba switching station would provide a number of smaller load serving entities, such as Tucson Electric Power Company, the Arizona Electric Power Cooperative and several municipalities, with this direct access and thus, the value of this interconnection should also be a consideration in the 2006 Biennial Transmission Assessment.

Entegra appreciates the opportunity to provide these comments and looks forward to reviewing the initial draft report. Please feel free to contact me if you have questions and would like to discuss our concerns further.

Sincerely,



Rebecca Turner  
Entegra Power Group, LLC  
Director, Regulatory and Market Design

cc: Mr. Michael Schuyler  
President & Chief Operating Officer  
Entegra Power Group, LLC

Docket Control