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**Southwest
Transmission**
COOPERATIVE, INC

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July 27, 2006

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

RE: 2006 Biennial Transmission Assessment Workshop 1
Docket No. E-00000D-05-0040

Dear Sir/Madam:

Enclosed is the Southwest Transmission Cooperative, Inc. ("SWTC") response to the questions posted on the ACC website, following the June 6th BTA Workshop. We apologize for not including the Docket No. on the original and each copy that was originally submitted on July 10th. This has been corrected with this submittal.

If you or your staff has any questions regarding the responses please contact Bruce Evans at 520-586-5336.

Sincerely,

Jim Rein
Manager of Transmission Planning

Attachments

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SWTC Responses to 2006 BTA Workshop #1 Questions Docket No. E-00000D-05-0040

General questions to the group

Q1. What WECC reports or committee activities may better inform our review of the BTA filings?

SWTC Response: SWTC suggests coordination with the regional planning activities of the WECC Planning Coordination Committee (PCC) and the newly formed Transmission Expansion Planning Policy Committee (TEPPC). The TEPPC will likely take a leadership role in setting up principles for state/regional planning. Information on these two committees can be found at the WECC website at <http://www.wecc.biz>.

Q2. What other reports would you suggest we review concerning:

- Demonstrating AZ regional planning activities
- Support work and projects discussed at the workshop
- Developments related to
- EAct 2005
- NERC/WECC standards
- WECC committee structure and functions

SWTC Response: SWTC suggests that the various reports developed by the Southwest Area Transmission (SWAT) study groups, such as the Central Arizona Transmission Study Groups (CATS-EHV and CATS-HV, be reviewed to demonstrate AZ regional planning activities and the support work for the projects discussed at the workshop. With regards to developments related to EAct 2005, SWTC suggests that the work that is ongoing by the Department of Energy (DOE) in establishing energy corridors be reviewed for the needs of the BTA. Please see SWTC's response to Q5 below as it regards the NERC/WECC standards.

Q3. Are there any issues before the WECC transmission expansion planning policy committee that may have an impact on the filings?

SWTC Response: SWTC is not directly involved in the WECC TEPPC, but at this early stage of development, it does not appear that the various tasks before the TEPPC will have a negative impact on the Ten Year Plan Filings.

Q4. To what extent do your planning activities align with the proposed changes to FERC's Order 888?

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SWTC Response: The new FERC NOPR contains substantial changes with regards to participation in open and transparent regional transmission planning processes. SWTC has been a participant in the CATS and SWAT sub-regional planning groups since inception and will remain an active participant in the regional planning processes as described in FERC's Order No. 888.

Q5. In regard to EPCRA 2005—What measures have been implemented in the transmission planning area, if any, related to the FERC/NERC/WECC mandatory reliability requirements?

SWTC Response: SWTC has not implemented any changes to its existing criteria as it relates to the FERC/NERC/WECC mandatory reliability requirements, however, SWTC intends to be fully compliant with the reliability requirements being promulgated by FERC, NERC and WECC once they are finalized.

Questions for each participant

Q6. Are any the projects included in your Ten Year Plans being proposed solely for their economic benefits (as opposed to reliability benefits)?

SWTC Response: SWTC as a non-profit cooperative regulated by the Rural Utilities Service (RUS) plans projects only in support of providing reliable service to its customers. SWTC does not propose projects based solely for their economic benefits. The projects included in SWTC's Ten Year Plans support Member System load growth and ensure continued reliability of service to the Member System owners and other customers of SWTC. SWTC is only able to fund projects for RUS borrowers, or those who are RUS-ACT beneficiaries.

Q7. How do the proposed transmission plans provide for delivery of new generation sources to Arizona customers:

- In-state generation—general locations considered?
- Generation imports—directions considered (from where?)

SWTC Response: In general, the study efforts of the various SWAT sub-committees have taken into account where generation might be sighted in state and out of state. As an example, the CATS-HV Saturated Load Study for Pinal County suggested additional generation at Saguaro and Sundance, with generation imports coming from Palo Verde, New Mexico (wind resources) and Four Corners. This information would be very useful to generation owners (several of whom are involved in these SWAT sub-committees) as a road map as to where to install new generation sources. Additional studies are likely to show other locations that can be considered in the future.

Q8. How do you identify RMR areas? How do you define the RMR area boundaries?

SWTC Response: SWTC would define it as an import or load-pocket area, or even a control area boundary. SWTC is in the Western Area Power Administration (WAPA) Control Area and has provided data for the studies performed for Mohave and Santa Cruz Counties.

Q9. Based on the CATS HV and other studies does it appear that Pinal County has the potential to become an RMR area in the future?

SWTC Response: The CATS-HV Saturated Load Study for Pinal County noted that significant generation assumptions had been made to serve a future load of 10,400 MW in the area – some generation was added to existing sites, but the majority of the generation needed was imported from outside the area. It is possible that Pinal County may become a RMR area. Of course,

additional studies will need to be done as load and generation are added to the area over time, but it is reasonable to assume that a mix of local generation and generation imports will be used to meet this expanded growth in the future.

Q10. How have WAPA's transmission improvements been incorporated into the plans presented at the workshop?

SWTC Response: SWTC believes that WAPA's transmission improvements have been incorporated into the plans presented at the workshop. WAPA has been at the table in the various CATS Subcommittee meetings and has participated in updating their system representation in the Arizona joint CATS base cases.

Q11. Where can we find the 10-year load forecast information used in your studies?

SWTC Response: This is not public information and is not owned by SWTC, but by the Member owners of SWTC. However, through a confidentiality agreement, SWTC can share an aggregated load forecast that was used in the studies for the Ten Year Plan filings.

Q12. Discuss any difficulty you may have in providing the following information as part of future BTAS:

- A table reporting the assumed load for each year studied; and
- Reporting the specific contingency (or base case), limiting element, the nature of the limit, and the extent that criteria are violated that justifies each transmission addition.

SWTC Response: SWTC foresees no difficulty in providing an aggregated load for each year studied of its annual Ten Year Plan Filing, nor does it foresee any difficulty in reporting the specific contingency, base case or limiting element as justification for each transmission addition.