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June 26, 2006

Arizona Corporation Commission
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To: Jerry D. Smith,
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

RE: Workshop #1 Questions Docket No. E-00000D-05-0040

Hi Jerry,

I am forwarding to you Tucson Electric Power Co. responses to the subject questions raised at the 2006 Biennial assessment workshop. Should you have any further questions regarding TEP's responses please do not hesitate to contact me.

Sincerely,

Ed Beck

Encl. (TEP Responses)
CC: D. Couture (TEP)

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TEP Responses to Questions from 2006 Biennial Workshop # 1

General questions to the group

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

As far WECC is concerned the new Transmission Expansion Planning Policy Committee (TEPPC) is taking on activities that were being handled by the SSG-WI planning workgroup. Jerry Smith of the ACC is a member of the TEPPC and is familiar with their efforts. Regarding documentation on this committee two items to look at are: Transmission Expansion Planning White Paper, TEPPC Charter. In addition work of the Operating Transfer Capability Policy Committee (OTCPC) (Operating Transfer Capability Policy Committee) and WECC Seasonal Assessments provide some information on transmission capability in the West. This information is available on the WECC website.

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

- Demonstrating AZ regional planning activities Reports of SWAT, STEP, WATTS, and the Four Corners Task Force are all valuable resources for looking at regional issues as well as various interconnection studies that have been completed by the various regional utilities.
- Support work and projects discussed at the workshop. See answers to other questions that indicate some of the related support work.
- Developments related to
- EAct 2005 FERC Staff Preliminary Assessment of NERC Reliability Standards and the recent FERC NOPR on OATT reform contain information on transmission planning issues that should be addressed. In addition TEP has submitted comments to DOE related to Corridor activities that are part of the EAct of 2005.
- NERC/WECC standards. See answer to EAct 2005.
- WECC committee structure and functions See answer to Q1.

Q3. Are there any issues before the WECC transmission expansion planning policy committee that may have an impact on the filings? Due to the infancy of the TEPPC it is too early to tell.

Q4. To what extent do your planning activities align with the proposed changes to FERC's Order 888? Generally our planning activities align well with the proposed Order 888 changes. We are still in the process of reviewing the proposed changes but absent a radical change in the final order we are not overly concerned with the direction of the proposed changes. In fact, FERC has indicated that they support the planning processes in the West.

Q5. In regard to EAct 2005—What measures have been implemented in the transmission planning area, if any, related to the FERC/NERC/WECC mandatory reliability requirements? No changes to existing planning criteria have been implemented as a result of FERC/NERC/WECC mandatory reliability criteria, which are still under review by FERC. FERC Staff has raised concerns about the ability to gauge compliance with certain standards and will require modification to some of the proposed standards. TEP currently is signatory to the WECC

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Reliability Management System (“RMS”) which requires compliance with certain standards related to operations. At this point Transmission Planning criteria are not addressed by the RMS.

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Questions for each participant

Q6. Are any the projects included in your 10-year plans being proposed solely for their economic benefits (as opposed to reliability benefits)? No. All Projects currently proposed by UNS include both reliability and economic benefits.

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

- In-state generation—general locations considered? TEP is participating in projects that begin at the Hassayampa switchyard. To the extent new generation is developed anywhere along the corridor for the projects they will have capability to reach Tucson. This includes any imports into the Hassayampa area from neighboring states.
- Generation imports—directions considered (from where?) The 2006 / 2007 CATS EHV study will be looking at importing power into AZ from all directions.

Q8. How do you identify RMR areas? How do you define the RMR area boundaries? For TEP the RMR area is based on the Control Area boundaries for TEP.

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? This will depend on future transmission in Pinal County. If no additional transmission is built local generation will be necessary to serve the loads in the saturated load study area. The CATS EHV study will be looking at this issue. The Hassayampa to Pinal South 500kV project will improve the ability to import power into Pinal County and should reduce RMR issues for the area.

Q10. How have WAPA's transmission improvements been incorporated into the plans presented at the workshop? To the extent WAPA has identified any system improvements in the WECC base cases used for planning they are incorporated into the study.

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

Here is the 10 year forecast used by TEP (report only included forecast for years studied):

TEP Peak	
Year	Forecast Peak (MW)
2006	2187
2007	2248
2008	2310
2009	2374
2010	2439
2011	2504
2012	2571
2013	2639
2014	2709
2015	2779

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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; This information can be obtained from WECC base cases. Although for the years studied UNS has supplied this information within our report 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. We provide this information in the SWAT forum when we announce projects. Coordinating BTA reporting with SWAT data might be an exercise in extra work. First the limits w/o the transmission would have to be shown and then limits with the transmission. To date we have studied only the latter with regard to the BTA since the limits for BTA use different criteria than our internal planning process does.