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AZ CORP COMMISSION
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August 1, 2006

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

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

Arizona Corporation Commission
DOCKETED

AUG 1 - 2006

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

Dear Sirs:

I am writing in response to the letter submitted by Entegra in the docket for the 2006 Biennial Transmission Assessment (BTA). At APS we appreciate the participation of Entegra in the process and we look forward to continuing to work with them. However we believe that their recent letter dated July 11, 2006 may create potential misperceptions about the scope of studies performed. Specifically, Entegra makes two statements that require some further clarification.

First, Entegra stated:

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 6th Biennial Transmission Assessment Workshop, for the loss of the Hassayampa switchyard the Redhawk termination for the SEV line results in significant reliability benefits.

While APS agrees that the termination of the SEV line may indeed result in reliability benefits, the study results presented at the June 6th BTA Workshop did not state that as a conclusion of the study. Instead, the study work performed for the BTA Workshop was for the Palo Verde Hub-TS5 500kV line and the TS5-TS9 500kV line. Although the SEV line was included in the modeling of the transmission system, it was modeled only as an interconnection to the Hassayampa switchyard. Because the interconnection of the SEV line at Redhawk was never studied, no results were reported relating to any reliability difference between terminating the SEV line at Hassayampa or Redhawk. That evaluation

was outside the scope of the study work that was performed and reported at the June 6th Workshop.

Second, Entegra also stated:

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.

In the studies performed, with or without the SEV line interconnected into Jojoba, the Gila River Plant remains connected to the transmission system through the Jojoba-Kyrene 500kV line and therefore the effects might not be similar to the Redhawk interconnection.

Thank you for the opportunity to clarify these matters. If you have any question, please feel free to contact me at 602-250-1144.

Sincerely,

A handwritten signature in cursive script that reads "Robert Smith (gaw)".

Robert Smith
Manager Transmission Planning and Engineering

Cc. Rebecca Turner, Entegra Power Group, LLC

Docket Control