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BEFORE THE ARIZONA POWER PLANT AND LINE SITING COMMITTEE

L-00000AA-01-0116

IN THE MATTER OF THE APPLICATION) CASE NO. 116
 OF ALLEGHENY ENERGY SUPPLY) DOCKET NOS. [REDACTED]
 COMPANY, L.L.C., FOR A CERTIFICATE)
 OF ENVIRONMENTAL COMPATIBILITY)
 FOR CONSTRUCTION OF A 1,080 MW)
 (NOMINAL) GENERATING FACILITY IN)
 SECTION 35, TOWNSHIP 3 NORTH,)
 RANGE 11 WEST IN LA PAZ COUNTY,)
 ARIZONA AND ASSOCIATED)
 TRANSMISSION LINE AND)
 SWITCHYARDS BETWEEN AND IN)
 SECTION 35, TOWNSHIP 3 NORTH,)
 RANGE 11 WEST AND SECTIONS 23-26,)
 TOWNSHIP 3 NORTH, RANGE 11 WEST)
 ALSO IN LA PAZ COUNTY, ARIZONA.)

**STAFF'S NOTICE OF CHANGE OF
 POSITION AND REVISIONS TO ITS
 PROPOSED CONDITIONS, NOTICE OF
 SUBSTITUTION OF WITNESSES AND
 NOTICE OF ADDITIONAL EXHIBITS**

DOCKETED

JAN 09 2002

DOCKETED BY	[Signature]
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ARIZONA PUBLIC SERVICE COMMISSION
REGISTRATION CONTROL

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RECEIVED

Pursuant to the subsequent orders by the Arizona Power Plant and Line Siting Committee ("Committee") prior to adjourning proceedings on December 14, 2001, the Arizona Corporation Commission's Utilities Division staff ("Staff") hereby files this notice to revise its conditions originally submitted on November 1, 2001. In addition, Staff files a notice of substitution of witnesses and additional exhibits to reflect changes in Staff's testimony.

**STAFF'S NOTICE OF CHANGE OF POSITION AND
 REVISIONS TO ITS PROPOSED CONDITIONS**

Staff had originally proposed Condition Numbers 4 and 5 in Staff's original proposed conditions submitted on November 1, 2001. Those conditions were modified and are now incorporated as Applicant's Condition Numbers 10 and 11 in Applicant's Exhibit A-24. These modifications were based on negotiations between Staff and Applicants arising out of the original meet and confer. Due to the transmission capacity constriction already existing at the Palo Verde Hub, Staff believes that any new plant must be able to deliver power equivalent to the total capacity of the proposed project without displacing any other generation at the Palo Verde Hub. Staff believes that Applicant must show an ability to be able to increase transmission capacity out of the Palo Verde Hub equivalent to the total capacity of the generation of Applicant's proposed project.

1 Based on new information received over the course of this hearing and on events that have
2 transpired in other proposed projects seeking to interconnect at the Palo Verde Hub, Staff no longer
3 believes that Condition Numbers 10 and 11 in Applicant's Exhibit A-24 will achieve the aims Staff
4 is seeking. Staff will attempt to negotiate with Applicants to see if any solution can be reached
5 regarding this issue, but without a condition that goes toward solving the transmission constraints
6 in and out of the Palo Verde Hub, Staff can no longer support Applicant's proposed project. Staff
7 must be shown technical study work to confirm that any proposal offered by Applicants will achieve
8 Staff's objective. Staff also believes that Applicant's proposed project should interconnect to the grid
9 via two separate transmission lines on two separate structures because that is Arizona's best
10 engineering practice.

11 Should the Committee decide to grant the Certificate of Environmental Compatibility
12 ("CEC"), Staff requests that the following condition should be added:

13 The Applicant, its successor(s) or assignee(s) shall submit a self-certification letter annually
14 listing which conditions contained in this CEC have been met. Each letter shall be submitted to the
15 Utilities Division Director on August 1, beginning in 2002, describing conditions which have been
16 met as of June 30. Attached to each certification letter shall be documentation explaining, in detail,
17 how compliance with each condition was achieved. Copies of each letter, along with the
18 corresponding documentation, shall also be submitted to the Arizona Attorney General and the
19 Directors of the Arizona Department of Environmental Quality, Department of Water Resources,
20 and Department of Commerce Energy Office.

21 This condition was proposed by Staff and added by the Commission at the Open Meetings
22 on Line Siting Cases 111 and 117. Staff would request that this condition be added in this case
23 should the Committee decide to issue a CEC for Applicant.

24 Staff would also request that should a CEC be issued, the language in Applicants Condition
25 Number 23 in Applicant's Exhibit Number 24 "from mileposts 660-670" be substituted with "from
26 milepost 628 to milepost 670.39." This request is the result of Bob Gray from Staff analyzing the
27 location of the Applicant's proposed project and consultation with representatives of the Applicant.

28 **NOTICE OF SUBSTITUTION OF WITNESSES**

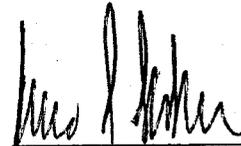
Staff Engineer Jerry Smith will be testifying regarding Staff's position and concerns
regarding Applicant's proposed project instead of Asher Emerson.

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NOTICE OF ADDITIONAL EXHIBIT

Finally, Staff notices the filing of an additional exhibit Mr. Smith intends to use and refer to as part of his direct testimony, entitled as "Allegheny Power Project ACC Staff Transmission Assessment" and to be marked as Staff's Exhibit S-3 (attached hereto as Appendix A). This exhibit will aid Staff in explaining why it has changed its position regarding Applicant's proposed project. Staff had previously marked two prior exhibits, PowerPoint presentations titled "Power Plant Issues" and "La Paz Transmission Line Configurations", as Staff Exhibits S-1 and S-2 respectively. Staff had also noticed an exhibit on gas issues in a prior pleading, but does not anticipate using that exhibit at this time.

RESPECTFULLY SUBMITTED this 9th day of January, 2002.



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Pursuant to R14-3-204 the ORIGINAL and twenty-five copies were filed this 9th day of January, 2002 with:

Docket Control
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COPY of the foregoing was mailed/hand-delivered this 9th day of January, 2002, to:

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APPENDIX A

STAFFS EXHIBIT NUMBER S-3

ACC STAFF TRANSMISSION ASSESSMENT

**Allegheny Power Project
ACC Staff Transmission Assessment**

References:

1. Jorge Chacon, consultant for Southern California Edison Company, "Interconnection Study System Impact Study," Allegheny Energy Supply Company, Allegheny Power Project, October 19, 2001.
2. Asher Emerson and Jerry D. Smith, Arizona Corporation Commission Staff, "Revised Biennial Transmission Assessment 2000-2009," revised July 2001.

Southern California Edison Study Results:

- Existing transmission facilities are inadequate to accommodate the Allegheny Power Project.
- The Allegheny – Devers and Palo Verde – N. Gila 500 kV transmission lines are loaded in excess of their respective nameplate ratings as limited by series capacitors.
- The Allegheny Power Project will have an adverse effect on the amount of existing East Of River (EOR) and West Of River (WOR) generation that can be scheduled for import to California.
- Southern California Import Transmission (SCIT) limit of 13,200 MW can be maintained by re-dispatching generation from EOR/WOR to Midway – Vincent.

The above transmission power flow inadequacies exist even though all new generation proposed at the Palo Verde Hub (~ 8,000 MW) was ignored. Failure to model such new generation resulted in there being no stability violations for a Palo Verde fault clearing both Westwing - Palo Verde 500 kV lines (see case 8 and 9, Table 3-1). Power flow problems occur even with 1260 MW of existing generation displaced at Palo Verde, Navajo, Mohave or other existing local Arizona power plants. Other study deficiencies in conflict with ACC Staff requirements:

- a. Allowing use of remedial action schemes for base case and single contingencies (N-1) outages and
- b. No identification or investigation of transmission enhancements required to enable reliable delivery of Allegheny Power Project energy to some market without displacing apriori generation (existing or proposed with an ACC approved Certificate of Environmental Compatibility).

Revised Biennial Transmission Assessment:

Palo Verde Interconnection Studies have shown that the Palo Verde Hub is stability limited by the clearing of the two Palo Verde – Westwing 500 kV lines for a Palo Verde fault.

- The existing Palo Verde transmission system can accommodate the interconnection of up to **3360 MW** of new generation depending on the number of units in operation.
- With the addition of the Palo Verde – Southwest Valley 500 kV line proposed for June 1, 2003 the amount of new generation that can be interconnected at Palo Verde is **4850 MW**.

- With the upgrade of the Palo Verde – Kyrene and Palo Verde – North Gila 500 kV lines and the new Palo Verde – Southwest Valley Transmission line **6050 MW** of new generation can be interconnected at Palo Verde.

Additional Palo Verde transmission enhancements will be required to accommodate the approximately 8,000 MW of new generation proposed for interconnection at Palo Verde. Until such transmission enhancements are achieved there will be approximately 2000 MW of new generation stranded at the Palo Verde Hub.

ACC Staff Conclusions:

Based upon the above study results Staff can no longer support the Allegheny Power Project without new transmission lines out of the Palo Verde Hub to resolve known stability constraints. Allegheny Energy Supply has not provided technical studies to Staff showing the impact of any project related new transmission lines on the existing or planned Arizona transmission system. Since Allegheny has proposed an in service date of 2004 for their project, there is not sufficient lead time to identify, study and site transmission lines required for their project. Therefore, Staff cannot support Arizona Power Plant and Transmission Line Siting Committee approval of a CEC for the Allegheny Power Project.

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