

ORIGINAL



0000062423

BEFORE THE ARIZONA POWER PLANT AND LINE SITING COMMITTEE

57

IN THE MATTER OF THE APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY AND ITS ASSIGNEES IN CONFORMANCE WITH THE REQUIREMENTS OF ARIZONA REVISED STATUTES SECTIONS 40-360.03 AND 40-360.06 FOR A CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY AUTHORIZING CONSTRUCTION OF A 500K V ALTERNATING CURRENT TRANSMISSION LINE AND RELATED FACILITIES IN MARICOPA AND LA PAZ COUNTIES IN ARIZONA ORIGINATING AT THE HARQUAHALA SWITCHYARD WEST OF PHOENIX, ARIZONA AND TERMINATING AT THE DEVERS SUBSTATION IN RIVERSIDE COUNTY, CALIFORNIA.

Docket No. L-00000A-06-0295-00130

Case No. 130

Arizona Corporation Commission

DOCKETED

NOV 27 2006

DOCKETED BY [Signature]

AZ CORP COMMISSION DOCUMENT CONTROL

2006 NOV 27 P 1:34

RECEIVED

RUCO'S PROPOSED FINDINGS REGARDING NEED

As required by the October 10, 2006 Procedural Order, the Residential Utility Consumer Office ("RUCO") has met with the Southern California Edison ("SCE" or "Company") and other parties to confer with a view to preparing a mutually acceptable form of a Certificate of Environmental Compatibility ("CEC"). Unfortunately, RUCO and the Company were not able to agree on mutually acceptable findings regarding need for the project. As indicated in RUCO's Closing Brief filed simultaneously with this document, RUCO has not taken a position on whether or not the Arizona Power Plant and Transmission Line Siting Committee ("Committee") should issue a CEC. However, if the Committee does conclude that there is a need for the project, RUCO offers the following proposed finding of need for the Committee's consideration. These proposed findings are based on a proposal that SCE had provided to the parties prior to the meeting in an attempt to reach agreement on terms. RUCO understands

1 that the Company may be proposing findings that differ somewhat from those it initially
2 proposed, in part at least to accommodate some of RUCO's concerns. The footnotes will
3 indicate RUCO's understanding of the nature of the disagreement between RUCO and the
4 Company, and briefly explain the reasoning for RUCO's preferred alternative language.

6 **RUCO'S PROPOSED FINDINGS**

- 7 1. The Project reduces congestion on Path 49 between Arizona and
8 California. The need to reduce this congestion has been identified by
9 the Department of Energy, various regional planning groups, and the
10 Applicant. The regional planning groups and the Applicant have
11 confirmed that the Project will reduce this congestion. Reducing this
12 congestion strengthens the Southwestern transmission grid.
- 13 2. The Project will permit¹ underutilized power plants in Arizona to sell
14 additional power, particularly during the off-peak seasons and off-peak
15 hours. Currently, while there is excess generation in the Palo Verde
16 area year-round, Arizona utilities believe the current peak excess may
17 be utilized as soon as 2011. However, even at that time, there will
18 continue to be excess merchant and utility generation during the off-
19 peak hours and seasons. The ability to use the excess non-peak
20 capacity also may² encourage investment in and help defray the costs
21 of new resources that will be needed to meet Arizona's growing peak
22 loads.

22 ¹ RUCO's proposed wording avoids the characterization that Arizona generators have a "need" to sell excess
23 power. RUCO believes that the "need for an adequate, economical and reliable supply of electric power" that A.R.S.
24 40-360.07(B) requires be balanced against environmental impacts refers to consumers' need for electricity, not
producers' need to sell electricity.

² RUCO proposes that the Findings not conclude that certain things "will" happen, as SCE proposes, but instead
indicate that they "may" or "could" occur.

- 1 3. The Project will also help meet California's need for diverse, cost
2 effective resources. Particularly in off-peak periods, the Project will
3 allow California access to excess lower cost resources from more
4 efficient plants thereby reducing costs to California consumers and
5 providing a more diverse and environmentally compatible portfolio of
6 energy resources.
- 7 4. The Project may³ enhance reliability, especially in emergency
8 situations.
- 9 5. The Project will increase power pooling.
- 10 6. The Project will result in economic and fiscal benefits from construction
11 and increased state and local taxes.
- 12 7. The Project will help maintain greater liquidity at the Palo Verde Hub
13 and thereby reduce transaction costs for Arizona utilities.
- 14 8. The Project may⁴ result in greater fuel and load diversity for Arizona.
- 15 9. The Project may⁵ improve Arizona generation investment climate
16 thereby reducing the cost of building or procuring the additional
17 generation supply Arizona will need to serve its growing load.
- 18 10. The Project will increase resource utilization, including the increased
19 opportunity for Arizona utilities to make off system sales so that some
20 of their costs will be paid by California customers resulting in lower
21 cost to Arizona customers.

23 ³ See footnote 2.
24 ⁴ See footnote 2.
 ⁵ See footnote 2.

- 1 11. The Project will improve Arizona's and the region's access to
2 renewable resources.
- 3 12. The Project complements Arizona interstate transmission projects such
4 as Trans-West Express and Project Zia.
- 5 13. The Project enhances interconnection opportunities (e.g., at
6 Harquahala Junction Switchyard).
- 7 14. Planned development of Arizona natural gas transmission and storage
8 facilities could⁶ more than offset the increase in Arizona natural gas
9 usage resulting from increased utilization of generating facilities.
- 10 15. The estimated increase in Arizona utilities' production costs reported in
11 the Applicant's report to California Independent System Operator
12 (CAISO) is minimal, less than 0.2% of the Arizona utilities' annual
13 costs. Moreover, this report is based on assumptions about Arizona
14 utilities buying all energy on the spot market and Arizona requiring that
15 all future generation be built by merchant companies, not Arizona
16 utilities. If these two assumptions are adjusted to comport with Arizona
17 realities, the estimated production cost increases will be even smaller if
18 not entirely offset.
- 19 16. ⁷
- 20 17. The Project results in emission reductions regionally, including CO₂, a
21 greenhouse gas associated with global warming, because newer,
22

23 ⁶ See footnote 2.

24 ⁷ RUCO recommends that the CEC make no finding comparing the magnitude of the Project's economic benefits to its economic costs, as both the costs and benefits are inherently speculative. RUCO therefore omits SCE's proposed Finding number 16.

1 cleaner, and more efficient plants are being utilized more, and older
2 and less efficient plants are used less.⁸

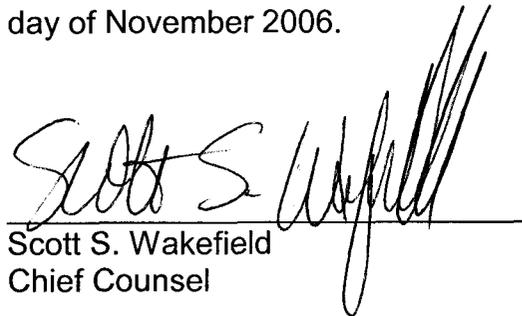
3 18. The estimated increased power production from Arizona generating
4 plants resulting from the Project will be within the air emission and
5 water use limits that the Siting Committee, ACC and pertinent
6 environmental agencies have determined are environmentally
7 compatible.

8 19. Numerous power plants have been built in California from 2001 to
9 2005 totaling over 13,000 MW of new generation. A significant number
10 of new generating plants are expected to be built in California in the
11 near future.

12
13
14
15
16
17
18
19
20
21
22

23 ⁸ RUCO's language here omits certain language that SCE had originally proposed. RUCO understands that SCE
24 may be combining Findings 17 and 18 in an attempt to accommodate RUCO's concern with the language it omitted,
although RUCO has not seen such revised language and takes no position on it.

1 RESPECTFULLY SUBMITTED this 27th day of November 2006.

2
3
4 
5
6
7 Scott S. Wakefield
8 Chief Counsel

9 AN ORIGINAL AND TWENTY-FIVE
10 COPIES of the foregoing filed this
11 27th day of November 2006 with:

12 Docket Control
13 Arizona Corporation Commission
14 1200 West Washington
15 Phoenix, Arizona 85007

16 COPIES of the foregoing hand delivered/
17 mailed/*emailed this 27th day of November 2006 to:

18 Lyn Farmer
19 Chief Administrative Law Judge
20 Hearing Division
21 Arizona Corporation Commission
22 1200 West Washington
23 Phoenix, Arizona 85007

*Thomas Campbell
*Albert H. Acken, Esq.
Lewis & Roca, LLP
40 North Central Avenue
Suite 1900
Phoenix, AZ 85004

24 *Christopher Kempley, Chief Counsel
*Keith Layton
Legal Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

*Laurie A. Woodall, Chairman
Arizona Power Plant and
Transmission Line Siting Committee
1275 West Washington
Phoenix, Arizona 85007

*Ernest Johnson, Director
Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

*Court S. Rich
Rose Law Group P.C.
6613 N. Scottsdale Road, Suite 200
Scottsdale, AZ 85250

*Michael Mackness, Senior Attorney
Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, California 91770

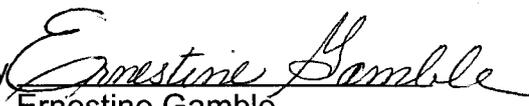
*William D. Baker
Ellis & Baker, P.C.
7301 N. 16th Street, Suite 102
Phoenix, Arizona 85020

1 *Timothy M. Hogan
Arizona Center for Law In The
2 Public Interest
202 E. McDowell Road, Suite 153
3 Phoenix, Arizona 85004
4 *Thomas W. McCann, Esq.
Central Arizona Water Conservation
5 District
23636 N. 7th Street
6 Phoenix, Arizona 85024
7 *Jay I. Moyes
*Steve Wene
8 Moyes Storey, Ltd.
1850 N. Central Avenue, #1100
9 Phoenix, Arizona 85004
10 *Michael W. Patten, Esq.
*J. Matthew Derstine, Esq.
11 Roshka DeWulf & Patten, PLC
One Arizona Center
12 400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004
13 *Michelle Livengood, Esq.
14 Tucson Electric Power Company
One South Church Street
15 Suite 200
Tucson, Arizona 85701
16 *Jay L. Shapiro
17 *Patrick Black
Fennemore Craig P.C.
18 3003 North Central Avenue
Suite 2600
19 Phoenix, Arizona 85012
20 *Walter W. Meek
Arizona Utility Investors Association
21 2100 North Central Avenue, Suite 210
Phoenix, Arizona 85004
22 *Karilee Ramaley
23 Pinnacle West Capital Corporation
P. O. Box 53999, MS 8695
24 Phoenix, AZ 85072-399

*Larry K. Udall
*Michael Curtis
Curtis Goodwin Sullivan Udall
& Schwab PLC
2712 N. 7th Street
Phoenix, Arizona 85006

*Kelly J. Barr, Esq.
Law Department
Salt River Project
PAB 211
P. O. Box 52025
Phoenix, Arizona 85072-0221

*Donald G. Begalke
P. O. Box 17862
Phoenix, AZ 85011-0862

By 
Ernestine Gamble
Secretary to Scott Wakefield