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FORTH BIENNIAL TRANSMISSION ASSESSMENT FOR 2006 -2015

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Arizona Corporation Commission

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1-9-2007 Final Draft Report
Comments of K.R. Saline and Associates, PLC

JAN 31 2007

REQUEST FOR COMMENTS

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On January 9, 2007, Staff ("Staff") of the Arizona Corporation Commission ("Commission" or "ACC") distributed a request for industry comments regarding a Final Draft Report of the Commission's Fourth Biennial Transmission Assessment ("BTA"). That notice requested stakeholders and interested parties to file their respective final comments in the Commission's Docket Control under the referenced Docket No. by January 16, 2007.

K.R. Saline and Associates ("KRSA"), hereby submits its general comments regarding the draft report. Our comments are being filed in Docket Control as requested. A copy of our comments is also being provided electronically to Prem Bahl of Staff and KEMA as requested.

GENERAL COMMENTS

KRSA offers the following general comments regarding the final draft report. These comments address the BTA process and substantive conclusions and recommendations offered by the draft report. The Commission's BTA reports have been used extensively as a reference document in the siting of transmission lines and power plants. Furthermore, regional and national forums and other governmental agencies reference the document as an objective assessment of the adequacy of the Arizona electric infrastructure emerging from the electric industries local and subregional planning efforts. Therefore it is very important that the content of the BTA report accurately depict results of the industry's efforts over the past two years.

- The limited time for industry review and comment on the final draft report is very disconcerting. The final draft report is dated October 2, 2006. It was released for review via public notice on January 9, 2007. Comments were requested to be filed by January 16, 2007. One week was not sufficient time to review and comment on a report that has undergone major changes since the previous draft was issued. Hopefully our comments and comments from others will be considered before a final report is presented to the Commission.
- The current BTA report is not as timely as we believe it could be. The 2006 BTA process will not conclude until after parties file their 2007 ten year transmission

plans at the end of January. It is reasonable to assume that the 4th BTA report, as drafted, will not be current with new and/or modified transmission plans that have emerged over the past year. We would suggest that language be added that clearly directs the reader to the 2007 ten year plan filings for information which may have a material impact upon some of the 2006 BTA conclusions and recommendations.

- The second paragraph on page 3 of the Executive Summary implies that two planned Arizona 500 kV projects (Hassayampa-Pinal West-Santa Rosa in 2008 and Palo Verde-TS5 in 2009) will help to remedy market limitations between Arizona, California and Southern Nevada. We question that conclusion and suggest that additional justification is required. Otherwise the reference to remedies to market limitations between Arizona and California and Southern Nevada should be removed from the BTA.
- Recommendations 4.a. and 4.d. of the Executive Summary are duplicative.
- Table 5 on page 52 needs some clarification. How does the Raceway to Pinnacle Peak 500 kV line increase the Palo Verde transmission system capability in 2010? Why is there no increase in the Palo Verde transmission system for addition of the Raceway to TS5 500 kV line in 2012?
- The Yuma area RMR modeling raises several concerns regarding assumptions related to new transmission additions that may or may not be valid given updated information. We request that Staff not prematurely judge the adequacy of transmission in southwestern Arizona until additional RMR studies are performed. At the very least, Staff should acknowledge in the BTA that significant changes in generation and transmission facilities are unfolding in the Yuma area. Those changes could lead to significantly different results than reflected in the 2006 RMR study for Yuma.

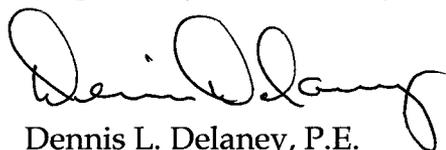
SOUTHWEST ARIZONA TRANSMISSION COMMENTS

The Section 5.4 and Section 6.2.2 narrative concerning the existing and planned transmission system serving entities in southwestern Arizona is not current. KRSA supplied comments to Staff by letter on August 21, 2006 regarding proposed transmission additions proposed by Wellton-Mohawk Irrigation Drainage District ("WMIDD"). The language changes that we suggested for the Yuma area have not been incorporated in this draft. The last paragraph of Section 5.4 should be modified with the following highlighted language additions:

"The proposed Palo Verde/Hassayampa-North Gila 500 kV line offers a good example of the type of collaboration that can be achieved between transmission providers in Arizona. The project is sponsored by APS with participation from SRP, **Wellton-Mohawk Irrigation and Drainage District, and Imperial Irrigation District.** As previously discussed, APS proposes the line in order to increase Yuma's transmission

import capability and serve growing peak demand in the Yuma area. On the other hand, SRP is participating in the line in order to access geothermal resources in the Yuma area that are available for export during off-peak load periods. WMIDD is participating in the line in order to increase its transmission import capability to serve the growing peak demand in WMIDD's service area, as well as to gain access to independent and geothermal resources. Achieving such synergies increases the value of transmission projects to Arizona."

Respectfully submitted by:



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Original and 13 copies filed with Docket Control

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