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MEMORANDUM

TO: Docket Control
 Arizona Corporation Commission

FROM: Ernest G. Johnson
 Director
 Utilities Division

Arizona Corporation Commission
DOCKETED
 APR -5 2007

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DATE: April 6, 2007

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RE: IN THE MATTER OF THE APPLICATION OF UNS ELECTRIC, INC.'S REQUEST FOR EXTENSION OF CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY DOCKET NO. L-00000F-97-0088

On November 2, 2005, UNS Electric, Inc. ("UNS") applied for extension of a Certificate of Environmental Compatibility ("CEC") for constructing a portion of electric facilities authorized by the CEC granted in Decision No. 60344 (July 31, 1997). These facilities include a 28-mile portion of the 230/69 kV double circuit transmission line from a substation located near the Griffith Power Plant site to the North Havasu substation. The extension requested for constructing these facilities is from July 31, 2007 to July 31, 2012.

Background

The facilities covered by the CEC granted in Decision No. 60344 include:

- (i) the North Havasu Substation near Lake Havasu City;
- (ii) a substation near Griffith Power Plant site (the "Griffith Substation");
- (iii) a 230/69 kV double circuit transmission line from the existing Hilltop Substation near Kingman to the proposed Griffith Substation; and
- (iv) a 230/69 kV double circuit transmission line from the proposed Griffith Substation to the North Havasu Substation.

This request for delay in constructing a portion of the facilities, Griffith Substation to Franconia Substation¹, is based on a specific provision in the approved CEC.

Commission Staff's review, analysis and recommendation

Commission Staff ("Staff") has reviewed UNS' request for the said extension. As stated in the Application, to date, the North Havasu Substation, the Griffith Substation, and the portion of the transmission line from the Hilltop Substation to the Griffith Substation have been constructed. Also, approximately 14 miles of the 230 kV line will be constructed from North Havasu Substation to the Franconia Substation and initially operated at 69 kV prior to July 31,

¹ Franconia Substation is between North Havasu Substation and Griffith Substation.

2007. However, it is the final 28-mile portion of the transmission line from the Griffith Substation to the Franconia substation that is not yet under construction, and to which this Application request for extension of the CEC relates.

Staff had discussions with UNS' Mr. Ed Beck, Superintendent of Planning, regarding the reasons for the requested extension of the CEC date. Mr. Beck explained that UNS was in negotiations with the Western Area Power Administration ("Western") to provide UNS with network transmission service² rather than point-to-point service, which will enable Western to deliver additional needed capacity in the Lake Havasu area. According to the most current information, UNS has been assured by Western that an Agreement to receive network service will be signed by the end of April 2007, and will be effective May 1, 2007. This, according to UNS, will delay the need to transmit future power needs over the proposed 230 kV line from the Griffith Substation to the North Havasu Substation for approximately five years up to 2012. This will defer the need to incur \$14 million in construction costs until 2012.

Staff believes there is good cause to grant the CEC extension in this case because the Applicant has received assurance from Western to provide network service, thus delaying the need to serve the Lake Havasu area's projected load from the Griffith Substation.

Based on the analysis of the facts of this case as stated in the Application and discussions with UNS official, Staff concludes that granting the CEC extension to UNS in allowing delayed construction of a portion of the approved transmission facilities is in the public interest.

Staff, therefore, recommends that the Commission approve the requested CEC extension for constructing the 28-mile portion of the 230 kV line from Griffith Substation to Franconia Substation to July 31, 2012, conditioned upon UNS filing a copy of its aforementioned Agreement with Western.

Staff further recommends that UNS file with the Director of Utilities Division a copy of the Agreement with Western for receiving network service as soon as possible, but no later than June 1, 2007.

EGJ:PKB:red

Originator: Prem Bahl

² Network service, as opposed to point-to-point service, provides multiple delivery points for the receipt of power in an electric system.

Service List for: UNS CEC Extension Application
Docket No. L-00000F-97-0134-0088

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