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Sulphur Springs Valley Electric Cooperative, Inc.

A Touchstone Energy Cooperative



October 16, 2006

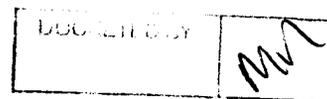
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AZ CORP COMMISSION
DOCKET CONTROL

Mr. Prem Bahl
Utilities Engineer
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

Arizona Corporation Commission
DOCKETED

OCT 24 2006

**Re: Docket No. E-00000D-07-0376
Fifth Biennial Transmission Assessment (BTA)**



Dear Mr. Bahl;

On behalf of Sulphur Springs Valley Electric Cooperative (SSVEC) I would again like to express my appreciation for your efforts and those of the ACC consultants regarding the Fifth BTA process. Your willingness to work with and accept input from the public has greatly enhanced the value of the resulting BTA report. Of specific value to SSVEC are the Report's conclusions and recommendations regarding transmission service in Cochise County. The goal of achieving "continuity of service" will result in meaningful benefits to the 100,000+ customers served by APS, TEP and SSVEC in the County. Requiring the involvement of all the jurisdictional transmission service providers (TSPs) in the County will help provide a County wide resolution to the present reliability problems. Also, by setting a specific date for the jurisdictional TSP's to file Ten-Year Plans with the Commission, which resolve the service reliability problems, will ensure a timely response to the BTA's recommendations.

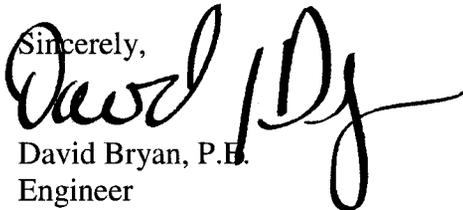
As you are aware, SSVEC is a transmission dependent utility which relies completely upon Southwest Transmission Cooperative [SWTC] to provide reliable transmission service to all of our loads. SSVEC's 69 kV and lower voltage facilities were designed, built and operated for distribution purposes only; not to act as a backup for SWTC's transmission facilities. Also, SSVEC does not run powerflow studies, transmission studies, or other such HV/EHV transmission studies. It relies on SWTC to represent their own transmission data to the appropriate entities when such studies are to be conducted.

As stated in discussions, SWTC has been willing to provide looped transmission service to all other cooperatives except SSVEC. Also discussed, one half of APS's backup for the loss of their radial transmission line is SSVEC's 69kV sub-transmission system. Recently, SWTC received approximately \$400,000 from APS for transformer upgrades to help APS's backup. SSVEC received nothing. Currently, the Fort and TEP are working together along with SSVEC to build facilities and make contractual arrangements to backup the Fort from SSVEC's 69kV sub-transmission system.

There was a very important concept expressed by you at several meetings, which is not fully contained in the draft BTA. This concept has to do with setting a higher bar to determine adequate service than what might be acceptable under the WECC operating and planning standards. Although continuity of service has been established as the goal, even for loads served off of radial transmission lines, the concept needs to be expanded to incorporate the cost responsibility of achieving this goal. Continuity of service was already the standard for loads embedded within the interconnected transmission system. As such, the cost of attaining this goal is deemed a system expense and shared by all of the transmission provider's customers. Yet when the load exists at the end of a transmission line, the cost of obtaining this goal is deemed a direct assignment. Is it equitable that location of a customer's load on its TSP's system dictate cost responsibility, or should all customers be treated equally? At the BTA Workshop I asked for the Commission to take note that in drafts of SWTC's forthcoming 2011-13 construction work plan, N-1 outage possibilities is the justification for several SWTC system projects. Such system projects are paid for by all members. On the other hand, although a second 230/69kV transformer is proposed in the Sierra Vista area to address N-1 contingency problems, it is SWTC's intent to assign the cost of this upgrade solely to SSVEC. How is this equitable?

SSVEC will do everything in its power to assist the TSPs in developing a plan to address the transmission service reliability problems in Cochise County. SSVEC has acted as chair for the Cochise County Study Subcommittee under the SATS planning group. The next meeting of the Subcommittee has been set for December 4, 2008. The purpose of this meeting will be to develop a plan to address the Cochise County specific recommendations as contained in the Fifth BTA. Throughout this effort we will work to ensure that you are kept apprised of our progress. Please feel free to contact me if you, or anyone at the Commission, has any questions regarding the efforts and progress of the Cochise County Subcommittee.

Sincerely,



David Bryan, P.E.
Engineer

CC: Docket Control (Original plus 13 copies) ✓

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