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AZ CORP COMMISSION
DOCKET CONTROL

BEFORE THE

ARIZONA POWER PLANT AND TRANSMISSION

LINE SITING COMMITTEE

IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY, IN CONFORMANCE WITH THE REQUIREMENTS OF ARIZONA REVISED STATUTES §§ 40-360, *et seq.*, FOR A CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY AUTHORIZING THE TS-5 TO TS-9 500/230 kV TRANSMISSION LINE PROJECT, WHICH ORIGINATES AT THE FUTURE TS-5 SUBSTATION, LOCATED IN THE WEST HALF OF SECTION 29, TOWNSHIP 4 NORTH, RANGE 4 WEST AND TERMINATES AT THE FUTURE TS-9 SUBSTATION, LOCATED IN SECTION 33, TOWNSHIP 6 NORTH, RANGE 1 EAST, IN MARICOPA COUNTY, ARIZONA.	Case No. 138 Docket No. L-00000D-08-0330-00138 **10,000 WEST'S NOTICE OF ERRATA**

Arizona Corporation Commission
DOCKETED
OCT 27 2008
DOCKETED BY

10,000 West, L.L.C., by and through undersigned counsel, hereby files and submits this Notice of Errata for the above-captioned matter. The following Exhibit, attached hereto, is being filed with Docket Control on this date as a corrected and amended version of Exhibit 10-W25, which was originally filed with Docket Control on October 21, 2008. This amended

Exhibit 10-W25 is consistent with the Exhibit 10-W25 that 10,000 West, L.L.C. e-mailed to Chairman Foreman, Committee members, and intervenors on October 20, 2008, and is consistent with the Exhibit 10-W25 that was admitted into evidence on October 22, 2008 at the Arizona Power Plant and Transmission Line Siting Committee hearings.

RESPECTFULLY SUBMITTED this 24th day of October, 2008.

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ORIGINAL and 28 **COPIES** of the foregoing filed this 24th day of October, 2008, to:

Docketing Supervisor
Docket Control
Arizona Corporation Commission
1200 W. Washington Street
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COPY of the foregoing e-mailed or mailed this 24th day of October, 2008, to:

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Linda Farrell

EXHIBIT 25

MERRILL ENERGY LLC

APS TS-5 TO TS-9
500 kV and 230 kV Project

before the
Arizona Power Plant and Transmission Line
Siting Committee
October 20-22, 2008

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Contents

- *Personal introduction*
- *Conclusions*
- *Planning criteria*
- *Need according to APS (500-kV line)*
  - Increase reliability
  - Import capability to Phoenix area
  - Export capability from Palo Verde hub
  - Local area need for 230-kV line
  - 2nd 500-kV source for TS-5
  - Extreme contingencies
  - Complete 500-kV loop

Personal Introduction

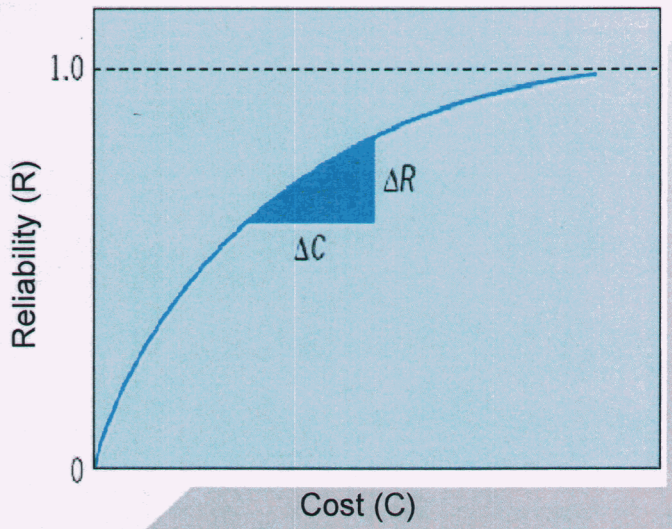
- *BA mathematics, MS electrical engineering, University of Utah, PhD electrical engineering, MIT*
- *36 years experience – American Electric Power, Power Technologies Inc., MIT, Rensselaer Polytechnic Inst., Merrill Energy (10 years)*
- *IEEE Fellow – "conflicting objectives and risk"*
- *Previous testimony – FERC, DOE, Michigan & Virginia PS Commissions*

Conclusion: project need is not supported

- *Per reliability standards*
- *To increase Phoenix import capability*
- *To increase Palo Verde hub export capability*
- *To meet local area load growth*
- *It is not justified by extreme contingency analysis*
- *It doesn't close 500-kV loop*

Background: reliability standards

- ***Purpose: answer question, "How much reliability is in the public interest?"***
- ***Balance or trade off between***
  - o reliability
  - o ratepayer cost
  - o environmental impact
  - o utility profits



NERC and other standards

- *2005 Energy Policy Act – NERC criteria have force of law.*
- *"The Arizona transmission system is planned based on NERC and WECC single contingency criteria. These criteria require that there should be no loss of load on the system for a single element contingency. There are credible disturbances, which are not probable, for which it is not economically feasible to protect against."*

2006 Biennial Report, p. 39

- *Extreme contingency analysis*

Project not supported by reliability standards

- ***There is no evidence in the record of any NERC/WECC n-1 criterion violation that the proposed project would cure.***
- ***Mr. Lucas confirmed on Monday that neither the 500-kV line nor the 230-kV line is needed to meet the n-1 criterion.***

MERRILL ENERGY LLC

Phoenix import capability seems adequate

- ***Reliability***

Change	Load	Import capability	
		w/ TS5-TS9	w/o TS5-TS9
2006-2016	3,500	5,000	4,400

- ***Congestion (costs)***

	RMR Cost ($M)	Means ≤
2008	0.0	$50,000
2016	0.0	$50,000

Palo Verde hub export capability seems adequate

	Generating capability	Transmission Capability		
		west	east	total
2006	10,172	3,305	6,970	10,712
2011	10,230	4,505	9,280	14,222

- ***Mr. Lucas: "But APS doesn't own rights to all of that transmission."***
- ***Mr. Lucas: "APS also don't own all of the generation, e.g., APS owns about 30% of the nuclear units***

230-kV line and local area load growth

- ***Totally unsubstantiated as to need***
- ***Through at least 10 years***
- ***Mr. Lucas: in essence, "Having that line would make transmission planning much easier."***
- ***Commitment to line without any idea of the pattern of load development***

Second 500-kV source for TS5

- *Mr. Lucas wants a 2nd 500-kV source for TS5*
- *He affirms that there is no n-1 violation without the TS5-TS9 project*
- *The plan shows two 230-kV lines from TS5 to south, eventually to Rudd/Jojoba area*

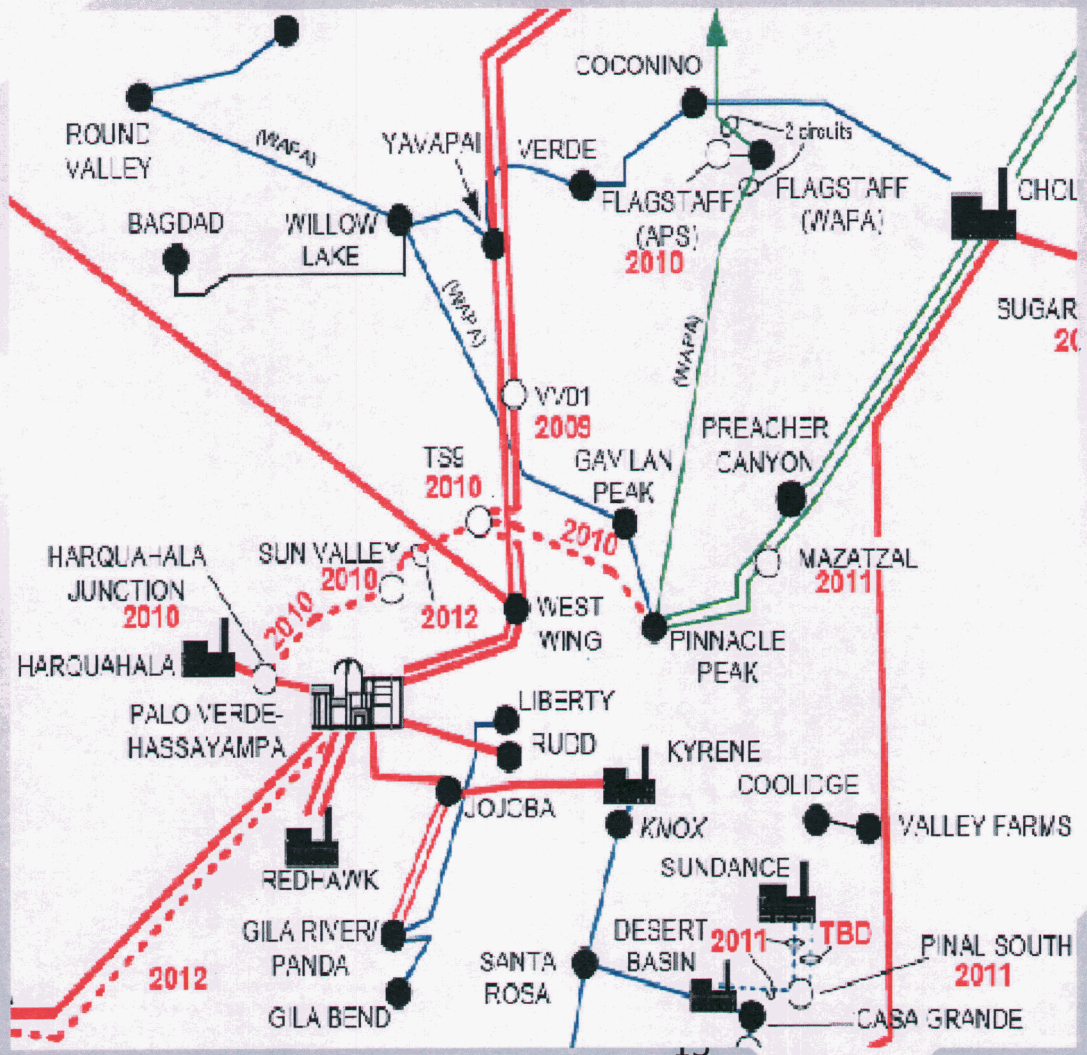
Extreme contingencies

- *NERC*
  - Normally, n-1 (category B)
  - For n-1-1 (category C) load shedding is among acceptable responses
  - Category D (n-2 and beyond) may involve widespread loss of load and generation
- *Utilities serving Washington, DC*
  - Baltimore Gas & Electric: PJM implementation of NERC
  - Dominion Virginia Power: formerly, n-1-1 (now PJM)
  - Allegheny Power: formerly, n-1 (now PJM)
- *Extreme contingency analysis looks at n-2 and n-2-1*

Extreme contingency analysis results

	18 July	14 October
Test	n-2	n-2-1
cases	15+1	15+1
margin		
>0	9	3
<0	6	12
worst	-490	-1355

Project will not complete 500-kV metropolitan loop

- *Most of the so-called "loop" does not exist*
- *Two existing 500-kV lines from Palo Verde-Westwing-TS9/Raceway already form the northwest part of loop*
- *Line: > 3,000 MW of thermal capability gives only 600 MW of transfer capability*

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