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April 20, 2009

Mr. Ernest Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

RE: Docket No. E-00000D-07-0376

Dear Mr. Johnson:

Enclosed is the Southwest Transmission Cooperative, Inc. ("SWTC") Power Point Presentation to the Fifth Biennial Transmission Assessment Workshop on Transmission to Support Renewable Energy Development, as required by Commission Decision 70635, held on April 20, 2009. I have enclosed an original plus thirteen (13) copies as required by Docket Control.

Sincerely,

James Rein
Manager of Transmission Planning

Arizona Corporation Commission
DOCKETED

APR 21 2009

enclosures

DOCKETED BY

c/ L. Huff w/o enclosures

Arizona Corporation Commission
Fifth Biennial Transmission Assessment Commission Decision 70635

**Workshop on Transmission to Support
Renewable Energy Development**

General Comments on Policy Issues
Arizona G&T Cooperatives
AEPCCO & SWTC

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Chris Baggett
Arizona Electric Power Cooperative, Inc.
Bruce Evans
Southwest Transmission Cooperative, Inc.

April 20, 2009

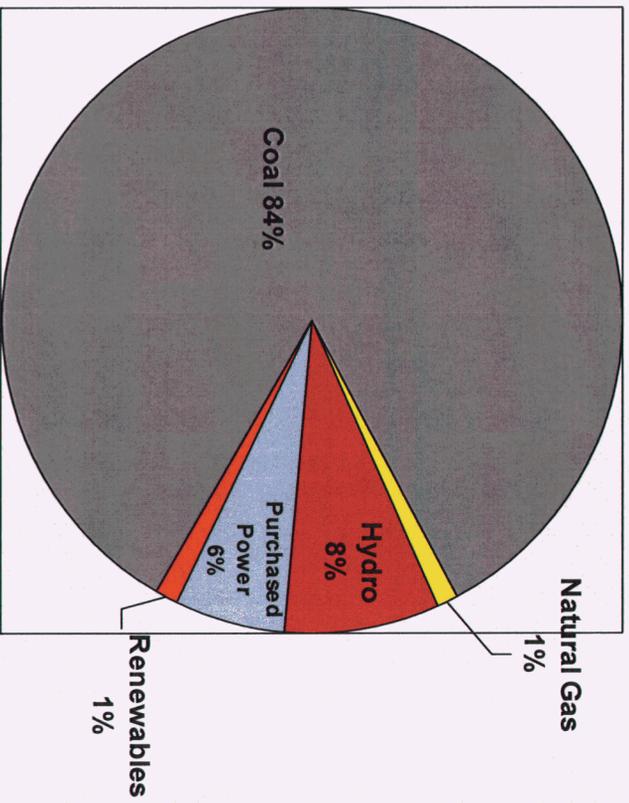
Docket E-00000D-07-0376

AEPCCO Organization

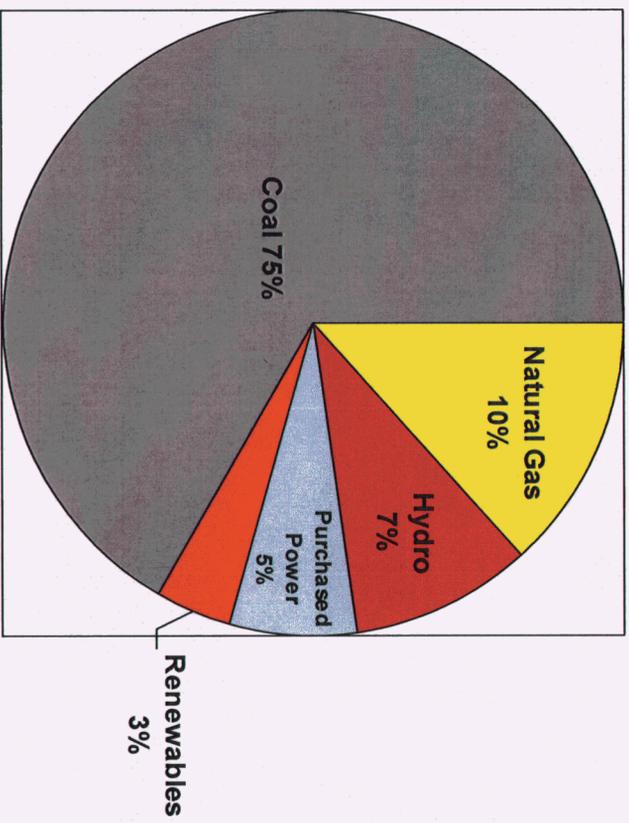
- AEPCCO is non-profit corporation as defined and organized under the generation and transmission electric cooperative laws of the state of Arizona.
 - Generation company only.
 - No retail service area.
 - Wholesale agreements with Six Distribution Cooperatives (five of whom are organized as non-profit electric cooperatives in the state of Arizona) to provide generation resources.

AEPCCO Generation Mix

2008



2015



Renewable Procurement Process

- Step 1: Determine resource need by analyzing the distribution Cooperatives retail energy sales.
- Step 2: Prioritize the development of distributed renewable sources and fund those projects first.
- Step 3: Determine if additional resources are needed and “if yes” move to Open a Request for Proposals and solicit project proposals from resource developers.
- Step 4: Evaluate large scale project proposals based on an evaluated least cost basis.

******Projects located in Cooperative service areas, serving Cooperative members, and providing the largest community benefit are given preference.

Resource Procurement

- The Cooperatives are held to strict resource procurement standards stipulated by the Rural Utilities Service (RUS).
- RUS is an organization that works with Cooperatives to serve their financing needs.
- RUS insists on Cooperatives following a competitive selection process for all resource procurement, including renewables, that is based on a least cost model.

SWTC Organization

- SWTC is non-profit corporation as defined and organized under the generation and transmission electric cooperative laws of the state of Arizona.
 - Wires company only.
 - No retail service area.
 - Wholesale transmission agreements with Six Distribution Cooperatives (five of whom are organized as non-profit electric cooperatives in the state of Arizona) to deliver AEPCCO resources.

RUS Requirements

- SWTC is also a Rural Utilities Service (RUS) Borrower.
 - Follows RUS rules and regulations for all Workplan and loan submittals. RUS timeline for loan package approval is approx. 18 months.
 - An operating committee of the six Distribution Cooperatives reviews the Workplan prior to SWTC submitting it to the SWTC Board of Directors.
 - SWTC Board of Director approval is necessary before submittal to RUS.
 - Timeframe from Workplan inception to start of construction is approx. 32 months.

RUS Requirements (cont.)

- Timeframes could be greater than 32 months for certain HV & EHV projects requiring ACC line-siting.
- Current RUS regulations:
 - Do not allow transmission in place prior to when it is needed.
 - Do not allow for funding of transmission for non-REAct beneficiaries, unless through a lien accommodation.

Other Concerns

- Small Distribution Cooperative customer base results in high cost per customer; less consumers per mile of line.
- Access to market hubs limited.

Questions?