

ORIGINAL

Tucson Electric Power Comp.



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David Couture
Director, Regulatory Services

2009 MAY 13 P 4: 00

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ARIZONA CORPORATION COMMISSION
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MAY 13 2009

Docket Control
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

DOCKETED BY

Re: Tucson Electric Power Company and UniSource Energy Services Notice of Participation in
Joint Workshop on Renewable Transmission
Docket No. E-00000D-07-0376

Tucson Electric Power ("TEP") and UniSource Energy Services ("UES") participated in the joint workshop on renewable transmission held on April 30, 2009 in compliance with the Fifth Biennial Transmission Assessment ("BTA") order (Decision No. 70635). TEP and UES fully support the Commission's desire to address the necessary policy issues regarding the siting of transmission infrastructure in order to advance renewable energy projects in the State of Arizona. The majority of transmission in Arizona has been built to transmit generation from identified utility resources to load under cost of service rates. The construction of major transmission projects where no resource is yet committed or where the generation is "locationally constrained" is a different paradigm for the State's utilities and requires clear policy direction from the Commission. Therefore, TEP and UES agree that another joint workshop to address renewable related transmission issues would be very beneficial and will actively participate in the meeting scheduled for June 5, 2009.

TEP and UES look forward to participating in the upcoming joint workshop and suggest that the following issues, at a minimum, continue to be addressed by the stakeholders:

- Address balancing the timing issues between the construction of transmission lines (long lead times) and the construction of renewable-based generation (short lead times),
- Review the most promising renewable transmission projects identified by the Arizona Renewable Resource and Transmission Identification Subcommittee,
- Develop innovative cost allocation and margin recovery methods, perhaps similar to the Tehachapi model, and
- Coordinate the efforts of this BTA process with the interconnection process required by the Federal Energy Regulatory Commission

TEP and UES continue to support this effort, structured around and in conjunction with the BTA requirements, as it will help advance the construction and financing of transmission intended to advance renewable energy projects in Arizona.

If you have any questions, please contact me at 520-884-3752.

Sincerely,

A handwritten signature in black ink, appearing to read "David Couture", with a long horizontal flourish extending to the right.

David Couture

Cc: Prem Bahl
Steve Olea