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E-01575A-08-0328

ric Cooperative, Inc.

A Touchstone Energy® Cooperative



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October 2, 2009

2009 OCT 27 A 10:45

Mr. Paul Newman  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Arizona Corporation Commission

DOCKETED

OCT 27 2009

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

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Dear Mr. Newman:

The purpose of this letter is to respond to your September 17, 2009 letter.

Sulphur Springs Valley Electric Cooperative, Inc has distributed information in 18 sessions of public meetings or letters to the Sonoita/Elgin/Patagonia community; there have been 3 officially recorded sessions with the ACC wherein SSVEC has *consistently* stated its obligation to provide reliable and safe electric service to the community and SSVEC's proposal to do so by constructing a new substation within the area. As stated multiple times on the record, if this obligation is not able to be met, SSVEC will need to impose a moratorium to limit any further damage to SSVEC's electric facilities and/or hazards to the public due to unreliable and unsafe service - and on September 18, 2009, SSVEC filed the application for a New and Expanded Service Hook-Up Moratorium on Feeder "V7" which serves this area.

The existing infrastructure has exceeded capacity, experienced a 10 year outage average of 270 hours per year. Patagonia members have submitted a petition to the ACC on the need to solve the reliability issues and members have expressed concerns about the outages and the impact of the outages on businesses, medical equipment and the elderly. The facts are the substation transformer has exceeded its capacity multiple times and that there are voltages issues that need to be resolved.

The moratorium is not a new idea and the community, especially the 'silent majority' of which SSVEC has referenced on several occasions, knows it. Many in the silent majority are small business owners who have refrained from getting involved because of the belligerence and threats of boycotts to their businesses from the opposing faction. Now however, these folks are angry and are publicly speaking out.

Letters to the commission indicate the silent majority's displeasure with the Decision, however, blame has been shifted to SSVEC with such statements as "SSVEC is trying to divide and conquer" or "SSVEC is having its employees start a letter writing campaign" - all of which are patently untrue and completely unsubstantiated. The silent majority is angry - and they are no longer relying on SSVEC to be their voice.

Upon receipt of the Decision to delay SSVEC's solution to the poor service conditions, SSVEC directed its staff to answer 'moratorium' questions by advising that it is considering the option. AT NO TIME however, has SSVEC refused an application for service during this period. AT NO TIME has SSVEC advised a customer that they will not be provided service. Furthermore,

(continued)

SSVEC can present evidence of the continued acceptance of applications for service in this area, as each application is signed and dated by the requestor (as of August 17, 2009, SSVEC has accepted thirteen (13) applications for service, and forwarded six (6) applications to requestors).

Further a comment in one of the letters submitted, that SSVEC "testified" at the ACC Open Meeting on August 17, 2009 that there was "capacity to add 50+ homes" on this Feeder is blatantly untrue. There is no testimony to that effect in the transcript, and is once again an untruth being circulated in the community. Additionally, this comment states "based on past building, that could last us 3-5 years", where is the substantiation of this statement? These public comment/complaints continue along the same line of public comment of the opponents of the line in this docket of presenting false, inaccurate and misleading information.

SSVEC has provided within its Moratorium application verifiable documentation of the new and expanded services which have been added to this Feeder for the last five years, this data indicates an average of 83 new/expanded services *per year*, see attached graph "V7 New Services Added 2004-2008". Even in the downward economic turn of 2008, SSVEC installed 58 new/expanded services, and in 2009 have already completed construction of 25 new/expanded services, with 22 requests currently in various stages of processing for construction.

The statement from one of the letters submitted, "The last graph SSVEC displayed at the Santa Cruz County Board of Adjustments Hearing showed electric demand decreasing in our area" is again, unsubstantiated and misunderstood. The "last graph" in that particular presentation is attached "Maximum Kilowatts vs Half-Hour Interval over 12-Month Period" and references a one-day time period of 0:00 hours to 24:00 hours and the Kilowatts used within that typical time frame comparing Winter hours and Summer hours of data from a 12-month period.

The engineering analysis that is being provided by this Graph represents the high usage within certain time frames, especially in the Winter, which are not going to be reduced by renewable energy methods such as solar or wind, as these time periods are too early or too late for renewable energy production. Further, without viable renewable energy storage capability to contain energy for these time frames, SSVEC will be required to serve the customers during these peak usage periods with traditional power resources. Although, as said letter suggests, the graph *does* show a decline in usage in the hour period of approximately 21:00 (9:00pm) to 04:00 (4:00am) hours – this is typical with any residential load as people are normally sleeping during that time frame.

The above items are only two examples of the significant "compelling evidence" SSVEC has presented by professional engineers' analysis as to the condition of the electric system serving this area, not only under sworn testimony on record in Docket E-01575A-08-0328, but to the Commission's professional staff, an independent party review which confirmed analysis that the service quality in the area is poor. Further, there is no professional analysis, nor any compelling evidence, in the record to substantiate any claim to the contrary, which garnered Judge Jane L. Rodda's ruling that "It is not in the public interest, however, to order SSVEC to delay the planned upgrade" and "The Commission' Line Siting Committee does not have jurisdiction over the siting of the proposed 69 kV line (*ARS 40-360 et al*) and the Commission does not design

Newman Response

October 2, 2009

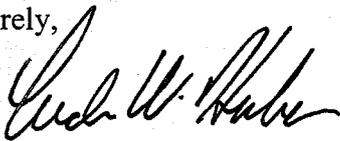
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utility infrastructure.” and “To allow substandard service is not in the public interest” and “The Cooperative has explored alternative configurations for the project and has selected the project as presented as the best balance between cost and impact on the community. Staff testified that the Project would improve reliability in the area”.

The sworn testimony in Docket # E-01575A-08-0328 is quite clear. There was no sworn testimony in opposition to the 69kv line. There was no sworn testimony showing the line is not needed. The sworn testimony clearly shows the line is needed.

Finally, SSVEC *is* intending upon working with the ACC, and the community, in a cooperative manner towards resolution of the power quality, reliability, and capacity problems in the area; however constant ‘allegations’, ‘rumors’ and ‘untruths’ being docketed is not conducive to a cooperative working environment.

Sincerely,

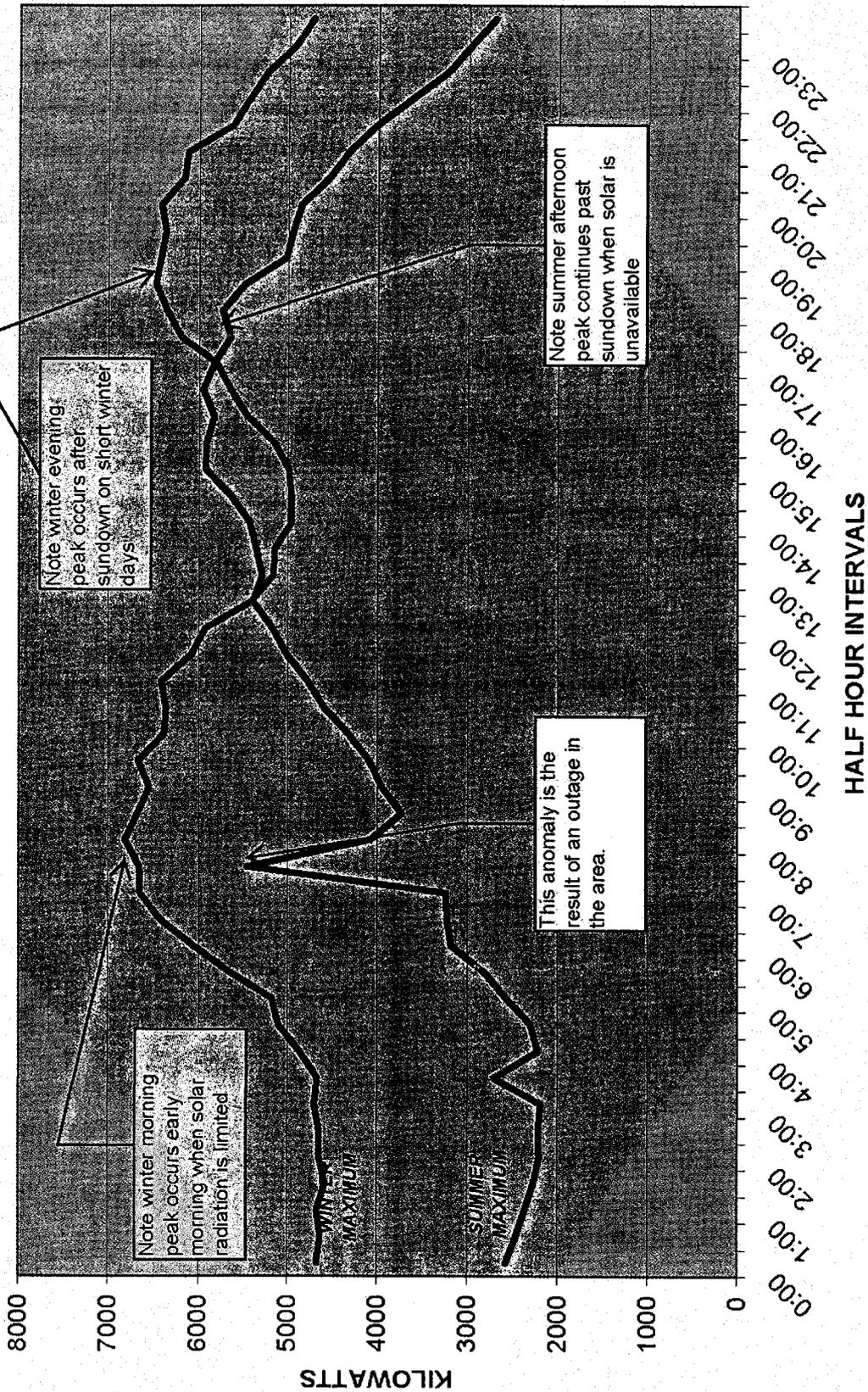


Creden W. Huber  
Chief Executive Officer  
Sulphur Springs Valley Electric Cooperative

Enclosures

cc: Chairman Mayes  
Commissioner Gary Pierce  
Commissioner Sandra Kennedy  
Commissioner Bob Stump  
Docket No. E-01575A-08-0328

# MAXIMUM KILOWATTS VS. HALF-HOUR INTERVAL OVER 12-MONTH PERIOD



Note winter evening peak occurs after sundown on short winter days.

Note summer afternoon peak continues past sundown when solar is unavailable.

Note winter morning peak occurs early morning when solar radiation is limited.

This anomaly is the result of an outage in the area.

KILOWATTS

HALF HOUR INTERVALS

EXHIBIT 6

