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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

2010 JAN 19 P 3:28

KRISTIN K. MAYES-Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

Arizona Corporation Commission
DOCKETED

JAN 19 2010

IN THE MATTER OF THE APPLICATION
OF SULPHUR SPRINGS VALLEY
ELECTRIC COOPERATIVE, INC. FOR A
HEARING TO DETERMINE THE FAIR
VALUE OF ITS PROPERTY FOR
RATEMAKING PURPOSES, TO FIX A
JUST AND REASONABLE RETURN
THEREON, TO APPROVE RATES
DESIGNED TO DEVELOP SUCH RETURN
AND FOR RELATED APPROVALS.

DOCKETED BY [Signature]

DOCKET NO. E-01575A-08-0328

MOTION TO
MODIFY/EXPEDITE
PROCEDURAL SCHEDULE

Snell & Wilmer

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On December 15, 2009, the Administrative Law Judge issued a Procedural Order establishing a procedural schedule relating to the hearing in the reconsideration of Arizona Corporation Commission ("Commission") Decision No. 71274 dated September 8, 2009 ("Decision") in the above-captioned matter ("Reconsideration Matter"). The Procedural Order sets the hearing for the Reconsideration Matter to commence on May 18, 2010. In light of recent events that have occurred subsequent to the issuance of the Decision, SSVEC, through counsel undersigned, hereby requests that the procedural schedule be modified to expedite the schedule so that the hearing in the Reconsideration Matter may commence on or before March 9, 2010.

BACKGROUND

On September 8, 2009, the Commission issued the Decision which expressly prohibits ("until further order of the Commission") SSVEC from constructing the proposed 69 kV line to serve the Whetstone, Rain Valley, Elgin, Canelo, Sonoita, and Patagonia, Arizona areas (collectively the "Affected Areas"). SSVEC had previously

1 planned and scheduled principle construction of the 69 kV line in the fall of 2009 because
2 the Cooperative's documentation and analysis clearly demonstrated it necessary to
3 alleviate significant power quality, reliability, and capacity constraints resulting in power
4 fluctuations and outages in the Affected Areas that are currently served by the
5 Cooperative's existing V-7 Feeder Line. The Decision further ordered SSVEC to
6 commission an independent feasibility study regarding alternatives (including use of
7 distributed renewable energy) that could mitigate the need for construction of the 69 kV
8 line (hereinafter referred to as the "Independent Study") and to report the findings of such
9 Independent Study to the Commission by December 31, 2009.

10 As a consequence of the Commission's Decision prohibiting SSVEC from
11 constructing the 69 kV line, on September 18, 2009, SSVEC filed an Application for a
12 Moratorium in Docket No. E-01575A-09-0453 ("Moratorium Matter") for the
13 Commission to issue an order authorizing a moratorium on new and/or expanded service
14 connections to its V-7 Feeder Line so the power quality, reliability, and capacity problem
15 resulting in ongoing power fluctuations and outages within the Affected Areas will not be
16 further exacerbated or further degrade the service to existing members.¹

17 On September 28, 2009, pursuant to A.R.S. §40-253, SSVEC filed an Application
18 for Rehearing and Reconsideration of the Decision ("Reconsideration Application"). The
19 Reconsideration Application requests the Commission to reconsider three specific areas of
20 the Decision related to: (i) The Commission prohibiting SSVEC from constructing the 69
21 kV line; (ii) the authorized revenue requirement; and (iii) the administration of the
22 Cooperative's Wholesale Power and Fuel Adjustor. On October 13, 2009, the
23 Commission voted to grant the Reconsideration Application which is the subject of the
24 Reconsideration Matter and the December 19, 2009, Procedural Order.

25 _____
26 ¹ On January 6, 2010, the Cooperative filed a Motion to Consolidate the Moratorium Matter with the
Reconsideration Matter. This Motion will be discussed at the January 20, 2010, Procedural Conference.

1 Consistent with the concerns raised by the Cooperative in its Moratorium
2 Application, since the Commission voted to prohibit SSVEC from constructing the 69 kV
3 line, SSVEC has experienced several outages on its V-7 Feeder line impacting the
4 Affected Areas. Between August 17, 2009, and December 4, 2009, the V-7 Feeder Line
5 had 19 outages impacting various members within the Affected Areas. This includes one
6 (1) significant outage that impacted all members within the Affected Areas for nearly two
7 hours totaling over 4,500 customer hours. On December 8, 2009, and again on December
8 23, 2009, SSVEC experienced two significant outages in the Affected Areas. These
9 outages totaled over six hours, representing approximately 11,500 customer hours of
10 outage. The December 8, 2009, outage affected approximately 2,400 customers and
11 lasted almost two hours. Had the 69 kV line and substation been in place at the time of
12 this outage, only 280 customers would have been affected. The December 23, 2009,
13 outage affected 2,317 customers and lasted for almost five hours. Had the 69 kV line and
14 substation been in place at this time of this outage, only 374 customers would have been
15 affected for approximately two hours.

16 On December 31, 2009, in compliance with the Decision, SSVEC filed the
17 Independent Study relating to the 69 kV project. After reviewing all of the potential
18 options to alleviate the capacity and reliability problems in the Affected Areas, including
19 the use of renewable resources, the Independent Study is unequivocal in its findings and
20 conclusions in support of the immediate construction of the 69 kV line. The Independent
21 Study further affirms the urgency and need for a moratorium on new hook-ups if there is
22 going to be further delay and finds:

23 *The results of NCI's investigation indicates SSVEC should take immediate*
24 *action to address current performance issues and capacity limits,*
25 *including carefully assessing the impact of customer requests for new or*
*expanded service on V-7 feeder performance capacity.*²

26 ² Independent Study at page 3 (emphasis added.)

1 **THE HEARING IN THIS MATTER SHOULD BE EXPEDITED IN LIGHT**
2 **OF THE INDEPENDENT STUDY'S FINDINGS AND THE OUTAGES**
3 **THAT HAVE AND WILL CONTINUE TO OCCUR WITHIN THE**
4 **AFFECTED AREAS.**

5 If the Commission ultimately issues its Order authorizing SSVEC to commence
6 construction of the 69 kV line and substation, it will take the Cooperative approximately
7 15 to 18 months before construction will be completed. During this time, SSVEC
8 members within the Affected Areas will continue to experience outages and unreliable
9 electric service. Moreover, under the current procedural schedule where the hearing is set
10 to commence on May 18, 2010, by the time the Commission issues a final order in the
11 Reconsideration Matter, the Cooperative will have missed the 2010/2011 winter peak for
12 completion of the 69 kV project and would be at risk to also miss the 2011/2012 winter
13 peak. Accordingly, it is imperative that the Commission make a final determination on
14 this issue as expeditiously as possible.

15 In light of these exigent circumstances, SSVEC requests that a revised procedural
16 schedule be issued to expedite the hearing in the Reconsideration Matter (and the
17 Moratorium Matter if the Motion to Consolidate is granted) to commence on or before
18 March 9, 2010, in order to accelerate the hearing by more than two months. SSVEC
19 proposes the following procedural schedule for discussion purposes at the January 20,
20 2010, Procedural Conference:

21 Procedural Conference	January 20, 2010
22 SSVEC Completes Public Notice On or Before	February 1, 2010
23 Intervention Deadline	February 8, 2010
24 Direct Testimony of All Parties	February 16, 2010
25 Rebuttal Testimony of All Parties	March 2, 2010 ³

26 ³ SSVEC requests that the parties have an opportunity to provide rejoinder testimony orally at the hearing.

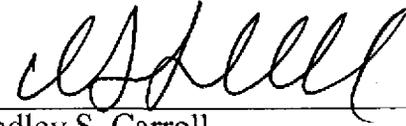
1 Pre-Hearing Conference March 8, 2010

2 Hearing to Commence March 9, 2010

3 SSVEC requests that in order to further expedite the process, the procedural
4 schedule be established at the January 20, 2010, Procedural Conference.⁴

5 RESPECTFULLY SUBMITTED this 19th day of January, 2010.

6 SNELL & WILMER L.L.P.

7
8 By 

9 Bradley S. Carroll
10 One Arizona Center
11 400 East Van Buren
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13 Attorneys for Sulphur Springs Valley
14 Electric Cooperative, Inc.

12 ORIGINAL and 13 copies filed this
13 19th day of January, 2010, with:

14 Docket Control
15 ARIZONA CORPORATION COMMISSION
16 1200 West Washington
17 Phoenix, Arizona 85007

18 COPIES of the foregoing hand-delivered
19 this 19th day of January, 2010, to:

20 Steve Olea, Director
21 Utilities Division
22 ARIZONA CORPORATION COMMISSION
23 1200 West Washington Street
24 Phoenix, Arizona 85007

25 ⁴ On January 14, 2009, SSVEC filed a Petition to Amend Decision No. 71274 Pursuant to A.R.S. §40-252
26 and for Related Authorization ("Petition"). The Petition seeks immediate authorization for SSVEC to
construct the 69 kV line. The Petition also states that if the relief requested therein is granted, SSVEC
would withdraw the Reconsideration and Moratorium Matters which would render the hearing in this
matter moot. Because there is no guarantee that the Commission will grant the Petition, SSVEC must
proceed along parallel paths.

1 Wesley C. Van Cleve, Attorney
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6 COPY of the foregoing mailed/e-mailed
7 this 19th day of January, 2010, to:

8 Jane Rodda, Administrative Law Judge
9 Hearing Division
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By 