

1 ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION



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3 COMMISSIONERS

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5 KRISTIN K. MAYES – Chairman
6 GARY PIERCE
7 PAUL NEWMAN
8 SANDRA D. KENNEDY
9 BOB STUMP

Arizona Corporation Commission
DOCKETED

JAN 22 2010

DOCKETED BY

10
11 IN THE MATTER OF THE
12 APPLICATION OF SULPHUR SPRINGS
13 VALLEY ELECTRIC COOPERATIVE,
14 INC. FOR A HEARING TO DETERMINE
15 THE FAIR VALUE OF ITS PROPERTY
16 FOR RATEMAKING PURPOSES, TO
17 FIX A JUST AND REASONABLE
18 RETURN THEREON, TO APPROVE
19 RATES DESIGNED TO DEVELOP
20 SUCH RETURN AND FOR RELATED
21 APPROVALS.
22

DOCKET NO. E-01575A-08-0328

RESPONSE IN OPPOSITION TO
THE PETITION TO AMEND DECISION
NO. 71274 PURSUANT TO A.R.S. §40-
252 AND FOR RELATED
AUTHORIZATION

23
24
25 INTRODUCTION

26
27 Sulphur Springs Valley Electric Cooperative (“SSVEC”) has petitioned the Arizona
28 Corporation Commission (“ACC” or “Commission”) to issue an order amending its
29 previous Decision dated September 8, 2009, regarding the authorization for SSVEC to
30 construct the 69kV sub-transmission power line (“69kV line”) referred to in the Decision.
31 SSVEC now requests that it be allowed to immediately begin construction of the 69kV
32 line. SSVEC further requests that its petition be expeditiously heard in no event later
33 than the Commission’s open meeting scheduled for February 2-3, 2010.
34

35 BACKGROUND AND PROCEDURAL HISTORY

36 Pursuant to Decision No. 71272 in Docket No. E-01575A-08-0328, SSVEC was
37 required to docket a Feasibility Study on the 69kV line project and possible alternatives

1 and to hold public forums in the impacted communities. This independent Feasibility
2 Study was to include a review of the proposed 69kV line as well as alternatives such as
3 distributed renewable energy that could mitigate the need for SSVEC's 69kV line.
4 Following filing of the Feasibility Study by December 31, 2009, SSVEC was further
5 ordered to conduct public forums as follows:

6 The public forums shall include an opportunity for community members'
7 discussion on the Feasibility Study, including alternatives **prior to construction of**
8 **the project**. Further, we will also require SSVEC to file, by July 31, 2010, a report
9 discussing the outcomes of this public process and also discussing **how the**
10 **Cooperative plans to incorporate the reasonable and effective renewable**
11 **energy proposals resulting from the public forums.**
12 [Decision No. 71274, page no. 39 (emphasis added)]
13

14 SSVEC's petition now seeks that the ACC vacate its Order for forums allowing
15 public input into the Feasibility Study and requests immediate construction of the 69kV
16 line be allowed to commence.

17 Intervenor Susan Scott ("Intervenor Scott") opposes the relief requested by
18 SSVEC. SSVEC's petition should be denied for the reasons set forth below.

19 **ARGUMENTS AGAINST EXPEDITING THESE HEARINGS**

20

21 **I. SSVEC PRESENTS NO COMPELLING REASON TO EXPEDITE** 22 **CONSTRUCTION NOR TO ELIMINATE PUBLIC INPUT AS** 23 **ORDERED BY THE COMMISSION.** 24

25 The SSVEC's Petition to Amend Decision NO. 81274 is premature and
26 inappropriate. The petition is in total disregard of the Commission's intent in ordering
27 this study – to inform and involve those most directly affected by the 69kV line in the
28 decision making process. Truncating the process before the public forums are held
29 negates the effort and expense of the Feasibility Study. SSVEC's petition further
30

1 demonstrates its continued refusal to engage the community in any meaningful dialogue
2 over issues that impact residents for years to come.

3 The disdain with which SSVEC holds public input appears in its petition in which it
4 states at page 10:

5 “. . .the outcome of the public forums will not in any way change the
6 Independent Study’s conclusions and recommendations.”
7 [Emphasis in original]
8

9 **How does SSVEC *know* that?**

10 SSVEC has not demonstrated any compelling reason to expedite the process nor
11 to eliminate public input in order to immediately begin construction of the 69kV line. In
12 fact, SSVEC has jumped to its own conclusion by stating that the Feasibility Study

13 *“confirms that the 69kV line is the best available and proven option to alleviate*
14 *the reliability and capacity conditions with the Affected Areas.”*
15 [Petition page no. 10]
16
17

18 **What does the Feasibility Study say?**

19 Facts in the Feasibility Study that do not support SSVEC’s conclusions include:

20
21 a. Figure 2: Annual Average Outage Hours per Customer for the past 10 Years
22 equals 3 hours, not the 270 hours that SSVEC stated in its Rate Case and letters
23 to the Commission.
24

25 b. In Figure 4: V-7 Feeder Outages by Cause Code: Lightning: Approx 325
26 when compared to. Overloads: 25.
27

28 c. In Figure 5: Outages by Consumers Affected (10-year Average):

29
30 *“the majority of outages only interrupted a single customer: over 90 percent of the*
31 *outages interrupted three or fewer customers.”*
32

1
2 d. On Page 60:

3
4 *"Most outages impact less than 10 customers. Hence, none of the supply options*
5 *cited above are likely to significantly improve V-7 feeder reliability"* (including the
6 69kV line).
7

8 From the beginning, this project has been referred by SSVEC as the Sonoita
9 **Reliability** Project yet the Feasibility Study states:

10
11 e. On Page 64:

12
13 *"the preferred alternative on the basis of economics alone is demand*
14 *reduction. A close alternative is the installation of diesel generators in*
15 *Sonoita".*
16

17 The Feasibility Study points out that two alternatives are more economically viable
18 than the proposed 69kV line. Even more interesting, the Study bypassed the most
19 logical solution to service peak demand – using natural gas to power a generator for
20 those rare occasions when demand exceeds line capacity. Apparently Navigant
21 Consulting was not informed of the potential availability of distributive natural gas in
22 Patagonia, that a natural gas generator could easily and relatively inexpensively be
23 installed on property owned by SSVEC in Patagonia?

24 f. On Page 81:

25
26 *"an archaeological survey of the proposed project will be necessary should the*
27 *project move forward".*
28

29 Approving this petition will allow SSVEC to circumvent this extremely important
30 step in protecting potential historical sites. Do not let them bulldoze our cultural heritage
31 or our grasslands without this recommended preconstruction archaeological survey and
32 analysis.
33
34

1
2 **Has SSVEC made a case to ignore the facts in the Feasibility Study?**
3
4

5 The above-cited statements from the Feasibility Study are only a few that indicate
6 the need for the 69kV line is not a forgone conclusion. There are many other questions
7 about the Feasibility Study that need explanations. Full discovery of the Feasibility
8 Study needs to occur, so that compelling testimony can be pre-filed, as directed by
9 effective Procedural Orders, rebutted and then heard during open public hearings so that
10 the Administrative Law Judge will have more than comments in several recent SSVEC
11 and this filing to base a fair and reasonable Recommended Opinion and Order (ROO) for
12 the Commission to consider in deciding this matter.
13

14 **II. DISCOVERY REGARDING THE "INDEPENDENCE" OF**
15 **THE FEASIBILITY STUDY NEEDS TO OCCUR BEFORE**
16 **THE ACC CAN MAKE ANY DETERMINATION OF THE**
17 **NAVIGANT STUDY'S VALIDITY.**
18

19 According to the petition,
20

21 *"The analysis was completed without direct or indirect participation from SSVEC*
22 *staff, management or its customers."*
23

24 TRC Solutions reported in their letter of October 27, 2009 that the total price
25 quoted by Navigant Consulting for the Feasibility Study was \$151,200. However,
26 SSVEC estimates in its petition that totals costs of the Study are approximately
27 \$360,000. The large discrepancy between the price quoted by TRC Solutions and the
28 cost according to SSVEC seems to indicate that considerable staff and attorney time
29 were involved in this "independent" study.

1 SSVEC's petition seeks to effectively foreclose the ability of this and other
2 intervenors to investigate and engage in discovery for preparing testimony. The
3 Commission should now allow that to happen.

4 Presumably, the entire process as originally outlined by the Commission in its
5 original decision was designed to afford all parties and the public to collect as much
6 information as possible to be gathered in order to benefit the Commissioners in their
7 decision-making process: an independent Feasibility Study followed by local public
8 forums followed by public hearings before the Commission. This is a wise and orderly
9 process that this Intervenor fully supports. SSVEC's current petition seeks to undercut
10 that process.

11 It was SSVEC that filed for the reconsideration and now it is trying to do yet
12 another "end around" to prevent even that from occurring. This gamesmanship must
13 stop.

14 15 **CONCLUSION AND RECOMMENDATION**

16 The process outlined by the Commission in its Decision No. 71274 should go
17 forward. It is critical that public input be allowed in this Feasibility Study; that affected
18 cooperative members have the opportunity to fully consider all options.

19 Once again, we only ask that SSVEC conduct its business in a forthcoming and
20 transparent manner. SSVEC's continued desire to do exactly the opposite must stop.

21
22 **It is recommended by Intervenor Scott that SSVEC's petition to expedite**
23 **these hearings be denied.**

1 Copies have been mailed this date to the Commission and to all parties.

2 Respectfully submitted this 21st day of January 2010.

3
4 Intervenor Susan Scott

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7
8 Susan Scott
9 PO Box 178
10 Sonoita, AZ 85637
11 ScottSonoita@gmail.com
12

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