OPEN MEETING AGENDA ITEM

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AZ CORP COMMISSION
DOCKET CONTROL

June 28, 2010

Arizona Corporation Commission
Chairmen Kristin Mayes
Commissioner Pierce, Newman, Kennedy, and Stump

Docket : E-01575A-08—0328 E-01575A-09-0453

Dear Chairman Mayes and Commissioners:

I am writing this letter in response to the SSVEC mass mailing sent out June 22, 2010, (I believe it was sent to all members, except me, because I am excluded from all mailings).

This letter stated that SSVEC is not planning to service the Wildcat Silver Mine in the Patagonia Mountains.

The CEO of Wildcat Silver Mining Company made 3 presentation in Patagonia, 2 of which I attended. The 3rd was to our Mountain Empire Rotary Club.

He was asked during each meeting how much power the mine would require and who would provide it. At this meeting he answered that he did not know.

In response to a direct question as to whether or not he had been approached by SSVEC, which is contrary to SSVEC letter June, 22, 2010, he stated that he in fact had received correspondence from Sulphur that was on his desk, but he had not had an opportunity to review it.

He assured me that he would come back to Rotary in July, to answer these questions, when he would have more information.

Sincerely,

Steve Getzwiller

Steve Getzwiller

Atached : SSVEC Letter June 22, 2010

Arizona Corporation Commission
DOCKETED

JUN 29 2010

DOCKETED BY MM

Sulphur Springs Valley Electric Cooperative, Inc.
PO Box 820 Willcox AZ 85644-0820

Touchstone Energy®

June 22, 2010

000343
DEBRA [redacted]
PO BOX [redacted]
PATAGONIA, AZ 85624

Dear Member:

On May 28, 2010, the Arizona Corporation Commission (ACC) Administrative Law Judge (ALJ) Jane Rodda issued a Recommended Opinion and Order (ROO) in the Sulphur Springs Valley Electric Cooperative (SSVEC) 69 kilovolt (kV) line case. SSVEC was planning to send an update regarding this matter to all of its members after the ACC's vote on the ROO. However, in light of the ACC's upcoming vote regarding this matter and numerous disturbing calls to SSVEC's Board, management and staff by many concerned and/or upset members, the Cooperative felt compelled to send this letter to correct blatant misinformation that is being spread by a few self-serving members.

The ROO provides that the ACC should "remove the prohibition" from SSVEC constructing the 69 kV line. In short, after three days of public comment and presentation of evidence at SSVEC's Hearing held March 24 to 26, 2010, the ALJ recommended that SSVEC should be permitted to construct the 69 kV line in order to provide reliable power to the SSVEC members in the Sonoita, Elgin, Patagonia, Whetstone, Rain Valley, and Canelo communities (Affected Area). The ROO is absolutely unequivocal in its findings and recommendations based on the overwhelming evidence presented at the Hearing. The ROO is entirely consistent with SSVEC, the ACC Staff, and Navigant Consulting, Inc.'s analysis regarding the need for immediate construction of the 69 kV Line. Navigant is one of the most reputable and experienced firms in the U.S. and conducted the independent third-party feasibility study (Independent Study) that was ordered by the ACC in September 2009.

The ROO also found that:

- SSVEC has the responsibility to provide safe and reliable service to the Affected Area.
- The V-7 feeder line currently serving the Affected Area suffers from capacity and reliability problems.
- The Independent Study filed on December 31, 2009, was prepared and filed in conformance with the requirements of ACC Decision No. 71274.
- The evidence supports the conclusion that the Independent Study was as independent as practical given the timing and costs involved.
- SSVEC has considered renewable generation options, but such options cannot address current performance issues with the V-7 feeder line in order to mitigate the need for immediate construction of the 69 kV line.
- SSVEC has complied with the requirements of Decision No. 71274 to commission an Independent Study and hold public forums, and the evidence continues to demonstrate a need that is sufficient to lift the restriction on constructing the 69 kV line.

At the Hearing in Tucson from March 24 to 26, 2010, 47 members of the public spoke during the public comment session. 26 of these members lived in the Affected Area and 20 of these members supported the immediate construction of the line. Only six were opposed. The remainder of the members testified against the cost of the Independent Study and the continued delay of this project, which is borne by all SSVEC members.

During testimony, opponents to the 69 kV line who intervened stated specifically on the record that if the proposed line was on another route, they would not have objected to it. In short, they are ***for*** putting the line in someone else's backyard, even though they purchased their property knowing SSVEC had an easement and at a future point a line would be built on such easement. As demonstrated by the evidence and discussed in the ROO, the current V-7 line that serves the Affected Area cannot be rebuilt along the current route for many legal, financial and engineering reasons that the line's opponents continue to ignore.

The Independent Study conducted by Navigant, as well as other evidence presented at the Hearing, overwhelming demonstrated that the most viable option to provide reliable power and capacity to the Affected Area is the construction of the new 69 kV line and substation as originally proposed by SSVEC. The Independent Study corroborates SSVEC's original analysis regarding the need to immediately construct the 69 kV line. In fact, Mr. Eugene Shlatz, a Director of Navigant and the Project Manager, who conducted the Independent Study, testified at the Hearing that the situation "could be construed as an emergency in that there is an immediate problem that should be taken care of and it should not wait." Additionally, the independent member poll that was conducted confirmed the desire of the vast majority of SSVEC members (including those members residing in the Affected Area) to construct the new 69 kV line immediately. The ACC Staff also agreed with SSVEC and the Navigant Independent Study that the 69 kV line needs to be constructed as proposed by SSVEC.

The Independent Study further corroborated SSVEC's analysis that renewable generation, such as solar or wind, simply does not solve the capacity and performance problems that currently exist. The Navigant report makes it abundantly clear that solar and wind do not solve the capacity problem as peak load occurs early in the morning when solar output is low and wind speeds are too low and intermittent for wind generation to provide any *meaningful* support.

Finally, renewable generation does little, if anything, to address the reliability and performance issues plaguing the existing feeder. Moreover, with the existing feeder's limitations, the opponents' proposed solution to install several large renewable stations around the Affected Areas would only exacerbate the current reliability and performance issues.

In addition to misinformation being disseminated by opponents of the 69 kV line regarding the facts as discussed above, since the issuance of the ROO, SSVEC has received many phone calls. Members within and outside the Affected Area are very concerned that opponents to this line are spreading false rumors that the real reason SSVEC wants to build this line is so it can serve the Rosemont Mine outside of Sonoita and/or the proposed Wildcat Mine in the Patagonia area. These statements are absolutely false and were specifically testified upon at the Hearing. The Rosemont Mine will be served by Tucson Electric Power (TEP) and information on this can be found on TEP website. Regarding the Wildcat Mine-- it is located six miles outside of SSVEC's service territory in UniSource Energy's service territory and cannot be served by SSVEC. In either case, the proposed 69 kV line would be insufficient for the needs of these two mines even if SSVEC were able to serve them. As a non-profit entity, there would be no reason or incentive for your cooperative to do so.

Jack Blair

Jack Blair
Chief Member Services Officer
Sulphur Springs Valley Electric Cooperative