

OPEN MEETING ITEM



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BEFORE THE ARIZONA CORPORATION C

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AZ CORP COMMISSION
DOCKET CONTROL

COMMISSIONERS

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

IN THE MATTER OF THE APPLICATION OF
DINÉ POWER AUTHORITY IN
CONFORMANCE WITH THE REQUIREMENTS
OF ARIZONA REVISED STATUTES §§ 40-360, *et*
seq., FOR A CERTIFICATE OF
ENVIRONMENTAL COMPATIBILITY
AUTHORIZING THE CONSTRUCTION OF A
500KV TRANSMISSION LINE ON NON-
RESERVATION PORTIONS OF THE NAVAJO
TRANSMISSION PROJECT.

DOCKET NO. L-00000U-00-0103-00000

CASE NO. 103

STAFF'S NOTICE OF FILING

On October 29, 2010, Diné Power Authority ("DPA") filed with the Arizona Corporation Commission ("Commission") a request for an extension of the Certificate of Environmental Compatibility ("CEC") granted by Decision No. 63197 (November 30, 2000). Staff hereby provides notice of filing the attached proposed order for the Commission's consideration. This is only a Staff recommendation to the Commission; it has not yet become an order of the Commission. The Commission can decide to accept, amend or reject Staff's proposed order. This matter is scheduled for Commission deliberation at its November Open Meeting scheduled November 22 and 23, 2010.

RESPECTFULLY SUBMITTED this 10th day of November, 2010.

Arizona Corporation Commission

DOCKETED

NOV 10 2010

DOCKETED BY

Scott M. Hesla
Attorney, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-3402

1 Original and 28 copies of the foregoing were
filed this 10th day of November, 2010, with:

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3 Docket control
4 Arizona Corporation Commission
5 1200 W. Washington Street
6 Phoenix, AZ 85007

7 Copy of the foregoing were mailed this 10th
8 Day of November, 2010, to:

9
10 John Foreman, Chairman
11 Arizona Power Plant and Transmission
12 Line Sitting Committee
13 Office of Attorney General
14 1275 West Washington Street
15 Phoenix, Arizona 85007

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17 Steven C. Begay, General Manager
18 Diné Power Authority
19 P.O. Box 3239
20 Window Rock, Arizona 86515

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39 *Monica A. Martinez*

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BEFORE THE ARIZONA CORPORATION COMMISSION

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GARY PIERCE
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SANDRA D. KENNEDY
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DOCKET NO. L-00000U-00-0103-00000
CASE NO. 103
ORDER MODIFYING DECISION NO. 63197
DECISION NO. _____
ORDER

Open Meeting
November 22 and 23, 2010
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On November 30, 2000, the Arizona Corporation Commission ("Commission") issued Decision No. 63197 in Docket No. L-00000U-00-0103-00000. Decision No. 63197 granted Diné Power Authority ("DPA") a Certificate of Environmental Compatibility ("CEC") authorizing construction of a 500 kV transmission line in Arizona, on the non-reservation portions of the proposed and alternative routes for the Navajo Transmission Project ("NTP").

2. On October 29, 2010, DPA applied for an extension of time requesting that the expiration date of the CEC approved in Decision No. 63197 be extended from the current expiration date of November 30, 2010 to November 30, 2020. The extension request was based upon Item 1 of the CEC which provides that:

...
...

1 "This authorization to construct the new transmission line will expire
2 ten (10) years from the date the Certificate is approved by the Arizona
3 Corporation Commission, unless construction is completed by that
4 time; provided, however, that prior to such expiration the Applicant
5 may request that the Arizona Corporation Commission extend the time
6 limitation."¹

7 3. On November 5, 2010, Commission Utilities Division Staff ("Staff") filed a
8 Memorandum. Staff stated that "DPA's request for this extension is based on its intention to match
9 the construction of the NTP transmission line to the construction of the Desert Rock Energy Project
10 ("DREP") and in response to the changing power market in the Southwest." Staff further stated that
11 "[a]ccording to DPA, DREP is being placed on hold due to changes in the power market, notably:
12 1) the shift in power demand from fossil fuels to renewable energy; and 2) the uncertainty associated
13 with congressional legislation on carbon and regulations on new emissions controls, issues which are
14 presently under study." Staff noted that "DPA has also stated that the need for NTP, as currently
15 proposed, remains valid, and that it plans to continue to develop the NTP on a delayed schedule."

16 4. Staff believes that the changing economic conditions in the State, along with the
17 changing nature of the Southwest power market, make it reasonable to postpone construction of the
18 transmission line at issue. Staff further believes that there are valid reasons for constructing the line,
19 including future generation planned for the Four Corners area, improved operational flexibility and
20 reliability of transmission in the region, and increased economical power transfers, including from
21 renewable generation.

22 5. Staff therefore recommends approval of an extension of the CEC through November
23 30, 2020. Staff further recommends that any extension requests beyond November 30, 2020 be
24 conditioned on the Navajo Transmission Project being "substantially constructed" at the time of such
25 request.

26 6. In light of Staff's recommendations, Staff proposes that Item 1 of the CEC be revised
27 and replaced by the following language:

28 ...

...

¹ Decision No. 63197 p. 2, Item 1.

1 "This authorization to site and construct the Navajo Transmission
2 Project shall expire on November 30, 2020. However, before such
3 expiration, Applicant or any assignee of Applicant, may request that the
4 Commission further extend this time limitation, provided that the
5 Navajo Transmission Project has been substantially constructed as of
6 the time of such extension request. The Commission will determine
7 what "substantial construction" is, at the time of the Applicant's filing
8 for time extension."

6 **CONCLUSIONS OF LAW**

7 1. The Commission has jurisdiction over Diné Power Authority and the subject matter
8 contained herein pursuant to Article XV of the Arizona Constitution and A.R.S. §§ 40-252 and 40-
9 360, *et seq.*

10 2. Notice of the proceeding has been given in the manner prescribed by law.

11 3. The Commission, having reviewed and considered Diné Power Authority's
12 application to extend time, concludes that it is in the public interest to adopt Staff's proposed revision
13 to Item 1 of the Certificate of Environmental Compatibility as set forth in Findings of Fact No. 6 and
14 to modify Decision No. 63197, accordingly.

15 **ORDER**

16 IT IS THEREFORE ORDERED that Decision No. 63197 is hereby modified to revise Item 1
17 of the Certificate of Environmental Compatibility to state the following:

18 "This authorization to site and construct the Navajo Transmission
19 Project shall expire on November 30, 2020. However, before such
20 expiration, Applicant or any assignee of Applicant, may request that the
21 Commission further extend this time limitation, provided that the
22 Navajo Transmission Project has been substantially constructed as of
23 the time of such extension request. The Commission will determine
24 what "substantial construction" is, at the time of the Applicant's filing
25 for time extension."

26 IT IS FURTHER ORDERED that all other provisions of Decision No. 63197 remain in full
27 force and effect.

28 IT IS FURTHER ORDERED that this decision shall be effective immediately.

26 ...
27 ...
28 ...

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

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CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
Executive Director of the Arizona Corporation Commission,
have hereunto, set my hand and caused the official seal of this
Commission to be affixed at the Capitol, in the City of Phoenix,
this _____ day of _____, 2010.

ERNEST G. JOHNSON
Executive Director

DISSENT: _____

DISSENT: _____

1 SERVICE LIST FOR: Dine Power Authority
DOCKET NO. L-00000U-00-0103

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3 John Foreman, Chairman
Arizona Power Plant and Transmission
4 Line Sitting Committee
Office of Attorney General
5 1275 West Washington Street
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