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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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IN THE MATTER OF THE
APPLICATION OF ARIZONA PUBLIC
SERVICE COMPANY, IN
CONFORMANCE WITH THE
REQUIREMENTS OF ARIZONA
REVISED STATUTES §§ 40-360, *et seq.*,
FOR A CERTIFICATE OF
ENVIRONMENTAL COMPATIBILITY
AUTHORIZING THE TS-5 TO TS-9
500/230kV TRANSMISSION LINE
PROJECT, WHICH ORIGINATES AT
THE FUTURE TS-5 SUBSTATION,
LOCATED IN THE WEST HALF OF
SECTION 29, TOWNSHIP 4 NORTH,
RANGE 4 WEST AND TERMINATES AT
THE FUTURE TS-9 SUBSTATION,
LOCATED IN SECTION 33, TOWNSHIP
6 NORTH, RANGE 1 EAST, IN
MARICOPA COUNTY, ARIZONA

Docket No. L-00000D-08-0330-00138

Case No. 138

**ARIZONA PUBLIC SERVICE
COMPANY'S NOTICE OF FILING
BUREAU OF LAND
MANAGEMENT LETTER AND
UPDATE ON ARIZONA STATE
LAND DEPARTMENT RIGHT OF
WAY APPLICATION**

On March 17, 2009, the Arizona Corporation Commission ("ACC") issued Decision No. 70850, which granted Arizona Public Service Co. ("APS") a Certificate of Environmental Compatibility ("CEC") to construct the TS5 to TS9 500/230kV (now referred to as Sun Valley to Morgan) transmission line (the "Project"). A portion of the Project corridor approved by the ACC is located on land managed by the Bureau of Land Management ("BLM") along State Route 74 ("SR74") and along the Central Arizona Project ("CAP") Canal exiting the Sun Valley Substation. As a result of this action and Condition 1 in the CEC, APS applied for a right-of-way from the BLM. The APS application was denied by the BLM on April 28, 2010. APS appealed that decision and

1 United States Department of the Interior Bureau of Land Appeals set aside and remanded
2 the case back to the BLM on October 6, 2010.

3
4 APS, the BLM and other interested parties participated for several months in a
5 Solutions Working Group, a process initiated by U.S. Congressman Trent Franks in
6 conjunction with the BLM's Arizona State Director, Jim Kenna. As a result of the efforts
7 of the Solutions Working Group, the BLM has decided to process the APS right-of-way
8 application for the Project. Attached is a December 23, 2010 letter from the BLM to APS
9 confirming that decision and explaining the process that will be initiated. APS is hopeful
10 that this new process initiated by the BLM will result in the granting of a transmission line
11 right-of way within the corridor approved by the ACC. APS appreciates the efforts of all
12 the parties who participated in the Solutions Working Group.
13

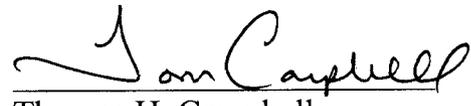
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15 The CEC also approved a corridor on lands managed by the Arizona State Land
16 Department ("ASLD"). The CEC required APS to file a right-of-way application with the
17 ASLD by March 17, 2010. Pursuant to ACC Decision No. 71645, this deadline was
18 extended until March 17, 2011, to allow APS and the ASLD time to work on an
19 appropriate right-of-way. On December 15, 2010, APS filed a right-of-way application
20 seeking a right-of-way within the corridor approved by the CEC and the ASLD has
21 accepted that application. This filing satisfies the CEC requirement.
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24 APS will continue to make periodic filings with the ACC to inform the ACC of the
25 progress of the BLM and ASLD processes.
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RESPECTFULLY submitted this 6th day of January, 2011.

LEWIS AND ROCA LLP



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ORIGINAL and thirteen (13) copies
of the foregoing filed this 6th day
of January, 2011, with:

The Arizona Corporation Commission
Utilities Division – Docket Control
1200 W. Washington Street
Phoenix, Arizona 85007

COPY of the foregoing hand-delivered
this 6th day of January, 2011, to:

Honorable Dwight Nodes
Hearing Division
Arizona Corporation Commission
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Phoenix, Arizona 85007

Chairman Gary Pierce
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3 1200 W. Washington Street
4 Phoenix, Arizona 85007

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8 Phoenix, Arizona 85007

9 **COPY** of the foregoing
10 served electronically via e-mail
11 this 6th day of January, 2011 to:

12 John Foreman, Chairman
13 Arizona Power Plant and Transmission Line Siting Committee
14 Office of the Attorney General
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United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Arizona State Office
One North Central Avenue, Suite 800
Phoenix, Arizona 85004-4427
www.blm.gov/az/



In Reply Refer To:
2800 (9310/P010)
AZA 035079

December 23, 2010

Mr. Daniel T. Froetscher
Vice President, Energy Delivery
Arizona Public Service Company
P.O. Box 53999; Mail Station 9086
Phoenix, Arizona 85072-3999

Dear Mr. Froetscher:

This is in response to the Bureau of Land Management's (BLM) recent meetings with your staff regarding the proposed Sun Valley to Morgan (TS5 to TS9) 500/230kV Transmission Line Project.

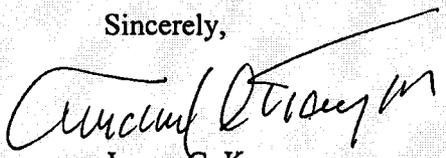
After several discussions between the BLM and the Solutions Working Group, the BLM has decided to move forward and process the application for this proposed transmission line. As discussed, the processing requires the preparation of an Environmental Impact Statement (EIS) simultaneously with a proposed Land Use Plan (LUP) amendment. A decision on whether to approve the proposed project/application will be made upon completion of the EIS.

We understand that this is a time sensitive project and our initial review projects completion of the EIS within 24 months. Please note that an LUP amendment proposal requires additional time for public comment periods. To expedite the processing, we have requested and been approved for a BLM Washington Office Project Manager to be assigned to the project. Mr. Joe Incardine is the BLM Project Manager for this project and he has been successful in keeping another BLM Arizona renewable energy project on schedule.

We appreciate the assistance of your staff, Mr. Paul Herndon and Mr. Richard Stuhan, in getting the cost recovery agreement reviewed/executed for this project and the deposit of the funds with the BLM so quickly. Their action was critical to getting this project started this month. We will be meeting with Mr. Herndon and Mr. Stuhan early in January 2011 to provide a detailed project schedule.

If I can be of any further assistance, please do not hesitate to call me at 602-417-9500, or you can e-mail me at jim_kenna@blm.gov.

Sincerely,

ceding for

James G. Kenna
State Director

cc: The Honorable Trent Franks
7121 West Bell Road, Suite 200
Glendale, Arizona 85308

The Honorable Gabrielle Giffords
1661 North Swan, Suite 112
Tucson, Arizona 85712

The Honorable Ed Pastor
411 North Central Avenue, Suite 150
Phoenix, Arizona 85004

U.S. Department of the Interior
Bureau of Land Management (WO 350)
Attention: Bob Abbey, Director
1849 C Street, NW, MS 5612
Washington, DC 20240

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