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January 10, 2012

Arizona Corporation Commission

DOCKETED

JAN 10 2012

Steve Olea, Director  
Utilities Division  
Arizona Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007

DOCKETED BY

Re: *Southwest Transmission Cooperative's ("SWTC") Notice of Proposed Modifications to Its 2005-2008 Construction Work Plan, Decision No. 69239, Docket No. E-04100A-06-0058*

Dear Mr. Olea:

In Decision No. 69239, dated January 19, 2007 (the "Decision"), the Commission approved SWTC's request for the RUS/FFB loan financing of its 2005-2008 Construction Work Plan ("CWP") in an amount not to exceed \$49,575,000.<sup>1</sup> The Commission also approved a procedure authorizing amendments to the CWP without the need to file an amended application as follows:

Southwest Transmission Cooperative, Inc. may file in this Docket, any proposed modifications to its CWP which substantially conform to the purposes of the current CWP and which cost more than \$500,000, but do not exceed the authorized amount of \$49,575,000, and unless Staff files an objection to the proposed CWP modifications within 30 days of Southwest Transmission Cooperative, Inc. filing the proposed changes, the proposed modifications shall be deemed approved.<sup>2</sup>

Because SWTC has been able to construct the projects in the CWP at less cost than originally estimated, there remains unused \$12,710,000 in available funds under the \$49,575,000 authorized by the Commission. Because the RUS has encumbered the \$49.575 million total amount in the U.S. Treasury, the RUS has asked SWTC to identify other projects which could be funded with these surplus loan monies, so that the RUS will not have to go through another Congressional budget process to re-encumber those funds.

<sup>1</sup> Decision, First Ordering Paragraph, page 9.

<sup>2</sup> Decision, Fifth Ordering Paragraph, page 10.

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Attached as Exhibit A is a one-page schedule identifying the 31 projects which SWTC proposes to add to the CWP using these remaining loan funds under Decision No. 69239. As required by the Decision, (1) each of the projects conforms to the purpose of the CWP, which is to make necessary improvements and upgrades to the SWTC system to meet reliability and service quality standards and (2) total borrowings will not exceed the Commission-authorized level of \$49.575 million. In that regard, the expected new project costs total approximately \$12.657 million—slightly more than \$500,000 less than the funds remaining to be drawn under the Commission's authorization for this CWP.

By the terms of the Decision, Staff does not need to take affirmative action on this request for the proposed changes to take effect. The changes will take effect after 30 days if no objection is filed.

Staff's assistance in relation to this matter is appreciated. If we can supply additional information concerning these CWP modifications, please contact me or Gary Pierson at SWTC (602-269-3415, ext. 5364).

Very truly yours,

GALLAGHER & KENNEDY, P.A.



By

Michael M. Grant

MMG/plp  
15169-8/2948699

Attachment

cc w/attachment: Steve Olea (delivered)

**Original and 13 copies** filed with Docket  
Control this 10<sup>th</sup> day of January, 2012.

**Southwest Transmission Cooperative, Inc.**

**Additional Transmission Projects to be added to 2005-2008 Construction Work Plan Funding  
Authorized Under ACC Decision No. 69239**

740C Code	Project Name	Project No.	Expected Actual Project Costs
800.5	Palo Verde to Pinal West 500kV line	T.000609011	\$2,564,250
900.6	Pinal West Substation	T.000609010	\$587,390
1000.14	Marana Tap-Marana 115kV Line Upgrade	T.001098011	\$673,428
1000.15	Avra Valley-Sandario Tap 115kV Line Upgrade	T.001103011	\$1,865,178
1000.23	Apache 115/69kV Relay Upgrade	T.SGD125010	\$41,251
1000.24	Kingman Tap 69kV OCB Replacement	T.001136010	\$121,562
1000.27	2011 Easement Correction Project	T.001138011	\$100,000
1000.28	Pantano to Sahuarita Pima Co Easement	T.001139011	\$200,000
1000.29	Davis Dam-Riviera Easement Renewal	T.001140011	\$650,000
1000.30	Apache Butterfield Line Up-rate	T.001105000	\$390,000
1101.9	Sahuarita Relay/RTU Upgrade	T.SGD121010	\$71,241
1101.10	Apache 230 kV Relay/TX Monitor Upgrade	T.SGD124010	-\$954
1101.12	Riviera Relay/TX Monitor Upgrade	CAPT.00694	\$554,879
1101.16	Oracle Junction Relay Upgrade	T.SGD138010	-\$808
1101.17	Kartchner Fiber Terminals	T.SGD144010	\$71,297
1101.18	Bicknell Fiber Terminals	T.SGD140010	\$69,152
1101.19	Sahuarita Fiber Terminals	T.SGD141010	\$69,152
1101.20	Redtail Fiber Terminals	T.SGD143010	\$69,152
1101.21	San Rafael Fiber Terminals	T.SGD142010	\$71,287
1101.22	Marana Fiber Terminals	T.SGD146010	\$71,287
1101.24	Butterfield Fiber Terminal/Relay Upgrade	T.SGD116010	\$153,546
1101.25	Avra Valley Fiber Terminal/Relay/TX	T.SGD126010	\$119,832
1101.26	Avra Valley-Marana OPGW	T.SGD206011	-\$4,814
1101.27	Apache-Butterfield OPGW	T.SGD201011	-\$9,900
1101.28	Apache-Redtail OPGW	T.SGD202011	\$0
1101.31	Davis Dam to Riviera Communication	T.SGD145010	-\$954
1101.33	New Tucson Substation Smart Grid	T.SGD127010	-\$405
1101.37	MDM/Complex Billing	T.SGD402010	-\$1,509
1102.5	2011 Transmission Renewals/Replacements	LINES.11	\$789,000
1102.6	2011 Substation Renewals/Replacements	T.001105010	\$243,125
1102.7	2012 Transmission Renewals/Replacements	LINES.12	\$789,000
	Total		\$10,315,664

Authorized Under Decision No. 69239  
 Funds Drawn under C8 Loan for CWP 2005-2008 Projects  
 Funds Remaining to be drawn under C8 Loan Authorization

C8 Loan
\$49,575,000
\$36,865,000
\$12,710,000