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MEMORANDUM

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TO: Docket Control

2012 JUN -1 P 4: 52

FROM: Steven M. Olea
Director
Utilities Division

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

DATE: June 1, 2012

RE: STAFF RECOMMENDATION FOR APPROVAL OF UNS ELECTRIC INC'S APPLICATION TO EXTEND EXPIRATION DATE TEN YEARS FOR CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY GRANTED IN DOCKET NO. L-00000F-97-0088-00000, CASE NO. 88, DECISION NO. 60344 (JULY 31, 1997), AND AMENDED IN DECISION NO. 69721 (JULY 30, 2007).

On March 6, 2012, UNS Electric, Inc. ("UNSE" or "Company") filed a request for a second extension of time for the construction of a 28 mile 230/69 kV double circuit transmission line and substation project ("Project") from Griffith Power Plant to Franconia Substation, granted in Decision No. 60344, and amended in Decision No. 69721. The following provides a background of this case.

Background

On July 31, 1997, a Certificate of Environmental Compatibility ("CEC") was approved in Decision No. 60344, which authorized the Company to construct the Project. The CEC granted a 10-year time frame for construction of the Project by July 31, 2007.

On November 2, 2005, the Company asked for a five year extension of time until July 31, 2012 for the construction of the 28-mile portion of the Project from Griffith to Franconia. The request was based on the fact that the anticipated load growth in the area did not materialize and did not warrant construction of the said portion of the line. Therefore, construction of that portion of the line at that time would not have been in the public interest. The 14-mile portion of the North Havasu to Franconia Substation 230/69 kV line was completed by July 31, 2007, and temporarily operated at 69 kV. The Commission granted the five year extension of time on July 30, 2007 in Decision No. 69721. On March 6, 2012, the Company requested another 10-year extension until July 31, 2022.

Staff's Analysis and Recommendation

The Utilities Division Staff has reviewed UNSE's request for a second extension of time for the above noted portion of the Project. Staff recognizes that depressed market economic conditions have produced actual load growth that is far less than was anticipated when the CEC was granted. In the Sixth BTA, the ten year 2010-2019 load projection for the entire state was

off by four years. It was stated therein that the North Havasu to Franconia section of the Project will not be needed until 2016 and beyond, and that UNSE's system was adequate and reliable in providing service to meet customer needs for the foreseeable future.

Staff agrees with the Company that, in the absence of need, construction of the North Havasu to Franconia portion of the Project is not in the public interest. Staff also believes that this line's construction may be warranted in the future when appropriate load growth conditions dictate construction.

Considering these circumstances, Staff believes that UNSE's time extension request is reasonable and, therefore, recommends approval of the requested CEC's time extension from July 31, 2012 to July 31, 2017.

Staff feels that the Company has requested this CEC extension repeatedly. Therefore, Staff recommends that the following language be added to the order amending Decision No. 69721.

"IT IS THEREFORE ORDERED that Decision No. 60344, approving a Certificate of Environmental Compatibility for Citizens Utility Company, and now its assignee UNS Electric, Inc., as amended by Decision No. 69721, to construct and operate a 230/69 kV double circuit transmission line, associated substations, and related facilities in Mohave County is hereby amended to extend to July 31, 2022, for completion of the 28-mile portion of the 230/69 kV double circuit transmission line that will run from the Griffith Substation to the Franconia Substation, and no further extension of time would be granted for completion of the Project.

IT IS FURTHER ORDERED that if this transmission line is not needed by the time this CEC expires, UNS Electric, Inc. shall apply for a new CEC if this transmission line is needed at a later time.

IT IS FURTHER ORDERED that all other provisions of Decision No. 60344, as amended by Decision No. 69721 remain in full force and effect."

SMO:PKB:kdh

Originator: Prem Bahl

Service List for: UNS Electric Inc.
Docket No.: L-00000F-97-0088-00000

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