

ORIGINAL

OPEN MEETING ITEM



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COMMISSIONERS
GARY PIERCE - Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS



Executive Director

ARIZONA CORPORATION COMMISSION

RECEIVED

DATE: JUNE 18, 2012
DOCKET NO.: L-00000F-97-0088-00000
TO ALL PARTIES:

2012 JUN 18 A 11: 03

AZ CORP COMMISSION
DOCKET CONTROL

Enclosed please find the recommendation of Administrative Law Judge Teena Jibilian. The recommendation has been filed in the form of an Order on:

UNS ELECTRIC, INC.
(EXTENSION OF TIME DEADLINE CONTAINED
IN DECISION NO. 60344 AS AMENDED BY DECISION NO. 69721)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by 4:00 p.m. on or before:

JUNE 27, 2012

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

JULY 18, 2012 and JULY 19, 2012

For more information, you may contact Docket Control at (602)542-3477 or the Hearing Division at (602)542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

Arizona Corporation Commission

DOCKETED

JUN 18 2012

DOCKETED BY *JM*

E. G. Johnson
ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 GARY PIERCE, Chairman
4 BOB STUMP
5 SANDRA D. KENNEDY
6 PAUL NEWMAN
7 BRENDA BURNS

8 IN THE MATTER OF UNS ELECTRIC INC.'S
9 REQUEST FOR EXTENSION OF THE
10 CERTIFICATE OF ENVIRONMENTAL
11 COMPATIBILITY AUTHORIZING
12 CONSTRUCTION OF 230kV/69kV DOUBLE
13 CIRCUIT TRANSMISSION LINE AND
14 SUBSTATION IN MOHAVE COUNTY, ARIZONA
15 BETWEEN THE EXISTING HILLTOP
16 SUBSTATION NEAR KINGMAN AND THE
17 PROPOSED NORTH HAVASU SUBSTATION
18 NEAR LAKE HAVASU CITY, A DISTANCE OF
19 APPROXIMATELY 56 MILES.

DOCKET NO. L-00000F-97-0088-00000

CASE NO. 88

DECISION NO. _____

ORDER EXTENDING TIME
DEADLINE ORDERED BY
DECISION NO. 60344 AS AMENDED
BY DECISION NO. 69721.

20 Open Meeting
21 July 18 and 19, 2012
22 Phoenix, Arizona

23 **BY THE COMMISSION:**

24 * * * * *

25 Having considered the entire record herein and being fully advised in the premises, the
26 Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

27 **FINDINGS OF FACT**

28 1. On July 31, 1997, the Commission issued Decision No. 60344 in Case No. 88.
Decision No. 60344 granted Citizens Utility Company a Certificate of Environmental Compatibility
("CEC" or "Certificate") authorizing construction of a 230/69 kV double circuit transmission line,
associated substations, and related facilities in Mohave County. The CEC was granted upon three
conditions, one of which is that the authorization to construct the project would expire ten years from
the date the Certificate is approved by the Commission unless construction is completed by that time;
provided, however, that prior to such expiration the facility owner may request that the Commission
extend the time limitation.

1 2. On November 2, 2005, Citizens Utilities Company's successor in interest, UNS
2 Electric, Inc. ("UNS Electric" or "Company") filed with the Commission a request for an extension
3 of time of the deadline for completion of construction of a portion of the facilities certificated by
4 Decision No. 60344. The portion of the certificated facilities for which UNS Electric requested a
5 time extension is the final 28-mile portion of the 230/69 kV double circuit transmission line, from the
6 Griffith substation to the Franconia Substation ("Project").

7 3. On July 30, 2007, the Commission issued Decision No. 69721. Decision No. 69721
8 amended Decision No. 60344 to extend the deadline for completion of the Project to July 31, 2012.
9 Decision No. 69721 also ordered the Company to erect and maintain signs in public rights-of-way for
10 the Project providing public notice that the property is the site of a future transmission line, and to
11 report sign placement annually to the Director of the Commission's Utilities Division.

12 4. On March 6, 2012, UNS Electric filed a new Request for Extension of Time. UNS
13 Electric requests that the deadline for completion of the Project be extended again, to July 31, 2022.
14 UNS Electric states that it has not yet commenced construction of the Project because load growth in
15 the area has not kept pace with earlier projections. UNS Electric states that the cost of constructing
16 that portion of the line is not justified at this time, because the system is currently supplying
17 customers with reliable power without the need for additional transmission capacity. UNS Electric
18 states the need for increased capacity into the Lake Havasu area is not projected to manifest for
19 another 5 to 10 years. UNS Electric asserts that the Company and its customers will benefit by
20 delaying the financial obligation associated with the construction, and that a 10 year extension of
21 time is appropriate, because it will allow the Company to construct the Project when it is needed.

22 5. On June 1, 2012, the Commission's Utilities Division ("Staff") filed a Memorandum in
23 this docket recommending that the requested extension of time for construction of the Project be
24 granted.

25 6. In its Memorandum, Staff states that depressed market economic conditions have
26 produced actual load growth far less than was anticipated when the CEC was granted. Staff notes
27
28

1 that Staff's Sixth Biennial Transmission Assessment¹ found that the ten year 2010-2019 load
 2 projection for the entire state was off by four years, that UNS Electric's system was adequate and
 3 reliable in providing service to meet customer needs for the foreseeable future; and that the Project
 4 will not be needed until 2016 and beyond.

5 7. Staff states that it agrees with the Company that, in the absence of need for the Project,
 6 its construction is not in the public interest at this time, but that construction may be warranted in the
 7 future when appropriate load growth conditions dictate. Staff recommends approval of the requested
 8 time extension from July 31, 2012 to July 31, 2022.

9 8. Staff further recommends that no further extension of time be granted for completion of
 10 the Project, and recommends that if the Project is not needed by July 31, 2022, that UNS Electric be
 11 required to apply for a new CEC.

12 9. UNS Electric did not file a response to the Staff Memorandum.

13 10. Good cause exists to grant the extension of time requested by UNS Electric.

14 11. Staff's recommendations are reasonable and should be adopted.

15 12. UNS Electric should be ordered to continue to maintain the signs ordered by Decision
 16 No. 69127 in public rights-of-way for the Project providing public notice that the property is the site
 17 of a future transmission line. In lieu of making the annual filing reporting sign placement with the
 18 Commission's Utilities Division Director as ordered by Decision No. 69127, UNS Electric should be
 19 required to make the annual filing with Docket Control, as a compliance item in this matter.

20 CONCLUSIONS OF LAW

21 1. The Commission has jurisdiction over UNS Electric and the subject matter contained
 22 herein pursuant to Article XV of the Arizona Constitution and A.R.S. §40-252 and §40-360 *et seq.*

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

24 3. Amending Decision No. 60344 as amended by Decision No. 69721, as set forth
 25 herein, is in the public interest.

26
 27 _____
 28 ¹ The Sixth Biennial Transmission Assessment, 2010-2019, filed on November 8, 2010, was issued as the Commission's
 biennial assessment in accordance with Arizona Revised Statutes 40-360.02.G by Decision No. 72031 (December 10,
 2010).

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

3 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

4 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.
5
6

7 CHAIRMAN _____ COMMISSIONER _____

8
9 COMMISSIONER _____ COMMISSIONER _____ COMMISSIONER _____

10
11 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
12 Executive Director of the Arizona Corporation Commission,
13 have hereunto set my hand and caused the official seal of the
14 Commission to be affixed at the Capitol, in the City of Phoenix,
15 this _____ day of _____, 2012.

16 _____
17 ERNEST G. JOHNSON
18 EXECUTIVE DIRECTOR

19 DISSENT _____

20 DISSENT _____
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1 SERVICE LIST FOR: UNS ELECTRIC, INC.

2 DOCKET NO.: L-00000F-97-0088-00000

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