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November 30, 2012

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

RE: Self-Certification of Environmental Compatibility for the North Valley 230-kV
Transmission Line Project, Decision No. 65997
Docket No. L-00000D-02-0120

Pursuant to Decision No. 65997, dated June 18, 2003, Condition No. 22, Arizona Public
Service Company files this self-certification letter and documentation for the North
Valley 230-kV Transmission Line Project.

If you have any questions regarding this information, please contact me at (602)250-
2661.

Sincerely,

Jeffrey W. Johnson

Arizona Corporation Commission

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JJ/cd
Attachment

cc: Docket Control
Brian Bozzo
John Foreman, Arizona Power Plant & Line Siting Committee
Leisa Brug, Arizona Commerce Authority – Energy Office
Sandra Fabritz-Whitney, Arizona Department of Water Resources



**North Valley 230-kV
Transmission Line Project**

Docket No. L-00000D-02-0120
Arizona Corporation Commission
Decision No. 65997

***Certificate of Environmental
Compatibility Compliance***

December 2012

**ARIZONA PUBLIC SERVICE
NORTH VALLEY 230-kV
TRANSMISSION LINE PROJECT**

*Summary of Certificate of
Environmental Compatibility Compliance*

INTRODUCTION:

Arizona Public Service Company (APS) is submitting the following self-certification documentation pursuant to Condition 22 of the North Valley 230-kV Transmission Line Project, Certificate of Compatibility Case No. 120, Docket No. L-00000D-02-0120, Decision No. 65997 (June 18, 2003).

In 2007, in Decision No. 69343, Case No. 131, the Arizona Corporation Commission (“Commission”) authorized a new Certificate of Environmental Compatibility (“Certificate”) approving a 500/230kV transmission line between the Morgan and Pinnacle Peak substations. This new 500/230kV line followed nearly the same path as the transmission line for the double-circuit 230kV line approved by the Commission in Case No. 120, thus making a large portion of the Certificate in Case No. 120 unnecessary. Pursuant to Decision No. 69343, the 500/230kV line authorized in Case No. 131, which was energized in December of 2010, takes the place of the previously approved double-circuit 230kV transmission line approved in Decision No. 65997. The Commission expressly recognized this change in scope and ordered APS to file an application to amend Decision No. 65997 to make it consistent with the Commission’s subsequent decision in Case No. 131 (Decision No. 69343). On March 21, 2007 APS filed an A.R.S. § 40-252 Application.

On October 19, 2012, APS filed an application requesting to extend the term of this Certificate to construct both the Avery and Scatter Wash (formerly Misty Willow) substations and to amend Commission Decision No. 65997 pursuant to the A.R.S. § 40-252 Application that had been filed on March 21, 2007. In its § 40-252 filing, APS requested that the Commission cancel that portion of Decision No. 65997 approving a double-circuit 230kV transmission line between the Westwing, Raceway and Pinnacle Peak substations as that line is no longer needed and to conform Decision No. 65997 with Decision No. 69343. The Company’s October 19th filing superseded the March 21, 2007 (which was still pending). As of the date of this filing, the Commission has reopened Decision No. 65997, but has not rendered a final decision on APS’s Application.

Compliance actions related to building the 500/230kV line between the Morgan and Pinnacle Peak substations were reported in compliance filings for Case 131. Since the line was energized in December of 2010, APS filed its final compliance filing for Case 131 on December 1, 2011.

No construction activities have occurred for the Raceway to Westwing portion of the transmission line contemplated in Case 120 and as discussed above, APS has an application pending to cancel this portion of the line. No construction activities have occurred for the Avery substation as of November 1, 2012; therefore, many of the Certificate Conditions do not apply at this time. APS began plant Salvage at the Scatter Wash substation in October 2012.

Arizona Public Service
Summary of Certificate of Environmental Compatibility Compliance
North Valley 230-kV Transmission Line Project (Case 120)

<p>1) The Applicant shall obtain all required approvals and permits necessary to construct the Project.</p>	<p>Final design or construction for this Project is not complete as of November 1, 2012. A summary of permits and approvals for remaining facilities is included with this filing.</p> <p>Activities associated with the segments of this Project that were replaced by the TS-9 to Pinnacle Peak 500/230-kV Project (Case No. 131) have been documented in the compliance filings for that Project.</p>
<p>2) The Applicant shall comply with all existing applicable air and water pollution control standards and regulations, and with all existing applicable ordinances, master plans and regulations of the State of Arizona, the County of Maricopa, the United States, and any other governmental entities having jurisdiction.</p>	<p>APS standard practice includes compliance with all existing standards, regulations, and ordinances where applicable.</p> <p>Activities associated with the segments of this Project that were replaced by the TS-9 to Pinnacle Peak 500/230-kV Project (Case No. 131) have been documented in the compliance filings for that Project.</p>
<p>3a) This authorization to construct the Project shall expire 10 years from the date the Certificate is approved by the Arizona Corporation Commission unless construction is completed to the point that the first circuit of the Project is capable of operating by that time; provided, however, that the authorization to construct the second circuit of the Project shall expire 15 years from date of this Certificate; and further provided, however, that prior to either such expiration the Applicant or its assignees may request that the Commission extend this time limitation.</p> <p>3b) Prior to constructing any segment of the Project (except for the segment on the Roles Property), Applicant shall file with the Commission technical studies showing the feasibility of interconnecting the Table Mesa 500kV substation with the Project. These technical studies should determine (i) the impact of the proposed new Phoenix area transmission import delivery point on Phoenix area Reliability Must Run ("RMR") generation requirements, and (ii) the impact on staging and necessity of 230kV elements authorized for construction in this CEC. As part of those studies, Applicant shall investigate the impacts of interconnecting the Westwing to Navajo 500kV transmission line(s) into the Table Mesa substation prior to constructing the Palo Verde to Table Mesa 500kV line. Such studies are to be performed in a collaborative transmission planning study forum such as the ten-year Phoenix area RMR study required by January 31, 2004 or the Central Arizona Transmission Study forum.</p>	<p>Project was certificated June 18, 2003. Authorization to construct the first circuit of the Project expires June 18, 2013. On October 19, 2012, APS filed an application requesting an extension of the Certificate term until June 18, 2023 to allow APS more time to build the Scatter Wash and Avery substations.</p> <p>Activities associated with the segments of this Project that were replaced by the TS-9 to Pinnacle Peak 500/230-kV Project (Case No. 131) have been documented in the compliance filings for that Project.</p>
<p>3c) Prior to constructing any segment of the Project</p>	<p>Activities associated with the segments of this Project</p>

<p>(except for the segment on the Roles Property), Applicant shall submit a report to the ACC Utilities Division Staff showing how the design appropriately balances pole height, location and span with system reliability. The report shall also demonstrate that any system consolidation shall not detrimentally impact system reliability at the time of construction.</p>	<p>that were replaced by the TS-9 to Pinnacle Peak 500/230-kV Project (Case No. 131) have been documented in the compliance filings for that Project.</p>
<p>4) The Applicant shall make every reasonable effort to identify and correct, on a case-specific basis, all complaints of interference with radio or television signals from operation of the transmission line and related facilities addressed in this Certificate. In addition to any transmission repairs, relevant corrective actions may include adjusting or modifying receivers; adjusting, repairing, replacing or adding antennas, antenna signal amplifiers, filters, or lead-in cables; or other corrective actions.</p> <p>The Applicant shall maintain written records for a period of five years of all complaints of radio or television interference attributable to operation, together with the corrective action taken in response to each complaint. All complaints shall be recorded to include notations on the corrective action taken. Complaints not leading to a specific action or for which there was no resolution shall be noted and explained. The record shall be signed by the Applicant and also the complainant, if possible, to indicate concurrence with the corrective action or agreement with the justification for a lack of action.</p>	<p>As of November 1, 2012 the Project is not in service. APS standard practice includes tracking and responding to complaints of interference with radio and television signals as they are submitted to APS.</p>
<p>5) The North Valley Project shall comply with applicable noise standards of the federal Department of Housing and Urban Development and the Environmental Protection Agency.</p>	<p>APS standard design practices include compliance with applicable noise guidelines.</p>
<p>6) The Applicant shall continue to consult with the State Historic Preservation Office ("SHPO") to reach a determination of any cultural or archaeological impacts as a result of construction activities. If the result is a determination of negative impact, the Applicant shall continue to consult with the SHPO to resolve the negative impacts. The Applicant will provide a treatment plan, to minimize impacts, for SHPO review and approval and shall continue to consult with SHPO to resolve any such impacts. The Applicant shall avoid and/or minimize impacts to properties considered eligible for inclusion in the State and National Register of Historic Places to the extent possible.</p>	<p>A cultural survey report for the Scatter Wash substation site was prepared by APS and submitted to SHPO on July 2, 2012. The report identified no negative impact and SHPO concurred with this finding on July 3, 2012.</p> <p>As the final design or construction for this Project develops, activities related to this Condition will be reported, if applicable, in a future annual compliance filing.</p> <p>Activities associated with the segments of this Project that were replaced by the TS-9 to Pinnacle Peak 500/230-kV Project (Case No. 131) have been documented in the compliance filings for that Project.</p>
<p>7) If the Applicant determines that historic-period</p>	<p>Activities associated with the segments of this Project</p>

structures Beardsley Canal and Black Canyon Road and archaeological sites AZ T:7:192 (ASM), AZ T:3:1 (MNA) and AZ T:3:2 (MNA) cannot be avoided, then the Applicant shall plan and implement a mitigation program in consultation with SHPO.	that were replaced by the TS-9 to Pinnacle Peak 500/230-kV Project (Case No. 131) have been documented in the compliance filings for that Project.
8) If human remains and/or funerary objects are encountered during the course of any ground disturbing activities relating to the development of the subject property, Applicant shall cease work on the affected area of the Project and notify the Director of the Arizona State Museum in accordance with A.R.S. §41-865.	As the final design or construction for this Project develops, activities related to this Condition will be reported, if applicable, in a future annual compliance filing. APS standard practice includes compliance with A.R.S. § 41-865.
9) Applicant shall retain an archaeologist on site during construction activities in applicable areas, as determined by SHPO, to advise them in connection with any additional archaeological studies that may be required and any mitigation efforts for archaeological sites that may be affected by the construction of the Project.	No sensitive sites were determined.
10) After construction, the Applicant, in conjunction with any applicable land managing agency, shall allow Arizona Site Stewards, a volunteer-staffed SHPO program, to periodically inspect the sites within the corridor for vandalism or other damage.	As the final design or construction for this Project develops, activities related to this Condition will be reported, if applicable, in a future annual compliance filing. APS allows Arizona Site Stewards to inspect sites within transmission corridors following construction.
11) The Applicant shall follow the Arizona State Land Department's instructions, if any, regarding the treatment of State Register of Historic Places-eligible properties situated on Arizona State Land Department land in consultation with SHPO.	As the final design or construction for this Project develops, activities related to this Condition will be reported, if applicable, in a future annual compliance filing. APS standard practice includes following the Arizona State Land Department's instructions regarding the treatment of State Register of Historic Places-eligible properties situated on Arizona State Land Department land in consultation with SHPO.
12) In consultation with SHPO and the land-managing agency, the Applicant will consider and assess potential direct and indirect impacts to eligible properties related to new access roads or any existing access roads that require blading.	As the final design or construction for this Project develops, activities related to this Condition will be reported, if applicable, in a future annual compliance filing.
13) The Applicant shall design the transmission lines so as to minimize impacts to raptors.	APS standard design practices include efforts to minimize the risk to raptors.
14) Where practicable, the Applicant shall use existing roads for construction and access. The Applicant shall minimize vegetation disturbance, particularly in drainage channels and along stream banks, and shall re-vegetate or restore areas of construction disturbance.	APS will use existing roads for construction and access where practicable and minimize vegetation disturbance and will re-vegetate or restore areas of construction disturbance.

<p>15) The Applicant shall use non-specular conductor and dulled surfaces for transmission line structures.</p>	<p>APS standard design practices include the use of non-specular and dulled surfaces for transmission structures.</p>
<p>16) Within 45 days of securing easement or right of way for the Project, the Applicant shall erect and maintain signs providing public notice that the property is the site of a future transmission line. Such signage shall be no smaller than a normal roadway sign. The Applicant shall place signs in prominent locations at reasonable intervals such that the public is notified along the full length of the transmission line until the transmission structures are constructed. There must also be signs at the location of the proposed substations. The signs shall advise:</p> <ul style="list-style-type: none"> • that the site has been approved for the construction of Project facilities including a 230kV transmission line, as applicable to the individual site; • the expected date of completion of the Project facilities; and • a phone number for public information regarding the Project. 	<p>APS has complied with this condition. The information was provided in previous compliance submittals.</p>
<p>17) In the event that the Project requires an extension of the term of this Certificate prior to completion of construction, Applicant shall use reasonable means to directly notify all landowners and residents within a one-half-mile radius of the Project facilities for which the extension is sought. Such landowners and residents shall be notified of the time and place of the proceeding in which the Commission shall consider such request for extension.</p>	<p>An extension of the term of the Certificate was filed on October 19, 2012. As of the date of this filing, a proceeding date has not been set in this matter. APS will notify landowners and residents once it has notice of the time and place of the proceeding in which the Commission will consider APS's request.</p>
<p>18) Before construction on this Project may commence, the Applicant must file a construction mitigation and restoration plan with ACC Docket Control with copies to affected areas of jurisdiction.</p> <p>The Applicant shall, within one year of completion of construction of the Project, rehabilitate to its original state any area disturbed by construction of the Project, except for any road that may be necessary to access the transmission lines or substation sites for maintenance and repair.</p> <p>The goals of the plan will be to:</p> <ul style="list-style-type: none"> • Avoid impacts where practical; • Where impacts are unavoidable, minimize impacts; <p>and</p> <ul style="list-style-type: none"> • Focus on site preparation to facilitate natural processes of revegetation <p>Other key elements of the Plan, when not inconsistent with the respective land management agencies' or local owners' requirements, are to:</p> <ul style="list-style-type: none"> • Emphasize final site preparation to encourage natural revegetation; 	<p>APS filed the construction mitigation and restoration plan for the Scatter Wash substation with ACC Docket Control on October 19, 2012.</p> <p>Activities associated with the segments of this Project that were replaced by the TS-9 to Pinnacle Peak 500/230-kV Project (Case No. 131) have been documented in the compliance filings for that Project.</p>

<ul style="list-style-type: none"> • Avoid (i.e., preserve), where practical, mature native trees; • Stipulate a maximum construction corridor width; • Reserve topsoil and native plant materials from right-of-way before grading, and re-spread over the right-of-way after construction is complete; • Imprint the restored right-of-way to provide indentations to catch seed and water; • Implement best management practices to protect the soil; • Apply restoration methods that have been shown to work in the desert environment; and • Prevent the spread of noxious weeds or other undesirable species. <p>A separate construction mitigation and restoration plan shall be submitted for the conducting of the second circuit on the Project if such conducting does not occur at the same time as the remainder of the Project is constructed.</p>	
<p>19) Applicant shall retain a qualified biologist to monitor all ground clearing/disturbing construction activities that may affect sensitive habitat. The biological monitor will be responsible for ensuring proper actions are taken if a special status species is encountered. If Sonoran desert tortoises are encountered during construction, the Applicant shall follow the Arizona Game & Fish Department's Guidelines for Handling Sonoran Desert Tortoises.</p>	<p>APS has retained a qualified biologist to monitor all ground clearing/disturbing construction activities that may affect sensitive habitat.</p>
<p>20) Applicant shall salvage mesquite, ironwood, saguaro and palo verde trees removed during project construction activities consistent with Arizona's Native Plant Law and use the vegetation for reclamation in or near its original location.</p>	<p>APS standard practice includes adherence to the Arizona Native Plant Law, where applicable.</p>
<p>21) Applicant shall implement landscaping for the substation sites in accordance with the applicable municipal planning and zoning requirements.</p>	<p>As the final design or construction for this Project develops, activities related to this Condition will be reported, if applicable, in a future annual compliance filing.</p>
<p>22) The Applicant shall submit a self-certification letter annually, identifying which conditions contained in the Certificate have been met. Each letter shall be submitted to the Utilities Division Director on December 1, beginning in 2004. Attached to each certification letter shall be documentation explaining, in detail, how compliance with each condition was achieved. Copies of each letter, along with the corresponding documentation, shall also be submitted to the Arizona Attorney General, Department of Water Resources, and Department of Commerce Energy Office.</p>	<p>This document serves as the annual self-certification letter.</p>

<p>23) For that segment of the route that crosses the planned Happy Valley Road Towne Center property leased by Roles and located at the southeast corner of I-17 and Happy Valley Road (“Roles Segment”), Applicant shall:</p> <p>a) Construct 230kV double-circuit tangent steel monopoles and relocate the existing 69kV transmission line to such monopoles at Applicant’s expense;</p> <p>b) Match spans with existing structures that shall have a minimum ground clearance equal to or greater than the ground clearance of the existing lines on the Roles Segment;</p> <p>c) Use commercially reasonable efforts to locate structures within the existing transmission line easement across the property;</p> <p>d) Work in good faith with Roles, Salt River Project, and the Western Area Power Administration to facilitate the reconstruction of the existing 230kV transmission structures on the property as monopoles, with the costs of such reconstruction to be allocated as agreed to by Applicant and Roles;</p> <p>e) Construct Applicant’s monopoles on the property within one year of the effective date of this Certificate provided that Roles has final, approved plans and permits to construct at that time and has commenced construction; however, if Roles has not accomplished the foregoing within one year of the Effective Date of the Certificate, Applicant’s obligation to construct shall be at such time that Roles has final, approved plans and permits to construct and has commenced construction;</p> <p>f) Relocate Applicant’s existing 69kV transmission line within the same period described in (e), provided that an outage on the 69kV transmission line can be safely and reliably taken during that period.</p>	<p>APS has complied with this condition where construction activities have commenced. Activities associated with the segments of this Project that were replaced by the TS-9 to Pinnacle Peak 500/230-kV Project (Case No. 131) have been documented in the compliance filings for that Project.</p> <p>Case No. 131 replaced the segment of the line addressed by this condition and therefore this condition is no longer applicable to Case No. 120.</p>
<p>24) Applicant shall continue to coordinate this Project with both SRP and Western Area Power Administration (“WAPA”) to ensure that all possible projects are maximally integrated, taking into account serving Arizona’s growing need for electrical service, ensuring reliability for the Project and the Arizona Transmission System and minimizing any and all adverse environmental impacts. Applicant shall provide to the ACC written confirmation of continuing efforts at coordination as described above as part of its compliance with this Certificate.</p>	<p>The APS local transmission planning process is coordinated with other regional utilities, including Western Area Power Administration and Salt River Project through recurring quarterly joint-coordination meetings, as well as other day-to-day communication. This transparency has fostered the development of electric infrastructure that has maintained reliability and met load growth. In addition to its local planning process, APS coordinates its transmission planning with other transmission providers and stakeholders in the Desert Southwest, and the Western Interconnection as a whole, through its active participation in the Southwest Area Transmission (SWAT) planning group, membership in WestConnect, membership in the Western Electricity Coordinating Council (WECC) and participation in the WECC Transmission Expansion Planning Policy Committee (TEPPC) and its Technical Advisory Subcommittee (TAS).</p>

<p>25) With respect to the Project, Applicant shall participate in good faith in state and regional transmission study forums, and shall coordinate transmission expansion plans related to the Project to resolve transmission constraints in a timely manner.</p>	<p>Refer to the response to Condition 24.</p>
<p>26) The following condition is to ensure transmission system safety and reliability when a transmission structure is placed within one hundred feet of a natural gas or hazardous liquid pipeline right of way, excluding distribution lines as defined by the Code of Federal Regulations. Under such circumstances, the Applicant shall:</p> <p>a) Provide the appropriate grounding and cathodic protection studies to show that the transmission line results in no material adverse impacts to such natural gas or hazardous liquid pipeline, whose right of way is a hundred feet or less from the transmission structure, when both are in operation. A report of the studies shall be provided to the ACC by the Applicant as part of its compliance with the Certificate. If material adverse impacts are noted in the studies, Applicant shall take the appropriate steps to ensure such material adverse impacts are eliminated. Applicant shall provide to the ACC written documentation of the actions that were taken and provide documentation showing that no material adverse impacts are occurring.</p> <p>b) Adopt a written mitigation plan outlining any and all steps taken to protect all electric facilities associated with the transmission line as a result of this Project from any potential hazards that could occur whenever a transmission line structure is placed 100 feet or less from any such pipeline right of way. The plan shall indicate what corrective action will be taken to mitigate any potential hazard that could occur. A potential hazard includes, but is not limited to, a rupture or explosion resulting from the pipeline. The written mitigation plan shall be provided to the ACC by the Applicant as part of its compliance with this Certificate and shall be subject to approval from Commission Staff. Applicant shall implement the written mitigation plan during a hazard as part of its compliance with this Certificate.</p>	<p>Activities associated with the segments of this Project that were replaced by the TS-9 to Pinnacle Peak 500/230-kV Project (Case No. 131) were documented in the 2010 or prior compliance filings for that Project.</p> <p>a) Final design or construction for all other segments of this Project is not complete as of November 1, 2012; however, activities related to this Condition will be reported, if applicable, in a future annual compliance filing.</p> <p>b) Activities associated with the segments of this Project that were replaced by the TS-9 to Pinnacle Peak 500/230-kV Project (Case No. 131) were documented in the compliance filings for that Project.</p> <p>Final design or construction for all other segments of this Project is not complete as of November 1, 2012; however, activities related to this Condition will be reported, if applicable, in a future annual compliance filing.</p>
<p>27) The Applicant shall provide copies of this Certificate to appropriate city and county planning agencies.</p>	<p>APS complied with this Condition. See APS's December 1, 2004 compliance filing.</p>
<p>28) In the final siting of this line, Applicant will work in good faith to offset lines approximately ¼ mile from the Dove Valley Road alignment.</p>	<p>Activities associated with the segments of this Project that were replaced by the TS-9 to Pinnacle Peak 500/230-kV Project (Case No. 131) were documented in compliance filings for that Project.</p>
<p>29) Applicant shall make good faith effort to work</p>	<p>As reported in the 2005 compliance filing, APS has</p>

with affected municipalities and land management agencies to encourage future development to move major arterials away from major transmission corridors.	complied with this condition. APS continues to work with the Cities of Phoenix and Peoria on recognizing transmission line corridors in their general plans and has also worked with the Arizona Department of Transportation.
30) Applicant shall work with developers along the route to include the identity and location of the certificated route in the developers' homeowners disclosure statement.	APS provides information to developers regarding transmission facilities on its siting website at www.aps.com/siting along with links to current and completed High Voltage transmission siting Projects.

CONDITION 1

The Applicant shall obtain all required approvals and permits necessary to construct the Project.

COMPLIANCE

As of November 1, 2012, APS has applied for the following permits and approvals associated with the North Valley 230-kV Transmission Line Project. The following table lists the status of these permits or approvals.

ISSUING/APPROVING AGENCY	TYPE	APPLICATION/APPROVAL STATUS
Federal Aviation Administration	Air obstruction impact	Approved January 13, 2011
City of Phoenix	Plant Salvage Permit	Approved October 11, 2012
City of Phoenix	Site Plan	Approved August 15, 2012