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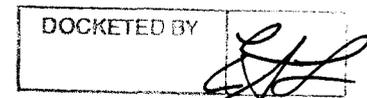
ORIGINAL

January 8, 2014

Arizona Corporation Commission

DOCKETED

JAN 08 2014



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

Re: *Southwest Transmission Cooperative's ("SWTC") Notice of Proposed Modifications to Its 2009-2010 Construction Work Plan; Decision No. 71511; Docket No. E-04100A-09-0250*

Dear Mr. Olea:

In Decision No. 71511, dated March 17, 2010 (the "Decision"), the Commission approved SWTC's request for the RUS/FFB loan financing of its 2009-2010 Construction Work Plan ("CWP") to an amount not to exceed \$48,072,000.¹ Executed loan documents and notes between SWTC and the RUS and CFC were filed with the Commission on April 5, 2010.

In the Decision, the Commission also approved continuation of the 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 the 2009-2010 Construction Work Plan which substantially conform to the purposes of the 2009-2010 Construction Work Plan and which cost more than \$450,000, but do not exceed the authorized amount of \$48,072,000, and unless Staff files an objection to the proposed CWP modifications within 60 days of Southwest Transmission Cooperative, Inc. filing the proposed changes, the proposed modifications shall be deemed approved.

¹ Decision, Finding 10 and First Ordering Paragraph, page 6.

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Because SWTC has either deleted as unnecessary or realigned substantially all of these projects to its C-8 RUS Loan which was authorized under Decision No. 69239, there remains unused \$48,072,000 in available funds under the D-8 RUS Loan and that amount which was authorized by the Commission. The RUS has encumbered this \$48.072 million in the U.S. Treasury and the RUS has asked SWTC to identify other projects which could be funded with these monies, so that RUS will not have to go through another Congressional budget process to re-encumber the committed funds.

Attached as Exhibit A is a one-page schedule showing the disposition of projects originally approved in Decision No. 71511. Attached as Exhibit B is a one-page schedule identifying the projects which SWTC proposes to fund using available, remaining loan funds under Decision No. 71511. As required by the Decision, (1) each of the projects identified on Exhibit B conforms to the purpose of the CWP, which is to make necessary improvements and upgrades to meet reliability and service quality standards, and (2) total borrowings will not exceed the Commission-authorized level of \$48.072 million.

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 60 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
15169-15/3956219
Attachments

cc w/attachments: Steve Olea (delivered)

Original and 13 copies filed with Docket
Control this 8th day of January, 2014.

G|K

Exhibit A
Southwest Transmission Cooperative, Inc.
Financing Application
2009-2010 Construction Work Plan
AZ031-D-8 Loan Application

740C	App. A Pg.	Project Name	Project No.	2009	2010	Total Approved for D-8 Loan Financing, Decision No. 71511	D-8 Budget	Change	Explanation
800 Transmission Lines									
800.1		Central AZ Project (CAP) 115 kV Line Loop-In to Sandario	CAPT.00887.011	\$640,000	\$0	\$640,000	\$0	(\$640,000)	Deleted
800.2		Central AZ Project (CAP) to Valencia 115 kV Line	CAPT.00604.011	\$1,387,000	\$0	\$1,387,000	\$0	(\$1,387,000)	Deleted
800.3		Saguaro to North Loop 115kV Line	CAPT.00888.011	\$0	\$4,424,000	\$4,424,000	\$0	(\$4,424,000)	Deleted
800.4		North Loop to Rattlesnake 115kV Line	CAPT.00000.011		\$7,640,000	\$7,640,000	\$0	(\$7,640,000)	Deleted
900 New Substations, Switching Stations									
900.1		New Tucson Substation	CAPT.00890.010	\$0	\$6,064,000	\$6,064,000	\$0	(\$6,064,000)	Realigned to C 8 Loan
900.2		San Joaquin Substation	CAPT.00891.010	\$0	\$5,244,000	\$5,244,000	\$0	(\$5,244,000)	Deleted
900.3		Adonis Substation	CAPT.00989.010	\$0	\$5,929,000	\$5,929,000	\$0	(\$5,929,000)	Deleted
900.4		Saguaro Substation	CAPT.00000.010	\$1,264,000	\$0	\$1,264,000	\$0	(\$1,264,000)	Deleted
1000 Line and Station Changes									
1000.1		Marana to Avra Valley 115 kV Line Upgrade	CAPT.00893.010	\$3,716,000	\$0	\$3,716,000	\$0	(\$3,716,000)	Deleted
1000.2		Rattlesnake Substation Upgrade	CAPT.00895.010	\$0	\$1,900,000	\$1,900,000	\$0	(\$1,900,000)	Deleted
1000.3		Sandario Substation Upgrade	CAPT.00896.010	\$1,388,000	\$0	\$1,388,000	\$0	(\$1,388,000)	Deleted
1000.4		New Valencia Switchyard For Central Arizona Project (CAP) Line	CAPT.00604.010	\$2,801,000	\$0	\$2,801,000	\$0	(\$2,801,000)	Deleted
1000.5		Sahuarita Relay Upgrade	CAPT.00901.010	\$230,000	\$0	\$230,000	\$0	(\$230,000)	Deleted
1000.6		Greenlee Relay Upgrade	CAPT.00902.010	\$235,000	\$0	\$235,000	\$222,000	(\$13,000)	Budget Realigned to C
1000.7		San Rafael TX Monitor	CAPT.00980.010	\$115,000	\$0	\$115,000	\$0	(\$115,000)	8 Loan
1000.8		Kartchner TX Monitor	CAPT.00990.010	\$70,000	\$0	\$70,000	\$0	(\$70,000)	Deleted
1000.9		Marana Technology Upgrade	CAPT.01100.010	\$310,000	\$0	\$310,000	\$0	(\$310,000)	Realigned to C 8 Loan
1000.10		Topcock Security	CAPT.01095010	\$28,000	\$0	\$28,000	\$0	(\$28,000)	Deleted
1101 Communications & SCADA									
1101.1		Benson to Vail Microwave Upgrade	CAPT.00903.010	\$1,874,000	\$0	\$1,874,000	\$0	(\$1,874,000)	Deleted
1101.2		Substation Networking	CAPT.00904.010	\$203,000	\$0	\$203,000	\$0	(\$203,000)	Deleted
1101.3		Substation Networking	CAPT.00905.010	\$0	\$203,000	\$203,000	\$0	(\$203,000)	Deleted
1101.4		Benson Telephone System Upgrade	CAPT.00906.010	\$299,000	\$0	\$299,000	\$0	(\$299,000)	Deleted
1101.5		Benson Dispatch Console Upgrade	CAPT.00907.010	\$126,000	\$0	\$126,000	\$0	(\$126,000)	Realigned to C 8 Loan
1101.6		San Joaquin to Valencia OPGW	CAPT.00908.010	\$482,000	\$0	\$482,000	\$0	(\$482,000)	Deleted
1101.7		San Rafael Fiber Additions	CAPT.01101.010	\$150,000	\$0	\$150,000	\$0	(\$150,000)	Deleted
1101.8		Kartchner Fiber Additions	CAPT.01102.010	\$150,000	\$0	\$150,000	\$0	(\$150,000)	Deleted
1102 Line and Substation Ordinary Replacements									
1102.1		2009 Transmission Renewals/Replacements	LINES09.010	\$450,000	\$0	\$450,000	\$0	(\$450,000)	Realigned to C 8 Loan
1102.2		2010 Transmission Renewals/Replacements	LINES10.010	\$0	\$450,000	\$450,000	\$0	(\$450,000)	Realigned to C 8 Loan
1102.3		2009 Substation Renewals/Replacements	CAPT.01103.010	\$150,000	\$0	\$150,000	\$0	(\$150,000)	Realigned to C 8 Loan
1102.4		2010 Substation Renewals/Replacements	CAPT.01104.010	\$0	\$150,000	\$150,000	\$0	(\$150,000)	Realigned to C 8 Loan
Totals				\$16,068,000	\$32,004,000	\$48,072,000	\$222,000	(\$47,850,000)	\$0

Exhibit B
Southwest Transmission Cooperative, Inc.
Financing Application Revision
Additional and Replacement Projects
AZ031-D-8 Loan Application

CWP	Project Name	Project No.	Gross Current	Smart Grid	Current
			Expected	Grant Funding	Expected
			Final Costs	50%	Final Costs
2009	Three Points Fiber Terminal	T.SGD136010	\$150,000	\$75,000	\$75,000
2013	Sandario Fiber Terminal	T.SGD137010	\$150,000	\$75,000	\$75,000
2013	Marana 115 kV Substation Bus Upgrade	2-02015	\$110,000		\$110,000
2013	Romney Substation RTU Replacement	T.SGD131010	\$254,840	\$127,420	\$127,420
2013	San Rafael Fiber Terminals	T.SGD142010	\$156,242	\$78,121	\$78,121
2013	Apache-Hayden Easement Renewal	2-02003	\$350,000		\$350,000
2013	Mortenson Tap Metering	2-02007	\$75,000		\$75,000
2013	2013 Transmission Renewals/Replacements	LINES.13	\$500,000		\$500,000
2013	2013 Substation/Communication R/R	SUBS.13	\$500,000		\$500,000
2009	Apache-Bicknell 230 kV Line Up-rate	T.001105011	\$390,000		\$390,000
2009	Davis Dam to Riviera Easement Renewal	T.001140011	\$550,000		\$550,000
2009	Smart Grid Maintenance Data System (MDS)/GIS	T.SGD401010	\$456,966	\$228,483	\$228,483
2013	Kartchner Fiber Terminals	T.SGD144010	\$149,865	\$74,933	\$74,933
2013	Apache 230 kV Relay/Breaker Upgrades	T.SGD124010	\$1,900,000	\$950,000	\$950,000
2013	Dos Condados-Redtail OPT-GW	T.SGD203011	\$1,706,664	\$853,332	\$853,332
2013	Sahuarita Capacitor Installation	2-02005	\$600,000		\$600,000
2013	Westwing 345 kV Circuit Breaker	2-02008	\$285,000		\$285,000
2013	South Loop 345 kV Circuit Switcher	2-02009	\$290,000		\$290,000
2009	San Jose RTU Replacement	T.SGD133010	\$71,786	\$0	\$71,786
2013	Smart Grid Security	T.SGD405010	\$4,900,000	\$2,450,000	\$2,450,000
2013	Butterfield Capacitor Installation	2-02004	\$595,000		\$595,000
2013	Morenci Substation RTU Replacement	T.SGD132010	\$58,415	\$29,208	\$29,208
2013	Three Points Relay Upgrade	T.SGD130010	\$345,000	\$172,500	\$172,500
2013	2013-14 Easement Correction Project	2-02001	\$100,000		\$100,000
2013	2014 Substation/Communication R/R 6/2015	SUBS.14	\$500,000		\$500,000
2013	2014 Transmission Renewals/Replacements 6/2015	LINES 14	\$500,000		\$500,000
2013	Avra Valley Capacitor Installation	2-02006	\$345,000		\$345,000
2013	2015 Transmission Renewals/Replacements 6/2016	LINES.15	\$500,000		\$500,000
2013	2015 Substation/Communication R/R 6/2016	SUBS.15	\$500,000		\$500,000
2013	Hackberry-Morenci OPT-GW	T.SGD204011	\$1,703,000	\$851,500	\$851,500
2013	2015-16 Easement Correction Project	2-02002	\$100,000		\$100,000
2009	Pinal West Sub	T.000609010	\$236,834		\$236,834
2009	Pinal Central 500 kV Switchyard Phase Shifter	T.000610010	\$56,689		\$56,689
2009	Pinal Central 230 kV Switchyard Phase Shifter	T.000611010	\$20,766		\$20,766
2009	Vail 345 kV Yard Upgrade	T.001145010	\$1,155,356		\$1,155,356
2009	Davis Dam 230 kV Yard Upgrade	T.001134010	\$1,145,308		\$1,145,308
2009	Pantano to Sahuarits Pima Co Easement	T.001139011	\$69,666		\$69,666
2009	Valencia Relay/TX Monitor Upgrade	T.SGD123010	\$183,288	\$91,644	\$91,644
2009	Bicknell TX Monitors	T.SGD118010	\$49,533	\$24,767	\$24,767
2009	Oracle Junction Relay Upgrade	T.SGD138010	\$124,743	\$62,371	\$62,371
2009	Pantano Fiber Terminal/Relay/TX monitor	T.SGD120010	\$402,973	\$201,487	\$201,487
2009	MDM/Complex Billing	T.SGD402010	\$107,885	\$53,943	\$53,943
2009	Vail RTU Replacement	T.SGD148010	\$40,169	\$20,084	\$20,084
2009	Tony Lappos Sub RTU Replacement	T.SGD135010	\$88,214	\$44,107	\$44,107
2009	Mountain Center Sub RTU Replacement	T.SGD134010	\$26,095	\$13,047	\$13,047
2009	2012 Transmission Renewals/Replacements	LINES 12	\$212,818		\$212,818
2009	2012 Substation/Communication R/R	T.001106010	\$315,623		\$315,623
Total Additional/Replacement Projects			\$23,028,736	\$6,476,946	\$16,551,791
Project Approved under Decision No. 71511					
2009	Greenlee Relay Upgrade	T.000902010	\$305,474	\$152,737	\$152,737
Total for D-8 Loan Financing			\$23,334,211	\$6,629,683	\$16,704,528