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

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RE: In the matter of the Commission's Eighth Biennial Transmission Assessment, pursuant to A.R.S. §40-360.02G, of the adequacy of existing and planned transmission facilities to meet Arizona's energy needs in a reliable manner (Docket No. E-00000D-13-0002)

Dear Mr. Olea:

Tucson Electric Power Company ("TEP") and UNS Electric, Inc. ("UNSE")(jointly, the "Companies") hereby submit these joint comments in response to your July 9, 2014 letter initiating review of the first draft copy of the Eighth Biennial transmission Assessment ("BTA"). The Companies' comments are provided in narrative form, as requested, and presented in an order that corresponds with the draft BTA pages that prompted the comments.

Page v, Section 2: The Companies suggest revising language that would require utilities to report "the system load level at which a transmission project is needed" beginning with 10-year transmission plans filed on January 31, 2015.

This requirement seems to seek more information about why utilities pursue specific projects on a particular timeline. While system load may be a consideration, these decisions often depend on many factors, including generation dispatch, load allocation, penetration of distributed generation ("DG") and scheduling paths for remote resources. Accordingly, the Companies suggest that this language be revised to request that utilities describe the factor or factors that created a need for a transmission project.

Also, because the Arizona Corporation Commission ("Commission") is not expected to issue an order in this docket until December and additional time will be required for the utilities to comply, the Companies request that implementation of this new requirement be delayed until the 10-year transmission plans filed on January 31, 2016

Page v, Section 6: The Companies note that TEP and UNSE have, in fact, assessed the impact of DG and energy efficiency ("EE") standards on specific transmission needs. TEP included a list of specific local projects deferred due to DG and EE in its current 10-year plan, though these projects had minimal impact on the utility's extra-high voltage ("EHV") systems. UNSE, meanwhile, reported in its 10-year plan that no projects had been deferred due to DG or EE in its service territory.

The Companies anticipate providing updates to these assessments in their future 10-year plans. If the Commission seeks additional information beyond these disclosures, the Companies would request clarification to the language in this section of the draft BTA to make that expectation clear.

Page ix, Section 2B: Please refer to comments on Page v, Section 2 above.



Page ix, Section 2C: Pursuant to an informal agreement reached among BTA stakeholders and Commission Staff, TEP will file the requested Southwest Area Transmission ("SWAT") coal plant retirement analysis on behalf of the Arizona utilities when it becomes available.

Page x, Section 2Ci: The Companies recommend several revisions to this language to better define the scope of the proposed informational report.

The Companies recommend deleting the reference to the "current year" baseline in the proposed report because exclusive use of a fifth-year baseline is adequate and appropriate for this purpose. For this reason, the SWAT coal plant retirement analysis employs a 2019 fifth-year baseline but includes no current year analysis.

The Companies also recommend adding language to specify that this report will identify "a range of minimum and recommended Arizona system inertia." More specific recommendations are beyond the scope of the SWAT analysis and cannot be established until specific plant retirement scenarios are established and determined feasible for implementation within the five-year planning horizon.

Additionally, the Companies do not believe it is feasible for the report to recommend "the definition of the Arizona system boundaries," as the draft proposes. Instead, this definition should be provided by the Commission as part of any order directing production of the proposed report. Neither SWAT nor the individual Arizona utilities could begin to produce the requested recommendations without knowing at the outset whether the Commission seeks consideration of EHV transmission system components or coal-fired power plants located in New Mexico.

Finally, the Companies note that any such future study could be influenced by changes to North American Electric Reliability Corporation ("NERC") and Western Electricity Coordinating Council ("WECC") Transmission Planning ("TPL") standards that will take effect on January 1, 2016.

Page x, Section 2d: The study proposed in this section differs somewhat from those conducted by TEP and UNSE to produce the impact assessments that appear in their current 10-year plans. For this reason, the Companies ask that the Commission clarify whether it prefers this proposed process to those already employed by TEP and UNSE.

Page 7, Section 2: The Companies request that the name "UNS Electric" be used to refer to UNSE in the table, rather than "UniSource Electric." The Companies also note that while the paragraph introducing the table mentions that "eighteen entities formally filed ten year plans with the Commission," the table itself includes only 16 such entities (as well as the Western Area Power Administration, which provided a courtesy copy).

Page 8, Section 2: The Companies suggest that the reference to "transformer bank replacements" be expanded to read "transformer bank replacements and additions."

Page 16, Section 3.1, Table 10: The Companies suggest revisions to the column headings in this table to better communicate the circumstances reflected by the data. The headings "Category A Violations," "Category B Violations" and "Mitigations Developed for all Violations" inaccurately imply that the companies have violated NERC standards. In truth, this table documents planning steps that identified potential performance issues and outlined steps that would ensure continued compliance with relevant



standards. Accordingly, the Companies would request that the headings be changed to "Category A Issues," "Category B Issues" and "Plans Developed to Address All Issues."

Page 23, Section 3.3.1.6. The Companies note that this section should be updated to indicate that TEP's Tortolita substation operates at 500 kV.

Page 24, Section 3.3.1.9. The Companies note that this section should be revised to make clear that UNS Electric is not the only load-serving entity in Mohave County. Other entities serving load in Mohave County include Aha-Macov (AMPS), Central Arizona Project (CAP), Mohave Electric Cooperative (MEC), and Needles.

Page 45, Section 5.1.1.1. The Companies note that the reference to "Southwest Arizona Transmission Study" should be corrected to refer to the "Southeast Arizona Transmission Study."

Page 58, Section 5.5.2: Please refer to comments on Page v, Section 6 above.

Page 74, Section 7, Recommendation 2: Please refer to comments on Page v, Section 2 above.

Exhibit 7: The Companies request that this exhibit be excluded from the final BTA to help protect the physical security of the critical infrastructure facilities shown on this map.

Appendix A, page A-6, T.1.: The Companies suggest that this section be revised to clarify that WECC criteria and regional business practices are not approved by FERC. Typically, only regional standards included as a "regional difference" to a NERC standard are approved by FERC. Nevertheless, the Companies do plan to comply with WECC criteria and regional business practices.

Appendix A, page A-7, T.5.: The Companies suggest that the phrase "as approved by FERC" be deleted for the reasons articulated in our comment to Appendix A, Page A-6, T.1., above.

Appendix F-4: The Companies request that the reference in this table to "UNS - UniSource Energy Corp." should be replaced with "UNSE – UNS Electric"

Appendix G-1: The Companies request that the reference in this list to "UniSource Electric" should be replaced with "UNSE."

The Companies appreciate this opportunity to comment and look forward to further discussion of these issues in this docket.

Sincerely,

Ron Belval

Supervisor, Transmission Planning and Administration

CC: Docket Control