



BEFORE THE ARIZONA CORPORATION COMMISSION

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IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY, IN CONFORMANCE WITH THE REQUIREMENTS OF ARIZONA REVISED STATUTES 40-360 ET SEQ., FOR A CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY AUTHORIZING THE OCOTILLO MODERNIZATION PROJECT, WHICH INCLUDES THE INSTALLATION OF FIVE 102 MW GAS TURBINES AND THE CONSTRUCTION OF TWO 230-KILOVOLT GENERATION INTERCONNECTIONS AND OTHER ANCILLARY FACILITIES, ALL LOCATED WITHIN THE BOUNDS OF THE EXISTING OCOTILLO POWER PLANT SITUATED ON PROPERTY OWNED BY ARIZONA PUBLIC SERVICE COMPANY AND LOCATED AT 1500 EAST UNIVERSITY DRIVE, TEMPE, ARIZONA, IN MARICOPA COUNTY.

DOCKET NO. L-00000D-14-0292-00169

Case No. 169

APS AND RUCO JOINT REQUEST FOR REVIEW

Arizona Corporation Commission
DOCKETED

SEP 26 2014

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On July 31, 2014, Arizona Public Service Company ("APS" or "Applicant") filed an Application for a Certificate of Environmental Compatibility ("CEC") authorizing construction of its Ocotillo Modernization Project (the "Project"). The Committee granted the Residential Utility Consumer Office ("RUCO") intervention in the matter on September 16, 2014. The Arizona Power and Transmission Line Siting Committee ("Committee") issued a CEC approving the Project on September 19, 2014 after a three-day hearing. APS and RUCO appreciate the time and consideration provided by the Committee in this matter, and agree with and support the CEC issued by the Committee.

1 In accordance with A.R.S. § 40-360.07(A), APS and RUCO jointly file a request for
2 review of the CEC issued on September 19, 2014 (“CEC 169”), for the limited purpose of
3 adding three related conditions proposed by RUCO to the CEC. A.R.S. § 40-360.07(A)
4 provides that any party to a certification proceeding may request a review of the Committee’s
5 decision by the Arizona Corporation Commission (“Commission”). Pursuant to this
6 provision, APS and RUCO request that the Commission approve CEC 169 issued by the
7 Committee, but also include RUCO’s proposed conditions to CEC 169. APS supports
8 RUCO’s proposed conditions to CEC 169 that establish a process for consideration of
9 alternative resources beyond the Ocotillo Modernization Project.

10 During the Committee’s deliberations regarding CEC 169, the Committee considered
11 numerous conditions to the CEC. At that time, RUCO proposed three conditions to CEC 169
12 for the Committee’s consideration. *See* Tr. at 557-561. RUCO’s proposed conditions
13 establish a procurement process for consideration of alternative resources, including single or
14 multiple storage projects through 2021. For the Commission’s convenience, RUCO’s
15 proposal is attached as Exhibit A. During deliberation, the majority of the Committee opined
16 that RUCO’s proposed conditions were more appropriate for review by the Commission. *See*
17 Tr. at 561-566. Respecting the Committee’s position, RUCO withdrew its proposed
18 conditions. *See* Tr. at 566-567.

19 RUCO’s proposed conditions benefit the community and the Project and are consistent
20 with APS’s resource planning efforts. The emergence of new technologies must be closely
21 monitored for reliability and cost-effectiveness, and overall suitability to the broader resource
22 plan. APS is already using energy storage with the development of the Solana facility and, at
23 some point in the future, it is possible that APS will further utilize storage technologies to
24 support reliability as the Company integrates increasing amounts of variable generation and
25 customer-side resources. *See* 2014 Integrated Resource Plan, p. 21, Docket No. E-00000V-
26 13-0070.

27 APS recognizes that technical innovation, environmental concerns and shifting public
28 policies have led to the rapid development of new technologies that are reshaping the energy

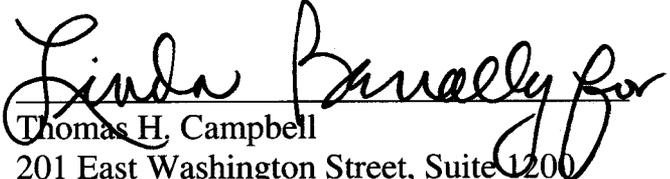
1 landscape. Additionally, it is important to monitor these technology advancements through
2 applied research and development. RUCO's proposed conditions conform with these
3 concepts and are consistent with APS resource planning efforts. Therefore, APS and RUCO
4 respectfully ask the Commission to review the CEC and adopt RUCO's proposed conditions
5 in CEC 169.

6 **CONCLUSION**

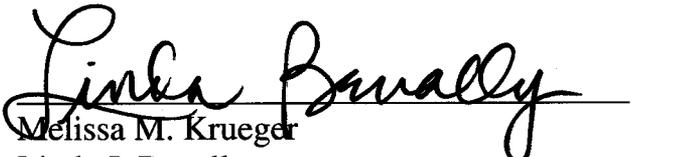
7 For the above stated reasons, APS and RUCO jointly request review of CEC 169 as
8 described in this filing for the specific purpose of adopting and including in CEC 169 the
9 three CEC conditions proposed by RUCO in these proceedings.

10 RESPECTFULLY SUBMITTED this 26th day of September, 2014.

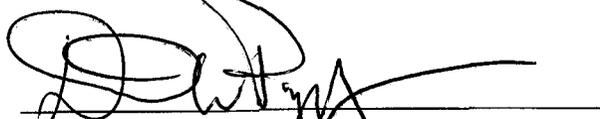
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7 ORIGINAL and twenty-five (25) copies
8 of the foregoing filed this 26th day of
9 September, 2014, with:

10 The Arizona Corporation Commission
11 Hearing Division – Docket Control
12 1200 West Washington Street
13 Phoenix, Arizona 85007

14 COPY of the foregoing delivered/mailed
15 this 26th day of September, 2014, to:

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17 Arizona Power Plant and Transmission Line
18 Siting Committee
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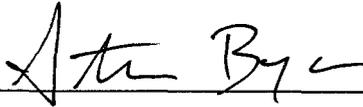
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EXHIBIT A

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APS AND RUCO JOINT REQUEST FOR REVIEW

1. Beyond the Ocotillo project and the proposed AZ Sun project, prior to building or procuring a generation resource between 2015 and 2021, APS will conduct an independently monitored RFP that includes all sources/alternatives in the resource procurement process including renewable energy, energy efficiency, demand response, and energy storage. An all-source RFP will be conducted no later than December 31, 2016. The independent monitor will provide a report on their assessment of the bids and make comments as to the costs and benefits of all options, and a comparison of the options. Consistent with the Procurement Rules, this condition does not apply to short-term market purchases.
2. If a new simple-cycle combustion turbine is proposed to be in service before 2021 (beyond the Ocotillo project), at least 10% of the capacity shall be competitively procured energy storage as long as it meets the cost effectiveness and reliability criteria of the proposed simple-cycle combustion turbine. Before issuing an RFP for this resource, APS will share the selection criteria with stakeholders and solicit feedback. Subject to the reasonable concurrence of the independent monitor, APS will have sole and final discretion on the selection criteria. The duration of the storage will be no less than 3 hours daily.
3. APS will use a competitive RFP process for a single or multiple storage project totaling 10 MWh to be in-service by the end of 2018.