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MEMORANDUM

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2014 OCT 20 P 1:38

TO: Docket Control

Arizona Corporation Commission

FROM: Steven M. Olea
Director
Utilities Division

DOCKETED

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

OCT 20 2014

DATE: October 17, 2014

DOCKETED BY 

ORIGINAL

RE: STAFF RECOMMENDATION FOR APPROVAL OF AJO IMPROVEMENT COMPANY APPLICATION FOR MODIFICATION OF ITS CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY GRANTED IN DOCKET NO. L-00000G-97-0089-00000

Background

On April 30, 1998, the Arizona Corporation Commission ("Commission") issued Decision No. 60841 in Line Siting Case No. 89, granting Ajo Improvement Company ("AIC" or "Company") a Certificate of Environmental Compatibility ("CEC") for authority to construct a 230 kV transmission line from the Gila Bend Substation on the west side of Gila Bend, Arizona, to a proposed substation that would be located near the Phelps Dodge Ajo Incorporated Mine on the southeast side of Ajo, Arizona; to construct the proposed substation; and to make necessary improvements to the Gila Bend substation ("Project").

On April 29, 2008, the Commission issued Decision No. 70326, which amended Decision No. 60841 to extend the time for construction of the Project under the CEC issued in Decision No. 60841 to July 31, 2008.

On July 30, 2008, the Commission issued Decision No. 70442, which extended the time for construction of the Project to April 30, 2009, subject to conditions.

On April 7, 2009, the Commission issued Decision No. 70957, which extended the time for construction of the Project to April 30, 2014, subject to conditions.

On September 23, 2013, the Commission issued Decision No. 74086, which amended Decision No. 70957 to extend the time for construction of the Project to April 30, 2024.

On June 27, 2014, AIC filed a letter stating that it intends to construct the Project with steel monopoles, and that the CEC issued in Decision No. 60841 approved the Project using primarily wooden structures. AIC states that it does not believe the change from wood to steel monopoles is a material change requiring modification to the CEC, and requests such a determination. Alternatively, AIC requests that if the Commission believes the change from wood to steel monopoles constitutes a material change requiring modification to the CEC, that the Commission approve the change pursuant to A.R.S. § 40-252.

On August 12, 2014, the Commission voted to reopen Decision No. 60841 pursuant to A.R.S. § 40-252, and directed the Commission's Hearing Division to hold a procedural conference to discuss procedural issues.

On September 18, 2014 Hearing Division issued a Procedural Order that in part directed Utility Division Staff ("Staff") to file a Staff Report containing its analysis and recommendations for any Commission action on AIC's request, on or before October 17, 2014.

This Staff Report has been prepared in response to Hearing Division's Procedural Order.

Staff's Analysis

Staff has reviewed AIC's June 27, 2014 request to change from wood pole to steel monopole construction for the project. AIC submits in its request that the only change to the Project would be to use steel monopole structures versus wooden structures. AIC also states that the typical 82 foot height of the structures will not change. In its filing AIC provided a diagram of the proposed steel monopole, which is included as Exhibit I to this report. AIC points out in their application that the reason for the change to steel structures is for improved reliability.

Steel monopoles have been used for extra-high voltage transmission systems for decades. Staff is also aware that the use of steel monopoles by electric utilities has increased in the recent years, not only for transmission line construction, but for distribution line construction as well. This includes utilities within Arizona, one example of which was referenced on page 2, footnote 1 of the AIC filing. The referenced T&D World Magazine article described Tucson Electric Power's use of steel monopoles. While the initial cost of a typical 82 foot steel pole is about 12.5 percent more than a wood pole, steel poles do provide improved reliability, longer life, and lower life cycle costs.

Steel monopoles are typically available with two finish choices: galvanized or weathering steel. Galvanized poles are coated with a layer of zinc to protect against corrosion, leaving them with a metallic appearance. Weathering steel, generally reddish brown in color, has a protective layer that prevents corrosion. Its color also makes it aesthetically comparable to wood poles. Staff believes the use of weathering steel should be required and AIC has indicated to Staff that is its intent.

Staff has confirmed that the configuration of the steel monopoles as proposed by AIC and shown in Exhibit 1 is the same as proposed for the wood pole configuration in AIC's original application and shown in Exhibit II attached. Both designs use horizontal post insulators attached to the structure to support the conductors. As a result the look of the two structure types will be very similar.

Ajo Improvement Company

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Staff Recommendation

Staff recommends that the subject CEC be amended to allow the use of steel monopoles in the configuration proposed by AIC and shown in Exhibit I, with the general height remaining unchanged. In addition, the monopoles should be of weathering steel type so they are aesthetically comparable to wood poles.

SMO:EFS:tdp/CHH

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Service List For: Ajo Improvement Company
Docket No. : L-00000G-97-0089-00000

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