



0000160241

BEFORE THE ARIZONA CORPORATION

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

SUSAN BITTER SMITH - Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

FEB - 9 2015

DOCKETED BY	<i>YK</i>
-------------	-----------

IN THE MATTER OF THE APPLICATION FOR A
CERTIFICATE OF ENVIRONMENTAL
COMPATIBILITY FOR THE GILA BEND TO
AJO 230 kV TRANSMISSION LINE PROJECT.

DOCKET NO. L-00000G-97-0089-00000

CASE NO. 89

DECISION NO. 74936

**ORDER APPROVING USE OF
STEEL MONOPOLES**

Open Meeting
March 2 and 3, 2015
Phoenix, Arizona

BY THE COMMISSION:

* * * * *

Having considered the entire record herein and being fully advised in the premises, the Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

1. On April 30, 1998, the Commission issued Decision No. 60841 in this docket, granting Ajo Improvement Company ("AIC") a Certificate of Environmental Compatibility ("CEC") authorizing AIC to construct a 47-mile 230 kV transmission line from the Gila Bend Substation on the west side of Gila Bend, Arizona, to a proposed substation to be located near the Phelps Dodge Ajo Incorporated ("PDAI") Mine on the southeast side of Ajo, Arizona; to construct the proposed substation near the PDAI Mine; and to make necessary improvements to the Gila Bend Substation ("Project"). According to the Decision, AIC's authority to construct under the CEC was to expire 10 years later, on April 30, 2008.

2. Decision No. 60841 has since been amended through four different Commission Decisions:

1 (a) Decision No. 70326 (April 29, 2008), which extended AIC's CEC authority to
2 July 31, 2008, to allow the Commission additional time to consider an AIC request for a five-year
3 extension;

4 (b) Decision No. 70442 (July 30, 2008), which extended AIC's CEC authority to
5 April 30, 2009, subject to several new conditions imposing requirements related to the provision of
6 notice to interested persons and filings to be made with the Commission;

7 (c) Decision No. 70957 (April 7, 2009), which extended AIC's CEC authority to
8 April 30, 2014, subject to a number of new and detailed conditions related to legal requirements, the
9 provision of notice to interested persons and the public at large, environmental and cultural
10 considerations, public safety concerns and standards, and requirements for filings to be made with the
11 Commission;¹ and

12 (d) Decision No. 74086 (September 23, 2013), which extended AIC's CEC
13 authority to April 30, 2024.²

14 3. On June 27, 2014, AIC filed a letter notifying the Commission that AIC now intends
15 to construct the Project with steel monopoles rather than the originally contemplated wood poles.
16 AIC stated that the change from wood to steel would not, in its opinion, constitute a material change
17 from the CEC, but requested that the Commission make a determination of no substantial change or,
18 in the alternative, approve the change from wood to steel under A.R.S. § 40-252. AIC stated that the
19 primary purpose of the Project would be to serve the New Cornelia Branch copper mine near Ajo that
20 Freeport (formerly Phelps Dodge Corporation) is considering reactivating. AIC stated that although
21 its original CEC application stated that the Project would be built with "primarily wooden structures,"
22 AIC now intends to use steel poles because AIC believes that steel structures are significantly more
23 reliable than wood structures.³ AIC stated that the change from wood to steel would be the only
24

25 ¹ In Decision No. 70957, the Commission found that AIC's CEC contemplated construction of the transmission line
26 using wood poles, but that AIC had indicated that Arizona Public Service's ("APS's") current construction practices
27 reflected the use of steel poles for such lines rather than the wood poles originally contemplated. (Decision No. 70957 at
28 4.) AIC's plan was to contract with APS for construction of the line, although AIC would operate and retain ownership
of the line. (*Id.* at 3.)

² Official notice is taken of these decisions.

³ AIC stated that steel structures are less likely to be pulled down during a heavy storm and that they have a
significantly longer useful life than do wood structures.

1 change to the Project and that no increased impact to environmental resources would result from the
2 change.

3 4. On August 12, 2014, at its Commission Staff Meeting, the Commission voted to
4 reopen this docket under A.R.S. § 40-252 to consider AIC's request. The Commission directed the
5 Hearing Division to hold a procedural conference to determine the procedural path to be followed for
6 such consideration.

7 5. On August 19, 2014, AIC filed copies of letters that AIC had sent by certified mail to
8 the U.S. Bureau of Land Management ("BLM"), Pima County, the Town of Gila Bend, and the 56th
9 Range Management Office at Luke Air Force Base ("AF Range") to provide notice of AIC's
10 intention to construct the Project with steel monopoles. The AIC letters provided information to
11 allow the recipients to submit comments to the Commission regarding AIC's requested change in the
12 materials to be used for the Project. AIC also included a copy of the only letter AIC received in
13 response, which was sent to AIC by the AF Range. The AF Range agreed with AIC that the
14 substitution of steel poles for wood poles in the Project would not constitute a material change to the
15 Project, provided that the steel poles are of the same height and at the same locations as the wood
16 poles were to be.⁴

17 6. On September 4, 2014, a Procedural Order was issued scheduling a procedural
18 conference to be held on September 17, 2014, at the Commission's offices in Phoenix.

19 7. On September 12, 2014, AIC filed a proposed form of notice. AIC also stated that 91
20 percent of the Project would be on federal lands, with 89 percent of the Project on a BLM right-of-
21 way. AIC further stated that the majority of private lands to be traversed by the Project transmission
22 line are owned by Freeport McMoRan Copper & Gold, Inc. ("Freeport"), which owns AIC.⁵

23 8. On September 16, 2014, a Procedural Order was issued directing that the procedural
24 conference on September 17, 2014, be conducted telephonically.

25 . . .

26 _____
27 ⁴ The AF Range also referenced talks held previously regarding possible changes to the Project to minimize or avoid
28 impacts to archaeological sites in the vicinity of the Crater Range Mountains on the Barry M. Goldwater Range East. The
AF Range stated that the talks had ended months earlier, without resolution, when the AF Range was notified that the
Project was on hold.

⁵ See Decision No. 70957 at 2.

1 9. On September 17, 2014, the telephonic procedural conference was held as scheduled,
2 with a duly authorized Administrative Law Judge presiding⁶ and AIC and the Commission's Utilities
3 Division ("Staff") appearing through counsel. It was determined that neither AIC nor Staff believed
4 that an evidentiary hearing needed to be held in this matter, although both agreed that it would be
5 appropriate to revisit the issue if any motions to intervene were filed. The methods, content, and
6 timing of notice and the deadlines for motions to intervene and responses thereto were discussed and
7 determined. It was also determined that Staff would issue a Staff Report and that the Hearing
8 Division would issue a Recommended Order in this matter provided that no requests for hearing were
9 made by any intervenor.

10 10. On September 18, 2014, a Procedural Order was issued requiring AIC to have
11 prescribed notice published by September 26, 2014; requiring Staff to file a Staff Report with its
12 analysis and recommendations for any Commission action by October 17, 2014; and establishing
13 other procedural requirements and deadlines.

14 11. On October 6, 2014, AIC filed copies of Affidavits of Publication showing that the
15 prescribed notice of this matter had been published in the *Ajo Copper News* on September 24, 2014,
16 and in *The Gila Bend Sun* on September 25, 2014.

17 12. On October 20, 2014, Staff filed its Staff Report. In the Staff Report, Staff explained
18 that steel poles generally are available in either of two finishes: galvanized steel, which has a
19 metallic appearance, or weathering steel, which is generally of a reddish brown color aesthetically
20 comparable to wood. Staff stated that use of steel monopoles by electric utilities has increased in
21 recent years and that the initial cost of a typical 82-foot steel pole is about 12.5 percent higher than
22 the initial cost of a wood pole, but that steel poles are more reliable and have longer life and lower
23 life cycle costs than wood poles. Staff also stated that Staff had confirmed the configuration of the
24 steel monopoles proposed by AIC and shown in Exhibit I to the Staff Report to be the same as
25 proposed for the wood poles in AIC's original application and shown in Exhibit II to the Staff Report.
26 According to Staff, both designs would use horizontal post insulators attached to a pole structure to
27

28 ⁶ Administrative Law Judge Teena Jibilian presided over the telephonic procedural conference in this matter.

1 support conductors and, consequently, look very similar. Staff recommended that AIC's CEC be
 2 amended to allow the use of steel monopoles rather than wood poles, using the configuration
 3 proposed by AIC and shown in Exhibit I to the Staff Report, with the general height remaining
 4 unchanged, and with the steel monopoles to be of the "weathering steel type" so as to be aesthetically
 5 comparable to wood poles.

6 13. AIC did not file a response to the Staff Report.

7 14. On November 25, 2014, AIC filed a Self-Certification Letter, as required by Decision
 8 No. 70957, providing its progress toward completion of each condition contained in the CEC. *Inter*
 9 *alia*, AIC confirmed that construction of the Project has not yet commenced, as the economic factors
 10 affecting the need for the Project continues, and AIC continues to monitor market conditions and
 11 economic forecasts to determine when construction of the Project will be warranted.

12 15. Allowing AIC to construct the Project using steel monopoles instead of wood poles is
 13 reasonable and should be approved, provided that the poles have a weathering steel finish, are of the
 14 same general height as originally approved for the Project, and are constructed in accordance with the
 15 configuration shown in Exhibit I to the Staff Report, which is attached hereto and incorporated by
 16 reference herein as Exhibit I.

17 CONCLUSIONS OF LAW

18 1. AIC is an Arizona public service corporation within the meaning of Article XV, § 2 of
 19 the Arizona Constitution and A.R.S. § 40-252.

20 2. The Commission has jurisdiction over AIC and the subject matter of its application.

21 3. The Commission has authority to act on AIC's application without holding an
 22 evidentiary hearing.

23 4. The Commission concludes that it is in the public interest to authorize AIC to
 24 construct the Project using steel monopoles rather than wood poles, consistent with the conditions
 25 described in Findings of Fact No. 15.

26 ...

27 ...

28 ...

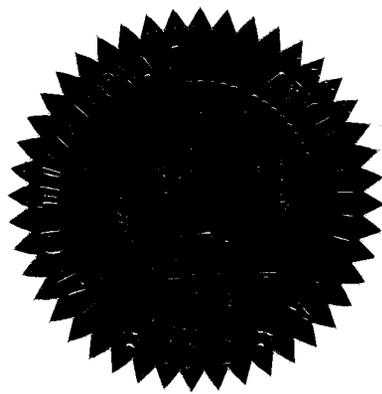
ORDER

IT IS THEREFORE ORDERED that Ajo Improvement Company is authorized to construct the 47-mile 230 kV transmission line from the Gila Bend Substation on the west side of Gila Bend, Arizona, to the proposed substation to be located on the southeast side of Ajo, Arizona, using steel monopoles rather than wood poles, provided that the steel monopoles have a weathering steel finish, are of the same general height as originally approved in the Certificate of Environmental Compatibility granted in this docket, and are constructed in accordance with the configuration shown in Exhibit I hereto.

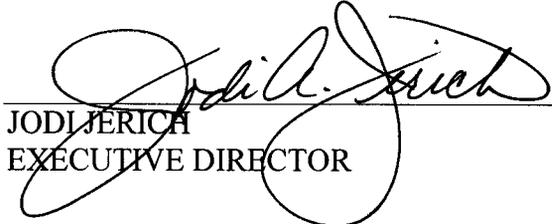
IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

		
CHAIRMAN		COMMISSIONER
		
COMMISSIONER	COMMISSIONER	COMMISSIONER



IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 9th day of February 2015.



JODI JERICH
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____
SH:tv

1 SERVICE LIST FOR: AJO IMPROVEMENT COMPANY

2 DOCKET NO.: L-00000G-97-0089-00000

3 Jason D. Gellman
4 ROSHKA DEWULF & PATTEN, PLC
5 One Arizona Center
6 400 East Van Buren Street, Suite 800
7 Phoenix, AZ 85004
8 Attorneys for Ajo Improvement Company

9 Janice Alward, Chief Counsel
10 Legal Division
11 ARIZONA CORPORATION COMMISSION
12 1200 West Washington Street
13 Phoenix, AZ 85007

14 Steven M. Olea, Director
15 Utilities Division
16 ARIZONA CORPORATION COMMISSION
17 1200 West Washington Street
18 Phoenix, AZ 85007

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

