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MEMORANDUM

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Arizona Corporation Commission

TO:

THE COMMISSION

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FROM:

Utilities Division

JUL 22 2015

AZ CORP COMMISSION  
DOCKET CONTROL

DATE:

July 22, 2015

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RE:

STAFF REPORT FOR ARIZONA PUBLIC SERVICE COMPANY REQUEST FOR EXTENSION OF FIVE YEARS FOR CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY NO. 160 (DOCKET NO. L-00000D-11-0068-00160)

On June 8, 2015, Arizona Public Service Company ("APS" or "Applicant") filed with the Arizona Corporation Commission ("ACC" or "Commission") a request to amend Decision No. 72302 (Case No. 160), ("Application") by extending the term of the Certificate of Environmental Compatibility ("CEC") from May 4, 2016 to May 4, 2021.

HISTORY

Commission Decision No. 72302 (May 4, 2011) granted a CEC authorizing APS to construct a new 345/69/21kV substation and two new 345kV transmission lines that will interconnect with the existing eastern Cholla to Pinnacle Peak 345kV transmission line, (collectively, "Project").

The Project as approved consists of a new 345/69/21kV substation and two new 345kV transmission lines. Construction of the Project will include structure modifications for the existing 345kV transmission structures in the corridor, including adding turning structures to the eastern line and a taller structure to the western line allowing the interconnection to cross underneath. The 345/69/21kV substation will be approximately 2,080 feet long by an average of 420 feet wide, and will occupy approximately 20.1 acres of the Project site. The two new 345kV transmission lines will interconnect in and out of the new substation. The first 345kV transmission line interconnection will originate from the easternmost existing 345kV transmission line of the two existing 345kV transmission lines in the corridor, and proceed to the new substation, located approximately 600 feet to the west. The second 345kV transmission line interconnection will proceed from the new substation, approximately 600 feet east to the new lattice structure on the existing easternmost 345kV transmission line of the two existing 345kV transmission lines in the corridor. The Project will be constructed with lattice structures for the 345kV lines.

The Project will be located near Payson, Arizona on the east side of State Route 87, north of Arizona 188, and entirely situated on land administered by the United States Forest Service in the Tonto National Forest. This location is in the southeast quarter of Section 4 and the southwest quarter of Section 3 in Township 8 North, Range 10 East, adjacent to the intersection of the existing

Four Corners-Cholla-Pinnacle Peak 345kV transmission lines and forest road 379, in Gila County, Arizona.<sup>1</sup> The interconnection lines will be within a 400 foot wide right-of-way.

## APPLICATION

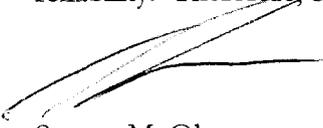
In its Application, APS requests that the Commission extend the time period to construct the substation and transmission facilities authorized by CEC 160 from May 4, 2016 to May 4, 2021.

Condition 7 in CEC 160 authorized a five-year term for constructing the Project. However, development and associated electrical load growth in the Payson area have not materialized as anticipated due to the economic decline. APS has stated in the Application that it has been able to serve customers without the Project. However APS's projections now indicate load growth in the region. APS anticipates this Project may be needed as early as the winter of 2017 in order to continue providing reliable electric service to Payson and the surrounding areas. This is reflected in APS's 2015 Ten-Year Transmission System Plan,<sup>2</sup> in which APS reports an estimated in-service date of 2017 for this Project and notes that the Project is needed to provide the electric source and support to the sub-transmission system in the area of Payson and the surrounding communities. APS also comments that improved reliability will result for the communities in the Payson area.

Staff agrees that while the need for the substation and transmission facilities was delayed, there continues to be a need for the Project. In addition, Staff believes that the delayed construction time requested in the Application will not compromise transmission grid reliability.

## RECOMMENDATION

In Staff's view the time extension requested will not negatively affect transmission system reliability. Therefore, Staff recommends that the Commission approve APS's Application.



Steven M. Olea  
Director  
Utilities Division

SMO:JFF:red\CHH

Originator: Jeff Francis

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<sup>1</sup> See Exhibit A, General Location Map of the Project.

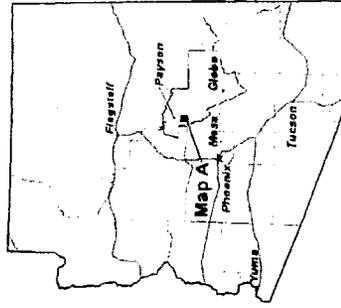
<sup>2</sup> Docket No. E-00000D-15-0001.

### Mazatzal Substation and 345KV Interconnection Project

*Proposed Interconnection*

**LEGEND**

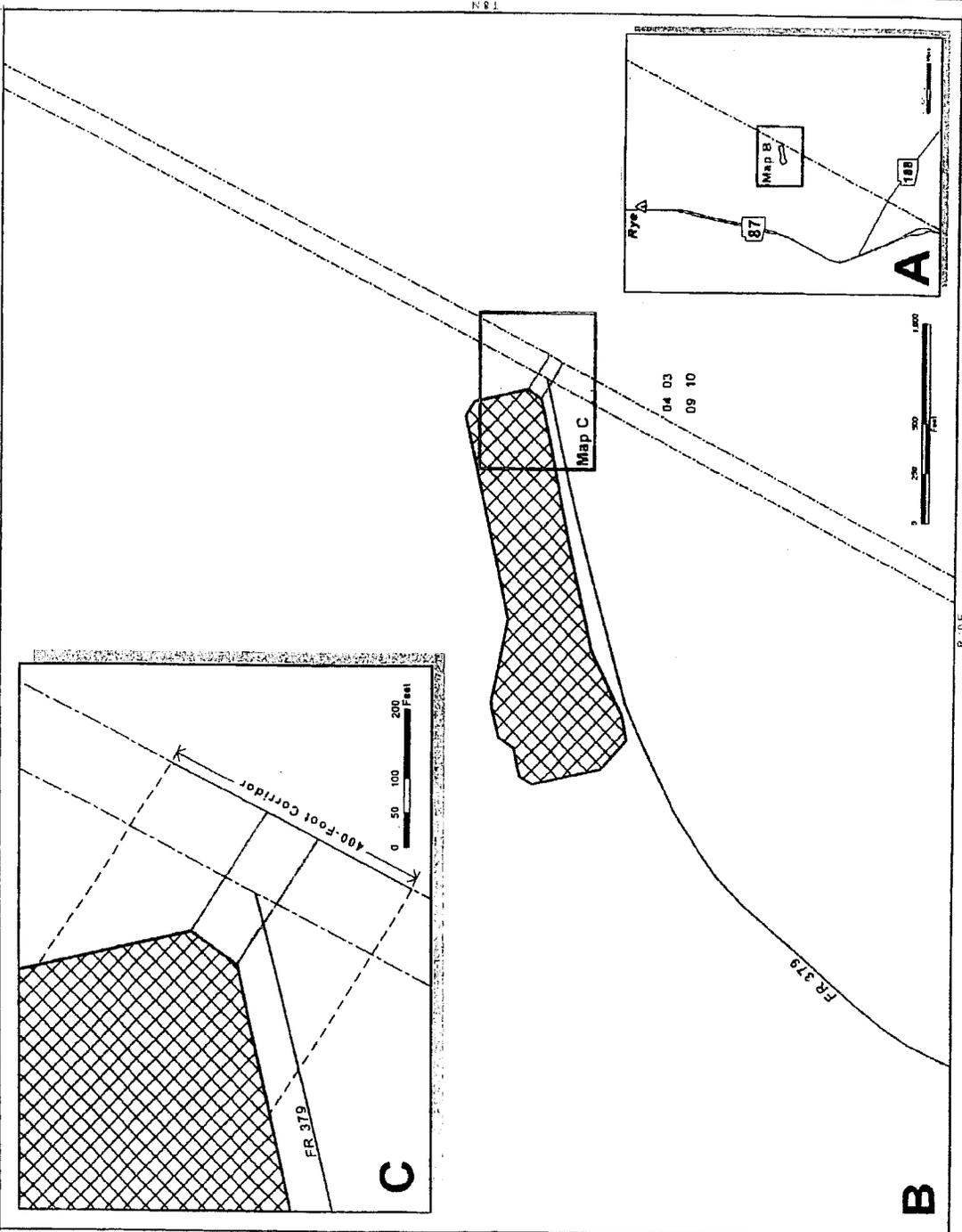
-  Proposed Substation
-  345KV Interconnection
-  345KV Right-of-Way (400 feet)
-  Existing Substation
-  Existing 345KV Transmission Line
-  Road
-  10 Section Line



January 2011

Source: StreetMap USA, ESRI 2007; EPG 2008.



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BEFORE THE ARIZONA CORPORATION COMMISSION

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

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 MAZATZAL SUBSTATION AND 345KV INTERCONNECTION PROJECT, WHICH INCLUDES THE CONSTRUCTION OF TWO 345KV TRANSMISSION LINES AND A NEW 345/69/21KV SUBSTATION, SECTION 4, TOWNSHIP 8 NORTH, RANGE 10 E, G&SRB&M ADJACENT TO THE INTERSECTION OF THE EXISTING FOUR CORNERS- CHOLLA – PINNACLE PEAK 345KV TRANSMISSION LINES AND FOREST ROAD 379, WITHIN THE TONTO NATIONAL FOREST IN GILA COUNTY, ARIZONA, PURSUANT TO ARIZONA REVISED STATUES § 40-252, FOR AN AMENDMENT OF ARIZONA CORPORATION COMMISSION DECISION NO. 72302

DOCKET NO. L-00000D-11-0068-00160  
CASE NO. 160  
DECISION NO. \_\_\_\_\_  
ORDER

Open Meeting  
August 18 and 19, 2015  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Arizona Public Service Company (“APS” or “Company”) is a public service corporation providing electric utility service to eleven counties in the State of Arizona.

1           2.       On February 2, 2011, APS filed an application for a Certificate of Environmental  
2 Compatibility ("CEC") before the Arizona Power Plant and Transmission Line Siting Committee  
3 ("Siting Committee") for authorization to site a transmission line and related facilities in Gila County.  
4 The project would include construction of a 345/69/21 kV substation and two new 345 kV  
5 transmission lines that would interconnect with the eastern Cholla to Pinnacle Peak 345 kV  
6 transmission line (collectively referred to as the "Project").

7           3.       No parties intervened in the proceeding.

8           4.       After a full hearing, the Siting Committee issued APS a CEC for the line and related  
9 facilities. The CEC included a condition regarding the term of the CEC authorization to construct the  
10 Project. Pursuant to Condition 7 of the CEC, APS was granted a five-year term to construct the  
11 Project facilities.

12           5.       On May 4, 2011, the Commission issued Decision No. 72302, which approved the  
13 CEC issued by the Siting Committee ("CEC 160").

14           6.       On June 8, 2015, APS filed a request for an extension of CEC term. APS requests that  
15 the Commission extend the time period to construct the transmission facilities authorized by CEC 160  
16 from May 4, 2016 to May 4, 2021.

### 17 **Project Background**

18           7.       The Project as approved consists of a new 345/69/21kV substation and two new  
19 345kV transmission lines. Construction of the Project will include structure modifications for the  
20 existing 345kV transmission structures in the corridor, including adding turning structures to the  
21 eastern line and a taller structure to the western line allowing the interconnection to cross underneath.  
22 The 345/69/21kV substation will be approximately 2,080 feet long by an average of 420 feet wide,  
23 and will occupy approximately 20.1 acres of the Project site. The two new 345kV transmission lines  
24 will interconnect in and out of the new substation. The first 345kV transmission line interconnection  
25 will originate from the easternmost existing 345kV transmission line of the two existing 345kV  
26 transmission lines in the corridor, and proceed to the new substation, located approximately 600 feet  
27 to the west. The second 345kV transmission line interconnection will proceed from the new  
28 substation, approximately 600 feet east to the new lattice structure on the existing easternmost 345kV

1 transmission line of the two existing 345kV transmission lines in the corridor. The Project will be  
2 constructed with lattice structures for the 345kV lines.

3 8. The Project will be located near Payson, Arizona on the east side of State Route 87,  
4 north of Arizona 188, and entirely situated on land administered by the United States Forest Service in  
5 the Tonto National Forest. This location is in the southeast quarter of Section 4 and the southwest  
6 quarter of Section 3 in Township 8 North, Range 10 East, adjacent to the intersection of the existing  
7 Four Corners-Cholla-Pinnacle Peak 345kV transmission lines and forest road 379, in Gila County,  
8 Arizona.

9 **Extension Request**

10 9. In its Application, APS requests that the Commission extend the time period to  
11 construct the substation and transmission facilities authorized by CEC 160 from May 4, 2016 to May  
12 4, 2021.

13 10. Condition 7 in CEC 160 authorized a five-year term for constructing the Project.  
14 However, development and associated electrical load growth in the Payson area have not materialized  
15 as anticipated due to the economic decline. APS has stated in the Application that it has been able to  
16 serve customers without the Project. However, APS's projections now indicate load growth in the  
17 region.

18 11. APS anticipates this Project may be needed as early as the winter of 2017 in order to  
19 continue providing reliable electric service to Payson and the surrounding areas. This is reflected in  
20 APS's 2015 Ten-Year Transmission System Plan in which APS reports an estimated in-service date of  
21 2017 for this Project and notes that the Project is needed to provide the electric source and support to  
22 the sub-transmission system in the area of Payson and the surrounding communities. APS also  
23 comments that improved reliability will result for the communities in the Payson area.

24 12. Based upon Staff's analysis of the Application, Staff agrees that while the need for the  
25 substation and transmission facilities was delayed, there continues to be a need for the Project. In  
26 addition, Staff believes that the delayed construction time requested in the Application will not  
27 compromise transmission grid reliability.

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CONCLUSIONS OF LAW

1. The Commission has jurisdiction over Arizona Public Service Company and over the subject matter herein pursuant to Article XV of the Arizona Constitution and A.R.S. § 40-252 and § 40-360 et seq.

2. Notice of the proceeding has been given in the manner prescribed by law.

3. The Commission, having reviewed the request and considered the matter, finds that it is in the public interest to amend Decision No. 72302 to extend the time to construct the project.

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ORDER

IT IS THEREFORE ORDERED that Decision No. 72302 is modified to extend the time for Arizona Public Service Company to construct the transmission and related facilities to May 4, 2021.

IT IS FURTHER ORDERED that all other conditions of the Certificate of Environmental Compatibility approved by Decision No. 72302 shall remain in effect.

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

**BY THE 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 this Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
JODI JERICH  
EXECUTIVE DIRECTOR

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

SMO:JJF:red\CHH

1 SERVICE LIST FOR: Arizona Public Service Company  
2 DOCKET NO. L-00000D-11-0068-00160

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