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OPEN MEETING

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MEMORANDUM

2015 MAR 13 A 11:15

TO: THE COMMISSION

AZ CORP COMMISSION
DOCKET CONTROL

FROM: Utilities Division

ORIGINAL

DATE: March 13, 2015

RE: STAFF REPORT ON ARIZONA PUBLIC SERVICE COMPANY REQUEST FOR EXTENSION OF FIVE AND TEN YEARS FOR CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY 127 AND NOTICE OF TRILBY WASH/TS1 SUBSTATION LOCATED ON 15-ACRE PARCEL (DOCKET NO. L-00000D-04-0127-00000)

On November 3, 2014, Arizona Public Service Company ("APS" or "Applicant") filed with the Arizona Corporation Commission ("ACC" or "Commission") a request for an extension of Certificate of Environmental Compatibility ("CEC") term and application to amend Decision No. 67828 (Case No. 127), ("Application").

History

Commission Decision No. 67828 (March 21, 2005) granted a CEC authorizing APS to construct approximately 25 miles of double-circuit 230 kV transmission line with a 69 kV underbuild, one 230 kV substation, ("TS1" or "Trilby Wash"), and one 500 kV/230 kV substation, ("TS5" or "Sun Valley"), (collectively, the "Project"). Commission Decision No. 67828 and the CEC will be referred to collectively as "CEC 127."

The Project is located within the West Valley-North area, which is bounded approximately by Jomax Road to the north, Northern Avenue to the south, Reems Road to the east, and the Hassayampa River to the West, (see Exhibit 1). The 230 kV transmission line will connect the two substations with the previously sited TS2 substation, (Decision No. 66646, Case No. 122, December 22, 2003), and the line will provide the 230 kV backbone required for the development of a local 69 kV system necessary to support the growth and associated infrastructure in the West Valley.

Application

In this Application, APS requests that the Commission extend the time period to construct the transmission facilities authorized by CEC 127 from May 5, 2015 to May 5, 2020 for the first circuit of the 230 kV transmission line, and from May 5, 2025 to May 5, 2030 for the second circuit. Additionally, APS gives the Commission notice that Trilby Wash Substation is built on a 15-acre parcel of land, rather than the 10 acres originally noted in the CEC.

Arizona Corporation Commission

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MAR 13 2015

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Time Extension Request

Condition 3 in CEC 127 authorized a ten-year term for constructing the first circuit, unless construction was completed to the point that the project was capable of operating by that time, and a twenty-year term for constructing the second circuit of the line. Development and associated electrical load growth in the West Valley have not progressed as expected due to the economic decline experienced in recent years; however, APS anticipates that it will need the full first circuit of this Project within a few years. It anticipates the need for the second circuit and related facilities as the economy continues to improve and growth resumes in the area.

The Application states that while the existing electric system is sufficient to meet current customer load, the electrical facilities approved in CEC 127 will be necessary to accommodate load growth in the West Valley, as well as to enhance the reliability of the existing electrical system in the future. On February 11, 2015, APS filed supplemental information ("Supplemental Filing") clarifying the timing and need for portions of the first circuit of Case 127.

The Supplemental Filing outlines the schedule for completion of the first circuit in two segments staggered over time. The first segment begins at the corner of Olive Avenue and Loop 303, and continues to the Trilby Wash substation, located at 195th Avenue and Deer Valley Road ("Segment 1"). Segment 1 is currently planned to be in-service by June of 2015 and is needed for reliability reasons. The second segment begins at the Trilby Wash substation and terminates at the Sun Valley substation, located near 290th Avenue and Beardsley Road ("Segment 2"). Segment 2 is currently planned to be in-service in 2016, (see Exhibit 2).

Information about the results of reliability studies performed by APS for anticipated 2015 peak summer loads in the West Valley was also provided in the Supplemental Filing. The studies have shown that completion of Segment 1 is necessary to prevent local outages in the event of disruption of the 69 kV system in the area¹. APS's most recent Ten Year Plans, have included the proposed transmission additions as outlined in the Supplemental Filing; that is, that Segment 1 of the first circuit will be in service for the summer 2015 peak, and Segment 2 of circuit one will be in service for the summer 2016 peak. The conclusions reached in the Eighth Biennial Transmission Assessment as well as other regional reliability studies have included the Project transmission lines with the in-service dates provided by APS in the Application and Supplemental Filing.

Staff agrees that while the need for the transmission lines was delayed by the recession, there is a need for the first circuit within the next few years and that the second circuit will be needed as new growth appears. Staff believes that the delayed construction times requested in the Application will not compromise transmission grid reliability.

¹ Studies provided by APS show that should the Surprise to Javelina 69 kV line experience an outage during a peak time in the Summer of 2015, and if Segment 1 of the first circuit is not complete, the Surprise-Dysart line would be overloaded and APS would have to drop 14 MW of local load. The completion of Segment 1 will provide the necessary capacity to keep this overload and the resulting local outages from occurring.

Trilby Wash Substation Notification

APS has also given notice in the Application that the Company has built Trilby Wash Substation on 15 acres of land, rather than the ten acres originally noted in the CEC, (see Exhibit 3). CEC 127 described the Trilby Wash Substation as being built on “up to ten acres of land located in the SE ¼ of the NW ¼ of Section 20, Township 4 North, Range 2 West, approximately at the half-section line north of Beardsley Road.” Furthermore, in separate communications with Staff, APS indicated that it commenced construction of the Trilby Wash substation prior filing a construction mitigation and reclamation plan (“CMRP”) with the Commission, as required by Condition 17 of the CEC. APS commenced construction on the Trilby Wash substation in February 2014 and filed its CMRP in September 26, 2014. Other than failing to file the CMRP in a timely manner, APS states that it adhered to all applicable conditions in CEC 127 relating to how construction activities should be conducted for the Trilby Wash Substation.

APS has a right-of-way (“ROW”) on a 15-acre site for a 230/69 kV electrical substation and service road for ingress and egress. Earlier this year, APS constructed a perimeter wall surrounding approximately 13 acres of its 15-acre ROW. The additional two acres outside the perimeter wall of the substation will be used for landscaping, drainage area, and a roadway. APS explained to Staff that the expanded footprint for the Trilby Wash substation was due to changes in the layout of electrical distribution substations to reduce damage in the event of fires, but that the electrical facilities will be confined to approximately eight acres.

This change in the Trilby Wash Substation footprint will not impair the transmission grid or the Company’s ability to serve its customers reliably.

Recommendation

Neither the time extension request nor the Trilby Wash Substation footprint change will negatively affect transmission system reliability and Staff, therefore, recommends that the Commission approve APS’s requested Amendment.



Steven M. Olea
Director
Utilities Division

SMO:ML:sms\CHH

ORIGINATOR: Margaret (Toby) Little

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

IN THE MATTER OF THE APPLICATION
OF ARIZONA PUBLIC SERVICE
COMPANY, PURSUANT TO ARIZONA
REVISED STATUTE § 40-252, FOR AN
AMENDMENT OF ARIZONA
CORPORATION COMMISSION DECISION
NO. 67828

DOCKET NO. L-00000D-04-0127-00000

CASE NO. 127

ORDER MODIFYING DECISION NO. 67828

DECISION NO. _____

ORDER

Open Meeting
April 14 and 15, 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.

2. On November 23, 2004, APS filed an application for a Certificate of Environmental Compatibility ("CEC") before the Arizona Power Plant and Transmission Line Siting Committee ("Siting Committee") for authorization to site a transmission line and related facilities in Maricopa County. The project was referred to as the APS West Valley—North Power Line and Substation Project. APS proposed to construct the line in an area west of the Phoenix metropolitan area.

3. Six additional parties intervened in the proceeding.

4. After a full hearing, the Siting Committee issued APS a CEC for the line and related facilities. The Siting Committee's CEC sets forth the specific route that the line is intended to follow.

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1 5. On May 5, 2005, the Commission issued Decision No. 67828, which approved the CEC
2 issued by the Siting Committee. That decision specifically approves and adopts the Siting Committee's
3 description of the approved route.

4 6. The APS West Valley—North Power Line and Substation Project is necessary to
5 accommodate load growth in the west valley.

6 7. On November 3, 2014, APS filed a request for an extension of CEC term and notice of
7 Trilby Wash/TS1 Substation located on a 15-acre parcel ("Application"). APS requests that the
8 Commission extend the time period to construct the transmission facilities authorized by CEC 127 from
9 May 5, 2015 to May 5, 2020 for the first circuit of the 230 kV transmission line, and from May 5, 2025 to
10 May 5, 2030 for the second circuit. Additionally, APS gives the Commission notice that Trilby Wash
11 Substation is built on a 15-acre parcel of land, rather than the 10 acres originally noted in the CEC.

12 **Time Extension Request**

13 8. Condition 3 in CEC 127 authorized a ten-year term for constructing the first circuit,
14 unless construction was completed to the point that the project was capable of operating by that time,
15 and a twenty-year term for constructing the second circuit of the line. Development and associated
16 electrical load growth in the West Valley have not progressed as expected due to the economic decline
17 experienced in recent years; however, APS anticipates that it will need the full first circuit of this Project
18 within a few years. It anticipates the need for the second circuit and related facilities as the economy
19 continues to improve and growth resumes in the area.

20 9. The Application states that while the existing electric system is sufficient to meet current
21 customer load, the electrical facilities approved in CEC 127 will be necessary to accommodate load
22 growth in the West Valley, as well as to enhance the reliability of the existing electrical system in the
23 future. On February 11, 2015, APS filed supplemental information ("Supplemental Filing") clarifying the
24 need for portions of the first circuit of Case 127.

25 10. The Supplemental Filing outlines the schedule for completion of the first circuit in two
26 segments staggered over time. The first segment begins at the corner of Olive Avenue and Loop 303,
27 and continues to the Trilby Wash substation, located at 195th Avenue and Deer Valley Road ("Segment
28 1"). Segment 1 is currently planned to be in-service by June of 2015 and is needed for reliability reasons.

1 The second segment begins at the Trilby Wash substation and terminates at the Sun Valley substation,
2 located near 290th Avenue and Beardsley Road ("Segment 2"). Segment 2 is currently planned to be in-
3 service in 2016.

4 12. Information about the results of reliability studies performed by APS for anticipated 2015
5 peak summer loads in the West Valley was also provided in the Supplemental Filing. The studies have
6 shown that completion of Segment 1 is necessary to prevent local outages in the event of disruption of
7 the 69 kV system in the area. APS's most recent Ten Year Plans, have included the proposed
8 transmission additions as outlined in the Supplemental Filing; that is, that Segment 1 of the first circuit
9 will be in service for the summer 2015 peak, and Segment 2 of circuit one will be in service for the
10 summer 2016 peak. The conclusions reached in the Eighth Biennial Transmission Assessment as well as
11 other regional reliability studies have included the Project transmission lines with the in-service dates
12 provided by APS in the Application and Supplemental Filing.

13 13. Staff agrees that while the need for the transmission lines was delayed by the recession,
14 there is a need for the first circuit within the next few years and that the second circuit will be needed as
15 new growth appears. Staff believes that the delayed construction times requested in the Application will
16 not compromise transmission grid reliability.

17 **Trilby Wash Notification**

18 14. APS has also given notice in the Application that the Company has built Trilby Wash
19 Substation on 15 acres of land, rather than the ten acres originally noted in the CEC. CEC 127 described
20 the Trilby Wash Substation as being built on "up to ten acres of land located in the SE ¼ of the NW ¼
21 of Section 20, Township 4 North, Range 2 West, approximately at the half-section line north of
22 Beardsley Road." Furthermore, in separate communications with Staff, APS indicated that it commenced
23 construction of the Trilby Wash substation prior filing a construction mitigation and reclamation plan
24 ("CMRP") with the Commission, as required by Condition 17 of the CEC. APS commenced
25 construction on the Trilby Wash substation in February 2014 and filed its CMRP in September 26, 2014.
26 Other than failing to file the CMRP in a timely manner, APS states that it adhered to all applicable
27 conditions in CEC 127 relating to how construction activities should be conducted for the Trilby Wash
28 Substation.

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ORDER

IT IS THEREFORE ORDERED that Decision No. 67828 is modified to extend the time to construct the first circuit of the project to May 5, 2020 and the time to construct the second circuit of the project to May 5, 2030.

IT IS FURTHER ORDERED that all other conditions of the Certificate of Environmental Compatibility approved by Decision No. 67828 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:ML:sms\CHH

DECISION NO. _____

1 SERVICE LIST FOR: Arizona Public Service Company
 2 DOCKET NO. L-00000D-04-0127-00000

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