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December 23, 2015

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Arizona Corporation Commission
DOCKETED

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DOCKETED BY

Thomas M. Broderick, Director
Utilities Division
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

Re: *Southwest Transmission Cooperative's ("SWTC") Notice of Proposed Modifications to Its 2009-2010 Construction Work Plan, Decision No. 71511, Docket No. E-04100A-09-0250*

Dear Mr. Broderick:

In Decision No. 71511, dated March 17, 2010 (the "Decision"), the Commission approved SWTC's request for the RUS/FFB loan financing of its 2009-2010 Construction Work Plan ("CWP") for an amount not to exceed \$48,072,000.¹ In the Decision, the Commission also approved continuation of the procedure authorizing amendments to the CWP without the need to file an amended application as follows:

Southwest Transmission Cooperative, Inc. shall file in this docket any proposed modifications to the 2009-2010 Construction Work Plan which substantially conform to the purposes of the 2009-2010 Construction Work Plan; and if the cumulative costs of the proposed modifications are greater than \$450,000, and do not exceed the authorized amount of \$54,940,000 for interim financing or \$48,072,000 for long-term financing, the proposed project modifications shall be deemed approved unless Staff files an objection to the proposed modifications within 60 days of Southwest Transmission Cooperative, Inc. filing the proposed changes.²

Because SWTC deleted as unnecessary and/or realigned substantially all of these projects to its C-8 RUS Loan (which was authorized under Decision No. 69239), as of January 2014 the entire \$48,072,000 remained unused under the D-8 RUS Loan and that amount which was authorized by the Commission. Pursuant to a notice filed on January 8, 2014, SWTC modified its 2009-2010 CWP to include additional projects to be funded with the unused D-8 loan funds.

¹ Decision, First Ordering Paragraph at page 6.

² *Id.*, Third Full Ordering Paragraph at page 7.

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Since then, SWTC has been working on the projects identified in the January 2014 filing and, based on the current costs of those projects, there currently remains \$36,312,000 in unused funds under the D-8 loan. This amount remains encumbered by the RUS, such that the RUS has asked SWTC to identify other projects that can be funded with these monies, so that RUS will not have to go through another Congressional budget process to re-encumber the committed funds.

Attached as Exhibit A is a one-page schedule showing the disposition of projects originally approved in Decision No. 71511, which was attached to SWTC's January 2014 notice. Attached as Exhibit A2 is a one-page schedule showing the status of the projects approved pursuant to that notice.³ Attached as Exhibit B is a one-page schedule identifying the projects that SWTC proposes to fund using the available, remaining loan funds under Decision No. 71511. As required by the Decision, (1) each of the projects identified on Exhibit B conforms to the purpose of the CWP, which is to make necessary improvements and upgrades to meet reliability and service quality standards, and (2) total borrowings will not exceed the Commission-authorized level of \$48,072,000.

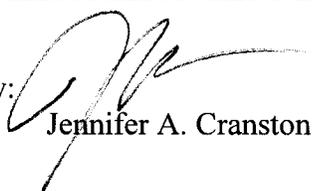
By the terms of the Decision, Staff does not need to take affirmative action on this request for the proposed changes to take effect. The changes will take effect after 60 days if no objection is filed.

Staff's assistance in relation to this matter is appreciated. If we can supply additional information concerning these CWP modifications, please contact me or Gary Pierson at SWTC (602-269-3415, ext. 5364).

Sincerely,

GALLAGHER & KENNEDY, P.A.

By:



Jennifer A. Cranston

JAC:njk

Attachments

cc w/attachments: Thomas M. Broderick (delivered)

15169-0015/5167299

Original and 13 copies filed with Docket
Control this 23rd day of December, 2015.

³ Some projects have been deleted and others are on-going. If all remaining costs are incurred according to budget, approximately \$31.7 million will remain unused.

Exhibit A
Southwest Transmission Cooperative, Inc.
Financing Application
2009-2010 Construction Work Plan
AZ031-D-8 Loan Application

740C	App. A Pg.	Project Name	Project No.	2009	2010	Total Approved for D-8 Loan Financing, Decision No. 71511	D-8 Budget	Change	Explanation
800 Transmission Lines									
800.1		Central AZ Project (CAP) 115 kV Line Loop-In to Sandario	CAPT.00887.011	\$640,000	\$0	\$640,000	\$0	(\$640,000)	Deleted
800.2		Central AZ Project (CAP) to Valencia 115 kV Line	CAPT.00604.011	\$1,387,000	\$0	\$1,387,000	\$0	(\$1,387,000)	Deleted
800.3		Saguaro to North Loop 115kV Line	CAPT.00888.011	\$0	\$4,424,000	\$4,424,000	\$0	(\$4,424,000)	Deleted
800.4		North Loop to Rattlesnake 115kV Line	CAPT.00000.011	\$0	\$7,640,000	\$7,640,000	\$0	(\$7,640,000)	Deleted
900 New Substations, Switching Stations									
900.1		New Tucson Substation	CAPT.00890.010	\$0	\$6,064,000	\$6,064,000	\$0	(\$6,064,000)	Realigned to C 8 Loan
900.2		San Joaquin Substation	CAPT.00891.010	\$0	\$5,244,000	\$5,244,000	\$0	(\$5,244,000)	Deleted
900.3		Adonis Substation	CAPT.00989.010	\$0	\$5,929,000	\$5,929,000	\$0	(\$5,929,000)	Deleted
900.4		Saguaro Substation	CAPT.00000.010	\$1,264,000	\$0	\$1,264,000	\$0	(\$1,264,000)	Deleted
1000 Line and Station Changes									
1000.1		Marana to Avra Valley 115 kV Line Upgrade	CAPT.00893.010	\$3,716,000	\$0	\$3,716,000	\$0	(\$3,716,000)	Deleted
1000.2		Rattlesnake Substation Upgrade	CAPT.00895.010	\$0	\$1,900,000	\$1,900,000	\$0	(\$1,900,000)	Deleted
1000.3		Sandario Substation Upgrade	CAPT.00896.010	\$1,388,000	\$0	\$1,388,000	\$0	(\$1,388,000)	Deleted
1000.4		New Valencia Switchyard For Central Arizona Project (CAP) Line	CAPT.00604.010	\$2,801,000	\$0	\$2,801,000	\$0	(\$2,801,000)	Deleted
1000.5		Sahuarita Relay Upgrade	CAPT.00901.010	\$230,000	\$0	\$230,000	\$0	(\$230,000)	Deleted
1000.6		Greenlee Relay Upgrade	CAPT.00902.010	\$235,000	\$0	\$235,000	\$222,000	(\$13,000)	Deleted Revised Budget
1000.7		San Rafael TX Monitor	CAPT.00980.010	\$115,000	\$0	\$115,000	\$0	(\$115,000)	Realigned to C 8 Loan
1000.8		Kartchner TX Monitor	CAPT.00990.010	\$70,000	\$0	\$70,000	\$0	(\$70,000)	Deleted
1000.9		Marana Technology Upgrade	CAPT.01100.010	\$310,000	\$0	\$310,000	\$0	(\$310,000)	Realigned to C 8 Loan
1000.10		Topcock Security	CAPT.01095010	\$28,000	\$0	\$28,000	\$0	(\$28,000)	Deleted
1101 Communications & SCADA									
1101.1		Benson to Vail Microwave Upgrade	CAPT.00903.010	\$1,874,000	\$0	\$1,874,000	\$0	(\$1,874,000)	Deleted
1101.2		Substation Networking	CAPT.00904.010	\$203,000	\$0	\$203,000	\$0	(\$203,000)	Deleted
1101.3		Substation Networking	CAPT.00905.010	\$0	\$203,000	\$203,000	\$0	(\$203,000)	Deleted
1101.4		Benson Telephone System Upgrade	CAPT.00906.010	\$299,000	\$0	\$299,000	\$0	(\$299,000)	Deleted
1101.5		Benson Dispatch Console Upgrade	CAPT.00907.010	\$126,000	\$0	\$126,000	\$0	(\$126,000)	Realigned to C 8 Loan
1101.6		San Joaquin to Valencia OPGW	CAPT.00908.010	\$482,000	\$0	\$482,000	\$0	(\$482,000)	Deleted
1101.7		San Rafael Fiber Additions	CAPT.01101.010	\$150,000	\$0	\$150,000	\$0	(\$150,000)	Deleted
1101.8		Kartchner Fiber Additions	CAPT.01102.010	\$150,000	\$0	\$150,000	\$0	(\$150,000)	Deleted
1102 Line and Substation Ordinary Replacements									
1102.1		2009 Transmission Renewals/Replacements	LINES09.010	\$450,000	\$0	\$450,000	\$0	(\$450,000)	Realigned to C 8 Loan
1102.2		2010 Transmission Renewals/Replacements	LINES10.010	\$0	\$450,000	\$450,000	\$0	(\$450,000)	Realigned to C 8 Loan
1102.3		2009 Substation Renewals/Replacements	CAPT.01103.010	\$150,000	\$0	\$150,000	\$0	(\$150,000)	Realigned to C 8 Loan
1102.4		2010 Substation Renewals/Replacements	CAPT.01104.010	\$0	\$150,000	\$150,000	\$0	(\$150,000)	Realigned to C 8 Loan
Totals				\$16,068,000	\$32,004,000	\$48,072,000	\$222,000	(\$47,850,000)	\$0

Exhibit A2
Southwest Transmission Cooperative, Inc.
Financing Application Revision 1
Additional and Replacement Projects
AZ031-D-8 Loan Application

CWP	740C	Project Name	Project No.	D-8 Loan Financing Projects, as Modified by 1/8/14 Notice	Change	Revised D-8 Loan Financing Projects Modified by 1/8/14 Notice	Explanation
2009	1101.41	Three Points Fiber Terminal	T.SGD136010	\$75,000		\$75,000	
2013	1101.04	Sandario Fiber Terminal	T.SGD137010	\$75,000		\$75,000	
2013	1000.11	Marana 115 kV Substation Bus Upgrade	2-02015	\$110,000		\$110,000	
2013	1101.02	Romney Substation RTU Replacement	T.SGD131010	\$127,420		\$127,420	
2013	1101.05	San Rafael Fiber Terminals	T.SGD142010	\$78,121		\$78,121	
2013	1000.03	Apache-Hayden Easement Renewal	2-02003	\$350,000		\$350,000	
2013	1101.10	Mortenson Tap Metering	2-02007	\$75,000		\$75,000	
2013	1102.01	2013 Transmission Renewals/Replacements	LINES.13	\$500,000		\$500,000	
2013	1102.02	2013 Substation/Communication R/R	SUBS.13	\$500,000		\$500,000	
2009	1000.30	Apache-Bicknell 230 kV Line Up-rate	T.001105011	\$390,000		\$390,000	
2009	1000.29	Davis Dam to Riviera Easement Renewal Smart Grid Maintenance Data System (MDS)/GIS	T.001140011	\$550,000		\$550,000	
2009	1101.34	Kartchner Fiber Terminals	T.SGD401010	\$228,483		\$228,483	
2013	1101.06	Apache 230 kV Relay/Breaker Upgrades	T.SGD144010	\$74,933		\$74,933	
2013	1000.08	Dos Condados-Redtail OPT-GW	T.SGD124010	\$950,000		\$950,000	
2013	1101.07	Sahuarita Capacitor Installation	T.SGD203011	\$853,332		\$853,332	
2013	1000.05	Westwing 345 kV Circuit Breaker	2-02005	\$600,000		\$600,000	
2013	1000.09	South Loop 345 kV Circuit Switcher	2-02008	\$285,000		\$285,000	
2013	1000.10	San Jose RTU Replacement	2-02009	\$290,000		\$290,000	
2009	1101.44	Smart Grid Security	T.SGD133010	\$71,786	(\$71,786)	\$0	Deleted
2013	1101.09	Butterfield Capacitor Installation	T.SGD405010	\$2,450,000		\$2,450,000	
2013	1000.04	Morenci Substation RTU Replacement	2-02004	\$595,000		\$595,000	
2013	1101.03	Three Points Relay Upgrade	T.SGD132010	\$29,208	(\$29,208)	\$0	Deleted
2013	1101.01	2013-14 Easement Correction Project	T.SGD130010	\$172,500	(\$172,500)	\$0	Deleted
2013	1000.01	2014 Substation/Communication R/R	2-02001	\$100,000	(\$100,000)	\$0	Deleted
2013	1102.04	6/2015 2014 Transmission Renewals/Replacements	SUBS.14	\$500,000		\$500,000	
2013	1102.03	6/2015	LINES.14	\$500,000		\$500,000	
2013	1000.06	Avra Valley Capacitor Installation	2-02006	\$345,000		\$345,000	
2013	1102.05	6/2016 2015 Transmission Renewals/Replacements	LINES.15	\$500,000		\$500,000	
2013	1102.06	6/2016	SUBS.15	\$500,000		\$500,000	
2013	1101.08	Hackberry-Morenci OPT-GW	T.SGD204011	\$851,500		\$851,500	
2013	1000.02	2015-16 Easement Correction Project	2-02002	\$100,000		\$100,000	
2009	900.06	Pinal West Sub	T.000609010	\$236,834		\$236,834	
2009	900.07	Pinal Central 500 kV Switchyard Phase Shifter	T.000610010	\$56,689		\$56,689	
2009	900.08	Pinal Central 230 kV Switchyard Phase Shifter	T.000611010	\$20,766		\$20,766	
2009	900.10	Vail 345 kV Yard Upgrade	T.001145010	\$1,155,356		\$1,155,356	
2009	1000.16	Davis Dam 230 kV Yard Upgrade	T.001134010	\$1,145,308		\$1,145,308	
2009	1000.26	Pantano to Sahuarits Pima Co Easement	T.001139011	\$69,666		\$69,666	
2009	1101.11	Valencia Relay/TX Monitor Upgrade	T.SGD123010	\$91,644		\$91,644	
2009	1101.15	Bicknell TX Monitors	T.SGD118010	\$24,767		\$24,767	
2009	1101.169	Oracle Junction Relay Upgrade	T.SGD138010	\$62,371		\$62,371	
2009	1101.23	Pantano Fiber Terminal/Relay/TX monitor	T.SGD120010	\$201,487		\$201,487	
2009	1101.36	MDM/Complex Billing	T.SGD402010	\$53,943		\$53,943	
2009	1101.47	Vail RTU Replacement	T.SGD148010	\$20,084		\$20,084	
2009	1101.48	Tony Lappos Sub RTU Replacement	T.SGD135010	\$44,107		\$44,107	
2009	1101.49	Mountain Center Sub RTU Replacement	T.SGD134010	\$13,047		\$13,047	
2009	1102.07	2012 Transmission Renewals/Replacements	LINES.12	\$212,818		\$212,818	
2009	1102.08	2012 Substation/Communication R/R	T.001106010	\$315,623		\$315,623	
Total Additional/Replacement Projects				\$16,551,791	(\$373,494)	\$16,178,297	\$0
Project Approved under Decision No. 71511							
2009	1000.09	Greenlee Relay Upgrade	T.000902010	\$152,737		\$152,737	
Total for D-8 Loan Financing				\$16,704,528	(\$373,494)	\$16,331,034	\$0

Exhibit B
Southwest Transmission Cooperative, Inc.
Financing Application Revision 2
Additional and Replacement Projects
AZ031-D-8 Loan Application

RUS No.	Project Name	Project No.	Current Expected Final Costs
1000.12	Pinal West Backup Generator	2-02017	\$188,000.00
1101.11	Greenlee-Morenci OPGW	2-02023	\$450,000.00
1000.14	Round Valley Circuit Breaker Replacement	2-02032	\$165,000.00
1000.15	Bicknell Capacitor Bank Installation	2-02035	\$480,000.00
1000.16	Kartchner Capacitor Bank Modification	2-02036	\$35,000.00
1000.17	San Rafael Capacitor Bank Installation	2-02037	\$367,000.00
1000.18	Bicknell Substation Protection Modifications	2-02038	\$135,000.00
1000.19	Three Points Relay Upgrade	2-02040	\$400,000.00
Total New Projects for D-8 Loan Financing			\$2,220,000