

Tuesday, May 20, 2008

Energy, Telecom and Utilities Update: Arizona Corporation Commission

By Patrick J. Black

1. Biennial Transmission Assessment – ACC Docket No. E-00000D-07-0376

The Arizona Corporation Commission (“ACC”) will be holding its first 2008 Biennial Transmission Assessment (“BTA”) workshop on May 22, 2008. The purpose of the BTA is to address state and regional transmission planning efforts that will affect Arizona. This technical study will focus on “10-year plans” submitted by each transmission owner in Arizona, which are required to annually update this long-term planning tool to facilitate the orderly planning and construction of major transmission lines throughout the state. Large transmission owners such as Arizona Public Service Company (“APS”), Salt River Project (“SRP”), Tucson Electric Power Company and Southwest Transmission Cooperative, will provide the Commission with general information concerning the probable location and construction schedule for major transmission lines varying in size from 500kV (large towers) to 115kV (monopoles).

Knowing where and when the ACC is likely to approve a new major transmission line may prove beneficial when assessing the value of property for future development. Prior to final approval by the ACC, any transmission project must first be analyzed by the Arizona Power Plant and Transmission Line Siting Committee (“Line Siting Committee”), which performs a rigorous technical review of the need for the project and its final route weighed against its impact on existing residents, archeological sites and critical habitats. During the Line Siting Committee’s review, different routing options offered by the transmission owner are considered. However, it is during the pre-application public input process that utilities like APS and SRP begin to identify preferred routes and reasonable alternatives. Although interested parties are allowed to formally intervene in the Line Siting Committee’s process, an affected landowner will likely be more successful in avoiding an undesirable result if the applicant can be persuaded to identify an acceptable preferred route and reasonable alternatives.

The most recent 10-year plans filed by Arizona transmission owners are available at the ACC. Docket No. E-00000D-07-0376. Anyone who wishes to participate in this proceeding may formally intervene in this docket.

2. Arizona Power Plant and Line Siting Committee

The Arizona Power Plant and Line Siting Committee is the fact gathering arm of the ACC when that it comes to siting new power plants and transmission lines in Arizona. The Line Siting Committee anticipates it will handle over one dozen line siting applications in 2008 alone. Any new transmission line application will involve a process where members review and analyze the impact of a proposed project on the environment, weighed against the need for the line. More importantly, the Line Siting Committee provides a recommendation to the ACC on a route that most closely balances all the factors to be considered.

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3. Generic Investigation on Hook-Up Fees (Electric and Natural Gas): Docket Nos. E-00000K-07-0052; G-00000E-07-0052

On September 27, 2007, the ACC opened a new generic docket to address the issue of hook-up fees for electric and natural gas utilities. The purpose of this review is to determine whether a hook-up fee for each new electric or natural gas service connection is and equitable means to place the cost of building new infrastructure within the state on new customers. ACC Staff circulated a list of 24 questions to interested parties, and comments have been submitted. This matter is ongoing and anyone interested in providing comments still has the ability to participate.

On March 24, 2008, APS filed a request for a rate increase with the ACC. In its request, APS proposes to implement a hook-up fee charged to the first permanent customer requesting service. In the case of new subdivisions, this will typically involve the developer or builder. While the fee is not a set amount, the typical residential connection would be priced at about \$1,150. The ACC will be voting on this request sometime in late 2008 or early 2009. See ACC Docket No. E-01345A-08-0172.

4. Net Metering Rules – Docket No. RE-00000A-07-0608

On March 20, 2008, the ACC proposed new rules that will allow for end-use customers of all sizes to take advantage of opportunities to integrate onsite renewable technologies for the generation of electricity (known as “Distributed Generation” or “DG”) to not only reduce power costs, but earn future credits for any electricity fed back into the grid system. Net metering will allow for the development of onsite renewable DG in such forms as small to medium sized solar facilities, biomass and wind.

For commercial or industrial customers with large electric needs, DG may represent a long-term investment that will immediately reduce power costs and provide a return on the initial investment within 5-10 years. One example of how net metering may be integrated into a business plan is the installation of solar facilities near water treatment plants and wastewater treatment facilities that consume large amounts of electricity. Companies like APS and SRP have incentives for the installation of DG units, which are funded through surcharges on all customer bills.

Public comment on Net Metering Rules is scheduled for June 5th at the ACC.

for more information about net-metering and the use of onsite renewable generation, please contact Patrick Black at pblack@fclaw.com.

Patrick J. Black focuses his practice in the areas of Public Utilities Law and Government Relations with a focus on Energy, Water, Wastewater and Telecommunications regulation. He represents clients in matters before the Arizona Corporation Commission, including independent power producers, investor-owned water and wastewater companies, large industrial and commercial consumers of electricity, developers and home builders, railroad companies and developers of new energy technologies. He also represents large consumers, developers and homebuilders on negotiating the extension of service by public utilities. He earned his B.S. (1991) and his J.D. (1994) from Santa Clara University.



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