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ARIZONA CORPORATION COMMISSION

ERNEST G. JOHNSON
Executive Director

September 9, 2011

The Honorable Steven Chu
Secretary of Energy
U.S. Department of Energy
1000 Independence Ave., SW
Washington, DC 20585

Dear Mr. Secretary:

The Arizona Corporation Commission ("ACC") appreciates the opportunity to comment on the proposed delegation of authority from the Department of Energy ("DOE") to the Federal Energy Regulatory Commission ("FERC") related to Section 1221 of the Energy Policy Act of 2005 ("EPAct").

The ACC recommends that DOE not delegate authority to FERC at this time. The ACC believes that a delegation of authority, as is being proposed, would not advance interests in timely permitting transmission lines. The proposal does not sufficiently explain how current processes are failing to permit new transmission projects nor how the delegation of authority from DOE to FERC will resolve any deficiency.

The ACC would note that it has a long history of successfully siting needed new transmission projects. Of the approximate 293 miles of new transmission lines that have been approved in Arizona since January 1, 2008, the Arizona Public Service Company's TS5 – TS9 transmission line (approximately 40 miles) (ACC Docket No. L-00000D-08-0330-00138) is the sole example of a high voltage transmission line that has not been fully permitted. The final hurdle preventing the permitting of the TS5 – TS9 transmission line has been obtaining approval from the relevant federal agency for the siting of those portions of the line that have been sited through federal land.[1] On that basis, the ACC believes that to the extent that state siting processes are the perceived root of the problem, the problem is based on a faulty premise.

[1] Likewise, a federal agency has prevented final permitting of a needed reliability project in Southern Arizona. The 48 mile project would have built a second path to supplement the radial 115 kV interconnection between the City of Nogales and Western Area Power Administration's transmission system and thereby improve reliable delivery of power. Although approved at the state level, the federal agency disapproved the project routing. ACC Docket No. L-00000F-01-0111-00000.

Throughout the Western region, significant transmission development is progressing that will meet the region's needs through at least 2020. Construction permits have been issued by western states for major transmission projects totaling thousands of megawatts of transfer capability, within the area originally identified by the Department of Energy as the Southwest National Interest Electric Transmission Corridor. Furthermore, Subregional Planning Groups have identified 44 "foundational" transmission projects covering 5,000 miles that are expected to be in service by 2020. FERC staff has identified more than 8,000 miles of transmission projects in the Western Interconnection with proposed in-service dates by June 2013.

The ACC remains troubled by the expedited nature of the push to enact the proposed delegation and lack of timely notice for the most effective participation and comment at this point in the process. It was not until the August 30, 2011 Western Governors' Association's Committee on Regional Electric Power Cooperation conference call with FERC Chairman Jon Wellinghoff and DOE Senior Advisor Lauren Azar that the ACC received informal direct notification of the contemplated delegation of authority *and* that comments would be due on September 9, 2011. However, the ACC appreciates the opportunity to provide this limited response. The ACC continues to recommend that DOE not delegate any further authority to FERC at this time. Additionally, the ACC looks forward to an explanation of what problem the delegation is intended to resolve and an opportunity to provide comment in a time frame that allows for appropriate consideration of these matters.

Respectfully,

Charles H. Hains
Attorney
Arizona Corporation Commission