

1 BEFORE THE ARIZONA CORPORATION COMMISSION

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3 In the matter of the Application of)
Tucson Electric Power Company) DOCKET NO.
4 ("TEP"), in conformance with the) L-00000C-17-0365-
requirements of Arizona Revised) 00177
5 Statutes §§ 40-360, et seq., for)
Certificates of Environmental) CASE NO. 177
6 Compatibility authorizing the)
construction of the Reciprocating)
7 Internal Combustion Engine Generation) Project and the Irvington 138kV)
8 Transmission Line Relocation Project,) including the installation of ten)
9 (10) modular approximately 20 MW) reciprocating internal combustion)
10 engine generators and construction of) approximately 2.2 miles of new 138kV)
11 transmission lines located within) TEP's Irvington Campus, Section 3,)
12 Township 15 South, Range 14 East,) Pima County, Arizona.)
13 _____) OPEN MEETING

14

At: Phoenix, Arizona

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Date: March 13, 2018

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Filed: March 27, 2018

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REPORTER'S TRANSCRIPT OF PROCEEDINGS

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AGENDA ITEM NOS. 16 and 17

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COASH & COASH, INC.
Court Reporting, Video & Videoconferencing
1802 N. 7th Street, Phoenix, AZ 85006
23 602-258-1440 staff@coashandcoash.com

24

By: Colette E. Ross, CR
Certified Reporter
Certificate No. 50658

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	INDEX TO items	
2	ITEM	PAGE
3	No. 16, RICE Project	
4	Discussion	4
5	Vote	10
6	No. 17, Transmission Project	
7	Discussion	11
8	Vote	11
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
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21		
22		
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24		
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1 BE IT REMEMBERED that the above-entitled and
2 numbered matters came on to be heard as Agenda Item Nos.
3 16 and 17 at Open Meeting before the Arizona Corporation
4 Commission, in Hearing Room 1 of said Commission, 1200
5 West Washington Street, Phoenix, Arizona, commencing at
6 10:20 a.m. on the 13th of March, 2018.

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BEFORE: TOM FORESE, Chairman
9 BOB BURNS, Commissioner
ANDY TOBIN, Commissioner, via videoconference
10 BOYD W. DUNN, Commissioner
JUSTIN OLSON, Commissioner

11

KACIE CANNON, Secretary

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13 APPEARANCES:

14 For the Line Siting Committee:

15 Mr. Thomas K. Chenal, Chairman

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For the Applicant:

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Mr. J. Matthew Derstine

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Ms. Megan J. DeCorse

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Mr. Edmond Beck

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Mr. Conrad Spencer

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For the Arizona Corporation Commission Staff:

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Mr. Charles Hains

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1 CHMN. FORESE: Item No. 16, Tucson Electric
2 Power Company, L-00000C-17-0365-00177. And I will turn
3 the time over to Hearing.

4 Mr. Chairman, we will turn the time over to you.

5 LINE SITING CHMN. CHENAL: Thank you, Chairman
6 Forese and members of the Commission. My name is Tom
7 Chenal. I chair the Arizona Power Plant and Line Siting
8 Committee. And I am happy to present to you two
9 certificates of environmental compatibility today. It's
10 a very interesting project proposed by Tucson Electric.

11 The first CEC deals with what is called a RICE,
12 a reciprocal internal combustion engine. And there are
13 actually 10 units of 20-megawatts each that will
14 generate ramping power to assist with ramping when the
15 renewable power is, the sun, the wind that dies down, it
16 allows ramping power. And so it is intended to
17 supplement that power. So it is a very interesting
18 project. It is at the Irvington campus.

19 And along with that is a second CEC for
20 approximately 2.6 miles of 138kV line that will assist
21 with the new substation that would be built there and
22 will also assist with this RICE project.

23 So these two CECs have the normal conditions
24 that we attach to the CECs, including recommendations of
25 Staff. And the applicant is here to provide, and

1 counsel is here to provide additional information if the
2 Commission has any additional questions.

3 CHMN. FORESE: Thank you, Mr. Chairman.

4 Turn the time over to the company.

5 MR. DERSTINE: Good morning, Mr. Chairman,
6 Commissioners. Matt Derstine on behalf of the
7 applicant, Tucson Electric Power Company. With me is
8 Edmond Beck, director of transmission development;
9 Conrad Spencer, director of Tucson power production and
10 the project director for the RICE project; and Megan
11 DeCorse, regulatory counsel.

12 To give a little bit of an overlay, we have two
13 CECs that were issued by the Siting Committee. After
14 three days of hearings, after a unanimous vote of the
15 members of the Siting Committee approving the CEC for
16 the RICE project, as the Chairman indicated, it involves
17 10 separate 20-megawatt reciprocating internal
18 combustion engines that will be sited on the Irvington
19 campus. Once fully installed, these engines will
20 replace two of the existing Sundt steam generating units
21 located at Irvington.

22 And then, in addition, there is a separate CEC
23 for 2.6 miles of transmission line that will facilitate
24 the relocation of an existing substation on the
25 Irvington campus and allow and improve the substation

1 capability, as well as allow us to interconnect the RICE
2 units into the TEP system.

3 I think, as the Chairman noted, these
4 reciprocating engines do a number of things that are
5 critical to Tucson Electric Power in its objective and
6 its goals of incorporating more renewables on its
7 system. One, it provides 10 megawatts of must-run
8 generation around the clock to maintain a voltage and
9 frequency, have fast-ramping capability, and are highly
10 efficient.

11 And so the real benefits from an environmental
12 perspective are that, as a result of decommissioning the
13 existing Sundt units and deploying these 200 megawatts
14 combined of RICE units, we have a significant, over
15 50 percent, reduction in NOx emissions and significant
16 reduction in groundwater usage. So from an
17 environmental impact perspective, the deployment of this
18 new generation capacity in place of 1960s vintage
19 generation is a plus environmentally, and allows the
20 company to continue to incorporate more and more
21 renewables on its system.

22 Thank you.

23 CHMN. FORESE: Thank you. Appreciate the term
24 vintage.

25 Okay. Let's do this. Commissioner Dunn, would

1 you please move Item 16.

2 COM. DUNN: Chairman, if I understand Item 16,
3 we have three sample orders, is that correct? Do you
4 want me to move any particular order?

5 Maybe have Staff explain the difference between
6 the sample orders. I believe No. 1 deals with approving
7 the siting line conditions, No. 2 with conditions, No. 3
8 as a denial.

9 CHMN. FORESE: So let's do this. If you would
10 please move Sample Order No. 1, we will then discuss it.
11 And if Sample Order 1 gets voted down, then we will move
12 on to the next one.

13 COM. DUNN: Okay.

14 MR. HAINS: Excuse me, Chairman, Commissioner
15 Dunn, if I might. Charles Hains in the Legal Division.

16 Just for one further clarification, because
17 there are two different CECs, there are actually two
18 sets of sample orders. The one --

19 CHMN. FORESE: 16 and 17?

20 MR. HAINS: 16 and 17.

21 CHMN. FORESE: So it will require two votes?

22 MR. HAINS: Correct. One thing, though, to
23 distinguish which set we are talking about, the one with
24 respect to Item 16, the power plant itself, is marked as
25 Sample Order A, B, and C, and it says RICE generation

1 plant inside it, just to be clear about which set is
2 being voted on at the time.

3 CHMN. FORESE: Okay. So what you are saying is
4 that for 16, instead of being Sample Order 1, 2, 3, you
5 have set it up as A, B, and C?

6 MR. HAINS: It could be 1, 2, 3. But the
7 distinction is that it says RICE generation plant
8 underneath it.

9 CHMN. FORESE: Okay. So if we put up Sample
10 Order No. 1 and vote that initially, that will suffice
11 for Legal? And then if it does not have the votes, then
12 we would have to do the next sample order.

13 MR. HAINS: I believe so. But just to clarify,
14 so like, for instance, if you wanted to move Sample
15 Order No. 1 for Item 16, it would be Sample Order No. 1,
16 RICE generation plant.

17 CHMN. FORESE: Got it. Okay.

18 MR. HAINS: Okay.

19 COM. DUNN: Because both 15 and 16 have the same
20 docket number, is that your concern? Okay.

21 MR. HAINS: Yes.

22 COM. DUNN: Okay. So, Mr. Chairman, I move for
23 the approval, with regard to Item 16, Sample Order No. 1
24 for the RICE.

25 CHMN. FORESE: Generation --

1 COM. DUNN: Generation plant.

2 CHMN. FORESE: Wonderful. Thank you.

3 Okay. Commissioners, Item 16, Sample Order
4 No. 1 is before you. Any discussion, questions,
5 conversation?

6 COM. DUNN: Sorry.

7 CHMN. FORESE: Mr. Dunn.

8 COM. DUNN: Mr. Chairman, if I may hear from
9 someone as to the difference between 1 or 2. It sounds
10 like we want to approve the recommendations of the
11 Siting Committee. What are the conditions and why are
12 we being presented two sample orders? Is that pursuant
13 to the request of the applicant?

14 MR. HAINS: Chairman, Commissioner Dunn, with
15 respect to the samples and why it is a selection of
16 three samples, it is a traditional measure that's done
17 as a matter of convenience for the Commissioners as a
18 means to expedite and make an efficient opportunity to
19 vote on the matter when they are presented.

20 It doesn't necessarily assume that there are
21 actually modifications being presented for it or that
22 there is a suggestion to reject it either. It is just
23 to make a simple, a vehicle, if you will, for voting
24 however the Commission may choose to vote on the item
25 when it is in front of them. We do it for every CEC

1 that comes to the Commission.

2 COM. DUNN: I haven't noticed that before.

3 So what is the difference between 1 and 2?

4 MR. HAINS: No. 1 would be the approval as
5 presented in the CEC. Sample Order No. 2 would be if
6 there are amendments that the Commission wants to
7 entertain to the CEC.

8 COM. DUNN: Okay, okay. I was a little confused
9 with that. Okay.

10 CHMN. FORESE: Okay. Discussions on Item 16,
11 Sample Order No. 1?

12 (No response.)

13 CHMN. FORESE: Seeing no discussion or
14 questions, Kacie, would you please call the roll.

15 SECRETARY CANNON: Commissioner Burns.

16 COM. BURNS: Aye.

17 SECRETARY CANNON: Commissioner Olson.

18 COM. OLSON: Aye.

19 SECRETARY CANNON: Commissioner Tobin.

20 COM. TOBIN: Aye.

21 SECRETARY CANNON: Commissioner Dunn.

22 COM. DUNN: Aye.

23 SECRETARY CANNON: Chairman Forese.

24 CHMN. FORESE: Aye.

25 With your votes of five ayes, zero nays, you

1 have passed Item No. 16, Sample Order No. 1, RICE
2 generation plant.

3 Okay. Before we take a quick break, let's,
4 while we have you up here, let's move on to Item No. 17,
5 Tucson Electric Power Company, L-00000C-17-0365-00177.

6 And, again, I'll turn the time over to the
7 Chairman. I believe they have already been explained.

8 LINE SITING CHMN. CHENAL: Yes, we already
9 explained it, sir. This is, the second CEC relates to
10 the 2.6 mile line that would connect to a new substation
11 and would assist with the RICE project.

12 CHMN. FORESE: Okay. Anything to add?

13 MR. DERSTINE: Nothing to add, Mr. Chairman.

14 CHMN. FORESE: Okay. Commissioner Dunn, would
15 you please move Item No. 17, Sample Order 1.

16 COM. DUNN: Any further identification? Is that
17 fine, Staff?

18 I am sorry, Chairman. Then with regard to Item
19 No. 17, I move for the approval of Sample Order No. 1
20 regarding Tucson Electric Power Company.

21 CHMN. FORESE: Okay. Any discussion?

22 (No response.)

23 CHMN. FORESE: Seeing none, Kacie, would you
24 please call the roll.

25 SECRETARY CANNON: Commissioner Burns.

1 COM. BURNS: Aye.

2 SECRETARY CANNON: Commissioner Olson.

3 COM. OLSON: Aye.

4 SECRETARY CANNON: Commissioner Tobin.

5 COM. TOBIN: Briefly explain my vote,

6 Mr. Chairman?

7 CHMN. FORESE: Please.

8 COM. TOBIN: Yeah, I just want to give a shout
9 out to Tom Chenal there for all the work that they have
10 done on the Line Siting Committee. You can tell that
11 they spent an awful lot of time putting these together
12 and does a lot of work for us here at the Commission.
13 So I want to appreciate the work.

14 And with that, I would like to vote aye.

15 SECRETARY CANNON: Commissioner -- or I'm sorry.

16 Commissioner Dunn.

17 COM. DUNN: Wait for the phone call. That's
18 okay. Aye.

19 SECRETARY CANNON: Chairman Forese.

20 CHMN. FORESE: Aye.

21 With your votes of five ayes, zeros nays, you
22 have passed Item No. 17, Sample Order No. 1.

23 Okay. Please bear with us. We will be taking a
24 short break. We will be back at about 10, 10 minutes.

25 (TIME NOTED: 10:32 a.m.)

1 STATE OF ARIZONA)
2 COUNTY OF MARICOPA)

3 BE IT KNOWN that the foregoing proceedings were
4 taken before me; that the foregoing pages are a full,
5 true, and accurate record of the proceedings all done to
6 the best of my skill and ability; that the proceedings
7 were taken down by me in shorthand and thereafter
8 reduced to print under my direction.

9 I CERTIFY that I am in no way related to any of
10 the parties hereto nor am I in any way interested in the
11 outcome hereof.

12 I CERTIFY that I have complied with the
13 ethical obligations set forth in ACJA 7-206(F)(3) and
14 ACJA 7-206 (J)(1)(g)(1) and (2). Dated at Phoenix,
15 Arizona, this 19th day of March, 2018.

16 

17 _____
18 COLETTE E. ROSS
19 Certified Reporter
20 Certificate No. 50658

21 I CERTIFY that Coash & Coash, Inc., has complied
22 with the ethical obligations set forth in ACJA 7-206
23 (J)(1)(g)(1) through (6).

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