

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Tucson Electric Power Company

)

Docket No. EC15-31-000

**PROTEST OF ALTERNA SPRINGERVILLE LLC
AND LDVF1 TEP LLC**

Pursuant to Rule 211 of the Federal Energy Regulatory Commission’s (“Commission” or “FERC”) Rules of Practice and Procedure, 18 CFR § 385.211, and the Commission’s Notice of Filing issued in this proceeding on November 13, 2014, Alterna Springerville LLC (“Alterna”) and LDVF1 TEP LLC (“LDVF1”) (jointly, “Intervenors”) ¹ hereby protest the “Application for Approval Pursuant to Section 203 of the Federal Power Act and Request for Expedited Consideration,” (“Section 203 Application”) filed by Tucson Electric Power Company (“TEP”) on November 12, 2014 in this proceeding.

TEP is seeking Commission authorization pursuant to Section 203(a)(1) of the Federal Power Act (“FPA”), 16 U.S.C. § 824b(a)(1), and Part 33 of the Commission’s regulations, 18 C.F.R. Part 33 (2014), to sell to Salt River Project Agricultural Improvement and Power District (“SRP”) an approximately 57.44% undivided interest in the 345 kV Springerville-Coronado transmission line (the “Springerville-Coronado Line”) and to purchase from SRP an approximately 42.56% undivided interest in certain upgrades installed by SRP on the Springerville-Coronado Line. The Springerville-Coronado Line is part of the San Juan-Springerville-Vail Transmission System in which TEP has an interest. TEP has also asked for expedited Commission approval of this transaction by December 30, 2014.

¹ Intervenors filed a Motion to Intervene in this proceeding on November 19, 2014.

Intervenors submit that this transaction may have an adverse effect on competition and on regulation and thus would not be in the public interest.² Action on the Section 203 Application on an expedited basis, as TEP has requested, may also adversely constrain the Commission's discretion to implement a remedy, if one is determined to be needed, in response to Intervenors' recently filed FPA Section 206 complaint concerning transmission rights on this same portion of TEP's transmission system. Any Commission approval of the transaction should occur only after the Commission rules on this complaint or, alternatively, be subject to appropriate conditions to mitigate such adverse effects on competition and regulation and to preserve the Commission's discretion in this pending complaint proceeding.

BACKGROUND

Intervenors are beneficiaries under separate trust agreements dated December 15, 1986, as amended, between Wilmington Trust Company as Owner Trustee and William J. Wade as Co-Trustee (the "Trustees") relating to ownership and operation of Unit 1 of the Springerville Generating Station in Springerville, AZ ("Springerville Unit 1").³ TEP currently leases Springerville Unit 1 from the Trustees pursuant to a facility lease agreement that is scheduled to expire on January 1, 2015 (the "Lease Agreement"). When the Lease Agreement expires, the ownership interests in Springerville Unit 1 held by the Trustees on behalf of Intervenors and leased to TEP will revert to the Trustees on behalf of Intervenors as beneficial owners. At that time, Intervenors will become responsible for marketing their respective ownership shares of the

² "FPA section 203(a)(4) requires the Commission to approve a transaction if it determines that the transaction will be consistent with the public interest. The Commission's analysis of whether a transaction will be consistent with the public interest generally involves consideration of three factors: (1) the effect on competition; (2) the effect on rates; and (3) the effect on regulation." *Exelon Corporation and Pepco Holdings, Inc.*, 149 FERC ¶ 61,148 at P 29 (2014)(footnotes omitted).

³ Alterna is the successor-in-interest to Philip Morris Capital Corporation, and LDVF1 is the successor-in-interest to CILCORP Lease Management, Inc.

electrical output of Springerville Unit 1. Because Springerville Unit 1 is connected to the TEP system, Intervenors need transmission service on the TEP system in order to have such electricity delivered to viable wholesale electricity markets where it can be sold.

Under the terms of an Amended and Restated Facility Support Agreement between the Trustees and TEP, as amended and restated as of December 15, 1992 (the “1992 FSA”), TEP is obligated, upon termination of the Lease Agreement on January 1, 2015, to provide firm transmission service from Springerville Unit 1 to a point of interconnection with the transmission system of another utility, subject to the reasonable approval of Intervenors, in order to enable Intervenors to market their respective scheduled entitlement shares of the output of Springerville Unit 1. Palo Verde is the only point on TEP’s system that is commercially reasonable for the sale of such electricity by Intervenors. Therefore, transmission service from Springerville Unit 1 to Palo Verde is essential to Intervenors’ ability to market their scheduled entitlement shares of the output of Springerville Unit 1. Such service would utilize TEP’s transmission path from Springerville to Vail over the San Juan-Springerville-Vail Transmission System and then from Vail to Palo Verde. Thus far, however, TEP has refused to provide this transmission service on the basis that it lacks available transmission capacity (“ATC”).

On October 17, 2014, TEP tendered for filing a series of long-term Transmission Service Agreements (“TSAs”) pursuant to which it is proposing to provide up to 623 MW of firm transmission service for SRP on the Springerville-Coronado Line.⁴ Such service would involve transmission of electricity in either direction between the Springerville Generating Station and the Coronado bus. Intervenors filed a motion to intervene and protest in that proceeding in which they expressed concern that the provision of such transmission service to SRP may reduce

⁴ *Tucson Electric Power Co.*, Docket No. ER15-124-000, Transmission Service Agreements (“Section 205 Filing”).

the amount of capacity on the San Juan-Springerville-Vail Transmission System that would otherwise be available for TEP's transmission of electricity from Springerville to Palo Verde on their behalf.⁵

In a blatant effort to undermine the Commission's ability to address the issues raised by Intervenors in the protest in Docket No. ER15-124-000, TEP responded, just three business days later, with the instant Section 203 Application which seeks Commission authorization to sell to SRP transmission capacity in the Springerville-Coronado Line – the same transmission capacity which is to be used for transmission of electricity in accordance with the TSAs submitted as part of its now protested Section 205 Filing. And, in an effort to render moot Intervenors' Protest therein, TEP asked that the Commission act on this Section 203 Application on an expedited basis so as to issue an order authorizing a transfer of an interest in the Springerville-Coronado Line to SRP no later than December 30, 2014.⁶

PROTEST

I. The Transaction Is Not In the Public Interest Because It Would Adversely Affect Competition.

The Springerville-Coronado Line is a part of TEP's San Juan-Springerville-Vail Transmission System over which Intervenors need transmission service in order to be able to have their scheduled entitlement shares of the output of Springerville Unit 1 transmitted from

⁵ *Tucson Electric Power Co.*, "Motion to Intervene and Protest of Alterna Springerville LLC and LDVF1 TEP LLC," filed Nov. 7, 2014 ("Protest").

⁶ Section 203 Application at 2. Even more recently, TEP requested that the Commission defer action on the Section 205 Filing until December 31, 2014, which request has been publically noticed in Docket No. ER15-124-001 with a comment/protest deadline of December 12, 2014. TEP's apparent goal is to be able to transfer the interest in the Springerville-Coronado Line to SRP before the date on which Intervenors need to obtain transmission service from TEP, in an effort to avoid Commission action on the merits of the issues raised by Intervenors' Protest in that proceeding. See *Tucson Electric Power Company*, "Request to Defer Statutory Action, Request For Leave To Answer, and Answer of Tucson Electric Power Company," Docket No. ER15-124-001, filed Nov. 20, 2014 ("Deferral Request") at 4-5.

Springerville Unit 1 to Palo Verde. TEP is proposing to provide transmission service in either direction over the Springerville-Coronado Line for SRP in accordance with the TSAs through December 31, 2014 at preferential transmission rates, and thereafter to transfer an ownership interest in that line to SRP as an alternative to providing transmission service under these TSAs.

Insofar as Intervenors are aware, electricity transmitted over the Springerville-Coronado Line and delivered from Coronado to the Springerville 345 kV bus does not sink at that location. Therefore, regardless of whether transmission service is provided by TEP pursuant to the TSAs or by SRP as a joint owner of the Springerville-Coronado Line, the use of that line by SRP for transmission of electricity from Coronado to Springerville and thereafter to Vail or other points on the TEP transmission system south of Springerville may reduce the amount of capacity on the San Juan-Springerville-Vail Transmission System that would otherwise be available for TEP's transmission of electricity from Springerville to Palo Verde on behalf of Intervenors.

After the Lease Agreement expires, Intervenors will become potential competitors of TEP and other generation suppliers in the Southwestern United States with respect to the sale of electricity at wholesale to purchasers in California. In order to do so, Intervenors need to obtain transmission service from TEP for transmission of electricity from Springerville Unit 1 to Palo Verde. To the extent that electricity is transmitted from Coronado to Springerville for delivery to Vail or other points on the TEP transmission system south of Springerville, the sale of an interest in the Springerville-Coronado Line by TEP to SRP may reduce the amount of transmission capacity on the San Juan-Springerville-Vail Transmission System owned by TEP that could otherwise be used by TEP to transmit electricity on behalf of Intervenors. Although TEP asserts that "the Transaction will not result in any change in market concentration,"⁷ it may prevent the

⁷ Section 203 Application at 9.

Intervenors' shares of the output of Springerville Unit 1 from entering the market for sale of electricity at wholesale to purchasers in California, and therefore help to preserve TEP's existing share of that market, which might otherwise be diluted. For these reasons, TEP's sale of an interest in that line to SRP, without appropriate conditions, would adversely affect competition in wholesale electricity markets in the Southwestern United States.

Citing the Commission's decision in *DTE Energy Company*, 97 FERC ¶ 61,330 at 62,572 (2001), TEP asserts that the Commission should ignore the anti-competitive effects of the transaction proposed in this docket because it is a "wires-only" transaction.⁸ Intervenors disagree. The transaction at issue in *DTE Energy* involved a proposed transfer of transmission facilities from a vertically-integrated electric utility to a regional transmission organization. The transfer of ownership of those facilities, as proposed in *DTE Energy*, would not have affected the use of those facilities. In contrast, the transfer of an interest in the Springerville-Coronado Line by TEP to SRP would give SRP preferential rights to the use of the capacity in the line associated with such ownership interest over the rights of Intervenors or other transmission customers of TEP, and would allow SRP to usurp prior rights of other potential TEP transmission customers, including Intervenors. Under such circumstances, the transaction may have an adverse effect on competition even if it is simply a "wires-only" transaction.

TEP has appended to its Deferral Request an Affidavit of Ed Beck, formerly Director of Transmission Administration of TEP ("Affidavit").⁹ Mr. Beck asserts that "[t]ransmission use or awards of transmission rights over the Springerville-Coronado Line has no impact on ATC availability on the path from Springerville to Palo Verde, or for that matter from Springerville to

⁸ Section 203 Application at 8.

⁹ As Mr. Beck's affidavit has not been filed by TEP in this docket, Intervenors are appending it to this Protest for the Commission's convenience.

Vail,” because TEP “calculates ATC on each segment of its transmission system.”¹⁰ Thus, under the methodology adopted by TEP for calculation of ATC, as discussed by Mr. Beck, “[a]ny reservations on the Springerville-Coronado Line are deducted in the calculation of the ATC *for that path only* and have no impact on ATC calculations from Springerville to Palo Verde.”¹¹

As noted above, it is unlikely that electricity transmitted by SRP from Coronado to Springerville sinks at Springerville. Instead, such electricity presumably enters the remainder of the TEP system at Springerville and continues to flow on the TEP transmission system beyond Springerville. Therefore, even if, as Mr. Beck states, TEP now calculates ATC separately on each segment of its system, the unrestricted use of the Springerville-Coronado Line by SRP for transmission of electricity from Coronado to Springerville for delivery elsewhere on the TEP transmission system may adversely affect the amount of ATC that would otherwise exist on the Springerville-Vail transmission path.

Mr. Beck’s discussion about the impact of SRP’s use of the Springerville-Coronado Line on ATC in other segments of the San Juan-Springerville-Vail Transmission System is cursory at best. If, in fact, the transfer of an interest in that line will have no impact on the amount of ATC on the transmission path from Springerville to Vail to Palo Verde, Mr. Beck presumably would have provided a more comprehensive explanation of the methodology used by TEP to determine the amount of ATC that exists on each segment on that path, and the data underlying his conclusions. In the absence of such information, TEP’s claim that the use of the Springerville-Coronado Line by SRP has no impact on the amount of ATC on the transmission path between Springerville and Palo Verde should be disregarded by the Commission.

¹⁰ Affidavit at 3-4.

¹¹ *Id.* at 4 (emphasis in original).

TEP also claims that the sale of an interest in the Springerville-Coronado Line to SRP will not have an adverse impact on competition in transmission because TEP currently provides transmission service under its open access transmission tariff (the “OATT”), and it “will continue to provide open access service over the Springerville-Coronado Line and its portion of the acquired Springerville-Coronado Upgrades” after the sale of an interest in that line to SRP has been consummated.¹² TEP’s claim in this regard is disingenuous. If TEP is permitted to sell an interest in the Springerville-Coronado Line to SRP without appropriate conditions, the amount of capacity in that line that may be used by TEP to provide transmission service under its OATT will be reduced. Because transmission customers of TEP will no longer have transmission access over the transmission capacity being transferred to SRP, the mere fact that TEP will continue to provide open access transmission service over the portion of the Springerville-Coronado Line in which it has retained an ownership interest does not refute Intervenors’ showing that the transfer of an interest in that line to SRP will have an adverse effect on competition.

In any event, Intervenors’ rights to transmission service on the TEP transmission system are based on the 1992 FSA, to which TEP was legally bound before it filed its OATT and before its negotiations with SRP commenced. Mr. Beck’s affidavit is notably silent on whether transmission service for SRP over the Springerville-Coronado Line, regardless of whether that service is provided pursuant to the TSAs or to ownership rights which TEP is proposing to transfer to SRP, might adversely affect the rights that were conveyed to Intervenors and Trustees in the 1992 FSA.¹³ Unless and until TEP demonstrates that the amount of capacity available on

¹² Section 203 Application at 9.

¹³ In Section 2.1 of the 1992 FSA, TEP agreed that it would not take any action which would have any adverse effect on any Owner Trustee or its Undivided Interest in Springerville Unit 1.

its system in 1992, when it made its commitment to Intervenor in the 1992 FSA, has not been adversely affected by the use of the Springerville-Coronado Line by SRP, there is no basis on which the FERC might conclude that the proposed transaction will not have an adverse effect on competition.

II. The Transaction Is Not In the Public Interest Because It Would Adversely Affect Regulation.

TEP's interest in the San Juan-Springerville-Vail Transmission System (including the Springerville-Coronado Line) is part of TEP's FERC-jurisdictional transmission system. As discussed above, transmission service is available over TEP's share of capacity in the San Juan-Springerville-Vail Transmission System in accordance with TEP's OATT. Because SRP is a political subdivision of the State of Arizona, SRP is not a FERC-jurisdictional public utility.¹⁴ Therefore, the transfer of an interest in the Springerville-Coronado Line by TEP to SRP will reduce the amount of transmission capacity on that transmission line within the Commission's regulatory jurisdiction.

TEP claims that the transaction will not have an adverse effect on regulation, *inter alia*, "because Order No. 888 requires that a public utility that owns interstate transmission facilities jointly with a non-jurisdictional entity to offer OATT service over the public utility's share of the joint facilities."¹⁵ In so doing, TEP would have the Commission ignore the fact that the transaction will reduce TEP's share of the capacity in the Springerville-Coronado Line over which it currently offers open access transmission service.

Significantly, FERC-jurisdictional public utilities such as TEP are required to provide open access transmission service on a non-discriminatory basis in accordance with a tariff on file

¹⁴ See Section 201(f) of the FPA, 16 U.S.C. § 824(f).

¹⁵ Section 203 Application at 12 (emphasis added).

at the Commission.¹⁶ Because SRP is not a FERC-jurisdictional public utility, the sale of an interest in the Springerville-Coronado Line would deprive the Commission of its regulatory authority to require the provision of open access transmission service over the capacity associated with the ownership interest in that line that is sold to SRP. Moreover, the use of that line by SRP for its own purposes after the transfer has been consummated would reduce the amount of capacity on that line that is available for use by potential TEP transmission customers with a higher priority than that of SRP.

Moreover, as discussed above, TEP has filed a series of TSAs for transmission service to SRP in Docket No. ER15-124-000. One of those TSAs provides for TEP to provide transmission service in either direction between the Springerville Switchyard of TEP and the Coronado Switchyard of SRP for one year, beginning on September 17, 2014 and ending no later than September 17, 2015. On November 12, 2014, TEP, having agreed with SRP to a price for the sale of an interest in the Springerville to Coronado Line, filed its application in this proceeding for authorization to transfer an interest in the Springerville to Coronado Line to SRP. TEP has asked the FERC to act expeditiously in this proceeding in an effort to render moot the protest filed by Intervenors in Docket No. ER15-124-000. It is therefore evident that TEP is seeking authorization to sell an interest in the Springerville to Coronado Line to SRP at this time expressly for the purpose of limiting the FERC's regulatory authority.

III. The Commission Should Defer Action on this Transaction Pending Resolution of the Joint Complaint or, In the Alternative, Condition Its Approval of this Section 203 Application on the Outcome of the Joint Complaint.

On November 7, 2014, Intervenors and Trustees filed a joint complaint against TEP in which they asked the FERC to order TEP to provide the transmission service needed for

¹⁶ See 18 CFR § 35.28.

transmission of their scheduled entitlement shares of the output of Springerville Unit 1, to which they are entitled under the 1992 FSA, for transmission of electricity from Springerville to Palo Verde.¹⁷ Grant of the relief sought in the Joint Complaint would render moot both the Protest filed by Intervenors in response to TEP's Section 205 Filing and this Protest. For that reason, it would be appropriate for the FERC to act on the Joint Complaint before addressing the issues raised by Intervenors in either Protest.

However, in the event that the Commission determines to act on the Section 203 Application before addressing the matters raised by the Joint Complaint, the Commission should condition its grant of any authorization therein on provisions which preserve its ability to protect the rights of Intervenors to pre-OATT transmission service on the TEP system for their entitlement shares of the generation output of Springerville Unit 1.

Specifically, as noted above, Intervenors believe that the transfer of an interest in the Springerville-Coronado Line to SRP, as proposed by TEP herein, will permanently deprive TEP of transmission capacity that may be needed for TEP to transmit electricity on behalf of Intervenors from Springerville to Palo Verde. Intervenors' rights to transmission service over the TEP transmission system are set forth in the 1992 FSA, and therefore have priority over any rights that SRP may have to transmission service on the San Juan-Springerville-Vail Transmission System.¹⁸ Therefore, the Commission should condition any authorization granted to TEP in this proceeding upon a requirement that TEP first demonstrate that it will have sufficient transmission capacity with which to provide the transmission service from

¹⁷ *Alterna Springerville LLC, LDVF1 TEP LLC, Wilmington Trust Co. and William J. Wade v. Tucson Electric Power Col.*, Docket No. EL15-17-000, filed Nov. 7, 2014 ("Joint Complaint").

¹⁸ The Section 203 Application dates the earliest agreement between TEP and SRP concerning SRP's potential acquisition of transmission rights on the TEP transmission system to October 20, 2003, over a decade after TEP entered into the 1992 FSA. *See* Section 203 Application at 5.

Springerville to Palo Verde that has been requested by Intervenors after the transaction has been consummated. Alternatively, the FERC should retain jurisdiction over the transaction insofar as necessary for it to be able to grant the relief sought in the Joint Complaint even after the interest in the Springerville-Coronado Line has been transferred to SRP.¹⁹

IV. Expedited Action On the Section 203 Application Is Unwarranted.

The Commission has 180 days in which to act on applications for authorization to transfer Commission-jurisdictional facilities under FPA Section 203, and such time may be extended by the Commission for another 180 days under appropriate circumstances.²⁰

Accordingly, the Commission has ample time in which to act on the Joint Complaint before acting on the Section 203 Application. Nevertheless, TEP has asked the Commission to issue an order in this proceeding no later than December 30, 2014 in an effort to forestall Commission action on Intervenors' Protest in response to its Section 205 Filing.²¹

TEP has not shown good cause for the adoption of such an expedited schedule. Because the Application was not filed until November 12, 2014, TEP's request would give the Commission only one-and-a-half months in which to consider the complex and highly fact-oriented issues that have been raised in this proceeding. This request comes at a time when FERC personnel are engaged in completing review of higher priority matters before the end of the year and at a time when many Commission employees may be taking time off to engage in holiday-related activities. Under such circumstances, there is no valid reason why the

¹⁹ See, e.g., *Alcoa Power Generating Inc.*, 140 FERC ¶ 62,151 at Ordering Paragraph (4) (2012) ("The Commission retains authority under sections 203(b) and 309 of the FPA to issue supplemental orders as appropriate."); see also, *Madison Gas and Electric Co.*, 118 FERC ¶ 62,107 (2007); *Westar Energy, Inc.*, 117 FERC ¶ 62,258 (2006).

²⁰ See 18 CFR § 33.11.

²¹ Section 203 Application at 17-18.

Commission should burden its staff to process the Section 203 Application on an expedited basis simply to satisfy TEP's strategic objectives.²²

Significantly, insofar as it appears from the Section 205 Filing and the Section 203 Application filed herein, Commission action is not needed by December 31, 2014 in this proceeding in order for SRP to obtain transmission service from TEP. As a practical matter, TEP has been providing transmission service over the Springerville-Coronado Line for several years, and is proposing to continue to do so beyond December 31, 2014 in accordance with one of the TSAs submitted in Docket No. ER15-124-000. Because the authorization sought by TEP in this proceeding would permanently deprive the FERC of jurisdiction over transmission capacity on the Springerville-Coronado Line being sold by TEP to SRP, the Commission should defer action in this proceeding until it has had an opportunity to give full and complete consideration to the issues raised by Intervenors in this proceeding and the issues raised in the Joint Complaint proceeding.

CONCLUSION

WHEREFORE, for the foregoing reasons, Intervenors respectfully request that the Commission defer taking action herein until after it rules on the Joint Complaint. In the alternative, Intervenors request that the Commission condition its grant of any authorization for TEP to sell to SRP an interest in the Springerville-Coronado Line on provisions designed to

²² Moreover, TEP's request for expedited action in this proceeding is inconsistent with the position it recently espoused in its motion seeking additional to answer the Joint Complaint. Therein, TEP sought additional time in which to respond on the basis that "[t]he Complaint presents complex and highly fact-oriented issues and assertions that require specific responses from Tucson Electric," and because key TEP personnel were expected to be unavailable due to the Thanksgiving holiday and planned vacations during the time when the response was to be prepared. See *Alternna Springerville LLC, LDVFI TEP LLC, Wilmington Trust Company, and William J. Wade v. Tucson Electric Power Company*, "Motion for Extension of Time to Answer Complaint and Request for Expedited Action of Tucson Electric Power Company," filed Nov. 12, 2014, at 2.

preserve FERC's ability to protect the pre-existing rights of Intervenor to transmission service on the TEP transmission system.

Respectfully submitted,

ALTERNA SPRINGERVILLE LLC
LDVF1 TEP LLC

By /s/Barbara Jost

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Attachment:

Affidavit of Ed Beck On Behalf of Tucson Electric Power Company, Docket No. ER15-124-001, filed Nov. 20, 2014

ATTACHMENT

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Tucson Electric Power Company

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Docket No. ER15-124-000

**AFFIDAVIT OF ED BECK
ON BEHALF OF TUCSON ELECTRIC POWER COMPANY**

I. INTRODUCTION

My name is Ed Beck and my business address is Tucson Electric Power Company, 88 East Broadway, Tucson, Arizona 85701. I currently hold the position of Director, Project Management and Land Resources at Tucson Electric Power Company (“Tucson Electric”). I have held this position since August 2014.

I received a Bachelor of Science degree in Civil Engineering in 1979 and a Master’s Degree in Business Administration in 1983 from the University of Arizona. I am a Registered Professional Engineer in the State of Arizona and a member of the American Society of Civil Engineers. In addition, I have served on various task force and committee assignments related to transmission in the region.

I have worked in the electric utility industry for 35 years. Before assuming my present position, I was Director of Transmission Administration at Tucson Electric. In that position I was responsible for contracts, including transmission contracts involving the company. Prior to that, I was Manager of Line Siting Services at Tucson Electric. In that capacity I was responsible for all aspects of transmission siting projects for the company. Prior to that, I was Superintendent of Planning and Contracts for Tucson Electric. In that capacity, I was responsible for the company’s transmission and distribution system planning and transmission system contracts, including justification and timing for new facilities such as 138 kV substations,

high voltage and extra-high voltage transmission lines and distribution lines. In this capacity, I was also primarily responsible for the implementation of the Federal Energy Regulatory Commission's Open Access Transmission Tariff ("OATT") at Tucson Electric, including drafting of Tucson Electric's first OATT and the primary representative in Tucson Electric's settlement negotiations of its OATT rates.

I have extensive knowledge of Tucson Electric's transmission system and thus have professional expertise and personal knowledge of the matters discussed in this Affidavit.

II. PURPOSE OF AFFIDAVIT

I submit this Affidavit in support of the Answer of Tucson Electric to the Motion to Intervene and Protest ("Protest") of Alterna Springerville LLC and LDVF1 TEP LLC (jointly, "Protestors") filed in the captioned proceeding on November 7, 2014. More particularly, I explain in this Affidavit that the transmission service granted by Tucson Electric to the Salt River Project Agricultural Improvement and Power District ("SRP") pursuant to the September 2014 TSA filed by Tucson Electric in this proceeding on October 17, 2014, did not in any way impact available transmission capability ("ATC") starting January 1, 2015, between Springerville and Palo Verde sought by Protestors.

III. TUCSON ELECTRIC'S TRANSMISSION SYSTEM

Tucson Electric's transmission system consists of approximately 2,132 pole and/or circuit-miles of high voltage lines rated 138 kV to 500 kV. As illustrated in the map attached in Exhibit 1 hereto, the lines run in a more or less radial fashion from the Tucson, Arizona, area to the generating facilities owned and/or leased by Tucson Electric in northern and western Arizona, and in northwestern New Mexico. Tucson Electric's transmission system was designed in this manner in order to move power from these remote generating resources to Tucson Electric's load center in and around the City of Tucson, Arizona.

IV. DETERMINATION OF AVAILABLE TRANSMISSION CAPABILITY

Tucson Electric provides open access across the entirety of its transmission system pursuant to its OATT that has been on file with the Commission in one form or another since 1996. ATC over Tucson Electric's system is determined in accordance with the provisions of Attachment C of the OATT, which took its present form effective July 16, 2012. Tucson Electric's ATC is based on path ratings developed under criteria established by the Western Electricity Coordinating Council with deductions made for committed uses under grandfathered agreements, as well as reservations under Tucson Electric's OATT.

Protestors state in their Protest that they are "concerned that the transmission service to be provided by [Tucson Electric] to SRP pursuant to the TSAs may reduce the amount of capacity on the San Juan-Springerville-Vail Transmission System that would otherwise be available for [Tucson Electric's] transmission of electricity from Springerville to Palo Verde on their behalf."¹ They also criticize Tucson Electric for failing "to set aside transmission capacity from Springerville to Palo Verde on behalf of [Protestors] when evaluating the subsequent request for transmission service by SRP"²—implying that the transmission rights given to SRP somehow foreclosed Protestors' rights.

Both statements are factually unfounded.

Transmission use or awards of transmission rights over the Springerville-Coronado Line has no impact on ATC availability on the path from Springerville to Palo Verde, or for that matter from Springerville to Vail. While the Springerville-Coronado Line is part of the larger San Juan-Springerville-Vail Transmission System, the Springerville-Coronado Line is a radial

¹ Protest at 5. The Protest refers to the multiple TSAs filed by Tucson Electric in this proceeding, but all but one of those TSAs—the September 2014 TSA—have expired by their terms.

² Protest at 7.

line off of the main transmission path that runs from San Juan through Springerville and on to Vail. As a result, Tucson Electric's granting of SRP's bidirectional transmission request on the Springerville-Coronado Line had no impact whatsoever on the availability of firm transmission from Springerville to Palo Verde.

Tucson Electric calculates ATC on each segment of its transmission system. Any reservations on the Springerville-Coronado Line are deducted in the calculation of the ATC *for that path only* and have no impact on ATC calculations from Springerville to Palo Verde. Historically, the Springerville to Palo Verde path has been heavily used from Springerville to Vail for delivery of Tucson Electric's generation resources, including generation from the Four Corners, San Juan and Springerville Generating Stations, to its load in Tucson. There has been no ATC on the Springerville to Vail path since the inception of Tucson Electric's OATT. Again, even if Tucson Electric denied SRP's request for bidirectional rights over the Springerville-Coronado Line, there still would be no firm ATC from Springerville to Palo Verde. Thus, Tucson Electric's granting of SRP's request did not "crowd out" or otherwise undermine the efforts of Protestors to procure firm transmission service from Springerville to Vail and beyond to Palo Verde.

V. CONCLUSION

This concludes my Affidavit.

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

VERIFICATION

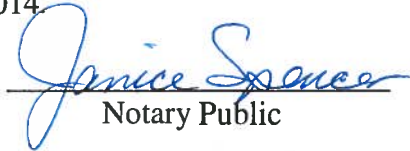
STATE OF ARIZONA)
)
 COUNTY OF PIMA)

Ed Beck, being first duly sworn, deposes and says that: (a) he is the Director of Project Management and Land Resources of Tucson Electric Power Company, (b) the foregoing Affidavit of Ed Beck was prepared by him and/or under his supervision, and (c) the contents thereof are true and correct to the best of his knowledge, information, and belief.



 Ed Beck
 Director of Project Management and Land Resources
 Tucson Electric Power Company

Subscribed and sworn to me this 20th day of November, 2014.



 Notary Public

My Commission Expires: 8/8/15

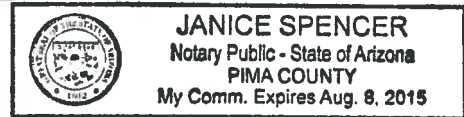
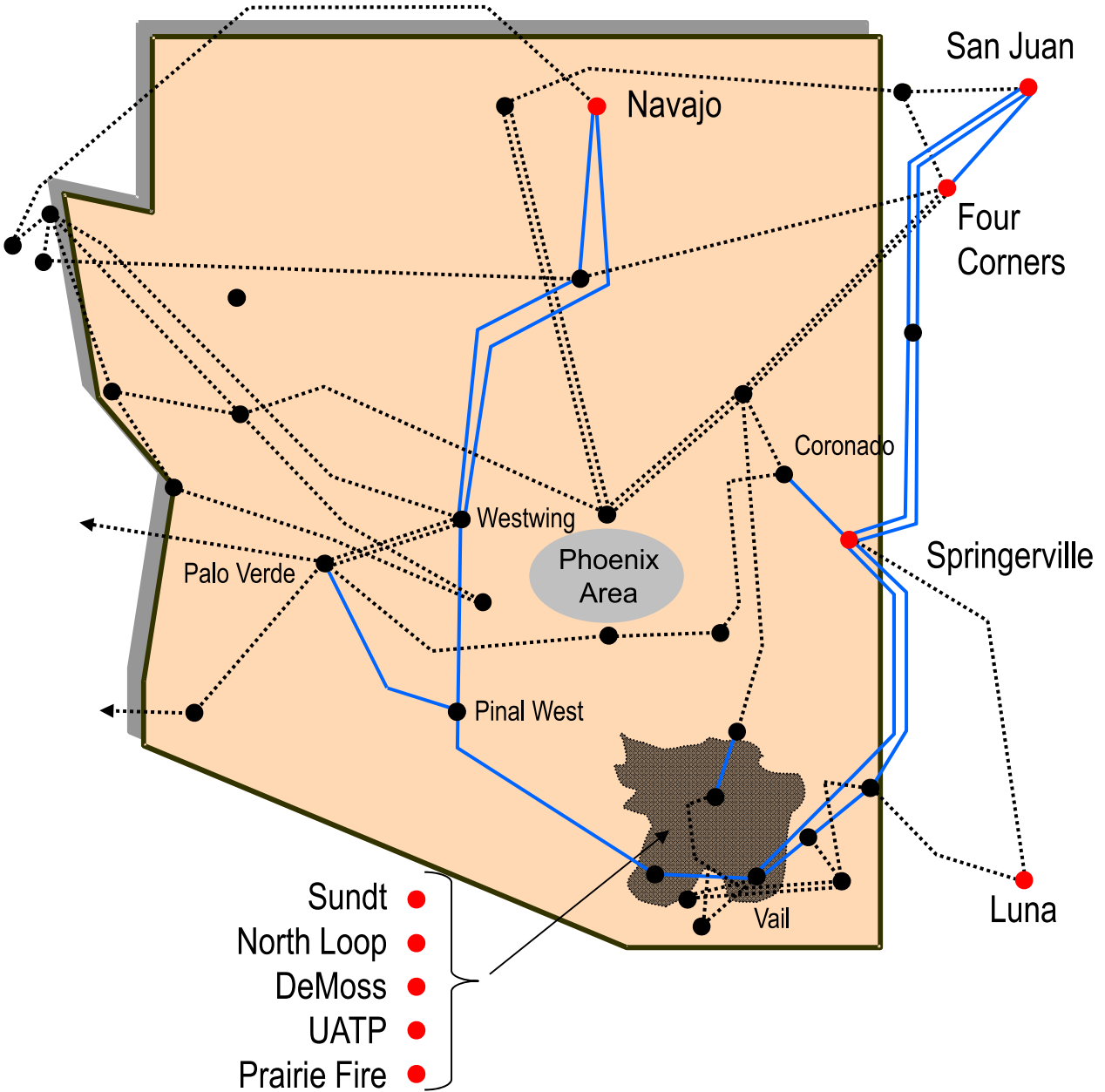


EXHIBIT 1 TO AFFIDAVIT OF ED BECK

Map of Tucson Electric Transmission System and Generating Resources

Tucson Electric Transmission System and Generating Resources



Key

- ● Tucson Electric Transmission Lines/Generation (in whole or part)
- ● Other Transmission Lines/Generation
- Tucson Electric Service Territory

CERTIFICATE OF SERVICE

I hereby certify that I have this 3rd day of December, 2014, served the foregoing document upon all parties on the Service List established in this proceeding in accordance with Rule 2010 of the Commission's Rules of Practice and Procedure.

/s/Barbara Jost

Barbara S. Jost