

December 18, 2014

Via FERC eFiling

Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, DC 20426

Re: *Tucson Electric Power Company*  
Docket No. EC15-31-000  
Answer to Protest

Dear Ms. Bose:

Enclosed, please find Tucson Electric Power Company's Answer to the Protest of Alterna Springerville LLC and LDVF1 TEP LLC submitted in the above-referenced docket. Thank you for your attention to this matter. Please direct any questions to the undersigned.

Sincerely,

/s/ Jeffrey M. Jakubiak

Jeffrey M. Jakubiak  
Jennifer C. Mansh

*Counsel to Tucson Electric Power Company*

Enclosure

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

Tucson Electric Power Company )

Docket No. EC15-31-000

**REQUEST FOR LEAVE TO ANSWER AND ANSWER  
OF TUCSON ELECTRIC POWER COMPANY**

Pursuant to Rules 207 and 213 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”),<sup>1</sup> Tucson Electric Power Company (“Tucson Electric”) files this Request for Leave to Answer and Answer in response to the Protest of Alterna Springerville LLC and LDVF1 TEP LLC (jointly, “Protestors”) filed December 3, 2014, in the captioned proceeding (“Protest”).

**I. INTRODUCTION**

The present Protest is the latest salvo in Protestors’ ongoing efforts to derail a simple and legitimate commercial transaction pursuant to which Tucson Electric seeks to sell to Salt River Project Agricultural Improvement and Power District (“SRP”) certain undivided interests in the 345 kV Springerville-Coronado transmission line (“Springerville-Coronado Line”) and acquire from SRP certain undivided interests in associated upgrades installed by SRP (collectively, the “Transaction”).

Protestors have no interest in ownership in the Springerville-Coronado Line nor in taking service over it. Rather, they seek to wheel energy from Springerville Generating Station (“Springerville”) Unit 1 (“SGS1”) to Palo Verde over wholly separate lines. Protestors suffer from a mistaken and already-disproven belief that either SRP’s use or partial ownership of the

---

<sup>1</sup> 18 C.F.R §§ 385.207, 385.213 (2014).

Springerville-Coronado Line somehow undermines their efforts to obtain transmission rights to wheel energy from SGS1 to Palo Verde.

With the present filing, the third by Protestors in the past month against Tucson Electric, Protestors resort to previously refuted speculation as well as lowball tactics of essentially accusing a Tucson Electric director of providing untruthful testimony in a sworn affidavit. All of Protestors' objections here are unfounded and the Protest should be rejected in its entirety.

## **II. REQUEST FOR LEAVE TO ANSWER**

The Commission's rules do not generally permit answers to protests "unless otherwise ordered by the decisional authority."<sup>2</sup> In this regard, the Commission has permitted answers where the information provided will clarify the record, facilitate the Commission's decisional process, or aid in the explanation of issues.<sup>3</sup> The Protest here raises, among other things, factual issues which are easily resolved based on the information provided in this Answer. Accordingly, good cause exists to permit Tucson Electric leave to file this Answer as it will clarify the record and facilitate the Commission's decisional process.

## **III. ANSWER**

The Protest is unfounded and provides no reasoned basis to delay approval of Tucson Electric's application in the present docket (the "Application") or otherwise to condition such approval beyond the ordinary conditions imposed on similar approvals. Indeed, Tucson Electric

---

<sup>2</sup> 18 C.F.R. § 385.213(a)(2).

<sup>3</sup> *See, e.g., PJM Interconnection, L.L.C.*, 117 FERC ¶ 61,168 at P 29 (2006) (accepting an answer because it provided information that assisted the Commission's decision-making process); *Morgan Stanley Capital Grp., Inc. v. New York Indep. Sys. Operator, Inc.*, 93 FERC ¶ 61,017 at 61,036 (2000) (accepting an answer as helpful in the development of the record).

has shown that the proposed Transaction will have no adverse effect on competition, rates, or regulation, and will not effect a cross-subsidization of a non-utility associate company.<sup>4</sup>

Protestors allege, however, that the Transaction “may have an adverse effect on competition and on regulation,” and asks the Commission either to delay action on the Application until after it rules on Protestors’ complaint in Docket No. EL15-17-000 or to make the approval “subject to appropriate conditions to mitigate such adverse effects....”<sup>5</sup> The Protest, however, is long on rhetoric in support of this position and does nothing legitimately to challenge Tucson Electric’s demonstration in the Application that the Transaction should be approved.

Let there be no doubt here, Protestors’ primary interest is not in transmission over the Springerville-Coronado Line, notwithstanding certain mistaken assertions in the Protest about the Transaction impacting rights and use of that line.<sup>6</sup> Service over that line will not provide Protestors’ single-provider transmission service to Palo Verde as they desire. Protestors have never requested transmission service from Tucson Electric over that line nor, on information and belief, requested such service from any other entity. Rather, their interest is in transmission service from Springerville to Vail and beyond to Palo Verde—a path that radiates in a different direction entirely from the Springerville substation than the Springerville-Coronado Line.

#### **A. The Transaction Will Have No Adverse Effect on Competition**

Against all logic, the Protest alleges that the Transaction, pursuant to which Tucson Electric seeks to sell to SRP a 57.44 percent interest in the Springerville-Coronado Line and

---

<sup>4</sup> See generally Application at 8-12.

<sup>5</sup> Protest at 2.

<sup>6</sup> See, e.g., *id.* at 6 (Transaction “would give SRP preferential rights to the use of the capacity in the [Springerville-Coronado Line] over the rights of [Protestors]....”); *id.* at 8 (“If [Tucson Electric] 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 [Tucson Electric] to provide transmission service under its OATT will be reduced.”).

acquire from SRP a 42.56 percent interest in certain upgrades to the line, will adversely affect competition. It is hard to glean from the Protest precisely what competition Protestors believe would be adversely affected, but one statement seems to summarize their position:

Although [Tucson Electric] asserts that “the Transaction will not result in any change in market concentration,” it may prevent the [Protestors’] shares of the output of [SGS1] from entering the market for sale of electricity at wholesale to purchasers *in California*, and therefore help to preserve [Tucson Electric]’s existing share *of that market*, which might otherwise be diluted. For these reasons, [Tucson Electric]’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.<sup>7</sup>

This argument suffers from a host of factual misstatements and illogic.

First, the Transaction will have no bearing on Protestors’ ability to wheel power from SGS1 to Palo Verde in order to sell into California as they desire.<sup>8</sup> As explained in the Affidavit of Ed Beck filed in Docket No. ER15-124-000 and appended to the Protest, reservations on—and by extension ownership of—the Springerville-Coronado Line *has no bearing on the available transmission capability (“ATC”) on the Springerville to Palo Verde path sought by Protestors.*<sup>9</sup>

As explained by Mr. Beck in that Affidavit, and in another affidavit appended to this Answer, *ATC on the two paths is determined separately and SRP’s transmission rights over the Springerville-Coronado Line does not in any way, shape, or form reduce ATC on the Springerville to Palo Verde path* sought by Protestors.

In response to the unequivocal statements by Mr. Beck, Protestors resort to nothing but speculation, innuendo, and insult. Protestors present no evidence—no facts, no witness—to

---

<sup>7</sup> *Id.* at 5-6 (emphasis added).

<sup>8</sup> *See id.* at 5 (Protestors “need to obtain transmission service from [Tucson Electric] for transmission of electricity from [SGS1] to Palo Verde.”).

<sup>9</sup> Protest, Attached Beck Affidavit at 3-4.

refute Mr. Beck's statements. In essence, Protestors do nothing more than state that Mr. Beck's statements just do not "seem right." For example, the Protest states that because it is "unlikely" that power sinks at Springerville, "even if, as Mr. Beck states," Tucson Electric calculates ATC on the paths separately, the transmission of power from Coronado to Springerville "may adversely affect" ATC on the Springerville-Vail path.<sup>10</sup> Similarly, the Protest claims Mr. Beck's affidavit "is cursory at best," stating that "[i]f, in fact," what Mr. Beck says is true, he "presumably would have provided a more comprehensive explanation" of Tucson Electric's methodology for calculating ATC.<sup>11</sup>

These statements by Protestors seem to accuse Mr. Beck of being untruthful or otherwise deceptive in his Affidavit. Such accusations are not only defamatory but are entirely unfounded, particularly insofar as Protestors have not presented any expert of their own or made any claims other than pure speculation. In all, such speculation and "hunches" do not create a reasoned basis to delay approval of the Transaction.

Notwithstanding the baseless nature of these accusations, Tucson Electric attaches hereto an additional Affidavit of Ed Beck in an effort to assist the Commission in its resolution of these matters. In it, Mr. Beck explains at length how Tucson Electric calculates ATC and, again, the fact that SRP's transmission rights over the Springerville-Coronado Line—whether by contract (transmission service agreements) or ownership—does not in any way, shape, or form reduce ATC on the Springerville to Palo Verde (or Springerville to Vail) path.

Second, Commission precedent strongly supports a finding that this Transaction will have no adverse effect on competition. There are many examples of the Commission approving

---

<sup>10</sup> Protest at 7.

<sup>11</sup> *Id.* See also *id.* at 8 ("Mr. Beck's affidavit is notably silent....").

“wires-only” transactions under Federal Power Act (“FPA”) section 203, including transactions involving generation-owning utilities, without finding any adverse effect on competition.<sup>12</sup>

Indeed, the Commission has approved on numerous occasions the sale of such assets to entities that are not public utilities under FPA Part II.<sup>13</sup> The *DTE Energy Company* case cited in the Application<sup>14</sup> did involve the transfer of functional control of transmission assets to a Regional Transmission Organization (“RTO”), which presents a different set of facts from those here. But the Commission also stated in Order No. 642, outside of any RTO context, that “anticompetitive effects are unlikely to arise with regard to... transactions that only involve the disposition of transmission facilities.”<sup>15</sup> Protestors’ unfounded speculation regarding the Transactions’ impact on competition does nothing to undermine this point here.

Third, Protestors’ claim that Tucson Electric’s share of the electricity market in California will be “preserve[d]” by the Transaction<sup>16</sup> shows the flawed logic and tenuous nature of the Protest. Tucson Electric has a negligible—essentially miniscule—share of that market. Tucson Electric has not sold any power into the California Independent System Operator

---

<sup>12</sup> See, e.g., *Southwestern Pub. Serv. Co.*, 144 FERC ¶ 61,131 (2013) (“SPS”); *Pub. Serv. Co. of N.M.*, 142 FERC ¶ 62,040 (2013); *Sierra Pacific Power Co.*, 139 FERC ¶ 62,171 (2012); *Tucson Elec. Power Co.*, 139 FERC ¶ 62,046 (2012); *PacifiCorp*, 130 FERC ¶ 62,098 (2010); *PNM Resources, Inc.*, 124 FERC ¶ 61,019 (2008); *Startrans IO, L.L.C.*, 122 FERC ¶ 61,307 (2008); *PNM Resources, Inc.*, 110 FERC ¶ 61,204 (2005).

<sup>13</sup> In *SPS*, for example, the Commission approved the sale of jurisdictional transmission assets to an entity that is not a public utility. The Commission held: (i) “Because the Proposed Transaction will only involve the transfer of transmission facilities, we find that the Proposed Transaction will not have an adverse effect on horizontal competition” and (ii) “Because there is no transfer of generation facilities or inputs to electric power generation, we find that the Proposed Transaction will not have an adverse effect on vertical competition.” *SPS*, 144 FERC ¶ 61,131 at PP 11, 13.

<sup>14</sup> Application at n.17. See also Protest at 6 (discussing same).

<sup>15</sup> See, e.g., *Revised Filing Requirements Under Part 33 of the Commission’s Regulations*, Order No. 642, FERC Stats. & Regs. ¶ 31,111 at 31,902-03 (2000) (“It also has been our experience that anticompetitive effects are unlikely to arise with regard to internal corporate reorganizations or transactions that only involve the disposition of transmission facilities.”). See also *Transactions Subject to FPA Section 203*, Order No. 669, FERC Stats. & Regs. ¶ 31,200 at P 190 (2005) (quoting and citing Order No. 642).

<sup>16</sup> Protest at 6.

(“California ISO”) markets since at least October 21, 2010. Similarly, in the year ending September 30, 2014, Tucson Electric was a net buyer of power at Palo Verde, which is a “gateway” to the California ISO markets—having purchased nearly 600,000 more MWh of power at Palo Verde than it sold. On a gross basis, Tucson Electric sold only 1,070 MWh of power at Palo Verde during this time period, a figure that pales in comparison to the size of the California market. Tucson Electric is unable to determine the total quantity of MWh sold in California during this time but posits that it is well in excess of 231,800,000 MWh, the quantity of energy required to serve the California ISO’s system load in 2013.<sup>17</sup> Tucson Electric’s “preserv[ation]”<sup>18</sup> of this share, or even its enhancement, would have no measurable impact on competition in California’s power markets. Protestors’ claims to the contrary are entirely unfounded.

**B. The Transaction Will Have No Adverse Effect on Regulation**

Protestors allege that the Transaction will undermine regulation by transferring a 57.44 percent undivided interest in the Springerville-Coronado Line to SRP, an entity that is not a public utility under FPA Part II.<sup>19</sup> This argument too lacks merit and should be rejected.

Protestors appear to assert that, insofar as the Transaction will transfer rights in the Springerville-Coronado Line from a public utility (Tucson Electric) to a non-public utility (SRP), it will reduce the amount of transfer capability over that line which is subject to open access.<sup>20</sup> Such an argument would be unfounded. While SRP is not a public utility, as defined under the Federal Power Act, it conducts its transmission business in accordance with its own open access

---

<sup>17</sup> See California ISO, 2013 Annual Report on Market Issues & Performance, at 26 (April 2014), available at <http://www.caiso.com/Documents/2013AnnualReport-MarketIssue-Performance.pdf>.

<sup>18</sup> Protest at 6.

<sup>19</sup> *Id.* at 9-10.

<sup>20</sup> *Id.*



transmission tariff.<sup>21</sup> Thus, transmission over the interests in the Springerville-Coronado Line transferred pursuant to the Transaction will continue to be subject to open access.

In addition, the Transaction as a whole will reduce Tucson Electric's transfer capability over the Springerville-Coronado Line by only 100 MW—far less than Protestors might believe—because the upgrades constructed by SRP have resulted in a doubling of the total transfer capability of the Springerville-Coronado Line. As noted, Tucson Electric will acquire an undivided 42.56 percent interest in these upgrades pursuant to the Transaction. Thus, while it may be true that Tucson Electric will transfer some of its transfer capability over the Springerville-Coronado Line as part of the Transaction, most of what will be transferred is the result of upgrades paid for by SRP and the mere fact that Tucson Electric will transfer an ownership interest to a non-public utility should not form a basis for a Commission finding that the Transaction will adversely affect regulation

Further, Protestors appear to misunderstand the calculus used by the Commission to determine whether a proposed transaction will have “any adverse effect on regulation,” as those words are used in the Commission's *Merger Policy Statement*.<sup>22</sup> This calculus is not an inquiry into whether the Commission will simply lose jurisdiction. Rather, “[t]he Commission's review of a transaction's effect on regulation focuses on ensuring that it does not result in a regulatory gap at the federal or state level.”<sup>23</sup> Additionally, the Commission has expressed concerns

---

<sup>21</sup> See <[http://www.oatioasis.com/SRP/SRPdocs/14Feb2011\\_OATT\\_Clean\\_Final\\_MAR.pdf](http://www.oatioasis.com/SRP/SRPdocs/14Feb2011_OATT_Clean_Final_MAR.pdf)> (last visited Dec. 17, 2014).

<sup>22</sup> *Inquiry Concerning the Commission's Merger Policy Under the Federal Power Act: Policy Statement*, Order No. 592, FERC Stats. & Regs. ¶ 31,044 at 30,112 (1996), *reconsideration denied*, Order No. 592-A, 79 FERC ¶ 61,321 (1997).

<sup>23</sup> *SPS*, 144 FERC ¶ 61,131 at P 21. See also *Okla. Gas & Elec. Co.*, 124 FERC ¶ 61,239 at P 62 (2008) (“The Commission's review of a Transaction's effect on regulation is focused on ensuring that the transaction does not result in a regulatory gap at the federal or state level.”).

regarding the effect of a proposed transaction on regulation “if the state lacks... authority [to act on a transaction] and raises concerns about the effect on regulation.”<sup>24</sup>

Neither of these concerns is present here. First, the Transaction will not create any regulatory gap. Tucson Electric will remain subject to Commission jurisdiction following the Transaction. SRP is a political subdivision of the State of Arizona and will remain so following the Transaction. Second, no state commission has raised any concerns about the Transaction here. The Commission has found no adverse effect on regulation in similar transactions where a jurisdictional entity sought authority to transfer jurisdictional assets to a non-jurisdictional entity that is subject to state jurisdiction.<sup>25</sup> The outcome here should be no different.

Lastly, Tucson Electric feels compelled to respond to Protestors’ baseless and nonsensical allegation that “[Tucson Electric] 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 [Commission]’s regulatory authority.”<sup>26</sup> Like Protestors’ vacuous claims against Mr. Beck’s credibility, this claim too is completely unfounded. As referenced in the Application, the Transaction was contemplated in 2003 when SRP was considering development of Springerville Unit 4 and recognized the need to acquire transmission capacity to move this generation to native load.<sup>27</sup> Tucson Electric and Public Service Company of New Mexico (“PNM”)—a joint owner

---

<sup>24</sup> Merger Policy Statement at 30,125.

<sup>25</sup> *See, e.g., SPS*, 144 FERC ¶ 61,131 at PP 20-21 (sale of transmission assets to investor-owned utility that is not a public utility); *Am. Elec. Power Serv. Corp.*, 113 FERC ¶ 61,163 at PP 26–28 (2005) (sale of interest in generating facility to municipal utility). *See also KGen Marshall LLC*, 117 FERC ¶ 62,204 at 64,546-47 (2006) (approving generation asset sale to federal agency by delegated authority); *Front Range Power Co., LLC*, 133 FERC ¶ 62,179 at 64,392 (2010) (approving generation asset sale to municipal utility by delegated authority); *FirstEnergy Generation Corp.*, 135 FERC ¶ 62,238 at 64,652 (2011) (same); *Magnolia Energy L.P.*, 136 FERC ¶ 62,150 (2011) (approving generation asset sale to federal agency by delegated authority).

<sup>26</sup> Protest at 10.

<sup>27</sup> Application at 6. More specifically, in and around 2003, Tucson Electric was developing Springerville Units 3 and 4, for Tri-State Generation and Transmission Association (“Tri-State”) and SRP respectively. SRP

(Cont'd on next page)

in the Springerville-Coronado Line—have been in discussions since at least 2003 regarding how the transmission system participation agreement between Tucson Electric and PNM would need to be modified to reflect ownership by SRP. The discussions were expanded several years ago to include SRP once a preliminary draft was developed by Tucson Electric and PNM.

The amended participation agreement was filed with the Commission on October 30, 2014,<sup>28</sup> and the present Application followed shortly thereafter, both of which occurred promptly following Tucson Electric’s and SRP’s agreement on the final business terms of the Transaction. There was nothing more to the timing of the filing of the present Application than the timing of the negotiations required to finalize the terms of the transaction and certainly no effort on Tucson Electric’s part to “limit[] the [Commission]’s regulatory authority”<sup>29</sup> in any manner.

### **C. Protestors’ Prayer for Relief Should Be Denied**

As a prayer for relief, Protestors vaguely ask the Commission to “condition any authorization granted... in this proceeding upon a requirement that [Tucson Electric] first demonstrate that it will have sufficient transmission capacity with which to provide the transmission service from Springerville to Palo Verde that has been requested by [Protestors]

---

*(Cont'd from previous page)*

purchased 100 MW of the output of Springerville Unit 3 from TSGT and intended to develop Springerville Unit 4 for its own needs. Tucson Electric and SRP thus recognized the need for SRP to obtain a firm transmission path out of Springerville so it could move this power to load. Accordingly, and in accordance with an interconnection study between Tucson Electric and SRP, Tucson Electric agreed in 2003 to construct upgrades to the Springerville-Coronado Line, paid for by SRP, which would provide the capacity needed for SRP to deliver the output of SRP’s planned Springerville Unit 4 and the additional 100 MW that SRP had purchased from Tri-State. Tucson Electric and PNM (as joint owners of the San Juan-Springerville-Vail Transmission System) also agreed ultimately to transfer a pro rata share of ownership in the upgraded path to reflect SRP’s payment for the incremental capacity created in the Springerville-Coronado Line as a result of the upgrades.

<sup>28</sup> See Docket No. ER15-251-000.

<sup>29</sup> Protest at 10.

after the [T]ransaction has been consummated.”<sup>30</sup> This request is unfounded and bears no relationship to the Application or even to Protestors’ stated concerns with the Application.

As explained above, the Transaction will have no effect—adverse or otherwise—on the availability of transmission service from Springerville to Palo Verde that Protestors seek. Protestors do not seek transmission service over the Springerville-Coronado Line that is the subject of the present Application and neither the granting of the Application nor the consummation of the Transaction will undermine or otherwise impact Protestors’ ability to obtain transmission service from Springerville to Palo Verde.

In addition, Protestors’ request bears no relationship to their concerns with the Transaction and the Application. As noted, Protestors claim that the Transaction will have an adverse effect on competition and on regulation. These concerns are entirely unfounded, yet Protestors’ prayer for relief, even if granted, will have no ameliorative impact. Competition in California’s markets would not be improved by Protestors receiving transmission service from Springerville to Palo Verde. That market is already highly competitive and the addition of Protestors’ small amount (200 MW) of SGS1 capacity will have no measurable effect. Similarly, the relief requested will not result in the Commission having jurisdiction over the capacity on the Springerville-Coronado Line associated with the interest to be sold by Tucson Electric to SRP pursuant to the Transaction.

Protestors try generally to link the present Application with their complaint in Docket No. EL15-17-000 (the “Complaint”) but that effort too is unfounded.<sup>31</sup> As Tucson Electric has

---

<sup>30</sup> *Id.* at 11-12.

<sup>31</sup> *See, e.g., id.* at 2 (“Any Commission approval of the transaction should occur only after the Commission rules on [the] complaint [in Docket No. EL15-17-000] 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.”). *See also id.* at 10, 13 (requesting same).

explained, *ad nauseam*, the transmission line at issue in the present proceeding is unrelated to the relief Protestors seek in the Complaint—transmission from Springerville to Palo Verde. The two proceedings do not involve common issues of law or fact. The Complaint proceeding is about rights under a 1992 Facilities Support Agreement and the present proceeding is about the transfer of interests in a transmission line that is completely unrelated to that agreement. Thus, there is no reasoned basis to conflate the Complaint and the present Application in any manner or otherwise delay action on the Application until the Commission acts on the Complaint.

#### IV. CONCLUSION

WHEREFORE, for the foregoing reasons, Tucson Electric respectfully requests that the Commission: (i) reject the Protest and (ii) grant the Section 203 Application without further proceedings.

Respectfully submitted,

/s/ Jeffrey M. Jakubiak  
Jeffrey M. Jakubiak  
Jennifer C. Mansh  
Gibson, Dunn & Crutcher LLP  
200 Park Avenue  
New York, NY 10166  
(212) 351-4000  
JJakubiak@gibsondunn.com  
JMansh@gibsondunn.com

Dated: December 18, 2014  
New York, NY

**Attachment 1**  
**Affidavit of Ed Beck**

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

Tucson Electric Power Company,

)

Docket No. EC15-31-000

**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 Tucson Electric's Open Access Transmission Tariff ("OATT"), including drafting the company's first OATT and serving as 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 Protest ("Protest") of Alterna Springerville LLC and LDVF1 TEP LLC (jointly, "Protestors") filed in the captioned proceeding on December 3, 2014. More particularly, I explain in this Affidavit that neither the transmission service granted by Tucson Electric to the Salt River Project Agricultural Improvement and Power District ("SRP"), pursuant to a September 2014 TSA filed by Tucson Electric in Docket No. ER15-124-000 on October 17, 2014, nor the sale by Tucson Electric to SRP of an undivided interest in the Springerville-Coronado Line, will impact in any way available transmission capability ("ATC") between Springerville and Palo Verde as 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 as Exhibit A hereto, Tucson Electric's transmission 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. As shown



on the map, while the Springerville-Coronado Line is part of the larger San Juan-Springerville-Vail Transmission System, the Springerville-Coronado Line is a radial line off of the main transmission path that runs from San Juan through Springerville and on to Vail.

#### **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.

The Protest alleges that use of transmission on or ownership of the Springerville-Coronado Line affects ATC on the Springerville-Vail-Palo Verde path. Specifically, the Protest states:

[R]egardless of whether transmission service is provided by [Tucson Electric] 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 [Tucson Electric] 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 [Tucson Electric]'s transmission of electricity from Springerville to Palo Verde on behalf of [Protestors].<sup>1</sup>

In addition, the Protest states: "the unrestricted use of the Springerville-Coronado Line by SRP for transmission of electricity from Coronado to Springerville for delivery elsewhere on the

---

<sup>1</sup> Protest at 5.

[Tucson Electric] transmission system may adversely affect the amount of ATC that would otherwise exist on the Springerville-Vail transmission path.”<sup>2</sup>

These statements indicate a misunderstanding of how ATC is calculated on Tucson Electric’s transmission system. In addition, these statements are accompanied by personal attacks on my credibility and/or honesty in an affidavit filed recently in Docket No ER15-124-000 regarding transmission service and ATC over these same lines.<sup>3</sup> I respond to all of these statements in this Affidavit.

Tucson Electric calculates ATC on each segment of its transmission system separately. 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. <sup>4</sup>

Transmission use or awards of transmission rights over the Springerville-Coronado Line have no impact on ATC on the path from Springerville to Palo Verde, or for that matter from Springerville to Vail. Similarly, changes in Tucson Electric’s ownership interest in the

---

<sup>2</sup> *Id.* at 7.

<sup>3</sup> *Tucson Elec. Power Co.*, Docket No. ER15-124-000, Request to Defer Statutory Action, Request for Leave to Answer, and Answer of Tucson Electric, Beck Affidavit, filed Nov. 20, 2014 (“Beck TSA Affidavit”). First, the Protest states that because it is “unlikely” that power sinks at Springerville, “even if, as Mr. Beck states,” Tucson Electric calculates ATC on the paths separately, the transmission of power from Coronado to Springerville “may adversely affect” ATC on the Springerville-Vail path. Protest at 7. Second, the Protest claims Mr. Beck’s affidavit “is cursory at best,” stating that “[i]f, in fact,” what Mr. Beck says is true, he “presumably would have provided a more comprehensive explanation” of Tucson Electric’s methodology used to calculate ATC. *Id.* Third, the Protest states that my affidavit “is notably silent on whether transmission service for SRP over the Springerville-Coronado Line... might adversely affect the rights that were conveyed to [Protestors]....”). *Id.* at 8.

Springerville-Coronado Line have no impact on ATC on the path from Springerville to Palo Verde or 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 line off of the main transmission path that runs from San Juan through Springerville and on to Vail. As a result, ***neither Tucson Electric's granting of SRP's bidirectional transmission request on the Springerville-Coronado Line (as embodied in the September 2014 TSA) or its sale of undivided interests in the Springerville-Coronado Line pursuant to the Transaction--close to 90 percent of which reflects capacity of upgrades paid for by SRP--has any impact whatsoever on the availability of firm transmission from Springerville to Palo Verde.***

Tucson Electric calculates ATC on lines it owns or controls as path rating less existing commitments (both grandfathered rights as well as current transmission reservations) less capacity benefit margin and transmission benefit margin plus any postbacks or counterflow adjustments. Represented in an equation:

$$\text{Firm ATC} = \text{TTC} - \text{ETC} - \text{CBM} - \text{TRM} + \text{postbacks} + \text{counterflow}.$$

For the Springerville to Vail path, which consists of the Springerville to Greenlee segment and the Greenlee-Winchester-Vail segment, specifically (as of December 11, 2014):

$$\text{Firm ATC Springerville to Greenlee} = 1597 - 1597 - 0 - 0 + 0 + 0 = 0$$

$$\text{Firm ATC Greenlee-Winchester-Vail} = 1568 - 1528 - 0 - 40 + 0 + 0 = 0$$

Immediately following the Transaction, the ATC for these segments will be as follows:

$$\text{Firm ATC Springerville to Greenlee} = 1597 - 1597 - 0 - 0 + 0 + 0 = 0$$

$$\text{Firm ATC Greenlee-Winchester-Vail} = 1568 - 1528 - 0 - 40 + 0 + 0 = 0$$

As shown here, and as explained in my prior affidavit, ATC on the Springerville to Vail path will not change as a result of the Transaction.

Additionally, Protestors are mistaken in their assertion that SRP would have “unrestricted” use of the Springerville-Coronado Line.<sup>4</sup> Rather, SRP’s use of the line is restricted by the total transmission capability allocated to them under the Transaction. For any deliveries of power by SRP beyond Springerville, SRP would have to request and purchase ATC from Tucson Electric to other points on Tucson Electric’s system just like any customer, including the Protestors. Thus, the fact that there may be no load at Springerville has no bearing on the matter.

In addition, the Protest states that my affidavit in Docket No. ER15-124-000 “is notably silent on whether transmission service for SRP over the Springerville-Coronado Line... might adversely affect the rights that were conveyed to [Protestors] in the 1992 FSA” at issue in that proceeding. My affidavit there was silent because what rights Protestors have or do not have under the 1992 FSA is a contractual, not engineering, matter. Protestors’ claims here that my silence on the 1992 FSA in that affidavit indicates some concession or the like is unfounded.

## **V. CONCLUSION**

This concludes my Affidavit.

---

<sup>4</sup> Protest at 7.

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.

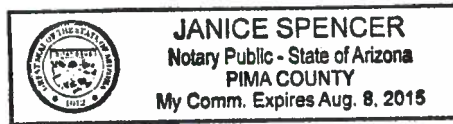


\_\_\_\_\_  
Ed Beck  
Director of Project Management and Land Resources  
Tucson Electric Power Company

Subscribed and sworn to me this 15th day of December, 2014.

  
\_\_\_\_\_  
Notary Public

My Commission Expires: 8/8/15



**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Washington, D.C., this 18<sup>th</sup> day of December 2014.

/s/ Jennifer C. Mansh

Jennifer C. Mansh  
Gibson, Dunn & Crutcher LLP  
1050 Connecticut Ave., N.W.  
Washington, DC 20036-5306  
(202) 955-8590  
jmansh@gibsondunn.com