



RTTF FINANCE SUBCOMMITTEE SUMMARY



Arizona Corporation Commission Special Open Meeting

BIENNIAL TRANSMISSION ASSESSMENT AND RENEWABLE TRANSMISSION TASK FORCE

November 23, 2009

Finance Subcommittee Purpose

- The RTTF created the Finance Subcommittee on 1/8/2009 in response to ACC Order No. 70635 (12/11/2008)
- Primary Objective: Provide the RTTF with recommendations for financing methodologies for renewable transmission projects (RTP) in Arizona
- Provide information and support for the utilities responsible for the Workshops on 4/20/2009 and 6/5/2009

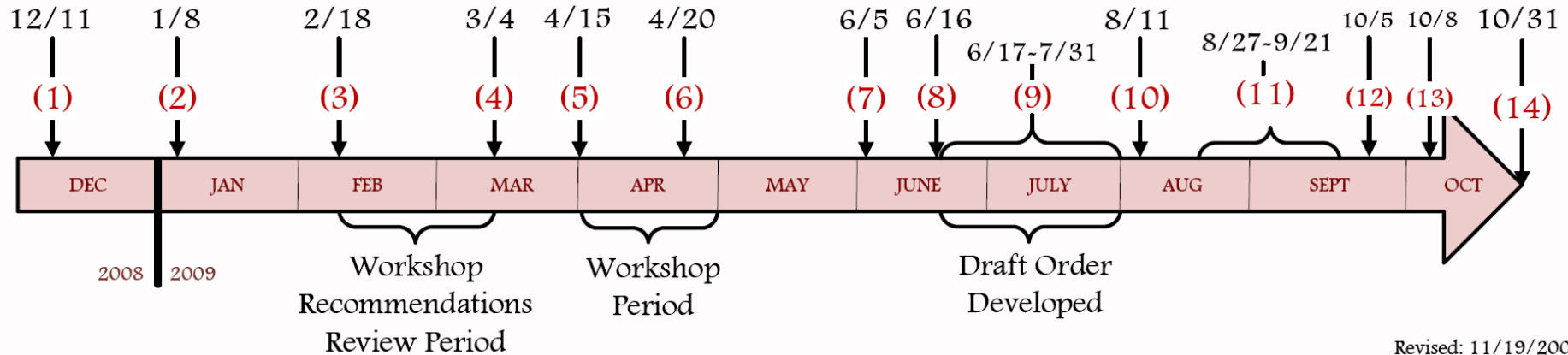
Subcommittee Activity History

- Meeting No. 1 (2/18/2009)
- Meeting No. 2 (3/4/2009)
- Interim Report (Filed in Docket Control on 4/16/2009)
- ACC Workshop 1 (4/20/2009)
- ACC Workshop 2 (6/5/2009)
- Meeting No. 3 (6/16/2009)
- Meeting No. 4 (8/11/2009)
- Final Report (Filed in Docket control on 10/8/2009)

RTTF Finance Subcommittee: Timeline

ACC Docket No.
E-00000A-09-0066

- (1) 12/11/08 ACC issued Order No. 70635
- (2) 1/8/09 RTTF created subcommittees: a) AARTIS b) Project Finance
- (3) 2/18/09 Meeting No. 1: Defined Scope; Schedule; RTP Definition; Deliverables
- (4) 3/4/09 Meeting No. 2: Finalized Workshop Recommendations
- (5) 4/15/09 Submitted Interim Report to RTTF
- (6) 4/20/09 ACC Workshop No. 1 held
- (7) 6/5/09 ACC Workshop No. 2 held
- (8) 6/16/09 Meeting No. 3: Discussed Draft Form of Order; formed Work Group
- (9) 6 – 7/09 Work Group Developed and Subcommittee Reviewed Memorandum
- (10) 8/11/09 Meeting No. 4: Concluded Review of the Work Group's Memorandum
- (11) 8/27-9/21 Final Report Review Period
- (12) 10/5/09 Subcommittee Conference Call; Approved Final Report
- (13) 10/8/09 Filed the Final Report in ACC Docket No. E-00000A-09-0066; Submitted Final Report to the Chairmen of SWAT and RTTF
- (14) 10/31/09 Utilities responded to order No. 70635: "...funding mechanisms... shall be filed with the Commission no later than October 31, 2009..."



Revised: 11/19/2009

Final Report

- Findings:
 - Report specifies RTP development costs that should be eligible for rate recovery by utilities
 - Creates a Renewable Transmission Action Plan (RTAP):
 - For a transmission project to qualify as an RTP:
 - The RTP must be included in that utility's RTAP
 - AND
 - The RTAP must be included in that utility's Ten Year Plan filed every January

Final Report

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- RTAP:
 - Utility will describe how the RTP is expected to advance renewable resource development in Arizona
 - Utility will request special cost recovery for the Commission's consideration, which the Commission may order
 - RTAPs may include RTPs having participation of non-jurisdictional parties

Final Report

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- Recommendations to the Commission:
 - Adopt the RTAP procedure as part of the Ten Year Plan filing requirement and the BTA process
 - Coordinate RTP cost recovery with related determinations made by FERC
 - RTP designation and special cost recovery should be determined by the Commission on a case-by-case basis

Issues Warranting Further Discussion:

1. Is the BTA an appropriate forum for determining cost-recovery status of rate-based assets since there is no filing in a BTA?
2. Should RTAPs be submitted annually (i.e. included in the Ten Year Plan) or biennially (i.e. included in the BTA and Ten Year Plan)?
3. How are legitimate RTPs that arise unannounced afforded RTAP treatment by the Commission?

Issues Warranting Further Discussion:

4. Does the Commission and Staff require further guidelines to assist with the differentiation of a candidate RTP and a transmission project proposed in the ordinary course of business?
5. Does the Commission and Staff have the tools to make allocation decisions that might be required under item 4?