

**FERC Technical Conference for OATT Reform
Docket Nos. RM05-25-000 and RM05-17-000**

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I would like to start by thanking the Commission and its Staff for proceeding with this technical conference.

I have spent over 28 years working in system operations for Arizona Public Service Company (APS).

APS fully supports the Commission's goals of developing transparent and consistent standards for determining ATC and the components that make up ATC, such as TTC (total transfer capability), ETC (existing transmission commitments), CBM (capacity benefit margin) and TRM (transmission reliability margin). In fact, APS, together with other Western public and non-public utilities, is already calculating TTC and ATC using published standards.

My comments are presented from the following viewpoint:

APS is a vertically integrated public utility.

APS serves more than one million retail electric customers in Arizona and participates in wholesale markets throughout the Western Interconnection.

While APS is not a member of an RTO, we are currently active in collaborative regional and subregional stakeholder planning organizations including WestConnect, as well as the Southwest Transmission Expansion Planning (STEP) and Southwest Area Transmission (SWAT) subregional planning groups. In addition, WestConnect actively participates in WECC. Such efforts have resulted in real benefits for both the Western utilities and their stakeholders.

CONSISTENCY

In response to the Commission's call for consistency, in the West, transmission transfer capabilities are determined based on the rated path methodology. APS, like other transmission providers within WECC, determines its ATC in accordance with *WECC's Determination of Available Transmission Capability Within the Western Interconnection*.

The determination of ATC for a path begins with the determination of TTC.

In WECC, transfer capability is determined either prior to a new line being brought into service or when a modification to a line would affect the TTC.

For a WECC rated path, TTC is determined through a 3-phase WECC Path Rating Process which includes: (1) submitting the project to WECC; (2) assessing the project's effects on adjacent transmission; and (3) final review and approval of the path rating studies by affected utilities, the appropriate WECC committee and the WECC Board of Directors.

WECC reviews the rated paths prior to the summer and winter seasons to determine the transfer capability of the path. This becomes the path's TTC for that season.

For non-rated paths that affect sub regions, we use the same process; however, neither WECC staff nor the WECC Board is involved.

Under WECC, there is no single process for calculating TTC for paths internal to a single transmission owner that have no significant regional impacts.

However, the WestConnect procedures present assumptions, calculations and methodologies used in determining path ratings of all posted paths, including those internal to a transmission provider's system, to the stakeholders for review in the WestConnect Transfer Capability Process.

Because a large portion of the APS transmission system is jointly owned (which is common in the WECC region), the operating agent determines the TTC to be allocated to the transmission owner for such facilities based on a participation agreement established prior to building the jointly-owned facilities.

Once determined, the TTC calculation remains fixed and changes only if there is a physical or operational change to the transmission system.

Given the fixed TTC, the determination of ATC then becomes a simple math equation: The components of the equation are determined using the WECC ATC Determination Standards.

Through the WestConnect Transfer Capability Process APS and the other WestConnect transmission providers have agreed upon the elements that will go into determining each of the ATC formula components. The agreed upon elements are set in the common OASIS and can only be changed by the OASIS vendor when directed to do so in writing by the transmission provider. The transmission provider will then post notice and explanation of the change on its OASIS.

We believe that the WECC ATC Determination Standards satisfy the NOPR's stated policy objectives but recognize that some of the elements, such as CBM, may require further review to more clearly determine what makes up CBM.

TRANSPARENCY

As for transparency, APS supports the Commission's efforts to increase the transparency of ATC calculations. We believe that all of the elements that go into the determination of the ATC components should be transparent – that includes network agreements, grandfathered agreements, and curtailments to name a few of them. APS, and most other transmission providers in the West, have moved to a common OASIS vendor, which allows transmission customers easier access to the information posted by the members of wesTTrans.

APS supports working through NAESB to amend the Standards and Communication Protocols (S&CP) to develop clear rules establishing how and where information will be posted on the OASIS. However, we ask that such rules not go into effect until an amended S&CP has been approved by the Commission and adequate time has been provided for transmission providers and their OASIS vendors to change their OASIS software. It would be costly for the transmission providers to do otherwise.

In response to the Commission's questions, I offer the following comments.

1. I believe the biggest challenge facing NERC/NAESB and the industry in their effort to enhance the consistency of certain definitions, data, modeling assumptions and components of the ATC calculation is understanding what everyone means when they use terms such as CBM and ETC. Even though we use the same terms, we are not necessarily saying the same thing. Business practices developed differently in the East and West. Long term contracts came out of those practices. Based on those contracts and existing region-wide business practices, I am not sure we can develop a nationwide standard. But, I do believe that we can come up with standards that could be applied to each region. As for whether comparability and transparency are more important than consistency or vice versa, I believe these elements go hand in hand; but transparency ensures consistency and comparability.
2. I believe 18 months is a realistic timeframe in which to achieve the Commission's consistency goal.
3. Once we have a clearer understanding of what makes up the elements that are included in the ATC formula, I believe that common standards and modeling assumptions can be developed to calculate TRM and CBM.
4. We believe that critical data for the determination of ATC is already exchanged among Transmission Providers in WestConnect and made available to the stakeholders through open stakeholder meetings and the WestConnect website.
5. I would not single out any one data element as being the most important data to make transparent. As far as posting narrative explanations on the OASIS, APS does not think that such a requirement would be more useful to the transmission customer; rather, we believe that it would result in inefficiencies

that would significantly increase the manpower hours and burden the real-time operators.

Thank you for your attention; I appreciate your allowing me the opportunity to present APS's position on this topic.