



Leland R. Snook  
Director  
State Regulation & Pricing

Tel. 602-250-3730  
Fax 602-250-3003  
e-mail Leland.Snook@aps.com

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January 29, 2010

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Arizona Corporation Commission  
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Phoenix, Arizona 85007

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AZ CORP COMM  
Director Utilities

RE: ARIZONA PUBLIC SERVICE COMPANY TEN-YEAR PLAN  
DOCKET NO. E-00000D-09-0020

In compliance with AR.S. §40-360.02, enclosed please find Arizona Public Service Company's ("APS") 2010-2019 Ten-Year Plan for major transmission facilities, which includes the internal planning criteria and system ratings as required by Arizona Corporation Commission ("ACC") Decision No. 63876 (July 25, 2001):

IT IS FURTHER ORDERED that Transmission Owners are required to file, with their Ten-Year Plans, internal planning criteria and systems rating with limiting elements identified. (Decision No. 63876, p. 3).

The Ten-Year Plan as well as other APS reliability-related infrastructure investments are premised on a number of assumptions including future growth, resource mix, the regulatory treatment of such investments by the ACC and the Federal Energy Regulatory Commission ("FERC"), other state and federal policies affecting transmission, and, of course, APS's ability to finance large investments of this nature on commercially-reasonable terms.

The 2010-2019 Ten-Year Plan describes planned transmission lines of 115 kV or higher that APS may construct over the next 10 years. This Ten-Year Plan includes approximately 181 miles of new 500 kV transmission lines, 83 miles of new 230 kV transmission lines, 6 miles of new 115kV transmission lines, and 12 new bulk transformers. The APS investment needed to construct these projects is currently estimated to exceed \$520 million. When completed, these projects are expected to add approximately 2,000 MW of additional Extra-High Voltage scheduling capability, as well as 3,658 MW of import capability into the Metropolitan Phoenix Area and 220 MW of import capability into Yuma. These new transmission projects, coupled with additional distribution and sub-transmission investments, will support reliable power delivery in APS's service area, Arizona, and in the western United States.

Additionally, included in this filing is the Company's Reliability Must-Run Analysis ("RMR"), which was first developed in the Commission's Second Biennial Transmission Assessment and is now conducted biennially in response to the Commission's Third Biennial Transmission Assessment in Decision No. 67457 (January 4, 2005):

"Require that RMR studies continue to be performed and filed with ten year plans in even numbered years for inclusion in future BTA reports....." (Decision No. 67457, p. 4).

Biennial filing of the RMR was reaffirmed in the Commission's Fourth Biennial Transmission Assessment. The analysis covers a ten-year period and includes detailed analysis of the years 2013 and 2019 for the two major areas in APS's service territory where load cannot be served by imports over transmission lines – Phoenix and Yuma. The study shows that, with currently planned transmission projects, available

reserves are projected to meet or exceed the required generation reserves through 2019 in the Phoenix area, and reserve needs in the Yuma area do not at present outweigh the cost of transmission improvements beyond those in APS's Ten Year Plan.

If you or your staff have any questions, please contact Erinn Andreasen at (602)250-3276.

Sincerely,



Leland R. Snook

LS/sl

Attachments

cc: Ernest Johnson, Executive Director, Arizona Corporation Commission  
Janice Alward, Chief Counsel, ACC Legal Division  
Lyn Farmer, Chief Administrative Law Judge, ACC Hearing Division  
Steve Olea, Director, ACC Utilities Division  
John Foreman, Chair, Arizona Power Plant and Transmission Line Siting Committee  
Brian Bozzo, Manager, ACC Compliance & Enforcement  
Terri Ford, Chief, ACC Telecomm & Energy  
Jodi Jerich, Director, RUCO