U.S. Department of Energy
Public Meeting on
Draft National Interest Electric Transmission Corridor Designations

Phoenix, AZ

June 21, 2007

David Meyer: Ladies and gentlemen, if you'll take your seats, we'll get our public meeting started.

Good afternoon and thank you for coming. My name is David Meyer. I'm with the Department of Energy. I will be chairing the meeting today. I'm accompanied by Mary Morton, who is from DOE's Office of General Counsel.

So let me tell you a little bit about how we're going to operate the meeting today. I'm going to start off with a presentation about the Draft Corridor--or Corridors, because there is an East Coast Corridor as well--the rationale for the Draft Corridors, what the effects would be, and some of the--what some--what effects that you would not have.

Then after that, we will have some--we will hear statements and comments from public officials, or elected officials. And after those statements, then we'll go to statements from individuals. We will ask you to keep your initial statements short, to a period of, say, two minutes. And we have Jody Erikson here, our facilitator, who will help keep the time clock on that.

We ask you to keep your initial statements short, give us sort of the headlines of your positions, and then, if time permits, there will be additional time for people to speak, if they have other remarks they want to make.

Now--so let me start then with a discussion about the Draft Corridor.

I want to speak first to the--some of the background to the Energy Policy Act of 2005, particularly points related to transmission. The Congress--the Energy Policy Act was enacted only after a period of, oh, close to five years of debate, while the Congress sharpened some of the--and focused some of the provisions that were of major concern. So there was this protracted period of evolution prior to the enactment of the Act.

But with respect to transmission, the Congress was very aware of the importance of a robust transmission network, to the delivery of electricity. And secondly, it was also mindful of a protracted underinvestment that we've seen in transmission, going back a period of at least 25 years.

So there was concern to turn that process around. And I don't want to say that transmission was--transmission was certainly not the only matter of concern to the Congress. They took a multi-pronged approach to energy policy matters in this legislation.

So, at any rate, consistent underinvestment in transmission leads to higher electricity prices for consumers. It also, if it's allowed to persist for a long time, it can lead to increased reliability problems, and it can also lead to undue dependence on particular fuel sources, or particular electricity suppliers.

And since the Act--since the enactment of the Act, and passage of the Act in 2005, we've all become somewhat more concerned about carbon. But I want to say that even with that increased concern about carbon, the need for transmission, the importance of transmission, doesn't go away, because a great deal of the new generation that we're going to need is going to be sited distant from load. This--whether it's new renewables, or new nuclear, new clean coal plants, the bulk of this capacity is likely to be sited distant from load, so that the importance of the generation--of the transmission network will continue.

With these kinds of things in mind, the Congress put several transmission related provisions into the Act. I won't go through all of these. I will point out that, as I alluded before, the Congress realized that there are alternatives to transmission. It didn't want to seem as if it were focusing only on transmission issues.

It did require the states, for example, to consider the adoption of policies directing utilities to strengthen demand response and energy efficiency programs. It also requires DOE to set efficiency standards for a wider range of consumer products.

But the particular provisions that are of most importance to us here, for this meeting, are the first--the one that required DOE to publish a national study every three years on transmission congestion. And we published the first such study in August of 2006.

And then the second provision, or the follow-on provision in the Act, is the authority given to DOE to designate appropriate areas as National Corridors, if DOE finds that consumers are being adversely affected by transmission congestion or constraints.

So now, let me go briefly to the question of the effects of designation. What would be the impacts? What effects would it have?

And the first is that the designation would signify that the federal government has concluded that transmission congestion in the particular area is a matter of great concern from a national perspective, and that it requires prompt and effective action.

The second effect is that it would enable the Federal Energy Regulatory Commission, under certain conditions, to exercise authority to site the construction--to approve the siting and construction of transmission facilities in the National Corridor. But that authority, given to FERC, can be exercised only if certain--if one, or at least one of several pre-conditions has been met.

And several of these pertain to the nature of the existing authority that a state may have, if a state simply, for one reason or another, doesn't have the authority to site a particular proposed transmission project, then FERC--the applicant could turn to FERC, and ask--petition FERC to review the application, and if appropriate, approve it.

The ones that--the point that has attracted the most attention is the fourth one, down here--if the state has withheld approval of a project, proposed project, for more than one year. But I will--one point that I want to emphasize is that if an applicant were to turn to FERC, and request FERC to assert jurisdiction, it shouldn't be assumed that FERC would necessarily accept that petition. They would review it carefully before--and decide, with respect to that particular case, should they assume a certain jurisdiction.

And even if they do agree to accept the case, the Act has certain tests that FERC would have to meet before it could approve a project. It would--for, among which, the Act requires that FERC find that construction of the project would be in the public interest. And this is especially important, I think, in the context of a possible prior action by a state to not

approve. If they--if the state had earlier found that it was not in the public interest for this--for the proposed project to go forward, then the question before FERC would be, do they have a sufficient reason to overturn that state decision and come out with a different answer?

And that's not the sort of thing that any agency would do casually or lightly. They would, I think, be mindful that any such decision would get very intense scrutiny, would very likely be tested in court. And so, it shouldn't--I don't think--my bottom line here is that, one should not assume A) that cases would automatically end up at FERC, and one should not assume that FERC would automatically or inevitably approve the proposed project.

So, back to the question of effects of National Corridor designation. Now, it's important to note the things, the effects that it would not have, because I think there's been a lot of confusion on this question.

In particular, designation of a Corridor--although the designation would underscore the conclusion of the federal government that there is a significant problem in this area, geographic area, designation would not in any way be prescriptive as to how the problem should be resolved. And that is--it could be resolved through increased generation close to the load. It could be resolved through increased energy efficiency programs, demand response programs, or it could be resolved through additional transmission capacity, or some combination of the three.

But DOE, in any event, is not engaging in analysis of those alternatives, and in particular situations. We are not speaking to how the matter--the problem should be resolved. There are entities, particularly state entities, and now under certain conditions, possibly FERC, that have legal responsibility to do that sort of thing.

We do not. We, DOE, do not. And it would be--the Congress didn't give it to us, didn't authorize us to do that sort of thing, didn't direct us to do that sort of thing. So we have steered away from that kind of activity.

So in that sense, the designation would not propose, direct or order anyone to take any particular action. And it would certainly not endorse specific transmission projects, nor would it circumvent or otherwise affect existing federal requirements with respect to environmental reviews of transmission or other kinds of electricity infrastructure.

Now, so far as today's meeting is concerned, DOE is charged with implementing the law as written. So--we're not saying that the Energy Policy Act of 2005 is perfect, but nonetheless, this is not the occasion to debate the merits or the strengths of the Act. There is some debate, discussion of that kind, underway in Washington and before the Congress, and that's the appropriate place.

Similarly, we're not here to debate the merits of particular transmission projects or non-wires alternatives to those projects. But we do very much want to hear your views about whether a National Corridor in this general area is appropriate, given some problems that I will go into in a moment.

And if a designation is appropriate, where should the boundaries be? Because from our point of view, that's one of the more intellectually difficult parts of this exercise, is to figure out--I mean, everyone, I think, agrees that, yes, a National Corridor should have clearly defined boundaries, so that people know, am I inside the Corridor or not? But figuring out how those boundaries should be set is a matter to be addressed.

And as you'll see, or perhaps you already know, we have adopted county boundaries. And that's why the grey area here, in some areas, is somewhat irregular, because it follows county boundaries. And we select--we chose county boundaries because they are well known, people are familiar with them, and we didn't have to establish some new and different line that people would have to become familiar with.

This orange area here is an area we identified in the August 2006 congestion study as a Critical Congestion Area. And there's a comparable area on the East Coast that we identified as well.

But the--the sort of the key characteristics of this area are that electricity demand in this area is already high, and continuing to grow. And further, there is not enough generation capacity in this area, or in the very immediate area around it, to satisfy demand, so that there is, without question, a need to import electricity from other sources to satisfy the needs of this area.

Now--so, this illustrates the point I made earlier, that if, looking ahead, you see supply problems in this area, you can think about, well, should we build new generation close to load? That's very difficult to do in a densely populated area. You've got air quality concerns; you've got the water requirements for generation, just land use issues with respect to siting new generation.

Yes, you can do some things--rooftop solar is possibly a--one of the possible mix of solutions, but it would be very difficult to develop enough rooftop solar to satisfy the future requirements, the incremental requirements here.

Now, similarly, you can increase energy conservation programs in those areas, energy efficiency programs. But California has a long history of being a leader on energy efficiency programs. And so, you're talking about increasing the effectiveness of those programs that have already--have been in place, and you're going to ramp them up yet further. So there are some possible challenges there.

And then, the other things that one might think about are, of course, to import more power from more distant sources. But that can only be done with additional transmission, because most of these lines, these--all of these lines are transmission lines, they aren't highways. And they're--most of them are already loaded. They're not loaded 24 hours a day, but they do experience significant congestion at some point or another, most of them, over an annual period.

And that the--I haven't given you a definition of transmission congestion, but let me pause, or explain that when I use the term congestion, what it means is, that when you have a situation where wholesale buyers that want to bring power in to serve demand, or wholesale sellers that may be in some more distant area, when those parties are not able to put electricity on the line, but transfer--use the line for transferring electricity to the level that they would like to safely, then you have a transmission congestion situation.

And what happens then, in that situation is that a buyer here who perhaps wanted to purchase power from up here, would--the grid operator would say, no, you can't do that, because this transmission is too heavily loaded to permit that. Then, in effect, they're telling the buyer, you're going to have to go somewhere else. You're going to have to buy from an alternative source, at a somewhat higher price.

And that's kind of the good news. That's assuming that it is possible to bring in the power that's needed from some other source, wherever it might be. There is the possibility that the

lines are going to be so heavily loaded that, no, under certain conditions--no, that you don't have the option of going outside anymore.

Now, so then, you've got to do your best by appealing to conserve--to consumers, or other customers with whom you've made prior arrangements about cutting load--you've got to call on those people, and so on, to get the load down to whatever limit you can effectively deliver.

So the question then is how did we arrive at these boundaries? For this grey area, including the orange area, is what we're calling a National Corridor. And so, how did we go from, conceptually speaking, from this orange area to this larger grey area, the shaded area?

We looked for generation sources that could serve increasing demand. And for example, up here, there's a fair amount--this is the Tehachapi Wind Area. There is a great deal of interest in developing that capacity to serve, particularly, the Los Angeles area.

There is also a substantial amount of geothermal capacity down in here. There is some other wind capacity up here. Now, there are parties all over, that the--well, particularly up here in Wyoming, but elsewhere across the West, that are interested in developing renewables capacity to serve distant markets, or developing coal capacity to serve those markets, or a combination thereof.

And from our point of view--now, we didn't want to extend the Corridor out, all the way out to encompass those possible sources. But we did want to be able to say, that if parties who wanted to engage in that kind of developmental activity, if they can deliver their product here, this is one of the major portals into this large electricity market. And then, there's another portal down in this area, potentially, that could serve that market.

And so, the idea was that accessing either this way in, or this way in, that--there was some appeal there. So we--once we had developed things conceptually that far, then as I say, we went to county boundaries and said, what would be the appropriate counties for us to include, and where are those county boundaries? So that's how we got to where we are.

I've covered most of the points here, but the one that I do want to emphasize is the bottom line one here. The problems that we're talking about are problems that are going to get worse if not attended to. They aren't things that will somehow go away.

And we don't have unlimited time to debate how to deal with these questions. Yes, there is a time for discussion and debate, and that is, I hope, happening now. But the point is that it's important to keep an eye on the calendar here, and settle on actions, and take them in a timely way.

This is a graphic that shows most--this is sort of a notional representation of the congestion area. These are most of the branch groups, transmission branch groups that cross the California border, feeding into that area. And one of the most significant aspects of this combination of transmission lines, or groups of lines, into California, is that they are all interlinked in the sense that if one of these is heavily loaded, you--yes, you might go up to this one, and say, well, maybe we can put more on this particular group, into the area.

But because they are interrelated, there are limits to the extent to which you can increase load here without making this problem down here worse. And the whole point of this is, that these lines are so interactive that, if you're thinking how do we best solve these problems, we need to think about them from a system-wide perspective, to make sure that we aren't making one problem worse at the same time we're trying to solve something else.

I also want to speak briefly to the question of duration of the Corridors. Any of the programs, the kinds of programs I've talked about, take time to become effective, whether you're talking about ramping up additional energy efficiency programs, or developing generation close to load, or developing transmission. They all take time.

And so, in the sense that--if designating a National Corridor is going to be a constructive thing to do, it needs to be in place for a period of years. And we have--our proposal, in our draft, is for Corridors to be in place for 12 years. We also said that, recognizing that situations are going to differ from one case to another, that we didn't want to get--we wanted to hold open the option for DOE, depending on comments that we get, to say, well, a 12-year period might be appropriate in the generic sense, but in this particular case, some alternative period of time is more appropriate.

Now--so we welcome your comments on the duration question. Now, the--let's move on to the next one.

I put this slide in simply to underscore the fact that the blackout possibility is real. It's out there. This is the most recent major blackout, in August of 2003. This is one that occurred in--across the West in 1996. But I don't mean to exclude some more recent, rolling blackouts, localized blackouts that occurred in California, more recently than 1996.

So the--I don't want to dwell on this unduly. I'm not trying to scare people. I'm just trying to say, hey, this is real, this can happen. And when blackouts do occur, they are--at a minimum, they are very disruptive and inconvenient, but they're also very expensive.

In--just on the question of costs. For the August 2003 blackout in the Northeast, the estimates were that on the U.S. side alone, the costs were somewhere between $4 billion and $10 billion. And then there were additional, major costs incurred in Canada--the Canadians suffered even worse than the U.S. people did, because many of those nuclear plants were down for several days. It just took several days before they could be brought back up again.

Let's go to the next one.

Next steps for DOE. The 60-day comment period on the draft Corridors closes July 6, and after that--after the close of that period, we will review all comments received. And then we will develop some draft recommendations for consideration by the Secretary, concerning possible designation of Corridors.

And if a final designation order is issued, there would be an automatic 30-day reconsideration period. If, at the end of the 30 days, if DOE had not taken action otherwise, then the order would become effective.

So we welcome your comments, oral comments here, or written comments--or both. If you have questions that you want to discuss, you can talk with me. If you have legal questions, you can talk with Mary.

We have put a lot of documentation to the draft Corridors on this website, and Mary can give you some details on filing comments, on the procedure for that.

Mary Morton: Good afternoon. I think David's done a good job of giving you a pretty high level overview, but as most of you probably already know, the Department put out about an 80-page Federal Register Notice that really gives all of the underlying rationale--all of the data upon which the Department is relying for the draft designation.

And if you are considering filing written comments, and you have not done so already, I strongly urge you to take a look at this, because this is really the document that you need to be responding to.

Also, on the very first page of that document, there are some instructions about how to correctly file the comments, so that they can be logged in appropriately, and in the correct dockets--not very complicated in its setup.

Sorry--I don't know why I'm getting so much feedback.

Anyway, out on the tables out front, there are a--couple of copies of the Federal Register notice and a one-page handout that walks you through how to file the comments properly.

David Meyer: Okay. Now, I'm going to turn things over now to Jody. Jody is--Jody Erikson is our facilitator. Jody is not a DOE employee--she's with the Keystone Center. Keystone is an organization that's based primarily in Colorado, but they also have a Washington office. And I'll let Jody tell you a little more about what Keystone does, and then we'll go on to the next stage.

Jody Erikson: Hi. I am Jody Erikson from the Keystone Center. The Keystone Center is an organization, as David said, based in Colorado. We also have an office in Washington, D.C. Our mission is to improve public policy decision-making and collaboration, both from future generations and from current events today.

We do the future generation with a science camp, called the Keystone Science Camp. It does both serve as your standard summer day camp--it also does a science camp during the year--like, you know, in eighth grade, you go to a science camp for a week. We also do curriculum development and teacher training, on the future generation side.

I work on the current public policy side, which is facilitation and mediation for a range of different public involvement techniques, from a public hearing such as this one, to a whole public involvement process, to collaboration and consensus-building efforts--on energy, transportation, natural resources, and health issues.

So I'm here today just to help keep this process fair, and equitable, and moving along. So let me talk quickly about the process.

So, each person is going to have two minutes. Because there are far less speakers speaking today than at some of the other meetings, what we've done in the past, you get two minutes, and if we have time at the end, I'll give you a second two. Since there are fewer speakers, if you want to take your four minutes all in one chunk, that's fine with me, and we'll move forward that way.

I will give you a warning. There are two cards--I don't mean to scare you--a 30 second warning, and a red card that just says, thank you very much.

Be respectful. Be respectful by time, making sure that everybody gets to speak. I don't that's going to be a problem here. And there are lots of different opinions in the room, which is all good. Let's be respectful that there are different opinions--that's why democracy works. We get to hear everybody's different opinions.

One thing about, sort of the substance. DOE is not a siting organization. I don't think it's as much an issue here in Arizona, but it's not a siting organization. So this isn't about a specific

line. But if you're going to talk to a specific line, help DOE understand how the designation, what your concerns are about this designation, and how that relates to that specific line. But they're not siting-specific, though.

Any questions about process before we get going? Okay.

I'm going to have elected officials speak first, and then we'll go through the people who have pre-registered, and then we'll move into the green sheets. I've got about 16, 17 people, so it shouldn't be too long.

One more thing. This meeting is being transcribed--will be recorded, and then transcribed, and then posted on the web. So you can come and check out, on that website, and read yourself, if you spoke.

Okay. Let's start with Mike Gleason, and then we'll go with Jeff Hatch-Miller.

Mike Gleason: Good afternoon. I'm Commissioner Mike Gleason, chairman of the Arizona Corporation Commission. On behalf of the Arizona Corporation Commission, I would like to thank the Department of Energy for scheduling a public comment meeting in Phoenix.

We would use this opportunity to express our concerns with the draft Southwest Area Corridor designation in three areas.

Any draft National Corridor in Arizona is unwarranted, not well-founded on available information, and not needed in the location of Arizona. Commission Hatch-Miller will explain the basis for this concern.

Arizonans are in the best position to determine the need for transmission line in Arizona, and the impact of such projects on the reliability and economy of regions in the electrical grid. Commissioner Mayes will describe our transmission planning process.

Number three, Commissioner Mundell will detail that Arizona Corporation Commission has a proven record of siting transmission projects in Arizona. Any intervention in an Arizona transmission line siting case, to overturn an Arizona Corporation Commission decision, would be inappropriate.

In closing, I would like to make two clarifying comments. First, the Federal Register of May 7, 2007, states that the Secretary of State will contact the Governors of each state. While the Arizona Corporation Commission does not discourage contact with the Governor of Arizona, under Arizona revised Statute, Section 4360, the Arizona Corporation Commission has the authority to site transmission projects in Arizona.

These projects will affect rates. Arizona's constitution delegates to the Arizona Corporation Commission exclusive authority to set the rates for public service corporations.

Second, footnote number 99 in the Federal Register notices that--something's wrong with it.

Footnote 99 in the Federal Register states that the Arizona Corporation Commission did not comment on the southern California critical area, congestion area. While this is true, you should know that we could not comment because we were in the midst of an important transmission line siting case. Any comments would have been inappropriate.

Now, I would like to introduce Commissioner Hatch-Miller, who will address the first area of our concern. Commissioner Hatch-Miller? Oh, there you are.

Jeff Hatch-Miller: Thank you, Chairman. Thank you, Chairman Gleason, and thank you for holding this meeting in Phoenix, where my colleagues and I can actually offer live comments on this issue.

Any National Corridor designation by DOE in Arizona is unwarranted, and unfounded on available information, and unneeded in any location inside Arizona.

The Department of Energy has characterized this National Corridor designation in Arizona--perhaps it should be the California Corridor designation in Arizona--as being the source of the power, and California being the [sink] for the power. Siting generation and transmission lines is easier in our Arizona than in California. And electric prices are cheaper in Arizona than California, according to the Energy Information Agency. We pay about $0.09--they pay about $0.14.

The methodologies that the Department of Energy uses to determine this draft National Corridor designation is inherently flawed. It fails to consider recent load growth forecast for Arizona. The methodology skews the results in favor of California at the expense of Arizona.

The Department of Energy is basing its methodology on 2005 data, which is just a snapshot in time. 2007 data gives us a totally different picture, because our growth rate is increasing. Arizona is the fastest growing state in the nation, and its annual native load growth is twice as high as southern California's--4% to 5% load growth for the Phoenix area, 7% load growth for the northwest Arizona, compared to 1.5% load growth for southern California.

Let me say that again. 4% to 7% load growth in Arizona--1.5% load growth in California.

Arizona stepped up to the task of meeting its own load growth in the future by siting new generation and major transmission projects. With Arizona facing incredible load growth in the future, Arizona still needs to continue siting new generation, and major transmission projects here.

The National Corridor designation will allow southern California to reduce the generating capacity available in Arizona at exactly the time when Arizona utilities definitely need these resources.

California has consciously erected various barriers that will make it nearly impossible for them to site generation in California--difficult and lengthy permitting processes, inflexible energy policies with too much reliance on non-firm renewable energy, and very little, if any, tolerance for coal, and no tolerance for nuclear generation. In fact, California has outlawed any future nuclear power plants, and greatly restricted the prospect of coal-fired generation.

Strict environment policies in California regarding greenhouse gas emission performance standards cap emissions on fossil fuel based generation in California, but they don't in Arizona or Mexico, while people in California strongly also oppose any construction of many new power plants.

So in conclusion, with this imposition of this National Corridor designation, Arizona will be rescuing southern California from a looming energy crisis of their own making. California's self-imposed progressive policies have actually backfired. California has barely kept up with replacing its retired generation, and is well behind the curve in meeting its own new load growth.

As a result, California is forced, like they do with water, to meet its power needs by importing electricity from Arizona, Wyoming, and even Mexico.

I strongly urge the Department of Energy to revise its methodology, to consider the Arizona load growth phenomena in making its final decision on the National Corridor designation.

And I'll turn this over to Commissioner Kris Mayes.

Kris Mayes: Thank you, Commissioner Hatch-Miller. Thank you, Department of Energy, for holding this very important meeting. We're particularly thankful that you decided to hold one in Phoenix. It may not have been as good a turnout as California, but pretty good turnout here in Arizona. A lot of people want to speak on this topic.

I join with my colleagues on the commission to state our opposition to the draft Corridor designation in Arizona. The draft designation is unnecessary, and is not needed in Arizona.

As Chairman Gleason stated, Arizona, specifically the Arizona Corporation Commission, is in the best position to determine the need for transmission line projects in our state, and the impact of such projects on the reliability and economy of the region's electricity transmission grid.

You know, it was mentioned earlier that there have been blackouts and brownouts in other parts of the West. Blackouts and brownouts may have occurred in California, but I can tell you, they have not happened in Arizona. And there are reasons for that.

One of the reasons blackouts have not occurred in our state, is that we have a long-term plan for our transmission needs, and it's a plan that gets implemented, and it gets updated every two years. I want to walk you through that process, that is both state-specific and regional-specific.

The Corporation Commission prepares a biannual transmission assessment, a BTA, every two years. The first BTA was completed in 2000, and the fourth BTA in 2006--it was issued in March 2007.

It's intended to inform the Commission and other parties regarding the adequacy of existing and planned transmission facilities in meeting the present and future energy needs of Arizona customers in a reliable manner.

In 2006--the 2006 BTA set of guiding principles were used to determine whether the Arizona transmission system will be adequate over the next ten years. This BTA is then conducted every two years, for the next ten years.

In assessing the Arizona transmission system adequacy, Commission staff critically reviews and analyzes pertinent transmission planning documents, and addresses questions on the ability of our transmission system to meet load for Arizona utilities over the next decade--the adequacy of the grid to support the competitive wholesale market, and WECC reliability standards, just to name a few.

In the 2006 BTA report, staff noted that the collaborative process between the Commission and Arizona utilities, which began in previous BTAs, has continued to evolve in a constructive manner. The 2006 BTA concluded that the existing and proposed Arizona transmission system meets the load-serving requirements of the state in a reliable manner.

In addition to that state-specific transmission process, planning process, we also heavily engage in regional planning forums. For instance, we are involved, as well as our utilities are involved, in the SWAT--formerly CATS--the SWAT New Mexico process, the SWAT Arizona/New Mexico process, the SWAT Colorado River Transmission Subcommittee, and West Connect.

Arizona utilities and the Commission participate, as I said, very regularly in these regional planning efforts. The Arizona transmission process, which includes regional planning and our own BTA, has not identified any need, nor any benefits, associated with the National Corridor designations. Therefore, the determination of any National Corridor designation in Arizona is both unnecessary and inappropriate.

I want to quickly, in the time remaining, take issue with the Department of Energy's use of renewable energy as a justification for the Corridor.

According to DOE, the Corridor is necessary in order to allow western states to access renewable energy resources in Arizona and in California, to relieve congestion. DOE claims that the draft Corridor is needed, specifically to access renewables in western Arizona. Nothing could be further from the truth.

Arizona is strongly committed to renewable energy resources, and in fact, we just adopted one of the country's most aggressive renewable energy standards, which is now in place. Arizona will use the vast majority of the renewable energy resources that we produce in Arizona, but we also have a transmission process that will allow for some sharing of our renewable resources when appropriate.

In fact, the recent 2006 BTA approved by the Commission included a provision for planning the future transmission needs of Arizona's renewable resources. In the next BTA, we will specifically analyze the location of Arizona's renewable resources, and identify transmission alternatives to get these resources into load pockets and metropolitan areas where they're needed.

The BTA analysis will take into consideration renewable energy in the western portion of Arizona, and the regional efforts that I just talked about, at transmission planning, will ensure that all states will work collaboratively, to plan for the transmission needed to access renewable energy in every state that produces it.

So again, I thank you for allowing me the opportunity to offer this comment on a draft Corridor designation in Arizona. And I want to introduce my colleague, Commissioner Bill Mundell, who will talk about our specific line siting process.

Thank you.

Bill Mundell: Thank you, Commissioner Mayes. And I also want to thank you all for coming here to Arizona, and the Secretary of Energy--welcome to balmy Phoenix, Arizona. You can see that we need the electricity here in Arizona to run our air conditioners.

Having said that, I appreciate the comments of the facilitator. She talked about future generations. The reason you have all four Commissioners here--four out the five Commissioners here, and the fifth one had a prior commitment--he supports our position--is that this Corridor, if approved, will impact Arizona for generations.

I want to talk a little bit about the process that we utilize here in Arizona, and I want to reiterate what Commissioner Gleason said. It's the Corporation Commission that makes the

decision on transmission lines in the state of Arizona--it's not the Governor. We are considered a separate branch of government, one of only seven in the United States. So just--we want to put that on the record. It's the Arizona Corporation Commission in Arizona that makes the decision on transmission siting.

And we have--in that regard, we have a proven track record for siting and approving transmission lines and generation. And in fact, our process is open to the public--it's transparent, and requires us to balance the need for a project against its environmental impact, so the resulting decision is in the public interest.

And in fact, we just finished a case where the hearing lasted over 18 days. And since 1980--since 1998, the Commission has approved 13 separate generation projects, adding over 10,000 megawatts in new generation in Arizona, and since 2000, the Commission has approved more than 20 major transmission projects across Arizona, ranging from 115 kV to 500 kV, and totaling over 620 miles of transmission in Arizona.

Now--and in fact, prior FERC Commissioners, not the current one, have indicated in the past that Arizona was an example to be followed by the rest of the nation when siting transmission lines. And what's ironic is, our biggest problem in Arizona, when siting transmission line, is federal land. 42% of Arizona is federal land, and disbursed in such a manner that direct point to point transmission lines, the most cost-efficient, are likely to encounter federal land.

In fact, a couple examples. In--and I'm going to shift gears. In 2001, we sited a 345 kV double circuit project between Tucson and Nogales--in 2001. And that was overturned by federal pre-emption, because it ran through a national forest. This was a 65-mile long project that would have addressed reliability, and supply problems in southern Arizona.

We were being proactive--2001, we sited that transmission line. And it still has not been built, because the federal government has withheld approval.

And so, we do have a concern about what occurs on federal lands, and how it impacts our decisions. And then, I would say, Mr. Meyer, with all due respect--with all due respect, you can, in fact, build generation close to the load if you have the political will. If the politicians in California have the political will. We've done it here in Arizona, recently. We sited 875 megawatts in a densely populated of Maricopa County--875 new generation of megawatts, in Maricopa County, in a non-attainment area.

So we have the issue of air pollution. We have compliance with EPA rules here in Arizona also, just like in southern California. 875 megawatts in a non-attainment area.

And it was a very tough decision, because there was loud and vocal, local opposition. But we bit the bullet and did it, because we knew we were going to need it, long term, and it was close to the load pocket.

So I want to emphasize again--Arizona has a proven track record for siting and approving transmission lines and generation in Arizona. We employ a public, judicial and rigorous fact finding process, to evaluate all aspects of a transmission or generation project application.

And it was sort of alluded to earlier. I would say, let's be honest. This is not a National Interest Transmission Corridor. This is a California interest transmission corridor, and it will remain so until California builds generation and transmission to keep up with its growth.

And in fact--this is from the California Energy Commission. In 1999, and in 2000, they built no new generation--1999 and 2000. And then in 2004, and 2005, and 2006, there was no net gain of generation in California, because they took off as much--offline, as they built.

So they need to step up to the plate and build transmission. And as you alluded to, in your opening remarks, building generation close to the load growth is a way to solve the problem. It's not by building transmission lines in Arizona. This is--it's not needed at this time.

They need to step up to the plate. Thank you very much.

Jody Erikson: We're going to go through the folks who pre-registered. Marshall McGruder and Ed Legge.

Marshall McGruder: Good afternoon. Thank you very much. My name is Marshall McGruder. I'm a resident of Tubac, Santa Cruz County, Arizona, and an appointed member of the joint City of Nogales/Santa Cruz County Energy Commission. Today, I'm speaking as an individual.

I would like to comment on the application of the National Power Act, Section 216, on the possible expansion of the Southwest National Corridor to include the area between Tucson and Mexico--to import electricity generated in Mexico, and the concern--use of Mexico as a source of energy.

The Arizona Corporation Commission, in its letter of 27 January, 2007, to the Department of Energy, considered this possible corridor as more important than the DOE's congested studies, designation of an area of concern, between Phoenix and Tucson.

My concern is if that area of concern is extended into the draft Corridor, and the Tucson to Mexico corridor is included in the Southwest designated Corridor, I fear we have problems, and that's what I'm going to talk about.

The Tucson/New Mexico--Nogales/Mexico corridor fails to meet all five of the Energy Policy Act criteria to be considered as a designated National Corridor. First, the Tucson/Nogales/Mexico Corridor will not generate energy independence in the United States. Nor will it enhance our national defense, or Homeland Security.

The opposite would be true. Foreign dependence would be increased.

Second, a specific proposal to build a line between the United States and Mexico was approved by the Corporation Commission, as discussed earlier. It would reduce reliability in the western interconnection by synchronously connecting the states of Sonora and Sinaloa, Mexico, via one 345 kV system, with the United States and Canada.

High potential would be created for cascading blackouts, extending from 700 miles south of the U.S./Mexican border, through 13 U.S. states, and on to British Columbia.

The Department of Energy International Reliability Review has not been done. But I believe, in all likelihood, it will find reliability between the United States and Canada and Mexico degraded, and will deny a Presidential permit.

Third, there is no infrastructure for 345 kV transmission lines in Sonora or Sinaloa, Mexico. Nor are there any international agreements with Mexico--a country with no experience in the electric market, electric trading, or have similar ethical practices to those employed in the United States.

Fourth. The Arizona Corporation Commission approved this line--approval of this line, preceded a Department of Energy Environmental Impact Statement. This Environmental Impact Statement caused the U.S. Forest Service to deny the ACC designated route. An ACC approved route does not exist anywhere.

Fifth. The proposed 355 dual-circuit line would have a capacity of 2,000 megawatts. The public was told that this line was to improve reliability in Santa Cruz County. Our county's peak demand is 73 megawatts.

Sixth. There is some congestion between Phoenix and Tucson, as your study reported. Some of the congestion is in the WAPA transmission line used to meet our county's electrical demand.

The Energy Policy Act, Section 1222G, the one that follows the one that we're talking about today, allocates $100 million a year to improve WAPA's lines to eliminate congestion--the same thing we're talking about today.

The Arizona Corporation Commission has tried to support the local utility's proposed Tucson to Mexico 345 kV line. However, the designation of a National Corridor for this proposed route, or proposed area, violates all precepts and intentions of the Energy Policy Act--to define a National Corridor.

So please don't add the Tucson to Mexico into the Southwest designated area. I will submit a written response, and I'd like to thank you very much for your opportunity today. This is very important for our country. It's very important for the great state of Arizona. And it's extremely important for the smallest county--[inaudible]. Thank you.

Jody Erikson: Ed Legge? And then while he's walking up, I've got a couple of people. I don't think they're here. M. Korpi? Pre-registered--Steve Keene? Okay. We're going to start in on the folks who signed up today, so Sandy Bahr? Sandy, if you're here, raise your hand, or give me some indication.

Ed Legge: Good afternoon. I'm Ed Legge. I'm with the Edison Electric Institute. We are the Washington D.C. based association of investor owned utilities, which account for about 70% of the electricity generated and delivered in the United States.

I'll read our prepared statement--it's a version of our written statements that we've already submitted.

The Edison Electric Institute strongly supports the DOE's proposal to designate two National Interest Electricity Transmission Corridors. The geographic areas encompassed by the designations are experiencing persistent congestion. They are of a long-standing concern, having been previously identified in the DOE's 2002 National Grid Study, the 2006 Congestion Study, and in other analyses completed to support state, regional and utility planning efforts.

The proposed designation served notice to all stakeholders, states and utilities that it is well past time for them to settle on appropriate solutions to resolve the identified congestion, whether through new generation, new transmission, conservation, or a combination therefore.

EEI supports DOE's decision to draw geographic boundaries that are broad and inclusive. The use of broad geographic boundaries assures that states will have maximum flexibility to

craft the appropriate solutions for congestion, consistent with their policy, preferences and priorities.

Such broad boundaries also ensure that DOE is not favoring one solution over another, or endorsing particular proposed transmission projects at the expense of others.

The Edison Electric Institute appreciates the challenge the state siting authorities face when addressing transmission problems, whose impacts are both local and regional. We support the state siting authorities, and believe that the states typically are the best place for decisions to be made regarding new transmission infrastructure.

However, the National Interest Corridor designations are essential for encouraging states to make timely decisions, inasmuch as the backstop siting authority of the Federal Energy Regulatory Commission is available to an applicant if a state cannot or will not act to resolve critical regional congestion problems identified by the DOE.

We also recognize the need to consider alternatives to building transmission, and to weigh the impact of proposed projects on affected parties. We agree with the DOE that because a National Interest Corridor does not embrace any particular solution, endorse any specific proposed project, or compel any particular action by any party, these evaluations are best left to the states involved, and to FERC, should its backstop authority be accessed.

Finally, Edison Electric Institute believes that the nation needs a robust electricity grid that is reliable, efficient, and capable of delivering as much reasonably priced electricity as is needed to meet existing and future demands. The National Interest Corridor designations are important for assuring that this can be accomplished.

Thank you.

Jody Erikson: Sandy Bahr? After Sandy, Milton Wagner?

Sandy Bahr: Hi. Thank you for the opportunity to speak today. My name is Sandy Bahr. I represent the Sierra Club's Grand Canyon chapter and our more than 14,000 members here in Arizona. We are going to submit more detailed written comments, but I did want to take an opportunity today to raise a few issues.

The Sierra Club is very concerned about the proposed National Interest Electricity Transmission Corridors, and there are many reasons for that.

First of all, we think the designation actually helps to facilitate federal government siting of new power lines sought by utilities, even if state and local governments oppose the lines. The criteria don't contain exceptions for places already identified for protection, such as wilderness areas, wildlife refuges, parks, and national monuments.

We think it has great potential to allow for the override of decisions like the recent unanimous decision of the Arizona Corporation Commission to deny a Certificate of Environmental Compatibility to Southern California Edison's Devers to Palo Verde 2 transmission line.

And this was a proposed line--is a proposed line that would cut through 97 miles in Arizona, and the identified route would go through sensitive wildlife habitat, including the Kofa National Wildlife Refuge.

As you heard from Arizona Corporation Commissioners, there are a number of factors that they need to look at in deciding whether or not to issue a Certificate of Environmental Compatibility for a transmission line. They have to balance the broad public interest with the need--the broad public interest, the need for an adequate, economical and reliable supply of electrical--electric power, with the desire to minimize environmental impacts.

In doing that, they denied this most recent line. We think this kind of designation could undercut that, and be the first step in taking away that balance and consideration.

I did also want to mention that we agreed with many of the comments made by Marshall McGruder, regarding the fact that there is not a need to designate an additional area, and that the Forest Service was appropriate in its decision to deny approval of that line through a very sensitive area.

Clearly, many of these Corridors and the new transmission lines that would come along with them are merely to expand the distribution of power from dirty, coal-fired power plants, and perhaps new nuclear reactor units. This designation would only foster continued dependency on fossil fuels and nuclear power, at a time when we need to be moving to clean alternative energy sources, as well as greater energy efficiency and conservation, in order to address global warming.

The Department of Energy has taken a huge swath of our state, including Maricopa, Yuma and La Paz counties, and declared it an energy--or, proposing it as an energy corridor. Should this energy corridor proposal move forward, Arizona's Kofa National Wildlife Refuge, the Sonoran Desert National Monument, as well as many, many wilderness areas and other protected areas could be affected. This could result in power line corridors through some of our most scenic and sensitive land, here in Arizona.

For those, and for other reasons, this Corridor designation is a very bad idea. Thank you.

Jody Erikson: Milton Wagner? Following Milton Wagner, Tom Burhenn?

Milton Wagner: Good afternoon. My name is Milton Wagner. I speak on behalf of the Palo Verde group of the Sierra Club. We are the local unit of the Grand Canyon chapter--over 6,000 members here in Phoenix and central Arizona.

We have a significant interest in this matter, because many of our members live, work and recreate in the areas covered by the proposed Corridor. We're concerned, in particular, because of the size of the Corridor--it covers--the so-called Corridor covers three counties, and essentially is the entire Southwest quarter of Arizona.

This broad designation of area doesn't allow the public to meaningfully comment on what the impacts might be to certain sensitive lands. All we can do is talk in general about what some of these impacts might be.

Encompassed in the three counties are the three largest wilderness areas in the state. There are 20 other wilderness areas that the proposal covers. Four designated roadless areas, the Sonoran Desert National Monument, and other sensitive areas.

It's impossible for us to get into what all the effects might be in these areas, and certainly not in two minutes. So we think that the Corridor should be more narrowly drawn, in order to allow the public to comment meaningfully.

I've looked at some of the comments in the--for the Mid-Atlantic Corridor, and it appears out there that there were some specific proposals that were within that Corridor, to increase transmission. What I noticed from those--from some of those comments, is that you had--you would have landowners talking about specific lines that were being proposed, that they were concerned that that Corridor would permit.

And you read these comments--it's just much more tangible for them to be able to say, this line is going to have this impact in our community. Whereas, when you've drawn, essentially, the southwest corner of the state, you can't really give that local impact.

And if this is, as some suspect, really, just an effort to allow some of these projects that have been rejected before to go through, why go through this? Let's talk about those things, if this is--you know, going to run another line through Kofa, let's talk about some of the issues that would be raised by that.

I understand that nothing here specific is being proposed. But if that's the case, then we should eliminate some of these areas like Kofa, where--if you're saying, well, we're not looking at Kofa, then we should remove Kofa from the areas that you've designated.

So if the question then is, what is a more narrow area, we could look to what they've done with the West-wide Energy Corridor, where they've done a width of 3,500 feet. I mean, we think that's pretty broad. But at least with--when you can look at actual lines, you can say, what are going--what are the impacts going to be in these areas.

So in summary, we would ask that you would narrow the areas, so that we can have more meaningful opportunity to comment. And we will submit written comments. Thank you.

Jody Erikson: Tom Burhenn? And then, following him, Gary Yaquinto?

Tom Burhenn: Good afternoon. My name is Tom Burhenn. I represent Southern California Edison Company. I'm here today to express Southern California Edison's support of the draft Southwest Area National Corridor.

The DOE's designation of the draft NIETC in the Southwest is based upon well-reasoned and well-founded information relating to transmission congestion. DOE's designation of a final NIETC will underscore the significant need to relieve transmission congestion in the West, which benefits all customers while providing support for both utility and regulatory efforts, to do so in a timely manner.

Edison strongly supports siting and permitting transmission projects through established state processes. And I am here to express Edison's support for those processes. We are hopeful that we can site and build transmission facilities without having to avail ourselves of NIETCs, or backstop siting at FERC.

However, to highlight the need for increased transmission capacity through the West, final designation of the Southwestern NIETC should not be delayed.

In the National Electric Transmission Congestion Study, issued by DOE in August 2006, DOE recognized the areas in southern California as--or, areas in southern California as critical congestion area, and noted that in such an area, it is--quote--critically important to remedy existing or growing congestion problems, because the current and/or projected effects on the congestion area are severe.

DOE also noted that critical congestion areas should be addressed promptly, with planning and policy efforts to develop and implement appropriate transmission generation and demand-side solutions.

Edison has been working to implement appropriate transmission generation and demand-side management solutions. Through the year 2011, Edison has a five-year capital investment plan of $17 billion, including $4 billion for transmission expansion. We need the DOE to assist us in our efforts through the designation of NIETCs.

For example, Edison has proposed a 230-mile interstate transmission project, the Devers-Palo Verde No. 2 project, between the Phoenix area and Southern California, to reduce transmission congestion, and improve reliability. In hearings held in late 2006 and early 2007, the Arizona Power Plant and Transmission Line Siting Committee heard over 16 days of testimony from 26 witnesses, and included that DPV2 will reduce congestion and strengthen the southwestern transmission grid.

The Siting Committee also found that DPV2 will--quote--allow underutilized power plants in Arizona to sell additional power, particularly during off-peak seasons, off-peak hours. And such sales--quote--may encourage investment in and defray the cost of new resources that will be needed to meet Arizona's growing peak loads.

Further, in response to an earlier comment, both federal and Arizona state resource agencies, such as the Bureau of Land Management, the U.S. Fish and Wildlife Service, and the Arizona Department of Game and Fish, have found that the proposed route for Devers-Palo Verde 2 is the environmentally superior route.

The DPV2 project route lies within the boundaries of the draft Southwest NIETC. In the Congestion Study issued by DOE, DOE identified the path from Arizona to southern Nevada and southern California as an area that will be heavily congested in 2008. Unfortunately, just three weeks ago, the Arizona Corporation Commission rejected our DPV2 project, citing concerns that the proposed line benefits California at the expense of Arizona.

Let me restate--Edison's strong preference is to resolve the permitting of DPV2 through the established state siting processes. I wish to emphasize Edison's support for DOE's NIETC designation should not be interpreted as our intent to seek backstop siting authority at FERC without first putting forth all reasonable efforts to resolve the issue at the state level.

Edison remains hopeful that we can work together with the states of Arizona and California to resolve DPV2 siting issues at the state level. That in no way, however, undercuts the importance of NIETCs, and the need for DOE to finalize its NIETC designations. Such designations can only serve to focus both state and local efforts on the resolution of key transmission and congestion issues.

NIETCs are an important aspect of raising public awareness of the need to ensure grid reliability and regional access to economic energy. As such, it is important that DOE take this opportunity to send a message that relieving transmission congestion is important to the customers and the economy of the Southwest, and therefore, has significant national interest and importance.

Therefore, to avoid any unnecessary delays of needed transmission infrastructure, the DOE should issue its final NIETC designations as soon as possible.

Thank you for the opportunity to comment today.

Jody Erikson: Gary? And following Gary, Tom Wray?

Gary Yaquinto: Good afternoon. Thank you. My name is Gary Yaquinto. I am president of the Arizona Investment Council.

AIC is a not-for-profit organization, comprised of approximately 7,000 debt and equity investors in Arizona utility companies. Our mission is to advocate on behalf of our member investors before regulatory and legislative bodies. We also work with government policy makers to improve the investment climate in Arizona, and to support planning and development of essential infrastructure to meet the needs of Arizona, the nation's fastest-growing state.

AIC supports the Department of Energy's proposal for designating a Transmission Corridor in the Southwest, between Arizona and California. We believe such a Corridor is in the national interest, and in Arizona's interest.

We believe that with rapid growth in Arizona and the Southwest, that the Transmission Corridor is essential in relieving congestion between Arizona and California. Relieving constraints due to congestion is necessary to support further investment in Arizona, investment for accessing California markets and for meeting Arizona's own energy needs.

We also believe that such a Corridor will facilitate strengthening of the western grid, thus promoting enhanced system reliability, benefiting Arizona and California. It's an integrated system. We do not want to see blackouts in Arizona.

Let me repeat--we do not want to see blackouts here.

The establishment of the Corridor will also provide long-term economic benefits to both Arizona and California, which AIC supports.

Thank you.

Jody Erikson: Tom Wray? And then, Steven Begay?

Tom Wray: Thank you. Tom Wray, Southwestern Power Group, and SunZia Southwest Transmission Project, located here in Arizona. Thank you, and Phoenix rather--thank you for being here, and I hope you enjoy our hospitable heat that we brought on you here today.

I'm not going to repeat some of the comments that were made by the Commissioners today. I believe they were accurate and fair, only to add that in our siting process in the state, it is both finite, and that door-to-door, most of the time, it's less than 240 days. That's a statutory requirement. Unless it's told, with the consent of the applicant, I might add--something that hasn't been mentioned today.

It's also, I believe, a very fair and open process--quite transparent. While the applicant may not always agree with the findings of the decision, but the applicant, going in, knows the rules. The rules are stated in statute, it's not--it's very clear how the game is played. And having been through it myself on a number of occasions, I stand by the process, and really don't want it to be decided remote from where the project is taking place, and where there are both those that would benefit, and be impacted negatively by the project, so that that discourse can take place locally.

It's my view, that having been in this business for over 35 years, and watched what has happened here in the Southwest, that this is absolutely a result of the state of California, at

the regulatory level, not possessing the intestinal fortitude to solve their own problems. But identifying a crisis--which, we're familiar with past crises on energy in California--identifying the problem and rushing to the U.S. Capitol to solve it--the solution for their problems, ultimately, are in Sacramento.

I don't believe that this broad-brush approach necessarily would in any way benefit Arizona. In fact, I think it would negatively impact it, in the long run. This is another case in which the federal government is rushing to fix a problem with increasing collateral damage in areas that will fix problems where they aren't broken.

And with that, I'll stop. Thank you.

Jody Erikson: Following Steven, Deanna Archuleta?

Steven Begay: Good afternoon. My name is Steve Begay. I'm the general manager for Diné Power Authority, with the Navajo Nation.

I'd like to talk about the projects that we're working on currently, and how we're able to work with the Arizona Corporation Commission on the off-reservation part of the Navajo transmission project, and for the on-reservation, which is trust lands, we are able to work with the federal entities to--and the tribal entities, to get the rights of way.

So the transmission line is a line that runs from Shiprock Substation, the eastern terminus in New Mexico. It runs across the upper part of Arizona, paralleling a 230 line. And terminating with a 500 kV line coming down from Navajo Generating Station--it's a 189-mile line from--what we designate as Segment 1, which we will be--we were planning to construct beginning next year. It probably took a three-year timeline to get that done.

There was also a Segment 2 that runs 62 miles down from the [Page] area to [Monkope] Substation, and Segment 3, which 13 miles is on trust lands, and about 205 miles or so is on state, county, other federal lands including BLM and parks, up to the Arizona border, and into Nevada, to marketplace, where it terminates.

It's a 469-mile line that we are currently working with, and we do have a CEC from the Arizona Corporation Commission, back in 1990, a 10-year CEC, so we have a little over three years left. We do file annual reports with the CEC, and we're also working on generation to put on the line--in this case, the Desert Rock Energy Project, which would be in northwest New Mexico. That will tie into NTP Segment 1, and the Desert Rock will also tie into the Four Corners substation, creating a 500 kV loop to improve the reliability up in that area.

The CEC approved NTP Segment 3--it really addresses the transfer flows that will be going between Arizona, southern Arizona, and southern California. We heard that there were going to be transfer shortages. I think the NTP and the transmission planning that the Nation is doing, working with the Arizona CEC, we're helping to improve reliability. And I think this is where DPA, as an enterprise, and the Nation, is here to address some of those concerns--the transfer flows and the transfer shortages.

The question was, whether designation of a National Corridor should be in this area. The previous maps that I've seen does show, at least on the off-reservation portion, where that designation includes the NTP path. I think the concern of a lot of the tribes in Arizona and New Mexico is that they don't want this National Corridor designation to supercede, or to uproot, their local procedures for obtaining leases and rights of way. They like the

developers, and whoever are going to build the lines, to be able to follow those procedures, and not get railroaded by national--due to national designation.

The other, I think, is that tribal developers of energy projects, we don't want to face duplicate state and federal requirements. I think right now, with the Segment 3 of NTP, we're happy with the CEC, and we're working with them, filing annual reports. But if there is another federal layer requirement, I think that will basically curtail our progress, and our--our progress.

So I'd like to submit that remark, on behalf of Diné Power Authority. Thank you.

Jody Erikson: Deanna Archuleta, and then, John Travassos.

Deanna Archuleta: Hi. I'm Deanna Archuleta, and I am the new Southwest Regional Director for The Wilderness Society. I'd like to thank you both for being here today, as well as everyone else in the crowd.

Based on TWS' analysis--The Wilderness Society's analysis--the proposed Southwest NIETC includes hundreds of special places in Arizona, Nevada and California, that deserve to be protected from power lines, both in terms of their natural resources, and their values. And the experience, the amazing experience that they provide for the public who live in and around the areas.

We urge the DOE to formally remove these areas designated in an NIETC area. Two important places with the greatest concern to us are--that include, within--that are included within the proposed Corridor in Arizona, are the Kofa National Monument--I'm sorry, the Kofa National Wildlife Refuge, and the Sonoran Desert National Monument. The Sonoran Desert National Monument is part of the BLM's national land state--landscape conservation system, which is to be managed with special conservation, with a special conservation mission.

However, there are many other special places in Arizona that are at risk, and throughout the Corridor. We'll highlight those in our public comment, but I'd like to just briefly go over the three-state area.

There are 13 U.S. Fish and Wildlife Service national wildlife refuges and ranges, four U.S. Fish and Wildlife wilderness areas, two proposed wilderness areas in the U.S. Fish and Wildlife, five National Park Service units, three National Park Service wilderness areas, five National Park Service proposed wilderness areas, three BLM national monuments, four BLM wilderness within national monuments, five proposed BLM wilderness within national conservation areas, three BLM national conservation areas, 51 BLM wilderness national conservation areas, six wilderness study areas within the NCA, five proposed BLM wilderness within national conservation areas, 27 wilderness BLM wilderness--designated as wilderness areas--14 wilderness study areas outside of the NCA or national monument, 16 Forest Service wilderness areas, 68 Forest Service inventory roadless areas, and 45 proposed wilderness outside of the IRAs or the WSAs.

Given that number--we will give you a printout of those analyses in our written comments. If--when you're designating the NIETCs, DOE needs to be careful to comply with other applicable laws, such as the Wilderness Act, which we believe clearly prevents designation of the Corridors in all wilderness areas. The National Historic Preservation Act and the Endangered Species Act.

Designation should also include a discussion of potential environmental consequences under the National Environmental Policy Act. Labeling these areas as part of the National Interest Electric Transmission Corridors, and providing many shortcuts for approval of the new transmission projects in the Corridor, will have real effects on the land and the species that inhabit it.

Thank you.

Jody Erikson: So, I have one more speaker, and then if you had not signed up to speak but you have been inspired--something has not been said that you think is important to be said, I'll--after John, we'll have you come on up, and just make sure you say your name.

John Travassos: Thank you. Can you hear me?

Good afternoon. My name is John Travassos. I am the manager of the Environmental Planning Group at URS Corporation. As such I service both the private industry energy sector, and I also service state and federal agencies in completing environmental assessment documents. Currently, I manage a number of projects involving facility transmission, electric transmission, and generation plants.

I think--I want to first say thank you to the Department of Energy for promoting this National Transmission Corridor Designation consultant relief act, because it's going to end up making my company a lot of money. Because both sides of my clientele will now have to endure what I think is an unintended consequence, which will probably be a protracted process in environmental review.

By adopting a National Corridor designation, there is a de facto mandate to now consider every proposed transmission facility and/or generation plant as a connected action under the National Environmental Policy Act. Therefore, if the state of Arizona, for example, the Arizona Corporation Commission, chooses to build a transmission facility within the state, intrastate, without their being, let's say--and this is probably not realistic, but let's just say that they wanted to build a transmission line that would not involve any particular environmental issue--they now would become subject to review from someone sitting in California, because their transmission facility, de facto, is now a connected action to a person sitting in California.

The other thing that would happen is, the Ninth Circuit Court of Appeals last year ruled on a case whereby it said that consultants or federal agencies, anyone under a federal action, must address cumulative actions, and they must quantifiably address those.

As a consultant that works on a daily basis with all levels of engineers, I think the task of assessing what the cumulative effect of this National Corridor designation on any particular project will become virtually impractical and impossible.

I think one of the real big impacts of this will be--and again, it becomes the consultant relief act, thank you--is that the review process under an EIS, which normally takes two to three years, may be protracted out, I'd say, four to five years, because we're going to have to address these connected actions.

And I just caution the Department of Energy to carefully look at the implications of creating this de facto mandate for connected actions.

Thank you.

Jody Erikson: Anybody interested? Feel there's something that needs to be said, wants to jump up?

So what we've been doing is, if--we are going to take a break, take a little recess, and we'll reconvene when there is the next additional speaker. So thank you very much for coming--hang out. I'm assuming that there will be people who come a little bit later today, maybe after work.

So hang out if you like. Otherwise, we'll reconvene when the next speaker comes by.

(break)

Jody Erikson: There's a couple speakers, so if you could grab a chair. We've got three people who are going to jump up.

Our first person is going to be Darlene Justus, and then Kris Mayes, and then Bill Mundell.

I'm just--Darlene, I'm just going to jump back in. You get two minutes, since you weren't here at the beginning. But since there are so few people, we're sort of giving you your two minutes and your second two minutes, which we've given other people a second two minutes when we're done, so--okay, you sort of get four minutes. Okay.

Darlene Justus: [inaudible] for the advertising--it's a little part time job. My name is Darlene Justus, and I am actually with North Tempe Neighborhood Association--I'm president of that group.

And we are very concerned that the federal government is considering overturning the Arizona Corporation Commissioners' decision to block Southern California Edison's proposal, to run a transmission line into Arizona.

Arizona has prepared for the future, while California has not. Arizona utilities and the Arizona Corporation Commission are doing a good job, providing residents with power.

California needs to solve its own problems. It is irresponsible for the federal government to impose its will and overturn Arizona government decisions.

Poor planning, poor budgeting and disregard for its citizens does not give California the right or privilege to make this huge imposition on Arizona. Why should we pay the price of destroying habitat open spaces, and while--then we get, all of us in Arizona, get to pay more for our utilities.

You know, this is really ridiculous. Arizona has done a very, very good job, and I am extremely sorry--this is--I saw an article in the paper before, thought that this was a done deal until I saw it again today and saw you were having meetings. Again, the meetings are held in the middle of the summer, when a lot of people are on vacation.

And you give until July 6 for responses. I'm very sorry about that, and I certainly hope that you all consider to leave Arizona alone, and let us keep the power that we've planned for our future.

We are growing at a huge rate. California needs to take care of its own problems.

Thank you.

Jody Erikson: Kris Mayes?

Kris Mayes: Thank you--thank you, and I appreciate the chance to get back up and speak quickly, and we wanted to respond to something that Mr. Yaquinto from the Arizona Investors' Association--Investment Council--stated.

He stated, and I quote, we do not want to see blackouts in Arizona, let me repeat, we do not want to have blackouts here, suggesting somehow that to not designate this Corridor would lead to blackouts, which is absolutely ridiculous and ludicrous.

Again, Arizona has done the generation planning and transmission planning to avoid those kinds of blackouts, and I want to give you a specific example.

A couple of years ago, APS experienced a fire at a major substation--it was called the West Wing fire. We did not have blackouts or brownouts associated with that fire, in that N minus 3 incident, because we had sited a power plant within the load pocket at Santan, which allowed the valley sufficient generating capacity to withstand that major event at West Wing.

So again, we have done the kind of generation planning to avoid those--to avoid that kind of an outage, and certainly Mr. Yaquinto, who represents the Arizona Investors' Council, which represents Arizona's major utilities, including Arizona Public Service, ought to know better.

Commissioner Mundell?

Bill Mundell: Thank you very much. I'm Commissioner Mundell from the Corporation Commission, and we appreciate your indulgence. But we thought it was so over the top to say that if in fact the line is not built to California, that there will be blackouts in Arizona.

You can make a lot of intellectual arguments on the pros and cons of having this as a Corridor. But to suggest that somehow it's not--if the Corridor is not designated, you're going to have blackouts in Arizona, is flat wrong.

I told you about the amount of generation that we built here in Arizona over the last few years, and the transmission lines that have been built. And as Commissioner Mayes indicated, one of the facilities that helped us not have blackouts during the transmission transformer fire was the facility that I talked about that was built in a non-attainment area, in a highly densely populated part of Maricopa County.

And then you can make an argument, if you're going to make arguments, that if in fact the proposed line had--it would be built by 2010, 2011 or 2012, that just the opposite would occur, because you'd have electricity flowing mainly to the west, to California, and we would be more substantially connected to the grid.

So we just wanted to make the point that there is no logical, legitimate argument to be made, that if the Corridor is not designated, that somehow we'd have blackouts in Arizona.

And so we appreciate your indulgence. Thank you very much.

Jody Erikson: Thank you. Anybody else who got inspired over the break to jump up, add a couple of words? Somebody that hasn't spoken?

We gave you two shots--so it was two shots together.

You folks?

Okay. We're going to take another little break, wait until the next speaker comes back, whoever that might be.

We are going to hang out--just so you know, DOE will hang out here until 6:30, because that's the time we said you could register until--6:30. So we'll be here until 6:30.