
United States
Department of Energy

Office of Electricity Delivery and Energy Reliability

Arizona Public Service Company

OE Docket Nos. PP-107-1 and EA-107-A



Rescission of Presidential Permit and
Electricity Export Authorization

Presidential Permit No. PP-107-1 and Order No. EA-107-A

October 19, 2006

Arizona Public Service Company

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BACKGROUND

The Department of Energy (DOE) has the responsibility for implementing Executive Order 10485, as amended by Executive Order 12038, which requires the issuance of Presidential permits for the construction, operation, maintenance, and connection of facilities at the international border of the United States for the transmission of electric energy between the United States and a foreign country. In addition, exports of electricity from the United States to a foreign country are regulated by DOE pursuant to sections 301(b) and 402(f) of the Department of Energy Organization Act (42 U.S.C. 7151(b), 7172(f)) and require authorization under section 202(e) of the Federal Power Act (FPA) (16 U.S.C. 824a(e))¹.

On November 28, 1995, DOE issued Presidential Permit No. PP-107 to Arizona Public Service Company (APS) for the construction, operation, maintenance, and connection of a 34.5-kilovolt (kV) electric transmission facility at the U.S.-Mexico border. The line originates at the APS-owned Fairview substation in Douglas, Arizona, and extends south approximately two miles to the U.S.-Mexico border. In a related proceeding, on December 5, 1995, DOE issued Order No. EA-107 authorizing APS to transmit electric energy from the United States to Mexico using the transmission facilities authorized in Presidential Permit No. PP-107. Together, the Presidential permit and the electricity export authorization were to be used by APS for the sale of emergency power both by APS to Comision Federal de Electricidad (CFE, the national electric utility of Mexico) and by CFE to APS.

On March 21, 2006, APS applied to DOE to rescind Presidential Permit No. PP-107 and the associated electricity export authorization contained in Order No. EA-107. In its application, APS asserted that the line is no longer being used and submitted copies of previously filed annual compliance reports reflecting no activity during calendar years 2004 and 2005. In addition, APS is seeking authority to remove the span of the 34.5-kV facilities which crosses the U.S.-Mexico border, but retain that portion of the line which lies wholly within the United States for future domestic uses.²

¹ The authority to administer the International Electricity Program through the regulation of electricity exports and the issuance of Presidential permits was delegated by the Secretary of Energy to the Office of Electricity and Energy Assurance on April 13, 2005, in Redelegation Order No. 00-002.10. That office has subsequently been renamed the Office of Electricity Delivery and Energy Reliability.

² Article 11 of Presidential Permit No. PP-107 requires that all facilities associated with an international transmission line be removed upon termination, revocation or surrender of the permit.

In its application, APS discussed load growth in the Douglas area and the need for an additional domestic line into Douglas. APS asserted that Douglas is presently served by four 12-kV feeders, two of which are loaded close to capacity. To address the growing Douglas load, APS proposes to convert the international transmission line from 34.5-kV to 12-kV, terminate the line at the overhead pole just north of the international border, and remove the cross-border span. The remaining portion of the line within the U.S. would then be used as a fifth 12-kV feeder for the Douglas load, and allow APS to reduce the loading on the other four Douglas feed lines.

Notice of the APS request to rescind the Presidential permit and export authorization was placed in the *Federal Register* on May 19, 2006, (71FR29137) requesting that comments, protests, and petitions to intervene be submitted to DOE by June 19, 2006. None were received.

FINDING

The subject 69-kV facilities have been unused since 2003. Also, the subject facilities do not constitute a major transmission interconnection which integrates the APS and CFE systems. Therefore, removal of the international portion of the line would have no impact on the reliability of the U.S. electric power system. Furthermore, allowing the retention of the U.S. portion of the facilities for additional domestic purposes will help increase the reliability of service to regional customers in the United States. Also, in the absence of the international transmission line, an associated electricity export authorization is not necessary.

DOE also has determined that these actions are among those classes of actions not normally requiring preparation of an environmental impact statement or an environmental assessment and, therefore, are eligible for categorical exclusion under Appendix B to Subpart D, paragraph B4.1 of the revised DOE Regulations implementing the National Environmental Policy Act of 1969 (NEPA). Specifically, this categorical exclusion is for market plans or policies that do not involve: (1) the integration of a new generation resource, (2) physical changes in the transmission system beyond the previously developed facility area, unless the changes are themselves categorically excluded, or (3) changes in the normal operating limits of generation resources. Documentation of the use of this categorical exclusion has been placed in this Docket.

Based on the above, DOE finds that rescinding Presidential Permit No. PP-107 and the electricity export authorization in Order No. EA-107 as requested by APS is consistent with the public interest.

ORDER

Pursuant to the provisions of Executive Order 10485, as amended by Executive order 12038, and the Rules and Regulations issued thereunder (Title 10, Code of Federal Regulations, sections 205.320 – 329), Presidential Permit No. PP-107 issued to APS on November 28, 1995, for the construction, operation, maintenance, and connection of a 34.5-kV electric transmission facility at the U.S.-Mexico border is hereby rescinded. That portion of the permitted facilities contained wholly within the boundaries of the U.S. may be retained by APS for future domestic purposes.

Pursuant to section 202(e) of the FPA and the Rules and Regulations issued thereunder (Title 10, Code of Federal Regulations, sections 205.300-309), the electricity export authorization issued to APS on December 5, 1995, in Order No. EA-107, is hereby rescinded.

Issued in Washington, D.C., on October 19, 2006.



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