

**COMMENTS OF ARIZONA PUBLIC SERVICE COMPANY AND MIDAMERICAN TRANSMISSION,  
LLC TO THE DRAFT CALIFORNIA ISO 2012/2013 TRANSMISSION PLAN**

<b>Submitted by</b>	<b>Companies</b>	<b>Date Submitted</b>
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APS and MAT ("We") again wish to thank the California Independent System Operator ("CAISO") for the opportunity to comment on the Preliminary Results of the Economic Planning Studies ("Preliminary Results") performed as a part of the 2012/2013 Transmission Planning Process. We recognize the significant effort undertaken by the CAISO staff to implement the database and model refinements discussed at the December 11-12, 2012 Stakeholder Meeting ("Stakeholder Meeting").

Based upon our preliminary review, the analysis performed by the CAISO appears to be reflective of the existing market constructs, regulatory framework, and current transmission topology. The added depth of analysis, facilitates a robust and holistic perspective of procurement and transmission of energy which should ultimately benefit the CAISO customers. We are encouraged by, and concur with, the CAISO's preliminary assessment of the Delaney to Colorado River 500 kV Line ("DCR Line") which indicates that the project provides substantial net benefits to California customers.

While we feel the project merits approval based on its economic production benefits alone, it's also worth noting the added benefits the project can bring the CAISO – reliability, standby and regulation capacity, contingency response, economic development and resource optionality.

One of the next steps as discussed at the Stakeholder Meeting is to address the appropriate capacity benefit to ascribe to existing out-of-state generation. We agree that further studies may be needed to appropriately quantify the capacity value.

In conclusion, we reiterate our appreciation for the opportunity to provide comments on the Preliminary Results and commend the CAISO for their thorough analysis. With regards to the DCR Line, we support the direction of the CAISOs initial economic assessment and look forward to seeing the next iteration of results when the CAISO posts its draft transmission plan. We view the DCR Line as providing multiple benefit streams and as a practical first step toward a long-term strategic build-out of regional transmission infrastructure in the Western Interconnection.

We welcome the opportunity to discuss any of the considerations outlined in this letter with the appropriate CAISO representatives at your earliest convenience.