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ENERGY: Lingerin question: 'Who's thinking link?'

Observers wonder who will build north-south power conduit

By JOHN G. EDWARDS
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It's the \$350 million-dollar question for insiders in the electric utility industry.

Who will build a transmission line to provide a direct link between Nevada Power Co. of Las Vegas and Sierra Pacific Power Co. of Reno?

Will it be LS Power, an independent power producer?

Or Sierra Pacific Resources?

Or the Southern Nevada Water Authority?

Or all of them?

The answer remains a mystery.

East Brunswick, N.J.-based LS Power confirmed Wednesday that it has proceeded with its own plans by filing an application with the Public Utilities Commission to build a 234-mile transmission line from the new Thirtymile Substation northwest of Ely to the Harry Allen Substation northeast of Las Vegas.

The utilities commission is charged with deciding whether the Southwest Intertie Project is environmentally acceptable.

Meanwhile, Sierra Pacific Resources, the holding company for the two utility companies, and the water authority say they plan to build their own transmission lines along similar routes.

Sierra Pacific Resources spokesman Adam Grant said the utility company will continue to pursue its own plans for a transmission line despite the LS Power filing.

"It doesn't change our process," Grant said.

Water authority spokesman J.C. Davis said the water utility has determined it will need to build its own 230-kilovolt line even if it tapped into LS Power's proposed line, because of engineering constraints. The water authority, which needs electricity to pump water from wells and along a planned \$3.5 billion water line from the Ely area to Las Vegas, says LS Power's proposed line will not suit its needs.

The water authority needs lower voltage than the proposed LS Power line and would require "a lot of off-ramps," which make tying into the LS Power line impractical, Davis said.

"Building our own lower voltage line with all of the off-ramps we need was a more economic alternative in our analysis," Davis said.

LS Power seems to be ahead of the electric and water authority in the permitting process. But there are doubts whether LS Power could sell enough of the power line capacity if Sierra Pacific Power and Nevada Power aren't interested.

Mark Milburn, LS Power's project development director, declined to comment about possible conversations with the electric power utilities or water utility.

"There's a lot of interest, and the interest is significant enough for us to move forward with an open season," Milburn said.

An open season is a period during which an electrical transmission line builder takes commitments from companies interested in paying to ship power through the line.

The company hopes to sell transmission service to renewable energy producers and others who need access to the Western electric grid.

If LS Power gets enough commitments, it intends to start building the transmission line next year and to complete it by 2010. The line would cost between \$350 million and \$470 million.

Eric Witkoski, chief of the attorney general's Bureau of Consumer Protection, suggested the utilities, water district and LS Power might find some way to work together, such as using the same transmission line poles for all three power lines.

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