



A subsidiary of Pinnacle West Capital Corporation

Phil Smithers
Project Manager
Facility Siting

Tel. 602-493-4202
Fax 602-493-4113
e-mail phil.smithers@aps.com

Mail Station 4030
PO Box 53999
Phoenix, Arizona 85072-3933

December 21, 2006

The Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Childs-Irving Hydroelectric Project, Docket No. P-2069 – Request for Project Decommissioning Deconstruction Extension

Ms. Salas:

APS filed a surrender application for the Childs-Irving Hydroelectric Project with FERC on April 30, 2002. This surrender application proposed the return of flows to Fossil Creek on December 31, 2004 and completion of site restoration by December 31, 2009. APS filed a letter with FERC on April 4, 2006 requesting an extension of 6 months to complete the removal of project facilities. FERC responded on November 7, 2006 requesting that APS submit comments on this request from the signatories to the settlement agreement and resource agencies.

We have attached to this letter *Amendment 1 to the Childs-Irving Hydroelectric Project Settlement Agreement* which modifies the completion date in the settlement agreement for the project to June 30, 2010. This amendment has been signed by all signatories to the agreement. We have also attached letters of concurrence and comments from the United States Fish and Wildlife Service, United States Forest Service, United States Bureau of Reclamation, Arizona Game and Fish Department, and the Arizona Department of Environmental Quality.

If staff has any further questions or concerns, please feel free to contact me.

Sincerely,

Phil Smithers
Project Manager – Childs Irving Hydroelectric Project

cc: File 58-9903, Section 2.9.3

**AMENDMENT NO. 1 TO THE
CHILDS IRVING HYDROELECTRIC PROJECT
SETTLEMENT AGREEMENT**

This Amendment No. 1 to the Childs Irving Hydroelectric Project Settlement Agreement between Arizona Public Service Corporation, American Rivers and the Center for Biological Diversity, the Yavapai-Apache Nation, and Northern Arizona Audubon Society, Arizona Riparian Council, and The Nature Conservancy, Arizona Chapter, (collectively, the "Parties") is made this ___ day of November, 2006:

WHEREAS, the Parties entered into the Childs Irving Hydroelectric Project Settlement Agreement ("Settlement Agreement"), effective September 15, 2000;

WHEREAS, the Parties recognize the need to extend the schedule for completion of decommissioning of the Childs Irving Hydroelectric Facility; and

WHEREAS, the Parties wish to modify the Settlement Agreement to reflect the new schedule deadline for decommissioning.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in further consideration of the mutual promises set forth in this Amendment No. 1, the Parties agree as follows:

1. The Settlement Agreement is amended to revise Section 3.3 in the following manner (deleted language is lined through and added language is underlined):

3.3 Schedule for Project Removal. APS shall cease generating power at the Project and restore full flows to Fossil Creek not later than ~~December 31, 2004~~June 18, 2005. Except to the extent otherwise required by the Commission or USFS, APS shall commence Project decommissioning in accordance with the schedule in the Removal and Restoration Plan, with removal of all facilities specified in the Removal and Restoration Plan and completion of site restoration to the satisfaction of the Commission and USFS pursuant to 18 C.F.R. § 6.2 by not later than ~~December 31, 2009~~June 30, 2010.

2. All other terms of the Settlement Agreement not expressly amended by this Amendment No. 1 shall remain in full force and effect.

ARIZONA PUBLIC SERVICE COMPANY

AMERICAN RIVERS

By: *Nick Avor*
Its: Director - Fossil Projects
Date: 11/28/2006

By: _____
Its: _____
Date: _____

**AMENDMENT NO. 1 TO THE
CHILDS IRVING HYDROELECTRIC PROJECT
SETTLEMENT AGREEMENT**

This Amendment No. 1 to the Childs Irving Hydroelectric Project Settlement Agreement between Arizona Public Service Corporation, American Rivers and the Center for Biological Diversity, the Yavapai-Apache Nation, and Northern Arizona Audubon Society, Arizona Riparian Council, and The Nature Conservancy, Arizona Chapter, (collectively, the "Parties") is made this ___ day of November, 2006:

WHEREAS, the Parties entered into the Childs Irving Hydroelectric Project Settlement Agreement ("Settlement Agreement"), effective September 15, 2000;

WHEREAS, the Parties recognize the need to extend the schedule for completion of decommissioning of the Childs Irving Hydroelectric Facility; and

WHEREAS, the Parties wish to modify the Settlement Agreement to reflect the new schedule deadline for decommissioning.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in further consideration of the mutual promises set forth in this Amendment No. 1, the Parties agree as follows:

1. The Settlement Agreement is amended to revise Section 3.3 in the following manner (deleted language is lined through and added language is underlined):

3.3 Schedule for Project Removal. APS shall cease generating power at the Project and restore full flows to Fossil Creek not later than ~~December 31, 2004~~June 18, 2005. Except to the extent otherwise required by the Commission or USFS, APS shall commence Project decommissioning in accordance with the schedule in the Removal and Restoration Plan, with removal of all facilities specified in the Removal and Restoration Plan and completion of site restoration to the satisfaction of the Commission and USFS pursuant to 18 C.F.R. § 6.2 by not later than ~~December 31, 2009~~June 30, 2010.

2. All other terms of the Settlement Agreement not expressly amended by this Amendment No. 1 shall remain in full force and effect.

ARIZONA PUBLIC SERVICE COMPANY

AMERICAN RIVERS

By: _____
Its: _____
Date: _____

By: *Rebecca R. Wodder*
Its: President
Date: 11/21/06

CENTER FOR BIOLOGICAL DIVERSITY

By: *Robin Star*
Its: BOARD CHAIR
Date: 11/16/06

YAVAPAI-APACHE NATION

By: _____
Its: _____
Date: _____

THE NATURE CONSERVANCY,
ARIZONA CHAPTER

By: _____
Its: _____
Date: _____

NORTHERN ARIZONA
AUDUBON SOCIETY

By: _____
Its: _____
Date: _____

ARIZONA RIPARIAN COUNCIL

By: _____
Its: _____
Date: _____

CENTER FOR BIOLOGICAL DIVERSITY

By: _____
Its: _____
Date: _____

YAVAPAI-APACHE NATION

By: Vincent E. Raudall
Its: Apache Cultural Preservation
Date: 11/21/06 Director

THE NATURE CONSERVANCY,
ARIZONA CHAPTER

By: Patrick Graham
Its: State Director
Date: 11-21-06

NORTHERN ARIZONA
AUDUBON SOCIETY

By: _____
Its: _____
Date: _____

ARIZONA RIPARIAN COUNCIL

By: _____
Its: _____
Date: _____

CENTER FOR BIOLOGICAL DIVERSITY

By: _____
Its: _____
Date: _____

YAVAPAI-APACHE NATION

By: _____
Its: _____
Date: _____

THE NATURE CONSERVANCY,
ARIZONA CHAPTER

By: Patrick Graham
Its: State Director
Date: 11-21-06

NORTHERN ARIZONA
AUDUBON SOCIETY

By: _____
Its: _____
Date: _____

ARIZONA RIPARIAN COUNCIL

By: _____
Its: _____
Date: _____

CENTER FOR BIOLOGICAL DIVERSITY

By: _____
Its: _____
Date: _____

YAVAPAI-APACHE NATION

By: _____
Its: _____
Date: _____

**THE NATURE CONSERVANCY,
ARIZONA CHAPTER**

By: _____
Its: _____
Date: _____

**NORTHERN ARIZONA
AUDUBON SOCIETY**

By: Frank Brandt
Its: Settlement Agreement Signatory
Date: 11/21/06

ARIZONA RIPARIAN COUNCIL

By: _____
Its: _____
Date: _____

CENTER FOR BIOLOGICAL DIVERSITY

By: _____
Its: _____
Date: _____

YAVAPAI-APACHE NATION

By: Vincent E. Randall
Its: Apache Cultural Preservation
Date: 11/21/06 Director

THE NATURE CONSERVANCY,
ARIZONA CHAPTER

By: Patrick Graham
Its: State Director
Date: 11-21-06

NORTHERN ARIZONA
AUDUBON SOCIETY

By: _____
Its: _____
Date: _____

ARIZONA RIPARIAN COUNCIL

By: T.A. Thilderkrett
Its: President
Date: 11-22-06



United States Department of the Interior

U.S. Fish and Wildlife Service
Arizona Ecological Services Field Office
2321 West Royal Palm Road, Suite 103
Phoenix, Arizona 85021-4951



Telephone: (602) 242-0210 Fax: (602) 242-2513

In Reply Refer to:
AESO/SE
02-21-89-F-0214

December 4, 2006

RECEIVED
DEC 08 2006
BY:

Mr. Phil Smithers
Arizona Public Service Company
Mail Station 3190
Post Office Box 53999
Phoenix, Arizona 85072-3999

Dear Mr. Smithers:

Thank you for your electronic mail correspondence of December 1, 2006, received on December 1, 2006. This letter responds to your request for our comments regarding Arizona Public Service's (APS) request to the Federal Energy Regulatory Commission (FERC) for an extension to the removal schedule of the Childs-Irving Facilities, located on Fossil Creek, Yavapai County, Arizona. Per the April 30, 2002, Surrender Application, APS planned to restore full-flows to Fossil Creek on December 31, 2004, and complete decommissioning and site restoration activities by December 31, 2009. In a letter to FERC dated April 6, 2006, APS requested a six month extension for decommissioning activities and a revised completion date of June 30, 2010.

We fully support your request for an additional six months to complete decommissioning and site restoration activities. The additional project requirements included in the October 8, 2004, Surrender Order, the delayed timing of the native fish restoration project, and other actions that we and other agencies requested of APS, have contributed to the need for additional time to implement the surrender order. Your request is justified and more than reasonable considering the work that still needs to occur.

We appreciate your continued dedication to the decommissioning and surrender of the Childs-Irving Hydropower facilities on Fossil Creek. Should you require further assistance or if you have any questions, please contact Shaula Hedwall (x103) or Brenda Smith (x101) of our Flagstaff Suboffice at (928) 226-0614.

Sincerely,

for Steven L. Spangle
Field Supervisor

cc: Chief, Habitat Branch, Arizona Game and Fish Department, Phoenix, AZ



United States
Department of
Agriculture

Forest
Service

Red Rock
Ranger District

P. O. Box 20429
Sedona, AZ 86341
Phone: (928) 282-4119
Fax: (928) 203-7539

File Code: 2770-2

Date: December 8, 2006

Nick Svor, Manager-Fossil Projects
Arizona Public Service Company
PO Box 3190
Phoenix, AZ 85072-3999

RECEIVED
DEC 18 2006

BY:.....

Dear Mr. Svor:

We understand that you have requested from the Federal Energy Regulatory Commission a six month extension of time in order to complete the activities necessary for decommissioning the Childs-Irving Project, FERC Project No. 2069-030. The Forest Service understands that the project start date did not occur as scheduled for December 31, 2004, as well as construction delays due to fire danger, fire closures and evacuations over the last year or so.

As a result, the Forest Service understands and agrees with the timeframe extension for the decommissioning activities on this project for an additional six months through June 2010. We appreciate the quality work and cooperation of your staff since the beginning of this project. The work being done on site shows how much your staff cares about the Fossil Creek and its future. I also want to thank your staff for providing me with a tour of the facility and an overview of the decommissioning project.

If you have any questions or comments, please contact Judy Adams of my staff at (928) 203-7506.

Sincerely,

HEATHER C. PROVENCIO
District Ranger





United States Department of the Interior

BUREAU OF RECLAMATION

Phoenix Area Office
6150 West Thunderbird Road
Glendale, Arizona 85306-4001



IN REPLY REFER TO:

PXAO-1500
ENV-7.00

DEC 6 2006

Mr. Nick Svor
Manager – Fossil Projects
Arizona Public Service Company
Mail Station 3190
Post Office Box 53999
Phoenix, Arizona 85072-3999

*Phil
File
That
nick
12/11/06*

Subject: Concurrence with Arizona Public Service (APS) Request to Extend the Schedule of Removal of the Childs-Irving Project Facilities

Dear Mr. Svor:

This letter provides Reclamation concurrence with your request to extend the schedule of removal of facilities associated with the Childs-Irving Hydroelectric Project located on Fossil Creek, Arizona. We see no significant impacts from your proposed 6-month delay of completion of these activities until June 30, 2010. As you know, Reclamation's involvement with the decommissioning of the project was primarily associated with construction of a fish barrier and related native fish repatriation efforts, and a minor delay in removal of remaining facilities will in no way affect the success of our interest in the project.

If you have questions concerning this response, please contact Mr. Robert Clarkson of my staff at 623-773-6252.

Sincerely,

Bruce D. Ellis
Chief, Environmental Resource
Management Division



THE STATE OF ARIZONA
GAME AND FISH DEPARTMENT

2221 WEST GREENWAY ROAD
PHOENIX, AZ 85023-4399
(602) 942-3000 • AZGFD.GOV

GOVERNOR
JANET NAPOLITANO
COMMISSIONERS
CHAIRMAN, JOE MELTON, YUMA
MICHAEL M. GOLIGHTLY, FLAGSTAFF
WILLIAM H. MCLEAN, GOLD CANYON
BOB HERNBRODE, TUCSON
JENNIFER L. MARTIN, PHOENIX
DIRECTOR
DUANE L. SHROUFE
DEPUTY DIRECTOR
STEVE K. FERRELL



December 7, 2006

Phil Smithers
APS -Project Manager
Transmission and Facility Siting
PO Box 53933, M/S 4030
Phoenix, Arizona 85072-3933



RE: Requested extension deadline for removal of Childs-Irving Project

Dear Mr. Smithers,

Thank-you for making us aware of your request to FERC for a six-month extension to the deadline for decommissioning the Childs-Irving Project. We very much appreciated the delay for beginning the decommissioning activity. That delay allowed us and our partners to complete the Fossil Creek native fish restoration project and follow-up monitoring that was needed to confirm that our treatments were a success. To date, the native fish fauna of Fossil Creek has recovered remarkably well in the absence of nonnative fish predators and no nonnative fishes have been documented from the renovated portion of stream.

The Arizona Game and Fish Department would like to go on record as supporting APS in their request for a six-month extension for completing the Childs-Irving decommissioning project. In light of your delay in the start-up of the process, we believe your request is appropriate. Should you have any questions of us, please contact Dave Weedman, Aquatic Habitat Coordinator, by mail or by phone at (602)789-3607.

Sincerely,

Bob Broscheid
Habitat Branch Chief

BB:dw

cc: Rob Clarkson, U.S. Bureau of Reclamation, 6150 W.
Thunderbird Rd. Glendale, AZ 85306-4001
Shaula Hedwall, U.S. Fish and Wildlife Service, 323 N.
Leroux, Suite 101, Flagstaff, Arizona 86001





Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

1110 West Washington Street • Phoenix, Arizona 85007
(602) 771-2300 • www.azdeq.gov



Stephen A. Owens
Director

December 7, 2006

RS306:063

Applicant: Arizona Public Service Company
Nick Svor, Manager - Fossil Projects
Mail Station 3190
P.O. Box 53999
Phoenix, Arizona 85072-3999

Subject: Modification of CWA Section 401 Water Quality Certification for
Childs-Irving Hydroelectric Decommissioning Project (T12N, R7E, Sections 14 & 21
and T11½N, R7E, Section 20), near Strawberry, Yavapai and Gila Counties, Arizona
Docket No. P-2069
APS File: 58-9903, Section 2.9.3 ADEQ LTF: 31515, ADEQ WQDB: 9003

Dear Mr. Svor:

This letter shall serve as your requested modification of the 401 certification originally issued November 20, 2003.

The Arizona Department of Environmental Quality (ADEQ), Water Quality Division has reviewed your letter dated April 6, 2006 and we agree to extending the original 401 certification for the subject project from December 31, 2009 until June 30, 2010.

This modification is only for an extension of the time allotted for the project and does not change any of the conditions specified in the original 401 certification and they remain appropriate for the requested modification.

Sincerely,

Authorized ADEQ Signature: _____

Chris Varga, Surface Water Section Manager
Water Quality Division

cc: U.S. Army Corps of Engineers, Regulatory Branch – Attn.: Cindy Lester
USEPA, Wetlands Regulatory Office – Attn.: Tim Vendlinski (WTR-8)

Northern Regional Office
1801 W. Route 66 • Suite 117 • Flagstaff, AZ
86001
(928) 779-0313

Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ
85701
(520) 628-6733

Printed on recycled paper