

1 BEFORE THE ARIZONA POWER PLANT  
2 AND TRANSMISSION LINE SITING COMMITTEE

3 IN THE MATTER OF THE APPLICATION )  
4 OF TUCSON ELECTRIC POWER COMPANY ) DOCKET NO.  
5 ("TEP), IN CONFORMANCE WITH THE ) L-00000C-18-0103-00178  
6 REQUIREMENTS OF ARIZONA REVISED )  
7 STATUTES § 40-360, et seq., FOR )  
8 A CERTIFICATE OF ENVIRONMENTAL )  
9 COMPATIBILITY AUTHORIZING THE ) LS CASE NO. 178  
10 IRVINGTON TO KINO 138 KILOVOLT )  
11 (kV) TRANSMISSION LINE PROJECT, )  
12 WHICH INCLUDES THE CONSTRUCTION )  
13 OF A NEW 138 kV TRANSMISSION )  
14 LINE AND ASSOCIATED FACILITIES )  
15 ORIGINATING AT THE IRVINGTON )  
16 SUBSTATION, SECTION 03, )  
17 TOWNSHIP 15 SOUTH, RANGE 14 )  
18 EAST, AND TERMINATING AT THE )  
19 KINO SUBSTATION, SECTION 30, ) PREHEARING  
20 TOWNSHIP 14 SOUTH, RANGE 14 ) CONFERENCE  
21 EAST, EACH LOCATED WITHIN PIMA )  
22 COUNTY, ARIZONA. )  
23 \_\_\_\_\_ )  
24 )

25 At: Phoenix, Arizona  
Date: June 5, 2018  
Filed: June 7, 2018

REPORTER'S TRANSCRIPT OF PROCEEDINGS

COASH & COASH, INC.  
Court Reporting, Video & Videoconferencing  
1802 North 7th Street, Phoenix, AZ 85006  
602-258-1440 staff@coashandcoash.com

By: Carolyn T. Sullivan, RPR  
Arizona Certified Reporter  
Certificate No. 50528

1           BE IT REMEMBERED that the above-entitled and  
2 numbered matter came on regularly to be heard before the  
3 Arizona Power Plant and Transmission Line Siting  
4 Committee at the OFFICES OF THE ATTORNEY GENERAL, 15  
5 South 15th Avenue, Phoenix, Arizona, commencing at  
6 10:04 a.m. on the 5th day of June, 2018.

7

8 BEFORE:       THOMAS K. CHENAL, Chairman

9

10 APPEARANCES:

11 For the Applicant, Tucson Electric Power Company:

12       SNELL & WILMER, L.L.P.  
13       Mr. J. Matthew Derstine  
14       Ms. Ranie Rozenberg  
15       400 East Van Buren Street  
16       Suite 1900  
17       Phoenix, Arizona 85004

15

16

17 INTERESTED PARTIES:

18       Mr. Ed Beck  
19       Director, Transmission Development  
20       Tucson Electric Power Company

21       Ms. Marie Elena Cobb  
22       Assistant to Chairman Chenal

21

22

23

24

25

1 CHMN. CHENAL: This is the time set for the  
2 prehearing conference for the TEP Irvington to Kino 138kV  
3 transmission line, CEC Application 178.

4 May we have appearances, please.

5 MR. BECK: Ed Beck, director of Transmission  
6 Development for Tucson Electric Power.

7 MR. DERSTINE: Matt Derstine, Snell & Wilmer,  
8 and Ranie Rozenberg, Snell & Wilmer, on behalf of Tucson  
9 Electric Power Company.

10 MS. COBB: Maria Cobb, assistant to Chairman  
11 Chenal.

12 CHMN. CHENAL: All right. I have a checklist,  
13 and then after we go through the checklist, I'll review  
14 the Procedural Order to make sure we've covered  
15 everything and deal with any questions we have. I don't  
16 anticipate this is going to take long, although I did see  
17 a pleading that was filed, and we'll need to talk about  
18 that. But let's go through the easy stuff first.

19 The lodging, I just want to confirm arrangements  
20 have been made for the Committee members at the  
21 Doubletree Inn?

22 MR. BECK: Yes, they have. I think there was  
23 one Committee member that had not made a reservation, so  
24 we went ahead and made one.

25 MS. COBB: He is not attending.

1 MR. BECK: Okay.

2 MS. COBB: He'll be out of town.

3 MR. BECK: So we'll be covered.

4 CHMN. CHENAL: And I believe the applicant has  
5 filed the notice reflecting notice to affected  
6 jurisdictions?

7 MR. DERSTINE: Yes.

8 CHMN. CHENAL: Okay. And, again, what are the  
9 affected jurisdictions, Pima County and City of Tucson?

10 MR. BECK: Yes.

11 CHMN. CHENAL: Is South Tucson impacted at all  
12 by this?

13 MR. BECK: It's within the 5 miles, so I believe  
14 we also noticed the City of South Tucson.

15 CHMN. CHENAL: Okay. And we should just verify  
16 that.

17 MR. DERSTINE: Actually, yes, we did. I saw it  
18 on my notes.

19 CHMN. CHENAL: Very good.

20 Let's discuss the Notice of Hearing, the posting  
21 and the publishing. Take them in the order you'd like,  
22 Mr. Beck.

23 MR. BECK: Okay. So we have the notice printed  
24 in the Arizona Daily Star on Saturday, May 5th, and also  
25 Sunday, May 27th.

1           It's in our Exhibit TEP 8 for the first one.  
2           And the second one, we will -- our thought was we would  
3           supplement at the hearing with that.

4           CHMN. CHENAL: That sounds good.

5           And the posting. Let's talk about that. I see  
6           you have an exhibit that addresses that.

7           MR. BECK: Yes. So we did post the signs  
8           generally as shown on TEP Exhibit 8 along I-10. Because  
9           we couldn't get permits to place along the interstate  
10          itself, we would have had to have been off the  
11          right-of-way. It would have placed the signs way down  
12          the embankment, and they would really not have been  
13          visible. So we did post one right at Country Club and  
14          the interstate and tried to make it as visible as we  
15          could from the interstate.

16          CHMN. CHENAL: And part of your presentation  
17          will include a more detailed description of the posting  
18          and the publishing as required by the Procedural Order?

19          MR. BECK: Yes.

20          CHMN. CHENAL: Okay. With respect to the  
21          agenda, are there any additions or objections or changes  
22          that we should talk about?

23          MR. DERSTINE: No. I was going to complain  
24          about the Procedural Order limiting me to a 20-minute  
25          opening, but I decided I'd try to cram it into 20.

1 CHMN. CHENAL: 20? Didn't I make an exception  
2 for you, Mr. Derstine? Didn't we have it for 30 minutes?

3 MR. DERSTINE: I thought you were going to say  
4 ten minutes.

5 No. I think the agenda was fine.

6 CHMN. CHENAL: Well, since you raised it,  
7 Mr. Derstine, paragraph 16 of the Procedural Order says:  
8 The Applicant may make an opening statement at the  
9 beginning of the hearing of no more than 30 minutes.

10 MR. DERSTINE: Okay.

11 CHMN. CHENAL: So you're not limited to the 20  
12 minutes.

13 MR. DERSTINE: Thank you. I appreciate that.

14 CHMN. CHENAL: I use a standard form of agenda,  
15 so I didn't expect there would be any issues with that.

16 The hearing. Let's actually now go back to the  
17 pleading that was filed. Give me a minute to get that.

18 I believe yesterday, a document was filed on  
19 behalf of Bridges, B-r-i-d-g-e-s, Property Owner's  
20 Association. It's dated May 30th, but we saw it  
21 yesterday, to the Director of Utilities at the Arizona  
22 Corporation Commission.

23 And it indicates that: This is to serve as our  
24 Notice of Intent to Become a Party to the  
25 above-referenced matter -- which is this proceeding, Case

1 No. 178.

2 It says: We will be represented by our  
3 professional property management company, M-A-S, MAS Real  
4 Estate Service, Inc. The University of Arizona,  
5 Eastbourne Investments, Ltd., and KB Home are members of  
6 our association as major landowners in the Bridges  
7 project area and may be represented.

8 It was actually docketed May 4th. And let's  
9 talk about that.

10 MR. BECK: Okay. In general, since we did not  
11 see any -- what we expected to be filed a letter of  
12 support for the project, our governmental affairs person  
13 reached out to the Bridges group. And I don't know that  
14 he actually talked to them; but as a result, I believe  
15 they thought that they needed to, by the notice, file  
16 their Notice of Intent to Become a Party.

17 When we got this yesterday, I noticed that they  
18 didn't appear to have any attorneys. And I called them  
19 to talk through the issue that, as an association, they  
20 would need to be represented by an attorney if they were  
21 a party to the case.

22 CHMN. CHENAL: That's correct.

23 MR. BECK: They did not understand that. They  
24 didn't know that. They had no intent on hiring an  
25 attorney.

1 I talked to both a representative from MAS Real  
2 Estate Services as well as Mr. Bruce Wright from U of A.  
3 And Bruce Wright said that the group had decided they  
4 wanted to support the project. They knew that for a  
5 development, they needed energy in the area and,  
6 therefore, they wanted to participate in some fashion.  
7 And rather than reaching out to us, I think they filed  
8 this letter.

9 Procedurally, I don't know -- so I think our  
10 discussion led us down the path that they'll either file  
11 a letter or they'll show up and give public comment in  
12 support. I don't know procedurally whether they would  
13 need to withdraw this or if there's any issue with that.  
14 We can work with them to do that if it's needed.

15 CHMN. CHENAL: Well, I don't think so. I think  
16 we can just deal with it at the hearing. We'll just  
17 address it up front and treat it as a -- perhaps a Notice  
18 of Intent to Intervene, but it has to be by counsel.  
19 They didn't have counsel. They have elected to provide  
20 their input in another fashion. Either they'll file a  
21 statement in writing under the statute or they'll appear  
22 in person and we'll accommodate them.

23 And if you want to reach out to them, Mr. Beck,  
24 and let them know that we'll accommodate them in terms of  
25 providing public comment, we can do that at the beginning

1 of the hearing after the opening statement. I think we  
2 generally do that after the opening statement. And then,  
3 you know, we're flexible. I think you know by now, we're  
4 flexible with hearing public comment to accommodate the  
5 needs of the people that show up.

6 MR. BECK: Okay. I will do that. I will reach  
7 out to them.

8 I was given permission to bring this forward  
9 today by them.

10 CHMN. CHENAL: Okay. Yeah. An association  
11 obviously needs counsel, so they would either have to  
12 have counsel or, if they wanted to intervene -- but this  
13 will take care of it. Good.

14 So anything more on that issue?

15 MR. BECK: No.

16 CHMN. CHENAL: Okay. So let's go into the  
17 hearing and talk about the estimated time for the hearing  
18 given that, at most, it will be public comment, probably,  
19 on behalf of that organization.

20 MR. BECK: Right.

21 So I think, at least my expectation, is that  
22 we'll open on the Tuesday. We have scheduled for the  
23 field trip Wednesday morning. Reconvene Wednesday  
24 afternoon. And, hopefully, we will get through the bulk  
25 of at least our presentations by Wednesday afternoon.

1 Carry over into Thursday for whatever we have left. And  
2 then, hopefully, start deliberations on conditions and  
3 the CEC itself. My expectation is it could finish  
4 Thursday afternoon. We did reserve Friday just in case.

5 We don't really see a lot of public input or  
6 involvement. During the process, there were a few  
7 individuals that showed up. We did the best we could to  
8 remove the alignment that we're proposing farthest away  
9 from their area. So we don't know that anybody will show  
10 up for public comment.

11 CHMN. CHENAL: I think some overly zealous  
12 applicants might say that this would be done in two days.  
13 And I would say, with the tour, that's probably not  
14 likely. But it seems to me that this should be able to  
15 be completed in three, which would take us through  
16 Thursday. We have Friday if we need it. I doubt we'll  
17 need Friday, but if we do, we have it.

18 All right. So it will be held -- and I'm just  
19 looking at the Notice of Hearing -- at the Doubletree  
20 Hotel, 445 South Alvernon. We'll start June 12th at  
21 10 a.m. It will continue on June 13th at 9, and we'll  
22 have a tour. We'll reconvene probably in the afternoon,  
23 and we'll take the hearing into the next day. The  
24 hearings will start at 9 and finish preferably by 5. The  
25 first evening, on Tuesday, June 12th, we'll finish the

1 hearing around 5, and we'll reconvene around 5:30 for  
2 public comment special evening session.

3 Do you expect that there will be much public  
4 comment at this hearing?

5 MR. BECK: I don't anticipate a lot, although  
6 there was one school that had been very vocal during our  
7 public process. They did, in a stakeholder meeting,  
8 bring a bunch of their students, who sat in the room.  
9 They were well-behaved, but they sat in the room. I  
10 don't know if they'll try and bring some of the parents  
11 or the children. At this point, I don't anticipate it,  
12 but I don't know.

13 CHMN. CHENAL: Okay. All right.

14 MR. BECK: Actually, it was a very good session  
15 with the stakeholders. There were about 20 school-age  
16 children, elementary-school age, and they behaved very  
17 well.

18 CHMN. CHENAL: Very good.

19 We'll have sign-in forms for the hearing and the  
20 public comment sessions, Mr. Beck?

21 MR. BECK: Yes, we will have those.

22 CHMN. CHENAL: I assume there's no need for  
23 security?

24 MR. BECK: We do not anticipate any need.

25 CHMN. CHENAL: Public comment, as I said, we'll

1 take it after Mr. Derstine's ten-minute opening statement  
2 and then anytime else after the -- when it's convenient,  
3 before we close for lunch, when we open it up after  
4 lunch, at the end of the evening. We can always  
5 accommodate someone.

6 MR. BECK: Okay.

7 CHMN. CHENAL: Let's talk about the tour  
8 logistics for a moment.

9 I did note, if my recollection is correct --  
10 which exhibit is the tour?

11 MR. BECK: Exhibit TEP 2.

12 CHMN. CHENAL: I do read these things. And I  
13 see that we finish at 3:30 p.m.

14 MR. BECK: Then there's obviously a typo.

15 CHMN. CHENAL: I do read these, Mr. Beck, and I  
16 see there's a 3:30 p.m. end time.

17 MR. BECK: Yes. That was a carryover from  
18 something else.

19 CHMN. CHENAL: I understand.

20 MR. DERSTINE: We weren't going to go up and  
21 visit Mount Lemmon?

22 MR. BECK: We could do whatever the Committee  
23 would like for that period.

24 We did anticipate being done probably 11 to  
25 11:30, somewhere in there.

1 CHMN. CHENAL: All right. That would be a good  
2 time to come back, have lunch, and then we can resume at  
3 1:00.

4 MR. BECK: Okay.

5 CHMN. CHENAL: Google Earth. Is there going to  
6 be a Google Earth flyover presentation?

7 MR. BECK: Yes, there will be. We prepared a  
8 Google Earth for presentation for the Committee.

9 CHMN. CHENAL: Okay. Good.  
10 Will there be iPads for the Committee members?

11 MS. ROZENBERG: Yes.

12 CHMN. CHENAL: Good. We find those very  
13 helpful. I've heard positive feedback from the Committee  
14 members, just as an FYI. People really like it because,  
15 frankly --

16 MR. BECK: All the paper is difficult.

17 CHMN. CHENAL: And it's easier to follow along.  
18 With the way the spaces are and the way that -- there's  
19 not a ton of space in between. And it looks like we'll  
20 have a pretty good group of people.

21 There's only one that's going to be missing on  
22 this one, Marie?

23 MS. COBB: Correct.

24 CHMN. CHENAL: So it just is a lot easier to  
25 have an iPad there than, you know, books everywhere.

1 So we'll have Wi-Fi, robust Wi-Fi?

2 MR. BECK: Yes. It's the same location as last  
3 time. I think it worked very well for everyone.

4 CHMN. CHENAL: It's the same crew?

5 MR. BECK: Yes. Our Men in Black we're using  
6 again for the audio visual.

7 CHMN. CHENAL: Very good. I've heard very  
8 positive feedback with respect to them as well.

9 We'll take breaks every 90 minutes or so. Or,  
10 Carolyn, whenever you need a break, you just holler.

11 Any other matters or issues we should discuss  
12 regarding the hearing logistics?

13 MR. BECK: I don't believe so.

14 CHMN. CHENAL: All right. The compliance with  
15 the Procedural Order, obviously, there's no other parties  
16 at this point, so you filed your witness statements. We  
17 have those, your exhibits.

18 MR. BECK: Right. With PowerPoints for the  
19 hearing.

20 CHMN. CHENAL: There's really no legal issues.  
21 The only legal issue, we already discussed, the Notice of  
22 Intent to be a Party.

23 MR. BECK: Right.

24 CHMN. CHENAL: Any other legal issues or matters  
25 that we need to discuss at this point?

1 MR. BECK: I don't believe so.

2 CHMN. CHENAL: When there's no one intervening  
3 and there's no one raising holy heck, usually, there's  
4 not as many legal issues, so I don't expect that there  
5 are any.

6 Financial arrangements with ACC. Has TEP  
7 addressed that with the Corporation Commission?

8 MR. BECK: We made the required deposit, and  
9 then we're ready to supplement that as needed.

10 CHMN. CHENAL: Okay.

11 MR. DERSTINE: They won't let us file without  
12 it.

13 CHMN. CHENAL: Yeah.

14 Have you had discussions with ACC Staff with any  
15 aspects of this project, and did they have any comments  
16 or concerns to your knowledge?

17 MR. BECK: We did meet with Staff prior to  
18 filing and discussed the project with them. They  
19 indicated at that time they didn't really anticipate  
20 intervening in the case.

21 My hope would be that they will file a letter,  
22 but I have not seen anything yet.

23 CHMN. CHENAL: And we have not either.

24 MR. DERSTINE: And Charles Haines, Legal  
25 Division, has now moved on and is an ALJ. So Charles is

1 no longer running their siting cases for the Commission.  
2 So I'm not sure who's stepping in into his role. So  
3 maybe that's part of the reason that we haven't seen a  
4 response yet.

5 CHMN. CHENAL: Okay. I didn't know that. So  
6 congratulations to Charles.

7 Is there any litigation related to this project  
8 that we should discuss?

9 MR. BECK: No. As I indicated, we did have a  
10 vocal principal of a school, who would not return our  
11 calls. We couldn't actually talk to her. She had some  
12 representatives show up at public meetings. We feel  
13 we've accommodated their concerns to the best of our  
14 ability. But, again, we haven't spoken to the principal  
15 herself, and I'm not sure why she is unwilling to ...

16 MR. DERSTINE: She did, then, send an email that  
17 we did respond to.

18 MR. BECK: There has been an exchange of emails,  
19 yes.

20 MR. DERSTINE: So we've done our best to  
21 communicate with the principal of the school, who was  
22 fairly vocal about opposing the project just because the  
23 substation is in fairly close proximity to the school.  
24 But we've done our best to engage them and to let them  
25 know about routes that were selected and the options and

1 communicate with her as much as we can.

2 CHMN. CHENAL: But, I mean, obviously, the  
3 substation is not part of this application. So if they  
4 want to provide comment on that, it would be very limited  
5 at best.

6 MR. BECK: So that is one of the discussions we  
7 had at the public meetings, is an explanation of how we  
8 site the substation, our process as well as then City and  
9 County involvement in that. And I think that enlightened  
10 some of the attendees that that process went through with  
11 the Bridges group, because we're on the edge of their  
12 property, as well as the City and County.

13 CHMN. CHENAL: All right. Okay. The proposed  
14 CEC.

15 MR. BECK: We have proposed a CEC basically  
16 based upon our last case. There will be a couple of  
17 items, I think, that we want to discuss relative to the  
18 CEC, whether items are applicable or not.

19 And we have identified within the CEC -- we did  
20 make a few suggested changes that we have either struck  
21 through where we thought maybe a condition wouldn't apply  
22 anymore for Committee discussion as well as I believe  
23 there were a couple of spots where we've tried to clarify  
24 the language slightly.

25 CHMN. CHENAL: Let me get mine out.

1 MR. BECK: And I'll point out to you,  
2 Mr. Chairman, one condition, Condition 11, calls out the  
3 use of nonspecular conductor and nonreflective surfaces  
4 for the transmission line structures. And that is what  
5 we are proposing. And for all of the structures, we are  
6 proposing Cor-Ten, which is the weathering steel, the  
7 rust colored, so they're nonreflective.

8 We have had indication from the County that,  
9 specific to the substation site, any poles on the  
10 substation site, they are going to require us to do  
11 galvanized as part of their right-of-way grant or  
12 easement. And so that -- if they come to the hearing and  
13 bring that up, we may have to adjust that condition  
14 accordingly.

15 CHMN. CHENAL: Okay. Obviously, sure.

16 MR. BECK: So we've highlighted that because we  
17 know that's a potential issue.

18 CHMN. CHENAL: Any other issues?

19 MR. BECK: There's a condition about  
20 participating in good faith in state and regional  
21 transmission study forums. This being part of the  
22 subtransmission system, we could question whether that  
23 belongs in the CEC. But to the extent it's part of kind  
24 of your standard suite of conditions, we're not going to  
25 object to it.

1 CHMN. CHENAL: Okay.

2 MR. BECK: Just wanted to point that out.

3 CHMN. CHENAL: Okay.

4 MR. BECK: And then in the gas line, which is, I  
5 believe, in this case Condition 14 --

6 CHMN. CHENAL: 15. I think it's 15.

7 MR. BECK: Okay. It's 15 in this one.

8 There's a few word changes that we're going to  
9 suggest. And, again, it's trying to hone in and get that  
10 real clear to the parties of what we're doing.

11 CHMN. CHENAL: Give me a preview of that, but  
12 this would be an interesting -- a good discussion to have  
13 in front of the Committee because, as you know, these are  
14 evolving. I know that they are -- it seems to grow in a  
15 bureaucratic amoeba-like growth, but we don't want to go  
16 crazy on it. So if we can start refining these, I think  
17 that's a good exercise.

18 MR. BECK: So, specifically, in that condition,  
19 it talks about: Ensure grounding and cathodic protection  
20 measurements are performed.

21 It should be "studies." We will study it to  
22 make sure what the numbers look like, but we can't do  
23 measurements -- and so I think that's probably a clean  
24 version.

25 CHMN. CHENAL: I need to get the --

1 MR. BECK: So we will have it on the screen as a  
2 markup, and so we can point to the specific words.

3 So change of "measurements" to "studies" in one,  
4 two spots.

5 CHMN. CHENAL: All right. I, unfortunately,  
6 have the -- I need the marked-up copy. This is a clean  
7 version. This one has the word "studies" in it, not  
8 "measurements." So this is showing the change.

9 MR. DERSTINE: But in the last case, we went  
10 through that issue, and they did approve changing it to  
11 "studies." So that wouldn't be a change from the last  
12 CEC.

13 MR. BECK: Well, we can verify that. I know we  
14 did discuss some of this stuff.

15 CHMN. CHENAL: And I do recall that  
16 conversation.

17 MR. DERSTINE: And I think the Committee decided  
18 "studies" was okay as opposed to "measurements," because  
19 you raised the same concern last time.

20 MR. BECK: Right.

21 MR. DERSTINE: So I think it's not necessarily a  
22 redline change from the last CEC of the last case, and  
23 maybe that's why it's not showing up.

24 CHMN. CHENAL: But if you would forward to me a  
25 redline version, I would appreciate it, because I still

1 think we could have that discussion and just reemphasize  
2 that just to confirm that.

3 MR. DERSTINE: Just to confirm.

4 CHMN. CHENAL: Well, more educational.

5 MR. BECK: One other one is the No. 7, which is  
6 consulting SHPO relative to cultural resources.

7 Because there is no -- I believe that this is  
8 because there's no state land --

9 CHMN. CHENAL: Which --

10 MR. BECK: It's No. 7, Condition 7. TEP shall  
11 consult with SHPO.

12 CHMN. CHENAL: This is a clean version, so it's  
13 not in this one.

14 MR. BECK: It's kind of the standard language  
15 about contacting SHPO.

16 CHMN. CHENAL: Cultural resources.

17 MR. BECK: So, for this case, where there is  
18 absolutely no state land, should that be a condition in  
19 this case? And, again, I understand kind of the suite of  
20 conditions issue.

21 CHMN. CHENAL: And we know there's no cultural  
22 resources why?

23 MR. BECK: Well, this condition, I think, is  
24 applicable to state land only. We're required to get  
25 with SHPO on state land, and I don't think it goes to

1 city/county property.

2 CHMN. CHENAL: I don't know. So this might be  
3 another one for discussion. I mean, if that's the case  
4 and this is all going to be on City and County land and  
5 you can make that foundation, I'm fine.

6 MR. BECK: Yeah.

7 CHMN. CHENAL: But I don't know that as a  
8 legal -- you may be perfectly correct.

9 MR. BECK: And that's what I've been told. But,  
10 yes, it would be a good discussion.

11 I think those are the major ones. We'll get you  
12 a marked-up version.

13 CHMN. CHENAL: And I think that would be a good  
14 discussion. But if I could have a copy of -- the  
15 redlined copy that you're working off of, Mr. Beck, that  
16 would be helpful.

17 MR. DERSTINE: We'll get you one.

18 MR. BECK: Yes.

19 CHMN. CHENAL: And I had some too. Bear with me  
20 for just a moment.

21 Let's go off the record for a second.

22 (Discussion off the record.)

23 CHMN. CHENAL: All right. Maybe what I'll try  
24 to do is put together a redlined version with some  
25 thoughts that I have prior to the hearing and provide it,

1 and it will be more the subject of conversation, maybe,  
2 as we go through the hearing and when we get to that part  
3 of it. And we can kind of go over it. But they weren't  
4 major from my perspective, but they might be word changes  
5 from some of the previous CECs, comparable CEC provisions  
6 that address the same subject but with variations in the  
7 language. And I just want to go back and maybe, if  
8 nothing else, have a discussion and clarify that and kind  
9 of reidentify these.

10 MR. DERSTINE: We'll make sure we get you an  
11 accurate redline, and you can work from that and go from  
12 there.

13 CHMN. CHENAL: As you can appreciate, these are,  
14 yes, for this case, but we like to get the language right  
15 and make sure we're all on the same page for future  
16 cases.

17 MR. DERSTINE: Yeah.

18 CHMN. CHENAL: For example, if you look at -- do  
19 you have access to Case No. 176, that particular CEC?

20 MR. DERSTINE: Not in front of me, but ...

21 CHMN. CHENAL: Well, paragraph 12, and this is  
22 the CEC in Case No. 176, discusses efforts to commence  
23 discussion with private landowners.

24 That wasn't -- I don't believe that was in your  
25 proposed CEC, but I don't know if you're going to have

1 private landowners.

2 MR. DERSTINE: So in the last case, we had no  
3 private landowners. The entire project was built on TEP  
4 land. So I'm sure that language came out for that  
5 reason.

6 But in this case, do we have any private land?  
7 It's all City and Pima County.

8 MR. BECK: The City, Pima County, and then, I  
9 believe, the Bridges.

10 MR. DERSTINE: That is private.

11 CHMN. CHENAL: So 12 and 13 in the CEC for  
12 176 -- I'll just go through a few, and understand they're  
13 all from case 176. So paragraphs 12 and 13 both deal  
14 with private landowners.

15 Paragraph 17, there was some language about FAA  
16 regulations that was not included in your proposed. And,  
17 again, anywhere near Tucson and that area, I'm thinking  
18 of Tucson International and Davis-Monthan.

19 MR. BECK: So part of our case presentation, I  
20 believe, Ms. Darling will comment on the approvals or the  
21 review that we had by the FAA. And I think it's in the  
22 application. It will be in the case. If it needs to be  
23 a condition, that's fine.

24 CHMN. CHENAL: We'll follow the WECC and NERC  
25 planning standards as approved by FERC and NESC

1 construction standards and Federal Aviation  
2 Administration regulations. Right? It's the catch-all  
3 lawyer --

4 MR. BECK: One of those growths where it was  
5 originally the WECC and the NESC, and then FAA got added  
6 in a previous case.

7 CHMN. CHENAL: Yes.

8 MR. BECK: Probably the Nogales case.

9 CHMN. CHENAL: Yes.

10 Okay. And then paragraph 20 in that, Condition  
11 20, talks about filing with Docket Control any CEC  
12 route-related transmission service agreements to be  
13 provided to Commission Staff.

14 MR. BECK: So in this case, again, that was the  
15 merchant project. In this case, we don't anticipate  
16 transmission service agreements. This is serving our  
17 retail load as part of our network system. And at this  
18 point in time, because of restrictions we have from our  
19 two-county financing, we can't use our 138 system for  
20 wholesale transactions. Now, that could change in a  
21 couple years if we get rid of two-county, but ...

22 CHMN. CHENAL: I think that's one that we  
23 discuss.

24 MR. BECK: That's fine.

25 CHMN. CHENAL: Because it could come up in the

1 future, and it's something I know that Staff has asked  
2 for in the past at the Corporation Commission.

3 MR. BECK: And a more generic discussion at that  
4 time might be, do these conditions all survive the CEC?  
5 I mean, how do the conditions in the CEC fit in once a  
6 project is built? Because, typically, companies don't go  
7 back and review their CECs to watch for compliance with  
8 conditions once a project is built. And, in fact, one of  
9 the requirements is the compliance filing, which goes  
10 through the completion of construction. And then there's  
11 no longer a compliance filing required. So there isn't  
12 even a methodology to report on that on a compliance  
13 basis once construction is completed.

14 MR. DERSTINE: You're talking about like on this  
15 transmission service agreement?

16 MR. BECK: Any one of these conditions. Do they  
17 have a shelf life or not?

18 CHMN. CHENAL: Well, I think they do. I think  
19 there's certain conditions, maybe not all, but I couldn't  
20 give you an exhaustive list. But I know we have certain  
21 provisions that address ongoing maintenance requirements,  
22 and, obviously, they would continue past the date of  
23 completion. It would be an ongoing obligation. So I  
24 can't draw a line that one would never resurrect or  
25 spring into use.

1 But if those kind of provisions would carry on,  
2 I -- something like this one, where maybe two years after  
3 it's completed, that restriction on wholesale power sales  
4 goes away, I don't know how hard that would be to allow  
5 compliance with that provision.

6 MR. BECK: The concern I would have is the  
7 tracking and the reporting of that to the Commission.  
8 Typically, we don't have someone who is looking at all of  
9 our old CECs and reviewing every condition on all cases  
10 once a line is completed.

11 Again, it kind of goes to the general issue that  
12 a majority or a lot of these conditions are embedded with  
13 other requirements that we have as a utility. So the  
14 NESC, FERC have requirements on maintenance activities  
15 and keeping the line operational in a serviceable fashion  
16 and meeting load. So, generically, it's being done  
17 through that process.

18 I don't think there's ever really been the  
19 discussion of what happens to the CEC when you get to the  
20 point where a line is constructed. And just the  
21 compliance condition alone -- the compliance reporting on  
22 an annual basis, that one very specifically says that  
23 terminates upon completion of construction.

24 CHMN. CHENAL: Does it say that? Is there a  
25 condition that says that?

1 MR. BECK: I'm pretty sure in the compliance  
2 filing language, it says that the requirement terminates  
3 upon commercial operation.

4 CHMN. CHENAL: I'm not familiar with that one.  
5 There may be something else that's filed later on --

6 MR. BECK: In this case, it's Condition 16.

7 CHMN. CHENAL: 16. All right. Let's look at  
8 16.

9 MR. BECK: So it starts out: TEP shall submit a  
10 compliance certification letter annually identifying  
11 progress made with respect to each condition contained in  
12 this certificate, including which conditions have been  
13 met. The letters shall be submitted to Commission's  
14 Docket Control commencing on April 1, 2019. Attached  
15 shall be documentation -- it shall be submitted to the --  
16 and here's another question that we will raise during the  
17 hearing -- it shall be submitted to the Arizona Attorney  
18 General and the Governor's Office.

19 Now, the Attorney General makes sense from the  
20 standpoint you're overseeing the CEC. I'm not sure the  
21 Governor's Office makes sense anymore since they did away  
22 with their --

23 CHMN. CHENAL: Department of Energy.

24 MR. BECK: Yes.

25 CHMN. CHENAL: All right. We can talk about

1 that.

2 MR. BECK: So then the last sentence:  
3 Notification of such filing shall be made to the Board of  
4 Supervisors and all parties.

5 And, actually, this one doesn't say it  
6 terminates. Other cases did say this obligation  
7 terminates.

8 CHMN. CHENAL: Mr. Beck, I'm not familiar with  
9 that.

10 MR. BECK: I take that back. The second to the  
11 last sentence: With respect to the project, the  
12 requirement for the compliance letters shall expire on  
13 the date the project is placed into operation.

14 CHMN. CHENAL: Right. And I'm glad we're having  
15 the discussion because I read that as the compliance  
16 certification letter. I guess I've never read that to  
17 mean that when it's put into effect, that all the  
18 conditions go away.

19 MR. BECK: That's not --

20 CHMN. CHENAL: It's just the compliance --  
21 annual compliance letter. Because until it's built, it  
22 just notifies the ACC and our office what the status is.  
23 But once it's completed, I think I could look through  
24 some of these and say, You know what, it just seems like  
25 these conditions should continue to apply even though the

1 project is up and running.

2 MR. DERSTINE: Well, like the transfer  
3 conditions and that sort of ...

4 CHMN. CHENAL: Yeah.

5 MR. BECK: So once the line is built, is there a  
6 CEC, and do you transfer that CEC? It's a generic  
7 question. I know it hasn't really been discussed. Our  
8 position would be if someone were to come in and say, You  
9 have a condition, and you're supposed to be complying  
10 with it, we would agree we're supposed to be complying  
11 with it. But we don't have a methodology or a way to  
12 report that on an annual basis that we're reviewing each  
13 and every one of these conditions in all of our cases.

14 CHMN. CHENAL: I understand that. I mean, I  
15 would say the obligation is because of the CEC that's  
16 imposed. It's not because you -- the requirement to  
17 provide an annual compliance letter still exists.

18 For example, the transfer or assignment of the  
19 certificate, that condition requires certain obligations  
20 that could be years down the road. And I would expect  
21 that to be complied with even though, ten years before,  
22 the annual compliance letter requirement has gone away.

23 MR. BECK: I guess my impression relative to  
24 that is we build a project. Once that project gets  
25 built, it's part of our system. And any transfers and

1 sales or anything require ACC approval. And they will  
2 put whatever conditions in that approval process, which  
3 are probably the same terms or similar terms, that we're  
4 going to comply with everything.

5 But the certificate itself, in discussions with  
6 counterparts of other companies, the thought has kind of  
7 been that a CEC, in and of itself, once a line gets  
8 built, doesn't have a lot of value. And I'm not saying  
9 the condition shouldn't somehow follow through and be in  
10 place, but it's a -- I don't know the legal answer to it.

11 MR. DERSTINE: It seems like certainly some do  
12 and some don't, but it's a separate issue in terms of  
13 whether or not the company has an obligation to file  
14 something that says we're continuing to comply with the  
15 CEC on an annual basis.

16 Like here, for example, in 14: TEP shall  
17 participate in good faith in state and regional  
18 transmission study forums.

19 Well, we have an obligation to do that anyway.  
20 And the question is, okay, probably that obligation 14  
21 survives, but we're not going to do a filing once the  
22 project is built saying, We're still complying with 14 of  
23 the CEC issued in 177.

24 MR. BECK: And I know, Mr. Chairman, you've  
25 heard a little bit of this from me, and I've said it with

1 the previous chairs, is that -- and it goes to your  
2 starting point about the growing of conditions. And  
3 there are some of these conditions that are just embedded  
4 in the way and the obligations we have of doing business.  
5 We have to participate in these forums. We have to plan  
6 our system with the regional entities.

7 And so you put a condition in here, and it's  
8 easy for us to say, Yeah, we're going to do it because  
9 we're already obligated to do it. And on a stand-alone  
10 basis, once the line is built, we're still obligated to  
11 do it through these other requirements. But do you point  
12 back to the CEC and say, We're doing it because of the  
13 CEC condition? No. We have broader requirements.

14 CHMN. CHENAL: Well, that raises an interesting  
15 legal issue that we really don't have to decide today or  
16 in this case.

17 MR. BECK: Right.

18 CHMN. CHENAL: I may have a different view, but  
19 I haven't done the research, and I think I agree with  
20 Mr. Derstine. Let me just be clever and say I agree with  
21 your lawyer on that issue.

22 MR. BECK: Our ex-lawyer?

23 MR. DERSTINE: That's all right. That's the way  
24 it goes.

25 CHMN. CHENAL: But, no, I don't think we have to

1 decide the issue.

2 MR. BECK: No. I agree.

3 CHMN. CHENAL: But I think it's good we have the  
4 conversation, and, you know, I understand, I think to  
5 some degree, the point that you're making.

6 MR. DERSTINE: Well, we better expect to be  
7 there for Friday.

8 CHMN. CHENAL: Okay. So let's see if there are  
9 any other ones that I might throw out that might generate  
10 a little discussion.

11 I guess 21 would be another one. Again, 20 and  
12 21 were the ones that we started off talking about, the  
13 filing of the transmission interconnection agreements or  
14 transmission service agreements.

15 23 -- now, I'll read this one. It said in that  
16 case: Nogales Transmission shall provide a copy of their  
17 Certificate to the Board of Supervisors for Santa Cruz  
18 County, City of Nogales, Arizona State Land, State  
19 Historic Preservation Office, and Arizona Game and Fish  
20 Division -- or Department.

21 I guess that's just another question of who  
22 should the certificate go to? Clearly, we would be  
23 sending it to Pima County and City of Tucson and maybe  
24 South Tucson. But that's another discussion point. Who  
25 should get copies of this?

1 MR. BECK: Yes.

2 CHMN. CHENAL: I'm not going to say right now.  
3 I just think that's something that we should talk about.

4 And those are the ones that I thought might  
5 merit a little conversation, not necessarily enough to  
6 take us into Friday of that week, but ...

7 MR. DERSTINE: So we will add from Case 176 the  
8 conditions you just covered in our draft CEC and be  
9 prepared to talk --

10 CHMN. CHENAL: For discussion.

11 MR. DERSTINE: For discussion.

12 CHMN. CHENAL: And I fully appreciate the point  
13 made by Mr. Beck, especially on those -- 20 and 21 with  
14 regard to the service agreement and the interconnection  
15 agreement. And I think it would be good to have that  
16 conversation. Those are the ones.

17 And, understand, I'm not proposing that those be  
18 part of the CEC, but I think it's a good opportunity to  
19 start fine-tuning some of these and maybe getting a  
20 better feel for what cases they should apply to and what  
21 they shouldn't apply to. So that's part of the -- I  
22 think we're on the same page as far as that goes.

23 The lawyer in me wants to include all the  
24 conditions for every case, and I know -- and I really  
25 don't, but, I mean, that's kind of the default position

1 for lawyers.

2 But then I can tell you, and I think you've seen  
3 in the past, some of our Committee members are more  
4 reticent to do that. And I've had to actually, you know,  
5 push to get certain conditions in, even over the  
6 objection of Committee members. So I think the Committee  
7 is very respectful that they don't want this thing just  
8 to kind of grow out of hand.

9 So I think it would be a good discussion. We'll  
10 see where it goes. But, again, I'm not proposing these  
11 because I think they belong in it. I just think it's  
12 part of the process of getting these -- knowing -- have a  
13 better feel for what cases they ought to go and which  
14 they shouldn't.

15 MR. BECK: That's good.

16 CHMN. CHENAL: So let's see if there's anything  
17 else that I had.

18 Permit status for this project. Besides the  
19 CEC, what other permits are necessary?

20 MR. BECK: Just the minor incidental permits  
21 like for water, protection of the aquifer and the dust  
22 control and those kinds of things.

23 CHMN. CHENAL: Okay. You'll have a little  
24 discussion of that?

25 MR. BECK: Yeah.

1 CHMN. CHENAL: There's no NEPA process involved  
2 with this?

3 MR. BECK: No.

4 CHMN. CHENAL: I have here notebooks for  
5 Committee members, but, really, we're going to be using  
6 iPads; correct?

7 MR. DERSTINE: Yes.

8 MR. BECK: So I think last time, we had a  
9 handful of spare books just in case.

10 MR. DERSTINE: We will have additional hard  
11 copies for anyone who wants them, but we planned --  
12 because you and the Committee seem to like the iPads. I  
13 guess it raises the question, would it be helpful to have  
14 notepads if people want to make notes?

15 Do we have that already?

16 MS. ROZENBERG: I can provide them.

17 MR. DERSTINE: Yeah, why don't we do that.

18 CHMN. CHENAL: An extra laser or two.

19 MS. COBB: Green.

20 MR. DERSTINE: Green. Is that a Notre Dame  
21 thing? I'm teasing. I'm sorry.

22 MS. COBB: It's to accommodate one of our  
23 Committee members.

24 CHMN. CHENAL: Any other issues, matters we  
25 should talk about?

1 MR. BECK: I don't believe so.

2 CHMN. CHENAL: Good. I'm looking forward to  
3 this. I think the tour will be good. Again, I don't  
4 know if everyone will take the tour, but -- I've said it  
5 before, if one Committee member wants it, I think we  
6 should have it. And I want it, especially in this case,  
7 where there are some alternatives.

8 MR. BECK: Just, maybe for clarification,  
9 relative to the route tour, there are several stops that  
10 are shown as getting off the bus. And some of the stops,  
11 the intent was we'll just have the bus pull over, make a  
12 comment of This is the alternative that we're not  
13 proposing, but here's Alternative B, here's Alternative  
14 C.

15 We'll drive those routes so you can kind of get  
16 a feel for it but not have definite stopping points along  
17 kind of the alternative routes if that is good with you.  
18 And I think that works with the court reporter to the  
19 extent required.

20 CHMN. CHENAL: So you're proposing, then, that  
21 for at least the alternative routes, we will stop but not  
22 get out of the bus?

23 MR. BECK: Right.

24 CHMN. CHENAL: And there will just be  
25 basically -- you'll explain that we're looking at, and

1 Carolyn can take that down in the bus?

2 MR. BECK: Yes.

3 CHMN. CHENAL: Especially given the heat.

4 MR. BECK: Trying to be thoughtful of the heat  
5 issue.

6 CHMN. CHENAL: That will be good.

7 Well, I can't think of anything else, so if you  
8 don't have any issues, I guess --

9 MR. DERSTINE: Did you want to talk about the  
10 placemat or --

11 CHMN. CHENAL: Sure. Let's do that.

12 MR. BECK: So we do have a proposed placemat,  
13 our planned placemat, which will be two-sided. It was  
14 printed as two individual sheets, but you'll have the  
15 front with the map, the pole diagram. A few numbers on  
16 there as far as cost and heights go, number of  
17 structures.

18 And then on the back, we have some visual  
19 simulations that were taken along various routes.

20 MR. DERSTINE: Some of these colors may change  
21 in terms of boxes and that sort of thing, but the content  
22 should be the same.

23 MR. BECK: Generally, they should show up as  
24 these were printed, although it's subject to whatever  
25 printer was used.

1 CHMN. CHENAL: Sure. These look good.

2 Very good.

3 MR. BECK: And I guess one other item. It's on  
4 the description of the route. We do plan in this case to  
5 have a legal description of the center line. We will  
6 probably also have a map to go with that.

7 CHMN. CHENAL: That would be good.

8 MR. BECK: So you'll have either the alternative  
9 one or the other or likely both going into the CEC.

10 CHMN. CHENAL: So maybe an Exhibit A would be  
11 the legal and Exhibit B would be the map or vice versa?

12 MR. BECK: Yeah. Or A1, A2, however that works,  
13 but yes.

14 CHMN. CHENAL: Makes sense.

15 And what's the width of the corridor that you're  
16 asking for? 100 feet or --

17 MR. BECK: I think we went 300, I believe.

18 CHMN. CHENAL: 300. Okay.

19 MR. BECK: And we went with a width wide enough  
20 where we're along a street, that it covers either side of  
21 the street. So we have what we are proposing to be, for  
22 example, say, the northern side of the street. If, for  
23 some reason, when we're dealing with the City or the  
24 County, they say, No, it just can't go here or we have to  
25 cross over, we've got enough width in the corridor to

1 allow us to go across the road.

2 CHMN. CHENAL: How much -- let's look at that  
3 placemat. And we don't need to mark this as an exhibit,  
4 but let's look at your Alternative Route A, which is your  
5 preferred route.

6 MR. BECK: Right.

7 CHMN. CHENAL: The portion that's on private  
8 land versus City or County land, what's the rough  
9 percentage?

10 MR. BECK: It's a very small percentage, and we  
11 can have that number for you.

12 But, basically, as we come out of the plant  
13 site, Irvington, we're coming along Irvington Road, that  
14 will all be within road right-of-way.

15 We'll turn up and go up along Benson Highway.  
16 That also would be road right-of-way.

17 Along Park Avenue would be road right-of-way.

18 And the only place that I believe we get onto  
19 private is along that northern section along 36th Street.  
20 And it's because there are existing utilities out in the  
21 street, and so we need to move a little further south.  
22 And we've had discussions with the Bridges about  
23 accommodating that alignment.

24 CHMN. CHENAL: So I know that won't happen in  
25 this case, but in the situation a landowner just refuses

1 to allow an easement, you do have condemnation authority.  
2 So in worst-case basis, you have that ability.

3 MR. BECK: Yes. We try not to use it, but we do  
4 have that.

5 CHMN. CHENAL: Sure. And with cities and  
6 counties or even -- well, cities and counties where there  
7 are public utility easements, is there ever pushback, and  
8 how do you get around that?

9 MR. BECK: Occasionally, there will be pushback.  
10 For the most part in the City and County, we have  
11 franchise agreements that allow us to utilize the road  
12 right-of-way for our facilities. And so that's typically  
13 what we'll do. If we run into a snag with the City or  
14 the County -- and it could be an underground sewer line  
15 and water line that just preclude us from getting into  
16 the spot we need to -- one option is to go across the  
17 road to the other side.

18 CHMN. CHENAL: Pursuant to the franchise  
19 agreement?

20 MR. BECK: Pursuant to the franchise agreement.  
21 So there's no right-of-way cost per se associated with  
22 that. In a worst case, we have to go over on the private  
23 land adjacent to the right-of-way, we could do that. And  
24 that 300 foot will also accommodate some shift if we had  
25 to go off the right-of-way.

1 CHMN. CHENAL: And what about state land? If  
2 push comes to shove with the State, how does that get  
3 resolved?

4 MR. BECK: That can be very difficult.

5 CHMN. CHENAL: Because you don't have  
6 condemnation authority, and you don't have a franchise  
7 agreement.

8 MR. BECK: Correct. So we had a case, 500kV  
9 line, where it was sited on state land through the case  
10 process. And when we applied for the right-of-way, they  
11 took their sweet time in granting it, but they did  
12 ultimately grant it. And I believe we actually did bring  
13 some pressure to bear through the Governor's Office at  
14 the time to get them to move on it. But state land can  
15 be an issue, yes.

16 CHMN. CHENAL: Okay. Well, I think we spoke off  
17 the record that this should be business casual dress. If  
18 I didn't state that on the record, let's be sure that we  
19 comply with that.

20 And I can't think of anything else. So if  
21 something comes up, let me know. But, otherwise, we're  
22 adjourned for the day.

23 MR. BECK: Thank you.

24 (The prehearing conference concluded at  
25 11:01 a.m.)

1 STATE OF ARIZONA )  
2 COUNTY OF MARICOPA )

3 BE IT KNOWN that the foregoing proceedings were  
4 taken before me; that the foregoing pages are a full,  
5 true, and accurate record of the proceedings, all done to  
6 the best of my skill and ability; that the proceedings  
7 were taken down by me in shorthand and thereafter reduced  
8 to print under my direction.

9 I CERTIFY that I am in no way related to any of  
10 the parties hereto nor am I in any way interested in the  
11 outcome hereof.

12 I CERTIFY that I have complied with the ethical  
13 obligations set forth in ACJA 7-206(F)(3) and ACJA  
14 7-206(J)(1)(g)(1) and (2). Dated at Phoenix, Arizona,  
15 this 6th day of June, 2018.

16  
17  
18  
19  
20  
21  
22  
23  
24  
25  

---

CAROLYN T. SULLIVAN, RPR  
Arizona Certified Reporter  
No. 50528

26 I CERTIFY that COASH & COASH, INC., has complied  
27 with the ethical obligations set forth in ACJA  
28 7-206(J)(1)(g)(1) through (6).

29  
30  
31  
32  
33  
34  
35  

---

COASH & COASH, INC.  
Arizona Registered Firm  
No. R1036