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BEFORE THE ARIZONA POWER PLANT AND TRANSMISSION LINE SITING COMMITTEE

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IN THE MATTER OF THE APPLICATION OF SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT, IN CONFORMANCE WITH THE REQUIREMENTS OF ARIZONA REVISED STATUTES, SECTIONS 40-360 et seq., FOR A CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY AUTHORIZING CONSTRUCTION OF A 230 kV DOUBLE-CIRCUIT TRANSMISSION LINE ORIGINATING AT THE PLANNED AND PERMITTED ABEL SUBSTATION, NEAR JUDD AND ATTAWAY ROADS IN PINAL COUNTY, TO THE PLANNED AND PERMITTED RS-17 SUBSTATION, ADJACENT TO THE EXISTING MOODY SUBSTATION, LOCATED NEAR PECOS AND RECKER ROADS, IN THE TOWN OF GILBERT, MARICOPA COUNTY, ARIZONA, INCLUDING A NEW 230/69 KV SUBSTATION NEAR THE INTERSECTION OF COMBS AND MERIDIAN ROADS, IN OR ADJACENT TO THE TOWN OF QUEEN CREEK, ARIZONA

Docket No. L-00000B-09-0311-00148

Case No. 148

CITY OF MESA NOTICE OF FILING TESTIMONY SUMMARIES

Arizona Corporation Commission
DOCKETED

AUG - 4 2009

DOCKETED BY *MM*

In accordance with the June 17, 2009, Procedural Order in this Docket, the City of Mesa hereby files summaries for the expected testimony of the following three witnesses:

- 1. Walter L. Fix;
- 2. Bryan G. Raines; and
- 3. Scot H. Rigby

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1 RESPECTFULLY SUBMITTED on August 4, 2009.

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17 **Original and 25 copies filed**
18 on August 4, 2009, with:

19 Docket Control
20 Arizona Corporation Commission
21 1200 West Washington
22 Phoenix, Arizona 85007

23 **Copies of the foregoing e-mailed on**
24 August 4, 2009, to all parties of record

25 By: 

Walter L. Fix

Walter L. Fix is employed by the Phoenix-Mesa Gateway Airport Authority as its Director of Planning and Special Projects. He administers and participates in Gateway Airport's Master Planning, including airspace issues, zoning and general plan amendments, and transportation projects.

Mr. Fix first will describe Phoenix-Mesa Gateway Airport ("Gateway Airport"), its plans for the future, and its importance to the East Valley. Second, he will discuss how new structures, such as transmission lines, affect future planning at Gateway Airport.

Gateway Airport has three 9,000 to 10,000 feet parallel runways that run in a northwest to southeast orientation. Takeoffs to the south and landings from the south go directly over Germann Road. Aircraft operations have averaged over 225,000 per year since 2003. Gateway Airport is owned and operated by the Phoenix-Mesa Gateway Airport Authority that includes the City of Mesa, City of Phoenix, Town of Gilbert, Town of Queen Creek, and the Gila River Indian Community.

Gateway Airport is positioned to be a dynamic reliever airport to Phoenix's Sky Harbor International Airport. Gateway Airport is also developing as an international aerospace center with aircraft maintenance, modification, testing and pilot training. Currently, more than 35 aviation companies operate at the airport, generating over \$500 million in annual economic activity. Allegiant Air provides scheduled service to 17 cities using MD-83, 150-seat aircraft. This provides a much-needed alternative for passengers who might otherwise utilize busy Phoenix Sky Harbor International Airport.

Gateway Airport expects to grow along with the East Valley. The southwest portion of the airport has over 230 acres of undeveloped property. This area is planned to support both aviation related businesses (those needing taxiway access) and non-aviation businesses (those not needing taxiway access). A new taxiway is planned to open up this area for aviation related business development. This area provides unique development opportunities, as the availability of large parcels at major metropolitan airports is rare.

Passenger boardings are forecast to reach 2.2 million within 20 years and potentially 5 million beyond that. To accommodate this growth, development of the east side of the airport with a replacement passenger terminal is recommended. Those areas on the east side that are not reserved for direct aviation related activities are planned for commercial development. The types of development should be keyed to the aviation nature of the facility, such as hotels, a convention center, restaurants, and shops.

Gateway Airport is one of the most important growth engines for the East Valley. As detailed in the Master Plan, in 2007/2008 the total economic benefit (including all multiplier effects) of the Gateway Airport was \$534.6 million, supporting 4,075 jobs in the service area.

As Gateway Airport grows, its total economic benefit will grow along with it. Based on the forecasts of aviation demand from the Master Plan, we forecast that in 2027, airport revenues may reach \$3.0 billion, with more than \$1.1 billion in earnings, and more than 26,500 jobs supported.

Gateway Airport is concerned about transmission line construction in the vicinity because, for purposes of aviation, a transmission line is effectively a long wall equal in height to its tower height. The Airport, the airlines, the Federal Aviation Administration, and other interested

parties must evaluate how the proposed "wall" will affect operations. For planning purposes Gateway Airport must evaluate not only current regulations, but also evolving standards that may affect future operations and our ability to attract and retain air-operations.

The FAA has taken measures to protect the airspace around airports, particularly along the path of extended runway centerlines during the landing and take-off phases of flight. The primary regulation, FAR Part 77, describes all of the Civil Airport Imaginary Surfaces, Obstacle Clearance Surfaces for aircraft instrument landing procedures, and also outlines the requirements for individuals to submit a Notice of Proposed Construction or Alteration (Form 7460-1). The FAA issues a case determination for each 7460-1 submittal that identifies any hazards to air navigation within the surfaces.

In addition to FAR Part 77, the proposed January 1, 2010 Change 10 to the FAA's Advisory Circular 150/5300-13, Airport Design, will establish an obstacle limitation surface using one of the same surfaces depicted by the International Civil Aviation Organization. This new surface will be called the obstacle identification surface or OIS. It pertains to departure runway ends supporting air carrier operations. It provides guidance for airport proponents to survey existing and future obstacles that are likely to impact air carrier one-engine inoperative takeoff planning. It is also intended to encourage airports and local zoning authorities to manage the proliferation of proposed obstructions encroaching on many runways. I anticipate that future FAA Airport Improvement Program grants will likely require airport planning and design to satisfy the provisions of the obstacle identification surfaces promulgated by ICAO.

Each commercial airline must develop OEI procedures for each airport / runway out of which it conducts flight operations. Commercial air carrier type aircraft must be loaded in such a manner that they are able to clear obstacles along their intended route of flight either by 35 feet vertically or 300 feet laterally – even with one engine out. The One-Engine Inoperative standard is important for more than safety reasons. Gateway Airport is trying to attract substantial new airline and air-cargo business over the next 20 years and beyond. These carriers have options and they will, all things being equal, want to locate where there are the fewest prospective restrictions on their operations. Therefore, Gateway Airport prefers not to have any structures in the area that could jeopardize its ability to compete for new business.

Overall, it is in the current and long-term best interests of Gateway Airport where (1) all poles are determined to be of "No Hazard to Air Navigation" by the FAA and (2) none of the poles penetrate any runway obstacle identification or one-engine inoperative surface. Further, we seek a continuing working relationship beyond the siting and alignment approval process in order to coordinate eventual construction safety notices and potential lighting identification of the poles.

Bryan G. Raines

Bryan G. Raines is employed by the City of Mesa as a Deputy City Manager. He oversees Financial Services, Business Services; Parks, Recreation and Commercial Facilities; Facilities Maintenance, and Fleet Services.

For many reasons, Mesa recommends the North-Railroad alignment. Mr. Raines will focus on the direct cost of the three alignments. Of these three, the North-Railroad alignment would be substantially less expensive than the other two. Because SRP's construction costs are ultimately passed through to its customers in their electric rates, Mesa prefers the lowest cost alignment.

Approximately 460,000 people live in Mesa, which makes Mesa the third-largest city in Arizona. All but about 40,000 of these residents are provided electricity by SRP. SRP is the electric service provider for all but 5.5 square miles within Mesa's 133 square miles.

Mesa's Water Resources Department provides water and wastewater service to Mesa's citizens. To provide these services, the Department must purchase enormous amounts of electricity from SRP to power well pumps, treatment plants, lift stations and other water and wastewater facilities. Mesa also purchases electricity from SRP to air-condition City-owned buildings, to operate traffic signals, to power street lights, and for a variety of other municipal uses.

For the last fiscal year ending June 30th, Mesa paid SRP over \$9 million for electric service. SRP recently announce that it anticipates raising electric rates by approximately 8.8%. An 8.8% increase would increase Mesa's direct annual electric bill by as much as \$700,000.

Mesa wants to postpone or minimize future rate increases that SRP may require. As a huge SRP customer, and on behalf of its citizens, the City of Mesa is concerned by the effects of any rate increase whether driven by increases in electric commodity costs or increased capital facility construction and maintenance expenses. Capital costs associated with infrastructure investment must be serviced and are a significant annual expense. Approximately one-third of SRP's net revenues are required just to finance infrastructure. In fiscal year 2008, SRP reported that its financing costs were over \$123 million.

SRP provided the following estimates for the three main alternatives and the two sub-alternates:

North-Railroad	\$18,735,630
Ryan Road to Signal Butte	\$21,586,260
Ryan Road to Meridian	\$22,940,360
Germann Road to Signal Butte	\$23,548,040
Germann Road to Meridian	\$24,969,960

The Project is primarily intended to benefit Queen Creek. SRP already reliably serves Mesa without the Project. Mesa already provides sites for SRP substations and transmission lines. These have served to support Mesa's population growth and Mesa could not exist today without the electricity deliveries they make possible.

Mesa and its citizens should not be expected to subsidize the Town of Queen Creek. The first subsidy would be financial. The Town of Queen Creek opposes the lowest cost alternative, the North-Railroad Alignment. Instead it supports the Germann Alignments, which would cost \$5 to \$6 million more. Yet, it does not propose to fund these increased costs, which benefit no one but

the Town. This means that Queen Creek expects all of SRP's customers, including the City of Mesa and its citizens, to bear the cost of Queen Creek's alternative.

Mesa already benefits from the many substations and transmission lines located within the City limits. Mesa could not exist today without these facilities, but Mesa's residents are the ones that live with nearby substations and transmission lines. Queen Creek essentially wants all the benefits of ample, reliable electricity service without any of the burdens. The Germann alignment would essentially take the transmission line outside the Queen Creek town limits and place the burdens on Mesa and Pinal County residents. This second subsidy would be fundamentally unfair.

Queen Creek will be the primary beneficiary of the new substation and transmission line. The Town should not be allowed to offload all the associated costs and other burdens on its neighbors.

Scot H. Rigby

Scot H. Rigby is employed by the City of Mesa in the Office of Economic Development as the Mesa Gateway Area Project Manager. He leads Mesa's efforts in coordinating the economic development of the 32 square-mile Mesa Gateway Area. This includes economic, airport, and infrastructure development as well as strategic planning coordination.

Development along Germann Road comprises a mixture of single family residential development, commercial development as well as substantial amounts of warehouse and industrial development. The Mesa General Plan and existing zoning within this corridor is focused on Business Park, Office, Commercial and both light and heavy industrial development.

Between Hawes and Ellsworth Roads, there are approximately 40 homes on the north side of Germann Road as well as 15-20 larger home sites on the south, or Queen Creek, side of Germann Road. Constructing a large transmission line in the Germann Alignment, would likely elicit strong opposition and concerns by residents about safety, property takings, and impacts on home values and the homeowner's ability to sell or refinance.

There are two existing commercial developments totaling more than 80 acres located at the NW Corner of Ellsworth and Germann running north to Pecos. These combine industrial/office flex space buildings with retail buildings directly fronting Germann Road. Additional retail development has been approved and is pending development.

Moving from west to east along Germann Road, there are three major industrial facilities. The first one is the Chas/Robert Heating & Air conditioning facility. Next, there is a TRW facility. Finally, there is a new CMC Steel plant. Together, these three facilities employ more than 1,000 employees, with plans for additional employees once CMC Steel completes construction.

TRW is also in the process of selling a portion of its facility to two bidders, each of which is a significantly sized aerospace-related industry that anticipates aerospace R&D and manufacturing on the site. At least one of these aerospace companies has identified the TRW facilities and its acreage as critical in its consideration because it anticipates landing, repairing and overhauling rotor craft (helicopters), with repaired aircraft departing from the facility. The location of power lines and poles fronting TRW may discourage this aviation company due to safety concerns associated with landing and departing rotorcraft in close proximity to a large transmission line.

There are a number of pending developments along the Germann corridor. The first one is the Williams Trade Zone. This 900-acre development spans from Hawes Road east to Crismon Road and is designed and zoned for companies/industries desiring close airport access and development sites. The ownership has been working with the City of Mesa and the airport on plans that may include "through the fence" access to airport flight lines, which allows aerospace or logistics based companies to drive, park and or repair aircraft off airport property. In addition, 600 of the 900 acres within the development constitutes the only, federally approved Foreign Trade Subzone in the East Valley adjacent to a major commercial airport. This provides significant tax and time advantages for companies importing and exporting value-added goods.

Another development is this 80-acre parcel east of Sossaman Road on Germann Road. This is anticipated to be a 2-3 acre lot industrial Business Park development, which will be marketed to small to medium sized businesses.

A third development is a 55-acre Motion Picture Studio/Soundstage Development, which is early in planning stages. This business has expressed concerns about a possible Germann Road alignment and how it may adversely impact the motion picture studio viability.

Overall, the Mesa Gateway area has been identified as one of the top opportunities for creating a large regional job center and economic engine in the Southeast Valley. The Maricopa Association of Governments has identified the Mesa Gateway area as one of the most important economic job centers in the Metro region and anticipates the creation of more than 100,000 jobs within its boundaries.

The City of Mesa, after the involvement of key external public and private stakeholders, recently approved the Mesa Gateway Strategic Development Plan. The Gateway Strategic Plan establishes a vision for the growth of this unique area and a framework for future economic sustainability.

Gateway Airport has a 3,020 acre footprint, or approximately five square miles. This is equivalent to some of the largest and most active airports operating in the United States. Because of its size and location, Phoenix-Mesa Gateway Airport is the key asset to future development of the Mesa Gateway area.

The first opportunity provided by the Airport is its establishment as the second major airport serving the greater Phoenix metropolitan area. Gateway Airport is the official commercial passenger reliever airport in the Phoenix-Mesa metropolitan area. Gateway Airport is intended to complement rather than compete with Sky Harbor International Airport, 28 miles to the west. Projected passenger volumes range from 2-5 million enplaned passengers by 2030. This will obviously generate a large number of supporting jobs.

Mesa is even more excited about the ancillary operating and development potential in and around the Airport. This development is why the Airport will become a critical economic and fiscal engine for Mesa, Queen Creek, and the surrounding area and region. The City of Mesa is committed to supporting this development by taking the steps necessary to ensure that the Gateway Airport thrives.

Within the Gateway Strategic Plan, one of the most important methods to ensure that the area is developed to match the Plan's goals is related to airport protection and surrounding development. We are establishing the "aviation envelope" that will support the regional interests of airport and airline users. This envelope is envisioned to include land outside of the airport property that will enable support industries that feed off the vibrancy of the airport. Examples include logistics centers that cater to air, ground, and rail transportation of goods. In particular, the area directly south of the airport, including the Germann Road corridor, is crucial to providing sizeable development-ready property for these businesses.

The City is also promoting compatible land uses. A wide range of commercial, recreational, and residential uses can occupy land in close proximity to the airport and its active airspace, so long as these uses and their associated structures do not restrict or hinder the increasing flight activity of the airport.

A transmission Line on Germann Road could interfere with the goals the City has for the Logistics and Commerce District, which is located south of the Airport. This area is focused solely on nonresidential development, including protecting the airport flight corridor and the flight corridor for Boeing helicopters that follows the Germann Road and Pecos Road

alignments. The Boeing facility manufactures and tests Apache Longbow helicopters for the United States Army and for many foreign militaries. Transmission lines pose a significant safety threat for helicopters since they typically travel at lower altitudes and in all weather and times of day or night. A set of transmission poles parallel to these approach and departure corridor, along with the draped lines between those poles, would create a continuous flight safety obstacle. In addition to Boeing's helicopter flight testing, Boeing also conducts fixed wing flight testing, including large body aircraft, using the established Phoenix-Mesa Gateway arrival and departure flight lines. Obviously, the City is gravely concerned about any unnecessary threats to one of Mesa's and the State's largest aviation employers.

There are other ways that a transmission line on Germann Road could interfere with planned development in the area. Another of the primary goals of the District, as defined by the Gateway Strategic Plan, is to "Maximize Potential of Phoenix-Mesa Gateway Airport" by ensuring that the center portion of this area directly under the primary landing approach zone remains free of hazards, thus enabling unrestricted ingress/egress to aircraft takeoffs and departures.

Development in this area must respect and preserve this flight corridor. This area, coupled with the long runways with unimpeded flightlines of the airport, is seen as an excellent location for airport-related uses, particularly those that will support cargo activities both on and off airport. Consequently, any structure, such as a major transmission line, that impedes the currently unimpeded approach and departure flightlines, would impede the expansion of airport activity and directly impact the long term viability of the Logistics and Commerce District.

Overall, Gateway Airport is an airport of choice and not of necessity. Consequently it must be able to demonstrate its tremendous assets of long runways, ample development room, both on and off airport, and its long approach and departure flight lines over Germann Road. These assets are of special value to both commercial and business jet service as they weigh choices in whether to use the airport as a base of operation. The communities of Mesa, Queen Creek, Gilbert, Gila River Indian Community, and Phoenix, as well as the state and federal government have invested and will continue to invest millions of dollars in runways, taxiways, terminals, roads, water, wastewater and structures for the single overarching and agreed upon goal of creating one of the largest job centers in the Valley, region and Southwest. We should do nothing to unnecessarily jeopardize these investments.