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MEMORANDUM

TO: Ms. Colleen Ryan
Docket Control
Arizona Corporation Commission

FROM: Laurie A. Woodall
Assistant Attorney General
Environmental Enforcement Section

DATE: September 26, 2002

RE: APS - North Valley, Docket No. 120 *L 000008-02-0120*

Colleen - please file the attached City of Phoenix memo as a public comment in the above-referenced file.

Thank you.

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Arizona Corporation Commission
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CITY COUNCIL REPORT
Arizona Corporation Commission

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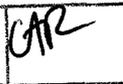
TO: Alton J. Washington
Deputy City Manager

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AZ CORP COMMISSION
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SEP 26 2002

FROM: David E. Richert
Planning Director

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SUBJECT: APS NORTH CENTRAL FACILITIES SITING STUDY

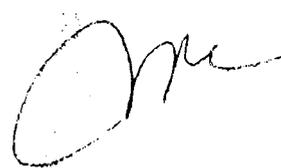
THE ISSUE

This report provides the Desert Preserve, Open Space and Environment Subcommittee with an update on the status of the Planning Department and Parks, Recreation, and Library Department's involvement with the ongoing APS North Central Facilities Siting Study. APS is currently in the final stages of a public siting study to build new electrical facilities to serve the rapidly growing population in North Phoenix and Maricopa County. City staff has requested that APS relocate or eliminate some routes, and underground lines throughout the North Black Canyon Corridor and designated Sonoran Preserve areas. APS has been unwilling to include these recommendations in their final report analysis.

BACKGROUND

The APS North Central Facilities Siting Study was established in the fall of 1999 for the purpose of locating electrical transmission lines throughout the North Black Canyon Corridor of North Phoenix. Based on anticipated demand, the electrical facilities required are expected to include a 230 kilovolt (kV) substation, 69 kV substations, and 230 kV and 69 kV transmission lines. The proposed new electrical transmission lines and substations are expected to be needed within the next 10-15 years, some will be required as early as 2001/2002.

APS and Environmental Planning Group, Inc. (EPG), have been working with stakeholders, property owners, and communities within the study area as part of a public planning process. A community working group comprised of 19 members, representing a cross section of the local community, was established to provide feedback regarding site selection. Staff from the Planning Department and the Park, Recreation and Library Department have been involved as representatives of the City of Phoenix. APS and their consultants have conducted several public open houses, attended the meetings of several village planning committees, and have met with other interested groups (including City staff) to receive feedback. Most local public concern focused on the protection of



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the open space throughout the area as well as the Carefree Highway Scenic Corridor.

The Planning and Parks, Recreation and Library Department have requested that APS move the existing Pioneer Substation (currently located east of I-17 at the Carefree Highway) and all proposed 230 kV lines some distance to the west of Interstate 17. This would reduce the view impact to those entering into the jurisdiction of Phoenix. Staff also has requested that all 69kV lines proposed on the east side of Interstate 17 be placed underground, or in some cases eliminated altogether, due to the large amounts of Sonoran Preserve lands that have been designated throughout the North Black Canyon Corridor.

In July, 2000 the City of Phoenix Sonoran Preserve Committee met with APS and subsequently made a recommendation regarding the siting study which corresponded with the staff recommendation.

In recent meetings between APS, City staff, and the Arizona State Land Department (the largest landowner in the North Black Canyon Corridor) the State has agreed with the City's proposed location(s) of electrical transmission facilities. The State Land Department has asked that the proposed 230kV electrical substation and all transmission lines shown on their properties on the west side of Interstate 17 be located outside the area intended for mixed use development (commercial retail and office) where future land uses transition into residential development approximately one half of a mile to one mile west of the freeway. However, to date, the APS recommendation still shows a 230kV line route adjacent to I-17, as well as 69kV routes through several large expanses of Sonoran Preserve on the east side of Interstate 17, specifically in the north/south alignment of 7th Avenue and the east/west alignment of Lone Mountain Road.

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MY CONCERN AS A CITIZEN

It is generally agreed among City staff and the development community that now is the time to make decisions on this process, while the corridor is not fully developed and infrastructure improvements (sewer, utility, and water lines) are being planned. North Valley Partnership, a major stakeholder throughout North Phoenix, has been involved in the APS process and has stated general support for the City of Phoenix proposed alternatives. USAA, soon to be a major employer in the area, has recently asked for the undergrounding of electrical transmission lines adjacent to their new facilities (east side of Interstate 17, south of the Central Arizona Project Canal).

At some point in the near future, the stakeholders and property owners throughout the North Black Canyon Corridor will be invited to participate in meetings to discuss the process. APS has agreed to provide the City with an in-depth analysis regarding the cost to construct the proposed aboveground lines as well as the incremental (additional) costs of constructing underground lines. APS has estimated that the cost to underground lines is approximately \$1,000,000 per mile, while the cost to construct aboveground lines are estimated

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NORTH GATE W/AL PL (I-17)

SOME MEMBERS DECEMBER VIEW VILLAGE PLANNING CHARTER MET

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at approximately \$200,000 per mile. An improvement district could be created that would distribute the incremental costs (approximately \$800,000 per mile) to underground the transmission lines east of I-17 in an equitable fashion among all property owners in the corridor. Arizona State Lands would be excluded until such time that the property transfers to private ownership. Preliminary review indicates the corridor would contain approximately 10 miles of 69kV electrical lines that could be undergrounded. Of these ten miles, the proposed improvement district would be implemented to help finance the undergrounding of approximately seven miles. APS should be responsible for the remaining three miles located along their proposed routes running through areas of the Sonoran Preserve (portion of the north/south 7th Avenue alignment as well as portions of the east/west Lone Mountain Road alignment).

Preliminary figures for acreage totals within the corridor result in approximately 9,500 acres (which includes land within the infrastructure limit line, the Valley Vista PCD and USAA). Arizona State Lands (which currently owns approximately 3,500 acres or 37% of the land within the infrastructure limit line) would be deducted from this overall acreage until such time that ownership transfers to private property, resulting in an approximate net acreage of 6,000 acres. With an estimated construction cost of \$5,600,000 (\$7,000,000 total cost - \$1,400,000 APS cost for overhead lines) for the undergrounding of seven miles of lines in the corridor, the total cost per acre throughout the corridor (based on 6,000 acres) would be approximately \$933 per acre. Further reductions to this amount would be expected with the inclusion of Arizona State Lands properties made available for development and with refinements to the actual construction costs.

SUMMARY

Because of the anticipated high quality residential development, the protection of designated Sonoran Preserve locations and the future employment core envisioned for the North Black Canyon Corridor, it is important that APS implement a facilities siting strategy that will address the City's and Sonoran Preserve Committee's recommendation regarding siting study issues.

RECOMMENDATION

Staff requests the Desert Preserve, Open Space, and Environment Subcommittee recommend that the City Council support the City staff's and the Sonoran Preserve Committee's recommendation for the siting of electrical transmission facilities within the area of the North Black Canyon Corridor.

MC