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CORP COMMISSION
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Docket #(s): L-00000D-08-0330-00138

Arizona Corporation Commission
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JAN 28 2015

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Exhibit #: S1, DVT1-DVT2, SF1-SF3, ASL01-ASL03, APS1-

APS6, APS8



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To: Docket Control

Date: January 28, 2015

Re: APS / TS-5 to TS-9
L-00000D-08-0330-00138 / Case No. 138
Volumes I and II, Concluded
Taken on January 20 and 21, 2015

STATUS OF ORIGINAL EXHIBITS

EXHIBITS FILED WITH DOCKET CONTROL
(See attached exhibit index for all admitted exhibits)

EXHIBITS NOT OFFERED
(Not given to the reporter)

Arizona Public Service (APS Exhibits)

APS-7

*Please note, Exhibit SFI-3 (11x17 map) was reduced for filing purposes. The original map is also included for filing.

Copy to: (via email)

Scott Hesla, ALJ

All parties present during the hearing

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BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP
Chairman
GARY PIERCE
Commissioner
BRENDA BURNS
Commissioner
BOB BURNS
Commissioner
SUSAN BITTER SMITH
Commissioner

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. L-00000D-08-0330-00138
ARIZONA PUBLIC SERVICE COMPANY,)
PURSUANT TO ARIZONA REVISED) CEC 138
STATUTE § 40-252, FOR AN AMENDMENT OF)
ARIZONA CORPORATION COMMISSION)
DECISION NO. 70850)
_____)

DIRECT
TESTIMONY
OF
MARGARET (TOBY) LITTLE
ELECTRIC UTILITIES ENGINEER
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

NOVEMBER 7, 2014

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**EXECUTIVE SUMMARY
ARIZONA PUBLIC SERVICE COMPANY.
DOCKET NO. L-00000D-08-0330-00138**

Margaret (Toby) Little's testimony makes recommendations regarding the Arizona Corporation Commission's ("Commission") Utilities Division Staff's ("Staff") position in Arizona Public Service Company's ("APS" or "Company") application for an amendment of Decision No. 70850. (March 17, 2009). Decision No. 70850 approved a Certificate of Environmental Compatibility ("CEC") originally issued by the Arizona Power Plant and Transmission Line Siting Committee in CEC Case No. 138 ("CEC 138"), which authorizes APS to construct transmission line facilities associated with a 500/230 kV dual circuit transmission line traversing approximately 39 miles in the Northwest part of the Phoenix metropolitan area and connects the TS5 ("Sun Valley") and TS9 ("Morgan") substations ("Project"). On August 12, 2014, the Commission voted to reopen Decision No. 70850 to consider modifying the decision as requested by APS to facilitate certain engineering issues and to accommodate route change requests made by the Arizona State Land Department, over whose land approximately 23 miles of the Project transmission line is sited. Likewise, the Company is requesting an extension of the term established within the CEC for APS to construct the transmission line and associated facilities.

Based upon the information provided in the application and from Staff's review of information obtained from the Company, Staff concludes that the requested modifications will not reduce the reliability of the Project. The cost difference between the Project facilities, as approved and as modified by the requested amendments, is expected to be negligible. Further, Staff's analysis of load growth projections indicates the Project is still needed and the requested modifications will not reduce the need for the new facilities.

1. Staff recommends the Commission approve the Company's application for amendment of Decision No. 70850 to permit the requested route modifications.
2. Further, Staff recommends the Commission approve an extension of the CEC term to March 17, 2021 to build the 500 kV portion of the Project and March 17, 2030 to build the 230 kV portion of the Project.

1 **INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Margaret (Toby) Little. My business address is 1200 West Washington Street,
4 Phoenix, Arizona 85007.

5
6 **Q. By whom and in what capacity are you employed?**

7 A. I am employed by the Arizona Corporation Commission ("Commission") as a Utilities
8 Consultant.

9
10 **Q. Please describe your educational background.**

11 A. I received both my Bachelors and Masters Degrees in Electrical Engineering from New
12 Mexico State University. I graduated with my Bachelors Degree in July 1972, and received
13 my Masters Degree in January 1979. My Masters Program at New Mexico State University
14 was in Electric Utility Management. I received my Professional Engineering ("P.E.") License
15 in the state of California in 1980.

16
17 **Q. Please describe your pertinent work experience.**

18 A. I worked at the Arizona Corporation Commission from September 2010 to February 2011 as
19 a Utilities Consultant, was employed by the Commission from February 2011 to February
20 2012 an Electric Utilities Engineer, and have been a Utilities Consultant since February 2012.
21 During this time I have performed engineering analyses for financing and rate cases,
22 coordinated the Seventh Biennial Transmission Assessment, reviewed utilities' load
23 curtailment plans and summer preparedness plans, and conducted various other engineering
24 analyses. From 1983 through 1987 I was the Supervisor of System Planning for Anchorage
25 Municipal Light and Power, the second largest utility in Alaska. There I had overall
26 responsibility for distribution, transmission and resource planning for the utility and

1 supervised six electrical engineers. From 1979 through 1982 and 1987 through 1988 I
2 worked for R.W. Beck and Associates, a nationally recognized engineering firm. There I
3 performed many types of engineering analyses involving resource and transmission planning
4 and worked on the engineer's reports for the financing of a major generation facility in
5 northern California. Prior to that, I worked in the System Planning Sections of San Diego
6 Gas and Electric Company and Hawaiian Electric Company, where I had responsibility for
7 short and long range distribution planning.
8

9 **Q. As part of your assigned duties at the Commission, did you perform an analysis of the**
10 **application that is the subject of this proceeding?**

11 A. Yes, I did.
12

13 **Q. Is your testimony herein based on that analysis?**

14 A. Yes, it is.
15

16 **PURPOSE OF TESTIMONY**

17 **Q. What is the purpose of your prefiled testimony?**

18 A. The purpose of my testimony is to discuss Staff's engineering evaluation of Arizona Public
19 Service Company's ("APS" or "Company") application to amend Decision No. 70850 (March
20 17, 2009). My evaluation is provided as the Staff Report attached to this pre-filed testimony.
21

1 **UTILITY OVERVIEW**

2 **Q. Please provide a brief overview of the Company.**

3 A. APS's service area spans 11 of the 15 counties in Arizona. The Company serves more than
4 one million customers. With its headquarters in Phoenix, APS is the largest subsidiary of
5 Pinnacle West Capital Corporation and is the largest electric utility in Arizona.
6

7 **APPLICATION TO AMEND DECISION NO. 70850**

8 **Q. Please provide a brief overview of the Application**

9 A. APS was granted a Certificate of Environmental Compatibility ("CEC") to construct a 39
10 mile 500/230 kV double circuit transmission line connecting the TS5 ("Sun Valley") and TS9
11 ("Morgan") substations ("Project"). The CEC was the Arizona Power Plant and
12 Transmission Line Siting Committee's ("Siting Committee") Case No. 138 ("CEC 138"). On
13 March 17, 2009, the Commission approved CEC 138 in Decision No. 70850.
14

15 Among other requirements, CEC 138 established a corridor route within which APS would
16 have the authorization to construct the required transmission line facilities as well as a term
17 for the CEC. Following the issuance of Decision No. 70850, APS encountered issues that
18 resulted in delaying construction of the Project. These issues included engineering the
19 approaches into the switchyards in a way to accommodate other transmission lines
20 connecting to the same switchyards, working through federal Bureau of Land Management
21 ("BLM") environmental review processes for those portions of the Project sited on BLM
22 administered land, a general slowdown in the economy extending the in-service horizon for
23 the Project, as well as extended discussions with the Arizona State Land Department
24 ("ASLD") regarding acquisition of the necessary right of way to construct Project facilities
25 across ASLD administered State Trust land.

1 On July 17, 2014, the Company filed a request to amend the CEC approved by Decision No.
2 70850 so as to resolve the issues. APS's application requests an extension of the term to
3 construct the Project facilities. It also requests approval of four route modifications. One of
4 the route modifications is requested in order to accommodate ASLD; two more are on ASLD
5 administered State Trust land and will enable the Company to build the line in a more
6 efficient manner. The fourth modification is to align the corridor with another transmission
7 corridor established by CEC 127 (approved by Decision No. 67828).

8
9 The application also requests an extension of the term of the CEC. CEC 138 currently grants
10 APS until March 17, 2016, to construct the 500 kV circuit and until March 17, 2019, to
11 construct the 230 kV circuit. APS requests extensions of the term to permit construction of
12 the 500 kV circuit until March 17, 2021, and until March 17, 2030, to construct the 230 kV
13 circuit.

14
15 **STAFF REPORT**

16 **Q. Would you briefly describe what was involved in preparing your Staff Report for this**
17 **proceeding?**

18 **A. Staff reviewed the Application including all Exhibits, the original application for CEC 138,**
19 **testimony provided during hearings for CEC 138, APS's 2014 Ten Year Transmission Plan,**
20 **and the Eighth Biennial Transmission Assessment ("8th BTA"). In addition, Staff issued a**
21 **Data Request to the Company as well as to ASLD. The responses to that DR were provided**
22 **by the Company and ASLD in a timely manner and were considered in Staff's evaluation of**
23 **the Application. Based upon all of the above, I prepared the attached Staff Report.**

1 **Q. Please describe the information contained in your Staff Report.**

2 A. The Staff Report is divided into three general sections: 1) *Executive Summary*; 2) *Staff Report*
3 *Discussion*; and 3) *Staff Report Exhibits*. The *Staff Report Discussion* can be further divided into six
4 subsections: A) *Introduction*; B) *Background*; C) *The Term Extension Request*; D) *The Route*
5 *Modifications*; E) *Staff's Analysis*; and F) *Recommendations*.

6

7 **RECOMMENDATIONS AND CONCLUSIONS**

8 **Q. What are Staff's conclusions and recommendations regarding the Company's**
9 **Application?**

10 A. Staff's conclusions and recommendations are as follows:

- 11 1. Staff recommends the Commission approve the Company's application for
12 amendment of Decision No. 70850 to permit the requested route modifications.
- 13 2. Staff recommends the Commission approve an extension of the CEC term to March
14 17, 2021, to build the 500 kV portion of the Project and March 17, 2030, to build the
15 230 kV portion of the Project.

16

17 **Q. Does this conclude your direct testimony?**

18 A. Yes, it does.

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

ARIZONA PUBLIC SERVICE COMPANY

DOCKET NO. L-00000D-08-0330-00138

APPLICATION TO AMEND DECISION
NO. 70850 RE CERTIFICATE OF
ENVIRONMENTAL COMPATIBILITY NO. 138
AND EXTEND TERM OF CERTIFICATE

NOVEMBER 7, 2014

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INTRODUCTION

On July 17, 2014, Arizona Public Service Company ("APS" or "Company") filed an application ("Application") with the Arizona Corporation Commission ("ACC" or "Commission") for an amendment of Decision No. 70850. Decision No. 70850 (March 17, 2009) approved a Certificate of Environmental Compatibility ("CEC") originally issued by the Arizona Power Plant and Transmission Line Siting Committee ("Siting Committee") in CEC Case No. 138 ("CEC 138"). The CEC authorizes APS to construct transmission line facilities associated with a 500/230 kV dual circuit transmission line traversing approximately 39 miles in the Northwest part of the Phoenix metropolitan area and connects the TS5 ("Sun Valley") and TS9 ("Morgan") substations ("Project"). On August 12, 2014, the Commission voted to reopen Decision No. 70850 to consider modifying the decision.

BACKGROUND

APS is a public service corporation engaged in providing electric utility service in 11 of Arizona's 15 counties. By this application, the Company is seeking an amendment by the Commission of the CEC approved in Decision No. 70850 to facilitate certain engineering issues and to accommodate route change requests made by the Arizona State Land Department ("ASLD"), over whose land approximately 23 miles of the Project transmission line is sited. Likewise, the Company is requesting an extension of the term established within the CEC for APS to construct the transmission line and associated facilities.

The CEC authorized APS to construct a 500/230 kV transmission line connecting the Sun Valley substation, located north of the Sun Valley Parkway in Buckeye and the Morgan substation located southeast of Lake Pleasant in Peoria.

The new line will provide a continuous 500 kV source from the Palo Verde hub to the Northeast Valley via the Morgan to Pinnacle Peak transmission line (CEC No. 131, approved in Decision No. 69343 (February 20, 2007)) energized in December 2010. APS stated in the Application that the 500 kV connection will increase the import capability to the Phoenix metropolitan area, increase the export capability from Palo Verde hub, and provide additional support and reliability for the entire electrical system.

At the time of its original application for the CEC, APS stated that the 230 kV circuit will provide a connection with the existing and planned 69 kV and 230 kV systems in the Northwest Valley, increasing the distribution system reliability for that growth area. In addition, it will support the large load growth that was anticipated by APS in the Northwest Valley study area, particularly in the northern and western portions. Co-locating the 230 kV circuit with the 500 kV circuit was anticipated at that time to save approximately \$100 million in costs.

The majority of the line authorized by CEC 138 is located on State Trust land. Of the 39 miles of transmission line sited in CEC 138, 23 miles are on State Trust land. ASLD manages approximately 9.2 million acres of State Trust land within Arizona.

THE TERM EXTENSION REQUEST

The Company has requested an extension of the term of CEC 138 to March 17, 2021, to build the 500 kV circuit and to March 17, 2030, to build the 230 kV circuit. Condition No. 3 of CEC 138 authorized a seven-year term expiring on March 17, 2016, to construct the 500 kV circuit and a ten-year term expiring on March 17, 2019, to build the 230 kV circuit. Condition No. 3 also allows APS to request an extension of these time limits.

Shortly after the approval of CEC 138, APS applied for right-of-way on federal land managed by the Bureau of Land Management ("BLM"), initiating the federal review process. Since that time, BLM and APS have been moving through the application process. BLM has completed the Environmental Impact Statement and issued a Record of Decision (January 16, 2014) that allows APS to move forward. The Company anticipates that the BLM right-of-way grant will be complete before the end of 2015.

The Application requests a time extension because APS could not start pre-construction and construction activities until the conclusion of the BLM federal permitting process. Further, the Company has stated in the Application that the economic downturn and low system load growth over the past few years has postponed the need for the 230 kV circuit of the transmission line.

THE ROUTE MODIFICATION REQUESTS

The Application requests four modifications to the project approved in CEC 138, three of which are located on State Trust Land. ASLD requested one of the proposed changes to fulfill its fiduciary obligation to manage the State Trust land for their beneficiaries. The two other changes to State Trust land, which APS states are needed to allow flexibility to design the electric facilities approved by CEC 138 in a more efficient manner, are supported by ASLD.

The fourth modification is proposed by APS to align the CEC 138 project corridor with an existing transmission corridor to cross the Central Arizona Project ("CAP") canal. APS has stated that this will avoid crossing the CAP canal in a location less favorable to the CAP Manager and will make efficient use of existing rights-of-way in that area.

Proposed Modification 1: This change, requested by ASLD, would move a four mile section of the route authorized in CEC 138 adjacent to Joy Ranch Road south approximately one mile to Cloud Road. Both the certificated corridor and proposed corridor are entirely located on State Trust land.

The proposed route would begin at the intersection of 235th Avenue and Cloud Road just north of U.S. 60. From that intersection point, the proposed route would parallel the north side of Cloud Road, east for three miles to the intersection of 211th Avenue. It would then parallel the west side of 211th Avenue for one mile to the north, where it would rejoin the certificated corridor at Joy Ranch Road. The requested corridor width is 1,500 feet, which is the width of the certificated corridor in this vicinity. See Exhibit 1.

ASLD has requested this change to maintain a larger, uninterrupted parcel of State Trust land to the south of State Route 74 so that it is more suitable for master planning. Currently the certificated corridor bisects the State Trust land at Joy Ranch Road. In addition, the Transportation Section of the City of Surprise 2035 General Plan designates the Black Mountain/Cloud Road alignment, not Joy Ranch Road, as an arterial road that will serve as the east/west transportation corridor. The Application states that the proposed corridor was not put forth by ASLD at the time of the evidentiary hearing for CEC 138.

Proposed Modification 2: APS proposes expanding the certificated corridor so that it encompasses a small triangular portion of land between 171st Avenue and 179th Avenue south of State Route 74. The widened corridor would allow APS to construct the transmission line in a straight alignment without bifurcating the ASLD parcel, reducing the impact on the State Trust lands. The proposed corridor impacts only ASLD land, and will reduce the impact on State Trust lands. See Exhibit 2.

Proposed Modification 3: The Application proposes extending the certificated corridor around the Morgan substation for up to 0.8 miles along Cloud Road from the existing Western Area Power Administration 230 kV transmission corridor to the eastern boundary of Section 33. See Exhibit 3.

This modification would facilitate entry of the transmission line from the west into the substation, which would support future development of the substation. In addition, the modification would allow APS flexibility to design the connection into the substation more efficiently, resulting in a smaller right-of-way and a reduced number of structures.

The proposed modification is located on State Trust land and federal land administered by the Bureau of Reclamation, with the Waddell Canal as its primary use. The Application states that CAP, the operator of the Waddell Canal, and ASLD support this corridor modification.

Proposed Modification 4: APS requests a modification of the CEC 138 corridor to align with a second previously approved transmission corridor to cross the CAP canal close to CAP's Hassayampa Pumping Station. Currently, in the area of the Sun Valley substation site, APS has two certificated lines that cross the CAP canal, (authorized in Decision No. 67828, referred to herein as "CEC 127" and CEC 138 respectively). The certificated corridors exiting the Sun Valley substation follow the same general path, but the transmission lines would cross the CAP canal in two locations approximately 500 feet apart. CAP recommends that the two transmission line crossings be directly adjacent and parallel.

The requested new routing would start at the southern edge of the Sun Valley substation site and end on the north side of the existing CAP canal (running north-south approximately one mile in length), and extend up to 1,000 feet east of the half-section lines in Sections 20 and 29. See Exhibit 4. The corridor modification sought is entirely within the CEC 127 certificated corridor and would be an efficient use of existing right-of-way in that area.

STAFF ANALYSIS

Staff reviewed the Application including all Exhibits, the original application for CEC 138, testimony provided during hearings for CEC 138, APS's 2014 Ten Year Transmission Plan, and the Eighth Biennial Transmission Assessment ("8th BTA"). In addition, Staff issued a Data Request ("DR") to the Company as well as to ASLD. The responses to that DR were provided by the Company and ASLD in a timely manner and were considered in Staff's evaluation of the Application.

Reliability

Both the 500 kV circuit and the 230 kV circuit were first included in APS's 2008 Ten Year Plan and have been in every Ten Year Plan since then, most recently the APS 2014 Ten Year Plan. They were included in the Eighth Biennial Transmission Assessment ("BTA"), in which it was concluded that based upon the technical study work provided by Arizona utilities, the existing and proposed transmission system meets the load serving requirements of Arizona in a reliable manner for the 2014-2023 timeframe.

The proposed modifications to CEC 138 do not change the information relied upon to perform the technical analysis in the 8th BTA. The electrical system remains the same as that outlined in the Ten Year Plan and the Project, as modified, will continue to provide benefits of improved import to the Northeast Valley as well as export capability from the Palo Verde Hub. Likewise, the Sun Valley to Morgan transmission line is a segment of a larger transmission system looping the Phoenix metropolitan area. The requested route modifications do not affect these reliability improvements to the grid resulting from construction of the Project.

The changes propose route modifications only, with no added line crossings, increased congestion of existing transmission corridors or other conditions that can negatively impact physical reliability due to route selection. Therefore, Staff concludes that the proposed changes to the routing in the Application, (above described Proposed Modifications 1-4), will not adversely affect the reliability of the high voltage electric transmission system.

Cost

APS has provided, as a part of its response to Staff DRs, cost estimate information for each of the proposed route changes. The overall line length of the project is not expected to change, and the number of towers and length of wire is expected to be essentially the same. Proposed Modification 1 is expected to increase the cost slightly (\$350,000 to \$450,000), but Proposed Modification 2 is expected to decrease the cost by the same amount. Cost differences for the other two Proposed Modifications are not expected to be significant, and the overall cost of the modifications proposed in the Application is expected to be negligible.

Need

Among the information provided by APS's responses to Staff's DRs was information relating to load forecast changes since the approval of CEC 138, along with the reasons for those changes and the impacts on CEC 138. The Company's load forecasts are consistent with other utility load forecasts in Arizona and reflect the economic downturn as well as the impact of energy efficiency savings, RES standards, and the deployment of distributed generation resources. Although the load growth projections reach further into the future, the most recent load forecasts, along with the need to accommodate the BLM Federal permitting process, support the continued need for the project and the time extension request.

One aspect of need for the 230 kV component of the Project that was addressed in the original proceeding before the Siting Committee was that it would provide support for the 69 kV distribution system within the Northwest Valley. To that end, testimony in the Siting Committee proceeding suggested that keeping the 230 kV portion centrally located relative to anticipated growth would be a consideration affecting the utility of the 230 kV portion of the Project. Staff inquired as to whether the route modifications that bring the corridor further south affect the ability of the Project to continue to meet the distribution support need. APS responded that the one mile southward shift from the Joy Road alignment to the Cloud Road alignment will keep the 230 kV line sufficiently far north to provide the needed distribution support to meet the need for that aspect of the Project.

Staff also inquired as to whether the proposed Clean Air Act changes under Environmental Protection Agency ("EPA") Rule 111(d) affect the need for the Project. APS replied that the Project is needed irrespective of whether the Rule 111(d) changes are enacted. APS further indicated that depending on the outcome of the Rule 111(d) rulemaking, the need for the Project may increase from what was anticipated at the time of the original application.

Based upon Staff's understanding of the mechanics of the proposed Rule 111(d) and assumptions made by EPA regarding the use of combined cycle natural gas generation in Arizona as a substitute for higher carbon emitting coal-fired generation, Staff anticipates that it is reasonable to expect that some scenarios involving adoption of the proposed EPA Rule 111(d) could curtail the import of coal-fired generation into the Phoenix load pocket in favor of increased use of natural gas fired generation.

Much of the coal-fired generation resources used to serve Arizona load are located in the Northeastern part of Arizona. However, the large majority of natural gas resources in the state are located in the Palo Verde Hub area. Having improved import capability into Phoenix from interconnection points where natural gas fired generation enters the grid will be necessary should the State become more dependent on gas-fired generation in the future. Consequently, Staff agrees with APS's assessment that the need for the Project could increase from when the original application was made due to possible impacts of EPA proposed Rule 111(d).

Environmental Impacts

As stated in the Application, three of the four proposed route changes, (Proposed Modifications 1-3 above), are entirely on ASLD land and are either requested by or supported by ASLD. Consequently, Staff anticipates that if the modifications are approved, APS should have little difficulty securing the needed right of way. The fourth modification sought would be entirely within right-of-way previously approved by Decision No. 67828 (May 5, 2005, approving CEC No. 127) and already acquired by APS. The proposed routing changes contemplated by the fourth modification request will therefore require no new right-of-way acquisitions. The Company expects that the environmental impacts resulting from all four proposed modifications would be similar to impacts contemplated and approved in CEC 138, and that the proposed corridor changed requested would be environmentally compatible.

Visual impacts to the Thunder Ridge residential area along 235th Avenue (identified in CEC 138 testimony) would be diminished by the relocation of the corridor requested by ASLD and proposed by the Company. Those impacts would be shifted to the residential area along Cloud Road and 211th Avenue; the east-west segment of the ASLD proposed corridor along Cloud Road would be proximate to existing residences just south of Cloud Road near 211th Avenue. Along Cloud Road, the transmission line would be approximately 100 feet north of the private property lines and approximately 200 feet north of occupied structures. APS has stated that they will notify land owners and residents within one mile of the Project corridor of the proposed corridor modifications and CEC term extension included in the Company's Application.

Accommodating ASLD

Staff also inquired of both APS and ASLD regarding the possibility that the Commission may decline to grant the three route modifications proposed by APS to accommodate ASLD. It is Staff's understanding that APS has a utility power of eminent domain and that under typical circumstances APS may condemn land within an approved CEC corridor necessary for the construction and operation of transmission and generation facilities. Both APS and ASLD indicated that they agree APS has a utility power of eminent domain pursuant to A.R.S. § 12-1111. Likewise, APS elaborated that under certain circumstances, that power may be used against the State or other governmental entities. However, both ASLD and APS indicated that there is case law speaking directly to the condemnation of State Trust land and that condemnation of Trust land is likely constitutionally prohibited. *See Deer Valley Unified Sch. Dist. No. 97 v. Superior Court*, 157 Ariz. 537, 760 P.2d 537 (1988).

The Commission has approved route modifications requested by a CEC holder to accommodate landowners along a CEC route before. *See e.g.* Decision No. 74080 (September 12, 2013) (approving, among other things, a corridor realignment to shift six poles to accommodate landowner). As the route modifications do not affect the reliability, need or cost for the Project, and may facilitate construction of the Project, Staff believes the requested route modifications are reasonable and should be approved.

RECOMMENDATIONS

Staff recommends the Commission approve the Company's application for amendment of Decision No. 70850 to permit the requested route modifications.

Further, Staff recommends the Commission approve an extension of the CEC term to March 17, 2021, to build the 500 kV portion of the Project and March 17, 2030, to build the 230 kV portion of the Project.

Figure 1
APS Proposed Corridor
Modification in Section 26

Sun Valley to Morgan
500/230kV Project

Legend

Project Features

-  Certified Corridor (CEC138)
-  APS Proposed Corridor Modification

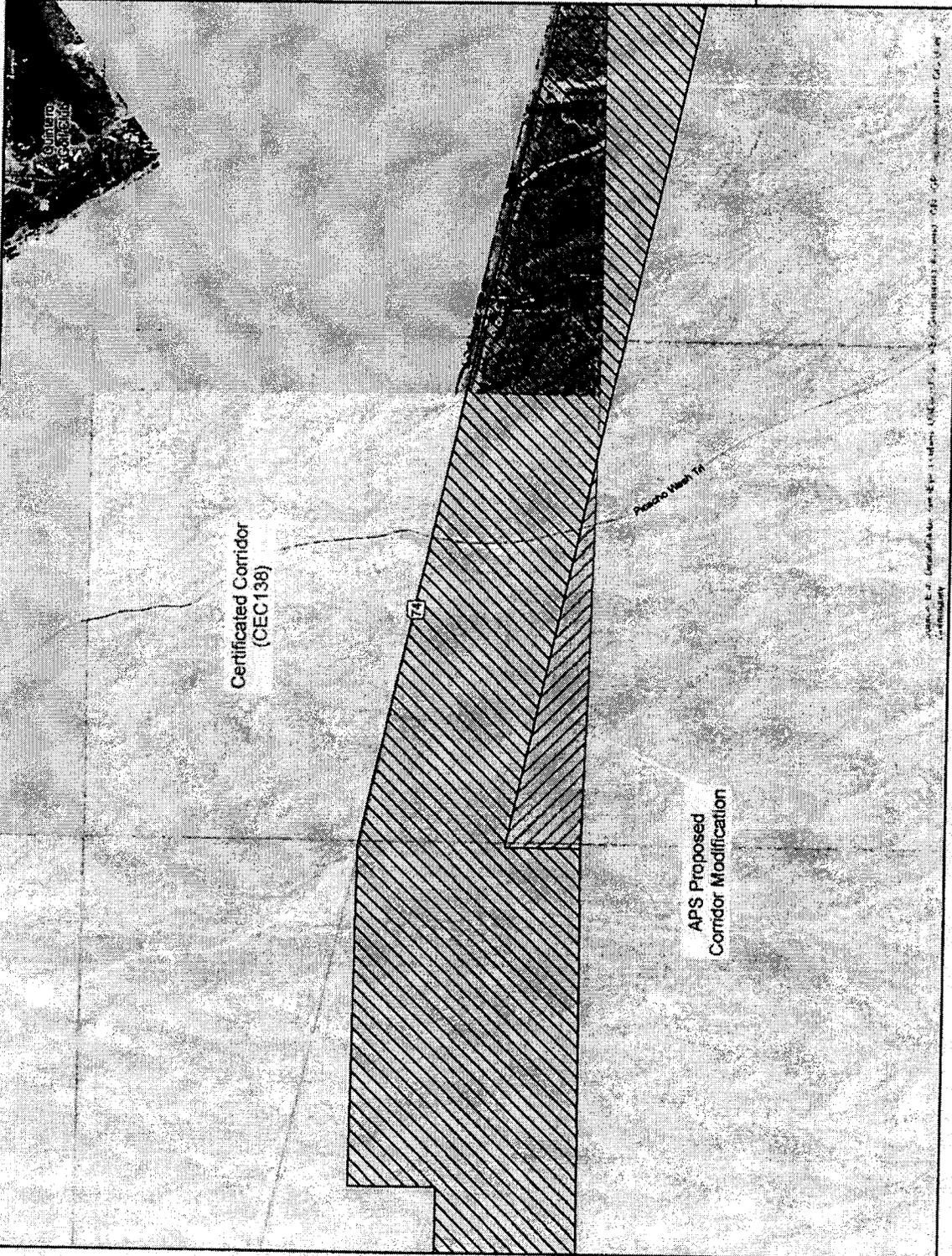
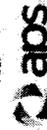
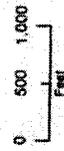
Surface Management

-  Bureau of Land Management
-  State Trust Land
-  Private Land

General Reference Features

-  Major Road
-  Section Line and Number

Revised
April 2009, 2014
Arcane State Land Department 2014



Certified Corridor
(CEC138)

APS Proposed
Corridor Modification

Map by E. J. Campbell, Arcane State Land Department, 2014. All rights reserved. CEC 138. APS Proposed Corridor Modification. Section 26.

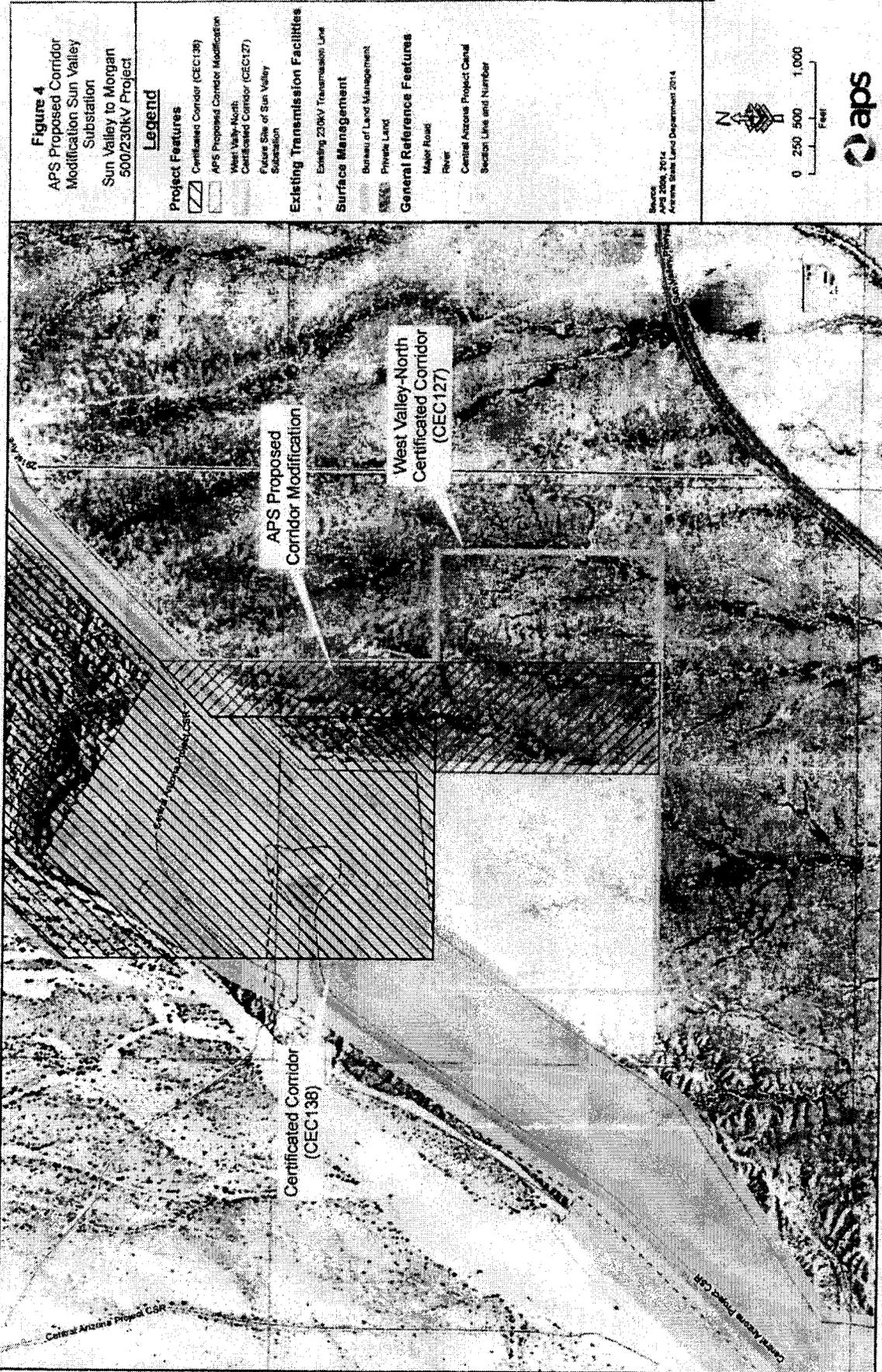


Figure 2
APS Proposed Corridor
Modification Morgan
Substation
Sun Valley to Morgan
500/230KV Project

Legend

Project Features

- Certificated Corridor (CEC138)
- APS Proposed Corridor Modification

Existing Transmission Facilities

- Existing 500KV Transmission Line
- Existing 230KV Transmission Line
- Existing 68KV Transmission Line

Surface Management

- Bureau of Reclamation
- State Trust Land
- Private Land

General Reference Features

- Major Road
- River
- Creek
- Levee Pressure
- Regional Park
- Township and Range Line
- Section Line and Number

Source:
 APS 2008, 2014
 Arizona State Land Department 2014

aps

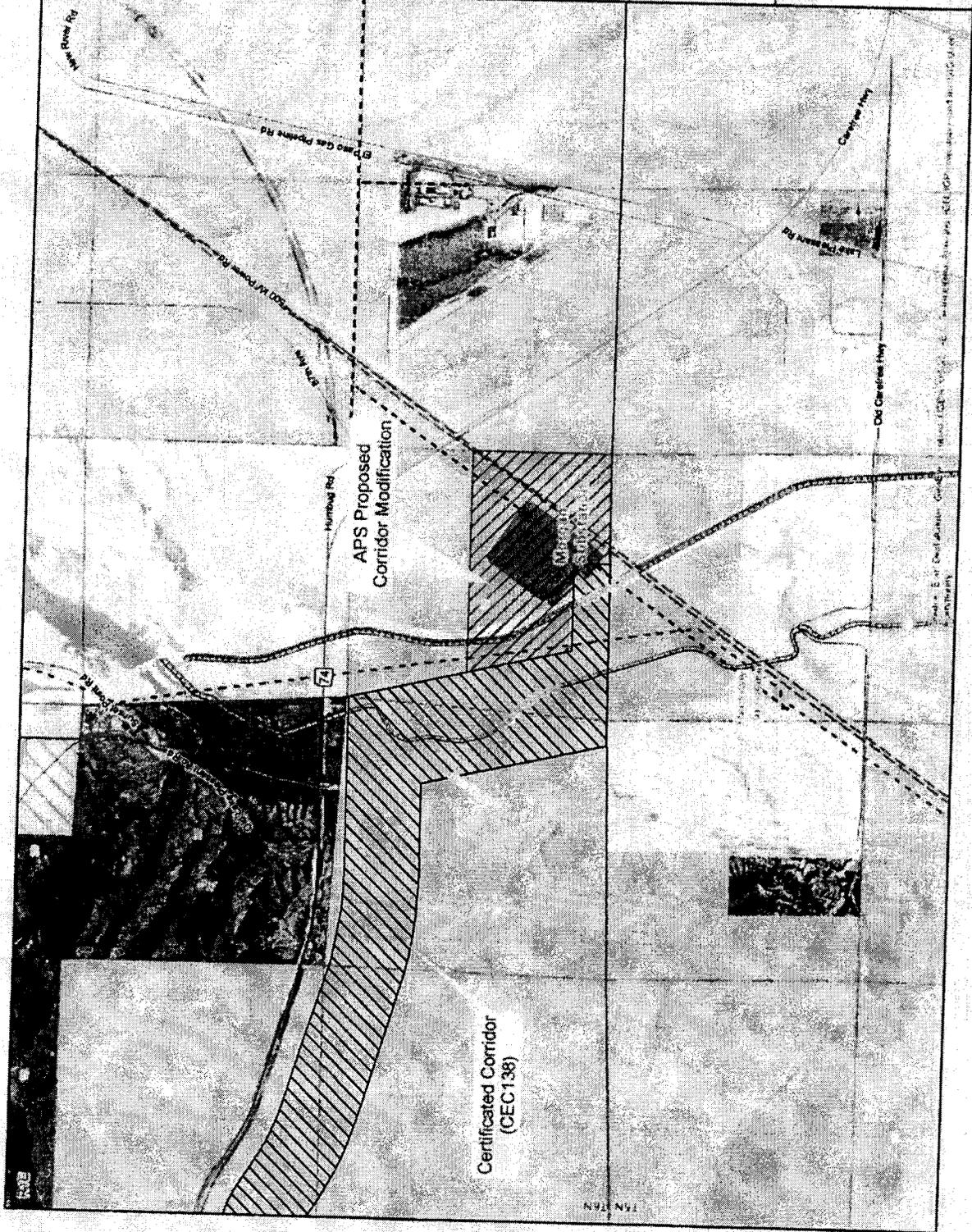




Exhibit DVI-1

Arizona Public Service Company
Docket No. L-00000D-08-0330-00138

Certificated Corridor

Sun Valley to Morgan
500/230kV Project

Legend

- Project Features**
- Certificated Corridor (CEC138)
- Future Transmission Facilities**
- Approved High-Voltage Substation
 - Approved High-Voltage Transmission Line
- Existing Transmission Facilities**
- Existing High-Voltage Substation
 - Existing 500kV Transmission Line
 - Existing 230kV Transmission Line
 - Existing 69kV Transmission Line

Surface Management

- Bureau of Reclamation
- Military
- State Trust Land
- Private Land

General Reference Features

- Major Road
- Railroad
- River
- Canal
- County Boundary
- Regional Park
- Central Arizona Project Canal
- Luke Air Force Base (AFB)
- Auxiliary Field #1
- Auxiliary Field #2
- Potential Zone
- Township and Range Line
- Section Line

Note:
For a full description of the certificated corridors, please see the Certificate of Environmental Compatibility ACC Docket No. L-000000-08-0330-00138, Decision No. 70850.

Source: State Land Department 2000, 2007, 2010, 2013
GIS Corporation 2013





Exhibit DVI-2

Arizona Public Service Company
Docket No. L-00000D-08-0330-00138



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DOCKET CONTROL

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7 **BEFORE THE ARIZONA CORPORATION COMMISSION**

8 **COMMISSIONERS**

9 BOB STUMP - CHAIRMAN
10 GARY PIERCE
11 BRENDA BURNS
12 BOB BURNS
13 SUSAN BITTER SMITH

14 IN THE MATTER OF THE
15 APPLICATION OF ARIZONA
16 PUBLIC SERVICE COMPANY, IN
17 CONFORMANCE WITH THE
18 REQUIREMENTS OF ARIZONA
19 REVISED STATUTES §§ 40-360, et
20 seq., FOR A CERTIFICATE OF
21 ENVIRONMENTAL
22 COMPATIBILITY AUTHORIZING
23 THE TS-5 TO TS-9 500/230 kV
24 TRANSMISSION LINE PROJECT,
25 WHICH ORIGINATES AT THE
26 FUTURE TS-5 SUBSTATION,
27 LOCATED IN THE WEST HALF OF
28 SECTION 29, TOWNSHIP 4 NORTH,
RANGE 4 WEST AND TERMINATES
AT THE FUTURE TS-9
SUBSTATION, LOCATED IN
SECTION 33, TOWNSHIP 6 NORTH,
RANGE 1 EAST, IN MARICOPA
COUNTY, ARIZONA.

DOCKET NO. L-00000D-08-03300138

CASE NO. 138

(Assigned to Administrative Law
Judge Sarah Harpring)

**DIRECT TESTIMONY OF DONALD
C. DUNCAN ON BEHALF OF SFI
GRAND VISTA, LLC**

Arizona Corporation Commission

DOCKETED

NOV - 7 2014

DOCKETED BY

nr

EXHIBIT

SFI-1

ADMITTED

1
2 SFI Grand Vista, LLC ("SFI Grand Vista"), by and through its undersigned
3 counsel, respectfully submits the following Direct Examination of Donald C. Duncan,
4 submitted in Question-and-Answer format. The direct testimony of Donald C. Duncan
5 is filed in connection with pending proceedings before Administrative Law Judge Sarah
6 N. Harpring in connection with the pending "Application to Amend Arizona
7 Corporation Commission Decision No. 70850 Re: CEC 138 and Request for Extension
8 of CEC Term." This Testimonial Submittal is filed in accordance with the Procedural
9 Order (p. 6, ll. 6-7) of the Administrative Law Judge dated October 10, 2014.

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1 I. TESTIMONIAL SUBMITTAL - DIRECT EXAMINATION OF DONALD
2 C. DUNCAN, ASA (SUBMITTED IN QUESTION-AND-ANSWER FORMAT ON
3 BEHALF OF SFI GRAND VISTA LLC)

4 Q. Please state your name.

5 A. **Donald C. Duncan**

6 Q. What is your occupation?

7 A. **Real estate appraiser.**

8 Q. By whom are you employed?

9 A. **First Appraisal Services.**

10 Q. Are you a principal/owner of First Appraisal Services?

11 A. **Yes. I am a principal/owner of the Company.**

12 Q. When was that company founded?

13 A. **It was founded in 1994.**

14 Q. In total, how many years have you been an appraiser in metropolitan Phoenix,
15 Arizona?

16 A. **Approximately 38 years.**

17 Q. Do you hold an appraisal license in Arizona?

18 A. **Yes.**

19 Q. What type of license?

20 A. **Certified General Real Estate Appraiser.**

21 Q. When did you obtain your license?

22 A. **1991.**

- 1 Q. Did Arizona license real estate appraisers prior to that date?
- 2 A. **No. I was a member of the initial class of licensees.**
- 3 Q. In total, how many fee appraisals have you performed?
- 4 A. **Certainly hundreds, probably thousands.**
- 5 Q. Do you hold any appraisal certifications, other than your appraisal license?
- 6 A. **Yes. I am an Accredited Senior Appraiser (ASA) of the American Society**
- 7 **of Appraisers and a Senior Right-of-Way Agent (SR/WA) of the**
- 8 **International Right-of-Way Association.**
- 9 Q. When did you obtain the A.S.A. designation?
- 10 A. **I received the ASA designation in 1982.**
- 11 Q. Have you held any officer positions in the American Society of Appraisers?
- 12 A. **I have been President of the Phoenix Chapter and State Director for**
- 13 **Arizona.**
- 14 Q. Describe your formal education.
- 15 A. **I have a B.A. in Business Economics from the University of Arizona. I**
- 16 **obtained my degree in 1976.**
- 17 Q. Have you continued your appraisal education since then?
- 18 A. **Yes. Through many continuing education programs.**
- 19 Q. How many continuing education classes?
- 20 A. **Approximately 82.**
- 21 Q. Through what organizations?
- 22 A. **Many, including the Appraisal Institute, the American Society of**
- 23 **Appraisers, the International Right-of-Way Association and the University**
- 24 **of Arizona.**
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Q. Have you ever served as an instructor or guest lecturer on appraisal topics?

A. Yes. I have been a lecturer/instructor at classes or programs sponsored by the State Bar of Arizona, CLE International, the Sandra Day O'Connor College of Law at Arizona State University (ASU), and the Master of Real Estate Development (MRED) Program at ASU, among other organizations.

Q. What types of property have you appraised?

A. All types including commercial, industrial and residential. Of particular relevance to this case, I have appraised single family residential properties, multi-family properties and properties within master-planned communities. I have also conducted countless "severance damage" and "proximity damage" analyses.

Q. What "approved" appraiser lists, if any, have included your name?

A. By way of example only, I have been on both the City of Phoenix list of approved appraisers as well as the State of Arizona (Department of Administration) list. I have performed more than 50 assignments for the Arizona Department of Transportation and I continue to work for ADOT today.

Q. Have you been engaged by other government agencies in the Valley?

A. Yes. I have worked for Maricopa County and the cities of Phoenix, Glendale, Scottsdale, Peoria, Chandler, Mesa and SRP among other governments or governmental agencies.

Q. Have you been engaged by major financial institutions?

A. Yes. Financial institution engagements have included Wells Fargo and Bank One (now J.P. Morgan Chase).

1 Q. Have you been engaged by APS in the past?
2 A. **Yes. I have worked for both APS and SRP.**
3 Q. Have you testified as an expert witness?
4 A. **Yes. On a number of occasions. Approximately 70 cases.**
5 Q. In what courts?
6 A. **The United States District Court for the District of Arizona, the United
7 States Bankruptcy Court, the Arizona Tax Court, the Superior Courts in
8 Maricopa County, Mohave County, Pima County, Yavapai County, and
9 Pinal County, and courts in at least four (4) other states.**
10
11 Q. Have you performed work that involved investigation of transmission line
12 impacts?
13 A. **Yes.**
14 Q. On which side of the case/for what parties?
15 A. **For both landowners and utility companies.**
16 Q. Did you testify before the Transmission Line Siting Committee in this case in
17 2009?
18 A. **Yes. I did.**
19 Q. Describe generally the subject matter of your testimony.
20 A. **I examined the alternative alignments and corridor widths then under
21 consideration by the Committee in the area of the property now owned by
22 SFI Grand Vista, LLC. At least in that area, the alignment and corridor
23 dimension adopted by the Committee and the Arizona Corporation
24 Commission were consistent with my opinions.**
25
26
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1 Q. By whom were you engaged in this case?

2 A. I was contacted and engaged by the attorneys for SFI Grand Vista, LLC,
3 the successor-in-interest to the landowner (Surprise Grand Vista, LLC) by
4 which I was engaged in 2009.

5 Q. What was your assignment?

6 A. I was provided with a copy of the Application seeking to amend the
7 previously-approved alignment. I was asked to compare the final approved
8 alignment with the proposed amended alignment and to comment on the
9 likely impact of the proposed amended alignment on the marketability and
value of existing and planned future residences.

10 Q. In the area between 211th Avenue and 235th Avenue, did you compare the
11 Arizona Corporation Commission-approved alignment with the Amended
Alignment now proposed by APS and ASLD?

12 A. Yes. Attached hereto as Exhibit "A" is Attachment 1 to Exhibit "E" of
13 APS' Application. This Exhibit depicts the approved (Certificated)
14 alignment and the APS/ASLD proposed, modified alignment. The SFI
15 Grand Vista property is immediately east of the proposed alignment at 211th
Avenue (as noted on Exhibit "A").

16 Q. What did you conclude?

17 A. The previously approved alignment and corridor designation was carefully
18 crafted in the 211th Avenue to 235th Avenue area (including specifically the
19 area adjacent or proximate to the SFI Grand Vista master plan project) to
20 minimize the impact on existing and planned residences. The proposed,
21 amended alignment deviates materially from the approved alignment and
22 heightens the impact of the planned transmission lines on existing and
planned residences. Without limiting the generality of the foregoing, I
noted the following specific impacts:

- 23 • The number of existing residences in proximity to the transmission
24 lines would be increased by approximately 390%. According to APS,
25 there are 10 residences within 2500 feet (0 residences within 500 feet)
26 of the approved alignment in this area and 49 residences within 2500
27 feet (18 residences within 500 feet) of the proposed, amended

1 alignment. There is also an increase in the number of impacted lots
2 on which construction has not yet occurred.

- 3 • In this area, the amended alignment adds two (2) 90-degree turns to
4 the alignment, thus increasing the cost of the project.
- 5 • The amended alignment has a new area of adjacency to the SFI
6 Grand Vista master plan, increasing the areas of direct proximity by
7 approximately 25%.
- 8 • As a consequence, the number of planned/approved and impacted
9 residential units would increase materially if the amended alignment
10 were adopted. The existing SFI Grand Vista master plan will be
11 directly affected, particularly in the northwest corner of the property.

12 The proximity of the transmission lines in this case to existing and/or
13 planned residences can be expected to impact the desirability of these
14 residences whether due to view impairment, perceived health or safety
15 concerns (whether justified or not) and possibly other factors. This, in turn,
16 will likely affect marketability, applicable absorption rates, and thus the
17 market value of such properties to the detriment of the individual residents
18 (current and future) and the owner/developer of the Grand Vista project.

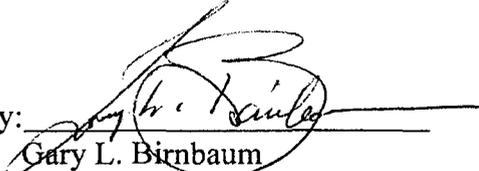
19 From an appraisal perspective, the proposed realignment is particularly
20 difficult to understand because the negative factors outlined above are not
21 offset by countervailing considerations. In this area, both the approved
22 alignment and the proposed amended realignment involve the construction
23 of transmission lines on Arizona State Land Department (ASLD) lands.
24 The proposed realignment, however, moves the lines closer to existing and
25 currently planned residential areas. Even if the line relocation reduces the
26 valuation, or has some planning impact on ASLD lands, it increases the
27 impact on various other landowners in the area. Furthermore, to the extent
28 the approved alignment does reduce the value of the ASLD lands (a result
 that is not at all clear from the Application or the documents APS has
 provided with the Application), ASLD will receive full, fair and just
 compensation for the property rights acquired by APS and for the
 diminution in value to the remainder property, if any. The proposed
 realignment therefore does not appear to be necessary, economically
 justified, or in the public interest.

1 Q. On what do you base your opinion?

2 A. My conclusions are based upon decades of experience in appraising
3 properties throughout the Valley and in assessing the impact of various
4 value-influencing projects and factors. My opinions are also based upon
5 information provided by APS in this proceeding in response to requests for
6 information promulgated by counsel for SFI Grand Vista, LLC. (See
7 Exhibit "B," excerpts of APS' Response to SFI Grand Vista's First Set of
8 Informal Data Requests.)

9 RESPECTFULLY SUBMITTED this 6th day of November, 2014.

10 DICKINSON WRIGHT PLLC

11
12 By: 

13 Gary L. Birnbaum

14 James T. Braselton

15 1850 North Central Avenue, Suite 1400

16 Phoenix, Arizona 85004

17 *Attorneys for Plaintiff*

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19
20
21
22 ORIGINAL and 13 copies of the foregoing filed this 7th day of November, 2014, with:

23 Arizona Corporation Commission
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25 Docket Control, Room No. 108
26 Phoenix, AZ 85007

1 COPY of the foregoing mailed this 9th day of November, 2014, to:

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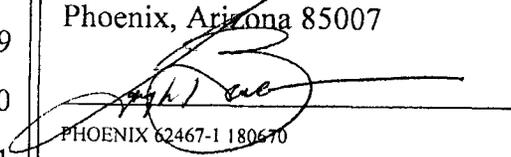
Steven M. Olea, Director
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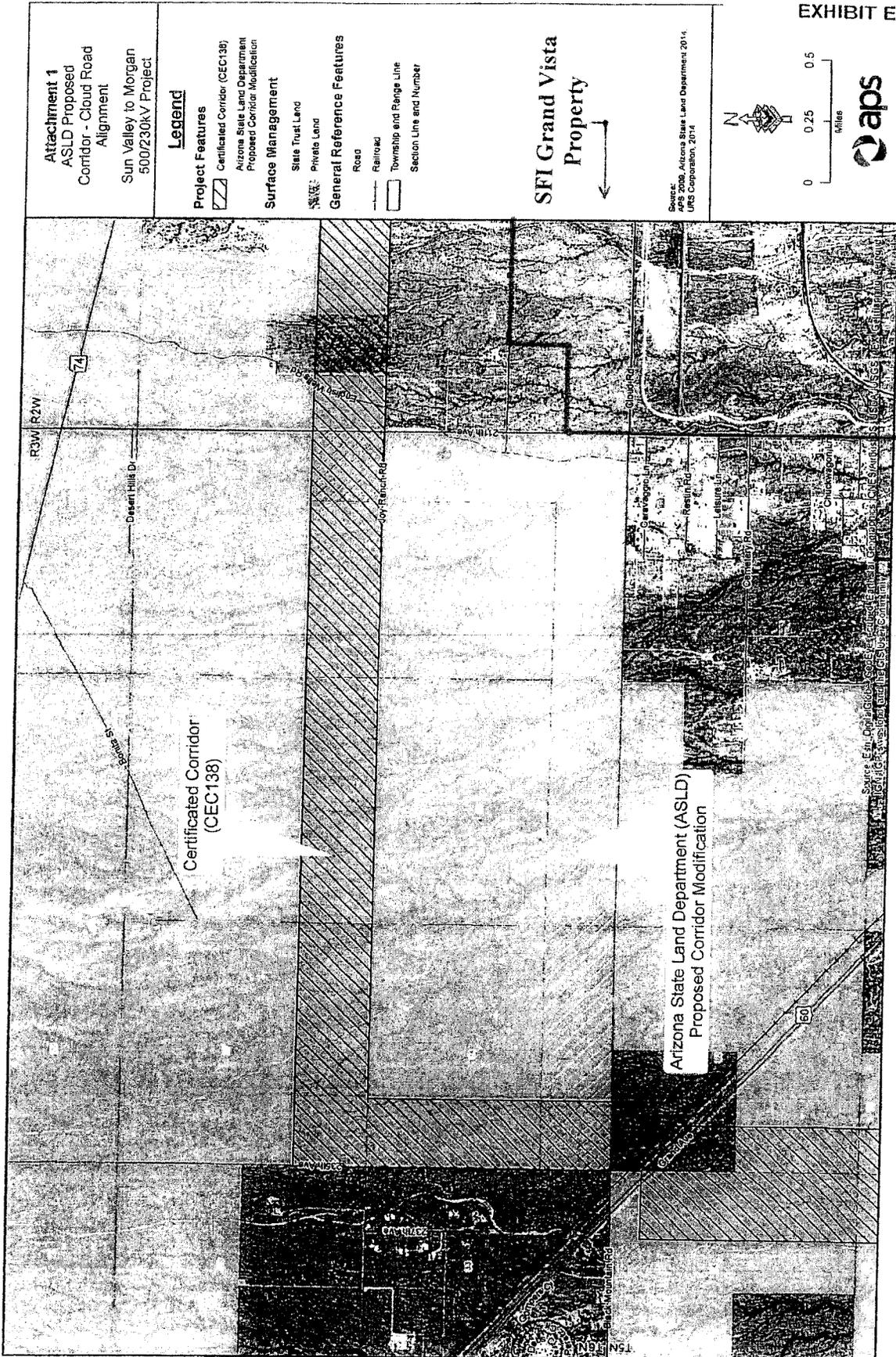
Sarah N. Harpring
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EXHIBIT "A"



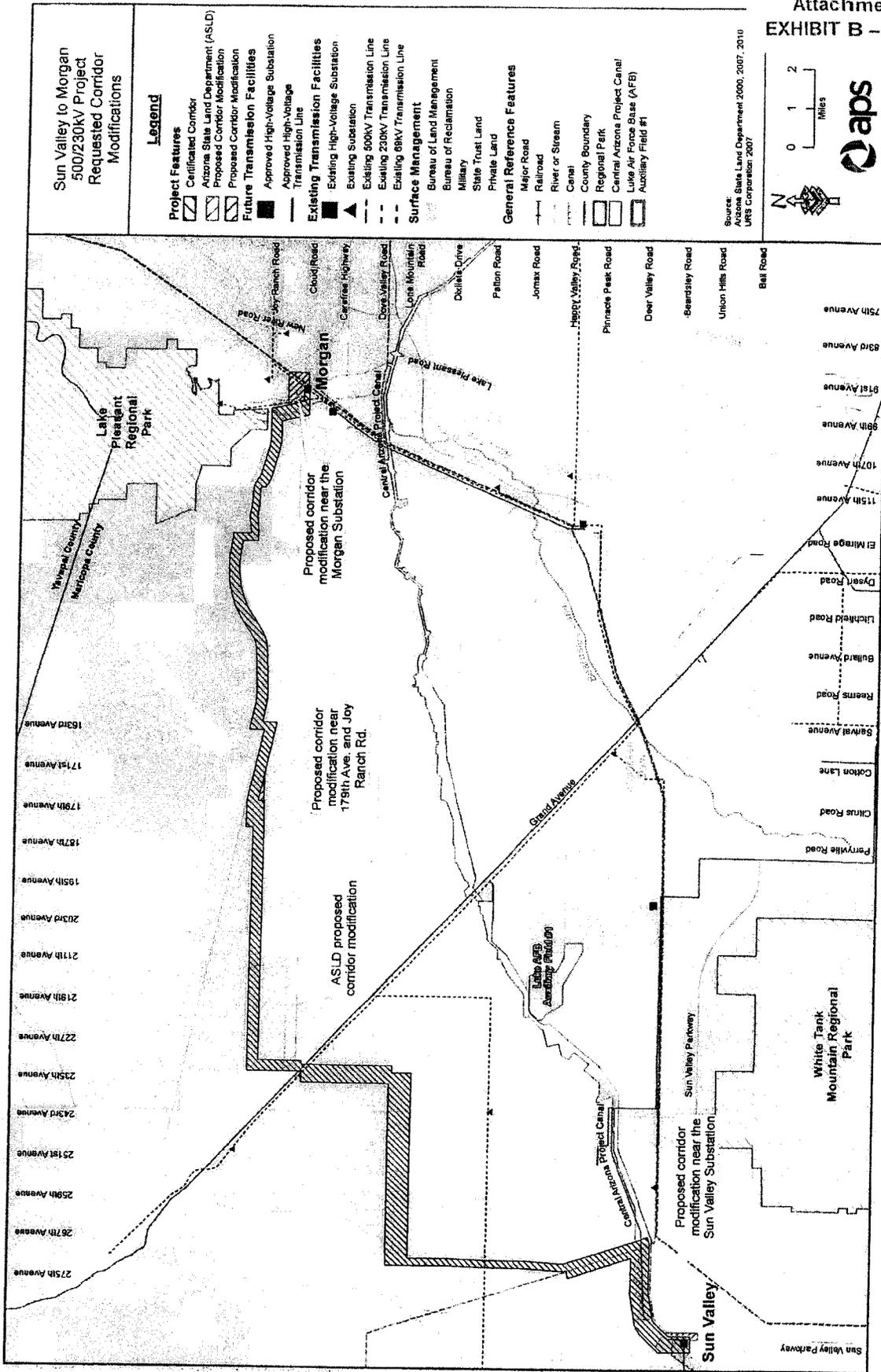


EXHIBIT "B"

SFI GRAND VISTA'S FIRST SET OF INFORMAL DATA REQUESTS TO
ARIZONA PUBLIC SERVICE COMPANY REGARDING
REQUEST FOR EXTENTION OF CEC TERM
DOCKET NO. E-01345A-08-0330-00138
OCTOBER 7, 2014

SFI Inf 1.3: The number of transmission line towers and the length of the transmission lines required for both the Approved Plan and the alignment depicted in your Proposed Plan.

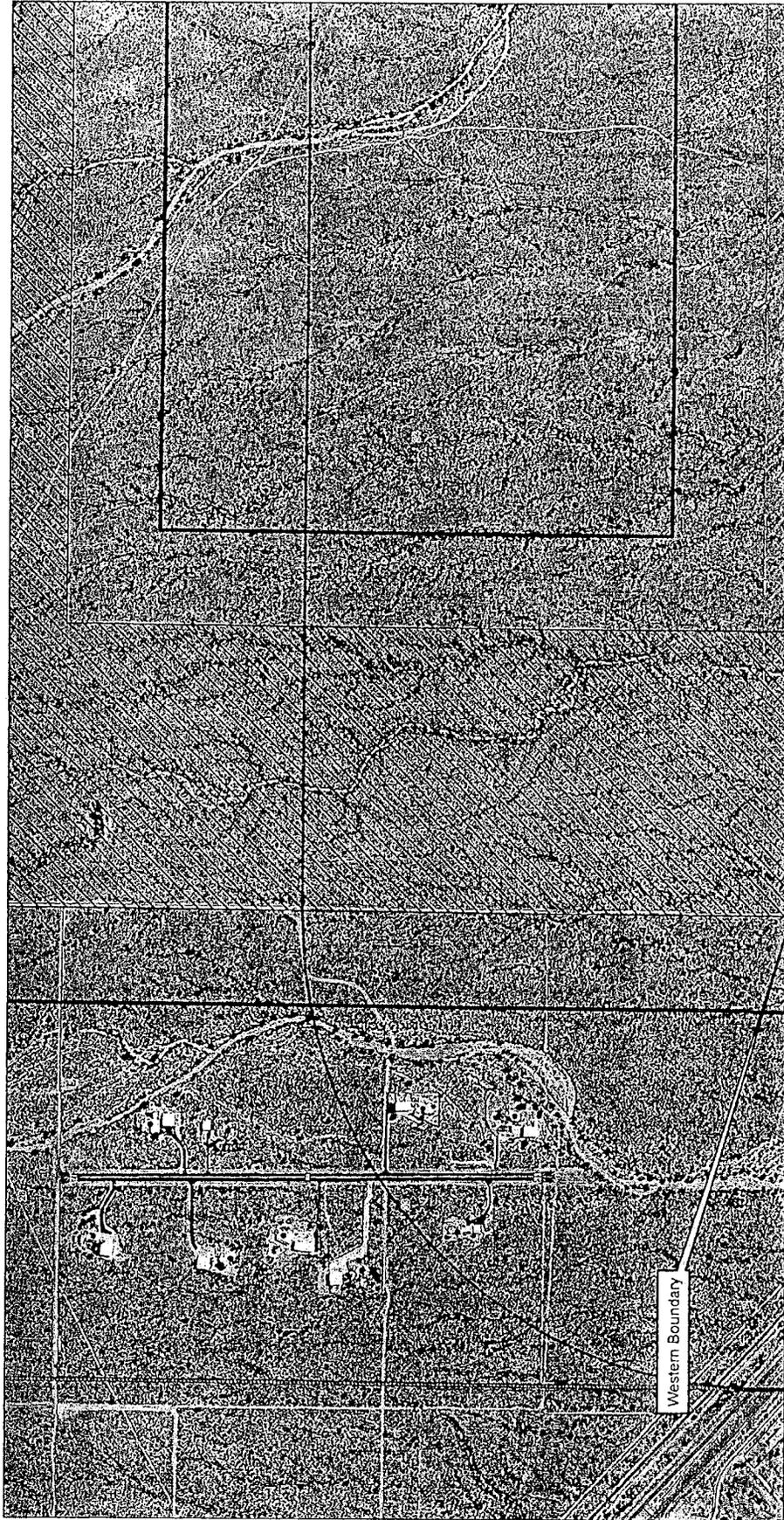
Response: The amendments proposed in APS's July 17, 2014 Application do not change the overall number of transmission line towers or the length of the transmission line. However, the Company's Application anticipates replacing two tangent (in-line) tower structures identified in the original project with two turning tower structures to accommodate the change in corridor requested by the Arizona State Land Department. See also Response to SFI Inf 1.2.

Although final design work has not been completed, APS anticipates that this four mile segment of the line will contain approximately 22 tower structures.

SFI GRAND VISTA'S FIRST SET OF INFORMAL DATA REQUESTS TO
ARIZONA PUBLIC SERVICE COMPANY REGARDING
REQUEST FOR EXTENTION OF CEC TERM
DOCKET NO. E-01345A-08-0330-00138
OCTOBER 7, 2014

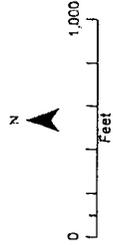
SFI Inf 1.4: The number of existing residences located within 500 feet of the western boundary of the corridor in the Approved Plan.

Response: There are no existing residences located within 500 feet of the western boundary of the approved corridor. Please see the map attached as APS15694.



Legend

- Residences
- ASLD Proposed Corridor
- Approved Plan/Certificated Corridor (CEC 138)
- 500-foot Buffer
- 2500-foot Buffer
- 2500-foot Buffer of Proposed Route
- 2500-foot Buffer of Certificated Route



Service Layer Credits: Source: Esri, DigitalGlobe, GeoEye, I-cubed, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AEX, Geomatics, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community
 Parcel Data: Maricopa County Assessor 2014

SFI GRAND VISTA'S FIRST SET OF INFORMAL DATA REQUESTS TO
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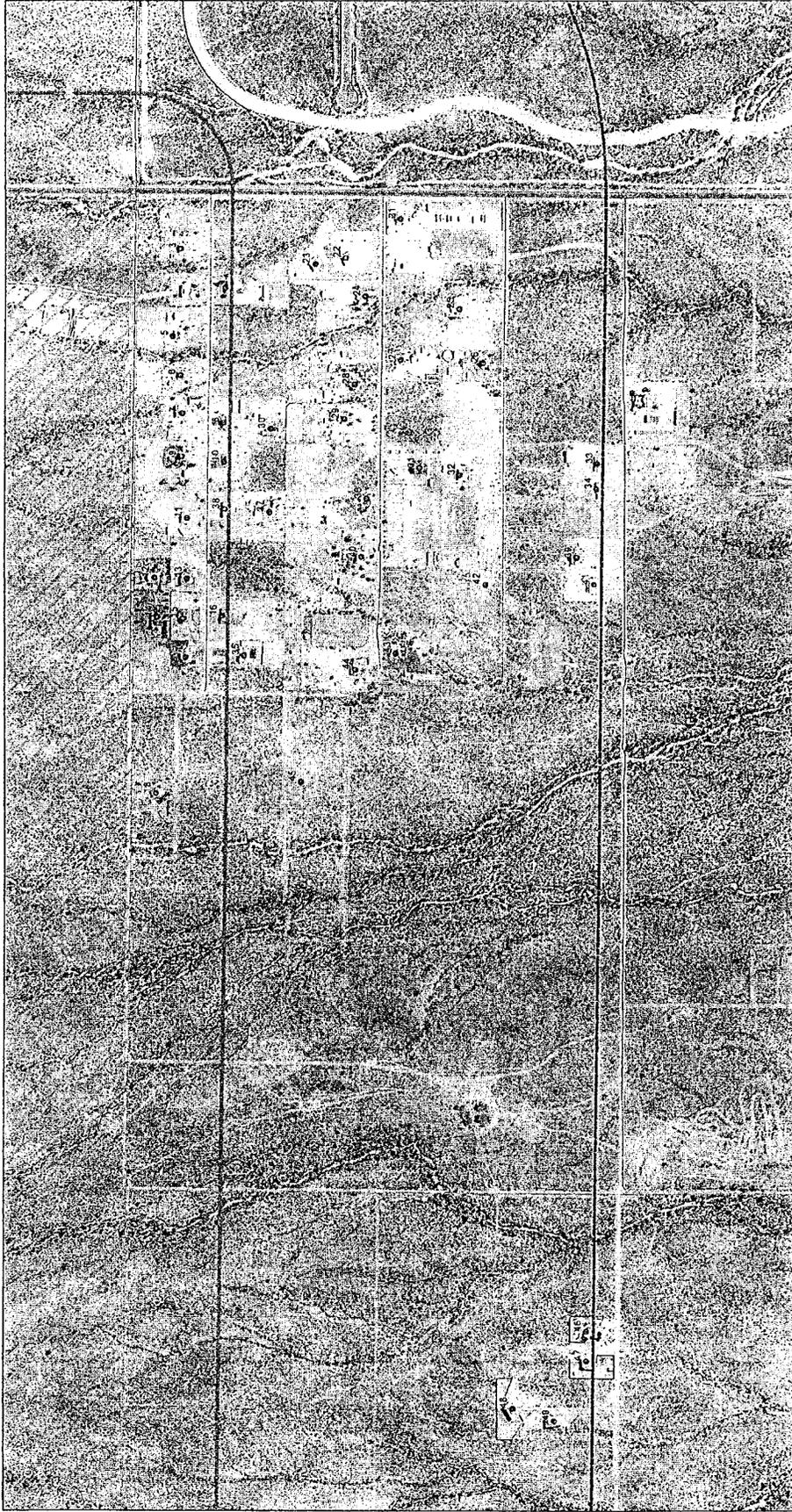
SFI Inf 1.5: The number of existing residences located within 2,500 feet of the western boundary of the corridor in the Approved Plan.

Response: There are 10 existing residences located within 2,500 feet of the western boundary of the approved corridor. APS15694 provided in response to SFI Inf 1.4 depicts nine of these existing residences. The tenth residence is outside the scope of the map and can be found on APS15695 provided in response to SFI Inf 1.8.

SFI GRAND VISTA'S FIRST SET OF INFORMAL DATA REQUESTS TO
ARIZONA PUBLIC SERVICE COMPANY REGARDING
REQUEST FOR EXTENTION OF CEC TERM
DOCKET NO. E-01345A-08-0330-00138
OCTOBER 7, 2014

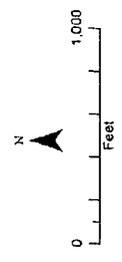
SFI Inf 1.6: The number of existing residences located within 500 feet of the southern and eastern boundaries of the corridor in the Proposed Plan.

Response: There are 18 existing residences located within 500 feet of the southern and eastern boundaries of the proposed corridor: 17 within 500 feet of the southern boundary and one within 500 feet of the eastern boundary. Please see the map attached as APS15696 for the residences along the southern boundary and the map attached as APS15697 for the residence along the eastern boundary.



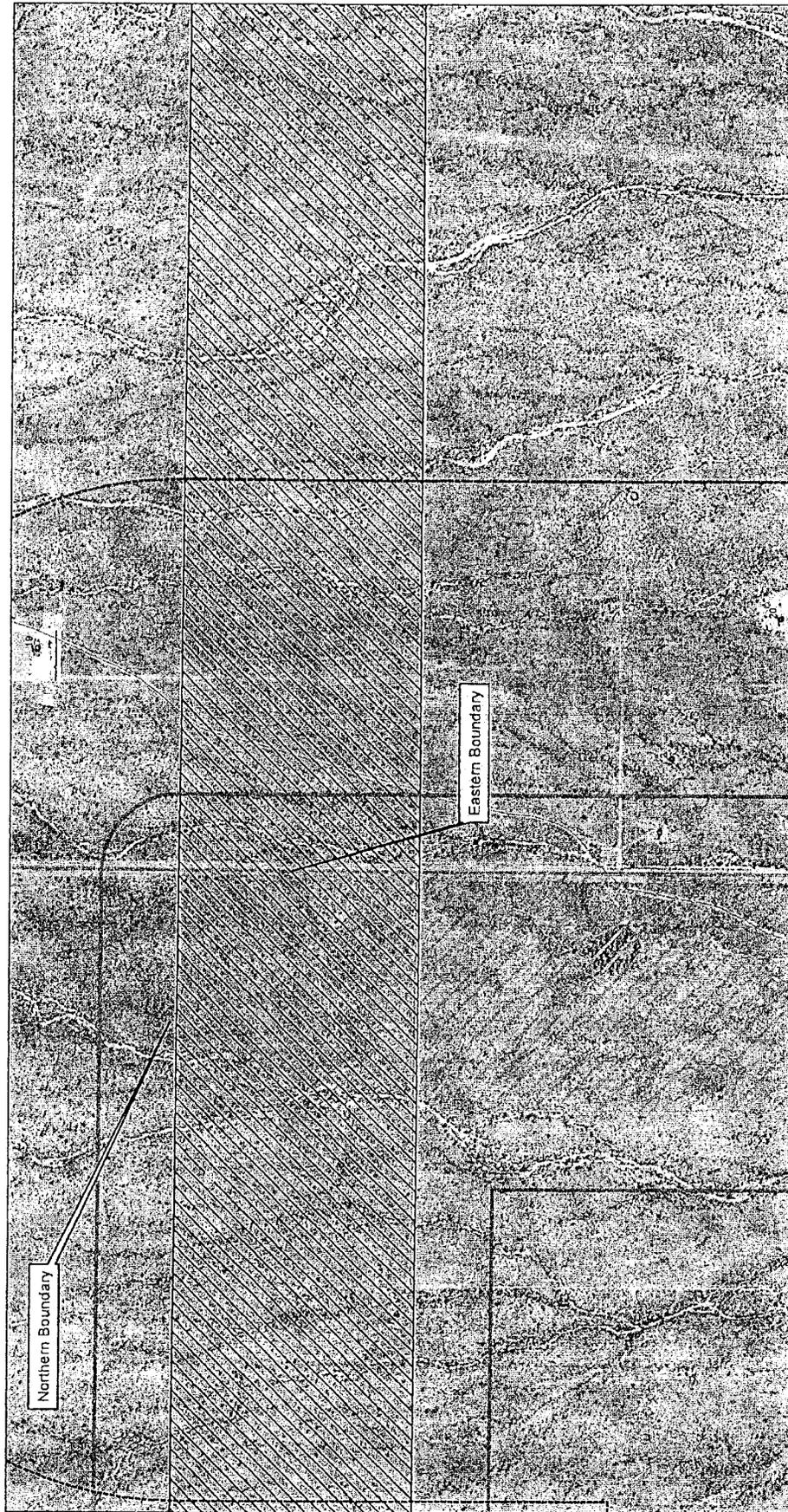
Legend

- Residences
- ▨ ASLD Proposed Corridor
- ▨ Approved Plan/Certificated Corridor (CEC 138)
- ▨ 500-foot Buffer
- ▨ 2500-foot Buffer
- ▨ 2500-foot Buffer of Proposed Route
- ▨ 2500-foot Buffer of Certificated Route



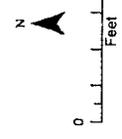
Service Layer Credits: Source: Esri, DigitalGlobe, GeoEye, USDA, USGS, AeroGRID, IGN, SRTM, Swiremap, and the GIS User Community

Parcel Data: Maricopa County Assessor 2014



Legend

- Residences
- ASLD Proposed Corridor
- Approved Plan/Certificated Corridor (DEC 138)
- 500-foot Buffer
- 2500-foot Buffer
- 2500-foot Buffer of Proposed Route
- 2500-foot Buffer of Certificated Route



Service Layer Credits: Source: Esri, DigitalGlobe, GeoEye, i-cubed, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, iGP, swisstopo, and the GIS User Community
 Parcel Data: Maricopa County Assessor 2014

SFI GRAND VISTA'S FIRST SET OF INFORMAL DATA REQUESTS TO
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DOCKET NO. E-01345A-08-0330-00138
OCTOBER 7, 2014

SFI Inf 1.7: The number of exist residences located with 2,500 feet of the southern and eastern boundaries of the corridor in the Proposed Plan.

Response: There are 49 existing residences located within 2,500 feet of the southern and eastern boundaries of the proposed corridor. This number is inclusive of the 18 residences identified in the Company's response to SFI Informal Data Request 1.6. Please see the maps APS15696 and APS15697 provided in response to SFI Inf 1.6.

SFI GRAND VISTA'S FIRST SET OF INFORMAL DATA REQUESTS TO
ARIZONA PUBLIC SERVICE COMPANY REGARDING
REQUEST FOR EXTENTION OF CEC TERM
DOCKET NO. E-01345A-08-0330-00138
OCTOBER 7, 2014

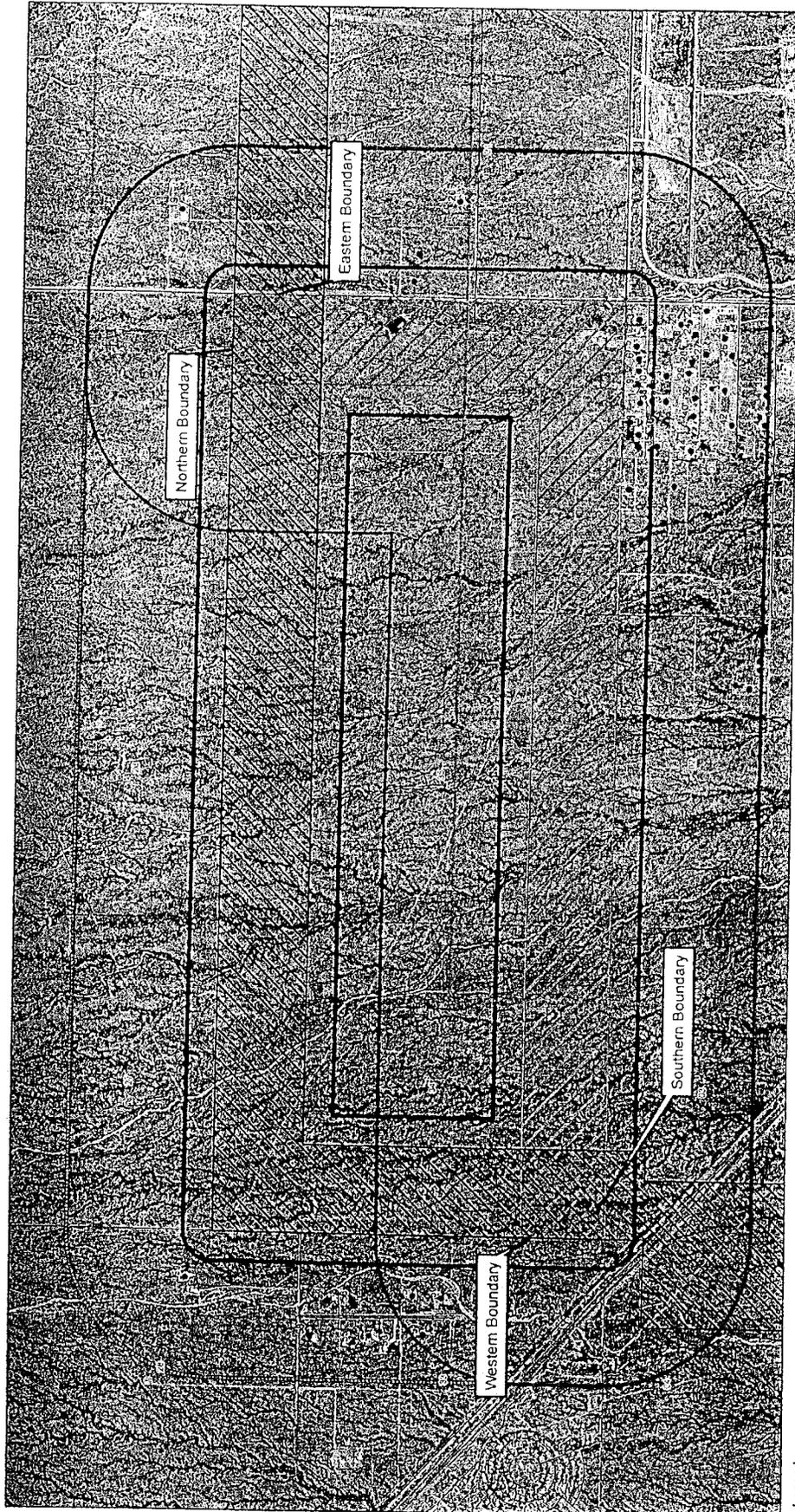
SFI Inf 1.8: For each of the residences referenced in item nos. 4-7 above, please provide the setback between the closest boundary of the HVTL corridor and the nearest wall of the residence.

Response: The setback footage is listed for each residence on the attached document APS15698. A map showing the position of each of the 59 residences is also attached as APS15695.

The methodology used to calculate the distances from each residence to the either the approved or proposed HVTL corridor is as follows:

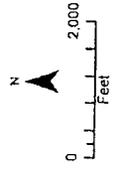
Following field verification of each residence depicted on Map 1, the distance was measured on aerial photography from the section line coincident with the corridor edge to the approximate center of the residential structure. Distances were calculated using GIS "near analysis" based on points placed from aerial photography and/or field verification. The points were placed as close to the center of the residential structure and may be up to 5 feet from the edge of the house.

| Setback Distances | |
|-------------------|-------|
| 1 | 270 |
| 2 | 739 |
| 3 | 233 |
| 4 | 467 |
| 5 | 196 |
| 6 | 240 |
| 7 | 249 |
| 8 | 469 |
| 9 | 249 |
| 10 | 471 |
| 11 | 283 |
| 12 | 115 |
| 13 | 287 |
| 14 | 132 |
| 15 | 268 |
| 16 | 471 |
| 17 | 283 |
| 18 | 136 |
| 19 | 935 |
| 20 | 1,633 |
| 21 | 1,388 |
| 22 | 1,098 |
| 23 | 940 |
| 24 | 1,204 |
| 25 | 1,710 |
| 26 | 1,840 |
| 27 | 1,398 |
| 28 | 1,154 |
| 29 | 1,101 |
| 30 | 716 |
| 31 | 1,507 |
| 32 | 1,726 |
| 33 | 2,471 |
| 34 | 2,467 |
| 35 | 593 |
| 36 | 1,225 |
| 37 | 715 |
| 38 | 478 |
| 39 | 2,363 |
| 40 | 1,199 |
| 41 | 2,459 |
| 42 | 1,866 |
| 43 | 1,389 |
| 44 | 1,174 |
| 45 | 899 |
| 46 | 2,464 |
| 47 | 2,466 |
| 48 | 2,065 |
| 49 | 2,294 |
| 50 | 1,072 |
| 51 | 1,689 |
| 52 | 1,040 |
| 53 | 1,902 |
| 54 | 1,720 |
| 55 | 1,847 |
| 56 | 1,170 |
| 57 | 1,145 |
| 58 | 1,741 |
| 59 | 908 |



Legend

- Residences
- ▭ ASLD Proposed Corridor
- ▭ Approved Plan/Certificated Corridor (CEC 138)
- ▭ 500-foot Buffer
- ▭ 2500-foot Buffer
- ▭ 2500-foot Buffer of Proposed Route



Service Layer Credits: Source: Esri, DigitalGlobe, GeoEye, i-cubed, USDA, USGS, AEX, Compaq, Aerogrid, IGN, IGP, swastopo, and the GIS User Community

Parcel Data: Meritopa County Assessor 2014

SFI GRAND VISTA'S FIRST SET OF INFORMAL DATA REQUESTS TO
ARIZONA PUBLIC SERVICE COMPANY REGARDING
REQUEST FOR EXTENTION OF CEC TERM
DOCKET NO. E-01345A-08-0330-00138
OCTOBER 7, 2014

SFI Inf 1.9: Will the nearest boundary of the corridor in the Proposed Plan be across the street from closest private property line?

Response: Portions of the southern boundary of the proposed corridor are adjacent to an existing dirt road. The closest private property line to the southern boundary is on the other side of that dirt road.

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7 **BEFORE THE ARIZONA CORPORATION COMMISSION**

8 **COMMISSIONERS**

9 BOB STUMP - CHAIRMAN
10 GARY PIERCE
11 BRENDA BURNS
12 BOB BURNS
13 SUSAN BITTER SMITH



14 IN THE MATTER OF THE
15 APPLICATION OF ARIZONA
16 PUBLIC SERVICE COMPANY, IN
17 CONFORMANCE WITH THE
18 REQUIREMENTS OF ARIZONA
19 REVISED STATUTES §§ 40-360, et
20 seq., FOR A CERTIFICATE OF
21 ENVIRONMENTAL
22 COMPATIBILITY AUTHORIZING
23 THE TS-5 TO TS-9 500/230 kV
24 TRANSMISSION LINE PROJECT,
25 WHICH ORIGINATES AT THE
26 FUTURE TS-5 SUBSTATION,
27 LOCATED IN THE WEST HALF OF
28 SECTION 29, TOWNSHIP 4 NORTH,
RANGE 4 WEST AND TERMINATES
AT THE FUTURE TS-9
SUBSTATION, LOCATED IN
SECTION 33, TOWNSHIP 6 NORTH,
RANGE 1 EAST, IN MARICOPA
COUNTY, ARIZONA.

DOCKET NO. L-00000D-08-03300138

CASE NO. 138

(Assigned to Administrative Law
Judge Sarah Harpring)

**DIRECT TESTIMONY OF JOHN
CHRISTENSEN ON BEHALF OF
SFI GRAND VISTA, LLC**

Arizona Corporation Commission
DOCKETED

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SFI Grand Vista, LLC (“SFI Grand Vista”), by and through its undersigned counsel, respectfully submits the following Direct Examination of John Christensen, submitted in Question-and-Answer format. The direct testimony of John Christensen is filed in connection with pending proceedings before Administrative Law Judge Sarah N. Harpring in connection with the pending “Application to Amend Arizona Corporation Commission Decision No. 70850 Re: CEC 138 and Request for Extension of CEC Term.” This Testimonial Submittal is filed in accordance with the Procedural Order (p. 6, ll. 6-7) of the Administrative Law Judge dated October 10, 2014.

1 I. TESTIMONIAL SUBMITTAL – DIRECT EXAMINATION OF JOHN
2 CHRISTENSEN (SUBMITTED IN QUESTION-AND-ANSWER FORMAT ON
3 BEHALF OF SFI GRAND VISTA LLC)

4 Q. Please state your name.

5 A. **John Christensen.**

6 Q. What is your occupation?
7

8 A. **Real estate developer and consultant. Among other activities, I am**
9 **currently serving as a consultant to the owner of the SFI Grand Vista**
10 **Master Planned property located at approximately 211th Avenue and Cloud**
11 **Road in Surprise, Arizona.**

12 Q. Who is the current owner of that property?

13 A. **SFI Grand Vista LLC.**

14 Q. What is the relationship of the current owner to the party that appeared in the
15 transmission line siting hearings in 2009?

16 A. **SFI Grand Vista LLC is the successor-in-interest to Surprise Grand Vista**
17 **LLC.**

18 Q. Did you attend the 2009 hearings?

19 A. **Yes I did. At that time, I was the Vice President and General Manager of**
20 **Toll Brothers (a homebuilder) which served as the managing member of**
21 **Surprise Grand Vista LLC. Surprise Grand Vista LLC was the owner of**
22 **the property at that time.**

23 Q. So in the current proceeding, you are appearing as the authorized representative
24 of the SFI Grand Vista Master Planned property?

25 A. **Yes, that is correct.**

26 Q. Does SFI Grand Vista LLC object to the pending Application to modify the
27 transmission line alignment and to amend the final order of the Arizona
28 Corporation Commission entered in 2009?

1 A. **Yes, but the objection is limited to the portion of the requested realignment**
2 **in the area between 211th Avenue and 235th Avenue.**

3 Q. Could you please describe your formal education?

4 A. **I hold a BA Degree in Economics from the University of Utah and an MBA**
5 **from the Thunderbird Graduate School of Management (now a division of**
6 **Arizona State University).**

7 Q. How long have you been involved in the real estate business as a consultant, as
8 an officer of a major homebuilder, or otherwise?

9 A. **I have been involved in the real estate development business, in various**
10 **capacities, for more than 25 years.**

11 Q. You indicated that you had participated in the 2009 transmission line hearings, is
12 that correct?

13 A. **Yes.**

14 Q. Are you familiar with the final determination of the Committee and the Arizona
15 Corporation Commission of the transmission line alignment and configuration in
16 the area between 235th Avenue on the West and 211th Avenue on the East.

17 A. **Yes.**

18 Q. Have you also had the opportunity to review the request to amend the alignment
19 (i.e., the Application) that is currently pending before the Administrative Law
20 Judge in this case?

21 A. **Yes I have.**

22 Q. Have you reviewed any other materials in connection with your testimony and/or
23 the objection of SFI Grand Vista LLC.

24 A. **Yes. I have reviewed the responses of Arizona Public Service Company**
25 **("APS") to certain informal requests for information promulgated by the**
26 **attorneys for SFI Grand Vista LLC, which were designed to help identify**
27 **the potential impacts of the requested realignment.**

28 Q. Please explain the bases for the objection of SFI Grand Vista LLC to the pending
Application.

1
2 **A. SFI Grand Vista is a master planned community in Surprise, Arizona. The**
3 **planned community is located between 211th Avenue on the west and 183rd**
4 **Avenue on the east; and between Black Mountain Road on the north, and**
5 **Dove Valley Road on the south. It is anticipated that 211th Avenue will be a**
6 **major thoroughfare serving SFI Grand Vista. The master plan was**
7 **approved by the City of Surprise in approximately 2008. The community is**
8 **located on nearly 5,500 acres, and is approved for approximately 15,280**
9 **residential units, schools, mixed use and commercial facilities, and open**
10 **space.**

11 **SFI Grand Vista is concerned about the proximity of the proposed amended**
12 **alignment between 235th Avenue (on the west) and 211th Avenue (on the**
13 **east). During the 2009 hearings concerning the approved alignment, which**
14 **I attended, SFI Grand Vista was one of many parties to voice concerns on**
15 **the impact of the transmission line. Now, approximately five years later, the**
16 **Commission's current amendment proceeding involves a proposed**
17 **alignment that was not even discussed during the initial proceedings. The**
18 **extent of community participation (and solicitation of input through**
19 **community meetings, etc.) appears significantly reduced.**

20 **The original proceeding resulted in a carefully crafted agreement**
21 **addressing the concerns of various parties, including SFI Grand Vista. The**
22 **approved alignment ran through state (ASLD) land, minimizing adjacency**
23 **to the existing Cloud Road residences between 235th Avenue and 211th**
24 **Avenue. Moreover, the approved alignment is adjacent to SFI Grand**
25 **Vista's master plan in only one location – on state land, east of 211th**
26 **Avenue, along the northern edge of the property, for a distance of**
27 **approximately one mile.**

28 **Without justification, APS has proposed an alignment that, while still on**
ASLD land, brings the transmission corridor much closer to existing and
future planned residences in a new location. The proposed amended
alignment now impacts SFI Grand Vista's master plan by running adjacent
to the community at two locations. It maintains the former one mile east-
west segment along the northern boundary of the master plan, and adds an
additional quarter-mile north-south segment abutting the master plan
along 211th Avenue. This alignment is of concern because it increases
residential exposure to the future transmission line, and negatively impacts
views from many more future residential lots. It also visually impacts a
major thoroughfare serving the community to an extent far greater than the
impact associated with the approved alignment.

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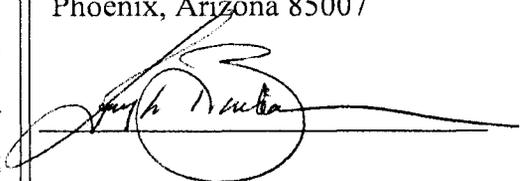
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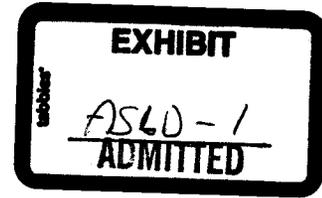
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8 **BEFORE THE ARIZONA CORPORATION COMMISSION**

9 COMMISSIONERS

10 BOB STUMP, Chairman
GARY PIERCE
11 BRENDA BURNS
ROBERT L. BURNS
12 SUSAN BITTER SMITH

13 IN THE MATTER OF THE APPLICATION OF
14 ARIZONA PUBLIC SERVICE COMPANY IN
CONFORMANCE WITH THE REQUIREMENTS OF
15 ARIZONA REVISED STATUTES §§ 40-360, *ET SEQ.*,
16 FOR A CERTIFICATE OF ENVIRONMENTAL
COMPATIBILITY AUTHORIZING THE TS-5 TO TS-9
17 500/230 KV TRANSMISSION LINE PROJECT,
18 WHICH ORIGINATES AT THE FUTURE TS-5
SUBSTATION, LOCATED IN THE WEST HALF OF
19 SECTION 29, TOWNSHIP 4 NORTH, RANGE 4 WEST
AND TERMINATES AT THE FUTURE TS-9
20 SUBSTATION, LOCATED IN SECTION 33,
21 TOWNSHIP 6 NORTH, RANGE 1 EAST, IN
MARICOPA COUNTY, ARIZONA.

Docket No. L-00000D-08-0330-00138

Case No. 138

22
23 **DIRECT TESTIMONY OF**

24 **JAMES L. ADAMS**

25 November 7, 2014
26

1 **Q. Please state your name and address.**

2 A. My name is James L. Adams. My business address is 1616 W. Adams St., Phoenix,
3 Arizona, 85007.

4
5 **Q. By whom are you employed and what is your position?**

6 A. I am employed by the Arizona State Land Department ("ASLD"). I am currently
7 Deputy State Land Commissioner.

8
9 **Q. Please describe your employment at the Arizona State Land Department.**

10 A. I have been Deputy State Land Commissioner since July 2013. I assist in the
11 management of all responsibilities of ASLD, including the planning and disposition
12 of interests in State Trust Land. Previously, I had been Director of Real Estate at
13 ASLD since 2003, which also included oversight of the planning and disposition of
14 interests in State Trust Land.

15
16 **Q. What is the purpose of your testimony in this proceeding?**

17 A. I testify in support of Arizona Public Service Company's ("APS") Application to
18 Amend Arizona Corporation Commission Decision No. 70850 Re CEC 138 and
19 Request for Extension of CEC Term (the "Application"). In particular, I testify in
20 support of the first proposed amendment in the Application, amending the
21 certificated corridor between 211th Avenue and 235th Avenue from Joy Ranch Road
22 to Cloud Road (the "Cloud Road amendment").

23
24 For ease of reference, attached is the Affidavit of James L. Adams submitted in
25 conjunction with the Application, and incorporated herein by reference.

26

1 I wish to supplement the information contained in that Affidavit.

2
3 **Q. Please describe ASLD's authority and obligations when deciding whether to**
4 **grant a right-of-way.**

5 A. In general, ASLD and the State Land Commissioner have a fiduciary obligation to
6 manage the State Trust Land for the benefit of the beneficiary public purposes as set
7 out in the United States' grant of lands to the State of Arizona contained in the
8 Arizona Enabling Act. In the case of the proposed Cloud Road amendment, that
9 beneficiary purpose is K-12 public schools.

10
11 ASLD may only dispose of interests in State Trust Land, including rights-of-way,
12 when a disposition is in the best interest of the state land trust. In deciding whether
13 to sell or lease interests in State Trust Land, ASLD must consider whether the
14 proposed use is the highest and best use for a particular parcel and whether the trust
15 would be better served by disposing of the interest presently or by waiting for higher
16 returns in the future. With respect to the grant of rights-of-way, ASLD must also
17 assure that the route chosen through the state land is the best route when considering
18 current and anticipated future uses of the surrounding State Trust Land.

19
20 **Q. Why does ASLD support the proposed Cloud Road amendment?**

21 A. Although the Cloud Road amendment would continue to be located entirely on State
22 Trust Land, it is generally in the best interest of the trust to preserve large,
23 uninterrupted parcels of State Trust Land in order both to preserve options for later
24 disposition and to preserve the possibility for master planning to the greatest extent
25 possible. In ASLD's opinion, as the owner of the land, the current certificated
26 corridor would bifurcate a large, uninterrupted parcel of Trust Land to the south of

1 State Route 74. That land would be more valuable and more suitable for master
2 planning as a whole with a transmission line wrapped around it, as in the proposed
3 Cloud Road amendment, than as essentially two separate parcels separated by a
4 transmission line running between them, as in the current certificated corridor.

5
6 **Q. Must ASLD grant a right-of-way to a utility? If not, may the utility condemn
7 the land?**

8 A. No and No. ASLD may not and must not grant a right-of way if the grant is not in
9 the best interest of the trust. However, ASLD understands that rights-of-way for
10 public purposes like roads and utility lines benefit the development of State Trust
11 Land, so ASLD works with the utilities to find an acceptable route when State Trust
12 Land must be crossed.

13
14 And, to my knowledge and in my experience, neither a utility nor a body of state or
15 local government may condemn State Trust Land. To my knowledge, condemnation
16 would violate the requirement that the State Trust Land must benefit the beneficiary
17 purposes to the greatest extent possible, which benefit may not be diminished for the
18 advantage of other public purposes.

19
20 **Q. Please explain ASLD's position regarding the Joy Ranch Road portion of the
21 certificated corridor during the 2008-2009 hearings before the Line Siting
22 Committee ("LSC") and the Corporation Commission.**

23 A. My understanding is that ASLD strongly opposed the proposed Joy Ranch Road
24 alignment from the outset of the proceedings before the LSC. ASLD instead
25 strongly advocated a corridor along Lone Mountain Road to the south which would
26 have avoided State Trust Land altogether between 235th Avenue and 187th Avenue.

1 APS only issued notice of those two alternative corridors through this area, so ASLD
2 focused on the alternative that was clearly in the best interest of the trust. (See
3 attached Surface Management map, showing "Alternative Route 2.") The State Land
4 Commissioner at the time, Mark Winkleman, explained at the Corporation
5 Commission hearing that while ASLD understood that it must take its fair share of
6 the corridor on state trust land, ASLD objected to bearing the full burden of the
7 transmission line.

8
9 In addition, it was not certain during the hearings that the Commission would decide
10 to place the transmission corridor on BLM lands to the northwest of the Morgan, or
11 TS-9, substation. Moreover, BLM could have exercised its authority not to permit
12 the line on BLM land. If the line did not traverse BLM land, the southern alternative
13 route that ASLD supported would have been much more direct than the certificated
14 corridor.

15
16 **Q. Why is it in the public interest for the Commission to grant the proposed Cloud**
17 **Road amendment?**

18 A. The majority of the certificated corridor, approximately 23 miles, is located on State
19 Trust Land. And much of the remainder is on BLM land. West of roughly 171st
20 Avenue, the Commission clearly routed the corridor on State Trust Land as much as
21 possible to avoid placing the corridor on private land. (See attached map of the
22 Requested Corridor Modifications, also showing certificated corridor and surface
23 management, filed as Attachment 6 to Exhibit B of the Application.) ASLD believes
24 that such a burden on State Trust Land is not required by the line siting legislation
25 and is in fact contrary to the State's fiduciary obligations to the beneficiaries of the
26 trust.

1 Nonetheless, unlike every other party to this case as I understand it, ASLD is not
2 arguing that the corridor must avoid its land altogether. ASLD is accommodating
3 the desires of private landowners to keep the transmission line off private property
4 by allowing the line to be routed through State Trust Land.

5
6 However, it is unreasonable and contrary to the public interest and the law to suggest
7 that ASLD must also accommodate private landowners' desires for the use of the
8 State Trust Land and the location of the transmission line on State Trust Land.

9 ASLD must determine the best route for the transmission line through the State Trust
10 Land to serve the best interest of its beneficiaries, as required by the Arizona
11 Enabling Act, the Arizona Constitution, and Arizona law. The best interest of the
12 trust is the overarching public interest with respect to the uses of State Trust Land.

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

- BOB STUMP, Chairman
- GARY PIERCE
- BRENDA BURNS
- ROBERT L. BURNS
- SUSAN BITTER SMITH

IN THE MATTER OF THE APPLICATION
 OF ARIZONA PUBLIC SERVICE
 COMPANY, PURSUANT TO ARIZONA
 REVISED STATUTE § 40-252, FOR AN
 AMENDMENT OF ARIZONA
 CORPORATION COMMISSION
 DECISION NO. 70850.

Docket No. L-00000D-08-0330-00138

AFFIDAVIT OF JAMES L. ADAMS

JAMES L. ADAMS, on his oath, deposes and states:

1. I submit this affidavit in support of Arizona Public Service Company's ("APS") Application to Amend Arizona Corporation Commission Decision No. 70850 Re CEC 138 and Request for Extension of CEC Term (the "Application").
2. I am the Arizona Deputy State Land Commissioner, and have been since July 2013. I assist in the management of all responsibilities of the Arizona State Land Department ("ASLD"), including the planning and disposition of interests in State Trust land.
3. Previously, I had been Director of Real Estate at ASLD since 2003. In that position, I oversaw planning, engineering, and disposition of State Trust land.
4. ASLD manages approximately 9.2 million acres of State Trust land within Arizona. ASLD and the State Land Commissioner have a fiduciary obligation to manage the State Trust land for the benefit of the 13 beneficiary public purposes set out in the Arizona Enabling Act, primarily public education. Pursuant to the Enabling Act, the

1 Arizona Constitution and state statute, the Commissioner has an affirmative duty both to
2 preserve the value of the Trust land and to make the Trust land productive to provide
3 revenue to the beneficiaries. All uses and dispositions of State Trust land must benefit the
4 Trust.

5 5. The Certificate of Environmental Compatibility approved by Arizona
6 Corporation Commission Decision 70850 (the "CEC") authorizes 39 miles of
7 transmission line, which requires a right-of-way 200 feet in width. The majority of that
8 approved transmission line, approximately 23 miles, is located on State Trust land.

9 6. In the Application, as requested by ASLD, APS requests the re-routing of
10 four miles of the transmission line corridor. The alignment approved in the CEC proceeds
11 from the corner of Joy Ranch Road and 211th Avenue west along Joy Ranch Road for
12 three miles and then south along 235th Avenue for one mile. The amended alignment
13 would instead proceed south on 211th Avenue for one mile and then west along Cloud
14 Road for three miles. (See map, Attachment 1.)

15 7. The amended corridor would be the same distance, four miles, and width,
16 1,500 feet. The corridor also would continue to be located entirely on State Trust land,
17 but in a manner that will better preserve value for the Trust's beneficiaries. Amending the
18 corridor would preserve a larger, uninterrupted parcel of Trust land to the south of State
19 Route 74, which would be more suitable for master planning. The approved corridor
20 currently bisects the Trust land at Joy Ranch Road and would severely compromise
21 ASLD's ability to include that southern three square mile parcel within a master plan.

22 8. Master Planning allows landowners and communities to design cohesive
23 spaces that function well within the context of the surrounding area. It helps achieve a
24 balance of uses and services both spatially and temporally. Large-scale infrastructure
25 systems can be located and delivered in phases to supply appropriate levels of services in
26 an efficient manner.

1 9. Large, contiguous blocks of land provide an optimal situation for master
2 planning to occur. The absence of fragmentation allows for the highest level of flexibility
3 in arranging compatible land uses, services, and community amenities, because of the
4 ability to control uses and the timing of development and the ability to include a wider
5 range of compatible uses. Thus, amending the CEC to preserve ASLD's ability to master
6 plan the large, contiguous block of State Trust land north of Cloud Road benefits the
7 Trust.

8 10. In addition, the Transportation Section of the City of Surprise 2035 General
9 Plan designates the Black Mountain / Cloud Road alignment, not Joy Ranch Road, as an
10 arterial road, which will serve as the east/west transportation corridor. Linear features
11 such as arterial roads and transmission lines are commonly co-located, limiting
12 fragmentation of parcels and providing for larger tracts of land for master planning.
13 Locating the transmission line along the section line in this location will provide for
14 greater opportunities to enhance value for the Trust beneficiaries.

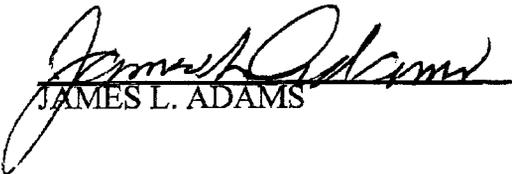
15 11. The amended corridor along Cloud Road had been studied by APS as a
16 preliminary route during scoping, but was not an alternative brought to the Line Siting
17 Committee. During the hearings, ASLD did not argue for this amended corridor segment
18 because ASLD supported other alternative routes which would have far better preserved
19 the Trust's interests and reduced future impacts to Trust land.

20 12. In addition, ASLD supports APS's request to expand the certificated
21 corridor on State Trust land between 171st Avenue and 179th Avenue so that the
22 transmission line can run in a straight alignment. The proposed expanded corridor would
23 reduce burden on the State Trust land by not bifurcating another parcel of State Trust land
24 and by reducing the number of transmission structures on the State Trust parcel.

25 13. In addition, ASLD supports APS's request to expand the certificated
26 corridor on State Trust land near the Morgan substation. The proposed expanded corridor

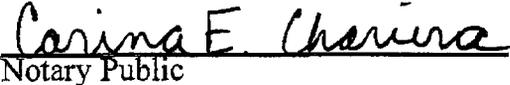
1 would allow APS to more efficiently design the connection into the substation, resulting
2 in a smaller right-of-way with fewer transmission structures, and therefore less
3 disturbance on State Trust land.

4 14. ASLD supports APS's request to extend the term of the CEC.
5 FURTHER AFFIANT SAYETH NOT.

6
7 
8 JAMES L. ADAMS

9 STATE OF ARIZONA)
10 County of Maricopa)ss.
11)

12
13 SUBSCRIBED AND SWORN TO before me this 11th day of July, 2014, by
14 JAMES L. ADAMS.

15
16 
17 Notary Public

18 My Commission Expires:

19
20 Sept. 25, 2014



Attachment 1
ASLD Proposed
Corridor - Cloud Road
Alignment
Sun Valley to Morgan
500/230KV Project

Legend

Project Features

-  Certified Corridor (CEC138)
-  Arizona State Land Department
Proposed Corridor Modification

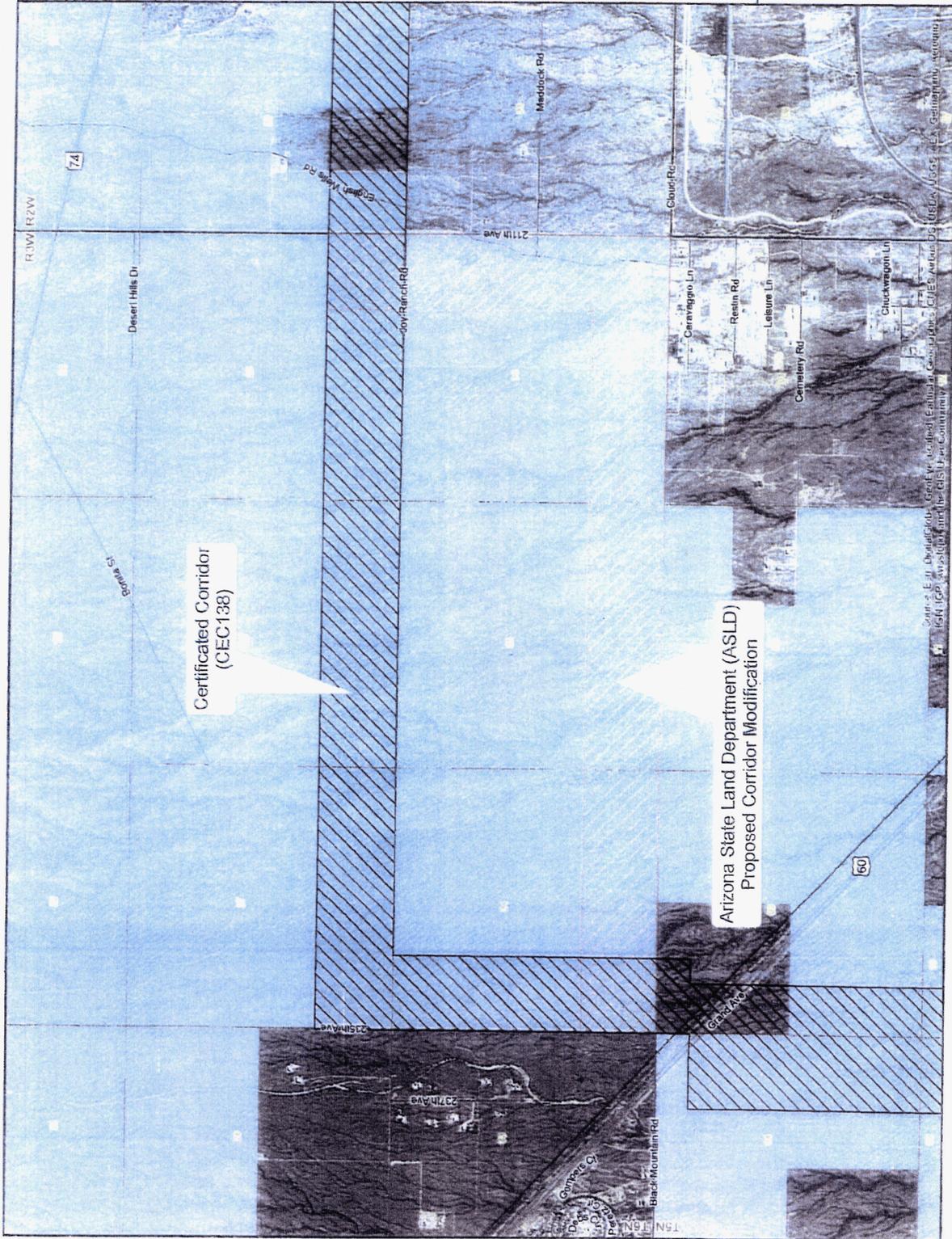
Surface Management

-  State Trust Land
-  Private Land

General Reference Features

-  Road
-  Railroad
-  Township and Range Line
-  Section Line and Number

Source:
APS, 2009, Arizona State Land Department 2014,
LFRS Corporation, 2014



Certificated Corridor
(CEC138)

Arizona State Land Department (ASLD)
Proposed Corridor Modification

Source: E. J. DeWitt, Jr., General Grid - General Grid - Established General Grid - GME, Airbus DG, USGS, USGS, AEA, Esri, Inc., ArcGIS, Inc., 2014. All rights reserved. The GIS data is provided for informational purposes only.

Sun Valley to Morgan
500/230kV Project
Requested Corridor
Modifications

- Legend**
- Project Features**
- Certified Corridor
 - Arizona State Land Department (ASLD)
 - Proposed Corridor Modification
 - Future Transmission Facilities
 - Approved High-Voltage Substation
 - Transmission Line
- Existing Transmission Facilities**
- Existing High-Voltage Substation
 - Existing Substation
 - Existing 500kV Transmission Line
 - Existing 230kV Transmission Line
 - Existing 69kV Transmission Line
- Surface Management**
- Bureau of Land Management
 - Bureau of Reclamation
 - Military
 - State Trust Land
 - Private Land
- General Reference Features**
- Major Road
 - Railroad
 - River or Stream
 - Canal
 - County Boundary
 - Regional Park
 - Central Arizona Project Canal
 - Luke Air Force Base (AFB)
 - Auxiliary Field #1

Source
Arizona State Land Department 2000, 2007, 2010
URS Corporation 2007

aps

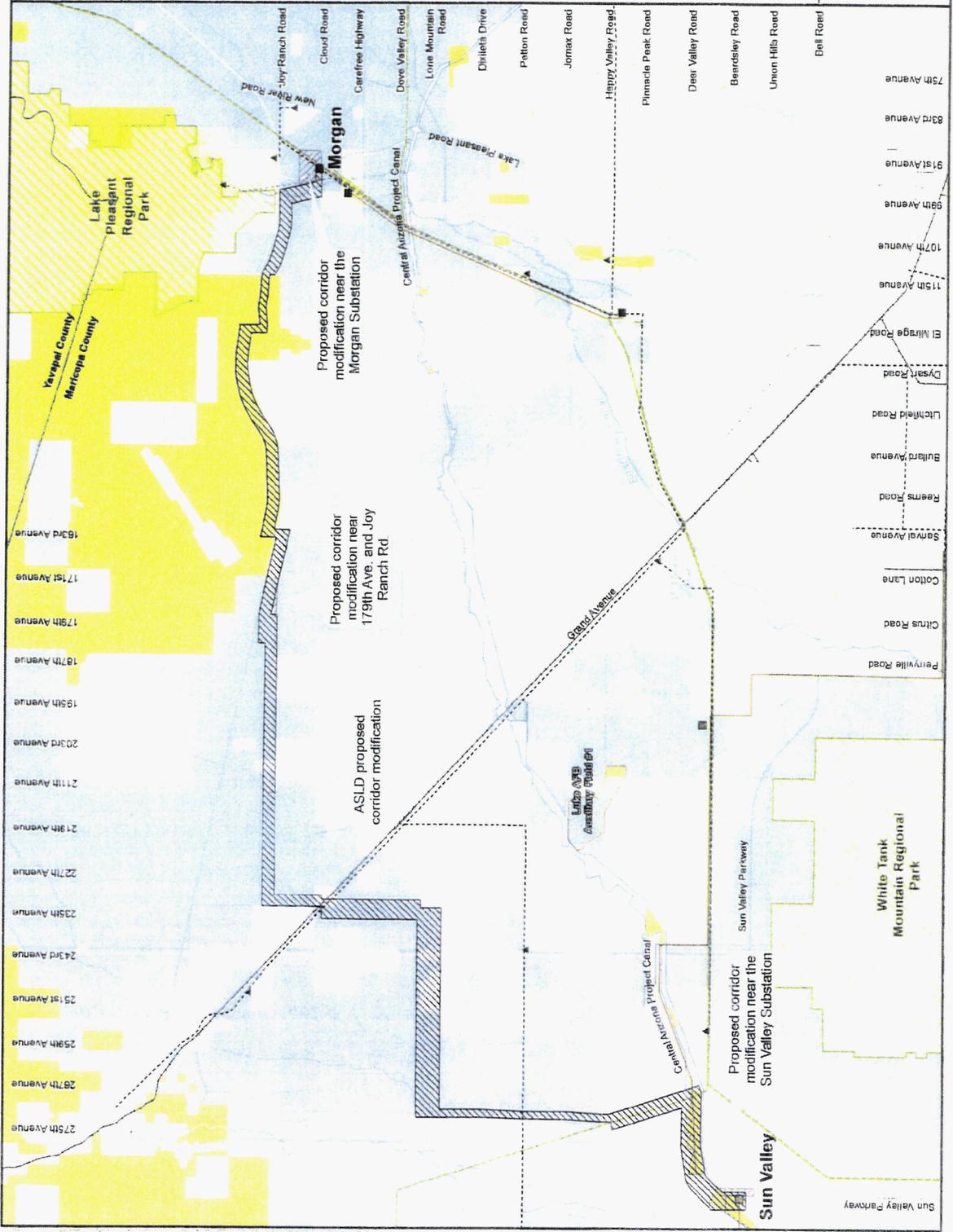


Exhibit A-2
Surface Management

TS-5 to TS-9 500/230kV Project

Legend

- Project Features**
- Project Area Boundary
 - AFS Preferred Route
 - Alternative Route 1
 - Alternative Route 2
 - Alternative Route 3
 - Milepost

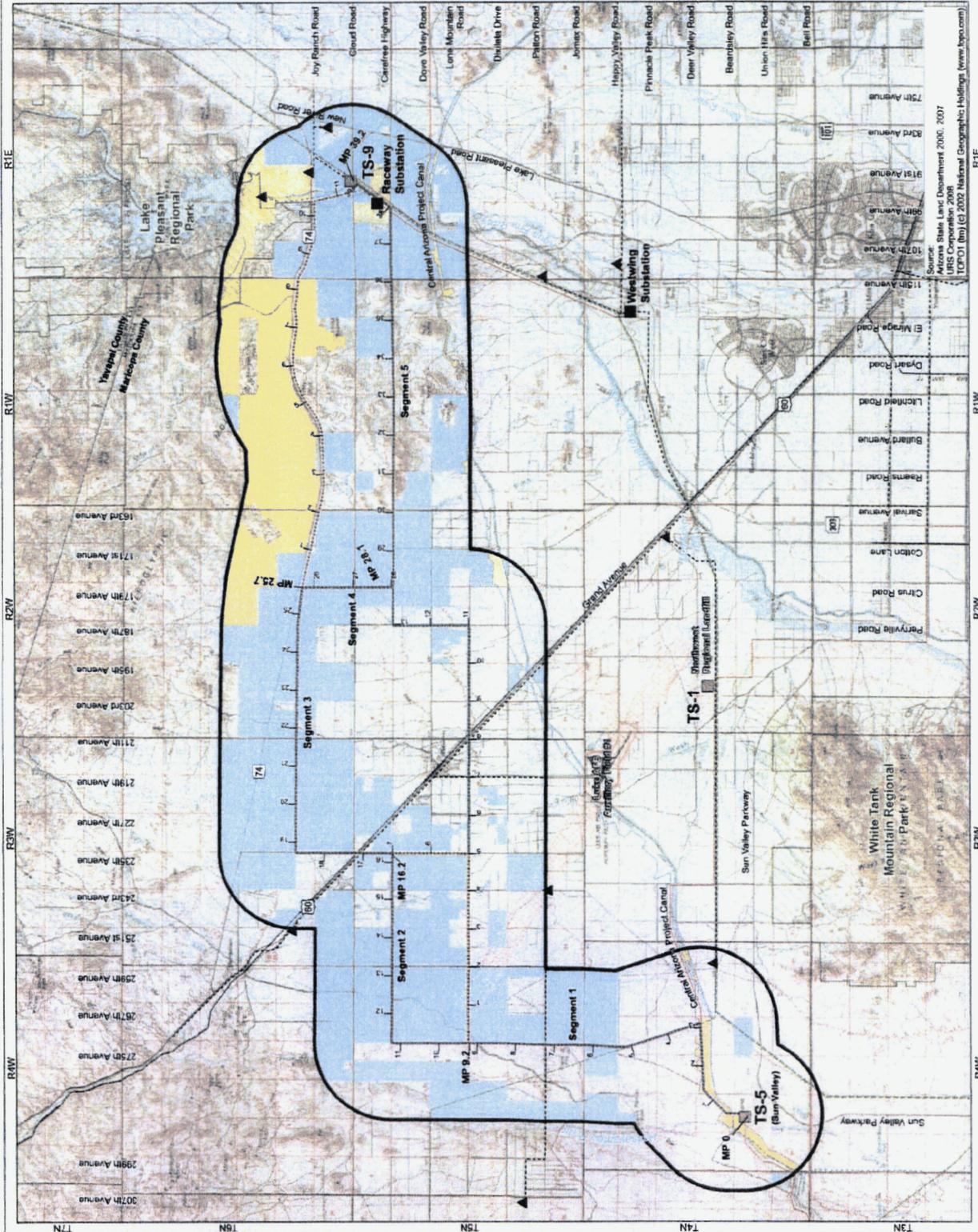
- Future Transmission Facilities**
- Approved High-Voltage Substation
 - Approved High-Voltage Transmission Line

- Existing Transmission Facilities**
- Existing High-Voltage Substation
 - Existing Substation
 - Existing 500kV Transmission Line
 - Existing 230kV Transmission Line
 - Existing 69kV Transmission Line

- Surface Management**
- Bureau of Land Management
 - Bureau of Reclamation
 - County Land
 - Private Land
 - State Trust Land

General Reference Features

- Major Road
- Railroad
- River or Stream
- Canal
- County Boundary
- Regional Park
- Central Arizona Project Canal
- Luke Air Force Base (AFB)
- Auxiliary Field #1
- Potential Zones
- Township and Range Line



Source: State Land Department 2000, 2007
URS Corporation 2008
TOPDOT (m) (G) 2002 National Geographic Holdings (www.ngo.com)



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8
9 **BEFORE THE ARIZONA CORPORATION COMMISSION**

10 COMMISSIONERS

- 11 BOB STUMP, Chairman
12 GARY PIERCE
13 BRENDA BURNS
ROBERT L. BURNS
SUSAN BITTER SMITH

14 IN THE MATTER OF THE APPLICATION OF
ARIZONA PUBLIC SERVICE COMPANY IN
15 CONFORMANCE WITH THE REQUIREMENTS OF
ARIZONA REVISED STATUTES §§ 40-360, *ET SEQ.*,
16 FOR A CERTIFICATE OF ENVIRONMENTAL
COMPATIBILITY AUTHORIZING THE TS-5 TO TS-9
17 500/230 KV TRANSMISSION LINE PROJECT,
18 WHICH ORIGINATES AT THE FUTURE TS-5
SUBSTATION, LOCATED IN THE WEST HALF OF
19 SECTION 29, TOWNSHIP 4 NORTH, RANGE 4 WEST
AND TERMINATES AT THE FUTURE TS-9
20 SUBSTATION, LOCATED IN SECTION 33,
21 TOWNSHIP 6 NORTH, RANGE 1 EAST, IN
22 MARICOPA COUNTY, ARIZONA.

Docket No. L-00000D-08-0330-00138
Case No. 138

23 **SURREBUTTAL TESTIMONY OF**

24 **JAMES L. ADAMS**

25 December 8, 2014
26

1 **Q. Please state your name and address.**

2 A. My name is James L. Adams. My business address is 1616 W. Adams St., Phoenix,
3 Arizona, 85007.

4 **Q. Please describe your experience and education prior to joining the Arizona**
5 **State Land Department.**

6 A. Prior to joining the Arizona State Land Department ("ASLD") in 1995, I worked as
7 an economist, manager for major property development companies, and owner of a
8 company specializing in real estate brokerage, consulting and investment. I received
9 a Bachelor's Degree in Economics from Texas A&M University.

10 **Q. In your position as Deputy State Land Commissioner and ASLD's Director of**
11 **Real Estate, what oversight have you had regarding the appraisal of interests in**
12 **ASLD's land, including rights-of-way, which ASLD intends to sell or lease?**

13 A. In my roles as Director of Real Estate and Deputy State Land Commissioner, I have
14 been responsible for overseeing the management of the Appraisal Section within the
15 Land Department. This included the processing and review with Department staff of
16 in-house as well as outside fee appraisals, the formal acceptance of those appraisals
17 on behalf of the Land Department, and the presentation of appraisals, related
18 valuation issues, and Department decisions before the State Land Department Board
19 of Appeals which approves Department sales, leases, and rights-of-way.

20 In addition, in my prior positions in real estate brokerage, consulting and
21 development, I was responsible for the processing and review of appraisals related to
22 private land.

23 **Q. In his direct testimony, Donald C. Duncan on behalf of SFI Grand Vista, LLC**
24 **testified that the "amended alignment has a new area of adjacency to the SFI**
25 **Grand Vista master plan, increasing the areas of direct proximity by**
26 **approximately 25%." What is your reaction to that testimony?**

A. Mr. Duncan does not explain his calculation, but presumably he is referring to the
additional one-quarter mile of transmission line, on State Trust Land, across a major
arterial roadway (211th Avenue) from Grand Vista under the amended alignment.

1 That "adjacency" would be added to the one mile of transmission line, on State Trust
2 Land, across a major roadway (Joy Ranch Road) from Grand Vista under either the
3 amended or approved alignment.

4 Another way to look at it is that, estimating very conservatively that Grand Vista has
5 10 miles of perimeter boundary, the percentage of Grand Vista's boundary that is
6 loosely "adjacent," meaning across a major roadway, to the certificated corridor
7 would increase from 10 percent to 12.5 percent.

8 Yet another way to look at it is that the amount of the utility line that would be
9 located on Grand Vista's property has not increased and still remains zero. By
10 contrast, the amount of this line that would be located on State Trust Land has not
11 decreased and still remains approximately 23 miles.

12 Furthermore, I would imagine that Grand Vista, like any master planned
13 development, does not treat proximity to these arterial streets as a visual amenity
14 anyway, and Grand Vista's plan already appears to include some type of buffering of
15 residential areas from all the major arterial roads surrounding the master plan.

16 **Q. John Christensen, on behalf of SFI Grand Vista, LLC testified that the
17 proposed alignment "visually impacts a major thoroughfare serving the
18 community" to a far greater extent than the approved alignment. What is your
19 reaction to that testimony?**

20 A. 211th Avenue is not a designated scenic corridor. Proper planning places linear
21 features such as transmission lines along arterial roads or other significant linear
22 features to the greatest extent possible. Furthermore, the approved alignment would
23 have equal visual impact along 235th Avenue and the Joy Ranch Road alignment and
24 to existing and future residents along those corridors.

25 **Q. Mr. Christensen testified that the approved alignment was a "carefully crafted
26 agreement addressing the concerns of various parties, including SFI Grand
27 Vista" and that the proposed alignment "was not even discussed during the
28 initial proceedings." What is your reaction to that testimony?**

29 A. The approved alignment did address the essential concern of various parties by
30 locating the line on state and federal land to the maximum extent possible, including

1 by locating the segment of the line west of 171st Avenue to the Sun Valley substation
2 on State Trust Land to the maximum extent possible. The proposed amended
3 alignment does not at all alter that “agreement” or the essence of the Commission’s
4 determination in that regard.

5 During the initial proceedings, Grand Vista’s argument focused on keeping the
6 certificated corridor off Grand Vista’s property. Grand Vista did not argue then to
7 be farther away from the certificated corridor than across a major arterial, as the
8 corridor is across Joy Ranch Road from Grand Vista between 187th and 195th
9 Avenues. Mr. Duncan’s direct testimony here states that “the alignment and corridor
10 dimensions adopted by the Committee and the Arizona Corporation Commission
11 were consistent with my opinions.” The distance of the amended alignment from
12 Grand Vista is no less than under the approved alignment, and thus presumably also
13 would have been consistent with his opinions.

14 Furthermore, the amended alignment was discussed at the Line Siting Committee
15 hearing on December 2, 2008, and agreed to by Grand Vista as “acceptable and
16 good.” Committee Member Patricia Noland raised “possible alternatives” which in
17 relevant part included moving the corridor, starting at Grand Avenue, to Cloud Road
18 “east over to the Grand Vista property line at 211th Avenue ... [a]nd then you pop
19 north [on 211th Avenue] to the present Segment 3 [north of Joy Ranch Road].”
20 (Transcript of December 2, 2008 (attached as Exhibit A), at 3420 line 11; 3421 lines
21 3-4; 3425 line 22 – 3426 line 1.) Counsel for ASLD stated that option was better
22 than the approved alignment because it did not “bifurcate our lands” and was “on our
23 boundaries.” (Transcript at 3439.) Counsel for Grand Vista, after assurance that the
24 line “would all be to the west of the 211th Avenue right-of-way,” affirmed that the
25 “Noland proposals are acceptable and good modifications.” (Transcript at 3445 lines
26 18-24; 3448 lines 8-12.)

21 **Q. Mr. Duncan testified that the proposed alignment “will likely affect**
22 **marketability, applicable absorption rates, and thus the market value of”**
23 **neighboring properties. What is your reaction to that testimony?**

24 **A.** To my knowledge, no property owners testified that they would be better off having
25 the line located on their property, as opposed to across the street from their property,
26

1 so in any event ASLD is more burdened than the neighboring properties. Certainly
2 the line will reduce the amount of otherwise developable State Trust Land.

3 In addition, if the concerns Mr. Duncan raises are true, and Mr. Duncan provides no
4 support, then those concerns will impact the proximate State Trust Land to a greater
5 extent than the private land across the street. Based on Mr. Duncan's argument, it is
6 more logical and fair, and indeed more consistent with the State's trust obligations,
7 that ASLD should be allowed to locate the relevant four miles of the line, which will
8 be on ASLD's property anyway, in a location that minimizes those alleged impacts
to ASLD. In other words, the concerns that Mr. Duncan raises do not and should not
apply only to private land.

9 Furthermore, ASLD should not be forced to accept bad planning on its lands just
10 because the developers who dominated the initial proceedings had spent a substantial
11 amount of money on planning prior to the 2008 hearings (the current value of which
12 plans must at least be questioned given the changes in the real estate market since
13 then) and ASLD does not have the funds to plan every acre of its vast holdings north
14 of Surprise. One fundamental planning principle that ASLD regularly adheres to, as
15 any landowner would, is that linear rights-of-way for utility lines be located to avoid
16 bifurcating State Trust Land to the fullest extent possible, so as to limit the potential
negative impacts Mr. Duncan suggests and to preserve flexibility for future uses,
thus preserving the greatest potential value for the land's future disposition.

17 **Q. Mr. Duncan testified that "to the extent the approved alignment does reduce the**
18 **value of the ASLD lands ..., ASLD will receive full, fair and just compensation**
19 **for the property rights acquired by APS and for the diminution in value to the**
20 **remainder property" Do you agree with this statement? Why or why not?**

21 **A.** No. First, the approved alignment does reduce the value of the ASLD lands for all
22 the reasons discussed elsewhere in my testimony.

23 Second, ASLD will be fairly compensated by APS, but only in terms of current land
24 values. The appraisal for the right-of-way will provide a value based on current
25 comparable land transactions. Consideration will also be given within the appraisal
26 for potential damages to ASLD's remainder parcel, but only as of the current date of
valuation. These damages will likely be nominal given that the subject land

1 represents vacant desert land, as does much of the land around it currently, with no
2 near-term development prospects.

3 The significant diminution in value will not be compensated, because it may only be
4 measured sometime in the future, near the time of the land's development, at the
5 point when ASLD sells or leases the site. At that moment the damage to the
6 remainder parcel will be realized, but ASLD will receive no just compensation.
7 Because there is no valuation mechanism to account for the future damages, the
8 appraisal process does not adequately and fairly compensate the Trust for damages
9 from the utility line, particularly if the line bifurcates the State Trust Land.

10 Third, Mr. Duncan's testimony suggests that receipt of diminution in value damages
11 would make any private landowner whole, and thus indifferent to condemnation.
12 Yet, to my knowledge, no private landowners who testified in this matter, including
13 Grand Vista, wanted to have the utility line run through their property, even though
14 condemnation damages would also provide for compensation for the diminution in
15 value to the remainder of their property. The presence of the utility line limits
16 flexibility in siting land uses and reduces the potential for realizing greater future
17 returns from the property.
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EXHIBIT A

1 BE IT REMEMBERED that the above-entitled and
2 numbered matter came on regularly to be heard before the
3 Power Plant and Transmission Line Siting Committee, at the
4 Phoenix Airport Marriott Hotel, 1101 North 44th Street,
5 Phoenix, Arizona, commencing at 9:33 a.m. on the 2nd day
6 of December, 2008.

7

BEFORE: JOHN FOREMAN, Committee Chairman

8

9

WILLIAM A. MUNDELL, Arizona Corporation
Commission

10

PAUL W. RASMUSSEN, Department of Environmental
Quality

11

JACK HAENICHEN, Department of Commerce

12

GREGG HOUTZ, Department of Water Resources

13

MICHAEL PALMER, Appointed Member

14

BARRY WONG, Appointed Member

15

MIKE WHALEN, Appointed Member

16

PATRICIA NOLAND, Appointed Member

17

18 APPEARANCES:

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7 MICHELE E. BALMER
8 Certified Reporter No. 50489
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1 Committee finds that -- oh, 9. Well, I add myself to the
2 list of those with law degrees who are computationally
3 challenged.

4 By a vote of 9 to zero, the Committee finds that
5 there is need for the project.

6 Now let's move on to the issue of placement. And
7 it seems to me that there are a number of issues that
8 relate to placement. The first, I think, is whether or
9 not the Committee wants to be limited to the preferred or
10 alternative routes that have been articulated during the
11 hearing. And if it doesn't, obviously there's a statutory
12 provision that we've spoken of before, 40-360.04.A that
13 would allow us to proceed in that fashion.

14 Member Noland, you had a proposal that you wanted
15 to present.

16 MEMBER NOLAND: I do, Mr. Chairman. And I have
17 to preface this by saying I don't have all of the
18 information on all of the development, all of the existing
19 homes and all of that. I can't, because I can't talk to
20 anybody, and it's a little difficult. One of the maps up
21 yesterday helped with some information.

22 But as I thought very hard on this and have
23 thought very hard on the routes, I really think that the
24 selected routes, some of them, not all of them, are
25 particularly onerous. And I couldn't get past

1 40-360.06.A.1, and that has to do with plans. It doesn't
2 have to do with existing buildings. It has to do with
3 plans.

4 Having been on both sides of the counter, both as
5 a builder, developer, and a city manager, and working in
6 counties, cities, all of those, I know the challenges.
7 And the old preliminary plats and final plats -- the new
8 is the PADs or whatever, PCDs, whatever you call them in
9 whatever city you're in -- and we used to not do the real
10 engineering and all of the real costs until we got into
11 the final platting process. Preliminary was to set some
12 guidelines and then go into final platting.

13 Now, so much of that engineering and flood
14 control and other agreements on utilities and shared
15 responsibilities are done with the planned area
16 development or the planned community development, and
17 that's why we've seen such an outcry from people that have
18 spent millions of dollars in this process and cities that
19 have tied their future development for all of their cities
20 to certain aspects and plans for wastewater facilities,
21 water facilities, and flood control facilities.

22 So in thinking about that and trying to
23 balance -- and that's what this is, a balancing that we're
24 trying to do -- I had a couple of suggestions for possible
25 alternatives in a few areas that, again, I know, Mr. Hays,

1 you're looking at me with really a nice look, and I
2 appreciate that instead of a hateful look.

3 So what I'm going to do is come down and ask
4 Mr. Gosdis if I could take his place and sit next to you,
5 and you can have my potential plans, so I could show you
6 with the green light so that my friend Mr. Haenichen can
7 see it.

8 Okay. Now, understand when I was in my planning
9 days we didn't have these little pointer doo-dads, so I
10 haven't really used one before.

11 I have two possible alternatives. I'm going to
12 do the number one first, which follows TS-5 along the CAP
13 canal and BLM land to the 251st Street alignment. Now, I
14 can't really tell what that is on this map. Let me grab
15 my map.

16 It's just outside this line right here, and it
17 would run north to Jomax. Then it would run to the west
18 and along the alignment of the original proposed
19 Segment 1, but all of the corridor and right-of-way would
20 be to the east side, totally on the east side going north.
21 Would run north up to Cloud Road, and then would run over
22 going east on Cloud Road to 243rd Avenue.

23 Thank you. See, he agrees with me. He's helping
24 me.

25 Then it would run north to Grand Avenue, down,

1 and it's kind of at the angle on Grand Avenue until you
2 got over here on this section line on Cloud Road again.
3 And then it would run over on Cloud Road to 211th Avenue,
4 then north to the proposed latest Segment 3.

5 Then along Segment 3, and then it would be this
6 alternate north Segment 3, and run down south with the
7 additional 500 feet that was requested to the south by
8 DLGC.

9 One of the things that this does also with the
10 north alignment, just based on what was said a few minutes
11 ago by Mr. Campbell, is that if, in fact, ADOT is looking
12 at the south, at the south portion for right-of-way,
13 200 feet of right-of-way because they don't want to share
14 utility corridors, the north side would take care of that
15 problem.

16 Now, the other thing that I didn't mention, in
17 the area on Cloud Road and any of the corridor
18 right-of-way would all be to the north side and would not
19 impact on any of the development that's currently in
20 place.

21 This places more of a burden on the state land,
22 but as I mentioned yesterday, the state land is
23 undeveloped. It's unplanned. You can plan around utility
24 corridors. You can plan around the structures. It's been
25 done in Scottsdale. But when you go in and bifurcate

1 planned areas that already have their plans in place to
2 make them replan that area and spend millions of dollars
3 that have to be spent to reengineer, to redo plans for
4 wastewater treatment, all of those, that's a whole
5 different story.

6 And I think that with the State Land Department
7 the land would still be viable. If it goes along the
8 section lines, it's a better deal. I think they're
9 happier with that. And somebody would buy it knowing that
10 those are the plans for the area.

11 Perhaps the cities, Peoria, Surprise, whatever,
12 can give consideration in zoning densities as we've seen
13 in Scottsdale with the higher densities in the areas along
14 where the utilities are located, where the transmission
15 lines are located, and that becomes the benefit of the
16 property in allowing those higher densities. So that was
17 my first alternative.

18 The second alternative has two pieces, and that
19 would be to go over to the west along the Hassayampa, or
20 to go over to the west to 307th Avenue, run up to Cloud
21 Road, and then take the same route that I described
22 before.

23 Again, I don't have the benefit of knowing all of
24 the development or developers. I tried to stay on road
25 alignments and to skirt as best I knew current planned

1 development. Thank you all. Thanks for indulging me.

2 MR. PALADINI: Mr. Chairman, could we ask Member
3 Noland to do that one more time?

4 MEMBER NOLAND: Do what?

5 MR. PALADINI: Can you repeat the first
6 alternative, especially as it gets to Grand Avenue?

7 MEMBER NOLAND: Can I read it for you?

8 CHMN. FOREMAN: Sure, go ahead.

9 MEMBER NOLAND: I do have some copies. And you
10 can, you know, follow along, if you would like.

11 CHMN. FOREMAN: Let me see if I understand it,
12 Member Noland. You're going to start at TS-5.

13 MEMBER NOLAND: Correct.

14 CHMN. FOREMAN: You're going to take the -- it
15 looks like the --

16 MEMBER NOLAND: CAP.

17 CHMN. FOREMAN: -- the CAP, but it's the place
18 where there's already been a previously sited line; is
19 that correct? All the way up to 243rd Avenue?

20 MEMBER NOLAND: 251st Avenue.

21 CHMN. FOREMAN: 251st Avenue. Okay. There is
22 a -- and I'm looking now at Exhibit H-1 to the
23 application. If we could have Exhibit H-1 to the
24 application on the left screen, please. H-1.

25 It looks to me like you're coming up 251st, then

- 1 you pop up to Jomax.
- 2 MEMBER NOLAND: Jomax.
- 3 CHMN. FOREMAN: Which misses Luke Air Force Base.
- 4 MEMBER NOLAND: Correct.
- 5 CHMN. FOREMAN: Then you go back west.
- 6 MEMBER NOLAND: Right.
- 7 CHMN. FOREMAN: And you go west to where?
- 8 MEMBER NOLAND: Go north -- you go west to the
- 9 current --
- 10 CHMN. FOREMAN: To the current preferred route.
- 11 MEMBER NOLAND: -- preferred. Only all of the
- 12 corridor would be on the east side of the current
- 13 preferred or Segment 1.
- 14 CHMN. FOREMAN: Then you would go north past the
- 15 preferred -- past Alternate 1.
- 16 MEMBER NOLAND: Correct.
- 17 CHMN. FOREMAN: Past Segment 2 up to Cloud Road,
- 18 which would be a mile north.
- 19 MEMBER NOLAND: Right here.
- 20 CHMN. FOREMAN: Then you would take Cloud Road
- 21 across to --
- 22 MEMBER NOLAND: No, you go north.
- 23 CHMN. FOREMAN: You're on Cloud Road. That's a
- 24 mile north. So where do you go?
- 25 MEMBER NOLAND: Right here, there's some kind of

1 little thing here on this triangle.

2 CHMN. FOREMAN: Yes. On H-1 there's a triangular
3 thing that I don't know whether it's associated with
4 Broadstone Ranch or not.

5 MEMBER NOLAND: So I don't know what it is.

6 CHMN. FOREMAN: If you go straight across on
7 Cloud Road, then you go all the way over to the Grand
8 Vista.

9 MEMBER NOLAND: So that's 243rd Avenue. Let me
10 just explain that that's 243rd Avenue right there.

11 CHMN. FOREMAN: Okay.

12 MEMBER NOLAND: Then you go down Grand Avenue --

13 CHMN. FOREMAN: Okay.

14 MEMBER NOLAND: -- to Cloud Road alignment again.
15 Then you go east on Cloud Road, but the corridor would be
16 totally to the north.

17 CHMN. FOREMAN: I thought you were already on
18 Cloud Road.

19 MEMBER NOLAND: After I went up to Grand, down to
20 Cloud, then to the east.

21 CHMN. FOREMAN: Okay. So you avoid that triangle
22 up there, and you go up and then you go east over to the
23 Grand Vista property line at 211th Avenue.

24 MEMBER NOLAND: To 211th Avenue.

25 CHMN. FOREMAN: And then you pop north to the

1 present Segment 3.

2 MEMBER NOLAND: Correct. And then it's the rest
3 of the present Segment 3 until you get to the point where
4 there was the proposed alternate.

5 CHMN. FOREMAN: Alternative 3-North.

6 MEMBER NOLAND: 3-North. Now, I have to tell you
7 all that Mr. Hays said he liked my plan better. Now I'm
8 worried.

9 CHMN. FOREMAN: We'll try not to hold it against
10 him.

11 MEMBER NOLAND: I've done something wrong here.
12 But no. Anyway, then the Alternate 2 again would go over
13 either along the west side of the Hassayampa or to 307th
14 Avenue alignment, up to Cloud Road, and then across and
15 join into the same exact type of route that I had proposed
16 before. That virtually eliminates the impact on the
17 development that we have that is planned if the corridors
18 remain on the opposite side from where they are as we had
19 proposed.

20 CHMN. FOREMAN: Mr. Paladini, you were
21 representing the interests of Broadstone Ranch, is that
22 right? No. I'm sorry. Mr. McCoy.

23 Mr. McCoy, what is that triangular piece of
24 property that is north of Cloud Road near its
25 interconnection with Grand Avenue? Is that a part of the

1 Broadstone Ranch property?

2 MR. McCOY: Chairman Foreman, it is not. That is
3 actually a community residence. It goes by the name of
4 Circle City, and that's an area just north of the
5 Broadstone Ranch.

6 CHMN. FOREMAN: I thought they were bankrupt.

7 MR. McCOY: Well, I don't know that they're an
8 incorporated community.

9 CHMN. FOREMAN: I'm sorry.

10 Member Palmer.

11 MEMBER PALMER: Mr. Chairman, Noland-1 is either
12 contained within or tangential to the study area
13 boundaries; is that correct?

14 CHMN. FOREMAN: I think Noland-1 is all in the
15 study boundaries.

16 MEMBER NOLAND: No, it's not.

17 MEMBER PALMER: It's tangential to --

18 MEMBER NOLAND: The original, yes.

19 CHMN. FOREMAN: In the original study area.

20 MEMBER PALMER: And Noland-2 reaches outside of
21 the study area for a portion of it.

22 CHMN. FOREMAN: Well, let's ask a question on
23 that. I'm not sure that it does.

24 Does Noland-2, the west of the Hassayampa
25 alternative that would go over to 307th Avenue, is that

1 outside of the original broad study area?

2 You showed us a number of alternative routes that
3 were out there. I think your first or maybe your second
4 newsletter had a series of proposed possibilities, and it
5 looks to me like Noland-2 might be very close to those
6 areas.

7 MR. CAMPBELL: Noland-2 is within the original
8 study area. It does go through or by a couple of other
9 planned developments and existing residences.

10 I also want to confirm an earlier answer. Cloud
11 Road was one of the preliminary routes that we looked at.
12 It was eliminated because of existing residential. You
13 have a community -- we literally with this plan would be
14 circling a community. You would be circling Circle City,
15 and you would be putting it all around.

16 CHMN. FOREMAN: Circling Circle City.

17 MR. CAMPBELL: So that was the reason that Cloud
18 Road, which was one of the ones that we studied in those
19 preliminary routes, the reason we eliminated Cloud Road
20 was because of the existing residences up there and went a
21 level below.

22 With respect to Member Noland's recommendations
23 down on the south side, if we could take a break we could
24 have a chance to study it a little bit. But our immediate
25 reaction, our concern would be the Cloud Road alignment

1 will really impact the existing residents and existing
2 buildings; it will literally circle a community.

3 CHMN. FOREMAN: Am I not correct that the route
4 that she has proposed with regard to her first proposal is
5 a route that would go along a route that has already been
6 approved as a siting for a transmission line?

7 MR. CAMPBELL: The first portion, the portion
8 that goes along the CAP canal before she turns north, that
9 portion is consistent with a prior siting order.

10 CHMN. FOREMAN: Yes.

11 MR. CAMPBELL: It turns north -- I think, Member
12 Noland, it turns north at 251st; is that right? That
13 departs from the earlier siting; is that right? Once it
14 turns north, it would depart from an earlier siting.

15 CHMN. FOREMAN: Do you have any idea whether it
16 would transect or impact any developments from the time it
17 turns north until the time it comes back from the
18 preferred route?

19 MR. CAMPBELL: It will be -- it basically is
20 moving -- basically what it does is there's a planned area
21 development -- maybe if we have a pointer.

22 There's a planned area development right here
23 called Spurlock Ranch. They're not an intervenor in this
24 case. Right now the preferred route goes on their western
25 boundary. This revised route, Alternative 1, would

1 basically circle that development, and it would go on the
2 south side, the east side, and the north side of that
3 planned area development.

4 And that was one of the -- again, one of the
5 reasons that when we looked at these proposals, although
6 we didn't look at this precise southern part of the
7 proposal, but that would be another initial reaction is
8 because it circles a planned area development, literally.
9 And then they have Mead on the other side, so they
10 literally have transmission line on all four sides of
11 their planned area development.

12 MEMBER NOLAND: Mr. Chairman, again, this is
13 just -- and I didn't have that information, but those are
14 suggestions. It can go further over to the east and up
15 and over. The Cloud Road, you know, you could come up
16 Cloud Road and before you get to Circle City and go up
17 north to Grand Avenue and down.

18 This is the first I have heard about your concern
19 on circling the developments. You know, I understand that
20 concern. We had concerns from Vistancia with three sides,
21 and I understand that. But it's just that I think there
22 are some other options out there that would keep the lines
23 from having to have right-of-way within those developments
24 and allow it on another side of the development that they
25 wouldn't have to replan and redo their PADs, any of them.

1 MR. CAMPBELL: And Mr. Chairman -- I'm sorry.

2 CHMN. FOREMAN: What I'm proposing to do at this
3 point is to take -- it's about time for our morning recess
4 anyway. Let's take a recess, and let's allow everybody to
5 kind of think about this and those who are affected. And
6 I'm assuming it's going to be primarily State Land and
7 10,000 West, and perhaps Mr. McCoy, Broadstone, and
8 Surprise may have been surprised by this also.

9 So let's think about it a little bit, and then
10 we'll come back and talk about it. We'll take 15 minutes.
11 We'll be back at 10:53.

12 (A recess was taken from 10:39 a.m. to 10:55 a.m.)

13 CHMN. FOREMAN: Let's see if we can take our
14 seats now.

15 All right. I wanted to give an opportunity to
16 everybody to luxuriate in a full 15-minute thought about
17 this, these two new proposals. And I want to give
18 everybody an opportunity to, in a minute or two,
19 hopefully, give us your thoughts, support, opposition,
20 indifference, what we should know before we decide. And
21 we're going to decide here hopefully very quick.

22 So let's start with Member Haenichen.

23 MEMBER HAENICHEN: Before we get into that phase
24 of it, I for one, at least, need some guidance on a couple
25 of items. One is, what is an insignificant change -- and

1 I forget the language -- and who decides it?

2 And the second thing is, is it possible in a
3 proceeding like this for the Committee to approve certain
4 portions of a line and take other portions with -- make a
5 suggested route that's outside the present area of
6 consideration, and then that would have a little mini
7 hearing associated with that?

8 If you could give us some guidance on those two
9 things it would be helpful.

10 CHMN. FOREMAN: Well, and I'm certainly open to
11 thoughts from others as we go down the line on this, but
12 my thought about whether you have a substantial deviation
13 that would require us to make a finding under 40 -- the
14 Committee to make a finding under 40-360.04, would be at
15 least in the first instance the Chair's call.

16 And it seems to me that both of the proposals
17 that have been made, Noland-1 and Noland-2, would be
18 substantial deviations using the legal standards that were
19 in the memos that have previously been submitted to the
20 Chair.

21 Now, if we decided as a Committee that we wanted
22 to pursue one of those proposals, then the Committee as a
23 whole would have to vote under 40-360.04.A to find that --
24 to propose a condition to the certificate on the use of a
25 site other than the site or alternative sites generally

1 described in the notice and make the finding, as I said,
2 under -- that's called for by the statute.

3 So that would be my legal interpretation of it.
4 If there are other interpretations as we go down the
5 line --

6 MEMBER HOUTZ: Mr. Chairman, does that entail
7 additional public notice and an additional hearing on
8 those?

9 CHMN. FOREMAN: Yes, exactly. Now, I do not
10 think it would be necessary to start over, but I think
11 that would be an option that the Applicant would have.
12 The Applicant could either choose to pursue the -- we'll
13 call it the fast-track system under 40-360.04.A, or the
14 Applicant could decide to make a completely new
15 application.

16 MEMBER HOUTZ: Mr. Chairman, I make that comment
17 because, you know, as much as I appreciate what Ms. Noland
18 has put forward, I believe that if we took her Proposal 1
19 or Proposal 2 in whole, there are so many potential
20 intervenors that the 30 to 60 days to the next hearing on
21 this probably would not suffice. I think that you would
22 see another four or five, six, seven intervenors that
23 would need to come in and give them that opportunity,
24 particularly down in what would be the southwest corner.

25 CHMN. FOREMAN: Well, let me ask you to hold your

1 thoughts until -- let me ask the Committee members to hold
2 their thoughts until we hear from the Applicant and the
3 intervenors. And then once we are informed by their
4 thoughts, then let's have at it and discuss the merits of
5 the proposals that are made. They're serious proposals,
6 and we need to seriously discuss them.

7 So let's start with the Applicant.

8 MR. CAMPBELL: Thank you, Mr. Chairman. We have
9 during the break looked at the maps, looked back at our
10 early analysis, and let me walk you through our reaction.

11 This route would totally encircle Spurlock Ranch,
12 a planned area development that's not an intervenor here.
13 It would on Cloud Road and Grand Road totally encircle
14 existing residents of Circle City. It would also on that
15 piece be in the flight pattern from Thunder Ridge private
16 airpark. In other words, it's not parallel to the runway
17 anymore. It goes across the flight pattern. It would
18 require more turning structures, which will have a visual
19 impact, and it would be a longer route.

20 With respect to Alternative 2, it would bifurcate
21 the existing Douglas Ranch planned area development, and
22 then it would leave the study area and go through existing
23 residences in the Whispering Ranch area, the famous case
24 that we talked about earlier.

25 So the Applicant could not recommend either of

1 those routes from an environmental impact to either you or
2 the Commission.

3 Now, what we've tried to think about -- because
4 we understand Member Noland is concerned with the planned
5 area. She's been very clear on that. And we think in our
6 preferred route in this area, we have given you the option
7 if you would like to address that issue, and, in fact,
8 Member Noland in her proposal actually mentions that.

9 As the segment leaves the Mead line where you
10 already have an existing transmission line, you have the
11 option of putting it on -- telling us to put it on the
12 east side, which is on the state land. There's a
13 1,500-foot corridor there which would have in a sense,
14 with respect to this planned area development here, the
15 same impact that Member Noland is trying to achieve
16 without the other ramifications of the two alternatives
17 that she has proposed.

18 So our suggestion in trying to be responsive to
19 Member Noland's concerns would not be Alternative 1 or 2,
20 but you do have that option, as it's adequately noticed
21 and before you, simply to take that part of her proposal
22 and put it on the east side.

23 CHMN. FOREMAN: Let me ask, so may I interpret
24 that is that the Applicant would not support either
25 Noland-1 or 2; is that correct?

1 MR. CAMPBELL: No. We do not feel like either of
2 those routes are environmentally compatible.

3 CHMN. FOREMAN: If the Committee decided to adopt
4 either Noland-1 or Noland-2, can you tell us now whether
5 you would reapply or whether you would try to use the 30-
6 or 60-day time window that's in the statute?

7 MR. CAMPBELL: What we would do is ask or request
8 for review at the Commission level and ask the Commission
9 to review that. So we would ask you basically to deny our
10 routes, and then we would want to take that to the
11 Commission.

12 CHMN. FOREMAN: Very good. Fair enough.
13 Staff.

14 MR. HAINS: Thank you. I'm pleased to hear about
15 the one discussion about the substantial change. That was
16 our main concern was that the likelihood and potential of
17 substantial deviation from the original notice.

18 CHMN. FOREMAN: Do you -- excuse me for
19 interrupting. Do you disagree with my analysis?

20 MR. HAINS: Not at all. We do believe that there
21 is a potential -- I don't know what the land ownership is
22 in here. Unfortunately, I can't overlay the map that I
23 crudely traced out on the laminate here onto the map
24 showing the land ownerships that's been put up on the one
25 screen there, and I'm not that good at projecting in my

1 mind what it would look like on there.

2 But I do see a potential here of additional
3 landowners that would qualify as affected persons that are
4 not present here, and would not have had reason or basis
5 to know that they would have interests that are affected
6 by the changes that are suggested.

7 Staff doesn't have environmentalists on hand. We
8 don't have the background to tell if there's an
9 environmental compatibility issue presented by either of
10 these two proposals.

11 However, we're a little concerned with the number
12 of turning structures in close proximity, particularly
13 looking at the Circle City circling that's proposed. I
14 confess I don't know and don't remember from the
15 application if Applicant is using a single tower or a
16 three-tower turning-type structure mechanism. We could
17 have a forest of towers in a one section piece. It's
18 possible. I just don't recall right now.

19 I don't know if there's been an evaluation of
20 reliability concerns. I'm not testifying, but generally
21 there's a concern that turning structures have more
22 physical stresses placed on them because of the high
23 tension wires pulling them in different directions, and if
24 a tower is more likely to fall, it's going to be the
25 turning towers because -- that's why generally there's a

1 possibility they can build up more than one tower to
2 mutually support that. Staff hasn't had a chance to
3 evaluate if there are reliability issues associated with
4 the Circle City turning proposal component of either the
5 proposals.

6 That aside, those are Staff's concerns. We're
7 not straight up objecting to them; we just don't have an
8 opportunity here to evaluate whether or not they're
9 feasible even. So thank you.

10 CHMN. FOREMAN: Member Noland wants to clarify.

11 MEMBER NOLAND: I need to clarify something.
12 Never did I think this was an insignificant change, ever.
13 What I had -- and I think I explained last night that it
14 would be something that would have to be renoticed. There
15 would be other people.

16 Again, I threw it out for what it's worth. I
17 think that -- I never thought about circling being worse
18 than bifurcating, number one.

19 Number two, I think that the portions that I have
20 described that stay north of the developments that go into
21 the state land I think are viable options within the
22 noticed corridor. That is something that I know that the
23 State Land Department does not appreciate, but again, as
24 far as planned areas and non-planned areas, I think it
25 makes more sense in approving a route.

1 CHMN. FOREMAN: Okay. State Land.

2 MR. HAYS: Thank you, Mr. Chairman. Ms. Noland
3 was correct earlier. She heard me turn around as she was
4 going through her presentation and tell my client I liked
5 this one, and that's true. Both of the options presented
6 by Ms. Noland today are better than the alternatives and
7 the preferred that APS has put forward.

8 Now, are they perfect? Probably not. Is there
9 some way we could work with APS cooperatively to come to
10 something that we could all agree to? Probably. It
11 doesn't bifurcate our lands, which has been one of our
12 main issues.

13 And yes, there is, as Ms. Noland said on
14 Segment 1, that entire portion would be on the side of our
15 property, but I believe as I stated yesterday, when we do
16 take transmission lines, which we always do, we want them
17 on our boundaries.

18 So I think Ms. Noland has brought forth something
19 that we could live with, at least work together with APS
20 to get to a point where we feel we would be less impacted
21 and the lands that we hold in trust would be less
22 impacted.

23 CHMN. FOREMAN: 10,000 West.

24 MR. NADEAU: Thank you, Mr. Chairman. Mark
25 Nadeau.

1 We're of the same view as the State Land
2 Department. As the Committee will appreciate, my client
3 has been sponsoring the western alternative from the
4 outset, and, in fact, that was in part because we had met
5 with the State Land Department, as was mentioned to you
6 during Mr. French's testimony.

7 We think it has multiple advantages, particularly
8 in light of the asserted need here, because it goes to the
9 west and it services those communities that are still yet
10 in planning stages, and it also goes up north so that it's
11 accessible to the Wickenburg alignment.

12 So as to the Alternative 2 or the western
13 alternative, we're very much in support of that. As to
14 Alternative No. 1, likewise, we think that's an
15 improvement. We, too, would like to tweak certain parts
16 of it, but overall an improvement and we appreciate that
17 effort.

18 As to your points about the legal issues, I think
19 they're consistent with what you decided yesterday.

20 CHMN. FOREMAN: Okay. Town of Surprise.

21 MEMBER COM. MUNDELL: What does that mean? Just
22 to be clear, Mr. Chairman, what does that mean?
23 Consistent with what you said yesterday?

24 CHMN. FOREMAN: I made rulings yesterday on
25 proposals concerning --

1 MEMBER COM. MUNDELL: No. That it wasn't a
2 substantial deviation.

3 CHMN. FOREMAN: I ruled that one proposal was not
4 a substantial deviation and that two were.

5 MEMBER COM. MUNDELL: I understand that, but when
6 counsel was talking, he didn't -- at least I wasn't sure
7 which of your rulings he was agreeing with. That's the
8 only point I was trying to make so the record is clear.

9 CHMN. FOREMAN: Oh, my understanding was that
10 counsel was saying he not only agreed with my rulings
11 yesterday -- no. That he thought that whatever mistakes I
12 made yesterday, I made today also.

13 MR. NADEAU: Correct. I note for the record that
14 you're laughing when you say that, so that's good.

15 To respond, the rulings yesterday concerning the
16 substantial change issue, I thought what was just said now
17 was consistent with that.

18 We would part company with the rulings from
19 yesterday on the notion that it would be a substantial
20 change, as an example, if the line were sited in the
21 Westwing alignment, because we believe, have believed and
22 have presented evidence to this effect, that the Westwing
23 alignment would not require an expansion.

24 So if, in fact, you were siting in an existing
25 utility corridor that didn't need legal expansion by

1 virtue of condemnation or otherwise, and our approach
2 there was that this 500-kilovolt line could, by virtue of
3 the testimony of our experts, be hung on the exact same
4 existing towers that are there now, that would not be a
5 substantial change. But that argument, if you will, isn't
6 before us at this point.

7 With respect to these two changes, I think it's
8 fair to say that in terms of the notice for this hearing,
9 I believe they fall within the impact study area with
10 maybe modest modification on the north to the western
11 alternative. So it's within the impact study area and
12 would not require renoticing and restarting the whole
13 thing from the beginning because of a new impact study
14 area. It does, it seems to us, probably step outside and
15 become a substantial change in terms of whether or not you
16 could do it without additional notification.

17 MEMBER COM. MUNDELL: Thank you. That's all I
18 was trying to clarify.

19 Thank you, Mr. Chairman.

20 CHMN. FOREMAN: City of Surprise.

21 MR. GRUBER: Subject to further study by our
22 planners and then some sort of official declaration by our
23 city council, at first blush at least these two new
24 proposals seem preferable to what has previously been
25 presented by the Applicant.

1 I think it's -- we acknowledge the objection or
2 the concern raised about existing developments, you know,
3 along these new proposals, but I think it is important to
4 remember, as Member Noland accurately stated, that the
5 Committee is charged with considering plans as well as
6 existing developments, and that these new proposals may be
7 superior to what we've already seen in that regard.

8 CHMN. FOREMAN: Am I correct in my understanding
9 that both of these proposals would run the lines outside
10 the city limits of Surprise?

11 MR. GRUBER: Not completely. But again, I'll put
12 a caveat next to that statement, because I would want to
13 see the lines actually drawn on a map. That's my
14 understanding, though. But not completely.

15 CHMN. FOREMAN: Very good. Thank you.

16 MR. NADEAU: Mr. Chairman, Mark Nadeau again for
17 10,000 West. I neglected to say and should have that, as
18 you will recall, the Town of Buckeye also was sponsoring
19 the western alternative, which is the Alternative No. 2
20 mentioned by Member Noland.

21 CHMN. FOREMAN: Thank you.

22 Elliott Homes.

23 MR. McCOY: Thank you, Chairman Foreman, and
24 members of the Committee. I want to say we appreciate
25 Member Noland's attempts to try to come up with a

1 compromise alignment that takes into consideration the
2 numerous divergent interests that we have here.

3 I want to qualify what I have to say with this
4 statement, and that is, Elliott Homes has always
5 approached this proceeding not with the notion that
6 somehow the Broadstone Ranch development would avoid
7 accepting a portion of the burden of this 500/230kV line,
8 but with the thought that to the extent practicable and
9 acceptable to this Committee and the Commission, that that
10 burden would be limited to a certain degree. And that's
11 why we've always advocated for Alternative No. 1.

12 With that being said, the Noland Alternative 1
13 proposal does avoid the entire Broadstone Ranch
14 development and would be acceptable to Elliott Homes. I
15 would say, and I agree with State Land's and 10,000 West's
16 position and the City of Surprise, but I also am somewhat
17 sympathetic to APS's position.

18 Having zoned the Broadstone Ranch development, we
19 are keenly aware of our neighbors to the north and their
20 interests and activity that goes on around there, and so
21 we know that the Circle City folks are an active group.

22 CHMN. FOREMAN: All right.

23 Anderson Land.

24 MR. PALADINI: Anderson Land would support either
25 Noland-1 or Noland-2 as better than what is proposed by

1 the Applicant.

2 CHMN. FOREMAN: Sunhaven and Surprise Grand
3 Vista.

4 MR. BRASELTON: Thank you, Mr. Chairman. On
5 behalf of Sunhaven, we would support either one of those
6 two alternatives. Neither one appears to encroach or come
7 onto the Sunhaven property in any respect.

8 MR. BIRNBAUM: Mr. Chairman, Gary Birnbaum for
9 Surprise Grand Vista.

10 And thank you, Member Noland, for spending your
11 weekend doing something other than watching football and
12 eating leftover turkey.

13 There are a few clarifications that I would like
14 to ask for, and I believe, Mr. Chairman, you'll find that
15 they also impact certain of the questions that you just
16 asked of the Town of Surprise and others, but Surprise in
17 particular.

18 The first one -- and I'll try to go west to east.
19 Member Noland, when the proposed lines travel north on
20 211th Avenue, that's the first point that I'm interested
21 in, am I correct that your concept is that the corridor,
22 whatever its width, would all be to the west of the 211th
23 Avenue right-of-way?

24 MEMBER NOLAND: That's correct.

25 MR. BIRNBAUM: Okay. Then we move into the area

1 that I think warrants more discussion. When you then
2 travel from west to east along what is labeled Segment 3,
3 if I understood your comments, the concept is basically
4 you're on the preferred route at that point in time. But
5 what is not clear to me, because this has been our key
6 issue throughout the hearing, is location and corridor
7 width. So let me break it in two pieces.

8 The first question is in what we'll now call the
9 Noland proposals, what is the northern boundary of the
10 corridor in Segment 3? In the preferred route -- and
11 Mr. Campbell will correct me if I'm wrong -- it is the
12 half section line north of Joy Ranch Road. And I don't
13 believe that has a name. If it does, I don't know what it
14 is. But that's the northern boundary of the corridor.

15 Mr. Campbell, is that correct?

16 Mr. DeWitt, perhaps I should ask you.

17 MR. CAMPBELL: Yeah, the original corridor in the
18 application. You're correct, Mr. Birnbaum.

19 MR. BIRNBAUM: Okay. So my first question is, is
20 that your intent for the northern boundary of the Noland
21 line when you say it's going to follow the preferred
22 route?

23 MEMBER NOLAND: Actually, I was staying within
24 that corridor, but it would have been along the Joy Ranch
25 Road north portion.

1 MR. BIRNBAUM: Okay. Then let me start again,
2 because I thought that's where you were going.

3 So you are not starting where the preferred route
4 application corridor starts. Let me rephrase it then.

5 You are starting -- you're running Segment 3
6 along the north -- starting at the northern right-of-way
7 boundary of the Joy Ranch Road right-of-way, and then
8 extending north from that?

9 MEMBER NOLAND: Yes.

10 MR. BIRNBAUM: Okay. Have you considered -- and
11 I guess I shouldn't care about this. Have you considered
12 what the corridor width would be there? APS's revised
13 application or proposal, A-14, has a 500-foot width
14 extending from the north side of Joy Ranch Road to the
15 north.

16 That's obviously something Surprise Grand Vista
17 is prepared to support, and it matches our proposal as
18 long as it starts north of Joy Ranch Road and extends to
19 the north. Am I correct in my understanding there.

20 MEMBER NOLAND: You are. I think that what I was
21 trying to do was accommodate the concerns of the State
22 Land Department as well as the impacts on your particular
23 development that you represent.

24 MR. BIRNBAUM: I appreciate that. And as you
25 described it, it avoids Surprise Grand Vista and does not

1 bisect the state land.

2 MEMBER NOLAND: Yes.

3 MR. BIRNBAUM: Then, finally, we get to
4 Segment 4. And if I understand your concept, Segment 4 is
5 now eliminated completely and we run along State Route 74
6 instead.

7 MEMBER NOLAND: Correct.

8 MR. BIRNBAUM: With those understandings,
9 Mr. Chairman, west of 211th, north of Joy Ranch Road, and
10 below Segment 4, Surprise Grand Vista believes that the
11 Noland proposals are acceptable and good modifications of
12 the proposals that APS has previously made. Thank you.

13 CHMN. FOREMAN: Peoria.

14 MR. BURG: Because Noland-1 and Noland-2 would
15 adopt the Alternative 3-North corridor that the City of
16 Peoria supports, then the City would find that the
17 Noland-1 and 2 is acceptable to us.

18 CHMN. FOREMAN: Vistancia.

19 MR. DRAZEK: I completely echo the comments of
20 the City of Peoria. And to the extent that both proposals
21 use Alternative Route 3-North, Vistancia supports those
22 proposals.

23 CHMN. FOREMAN: Vistancia Village Homeowners.

24 MR. WENE: Yes, we support those changes as well.

25 CHMN. FOREMAN: Diamond Ventures.

1 MR. ROBERTSON: I can echo the sentiments of the
2 City of Peoria, Vistancia, and the Vistancia homeowners.
3 I would like to add to them briefly.

4 Not surprisingly, Diamond Ventures has focused on
5 that aspect of Noland-1 and 2 that relate to the eastern
6 part of the line. We're very appreciative of Committee
7 Member Noland's recommended adoption of the Alternative
8 Route 3-North corridor and her sensitivity to existing
9 land use plans as one of the statutory criteria that are
10 to be considered.

11 And we believe in that regard that with respect
12 to Alternative Route 3-North, it is within the scope of
13 the public notice and the notice of hearing that were
14 issued in this proceeding, it has been well-studied and
15 analyzed in relation to the statutory siting criteria, and
16 that adoption of it would be supported by the evidentiary
17 record.

18 We don't know at this juncture whether the
19 Committee may decide to take a bifurcated approach and
20 adopt certain aspects of corridors at this time and
21 perhaps defer others for further notice and further
22 hearing. In the event that the Committee is disposed to
23 adopt Alternative Route 3-North at this time, we would
24 urge it to do so.

25 And again, we would like to express our thanks to

1 Committee Member Noland for taking the omnibus approach
2 with several alternatives to get your deliberations
3 started. Thank you.

4 CHMN. FOREMAN: Quintero.

5 MR. KAFFER: Well, Mr. Chairman, not
6 surprisingly, Quintero does object to both of those
7 proposals. It objects to them largely because of the
8 inclusion of the Alternative 3-North proposal.

9 First, I would like to address something that the
10 previous speaker just said, whether or not that was within
11 the noticed area. Yesterday, you heard within our closing
12 arguments --

13 CHMN. FOREMAN: Yes, we heard your closing
14 argument and his closing argument, so just very briefly.

15 MR. KAFFER: Very briefly, we think it's outside
16 of what was discussed as a transmission line. The actual
17 application said the line would be south of SR 74, which
18 means it was not part of the public notice. And it also
19 was not studied because there's a corridor being noticed,
20 but the entirety of that corridor was not studied, only
21 125 feet.

22 The second point that I'll make is that in the
23 event that those considerations are not taken into
24 account, what I would ask -- understand that Quintero's
25 primary concern here is with the integrity of that area

1 north of SR 74. Having said that, the secondary concern
2 is a monetary concern and the effect, the visual effect on
3 Quintero. So I would ask Member Noland if she would be
4 opposed to a line with regard to SR 74 that traces the
5 commercial portion of that property on Saddleback Heights,
6 and essentially traces the outline of that property, but
7 prior to it going north, in order to afford some sort of
8 screening opportunity.

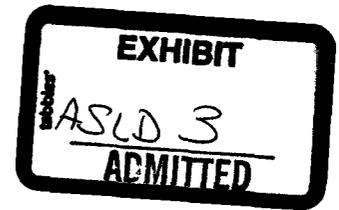
9 But finally, I want to point out that the purpose
10 of this Committee is to implement a line. Now, our
11 understanding after reading the RMP is that the BLM --
12 this is against the BLM's wishes. There are proposed
13 plans for that area north of SR 74.

14 And again, should the BLM decide to deny an
15 application for a right-of-way, the situation discussed by
16 Member Noland in terms of dealing with land usages is
17 going to become exacerbated because those communities
18 along Segment 5 will then have homes that you'll be trying
19 to site around, as opposed to what is, in essence, a
20 completely undeveloped area at present.

21 CHMN. FOREMAN: Okay. DLGC.

22 MR. WAKEFIELD: Thank you.

23 With the understanding that in adopting the
24 eastern portion of the line, Alternative 3-North, includes
25 the 500-foot setoff from the centerline of State Route 74,



**BACKGROUND TESTIMONY OF
MARK EDELMAN**

Q. Please describe your current position.

A. I have been in the Planning and Engineering Section of the Real Estate Division at the Arizona State Land Department since 2008, and the Manager of the Section since 2013. The Section's primary mission is to handle technical and land use entitlement matters related to the management and disposition of State Trust land in the best interests of the State Trust's beneficiaries while advancing the mission of the Trust. The Section collaborates with local governments on planning issues such as general or comprehensive plan updates and amendments, regional and specific area planning, and the rezoning of State Trust land to accommodate market demands.

Q. Please describe your experience and education prior to joining the Arizona State Land Department in 2008.

A. Prior to 2008, I was an Entitlements Project Manager for DR Horton-Continental Series Homes in Phoenix and the Director of Land Entitlements for Richmond American Homes in their West and Central Phoenix Divisions. In those positions, I obtained zoning entitlements and approval of final plats and civil engineering improvement plans for single family residential communities in Maricopa and Pinal counties. Prior to that, I was employed as a Planner by Swaback Partners, a Scottsdale-based architecture and land planning consulting company, where I prepared site plans, preliminary plats, design review submittals and design guidelines for residential communities and public works projects. I was also previously employed by the Arizona State Land Department as a Planning Project Manager from 1997 to 1999.

I am a member of the American Planning Association's American Institute of Certified Planners (AICP) and was a Teaching Assistant for Arizona State University's "Introduction to Urban Planning" course for two years. I have a Bachelor of Arts in Political Science from the University of California, Santa Barbara, and a Master of Environmental Planning from Arizona State University.



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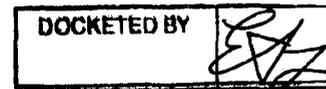
BEFORE THE ARIZONA CORPORATION COMMISSION

9 COMMISSIONERS
 10 BOB STUMP, Chairman
 11 GARY PIERCE
 12 BREND A BURNS
 13 ROBERT L. BURNS
 14 SUSAN BITTER SMITH



Arizona Corporation Commission
DOCKETED

JUL 17 2014



14 IN THE MATTER OF THE APPLICATION
 15 OF ARIZONA PUBLIC SERVICE
 16 COMPANY, PURSUANT TO ARIZONA
 17 REVISED STATUTE § 40-252, FOR AN
 18 AMENDMENT OF ARIZONA
 19 CORPORATION COMMISSION DECISION
 20 NO. 70850.

Docket No. L-00000D-08-0330-00138

**APPLICATION TO AMEND
 ARIZONA CORPORATION
 COMMISSION DECISION NO. 70850
 RE CEC 138
 -AND-
 REQUEST FOR EXTENSION OF CEC
 TERM**

I. INTRODUCTION

22 Arizona Corporation Commission (“Commission”) Decision No. 70850 (March 17,
 23 2009) approved a Certificate of Environmental Compatibility (“CEC”) for the Morgan
 24 (formerly TS9) to Sun Valley (formerly TS5) 500/230kV Transmission Line Project granted
 25 by the Arizona Power Plant and Transmission Line Siting Committee (“Committee”). The
 26 approved CEC authorizes Arizona Public Service Company (“APS” or “Company”) to build a
 27 500/230kV transmission line between the Morgan and Sun Valley 500kV substations
 28 (“Project”). Commission Decision No. 70850 and the approved CEC will be referred to

1 collectively as "CEC 138." Decision No. 70850 is attached as Exhibit A. This Application
2 requests four modifications to the CEC and seeks an extension of the CEC term.

3 When constructed, the 500/230kV transmission line authorized by CEC 138 will
4 connect the Sun Valley substation, located north of Sun Valley Parkway in Buckeye, and the
5 Morgan 500kV substation, located southeast of Lake Pleasant in Peoria, resulting in a
6 continuous 500kV source from the Palo Verde hub to the northeast valley (via the Morgan to
7 Pinnacle Peak transmission line energized in December 2010). This 500kV connection will
8 increase the import capability to the Phoenix metropolitan area, increase the export capability
9 from the Palo Verde hub, and provide additional support and reliability for the entire
10 electrical system. *See* Affidavit of Richard Stuhan, attached as Exhibit B, at ¶ 3.

11 The majority of the line authorized by CEC 138 is on State Trust land. Of the 39 miles
12 of transmission line, approximately 23 miles are located on State Trust land. The Arizona
13 State Land Department ("ASLD") manages approximately 9.2 million acres of State Trust
14 land within Arizona. *See* Affidavit of James L. Adams, attached as Exhibit E, at ¶ 4. ASLD
15 and the State Land Commissioner have a fiduciary obligation to manage the State Trust land
16 for the benefit of the 13 beneficiary public purposes set out in the Arizona Enabling Act,
17 primarily public education. *See* Exhibit E, at ¶ 4.

18 Three of the four proposed changes to the corridor outlined below are located on State
19 Trust land. ASLD requested one of the proposed changes to fulfill their fiduciary obligation
20 to manage the State Trust land for their beneficiaries. The ASLD supports the two other
21 changes on State Trust land, which are needed to allow APS flexibility to design the electric
22 facilities approved by CEC 138 in a more efficient manner.

23 Specifically, in this Application, APS requests that the Commission amend the
24 certificated corridor on State Trust land in three separate locations as follows: (1) a three-
25 mile, east-west segment of the corridor between 211th Avenue and 235th Avenue on Joy
26 Ranch Road and the associated one-mile, north-south segment on 211th Avenue; (2) an
27 approximate 0.7 mile section of the corridor between 171st Avenue and 179th Avenue south of
28 State Route 74; and (3) an area near the Morgan substation. *See* inset boxes marked as

1 Figures 1, 2 and 3 in overview map, attached as Exhibit C. In addition, APS requests a fourth
2 corridor change near the Sun Valley substation in order to align CEC 138 with the corridor
3 certificated for the 230kV transmission line originating at the TS2 substation, continuing to
4 Trilby substation and terminating at the Sun Valley substation ("CEC 127"). This would
5 combine the two crossings of the Central Arizona Project ("CAP") canal, so that the
6 transmission lines for these projects are adjacent to and parallel with each other. See inset
7 box marked as Figure 4 in overview map, attached as Exhibit C.

8 APS and ASLD have engaged stakeholders through meetings with the City of Peoria,
9 City of Surprise, and the City of Buckeye. APS will notify landowners and residents within
10 one mile of the Project corridor of the proposed changes included in the Company's
11 Application. See notice, Attachment 5 to Exhibit B. The environmental impacts resulting
12 from the proposed modifications would be similar to impacts contemplated and approved in
13 CEC 138, and the proposed corridor changes requested would be environmentally
14 compatible. See Affidavit of Jennifer Frownfelter, attached as Exhibit D, at ¶¶ 6, 11.

15 Finally, APS requests that the time period to construct the facilities authorized by CEC
16 138 be extended for an additional five years to March 17, 2021 for the 500kV circuit and for
17 an additional eleven years to March 17, 2030 for the 230kV circuit.

18 **II. APS REQUESTS THE COMMISSION AMEND THE CERTIFICATED**
19 **CORRIDOR IN THREE SEPARATE LOCATIONS ON STATE TRUST LAND.**

20 The ASLD Commissioner has an affirmative duty both to preserve the value of the
21 Trust land and to make the Trust land productive to provide revenue to the beneficiaries, and
22 all uses and dispositions of State Trust land must benefit the Trust. See Exhibit E, at ¶ 4. For
23 these reasons, ASLD requests one of the proposed corridor changes sought by APS and
24 supports the other proposed corridor changes on State land.

- 25 1. **Move a one-mile, north-south section of the corridor to 211th Avenue from**
26 **235th Avenue and a three-mile, east-west section of the corridor between 211th**
27 **Avenue and 235th Avenue south one mile so it runs along the southern border**
28 **of the ASLD parcel rather than through the middle.**

1 CEC 138 authorizes APS to construct the transmission line in a 1,500 foot-wide
2 corridor that extends north for approximately 1.1 miles from U.S. 60 (Grand Avenue) to the
3 junction of 235th Avenue and Joy Ranch Road. At this point, the corridor extends east along
4 Joy Ranch Road for approximately three miles from 211th Avenue to 235th Avenue.

5 ASLD requests the certificated corridor be amended to reroute four miles of the
6 corridor from its current location, adjacent to Joy Ranch Road, south approximately one mile
7 to Cloud Road—both the certificated corridor and proposed corridor are entirely located on
8 State Trust land. The ASLD proposed route would begin at the intersection of 235th Avenue
9 and Cloud Road just north of U.S. 60. From that intersection point, the proposed route would
10 parallel the north side of Cloud Road, east for three miles to the intersection of 211th Avenue.
11 The ASLD proposed corridor would then parallel the west side of 211th Avenue for one mile
12 to the north, where it would rejoin the certificated corridor at Joy Ranch Road (“ASLD
13 Proposed Corridor”). The corridor width requested is 1,500 feet, which is the width of the
14 certificated corridor in this vicinity. *See* Attachment 1 to Exhibit E for illustration of the
15 ASLD Proposed Corridor. During the evidentiary hearing before the Committee (held in
16 2008), ASLD did not put forth the ASLD Proposed Corridor. *See* Exhibit E, at ¶ 11.

17 ASLD requests this change to the corridor to maintain a larger, uninterrupted parcel of
18 State Trust land to the south of State Route 74 so that it is more suitable for master planning.
19 Currently, the certificated corridor bisects the State Trust land at Joy Ranch Road, which
20 compromises ASLD’s ability to use the southern three-square-mile parcel within a master
21 plan. *See* Exhibit E, at ¶¶ 7-9. In addition, the Transportation Section of the City of Surprise
22 2035 General Plan designates the Black Mountain/Cloud Road alignment, *not* Joy Ranch
23 Road, as an arterial road that will serve as the east/west transportation corridor. Linear
24 features, such as arterial roads and transmission lines, are commonly co-located, limiting
25 fragmentation of parcels and providing for larger tracts of land for master planning. *See*
26 Exhibit E, at ¶ 10. Locating the CEC 138 transmission line along the section line in this
27 location will provide for greater opportunities to enhance value for the State Trust land
28 beneficiaries. *See* Exhibit E, at ¶ 10.

1 Previously identified visual impacts to the Thunder Ridge residential area along 235th
2 Avenue would be diminished and the impacts shifted to the residential area along Cloud Road
3 and 211th Avenue. The east-west segment of the ASLD Proposed Corridor along Cloud Road
4 would be proximate to existing residences just south of Cloud Road near 211th Avenue
5 generating visual impacts on residences based on the addition of transmission structures. *See*
6 Exhibit D, at ¶ 7. Along Cloud Road, the transmission line would be approximately 100 feet
7 north of the private property lines and approximately 200 feet north of occupied structures.
8 *See* Exhibit B, at ¶ 5. APS will notify landowners and residents within one mile of the
9 Project corridor of the proposed corridor modifications and CEC term extension included in
10 the Company's Application. *See* Exhibit B, at ¶ 10.

11 Finally, the ASLD Proposed Corridor satisfies the Project's infrastructure requirements
12 and represents a negligible increase in the cost of the Project. *See* Exhibit B, at ¶ 5.

13 **2. Expand the corridor between 171st Avenue and 179th Avenue (south of State**
14 **Route 74) so corridor runs in straight alignment with section line.**

15 Currently, the certificated corridor¹ excludes a small triangular portion between 171st
16 Avenue and 179th Avenue south of State Route 74 (south half of Section 26) that requires the
17 transmission line to turn at an angle and make two turns to stay within the corridor. APS
18 proposes expanding the certificated corridor in the southwestern corner of Section 26² so that
19 it encompasses the small triangular portion described above ("Section Alignment"). *See*
20 Attachment 1 to Exhibit B for illustration of Section Alignment.

21 The widened corridor would allow APS to construct the transmission line in a straight
22 alignment along the southern boundary of Section 26 without bifurcating the ASLD parcel,
23 reducing the impact on the State Trust lands. *See* Exhibit E, at ¶ 12. It would also reduce the
24 cost of the Project because the alignment would require fewer transmission structures, fewer
25 turning structures, and the need for less right-of-way for the Project. *See* Exhibit B, at ¶ 6.

26 _____
27 ¹ CEC 138 authorized "[a] 1,500 foot-wide corridor on the south side of SR 74 that extends east along SR 74 for
approximately 2.1 miles from the 179th Avenue alignment to the 163rd Avenue alignment. The corridor width
includes 1,500 feet south of the existing SR 74 centerline." Decision No. 70850, pp. 5-6, lines 25-26, 1-2.

28 ² Located in Township 6 North, Range 2 West.

1 **3. Modify the corridor near the 500kV/230kV Morgan Substation to allow APS**
2 **flexibility to design the connection into the substation in a more efficient**
3 **manner.**

4 In this area, the certificated corridor terminates at the south side of the Morgan
5 substation, which is located on the north side of Cloud Road and east of 91st Avenue. APS
6 proposes extending the corridor around the Morgan substation for up to 0.8 miles along
7 Cloud Road from the existing Western Area Power Administration 230kV transmission
8 corridor to the eastern section line of Section 33. The expansion would include all of the land
9 within the south half of Section 33 ("Section 33 Modification"). See Attachment 2 to Exhibit
10 B for illustration of Section 33 Modification.

11 The modified corridor would facilitate entry of the transmission line from the west into
12 the substation, which would support future development of the substation. See Exhibit B, at
13 ¶ 7. The Section 33 Modification would allow APS flexibility to design the connection into
14 the substation more efficiently, resulting in a smaller right-of-way and a reduced number of
15 structures. See Exhibit B, at ¶ 7.

16 Section 33 Modification is located on State Trust land and federal land administered
17 by the Bureau of Reclamation, with the Waddell Canal as its primary use. CAP, the operator
18 of the Waddell Canal, and ASLD support this corridor modification. See Exhibit B, at ¶ 7
19 and Exhibit E, at ¶ 13.

20 **III. APS REQUESTS THE COMMISSION AMEND THE CERTIFICATED**
21 **CORRIDOR NEAR THE SUN VALLEY SUBSTATION SO THE 500KV AND**
22 **230KV TRANSMISSION LINES CROSS THE CAP CANAL DIRECTLY**
23 **ADJACENT TO AND PARALLEL WITH THE TRANSMISSION LINES**
24 **AUTHORIZED IN CEC 127.**

25 On May 5, 2005, in Decision No. 67828, the Commission approved CEC 127
26 authorizing construction of a 230kV transmission line originating at the TS2 substation,
27 continuing to Trilby substation and terminating at the Sun Valley substation. Decision No.
28 67828 is attached as Exhibit F. The common point in CEC 127³ and CEC 138⁴ is the Sun

³ CEC 127 authorized the corridor to "continue south on the mid-section line of Sections 20 and 29 (291st Avenue alignment), ... within a 2000 foot corridor (a 1000 foot corridor on either side of the 291st Avenue alignment) and then into the proposed [Sun Valley substation]..." Decision No. 67828, p. 4, lines 19-23.

1 Valley substation site,⁵ which is located near the CAP canal and close to CAP's Hassayampa
2 Pumping Station.

3 Currently, in the area of the Sun Valley substation site, APS has two certificated lines
4 (authorized in CEC 127 and CEC 138 respectively) that cross the CAP canal. The certificated
5 corridors exiting the Sun Valley substation follow the same general path, but the transmission
6 lines would cross the CAP canal in two locations approximately 500 feet apart. CAP
7 recommends that the "500/230kV transmission line [authorized by CEC 138] cross directly
8 adjacent to and parallel with the proposed 230kV line [authorized in CEC 127]". *See* CAP
9 letter dated May 1, 2014, Attachment 3 to Exhibit B. Keeping the transmission lines together
10 is consistent with past transmission line construction projects crossing the CAP that involve
11 multiple lines and minimizes overall congestion. *See* Attachment 3 to Exhibit B.

12 APS requests a modification of the CEC 138 corridor to align with the CEC 127
13 corridor. Specifically, starting at the southern edge of the Sun Valley substation site and
14 ending on the north side of the existing CAP canal (running north-south approximately one
15 mile in length) and extending up to 1,000 feet east of the half-section lines in Sections 20 and
16 29. *See* Attachment 4 to Exhibit B for illustration of proposed corridor alignment. The
17 corridor modification sought here is entirely within the CEC 127 certificated corridor. APS
18 has already secured the necessary easements and right of way to this land for the transmission
19 line in CEC 127. *See* Exhibit B, at ¶ 8. This alignment of corridors has a variety of benefits,
20 including: (i) avoiding crossing the CAP canal in a location less favorable to the Central
21 Arizona Water Conservation District (CAP manager); (ii) the transmission lines authorized in
22 CECs 127 and 138 crossing the canal adjacent to one another; and (iii) accommodating
23 efficient use of existing rights-of-way in that area.

24
25 ⁴ CEC 138 authorized "[a] 2,500 foot wide corridor that extends north for approximately 0.5 miles, from [Sun
26 Valley Substation] to the north side of the existing Central Arizona Project ("CAP") canal. The corridor width
includes 2,000 feet west and 500 feet east of the [mid]-section line in Section 29..." Decision No. 70850, p. 4,
lines 3-6.

27 ⁵ CEC 127 authorizes up to 120 acres for the Sun Valley substation in Section 29, within a 4000-foot corridor,
28 2000 feet east of 291st Avenue, and 2000 feet west of 291st Avenue in Section 29. Decision No. 67828,
Exhibit A.

1 **IV. EXTEND TERM OF CEC 138 TO MARCH 17, 2021 TO BUILD THE 500KV**
2 **CIRCUIT AND TO MARCH 17, 2030 TO BUILD THE 230KV CIRCUIT.**

3 Condition No. 3 of CEC 138 authorized a seven-year term for constructing the 500kV
4 circuit and a ten-year term for constructing the 230kV circuit, unless the specified circuit is
5 capable of operation within the respective timeframe. The seven-year term expires on March
6 17, 2016; the ten-year term expires on March 17, 2019. Condition No. 3 allows APS to
7 request an extension of these time limits. Specifically, the condition states that “prior to
8 either such expiration [APS] may request that the Commission extend this time limitation.”
9 Consistent with this condition, APS requests that the time period to construct facilities
10 authorized by CEC 138 be extended for an additional five years to March 17, 2021 for the
11 500kV circuit and for an additional eleven years to March 17, 2030 for the 230kV circuit.

12 Shortly following approval of CEC 138 in 2009, APS applied for right-of-way on
13 federal land managed by the Bureau of Land Management (“BLM”), initiating the federal
14 review process. *See* Exhibit B, at ¶ 9. Since that time, BLM and APS have been moving
15 through the application process, including an initial denial of the right-of-way application, an
16 associated appeals process and lengthy negotiations. BLM has since completed an
17 Environmental Impact Statement and issued a Record of Decision on January 16, 2014
18 authorizing the Project and allowing APS to move forward. *See* Exhibit B, at ¶ 9. APS
19 anticipates that the BLM right-of-way grant will be complete before the end of 2015. *See*
20 Exhibit B, at ¶ 9.

21 APS requests this term extension because APS could not start pre-construction and
22 construction activities until conclusion of the BLM federal permitting process. Further, the
23 economic downturn and low system load growth over the past few years has postponed the
24 need for the 230kV circuit of the transmission line. *See* Exhibit B, at ¶ 9.

25 Condition No. 4 of CEC 138 requires APS to “use commercially reasonable means to
26 directly notify all landowners and residents within one mile of the Project corridor . . . of the
27 time and place of the proceeding in which the Commission shall consider” an extension of the
28 CEC term. *See* Attachment 6 to Exhibit B for a sample notice APS will use to notify

landowners and residents of this request for extension.

V. CONCLUSION

For the reasons discussed above, APS requests the Commission amend Decision No. 70850 under A.R.S. § 40-252 as follows:

1. Approve ASLD Proposed Corridor that moves a one-mile, north-south section of the corridor to 211th Avenue from 235th Avenue and a three-mile, east-west section of the corridor between 211th Avenue and 235th Avenue south one mile as described herein;

2. Approve Section Alignment of the corridor between 171st Avenue and 179th Avenue south of State Route 74 as discussed herein;

3. Approve Section 33 Modification in the area near Morgan substation as discussed herein;

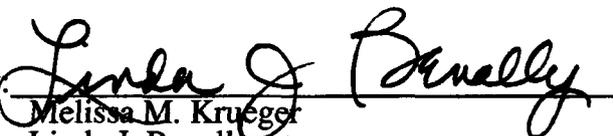
4. Approve corridor expansion near the Sun Valley substation as discussed herein;
and

5. Approve the term extension and modify the language of Condition No. 3 in CEC 138 as follows:

This authorization to construct the 500kV circuit of the Project shall expire on March 17, 2021 and this authorization to construct the 230kV circuit of the Project shall expire on March 17, 2030 unless the specified circuit is capable of operation within the respective time frame; provided, however, that prior to either such expiration, the Applicant or its assignees may request that the Commission extend this time limitation.

For the Commission's convenience, attached as Exhibit G is a proposed form of Order that reflects these changes.

RESPECTFULLY SUBMITTED this 17th day of July, 2014.

By: 
Melissa M. Krueger
Linda J. Benally

Attorneys for Arizona Public Service Company

1 **ORIGINAL** and twenty-five (25) copies
2 of the foregoing filed this 17th day of
3 July, 2014, with:

4 The Arizona Corporation Commission
5 Hearing Division – Docket Control
6 1200 West Washington Street
7 Phoenix, Arizona 85007

8 **COPY** of the foregoing hand-delivered
9 this 17th day of July, 2014, to:

10 Lyn Farmer
11 Chief Administrative Law Judge
12 Arizona Corporation Commission
13 1200 West Washington Street
14 Phoenix, Arizona 85007

15 Janice Alward
16 Chief Counsel, Legal Division
17 Arizona Corporation Commission
18 1200 West Washington Street
19 Phoenix, Arizona 85007

20 Steve Olea, Director
21 Utilities Division
22 Arizona Corporation Commission
23 1200 W. Washington Street
24 Phoenix, Arizona 85007

25 **COPY** of the foregoing mailed this
26 17th day of July, 2014, to:

27 John Foreman, Chairman
28 Arizona Power Plant and Transmission Line Siting Committee
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EXHIBIT A



0000094879

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Kristin K. Mayes, Chairman
Gary Pierce
Sandra D. Kennedy
Paul Newman
Bob Stump

Arizona Corporation Commission

DOCKETED

MAR 17 2009

EXHIBIT A
Page 1 of 24

DOCKETED BY
nr

IN THE MATTER OF THE APPLICATION OF
ARIZONA PUBLIC SERVICE COMPANY, IN
CONFORMANCE WITH THE
REQUIREMENTS OF ARIZONA REVISED
STATUTES §§ 40-360, *et seq.*, FOR A
CERTIFICATE OF ENVIRONMENTAL
COMPATIBILITY AUTHORIZING THE TS-5
TO TS-9 500/230kV TRANSMISSION LINE
PROJECT, WHICH ORIGINATES AT THE
FUTURE TS-5 SUBSTATION, LOCATED IN
THE WEST HALF OF SECTION 29,
TOWNSHIP 4 NORTH, RANGE 4 WEST AND
TERMINATES AT THE FUTURE TS-9
SUBSTATION, LOCATED IN SECTION 33,
TOWNSHIP 6 NORTH, RANGE 1 EAST, IN
MARICOPA COUNTY, ARIZONA

CASE NO. 138

DOCKET NO. L-00000D-08-0330-00138

DECISION NO. 70850

Open Meeting
March 4, 2009
Phoenix, Arizona

BY THE COMMISSION:

The Arizona Corporation Commission ("Commission") has conducted its review, pursuant to A.R.S. § 40-360.07. The Commission finds and concludes that the Certificate of Environmental Compatibility ("CEC") issued by the Arizona Power Plant and Transmission Line Siting Committee ("Committee") is hereby granted as modified by this Order.

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The Commission modifies the CEC as follows:

Delete text on page 6, lines 5 through 10, and replace with the following:

"A 1,000 foot-wide corridor, measured westward from the centerline of the 163rd Avenue alignment, which crosses SR 74 from south to north and connects that portion of the corridor south of SR 74 with that portion of the corridor north of SR 74. No portion of the transmission supporting structures to be constructed in this segment of the corridor shall be constructed upon the property designated Village 'E' in the record (Exhibit DV-13, slide 7L) owned by Diamond Ventures; however, the Project's conductors may overhang the property."

The Commission further finds and concludes that: (1) the Project is in the public interest

because it aids the state in meeting the need for an adequate, economical and reliable supply of electric power; (2) in balancing the need for the Project with its effect on the environment and ecology of the state, the determinations and conditions placed on the CEC by the Committee as modified by the Commission effectively minimize its impact on the environment and ecology of the state; (3) the determinations and conditions placed on the CEC by the Committee as modified by the Commission resolve matters concerning the need for the Project and its impact on the environment and ecology of the state raised during the course of proceedings, and as such, serve as the findings on the matters raised; and (4) the balancing in the broad public interest results in favor of granting the CEC as modified by the Commission.

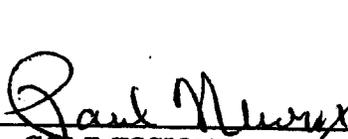
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THE CEC ISSUED BY THE SITING COMMITTEE IS
INCORPORATED HEREIN AND IS APPROVED AS MODIFIED BY THE
COMMISSION BY ORDER OF THE
ARIZONA CORPORATION COMMISSION


CHAIRMAN


COMMISSIONER

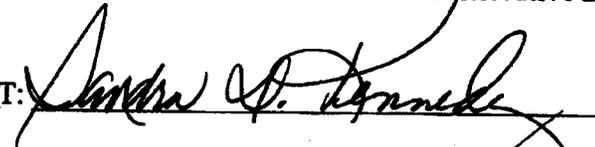

COMMISSIONER


COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, MICHAEL P. KEARNS,
Interim Executive Director of the Arizona Corporation
Commission, have hereunto, set my hand and caused the
official seal of this Commission to be affixed at the Capitol,
in the City of Phoenix, this 12 day of March, 2009.


MICHAEL P. KEARNS
Interim Executive Director

DISSENT: 

DISSENT: _____

Docket #: L-00000D-08-0330-00138

Commissioner Newman Concurs:

I concur with this order. The issues raised about procedural irregularities regarding a bus tour and e-mails transmitted between Line Siting Committee members pose no substantive issues in terms of the record. Corporation Commission staff and the Chair of the Line Siting Committee acted appropriately and quickly in addressing these issues.

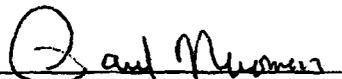
Regarding the bus tour, a few members of the committee, far short of a majority, attended in what apparently has been long standing practice, to see the proposed route first hand. Those members on the bus tour, were reminded by the Chair, not to discuss the merits of the issue. There is no evidence that any improper behavior occurred on the tour.

All e-mails between members were filed as part of the docket by the Commission staff. These e-mails became part of the record before the conclusion of Line Siting Committee deliberations and were able to be accessed by other parties and members of the public. Most of the e-mails were procedural in nature. Several e-mails particularly those involving the CEC environmental conditions did go beyond procedural and were substantive in nature, and needed to be entered as part of the record.

I acknowledge the diligent efforts of our Commission staff and their timely actions, filing the e-mails remedied what may have been an inadvertent violation of the open meetings statute.

Again in my judgment, the timely filing of the e-mails as part of the record before the conclusion of the Committee's deliberations, provided proper notice of the aforementioned e-mails and therefore preserved the public and the other parties' right to know.

Moreover I cannot see how the public's interest is served after the expenditure of thousands of taxpayer dollars, to throw out the decision and start a lengthy and costly administrative process once again. In looking at the totality of the evidence in this administrative proceeding, especially the unanimous decision by the Line Siting Commission, it argues for approving their recommendation.


Commissioner Paul Newman

**BEFORE THE ARIZONA POWER PLANT AND
TRANSMISSION LINE SITING COMMITTEE**

| | | |
|----|---|--------------------------------------|
| 1 | | |
| 2 | | |
| 3 | IN THE MATTER OF THE APPLICATION |) |
| 4 | OF ARIZONA PUBLIC SERVICE COMPANY, |) Arizona Corporation Commission |
| 5 | IN CONFORMANCE WITH THE REQUIREMENTS |) |
| 6 | OF ARIZONA REVISED STATUTES §§ 40-360, |) Docket No. L-00000 D-08-0330-00138 |
| 7 | <i>et seq.</i> , FOR A CERTIFICATE OF ENVIRONMENTAL |) |
| 8 | COMPATIBILITY AUTHORIZING THE TS-5 TO TS-9 |) Case No. 138 |
| 9 | 500/230KV TRANSMISSION LINE PROJECT, WHICH |) |
| 10 | ORIGINATES AT THE FUTURE TS-5 SUBSTATION, |) |
| 11 | LOCATED IN THE WEST HALF OF SECTION 29, |) |
| 12 | TOWNSHIP 4 NORTH, RANGE 4 WEST AND |) |
| 13 | TERMINATES AT THE FUTURE TS-9 SUBSTATION, |) |
| 14 | LOCATED IN SECTION 33, TOWNSHIP 6 NORTH, |) |
| 15 | RANGE 1 EAST, IN MARICOPA COUNTY, ARIZONA |) |

PROCEDURAL ORDER AND NOTICE OF FILING

The Applicant filed on December 16, 2008, a Notice of Filing that incorporates a proposed Certificate of Environmental Compatibility ("CEC") intended to reflect the decision of the Arizona Power Plant and Transmission Line Siting Committee of December 2, 2008, in this matter. The Notice indicates the proposed form of CEC was filed for the review of the intervenors and to provide the opportunity for the submission of any suggested revisions. John Foreman, designee of the Attorney General of Arizona, Terry Goddard, as Chairman and Presiding Officer of the Arizona Power Plant and Transmission Line Siting Committee as authorized by A.R.S. §§ 40-360.01(C) and (D), 40-360.04 and A.A.C. R14-3-201(E), issued a procedural order soliciting responses and proposed revisions to the proposed form of CEC filed by the Applicant on or before December 26, 2008.

Diamond Ventures, Inc., timely filed a response with proposed revisions. No response or proposed revision was filed by the Staff of the Arizona Corporation Commission or any other intervening party. The Chairman has reviewed the Applicant's proposed CEC, the response and the proposed revisions of Diamond Ventures, and the record. Today, December 29, 2008, is the last day for filing the CEC within the time limits.

The Committee during its deliberations delegated to the Chairman the responsibility of working with the attorneys to conform the final language of the CEC with the results of the deliberations of the Committee. Reporter's Transcript of December 2, 2008 ("RT"), page 3462, lines 4-16.

The Applicant's proposed language of the CEC appears to conform to the results of the deliberations of the Committee with the limited additional language noted below.

The Chairman has modified the language of the proposed CEC in three places. The parties will received an e-mailed copy of this filing with a highlighted copy of the final CEC showing the revisions.

The first revision adds the words: "from the half section line north of the Lone Mountain Road alignment" to the description of the path of the corridor north of the Lone

1 Mountain Road alignment along the 235th Avenue alignment. Final CEC, page 5, lines 10-
2 11. Without the revision it is unclear where the change in corridor width and location
3 begins. The added language locates a starting point for the expanded width and location of
4 the corridor as it goes north. South of the starting point the corridor width is 1500 feet and it
5 is located west of the 235th Avenue alignment. North of the starting point the width is 2500
feet, 1500 feet west of the 235th Avenue alignment and 1000 feet east of the 235th Avenue
alignment. RT, page 3503, lines 22-25, page 3504, lines 1-7, page 3512, lines 18-25, and
page 3513, lines 1-6.

6 The second and third revisions deal with the corridor location and width near State
7 Route ("SR") 74 and the 163rd Avenue alignment. The second revision adds the following
8 sentence: "The corridor excludes the property designated Village 'E' in the record (Exhibit
9 DV-13, slide 7L) owned by Diamond Ventures west of the 163rd Avenue alignment and
10 south of SR 74." Final CEC, page 6, lines 2-4. The third revision adds the following
11 sentence: "The corridor excludes the properties designated Village 'A' and Village 'E' in the
12 record (Exhibit DV-13, slide 7L) owned by Diamond Ventures east and west of the 163rd
13 Avenue alignment and south of SR 74."

14 An extensive discussion of the attempt by the Committee to avoid the entrance to
15 Quintero properties north of SR 74 and the properties of Diamond Ventures south of SR 74
16 west of the 163rd Avenue alignment can be found on the record. See, RT, pages 3451,
17 3463, and 3466 through 3487. The revised language is similar to language offered by
18 Diamond Ventures and intended to address their concerns. Although the Committee
19 discussed at length the east-west alignment of the corridor south of SR 74 and west of
20 163rd Avenue, it did not discuss explicitly the north-south corridor along 163rd Avenue
21 needed for the transmission line to travel from south of SR 74 to north of SR 74 at 163rd
22 Avenue. It did discuss avoiding directly impacting the Diamond Ventures properties
23 generally and it discussed avoiding directly impacting specifically the Diamond Ventures
24 property designated as Village 'E'. The Committee assumed based upon the discussions
25 on the record the corridor south of SR 74 and west of the 163rd Avenue alignment could be
26 connected with the corridor north of SR 74 and east of the 163rd Avenue alignment with a
crossing at the intersection of SR 74 and the 163rd Avenue alignment. It appears from
Exhibit DV-13, slide 7L the Village 'E' property lies south of SR 74, but north of the Village
'A' property, and west of 163rd Avenue. It is not clear the Village 'E' property actually goes
all the way to 163rd Avenue. Exhibit DV-13, slide 7L. However, the Village 'A' property
appears to lie directly east of the 163rd Avenue alignment, south of SR 74, but also south of
the Village 'E' property. Exhibit DV-13, slide 7L.

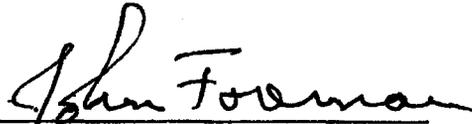
21 The Committee assumed it would be physically possible to thread the transmission
22 line in the corridor south of SR 74 around the south side of the Diamond Ventures Village
23 'E' as the line approached the 163rd Avenue alignment from the west. It also assumed it
24 would be physically possible to thread the line from south of SR 74 approaching the 163rd
25 Avenue alignment from the west to north of SR 74 heading on east of the 163rd Avenue
26 alignment without directly impacting the Diamond Ventures properties designated Village
'E' or Village 'A'. The Committee did not vote explicitly upon the language in the Applicant's
proposed CEC for a 1000 foot wide corridor north and south centered along the 163rd
Avenue alignment. Final CEC, page 6, lines 5-10. However, such a corridor with the
exceptions of the Village 'A' and Village 'E' Diamond Ventures properties would be

1 necessary to give effect to the language that was discussed and approved by the
2 Committee. See, RT, page 3486, lines 14-25.

3 THEREFORE, IT IS ORDERED:

- 4
- 5 1. Approving the proposed Certificate of Environmental Compatibility with the revisions
6 discussed above in the form attached to this Order and Notice.
 - 7 2. Providing notice of the filing of the Certificate of Environmental Compatibility with
8 docket control of the Arizona Corporation Commission in the above numbered
9 matter this date, December 29, 2008.

10 DATED: December 29, 2008

11 

12 John Foreman, Chairman
13 Arizona Power Plant and Transmission
14 Line Siting Committee
15 Assistant Attorney General
16 john.foreman@azag.gov

17 Pursuant to A.A.C. R14-3-204,
18 The Original and 25 copies were
19 filed December 29, 2008 with:

20 Docket Control
21 Arizona Corporation Commission
22 1200 W. Washington St.
23 Phoenix, AZ 85007

24 Copy of the above was e-mailed and mailed
25 December 29, 2008 to:
26

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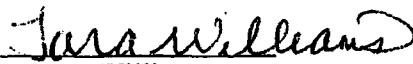
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20 Marta T. Hetzer
Arizona Reporting Service, Inc.
21 2200 North Central Avenue
22 Phoenix, Arizona 85004-1481

23 By: 
24 Tara Williams

**BEFORE THE ARIZONA POWER PLANT AND
TRANSMISSION LINE SITING COMMITTEE**

IN THE MATTER OF THE)
APPLICATION OF ARIZONA PUBLIC)
SERVICE COMPANY, IN)
CONFORMANCE WITH THE)
REQUIREMENTS OF ARIZONA)
REVISED STATUTES §§ 40-360, *et seq.*,)
FOR A CERTIFICATE OF)
ENVIRONMENTAL COMPATIBILITY)
AUTHORIZING THE TS-5 TO TS-9)
500/230kV TRANSMISSION LINE)
PROJECT, WHICH ORIGINATES AT)
THE FUTURE TS-5 SUBSTATION,)
LOCATED IN THE WEST HALF OF)
SECTION 29, TOWNSHIP 4 NORTH,)
RANGE 4 WEST AND TERMINATES AT)
THE FUTURE TS-9 SUBSTATION,)
LOCATED IN SECTION 33, TOWNSHIP)
6 NORTH, RANGE 1 EAST, IN)
MARICOPA COUNTY, ARIZONA)

Docket No. L-00000D-08-0330-00138

Case No. 138

CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY

Pursuant to notice given as provided by law, the Arizona Power Plant and Transmission Line Siting Committee (the "Committee") held public hearings on August 18 and 19, 2008, September 8 and 9, 2008, October 20 through 22, 2008, October 27 through 30, 2008, November 17 through 19, 2008, and December 1 and 2, 2008, all in conformance with the requirements of Arizona Revised Statutes ("A.R.S.") §§ 40-360, *et seq.*, for the purpose of receiving evidence and deliberating on the Application of Arizona Public Service Company ("Applicant") for a Certificate of Environmental Compatibility ("Certificate") in the above-captioned case (the "Project").

Decision No. **70850**

1 The following members and designees of members of the Committee were present
2 at one or more of the hearings for the evidentiary presentations and the deliberations:¹

3 John Foreman Chairman, Designee for Arizona Attorney General,
4 Terry Goddard
5 Paul Rasmussen Designee for Director, Arizona Department of
6 Environmental Quality
7 Gregg Houtz Designee for Director, Arizona Department of Water
8 Resources

9 Jack Haenichen Designee for Director, Energy Office, Arizona
10 Department of Commerce

11 William Mundell Designee for Chairman, Arizona Corporation
12 Commission

13 Patricia Noland Appointed Member

14 Michael Palmer Appointed Member

15 Michael Whalen Appointed Member

16 Barry Wong Appointed Member

17 Applicant was represented by Thomas H. Campbell and Albert H. Acken of Lewis
18 and Roca LLP and Meghan H. Grabel of the Applicant's Legal Department. The
19 following parties were granted intervention pursuant to A.R.S. § 40-360.05:

| COUNSEL: | INTERVENING PARTY: |
|-----------------------------------|--|
| Charles H. Hains Ayesha Vohra | Arizona Corporation Commission Staff ("Staff") |
| Garry D. Hays | Arizona State Land Department |
| Mark A. Nadeau Shane D. Gosdis | 10,000 West, L.L.C. |
| Michael D. Bailey | City of Surprise |
| Scott McCoy | Elliott Homes, Inc. |

25
26 ¹ Members David Eberhart and Jeff McGuire recused themselves and did not participate in deliberations.

| COUNSEL: | INTERVENING PARTY: |
|----------------------------|---|
| Jon Paladini | Anderson Land & Development |
| Andrew Moore | Woodside Homes of Arizona, Inc. |
| Gary Birnbaum | Surprise Grand Vista JV I, LLC |
| James T. Braselton | Sunhaven Entities |
| Court S. Rich | Warrick 160, LLC and Lake Pleasant 5000, LLC |
| Stephen J. Burg | City of Peoria |
| Joseph Drazek | Vistancia, LLC |
| Steve Wene | Vistancia Associations |
| Lawrence V. Robertson, Jr. | Diamond Ventures, Inc. |
| Chad Kaffer | Quintero Community Associations and Quintero Golf and Country Club |
| Scott S. Wakefield | DLGC II, LLC and Lake Pleasant Group, LLP |
| Christopher S. Welker | LP 107, LLC |

At the conclusion of the hearings, the Committee, having received the Application, the appearances of the parties, the evidence, testimony and exhibits presented at the hearings, and being advised of the legal requirements of A.R.S. §§ 40-360 to 40-360.13, upon motion duly made and seconded, voted 9 to 0 to grant Applicant this Certificate of Environmental Compatibility (Case No. 138) for the Project.

The Project as approved consists of approximately 40 miles of 500/230kV transmission line and ancillary facilities along the route described below. A general location map of the Project, described herein, is set forth in **Exhibit A**.

The Project will begin at the TS-5 (Sun Valley) Substation (approved as part of the West Valley North Project, ACC Decision No. 67828, Case No. 127), located in the west half of Section 29, Township 4 North, Range 4 West. The Project will end at the TS-9 Substation (approved as part of the TS-9 to Pinnacle Peak Project, ACC Decision No.

1 69343, Case No. 131), located in Section 33, Township 6 North, Range 1 East. From the
2 TS-5 Substation, the Project's route will be as follows²:

- 3 • A 2,500 foot-wide corridor that extends north for approximately 0.5 miles, from
4 TS-5 to the north side of the existing Central Arizona Project ("CAP") canal. The
5 corridor width includes 2,000 feet west and 500 feet east of the half-section line in
6 Section 29, Township 4 North, Range 4 West.
- 7 • A 2,500 foot-wide corridor that extends northeast for approximately 0.8 miles,
8 paralleling the existing CAP canal. The corridor width includes 2,500 feet
9 northwest of the chain link fence on the northwest side of the CAP, paralleling the
10 certificated West Valley North 230kV line (Line Siting Case No. 127).
- 11 • A 2,500 foot-wide corridor that extends east for approximately 1.8 miles,
12 paralleling the existing CAP canal, to the junction with the existing 500kV Mead-
13 Phoenix transmission line. The corridor width includes 2,500 feet north of the
14 chain link fence on the north side of the CAP, paralleling the certificated West
15 Valley North 230kV line (Line Siting Case No. 127).
- 16 • A 2,000 foot-wide corridor that extends north-northwest for approximately 2.0
17 miles, paralleling the existing Mead-Phoenix transmission line, from the junction of
18 the CAP and the Mead-Phoenix transmission line, to approximately the 275th
19 Avenue alignment. The corridor width includes 1,000 feet west and 1,000 feet east
20 of the Mead-Phoenix transmission line.
- 21 • A 1,000 foot-wide corridor that extends north for approximately 4.1 miles, from the
22 junction of the existing Mead-Phoenix transmission line and the 275th Avenue
23 alignment to the Lone Mountain Road alignment. The corridor width includes
24 1,000 feet east of the 275th Avenue alignment.

25 _____
26 ² Referenced road alignments in route description are along section lines unless otherwise
noted.

- 1 ● A 3,000 foot-wide corridor that extends east along the Lone Mountain Road
2 alignment for approximately 5.0 miles from the 275th Avenue alignment to the 235th
3 Avenue alignment. The corridor width includes 3,000 feet north of the Lone
4 Mountain Road alignment.
- 5 ● A 1,500 foot-wide corridor that extends north along 235th Avenue alignment for
6 approximately 0.5 miles to the half section line north of the Lone Mountain Road
7 alignment. The corridor width includes 1,500 feet west of the 235th Avenue
8 alignment.
- 9 ● A 2,500 foot-wide corridor that extends north along 235th Avenue alignment for
10 approximately 2.4 miles from the half section line north of the Lone Mountain
11 Road alignment to the junction with U.S. 60 (Grand Avenue). The corridor width
12 includes 1,500 feet west and 1,000 feet east of the 235th Avenue alignment.
- 13 ● A 1,500 foot-wide corridor that extends north for approximately 1.1 miles, from
14 U.S. 60 (Grand Avenue) to the junction of 235th Avenue and the Joy Ranch Road
15 alignment. The corridor width includes 1,500 feet east of 235th Avenue.
- 16 ● A 1,500-foot wide corridor that extends east along the Joy Ranch Road alignment
17 for approximately 6.3 miles from 235th Avenue to approximately 0.3 miles east of
18 the 187th Avenue alignment. The corridor width includes 1,500 feet north of the
19 Joy Ranch Road alignment.
- 20 ● A corridor up to 2,640 feet wide that extends east along the Joy Ranch Road
21 alignment for approximately 0.7 mile to the 179th Avenue alignment. The entire
22 corridor is located south of the centerline of SR 74 and north of the Joy Ranch Road
23 alignment, with a maximum width up to 2,640 feet north of the Joy Ranch Road
24 alignment.
- 25 ● A 1,500 foot-wide corridor on the south side of SR 74 that extends east along SR
26 74 for approximately 2.1 miles from the 179th Avenue alignment to the 163rd

1 Avenue alignment. The corridor width includes 1,500 feet south of the existing SR
2 74 centerline. The corridor excludes the property designated Village 'E' in the
3 record (Exhibit DV-13, slide 7L) owned by Diamond Ventures west of the 163rd
4 Avenue alignment and south of SR 74.

- 5 ● A 1,000 foot-wide corridor, centered on the 163rd Avenue alignment, which crosses
6 SR 74 from south to north and connects that portion of the corridor south of SR 74
7 with that portion of the corridor north of SR 74. The corridor excludes the
8 ~~properties designated Village 'A' and Village 'E' in the record (Exhibit DV-13,~~
9 ~~slide 7L) owned by Diamond Ventures east and west of the 163rd Avenue alignment~~
10 ~~and south of SR 74.~~
- 11 ● A 1,500 foot-wide corridor, on the north side of SR 74, that extends east along SR
12 74 for approximately 4.9 miles from the 163rd Avenue alignment to approximately
13 0.3 mile west of the section line between Sections 25 and 26 of Township 6 North,
14 Range 1 West. The southern boundary of the corridor begins 500 feet north of the
15 centerline for SR 74.
- 16 ● A 1,000 foot-wide corridor, centered on a north-south line 0.3 mile west of the
17 section line between Sections 25 and 26 of Township 6 North, Range 1 West,
18 which crosses SR 74 from north to south and connects that portion of the corridor
19 north of SR 74 with that portion of the corridor south of SR 74.
- 20 ● A 1,000 foot-wide corridor, on the south side of SR 74, that extends east along SR
21 74 for approximately 1.3 miles to the eastern boundary of Township 6 North Range
22 1 West (the 115th Avenue alignment). The northern boundary of the corridor begins
23 500 feet south of the centerline of SR 74.
- 24 ● A 1,500 foot-wide corridor, on the south side of SR 74, that extends east along SR
25 74 for approximately 2.1 miles from the 115th Avenue Alignment to the 99th
26

1 Avenue alignment in Section 33, Township 6 North, Range 1 East. The northern
2 boundary of the corridor begins 500 feet south of the centerline of SR 74.

- 3 ● A corridor up to 2,000 feet wide that extends southeast for approximately 1.0 mile
4 along the existing WAPA 230kV transmission line corridor and then east for
5 approximately 0.3 mile to the termination point at the TS-9 Substation. The
6 corridor width includes 2,000 feet west of the WAPA 230kV transmission line until
7 it turns east and then includes 700 feet north of the Cloud Road alignment.

8
9 **CONDITIONS**

10 This Certificate is granted upon the following conditions:

- 11 1. The Applicant shall: (i) obtain all required approvals and permits necessary to
12 construct the Project; (ii) shall file its Application for such right(s)-of-way
13 across United States Bureau of Land Management ("BLM") lands as may be
14 necessary within sixty (60) days of the effective date of this Certificate; and (iii)
15 shall file its Application for such rights-of-way across Arizona State Land
16 Department ("ASLD") lands as may be necessary within 12 months of the
17 effective date of this Certificate.
- 18 2. The Applicant shall comply with all existing applicable ordinances, master
19 plans and regulations of the State of Arizona, the County of Maricopa, the
20 United States, and any other governmental entities having jurisdiction.
- 21
22
23
24
25
26

- 1 3. This authorization to construct the 500 kV circuit of the Project shall expire
2 seven (7) years from the date the Certificate is approved by the Commission and
3 this authorization to construct the 230 kV circuit of the Project shall expire ten
4 (10) years from the date the Certificate is approved by the Commission, unless
5 the specified circuit is capable of operation within the respective time frame;
6 provided, however, that prior to either such expiration the Applicant or its
7 assignees may request that the Commission extend this time limitation.
- 8 ~~4. In the event that the Project requires an extension of the term of this Certificate~~
9 prior to completion of construction, Applicant shall use commercially
10 reasonable means to directly notify all landowners and residents within one mile
11 of the Project corridor for which the extension is sought. Such landowners and
12 residents shall be notified of the time and place of the proceeding in which the
13 Commission shall consider such request for extension.
- 14 5. The Applicant shall make every reasonable effort to identify and correct, on a
15 case-specific basis, all complaints of interference with radio or television signals
16 from operation of the transmission lines and related facilities addressed in this
17 Certificate. The Applicant shall maintain written records for a period of five
18 years of all complaints of radio or television interference attributable to
19 operation, together with the corrective action taken in response to each
20 complaint. All complaints shall be recorded to include notations on the
21 corrective action taken. Complaints not leading to a specific action or for which
22 there was no resolution shall be noted and explained.
- 23 6. To the extent applicable, the Applicant shall comply with the notice and salvage
24 requirements of the Arizona Native Plant Law and shall, to the extent feasible,
25 minimize the destruction of native plants during Project construction.
- 26

- 1 7. Pursuant to A.R.S. § 41-844, if any archaeological, paleontological or historical
2 site or object that is at least fifty years old is discovered on state, county or
3 municipal land during plan-related activities, the person in charge shall
4 promptly report the discovery to the Director of the Arizona State Museum, and
5 in consultation with the Director, shall immediately take all reasonable steps to
6 secure and maintain the preservation of the discovery. If human remains and/or
7 funerary objects are encountered on private land during the course of any
8 ~~ground-disturbing activities relating to the development of the subject property,~~
9 Applicant shall cease work on the affected area of the Project and notify the
10 Director of the Arizona State Museum pursuant to A.R.S. § 41-865.
- 11 8. Within 120 days of the Commission decision granting this Certificate, Applicant
12 will post signs in public rights-of-way giving notice of the Project corridor to
13 the extent authorized by law. The Applicant shall place signs in prominent
14 locations at reasonable intervals such that the public is notified along the full
15 length of the transmission line until the transmission structures are constructed.
16 To the extent practicable, within 45 days of securing easement or right-of-way
17 for the Project, the Applicant shall erect and maintain signs providing public
18 notice that the property is the site of a future transmission line. Such signage
19 shall be no smaller than a normal roadway sign. The signs shall advise:
- 20 (a) That the site has been approved for the construction of Project facilities;
 - 21 (b) The expected date of completion of the Project facilities;
 - 22 (c) A phone number for public information regarding the Project;
 - 23 (d) The name of the Project;
 - 24 (e) The name of the Applicant; and
 - 25 (f) The website of the Project.
- 26

- 1 9. Applicant, or its assignee(s), shall design the transmission lines to incorporate
2 reasonable measures to minimize impacts to raptors.
- 3 10. Applicant, or its assignee(s), shall use non-specular conductor and dulled
4 surfaces for transmission line structures.
- 5 11. Before construction on this Project may commence, the Applicant must file a
6 construction mitigation and restoration plan ("Plan") with ACC Docket Control.
7 Where practicable, the Plan shall specify the Applicant's plans for construction
8 ~~access and methods to minimize impacts to wildlife and to minimize vegetation~~
9 disturbance outside of the Project right-of-way particularly in drainage channels
10 and along stream banks, and shall re-vegetate, unless waived by the landowner,
11 native areas of construction disturbance to its preconstruction state outside of
12 the power-line right of way after construction has been completed; and the
13 Applicant's plans for coordination with the Arizona Game and Fish Department
14 and the State Historic Preservation Office; and shall specify that the Applicant
15 shall use existing roads for construction and access where practicable.
- 16 12. With respect to the Project, Applicant shall participate in good faith in state and
17 regional transmission study forums to coordinate transmission expansion plans
18 related to the Project and to resolve transmission constraints in a timely manner.
19 Without limiting any other aspect of this Condition, APS will in good faith
20 participate in electric system planning within the context of the Long Range
21 Energy Infrastructure Planning Process (the "Infrastructure Process") which was
22 initiated on August 6, 2008 and hosted by the Town of Buckeye for the Buckeye
23 Planning Area in order to establish a regional transmission study ("Regional
24 Transmission Study").
- 25 13. The Applicant shall provide copies of this Certificate to the Town of Buckeye,
26 the City of Peoria, the City of Surprise, the Maricopa County Planning and

1 Development Department, the Arizona State Land Department, the State
2 Historic Preservation Office, and the Arizona Game and Fish Department.

3 14. Prior to the date construction commences on this Project, the Applicant shall
4 provide known homebuilders and developers within one mile of the center line
5 of the Certificated route the identity, location, and a pictorial depiction of the
6 type of power line being constructed, accompanied by a written description, and
7 encourage the developers and homebuilders to include this information in the
8 ~~developers' and homebuilders' homeowners' disclosure statements.~~

9 15. Before commencing construction of Project facilities located parallel to and
10 within 100 feet of any existing natural gas or hazardous liquid pipeline, the
11 Applicant shall:

12 (a) Perform the appropriate grounding and cathodic protection studies to
13 show that the Project's location parallel to and within 100 feet of such
14 pipeline results in no material adverse impacts to the pipeline or to
15 public safety when both the pipeline and the Project are in operation. If
16 material adverse impacts are noted in the studies, Applicant shall take
17 appropriate steps to ensure that such material adverse impacts are
18 mitigated. Applicant shall provide to Commission Staff reports of
19 studies performed; and

20 (b) Perform a technical study simulating an outage of the Project that may be
21 caused by the collocation of the Project parallel to and within 100 feet of
22 the existing natural gas or hazardous liquid pipeline. This study should
23 either: i) show that such outage does not result in customer outages; or
24 ii) include operating plans to minimize any resulting customer outages.
25 Applicant shall provide a copy of this study to Commission Staff.
26

1 16. Applicant will follow the latest Western Electricity Coordinating Council/North
2 American Electric Reliability Corporation Planning standards as approved by
3 the Federal Energy Regulatory Commission, and National Electrical Safety
4 Code construction standards.

5 17. The Applicant shall submit a self-certification letter annually, identifying
6 progress made with respect to each condition contained in the Certificate,
7 including which conditions have been met. Each letter shall be submitted to the
8 Docket Control of the Arizona Corporation Commission on December 1
9 beginning in 2009. Attached to each certification letter shall be documentation
10 explaining how compliance with each condition was achieved. Copies of each
11 letter along with the corresponding documentation shall be submitted to the
12 Arizona Attorney General and Department of Commerce Energy Office. The
13 requirement for the self-certification shall expire on the date the Project is
14 placed into operation.

15 18. Within sixty (60) days of the Commission decision granting this Certificate, the
16 Applicant shall make good faith efforts to commence discussions with private
17 landowners, on whose property the Project corridor is located, to identify the
18 specific location for the Project's right-of-way and placement of poles.

19 19. The Applicant shall expeditiously pursue reasonable efforts to work with private
20 landowners on whose property the Project right-of-way will be located, to
21 mitigate the impacts of the location, construction, and operation of the Project
22 on private land.

23 **FINDINGS OF FACT AND CONCLUSIONS OF LAW**

24 This Certificate incorporates the following findings of fact and conclusions of law:

- 25 1. The Project is in the public interest because it aids the state in meeting the need
26 for an adequate, economical and reliable supply of electric power.

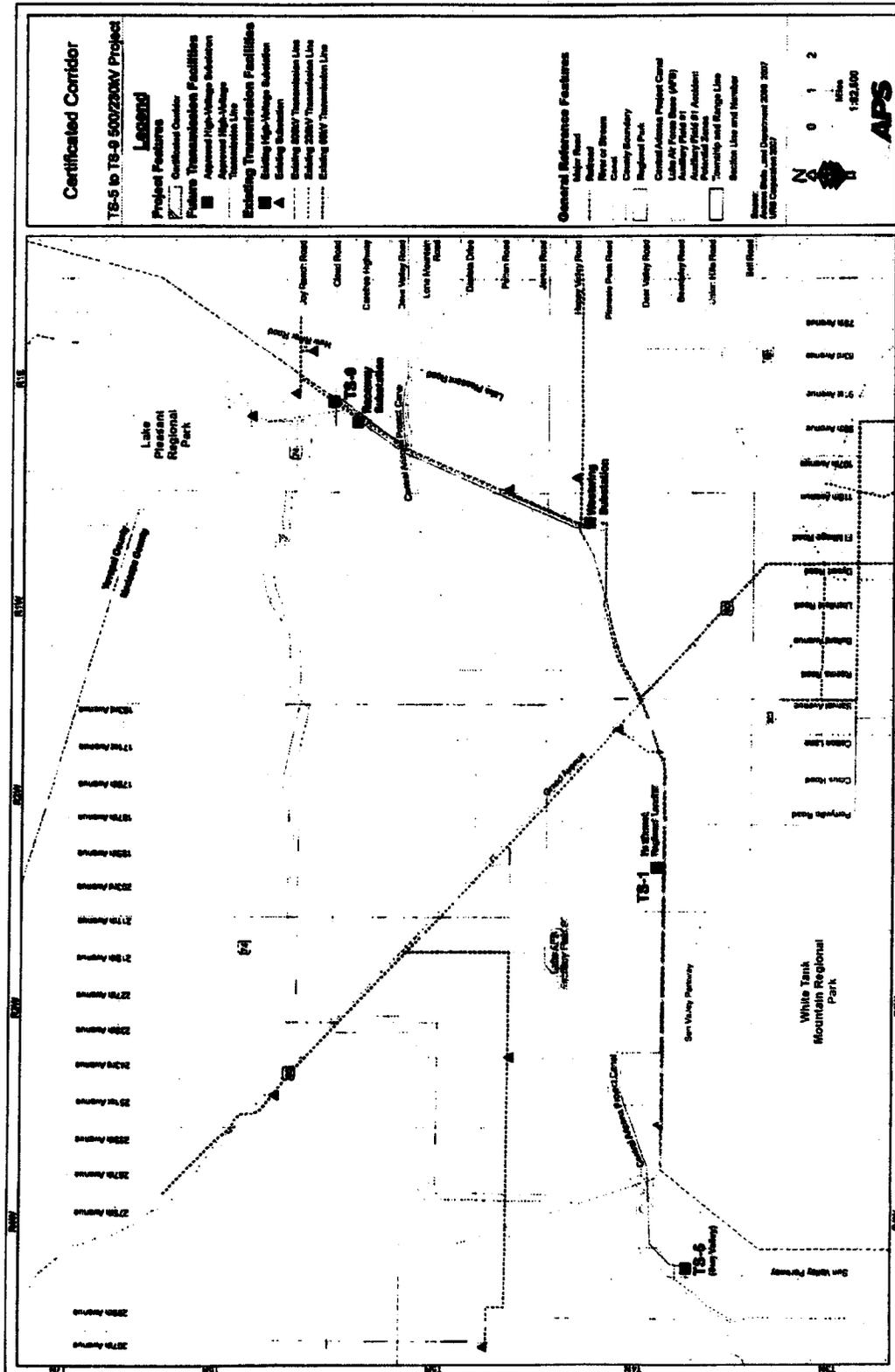


EXHIBIT B

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

AFFIDAVIT OF RICHARD STUHAN

I, Richard Stuhan, being duly sworn under oath, depose and state:

1. I am a Siting Consultant Senior for Arizona Public Service Company ("APS" or "Company").

2. I am personally familiar with the Certificate of Environmental Compatibility issued by the Arizona Corporation Commission ("Commission") on March 17, 2009 for the Morgan (formerly TS9) to Sun Valley (formerly TS5) 500/230kV Transmission Line Project ("CEC 138").

3. CEC 138 authorizes APS to build approximately 39 miles of 500/230kV transmission line originating at the Sun Valley substation (formerly TS5) and terminating at the Morgan substation (the "Project"). When constructed, this 500/230kV transmission line will connect the Sun Valley and Morgan 500kV substations resulting in a continuous 500kV source from the Palo Verde hub to the northeast valley (via the Morgan to Pinnacle Peak transmission line energized in December 2010). This 500kV connection will increase the import capability to the Phoenix metropolitan area, increase the export capability from the Palo Verde hub, and provide additional support and reliability for the entire electrical system.

4. I am personally familiar with the Certificate of Environmental Compatibility issued by the Commission on May 5, 2005 authorizing the Sun Valley and TS2 substations and a double circuit 230kV line originating at the TS2 substation continuing to the Trilby substation (formerly TS1) and terminating at the Sun Valley substation ("CEC 127").

5. I am personally familiar with the Arizona State Land Department's proposed corridor, which includes a three-mile, east-west segment of the corridor between 211th and 235th Avenues on Joy Ranch Road and an associated one-mile, north-

south segment on 211th Avenue ("ASLD Proposed Corridor"). The ASLD Proposed Corridor would satisfy the Project's infrastructure requirements and would represent a negligible increase in the cost of the Project. Along the Cloud Road alignment it is anticipated that the transmission line would be approximately 100 feet north of the private property lines and approximately 200 feet north of occupied structures.

6. I am personally familiar with the proposed changes to CEC 138 on State Trust land, which includes a 0.7-mile section of the corridor between 171st Avenue and 179th Avenue south of State Route 74. (See Attachment 1 for a map that shows the proposed corridor modification.) The widened corridor would allow APS to construct the transmission line in a straight alignment along the southern boundary of Section 26. This would reduce the cost of the Project because the alignment would require fewer transmission structures, fewer turning structures, and the need for less right-of-way for the Project.

7. I am personally familiar with the proposed changes to CEC 138 on State Trust land near the Morgan substation. APS proposes extending the corridor around the Morgan substation for up to 0.8 miles along Cloud Road from the existing Western Area Power Administration 230kV transmission corridor to the eastern section line of Section 33. (See Attachment 2 for a map that shows the proposed corridor modification.) The modified corridor would facilitate entry of the transmission line from the west into the substation, which would support future development of the substation. The modification would allow APS flexibility to design the connection into the substation more efficiently, resulting in smaller right-of-way and reduced number of structures needed. APS has discussed the proposed corridor modification with the Central Arizona Project ("CAP"), the operator of the Waddell Canal. CAP is amenable to the proposed corridor modification.

8. I am personally familiar with the proposed change to CEC 138 at the Sun Valley substation near the CAP Hassayampa Pumping Station. APS proposes a corridor

change that will align the CEC 138 corridor with the corridor certificated for the 230kV transmission line authorized in CEC 127. (See Attachment 3 for a map that shows the proposed corridor modification.) This alignment of corridors will result in the transmission lines in CECs 127 and 138 crossing the canal adjacent to one another, as recommended by CAP. (See Attachment 4, CAP letter to APS dated May 1, 2014.) APS has already secured the necessary easements and right of way to this land for the transmission line in CEC 127.

9. APS applied for right-of-way on federal land to the Bureau of Land Management ("BLM") on April 29, 2009. After completing its comprehensive environmental review, BLM issued its Record of Decision on January 16, 2014, ultimately authorizing the use of BLM land for the Project. APS anticipates that the BLM ROW grant will be complete before the end of 2015. APS delayed pre-construction and construction activities until the federal process was completed. The economic downturn and low load growth over the past few years has postponed the need for the 230kV circuit of the transmission line.

10. APS and ASLD have engaged stakeholders through meetings with the City of Peoria, City of Surprise, and the City of Buckeye. APS will notify landowners and residents within one mile of the Project corridor of the proposed corridor modifications and CEC term extension included in the Company's Application. (See Attachment 5 for property owner notice letter.)

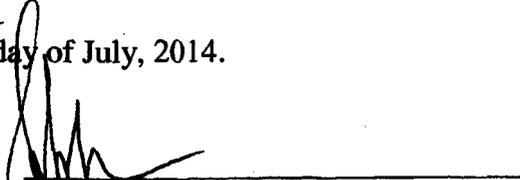
11. Condition 4 of CEC 138 requires APS to "...use commercially reasonable means to directly notify all landowners and residents within one mile of the Project corridor...of the time and place of the proceeding in which the Commission shall consider" a request for an extension of the CEC term. (See Attachment 6 for draft notice APS will use to notify landowners and residents of this request for extension.)

DATED this 15 day of July, 2014.



Richard Stuhan

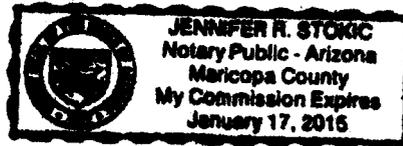
Sworn to and subscribed before me this 15th day of July, 2014.



Notary Public

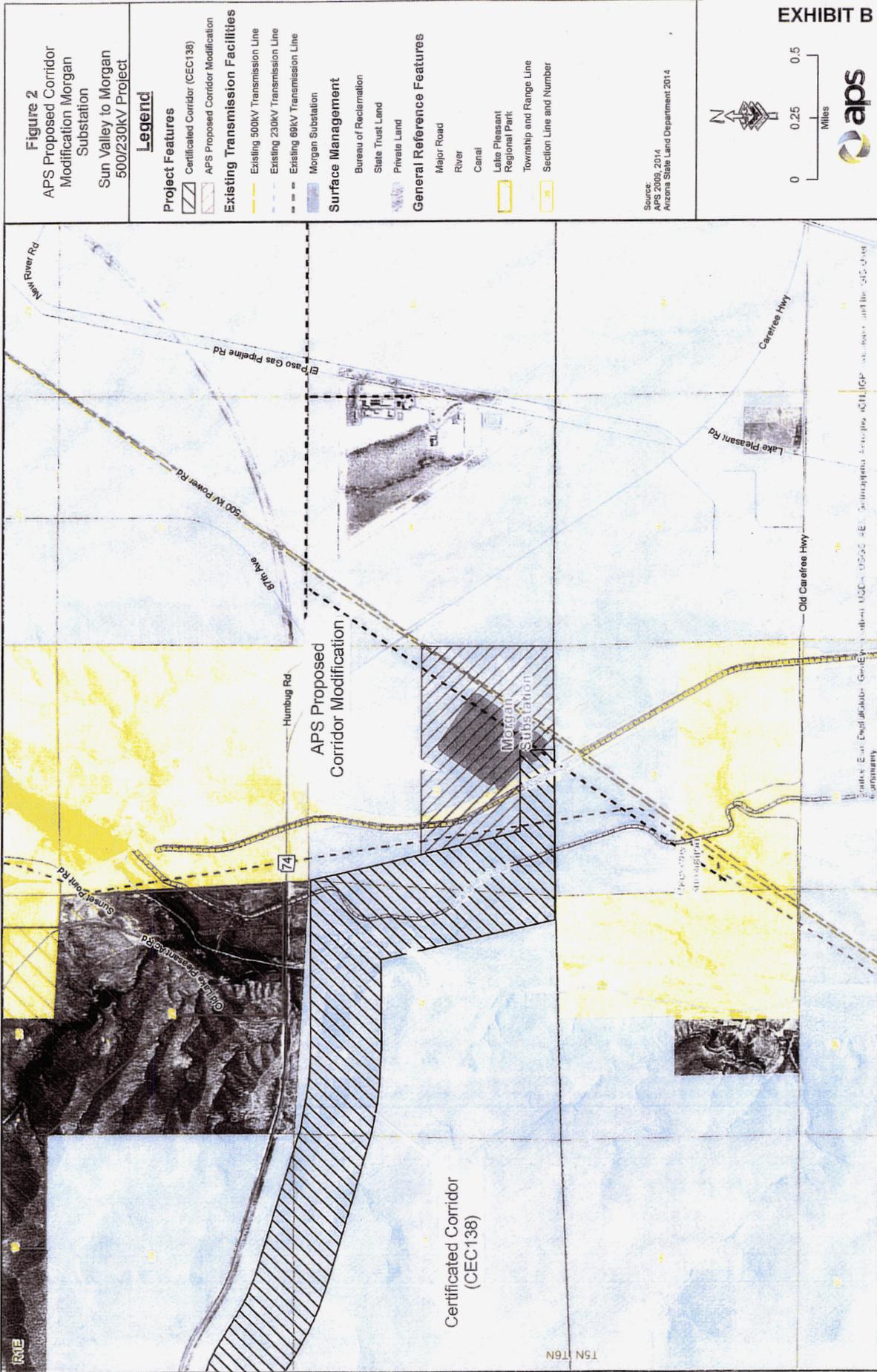
My Commission expires:

1-17-2015



ATTACHMENT 1
to
EXHIBIT B

ATTACHMENT 2
to
EXHIBIT B



ATTACHMENT 3
to
EXHIBIT B



May 1, 2014

Mr. Richard Stuhan
Arizona Public Service Co.
P.O. Box 53999, M.S. 3293
Phoenix, Arizona 85072-3999

RE: SV2M 500/230kV Transmission Line Crossing near the Central Arizona
Project Hassayampa Pump Pumping Plant

Dear Mr. Stuhan:

The Central Arizona Water Conservation District (CAWCD) has reviewed Arizona Public Service Co. (APS) plans regarding the proposed alignment of the SV2M 500/230kV transmission line crossing of the Central Arizona Project (CAP) downstream of the Hassayampa Pumping Plant. Due to safety reasons as it relates to the Operation and Maintenance of the CAP and our security flights, CAWCD recommends that the 500/230kV transmission line cross directly adjacent to and parallel with the proposed SV2T 230kV transmission line that has already been approved near this location. Keeping the lines together will stay consistent with past transmission line construction projects crossing the CAP that involve multiple lines and minimize overall congestion in the area.

If you have any questions, please contact me.

Sincerely,

Tom Fitzgerald

Digitally signed by Tom Fitzgerald
DN: cn=Tom Fitzgerald, o=CAWCD and
Records, email=TomFitzgerald@cawcd.com,
c=AZ
Date: 2014.05.01 16:28:23 -0700

Thomas Fitzgerald
Supervisor, Land and Records

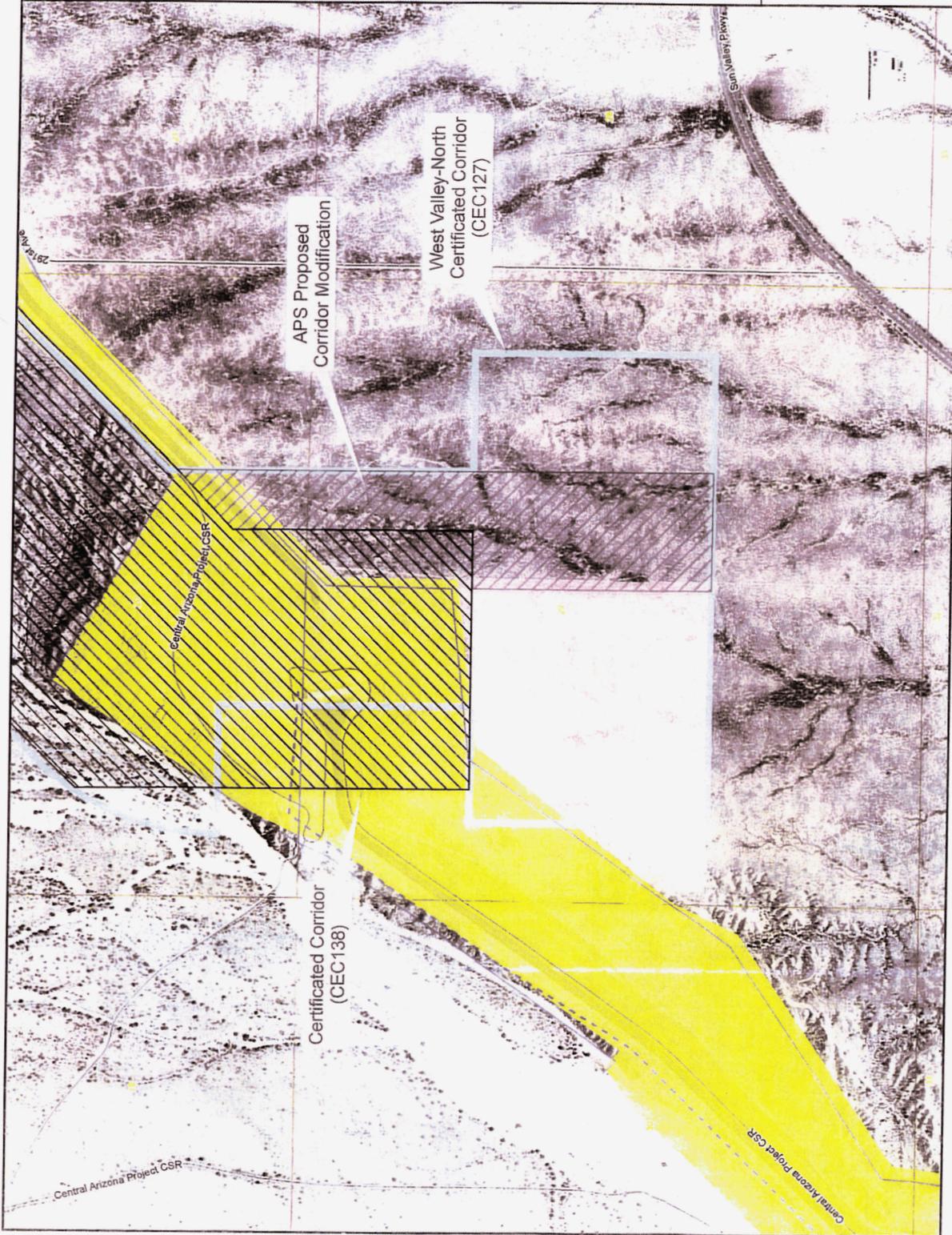
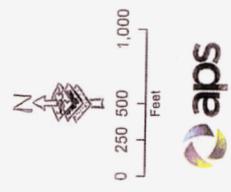
ATTACHMENT 4
to
EXHIBIT B

Figure 4
APS Proposed Corridor
Modification Sun Valley
Substation
Sun Valley to Morgan
500/230kV Project

Legend

- Project Features**
-  Certificated Corridor (CEC138)
 -  APS Proposed Corridor Modification West Valley-North Certificated Corridor (CEC127)
 -  Future Site of Sun Valley Substation
- Existing Transmission Facilities**
-  Existing 230kV Transmission Line
- Surface Management**
-  Bureau of Land Management
 -  Private Land
- General Reference Features**
-  Major Road
 -  River
 -  Central Arizona Project Canal
 -  Section Line and Number

Source:
APS 2009, 2014
Arizona State Land Department 2014



ATTACHMENT 5
to
EXHIBIT B



July 17, 2014

RICHARD STUHAN
Siting Consultant Sr.
Transmission & Facility Siting

P.O. Box 53999
Phoenix, AZ 85072
Mail Station 3293
Tel 602 493 4448

Re: Arizona Public Service (APS) Sun Valley (TS-5) to Morgan (TS-9) 500/230kV
Transmission Line - ASLD Proposed Corridor and APS Proposed Corridor
Modifications

Dear Owner or Resident:

You are receiving this mailing because you live within one mile of APS's future Sun Valley to Morgan Transmission Line Project, which was approved by the Arizona Corporation Commission ("ACC") on March 17, 2009 in Decision No. 70850. The Bureau of Land Management developed an Environmental Impact Statement and completed federal review in January of 2014 also approving the Project. Recently, APS has filed a request to modify portions of the route of this transmission line. This mailing is to provide you with information about the proposed modifications and invite your comments.

Project Description

Approximately 39 miles in length, the Sun Valley to Morgan Transmission Line Project ("Project") will include both single-circuit 500-kilovolt (kV) and single circuit 230-kV transmission lines on the same structures. The 500-kV circuit increases import and export capability from the Palo Verde Hub by 600 megawatts, enough to serve 150,000 residential customers. It improves reliability of the transmission system and will also help mitigate any potential impact of wildfires and other system disturbances. The 230-kV circuit provides for continued growth in the far northwest Valley.

Proposed Project Route Location Modifications

1. 211th Ave to 235th Ave & Cloud Road: In response to a request from the Arizona State Land Department ("ASLD"), APS filed a request with the ACC to amend the Certificate of Environmental Compatibility ("CEC") to relocate four miles of the Certificated Corridor. If approved by the ACC, the relocation would move the corridor between 235th Avenue and 211th Avenue from the Joy Ranch Road alignment to the Cloud Road alignment and move a one mile segment along 235th Avenue between Joy Ranch Road and Cloud Road alignment to 211th Avenue.

The ASLD proposed corridor begins at the intersection of 235th Avenue and Cloud Road, just north of US 60. From that intersection, it would parallel the north side of Cloud Road, east for three miles to the intersection with 211th Avenue. It would then parallel the west side of 211th Avenue for one mile to the north and rejoin the Certificated Corridor (see map).

Both the Certificated Corridor and ASLD proposed corridor are located on land administered by the ASLD.

2. Near 179th Ave and Joy Ranch Road: a modification to add a small area to the corridor so that it would run in a straight alignment with the section line reducing the number of turning structures required for the transmission line.
3. Near the Morgan Substation: a modification to expand the corridor to allow for the flexibility to design a more efficient connection into the Morgan Substation, reducing right-of-way and turning structures.
4. Near the Sun Valley Substation: a modification to expand the corridor to allow for the efficient use of existing rights-of-way by co-locating this Project adjacent to another approved 230kV line.

APS Proposes to Extend Time Limit For CEC

APS also has asked for a term extension of five additional years for the in-service date of the 500-kV circuit to 2021 and eleven additional years for the in-service date of the 230-kV circuit of the transmission line to 2030.

Opportunity to Provide Comment

Please review the changes discussed in this notice, along with the map of the proposed changes, and provide any comments you may have by **Wednesday, August 27th, 2014** through any of the following means:

- Electronic comment form at www.aps.com/siting then click find out more under current siting projects
- Email: sv2m@apsc.com
- Written comments mailed to:
APS Transmission and Facility Siting
P.O. Box 53999, M.S. 3293
Phoenix, AZ 85072-3999

Contact Information

APS is committed to providing information about this project and these proposed modifications. More information about this project can be found at www.aps.com/siting or for questions about this project please contact:

Richard Stuhan
Siting Consultant Senior
602 493 4448
sv2m@apsc.com

Sincerely,



Enclosure

ATTACHMENT 6
to
EXHIBIT B

BEFORE THE ARIZONA CORPORATION COMMISSION
Docket No. L-00000D-08-0330-00138, Case 138
Sun Valley (TS-5) to Morgan (TS-9) 500/230-kV Transmission line

NOTICE OF OPEN MEETING

An Open Meeting will be held by the Arizona Corporation Commission regarding Arizona Public Service Company's (APS) request to extend the term of the Certificate of Environmental Compatibility (CEC) in the above referenced docket. In Decision No. 70850, the Commission granted APS authorization to construct approximately 39 miles of 500/230 kilovolt transmission lines from Buckeye to Lake Pleasant. APS has requested term extensions of five additional years for the in-service date of the 500- kV circuit to 2021 and eleven additional years for the in-service date of the 230kV circuit of the transmission line to 2030. Proposed amendments to the CEC also include:

1. Arizona State Land Department (ASLD) Proposed Corridor Modification (See map on reverse)

At ASLD's request, APS filed an amendment to relocate a four-mile segment of the Certificated Corridor. If approved, the relocation would move the corridor between 211th Avenue and 235th Avenue from the Joy Ranch Road alignment south one mile to the Cloud Road alignment and move a one-mile segment from 235th Avenue to 211th Avenue.

2. APS Proposed Corridor Modifications (See map on reverse):

- *Near 179th Ave and Joy Ranch Road:* a corridor modification on State Trust land to reduce the number of poles required to construct the line, improving aesthetics and slightly reducing environmental impacts
- *Near the Morgan Substation:* a corridor modification to allow for flexibility and a more efficient connection into the Morgan Substation
- *Near the Sun Valley Substation:* a corridor modification for efficient use of existing rights-of-way by paralleling another 230kV line

The Open Meeting will be held at the Arizona Corporation Commission, 1200 West Washington Street, Phoenix, Arizona 85007, Hearing Room __ on _____, 2014 at (insert time).

More information is available at www.aps.com/siting. Questions on the project may be directed to Richard Stuhan, Siting Consultant Senior, APS Transmission and Facility Siting Department at 602-493-4448 or by email at richard.stuhan@aps.com. A copy of the Company's application is available on the internet via the Commission's website at www.azcc.gov using the eDocket function or at the Commission Office.

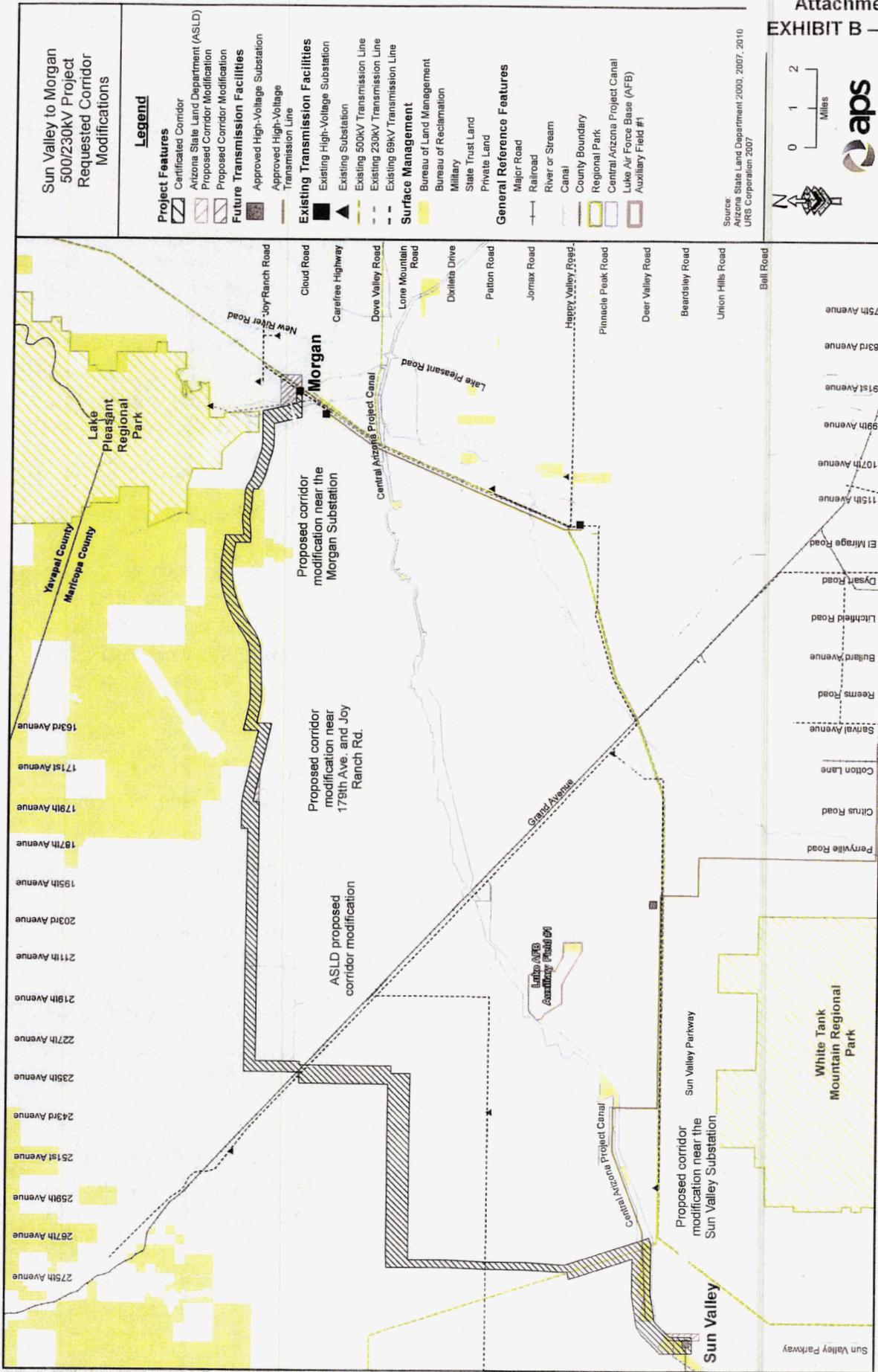
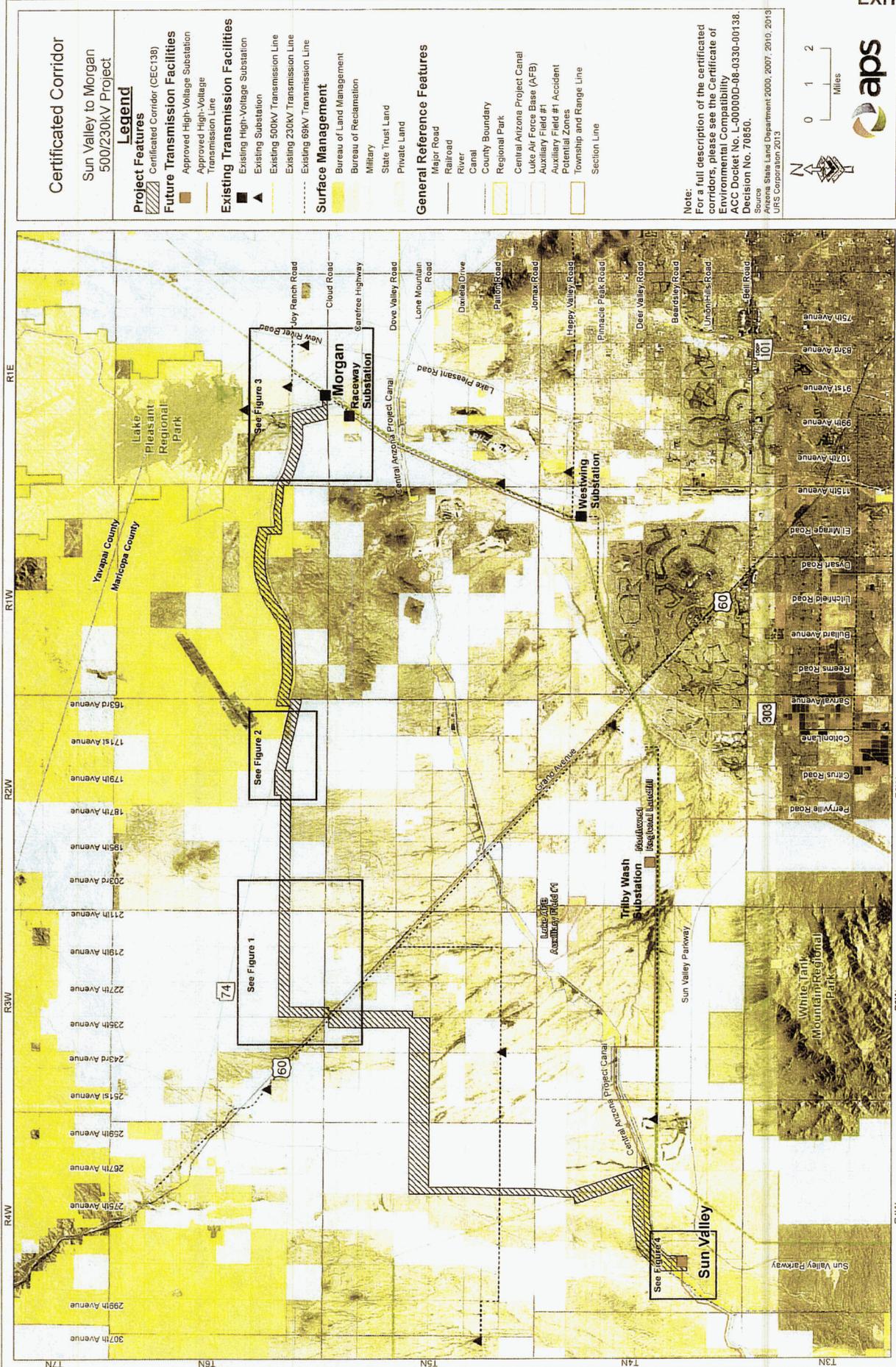


EXHIBIT C



Certificated Corridor

Sun Valley to Morgan
500/230kV Project

Legend

- Project Features**
- Certificated Corridor (CEC-130)
 - Future Transmission Facilities
 - Approved High-Voltage Substation
 - Approved High-Voltage Transmission Line
- Existing Transmission Facilities**
- Existing High-Voltage Substation
 - Existing Substation
 - Existing 500kV Transmission Line
 - Existing 230kV Transmission Line
 - Existing 69kV Transmission Line

Surface Management

- Bureau of Land Management
- Bureau of Reclamation
- Military
- State Trust Land
- Private Land

General Reference Features

- Railroad
- Major Road
- River
- Canal
- County Boundary
- Regional Park
- Central Arizona Project Canal
- Luke Air Force Base (AFB)
- Auxiliary Field #1
- Potential Zones
- Township and Range Line
- Section Line

Note:
For a full description of the certificated corridors, please see the Certificate of Environmental Compatibility ACC Docket No. L-000000-08-0330-00138, Decision No. 70850.
Source: Arizona State Land Department 2000, 2007, 2010, 2013; URS Corporation, 2013



EXHIBIT D

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

AFFIDAVIT OF JENNIFER FROWNFELTER

I, Jennifer L. Frownfelter, being duly sworn under oath, depose and state:

1. I am a Vice President for URS Corporation.
2. I served as project manager for the environmental studies prepared for the Certificate of Environmental Compatibility ("CEC") on behalf of Arizona Public Service Company ("APS") for Case No. 138 ("CEC 138"), the Sun Valley to Morgan 500/230kV Transmission Line Project (formerly TS5 to TS9 500/230kV Transmission Line Project) ("Project").
3. I provided testimony for APS during the Arizona Power Plant and Transmission Line Siting Committee ("Committee") hearings concerning the environmental compatibility of the Project.
4. I prepared this affidavit in support of APS's *Application to Amend Arizona Corporation Commission Decision No. 70850*.
5. I am personally familiar with the Project's CEC as well as the proposed changes to modify the certificated corridor in the four specific areas described in APS's application.
6. I directed the environmental studies conducted for the Project's CEC application and have directed the environmental analyses conducted to determine the environmental effects associated with the proposed modifications. The environmental analyses associated with the proposed modifications included reviews of aerial photography, maps, photographic simulations, prior studies and field surveys, and jurisdictional plans for each area. The environmental impacts resulting from the proposed modifications would be similar to impacts contemplated and approved in CEC 138, as described below by requested modification area.

7. **Move a one-mile, north-south section of the corridor to 211th Avenue from 235th Avenue and a three-mile, east-west section of the corridor between 211th Avenue and 235th Avenue south one mile so it runs along the southern border of the ASLD parcel rather than through the middle.**

The connection between the intersection of 235th Avenue and Cloud Road with the intersection of 211th Avenue and Joy Ranch Road, which has been requested by the Arizona State Land Department ("ASLD"), includes relocating approximately four miles of the certificated corridor, with the resultant corridor remaining on undeveloped State Trust land. The area is unincorporated Maricopa County, within the planning area for the City of Surprise. There are no existing developed land uses in the certificated corridor or ASLD-proposed corridor. Future land use has been planned as rural residential according to the Surprise General Plan 2035; no specific development plans have been identified in the area encompassed by both corridors. No developed recreational uses are present; however, a "local trail" has been planned along 211th Avenue based on the Surprise Parks and Trails Master Plan (October 2008). Recreational opportunities could be affected, though the transmission line along 211th Avenue also could provide an opportunity for provision of the local trail. Therefore, similar, minimal, impacts on land uses and recreational opportunities would result from either corridor alignment.

The north-south segment of the certificated corridor along 235th Avenue and proximate to the existing private airstrip and residences of Thunder Ridge Airpark would be eliminated, reducing visual impacts on existing residential viewers at Thunder Ridge from high to moderate or low-moderate levels¹ (five residences are located approximately 0.25 miles west of the western edge of the corridor). The east-west segment of the certificated corridor along the Joy Ranch Road alignment (following along the north side of section lines) also would be eliminated;

¹ Impact assessment criteria to assign high, moderate-high, moderate, low-moderate, or low ratings derived from CEC application, APS Exhibit B-1, Docket No. L-00000D-08-03300-0138.

however, no additional existing developed uses are present within the certificated corridor or within 0.25 mile. The east-west segment of the ASLD-proposed corridor along Cloud Road would be proximate to existing residential uses just south of Cloud Road near 211th Avenue (13 residences within 500 feet), generating high visual impacts on residential viewers based on the addition of dominant structures into their relatively open views to the north. The north-south segment of the ASLD-proposed corridor along 211th Avenue would be added, where two existing residences and a communications tower are located within 0.25 mile (east of 211th Avenue in Section 31, T6N, R2W). Therefore, high visual impacts would shift from the Thunder Ridge residential area to the residential areas along Cloud Road and 211th Avenue. Biological resources along the certificated and the ASLD-proposed corridors are similar in vegetation and wildlife habitat value; therefore, no *additional* impacts on biological resources would be anticipated as a result of selecting the ASLD-proposed corridor in this area.

Cultural resources along the certificated corridor and the ASLD-proposed corridor are anticipated to be similar in nature. Four sites, scatters of historic trash, were discovered during the pedestrian survey of a potential right-of-way within the certificated corridor. These sites were determined ineligible for the National Register of Historic Places and do not warrant preservation. Though the ASLD-proposed corridor has not been similarly surveyed, the results of nearby cultural resource surveys indicate the area has low cultural resource sensitivity with little potential for unrecorded archaeological or historical sites that would be eligible for the National Register of Historic Places. Therefore, no *additional* impacts on cultural resources would be anticipated as a result of selecting the ASLD-proposed corridor in this area.

8. Expand the corridor between 171st Avenue and 179th Avenue (south of State Route 74) so corridor runs in straight alignment with section line.

The corridor expansion requested near 179th Avenue, just south of State Route 74, in Section 26, T6N, R2W, includes State Trust land administered by ASLD. This proposed corridor

expansion area is within the City of Peoria. There are no existing developed land uses in the proposed corridor expansion area. Future land use has been planned as low density residential according to the Peoria General Plan (2012). The expanded corridor in this location would allow APS to construct the transmission line with a straight alignment along the southern boundary of Section 26, potentially resulting in fewer transmission structures, fewer turning structures, and the need for less right-of-way for the Project. Therefore, the proposed corridor expansion would allow for a minimal, and beneficial, impact on future land uses. Visual impacts, while remaining high due to proximity of sensitive viewers along SR 74, also would be slightly reduced due to the potential reduction in the number of total structures, as well as turning structures.

Biological resources within the expansion area are similar in vegetation and wildlife habitat value to those resources within the adjacent and certificated corridor. Expansion of the corridor in this area could provide a straight alignment for construction and potentially lessen physical disturbance. Cultural resource surveys of this area were conducted in 1988 and no sites were found. Therefore, no *additional* impacts on biological or cultural resources would be anticipated as a result of expanding the corridor in this area.

9. Modify the corridor near the Morgan Substation to allow APS flexibility to design the connection into the substation in a more efficient manner.

The corridor expansion requested near the Morgan Substation, which encompasses a majority of the south half of Section 33, T6N, R1E, include State Trust land administered by ASLD, as well as federal land administered by the Bureau of Reclamation (along the Waddell Canal). This proposed corridor expansion area is within the City of Peoria. Existing developed land uses in the proposed corridor expansion area include the Waddell Canal and Morgan Substation. Future land use has been planned as mixed-use/low-density residential, with some medium-density residential, and open space – though all of these future uses have been overlaid

with a utility corridor within the Peoria General Plan (2012). The expanded corridor in this location would allow APS to more efficiently design and construct the transmission line allowing flexibility for crossing both the Beardsley and Waddell canals and the transmission line connecting into the Morgan Substation. These design considerations could potentially result in fewer transmission structures, fewer turning structures, and the need for less right-of-way for the Project – factors that may reduce ground disturbance and associated environmental impacts. Given the existing and planned uses, including the electrical infrastructure in the area, the proposed corridor expansion for this Project would have negligible *additional* impacts on existing and future land uses, and could potentially have a minimal, beneficial impact on future land uses. For reasons similar to those for impacts on land uses, negligible *additional* impacts on visual resources would occur as a result of the proposed corridor expansion for this Project in this area. Impacts on visual resources would remain moderate, similar to those already contemplated and approved, due to proximity of sensitive viewers along SR 74 and the introduction of another series of transmission structures.

Biological resources within the expansion area near Morgan Substation are similar in vegetation and wildlife habitat value to those resources within the adjacent certificated corridor. Expansion of the corridor in this area could provide opportunities to lessen disturbance by routing the transmission line into the substation farther north than would be possible with the presently approved corridor. This could reduce impacts on biological resources. Cultural resources in the area include one archaeological site that was previously recorded, but it was recommended ineligible for the National Register of Historic Places. Supplemental pedestrian survey west of Morgan Substation discovered no other archaeological or historical sites. The area east of Morgan substation has not been intensively surveyed for cultural resources, but that area is unlikely to be disturbed and nearby surveys indicates the area has low cultural resource

sensitivity. Therefore, no *additional* impacts on biological or cultural resources would be anticipated as a result of expanding the corridor in this area.

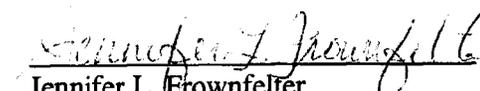
10. Expand the corridor near the Sun Valley Substation so the 500kV and 230kV transmission lines cross the CAP canal directly adjacent to and parallel with the transmission lines authorized in CEC 127.

The corridor expansion requested near the future Sun Valley Substation, which encompasses a small portion of Sections 20 and 29, T4N, R4W, includes private land where APS already has acquired land rights in association with the West Valley-North 230/69kV Transmission Line Project (Case No. 127, Decision No. 67828, collectively "CEC 127"). This proposed corridor expansion area is within the City of Buckeye. There are no existing developed land uses in the proposed corridor expansion area. Future land use will be developed in accordance with a Community Master Plan for Festival Ranch; however, this specific area already has been partially encumbered with an easement for the West Valley-North 230/69kV Transmission Line, and that transmission line will be a future use in the area. Expansion of the corridor would provide the opportunity to locate the Sun Valley to Morgan 500/230kV Transmission Line right-of-way adjacent to the right-of-way for the West Valley-North 230/69kV Transmission Line. Therefore, the proposed corridor expansion would allow for a minimal, and beneficial, impact on future land uses. Visual impacts would remain low-moderate, similar to those already contemplated and approved, due to the lack of sensitive viewers in the area.

Biological resources within the expansion area are similar in vegetation and wildlife habitat value to those resources within the adjacent certificated corridor. Cultural resource surveys of this area were conducted in 2003 and 2004 and no sites were found. Consolidating rights-of-way could reduce disturbance overall; therefore, no *additional* impacts on biological or cultural resources would be anticipated as a result of expanding the corridor in this area.

11. It is my expert opinion that the proposed modifications to CEC 138 corridors would be environmentally compatible.

DATED this 16 day of July, 2014.


Jennifer L. Frownfelter

Sworn to and subscribed before me this 16th day of July, 2014.


Notary Public

My Commission expires:

Dec. 12, 2014



EXHIBIT E

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 BOB STUMP, Chairman

4 GARY PIERCE

5 BRENDA BURNS

6 ROBERT L. BURNS

7 SUSAN BITTER SMITH

8 IN THE MATTER OF THE APPLICATION
9 OF ARIZONA PUBLIC SERVICE
10 COMPANY, PURSUANT TO ARIZONA
11 REVISED STATUTE § 40-252, FOR AN
12 AMENDMENT OF ARIZONA
13 CORPORATION COMMISSION
14 DECISION NO. 70850.

Docket No. L-00000D-08-0330-00138

AFFIDAVIT OF JAMES L. ADAMS

15 **JAMES L. ADAMS**, on his oath, deposes and states:

16 1. I submit this affidavit in support of Arizona Public Service Company's
17 ("APS") Application to Amend Arizona Corporation Commission Decision No. 70850 Re
18 CEC 138 and Request for Extension of CEC Term (the "Application").

19 2. I am the Arizona Deputy State Land Commissioner, and have been since
20 July 2013. I assist in the management of all responsibilities of the Arizona State Land
21 Department ("ASLD"), including the planning and disposition of interests in State Trust
22 land.

23 3. Previously, I had been Director of Real Estate at ASLD since 2003. In that
24 position, I oversaw planning, engineering, and disposition of State Trust land.

25 4. ASLD manages approximately 9.2 million acres of State Trust land within
26 Arizona. ASLD and the State Land Commissioner have a fiduciary obligation to manage
the State Trust land for the benefit of the 13 beneficiary public purposes set out in the
Arizona Enabling Act, primarily public education. Pursuant to the Enabling Act, the

1 Arizona Constitution and state statute, the Commissioner has an affirmative duty both to
2 preserve the value of the Trust land and to make the Trust land productive to provide
3 revenue to the beneficiaries. All uses and dispositions of State Trust land must benefit the
4 Trust.

5 5. The Certificate of Environmental Compatibility approved by Arizona
6 Corporation Commission Decision 70850 (the "CEC") authorizes 39 miles of
7 transmission line, which requires a right-of-way 200 feet in width. The majority of that
8 approved transmission line, approximately 23 miles, is located on State Trust land.

9 6. In the Application, as requested by ASLD, APS requests the re-routing of
10 four miles of the transmission line corridor. The alignment approved in the CEC proceeds
11 from the corner of Joy Ranch Road and 211th Avenue west along Joy Ranch Road for
12 three miles and then south along 235th Avenue for one mile. The amended alignment
13 would instead proceed south on 211th Avenue for one mile and then west along Cloud
14 Road for three miles. (See map, Attachment 1.)

15 7. The amended corridor would be the same distance, four miles, and width,
16 1,500 feet. The corridor also would continue to be located entirely on State Trust land,
17 but in a manner that will better preserve value for the Trust's beneficiaries. Amending the
18 corridor would preserve a larger, uninterrupted parcel of Trust land to the south of State
19 Route 74, which would be more suitable for master planning. The approved corridor
20 currently bisects the Trust land at Joy Ranch Road and would severely compromise
21 ASLD's ability to include that southern three square mile parcel within a master plan.

22 8. Master Planning allows landowners and communities to design cohesive
23 spaces that function well within the context of the surrounding area. It helps achieve a
24 balance of uses and services both spatially and temporally. Large-scale infrastructure
25 systems can be located and delivered in phases to supply appropriate levels of services in
26 an efficient manner.

1 9. Large, contiguous blocks of land provide an optimal situation for master
2 planning to occur. The absence of fragmentation allows for the highest level of flexibility
3 in arranging compatible land uses, services, and community amenities, because of the
4 ability to control uses and the timing of development and the ability to include a wider
5 range of compatible uses. Thus, amending the CEC to preserve ASLD's ability to master
6 plan the large, contiguous block of State Trust land north of Cloud Road benefits the
7 Trust.

8 10. In addition, the Transportation Section of the City of Surprise 2035 General
9 Plan designates the Black Mountain / Cloud Road alignment, not Joy Ranch Road, as an
10 arterial road, which will serve as the east/west transportation corridor. Linear features
11 such as arterial roads and transmission lines are commonly co-located, limiting
12 fragmentation of parcels and providing for larger tracts of land for master planning.
13 Locating the transmission line along the section line in this location will provide for
14 greater opportunities to enhance value for the Trust beneficiaries.

15 11. The amended corridor along Cloud Road had been studied by APS as a
16 preliminary route during scoping, but was not an alternative brought to the Line Siting
17 Committee. During the hearings, ASLD did not argue for this amended corridor segment
18 because ASLD supported other alternative routes which would have far better preserved
19 the Trust's interests and reduced future impacts to Trust land.

20 12. In addition, ASLD supports APS's request to expand the certificated
21 corridor on State Trust land between 171st Avenue and 179th Avenue so that the
22 transmission line can run in a straight alignment. The proposed expanded corridor would
23 reduce burden on the State Trust land by not bifurcating another parcel of State Trust land
24 and by reducing the number of transmission structures on the State Trust parcel.

25 13. In addition, ASLD supports APS's request to expand the certificated
26 corridor on State Trust land near the Morgan substation. The proposed expanded corridor

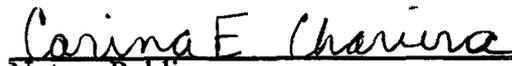
1 would allow APS to more efficiently design the connection into the substation, resulting
2 in a smaller right-of-way with fewer transmission structures, and therefore less
3 disturbance on State Trust land.

4 14. ASLD supports APS's request to extend the term of the CEC.
5 FURTHER AFFIANT SAYETH NOT.
6

7 
8 JAMES L. ADAMS

9 STATE OF ARIZONA)
10 County of Maricopa)ss.
11)

12
13 SUBSCRIBED AND SWORN TO before me this 11th day of July, 2014, by
14 JAMES L. ADAMS.

15
16 
17 Carina E. Chavira
Notary Public

18 My Commission Expires:

19
20 Sept. 25, 2014



ATTACHMENT 1
to
EXHIBIT E

EXHIBIT F

BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

MAY 12 2005

DOCKETED

MAY 05 2005

COMMISSIONERS

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

| | |
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| DOCKETED BY | NR |
|-------------|----|

IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY IN CONFORMANCE WITH THE REQUIREMENTS OF ARIZONA REVISED STATUTES SECTION 40-360, et seq., FOR A CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY AUTHORIZING THE WEST VALLEY NORTH 230KV TRANSMISSION LINE PROJECT, INCLUDING THE CONSTRUCTION OF APPROXIMATELY 25 MILES OF 230KV TRANSMISSION LINES AND TWO SUBSTATIONS IN MARICOPA COUNTY, ARIZONA, ORIGINATING AT THE TS2 SUBSTATION IN SECTION 25 TOWNSHIP 3 NORTH, RANGE 2 WEST, G&SRB&M AND CONTINUING TO THE PROPOSED TS1 SUBSTATION IN SECTION 20, TOWNSHIP 4 NORTH, RANGE 2 WEST, G&SRB&M AND TERMINATING AT THE PROPOSED TS5 SUBSTATION IN SECTION 29, TOWNSHIP 4 NORTH, RANGE 4 WEST, G&SRB&M

Docket No. L-00000D-04-0127

Case No. 127

DECISION NO. 67828

The Arizona Corporation Commission ("Commission") has conducted its review, pursuant to A.R.S. § 40-360.07. The Commission finds and concludes that the Certificate of Environmental Compatibility ("CEC") issued by the Arizona Power Plant and Transmission Line Siting Committee ("Committee") is hereby granted by this Order.

1 The Commission further finds and concludes that: (1) the Project is in the public interest
2 because it aids the state in meeting the need for an adequate, economical and reliable supply of
3 electric power; (2) in balancing the need for the Project with its effect on the environment and
4 ecology of the state, the conditions placed on the CEC by the Committee effectively minimize its
5 impact on the environment and ecology of the state; (3) the conditions placed on the CEC by the
6 Committee resolve matters concerning the need for the Project and its impact on the environment and
7 ecology of the state raised during the course of proceedings, and as such, serve as the findings on the
8 matters raised; and (4) in light of these conditions, the balancing in the broad public interest results in
9 favor of granting the CEC.

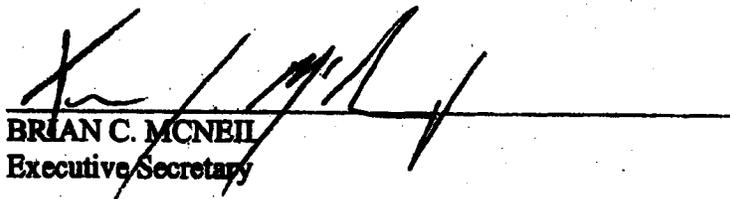
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1 **THE CEC ISSUED BY THE SITING COMMITTEE IS**
2 **INCORPORATED HEREIN AND IS APPROVED BY ORDER OF THE**
3 **ARIZONA CORPORATION COMMISSION**
4

5   
6 _____
7 CHAIRMAN COMMISSIONER COMMISSIONER

8
9  
10 _____
11 COMMISSIONER COMMISSIONER

12 IN WITNESS WHEREOF, I BRIAN C. MCNEIL, Executive
13 Secretary of the Arizona Corporation Commission, have
14 hereunto, set my hand and caused the official seal of this
15 Commission to be affixed at the Capitol, in the City of Phoenix,
16 this 5th day of May,
17 2005.

18 
19 _____
20 BRIAN C. MCNEIL
21 Executive Secretary

22 DISSENT: _____

23 DISSENT: _____

**BEFORE THE ARIZONA POWER PLANT AND
TRANSMISSION LINE SITING COMMITTEE**

IN THE MATTER OF THE APPLICATION
OF ARIZONA PUBLIC SERVICE
COMPANY IN CONFORMANCE WITH
THE REQUIREMENTS OF ARIZONA
REVISED STATUTES SECTION 40-360,
et seq., FOR A CERTIFICATE OF
ENVIRONMENTAL COMPATIBILITY
AUTHORIZING THE WEST VALLEY
NORTH 230KV TRANSMISSION LINE
PROJECT, INCLUDING THE
CONSTRUCTION OF APPROXIMATELY
25 MILES OF 230KV TRANSMISSION
LINES AND TWO SUBSTATIONS IN
MARICOPA COUNTY, ARIZONA,
ORIGINATING AT THE TS2
SUBSTATION IN SECTION 25 TOWNSHIP
3 NORTH, RANGE 2 WEST, G&SRB&M
AND CONTINUING TO THE PROPOSED
TS1 SUBSTATION IN SECTION 20,
TOWNSHIP 4 NORTH, RANGE 2 WEST,
G&SRB&M AND TERMINATING AT THE
PROPOSED TS5 SUBSTATION IN
SECTION 29, TOWNSHIP 4 NORTH,
RANGE 4 WEST, G&SRB&M

Docket No. L00000D-04-0127

Case No. 127

Decision No. 67828

CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY

Pursuant to notice given as provided by law, the Arizona Power Plant and Transmission Line Siting Committee (the "Committee") held public hearings on January 24 and 25, February 28 and March 1, 2005, all in conformance with the requirements of Arizona Revised Statutes § 40-360, et seq., for the purpose of receiving evidence and deliberating on the Application of Arizona Public Service Company ("Applicant") for a Certificate of Environmental Compatibility in the above-captioned case. A route tour was conducted on February 22, 2005.

1 The following members and designees of members of the Committee were present
2 at one or more of the hearings for the evidentiary presentations and/or for the
3 deliberations:

| | | |
|----|-------------------|---|
| 4 | Laurie Woodall | Chairman, Designee for Arizona Attorney General, Terry Goddard |
| 5 | | |
| 6 | Ray Williamson | Designee for Chairman, Arizona Corporation Commission |
| 7 | Paul Rasmussen | Designee for Director, Arizona Department of Environmental Quality |
| 8 | | |
| 9 | Mark McWhirter | Designee for Director, Energy Department, Arizona Department of Commerce |
| 10 | Greg Houtz | Designee Director, Arizona Department of Water Resources |
| 11 | Sandie Smith | Appointed Member |
| 12 | Jeff McGuire | Appointed Member |
| 13 | Margaret Trujillo | Appointed Member |
| 14 | A. Wayne Smith | Appointed Member |
| 15 | Michael Whalen | Appointed Member |
| 16 | Michael Palmer | Appointed Member |
| 17 | | |

18 The Applicant was represented by Thomas H. Campbell and Carol S. Comer of
19 Lewis and Roca LLP. The following parties were granted intervention pursuant to A.R.S.
20 § 40-360.05: Arizona Corporation Commission Staff, represented by Lisa Vandenberg and
21 Diane Targovnik; Pulte Homes, represented by C. Webb Crockett of Fennemore Craig;
22 Suburban Land Reserve, Inc., Property Reserve Arizona, LLC and Fulton Homes, Inc.,
23 represented by Richard R. Thomas of Beus Gilbert PLLC; 10,000 West LLC and Stardust
24 Development, Inc., represented by Lynne A. Lagarde of Earl Curley & Lagarde; South
25 Side of Olive Avenue Property Owners and Hogan, Parker, Ivan and McDuff, LLC,
26 represented by Court S. Rich of Rose Law Group, P.C.; Maricopa Water District,

1 represented by John R. Dacey of Gammage & Burnham; and propria persona, Walter W.
2 Meek.

3 At the conclusion of the hearings, the Committee, having received the Application,
4 the appearances of the parties, the evidence, testimony and exhibits presented at the
5 hearings, and being advised of the legal requirements of Arizona Revised Statutes §§ 40-
6 360 to 40-360.13, upon motion duly made and seconded, voted unanimously to grant the
7 Applicant a Certificate of Environmental Compatibility (Case No. 127) for authority to
8 construct the following facilities as requested in the Application: a double circuit 230kV
9 transmission line with a 69kV underbuild within a corridor as indicated below, two
10 substations and related facilities.

11 The West Valley – North transmission line route (depicted on Exhibit A (attached))
12 will begin at the TS2 substation site located on the northwest corner of Loop 303 and
13 Olive Avenue in Section 25, Township 3 North, Range 2 West (certificated in West
14 Valley-South, Case 122). From there, the transmission line will extend north along the
15 west side of Loop 303 within a 1500 foot corridor west of the centerline of Loop 303 and
16 as close to Loop 303 as the City of Surprise, Maricopa County and the Arizona
17 Department of Transportation will allow (and is technically feasible) to Cactus Road in
18 Section 13, Township 3 North, Range 2 West. The line will then continue west along the
19 north side of Cactus Road within a 1000 foot corridor from the centerline of Cactus and as
20 close to Cactus Road as the City of Surprise will allow (and is technically feasible) to 0.5
21 mile east of the 195th Avenue/Jackrabbit Trail alignment. The line will then extend north
22 along the mid-section line between Perryville Road and the 195th Avenue/Jackrabbit Trail
23 alignment in Section 16, Township 3 North, Range 2 West within a 4000 foot corridor
24 (1,000 feet east and 3,000 feet west of the mid-section line), continue to the mid-section
25 line 0.5 mile north of Union Hills Drive in Section 28, Township 4 North, Range 2 West,
26 and then turn west along the mid-section line between Union Hills Drive and Beardsley

1 Road within a 4000 foot corridor (2,000 feet north and 2,000 feet south of the mid-section
2 line) to a point 0.5 mile west of the 195th Avenue/Jackrabbit Trail alignment in Section 29,
3 Township 4 North, Range 2 West. The line will then extend north along the mid-section
4 line of Section 20, Township 4 North, Range 2 West within a 4000 foot corridor (1,000
5 feet east and 3,000 feet west of the mid-section line) into the proposed TS1 230 kV/69 kV
6 substation after crossing under the existing 500kV transmission lines. The proposed TS1
7 substation would include up to 10 acres of land located in the SE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of
8 Section 20, Township 4 North, Range 2 West, approximately at the half-section line north
9 of Beardsley Road. The line will continue west out of the proposed TS1 substation along
10 the north side of the existing 500kV transmission line corridor, to 243rd Avenue within a
11 1000 foot corridor from the north boundary of the existing transmission line corridor right
12 of way, turn north on 243rd Avenue, which is the section line between Sections 20 and 21,
13 Township 4 North, Range 3 West within a 1000 foot corridor (500 feet on either side of
14 the 243rd Avenue centerline), and then cross the CAP Canal on the section line between
15 Sections 16 and 17, Township 4 North, Range 3 West. The line will extend west generally
16 paralleling the CAP Canal on the north side of the Canal within a 2500 foot corridor from
17 the fence-line of the Canal until, approximately, the mid-section of Section 20, Township
18 4 North, Range 4 West where the line will cross to the south side of the CAP Canal. The
19 line will continue south on the mid-section line of Sections 20 and 29 (291st Avenue
20 alignment), Township 4 North, Range 4 West within a 2000 foot corridor (a 1000 foot
21 corridor on either side of the 291st Avenue alignment), and then into the proposed TS5
22 500kV/230kV/69kV substation located in Section 29, Township 4 North, Range 4 West,
23 within the 4000 foot corridor described in the notice of hearing published on November
24 30, 2004 in the *Arizona Republic* newspaper.

25 The Project shall be constructed with double circuit monopoles from the TS2
26 substation site to the TS1 substation and from the existing 500kV transmission line

Decision No. 67828

1 corridor at 243rd Avenue to the proposed TS5 substation site. Double circuit 69kV may be
2 constructed on monopoles in all sections where monopoles are placed.

3 The Project shall be constructed with double circuit lattice towers west out of the
4 TS1 substation until the line turns north from the existing 500 kV transmission line
5 corridor at 243rd Avenue.

6 This Certificate is granted upon the following conditions:

- 7 1. The Applicant shall obtain all required approvals and permits
8 necessary to construct the Project.
- 9 2. The Applicant shall comply with all existing applicable air and water
10 pollution control standards and regulations, and with all existing
11 applicable ordinances, master plans and regulations of the State of
12 Arizona, the County of Maricopa, the United States, and any other
13 governmental entities having jurisdiction.
- 14 3. This authorization to construct the Project shall expire 10 years from
15 the date the Certificate is approved by the Arizona Corporation
16 Commission unless construction is completed to the point that the
17 Project is capable of operating by that time; provided, however, that
18 the authorization to construct the second circuit of the Project shall
19 expire 20 years from the date of this Certificate; provided however
20 that prior to either such expiration the Applicant or its assignees may
21 request that the Commission extend this time limitation.
- 22 4. The Applicant shall make every reasonable effort to identify and
23 correct, on a case-specific basis, all complaints of interference with
24 radio or television signals from operation of the transmission line and
25 related facilities addressed in this Certificate. The Applicant shall
26 maintain written records for a period of five years of all complaints of

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1 radio or television interference attributable to operation, together with
2 the corrective action taken in response to each complaint. All
3 complaints shall be recorded to include notations on the corrective
4 action taken. Complaints not leading to a specific action or for which
5 there was no resolution shall be noted and explained. The record shall
6 be signed by the Applicant and also the complainant, if possible, to
7 indicate concurrence with the corrective action or agreement with the
8 justification for a lack of action.

9 5. The Project shall comply with applicable noise guidelines of the
10 federal Department of Housing and Urban Development and the
11 Environmental Protection Agency.

12 6. Applicant shall maintain a setback distance of 100 feet from the toe of
13 McMicken Dam for any lattice tower or monopole structure related to
14 the Project.

15 7. The Applicant has consulted with the State Historic Preservation
16 Office ("SHPO") and by letter dated January 6, 2005, SHPO
17 determined that the Beardsley Canal (AZ T:6:5 ASTM) is eligible for
18 inclusion in the State Register of Historic Places. In order to
19 minimize impacts to properties considered eligible for inclusion in the
20 State and National Register of Historic Places to the extent possible,
21 the Applicant shall comply with SHPO's recommendations in the
22 January 6, 2005 letter, including the recommendation that the Project
23 span Beardsley Canal. A copy of this letter is Attachment B.

24 8. If human remains and/or funerary objects are encountered during the
25 course of any ground disturbing activities relating to the development
26 of the subject property, Applicant shall cease work on the affected

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1 area of the Project and notify the Director of the Arizona State
2 Museum in accordance with A.R.S. § 41-865.

3 9. Applicant shall consult an archeologist during construction activities
4 in applicable areas, as determined by SHPO, to advise them in
5 connection with any additional archeological studies that may be
6 required and any mitigation efforts for archeological sites that may be
7 affected by the construction of the Project.

8 10. After construction, the Applicant, in conjunction with any applicable
9 land managing agency, shall allow Arizona Site Stewards, a
10 volunteer-staffed SHPO program, to periodically inspect
11 archeological sites within the corridor for vandalism or other damage.

12 11. The Applicant shall follow the Arizona State Land Department's
13 instructions, if any, regarding the treatment of State Register of
14 Historic Places-eligible properties situated on Arizona State Land
15 Department land in consultation with SHPO.

16 12. In consultation with SHPO and the land-managing agency, the
17 Applicant will consider and assess potential direct and indirect
18 impacts to eligible properties related to new access roads or any
19 existing access roads that require blading.

20 13. Where practicable, the Applicant shall use existing roads for
21 construction and access. The Applicant shall minimize vegetation
22 disturbance outside of the power-line right of way, particularly in
23 drainage channels and along stream banks, and shall re-vegetate
24 native areas of construction disturbance outside of the power-line
25 right of way after construction has been completed.
26

Decision No. 67828

1 14. The Applicant shall use non-specular conductor and dulled surfaces
2 for transmission line structures.

3 15. Within 45 days of securing easement or right of way for the Project,
4 the Applicant shall erect and maintain signs providing public notice
5 that the property is the site of a future transmission line or substation
6 site. Such signage shall be no smaller than a normal roadway sign
7 printed on materials of a color designed to attract attention. The
8 Applicant shall place signs such that the public is notified along the
9 full length of the transmission line until the transmission structures
10 are constructed. There must also be signs at the location of the
11 proposed substations. The signs shall advise:

- 12 ● that the site has been approved for the construction of Project
13 facilities including a 230 kV transmission line, as applicable to the
14 individual site;
- 15 ● the size and location of the respective substations;
- 16 ● the expected date of completion of the Project facilities;
- 17 ● a phone number for public information regarding the Project;
- 18 ● the name of the project;
- 19 ● the name of the applicant; and
- 20 ● the applicant's website.

21 16. In the event that the Project requires an extension of the term of this
22 Certificate prior to completion of construction, Applicant shall use
23 reasonable means to directly notify all landowners and residents
24 within a one-half mile radius of the Project facilities for which the
25 extension is sought. Such landowners and residents shall be notified
26

1 of the time and place of the proceeding in which the Commission
2 shall consider such request for extension.

- 3 17. Before construction on this Project may commence, the Applicant
4 must file a construction mitigation and reclamation plan with ACC
5 Docket Control with copies to affected areas of jurisdiction. The
6 Applicant shall, within one year of completion of construction of the
7 Project, revegetate any native area disturbed by construction of the
8 Project outside of the power-line right of way, except for any road
9 that may be necessary to access the transmission lines or substation
10 sites for maintenance and repair.

11 The goals of the Plan will be to:

- 12 • Avoid impacts where practical;
13 • Where impacts are unavoidable, minimize impacts; and
14 • Focus on site preparation to facilitate natural processes of
15 revegetation and drainage.

16 Other key elements of the Plan, when not inconsistent with the
17 respective land management agencies' or local owners' requirements
18 are to:

- 19 • Emphasize final site preparation to encourage natural
20 revegetation;
21 • Avoid (i.e., preserve), where practical, mature native trees;
22 • Stipulate a maximum construction corridor width;
23 • Reserve topsoil and native plant materials from right-of-way
24 before grading, and distribute over the right-of-way after
25 construction is complete;
26

- Imprint the reclaimed right-of-way to provide indentations to catch seed and water;
- Implement best management practices to protect the soil;
- Apply reclamation methods that have been proven effective in the desert environment; and
- Prevent, where applicable, the spread of noxious weeds or other undesirable species.

18. Applicant shall comply with the mitigation measures contained in the December 27, 2004 letter from Arizona Game and Fish Department to the Power Plant and Transmission Line Siting Committee which is attached as Exhibit C.
19. Applicant shall monitor all ground clearing/disturbance activities that could affect sensitive species or habitat. Where warranted, Applicant shall retain a qualified biologist to conduct pre-construction activities to minimize or prevent impacts to sensitive species or habitat. Specifically, Applicant shall survey or monitor for Sonoran desert tortoises. If desert tortoises are encountered during construction, the Applicant shall follow the Arizona Game & Fish Department's Guidelines for Handling Sonoran Desert Tortoises.
20. Applicant shall salvage mesquite, ironwood, palo verde trees and saguaros removed during project construction activities consistent with Arizona's Native Plant Law and use the vegetation for reclamation in or near its original location.
21. Applicant shall work with the applicable jurisdictions to implement landscaping for the substation sites in accordance with municipal planning and zoning requirements.

Decision No. 67828

EXHIBIT 'A'

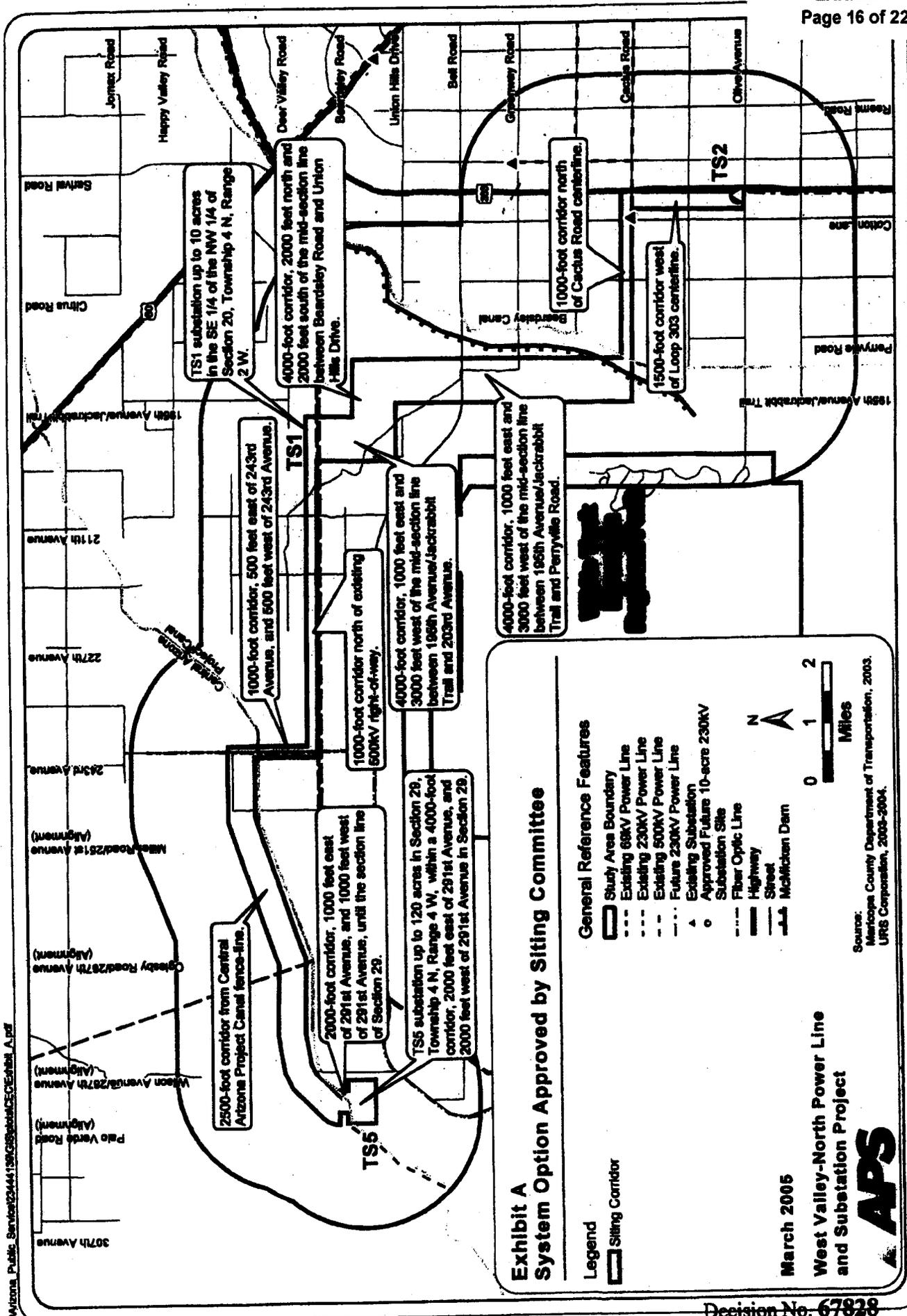


Exhibit A
System Option Approved by Siting Committee

March 2005
West Valley-North Power Line
and Substation Project



P:\Arizona Public Service\244413\AGS\Reports\MCE\CE\Exh A.pdf

EXHIBIT 'B'

In reply, please refer to
SHPO-2004-2276 (22872)
State Historic Preservation Act
no historic properties affected



January 6, 2005

Laurie A. Woodall, Chairperson,
Power Plant and Transmission Line Siting Committee
Assistant Attorney General, Environmental Enforcement Section,
Office of the Attorney General
1275 West Washington
Phoenix, Arizona 85007

Janet Napolitano
Governor

RE: Arizona Public Service (APS) West Valley-North Transmission Line and
Substation Project, Maricopa County, Arizona; Case No. 127

State Parks
Board Members

Dear Ms. Woodall:

Chair
John U. Hays
Yavapai

Thank you for consulting with this office regarding the above-mentioned state plan and associated certificate of environmental compatibility. The proposed plan entails the construction of ca. 25.1 miles of overhead utility lines, access roads as needed and two substations. The plan involves mainly private land, although some Maricopa County Flood Control District, Arizona State Land Department, U.S. Bureau of Reclamation, lands are present. We received both the Application and a cultural resources survey report. Historian Bill Collins and I reviewed the documents submitted and offer the following comments pursuant to the State Historic Preservation Act (i.e., A.R.S. § 41-861 to 41-864) and the committee's factors to be considered (i.e., A.R.S. § 40-360.06.A.5).

Elizabeth Stewart
Toupe

William C. Foster
Kingman

William Conroy
Flagstaff

Gabriel Bapstian
Florence

Janice Chilton
Payson

Mark Winkelman
State Land
Commissioner

Our advice to a state agency under state law should not be used or construed in any way to substitute for or limit our advice to a federal agency under federal law much less foreclose or limit a federal agency's decision-making ability. If a federal agency is associated with this state plan, they may have undertaking and need to consult with our office directly under Section 106 of the National Historic Preservation Act if they haven't done so already.

Smith E. Toppens
Executive Director

The cultural resource survey of the proposed right-of-way corridor identified four historic-period structures, seven historic or prehistoric archaeological sites and 34 isolated artifact and/or feature occurrences (IOs). The report was professionally prepared and well written.

Arizona State Parks
1275 West Washington
Phoenix, AZ 85007

TTY: 602.542.4174
www.azstateparks.com

We agree that the Beardsley Canal (AZ T:6:5 ASM) is eligible for inclusion in the State Register of Historic Places. We agree that the Atchison Topeka & Santa Fe Railroad Spur, McMicken Dam, an unnamed earthwork structure (AZ T:7:344 ASM), Site AZ T:6:3 (ASU), and Sites AZ T:6: 13, 14, 96, 97, 98, and 99 (ASM), as

800.295.3788 (toll
free) area codes

General Fax
602.542.4180

Decision No. 67828

Headquarters Fax
602.542.4180

Letter to Sitting Committee, 1/6/05, Page 2
Arizona Public Service West Valley-North Transmission Line and Substation Project, Maricopa
County, Arizona; Case No. 127

well as the 34 IOs are ineligible for inclusion in the State Register of Historic Places at this time. We note that McMillan Dam is not yet 50 years old and its Register-eligibility status may need to be reassessed in the future. Please consider any comments the committee receives from the land-managing agency.

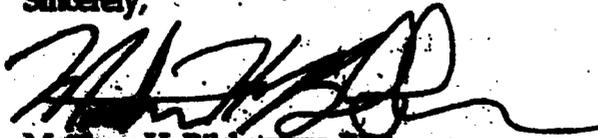
Based on the above, a finding of no impacts (cf. no historic properties affected) is warranted for this plan and no further preservation treatment is needed provided that the transmission line avoids impacting the Beardsley Canal by spanning over it as planned.

We offer the following condition for the committee's consideration:

1) Should an archaeological, paleontological, or historical site or object be discovered during plan-related activities on state, city, or county land, the person in charge is required to notify promptly the Director of the Arizona State Museum and take reasonable steps to secure and maintain the resource's preservation pursuant to state law (i.e., A.R.S. § 41-844). If a discovery involves human remains or funerary objects and occurs on private land, procedures implementing A.R.S. § 41-865 must be followed.

We appreciate the committee's cooperation with this office in considering the effects of state plans on cultural resources situated in Arizona. If you have any questions, please contact me at (602) 542-7137 or via mbilibarrow@pr.state.az.us.

Sincerely,



Matthew H. Bilibarrow, R.P.A.
Planner / Archaeologist
Arizona State Historic Preservation Office

cc:
Bill Collins, SHPO
Gene Rupp, URS

Decision No. 67828

EXHIBIT 'C'



THE STATE OF ARIZONA
GAME AND FISH DEPARTMENT
2221 WEST GARDENWAY ROAD, PHOENIX, AZ 85023-4399
(602) 942-9000 • AZGFD.COM

GOVERNOR
JANEY HOOPER
COMMISSIONERS
CHRISTOPHER J. CARLSON, ARIZONA
W. MARK GARDNER, PHOENIX
JIM MCDONALD, TUBAC
DEBORAH M. ROSENBERG, FLAGSTAFF
WILLIAM H. WELLS, GULF CANYON
DIRECTOR
DANIEL L. SHERRE
DEPUTY DIRECTOR
STEVE L. PERRELL



December 27, 2004

Ms. Laurie A. Woodall, Chairman
Power Plant and Transmission Line Siting Committee
Office of the Attorney General
1275 West Washington
Phoenix, Arizona 85007

RECEIVED

BY: *[Signature]*

Re: Certificate of Environmental Compatibility for the West Valley-North Power Line and Substation Project

Dear Chairman Woodall:

The Arizona Game and Fish Department (Department) has reviewed the above-referenced Certificate of Environmental Compatibility (CEC) for potential impacts to fish and wildlife resources. The Department understands that the proposed project consists of constructing one 230 kilovolt (kV) substation, one 500 kV substation, and associated 230 kV power lines. These infrastructure upgrades are to improve electrical reliability and to accommodate for future electrical load growth occurring within and around the study areas.

Based on information within the CEC application, it appears that the majority of the proposed routes will follow the existing 500 kV power line, Central Arizona Project Canal, routes or roadways in/near residential areas. We support locating power lines along previously disturbed routes to minimize any impacts to wildlife and associated habitats. We also understand that land adjacent to the proposed corridor has been designated for development and would be developed prior to the construction of the power line, further reducing the potential for impacts from this project.

Since various raptor species may use transmission line support structures for perching and/or nesting, the Department recommends that APS follow the established guidelines within their Raptor Protection Program to ensure that necessary preventative measures are incorporated into the project to minimize the potential for electrocution to raptors.

The proposed substation sites as assessed in Exhibit D, conclude disturbance in the area would generate low impacts to wildlife and associated habitats, due to the existing vegetation communities and existing dirt roads; however, the xeroriparian and wash bottom communities do provide important movement corridors for wildlife. The Department supports the recommendations listed in this Exhibit with regards to the Preferred System Option and the avoidance of these wash communities to minimize any potential fragmentation of these corridors.

Decision No. 67828

Ms. Loris A. Woodall
December 27, 2004

2

The Department appreciates the opportunity to review this CEC application prior to consideration by the Power Plant and Transmission Line Siting Committee. We look forward to working closely with the Committee in the future to develop potential alternatives and appropriate mitigation to avoid or minimize impacts to fish and wildlife resources as a result of proposed powerplant and transmission line projects. If you have any questions or require any additional information regarding this letter, please contact me at (602) 789-3605.

Sincerely,



Bob Broscheid
Habitat Branch Chief

BB:kh

cc: Rebecca Davidson, Project Evaluation Program Supervisor
Russ Haggley, Habitat Program Manager, Region VI
Mike DeWitt, AFS Project Manager

Decision No. 67828

EXHIBIT G

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**
3 **BOB STUMP, CHAIRMAN**
4 **GARY PIERCE**
5 **BRENDA BURNS**
6 **ROBERT L. BURNS**
7 **SUSAN BITTER SMITH**

8 **IN THE MATTER OF THE**
9 **APPLICATION OF ARIZONA PUBLIC**
10 **SERVICE COMPANY, PURSUANT TO**
11 **ARIZONA REVISED STATUTE § 40-**
12 **252, FOR AN AMENDMENT OF**
13 **ARIZONA CORPORATION**
14 **COMMISSION DECISION NO. 70850**

DOCKET NO. L-00000D-08-0330-00138

PROPOSED ORDER AMENDING
COMMISSION DECISION NO. 70850

15
16 **Open Meeting**
17 **Date _____**
18 **Phoenix, Arizona**

19 **BY THE COMMISSION:**

20 **FINDINGS OF FACT**

21 1. On March 17, 2009, in Decision No. 70850, the Commission approved a
22 Certificate of Environmental Compatibility for Arizona Public Service Company
23 ("APS" or "Company") to build a 39-mile-long 500/230kV transmission line between
24 the Morgan and Sun Valley 500kV substations ("Project"), resulting in a continuous
25 500kV source from the Palo Verde hub to the northeast valley ("CEC 138").

26 2. On July 17, 2014, APS filed with the Arizona Corporation Commission
27 ("Commission") a request to amend Commission Decision No. 70850 ("Application").

28 3. In its Application, APS requested that the Commission amend CEC 138 by
authorizing relocation of a one-mile, north-south section of the corridor to 211th Avenue
from 235th Avenue and a three-mile, east-west section of the corridor between 211th
Avenue and 235th Avenue south one mile so that it runs along the southern border of the
Arizona State Land Department ("ASLD") parcel rather than through the middle.
ASLD requested this change to the certificated corridor in order to maintain a larger,

1 uninterrupted parcel of State Trust land to the south of State Route 74, so that it is more
2 suitable for master planning.

3 4. APS also requested that the Commission amend CEC 138 to expand the
4 corridor between 171st Avenue and 179th Avenue (south of State Route 74), so that the
5 corridor runs in straight alignment with the section line, thus eliminating the triangular
6 portion. This revision to CEC 138 would reduce the cost of the project since the
7 alignment would require fewer transmission structures, fewer turning structures, and the
8 need for less right-of-way for the Project and reduce the impact on State Trust lands .

9 5. APS also requested that the Commission amend CEC 138 to modify the
10 corridor near the Morgan substation for up to 0.8 miles along Cloud Road from the
11 existing Western Area Power Administration 230kV transmission corridor to the eastern
12 section line of Section 33 ("Section 33 Modification"). This Section 33 Modification
13 would allow APS the flexibility to design the connection into the substation more
14 efficiently, resulting in smaller right-of-way and a reduced number of turning structures.

15 6. APS also requested an expansion of the CEC 127 corridor to align with the
16 CEC 138 corridor. The corridor would start at the southern edge of the Sun Valley
17 substation site and end on the north side of the existing Central Arizona Project ("CAP")
18 canal (running north-south for approximately one mile) and extending up to 1,000 feet
19 east of the half-section lines in Sections 20 and 29. The corridor expansion of up to
20 1,000 feet is entirely within the CEC 127 certificated corridor. APS has already secured
21 the necessary easements and right of way to this land for the transmission line in CEC
22 127. This change has a variety of benefits, including: (i) avoiding crossing the CAP
23 canal in a location less favorable to the Central Arizona Water Conservation District
24 (CAP manager); (ii) co-locating the transmission lines in CECs 127 and 138, resulting in
25 them crossing the canal adjacent to and parallel with one another; and (iii)
26 accommodating efficient use of existing rights-of-way in that area.

1 width includes 2,000 feet west and 1,000 feet east of the half-section line
2 in Sections 20 and 29, Township 4 North, Range 4 West.

3 2. At page 5, lines 13 through 15, substitute with the following language:

4 A 1,500 foot-wide corridor that extends north for approximately 0.2 miles
5 from U.S. 60 (Grand Avenue) and 235th Avenue to the Cloud Road
6 alignment. The corridor width includes 1,500 feet east of the centerline of
7 235th Avenue.

8 3. At page 5, beginning on line 16, add two new subsections as follows:

9 • A 1,500 foot-wide corridor that extends east along the Cloud Road
10 alignment for approximately 3.0 miles from the 235th Avenue
11 alignment to the 211th Avenue alignment. The corridor width includes
12 1,500 feet north of the centerline of the Cloud Road alignment.

13 • A 1,500 foot-wide corridor that extends north along the 211th Avenue
14 alignment for approximately 1.3 miles from the Cloud Road alignment
15 to the Joy Ranch Road alignment. The corridor width includes 1,500
16 feet west of the 211th Avenue alignment.

17 4. At page 5, lines 16 through 19, substitute with the following language:

18 A 1,500 foot-wide corridor that extends east along the Joy Ranch Road
19 alignment for 3.3 miles from 211th Avenue to approximately 0.3 miles east
20 of the 187th Avenue alignment. The corridor width includes 1,500 feet
21 north of the centerline of the Joy Ranch Road alignment.

22 5. At page 5, lines 20 through 24, substitute with the following language:

23 A corridor up to 2,640 feet wide that extends east long the Joy Ranch
24 Road alignment for approximately 1.7 miles to the 171st Avenue
25 alignment. The entire corridor is located south of the centerline of SR 74
26 and north of the centerline of the Joy Ranch Road alignment, with a
27 maximum width up to 2,640 feet north of the centerline of the Joy Ranch
28 Road alignment.

1 6. At page 5, lines 25 and 26, and at page 6, lines 1 through 4, substitute with
2 the following language:

3 A 1,500 foot-wide corridor on the south side of SR 74 that extends east
4 along the SR 74 for approximately 1.1 miles from the 171st Avenue
5 alignment to the 179th Avenue alignment. The corridor width includes
6 1,500 feet south of the existing SR 74 centerline. The corridor excludes
7 the property designated Village 'E' in the record (Exhibit DV-13, slide 7L)
8 west of the centerline of the 171st Avenue alignment and south of SR 74.

9 7. At page 7, lines 3 through 7, substitute with the following language:

10 A corridor up to 2,000 feet wide that extends southeast for approximately
11 1.0 mile adjacent to the existing Western Area Power Administration
12 ("WAPA") 230kV transmission line corridor. The corridor width includes
13 2,000 feet west of the existing WAPA 230kV transmission line right-of-
14 way corridor.

15 8. Page 7 is amended to insert a new subsection at line 8 as follows:

- 16 • A 2,640 foot-wide corridor that extends east for up to 0.8 miles along
17 the centerline of the Cloud Road alignment from the existing Western
18 Area Power Administration ("WAPA") 230kV transmission line
19 corridor. The corridor width includes 2,640 feet north of the centerline
20 of the Cloud Road alignment from the WAPA transmission line
21 corridor to the eastern section boundary line of Section 33.

22 **IT IS FURTHER ORDERED** that Condition No. 3 is amended as follows:

23 This authorization to construct the 500kV circuit of the Project shall expire on
24 March 17, 2021 and this authorization to construct the 230kV circuit of the
25 Project shall expire on March 17, 2030, unless the specified circuit is capable
26 of operation within the respective time frame; provided, however, that prior to
27 either such expiration, the Applicant or its assignees may request that the
28 Commission extend this time limitation.

1 **IT IS FURTHER ORDERED** that all other provisions in CEC 138 granted by
2 Decision No. 70850 continue in effect to the extent applicable.

3 **IT IS FURTHER ORDERED** that this Decision shall become effective
4 immediately.

5
6 **BY ORDER OF THE ARIZONA CORPORATION COMMISSION**
7

8
9
10 _____
CHAIRMAN

COMMISSIONER

11
12 _____
COMMISSIONER

COMMISSIONER

COMMISSIONER

13
14
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16
17 IN WITNESS WHEREOF, I, JODI JERICH,
18 Executive Director of the Arizona Corporation
19 Commission, have hereunto set my hand and
20 caused the official seal of this Commission to be
21 affixed at the Capitol, in the City of Phoenix, this
22 _____ day of _____, 2014.

23 _____
JODI JERICH
24 Executive Director
25
26
27
28

APS-2:

Rebuttal Testimony of Richard Stuhan



APS-2

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REBUTTAL TESTIMONY OF RICHARD STUHAN

On Behalf of Arizona Public Service Company

Docket No. L-00000D-08-0330-00138

DECEMBER 1, 2014

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I. INTRODUCTION1
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III. THE NEED FOR THE PROJECT2
IV. THE AMENDMENTS3
V. CONCLUSION8

1 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS**
2 **PROCEEDING?**

3 A. The purpose of my testimony is to support the Company's Application to Amend
4 Arizona Corporation Commission Decision No. 70850 regarding CEC 138 and
5 Request for Extension of the CEC term ("Application to Amend"). Specifically,
6 my testimony discusses the continuing need for this project, the proposed
7 amendments that APS seeks, including the cost of those amendments. I also
8 respond to the direct testimony of the witnesses for SFI Grand Vista, LLC.

9 **Q. WHAT IS YOUR ROLE WITH THIS PROJECT AND APS'S**
10 **APPLICATION TO AMEND?**

11 A. I was involved in all aspects of the original siting proceedings for Case 138. In
12 addition, I submitted an affidavit in support of APS's Application to Amend, a
13 copy of which is attached as Attachment 1 and incorporated herein by this
14 reference.

15 **II. SUMMARY**

16 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

17 A. In its Application to Amend, APS seeks four changes to the certificated
18 transmission line corridor and an extension of time to construct the project. My
19 affidavit and testimony support APS's Application to Amend, including the
20 corridor amendments and time extension being sought. I will discuss APS's
21 continuing need for this project and amendments being sought by APS, including
22 the purpose, impacts and associated costs. In addition, I address SFI Grand
23 Vista's concerns about potential impacts on the market value of its future
24 development.

25 **III. THE NEED FOR THE PROJECT**

26 **Q. HAS THE NEED FOR THE PROJECT CHANGED SINCE THIS CASE**
27 **WAS ORIGINALLY SITED?**

28 A. No. The purpose of this project when originally sited was to connect two
previously-approved high voltage substations (Sun Valley (formerly TS-5) and

1 Morgan (formerly TS-9)) and complete a continuous 500kV connection from the
2 Palo Verde hub to the Northeast Valley. In addition, the 230kV portion of the
3 project was designed to serve future load and expansion in the Northwest Valley
4 areas of Buckeye, Surprise, Peoria and surrounding unincorporated areas of
5 Maricopa County. The need that was demonstrated in 2008 during the siting
6 proceeding still exists today.

7
8 **Q. HAS THE TIMING OF THE PROJECT CHANGED SINCE THIS CASE
WAS ORIGINALLY SITED?**

9 A. Yes. The recent economic recession and overall health of the Arizona economy
10 has resulted in slightly lower load growth and residential development than
11 originally anticipated when this project was sited. Because of these changes, APS
12 has adjusted its 10 Year Transmission Plan and the anticipated in-service date of
13 the 500kV portion of this project to 2018. The 230kV portion of the project is
14 more specifically tied to the growth in residential and commercial development in
15 the Northwest Valley. APS continues to monitor the growth in the area. APS is
16 requesting to extend the time period to construct these facilities until 2021 for the
17 500kV portion and 2030 for the 230kV circuit.

18 **IV. THE AMENDMENTS**

19 **Q. PLEASE BRIEFLY EXPLAIN WHAT APS IS SEEKING IN ITS
APPLICATION TO AMEND?**

20 A. APS is requesting that the Commission amend ACC Decision No. 70850 and
21 CEC 138. Specifically, APS seeks four changes to the certificated transmission
22 line corridor specified in ACC Decision No. 70850 and an extension of the time
23 limits to construct this project.

24 **Q. BRIEFLY SUMMARIZE THE FOUR REQUESTED CORRIDOR
25 CHANGES.**

26 A. First, the Arizona State Land Department ("ASLD") has requested that APS seek
27 to reroute approximately four miles of the certificated corridor between 211th
28

1 Avenue and 235th Avenue, moving the line from its current location adjacent to
2 Joy Ranch Road, South approximately one mile to be adjacent to Cloud Road
3 (“Proposed Modification 1”). Proposed Modification 1 is located entirely on State
4 Trust Land managed by the ASLD. Second, APS seeks to adjust an approximate
5 0.7 mile section of the corridor between 171st Avenue and 179th Avenue South of
6 State Route 74 to straighten the route and align it with the Section line
7 (“Proposed Modification 2”). This proposed change is located entirely on State
8 Trust Land. Third, APS seeks to adjust the corridor in Section 33 along the South
9 and West side of the Morgan substation in order to facilitate entry into the
10 substation from the West rather than the South (“Proposed Modification 3”). This
11 proposed modification is located on State Trust Land and crosses federal land
12 administered by the Bureau of Reclamation. It will enable more efficient use of
13 the Morgan substation site. Fourth, APS seeks to amend the corridor near the Sun
14 Valley substation where it crosses the Central Arizona Project (“CAP”) Canal in
15 order to allow this 500/230kV line and another line (the double-circuit 230kV
16 transmission line authorized by CEC 127) to cross the canal in a parallel manner
17 (“Proposed Modification 4”). The CAP supports this modification, and it is
18 located entirely on land that is part of the certificated corridor for CEC 127. APS
19 has already secured all necessary easements and right-of-way for the impacted
20 land in CEC 127. The Staff Report recommends approval for all four proposed
21 modifications. No intervenor has opposed Proposed Modifications 2-4. The only
22 intervenor to oppose Proposed Modification 1 is SFI Grand Vista. For reasons
23 discussed below, its opposition is unfounded.

24 **Q. BRIEFLY EXPLAIN WHY THESE CORRIDOR CHANGES ARE**
25 **NECESSARY.**

26 **A.** ASLD has requested Proposed Modification 1 to avoid bisecting the affected
27 parcel of land and maximize the value of the parcel consistent with its
28

1 Constitutional obligations. Proposed Modification 2 is needed to decrease the
2 amount of right-of-way needed and avoids unnecessary turns in the line therefore
3 reducing costs. Proposed Modification 3 allows for more effective use of the
4 Morgan substation facilities and better facilitates long-term growth. Proposed
5 Modification 4 improves safety around the CAP's Hassayampa Pumping Station
6 and allows for more effective land use.

7
8 **Q. DO THESE AMENDMENTS AFFECT THE COST OF THE PROJECT?
IF SO, WHAT IS THE IMPACT?**

9 A. APS does not anticipate that these amendments will materially affect the cost of
10 the project because the total number of towers and length of wire is essentially
11 the same as what was planned when the project was sited. The proposed
12 realignment of the four mile segment from Joy Ranch Road to Cloud Road
13 (Proposed Modification 1) requires two additional turning structures that are
14 anticipated to cost an additional \$350,000 to \$400,000. However, the proposed
15 realignment to straighten a segment of the line between 179th and 171st Avenues
16 (Proposed Modification 2) is anticipated to use two fewer turning structures,
17 which off-sets any increase in cost due to Proposed Modification 1. No material
18 change in cost is anticipated for the other proposed modifications. Thus, I
19 anticipate that the total cost impact of the amendments will be negligible. Based
20 upon discovery provided by APS, the November 7, 2014 Staff Report reached a
21 similar conclusion. Specifically, Staff concluded "[t]he overall cost of the
22 modifications proposed in the Application is expected to be negligible." (Staff
23 Report at p. 4)

24 Please also see APS's responses to Staff Data Request 1.7 and SFI Grand Vista's
25 Informal Data Request 1.1 and 1.2, which are incorporated into my testimony as
26 Attachment 2 and Attachment 3.

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Q. WHY HAS APS PROPOSED THESE AMENDMENTS NOW AND NOT EARLIER?

Regarding Proposed Modification 1, ASLD and APS waited until after the Federal Bureau of Land Management completed its lengthy Environmental Impact Statement Assessment and issued its Record of Decision authorizing the use of federal land for portions of this project. Had the BLM not approved the certificated route allowing this project to proceed, the ASLD's proposed modification might have been moot. The need for Proposed Modifications 2-4 did not become apparent until relevant preliminary design and engineering work had begun following the federal approval.

Q. HOW LONG OF A TERM EXTENSION IS APS SEEKING?

A. APS is requesting to extend the CEC term to March 17, 2021 for the 500kV portion of the project and until March 17, 2030 for the 230kV portion. No intervenor has opposed the term extension and the Staff Report recommended approval of the term extension.

Q. IF THESE AMENDMENTS ARE NOT GRANTED BY THE COMMISSION, WHAT WOULD THE IMPACT BE ON THE PROJECT? ON APS CUSTOMERS?

A. APS cannot build the line where certificated unless the ASLD grants APS the necessary right-of-way through affected State Trust lands. If Proposed Modification 1 is not granted and ASLD were to not approve the right-of-way for the project, APS will not be able to build the project as certificated. This would cause substantial uncertainty regarding the future of this transmission line, potential litigation and ultimately could adversely impact reliability and increase costs to APS customers. In short, the negative impacts would be many and APS customers could be negatively impacted by decreased reliability and increased costs.

1 Q. WOULD APS HAVE AUTHORITY TO CONDEMN STATE TRUST
2 LAND BETWEEN 211TH AVENUE AND 235TH AVENUE AND BUILD
3 THE LINE ON THE CERTIFICATED ROUTE IF THE REQUESTED
4 REALIGNMENT IS NOT GRANTED?

5 A. No. While APS has the power to condemn certain land for power lines under
6 A.R.S. § 12-1111, it is my understanding that there is an Arizona Court case,
7 *Deer Valley Unified School Distr. No. 97 v. Superior Court*, 157 Ariz. 537 (Ariz.
8 1988), that prohibits APS from condemning State Trust lands such as the land
9 affected by Proposed Modification 1, which is held in trust for the benefit of
10 education.

11 Q. THE DIRECT TESTIMONY OF DONALD C. DUNCAN, WITNESS FOR
12 SFI GRAND VISTA LLC, ALLEGES THAT THE REQUESTED
13 REALIGNMENT FROM JOY RANCH ROAD TO CLOUD ROAD "WILL
14 LIKELY AFFECT MARKETABILITY, APPLICABLE ABSORPTION
15 RATES AND THUS THE MARKET VALUE" OF SURROUNDING
16 PROPERTIES. SFI GRAND VISTA WITNESS JOHN CHRISTENSEN
17 MAKES SIMILAR ALLEGATIONS. BASED ON YOUR EXPERIENCE,
18 DO YOU AGREE? WHY OR WHY NOT?

19 A. There are many factors that influence the sale of homes in any location. However,
20 in the case of the SFI Grand Vista property I do not believe that the requested
21 realignment from Joy Ranch Road to Cloud Road will likely result in
22 the concerns expressed by Messrs. Duncan and Christensen. First, generally the
23 additional perimeter of the SFI Grand Vista property to the requested realignment
24 is relatively small. North to South, the Western boundary of SFI Grand Vista, is
25 approximately 2¼ miles in length. The requested realignment only adds
26 approximately ¼ mile of the transmission line along the Western boundary of SFI
27 Grand Vista. This additional ¼ mile of transmission line would be located on the
28 opposite side of 211th Avenue, a major arterial road in the area, across from the
SFI Grand Vista property. Second, the SFI Grand Vista property has not yet been
developed and to my knowledge there is no definitive date for when it might be
developed. Thus, there is ample time for the SFI Grand Vista developers to take
into consideration the proposed transmission line realignment and any potential

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impacts to their future community plans, home designs and orientation, planned uses, offsets, landscaping, and other elements. In short, they can take steps to minimize any potential concerns with the proximity of the transmission line.

V. CONCLUSION

Q. DO YOU HAVE ANY CONCLUDING REMARKS?

A. This transmission line is important to APS's customers in general because it completes the 500kV loop from the Palo Verde hub and is important for future growth in the Northwest area of the Phoenix metropolitan area. The proposed modifications are in the public interest. Among other reasons, the modifications increase safety, improve operational flexibility, and help ensure that APS can reliably meet the needs of its customers. In addition, as discussed in the testimony of APS witness Jennifer Frownfelter, the proposed modifications are environmentally compatible.

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes.

Attachment 1:

Richard Stuhan Affidavit

south segment on 211th Avenue ("ASLD Proposed Corridor"). The ASLD Proposed Corridor would satisfy the Project's infrastructure requirements and would represent a negligible increase in the cost of the Project. Along the Cloud Road alignment it is anticipated that the transmission line would be approximately 100 feet north of the private property lines and approximately 200 feet north of occupied structures.

6. I am personally familiar with the proposed changes to CEC 138 on State Trust land, which includes a 0.7-mile section of the corridor between 171st Avenue and 179th Avenue south of State Route 74. (See Attachment 1 for a map that shows the proposed corridor modification.) The widened corridor would allow APS to construct the transmission line in a straight alignment along the southern boundary of Section 26. This would reduce the cost of the Project because the alignment would require fewer transmission structures, fewer turning structures, and the need for less right-of-way for the Project.

7. I am personally familiar with the proposed changes to CEC 138 on State Trust land near the Morgan substation. APS proposes extending the corridor around the Morgan substation for up to 0.8 miles along Cloud Road from the existing Western Area Power Administration 230kV transmission corridor to the eastern section line of Section 33. (See Attachment 2 for a map that shows the proposed corridor modification.) The modified corridor would facilitate entry of the transmission line from the west into the substation, which would support future development of the substation. The modification would allow APS flexibility to design the connection into the substation more efficiently, resulting in smaller right-of-way and reduced number of structures needed. APS has discussed the proposed corridor modification with the Central Arizona Project ("CAP"), the operator of the Waddell Canal. CAP is amenable to the proposed corridor modification.

8. I am personally familiar with the proposed change to CEC 138 at the Sun Valley substation near the CAP Hassayampa Pumping Station. APS proposes a corridor

change that will align the CEC 138 corridor with the corridor certificated for the 230kV transmission line authorized in CEC 127. (See Attachment 3 for a map that shows the proposed corridor modification.) This alignment of corridors will result in the transmission lines in CECs 127 and 138 crossing the canal adjacent to one another, as recommended by CAP. (See Attachment 4, CAP letter to APS dated May 1, 2014.) APS has already secured the necessary easements and right of way to this land for the transmission line in CEC 127.

9. APS applied for right-of-way on federal land to the Bureau of Land Management ("BLM") on April 29, 2009. After completing its comprehensive environmental review, BLM issued its Record of Decision on January 16, 2014, ultimately authorizing the use of BLM land for the Project. APS anticipates that the BLM ROW grant will be complete before the end of 2015. APS delayed pre-construction and construction activities until the federal process was completed. The economic downturn and low load growth over the past few years has postponed the need for the 230kV circuit of the transmission line.

10. APS and ASLD have engaged stakeholders through meetings with the City of Peoria, City of Surprise, and the City of Buckeye. APS will notify landowners and residents within one mile of the Project corridor of the proposed corridor modifications and CEC term extension included in the Company's Application. (See Attachment 5 for property owner notice letter.)

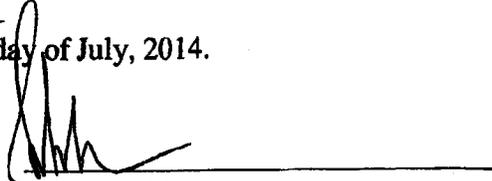
11. Condition 4 of CEC 138 requires APS to "...use commercially reasonable means to directly notify all landowners and residents within one mile of the Project corridor...of the time and place of the proceeding in which the Commission shall consider" a request for an extension of the CEC term. (See Attachment 6 for draft notice APS will use to notify landowners and residents of this request for extension.)

DATED this 15 day of July, 2014.



Richard Stuhan

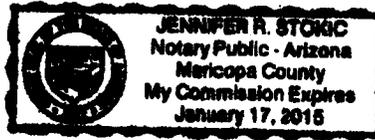
Sworn to and subscribed before me this 15th day of July, 2014.



Notary Public

My Commission expires:

1-17-2015



ATTACHMENT 1
to
EXHIBIT B

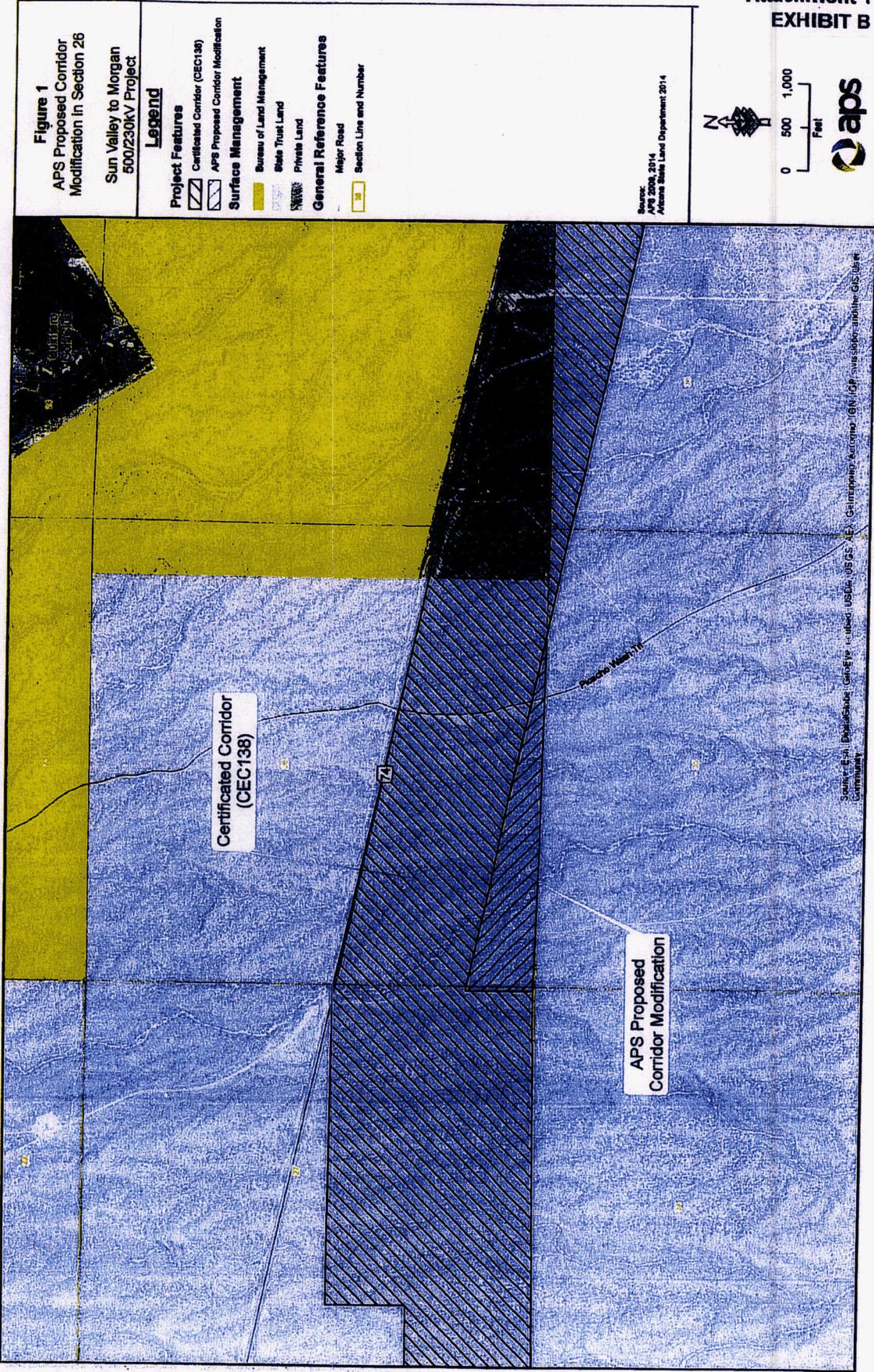


Figure 1
APS Proposed Corridor
Modification in Section 26
Sun Valley to Morgan
500/230KV Project

- Legend**
- Project Features**
- Certified Corridor (CEC138)
 - APS Proposed Corridor Modification
- Surface Management**
- Bureau of Land Management
 - State Trust Land
 - Private Land
- General Reference Features**
- Major Road
 - Section Line and Number

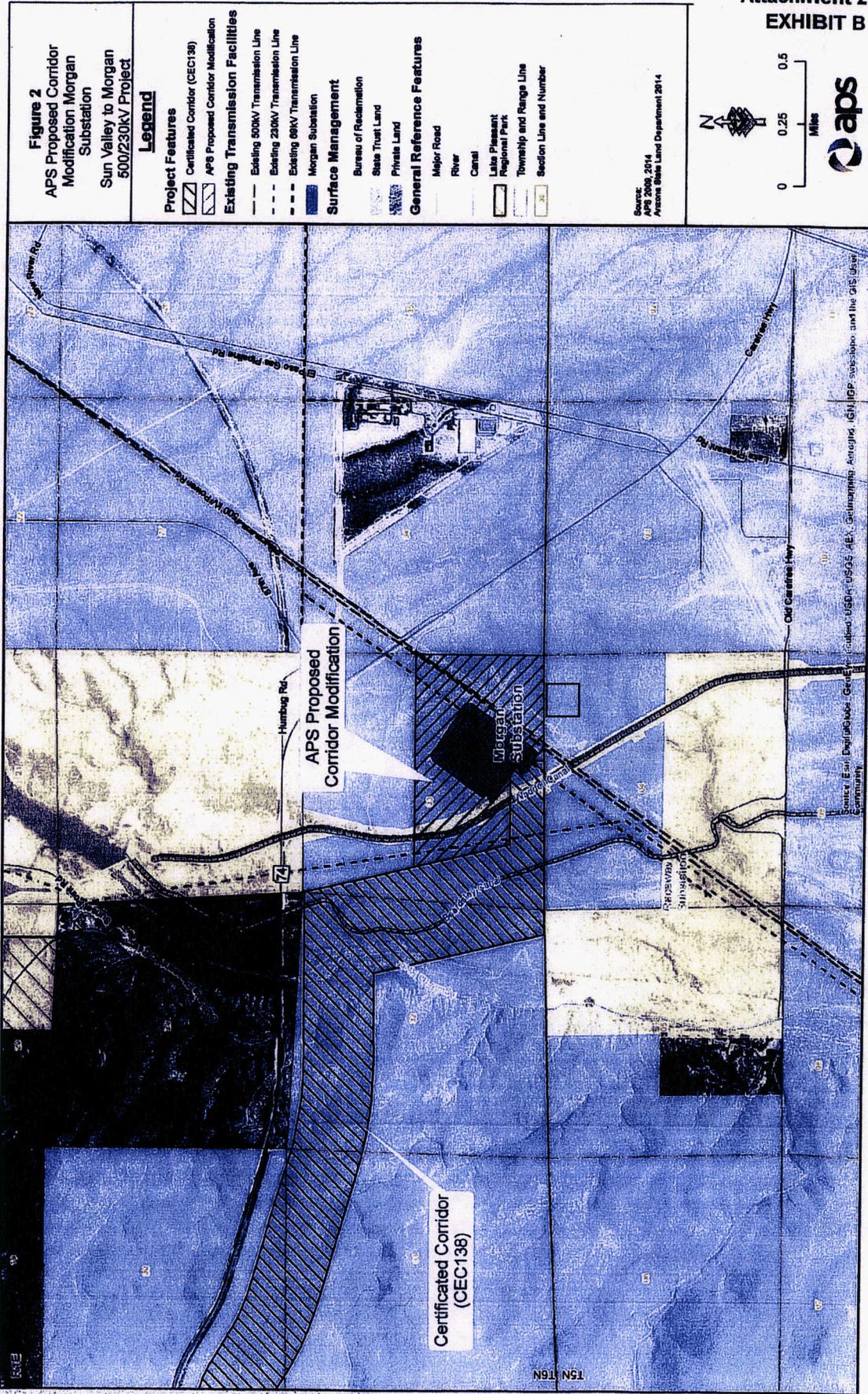
Source:
APG 2008, 2014
Alaska State Land Department 2014

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Source: Esri, DigitalGlobe, GeoEye, USDA, USGS, EA, Earthstar, AeroGRID, IGN, IGP, swis,olor,aniline,GEBCO,air

ATTACHMENT 2
to
EXHIBIT B



ATTACHMENT 3
to
EXHIBIT B



May 1, 2014

Mr. Richard Stuhan
Arizona Public Service Co.
P.O. Box 53999, M.S. 3293
Phoenix, Arizona 85072-3999

RE: SV2M 500/230kV Transmission Line Crossing near the Central Arizona
Project Hassayampa Pump Pumping Plant

Dear Mr. Stuhan:

The Central Arizona Water Conservation District (CAWCD) has reviewed Arizona Public Service Co. (APS) plans regarding the proposed alignment of the SV2M 500/230kV transmission line crossing of the Central Arizona Project (CAP) downstream of the Hassayampa Pumping Plant. Due to safety reasons as it relates to the Operation and Maintenance of the CAP and our security flights, CAWCD recommends that the 500/230kV transmission line cross directly adjacent to and parallel with the proposed SV2T 230kV transmission line that has already been approved near this location. Keeping the lines together will stay consistent with past transmission line construction projects crossing the CAP that involve multiple lines and minimize overall congestion in the area.

If you have any questions, please contact me.

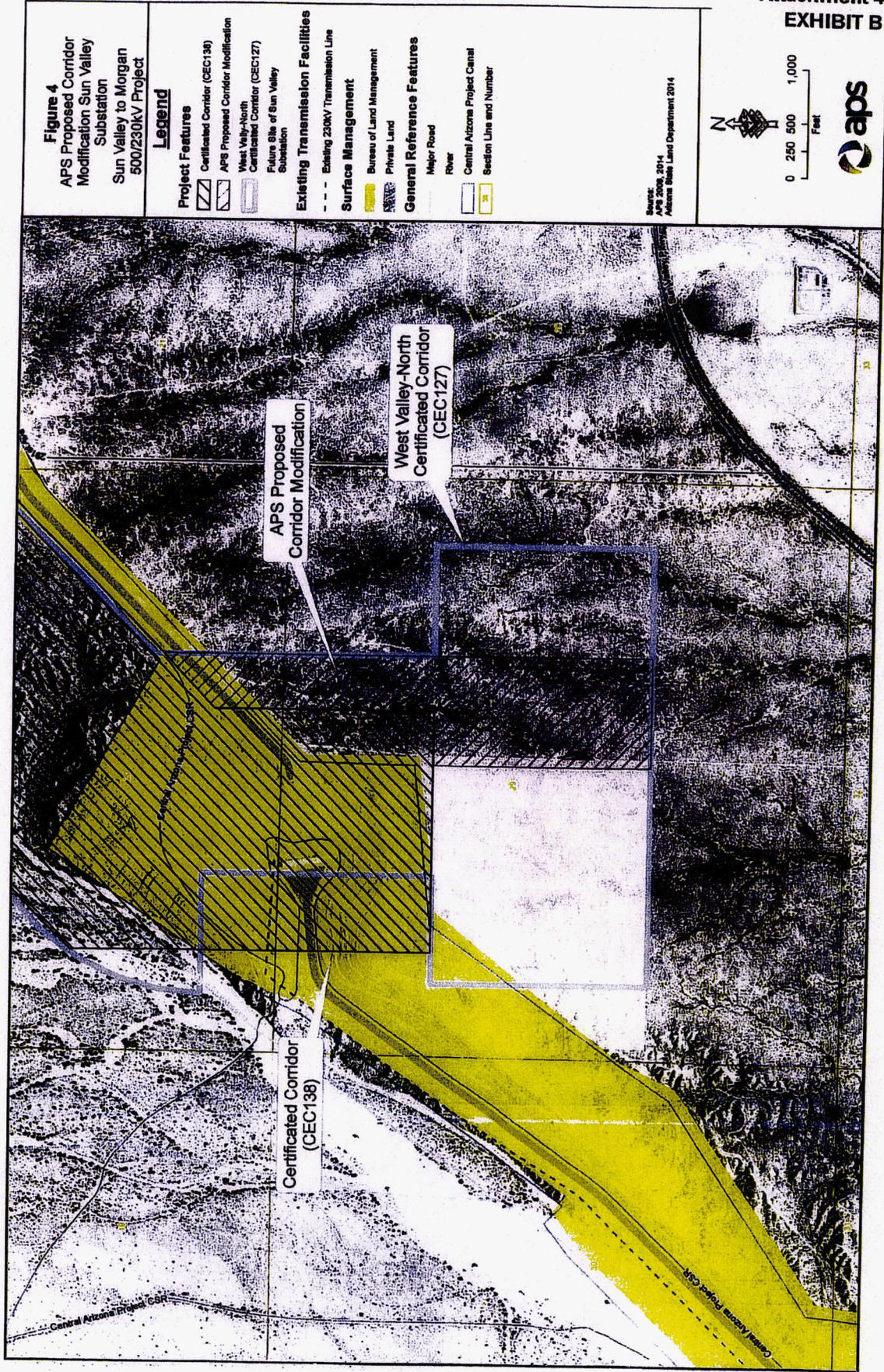
Sincerely,

Tom Fitzgerald

Digitally signed by Tom Fitzgerald
DN: cn=Tom Fitzgerald, o=Land and
Records, email=Tom.Fitzgerald@cap-az.com,
c=US

Thomas Fitzgerald
Supervisor, Land and Records

ATTACHMENT 4
to
EXHIBIT B



ATTACHMENT 5
to
EXHIBIT B



July 17, 2014

RICHARD STUHAN
Siting Consultant Sr.
Transmission & Facility Siting

P.O. Box 53999
Phoenix, AZ 85072
Mail Station 3293
Tel 602 493 4448

**Re: Arizona Public Service (APS) Sun Valley (TS-5) to Morgan (TS-9) 500/230kV
Transmission Line - ASLD Proposed Corridor and APS Proposed Corridor
Modifications**

Dear Owner or Resident:

You are receiving this mailing because you live within one mile of APS's future Sun Valley to Morgan Transmission Line Project, which was approved by the Arizona Corporation Commission ("ACC") on March 17, 2009 in Decision No. 70850. The Bureau of Land Management developed an Environmental Impact Statement and completed federal review in January of 2014 also approving the Project. Recently, APS has filed a request to modify portions of the route of this transmission line. This mailing is to provide you with information about the proposed modifications and invite your comments.

Project Description

Approximately 39 miles in length, the Sun Valley to Morgan Transmission Line Project ("Project") will include both single-circuit 500-kilovolt (kV) and single circuit 230-kV transmission lines on the same structures. The 500-kV circuit increases import and export capability from the Palo Verde Hub by 600 megawatts, enough to serve 150,000 residential customers. It improves reliability of the transmission system and will also help mitigate any potential impact of wildfires and other system disturbances. The 230-kV circuit provides for continued growth in the far northwest Valley.

Proposed Project Route Location Modifications

1. **211th Ave to 235th Ave & Cloud Road:** In response to a request from the Arizona State Land Department ("ASLD"), APS filed a request with the ACC to amend the Certificate of Environmental Compatibility ("CEC") to relocate four miles of the Certificated Corridor. If approved by the ACC, the relocation would move the corridor between 235th Avenue and 211th Avenue from the Joy Ranch Road alignment to the Cloud Road alignment and move a one mile segment along 235th Avenue between Joy Ranch Road and Cloud Road alignment to 211th Avenue.

The ASLD proposed corridor begins at the intersection of 235th Avenue and Cloud Road, just north of US 60. From that intersection, it would parallel the north side of Cloud Road, east for three miles to the intersection with 211th Avenue. It would then parallel the west side of 211th Avenue for one mile to the north and rejoin the Certificated Corridor (see map).

Both the Certificated Corridor and ASLD proposed corridor are located on land administered by the ASLD.

2. Near 179th Ave and Joy Ranch Road: a modification to add a small area to the corridor so that it would run in a straight alignment with the section line reducing the number of turning structures required for the transmission line.
3. Near the Morgan Substation: a modification to expand the corridor to allow for the flexibility to design a more efficient connection into the Morgan Substation, reducing right-of-way and turning structures.
4. Near the Sun Valley Substation: a modification to expand the corridor to allow for the efficient use of existing rights-of-way by co-locating this Project adjacent to another approved 230kV line.

APS Proposes to Extend Time Limit For CEC

APS also has asked for a term extension of five additional years for the in-service date of the 500-kV circuit to 2021 and eleven additional years for the in-service date of the 230-kV circuit of the transmission line to 2030.

Opportunity to Provide Comment

Please review the changes discussed in this notice, along with the map of the proposed changes, and provide any comments you may have by **Wednesday, August 27th, 2014** through any of the following means:

- Electronic comment form at www.aps.com/siting then click find out more under current siting projects
- Email: sv2m@apsc.com
- Written comments mailed to:
APS Transmission and Facility Siting
P.O. Box 53999, M.S. 3293
Phoenix, AZ 85072-3999

Contact Information

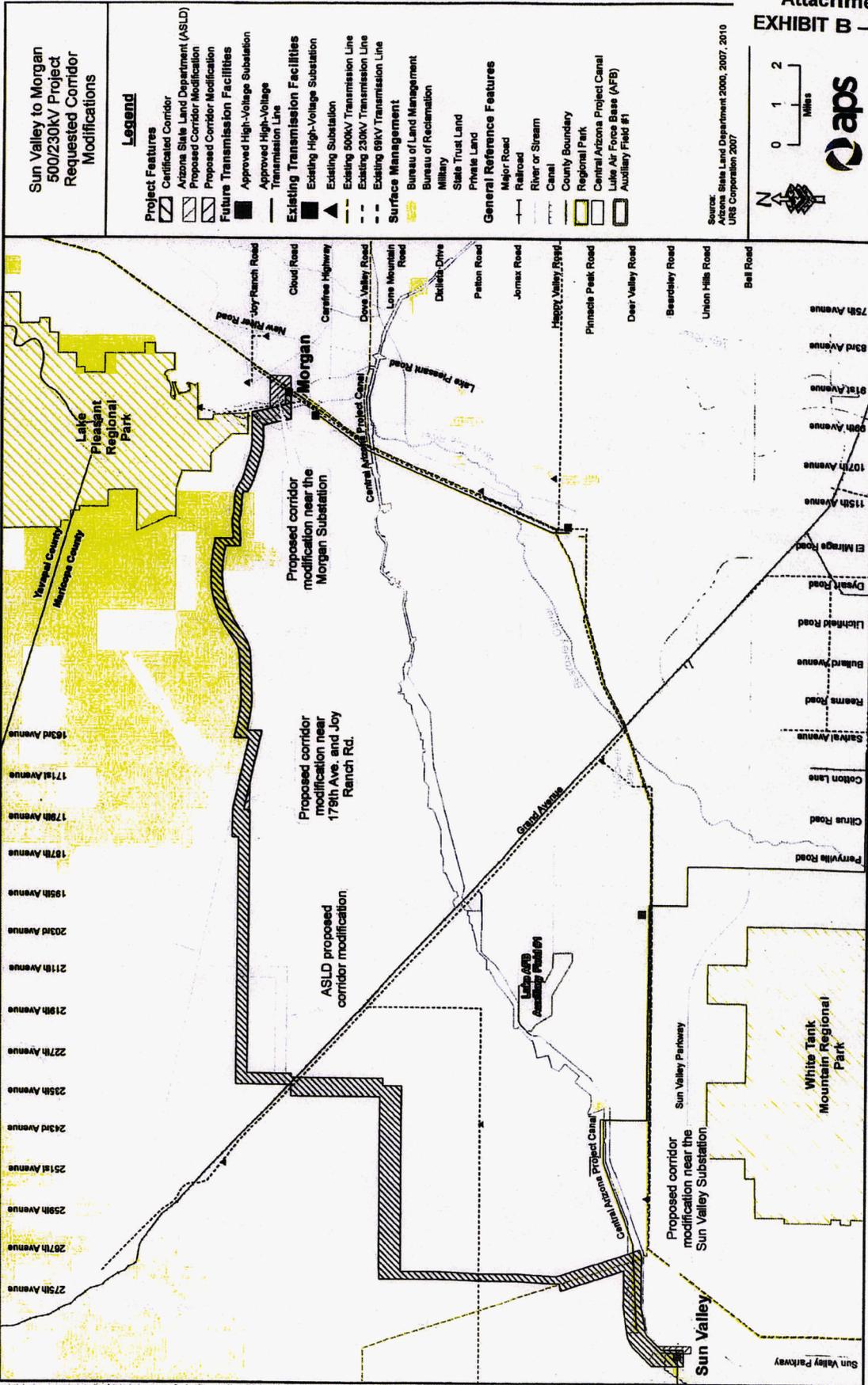
APS is committed to providing information about this project and these proposed modifications. More information about this project can be found at www.aps.com/siting or for questions about this project please contact:

Richard Stuhan
Siting Consultant Senior
602 493 4448
sv2m@apsc.com

Sincerely,



Enclosure



ATTACHMENT 6
to
EXHIBIT B

BEFORE THE ARIZONA CORPORATION COMMISSION
Docket No. L-00000D-08-0330-00138, Case 138
Sun Valley (TS-5) to Morgan (TS-9) 500/230-kV Transmission Line

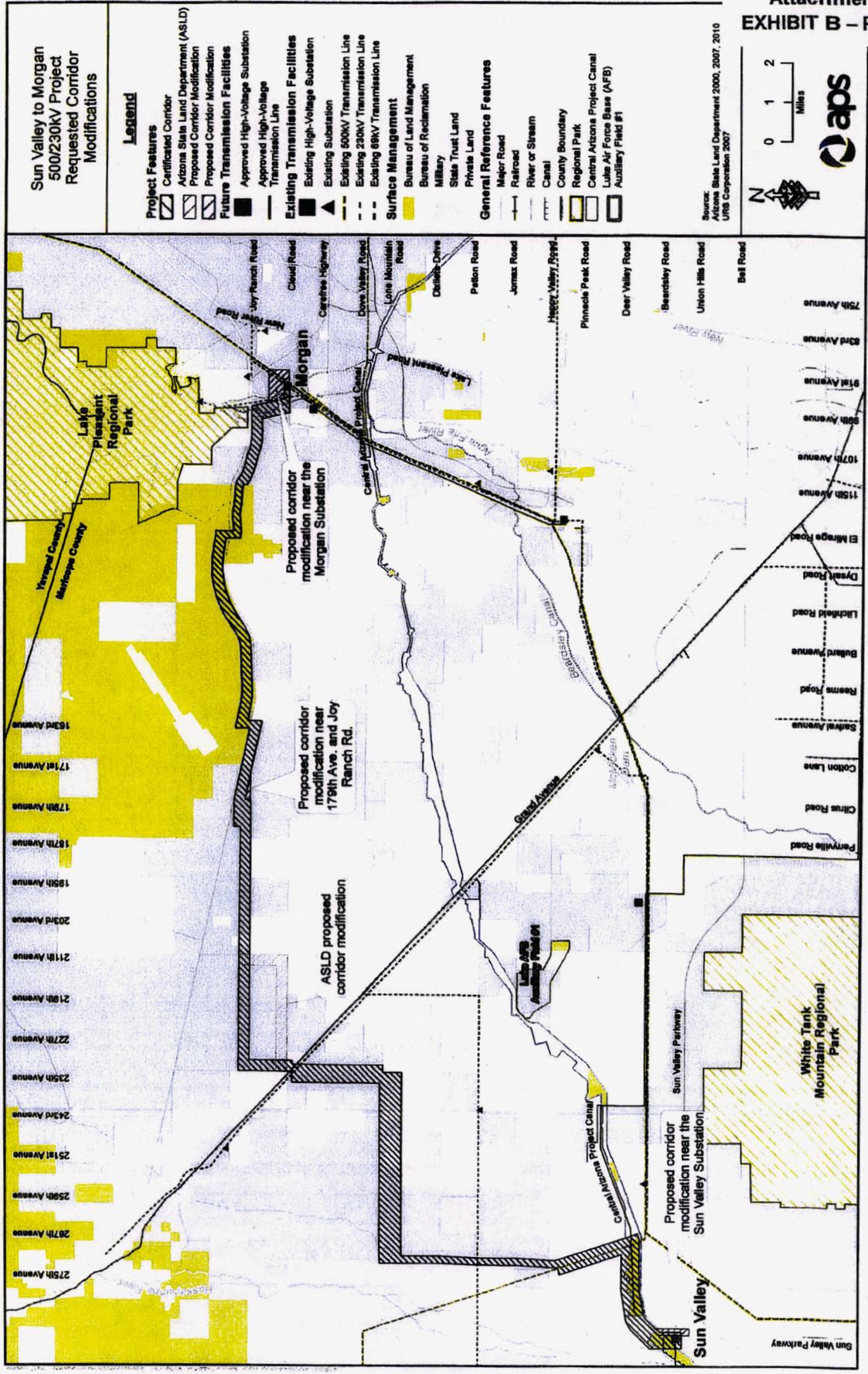
NOTICE OF OPEN MEETING

An Open Meeting will be held by the Arizona Corporation Commission regarding Arizona Public Service Company's (APS) request to extend the term of the Certificate of Environmental Compatibility (CEC) in the above referenced docket. In Decision No. 70850, the Commission granted APS authorization to construct approximately 39 miles of 500/230 kilovolt transmission lines from Buckeye to Lake Pleasant. APS has requested term extensions of five additional years for the in-service date of the 500- kV circuit to 2021 and eleven additional years for the in-service date of the 230kV circuit of the transmission line to 2030. Proposed amendments to the CEC also include:

1. Arizona State Land Department (ASLD) Proposed Corridor Modification (See map on reverse)
At ASLD's request, APS filed an amendment to relocate a four-mile segment of the Certificated Corridor. If approved, the relocation would move the corridor between 211th Avenue and 235th Avenue from the Joy Ranch Road alignment south one mile to the Cloud Road alignment and move a one-mile segment from 235th Avenue to 211th Avenue.
2. APS Proposed Corridor Modifications (See map on reverse):
 - *Near 179th Ave and Joy Ranch Road:* a corridor modification on State Trust land to reduce the number of poles required to construct the line, improving aesthetics and slightly reducing environmental impacts
 - *Near the Morgan Substation:* a corridor modification to allow for flexibility and a more efficient connection into the Morgan Substation
 - *Near the Sun Valley Substation:* a corridor modification for efficient use of existing rights-of-way by paralleling another 230kV line

The Open Meeting will be held at the Arizona Corporation Commission, 1200 West Washington Street, Phoenix, Arizona 85007, Hearing Room __ on _____, 2014 at (insert time).

More information is available at www.aps.com/siting. Questions on the project may be directed to Richard Stuhan, Siting Consultant Senior, APS Transmission and Facility Siting Department at 602-493-4448 or by email at richard.stuhan@aps.com. A copy of the Company's application is available on the internet via the Commission's website at www.azcc.gov using the eDocket function or at the Commission Office.



Attachment 2:

APS Response to Staff Data
Request 1.7

**ARIZONA CORPORATION COMMISSION
STAFF'S FIRST SET OF DATA REQUESTS TO
ARIZONA PUBLIC SERVICE COMPANY REGARDING
REQUEST FOR EXTENSION OF CEC TERM
DOCKET NO. E-01345A-08-0330-00138
OCTOBER 17, 2014**

Staff 1.7: Please provide details of the cost differences between the project as approved in Decision 70850 and the project as proposed in this Application.

Response: None of the proposed amendments adds any significant line length to the project and therefore the overall number of towers and length of wire is essentially the same. Additionally, final design has not been completed. The proposed amendments to the corridor are generally consistent with the intent of the project as approved in Decision 70850 and reflect changes necessary to complete the project without in-service delays or cost increases.

Details of cost differences:

1. A 4-mile segment of the corridor, approved to be aligned with Joy Ranch Road between 211th Ave. and 235th Ave. would be moved one mile south so that the corridor would instead be aligned with Cloud Road. As a result, a 1-mile segment approved to be aligned with 235th Ave. would move to be aligned with 211th Ave. The ASLD Proposed Corridor adds 2 additional turning structures costing an additional \$350,000 to \$450,000.
2. The portion of the corridor immediately to the east of the Sun Valley Substation would be extended slightly to the east and south. Realignment of CAP crossing results in no additional costs; there are generally no additions or reductions of poles or wire.
3. The segment of the corridor between 179th Ave. and 171st Ave., approved to run diagonally in the proximity of Joy Ranch Road, would be expanded slightly to straighten its southern border in alignment with Joy Ranch Road. This results in a reduction of two (2) turning structures near 179th Avenue south of Carefree Highway in Section 26. This change decreases the cost between \$350,000 and \$450,000.
4. The portion of the corridor abutting the Morgan Substation would be expanded to the north and east, surrounding the Morgan Substation and making the southern boundary of the corridor in the area more consistent with the approved corridor to the west of the Morgan Substation. This change results in a similar number of tower structures and line length keeping the cost generally the same. Additionally, without the proposed amendment in this area, the 500kV circuit would have to be built in a manner along the inside perimeter of the Morgan Substation to reach its interconnection point. This would result in the loss of access to a planned 230kV circuit bay which represents a future opportunity loss.

Attachment 3:

APS Response to SFI Grand
Vista Informal 1.1 and 1.2

**SFI GRAND VISTA'S FIRST SET OF INFORMAL DATA REQUESTS TO
ARIZONA PUBLIC SERVICE COMPANY REGARDING
REQUEST FOR EXTENTION OF CEC TERM
DOCKET NO. E-01345A-08-0330-00138
OCTOBER 7, 2014**

SFI Inf 1.1: The cost for construction of the high voltage transmission lines ("HVTL") and appurtenances pursuant to the alignments that approved by the ACC in March of 2009 (the "Approved Plan").

Response: The estimated cost to construct the four-mile segment located between 235th and 211th Avenue as currently certificated will be in the range of \$13.4 million to \$18.5 million. The cost will vary depending upon the price of steel, the cost to acquire necessary right of ways, and other factors.

**SFI GRAND VISTA'S FIRST SET OF INFORMAL DATA REQUESTS TO
ARIZONA PUBLIC SERVICE COMPANY REGARDING
REQUEST FOR EXTENTION OF CEC TERM
DOCKET NO. E-01345A-08-0330-00138
OCTOBER 7, 2014**

SFI Inf 1.2: The cost for construction of the HVTL and appurtenances pursuant to the new alignment proposed in your Application (the "Proposed Plan").

Response: The estimated cost to construct the four-mile segment located between 235th and 211th Avenue as proposed in the Application will be in the range of \$13.8 million to \$19.0 million, a difference of between \$350,000 and \$450,000. APS's proposed amendment to straighten the line near 179th Avenue in Section 26 involves replacing two turning tower structures with two tangent (in-line) tower structures, which results in decreased costs of approximately \$350,000 to \$450,000, thus offsetting the increase in cost due to the realignment of the segment between 235th and 211th Avenue.

APS-3:

Rebuttal Testimony of Jennifer Frownfelter



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REBUTTAL TESTIMONY OF JENNIFER FROWNFELTER

On Behalf of Arizona Public Service Company

Docket No. L-00000D-08-0330-00138

DECEMBER 1, 2014

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I. INTRODUCTION1
II. SUMMARY2
III. PROPOSED CORRIDOR MODIFICATION2
IV. CONCLUSION3

1 corridor modifications, and I respond to the direct testimony of the witnesses for
2 SFI Grand Vista LLC.

3 **Q. WHAT IS YOUR ROLE WITH THIS PROJECT AND APS'S**
4 **APPLICATION TO AMEND?**

5 A. I directed the environmental studies conducted for the original siting proceedings
6 for Case 138, and I have directed the environmental analyses conducted to
7 determine the environmental effects associated with the proposed modifications.
8 In addition, I submitted an affidavit in support of APS's Application to Amend, a
9 copy of which is attached as Attachment 1, and incorporated herein by this
10 reference.

11 **II. SUMMARY**

12 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

13 A. In its Application to Amend, APS seeks four changes to the certificated
14 transmission line corridor and an extension of time to construct the Project. My
15 affidavit and testimony supports APS's Application to Amend, specifically the
16 corridor modifications. I will discuss the environmental impact of the proposed
17 corridor change to reroute approximately four (4) miles between 211th Avenue
18 and 235th Avenue, moving the line from its current location adjacent to the Joy
19 Ranch Road alignment, south approximately one mile to be adjacent to Cloud
20 Road ("Proposed Modification 1").

21 **III. PROPOSED CORRIDOR MODIFICATION**

22 **Q. PLEASE BRIEFLY EXPLAIN THE ENVIRONMENTAL ANALYSIS YOU**
23 **CONDUCTED TO DETERMINE THE ENVIRONMENTAL IMPACT OF**
24 **PROPOSED MODIFICATION 1?**

25 A. URS reviewed the inventories conducted and analyses prepared to support the
26 original application, identified and reviewed information developed since the
27 project's prior approval, and conducted supplemental field reviews and surveys in
28 selected locations (for land use, visual, and cultural resources). URS then

1 compared the proposed corridor modification with the prior alignment and its
2 impacts and evaluated whether the modification resulted in a change to the
3 anticipated impacts.

4 **Q. DOES CORRIDOR MODIFICATION 1 HAVE AN ENVIRONMENTAL**
5 **IMPACT? IF SO, WHAT IS THE IMPACT?**

6 A. Yes. The proposed corridor modification would result in a slight increase in
7 environmental impacts, specifically the visual impacts, in proximity to the
8 existing residences along Cloud Road. The relocation *away from* the residences in
9 Thunder Ridge Airpark (just west of 235th Avenue) would reduce visual impacts
10 on the residential viewers from that area from high levels to moderate or even
11 low levels. The relocation closer to the residences along Cloud Road would
12 increase visual impacts on the residential viewers from that area to high levels
13 from moderate levels.

14 **Q. THE DIRECT TESTIMONY OF DONALD C. DUNCAN, WITNESS FOR**
15 **SFI GRAND VISTA LLC, ALLEGES THAT THE REQUESTED**
16 **REALIGNMENT FROM JOY RANCH ROAD TO CLOUD ROAD**
17 **"HEIGHTENS THE IMPACT ON EXISTING AND PLANNED**
18 **RESIDENCES." BASED ON YOUR STUDIES, DO YOU AGREE? WHY**
19 **OR WHY NOT?**

20 A. With respect to existing residences, the relocation closer to Cloud Road would
21 increase visual impacts on the residential viewers from that area to high levels
22 from moderate levels. With respect to planned residences, the area along both the
23 currently certificated and proposed alignment is planned to be residential in the
24 future, where presence of the transmission line could be considered during final
25 planning and design of those residences; therefore, impacts on future residences
26 may not be heightened.

27 **IV. CONCLUSION**

28 **Q. DO YOU HAVE ANY CONCLUDING REMARKS?**

A. Overall, the impacts of the proposed corridor modifications would be similar to
those contemplated in the original application, with one exception, the area along

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Cloud Road. Despite the increased impact on views from residences in this area, it is my expert opinion that the proposed modifications to CEC 138 corridors would be environmentally compatible.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

Attachment 1:

**Affidavit of Jennifer
Frownfelter**

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

AFFIDAVIT OF JENNIFER FROWNFELTER

I, Jennifer L. Frownfelter, being duly sworn under oath, depose and state:

1. I am a Vice President for URS Corporation.
2. I served as project manager for the environmental studies prepared for the Certificate of Environmental Compatibility ("CEC") on behalf of Arizona Public Service Company ("APS") for Case No. 138 ("CEC 138"), the Sun Valley to Morgan 500/230kV Transmission Line Project (formerly TS5 to TS9 500/230kV Transmission Line Project) ("Project").
3. I provided testimony for APS during the Arizona Power Plant and Transmission Line Siting Committee ("Committee") hearings concerning the environmental compatibility of the Project.
4. I prepared this affidavit in support of APS's *Application to Amend Arizona Corporation Commission Decision No. 70850*.
5. I am personally familiar with the Project's CEC as well as the proposed changes to modify the certificated corridor in the four specific areas described in APS's application.
6. I directed the environmental studies conducted for the Project's CEC application and have directed the environmental analyses conducted to determine the environmental effects associated with the proposed modifications. The environmental analyses associated with the proposed modifications included reviews of aerial photography, maps, photographic simulations, prior studies and field surveys, and jurisdictional plans for each area. The environmental impacts resulting from the proposed modifications would be similar to impacts contemplated and approved in CEC 138, as described below by requested modification area.

7. **Move a one-mile, north-south section of the corridor to 211th Avenue from 235th Avenue and a three-mile, east-west section of the corridor between 211th Avenue and 235th Avenue south one mile so it runs along the southern border of the ASLD parcel rather than through the middle.**

The connection between the intersection of 235th Avenue and Cloud Road with the intersection of 211th Avenue and Joy Ranch Road, which has been requested by the Arizona State Land Department ("ASLD"), includes relocating approximately four miles of the certificated corridor, with the resultant corridor remaining on undeveloped State Trust land. The area is unincorporated Maricopa County, within the planning area for the City of Surprise. There are no existing developed land uses in the certificated corridor or ASLD-proposed corridor. Future land use has been planned as rural residential according to the Surprise General Plan 2035; no specific development plans have been identified in the area encompassed by both corridors. No developed recreational uses are present; however, a "local trail" has been planned along 211th Avenue based on the Surprise Parks and Trails Master Plan (October 2008). Recreational opportunities could be affected, though the transmission line along 211th Avenue also could provide an opportunity for provision of the local trail. Therefore, similar, minimal, impacts on land uses and recreational opportunities would result from either corridor alignment.

The north-south segment of the certificated corridor along 235th Avenue and proximate to the existing private airstrip and residences of Thunder Ridge Airpark would be eliminated, reducing visual impacts on existing residential viewers at Thunder Ridge from high to moderate or low-moderate levels¹ (five residences are located approximately 0.25 miles west of the western edge of the corridor). The east-west segment of the certificated corridor along the Joy Ranch Road alignment (following along the north side of section lines) also would be eliminated;

¹ Impact assessment criteria to assign high, moderate-high, moderate, low-moderate, or low ratings derived from CEC application, APS Exhibit B-1, Docket No. L-00000D-08-03300-0138.

however, no additional existing developed uses are present within the certificated corridor or within 0.25 mile. The east-west segment of the ASLD-proposed corridor along Cloud Road would be proximate to existing residential uses just south of Cloud Road near 211th Avenue (13 residences within 500 feet), generating high visual impacts on residential viewers based on the addition of dominant structures into their relatively open views to the north. The north-south segment of the ASLD-proposed corridor along 211th Avenue would be added, where two existing residences and a communications tower are located within 0.25 mile (east of 211th Avenue in Section 31, T6N, R2W). Therefore, high visual impacts would shift from the Thunder Ridge residential area to the residential areas along Cloud Road and 211th Avenue. Biological resources along the certificated and the ASLD-proposed corridors are similar in vegetation and wildlife habitat value; therefore, no *additional* impacts on biological resources would be anticipated as a result of selecting the ASLD-proposed corridor in this area.

Cultural resources along the certificated corridor and the ASLD-proposed corridor are anticipated to be similar in nature. Four sites, scatters of historic trash, were discovered during the pedestrian survey of a potential right-of-way within the certificated corridor. These sites were determined ineligible for the National Register of Historic Places and do not warrant preservation. Though the ASLD-proposed corridor has not been similarly surveyed, the results of nearby cultural resource surveys indicate the area has low cultural resource sensitivity with little potential for unrecorded archaeological or historical sites that would be eligible for the National Register of Historic Places. Therefore, no *additional* impacts on cultural resources would be anticipated as a result of selecting the ASLD-proposed corridor in this area.

8. Expand the corridor between 171st Avenue and 179th Avenue (south of State Route 74) so corridor runs in straight alignment with section line.

The corridor expansion requested near 179th Avenue, just south of State Route 74, in Section 26, T6N, R2W, includes State Trust land administered by ASLD. This proposed corridor

expansion area is within the City of Peoria. There are no existing developed land uses in the proposed corridor expansion area. Future land use has been planned as low density residential according to the Peoria General Plan (2012). The expanded corridor in this location would allow APS to construct the transmission line with a straight alignment along the southern boundary of Section 26, potentially resulting in fewer transmission structures, fewer turning structures, and the need for less right-of-way for the Project. Therefore, the proposed corridor expansion would allow for a minimal, and beneficial, impact on future land uses. Visual impacts, while remaining high due to proximity of sensitive viewers along SR 74, also would be slightly reduced due to the potential reduction in the number of total structures, as well as turning structures.

Biological resources within the expansion area are similar in vegetation and wildlife habitat value to those resources within the adjacent and certificated corridor. Expansion of the corridor in this area could provide a straight alignment for construction and potentially lessen physical disturbance. Cultural resource surveys of this area were conducted in 1988 and no sites were found. Therefore, no *additional* impacts on biological or cultural resources would be anticipated as a result of expanding the corridor in this area.

9. Modify the corridor near the Morgan Substation to allow APS flexibility to design the connection into the substation in a more efficient manner.

The corridor expansion requested near the Morgan Substation, which encompasses a majority of the south half of Section 33, T6N, R1E, include State Trust land administered by ASLD, as well as federal land administered by the Bureau of Reclamation (along the Waddell Canal). This proposed corridor expansion area is within the City of Peoria. Existing developed land uses in the proposed corridor expansion area include the Waddell Canal and Morgan Substation. Future land use has been planned as mixed-use/low-density residential, with some medium-density residential, and open space – though all of these future uses have been overlaid

with a utility corridor within the Peoria General Plan (2012). The expanded corridor in this location would allow APS to more efficiently design and construct the transmission line allowing flexibility for crossing both the Beardsley and Waddell canals and the transmission line connecting into the Morgan Substation. These design considerations could potentially result in fewer transmission structures, fewer turning structures, and the need for less right-of-way for the Project – factors that may reduce ground disturbance and associated environmental impacts. Given the existing and planned uses, including the electrical infrastructure in the area, the proposed corridor expansion for this Project would have negligible *additional* impacts on existing and future land uses, and could potentially have a minimal, beneficial impact on future land uses. For reasons similar to those for impacts on land uses, negligible *additional* impacts on visual resources would occur as a result of the proposed corridor expansion for this Project in this area. Impacts on visual resources would remain moderate, similar to those already contemplated and approved, due to proximity of sensitive viewers along SR 74 and the introduction of another series of transmission structures.

Biological resources within the expansion area near Morgan Substation are similar in vegetation and wildlife habitat value to those resources within the adjacent certificated corridor. Expansion of the corridor in this area could provide opportunities to lessen disturbance by routing the transmission line into the substation farther north than would be possible with the presently approved corridor. This could reduce impacts on biological resources. Cultural resources in the area include one archaeological site that was previously recorded, but it was recommended ineligible for the National Register of Historic Places. Supplemental pedestrian survey west of Morgan Substation discovered no other archaeological or historical sites. The area east of Morgan substation has not been intensively surveyed for cultural resources, but that area is unlikely to be disturbed and nearby surveys indicates the area has low cultural resource

sensitivity. Therefore, no *additional* impacts on biological or cultural resources would be anticipated as a result of expanding the corridor in this area.

10. Expand the corridor near the Sun Valley Substation so the 500kV and 230kV transmission lines cross the CAP canal directly adjacent to and parallel with the transmission lines authorized in CEC 127.

The corridor expansion requested near the future Sun Valley Substation, which encompasses a small portion of Sections 20 and 29, T4N, R4W, includes private land where APS already has acquired land rights in association with the West Valley-North 230/69kV Transmission Line Project (Case No. 127, Decision No. 67828, collectively "CEC 127"). This proposed corridor expansion area is within the City of Buckeye. There are no existing developed land uses in the proposed corridor expansion area. Future land use will be developed in accordance with a Community Master Plan for Festival Ranch; however, this specific area already has been partially encumbered with an easement for the West Valley-North 230/69kV Transmission Line, and that transmission line will be a future use in the area. Expansion of the corridor would provide the opportunity to locate the Sun Valley to Morgan 500/230kV Transmission Line right-of-way adjacent to the right-of-way for the West Valley-North 230/69kV Transmission Line. Therefore, the proposed corridor expansion would allow for a minimal, and beneficial, impact on future land uses. Visual impacts would remain low-moderate, similar to those already contemplated and approved, due to the lack of sensitive viewers in the area.

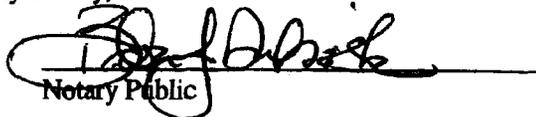
Biological resources within the expansion area are similar in vegetation and wildlife habitat value to those resources within the adjacent certificated corridor. Cultural resource surveys of this area were conducted in 2003 and 2004 and no sites were found. Consolidating rights-of-way could reduce disturbance overall; therefore, no *additional* impacts on biological or cultural resources would be anticipated as a result of expanding the corridor in this area.

11. It is my expert opinion that the proposed modifications to CEC 138 corridors would be environmentally compatible.

DATED this 16 day of July, 2014.


Jennifer L. Frownfelter

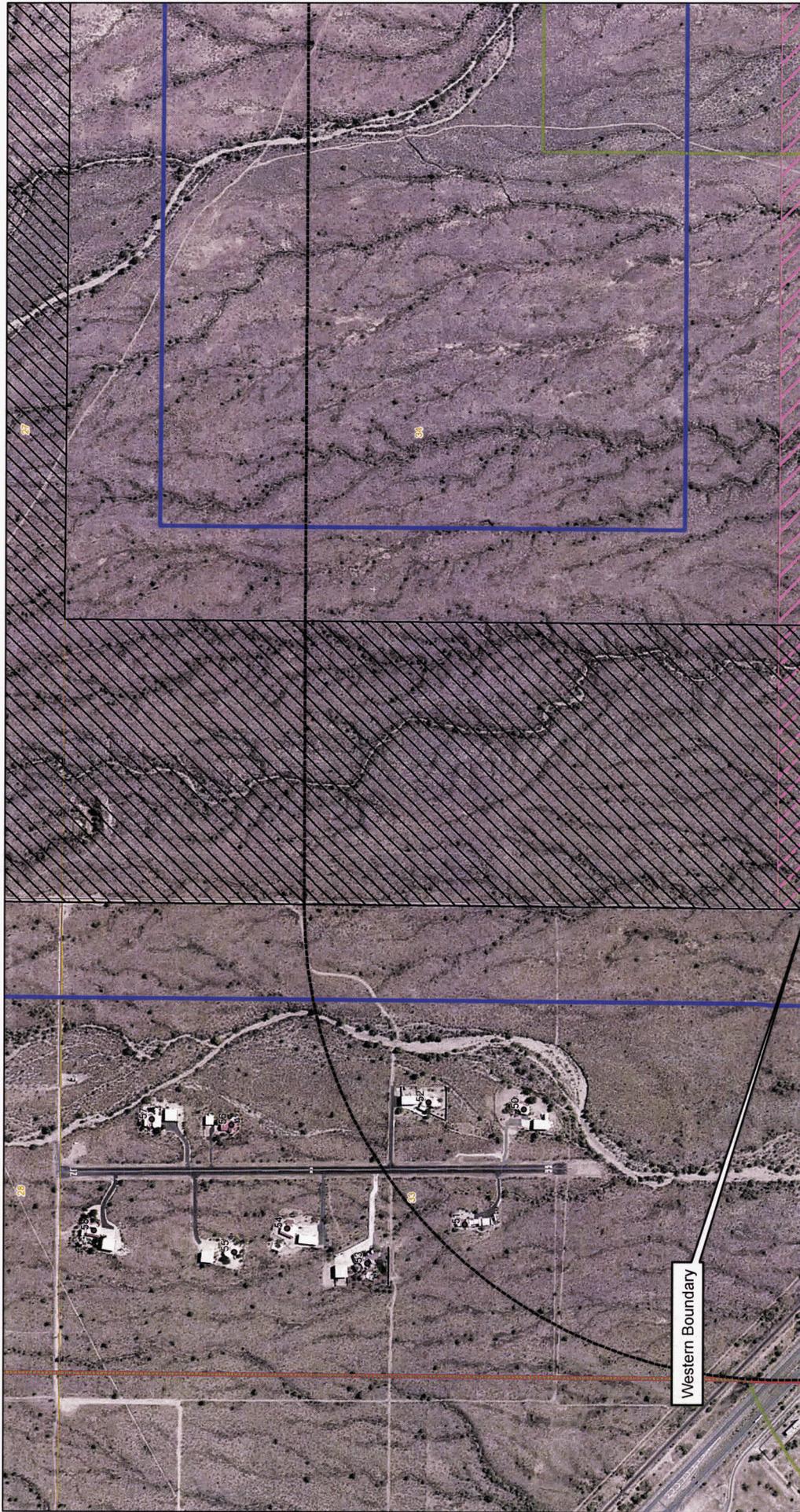
Sworn to and subscribed before me this 16th day of July, 2014.


Notary Public

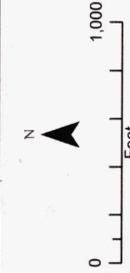
My Commission expires:

Dec. 12, 2014



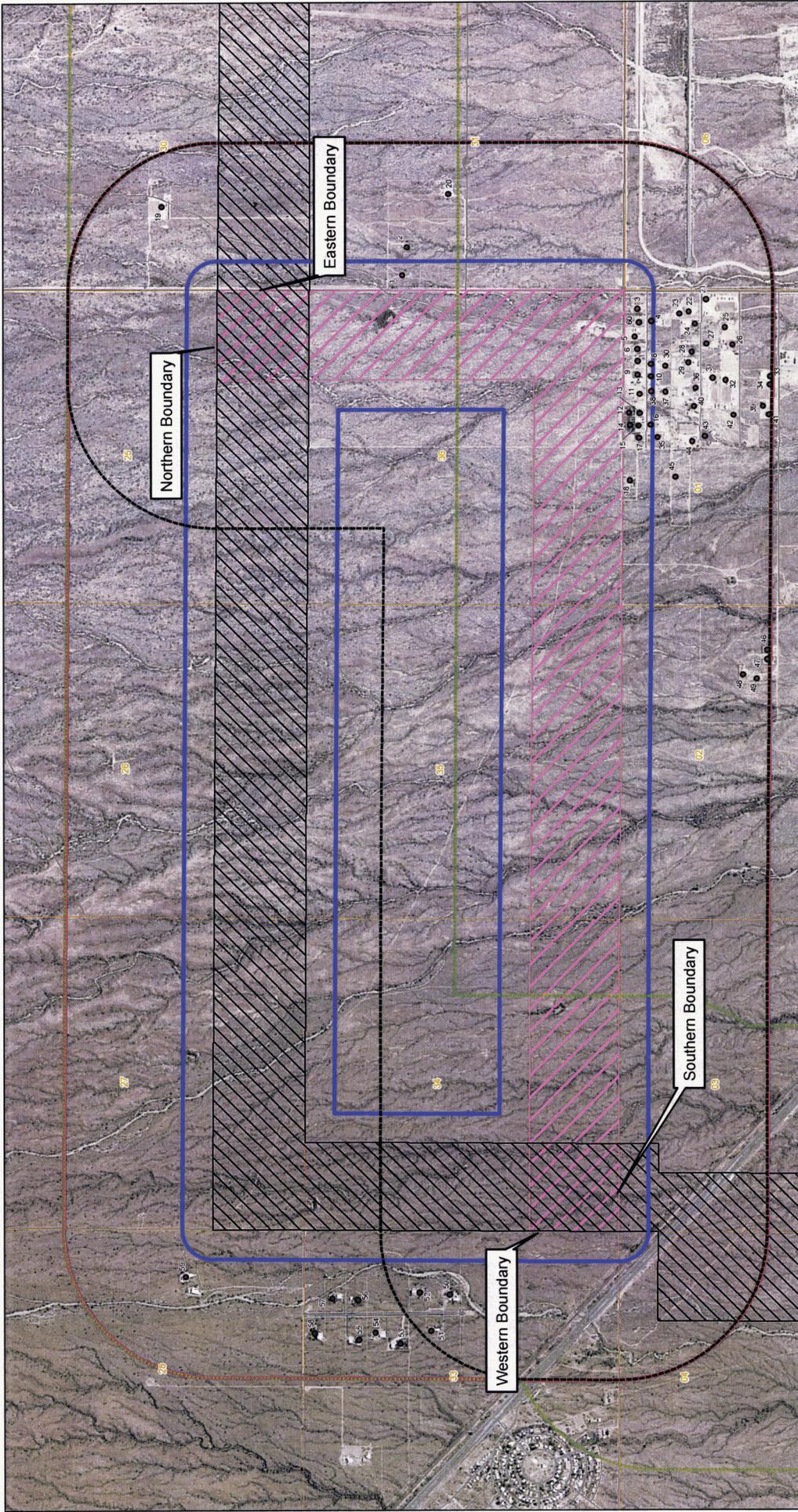


- Legend**
- Residences
 - ▨ ASLD Proposed Corridor
 - ▨ Approved Plan/Certificated Corridor (CEC 138)
 - ▨ 500-foot Buffer
 - ▨ 2500-foot Buffer
 - ▨ 2500-foot Buffer of Proposed Route
 - ▨ 2500-foot Buffer of Certificated Route



Service Layer Credits: Source: Esri, DigitalGlobe, GeoEye, i-cubed, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AEX, Geomatics, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community
 Parcel Data: Maricopa County Assessor 2014





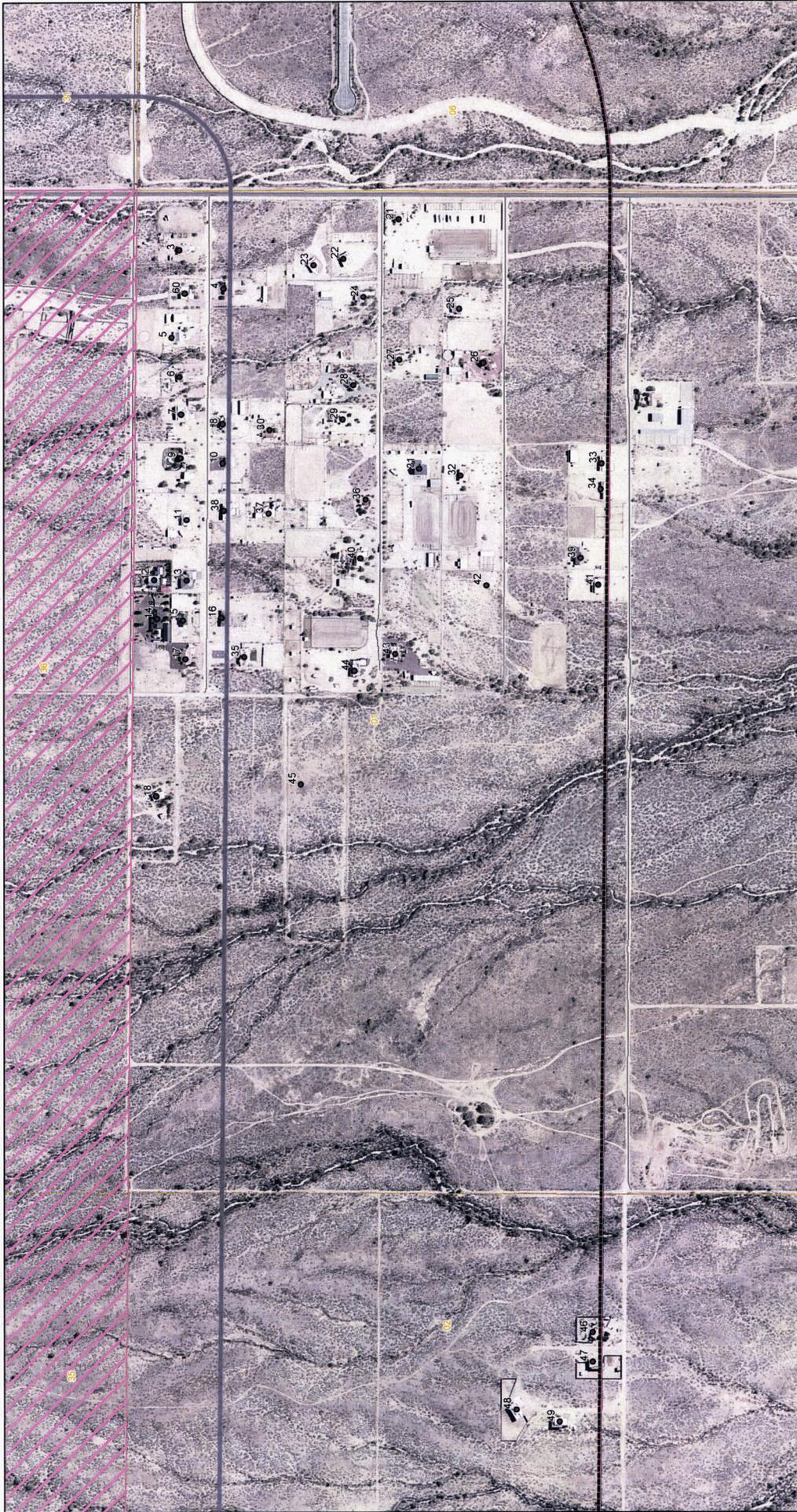
- Legend**
- Residences
 - ASLD Proposed Corridor
 - Approved Plan/Certificated Corridor (CEC 138)
 - 500-foot Buffer
 - 2500-foot Buffer
 - 2500-foot Buffer of Proposed Route
 - 2500-foot Buffer of Certificated Route



Service Layer Credits: Source: Esri, DigitalGlobe, GeoEye, IGN, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community
 Parcel Data: Maricopa County Assessor 2014

APS-5 CORRECTED





Legend

- Residences
- ASLD Proposed Corridor
- 2500-foot Buffer
- 2500-foot Buffer of Proposed Route
- 500-foot Buffer



Service Layer Credits: Sources: Esri, DigitalGlobe, GeoEye, Earthstar (United States), USDA, USGS, AeroGRID, IGN, IGP, swisstopo, and the GIS User Community

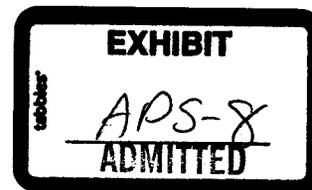
Parcel Data: Maricopa County Assessor 2014

APS-6 CORRECTED

APS15696
Page 1 of 1



| House ID | Distance to Corridor |
|----------|----------------------|
| 1 | 270 |
| 2 | 739 |
| 3 | 233 |
| 4 | 467 |
| 5 | 196 |
| 6 | 240 |
| 7 | 249 |
| 8 | 469 |
| 9 | 249 |
| 10 | 471 |
| 11 | 283 |
| 12 | 115 |
| 13 | 287 |
| 14 | 132 |
| 15 | 268 |
| 16 | 471 |
| 17 | 283 |
| 18 | 136 |
| 19 | 935 |
| 20 | 1,633 |
| 21 | 1,388 |
| 22 | 1,098 |
| 23 | 940 |
| 24 | 1,204 |
| 25 | 1,710 |
| 26 | 1,840 |
| 27 | 1,398 |
| 28 | 1,154 |
| 29 | 1,101 |
| 30 | 716 |
| 31 | 1,507 |
| 32 | 1,726 |
| 33 | 2,471 |
| 34 | 2,467 |
| 36 | 1,225 |
| 37 | 715 |
| 38 | 528 |
| 39 | 2,363 |
| 40 | 1,199 |
| 41 | 2,459 |
| 42 | 1,866 |
| 43 | 1,389 |
| 44 | 1,174 |
| 44 | 593 |
| 45 | 899 |
| 46 | 2,464 |
| 47 | 2,466 |
| 48 | 2,065 |
| 49 | 2,294 |
| 50 | 1,072 |
| 51 | 1,689 |
| 52 | 1,040 |
| 53 | 1,902 |
| 54 | 1,720 |
| 55 | 1,847 |
| 56 | 1,170 |
| 57 | 1,145 |
| 58 | 1,741 |
| 59 | 908 |
| 60 | 264 |



APS-8 CORRECTED