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

In the matter of the Application of Tucson Electric Power Company, in conformance with the requirements of A.R.S. § 40-360, *et seq.*, for a Certificate of Environmental Compatibility authorizing the Kino to DeMoss-Petrie 138 kilovolt (kV) Transmission Line Project, which includes the construction of a new 138 kV transmission line originating at the existing Kino Substation (Section 30, Township 14 South, Range 14 East), with an interconnection at the planned Vine Substation (Section 06, Township 14 South, Range 14 East), and terminating at the existing DeMoss-Petrie Substation (Section 35, Township 13 South, Range 13 East), each located within the City of Tucson, Pima County, Arizona.

Docket No.  
L-00000C-21-0288-00192

Case No. 192

Arizona Corporation Commission

**DOCKETED**

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**TUCSON ELECTRIC POWER COMPANY'S STATUS REPORT**

Tucson Electric Power Company ("TEP") hereby provides an update on the status of the discussions between TEP and the City of Tucson ("City") together with a timeline for the involvement of other parties in the discussions concerning the Kino to DeMoss Petrie 138 kV Transmission Line Project ("Project").

***Posture of the Case.***

TEP filed its Application for a Certificate of Environmental Compatibility ("Application") for the Project on August 10, 2021. The hearing on the Application was scheduled to commence on September 13, 2021, but at the prehearing conference held on September 8, 2021, the Chairman granted TEP's motion to continue the hearing to allow TEP more time to discuss issues raised by the City and other stakeholders. In granting the continuance, the Chairman rescheduled the hearing for February 7, 2022 with the understanding that TEP would need to formally re-notice the hearing and could revisit the

1 timing of the hearing depending on developments in the case and the availability of the  
2 Committee.

3 ***Stage One Meetings -- Two-Party Discussions between TEP and the City.***

4 TEP representatives have been meeting weekly with City Manager Michael Ortega  
5 and City Attorney Michael Rankin to discuss a number of threshold issues that impact the  
6 Project and other ongoing and future TEP projects. The issues discussed in the direct  
7 meetings between TEP and the City ("Stage One Meetings") include:

- 8 • The interpretation and application of provisions of the City's Uniform  
9 Development Code ("UDC") relating to Gateway Corridor Zones under the  
10 Zoning Administrator Determination ("ZAD") that the UDC requires  
11 undergrounding of the Project within Gateway Corridors;
- 12 • TEP's appeal from the ZAD;
- 13 • The application of the UDC and ZAD to other ongoing TEP transmission  
14 line projects within Gateway Corridors as well as projects that cross  
15 Gateway Corridors;
- 16 • Circumstances or conditions that warrant granting special exceptions to the  
17 UDC to permit aboveground construction of portions of the Project and other  
18 TEP projects within Gateway Corridors;
- 19 • How the cost differential between aboveground and underground  
20 construction of the Project is calculated and the factors that impact the cost  
21 of underground construction;
- 22 • Potential methods for funding and allocating the cost differential between  
23 aboveground and underground construction for the Project and future  
24 projects that may be constructed within Gateway Corridors; and
- 25 • The status and approval process for the proposed Vine Substation that was  
26 denied a special exception land use permit by the City.

27 The weekly Stage One Meetings that have occurred over the past 60 days have been  
28 constructive. These meetings have allowed TEP to gain a better understanding of the City's



1 objectives in enacting the UDC and its concerns with the alternative routes proposed for the  
2 Project, while also providing the City with a better understanding of the costs, constraints  
3 and consequences of requiring underground construction within Gateway Corridors.

4 Although nothing has been agreed to as of yet, the Stage One Meetings have  
5 progressed to the point that TEP and the City are ready to broaden the discussion by seeking  
6 input from the parties that intervened in this case -- Banner, Sam Hughes Neighborhood  
7 Association, and the Arizona Corporation Commission Utilities Division -- along with other  
8 important stakeholders such as the University of Arizona (collectively "Parties and  
9 Stakeholders").

10 ***Next Steps – Broaden the Discussion with Stage Two Meetings.***

11 TEP and the City intend to schedule a series of meetings to outline the progress made  
12 in the Stage One Meetings and to solicit input from the Parties and Stakeholders on the  
13 options being considered for siting and constructing the Project ("Stage Two Meetings").  
14 These Stage Two Meetings are expected to begin sometime in December, subject to  
15 scheduling availability, and will focus on the routing, design and cost of the Project.

16 Although there is no guarantee that the Stage Two Meetings will result in a consensus  
17 or agreement on any or all of the relevant issues, TEP and the City are committed to meeting  
18 in good faith with the Parties and Stakeholders to work toward agreement on the relevant  
19 issues. To this end, TEP and the City reserve the right to continue with two-party direct  
20 meetings during the Stage Two Meeting process and the other parties are free to engage in  
21 direct meetings with TEP, the City or other parties as they deem appropriate.

22 ***Potential for Further Continuance of the Evidentiary Hearing.***

23 As outlined above, there are a number of issues that need to be considered and  
24 resolved between TEP and the City together with the Parties and Stakeholders that impact  
25 the Project and other TEP projects. The resolution of these issues will take time and may  
26 require review and approval by the Tucson Mayor and Council. TEP also might need to  
27 further notice any changes to the Project resulting in further public meetings, as well as  
28 possibly amend the Application before the Project moves forward through the hearing and

1 Line Siting Committee processes. For these reasons, it appears likely that TEP will need to  
2 request that the pending February 7, 2022 hearing be rescheduled to a later date. TEP will  
3 discuss the issue of the hearing schedule with the Parties and Stakeholders in the Stage Two  
4 Meetings.

5 ***Scheduling a Status Hearing***

6 TEP suggests that a status hearing be scheduled for late December or early January  
7 after the parties have had an opportunity to begin the Stage Two Meetings. At that point, all  
8 of the parties will have a point of reference and understanding of where things stand and can  
9 apprise the Chairman of their perspectives on the meeting process and any progress.

10 Respectfully submitted this 29<sup>th</sup> day of November, 2021.

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