

1 BEFORE THE POWER PLANT AND
2 TRANSMISSION LINE SITING COMMITTEE
3 IN THE MATTER OF THE APPLICATION OF) DOCKET NO.
4 SOUTHLINE TRANSMISSION, L.L.C., IN) L-00000AAA-
5 CONFORMANCE WITH THE REQUIREMENTS OF) 16-0370-00173
6 ARIZONA REVISED STATUTES 40-360, ET)
7 SEQ., FOR A CERTIFICATE OF)
8 ENVIRONMENTAL COMPATIBILITY)
9 AUTHORIZING CONSTRUCTION OF THE NON-)
10 WAPA-OWNED ARIZONA PORTIONS OF THE)
11 SOUTHLINE TRANSMISSION PROJECT,) CASE NO. 173
12 INCLUDING A NEW APPROXIMATELY 66-MILE)
13 345-KV TRANSMISSION LINE IN COCHISE)
14 COUNTY FROM THE ARIZONA-NEW MEXICO)
15 BORDER TO THE PROPOSED SOUTHLINE)
16 APACHE SUBSTATION, THE ASSOCIATED)
17 FACILITIES TO CONNECT THE SOUTHLINE) VOLUME I
18 APACHE SUBSTATION TO THE ADJACENT) (Pages 1 - 161)
19 AEPCO APACHE SUBSTATION, AND)
20 APPROXIMATELY 5 MILES OF NEW 138-KV)
21 AND 230-KV TRANSMISSION LINES AND)
22 ASSOCIATED FACILITIES TO CONNECT THE)
23 EXISTING PANTANO, VAIL, DEMOSS)
24 PETRIE, AND TORTOLITA SUBSTATIONS TO)
25 THE UPGRADED WAPA-OWNED 230-KV)
APACHE-TUCSON AND TUCSON-SAGUARO)
TRANSMISSION LINES IN PIMA AND PINAL)
COUNTIES.)
_____)

17 At: Tucson, Arizona

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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
4 the Tucson Convention Center, 260 South Church Avenue,
5 Tucson, Arizona, commencing at 1:10 p.m. on the 29th of
6 November, 2016.

7

8 BEFORE: THOMAS K. CHENAL, Chairman

9 LAURIE WOODALL, Arizona Corporation Commission
10 IAN BINGHAM, Department of Environmental
Quality
11 LISA WILLIAMS, Arizona Department of Water
Resources
12 JIM PALMER, Counties, Appointed Member
MARY HAMWAY, Cities/Towns, Appointed Member
13 DAVID L. EBERHART, Public Member
JACK HAENICHEN, Public Member
14 PATRICIA NOLAND, Public Member

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1 CHMN. CHENAL: All right. Welcome, everybody.
2 This is the time for the Southline Transmission Project
3 hearing which is noticed for today in Tucson.

4 Let's start with a roll call, please, of the
5 Committee members.

6 Member Bingham.

7 MEMBER BINGHAM: Present.

8 CHMN. CHENAL: Membr Haenichen.

9 MEMBER HAENICHEN: Here.

10 CHMN. CHENAL: Member Hamway.

11 MEMBER HAMWAY: Here.

12 CHMN. CHENAL: Member Noland.

13 MEMBER NOLAND: Here.

14 CHMN. CHENAL: Member Palmer.

15 MEMBER PALMER: Here.

16 CHMN. CHENAL: Member Williams.

17 MEMBER WILLIAMS: Here.

18 CHMN. CHENAL: And Member Woodall.

19 MEMBER WOODALL: Yes, I am here as a designee of
20 the Chairman of the Arizona Corporation Commission.

21 CHMN. CHENAL: All right. Thank you very much.

22 We will note that for the time being Members
23 Eberhart and McGuire are absent, but we will note for
24 the record when they arrive.

25 May have appearance, please, for the applicant.

1 MR. GUY: Good afternoon, Chairman. Thank you.
2 My name is James Guy with the law firm Sutherland Asbill
3 & Brennan, here on behalf of Southline transmission. I
4 have with me Martha Hopkins, also with Sutherland, and
5 Meghan Grabel with Osborn Maledon.

6 CHMN. CHENAL: I think we need a little more
7 volume, please.

8 All right. We will just confirm, we have a
9 sound system that hopefully will be adequate. If we
10 could get the volume up any higher I think that would be
11 better. It is kind of hard with all the notebooks to
12 bring the microphone right up to the mouth, but if there
13 is any way you could do that, it would be helpful.

14 All right. Let me ask the applicant. Mr. Guy,
15 we have the exhibits; they are all numbered and
16 available for members of the Committee?

17 MR. GUY: That's correct, Chairman. We have and
18 each member has three notebooks with all the exhibits
19 that the applicant has prefiled and provided.

20 We do have a couple of supplemental exhibits,
21 and really the replacement exhibits. A couple of the
22 exhibits don't have page numbers on there, so at some
23 point if that's helpful we may switch it out for you.

24 We have also prepared slides for the opening
25 statement, and those have not been distributed yet.

1 CHMN. CHENAL: Okay. Very well. Thank you.

2 Because of the expedited transcripts that we
3 require, we will have a break every 90 minutes. So
4 approximately 2:30 to 2:45 we will take a 15-minute
5 break.

6 We have -- the hearing venue selected this week
7 will be Tucson. The tour, we will vote on whether we
8 want a tour, but that presumably would be Thursday of
9 this week. And then we resume the hearing Monday in
10 Willcox, and if we take a tour, it would be that
11 Tuesday.

12 And Thursday, just to alert the Committee, the
13 venue where the hearing will be held, which we are
14 familiar with, with exception of perhaps Member Woodall,
15 but the facility is not available that Thursday. So we
16 may, if the hearing takes longer than expected, may
17 decide, if we want a tour, to move that to Thursday.

18 With any luck we will be finished with this
19 hearing by Wednesday. And I am optimistic we can do
20 that based on, you know, the people who have entered or
21 wished to enter appearances. And with what we have seen
22 in terms of objections to the project, I am optimistic
23 we will be finished and have this process completed by
24 next Wednesday, but just to give everyone an alert that,
25 you know, we do have next week and the following week

1 back here in Tucson if for any reason things don't
2 finish as quickly as anticipated.

3 But I think we are optimistic, and in the
4 conversations we have had with the applicant and people
5 who have entered appearances, we are very, very
6 optimistic this will be done next week. And I think
7 possibly we should shoot for Wednesday, because Thursday
8 would be a down day anyway. If that means, you know,
9 we, if we are within striking distance and we want to
10 stay a little longer one day, you know, to get things
11 done, I think if we are flexible we can meet that goal.

12 Let's consider the requests or notices of
13 intervention. We have really three, two notices of
14 intervention and one request for intervention. The two
15 notices for intervention by statute are automatic as a
16 matter of law.

17 Mr. Hay, would you like to enter an appearance
18 on behalf of Pinal County?

19 MR. HAY: Thank you, Mr. Chairman. I am Cedric
20 Hay here on behalf of Pinal County.

21 CHMN. CHENAL: And I will note for the record
22 that Pinal County may appear as of right under our
23 statutes.

24 Next, the Irrigation and Electrical Districts
25 Association of Arizona, IEDA for short. Is there anyone

1 here to make an appearance on behalf of IEDA?

2 (No response.)

3 CHMN. CHENAL: Interesting. They appeared at
4 the prehearing conference. A notice was filed. I
5 believe they meet the requirements as an association
6 under the statute to appear as a matter of right. But
7 without an attorney to represent IEDA here, let's hold
8 in abeyance making them officially a party of record. I
9 just don't want to do that without having an attorney
10 here present to do that.

11 Next let's take up the request for intervention
12 on behalf of Mountain View Ranch Development Joint
13 Venture.

14 MR. JACKSON: Thank you, Mr. Chairman. Is the
15 volume okay on that end of the room?

16 CHMN. CHENAL: That's better, yes.

17 MR. JACKSON: My name is Todd Jackson. I
18 appreciate the opportunity to speak and to be heard on
19 our motion.

20 I represent Mountain View Ranch, LLC. And by
21 way of background, I will try not to repeat what is in
22 our papers, but by way of background, my client owns a
23 478-acre parcel of land that is transected by the
24 proposed route. It is not on the CEC route, as that
25 term is defined, but it is within the upgrade route.

1 And just so you have the location, it is between the --
2 it is on the Apache-Tucson line segment. It is between
3 the Vail and Pantano substations. It is located
4 physically at the intersection of Scenic Route 83 and
5 I-10, slightly to the east of Vail, Arizona.

6 And so the Committee is aware, we have filed two
7 pleadings last week. One is our limited appearance and
8 statement of position, which sets forth our position on
9 the various issues. The other is a motion to intervene.

10 I do want to say for the benefit of the
11 Committee that we are not seeking to call any witnesses
12 or cross-examine any witnesses. We don't anticipate any
13 time added to the hearing by virtue of our intervention.
14 We simply would like to be a party so that we can
15 receive notice of future proceedings, and also be heard
16 with respect to the form of order and the conditions
17 that are ultimately placed, if the Committee elects to
18 assert its jurisdiction over this segment of the line.

19 If it pleases the Chairman, I can give you a
20 little more background, if you would like to hear more
21 on our position at this point. If on the other hand,
22 you are simply taking up the motion to intervene, I
23 think our position is stated in the papers well. And
24 with that addition to it, if you have any questions, I
25 would that happy to answer them with respect to the

1 motion to intervene.

2 CHMN. CHENAL: Well, you have also, Mr. Jackson,
3 on behalf of your client, filed a statement, a limited
4 statement in writing which he will accept as part of the
5 record, and we will deal with those in a moment; we will
6 just enter them in the record.

7 But for purposes of the motion to intervene, I
8 just wanted to alert the Committee of one of the legal
9 issues we will take up after we get through this process
10 of the parties to intervene. We will deal with some of
11 the legal issues that have been raised in this case, and
12 one of the legal issues is the jurisdiction, if any, of
13 this Committee over the upgrade portion of the Southline
14 project that's owned by Western Area -- the WAPA,
15 Western Area Power Authority, so WAPA. And we will talk
16 more about that.

17 But it is very -- one of the positions there is
18 that we have no jurisdiction as a state committee over
19 the WAPA line. And Mr. Jackson has just indicated that
20 the portion that goes through his client's development
21 is that very portion, the WAPA federally owned line.
22 And so as kind of a background to the motion to
23 intervene is the issue that may very well be decided
24 against, you know, against his client's interest, if you
25 will, that we don't have jurisdiction to cover that

1 portion of the line.

2 So it may be that we agree to allow the client
3 to intervene, and that's something I would like to have
4 discussion before this Committee and get your input on
5 that, because I think it is important that be a decision
6 of the Committee. But it may be, the purpose for the
7 intervention may be mooted by the fact that there may be
8 no jurisdiction over that portion of the line.

9 So I just want to make that as kind of a
10 background as we begin the discussions whether, you
11 know, we should hear more from Mr. Jackson of his
12 position and whether we should discuss hearing some more
13 from Mr. Jackson or, and discuss more of the question of
14 whether we should allow his client to intervene.

15 So I am certainly willing to hear some comments
16 from the Committee.

17 MEMBER WOODALL: I personally have no objection
18 to the intervention. I would note that the area in
19 question appears to be outside the scope of the noticed
20 corridor that was filed as part of the application. And
21 accordingly, I don't know if we can really talk about
22 that component of the upgrade, because I don't think it
23 is within the body of this application. Leaving aside
24 whether or not we have authority to do so, I don't think
25 it is described in the application with sufficiency.

1 So personally I have no objection to your being
2 allowed to intervene, Mr. Chairman, but I don't know
3 that we can start talking about something that really is
4 not really described in the application, as the
5 proponent indicated that there is no reference to it in
6 Exhibit H to the CEC application.

7 MR. JACKSON: I don't want to speak out of turn
8 here, Mr. Chairman, if it is appropriate for me to
9 comment.

10 CHMN. CHENAL: Go ahead. You can comment,
11 Mr. Jackson, and we will see if there are other
12 questions and comments from the Committee.

13 MR. JACKSON: Yeah. In fact, one of the
14 statements or one of the positions we have made in our
15 statement of position is there simply, from our
16 perspective, isn't sufficient detail because of the
17 requested disclaimer of jurisdiction, therefore -- I
18 mean it is our position that the Committee should
19 exercise jurisdiction and that any approval should be
20 either denied or deferred until such time as those
21 details are provided to the Committee such that it can
22 exercise its regulatory oversight on some of the details
23 that are of concern to my client.

24 So I guess our immediate request would be to be
25 permitted to intervene, and then we can address those

1 issues as they come up.

2 MR. GUY: May I say one thing on the motion to
3 intervene? Just so all the Committee members are aware,
4 as you obviously are aware the number of meetings, the
5 motion to intervene was made toward the end of the
6 business day on Wednesday before Thanksgiving. I think
7 it was 4:00 November 23rd. At the prefiling conference,
8 the deadline for motions to intervene was November 18.
9 The rule says ten days. That's November 19th.

10 And so I think just for a matter of fairness,
11 especially given that part of the argument is perhaps
12 our application doesn't contain the details that it
13 should to consider his client's interest, sort of hiding
14 behind the law, if you will, to give us a motion to
15 intervene sort of on the eve of the hearing well after
16 the deadlines, I don't know about Mr. Jackson, but the
17 client I think certainly was aware of this project,
18 because they participated in the environmental impact
19 study, the NEPA process, two years ago, filed many of
20 the same comments. So the comments were considered
21 during the NEPA process.

22 And then, although I think Mr. Robertson was at
23 the prefiling conference and stated clearly on the
24 record he was not officially at the prefiling conference
25 on behalf of Mountain View, he did say he was sort of

1 indirectly there on behalf of Mountain View because he
2 previously represented them and knew it was something
3 they were interested in.

4 So I think this is something Mountain View, they
5 clearly either knew or should have known of the
6 deadlines, and then just failed to intervene until the
7 eve of the hearing. I think that should be taken into
8 account with respect to their motion to intervene.
9 That's separate from their statement of limited
10 appearance. That's consistent with the timing rules.
11 They can certainly share those comments and those
12 comments can become part of the record.

13 CHMN. CHENAL: Thank you, Mr. Guy.

14 Any comments from the Committee?

15 Member Woodall.

16 MEMBER WOODALL: I had a question. In your
17 application are you asking for a CEC for the upgrade
18 portion?

19 MR. GUY: We are not asking for a CEC for the
20 upgrade portion in Mountain View. It is located --
21 there is a portion called the CEC upgrade. But what
22 that is referring to are some relatively short
23 interconnection lines.

24 MEMBER WOODALL: Yes, I understand that. So is
25 that the only piece that you are asking a CEC for --

1 MR. GUY: That is correct.

2 MEMBER WOODALL: Okay. Of the upgrade?

3 MR. GUY: That is correct.

4 MEMBER WOODALL: Nowhere in the application
5 other than the part you mentioned have you requested
6 that a certificate be issued, correct?

7 MR. GUY: That's correct.

8 MEMBER WOODALL: Okay, thank you.

9 CHMN. CHENAL: The statute, A.R.S. Section
10 40-360.05(A)(4), does state that other parties, other
11 entities, persons, can be parties to the proceeding as
12 the Committee or hearing officer may at any time deem
13 appropriate. So you have got a statute that says one
14 thing. I think you have got some rules that say another
15 thing as to when parties can intervene. And I am very
16 sensitive to the argument that Mr. Guy made on the
17 timing of this.

18 On the other hand, I think the default position
19 for this Committee is to be inclusive and not exclusive
20 for purposes of creating the best record possible for
21 the Corporation Commission. And I think in the past --
22 well, I mean I think in my tenure on this Committee we
23 have kind of, I would say, bent over backwards, if you
24 will -- I can think of one case in particular -- to
25 allow parties to intervene for that purpose.

1 So my reaction is I have no objection to
2 Mr. Jackson's client intervening, but I think the role
3 is going to be extremely limited, especially after we
4 deal with the legal issues that we will deal with next.

5 So I am not sure, other than the statement in
6 writing, which will become part of the record, what
7 weight we give it, you know, I am not sure. But we will
8 get into the legal issues in a moment. But if it turns
9 out that, you know, we really don't have jurisdiction
10 over that area, I am not sure what the practical effect
11 of your intervention would be. But I am not opposed to
12 it.

13 So let's have a vote on that and see if anyone
14 has any further comments or discussion on the request to
15 intervene.

16 Member Haenichen.

17 MEMBER HAENICHEN: Thank you, Mr. Chairman. My
18 recollection on reading the materials submitted by the
19 applicant was that they requested kind of a formal
20 statement from us saying that we did not have any
21 jurisdiction. Is that still on the table? Are we going
22 to discuss that?

23 CHMN. CHENAL: We can discuss it now. I have
24 just got to find the rule where the Committee's ability
25 to disclaim jurisdiction is located. I have got to find

1 the rule, because it is where the applicant files in the
2 alternative.

3 All right. Rule 14-3-203 of the rules
4 applicable to the Committee states as follows:

5 An application may be filed in the alternative
6 in situations where the applicant is in doubt as to
7 whether the application is required by law. In such
8 instances, the application shall request a disclaimer of
9 jurisdiction from the Committee or, in the alternative,
10 a certificate of environmental compatibility.

11 That's not really what we have here.

12 MEMBER HAENICHEN: What do we have?

13 CHMN. CHENAL: Well, we have an application for
14 a line that -- and the application does not cover the
15 WAPA owned portion of the line. And that, we have
16 jurisdiction to hear. There was not an application
17 filed for the WAPA portion where there was a question of
18 whether or not we had jurisdiction or not and they are
19 asking, you know -- you know, file the application for
20 the WAPA portion or the alternative disclaimed
21 jurisdiction over that portion.

22 So I don't think this rule and the request for
23 disclaimer of jurisdiction is appropriate in this case.
24 So we are not going to disclaim jurisdiction because we
25 have jurisdiction over the portion of the line in the

1 application for which the application was filed.

2 And I think in a moment we will get to the legal
3 ruling, and we will see where we stand with whether we
4 think we have any jurisdiction over any or all of the
5 WAPA portion, but I don't think that rule requesting a
6 disclaimer is even applicable in this case.

7 MEMBER HAENICHEN: Thank you.

8 CHMN. CHENAL: Now, let's get back to the
9 question of intervention. And let me ask for a motion,
10 and then a vote, on whether we should allow Mountain
11 View Ranch Development Joint Venture, LLC, to intervene
12 in this case.

13 MEMBER WOODALL: I move to grant intervention
14 status to Mountain View Ranch Development Joint Venture,
15 LLC.

16 CHMN. CHENAL: Thank you.

17 Do we have a second?

18 MEMBER HAMWAY: Second.

19 CHMN. CHENAL: Okay. We have a motion and a
20 second. All in favor say aye.

21 (A chorus of ayes.)

22 CHMN. CHENAL: All opposed.

23 (No response.)

24 CHMN. CHENAL: Okay. The ayes have it,
25 Mr. Jackson. For what it's worth, your client has

1 intervened in this action, granted intervention status
2 in this actions.

3 MR. JACKSON: Understood, Mr. Chairman. Thank
4 you.

5 CHMN. CHENAL: All right. Sure.

6 Let's deal with the statement of limited
7 appearances. We have three. Actually, I think we have
8 four. Then we have a letter from the ACC which I would
9 also like to make, you know, an exhibit to the
10 proceeding.

11 For the statement of limited appearance for
12 Mr. Meader -- Mr. Meader, are you in the audience? I
13 don't see Mr. Meader. He didn't know if he was going to
14 be able to make it, but the statement for limited
15 appearance for Mr. Norm Meader.

16 Southline has filed a statement on behalf of Sun
17 Corridor, Inc. Southline has filed a statement on
18 behalf of Western Area Power Administration, WAPA. Then
19 we have the statement of position of Mountain View Ranch
20 Development Joint Venture, LLC.

21 So taking those first, is there any objection to
22 making those exhibits to the record? I think they
23 should be. Okay.

24 Colette, at a break I will provide you with
25 those four documents, and we will make those Chair

1 Exhibits 1, 2, 3, 4.

2 We also have a letter from the Corporation
3 Commission to myself, authored by Charles Hains,
4 addressing some questions that I had posed to the
5 Corporation Commission regarding technical matters, and
6 also the legal matters that we are going to address in a
7 moment, and I would like that to be also made an exhibit
8 for the record, Chair 5. Is there any objection by
9 Committee members to that?

10 (No response.)

11 CHMN. CHENAL: Okay. At a break I will -- well,
12 yes, I should ask the parties if they have any
13 objections. But you know what my response is going to
14 be if there is an objection.

15 But go ahead, Mr. Guy.

16 MR. GUY: Thank you. Southline has no
17 objection.

18 CHMN. CHENAL: I didn't think so. Some of those
19 were submitted by yourself, actually.

20 Okay, so those five will be admitted.

21 (Exhibits Chair-1 through Chair-5 were admitted
22 into evidence.)

23 CHMN. CHENAL: And thank you, Member Woodall.

24 All right. Before we get to the legal issue,
25 let me do just a little more housekeeping. Have there

1 been any issues regarding any disclosures of exhibits
2 or, you know, witness summaries or anything of that
3 nature?

4 Mr. Guy.

5 MR. GUY: There have not been.

6 MEMBER WOODALL: If I may, Mr. Chairman, since I
7 understand you are going to address legal issues
8 relating to jurisdiction, I would just note for the
9 record that the Corporation Commission, to whom any CEC
10 will be presented, is not bound by any legal
11 determinations that are made by this Committee or the
12 Chairman of the Siting Committee. So I just wanted to
13 make that clear on the record.

14 Thank you.

15 CHMN. CHENAL: Let's first take up the issue
16 that was posed in the procedural order. And I think we
17 addressed this at the prehearing conference, but I think
18 we should just get it on the record here at this
19 proceeding. And that regards the following, whether
20 Section 505 of the Federal Land Policy Management Act
21 applies to any portion of what has been described in the
22 application as an upgrade section and owned by Western
23 Area Power Administration, and if so, what portion
24 you're assuming Section 505 applies, what Arizona
25 substantive line siting standards or are such standards

1 established through the certificate of environmental
2 compatible process, what information would be necessary
3 to enable the Committee to determine compliance with
4 Arizona substantive line siting standards, and should
5 the applicant present such information to the Line
6 Siting Committee at the hearing to allow it and, by
7 extension, the Commission to determine whether the
8 applicant has met Arizona's substantive standards. And
9 the foregoing questions assume the applicant does not
10 need to obtain a CEC for the WAPA-owned lines and
11 facilities.

12 Just to give the Committee a little background
13 on that, there is case law addressing Section 505 of the
14 Federal Land Policy Management Act which suggests that
15 if there are certain state standards that apply, what
16 are the standards that would apply to the portion of the
17 power line that would cross certain federal property and
18 federal rights-of-way owned by, in this case, BLM.

19 And the case law suggests that, in fact, Arizona
20 does, the Line Siting Committee would have some
21 jurisdiction over the federal power line as it crosses
22 the right-of-way for state standards, and that those
23 standards are standards that could be developed through
24 this hearing process, the CEC process.

25 So it is possible that this Committee has

1 jurisdiction over a portion of the WAPA line and that
2 the standards that would be developed through this
3 hearing may apply to that WAPA line. But the amount,
4 the distance of the line that would be covered by that
5 is only 1.5 miles, as we have determined through the
6 pleadings and the argument that we have had filed, and
7 it would be WAPA that may be subject to those
8 requirements. And WAPA, as you know, is not a party to
9 this proceeding.

10 So we are kind of left with the situation -- I
11 want to hear from Mr. Guy and anyone else who has any --
12 well, any of the intervenors, any of the parties -- any
13 additional thoughts on this.

14 But I think we are at a point where we determine
15 the standards that will apply, the conditions that will
16 apply to this case, which will apply to the new build
17 section. And we will have to decide what, if anything,
18 we can do with those standards as it applies to WAPA and
19 the WAPA portion of the line, the small portion of the
20 line.

21 So Mr. Guy, it is kind of a confused area of the
22 law. I have read the cases, I have read the briefings
23 many times. You know, I have come to the conclusion
24 that this process is a manner in which the Arizona
25 standards can be developed that would apply to that

1 portion of the WAPA lines that cover the BLM
2 right-of-ways, but because WAPA is not a party to this
3 proceeding, I am not sure anything more can be done
4 other than to develop the standards.

5 And perhaps there is a mechanism down the road
6 where that can be provided to WAPA, but I am not sure
7 that's Southline's problem or business. But I would
8 like to hear your thoughts on that.

9 MR. GUY: Sure. Thank you for the opportunity
10 to speak to that. To the extent the Committee members
11 have not -- we filed a legal memo on this, I believe
12 November 9th. So that's in the docket. And that sort
13 of lays out the case law and the legal requirements that
14 have kind of led the Chairman to which I think is a
15 reasonable conclusion.

16 I think there is some judgment coming into that,
17 because there really is not case law that gets us all
18 the way to the point that I think the Chairman is
19 arriving at, but it certainly sounds like a reasonable
20 conclusion.

21 And sort of the summary version of that -- and I
22 will try not to repeat what you already said, but I
23 don't know that we disagree -- is that, you know, we do
24 not think Arizona has any state substantive standards,
25 sort of generically. And the reason why that's

1 important is, under this Federal Land Policy Management
2 Act, what that act says is, if WAPA has right-of-way on
3 BLM land, BLM is going to grant WAPA right-of-way to
4 build across the land. Then the statute says that
5 right-of-way agreement requires WAPA to comply with
6 state substantive standards. So that then raises the
7 question, and that's clear. I don't think -- WAPA is
8 not here, I can't speak for them, but I don't think they
9 would argue that that federal statute doesn't require
10 them to comply to the state substantive standards.

11 So the question is what are those standards.
12 The case law lays that out. We have looked. We don't
13 think Arizona has any, because what they are, they have
14 to be, they have to be fairly precise and specific. So
15 you have the factors that the Committee is very well
16 familiar with. You have to consider various effects on
17 the environment. But those aren't specific enough to
18 actually be a standard to incorporate in those
19 right-of-way agreements with BLM.

20 But the case law also suggests -- and may even
21 more than suggest -- that state substantive standards
22 can be developed through the process. So that's what
23 the Chairman was suggesting, is that we could get to the
24 end of this process and the evidence in this case could
25 support a condition on Southline's CEC that applies to

1 Southline on its portion of the project, but WAPA might
2 look at that and say, well, there is a state substantive
3 standard in Arizona, so that federal statute requires us
4 to include that standard in our right-of-way agreement
5 with the BLM. And so I think that's a reasonable
6 conclusion I think the Chairman has tentatively arrived
7 at.

8 So when you look at the facts of this case, it
9 is very clear that that federal statute only applies to
10 BLM land and certain land with the forest system. And
11 based on our review of that, we are talking about 1.5
12 miles on the WAPA section.

13 So to the extent we have a condition in this
14 case, it is on the Southline side of the project, and
15 Southline has to comply with -- WAPA sort of separately
16 would say that's the state substantive standard, so in
17 all of my right-of-ways with BLM on that 1.5 miles, I
18 have got to incorporate that requirement.

19 And I think that's right. I don't think this
20 Committee would -- I don't think they can bring WAPA in.
21 I don't think there is any enforcement mechanism, if you
22 will, from this Committee. Of course, those are legal
23 determinations. And I think that's just then WAPA has a
24 federal law that it has to comply with and if the State
25 of Arizona doesn't believe WAPA is complying with that

1 requirement, it can seek an enforcement action, whether
2 that be a suit in federal court or some other fashion,
3 and I think the case law says that.

4 CHMN. CHENAL: Member Woodall.

5 MEMBER WOODALL: So Mr. Guy, I am assuming that
6 if the certificate would issue, you would be willing to
7 ensure that a copy of that would be dispatched to
8 Mr. Moulton or some other WAPA representative indicating
9 that it is possible that this CEC constitutes
10 substantive state standards, and so if there was a
11 condition in the CEC that required you to do that, I
12 take it you would have no objection?

13 MR. GUY: Absolutely. We would have no
14 objection to that.

15 MEMBER WOODALL: Okay, thank you.

16 CHMN. CHENAL: Thank you.

17 Yes, Mr. Bingham.

18 MEMBER BINGHAM: Thank you, Mr. Chairman. Just
19 one quick question, point of clarification.

20 How close is this 1.5 miles to the property? So
21 the question I have is just 1.5 miles, how close in
22 proximity is it to the development that we were talking
23 about earlier in terms of whether or not their limited
24 intervention is appropriate or not? How close to this
25 right-of-way?

1 CHMN. CHENAL: I am going to ask Mr. Guy, but I
2 will note this 1.5 miles -- or Ms. Hopkins, I will note
3 this 1.5 miles is actually five or six different areas.
4 So it is not one stretch of 1.5 miles, it is even more
5 tenuous than that.

6 But Mr. Guy or Ms. Hopkins, can you give us an
7 idea how close any of those portions of that
8 right-of-way are to the intervenor's property?

9 MR. GUY: I can. I think, and we have -- we can
10 develop this through testimony.

11 CHMN. CHENAL: Sure.

12 MR. GUY: There are certainly witnesses,
13 primarily the environmental witnesses that would be up
14 toward the end of the case, that are very familiar with
15 where that land is. And we can nail that down.

16 But for purposes of this, I have looked and
17 located a map and I can give you a general idea. And
18 this map is actually in the record. I can't tell you
19 exactly where it is. I think it is in our Exhibit B-1
20 on the application. It is in the voluminous attachment.
21 So you probably don't have that in front of you. We
22 provided that on a flash drive, because the paper copies
23 would be about a foot and a half tall.

24 So back to the record, I am looking at Bates
25 page B-12.717. And this is a land ownership figure.

1 And I can mark it as an exhibit, just distribute copies.

2 But this shows the land use in the vicinity of
3 Benson, Arizona. And if I understand, so if -- I am
4 looking at a couple locations here. One location where
5 this BLM land exists is just east of the Pantano
6 substation. Another one is just west of the Apache
7 substation. And so on the map I am looking at, if I
8 understand, that would be ranches close to the
9 intersection of Highway 83 and Interstate 10, and that
10 intersection doesn't appear on this map. So all that to
11 say, I don't know the distance, but it is not on the
12 same sheet of paper, which this looks like 20, 30 miles
13 across.

14 CHMN. CHENAL: Yes, Member Noland.

15 MEMBER NOLAND: Thank you, Mr. Chairman.

16 Mr. Guy, do you have a map that could be put up
17 on the screen, rather than trying to go through thumb
18 drives and everything else?

19 MR. GUY: I think we do. So Ms. Hopkins found a
20 map which -- all of you should have a binder entitled
21 Map Book. I believe we can also get it up on the
22 screen.

23 We are looking at Tab 11 in the Map Book, which
24 is a slightly different map than I was looking at
25 before. But I will let everyone find that. And it is

1 also on the screen behind you, perhaps on the TV screen
2 in front of you.

3 So a couple of locations that I can show you
4 where the BLM with the forest system land is, if you
5 look on the map, according to the left third of this
6 map, it is Tab 11, you can see the intersection of
7 Highway 83 and Interstate 10. It is sort of roughly
8 halfway between the Valencia substation and the Pantano
9 substation. Mr. Jackson can clarify, but that's my
10 understanding generally where the Mountain View Ranch
11 development is.

12 The two locations that I am aware that we have
13 BLM land is, if you will look at the Pantano substation,
14 just on the line you will see a very, very small yellow
15 rectangle. I think that's a part where the line skirts
16 on BLM land. So that looks to be five to ten miles
17 away.

18 And if you continue toward the Apache
19 substation, you will see right above the line between
20 the Highways 191 and 186 there is a pink area outlined,
21 and then south and west of that there is a green area.
22 The very, very top of that green area where it touches
23 the transmission line, there is a piece of BLM property
24 there. So that looks to be even farther away, and
25 perhaps 30 or 40 miles. But again, we can have our

1 witnesses nail this down before they take the stand.

2 CHMN. CHENAL: All right. Thank you very much.

3 Any further questions from the Committee?

4 (No response.)

5 CHMN. CHENAL: Okay. Not to restate the ruling
6 on the procedural order, the questions I raised, but I
7 don't think Mr. Guy and I disagree, really. I note that
8 IEDA had filed a pleading on this matter, but I don't
9 think anyone is here on behalf of IEDA.

10 So we will proceed with the case. I don't
11 believe we have other than limited jurisdiction that
12 Mr. Guy and I both discussed over certain portions of
13 the WAPA line on that specific right-of-way property
14 under control of the BLM, and I think we will have to
15 deal with this issue as we go through the hearing.

16 And it may very well end up being a condition,
17 as Member Woodall had expressed. Maybe that's how we
18 deal with this. We will see as the hearing goes on.
19 But I think for now that should give some comfort to the
20 applicant that we won't be imposing conditions on the
21 WAPA line other than as we have discussed so far.

22 Okay. There was another issue raised by IEDA as
23 to whether Southline is the proper applicant for this,
24 based upon pleadings that were filed before FERC.

25 There is no attorney here for IEDA, and it is

1 unfortunate. And this is the time for them to have
2 somebody here to argue the matter. But they raised the
3 issue at the prehearing conference. We ordered briefing
4 on the subject. IEDA filed a brief. The applicant
5 filed a response. And no one here is arguing it on
6 behalf of IEDA. So my feeling is this is the time to
7 argue it, nobody is here, we are not going to hear it.

8 I mean, does -- I don't think the applicant will
9 disagree with that. But does the Committee wish to
10 discuss that or have any further question about it?

11 MEMBER WOODALL: Mr. Chairman, I think notice
12 having properly been given and the motion being made and
13 briefs being filed, I think the proponent, the movant
14 has basically waived his presence. And I think if you
15 wanted to make a finding or ruling, I wouldn't imagine
16 that there would be any due process issues or concern,
17 but I defer to your legal judgment.

18 CHMN. CHENAL: Thank you, Member Woodall. I
19 considered that. But it raises issues regarding the
20 interpretation of who a proper applicant is under the
21 statute. And I can suggest that the ruling would not
22 have gone in favor of the IEDA, but I don't think we
23 need to get into that kind of analysis if we don't have
24 to at this time.

25 So it is -- if they were here to argue it, we

1 could hear it, but they are not here, and I would just
2 as soon not -- on a touchy subject as to who a proper
3 applicant is and what it means to be engaged in
4 transmission in Arizona under our statute, I don't think
5 it is necessary to get into, so we won't.

6 All right. Next on my handy checklist are
7 opening statements. So --

8 Member Woodall.

9 MEMBER WOODALL: I have one question. When I
10 indicated to the applicant that you would be willing to
11 file a condition regarding -- you would be willing to
12 accept a condition, what I am hoping is that you are
13 keeping track of that and that you will be crafting it
14 and you are not expecting me to do that. So if we can
15 have that understanding at the front end, that will save
16 me some wear and tear. Mr. Guy, is that acceptable to
17 you?

18 MR. GUY: Absolutely.

19 MEMBER WOODALL: Thank you very much.

20 CHMN. CHENAL: Member Woodall used to be the
21 Chair of this Committee.

22 MEMBER WOODALL: I am holding back.

23 MR. JACKSON: Mr. Chairman, I apologize for the
24 interruption. But before you move on to the opening
25 statement and the substantive hearing, I do have some

1 very brief comments on the jurisdiction issue, if you
2 would like to hear from me at this time; otherwise, I
3 can wait until it is the proper point and so forth.

4 CHMN. CHENAL: Well, this is the proper time to
5 finish the discussion on the legal issues before we get
6 into the opening statement.

7 MR. JACKSON: That's what I figured, so I
8 thought I would touch on it very briefly.

9 CHMN. CHENAL: Sure. Thank you.

10 MR. JACKSON: And to some degree perhaps we
11 misread the application. And I have heard today that
12 the sections of the line that transect my client's
13 property are not the subject of this application.

14 We read the application to seek a disclaimer of
15 jurisdiction over those sections of the line. And
16 that's where -- that's, I guess, fundamentally what we
17 oppose, because we believe, for several reasons I will
18 touch on here briefly, that the Corporation Commission
19 and this Committee do have jurisdiction over the portion
20 that transects my client's property, and therefore
21 should require the usual regulatory oversight, and the
22 conditions that apply to the other sections of the line
23 should apply for our section as well.

24 And the reason that -- we haven't endeavored to
25 brief Section 505, but what we perceive to be unique

1 from the jurisdiction standpoint is this: Number one,
2 as we have noted in our papers, the participation
3 contract and the plan of development or the plan of
4 construction do not seem to be finalized, in particular
5 as to the sections that cross my client's property.

6 That raises concerns for several reasons with my
7 client. But fundamentally, at least as we read the
8 conceptual plans, the right-of-way that's required is
9 going to be in excess of the WAPA right-of-way, the
10 existing right-of-way.

11 I think that raises an interesting jurisdiction
12 issue, because if the proposed expansion is going to
13 expand beyond the existing WAPA right-of-way, I would
14 suggest that triggers this Committee's jurisdiction.
15 And therefore, these, you know, the details that come
16 out of that participation agreement and the plan of
17 construction, we would suggest, are details that are
18 required so the Committee can determine its
19 jurisdictional position and the conditions that would
20 apply to the section on my client's property.

21 Lastly, I will try and answer a question raised
22 in terms of location. I apologize I don't have the
23 exact mileage, but if you -- on that map that we were
24 looking at before, at that pinch point, where the
25 proposed line approaches I-10, if you could zoom in

1 between Pantano and Vail.

2 CHMN. CHENAL: Mr. Jackson, I have a laser
3 device here I would like you to use to point to the big
4 screen where you are talking about.

5 MR. JACKSON: Thank you. Right at this, where
6 the line --

7 CHMN. CHENAL: You will have to stand at the
8 microphone, Mr. Jackson. The pointing device will work
9 for that distance.

10 MR. JACKSON: I am not sure how well my aim will
11 be.

12 But at that juncture where the proposed line and
13 I-10 converge between that Vail and Pantano substation,
14 that's the general location of my client's property. It
15 is outside of what has been defined as the CEC upgrade
16 portion that's the subject of the application. It is
17 within what has been -- the portion for which there has
18 been a request for disclaimer of jurisdiction. And if
19 that answers the questions of the Committee, if not, I
20 can try.

21 CHMN. CHENAL: At least one, maybe more
22 questions.

23 You indicated that if the right-of-way has to be
24 expanded, that the WAPA right-of-way has to be expanded
25 for this new line, that that somehow would implicate

1 this Committee, or could implicate this Committee. I am
2 not understanding that. If it is WAPA that owns it,
3 constructs it, finances it, negotiates and/or condemns,
4 you know, eminent domain to get that property, I mean if
5 they are not subject to our jurisdiction within the
6 right-of-way, I am not sure how expanding the
7 right-of-way would implicate this Committee.

8 MR. JACKSON: Well, I think a lot of that
9 depends on what form that participation agreement takes.
10 And I guess I am not prepared to disagree with you. If,
11 in fact, WAPA does all those things and acquires that
12 right-of-way, then I understand the Committee's concern
13 about jurisdiction over that federal agency outside of
14 the BLM property. But with those details unknown, I
15 would suggest any disclaimer of jurisdiction would be
16 premature.

17 CHMN. CHENAL: Well, I don't want to go so far
18 to say disclaimer of jurisdiction, because I think we
19 have a little jurisdiction over a certain portion of
20 that WAPA line, as we discussed now at some length.

21 I also note the documents that you had filed
22 discussing the Colorado case, where the Colorado Public
23 Utility Commission rejected an application where the
24 line -- I don't remember the exact details, but I think
25 the distinguishing feature of that case is here, I mean,

1 we have the representations that WAPA will be the
2 100 percent owner, operator, construct the line, operate
3 the line, and in that case, you know, I believe it was a
4 little more diffuse, the federal agency owned part of
5 it, but it didn't own all of it.

6 And I think that was the concern that we had
7 early on in this case, is whether WAPA was going to be
8 the sole owner of the upgraded line. Because there was
9 some language in some of the websites and things that it
10 wasn't absolutely clear. But we have an avowal or
11 representation that testimony is going to make it clear.
12 And I think, you know, maybe we have a condition that, I
13 don't know, touches on it, but that WAPA will be the
14 100 percent owner and operator of this line.

15 So I think the cases that you cited are, you
16 know, different in that regard. In fact, there was an
17 earlier case in Arizona, I think it was Case 70, if I
18 remember correctly, where WAPA was a participant in a
19 proceeding before this Committee, but it was, again, a
20 joint venture where WAPA was one of a number of
21 participants that were going to own and operate,
22 construct the line.

23 So I think in this case, because WAPA is
24 100 percent owner/operator, and constructs it, that that
25 keeps -- I think that makes a difference in terms of

1 this Committee's ability to have jurisdiction over that.

2 MR. JACKSON: And I acknowledge that in the
3 Colorado case there were differences, and the structure
4 that was proposed was different than what has been
5 proposed here.

6 But the Commission in Colorado also acknowledged
7 that none of these things had been committed to
8 contractual obligations. And I think that is the case
9 here. So that's what raises the concern in our mind.
10 With those things unresolved, they often take different
11 forms once they are fleshed out. I think those details
12 are important to the Committee before there is any kind
13 of disclaimer of jurisdiction.

14 CHMN. CHENAL: Okay. Fair enough, Mr. Jackson.
15 And I do think that -- I am not sure how we do this, but
16 at some point I think we want to discuss a condition
17 that ties down the upgrade portion by WAPA that WAPA
18 will own and operate. I have no doubt that's the case.
19 It has been represented to us in hearings and
20 prehearings and by the applicant.

21 But things can change, so maybe there is a way
22 to guarantee that would -- requirements for planned
23 development. I don't know. We will have to think that
24 through, but I think it is -- the point is noted, but I
25 think the ruling will still be the same, that at this

1 point we think, I think Southline is the proper
2 applicant.

3 And I think we have discussed what we feel our
4 jurisdiction is over that WAPA portion of the line. It
5 is limited to that one and a half miles. And even
6 there, since WAPA is not a party to this proceeding, it
7 is -- I think our ability to impose conditions at this
8 point are rather limited, other than maybe a suggestion
9 that Member Woodall has already offered.

10 MR. JACKSON: All right. Thank you for the
11 opportunity to speak on that, Mr. Chairman.

12 It is not my intention to stay through the
13 entire hearing. We would like to participate in the
14 drafting or the proposed order in terms of conditions.
15 But with the Chairman's permission, we would like to be
16 excused from the remainder of the proceedings.

17 CHMN. CHENAL: That's fine, Mr. Jackson. We
18 understand that you will be -- you know, when you come
19 back to reappear, we will welcome you back. And I know
20 Mr. Hay has the same situation, not here for the entire
21 hearing, but he will be excused tomorrow and come back
22 when we are finishing with these hearings.

23 Member Woodall.

24 MEMBER WOODALL: If I may, nothing would prevent
25 you from collaborating with the applicant in advance to

1 see if the two parties could find some mutually
2 agreeable language. I am not saying that the Committee
3 would adopt it, and I am certainly not representing what
4 the Commission would do, but certainly a product of, you
5 know, good faith collaboration would be something that I
6 think we would be interested in and so would the
7 Commission. So there is nothing to keep you from doing
8 that between now and whenever we ultimately start
9 deliberating.

10 MR. JACKSON: We will endeavor to do that.
11 Thank you.

12 CHMN. CHENAL: All right. Very good.

13 Anything further from the Committee? Any
14 further questions or matters before we begin the opening
15 statements?

16 Mr. Guy.

17 MR. GUY: I did have one housekeeping question.
18 And I apologize if this is atypical.

19 So we prefiled our exhibits and the members have
20 exhibits. Should we offer to get those pre-admitted so
21 that we don't deal with that during the hearing, or
22 would you prefer to wait until a witness is testifying
23 that a particular exhibit is admitted.

24 CHMN. CHENAL: I think I prefer the latter. I
25 don't expect there will be any objections, but in other

1 cases there have been objections, and in some instances
2 the objections have been sustained. So before we
3 pre-admit exhibits, let's have a little testimony, a
4 little foundation. But it is a loose standard here and
5 we are not going to play hardball with it like it was in
6 federal court. Okay?

7 MR. GUY: Very good. That's works fine.

8 So we do have PowerPoint slides for our opening
9 statement, and Ms. Hopkins can distribute paper copies.
10 And it is on the right of the Committee members if you
11 prefer to be looking at the screen.

12 And I think everyone knows at this point,
13 because I have spoken enough, my name is James Guy. I
14 do represent Southline Transmission. And you are going
15 to hear from a number of folks throughout today and this
16 week and next week that really understand this project
17 and will explain to you, I hope, all the questions you
18 have about the project.

19 My goal in opening statement is to give you an
20 overview of the project and application, and get through
21 some of those maybe preliminary questions and issues to
22 give you your bearings, and then also to tell you what
23 to expect and who you are going to hear from and what
24 they are going to cover.

25 So the first, I am going to tell you something

1 about the, a little bit about the project. The first
2 two or three slides tell you about this is an innovative
3 transmission project. And it is innovative for two
4 reasons.

5 Number one, it is a merchant transmission
6 project. And there has been at least one other merchant
7 transmission project before this Committee. And there
8 may be others. But to the extent it is not something
9 you are familiar with, the difference with a merchant
10 transmission project is it is not coming from an
11 incumbent company or utility. It is coming from a
12 developer who is developing the project, that, for
13 whatever reason, this project did not get developed
14 through the traditional utility transmission development
15 process, and so it is a project that is an entity
16 identified that found a need and they proposed a
17 project. And they believe it is -- they are using their
18 effort, their money to push this project forward. And
19 they bear all risk; if it doesn't go forward, it doesn't
20 cost the ratepayers of Arizona anything.

21 And, in fact, Southline has no captive
22 customers, so there are no ratepayers that will be
23 paying for this project directly. Instead, it will be
24 through the capacity rights that Southline through SU
25 FERC will actually market through customers to

1 transmission buyers. So that in itself is an innovative
2 project.

3 And also, because from the beginning the
4 developers of the project sought to minimize the
5 environmental impact, they looked for places to parallel
6 existing corridors, whether that be pipelines, highways,
7 other transmission lines, or to upgrade other
8 transmission lines. And, in fact, they are very
9 successful with that. Over the whole project they have
10 been able to do that for 85 percent of the route. If
11 you look at the State of Arizona, 98 percent of the
12 route of this project is paralleling existing corridors.
13 And we think that's unique and something worth
14 consideration.

15 Also, the project, going under the second
16 bullet, it provides much needed transmission capacity to
17 the state and the southwest. It is going to add or
18 provide about a thousand megawatts of bidirectional
19 capacity.

20 We have had a little bit of talk about what the
21 CEC route is, and the upgrade route, and it will take
22 awhile for these terms to be understood. But in
23 addition to the normal transmission line that you are
24 probably picturing, we are trying to five existing
25 substations in the state. And because of that, that's

1 going to -- it strengthens the grid and it is going to
2 allow us to realize a number of benefits that might not
3 otherwise be realized, such as improving reliability,
4 reducing congestion, supporting future electric growth,
5 and providing access to renewable resources. I will
6 talk a little bit more about that in the slides, and, of
7 course, the witnesses will cover that in detail.

8 The other thing is this is a very
9 environmentally responsible project. Like I said from
10 the very beginning, the developer has sought to minimize
11 the impact on the environment. It also, because it sort
12 of impacts and there is a federal action, it had to go
13 through the formal NEPA process, which is a very
14 in-depth, comprehensive review of all the environmental
15 factors, six-year process to go through that looking at
16 the environmental impacts, consulting with stakeholders,
17 consulting with local governments and agencies. And I
18 believe Southline has been very successful in doing
19 that.

20 Finishing up with the introduction, we have had
21 significant support. The Chairman referred to this
22 already. We have had -- you know, WAPA obviously
23 supports the project, a large public transmission
24 service provider. We have local investor-owned
25 utilities like Tucson Electric who filed -- they are

1 actually participating, filing testimony in the case
2 with us supporting it. And then you have economic
3 development organizations like Sun Corridor that's filed
4 a letter of support in the case. So I think we have
5 lots of support and lots of stakeholders.

6 The project is at a very advanced stage of
7 development, and this is one of the last regulatory
8 approvals that Southline needs to move forward with this
9 project. We had the final environmental impact
10 statement issued in November of 2015. FERC negotiated
11 rate authority has been approved, as well as the
12 capacity allocation mechanism.

13 It has been through a WECC power flow and
14 reliability study, and that has come out showing it
15 causes no negative reliability impacts and has received
16 Phase 3 accepted path ratings.

17 We have received the BLM right-of-way grant. We
18 have submitted the New Mexico State Land Office
19 right-of-way application. Arizona State Land will be
20 next in this approval by this Committee, sort of a
21 condition before we can provide that.

22 The open solicitation is a term that we refer to
23 when we are marketing those capacity rights to users.
24 And that formal solicitation closed earlier this summer,
25 and we received requests that exceeded the capacity of

1 the line.

2 And so Southline and SU FERC and others -- I
3 guess I should say SU FERC is in the process of
4 negotiating those agreements to finalize the capacity
5 allocations. And if things stay on track like we
6 believe, we are hoping to start construction as early as
7 the end of 2017, and move on in 2018 of course.

8 CHMN. CHENAL: Member Woodall.

9 MEMBER WOODALL: Mr. Guy, could you please
10 describe the dates of your contacts with representatives
11 of the Arizona Corporation Commission in connection with
12 your environmental review. Either you, the applicant,
13 or your EIS consultant, or your other representatives,
14 could you say when you met with folks from the
15 Commission during this process.

16 MR. GUY: Yeah. I am probably not prepared to
17 do that. And like I said, I am not the right person to
18 do it. We will take note of that and have someone share
19 that information.

20 MEMBER WOODALL: Okay, thank you.

21 MR. GUY: Giving an overview of the project,
22 what we refer to as the Southline project, we are
23 referring to this roughly 370-mile project that starts
24 in eastern New Mexico at the Afton substation -- I
25 believe that's an El Paso Electric line we are

1 connecting to there -- and then it heads all through New
2 Mexico, enters into the State of Arizona to the Apache
3 station.

4 So that section that's the Arizona Electric
5 Power Cooperative station, existing station, we refer to
6 that Apache station to the Afton station as our new
7 build section. It is a brand new line, a brand new
8 345kV transmission line.

9 And then going from the Apache station to
10 Saguaro, we refer to that as the new build section -- or
11 the upgrade. I am sorry. The new build is on the
12 right, upgrade is on the left. That's the upgrade
13 section, and that is largely the WAPA section of the
14 project that's not before this Committee. It is not
15 something we have actually approved other than the
16 interconnection lines, where we are, Southline is
17 connecting the WAPA upgrade line to the existing Arizona
18 stations, and from a 500 connection that range from less
19 than one mile to two miles, roughly. And some of the
20 witnesses will get into more detail on that.

21 Generally it is a -- the new build section we
22 are looking at 200-foot right-of-way. On the upgrade
23 section, you know, WAPA currently has 100-foot
24 rights-of-way. In some cases where it is congested,
25 they are going to work within that existing

1 right-of-way, but they do have approval to go up to 150
2 feet on a new right-of-way with some overlap. So it
3 wouldn't be brand new 150, but some overlap between
4 existing and 150.

5 Moving into Arizona here -- and that's what this
6 part shows, what we call the CEC proposed route -- the
7 line on the right side of the map is the state border
8 between Arizona and New Mexico. So you can see the blue
9 line entering from New Mexico right here. I believe
10 that's about five miles north of Interstate 10.

11 And then we are paralleling generally, I don't
12 know how close we are paralleling, but paralleling
13 generally a gas pipeline for about 43 miles in that
14 area. And then it continues on. It is roughly 66 miles
15 to get from the state boundary to the Apache substation,
16 and about less than a mile to sort of, to expand an
17 existing Apache station to a new Southline Apache
18 station. So we refer to the 67-mile new build section
19 from the state line to the new Apache substation. And
20 then at the Apache substation up to Saguaro, that's the
21 121-mile WAPA upgrade section.

22 And then -- hard to read the names in this map,
23 so we may have to have a witness to point out, but the
24 five substations that we are connecting to, the Pantano
25 station -- I am not going -- we will, we will get into

1 more detail and the witnesses will show where those
2 stations are exactly. And here is the guys that can
3 really tell you and answer the questions.

4 We are going to present our case to you with
5 witnesses, do it in panels. We have three panels of
6 witnesses. And so the witnesses will actually present
7 their testimony independently, of course, but we are
8 going to put them up there as a panel at the same time.
9 So if a different witness is going to be more
10 appropriate to answer the question, it makes it more
11 flexible I think for yourselves, I think, as well as for
12 the witnesses.

13 So we are going to present Matthew Virant. He
14 is the project manager from Hunt Power. He is going to
15 testify generally about the project. He is going to
16 talk a little bit about WAPA's participation and what
17 roles WAPA is playing in the project overall. He is
18 going to talk generally about the application and the
19 notice process.

20 With him we are going to have Bill Kipp. Bill
21 is a partner with Black Forest Partners. Black Forest
22 actually developed the concept of this project back in
23 at least 2008 formally, is when we started meeting
24 folks. And it was really their idea, and they have been
25 moving forward on this. He is going to give us a

1 general discussion of the route facilities we are using,
2 and he is going to present a virtual tour. And I will
3 tell you a little more about that virtual, but he is
4 going to walk us through the virtual tour and he is
5 going to also talk as part that virtual tour about some
6 of the mitigation measures that Southline has committed
7 to. He is obviously not our primary environmental
8 witness. We have others that go into that. But I think
9 there are interesting things that he will touch on in
10 the virtual tour. And then he will also participate in
11 the physical site tours if we, in fact, take those later
12 this week and next week. I expect -- and we are running
13 maybe a little bit slower than I thought, but I expected
14 we would get through these two witnesses today. And
15 that would probably be about it today.

16 And then panel 2 we have three witnesses. Doug
17 Patterson is also a partner of Black Forest. And Doug
18 is going to -- he is going to outline for us from a high
19 level environmental review and the public outreach that
20 Southline undertook. He is going to talk a lot more
21 about the needs and benefits, estimated costs of the
22 project, and also be involved in the physical site
23 tours.

24 Ed Beck, director of transmission development
25 for TEP and its parent company, UNS. I think Ed -- many

1 of you probably know him. He is involved with a lot of
2 Tucson Electric transmission projects, and he is going
3 to describe TEP's position on this project and why they
4 think this is a positive project. It is generally
5 adjacent and parallel to TEP's high voltage transmission
6 system. He is going to tell us why that's relevant and
7 why he thinks that helps TEP's reliability and
8 congestion issues, and also give us TEP's perspective on
9 the Southline project assistance with renewable
10 generation and load serving.

11 On the same panel we have Andy Rawlins. Andy is
12 going to talk about the technical aspects of the
13 facilities, the structures, the lines, and he will get
14 into some of the rights-of-way requirements.

15 And I expect those three witnesses -- and again,
16 depending how quickly, how many questions we have --
17 that will probably take up most or all of Wednesday of
18 this week, then a tour on Thursday. And then I suspect
19 our two environmental witnesses on our panels,
20 environmental will come up on Friday. And these
21 witnesses are available any day. I am just trying to
22 give you an idea when we might expect these folks to
23 come up.

24 Cara Bellavia, she is project manager for SWCA
25 here in Phoenix. And she really managed all the

1 environmental studies and analysis that were undertaken.
2 She is going to go through and describe the studies,
3 describe the records of decision of the BLM and WAPA
4 issues that effectively selected the route that we have
5 proposed to the Committee. And she is also going to
6 talk about the public outreach that was undertaken.

7 DeAnne Rietz is going to be on that panel with
8 her. And DeAnne is really going to focus on the
9 environmental factors that you guys are definitely
10 focusing on, those nine factors in the statute that you
11 have to take into consideration in granting a CEC. And
12 she is going to touch on every one of those and talk
13 about how the project minimizes the impact on those
14 factors.

15 Quick description of the virtual tour, and we
16 sort of really have two tours, both tours, the virtual
17 and physical site tour. Bill Kipp later today, he is
18 going to give the virtual tour. And it is really two
19 parts. He has a Google Earth description that he has
20 prepared, the team has prepared. And he is going to
21 walk us through that Google Earth description of the
22 project. He will talk about some of the land uses in
23 the area and give us a feel for really what is the
24 project impacting and the path it is going on.

25 The second part is just to give you a lot of

1 context. It is a flyover of the WAPA stations,
2 facilities. I mean largely what you are going to see on
3 part two is not something that's in our application.
4 But it does give you -- it gives you a sense of what the
5 existing WAPA facilities look like, because part of the
6 benefits that we believe this project has is it is
7 upgrading, allowing WAPA to upgrade those facilities.
8 And you can kind of -- you can see what the geography
9 looks like in the area. You can see what the stations
10 look like in the area. And then when we get to the end,
11 it is the Apache station, which is one of our main
12 points.

13 And then on, just quickly, on December 1st we
14 are going to take a tour from here, in the plan, if the
15 Committee desires -- we have got to arrange for this --
16 we would visit three of the Tucson Electric substations.
17 And we could show you where those substations would tie
18 to the existing WAPA facilities. That would be the plan
19 of this Thursday.

20 Next week, Willcox, we have a second tour. We
21 had a couple areas up there, Willcox Playa wildlife
22 area, the Apache substation. I think that's a very
23 interesting thing. One thing you will hear from the
24 witnesses, Southline is actually going to relocate Crane
25 Lake as part of mitigation measures near the Willcox

1 Playa area.

2 CHMN. CHENAL: Mr. Guy, not to interrupt you,
3 but the actual tours themselves, how many hours will
4 each of those take? I believe it is the morning of
5 those.

6 MR. GUY: That's right. That's a good question.
7 We are generally starting the tours 8:00 or 8:30. I
8 believe 8:30 is what the tour protocol says. We have it
9 8:00 to the extent we want to go over some graphic or
10 maybe relook at the virtual. But I think we are leaving
11 8:30. And in both cases we would be back at the
12 beginning location 12:00 or 1:00. So I think that was
13 the example the Chairman mentioned earlier.

14 We have as an exhibit the actual tour. We will
15 get to the exhibit number in your exhibits. We have the
16 proposed tour schedule that gives you the details, but I
17 think in both cases we are starting at 8:30, be back by
18 1:00 or so. And I think that's an opportunity, if we
19 did not want to end early, we could come back and have
20 hearings to make sure we don't run long.

21 CHMN. CHENAL: Thanks.

22 MR. GUY: Now we are moving into the entities.
23 You have heard a lot about that Southline Transmission
24 is the applicant. They are the developers of this
25 project. They are a subsidiary of Hunt Power. Hunt

1 Power has been involved in this project since 2010.
2 Enrique Marroquin, the president of Hunt Power, is
3 actually in the audience today. He will be here not the
4 whole hearing, at least some of the hearing. I know he
5 is not testifying. He is here. Certainly this is a
6 very important project to Southline and Hunt.

7 The second entity is WAPA, who is not an
8 applicant. We talked about that. I think the Chairman
9 described that earlier. We did request a disclaimer of
10 jurisdiction, but they are not asking the alternative,
11 to grant a CEC. So to the extent we believe the
12 disclaimer jurisdiction is limited, only in
13 circumstances where you have requested the alternative,
14 we didn't do that. So we only have before the Committee
15 the Southline portion of new build portion of the
16 project, and the upgrade portion of the project
17 Southline is going to build.

18 SU FERC we mentioned. SU FERC is an affiliate
19 of Hunt Power, and they have obtained negotiated rate
20 authority from FERC. They will lease the capacity
21 rights from Southline, and they are the entity that's
22 marketing the capacity rights to other users of
23 transmission and will actually be operating the line
24 once the line is up and running.

25 We touched on this a couple times, and this may

1 be more common, this may not be as unique for this
2 project, but because this project requires substantial
3 building right-of-way and needed WAPA facilities, it is
4 necessary to obtain approval from those agencies. And
5 that sort of triggered the NEPA process. So WAPA and
6 BLM took a co-lead agencies' role in evaluating the
7 environmental study in the consultation. And there was
8 a number of Arizona cooperating agencies, a term of art
9 within NEPA, a number of Arizona agencies that chose to
10 participate in that process, the Arizona Game & Fish
11 Department, Arizona State Land Department, a number of
12 counties and cities. And there were many, many, many,
13 many more that were invited and many, many more that
14 participated. But those are some of the key ones that
15 did.

16 And you will hear from a witness about extensive
17 stakeholder outreach, a lot of people working with
18 people throughout the process. And although we have
19 intervenors in the case and folks interested in the
20 case, I think sort of evidence of how much the Southline
21 folks have really reached out to stakeholders, how much
22 they have really tried to address concerns that were
23 raised throughout the entire process is sort of shown by
24 sort of interest in the project, at least, or lack of
25 objections to the project.

1 So Southline and, you know, Black Forest and
2 Southline have been involved since 2008, 2009
3 participating in regional transmission planning groups
4 to try to identify a need for a project. They have
5 worked through that. They have gone through this proof
6 of concept technical studies and public meetings. They
7 looked at where the needs were in the region.

8 And they participated in the ACC's BTA process.
9 In the last two 10-year submissions Southline has
10 submitted the Southline project. So they were able to
11 identify the need for this project through participating
12 in those groups.

13 The project benefits -- and I will touch on
14 these a little bit more on the next slide -- improves
15 reliability, relieves congestion, supports growth, and
16 facilitates access to renewable resources.

17 And I think I mentioned this earlier in the open
18 solicitation process. I think the results of that open
19 solicitation that SU FERC held is sort of proof of the
20 need for the project. We received a number of
21 submissions. Expressions of interest exceeded the
22 project capacity.

23 Since about July of this year, SU FERC has been
24 working through those agreements with parties that are
25 interested in attaining capacity on the line. And

1 that's something, there is no hard line deadlines to
2 that, but, you know, at the end of this year, early next
3 year, it is what we are thinking of, filing some of
4 these agreements.

5 Reliability. One of the things that's not up
6 here that we mentioned earlier, the project is going to
7 add up to a thousand megawatts of bidirectional
8 capacity. So it adds significant amounts of capacity to
9 what is otherwise a fairly congested system in that
10 area.

11 It is going to provide some level of redundancy.
12 You will hear this from Ed Beck, because it largely
13 parallels some of the TEP system. Some level of
14 redundancy gives us greater flexibility for O&M, if they
15 need to take lines out of service. It is going to
16 harden the system in the event we have wildfires,
17 storms, other events. It kind of allows you to do
18 repairs that you have got to do. It allows WAPA to
19 upgrade their existing H-frame wooden poles with new
20 steel structures to get those up, and a much stronger
21 system to basically be in place.

22 CHMN. CHENAL: Member Woodall.

23 MEMBER WOODALL: If you would, go back to your
24 prior slide, sir, where you provide the benefits of the
25 new build section.

1 Tell me, sir, wouldn't all of those points be
2 true for any extra high voltage line that was added to
3 the western grid?

4 MR. GUY: Well, many of those points, yeah, you
5 add new transmission, you get --

6 MEMBER WOODALL: I mean there is nothing special
7 for Southline. If you put any extra high voltage
8 transmission line onto the grid, isn't it going to
9 harden the system, provide operations and maintenance
10 flexibility, increased ability to reliably meet future
11 load growth?

12 MR. GUY: I think there are some unique things
13 that Southline offers as part of the design. And I
14 think maybe when you hear from Doug Patterson, he would
15 be a great person to talk to.

16 MEMBER WOODALL: I wanted to really torment Ed
17 Beck.

18 MR. GUY: You could ask Ed Beck as well.

19 MEMBER WOODALL: I see this a lot. And it is
20 kind of like that's true of any big transmission line
21 you are going to put in. So I kind of want to know
22 whatever the extra special things about your --

23 MR. GUY: Absolutely. And I think Ed and Doug
24 are the two guys that could express it --

25 MEMBER WOODALL: Thank you.

1 MR. GUY: -- and can give you the high level
2 answers.

3 I mean, one, we are tying those upgraded WAPA
4 facilities into five existing stations that both belong
5 to AEPCO and TEP. So you are strengthening that grid.
6 So we could have built a transmission line. WAPA could
7 have upgraded its line without tying into those new
8 stations or those existing stations. By tying into
9 those existing stations you strengthen that area. So I
10 think that's one thing that's unique.

11 That's a teaser. I will let Doug talk --

12 MEMBER WOODALL: I was going to say you are
13 making it too easy for Ed Beck. Thank you, sir.

14 MR. GUY: Okay.

15 CHMN. CHENAL: Member Haenichen.

16 MEMBER HAENICHEN: Go ahead, complete your
17 thought.

18 MR. GUY: No, go ahead.

19 MEMBER HAENICHEN: You are done? I was going to
20 ask a couple of questions.

21 When you talked about 98 percent of the Arizona
22 portion of this line was going to be following existing
23 linear systems, did you mean 98 percent of the entire
24 Arizona portion or only the new build portion?

25 MR. GUY: I believe that 98 percent applies to

1 the entire project, which is 121 miles -- oh, in
2 Arizona, the entire project in Arizona?

3 MEMBER HAENICHEN: I am talking about the
4 Arizona portion only.

5 MR. GUY: Arizona portion only. But you are
6 right, so we are upgrading 121 miles of the WAPA
7 facilities. So that's 100 percent paralleling the
8 existing lines. So yeah, that's part of it.

9 MEMBER HAENICHEN: I didn't quite understand.
10 The 98 percent, then, is of the mileage of the new build
11 only?

12 MR. GUY: No. The 98 percent is of the mileage
13 in the State of Arizona for both new build and upgrade.

14 MEMBER HAENICHEN: Okay. And I have a second
15 question about the small interconnect portions that add
16 up to about six miles, I believe was the number. They
17 connect to these existing substations. But is it not
18 true that after that connection is made there has to be
19 upgrading to the substation itself, bigger breakers,
20 that kind of stuff, to accommodate?

21 MR. GUY: There are some things like that in
22 the -- Andy Rawlins is the witness to get into the
23 details of that.

24 Interconnection studies are currently underway.
25 I think that one of the TEP, one of the study processes

1 is in TEP's hands right now and they are looking at
2 that, working with the ones with AEPCO for the AEPCO
3 station as well.

4 So yes, the results of those interconnection
5 studies will, of course, tell us what needs to be done.
6 But I think Mr. Rawlins can tell us what we think is
7 going to be done. So I think there is going to be
8 either upgrade of existing stations, or we are going to
9 be building essentially a new station adjacent to those
10 existing stations. There are a couple of different
11 options that can be done, and I think that's still yet
12 to be decided exactly what is going to happen.

13 MEMBER HAENICHEN: So are those upgrades to the
14 station theoretically part of the application as well?

15 MR. GUY: Yes, they are.

16 MEMBER HAENICHEN: And who will pay for that
17 portion of the job?

18 MR. GUY: My understanding is that's something
19 that would come out of the interconnection process, but
20 generally I believe Southline is paying for those
21 upgrades.

22 MEMBER HAENICHEN: Thank you.

23 MR. GUY: And the witnesses will correct me.

24 MEMBER HAENICHEN: Can you point out, with the
25 laser pointer if we can bring it up, that map of the

1 line where these 2 percent areas are that are not
2 complying with existing linear. Are basically all those
3 interconnections to the substations?

4 MR. GUY: That's a good question. I don't think
5 I can answer that question. I think --

6 MEMBER HAENICHEN: Can you get an answer?

7 MR. GUY: Absolutely, we will get you an answer.

8 So one of the benefits we are mentioning is, you
9 know, this relieves congestion. And this is an example,
10 I think like Member Woodall mentioned, this is not
11 necessarily unique to Southline's project, although I
12 think the way Southline is providing these multiple off-
13 and on-ramps with other Arizona stations, it does
14 provide additional opportunities, additional ways for
15 the power to flow, additional ways to access power,
16 different paths, so I think there are benefits that this
17 particular project design offers that some other, you
18 know, point A to point B project would not offer.

19 CHMN. CHENAL: Member Haenichen.

20 MEMBER HAENICHEN: One more question.
21 Roughly -- I don't know if you can answer this without
22 doing some research, but what percentage of the
23 projected usage of this new line will be for that
24 purpose we just spoke of, reduce the congestion,
25 blah-blah, and what will be facilitated with new

1 generation?

2 MR. GUY: Absolutely. I think the answer to
3 that question is that's the results of the open
4 solicitation. The parties who have responded in the
5 open solicitation, those are confidential because the
6 parties are negotiating that. I think Tucson, TEP, has
7 disclosed and Ed's testimony he will say, you know, they
8 are in those discussions. So Tucson Electric is someone
9 that we can talk to Mr. Beck about, the value that they
10 see in that as their percentage, their capacity.

11 I don't believe any of the other parties that
12 participated have been disclosed yet, so I think that
13 has yet to be decided. There has been expressions of
14 interest greater than capacity. So some of those
15 expressions of interest have come from existing
16 utilities. Some of those have come from renewable
17 generators. And it is just a matter of negotiating
18 those deals to see which ones end up with that capacity.

19 MEMBER HAENICHEN: Okay. What I am trying to
20 get at, though, is the intent of this project. And you
21 must have some feeling for what -- assuming that the
22 solicitations are going to be successful, you must have
23 some feel for how much of this added capacity is
24 available for new generation, vis-à-vis those other
25 attributes you spoke of. Is it half and half?

1 MR. GUY: I am going to, if I can, refer to
2 Mr. Patterson for that. He would be a good one to talk
3 to.

4 MEMBER HAENICHEN: Okay. Thank you.

5 MEMBER WOODALL: Mr. Guy, what criteria are you
6 going to use to evaluate the solicitations? Are they
7 criteria that are required by some regulatory scheme, or
8 are they strictly financial?

9 MR. GUY: They are -- I think part of the
10 capacity allocation method was approved as part of the
11 FERC -- petition for FERC order. So I think there is
12 some elements yet to comply with that process, if you
13 will. And then separate from that, Mr. Virant might be
14 the right guy to answer those questions, and if he is
15 not, we will find out the answer for you.

16 MEMBER WOODALL: Thank you. And I won't need to
17 remind him? I meant to ask that question.

18 MR. GUY: You will not.

19 MEMBER WOODALL: Thank you. My memory is
20 fading. Thank you, sir.

21 MR. GUY: And this gets into, you know, some of
22 the questions both of you guys are asking on this, is
23 another benefit of the project is supports growth. You
24 know, not only existing needs for the project, but it
25 sort of unlocks and you have different paths for other

1 renewable generators and ways to access those
2 generators. So it certainly provides the option you are
3 asking more than the option what can you tell us what is
4 actually going to happen. But these are some.

5 And then the last, facilitate renewables access,
6 again, it provides additional ways to access these other
7 zones, tie into the New Mexico, Arizona for solar and
8 wind. And I believe Mr. Patterson can go into some of
9 the details of that as well.

10 MEMBER WOODALL: I had one question. Do you
11 anticipate that your line could be used to transfer New
12 Mexico wind power into California?

13 MR. GUY: Yes.

14 MEMBER WOODALL: So it is not just in Arizona.
15 I mean, because you are building this regional
16 transmission line, it can move power all over the
17 western United States.

18 MR. GUY: That's correct.

19 MEMBER WOODALL: Okay. Thank you.

20 MR. GUY: Okay. Getting to the last topics we
21 are going to talk about, the environmental studies, you
22 know the application requires as part of the application
23 that you submit all the environmental studies that have
24 been conducted --

25 MEMBER HAENICHEN: Mr. Chairman.

1 CHMN. CHENAL: I'm sorry.

2 Member Haenichen.

3 MEMBER HAENICHEN: Mr. Guy, before you go to a
4 new subject, adding onto Ms. Woodall's question, this
5 line does not go all the way to California. So at what
6 point or by what methodology would a fraction of the
7 energy being brought in from the eastern part of the
8 line get to California? What would be the routing?
9 Through Palo Verde or something like?

10 MR. GUY: I will defer to Mr. Patterson as well.
11 Obviously there will be economic impact as you are
12 having to wheel that power from location A to location
13 B. Because you are right, the Southline project runs
14 from eastern New Mexico to just outside of Tucson. So
15 that's the Southline project. It gets you closer to
16 those locations. You would have to get capacity to go
17 farther and farther. So, you know --

18 MEMBER HAENICHEN: But of course that begs the
19 question about whether the additional routing beyond the
20 termination of your project is constrained going through
21 further west, or not? Have you researched that and have
22 you made yourself satisfied that there is excess
23 capacity?

24 MR. GUY: I am going to throw Mr. Patterson
25 under the bus again. He is the one to ask those

1 questions.

2 The environmental impact statement, very, very
3 comprehensive report. It is in basically Exhibit B of
4 the application. But again, because it was so
5 voluminous, we provided that to you on a DVD. I think
6 we also provided that on a flash drive this morning. I
7 notice no one has computers so that's entirely unhelpful
8 to you. But it is on that flash drive, and you can
9 access those reports and studies on that.

10 MEMBER WOODALL: If anyone wants to look at the
11 paper copy, I have one in the trunk of my car.

12 MR. GUY: And I think we have actually one,
13 maybe two paper copies at the end of the table here that
14 will be here all week as well.

15 MEMBER WOODALL: Thank you.

16 MR. GUY: And then lastly, you know, we are
17 going through all of these statutory factors that are
18 required to be considered for conditions for the CEC and
19 are covered in the application and will be covered by
20 our witnesses. Different parts of the application:
21 Compatibility with existing plans, Exhibit H to the
22 application; fish, wildlife, and plant life is described
23 in Exhibit C and D; we look at the noise emission, and
24 then potential interference with communication signals
25 in Exhibit I to the application; recreational purposes,

1 Exhibit F; the existing scenic areas, historic sites and
2 structures, Exhibit E; and total environment, really all
3 that is in Exhibit B, the entire EIS process, the
4 environmental impact statement, the BLM ROD. There is a
5 600-page document that has all the mitigation measures,
6 all the considerations, all of the plan of development,
7 how is the project going to get implemented from an
8 environment perspective.

9 MEMBER WOODALL: Mr. Guy.

10 Mr. Chairman, if I may.

11 CHMN. CHENAL: Member Woodall.

12 MEMBER WOODALL: Thank you.

13 We have in the past adopted conditions
14 specifically focused on some of these factors. And some
15 of them may be oldies, but they are goodies. And they
16 may not have made their way into your current form of
17 CEC. But I wonder if you would be willing to look at
18 prior CECs and conditions therein that you think might
19 be helpful in assuring the Committee and the Commission
20 that you are going to be mindful of these factors.

21 MR. GUY: Absolutely. We have already started
22 that process. And we did that, did a lot of the recent
23 CECs of all the conditions. And we put the ones in our
24 draft CEC that we thought were appropriate. But if the
25 evidence or suggestions provide otherwise different

1 conditions, we are happy to provide those.

2 MEMBER WOODALL: Thank you very much.

3 CHMN. CHENAL: Member Noland.

4 MEMBER NOLAND: Mr. Chairman, I am sorry.

5 But, Member Woodall, I am having trouble hearing
6 you. You are going to have to speak a little closer to
7 the microphone because I can't hear your questions down
8 here.

9 MEMBER WOODALL: I probably should be holding
10 the mike.

11 MEMBER NOLAND: You have got to get closer to
12 it.

13 MEMBER WOODALL: Well, you know what Shakespeare
14 said: A soft voice is an excellent thing in a woman.
15 But it is probably not very good for a government
16 official. So thank you for that.

17 MR. GUY: And I have run way past our break
18 time, so I am going to close. And, you know, I think to
19 the extent I provided you more questions than answers, I
20 encourage you to ask the witnesses. We will try to
21 bring those out in the direct testimony. We heard what
22 you asked, we have heard the questions you have raised,
23 and we will try to bring that out without you asking
24 again. But to the extent you have other questions, I
25 think you will find we have very, very good experts on

1 this project from a project manager, from experts'
2 perspective, and we want to answer all your questions.

3 CHMN. CHENAL: All right. And you will -- just
4 a moment of levity. I mentioned to Mr. Guy before the
5 hearing, I said, and Mr. Haenichen, I said he looks
6 unassuming, but when he reaches for the microphone, be
7 prepared for tough questions. And I think you realize
8 that now.

9 MR. GUY: Good advice.

10 CHMN. CHENAL: And other members of the
11 Committee.

12 Let's take a 15-minute break, and we will be
13 back here at 3:00. We will pick up at 3:00. Thank you.

14 (A recess ensued from 2:45 p.m. to 3:11 p.m.)

15 CHMN. CHENAL: We will resume the hearing after
16 the break.

17 Before we begin we have had a few comments about
18 the ability to hear. We are going to get some speakers
19 tomorrow that will face the audience, so that should
20 assist, and probably a couple -- a speaker up here to
21 help some of the Committee members. It may be that we
22 are going to have to pull microphones out of the stands
23 and put the microphone right up to it, because I think
24 that will help.

25 But with that, does the Committee have any

1 questions or comments before we turn the case back to
2 the applicant?

3 (No response.)

4 CHMN. CHENAL: Okay. Mr. Guy, please proceed.

5 MR. GUY: Thank you, Chairman. We are going to,
6 consistent with what I said in my opening statement,
7 Southline is going to call its first panel, Bill Kipp
8 and Matthew Virant.

9 CHMN. CHENAL: All right. Mr. Kipp, Mr. Virant,
10 do you prefer an oath or an affirmation?

11 MR. KIPP: Either/or.

12 CHMN. CHENAL: Okay, oath. All right. Would
13 you both raise your right hands, please.

14 (Bill Kipp and Matthew Virant were duly sworn.)

15 CHMN. CHENAL: Okay, please proceed, Mr. Guy.

16 MR. GUY: Thank you, Chairman.

17 One housekeeping matter, I apologize, just so
18 everyone is clear. We have placed in front of the two
19 witnesses a three-ring binder that contains all of the
20 exhibits that we are likely to offer in this proceeding.
21 Those are the same three-ring binders that each
22 Committee member has in front of them, or perhaps if you
23 took it off the docket earlier, you have it in your own
24 notebook.

25 But they are numbered STL-1 through 24 or 25, I

1 forget which number we ended up at. So at times we will
2 be referring to specific exhibits. If you want to
3 follow along in your personal exhibit, it will be in
4 that notebook in front of you.

5 And I am going to start with Matt.

6

7

BILL KIPP and MATTHEW VIRANT,
8 called as witnesses, having been previously duly sworn
9 by the Chairman to speak the truth and nothing but the
10 truth, were examined and testified as follows:

11

12

DIRECT EXAMINATION

13 BY MR. GUY:

14 Q. Matt, would you state your full name for the
15 record, please.

16 A. (BY MR. VIRANT) It is Matthew Virant.

17 Q. And Mr. Virant, do you see in front of you a
18 three-ring binder that has the Volume 1 that has Exhibit
19 STL-4?

20 A. (BY MR. VIRANT) Yes, I do.

21 Q. And remind you just to do your best to speak as
22 close as you can to the microphone so the court reporter
23 and other folks can hear you.

24 Would you describe to me what is within STL-4.

25 A. (BY MR. VIRANT) This is the PowerPoint

1 presentation prepared for today's hearing.

2 MR. GUY: Very good.

3 Chairman, before he goes into those, we could
4 offer STL-4 into the record, if that would be helpful.

5 CHMN. CHENAL: That would be fine, sure.

6 Exhibit STL-4 is admitted.

7 (Exhibit STL-4 was admitted into evidence.)

8 MR. GUY: And we have also loaded that on the
9 PowerPoint presentation, so it would be to the members'
10 right and the witnesses' front.

11 BY MR. GUY:

12 Q. So, Mr. Virant, could you please explain your
13 educational background.

14 A. (BY MR. VIRANT) Yes. I graduated from Texas
15 A&M University in 2004 with an undergrad in accounting
16 and a master's in finance.

17 Q. And please describe your professional background
18 for us.

19 A. (BY MR. VIRANT) I am currently the project
20 manager with Hunt Power. Prior to joining Hunt Power I
21 was an analyst for Hunt Energy Horizons. Both of those
22 entities are part of the Hunt consolidated family of
23 companies. Six years with Hunt Power and two years with
24 Hunt Energy Horizons.

25 Previous to the Hunt entities I just mentioned,

1 I was with the accounting firm Ernst & Young for four
2 years in various assurance and advisory services, and
3 transaction advisory services roles.

4 Q. Thank you.

5 And what is your role in the Southline
6 Transmission Project?

7 A. (BY MR. VIRANT) As mentioned, I have been with
8 Hunt Power in project development roles for the past six
9 years, and part of those responsibilities include the
10 Southline Transmission Project. During that time I
11 served as the primary contact for Hunt Power in the
12 day-to-day activities, and have been involved in all
13 aspects of the project's development to varying degrees.

14 Q. And have you testified in an administrative
15 judicial proceeding before?

16 A. (BY MR. VIRANT) No, sir.

17 Q. And what will your testimony cover today?

18 A. (BY MR. VIRANT) The testimony today includes
19 six topics, background information on the overall
20 project, information on the applicant, a description of
21 the CEC application, summary of the notice for that
22 application in these hearings, a description of the
23 project facilities for which the CEC is being sought,
24 and a description of the Western Area Power
25 Administration, or WAPA.

1 Q. All right. Thank you.

2 And Matt, if you would turn in your exhibit
3 notebook, Exhibit STL-3, and describe to me what that
4 exhibit is.

5 A. (BY MR. VIRANT) These are the witness testimony
6 summaries.

7 Q. And I know I did some of this at the opening,
8 but could you give us an overview of who the witnesses
9 are that we expect to present testimony today or this
10 week?

11 A. (BY MR. VIRANT) Sure. And I will be brief,
12 since it was partially covered. If there are any
13 questions, I am happy to dive in further.

14 Here with me on panel 1 is Bill Kipp. He will
15 be providing the virtual tour.

16 Witness panel 2 will include Doug Patterson, Ed
17 Beck, and Andy Rawlins.

18 Doug will briefly describe the project history.
19 He will introduce the environmental review and the
20 public outreach effort conducted for the effort. He
21 will discuss the need and benefits, outline the
22 estimated costs, and describe the project's compliance
23 with the applicable laws and regulations.

24 The second person on panel 2 is Ed Beck. And,
25 as discussed, he will be discussing the project from

1 TEP's perspective.

2 Final participant on panel 2 is Andy Rawlins.
3 And he will cover the technical components of the
4 project.

5 Panel 3 is Cara Bellavia and DeAnne Rietz, both
6 of SWCA Environmental Consultants.

7 Cara Bellavia will discuss SWCA's role in the
8 project, including the alternative route development and
9 other analysis performed to support the EIS, which is
10 the environmental impact statement.

11 DeAnne Rietz will describe the environmental
12 factors considered under the CEC process and SWCA's
13 analysis related to those.

14 MR. GUY: Thank you.

15 Chairman, I am not sure if it is necessary to,
16 since we did prefile this, the witness summaries, as an
17 exhibit, we are happy to offer it to complete the
18 record.

19 CHMN. CHENAL: I think we would be better off
20 getting it admitted just for purposes of the record.

21 MR. GUY: Agreed. So Southline would offer
22 STL-3 into the record.

23 CHMN. CHENAL: Any objection to STL-3?

24 (No response.)

25 CHMN. CHENAL: STL-3 is admitted.

1 (Exhibit STL-3 was admitted into evidence.)

2 BY MR. GUY:

3 Q. Matt, could you give us an overview of the
4 Southline Transmission Project, please.

5 A. (BY MR. VIRANT) Yes. Southline Transmission
6 Project, as mentioned previously, is approximately 370
7 miles of transmission line and associated facilities in
8 southern New Mexico and southern Arizona.

9 There are two sections to the project, a new
10 build section and an upgrade section. The new build
11 section is approximately 249 miles of double-circuit
12 345kV transmission lines. Those begin in Doña Ana
13 County, New Mexico, and end in Cochise County, Arizona.

14 The upgrade section includes approximately 121
15 miles of upgrades to two existing WAPA line segments,
16 and short segments of new transmission lines and
17 associated facilities needed to interconnect the
18 upgraded WAPA lines to existing substations. The WAPA
19 line segments that I mentioned are currently at 115kV.
20 Those be would be upgraded to double-circuit 230kV.
21 And, finally, the upgrade section is located in Cochise,
22 Pima, and Pinal Counties in Arizona.

23 Q. And I think you touched on this, but using the
24 Map 1 that's on the projection screen there and then the
25 Committee's map book, could you be more specific about

1 the starting and ending points of the project?

2 A. (BY MR. VIRANT) Sure. On the eastern side, the
3 eastern terminus is the Afton station, which is
4 southwest of Las Cruces, New Mexico. And on the western
5 end, western terminus is the Saguaro substation,
6 northwest of Tucson.

7 Q. Thank you.

8 And again we touched on this in the opening, but
9 could you tell us a little bit about who the applicant
10 in this proceeding is?

11 A. (BY MR. VIRANT) Yes. Southline Transmission is
12 the applicant in this proceeding.

13 Q. And Southline is a subsidiary of Hunt Power.
14 Who is Hunt Power?

15 A. (BY MR. VIRANT) That's correct. Hunt Power
16 develops and invests in entrepreneurial electric and gas
17 opportunities, and is part of a larger privately owned
18 group of companies managed by the Ray L. Hunt companies
19 that engage in oil and gas exploration, refining, power,
20 real estate, ranching, and private equity investments.

21 CHMN. CHENAL: Excuse me.

22 Member Woodall.

23 MEMBER WOODALL: Sir, could you tell me whether
24 or not the Hunt family or affiliated entities or
25 Southline or SU FERC or any of the kissing cousins

1 involved in this project have other transmission
2 projects in Arizona? And I am using the broadest
3 possible interpretation of Hunt entities and connected
4 entities or affiliated entities.

5 MR. VIRANT: Yeah. I think underneath the Hunt
6 Power umbrella, similar to Southline, there is a Nogales
7 interconnection project.

8 MEMBER WOODALL: Is that the one that would go
9 across the border to Mexico?

10 MR. VIRANT: Yes, ma'am.

11 MEMBER WOODALL: Is there any nexus between that
12 project and this one in any sense?

13 MR. VIRANT: They are both within the Western
14 Electric Coordinating Council grid, but the projects
15 stand on their own and are being developed on their own
16 merits.

17 MEMBER WOODALL: So they are not -- one is not
18 dependent on the other?

19 MR. VIRANT: No, ma'am. They are being
20 developed independently.

21 MEMBER WOODALL: Okay, thank you.

22 Oh, and by the way, has that Nogales
23 transmission project, has there been a 10-year filing on
24 that?

25 MR. VIRANT: There has not been.

1 MEMBER WOODALL: To my understanding it is
2 undergoing environmental review at this time, is that
3 correct?

4 MR. VIRANT: Yes, ma'am. Application for
5 Presidential permit was filed with the DOE in May of
6 this year.

7 MEMBER WOODALL: So at some point do you
8 anticipate that the planning would have ripened into a
9 contemplation that would trigger a 10-year plan filing?
10 Would that be accurate?

11 MR. VIRANT: I am sorry. I think I heard your
12 question, but I may have missed part of it.

13 MEMBER WOODALL: The statute says every person
14 contemplating building a transmission line is supposed
15 to file a 10-year plan. So at what point will this
16 Nogales transmission project ripen into a project that
17 will be filed as a 10-year plan, do you know?

18 MR. VIRANT: I don't know off the top of my head
19 given these questions. Perhaps it is January of next
20 year. But I will, we will, understood.

21 MEMBER WOODALL: I was curious. I thought there
22 was a connection. So thank you. You explained there is
23 no functional operational connection. Thank you, sir.

24 MR. VIRANT: Thank you.

25 BY MR. GUY:

1 Q. Matt, just to touch on the slide you are showing
2 on the screen, can you tell us who Black Forest Partners
3 is?

4 A. (BY MR. VIRANT) Yes. Black Forest Partners
5 serves as project manager for the Southline project.
6 Black Forest Partners, they originated this project in
7 2008, and they did so as a transmission solution to
8 minimize land use challenges and strengthen the electric
9 grid in Arizona and New Mexico, while enabling the
10 development of renewable projects.

11 Q. And just to remind you, the court reporter -- we
12 need to make sure to speak slowly and into the
13 microphone the best we can.

14 They are not shown on the slide here, but
15 because we had questions from the Committee members, can
16 you tell us who SU FERC is?

17 A. (BY MR. VIRANT) Sure. SU FERC is an affiliate
18 of Sharyland Utilities, a Texas based electric utility
19 headquartered in Dallas, Texas.

20 SU FERC has been granted negotiating rate
21 authority by FERC to provide transmission service under
22 a FERC approved open access transmission tariff for the
23 capacity rates obtained by Southline Transmission.

24 Q. And what is SU FERC's role in the project?

25 A. (BY MR. VIRANT) SU FERC will enter into a

1 long-term lease with Southline, pursuant to which
2 SU FERC will have the exclusive right to use the
3 Southline facilities and the associated capacity rights.

4 In addition to that, SU FERC would have the sole
5 responsibility for operating the new build section of
6 the project, and would comply with all the regulatory,
7 reliability, and other requirements related to that
8 function.

9 Q. Can you tell us something about the open
10 solicitation process and SU FERC's role in that process?

11 A. (BY MR. VIRANT) Sure. In May of 2015 an
12 application was filed with the Federal Energy Regulatory
13 Commission by Southline Transmission and SU FERC as
14 applicants. That application set forth and FERC ruled
15 in September of that year on that petition for
16 declaratory order. It is not an application. I
17 apologize. In that declaratory order that was granted
18 by FERC, it was determined that Southline Transmission
19 is a developer and a passive owner of transmission
20 assets, and SU FERC would be the jurisdictional entity
21 of FERC and would operate the transmission line.

22 Also included in that order was the request for
23 SU FERC to have negotiated rate authority. And it is
24 spelled out the capacity allocation methodology. That
25 would be SU FERC went out for an open solicitation in

1 March of this year. That open solicitation window
2 closed in June of this year. Those expressions of
3 interest that were received at the end of the open
4 solicitation window were screened by an independent
5 solicitation manager, energy strategist, and provided
6 that information to SU FERC in July. And SU FERC is
7 currently negotiating with the higher ranked entities
8 that fell out of that process.

9 Q. Mr. Virant, can you turn to Southline Exhibit 17
10 and Southline Exhibit 18. And tell me if you recognize
11 those as the FERC petition you were referring to and the
12 declaratory order issued by FERC.

13 A. (BY MR. VIRANT) Yes, that's correct.

14 MR. GUY: Chairman, Southline would offer
15 Southline Exhibit 17 and 18 into the record.

16 CHMN. CHENAL: Okay. Southline 17 and 18 are
17 admitted.

18 (Exhibits STL-17 and STL-18 were admitted into
19 evidence.)

20 BY MR. GUY:

21 Q. Mr. Virant, is SU FERC an applicant in this
22 proceeding?

23 A. (BY MR. VIRANT) No, they are not. Southline
24 Transmission is the applicant. Southline Transmission
25 is the developer of the project and would be responsible

1 for constructing the portions of the project that are
2 subject to the CEC. And as mentioned, SU FERC has been
3 granted negotiated rate authority by FERC and will
4 provide transmission service under a FERC-approved open
5 access transmission tariff.

6 Q. And is WAPA an applicant?

7 A. (BY MR. VIRANT) No, they are not.

8 Q. And who is WAPA, or why are they not an
9 applicant?

10 A. (BY MR. VIRANT) WAPA is a federal agency, and
11 my understanding is that they are not subject to the
12 Line Siting Committee's jurisdiction.

13 Q. Could you describe generally the portions of the
14 project that Southline is requesting a CEC for?

15 A. (BY MR. VIRANT) Yes. The project is requesting
16 a CEC for approximately 72 miles of transmission lines
17 and associated facilities. Those items include what is
18 called the CEC new build route and the CEC upgrade
19 route. The CEC new build route is approximately 67
20 miles of transmission and associated facilities, and the
21 CEC upgrade route includes approximately five miles of
22 transmission lines and associated facilities that would
23 interconnect from the existing WAPA line to other
24 existing stations along that route.

25 Q. Mr. Virant, Ms. Hopkins is handing you what has

1 been previously marked Southline Exhibit 1. Can you
2 confirm that that is a copy of Southline's application
3 in this proceeding?

4 A. (BY MR. VIRANT) Yes.

5 MR. GUY: Chairman, Southline would offer
6 Southline Exhibit 1 into evidence.

7 CHMN. CHENAL: Member Woodall, please.

8 MEMBER WOODALL: Could you tell me, please, who
9 prepared Exhibit 1?

10 MR. VIRANT: Yes. Quite a few hands went into
11 the preparation. It was filed by Sutherland Asbill &
12 Brennan.

13 MEMBER WOODALL: I guess what I am asking is:
14 Did the environmental consultant draft it? Did your
15 lawyers draft it? Did another consultant draft it?
16 Whose work product is it?

17 MR. VIRANT: I believe the primary drafting was
18 done by Sutherland Asbill & Brennan, but it certainly
19 had input from all of the panelists who will be
20 speaking.

21 MEMBER WOODALL: I didn't hear the first part of
22 your answer. I am sorry, sir.

23 MR. VIRANT: Sutherland Asbill & Brennan.

24 MEMBER WOODALL: Sutherland Asbill & Brennan?

25 MR. VIRANT: Yes, Mr. Guy's firm.

1 MEMBER WOODALL: I am sorry, Mr. Guy. I didn't
2 remember the name of your firm.

3 Thank you. Okay. I have no further questions.

4 CHMN. CHENAL: Thank you.

5 Exhibit 1 Southline Exhibit 1 is admitted.

6 (Exhibit STL-1 was admitted into evidence.)

7 BY MR. GUY:

8 Q. Mr. Virant, was Southline Exhibit 1 prepared
9 under your supervision?

10 A. (BY MR. VIRANT) Yes, I was involved with this,
11 and it was prepared under my supervision.

12 Q. And could you tell us when the application was
13 filed?

14 A. (BY MR. VIRANT) The application was filed on
15 October 14th, 2016.

16 Q. And can you tell us whether a filing fee was
17 included with the application?

18 A. (BY MR. VIRANT) Yes. A filing fee of \$5,000
19 was included with the application.

20 CHMN. CHENAL: Excuse me.

21 Member Woodall.

22 MEMBER WOODALL: Yes. I was wondering, sir,
23 were there any meetings with the Commissioners or
24 Commission Staff prior to your filing the application?

25 MR. VIRANT: Yes, ma'am. During the break we

1 were discussing your previous question about interaction
2 with the Commissioners. What we had talked about and
3 what I had heard was there was a piece related to NEPA,
4 and also a piece related to meetings prior to this
5 specific proceeding.

6 MEMBER WOODALL: And someone else has that
7 information?

8 MR. VIRANT: For the historical meetings that
9 took place during the time the EIS was being presented,
10 yes, ma'am.

11 MEMBER WOODALL: Great. I was just curious. I
12 was curious as to which Commissioners' offices were
13 visited, when you visited with staff, was it in 2013, it
14 was 2015. That sort of detail would be helpful.

15 MR. VIRANT: Yes, ma'am.

16 MEMBER WOODALL: Thank you very much.

17 MR. VIRANT: We will provide that. And to the
18 meetings prior to this Line Siting Committee, yes, there
19 were meetings with Commissioners and their staff, and we
20 will include that in the information and get back.

21 MEMBER WOODALL: I appreciate that very much.

22 BY MR. GUY:

23 Q. Mr. Virant, could you turn to Exhibit STL-14,
24 please, and identify that document for us.

25 A. (BY MR. VIRANT) STL-14 is the receipt for

COASH & COASH, INC.
www.coashandcoash.com

602-258-1440
Phoenix, AZ

1 filing fee.

2 MR. GUY: Chairman, Southline would offer
3 Exhibit STL-14 into the record, the receipt of the
4 filing fee.

5 CHMN. CHENAL: South -- I say Southline is STL.
6 STL-14 is admitted.

7 (Exhibit STL-14 was admitted into evidence.)

8 MR. GUY: Thank you.

9 BY MR. GUY:

10 Q. And Mr. Virant, after the filing of that
11 application, did Southline provide notice of the
12 hearings which start today?

13 A. (BY MR. VIRANT) Yes, we did.

14 Q. And could you turn to Exhibit STL-2 and identify
15 that document for me.

16 A. (BY MR. VIRANT) Yes. This is my prefiled
17 testimony, direct testimony on notice.

18 Q. And is Exhibit STL-2 a true and correct copy of
19 that testimony and the associated exhibits?

20 A. (BY MR. VIRANT) Yes.

21 Q. If I were to ask you the same questions today,
22 would your answers to those questions be the same?

23 A. (BY MR. VIRANT) Yes, sir.

24 MR. GUY: Chairman, Southline would offer
25 Exhibit STL-2 into the record.

1 CHMN. CHENAL: Mr. Guy, I am just looking at
2 your exhibit index, and I want to make sure it lines up
3 with what is in the exhibit book. So STL-2, okay, it
4 consists of testimony plus some exhibits, is that
5 correct?

6 MR. GUY: That's correct. The numbering scheme
7 may be confusing. Exhibit STL --

8 CHMN. CHENAL: Okay. I see it says testimony
9 and exhibits, testimony of Mr. Virant and sub exhibits.
10 So STL-2 is admitted.

11 MR. GUY: Thank you.

12 (Exhibit STL-2 was admitted into evidence.)

13 BY MR. GUY:

14 Q. And Mr. Virant, generally speaking what does
15 your prefiled testimony cover?

16 A. (BY MR. VIRANT) Prefiled testimony covers all
17 the actions Southline undertook to comply with the
18 Arizona CEC notice requirements, and any additional
19 efforts that Southline has undertaken to notify the
20 public of these hearings.

21 Q. And you have a slide that summarizes the notices
22 and other activities you took. When was the notice --
23 when and where was the notice of hearing published?

24 A. (BY MR. VIRANT) The Notice of Hearing was
25 published in five regional newspapers. It was published

1 on October 23rd and 24th. On those days it was
2 published in The Arizona Republic, The Arizona Daily
3 Star. It was also published on October 26th in the San
4 Pedro Valley News, the Willcox Range News and the
5 Explorer newspaper. In addition, the information has
6 been posted on the project website as well.

7 Q. Did Southline post public signs containing
8 Notice of Hearing information as well?

9 A. (BY MR. VIRANT) Yes.

10 Q. And could you tell us where those signs have
11 been posted?

12 A. (BY MR. VIRANT) Yes. There is a total of six
13 signs that were placed along the route in locations as
14 approved by the Chairman. Those locations were near
15 Tortolita, near DeMoss Petrie, near Vail, near Apache.
16 All four of those locations are stations that have been
17 discussed. There was also a sign placed at the Willcox
18 Playa wildlife area and a sign placed between Bowie and
19 San Simon. And as referenced, there is a map with these
20 sign locations in STL Exhibit 2 at Exhibit STL-2C, map
21 of sign location within that Exhibit 2.

22 CHMN. CHENAL: Member Woodall.

23 MEMBER WOODALL: Is there a telephone number or
24 an e-mail address somewhere on these signs directing
25 people to where they could get additional information?

1 MR. VIRANT: Within this exhibit there is the
2 text of the sign. Do you mind if I look just to be 100
3 percent certain?

4 MEMBER WOODALL: Oh, sure, absolutely. And the
5 next question is did anyone call or e-mail you. That's
6 the next one.

7 I congratulate your vision if you can discern
8 that from a small photograph, sir. I cannot. If you
9 want to subject to check and then respond later, that's
10 fine.

11 BY MR. GUY:

12 Q. Mr. Virant, if I could point you to Exhibit 2F.
13 And in fact I could hand you a copy of Exhibit 2F.

14 A. (BY MR. VIRANT) That would be easier.

15 There was a telephone number listed on the sign
16 as well as the web page.

17 MEMBER WOODALL: And did anyone call that number
18 or contact that e-mail address?

19 MR. VIRANT: I am unaware of anybody contacting
20 related to the signs.

21 MEMBER WOODALL: And I had a couple other
22 questions. Did you have any open houses preliminary to
23 having the notice of the hearing?

24 MR. VIRANT: There has been an extensive set of
25 public outreach conducted in concert with the project.

1 Mr. Patterson on panel 2 discusses that in detail.

2 MEMBER WOODALL: Sure. I just wanted to know if
3 there was something closer to the date of the hearing,
4 or whether all of this outreach was done as a component
5 of the NEPA process which, as you know, was a long
6 time -- took a long time.

7 In other words, perhaps it was somewhat stale by
8 the time that this the sign was put up there. I don't
9 know if it was or it wasn't, but that's the reason I am
10 asking the question.

11 The next question -- and it might be for
12 Mr. Patterson -- is: Did you send out any mailers or
13 notices to people who might be in reasonable proximity
14 to the project in anticipation of the hearing?

15 MR. VIRANT: So on the meetings that you refer
16 to, I will let Mr. Patterson describe the meetings that
17 took place during the NEPA process and also subsequent
18 meetings that have taken place.

19 MEMBER WOODALL: Okay.

20 MR. VIRANT: And as far as mailers for this
21 hearing, separate from the application that was provided
22 to the entities that we will run through shortly, I
23 don't know of direct mailings that went out.

24 MEMBER WOODALL: Okay. The reason I ask,
25 because oftentimes the EIS process and the outreach might

1 be like four years or three years before you actually
2 get ready to file your application and then there is a
3 hearing in front of the Siting Committee. And what I am
4 trying to explore is how much more current information
5 was provided to stakeholders, members of the public,
6 with respect to the fact that, okay, it is going to be
7 in front of the Siting Committee and we are trying to
8 explain that to you. That's the reason I am asking.

9 So if you can construct a response that helps me
10 understand that, that would be great. Thank you.

11 MR. VIRANT: Yes, ma'am, understood.

12 BY MR. GUY:

13 Q. Mr. Virant, were you or Mr. Patterson at a
14 meeting at Benson in sort of late summer, early summer?

15 A. (BY MR. VIRANT) Yes, we were. And that was the
16 meeting that I referred to a couple responses back.

17 Q. And going back to your slide, you did mail the
18 Notice of Hearing to folks. And who did you mail a
19 Notice of Hearing to?

20 A. (BY MR. VIRANT) The Notice of Hearing was
21 mailed to Cochise County, Pima County, Pinal County, the
22 City of Tucson, Willcox, Arizona Game & Fish Department,
23 and the Arizona State Land Department.

24 Q. And did Southline provide copies of the CEC
25 application after it was filed to anyone?

1 A. (BY MR. VIRANT) Yes. Southline provided copies
2 of the CEC application to the Line Siting Committee and
3 its members, the ACC in Phoenix, in both the Legal
4 Division and the Utilities Division, the ACC in Tucson,
5 the Elsie S. Hogan Community Library in Willcox, and the
6 Benson Public Library.

7 In addition to those mailings, courtesy copies
8 of the application was also sent to Cochise County, Pima
9 County, Pinal County, City of Tucson, Arizona Game &
10 Fish Department, Arizona State Land Department, and
11 Coash & Coash, the court reporter.

12 Q. And do you know if the application was also
13 placed on the project website?

14 A. (BY MR. VIRANT) Yes, it was.

15 Q. We have talked about the project overview a
16 couple different times, and I would like to dig a little
17 deeper now as well. Can you confirm for us whether the
18 CEC application is for the entire Southline Transmission
19 Project?

20 A. (BY MR. VIRANT) No, it is not. As stated
21 earlier, the application seeks state siting approval for
22 the portion of the project that will be located in
23 Arizona and owned by Southline.

24 Q. And can you do a little deeper dive now and tell
25 us a little bit more specifically about those

1 facilities?

2 A. (BY MR. VIRANT) So the map that's on the screen
3 in front of me can also be found in Tab 3 of the map
4 book. There should be two maps behind Tab 3. There
5 should be an
6 8 and a half by 11 version, and also a larger 11 by 17
7 version that may be more useful.

8 And as we go through the two different -- the
9 CEC new build route and the CEC upgrade route, the map
10 behind Tab 4 in the map book and the map behind Tab 5 in
11 the map book provide a more zoomed-in version than what
12 is showing.

13 On the map that's currently projected in Slide 8
14 and Map 3 in the map book, the blue line represents 67
15 miles of the CEC new build facilities. Those facilities
16 include 66 miles of double-circuit 345kV lines and
17 associated facilities from the New Mexico border to the
18 Southline Apache station, and then less than one mile of
19 115 or 230kV line and associated facilities needed to
20 connect the proposed Apache station -- excuse me -- and
21 also less than one mile of 115kV or 230kV line and
22 associated facilities needed to connect the proposed
23 Southline Apache station to the existing AEPCO Apache
24 station.

25 The turquoise lines on that map -- and again in

1 better detail on Map 5 of the map book -- include a
2 total of approximately five miles of short segments, new
3 transmission lines and associated facilities needed to
4 interconnect the upgraded WAPA lines to four existing
5 subs. Those four segments would interconnect the
6 existing AEPCO Pantano station, the existing TEP Vail
7 station, the existing TEP DeMoss Petrie station, and the
8 existing TEP Tortolita station.

9 Q. Thank you.

10 We have also, we have talked a little bit about
11 WAPA's facilities. Can you give us additional
12 information about WAPA's participation in the project?

13 A. (BY MR. VIRANT) Yes. Do you mind advancing the
14 slides?

15 So on this slide, Slide 11, there are two sets
16 of information. There is background on WAPA, and then
17 there is also information on WAPA's participation in the
18 project.

19 As discussed earlier, WAPA is one of four power
20 marketing agencies within the U.S. Department of Energy.
21 They have a service area that covers a 15-state region
22 in the central and western United States that includes
23 more than 17,000 miles of transmission facilities. Also
24 as discussed previously, WAPA is the owner of the
25 existing Apache to Tucson, and Tucson to Saguaro

1 transmission lines that are a part of their Parker-Davis
2 project. Those are the lines that are proposed to be
3 upgraded through the Southline project.

4 As it relates to their involvement in the
5 project, WAPA serves as the co-lead federal agency for
6 the environmental impact statement, and has issued a
7 record of decision with respect to the alternatives
8 considered in the final EIS. It was April of this year.

9 The project also has been identified by WAPA for
10 further review. The project has also been identified by
11 WAPA for further review, evaluation, and consideration
12 of participation and potential transmission
13 infrastructure program finding.

14 Finally, WAPA and Southline are working together
15 towards a participation agreement that would govern the
16 parties' respective rights and obligations in the
17 process.

18 CHMN. CHENAL: Mr. Guy, I have a question or two
19 of Mr. Virant. I think Member Woodall would have some
20 other questions. I have a few questions and Member
21 Woodall has a couple questions.

22 Mr. Virant, the last point up on the slide, at
23 page 11 of your Exhibit 4, WAPA and Southline are
24 working towards a participation agreement that would
25 govern the parties' respective rights and obligations of

1 the project, is that the agreement that will define that
2 WAPA will own, will fund, construct, and own the upgrade
3 portion, what you call the upgrade line?

4 MR. VIRANT: That agreement would memorialize
5 that question. Principles of that agreement have been
6 discussed and memorialized as well.

7 CHMN. CHENAL: Well, when you say memorialized,
8 has there been an agreement that has been executed?

9 MR. VIRANT: There has been a nonbinding
10 participation principles that has been negotiated
11 between the parties.

12 CHMN. CHENAL: Such as in the nature of a
13 memorandum of understanding?

14 MR. VIRANT: More or less. The title of the
15 document is Participation Principles.

16 CHMN. CHENAL: Okay. It is nonbinding, though,
17 is that correct?

18 MR. VIRANT: Yes, sir.

19 CHMN. CHENAL: Is that exhibit -- I mean is that
20 an exhibit? Is that document, the Participation
21 Principles, an exhibit in Southline's case?

22 MR. VIRANT: It is not, but the principles are.
23 I plan to discuss the principles of that document in
24 further testimony.

25 CHMN. CHENAL: All right. I am not going to be

1 able to articulate in my question or request, but I have
2 heard a lot from people in this case that Southline --
3 excuse me -- Southline will not participate in the, what
4 I will call the WAPA line. WAPA will be the 100 percent
5 owner, you know, constructor, financier for that
6 portion.

7 And I think a lot of the discussion we had in
8 the legal principles, you know, that we don't have
9 jurisdiction over the line, I think dovetails into that
10 and is based on that, is founded on that principle. If
11 WAPA were simply a joint venturer in the line with other
12 participants, and its percentage of interest was
13 diluted, I think we might have a different view of
14 jurisdiction over that.

15 So it is important to me that we establish, not
16 to diminish your testimony, but I think it is important
17 that we establish for the record for the Corporation
18 Commission as well as possible that that, in fact, is
19 the case, that WAPA will own and operate, you know,
20 100 percent of that line.

21 So as the case progresses I just want to throw
22 that out, that I think that is an important point we
23 need to nail down, because a lot of my thinking and
24 rulings are based on that. So I would throw that out to
25 the applicant and the attorneys.

1 Member Haenichen.

2 MEMBER HAENICHEN: Should the WAPA participation
3 collapse, in other words, they say we are not going to
4 do it --

5 MR. VIRANT: I apologize. I can't hear you.

6 MEMBER HAENICHEN: Should WAPA, I am not saying
7 this is going to happen, but should they pull out of
8 this whole deal, would you then not build any of the
9 line at all?

10 MR. VIRANT: I guess there is several
11 assumptions in that. It may relate to what the cause of
12 that was. Is there anything specific? I don't know
13 that I can answer.

14 MEMBER HAENICHEN: What I'm thinking is the
15 posture of this Committee vis-à-vis this project and
16 should we have a condition in the ruling that addresses
17 the situation. That's the essence of my question.

18 MR. VIRANT: Yeah, I think we view the way we
19 have described the relationship between Southline and
20 WAPA as a fundamental piece of this case. To the extent
21 that materially changed, the action would have to come
22 back before this Committee.

23 MEMBER HAENICHEN: Thank you.

24 MEMBER WOODALL: I had a couple questions.

25 CHMN. CHENAL: Member Woodall.

1 MEMBER WOODALL: Thank you, Mr. Chairman.

2 I had a couple questions. Number one is, if you
3 have got participating principles, it is like a
4 memorandum of understanding, is there any reason why you
5 cannot introduce that as an exhibit into these
6 proceedings, Mr. Guy?

7 CHMN. CHENAL: Can you repeat the question?

8 MEMBER WOODALL: Sure. Is there any reason why
9 you could not have the participating principles as an
10 exhibit to these proceedings, Mr. Guy?

11 MR. GUY: Other than the company has considered
12 that document to be commercially sensitive and exempt
13 from Open Records Act request, we had Mr. Virant talking
14 about these principles later in his testimony in a way
15 to avoid trying to close the hearing or otherwise waive
16 our current assertion of confidentiality.

17 MEMBER WOODALL: Has it been accepted by WAPA?
18 Has WAPA agreed the document is confidential,
19 proprietary?

20 MR. GUY: Yes. WAPA is not releasing that
21 document.

22 MEMBER WOODALL: Okay. Thank you. That's all.

23 And then my next question related to the
24 discussions with respect to the TIP program. Can you
25 please explain what WAPA is looking at as it relates to

1 the transmission infrastructure program and what
2 consequences this project would flow to this project if
3 it was accepted as a TIP program. Could you educate us,
4 please.

5 MR. VIRANT: Yes, ma'am.

6 MS. WOODALL: Thank you.

7 MR. VIRANT: A statement of interest was filed
8 with Western Area Power Administration transmission
9 infrastructure program in March of 2011.

10 MEMBER WOODALL: I think you may need to back up
11 a little bit and explain what it is, what the TIP
12 program is.

13 MR. VIRANT: Sure. The transmission
14 infrastructure program is a funding program that is
15 under the U.S. Department of Energy and the Western Area
16 Power Administration. They were granted borrowing
17 authority under the Recovery Act, and they will use that
18 borrowing authority for projects such as Southline that
19 make an application to the transmission infrastructure
20 program.

21 We filed an application with the TIP program in
22 March of 2011, and we have worked regularly with WAPA at
23 both the transmission infrastructure program level and
24 the desert southwest region level since that time.

25 We have not submitted an application to the

1 transmission infrastructure program for a loan at this
2 time. So to your final piece of the question on what
3 the consequences of that may be, I do not have an
4 answer.

5 MEMBER WOODALL: So I mean for purposes of your
6 anticipated development, it is irrelevant to you whether
7 or not you get any TIP money? Because it says you have
8 not applied for it. I think that's what I heard you
9 say.

10 MR. VIRANT: We have not made an application to
11 the transmission infrastructure program. I think the
12 need to do so, and how that's done, will have to be
13 evaluated by Southline Transmission as we continue to go
14 through this development process.

15 MEMBER WOODALL: So it is possible that you
16 might?

17 MR. VIRANT: Yes, ma'am. And on the other side
18 of the coin, the Western Area Power Administration TIP
19 program will have to evaluate that Southline has
20 completed its development and it is an adequate project
21 to provide debt financing to.

22 MEMBER WOODALL: So at what point -- I mean,
23 what are the criteria or the requirements in order for
24 you to get TIP money? Does it have to be built? Does
25 the project have to be built?

1 MR. VIRANT: No, ma'am.

2 MEMBER WOODALL: Okay.

3 MR. VIRANT: A construction loan would be one of
4 the offerings that is available underneath the TIP
5 program.

6 MEMBER WOODALL: Okay. So you might apply for
7 such a loan, but at this time you have no current
8 intention of doing so?

9 MR. VIRANT: Yes, we may apply for a loan with
10 the transmission infrastructure program; at this current
11 moment, we don't have intentions to do so. Those
12 considerations would be analyzed as we complete the
13 development process and begin our efforts on debt
14 financing.

15 MEMBER WOODALL: Is there a lot of competition
16 for TIP money?

17 MR VIRANT: I don't know that I am the best to
18 answer that question.

19 MEMBER WOODALL: I am just wondering, are you
20 one of 100? Are you one of five? Are you one of seven?
21 And if somebody else can find out later, that's fine.

22 MR. VIRANT: We will look into it.

23 MEMBER WOODALL: Okay. Thank you, sir.

24 BY MR. GUY:

25 Q. Thank you, Mr. Virant. Could you turn to your

1 notebook, Exhibit STL-13, please.

2 A. (BY MR. VIRANT) Yes.

3 Q. Can you identify that as a letter that WAPA
4 submitted and gave to Southline to file in this
5 proceeding?

6 A. (BY MR. VIRANT) Yes, that's correct. This
7 letter outlines WAPA's participation and support for the
8 project.

9 MR. GUY: And Chairman, I believe this letter
10 was previously admitted as Chairman Exhibit 3, so we
11 won't offer an additional copy of it.

12 BY MR. GUY:

13 Q. But Mr. Virant, I wanted to at least direct your
14 attention to the third paragraph that does lay out, sort
15 of in WAPA's own words, kind of its participation in the
16 project.

17 How does WAPA describe its participation and
18 arrangement in the project?

19 A. (BY MR. VIRANT) So the table on the projector
20 in front of me on Slide 12 is a summary of the proposed
21 arrangement between Southline and WAPA. This table is
22 consistent with the petition for declaratory order filed
23 by Southline Transmission and SU FERC, and also the
24 information that WAPA has presented to its customers in
25 previous customer meetings.

1 Across the top you will see three different
2 columns, the CEC new build, the CEC upgrade, and the
3 WAPA upgrade. And along the left, working down, you
4 will see different aspects of participation in the
5 project. As discussed earlier today, the focus has been
6 on ownership and construction. So I will start there
7 and see if there is interest in continuing.

8 For the CEC new build section and the CEC
9 upgrade section, Southline would own those facilities.

10 For the WAPA upgrade, WAPA owns those facilities
11 today, and they would continue to own those in the
12 future.

13 Working down from ownership to construction, in
14 the CEC new build column, and also the CEC upgrade
15 column, Southline would be responsible for the
16 construction of those facilities and, as described
17 earlier, those are the subject of this CEC application.

18 The WAPA upgrade facilities column in the
19 construction row, WAPA would construct its new assets.

20 CHMN. CHENAL: Okay. Member Woodall.

21 MEMBER WOODALL: Mr. Virant, in connection with
22 the construction, it says Southline or designee
23 constructs. Is designee intended to be your
24 construction company, or is it supposed to be an
25 affiliate? What is contemplated by designee?

1 MR. VIRANT: Yes, ma'am. That would be a
2 contractual relationship.

3 MEMBER WOODALL: Thank you. Thank you.

4 BY MR. GUY:

5 Q. And Matt, can I back you up? This is a good
6 chart, I would like to spend some time on it, but could
7 you back up to Exhibit STL-13, the WAPA letter, for me
8 as well?

9 A. (BY MR. VIRANT) Sure. I am still here.

10 Q. In the third paragraph of the WAPA letter, WAPA
11 lays out what it considers kind of what its plans are
12 and the arrangement, and I wanted to see if you could
13 sort of read into the record how WAPA describes its
14 position on its participation.

15 It is the Chairman's exhibit, the language, the
16 middle of that third paragraph, under this arrangement,
17 WAPA.

18 A. (BY MR. VIRANT) Sure. Under this arrangement,
19 WAPA, after consulting with customers and other
20 stakeholders, would construct and continue to own and
21 operate the upgrade section. WAPA (sic) would
22 construct, own, and operate the approximately five miles
23 of new transmission lines and associated facilities
24 needed to connect the WAPA-owned portion of the upgrade
25 section to existing substations owned and operated by

1 Arizona load-serving utilities and the approximately 67
2 miles of the new build section in Arizona. The project
3 contemplates that WAPA would work cooperatively with
4 Southline and affected property owners to obtain land
5 rights for both the new build section and the upgrade
6 section.

7 Q. Thanks.

8 CHMN. CHENAL: All right. Let me just make a
9 correction. I am not sure, Mr. Virant, if you said --
10 referred to Southline or WAPA would construct and own
11 the approximate five miles, but I thought you said WAPA,
12 when the letter says Southline. But we will have this
13 admitted into the record. So that third paragraph will
14 be in the record as the letter.

15 MR. VIRANT: Yes, sir. That sentence should
16 read: Southline would construct, own, and operate the
17 approximately five miles of new transmission lines and
18 associated facilities needed to connect the WAPA-owned
19 portion of the upgrade section to existing, and
20 continuing on.

21 CHMN. CHENAL: Right.

22 Mr. Guy, I don't have in my notes 13 was
23 admitted. Let's just make sure it is admitted for the
24 record. I think it is an important exhibit.

25 MR. GUY: Absolutely. Southline would offer

1 Exhibit STL-13.

2 (Exhibit STL-13 was admitted into evidence.)

3 CHMN. CHENAL: Okay. Okay. Couple questions.

4 Member Haenichen.

5 MEMBER HAENICHEN: Would you, Mr. Virant, offer

6 some clarification for me at least on the difference

7 between the CEC upgrade and the WAPA upgrade. Is the

8 CEC upgrade just those little short interconnects?

9 MR. VIRANT: Yes, sir. The CEC upgrade is
10 approximately five miles --

11 MEMBER HAENICHEN: Okay, thank you.

12 MR. VIRANT: -- across those four stations,
13 existing stations, that come off of the existing WAPA
14 facilities.

15 MEMBER HAENICHEN: Thank you.

16 MEMBER WOODALL: And I have a question. The
17 last sentence there says the project contemplates that
18 WAPA would work cooperatively with Southline and
19 affected property owners to obtain land rights for both
20 the new build section and the upgrade section. Would
21 that include exercising the right of eminent domain by
22 WAPA?

23 MR. VIRANT: Yes, that could include that. That
24 would be a decision WAPA would have to make.

25 MEMBER WOODALL: So it is conceivable that a

1 federal agency would exercise its power of eminent
2 domain to obtain private property for a transmission
3 line that will be owned and operated by a nonfederal
4 entity? Do I understand that correctly? And if that's
5 a legal question and you want some time to confer,
6 that's fine.

7 MR. VIRANT: There are some nuances in there.

8 MEMBER WOODALL: There sure are.

9 MR. VIRANT: So if I could come back and
10 answer --

11 MEMBER WOODALL: That would be great.

12 MR. VIRANT: -- I would like to. I want to make
13 sure I heard you correctly.

14 MEMBER WOODALL: Thank you.

15 MR. VIRANT: Thank you.

16 CHMN. CHENAL: Sorry. Member Bingham.

17 MEMBER BINGHAM: Thank you, Mr. Chairman. A
18 quick question.

19 So I am trying to figure out the timing between
20 Southline's project and WAPA's. I mean, are they
21 waiting for the CEC to be issued to start their process?
22 What is the timing between their portion of this project
23 and yours.

24 MR. VIRANT: Sure. As you look at the project
25 in whole, the pieces complement each other very well.

1 So I don't think you can look at the WAPA and the WAPA
2 upgrade segment and the CEC upgrade route as different
3 timings. That would have to be coordinated very
4 carefully, so they would be on more or less the same
5 timing.

6 The remaining items that would be required to
7 construct the project are this proceeding here today,
8 state siting in New Mexico, and a commercial process
9 that SU FERC has begun. There is certainly other items
10 that are required, but those are the three largest
11 items.

12 CHMN. CHENAL: Member Haenichen.

13 MEMBER HAENICHEN: Assuming this thing gets
14 approved, I know that this Committee, we have agreed, I
15 guess, that it does not have jurisdiction over this WAPA
16 portion, but what happens to the existing usage that's
17 existing right this minute of those existing WAPA lines
18 while you are constructing? How are you going to do it?
19 Are you going to leave them in operation?

20 MR. VIRANT: The technical components and the
21 construction plan will be discussed in the second panel
22 between Doug Patterson to some degree and Andy Rawlins.

23 MEMBER HAENICHEN: Thank you.

24 CHMN. CHENAL: One more question on -- since we
25 talked about the right of eminent domain by WAPA, if

1 necessary, what about on the new build section for
2 Southline, Mr. Virant? How will Southline acquire the
3 property for the new build section -- I am being
4 referred to your Exhibit 13, that WAPA will work
5 cooperatively with Southline.

6 But are you suggesting that on the new build
7 section, the non-WAPA section, the new build section
8 that -- I mean, how will Southline acquire, you know,
9 easement rights? Because that's not WAPA property.
10 WAPA is not going to own any, have any interest in that.
11 So I am curious how you are going to obtain that, line
12 rights.

13 MR. VIRANT: So Western would manage the land
14 rights process in both the upgrade segment and new build
15 segment. Is that responsive to your question?

16 CHMN. CHENAL: It may be responsive, but I guess
17 it raises a host of questions in my mind that I guess we
18 are going to have to delve into at some point. Maybe
19 that's the implication from Member Woodall's question.

20 I kind of understood that sentence to be WAPA
21 would use eminent domain as necessary on the WAPA
22 portion, on the WAPA line, but Southline would negotiate
23 or somehow acquire land rights, but not using WAPA's
24 eminent domain powers.

25 So I guess what I am hearing is that Southline

1 would -- somehow WAPA would use its eminent domain
2 rights on the new build section over which they don't
3 really have any interest and won't have any interest, as
4 I understand the application. And it raises a few
5 questions in my mind.

6 MEMBER WOODALL: Mr. Chairman, that's why I
7 suggested that it might be a good idea if he could have
8 an opportunity --

9 CHMN. CHENAL: Absolutely.

10 MEMBER WOODALL: -- to confer with legal
11 counsel.

12 And the reason I asked the question, I used to
13 do eminent domain cases, and the language here and your
14 response was surprising to me in view of my experience.
15 So you might want to have a chat about that.

16 MR. VIRANT: Sure.

17 CHMN. CHENAL: And you will have every
18 opportunity. We are not trying to press you. We will
19 press somebody else, but we won't press you any further
20 on this issue. Thank you.

21 Go ahead, Mr. Guy.

22 BY MR. GUY:

23 Q. Mr. Virant, you were going through the chart
24 that is shown on Slide 12 and you may have been
25 finished, I am not sure. Is there anything else on the

1 chart of the participation that you wanted to go into?

2 A. (BY MR. VIRANT) No. I think that covers the
3 majority of topics that have been discussed previously
4 today.

5 Q. Okay. I think we are getting to the end of your
6 presentation, but we need to talk a little bit about the
7 capacity right allocation between Southline and WAPA.
8 Can you tell me about that?

9 A. (BY MR. VIRANT) Sure. And this is an example
10 where we will follow up as suggested by the Chairman
11 where WAPA would have interest in the entire project
12 with capacity rights. But as mentioned on the previous
13 slide, the capacity rights will be split between
14 Southline and WAPA, commensurate with contributions.

15 This information that's up here will be
16 presented in detail by Mr. Patterson in panel 2.

17 One thing to point out at a high level is that
18 the project is rated in both the east to west and west
19 to east direction. It is a bidirectional rating by
20 segment. That's all on this slide.

21 MR. GUY: Thank you, Mr. Virant.

22 Committee, I think this concludes our direct
23 examination of Mr. Virant.

24 CHMN. CHENAL: Do any of the Committee members
25 have any further questions of Mr. Virant at this time?

1 (No response.)

2 CHMN. CHENAL: Okay. Well, thank you,
3 Mr. Virant, for your testimony.

4 MR. VIRANT: Thank you.

5 CHMN. CHENAL: Appreciate it, Mr. Guy.

6 MR. GUY: Thank you. It looks to be about 4:10.
7 I think Mr. Kipp's presentation is -- we could start
8 it -- is probably a couple of hours, an hour or two --
9 an hour, I mean.

10 CHMN. CHENAL: It keeps going down.

11 MR. GUY: Ms. Hopkins will be presenting
12 Mr. Kipp.

13 CHMN. CHENAL: Ms. Hopkins has taken it from two
14 hours to one hour.

15 How about if we take a short break, about a
16 10-minute break, and then we will resume in 10 minutes
17 and we will see how far we get with Mr. Kipp. All
18 right. Thanks everybody.

19 (A recess ensued from 4:10 p.m. to 4:28 p.m.)

20 CHMN. CHENAL: All right, everybody, if we can
21 get started again after our break.

22 We have had some discussions with counsel for
23 the applicant and the Committee, and we will go from now
24 until 5:30, if that's okay with Colette. And at 5:30 we
25 will break, and I guess there will be some food

1 available, and come back here at 6:00 for the public
2 comment session, if there is anybody. I don't expect it
3 will take long when we come back.

4 So Mr. Guy, it is all yours; Ms. Hopkins, it is
5 all yours.

6 MS. HOPKINS: Thank you, Mr. Chairman.

7

8 DIRECT EXAMINATION

9 BY MS. HOPKINS:

10 Q. Mr. Kipp, can you introduce yourself for the
11 record, please.

12 A. (BY MR. KIPP) Hello. My name is Bill Kipp,
13 K-I-P-P.

14 Q. And can you go ahead and take the microphone out
15 and hold it close to your mouth, please.

16 A. (BY MR. KIPP) I will try.

17 Q. Thank you.

18 Mr. Kipp, please tell us a little bit about your
19 educational background.

20 A. (BY MR. KIPP) Sure. I went to Dartmouth
21 College, got a B.A. in 1992, and got an MBA from
22 Stanford University in 1999.

23 Q. And Mr. Kipp, please describe your professional
24 background for the Committee.

25 A. (BY MR. KIPP) Sure. I have been working with

1 Doug Patterson, subsequent panelist, since 2009 at Black
2 Forest Partners. Prior to that I worked with Google in
3 business operations in San Francisco and Mountain View,
4 and several years in Dublin, Ireland, where I helped
5 establish the office and set up the consumer products
6 group.

7 Q. Can you please tell us your role in the
8 Southline Transmission Project.

9 A. (BY MR. KIPP) Sure. At Black Forest we
10 conceived the project, and we have been acting as
11 project managers really since inception.

12 Q. Have you ever testified in a judicial or
13 administrative proceeding before?

14 A. (BY MR. KIPP) I have not.

15 Q. What will your testimony today cover?

16 A. (BY MR. KIPP) Today I will cover mainly a
17 virtual tour of the project, in two parts. The first
18 would be a Google Earth virtual tour that's QuickTime
19 video, and the second part would be some actual aerial
20 footage taken by the Western Area Power Administration
21 during some routine maintenance in the last couple of
22 months.

23 Q. Thank you.

24 Can you please turn to Exhibit STL-5 in your
25 exhibit binder.

1 A. (BY MR. KIPP) I am here.

2 Q. And can you identify what you find on that page,
3 please.

4 A. (BY MR. KIPP) There is a flash drive that
5 contains my virtual tour.

6 Q. Great. Thank you.

7 And for the Committee members, you also have a
8 flash drive available with those, the virtual tour, in
9 your exhibit binders.

10 Mr. Kipp, you mentioned that the virtual tour is
11 in two parts. Can you tell us a little bit more about
12 what part one will cover.

13 A. (BY MR. KIPP) Sure. Essentially part one was
14 designed to give you a lay of the land, very briefly
15 cover the entire project to give you a sense of the
16 portion that's in New Mexico. I will focus mainly on
17 the portion of the Southline Transmission Project that's
18 in Arizona, and particularly focus on the CEC
19 facilities, the new build, CEC new build, and the CEC
20 upgrade.

21 Q. Thank you.

22 And then you also mentioned part two. Can you
23 briefly describe that again, please.

24 A. (BY MR. KIPP) Sure. It is a short compilation
25 of some aerial footage taken by Western Area Power

1 Administration of, I believe, four of their substations,
2 three of which are not actually part of the CEC
3 application. But as Mr. Guy indicated, they may give
4 you a good sense of the kinds of facilities and the kind
5 of terrain that we are talking about for the WAPA
6 upgrade portion of the line.

7 Q. Mr. Kipp, who provided the WAPA footage to you?

8 A. (BY MR. KIPP) We received it directly from
9 WAPA.

10 MS. HOPKINS: Mr. Chairman, I would like to
11 offer Exhibit 5 into the record.

12 CHMN. CHENAL: 5 is admitted.

13 (Exhibit STL-5 was admitted into evidence.)

14 MS. HOPKINS: Thank you.

15 BY MS. HOPKINS:

16 Q. Mr. Kipp, I would like to ask a little bit about
17 the actual physical site tours that we may participate
18 in this week and next. Could you please -- well, can
19 you tell us how the virtual tour will differ from the
20 physical site tours?

21 A. (BY MR. KIPP) Sure. The virtual tour will
22 cover the entire Arizona portion of the line, where the
23 actual real world tour will cover essentially six stops,
24 three stops over two days each, to give you a sense of
25 some of the key locations, I guess, where the line would

1 run. Hopefully you will get a good sense of what we are
2 proposing to build from the virtual tour, and perhaps
3 the real world tour would fill in any gaps in your
4 understanding.

5 Q. Could you please turn to Exhibit STL-11.

6 A. (BY MR. KIPP) I am there.

7 Q. Please identify this document for the record.

8 A. (BY MR. KIPP) This is the proposed route and
9 tour schedule for the two days of tours.

10 Q. Please briefly describe the tour schedule.

11 A. (BY MR. KIPP) Sure. As I said, it is broken
12 into two days. On December 1st we propose the following
13 schedule. At 8:00 a.m. we would have a map review and
14 photographic tour, departing for the first stop of three
15 at 8:30 a.m. This first point of interest would be the
16 Vail substation at 10000 Santa Rita Road in Pima County.
17 We would tentatively plan on being there 9:00 to 9:20,
18 whereupon we depart for point of interest No. 2, the
19 DeMoss Petrie substation at 2501 North Flowing Wells
20 Road in Tucson. We would be there until about 10:20,
21 and then we would depart to point of interest No. 3,
22 which is the Tortolita substation in Pinal County, where
23 we would stay until approximately 11:20, before
24 returning to this facility at noon.

25 And the second day of tours would be proposed

1 for December 6. Again, this would cover the area closer
2 to Willcox, Arizona. But again, we would have at 8:00 a
3 map review and photographic tour, followed by a
4 departure at 8:30.

5 Point of interest No. 1 would be on East Olga
6 Road, just on the north side of I-10, to show where,
7 essentially where the line would cross the interstate
8 between Bowie and San Simon.

9 Then point of interest No. 2 would be the
10 Willcox Playa wildlife area at 6221 South Kansas
11 Settlement Road in Cochise, County. That would be a
12 longer stop. We are hoping to essentially show you two
13 parts of it. This is an existing facility, and then
14 there is a location of a proposed new facility.

15 And then we would depart at 11:30 for point of
16 interest No. 3, the Apache substation on -- it says
17 Highway 191 in Cochise County, but it is at the southern
18 end of the Willcox Playa. And we would be there from
19 12:25 to 12:45, and return to the Willcox Community
20 Center where we began at 1:15.

21 Q. Thank you for that.

22 Mr. Kipp, I have loaded the virtual tour onto
23 the projector, this projector, or I will shortly. And I
24 am going to ask that you just guide us through this
25 virtual tour.

1 And Committee members, if you have any
2 questions, please feel free to stop Mr. Kipp, but I am
3 just going to let him narrate.

4 A. (BY MR. KIPP) I will do my best. I am used to
5 driving it, so I will tell you where to stop.

6 So this is part one of the virtual tour that was
7 created using Google Earth, and you can view it as
8 submitted in three and a half minutes in its entirety
9 from start to finish. I am going to be scrolling
10 through it manually, stopping at different points to
11 give me time to explain some of the routing details and
12 to give you the opportunity to ask any questions.

13 So let's go ahead and begin this. If you don't
14 mind going to about seven seconds into it. I am not
15 sure. There -- let's see. There we go.

16 So this will show you, you can see an overview
17 of the entire route of the Southline Transmission
18 Project from the Tortolita substation northwest of
19 Tucson to the Afton substation south of Las Cruces, New
20 Mexico. It is a gray line. It is a -- from here it is
21 a little bit difficult to see.

22 Q. Mr. Kipp, could I interrupt you and ask you to
23 use your pointer?

24 A. (BY MR. KIPP) Oh, I am sorry. There we go.
25 Here.

1 So it is this gray line. There is Afton across
2 over to Tortolita. The Arizona-New Mexico border is
3 about right in the middle. I won't spend much time on
4 New Mexico. And Mr. Guy spoke of it a bit, but this is
5 south of Las Cruces and west of El Paso, Texas. This is
6 essentially the I-10 corridor. We go just north of
7 Deming, just north of Lordsburg, New Mexico, where I
8 actually grew up, and hook around the Lordsburg Playa,
9 which is just west of town before crossing into Arizona.

10 So if you don't mind, for time sake, just going
11 up to 16 seconds into it.

12 All right. Now we are looking at the Arizona
13 portion of the Southline Transmission Project. And the
14 blue portions represent CEC facilities. Because we are
15 zoomed so far out, really the only blue portion you can
16 see right now is the new build CEC facility here. But
17 all the CEC facilities combined total 72 miles, and
18 approximately 69 miles parallel existing infrastructure,
19 less than three miles being new corridor.

20 I am going to add a couple of layers here to
21 help illustrate that, so if you could go actually
22 forward to 30 seconds.

23 This is a partial land use map, the shaded areas
24 showing some of the land use designations into the
25 vicinity of the Southline. So blue is Arizona state

1 land. Yellow is BLM. And white is private land. And
2 for the CEC facilities portion of the project, 18 miles,
3 or 25 percent, are on BLM lands. That is principally in
4 the I-10 corridor near the Arizona-New Mexico border on
5 the east side of this visual. 30 miles, or
6 approximately 42 percent, is on state land, and 23
7 miles, or 32 percent, is on private land.

8 Let's go forward to the next layer, which shows
9 pipelines. So I think it is on -- there, they appeared.
10 Okay.

11 These blue lines represent gas pipelines. And
12 they are really given to show you, just to give you a
13 sense of the large portion of Southline that is in the
14 vicinity of these gas pipeline corridors. Approximately
15 43 miles of the CEC facilities run adjacent, directly
16 adjacent to gas pipelines.

17 If we go forward to 52 seconds, just a moment,
18 some orange lines should pop. Okay, there we go.

19 These represent existing high voltage
20 transmission facilities, and approximately 20 miles of
21 the CEC facilities run adjacent to high voltage
22 transmission lines. And critically, this would be on
23 the eastern portion of Willcox Playa, which we will zoom
24 into -- oh, there we go, yeah. Thank you. This portion
25 here on the eastern side of Willcox Playa, which we will

1 zoom into in just a few minutes -- let's see.

2 Let's go to, oh, one minute 16 if there are no
3 questions. It should kind of scroll ahead. Oh, yeah,
4 push play. There we go.

5 All right. Now you can see the main part of the
6 CEC facilities, the new build CEC, from the Arizona-New
7 Mexico border in the east to the vicinity of the Apache
8 generation station in the west. And as you can see, it
9 runs north of the I-10 corridor before crossing I-10
10 between San Simon and Bowie -- let's see, approximately
11 here -- and then turns south before reaching Willcox,
12 and then follows along the Willcox Playa.

13 Let's go to 1:24. This is right where it
14 crosses from New Mexico into Arizona. This is about 5.2
15 miles north of I-10. It follows a gas pipeline in this
16 portion. And again, this is mostly BLM lands in this
17 area on both sides of the New Mexico-Arizona border.

18 Let's go to 1:30. All right. Now we are
19 looking at the San Simon approach. This is the portion
20 of the route that is closest to San Simon as it runs up
21 north of town. This is San Simon down here. Here is
22 the route, approximately 1.8 miles north of First Street
23 in San Simon. So just north of town.

24 And then at 1:35 we can again see where the
25 route crosses I-10. This is one of the tour stops on

1 Thursday. And this is approximately halfway between San
2 Simon and Bowie. Really nothing, no -- this is, you
3 know, a rural area, some agriculture, but not a lot of
4 infrastructure other than a gas pipeline and the
5 interstate.

6 Let's go to 1:41. Now we are south of the
7 interstate and south -- this is Bowie. This is the
8 line, the proposed line. There is I-10. The route is
9 approximately three-quarters of a mile south of I-10
10 here, and about a mile away from the southwest corner of
11 Bowie, Lincoln Avenue and First Street. And here we are
12 still following the existing gas pipeline corridor.

13 Let's go ahead to 1:51. Here we are showing the
14 Willcox -- let's see here. I am sorry, 1:46. I got a
15 little ahead of myself. You can leave it where it is.

16 This is the Willcox approach where it turns
17 south to follow an existing AEPCO 230kV line that runs
18 essentially down the side of the playa over to the
19 Apache substation. And here the line is approximately
20 four miles from the corner of South Rex Allen Drive and
21 Highway 186, which is hard to see from here. My eyes
22 aren't quite that good. But it is in the vicinity of
23 Willcox, the southeast corner.

24 Now we can go on down to 1:51. I am pulling
25 away from the line itself to show you the Willcox Bench.

1 And the reason I am talking about this for just a moment
2 is that this is a location of some of the wineries and
3 grape growing operations in the Willcox area. And the
4 agencies explored and rejected several routes through
5 the Willcox Bench due to concerns of the impacts of the
6 line to the growing wine industry in this area. But
7 this is the Willcox Bench. It is higher elevation than
8 most of the rest of Willcox, and evidently very good
9 grape growing country.

10 Let's go to 1:56 and see the Willcox Playa.
11 Here you can see the line as it runs around the Willcox
12 Playa. The route is to the east and south of the playa,
13 and again, follows existing transmission infrastructure.
14 And as indicated in the final EIS, this route was
15 favored by the Department of Defense, which has
16 electronics testing and operations to the west in this
17 area, and was preferred by the wine industry, of course,
18 which has operations over here. But Arizona Game & Fish
19 and others raised objections due to impacts of the route
20 on the Sandhill cranes that seasonally roost on Crane
21 Lake, which is up here and our next stop.

22 So let's go ahead to 2:02. Okay. This exists
23 today. This is -- let's see. This is after some rains
24 in March of 2015. There is actually some rain on the
25 playa there. But this lake is a man-made 30-acre lake

1 that was built to attract cranes to an attractive
2 roosting ground. There is an existing line that's
3 difficult to see from this altitude, but runs right
4 along here. And we had proposed building a line next to
5 it. As you can see, both facilities are in close
6 proximity to the existing Crane Lake, and so this caused
7 some concern for increased crane mortality, as these
8 cranes need quite a bit of room when they take off and
9 land when they roost.

10 So let's go on to 2:06, and we will show you
11 what we tried to do there. So there is the existing
12 facility. If you go about 1.1 miles to this L-shaped or
13 reverse L-shaped piece of land, this is the location of
14 proposed facilities that we developed in conjunction
15 with Arizona Game & Fish which called for moving the
16 lake away from the existing facility and to a new, this
17 new location close to Kansas Settlement Road, which is
18 right here.

19 In addition to just moving Crane Lake, we worked
20 on some additional facilities. We are going to have a
21 separate three-acre pond down in this corner, as well as
22 two, they are called ephemeral wetlands, and more than a
23 mile of nature walk paths and associated benches and
24 signage, some new restroom facilities, parking lot with
25 campsites, and several platforms for viewing birds and

1 fish.

2 And we worked, you know, very closely with
3 Arizona Game & Fish to develop this work plan for Crane
4 Lake. And we will continue to keep working with them to
5 ensure that we build it and maintain it to their
6 requirements. This will be a tour stop in the second
7 half of the tour on the 6th.

8 MEMBER BINGHAM: Mr. Chairman.

9 CHMN. CHENAL: Member Bingham.

10 MEMBER BINGHAM: Thank you. Source for the
11 water for this?

12 MR. KIPP: Currently there is a well that's
13 located here and it follows a pipeline. There is
14 concerns about the age of the well. So plans call for
15 us to build a, or drill a new well near the old well;
16 essentially we would retire the old well and drill a new
17 well.

18 And we have just got the water report, and it
19 gives us a good buffer for keeping Crane Lake full
20 during their roosting season, and the fish pond and the
21 wetlands in the summer -- well, the fish pond year
22 round, but the wetlands in the summertime.

23 All right. Let's go to the next stop. We go
24 around the playa for the Apache substation south of
25 Willcox Playa, and this is the western terminus of the

1 new build portion of the project.

2 If you can go to 2:19, we will show you where we
3 would be expanding the Apache substation to accommodate
4 our needs and to -- if you -- there we go.

5 So this, we need about 30 acres. This is
6 actually a 188-acre parcel. We would not be using all
7 of it, but approximately one-sixth of it. We studied a
8 larger amount of land than we would need to give us an
9 optionality. There is a variety of state land and
10 private land in the area, and we would be working with
11 owners of the land in the area to find the best place to
12 put it.

13 CHMN. CHENAL: Member Woodall.

14 MEMBER WOODALL: Okay. So you are taking us in
15 a flyover of the requested route, correct?

16 MR. KIPP: Correct.

17 MEMBER WOODALL: And the right-of-way that you
18 have asked for is 200 feet, correct?

19 MR. KIPP: For the new build portion.

20 MEMBER WOODALL: And it is within a study
21 corridor that's in the EIS, is that correct?

22 MR. KIPP: The final, yes, the final EIS.

23 MEMBER WOODALL: Okay. So I took the
24 opportunity to look at your form of CEC, and I noticed
25 that scripture in it, but I didn't see anything that

1 would provide a little more geographic specificity as to
2 where your route is. And I don't know how wide your
3 study corridor is, and I don't see any information
4 here -- and perhaps it is in the CEC -- with respect to
5 the areas of expansion for the substations in your form
6 of CEC. And I just wondered, am I missing it, or is
7 that something that you might be looking at?

8 MR. KIPP: It is my understanding -- again, I am
9 not the FEIS expert, and we will have a couple folks
10 here to speak to it. It is my understanding, though, we
11 studied the, within the FEIS, the lands required for
12 substation upgrades as well as, you know, temporary and
13 permanent yards for construction and access roads, the
14 entire build.

15 MEMBER WOODALL: And I think in my clumsy way
16 what I am asking is perhaps there could be more details
17 in the CEC in the nature of an attachment that would
18 actually describe where on the face of the earth this
19 is, rather than refer to an extrinsic document. Because
20 this thing is going to be distributed to people and they
21 may not be able to dredge up the EIS.

22 And I am very interested to understand if it is
23 200 feet within a study corridor, if the study corridor
24 is two miles wide, for example, that's a pretty wide
25 ranging thing that we would be approving. So since you

1 were going over the route to show us, I thought I would
2 bring up my concerns way ahead of time.

3 MR. KIPP: Makes sense. I believe within the
4 right-of-way grant from the BLM we have a full legal
5 description which might help, but I would defer to Cara
6 and DeAnne.

7 MEMBER WOODALL: I am communicating psychically
8 with your legal counsel by talking to you.

9 MR. KIPP: Excellent.

10 MEMBER WOODALL: Thank you.

11 MR. KIPP: Okay. Now let's go to 2:28. Now we
12 are essentially following the upgrade portion of the
13 line in gray. This is -- it is a bit hard to see up
14 here, but it runs along here and to the west to AEPCO's
15 Pantano substation. And here we will be interconnecting
16 with Pantano by utilizing approximately five acres of
17 this shaded expansion area. The shaded area is about 25
18 acres, so approximately one-fifth would be ultimately
19 used to make the interconnection.

20 And if we move on to, let's see, to 2:35, now we
21 are moving into the vicinity of TEP's Vail substation.
22 This is the longest interconnection on the CEC upgrade
23 portion. We are trying to build approximately 1.9
24 miles. It is fairly easy to see, but it runs from the
25 WAPA facility up to the north, to the Vail substation.

1 This is, again, a tour stop on the first day of the tour
2 and, again, to interconnect WAPA's existing facility to
3 the Vail substation.

4 Let's go to 2:45. Oh, wait. Did I -- let's
5 see. I think you were -- no, you have got it. Let's go
6 there.

7 This is another expansion area. This one is for
8 Vail. This one is approximately 27 acres. We would use
9 about one-fifth of that, or five acres, to make the
10 interconnection, again, studying a larger area than we
11 would need for some optionality in the future.

12 CHMN. CHENAL: Member Bingham.

13 MEMBER BINGHAM: Thank you, Mr. Chairman.

14 So for these three expansion areas that you
15 mentioned, does Southline own these properties, have
16 control of these properties?

17 MR. KIPP: We do not. And we are initiating
18 the, you know, the lands process. But we would be in
19 discussions with both state land and private landowners
20 as we go through it.

21 CHMN. CHENAL: Well, that begs the question
22 again. I am not expecting you, Mr. Kipp, that you will
23 have the answer necessarily, but if those negotiations
24 were to be unsuccessful, what would be the method of
25 acquiring the land for Southline?

1 MR. KIPP: You know, just so I don't get it
2 wrong, if there is any way I could confer with counsel
3 and get you a good answer...

4 CHMN. CHENAL: Certainly.

5 MR. KIPP: Appreciate it.

6 CHMN. CHENAL: We will keep pressing people
7 until we get the answers.

8 MR. KIPP: We will.

9 CHMN. CHENAL: But that's okay.

10 MR. KIPP: All right. Next, let's see, let's go
11 to 2:55. We are getting close to the end. Okay.

12 Now we are in Tucson proper showing this, where
13 the shaded area actually shows WAPA's -- excuse me,
14 TEP's DeMoss Petrie substation. And down here, this is
15 WAPA's Tucson substation. They are not quite adjacent
16 to each other, but very close. And we plan to connect
17 the DeMoss Petrie station with the upgraded Tucson
18 station. As part of this CEC application, it is my
19 understanding that there is an interconnection request
20 with Tucson, and we are in the discussions the best way
21 to do that in this particular area. And again, this is
22 a tour stop; we can see this in person.

23 If we go to 3:03, we continue along the I-10
24 corridor to the west. And let's see. The Western
25 facility actually comes into the northwest from the

1 south as it hooks around the Pinal Air Park and some
2 other areas, ultimately crossing I-10 before reaching
3 Tortolita. This is Saguaro and this is Tortolita. This
4 is, again, the western terminus of the entire project.

5 Let's go a little bit closer. No, go to the
6 next stop. And we will zoom in. This is the actual
7 crossing, the I-10 crossing as planned. And if you go a
8 little bit further, here we can see the Tortolita
9 substation. And let it run.

10 This would represent the expansion area which,
11 as you can see, is within and adjacent to the existing
12 equipment yard. And if we just zoom out all the way to
13 the end here, 3:30, this is what is labeled entire
14 Arizona portion of the Southline Transmission Project.

15 BY MS. HOPKINS:

16 Q. Thank you, Mr. Kipp.

17 You mentioned during the virtual tour that you
18 have been negotiating mitigation measures around the
19 Willcox wildlife area and the Willcox Playa, moving
20 Crane Lake. Can you please turn to Exhibit STL-20.

21 A. (BY MR. KIPP) I am here.

22 Q. Please identify that document for the record.

23 A. (BY MR. KIPP) This is the memorandum of
24 agreement between the Arizona Game & Fish Commission and
25 the Southline Transmission Project. This was approved

1 by the Commission and will be executed upon the, as I
2 understand it, when the final work plan has been
3 finalized. We are well on our way to doing that. We
4 have final schematics and we are currently working on,
5 you know, essentially the fine polishing on the final
6 work plan. I was there yesterday in their office
7 working on it, so...

8 MS. HOPKINS: Mr. Chairman, we would like to
9 offer Exhibit STL-20 into the record.

10 CHMN. CHENAL: STL-20 will be admitted.
11 (Exhibit STL-20 was admitted into evidence.)

12 CHMN. CHENAL: And I don't know if we had
13 admitted STL-11, the tour schedule protocol. Would you
14 like to have that admitted as well?

15 MS. HOPKINS: We would like to offer STL-11
16 also.

17 CHMN. CHENAL: Okay, STL-11 is admitted as well.
18 (Exhibit STL-11 was admitted into evidence.)

19 MS. HOPKINS: Mr. Chairman --

20 CHMN. CHENAL: Excuse me. I am sorry.

21 MEMBER WOODALL: I am just wondering, is this
22 memorandum -- has it been executed?

23 MR. KIPP: It has not been executed; it has been
24 approved, but not executed. The final work plan must be
25 approved by Arizona Game & Fish for it to be executed.

1 MEMBER WOODALL: Okay. But would the applicant
2 have any objection to complying with this memorandum of
3 understanding and a subsequent work plan dictated by
4 Game & Fish as being a condition of its application?
5 And that's probably a lawyer question.

6 So because obviously you have -- you have got
7 some -- you will have some kind of contractual
8 obligation with Game & Fish, but sometimes it has been
9 found useful to require compliance with that as a
10 condition in the CEC because then there is a little
11 extra leverage, not that I think it would be required,
12 but it is just something to take into account when one
13 is coming up with conditions for a CEC. So I flag that
14 for anyone's attention who may be paying attention.

15 MR. KIPP: Yes, I think that's -- we would agree
16 to that. And it was my understanding that that was
17 requisite anyway, whether through the final EIS or these
18 proceedings.

19 CHMN. CHENAL: Very good.

20 Ms. Hopkins, you were --

21 MS. HOPKINS: Mr. Kipp, you mentioned finalizing
22 schematics, architectural schematics associated with the
23 Crane Lake, movement of Crane Lake.

24 Mr. Chairman, we have those documents today.
25 They were not prefiled because they were just finalized

1 very recently. But we are happy to offer them as an
2 exhibit and pass them out, and have Mr. Kipp discuss
3 those if you would like to see them.

4 CHMN. CHENAL: I think that would be
5 appropriate. No objection from the Committee, let's go
6 ahead with that.

7 And what exhibit number would that be,
8 Ms. Hopkins?

9 MS. HOPKINS: We would like to mark this as STL
10 Exhibit 26.

11 CHMN. CHENAL: Okay.

12 MR. KIPP: I think this handout has an overview
13 colorized version of the project and then some more
14 detailed -- yeah, some more detailed schematics behind
15 it. And I won't go through all of the detailed
16 schematics unless you would like me to, but I can give
17 you a sense of the what and the where and the why.

18 CHMN. CHENAL: Please proceed, Mr. Kipp.

19 MR. KIPP: Sure. This L-shaped piece of
20 property is owned by Arizona Game & Fish. And you will
21 see on the schematic, you will see a gray square on the
22 lower right side. That would be the southwest corner.
23 That's an existing parking lot with existing wellhead.
24 And the existing trail runs from here to the northwest.

25 You will see a dirt road in the sub layer as it

1 goes off to the corner. That's the way that you get to
2 the current facility at Crane Lake, which is, again,
3 over a mile away. The current facility, I believe, just
4 has one bench and, you know, quite difficult to get
5 there, especially if, you know, if you are not able
6 bodied.

7 So what Arizona Game & Fish and we discussed
8 talked about developing was a facility that would not
9 only move the existing lake to a location further away
10 from both the existing transmission facility and the
11 planned one, but improve it and make it more of a
12 destination for a wide variety of folks rather than, you
13 know, just the most dedicated birders, which are the
14 people I think using it now.

15 So you will see now, the northeast side, you
16 will see a new entrance, that gray area on the first,
17 you know, the top right, essentially. Those are --
18 that's a parking lot with camping spaces that can either
19 be used for, you know, car camping or RVs.

20 We developed a path that runs to the first
21 viewing platform that's near the crux of the L. It is
22 in red. That one can be accessed by a wheelchair; it is
23 ADA accessible. There is now a restroom along that walk
24 just -- you'll see a red box right in the center of the
25 upper part near the parking lot.

1 And then there also are paths that can get you
2 to other viewing platforms, as well as viewing platforms
3 of this native fish pond which is in the southernmost
4 portion of the property. That would be about three
5 acres deep and, I am not a fisheries expert, but would
6 have a variety of fish like Yaqui chub that are native
7 to Arizona but endangered. These are ephemeral wetland
8 areas. These are supposed to be habitats for
9 amphibians, so you want to keep the fish out of those
10 and it was designed to do so.

11 But again, the main feature is this portion in
12 the southwestern corner of the property, the new Crane
13 Lake. And it has been designed to essentially have a
14 foot or two of water to fill it up during the crane
15 season, which I understand runs from approximately
16 October to March. And to keep both the fish pond and
17 the Crane Lake facility full, we would be putting a well
18 down near the existing parking lot. There is a star
19 shape, but that's where they decided that they wanted
20 the new well.

21 And we worked with the local firm Novak
22 Environmental to help draw up these schematics, and the
23 local offices of Ninyo & Moore did the geotech work.

24 CHMN. CHENAL: All right. Member Woodall.

25 MEMBER WOODALL: Could you give me a rough

1 estimate of the cost of this particular project?

2 MR. KIPP: We are still working on the cost, and
3 we are -- again, these final discussions are taking
4 place now in terms of what elements need to be included
5 or not. But you know, it would be in the millions of
6 dollars. It is, you know, not a small project. We
7 could give you a defined contribution for operation and
8 maintenance within hopefully a week or two, you know,
9 before these hearings set, because we are discussing
10 that now.

11 MEMBER WOODALL: So there will be investment of
12 a couple million dollars maybe for the project, and then
13 you will have ongoing expenses that you will have to
14 make in order to --

15 MR. KIPP: I would say that's accurate.

16 MEMBER WOODALL: Thank you. That's all I need.
17 Thank you, sir.

18 CHMN. CHENAL: And just to follow up with that,
19 Mr. Kipp, will these financial requirements or
20 obligation be set forth? Are they set forth in the
21 agreement?

22 MR. KIPP: The elements are set forth in the
23 agreement. The operation and maintenance amount,
24 that's, you know, essentially a set-aside given to
25 Arizona Game & Fish. They will be handling operations

1 and maintenance; we will be handling construction. And,
2 you know, obviously we do our best to get the most for
3 each dollar, but we will be handling that part of it.

4 CHMN. CHENAL: Will there be ongoing annual
5 maintenance fees that Southline will have to pay?

6 MR. KIPP: Correct, for the life of the license
7 that we get to cross the -- you know, essentially where
8 we are near Crane Lake.

9 CHMN. CHENAL: I see. I am very happy that
10 there are crane loafing islands that are a part of this.

11 MR. KIPP: That's a term of art. I tried -- I
12 laughed at it and they made fun of me.

13 BY MS. HOPKINS:

14 Q. Mr. Kipp, how would you describe your
15 relationship with Arizona Game & Fish through this
16 process?

17 A. (BY MR. KIPP) I think now it is actually quite
18 good. I don't want to speak for Arizona Game & Fish,
19 but we have, you know, daily conversations. And I was
20 told yesterday that they wanted to use our processes as
21 a template for, you know, working with developers.

22 I can't say it was always that way. When we
23 first proposed putting a line next to the existing Crane
24 Lake, you know, it was tenuous. But we talked through
25 it and we talked about moving it, and when we couldn't

1 move it to the other side of the lake because of
2 Department of Defense and we couldn't move it over to
3 the bench because of the wineries, you know, we were --
4 we collaborated well. So it is good.

5 Q. Okay. Thank you.

6 And will a member of the Arizona Game & Fish
7 department be joining us on the tour?

8 A. (BY MR. KIPP) That's my understanding. She
9 said she must clear her calendar for the 6th, but she
10 could do it. That was what she said. So she would be
11 joining on the bus and at the facility.

12 Q. Thank you, Mr. Kipp.

13 I would now like to go ahead to part two of the
14 virtual tour.

15 CHMN. CHENAL: Excuse me. I see Member Bingham
16 has a question.

17 MEMBER BINGHAM: Thank you, Mr. Chairman.

18 One last quick question before you move on. Is
19 the community of Willcox a part of the communication?
20 Was there outreach events to bring the community into
21 this project?

22 MR. KIPP: Not specifically for Crane Lake in
23 the design. It is an Arizona Game & Fish facility, and
24 they wanted to, I think -- again, I am speaking for them
25 and I shouldn't. But they wanted to, you know, for

1 example, they wanted to make sure that people were as
2 far away from the cranes as possible, where you could
3 see them but you wouldn't disturb them. If you get a
4 wide sort of opinions on where they should be, people
5 would want to be much closer. That's just one example.

6 But we have been very active in Willcox and, you
7 know, meetings that I would rather that the person who
8 is covering outreach could give you the details.

9 But we have had meetings that were a part of the
10 NEPA process, and we have had meetings before the NEPA
11 process to get to know the community and trying to
12 explain what we were trying to do there. We also
13 actually met with -- when we heard the agencies were
14 considering being out on the bench, we met on our own
15 initiative with the wine growers to, you know, talk to
16 them about, you know, the different options and the
17 different trade-offs. So I feel like we have done a
18 good job in Willcox, but we will see. We will see.

19 MEMBER BINGHAM: Thank you.

20 CHMN. CHENAL: Please proceed.

21 BY MS. HOPKINS:

22 Q. So we have loaded part two of the virtual tour,
23 and if you could just guide us through that.

24 A. (BY MR. KIPP) Sure. Okay. Again, I didn't
25 take this. You know, maybe just pause it for just a

1 moment. It will make me talk too fast.

2 We are going to see, I believe, four substations
3 that are moving from the west, the Tucson substation
4 over to Apache. And three of these are actually not
5 part of the CEC application, but would be part of
6 Western's facilities, to give you a sense.

7 Go ahead and start it again. This is the Tucson
8 substation, which is very close to the DeMoss Petrie
9 substation. And I believe as the helicopter pans around
10 you can actually see I-10 and the substation in the
11 background. But let's see. Where is it? My eyes. I
12 think -- there it is right in there, that area. And
13 again, we would be linking these two as part of this
14 application.

15 We will let that keep panning around and move
16 ahead. It is not very long. We will just roll through
17 it. All right.

18 This is the Del Bac facility, I believe. This
19 is at I-18 and West Valencia. That's the corner there,
20 and give you a sense of the location of another
21 substation.

22 Next we are going to Nogales, which is on South
23 Wilmot Road. I believe it is a switchyard. I will let
24 Andy talk about those. Again, you can see this, you
25 know, these substations are in undeveloped, but rural

1 areas.

2 And again, these are just -- this is just
3 footage taken -- I think they take it regularly. It is
4 part of their ongoing maintenance to visually inspect
5 facilities.

6 Next we will go to Adams Tap which is east of
7 Benson. And you can see the kind of rights-of-way that
8 they use.

9 And finally, I think we go on over, it is not
10 very far away, but to Apache -- give it one moment --
11 which we have, we visited -- okay. Stop it for a
12 second. If you can back it up, that would be great, but
13 no big worries if you can't.

14 I was just going to say an H-frame. Stop it
15 right a little further right when it transfers over to
16 the next station. Right there.

17 This will give you a sense of what the existing
18 structures look like that we would replace. They are
19 wooden H-frames. And this is a 115kV line. It would be
20 replaced with a double-circuit 230 line.

21 This right-of-way is 100 feet. And in areas
22 that aren't congested like this area, the right-of-way
23 would be widened to 150 feet to facilitate building
24 alongside, and for safety and ease of operation and
25 maintenance. In areas that are congested where there is

1 housing around, Western has devised a plan to use the
2 existing 100-foot right-of-way, so it would not be
3 expanded.

4 Let's let it keep running.

5 And I think that's the end of it. And typically
6 Western has replaced those wooden H-frames. When they
7 get so old that they are falling out of service, they
8 replace them with steel monopoles, which is what we
9 would be using. And you see some of them in some of
10 these videos.

11 Our upgrade area would be sort of over there,
12 where I outlined in the first part of the virtual tour.

13 I think that's the end of it. I think it pans
14 around.

15 Thank you very much. Any questions? But that's
16 the end of my tour.

17 CHMN. CHENAL: Thank you, Mr. Kipp.

18 MS. HOPKINS: Thank you, Mr. Chairman. That
19 concludes our direct examination of Mr. Kipp.

20 CHMN. CHENAL: Any questions from the Committee
21 members?

22 (No response.)

23 CHMN. CHENAL: I haven't been asking if the
24 intervenors have any questions, but Mr. Hay, I am sure
25 you would speak up if you had questions.

1 MR. HAY: Yes, I would.

2 CHMN. CHENAL: Okay. Okay. Ms. Hopkins or
3 Mr. Guy, do you want to proceed? I know we talked about
4 going to 5:30, but I think that was to complete
5 Mr. Kipp's testimony. But anyway...

6 MR. GUY: No, I think it is in your court. It
7 looks to me to be 5:20. This would be a position of
8 calling our next panel of three witnesses, so from our
9 perspective it is a good place to break.

10 CHMN. CHENAL: Let's break. I want to make sure
11 that this room will be locked in case the Committee
12 members wish to leave the exhibit books secure. You
13 could let us know afterwards. It would be convenient to
14 leave a lot of the exhibit books here and not have to
15 lug them back into the room tomorrow.

16 So we will break now. We will resume tomorrow
17 at 9:00 a.m., but we will break for a break and then we
18 will come back at 6:00 p.m. this evening for any public
19 comment.

20 If there is anyone in the audience, I haven't
21 asked if they wanted to make public comment. If you
22 want to make it now and not -- if there is anyone
23 wishing to make public comment at 6:00, but would wish
24 to make it now, I think we would be happy to hear that.
25 Otherwise we will pick it up at 6:00.

1 And there is a gentleman that raised his hand.
2 Sir, if you would just provide us your name.

3 MR. PLENK: Sure. My name is Bruce Plenk. I am
4 a Tucson resident and TEP customer. I also work as a
5 solar consultant.

6 I have not had the opportunity to study all of
7 the details concerning Southline, but in terms of what I
8 have seen today and what I have read, I would encourage
9 the Committee to approve the requested CEC. I believe
10 that they have done the appropriate thing in terms of
11 developing interconnections between New Mexico wind and
12 potential Arizona solar.

13 And I think more importantly, and particularly
14 in contrast to SunZia, which you all dealt with some
15 time ago, I believe this is a much more appropriate
16 example of how a future transmission line should be
17 done, namely, upgrading existing facilities like the
18 WAPA section, and following existing transmission
19 corridors for the new build section.

20 So those are the primary things that I think are
21 impressive and important to focus on the application
22 here. There may be some minor tweaks and tune-ups that
23 need to be dealt with, but I think the basic premise
24 shows they have acted in good faith and they have done a
25 much superior job of recognizing the need for additional

1 transmission between New Mexico and Arizona, while still
2 protecting and being sensitive to the Arizona
3 environment. And I think they should be complimented to
4 take that approach. I appreciate it. I think many
5 other Arizonans appreciate it and I would urge you to
6 support their application.

7 CHMN. CHENAL: Thank you, sir. Thank you for
8 your public comments.

9 Does anyone else -- anyone else in the audience
10 wish to make public comment at this time?

11 (No response.)

12 CHMN. CHENAL: Okay. Let's break and we will
13 resume here at 6:00 p.m. here this evening. Thank you,
14 everybody.

15 (TIME NOTED: 5:22 p.m.)

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1 (The evening public comment session commenced at
2 6:06 p.m., with applicant present as well as all
3 Committee members present during the evidentiary
4 hearing.)

5 CHMN. CHENAL: All right. Good evening,
6 everyone. Let's go back on the record for the public
7 comment portion of the hearing here in Tucson.

8 I see there are some people in the audience, and
9 I expect there will be some public comment. So why
10 don't we just have people come up and begin the process.
11 We appreciate the public comment. Just speak into
12 microphone so we can hear you. I probably have to
13 follow my own advice.

14 And let's start with whoever wants to volunteer.
15 Let's not be shy. I know there are some people out
16 there. There are a couple at least that I know want to
17 have comments. Please just announce your name. And we
18 appreciate you appearing.

19 MR. OMICK: Thank you, and thank you, Committee
20 members. My name a David Omick, and --

21 CHMN. CHENAL: I am sorry. Can you repeat your
22 name, sir.

23 MR. OMICK: Dave Omick. And I am from Cascabel,
24 Arizona.

25 I am here to speak for my friend and colleague,

1 Mick Meader, who was not able to make it this evening.
2 Mick and I have worked for the past 15 years together to
3 try to protect the Middle San Pedro River, one of
4 Arizona's more remarkable environmental treasures, a
5 task that was made significantly more difficult due to a
6 decision this Committee made a year ago to grant SunZia
7 a CEC.

8 The reason Mick couldn't be here is that he is
9 fighting for his life as we speak. He has stage IV lung
10 cancer and asked me to speak on his behalf.

11 Summary of statement of limited appearance for
12 Southline CEC application by Norm, or, as his friends
13 know him, Mick Meader, co-chair of the Cascabel Working
14 Group.

15 The Cascabel Working Group, CWG, has followed
16 the Southline project since 2009, when Southline
17 contacted us as part of their preliminary outreach for
18 the project. The CWG was interested in Southline
19 because it crossed the San Pedro River, our area of
20 principal concern, and because of its potential
21 competition with the SunZia southwest transmission
22 project.

23 The following summarizes the major supportive
24 points made in Mick Meader's statement of limited
25 appearance submitted to all parties on November 18,

1 2016.

2 One. The Southline project provides a
3 significant reliability benefit to Tucson Electric Power
4 Company's transmission system and to southeastern
5 Arizona as a whole. Southline would connect the central
6 Arizona 500 kilovolt system north of Tucson to TEP's 345
7 kilovolt system east of Tucson, providing a reliability
8 benefit to both of TEP's lines. In contrast, SunZia
9 would connect with and support only one TEP line.

10 In addition, Southline would fully connect with
11 the extra high voltage transmission system in
12 southwestern New Mexico, and could bring in up to 1,000
13 megawatts of additional power from New Mexico sources,
14 if necessary. In contrast, SunZia does not connect with
15 the New Mexico grid and cannot provide this reliability
16 benefit. Southline would be fully integrated with the
17 rural southeast Arizona grid and provide a reliability
18 benefit to it, a capacity that SunZia would lack.

19 Two. The Southline project would provide
20 significant congestion relief to the Tucson metropolitan
21 area and southeastern Arizona, while SunZia would not.
22 Southline passes through the heart of these service
23 areas and connects with up to 12 substations for power
24 delivery. This is a major benefit to Tucson and rural
25 southeastern Arizona. SunZia's one connection with

1 TEP's 345 kilovolt line far to the east of Tucson does
2 not permit delivery or scheduling of additional power
3 into the Tucson metro area, and SunZia does not connect
4 with the rural southeastern Arizona grid.

5 Three. Southline's interconnection with the
6 extra high voltage grid in New Mexico would allow the
7 full exchange of conventional energy between Arizona,
8 New Mexico, and El Paso utilities, a vital regional
9 function. This capacity is much more important to these
10 utilities at this time than access to New Mexico
11 renewable energy. SunZia's lack of any connection to
12 the New Mexico grid precludes SunZia from providing this
13 fundamental regional service.

14 In conclusion, the Cascabel Working Group
15 considers the Southline project to be the strongest
16 possible project one could propose to strengthen the
17 southeast Arizona grid, with minimal environmental
18 impact, and encourages the Line Siting Committee and the
19 Commission to approve a certificate of environmental
20 compatibility for the project.

21 Thank you.

22 CHMN. CHENAL: Thank you, sir, for the public
23 comments. And please pass along to Mr. Meader our
24 thoughts and prayers and the respect of this Committee.

25 MR. OMICK: Thank you very much.

1 CHMN. CHENAL: And we are very sorry to hear of
2 the news, so please give him our best regards and
3 support. Thank you.

4 MR. OMICK: I will do that. Thank you.

5 CHMN. CHENAL: Anybody else for public comment?

6 Ma'am, I forgot your name, but tell me, you have
7 something you want to pass out. So why don't you --

8 MS. LANDS: It is just the same.

9 CHMN. CHENAL: Okay, it is the same. Did you
10 want to come up and just provide your name again and --
11 please.

12 MS. LANDS: My name is Anna Lands, and I am
13 associated with the Cascabel Working Group.

14 CHMN. CHENAL: Put your mouth to the microphone.

15 MS. LANDS: My name is Anna Lands. I am
16 associated with the Cascabel Working Group with Pearl
17 Mast and David Omick and Mick Meader and many, many
18 others. And I have copies of what David just read for
19 you.

20 CHMN. CHENAL: Okay. That's very good. Thank
21 you. We will take them and we will actually, if you
22 like, make that an exhibit to the proceeding.

23 All right. This is a document, I am going to
24 ask this be Chairman's Exhibit No. 6. I know it is a
25 summary of Mr. Meader's statement of -- it is already in

1 evidence, but I think if people make the effort to come
2 from Cascabel and the San Pedro River Valley to make
3 comments, we should make everything a part of the
4 record. So I will give this to Colette after we break.

5 And thank you, Anna, thanks for coming.

6 (Exhibit Chair-6 was admitted into evidence.)

7 CHMN. CHENAL: Any other public comment?

8 (No response.)

9 CHMN. CHENAL: All right. Before we conclude
10 for the evening and we resume tomorrow at 9:00 a.m., is
11 there anything, Mr. Guy or Ms. Hopkins, that you wish to
12 bring up, any housekeeping, any matters the Committee
13 wishes to discuss or issues we should review?

14 Let's do that on the record. We just want to
15 make sure that this room will be locked and we can leave
16 our, you know, books and things.

17 MR. GUY: We have confirmed that they can lock
18 the room for us.

19 CHMN. CHENAL: All right. Very good. Okay, we
20 will do that.

21 Well, thank you everyone. This will conclude
22 the evening hearing, and we will see everyone tomorrow
23 at 9:00 a.m. Thank you.

24 (The hearing recessed at 6:15 p.m.)

25

1 STATE OF ARIZONA)
2 COUNTY OF MARICOPA)

3

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

10

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

14

15 I CERTIFY that I have complied with the
16 ethical obligations set forth in ACJA 7-206(F)(3) and
17 ACJA 7-206 (J)(1)(g)(1) and (2). Dated at Phoenix,
18 Arizona, this 4th day of December, 2016.

19

20

21

COLETTE E. ROSS
Certified Reporter
Certificate No. 50658

22

23

24 I CERTIFY that Coash & Coash, Inc., has complied
25 with the ethical obligations set forth in ACJA 7-206
(J)(1)(g)(1) through (6).

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