



BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

TOM FORESE - Chairman
BOB BURNS
DOUG LITTLE
ANDY TOBIN
BOYD W. DUNN

Arizona Corporation Commission

DOCKETED

FEB 24 2017

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IN THE MATTER OF THE APPLICATION
OF SOUTHLINE TRANSMISSION, L.L.C.,
IN CONFORMANCE WITH THE
REQUIREMENTS OF ARIZONA REVISED
STATUTES 40-360, ET SEQ., FOR A
CERTIFICATE OF ENVIRONMENTAL
COMPATIBILITY AUTHORIZING
CONSTRUCTION OF THE NON-WAPA-
OWNED ARIZONA PORTIONS OF THE
SOUTHLINE TRANSMISSION PROJECT,
INCLUDING A NEW APPROXIMATELY 66-
MILE 345-KV TRANSMISSION LINE IN
COCHISE COUNTY FROM THE ARIZONA-
NEW MEXICO BORDER TO THE
PROPOSED SOUTHLINE APACHE
SUBSTATION, THE ASSOCIATED
FACILITIES TO CONNECT THE
SOUTHLINE APACHE SUBSTATION TO
THE ADJACENT AEP CO APACHE
SUBSTATION, AND APPROXIMATELY 5
MILES OF NEW 138-KV AND 230-KV
TRANSMISSION LINES AND ASSOCIATED
FACILITIES TO CONNECT THE EXISTING
PANTANO, VAIL, DEMOSS PETRIE, AND
TORTOLITA SUBSTATIONS TO THE
UPGRADED WAPA-OWNED 230-KV
APACHE-TUCSON AND TUCSON-
SAGUARO TRANSMISSION LINES IN
PIMA AND PINAL COUNTIES.

CASE NO. 173

DOCKET NO. L-00000AAA-16-0370-00173

DECISION NO. 75978

Open Meeting
February 8, 2017
Phoenix, Arizona

BY THE COMMISSION:

Pursuant to A.R.S. § 40-360, *et seq.*, after due consideration of all relevant matters, the
Arizona Corporation Commission ("Commission") finds and concludes that the Certificate of

1 Environmental Compatibility ("CEC") issued by the Arizona Power Plant and Transmission Line
2 Siting Committee ("Siting Committee") is hereby approved as modified by this Order.

3 The Commission, in reaching its decision, has balanced all relevant matters in the broad
4 public interest, including the need for an adequate, economical and reliable supply of electric power
5 with the desire to minimize the effect thereof on the environment and ecology of this state, and finds
6 that the CEC for the above-captioned application for siting approval is in the public interest as
7 modified by this Order.

8 The Commission modifies the CEC to add the following conditions:

9 34. Southline, as the exclusive source of funding and controller of most if not all of the
10 rights to the increased capacity it creates, must obtain Western Area Power
11 Administration's ("WAPA's") agreement that the portion of the Project that crosses
12 the Mountain View Ranch property or its viewshed will conform to the following:

- 13 1. The ROW needs and specific ROW location and width affecting private land
14 shall be expeditiously determined and disclosed, and ROW agreements
15 expeditiously negotiated in good faith with the affected landowners.
- 16 2. Support structures shall be monopoles, with colors, height, and siting selected,
17 in consultation with landowners, to minimize visual impact to the extent
18 reasonably feasible. Lattice supports shall not be used in such section.
- 19 3. New lines and infrastructure within the boundaries or viewshed of platted
20 residential subdivisions, shall replace the existing 115-kV transmission line
21 and structures currently in place, which shall be expeditiously removed and
22 remediated.
- 23 4. With respect to Mountain View Ranch and its viewshed, no lattice structures
24 shall be used; all reasonably feasible efforts will be made to limit and locate
25 any ROW expansion or alteration to the north of the existing easement, and
26 support structures shall be monopoles, with colors, height, and siting selected,
27 in consultation with landowners, to minimize visual impact to the extent
28 reasonably feasible.

1 35. The Certificate Conditions shall be binding on Applicant's successors, assigns and
2 transferees and any affiliates, agents, or lessees of Applicant who have a contractual
3 relationship with Southline concerning the construction, operation, or maintenance of
4 the CEC Route. Applicant shall provide in any agreement(s) or leases pertaining to
5 the Project that the contracting parties and/or lessee(s) shall be responsible for
6 compliance with the Conditions set forth herein, and Applicant's responsibilities with
7 respect to compliance with such Conditions shall not cease or be abated by reason of
8 the fact that the Applicant is not in control of or responsible for operation and
9 maintenance of the Project facilities.

10 The Commission further finds and concludes that in balancing the broad public interest in this
11 matter:

- 12 1. The Project is in the public interest because it aids the state in meeting the need for an
13 adequate, economical and reliable supply of electric power.
- 14 2. In balancing the need for the Project with its effect on the environment and ecology of
15 the state, the conditions placed on the CEC as modified by the Commission effectively
16 minimize its impact on the environment and ecology of the state.
- 17 3. The conditions placed on the CEC as modified by the Commission resolve matters
18 concerning the need for the Project and its impact on the environment and ecology of
19 the state raised during the course of proceedings, and as such, serve as the findings on
20 the matters raised.
- 21 4. In light of these conditions, the balancing in the broad public interest results in favor
22 of granting the CEC as modified by the Commission.

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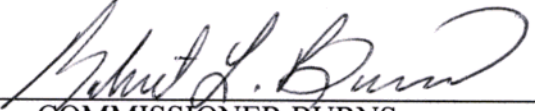
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THE CEC ISSUED BY THE SITING COMMITTEE IS
INCORPORATED HEREIN AND IS APPROVED AS MODIFIED BY ORDER OF THE
ARIZONA CORPORATION COMMISSION


CHAIRMAN FORESE


COMMISSIONER BURNS


COMMISSIONER LITTLE


COMMISSIONER TOBIN


COMMISSIONER DUNN



IN WITNESS WHEREOF, I, TED VOGT, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 24th day of FEBRUARY, 2017.


TED VOGT
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SERVICE LIST FOR: SOUTHLINE TRANSMISSION, LLC
 DOCKET NO.: L-00000AAA-16-0370-00173

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

In the matter of the Application of Southline Transmission, L.L.C., in conformance with the requirements of Arizona Revised Statutes 40-360, et seq., for a Certificate of Environmental Compatibility authorizing construction of the non-WAPA-owned Arizona portions of the Southline Transmission Project, including a new approximately 66-mile 345-kV transmission line in Cochise County from the Arizona-New Mexico border to the proposed Southline Apache Substation, the associated facilities to connect the Southline Apache Substation to the adjacent AEPCO Apache Substation, and approximately 5 miles of new 138-kV and 230-kV transmission lines and associated facilities to connect the existing Pantano, Vail, DeMoss Petrie, and Tortolita substations to the upgraded WAPA-owned 230-kV Apache-Tucson and Tucson-Saguaro transmission lines in Pima and Pinal counties.

Docket No.
L-00000AAA-16-0370-000173

Case No. 173

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CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY

A. Introduction

Pursuant to notice given as provided by law, the Arizona Power Plant and Transmission Line Siting Committee ("Committee") held a public hearing on November 29 through December 2, 2016, in Tucson, Arizona and December 5 through December 7, 2016, in Willcox, Arizona, in conformance with the requirements of the Arizona Revised Statute ("A.R.S.") §§ 40-360 *et seq.* for the purpose of receiving evidence and deliberating on the October 14, 2016 Application

1 of Southline Transmission, L.L.C. ("Applicant") for a Certificate of Environmental
2 Compatibility ("Certificate") in the above-captioned case.

3 The following members and designees of members of the Committee were
4 present at one or more of the hearing days for evidentiary presentations, public
5 comment, and/or the deliberations:

6 Thomas Chenal	Chairman, Designee for Arizona Attorney General
7 Ian Bingham	Designee for Director, Arizona Department of Environmental Quality
8 Lisa Williams	Designee for Director, Arizona Department of Water Resources
9 Laurie A. Woodall	Designee of the Chairman, Arizona Corporation Commission ("Commission")
10 Dave Eberhart	Appointed Member, representing the general public
11 Jack Haenichen	Appointed Member, representing the general public
12 Patricia A. Noland	Appointed Member, representing the general public
13 Mary Hamway	Appointed Member, representing incorporated cities and towns
14 James A. Palmer	Appointed Member, representing counties
15 Jeff McGuire	Appointed Member, representing agricultural interests

16 The Applicant was represented by James M. Bushee, James E. Guy, and
17 Martha Hopkins, Sutherland, Asbill & Brennan, LLP and Meghan H. Grabel, Osborn
18 Maledon, PA. The following parties were granted intervention pursuant to A.R.S. §
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1 40-360.05: Pinal County, the Irrigation & Electrical Districts' Association of Arizona
2 ("IEDA"), and Mountain View Ranch Development Joint Venture, LLC ("Mountain
3 View Ranch").

4 At the conclusion of the hearing, the Committee, after considering the
5 (i) Application, (ii) evidence, testimony, and exhibits presented by the Applicant and
6 intervenors, and (iii) comments of the public, and being advised of the legal
7 requirements of A.R.S. §§ 40-360 through 40-360.13, upon motion duly made and
8 seconded, voted 8 to 0, with one abstention, to grant the Applicant, its successors
9 and assigns, this Certificate.

10 **B. Overview Project Description**

11 The Southline Transmission Project ("Project") includes the construction and
12 operation of an approximately 370-mile electric transmission line and associated
13 facilities in southern New Mexico and Arizona. It includes two sections: (i) a new
14 approximately 249-mile double-circuit 345-kilovolt ("kV") transmission line and
15 associated facilities beginning in Doña Ana County, New Mexico and traveling west
16 into Cochise County, Arizona (the "New Build Section"); and (ii) the upgrade of
17 approximately 121 miles of two existing Western Area Power Administration
18 ("WAPA") 115-kV line segments to double-circuit 230-kV line segments located in
19 Cochise, Pima, and Pinal counties, and the City of Tucson, Arizona, and short
20 segments of new transmission lines and associated facilities needed to interconnect
21 the upgraded WAPA lines to existing substations (the "Upgrade Section").

22 Of the 370 miles, approximately 72 miles of the Arizona portion of the Project
23 was before the Committee in this Application. The Arizona portion of the Project
24 includes (i) approximately 67 miles of the New Build Section (including less than 1
25 mile of associated facilities) and (ii) the entire Upgrade Section (including the 121
26 miles of WAPA-owned facilities and approximately 5 miles of associated non-
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1 WAPA-owned facilities to connect the upgraded WAPA lines to existing
2 substations).

3 **C. Approved CEC Route Corridor and Route Description**

4 The route for which the Applicant sought Committee approval is
5 approximately 72 miles and crosses land owned by the U.S. Bureau of Land
6 Management ("BLM"), the Department of Defense ("DOD"), the Arizona State Land
7 Department ("ASLD"), and private landowners ("CEC Route," as more particularly
8 defined in Exhibit A attached hereto). The 72-mile CEC Route consists of
9 approximately 67 miles of the New Build Section (the "CEC New Build Route") and
10 approximately 5 miles of the Upgrade Section (the "CEC Upgrade Route"). Further,
11 five existing substations associated with the CEC Route will be expanded internally
12 or with adjacent new Southline facilities to accommodate interconnections to the
13 upgraded WAPA facilities: the Arizona Electric Power Cooperatives ("AEPCO")
14 Apache Substation, the AEPCO Pantano Substation, the Tucson Electric Power
15 Company ("TEP") Vail Substation, the TEP DeMoss Petrie Substation, and the TEP
16 Tortolita Substation (collectively, the "CEC Substations").

17 **1. CEC New Build Route Corridor**

18 A 200-foot wide right-of-way ("ROW") is approved for the CEC New Build
19 Route within the corridor depicted on the CEC Maps (Exhibit A, Maps 1 through 9,
20 and 12). The general width of the certificated corridor for the CEC New Build Route
21 is 1,000 feet (500 feet on either side of the CEC Route centerline), with the exception
22 of one section: a 600-foot corridor that is approximately 21-miles long located along
23 the southeast and east sides of Willcox Playa in Cochise County as depicted on the
24 CEC Maps (Exhibit A, Maps 6, 7, 8, and 9).

25 **2. CEC Upgrade Route Corridor**

26 A 150-foot wide ROW is approved for the CEC Upgrade Route within the
27 corridor depicted on the CEC Maps (Exhibit A, Maps 10, 11, 13 through 16). The
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width of the certificated corridor varies for each of the four segments of the CEC Upgrade Route as follows.

Pantano Substation: The approximately 1 mile of 230-kV transmission line and associated facilities that will interconnect the existing AEPCO Pantano Substation will be located within the 25-acre substation expansion area on Exhibit A, Maps 10 and 13. No additional corridor is needed.

Vail Substation: The width of the certified corridor for the approximately 2 miles of 230-kV transmission line and associated facilities that will interconnect the TEP Vail Substation is 600 feet as depicted on Exhibit A, Maps 10 and 14.

DeMoss Petrie Substation: The less than 1 mile of 138-kV transmission line and associated facilities that will interconnect the TEP DeMoss Petrie Substation will be located within the parcels owned by TEP as identified on Exhibit A, Map 11 and 15. No additional corridor is needed.

Tortolita Substation: The width of the certified corridor for the approximately 1.5 miles of 230-kV transmission line and associated facilities that will interconnect the TEP Tortolita Substation is 1,000 feet as depicted on Exhibit A, Map 11 and 16.

3. CEC New Build Route

The CEC New Build Route—as depicted in Exhibit A, Maps 1 through 9, and 12—is approximately 67 miles in length and parallels approximately 66 miles of existing or designated utility easements. The CEC New Build Route consists of: (i) approximately 66 miles of new double-circuit 345-kV transmission line in a new 200-foot-wide ROW, terminating at a new substation to be owned by Southline, near the existing AEPCO Apache Substation; and (ii) less than 1 mile of 115-kV or 230-kV transmission line and associated facilities in a new 200-foot-wide ROW needed to connect the new Southline Apache Substation to the AEPCO Apache Substation. The Apache substation expansion area will include the new Southline Apache

1 Substation and will be located approximately 1 mile southeast of the existing
2 AEPCO Apache Substation as depicted in Exhibit A, Map 12.

3 As depicted in Exhibit A, Maps 1 through 3, the CEC New Build Route enters
4 Arizona at the New Mexico border approximately 5 miles north of Interstate-10 and
5 approximately 9 miles south of the Graham/Greenlee County line (Township 13
6 South [T13S] Range 32 East [R32E] Gila and Salt River Baseline Meridian).
7 Beginning at the State line, the CEC New Build Route parallels an existing El Paso
8 Natural Gas pipeline for approximately 43 miles in a westerly direction, crossing
9 two 69-kV power lines (T13S R30E), and Interstate-10 (T13S R29E) approximately 5
10 miles west of the community of San Simon.

11 As depicted in Exhibit A, Maps 4 through 6, the CEC New Build Route
12 continues westerly south of Interstate-10 for approximately 8 miles. Two miles
13 south of the community of Bowie, the CEC New Build Route turns northwest (T13S
14 R28E) for approximately 3 miles before heading west again for approximately 13
15 miles.

16 As depicted in Exhibit A, Maps 6 through 8, six miles northeast of the City of
17 Willcox, the CEC New Build Route then turns south (T13S R25E) to parallel an
18 existing AEPCO 230-kV transmission line for approximately 23 miles along the
19 eastern edge of Willcox Playa.

20 As depicted in Exhibit A, Map 7 and 8, the CEC New Build Route then
21 crosses an El Paso Natural Gas pipeline approximately 5 miles east of the City of
22 Willcox (T13S R25E) and crosses State Route 186 and Kansas Settlement Road (T14S
23 R25E) approximately 6 miles southeast of the City of Willcox, paralleling 3.5 miles of
24 an existing El Paso Natural Gas pipeline at the southern end of Willcox Playa.

25 As depicted on Exhibit A, Map 9, the CEC New Build Route then heads south
26 then west for less than 1 mile and interconnects the new Southline Apache
27 Substation (T16S R24E). The CEC New Build Route then crosses west over US
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1 Highway 191 and then heads northwest and terminates at the existing AEPCO
2 Apache Substation (T16S R24E), located west of US Highway 191 approximately 4
3 miles south of the community of Cochise and 9 miles south of Interstate-10.
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5 **4. CEC Upgrade Route**

6 The CEC Upgrade Route—as depicted in Exhibit A, Maps 10, 11, 13 through
7 16—consists of approximately 5 miles of new non-WAPA owned 138-kV and 230-kV
8 transmission lines and associated facilities that will interconnect the upgraded
9 WAPA 230-kV Apache-Tucson and Tucson-Saguaro transmission lines to four
10 existing substations owned and operated by other Arizona load-serving utilities.

11 **Pantano Substation:** As depicted in Exhibit A, Maps 10 and 13, the existing
12 AEPCO Pantano Substation is located approximately 41 miles west of Southline
13 Apache Substation, 8 miles east of the community of Vail, and approximately 2
14 miles south of Interstate-10 (T17S R17E). The approximately 25-acre substation
15 expansion area is located adjacent and west-northwest of the Pantano Substation.
16 The approximate 1 mile of 230-kV transmission line and associated facilities that will
17 interconnect the Pantano Substation to the upgraded WAPA facilities is within the
18 substation expansion area.

19 **Vail Substation:** As depicted in Exhibit A, Maps 10 and 14, the TEP Vail
20 Substation is located approximately 8 miles northwest of the community of Vail and
21 one mile south of Interstate-10 (T16S 15E). The approximate 28-acre substation
22 expansion area is located adjacent and south-southwest of the Vail Substation. The
23 approximate 2 miles of 230-kV transmission line and associated facilities that will
24 interconnect the Vail Substation to the upgraded WAPA facilities begins in the
25 substation expansion area and travels west for 0.1 mile before turning south and
26 continuing for approximately 1.8 miles to the upgraded WAPA facility.

27 **DeMoss Petrie Substation:** As depicted in Exhibit A, Maps 11 and 15, the
28 TEP DeMoss Petrie Substation is located along Flowing Wells Road in the City of

Tucson (T13S R13E), north and adjacent to Interstate-10 and east of Grant Road. The approximately 4-acre substation expansion area is located within the existing DeMoss Petrie Substation yard. The less than 1 mile of 138-kV transmission line and associated facilities that will interconnect the DeMoss Petrie Substation will be located within the parcels owned by TEP and identified on Exhibit A, Map 11 and 15. No additional corridor is needed.

Tortolita Substation: As depicted in Exhibit A, Maps 11 and 16, the TEP Tortolita Substation is located in Pinal County approximately 3 miles north of the Pima County line and 0.6 mile east of Interstate-10 (T10S T10E). The 16-acre substation expansion area is located primarily within the existing Tortolita Substation yard, with an additional approximately 1-acre section adjacent and northwest of the Tortolita Substation. The approximately 1.5 miles of 230-kV transmission line and associated facilities that will interconnect the Tortolita Substation to the upgraded WAPA facilities begins in the northwest corner of the Tortolita Substation expansion area and heads west for approximately 600 feet. The line then heads southwest for approximately 1,300 feet, then northwest for approximately 3,000 feet, then southwest again for approximately 2,400 feet, then northwest again for approximately 1,000 feet.

CONDITIONS

This Certificate is granted upon the following conditions:

1. Applicant shall comply with all existing applicable statutes, ordinances, master plans, and regulations of any governmental entity having jurisdiction during the construction of the CEC Route, including the United States of America, the State of Arizona, the Counties of Cochise, Pima, and Pinal, and the City of Tucson.

1 2. Applicant shall comply with the notice and salvage requirements of
2 the Arizona Native Plant Law (A.R.S. §§ 3-901, *et. seq.*) and shall, to the extent
3 feasible, minimize the destruction of native plants during CEC Route construction.

4 3. Applicant shall comply with the Arizona Game and Fish Department
5 ("AGFD") guidelines for handling protected animal species, should any be
6 encountered during construction, and shall consult with AGFD as necessary on
7 other issues concerning wildlife.

8 4. Applicant shall design the transmission line for the CEC Route to
9 incorporate reasonable measures to minimize impacts to raptors, cranes, and
10 waterfowl. Such design will be accomplished through Applicant's compliance with
11 its Avian Protection Plan ("APP"), or an equivalent plan, which will be developed
12 pursuant to the Record of Decision ("ROD") issued by the BLM on April 21, 2016.
13 Once completed, the APP or equivalent plan shall become part of, and be
14 incorporated into, this Certificate. In addition, the APP or equivalent plan shall, at a
15 minimum, include the 2006 standards of the Avian Power Line Interaction
16 Committee. The APP or equivalent plan shall address the application of
17 recommended measures to minimize the risk of collision, as described in the 2012
18 guidelines of the Avian Power Line Interaction Committee.

19 5. The ROD issued by BLM requires Applicant to prepare a Plan of
20 Development ("POD")—including specific Framework Plans—outlining and
21 detailing the relevant design, construction, mitigation, restoration, and compliance
22 requirements. Applicant agrees to follow the terms of the POD and Framework
23 Plans for the entirety of the CEC Route, including construction and operation on
24 federal, state, and privately-owned land. In accordance with the POD and
25 Framework Plans and where practicable, Applicant shall, after consultation with the
26 landowner: (a) use existing roads for construction and access, (b) minimize impacts
27 to wildlife, (c) minimize vegetation disturbance outside of the CEC Route ROW,
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1 particularly in drainage channels and along stream banks, and (d) revegetate native
2 areas following construction disturbance unless revegetation is waived by the
3 landowner (collectively, "Construction, Mitigation, and Restoration Requirements").
4 Before construction of the CEC Route may commence, Applicant shall file the
5 Framework Plans (or summaries thereof) relating to the Construction, Mitigation,
6 and Restoration Requirements—including any material amendments thereto—with
7 the Commission's Docket Control and provide a copy to the Boards of Supervisors
8 for the Counties of Cochise, Pima, and Pinal, the Cities of Tucson and Willcox,
9 ASLD, State Historic Preservation Office ("SHPO"), and AGFD.

10 6. Applicant shall make every reasonable effort to promptly investigate,
11 on a case-specific basis, all complaints of interference with radio or television signals
12 from operation of the transmission line(s) addressed in this Certificate and where
13 such interference is caused by the line(s) take reasonable measures to mitigate such
14 interference. Applicant shall maintain written records for a period of five (5) years
15 of all complaints of radio or television interference attributable to operations,
16 together with the corrective action taken in response to each complaint. All
17 complaints shall be recorded to include notation on the corrective action taken.
18 Complaints not leading to a specific action or for which there was no resolution shall
19 be noted and explained. Upon request, the written records shall be provided to the
20 Staff of the Commission. Applicant shall respond to complaints and implement
21 appropriate mitigation measures. In addition, the transmission line(s) shall be
22 evaluated on a regular basis so that damaged insulators or other line materials that
23 could cause interference are repaired or replaced in a timely manner.

24 7. Applicant shall consult with SHPO with respect to cultural resources.
25 If any archaeological, paleontological, or historical site or a significant object that is
26 at least 50 years old is discovered on state, county, or municipal land during the
27 construction of the CEC Route, Applicant or its representative in charge shall
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1 promptly report the discovery to the Director of the Arizona State Museum
2 ("ASM"), and, in consultation with the Director, shall immediately take all
3 reasonable steps to secure and maintain the preservation of the discovery, pursuant
4 to A.R.S. § 41-844. Such steps may be accomplished through compliance with the
5 Historic Properties Treatment Plan ("HPTP") for archaeological and historical sites,
6 and the Paleontological Resources Monitoring Plan ("PRMP") for paleontological
7 sites, both of which will be developed pursuant to the POD. Once completed, the
8 HPTP and the PRMP shall become part of, and be incorporated into, this Certificate.

9 8. If human remains and/or funerary objects are encountered on private
10 land during the course of any ground-disturbing activities related to the
11 construction of the CEC Route, Applicant shall cease work on the affected area of the
12 Project and notify the Director of the ASM as required by A.R.S. § 41-865.

13 9. Applicant shall comply with any HPTP developed pursuant to any
14 Programmatic Agreement ("PA") entered to ensure that pre-construction
15 archaeological testing and monitoring of all ground clearing and disturbing
16 construction activities that may affect historical or cultural sites that are listed, or
17 eligible for listing, on the Arizona Register of Historic Places ("Register") are
18 conducted in full compliance with Arizona and federal law. In the event a listed or
19 listing-eligible site is discovered, Applicant shall ensure that approved mitigation
20 measures are implemented according to the PA. Applicant shall share results of any
21 archaeological work and findings with the appropriate Tribes.

22 10. Before construction of the CEC Route may commence, Applicant shall
23 file a copy of each of the following documents with the Commission's Docket
24 Control: (a) PA; (b) HPTP; (c) PRMP; (d) POD; (e) BLM ROD; (f) WAPA ROD, and
25 (g) APP, or equivalent including any amendments to any of such documents
26 subsequent to the granting of this Certificate. Notification of such filing with Docket
27 Control shall be made to the Boards of Supervisors for the Counties of Cochise,
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1 Pima, and Pinal, Cities of Tucson and Willcox, ASLD, SHPO, AGFD, all parties to
2 this Docket, and all parties who made a limited appearance in this Docket.
3 Applicant shall comply with the provisions of these documents as applicable to the
4 CEC Route.

5 11. Applicant shall construct, operate and maintain all facilities,
6 improvements and structures in the CEC Route in conformity with all terms,
7 conditions, and stipulations set forth in the BLM and WAPA RODs and the POD,
8 including all Proponent Committed Environmental Measures ("PCEMs"), attached
9 to the BLM ROD. Applicant shall retain an independent third-party compliance
10 inspection contractor to monitor and ensure compliance with such terms, conditions,
11 and stipulations on state and privately-owned lands. A description of the work
12 performed by the compliance inspection contractor and any instances of material
13 noncompliance by Applicant shall be included in the annual compliance-
14 certification letter.

15 12. Within one hundred twenty (120) days of the Commission's decision
16 approving this Certificate, Applicant shall post signs in or near public ROWs giving
17 notice of the CEC Route to the extent authorized by law. Applicant shall place such
18 signs in prominent locations at reasonable intervals so that the public is notified
19 along the full length of the CEC Route until the transmission structures are
20 constructed. To the extent practicable, within forty-five (45) days of securing
21 easements or ROWs for the CEC Route, Applicant shall erect and maintain signs
22 providing public notice that the property is the site of a future transmission line or
23 substation. Such signage shall be no smaller than a roadway sign. The signs shall
24 advise:

- 25 a. That the site has been approved for the construction of CEC Route
- 26 facilities;
- 27 b. The expected date of completion of the CEC Route facilities;
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- c. A phone number for public information regarding the Project;
- d. The name of the Project;
- e. The name of the Applicant; and
- f. The website for the Project.

13. Within one hundred twenty (120) days of the Commission's decision granting this Certificate, Applicant shall make good faith efforts to commence discussions with private landowners on whose property the CEC Route is located to identify the specific location for the ROW and alternatives for placement of poles. A copy of this Certificate shall be provided to such private landowners, and a description of the good faith efforts and discussions shall be included in the annual compliance-certification letter.

14. Applicant shall pursue reasonable efforts to work with private landowners on whose property the CEC Route ROW will be located to mitigate the impacts of the location, construction, and operation of the Project on private land and negotiate such ROW agreements in good faith. Applicant shall be permitted to deviate from the CEC Route Corridor in circumstances where the deviation would address engineering constraints or mitigate the impact of the Project within the CEC Route on one or more private landowners' property(ies) if Applicant receives consent from all landowners who would be affected by the deviation. A description of these reasonable efforts and any deviations shall be included in the annual compliance-certification letter.

15. At least ninety (90) days, but not more than three hundred sixty-five (365) days before construction commences on the CEC Route, Applicant shall provide cities and towns within five (5) miles of the CEC Route and known homebuilders and developers who are building upon or developing land within one (1) mile of the centerline of the CEC Route with a written description, including height and width measurements of all structure types, of the Project. The written

1 description shall identify the location of the CEC Route and contain a depiction of
2 the structures.

3 16. Applicant shall use non-specular conductor and non-reflective surfaces
4 for the Project's transmission line structures on the CEC Route.

5 17. Applicant shall be responsible for arranging that all field personnel
6 involved in the CEC Route receive training as to proper ingress, egress, and on-site
7 working protocol for environmentally sensitive areas and activities. Contractors
8 employing such field personnel shall maintain records documenting that the
9 personnel have received such training.

10 18. Applicant shall execute the Memorandum of Agreement with AGFD
11 relating to the relocation and improvement of the Crane Lake facilities on Kansas
12 Settlement Road (described generally in Exhibit B to this Certificate and as reflected
13 in Committee Hearing Exhibits STL-20 and STL-26), including a Work Plan
14 approved by AGFD, and comply with all of its contractual obligations set forth
15 therein. A copy of the executed Memorandum of Agreement shall be filed with
16 Docket Control within sixty (60) days of execution of such agreement.

17 19. Applicant shall request that AGFD measure annual groundwater
18 withdrawals from any AGFD-owned wells serving Crane Lake using an approved
19 water measuring device or method as described by A.A.C. R-12-15-903. Applicant
20 shall report any such withdrawals to the Commission Staff and the Arizona
21 Department of Water Resources Statewide Planning Section and file it with Docket
22 Control as part of Applicant's annual compliance-certification letter.

23 20. Applicant shall follow the most current Western Electricity
24 Coordinating Council ("WECC") and North American Electric Reliability
25 Corporation ("NERC") planning standards, as approved by the Federal Energy
26 Regulatory Commission ("FERC"), and National Electrical Safety Code ("NESC")
27 construction standards.
28

1 21. Applicant shall participate in good faith in state and regional
2 transmission study forums to coordinate transmission expansion plans related to the
3 CEC Route and to resolve transmission constraints in a timely manner.

4 22. When CEC Route facilities are located parallel to and within 100 feet of
5 any existing natural gas or hazardous pipeline, Applicant shall:

- 6 a. Ensure grounding and cathodic protection measurements are
7 performed to show that the Project's location parallel to and within
8 100 feet of such pipeline results in no material adverse impacts to
9 the pipeline or to public safety when both the pipeline and the
10 Project are in operation. Applicant shall take appropriate steps to
11 ensure that any material adverse impacts are mitigated. Applicant
12 shall provide to the Commission Staff and file with Docket Control
13 as part of Applicant's annual compliance-certification letter a copy
14 of the measurements performed and additional mitigation
15 measures, if any, that were implemented; and
- 16 b. Ensure that measurements are taken during an outage simulation
17 of the Project that may be caused by the collocation of the Project
18 parallel to and within 100 feet of the existing natural gas or
19 hazardous liquid pipeline. The measurements should either (i)
20 show that such simulated outage does not result in customer
21 outages; or (ii) include operating plans to minimize any resulting
22 customer outages. Applicant shall provide a copy of the
23 measurement results to the Commission Staff and file it with
24 Docket Control as part of Applicant's annual compliance-
25 certification letter.
- 26
27
28

1 23. Applicant shall file with Docket Control a copy of any Project-related
2 transmission service agreements within sixty (60) days after such agreements are
3 filed with FERC.

4 24. Applicant shall provide the Commission Staff with copies of the
5 transmission interconnection agreement(s) it ultimately enters into with any
6 transmission provider(s) in Arizona with whom it is interconnecting within thirty
7 (30) days of execution of such agreement(s), with the summary thereof filed at
8 Docket Control, prior to construction of such facilities.

9 25. Applicant shall submit a compliance certification letter annually,
10 identifying progress made with respect to each condition contained in this
11 Certificate, including which conditions have been met. Each letter shall be
12 submitted to Commission's Docket Control commencing on March 1, 2018.
13 Attached to each certification letter shall be documentation explaining how
14 compliance with each condition was achieved. Copies of each letter, along with the
15 corresponding documentation, shall be submitted to the Arizona Attorney General
16 and the Governor's Office. The requirement for the compliance certification letter
17 shall expire on the date the CEC Route is placed into operation. Notification of such
18 filing with Docket Control shall be made to the Boards of Supervisors for the
19 Counties of Pima, Pinal, and Cochise, the City of Tucson, ASLD, SHPO, AGFD, all
20 parties to this Docket, and all parties who made a limited appearance in this Docket.

21 26. Applicant shall provide a copy of this Certificate to the Boards of
22 Supervisors for the Counties of Cochise, Pima and Pinal, the Cities of Tucson and
23 Willcox, ASLD, SHPO, and AGFD.

24 27. This authorization to construct the CEC Route shall expire 10 years
25 from the date this Certificate is approved by the Commission, with or without
26 modification. Construction of the line shall be complete, such that the line is in
27 service within the applicable timeframe. However, prior to the expiration of the
28

1 time period, Applicant may request that the Commission extend the time
2 limitation(s).

3 28. In the event that the CEC Route requires an extension of the term(s) of
4 this Certificate prior to completion of construction, Applicant shall file such a time
5 extension request at least one hundred eighty (180) days prior to the expiration date
6 of the Certificate. Applicant shall use reasonable means to promptly notify all cities
7 and towns within five (5) miles of the CEC Route and all landowners and residents
8 within one (1) mile of the centerline of the CEC Route, all persons who made public
9 comment at this proceeding who provided a mailing or email address, and all
10 parties to this proceeding of the request and the date, time, and place of the hearing
11 or open meeting during which the Commission will consider the request for
12 extension. Notification shall be no more than three (3) business days after Applicant
13 is made aware of the hearing date or the open meeting date.

14 29. Any transfer or assignment of this Certificate shall require the assignee
15 or successor to assume in writing all responsibilities of Applicant listed in this
16 Certificate and its conditions as required by A.R.S. § 40-360.08(A) and R14-3-213(F)
17 of the Arizona Administrative Code.

18 30. In the event Applicant, its assignee, or successor, seeks to modify the
19 Certificate terms at the Commission, it shall provide copies of such request to the
20 Boards of Supervisors for the Counties of Cochise, Pima, and Pinal, the Cities of
21 Tucson and Willcox, ASLD, SHPO, AGFD, all parties to this Docket, and all parties
22 who made a limited appearance in this Docket.

23 31. This Certificate is conditioned on WAPA owning and operating all of
24 what is described in the Application as the Upgrade Section with the exception of
25 what is described in the Application as the CEC Upgrade Route.

26 32. Applicant shall provide to WAPA a copy of this Certificate with the
27 request that WAPA consider whether any requirements set forth in the conditions in
28

1 the Certificate constitute state substantive standards applicable to Federal lands
2 under the Federal Land Policy and Management Act.

3 33. Applicant shall provide to WAPA the comments and proposed
4 conditions filed by parties in this Docket—including Pinal County, IEDA, and
5 Mountain View Ranch—for purposes of mitigating, to the extent practicable, the
6 potential impact of the WAPA facilities within the Upgrade Section on those parties
7 and encourage cooperation to the extent practicable to minimize the Project's
8 potential impact.

9
10 **FINDINGS OF FACT AND CONCLUSIONS OF LAW**

11 This Certificate incorporates the following Findings of Fact and Conclusions
12 of Law:

13 1. The Project aids the state and the southwest region in meeting the need
14 for an adequate, economical, and reliable supply of electric power.

15 2. The Project aids the state in preserving a safe and reliable electric
16 transmission system.

17 3. The conditions placed on the CEC Route in this Certificate effectively
18 minimize the CEC Route's impact on the environment and ecology of the state.

19 4. The conditions placed on the CEC Route in this Certificate resolve
20 matters concerning balancing the need for the Project with the CEC Route's impact
21 on the environment and ecology of the state arising during the course of the
22 proceedings, and, as such, serve as findings and conclusions on such matters.

23 5. The CEC Route is in the public interest because the Project's
24 contribution to meeting the need for an adequate, economical, and reliable supply of
25 electric power outweighs the minimized impact of the CEC Route on the
26 environment and ecology of the state.

27 / / /

28 / / /

1 DATED this 22nd day of December, 2016.

3 THE ARIZONA POWER PLANT AND
4 TRANSMISSION LINE SITING COMMITTEE

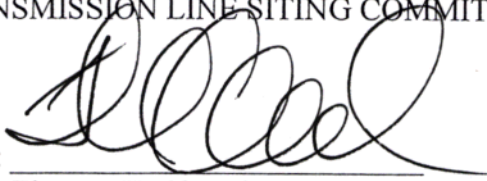
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6 By: _____
7 Thomas K. Chenal, Chairman

EXHIBIT A

Final CEC Maps

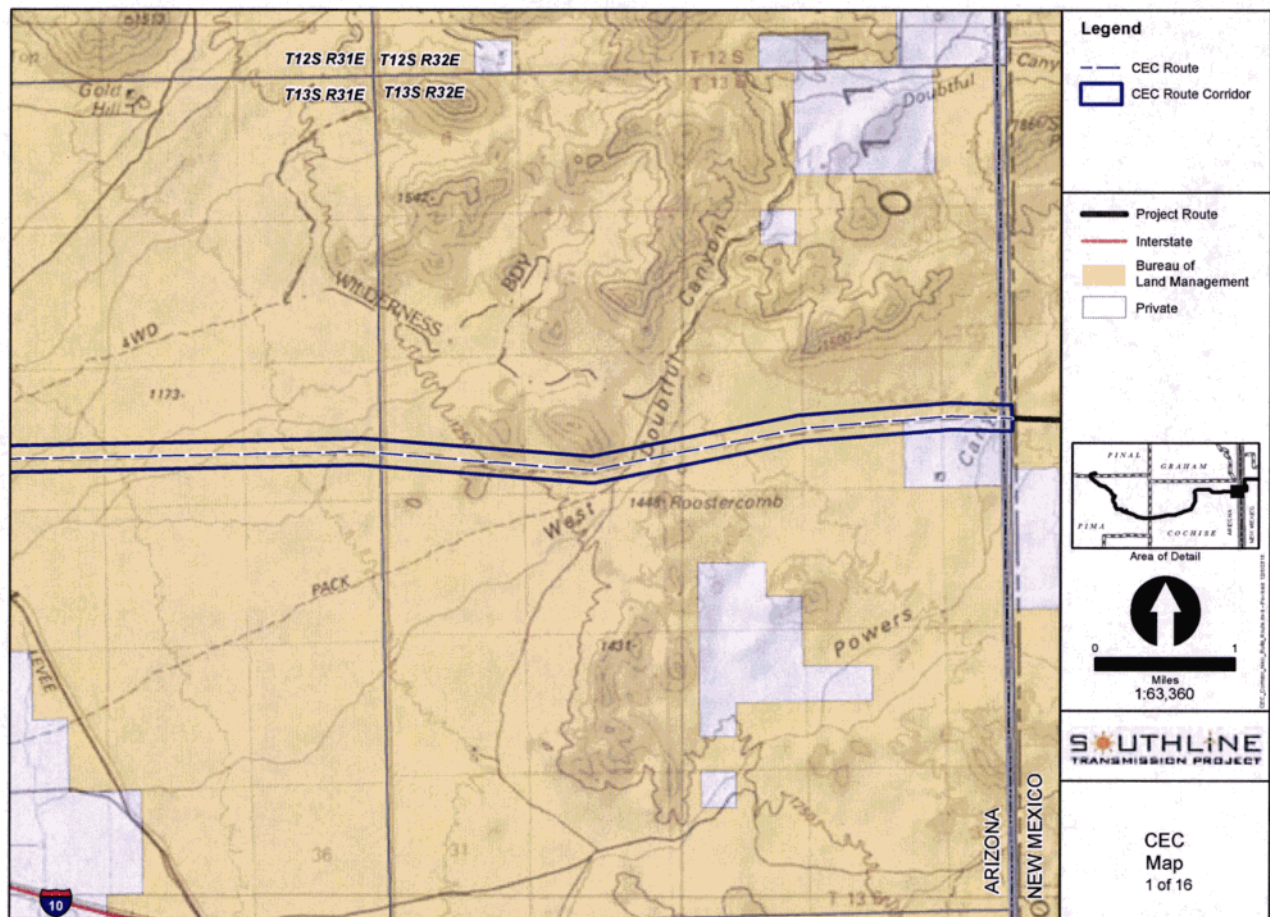
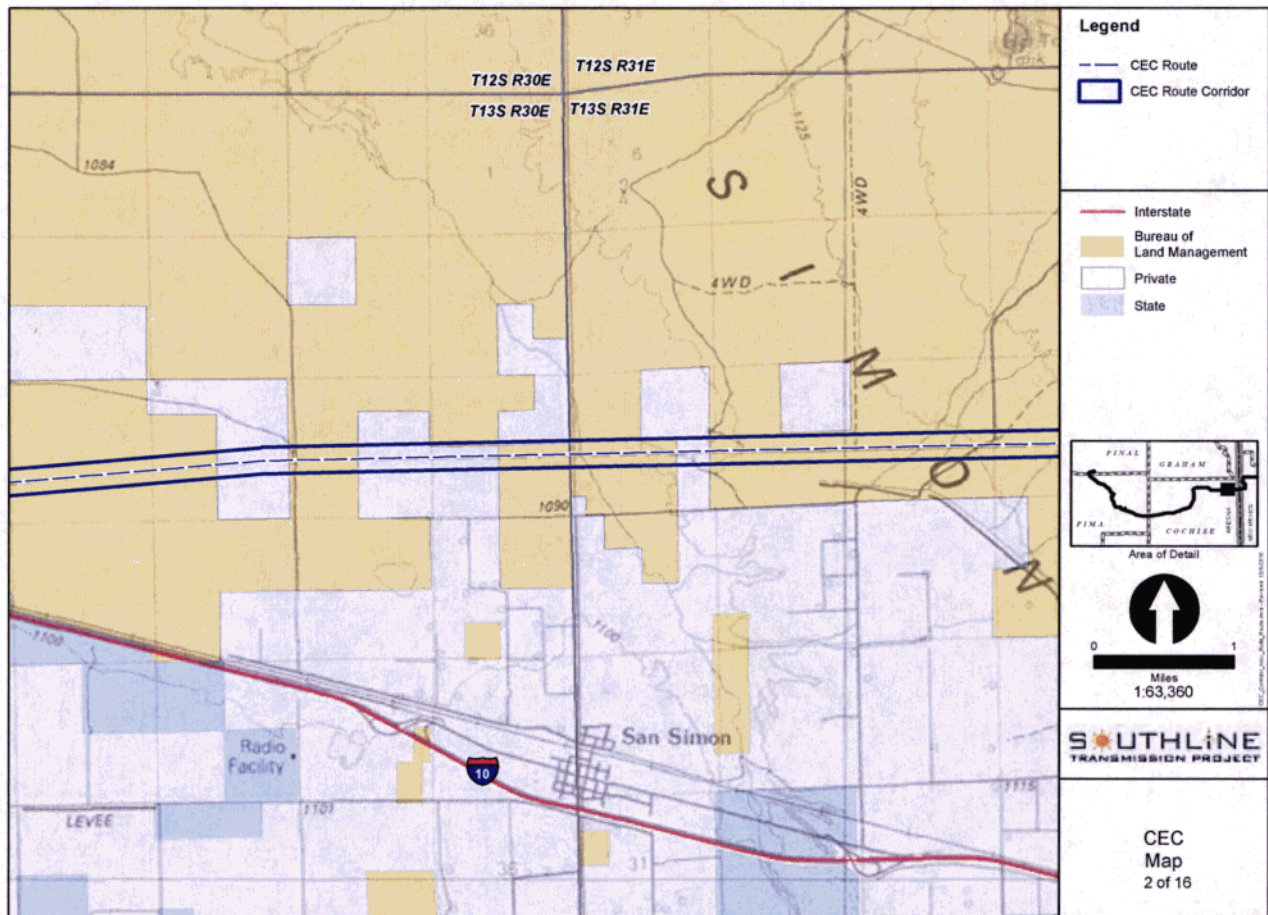


Exhibit STL-49

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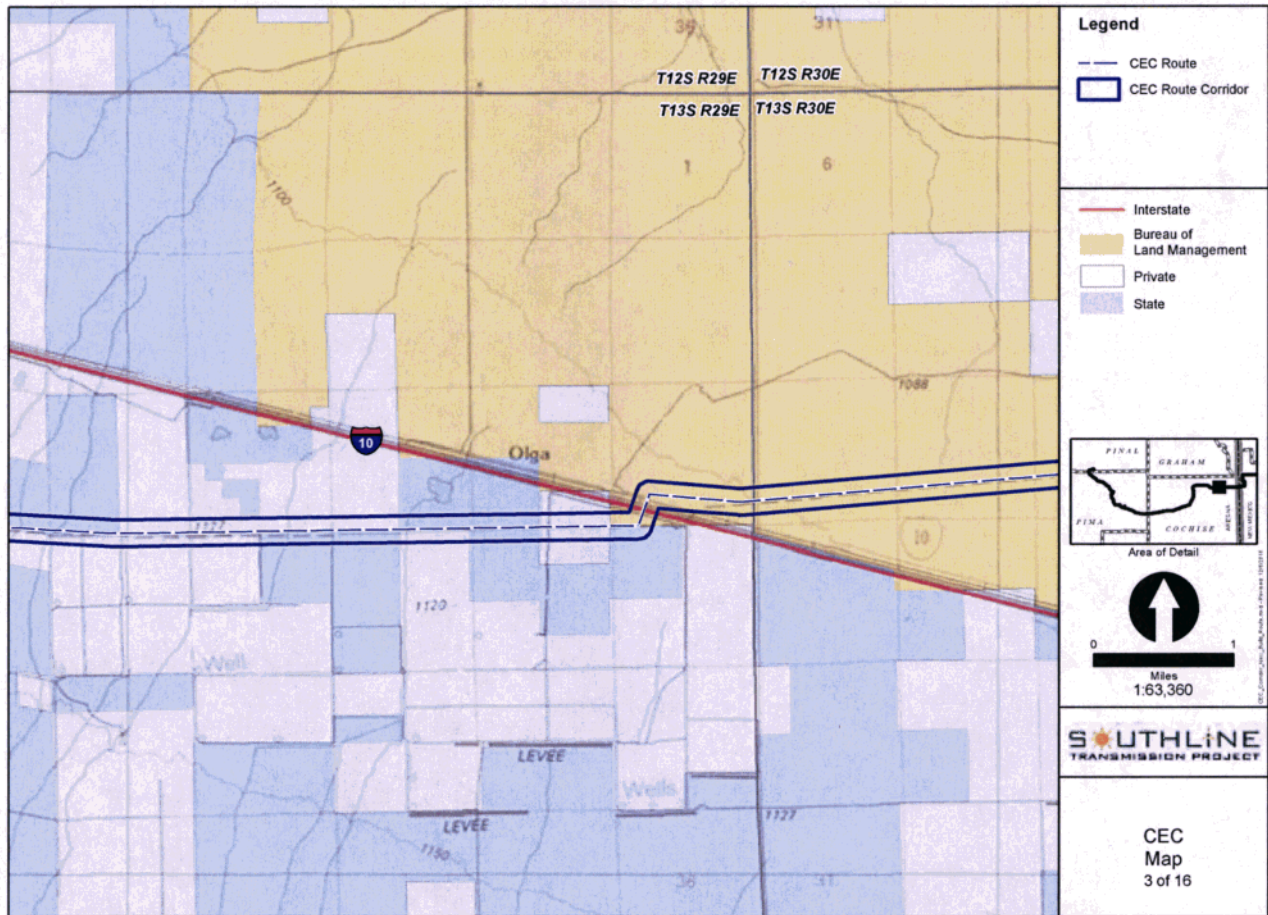
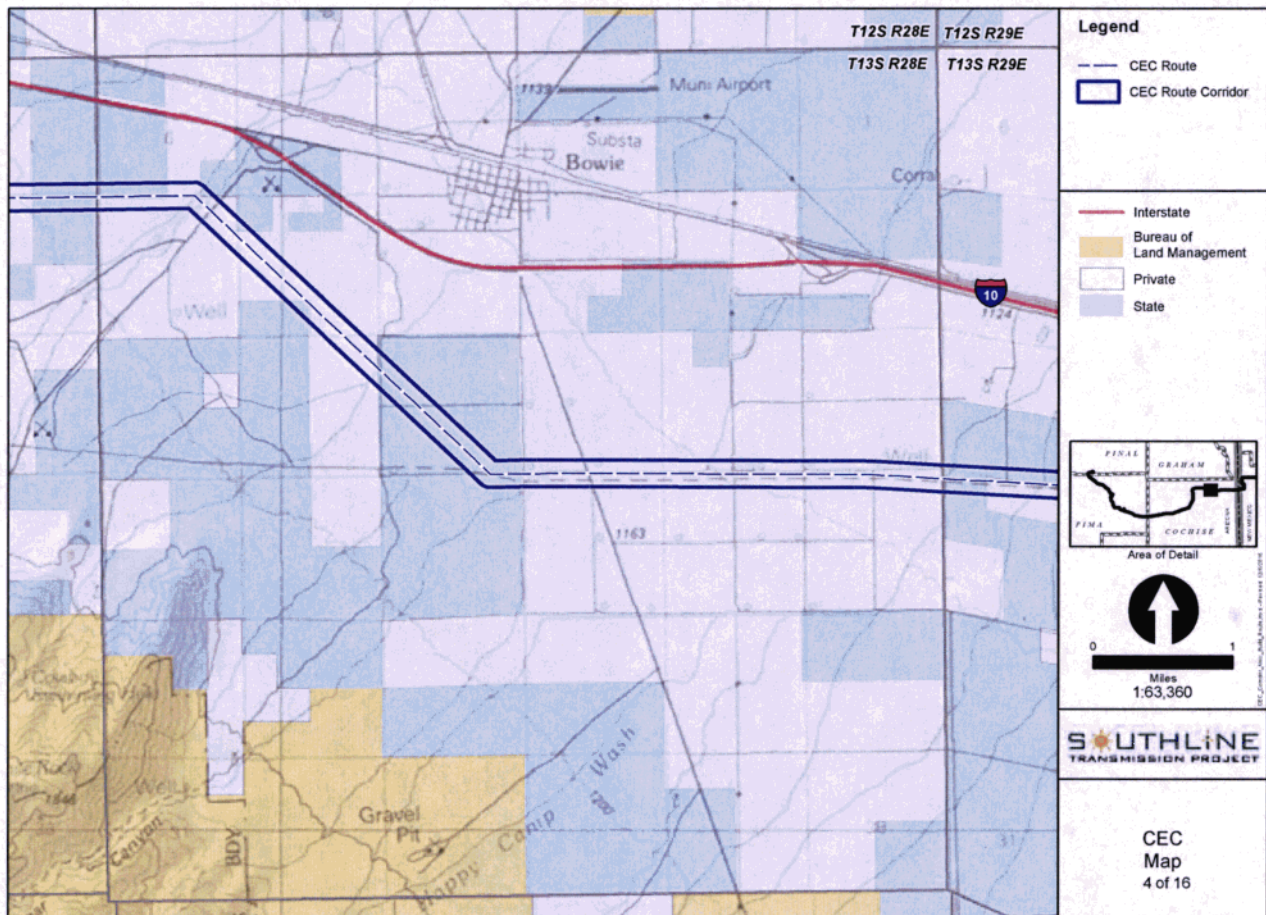
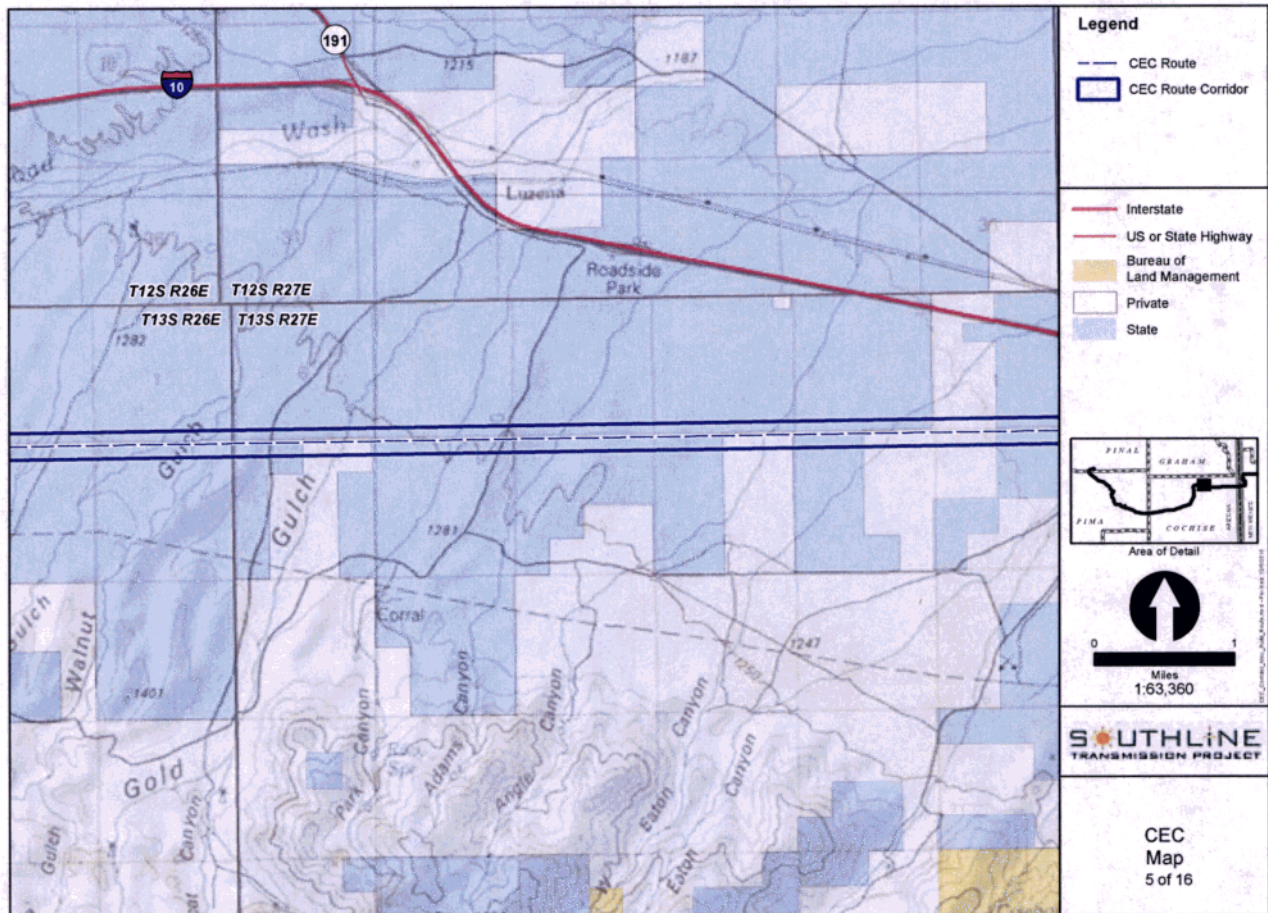
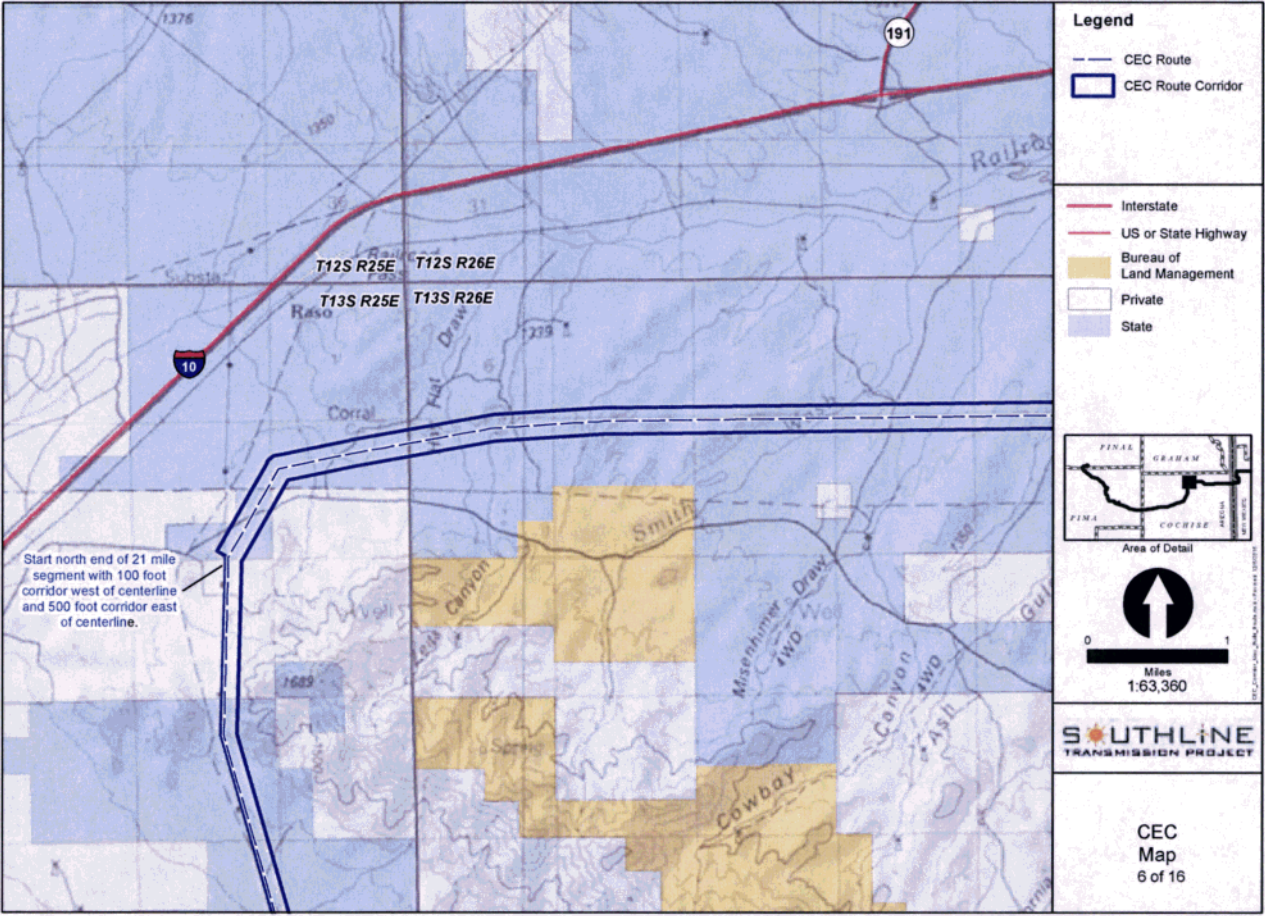
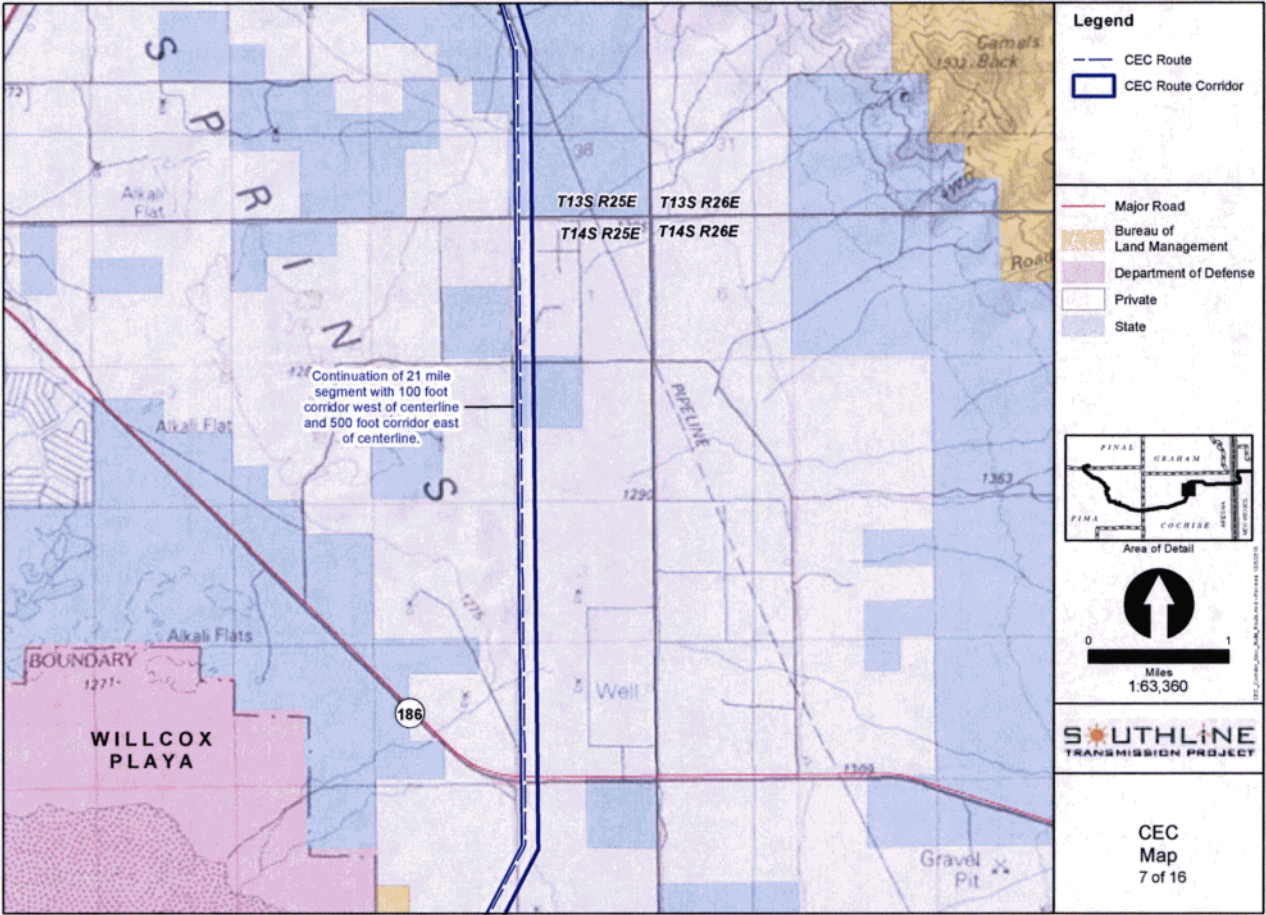


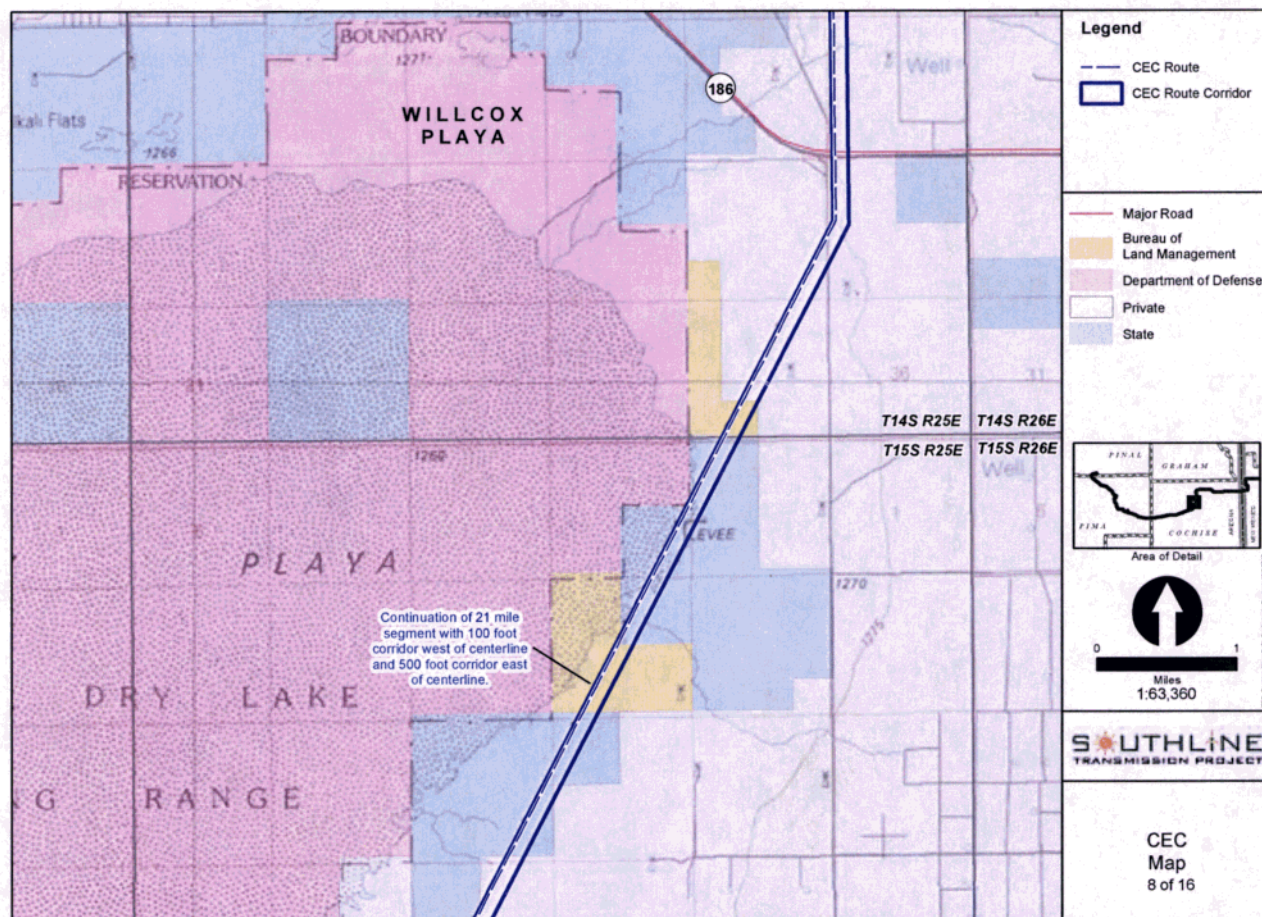
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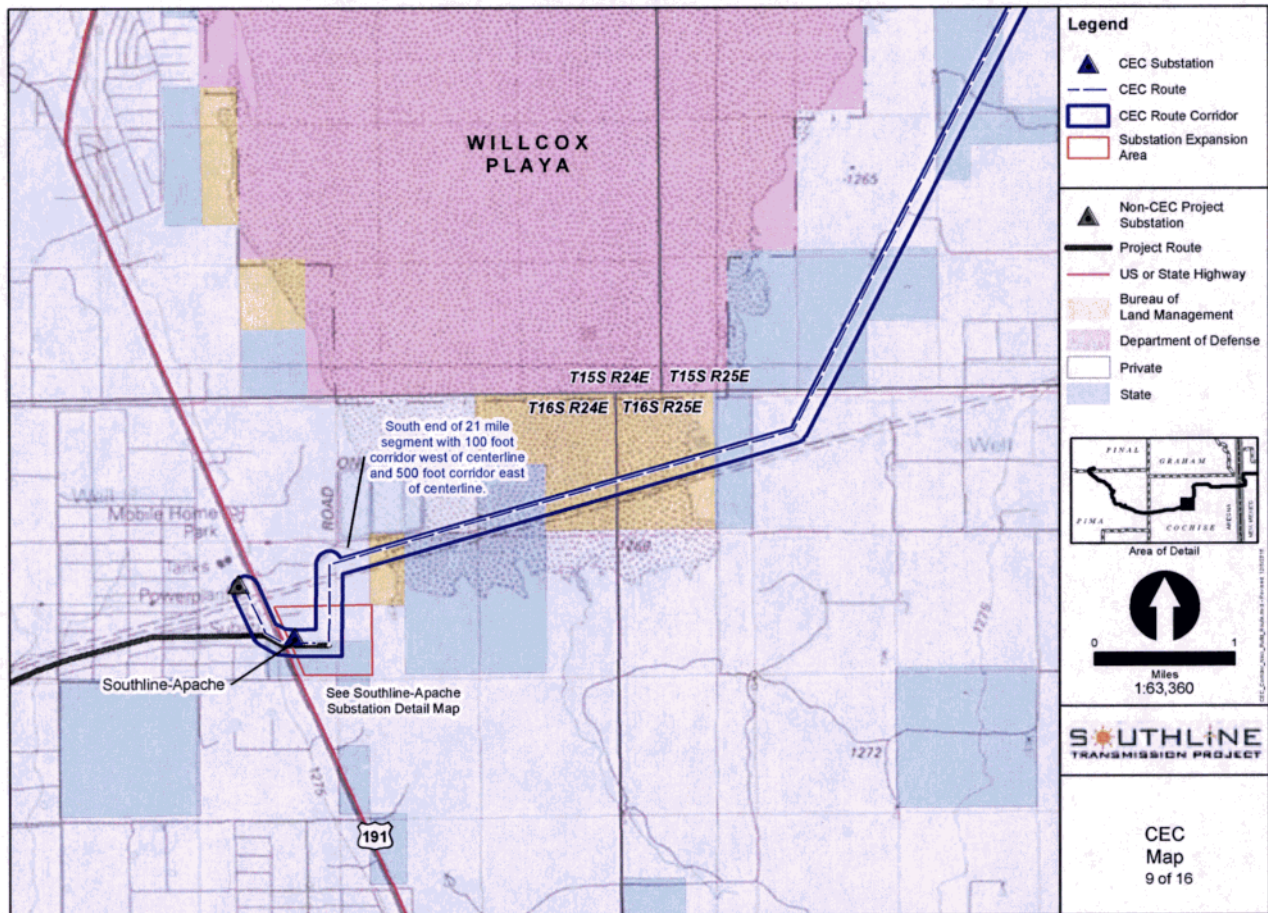


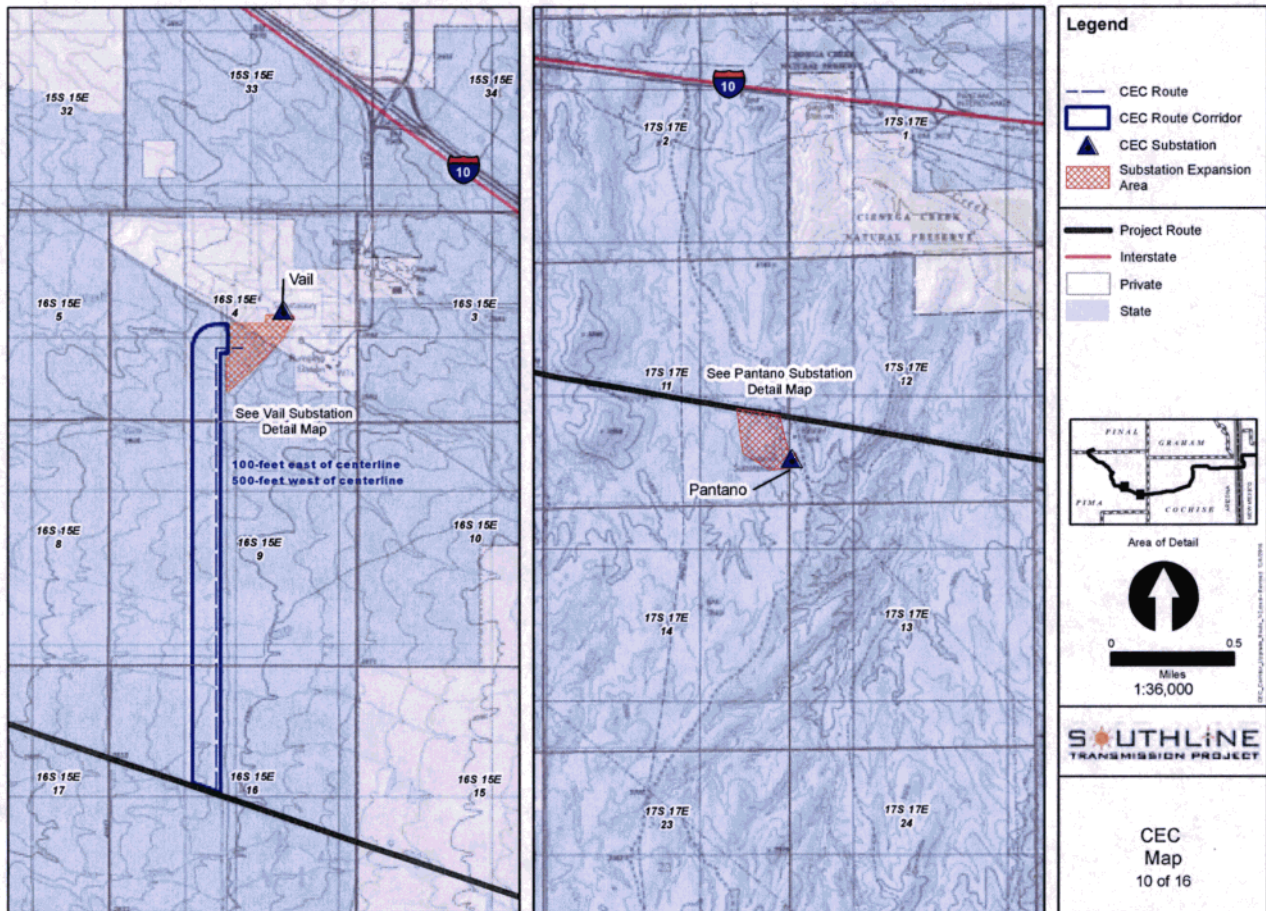


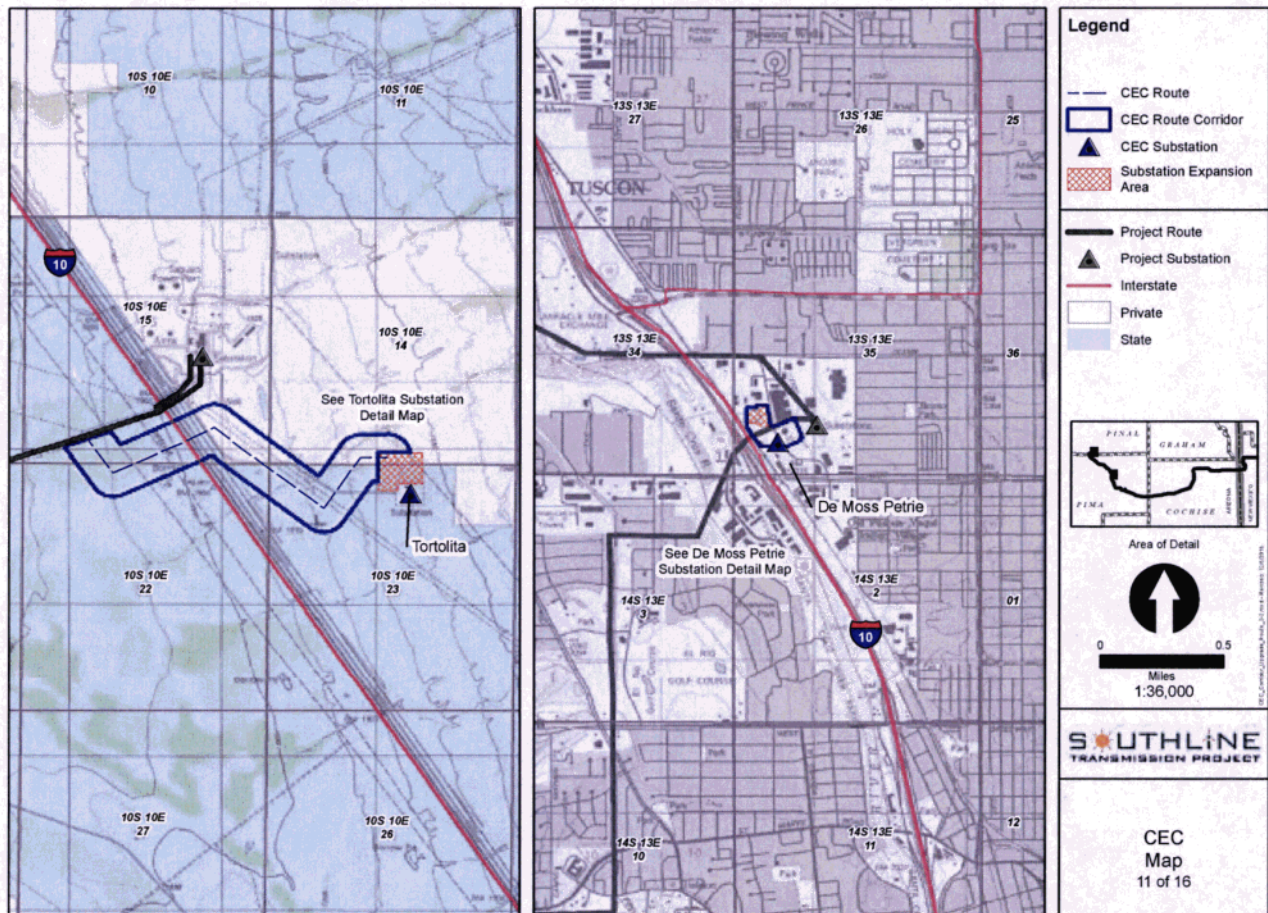


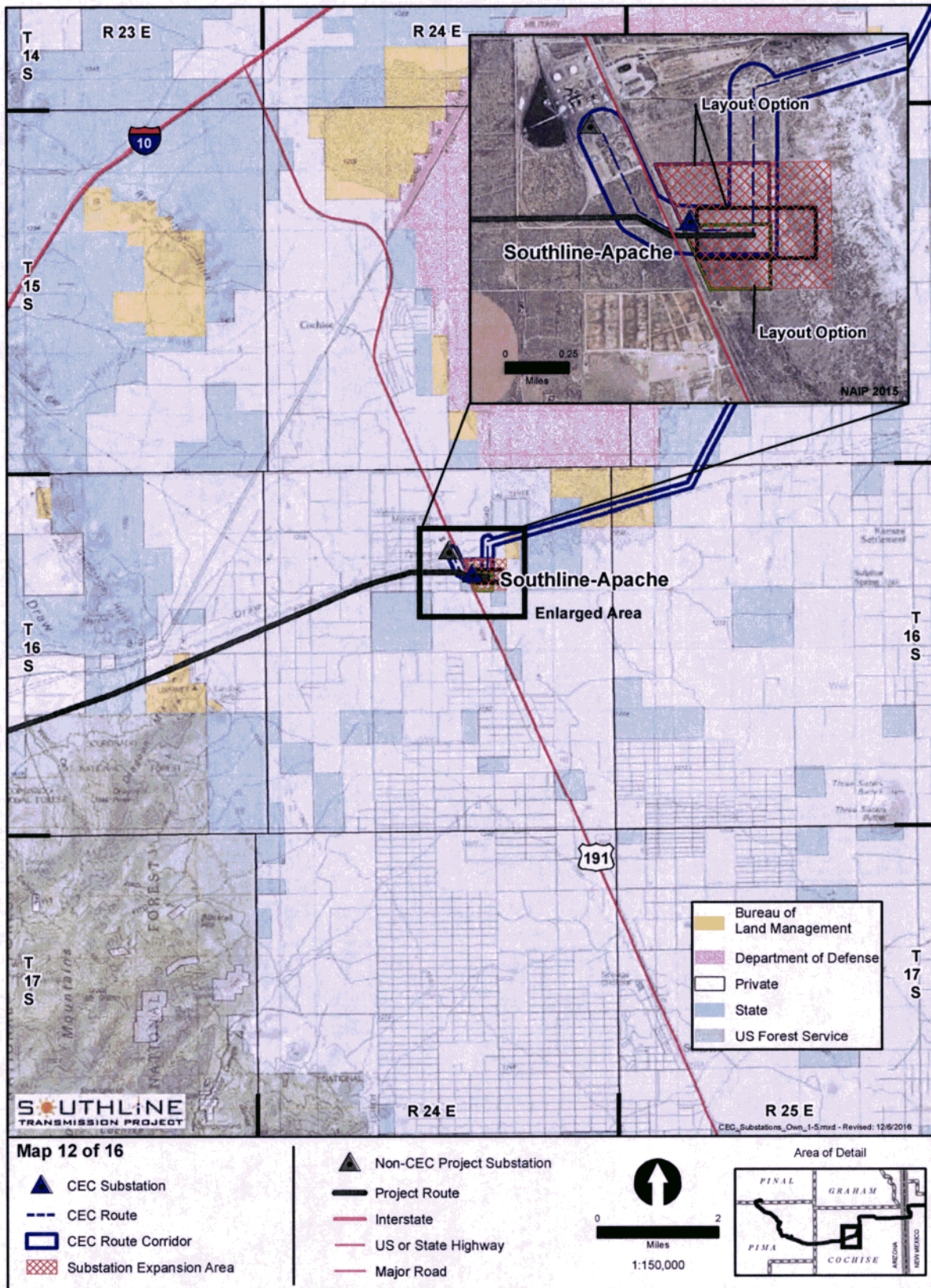


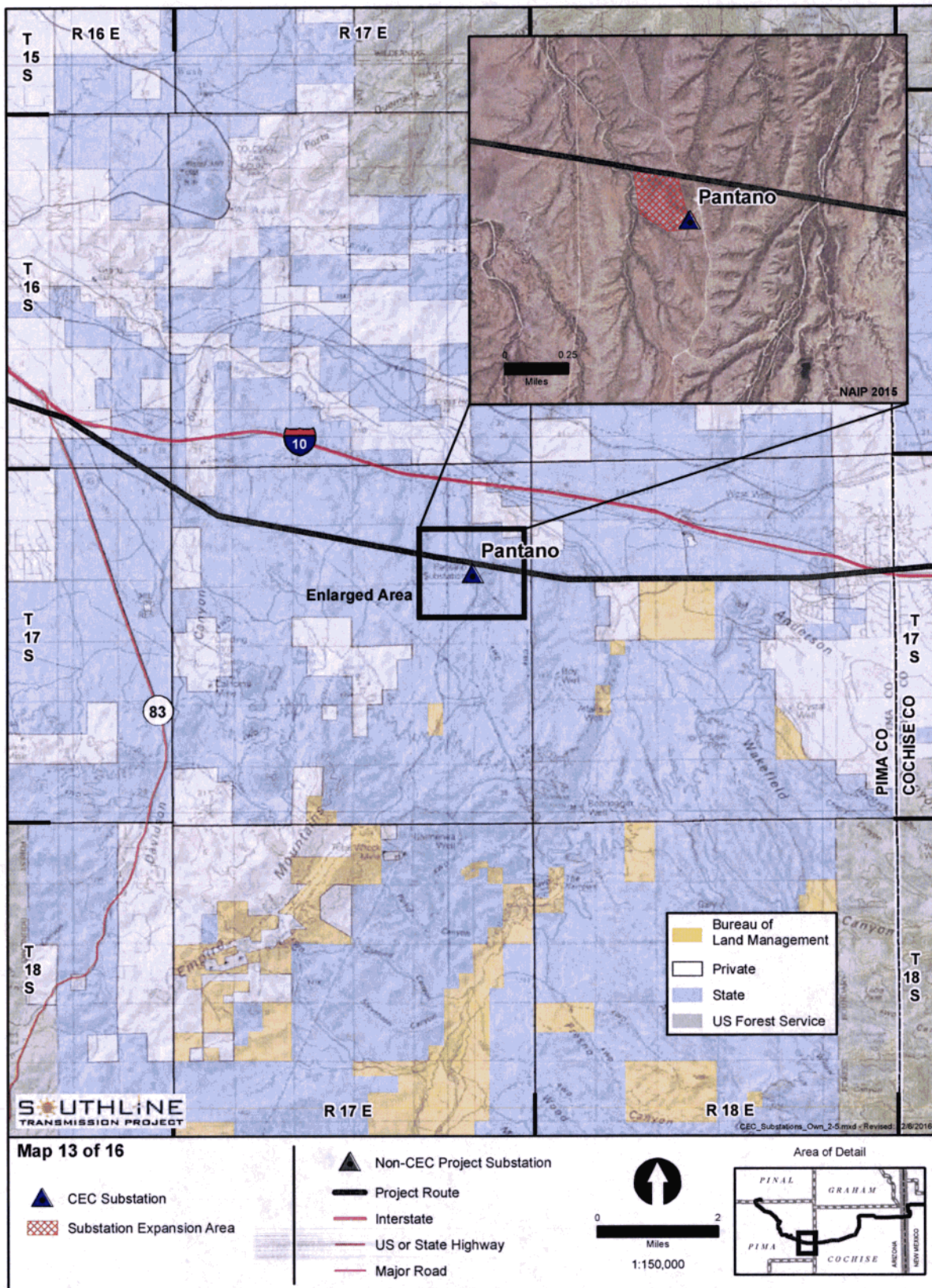


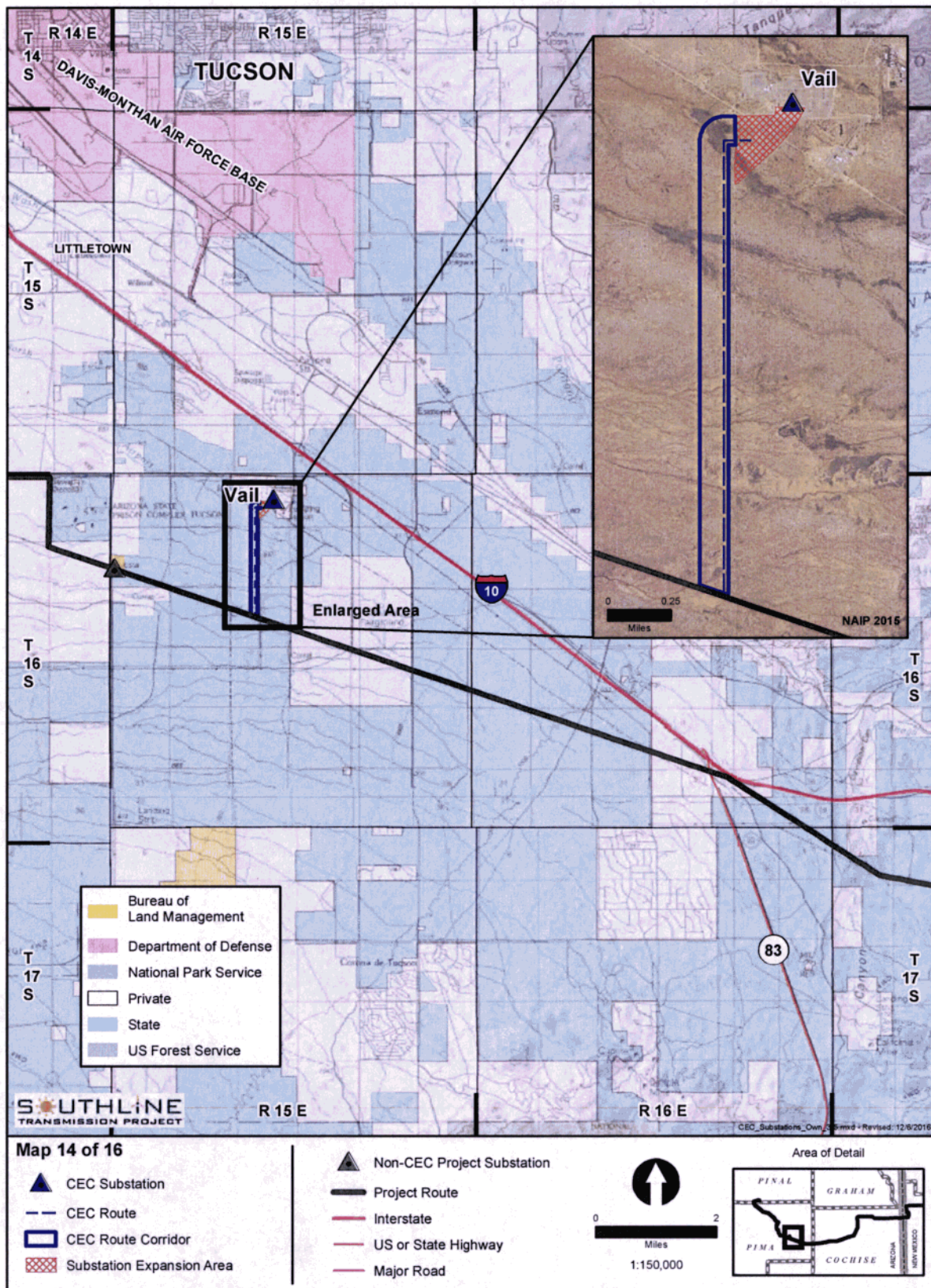


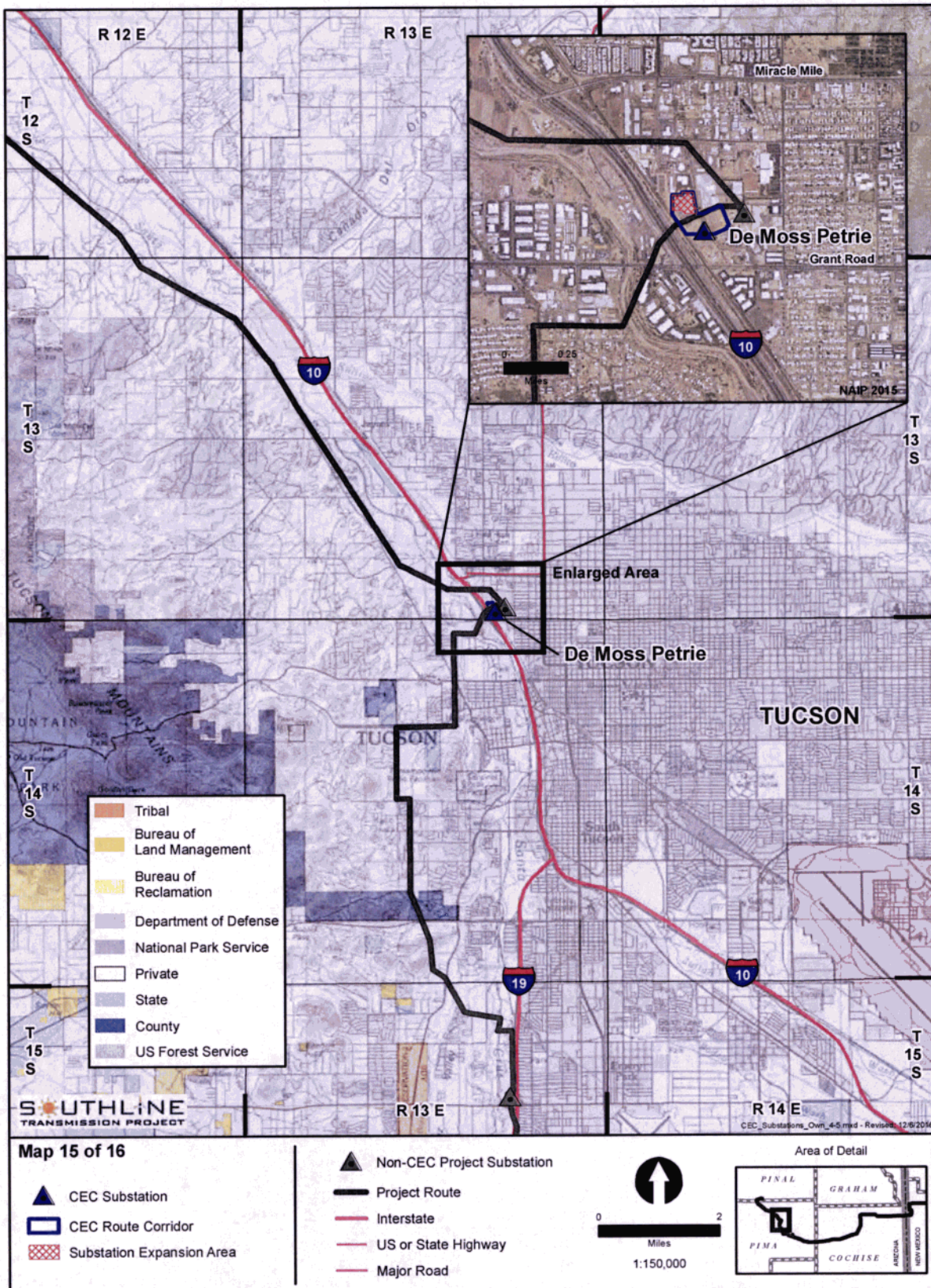












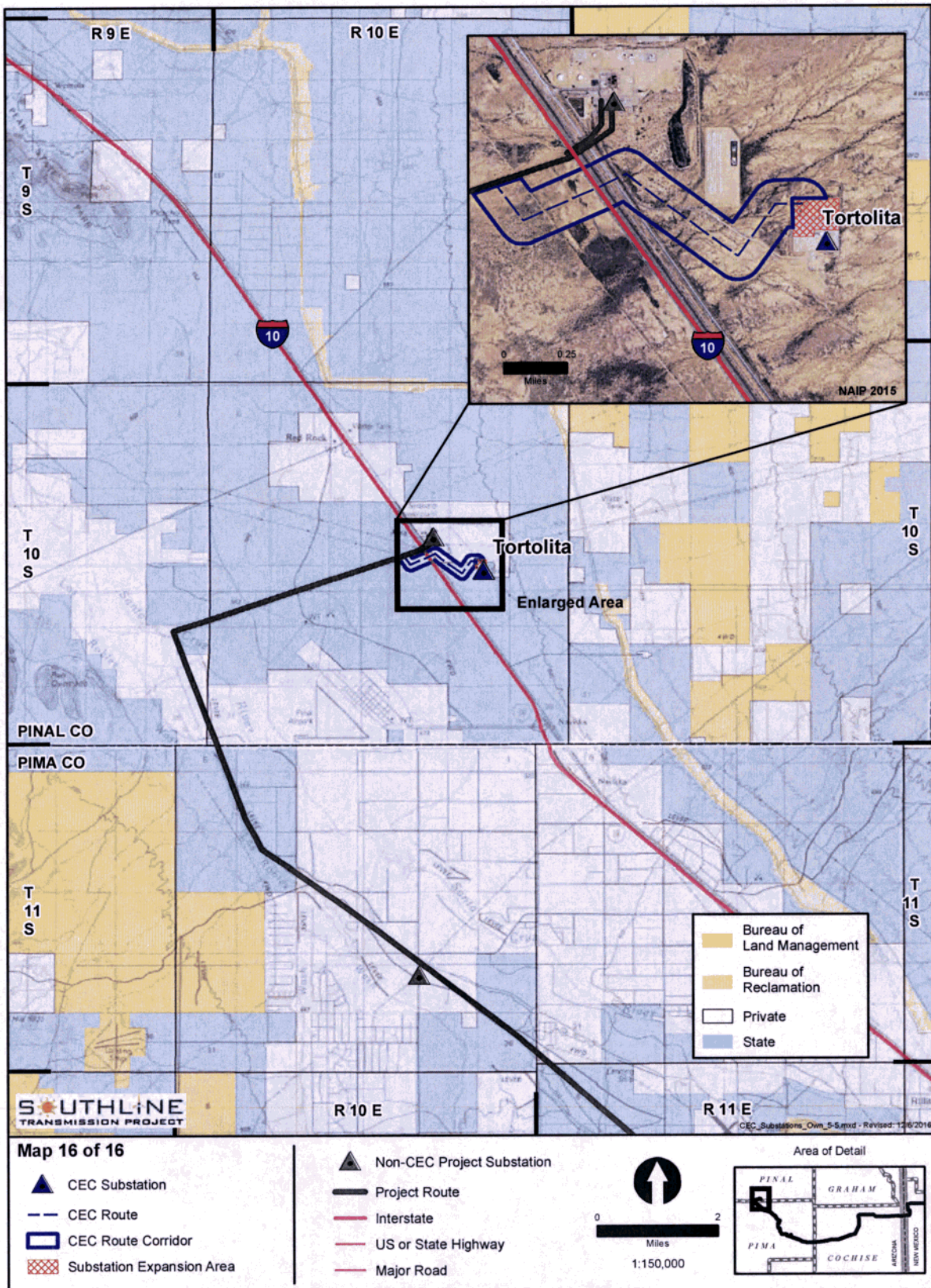


EXHIBIT B

Crane Lake MOA with AGFD & Crane Lake Schematic

MEMORANDUM OF AGREEMENT
BETWEEN THE ARIZONA GAME AND FISH COMMISSION
AND SOUTHLINE TRANSMISSION L.L.C.

This Memorandum of Agreement (MOA) is entered into between the Arizona Game and Fish Commission ("Commission") and Southline Transmission, L.L.C. ("Southline") (collectively "Parties" and singularly "Party").

WHEREAS, the Commission is authorized to enter into this MOA pursuant A.R.S. § 17-231(B)(7);

WHEREAS, the Commission has statewide responsibility for wildlife management;

WHEREAS, the Arizona Game and Fish Department ("Department") acts under the authority of the Commission;

WHEREAS, Southline is developing the Southline Transmission Project, a proposed transmission line designed to collect and transmit electricity across southern New Mexico and southern Arizona which would enable the bidirectional use of power both west and east along its route, relieve congestion, strengthen the existing electrical system, and improve transmission access for local renewable and other energy sources;

WHEREAS, the Commission owns the Willcox Playa Wildlife Area (WPWA) as identified in Exhibit A through special warranty deed recorded December 18, 1969; Land Patent docketed as Patent No. 02-72-0039 on December 15, 1971 pursuant to the Recreation and Public Purposes ("R&PP") Act of June 14, 1926 ("R&PP Patent"), and a Right of Way Lease No. 16-26101 issued by the State Land Department July 26, 1977;

WHEREAS, Southline, proposes to install a section of the 345-kilovolt (kV) double-circuit electric transmission lines on a single set of structures ("Southline Transmission Project" or "Project") across the R&PP patented portion of the WPWA in the vicinity of Crane Lake;

WHEREAS, the Commission believes the placement of the Project will cause adverse impacts to wildlife and habitat in Arizona;

WHEREAS, mitigation measures to be implemented by Southline for federally-protected species and habitat are identified within the Bureau of Land Management and Western Area Power Administration Southline Transmission Project Final Environmental Impact Statement (FEIS) and Record of Decision (ROD);

WHEREAS, the Parties commit to implementing the plans, deliverables, activities and funding identified in the attached work plan, attached as Exhibit B to this MOA (the "Work Plan") to further enhance state trust wildlife species and habitat as compensation for identified impacts from the Southline Transmission Line Project.

NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS:

- I. The Commission agrees to:

A. Secure the written consent of the Secretary of the Interior or his delegate to the Commission's grant of a license to Southline to construct and maintain a portion of the Project on and across the R&PP Patent portion of the WPWA.

B. Grant to Southline, subject to all existing easements, rights-of-way, restrictions, conditions, covenants and liabilities as may appear of record, a non-exclusive Right-of-Way License, with Terms and Conditions to be set forth in a Work Plan as an exhibit to the License, and a License to construct and maintain the Project on and across the R&PP Patent portion of the WPWA for a term of not less than 50 years.

C. Authorize Southline to conduct limited vegetation management on the R&PP Patent portion of the WPWA consistent with good utility practice and all applicable Federal Energy Regulatory Commission, Western Electric Coordinating Council, and North American Electric Reliability Corporation requirements.

D. Secure any necessary special land use permits or other authorizations from the State Land Department as necessary to implement the Work Plan.

E. Work cooperatively with Southline in developing and implementing the Work Plan.

F. Coordinate any media inquiries or press statements regarding the activities contained in the Work Plan with Southline.

II. Southline agrees to:

A. Work with the Department to develop a final Work Plan. The final Work Plan shall be attached as an exhibit to the license issued by the Commission to Southline.

B. Fully fund and implement the Work Plan in accordance with its terms and conditions, including the construction of a comparable replacement lake for migratory cranes, and other elements described in the attached Work Plan. Completion of construction of the replacement lake will take place prior to the decommissioning of the existing lake, and as a condition precedent to commencement of construction of transmission line facilities on the R&PP portion of the WPWA.

C. Fund projected operation and maintenance of all constructed improvements for the 50-year term of the license as set forth in the final Work Plan.

D. Comply with all Arizona laws protecting archeological, paleontological, and cultural resources as directed by the Department's Cultural Resources Compliance Manager. All reasonably and necessary costs of cultural compliance, including costs of surveying, identification and protection of cultural resources, including the Department's costs of review and oversight, shall be the responsibility of Southline as defined in the final Work Plan.

E. Seek review of all plans, specifications and on-site construction by the Department's

Development Branch Engineering Section. Review shall be conducted to determine compliance with state laws, standard specifications, applicable building codes, local ordinances and federal guidelines such as the Americans with Disabilities Act. The Department's review shall not supersede or conflict with federally-mandated requirements applicable to the construction or operation of interstate transmission line facilities. With the exception of the Project facilities (including tower, conductors and any related equipment), which shall remain the property of Southline, all improvements placed or affixed upon the Special Warranty deed portion of the WPWA shall become the property of the Commission.

F. Comply with all applicable federal, state, and local environmental laws during the term of the license.

G. Obtain the prior written permission of the Arizona Commission of Agriculture and Horticulture for the removal of any plants protected by the Arizona Native Plant Law.

H. Assume liability for all injury, loss, or damage, including fire suppression, prevention and control of invasive species, releases or threatened releases of hazardous materials, pollutants or contaminants or other costs arising directly out of the construction and operation of the Project on the WPWA, during the term of the license.

I. Procure and maintain in full force and effect for the duration of the license commercial general liability, business automobile liability, and Workers' Compensation and Employers' liability insurance for the construction and operation of the Project as reasonably directed by the Arizona Department of Administration, Risk Management Division.

J. Indemnify, save and hold harmless the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees (hereinafter referred to as "Indemnitee") from and against any and all claims, actions, liabilities, damages, losses, or expenses for bodily injury or personal injury or loss or damage to tangible or intangible property of the Commission caused, or alleged to be caused directly by the negligent or willful acts or omissions of Southline or any of its owners, officers, directors, agents, employees, contractors subcontractors, heirs, successors and assigns.

K. Furnish a surety bond or other form of financial assurance in a form acceptable to the Department to ensure performance of any long-term obligation of the Southline as identified by the Department. The nature of the surety bond or other form of financial assurance will be defined in the final Work Plan.

L. The requirements described in this Section II shall be more fully described as Terms and Conditions in the Right-of-Way license issued to Southline.

III. The Parties mutually agree:

A. The License shall be binding and enforceable upon Southline and its heirs, successors, and assigns. Any change in ownership or corporate or other legal status of Southline including, but not limited to, any transfer of assets or real or personal property shall in no way alter Southline's responsibilities under the License. The laws of the State of Arizona will govern its enforcement and interpretation. Venue shall be Maricopa County, State of Arizona.

B. The Work Plan in draft or final form shall be submitted to the Bureau of Land Management as determined necessary to facilitate the Southline Transmission Project Record of Decision (ROD), and made a term and condition of BLM's Right-of-Way grant to Southline Transmission, LLC.

C. The Work Plan shall be submitted to the Arizona Line Siting Committee as the joint recommendation of the Parties as conditions to a Certificate of Environmental Compatibility to be issued by the Arizona Corporation Commission, as required. In the event the Department is required to intervene as a party to the proceedings before the Arizona Line Siting Committee, the Department's legal costs, not to exceed the sum of \$5000 shall be assumed by Southline.

D. To cooperate with each other to ensure the successful implementation of the agreed-upon responsibilities as set forth in this MOA.

E. Effective Date and Duration. This MOA is effective as of the last signature date and expires upon the date of issuance of a Right-of-Way licensee to Southline or unless mutually agreed to terminate in writing by both parties..

F. All terms of this MOA are contingent upon Southline obtaining all necessary federal, state and local permits, licenses, agreements for the construction of the Project and actually constructing the Project on the WPWA.

G. Termination for Conflict of Interest. This MOA is subject to termination pursuant to A.R.S. § 38-511.

H. Notices. All written notices concerning this MOA shall be delivered in person or sent by certified mail, return receipt requested, to the Parties as follows:

1. For the Commission:

Joyce Francis
5000 W Carefree Highway
Phoenix, Arizona 85086
jfrancis@azgfd.gov

2. For Southline :

Enrique J. Marroquin
1900 North Akard Street
Dallas, TX 75201
emarroquin@huntpower.com

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date below:

SOUTHLINE TRANSMISSION, L.L.C.

Enrique J. Marroquin
Sr. Vice President, Southline Transmission, L.L.C.

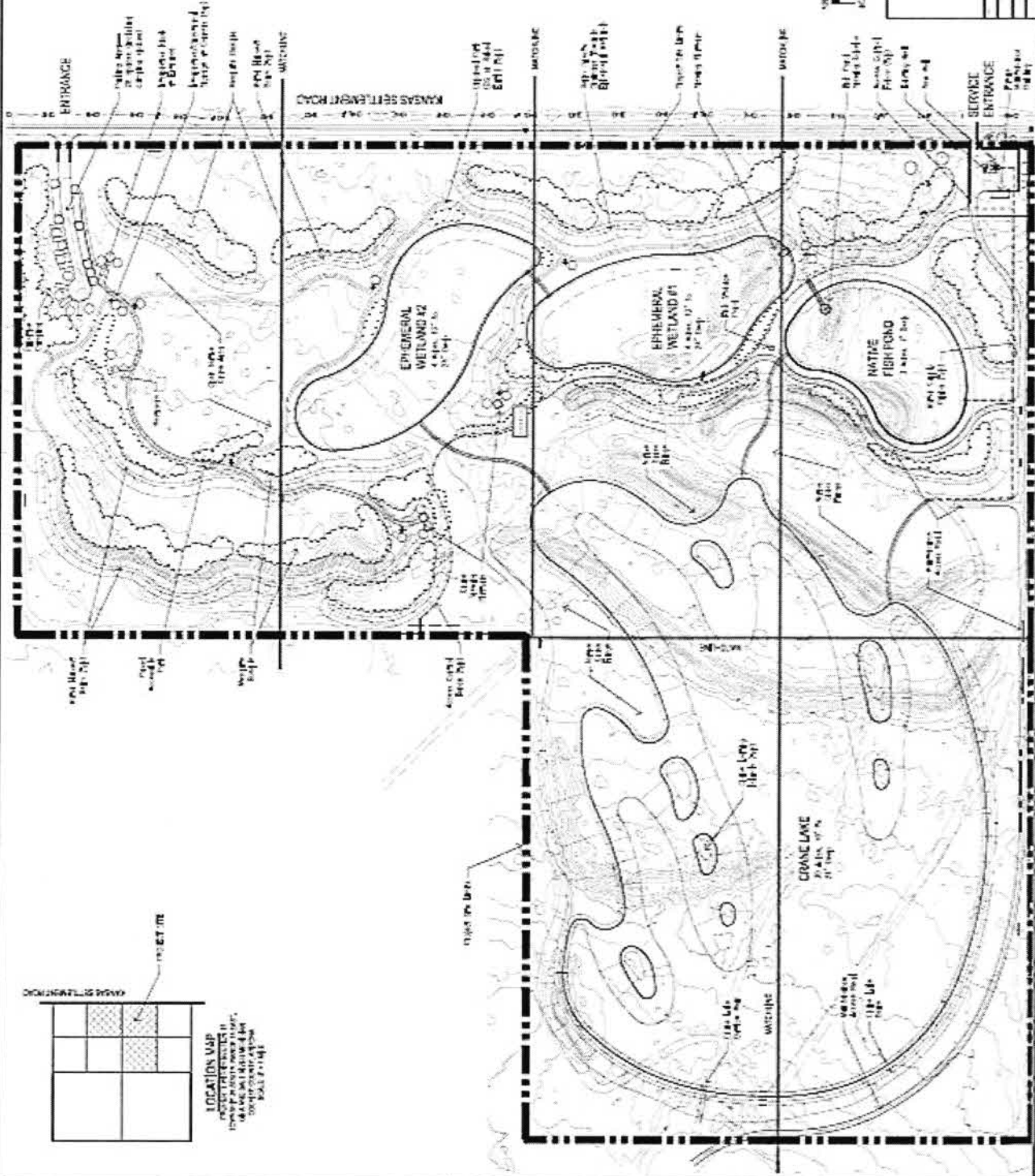
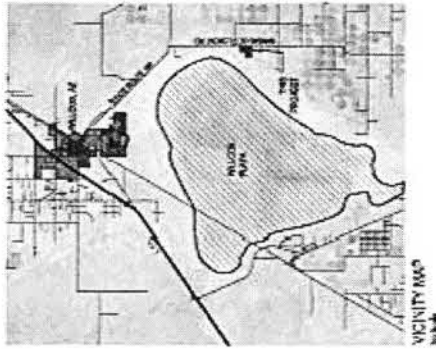
Date

ARIZONA GAME AND FISH COMMISSION

Larry D. Voyles
Secretary to the Commission
Director, Arizona Game and Fish Department

Date

CRANE LAKE RELOCATION PROJECT WILCOX, ARIZONA



SHEET INDEX

Sheet No.	Sheet Title
1	CRANE LAKE RELOCATION PROJECT COVER PLAN
2	CRANE LAKE RELOCATION PROJECT SITE PLAN
3	CRANE LAKE RELOCATION PROJECT SITE PLAN
4	CRANE LAKE RELOCATION PROJECT SITE PLAN
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CRANE LAKE RELOCATION COVER PLAN

Sheet No.	Sheet Title	Scale	Date	Author	Checker	Reviewer	Approval
1	CRANE LAKE RELOCATION PROJECT COVER PLAN	1" = 8'	10/1/01	J. Smith	J. Smith	J. Smith	J. Smith

Exhibit STL-26

December 22, 2016

Re: In the Matter of the Application of Southline Transmission, L.L.C., Case No. 173
L-00000AAA-16-0370-00173

CONCURRENCE BY CHAIRMAN THOMAS K. CHENAL

Pursuant to R14-3-213(D), Arizona Administrative Code, I set forth my concurrence with the decision of the Arizona Power Plant and Transmission Line Siting Committee ("Committee") to issue a Certificate of Environmental Compatibility ("CEC") signed this date and filed with docket control at the Arizona Corporation Commission ("ACC") in the above-referenced matter involving the application of Southline Transmission, L.L.C. ("Southline"). I agree with the decision to grant the CEC but believe the ACC should consider adding a condition requiring Southline to include in any lease of its ownership interests and associated capacity rights in the Southline project a provision that the lessee agree to comply with the requirements of the CEC and its conditions. My reasons follow.

A hearing was held on Southline's application in Tucson from November 29 through December 2, 2016 and resumed in Willcox from December 7 through December 9, 2016. The Southline project includes the construction and operation of an approximately 370-mile electric transmission line and associated facilities in southern New Mexico and Arizona. It includes two sections: (i) a new approximately 249-mile double-circuit 345-kilovolt ("kV") transmission line and associated facilities beginning in Doña Ana County, New Mexico and traveling west into Cochise County, Arizona (the "New Build Section"); and (ii) the upgrade of approximately 121 miles of two existing Western Area Power Administration ("WAPA") 115-kV line segments to double-circuit 230-kV line segments located in Cochise, Pima, and Pinal Counties, and the City of Tucson, Arizona, and short segments of new transmission lines and associated facilities needed to interconnect the upgraded WAPA lines to existing substations (the "Upgrade Section"). Only approximately 67 miles of the New Build Section and approximately 5 miles of the Upgrade Section were the subject of the application.

The pleadings and the evidence presented at the hearing make it clear that after construction of the project, Southline will execute a long-term lease of all of its ownership interests and associated capacity rights in the Project to SU FERC, LLC ("SU FERC"). (Southline Transmission's Legal Memorandum on Southline Transmission as the CEC Applicant ("Southline Memorandum") at 6.) After entering into the lease, Southline will have no operational control over any facilities or services; SU FERC will have the exclusive right to use the facilities as well as responsibility for operation and maintenance of the new build section and compliance with all regulatory and reliability requirements. (Memorandum Outlining Legal Issues and Analysis of Issues filed by intervenor The Irrigation & Electrical Districts' Association of Arizona ("IEDA Memorandum") at 3.) Southline will then act as a passive investor:

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Southline Transmission will construct the portions of the Project not owned by the Western Area Power Administration ("WAPA") and would lease those transmission facilities to SU FERC, which would operate the facilities. Applicants explained that Southline Transmission would not control capacity reservations on or transmission service over the Southline Project but would function as a passive investor and transmission project developer.

(Southline Memorandum at 2-3 (emphasis added).)

During the afternoon of the last day of hearing while the Committee was approving conditions and voting on the CEC, intervenor Mountain View Ranch Development Joint Venture, LLC ("Mountain View Ranch") hand-delivered its 2nd Supplemental Filing by Mountain View Ranch re: Certificate Conditions wherein it requested that the Committee consider adding Supplemental Condition Request #20, as follows:

The Certificate Conditions shall be binding on affiliates, successors, assigns, transferees, agents, contractors, and lessees of Applicant. Applicant shall provide in any agreement(s) or leases pertaining to the Project that the contracting parties and/or lessee(s) shall be responsible for compliance with the Conditions set forth herein, and Applicant's responsibilities with respect to compliance with the such Conditions shall not cease or be abated by reason of the fact the Applicant is not in control of or responsible for operation and maintenance of the Project facilities.

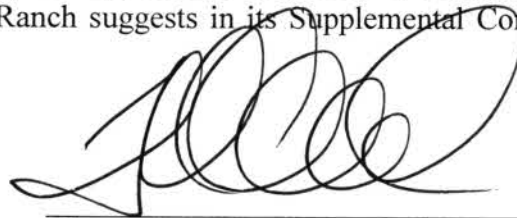
Supplemental Condition Request #20 would require Southline to include in its lease with SU FERC a provision that SU FERC would agree to comply with the CEC and its conditions. While Supplemental Condition Request #20 was discussed during the afternoon of the final day of hearing on December 7, 2016, certain Committee members had concerns about approving such a condition. (See Southline Hr'g Tr., Vol. VII, at 1184-97.) Some members expressed concern that it was too late in the proceedings to consider such a condition, others believed that maybe an opinion from Commission staff was required, and others believed that leases were covered by other conditions in the CEC, among other legitimate concerns expressed.

I believe nevertheless that the ACC should consider adding a condition requiring Southline to include in any lease with SU FERC or other entity that the lessee must agree to comply with the CEC and all conditions contained therein. My concern is that unless the lessee expressly agrees to comply with the CEC and its conditions, the lessee may not legally have an obligation to do so and the only recourse by a landowner will be against Southline, at that point a passive investor with no ongoing operational control over the facilities. Condition 5 of the CEC requires, among other things, that Southline prepare a Plan of Development outlining and detailing relevant design, construction, mitigation, restoration and compliance requirements, which Southline agrees to follow for the entirety of the CEC route in Arizona. Many of the environmental protection measures are detailed in Exhibit STL-30. It is important that the CEC and its

conditions legally apply to those entities which have operational control of the facilities in the future.

For that reason, Condition 29 of the CEC provides that any transfer or assignment of this Certificate shall require the assignee or successor to assume in writing all responsibilities of Applicant listed in the Certificate and its conditions. While this condition is applicable in cases where the CEC is assigned and transferred, it is not clear that such condition will apply to a lease. Black's Law Dictionary defines transfer in part as follows: "[t]he passing of a thing or of property from one person to another; alienation; conveyance." Black's Law Dictionary defines assignment in part, as follows: "[i]n contracts. 1. The act by which one person transfers to another, or causes to vest in that other, the whole of the right, interest or property which he has in any realty or personalty, in possession or in action, or any share, interest, or subsidiary estate therein." However, a lease is defined in Black's Law Dictionary, in part, as follows: "[a] conveyance of any lands or tenements, (usually in consideration of rent or other annual recompense,) made for life, years, or at will, but always for a less time than the lessor has in the premises; for, if be for the whole interest, it is more properly an assignment than a lease." A transfer or an assignment is fundamentally different than a lease, for in the former all interest is conveyed whereas under a lease, some interest is retained by the lessor. A cardinal rule of construction of language in contracts and statutes is "expressio unius est exclusion alterius," the expression of one thing is the exclusion of another. A court could easily conclude that if a lease were intended to be included under Condition 29 of the CEC, it would have been included. At best, it is a question for a court to decide whether the lease to SU FERC would trigger Condition 29 of the CEC which applies to transfers or assignments, but does not expressly apply to leases. Any uncertainty could be avoided by adding a condition addressing the issue.

Given the impact of this project and the certainty that the long term operation and maintenance of the Project including regulatory and reliability requirements will be the responsibility of SU FERC, while Southline will adopt the role of passive investor, and given the substantial legal uncertainty whether Condition 29 regarding transfers or assignments of the CEC would apply to a lease so as to require SU FERC to comply with all conditions of the CEC, I believe it is appropriate for the Commission to consider adding a new condition to the CEC. Such condition would require Southline to include in any lease of its ownership interests and associated capacity rights in the Southline project a provision that the lessee agree to comply with the requirements of the CEC and its conditions. It may be appropriate that such a provision apply to all contractors as well, as Mountain View Ranch suggests in its Supplemental Condition Request #20.



Thomas K. Chenal, Chairman
Arizona Power Plant and Transmission Line Siting
Committee