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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 Arizona Power Plant and Transmission Line Siting
4 Committee, at the OFFICE OF THE ATTORNEY GENERAL, 15
5 South 15th Avenue, First Floor Conference Room, Phoenix,
6 Arizona, commencing at 3:04 p.m. on the 11th of July,
7 2017.

8
9 BEFORE: THOMAS K. CHENAL, Chairman

10 APPEARANCES:

11 For the Applicant Nogales Transmission, L.L.C.:

12 EVERSHEDES SUTHERLAND (US) L.L.P.
13 By Mr. James E. Guy
14 One American Center
15 600 Congress Avenue, Suite 2000
16 Austin, Texas 78701

17 For the Applicant UNS Electric, Inc.:

18 UNS ENERGY CORP.
19 Legal Department
20 By Mr. Marc Jerden, Senior Legal Counsel
21 Ms. Megan DeCorse
22 88 East Broadway Boulevard
23 Tucson, Arizona 85701

24 and

25 SNELL & WILMER, L.L.P.
By Mr. J. Matthew Derstine
One Arizona Center
400 East Van Buren, Suite 1900
Phoenix, Arizona 85004

1 INTERESTED PARTIES:

2 Mr. Matt Virant, Nogales Transmission, L.L.C.
3 Mr. Ed Beck, UNS Electric, Director, Transmission
4 Development
5 Mr. Charles Hains, ACC, Staff Attorney
6 Ms. Naomi Davis, ACC, Staff Attorney
7 Dr. Chukwunonso Emordi, ACC, Staff Engineer
8 Mr. Zachary Branum, ACC, Staff Engineer
9 Mr. Nick Kuntz, ACC, Law Clerk
10 Mr. Patrick McDermott, ACC, Law Clerk
11 Mr. Kevin Hecht, US Border Patrol, via
12 teleconference
13 Mr. Fred Moreno, US Border Patrol, via
14 teleconference
15 Ms. Melissa Pauley, Department of Energy, via
16 teleconference
17 Mr. David Jacobs, Arizona State Land Department, via
18 teleconference
19 Ms. Anna Arci, Arizona Department of Transportation
20 Permit, via teleconference
21 Ms. Kristin Terpening, Arizona Game & Fish
22 Department, via teleconference
23 Ms. Lisa Romeo, Assistant to Chairman Chenal
24 Ms. Yvonne Rossmell, Assistant to Chairman Chenal
25

1 CHMN. CHENAL: I am Tom Chenal. This is the
2 time set for the hearing, the prefiling hearing on the
3 Nogales Transmission -- I will say that for short --
4 application.

5 I thought the first thing we should do is to go
6 around and have introductions. Let's start with the
7 people in the room, and then we will finish with the
8 people on the phone.

9 So, Mr. Guy, if we start with you and we go
10 around counterclockwise around the table.

11 MR. GUY: Sure. My name is James Guy. I am an
12 attorney with Eversheds Sutherland representing Nogales
13 Transmission, the applicant.

14 MR. VIRANT: Matt Virant on behalf of Nogales
15 Transmission.

16 MR. HAINS: Charles Hains, Staff attorney with
17 the Arizona Corporation Commission.

18 MR. JERDEN: Marc Jerden, senior legal counsel
19 UNS Energy.

20 MR. DERSTINE: Matt Derstine, Snell & Wilmer,
21 representing UNS.

22 MR. BECK: Ed Beck, Director of Transmission for
23 TEP and UNS Electric.

24 CHMN. CHENAL: Let's start over --

25 MR. KUNTZ: Sure. I'm Nick Kuntz, clerk with

1 the Arizona Corporation Commission.

2 MR. McDERMOTT: I'm Patrick McDermott. I am
3 also a law clerk for the Arizona Corporation Commission.

4 DR. EMORDI: Dr. Emordi, engineer assigned to
5 this docket with the ACC.

6 MR. BRANUM: Zach Branum with Commission Staff,
7 Corporation Commission.

8 CHMN. CHENAL: Lisa.

9 MS. ROMEO: Lisa Romeo, assistant to the
10 Chairman.

11 MS. DAVIS: Naomi Davis, attorney with the
12 Corporation Commission.

13 MS. DeCORSE: Megan DeCorse, attorney for Tucson
14 Electric.

15 MS. ROSSMELL: The Attorney's General Office.

16 CHMN. CHENAL: And may we have appearances on
17 the phone, please.

18 MR. JACOBS: This is David Jacobs. I am an
19 Assistant Attorney General for the State of Arizona
20 representing the State Land Department.

21 MS. PAULEY: Hi. This is Melissa -- sorry.
22 This is Melissa Pauley with the U.S. Department of
23 Energy.

24 MR. HECHT: Kevin Hecht, U.S. Border Patrol,
25 Nogales station.

1 MR. MORENO: Fred Moreno, Tucson Sector Border
2 Patrol.

3 CHMN. CHENAL: Anybody else?

4 MS. ARCI: This Anna Arci with the Arizona
5 Department of Transportation permit.

6 MS. TERPENING: Kristin Terpening, Arizona Game
7 & Fish Department, Tucson.

8 CHMN. CHENAL: Anybody else?

9 (No response.)

10 CHMN. CHENAL: All right. We met previously on
11 this project. I met with Mr. Guy and Mr. Virant and
12 others on the project and had kind of a brief overview.
13 And I am happy to see it is going to be filed. And we
14 had some discussions about possible dates for not only
15 the prefiling conference but possible dates for hearing.
16 So let's kind of go through the normal checklist I have
17 here.

18 I want to say on the record as well that Lisa
19 Romeo has been our stalwart, my stalwart assistant for
20 the line siting hearings that I have been involved with.
21 And we are going to be making a rotation from Lisa to
22 Yvonne Rossmell. So they are both here today and there
23 will be a transition period, and this is the transition
24 case. But Lisa has been very good with cooperating on
25 the transition. And Yvonne will be assisting going

1 forward. I was put in a different position in the AG
2 office. I was asked to, and I accepted. So that's
3 required some changes internally. So, anyway.

4 Mr. Guy, why don't we start with you on a brief
5 description of the project. And then I would like to
6 hear if there is going to be any intervenors. But let's
7 start with the project.

8 MR. GUY: Sure. Just from a technical overview
9 perspective, I can think of this as sort of two projects
10 or one project. We are currently, the way we currently
11 describe it is as two projects, if you will. But we
12 plan to file one application. One CEC, two CECs, that's
13 something we may want to discuss how you would like to
14 handle that and how others would like to handle it.

15 So the two projects, as we describe it, the
16 first we call the Nogales interconnection project. The
17 Nogales interconnection project is comprised of,
18 essentially it is going to be a three-mile
19 double-circuit transmission line, 138kV, from an
20 existing, one circuit goes to an existing station, one
21 circuit goes to a different existing station, but
22 essentially from an existing UNS Electric station called
23 Valencia.

24 So on the south side of the map that you are
25 looking at, Chairman, it goes from Valencia about three

1 miles to a new station that we will call the Gateway
2 substation. The Gateway substation will actually be
3 comprised of a piece that's owned by UNSE that connects
4 to the 138kV and then a piece that connects to a 230kV
5 line that then leaves that station and goes south to
6 Mexico, about two miles to the border. And then the
7 Mexican CFE transco will build the line on the Mexican
8 side and connect to an existing station on the south
9 side.

10 So within that Gateway station, you have a
11 two-mile line from the border to the Gateway station.
12 Within the Gateway station there is a back-to-back AC/DC
13 converter. So you do that, from physics from an
14 electric perspective, you have got the grid in Texas, AC
15 is converted to DC, and then it is converted immediately
16 back to AC to then, to transmit the electrons to Mexico,
17 if you will.

18 CHMN. CHENAL: So they are both going to be AC
19 lines.

20 MR. GUY: That's right.

21 CHMN. CHENAL: But for some reasons, which I am
22 sure you know and can explain in technical detail, it
23 goes from AC to DC back to AC.

24 MR. GUY: And that would be a question I would
25 lateral to Mr. Beck. But absolutely, no, exactly. It

1 is an AC line in the U.S. to the Gateway station,
2 converts to DC, converts it and goes back to AC to be in
3 line with the Mexican grid to basically synchronize with
4 the Mexican grid.

5 CHMN. CHENAL: I am dying of curiosity to ask
6 Mr. Beck.

7 What is the purpose of that AC to DC back to AC
8 change?

9 MR. BECK: The phasing of the two systems are
10 slightly offset. While both systems are 60 hertz, the
11 same, basically same electrical equipment on each side
12 of the border, the operation on the north side is just
13 out of synch with what happens down in Mexico. And you
14 can't just plug the two wires together. That would
15 cause a problem. So that's the only purpose of the AC
16 to DC to AC, is just to take care of that phase shift.

17 MR. GUY: And it is designed actually to flow
18 both ways. I may have just said it is flowing south.
19 It will flow both sides.

20 MR. BECK: Bidirectional signal.

21 MR. GUY: That's really what we call, that's one
22 of the projects, is the Nogales interconnection project,
23 which is essentially five miles of transmission line, a
24 new station, three miles, a station, DC converter, two
25 miles of line.

1 And then you skip ahead about 20 or 30 miles, it
2 is a gap, and about 20 or 30 miles north there is an
3 existing UNSE 138kV transmission line that's roughly
4 from the Nogales Tap to Kantor, where the station is.
5 And that line will be upgraded with basically
6 reconductoring some new structures primarily in the same
7 right-of-way, there are some instances where we may need
8 to use new right-of-way, but for the most part it is the
9 same right-of-way and just upgrading that line. And,
10 again, Mr. Beck can tell us why we need to do that
11 upgrade, but essentially it's to support the
12 interconnection project, the south side.

13 CHMN. CHENAL: What is being upgraded? Maybe
14 Mr. Beck can --

15 MR. BECK: The poles and wire, we need larger
16 size wire between Kantor and the Nogales Tap. The wire
17 is too small to carry the load that will be on the
18 system as a result of the interconnection to Mexico.

19 About 150 megawatts of additional use will not
20 flow over the existing wire. So we have to replace the
21 wire, put larger wire. When we do that, the poles out
22 there are insufficient in size to accommodate that wire.
23 As a result, we are going to replace the poles in that
24 stretch also.

25 Just a real quick background, the project, we

1 replaced the southern half of that line 2014 through
2 another CEC case. The northern half wasn't touched in
3 that project because it had been upgraded by the
4 previous owner of those facilities. When TEP took over,
5 we created UniSource Energy, we had the need to upgrade
6 that southern portion and did that, but the northern
7 portion was sufficient for the load at the time. This
8 new interconnection request is what is causing us to
9 have to rebuild that portion of the circuit.

10 MR. GUY: And the southern half is, what is
11 shown on the map, is Kantor to Valencia.

12 MR. BECK: Right. It is the blue portion there.

13 CHMN. CHENAL: Okay.

14 MR. GUY: That's it. So the application is, we
15 are currently planning to file, again, sort of a joint
16 application. Nogales Transmission is one co-applicant,
17 UNS Electric is the other co-applicant for those two
18 distinct but related projects.

19 CHMN. CHENAL: Okay. And just remind me again,
20 who owns or who is going to be responsible for which
21 portion of this joint project?

22 MR. GUY: Right. So UNS Electric will construct
23 and be responsible for the Nogales to Kantor upgrade.
24 And then you may recall I said there was a double
25 circuit from right outside the Valencia station down to

1 Gateway.

2 And, Ed, why don't you describe this, because I
3 know that gets a little complicated down there.

4 MR. BECK: There has been a slight change, I
5 believe, since the first time we talked to you about the
6 project in that reconfigured, how that connectivity will
7 occur down in Nogales.

8 Originally the line that went to Valencia was
9 going to continue to Valencia and then come over to feed
10 Gateway. Now we are going to have the line that did go
11 to Valencia go to Gateway, and then build the new line
12 to go from Gateway to Valencia to make that connection.
13 It is a slight change in the configuration. It is
14 better from a cost standpoint for our customers and our
15 system at the UNSE level. It still serves the same
16 purpose for the project, the interconnection project to
17 Mexico.

18 MR. GUY: So once you get to that Valencia
19 station, UNS Electric is still responsible for getting
20 it to Gateway --

21 MR. BECK: Right.

22 MR. GUY: -- extending the existing line
23 basically to Gateway. But --

24 MR. BECK: Originally the project would have
25 been responsible for the line from Valencia to Gateway

1 down to the border. As a result of the change in
2 configuration, UNS Electric will be responsible for the
3 portion from the existing line over to Gateway as well
4 as the piece from Gateway to Valencia.

5 CHMN. CHENAL: Say that again, please.

6 MR. BECK: UNS Electric will be responsible for
7 the costs and the construction of the line that connects
8 the existing line to Valencia over to Gateway, as well
9 as the line from Gateway to Valencia.

10 CHMN. CHENAL: Okay.

11 MR. BECK: So that is a change from our original
12 discussion. It puts some of that cost onto UNS Electric
13 that wasn't there before, but the overall cost is much
14 lower for the project and for UNS Electric in the end.

15 CHMN. CHENAL: Okay. And then what portion will
16 be your portion?

17 MR. GUY: From the Gateway station to the
18 border.

19 MR. BECK: As well as the DC converter itself.

20 CHMN. CHENAL: The entire substation? So it
21 will be a joint, the substation will be basically a
22 joint project?

23 MR. BECK: There will be two components to that
24 substation, a portion owned by UNS Electric, a very
25 small portion of the footprint, and the majority of that

1 footprint will be owned by the project. And that will
2 be where the DC converter, it's on that site.

3 CHMN. CHENAL: Okay. Do you have any maps for
4 purposes of today's prefiling conference?

5 MR. GUY: Yeah.

6 CHMN. CHENAL: We should introduce or make it
7 part of the record.

8 MR. GUY: We certainly can. So the map that you
9 are, that you are looking at from our last discussion,
10 we brought an 11 and a half by 17 version of that map
11 that we can mark and attach.

12 CHMN. CHENAL: Good. We will mark this
13 Exhibit 1.

14 (Exhibit 1 was marked for identification.)

15 CHMN. CHENAL: All right. Pass those around.

16 Now, all right, anything further that anyone
17 wanted to add on the description of the project?

18 (No response.)

19 CHMN. CHENAL: All right. Has there been any,
20 any interest by other parties in this project? I assume
21 from the attendance today that the Corporation
22 Commission has some interest. Maybe we should hear from
23 Mr. Hains on what interest the Corporation Commission or
24 the Staff has in this project, if there are any issues
25 that, you know, you believe will come up at the hearing

1 or any comments you wish to make.

2 MR. HAINS: Well, thank you, Chairman.

3 And in full disclosure, the actual reason why we
4 are appearing in person was because I was instructed to
5 bring the new attorney to see what these look like. So
6 that is the real driver why we are here in person.

7 As you are aware, under the statute and how the
8 Commission looks at things, there is -- you know, the
9 Commission would be more interested in the record on the
10 need for adequate, reliable, and economic transmission.
11 Those would be the aspects that Commission Staff would
12 be interested in.

13 We have met with UNS and with -- I keep calling
14 you --

15 MR. GUY: Nogales.

16 MR. HAINS: -- you know, with regard to this
17 application, the proposed project. We had discussed
18 some potential safety concern -- not safety, sorry, that
19 was where I was actually working on before I walked over
20 here -- the reliability concerns with the transmission,
21 and we discussed those. And then they had their
22 responses. And I think, you know, it is just a matter
23 of monitoring that, testing that. Staff would want to
24 have a look at that in order to present to the
25 Commissioners our views on that.

1 Whether that requires Staff to participate as a
2 party, we are still evaluating. It may be that the
3 ordinary letter response that we do is sufficient for
4 this one.

5 CHMN. CHENAL: Is there any issue, Mr. Hains,
6 from your perspective, regarding whether there should be
7 one CEC or two CECs, or two applications for that
8 matter?

9 MR. HAINS: I had a short conversation with
10 Mr. Derstine about --

11 Was it yesterday or couple days ago?

12 MR. DERSTINE: Friday.

13 MR. HAINS: Friday, thanks.

14 At least from my perspective, procedurally,
15 because there is a set of different responsibilities
16 based on which part you are talking about and there are
17 two entities involved, it seems that, you know, they
18 should bear a CEC with the appropriate responsibilities
19 by party. So UNSE would have a CEC for the portions it
20 is taking responsibilities for; Nogales would have one
21 for the portions it is responsible for.

22 And as you are aware, in the CECs there is that
23 transfer and assignment provision. So if it does
24 eventually consolidate in one entity, they can shift, as
25 necessary, after the CEC is acquired. But it does seem

1 appropriate to have separate CECs for the respective
2 portions.

3 With regard to processing this as a single
4 hearing, you know, I think that makes sense. It is an
5 efficient use of everybody's time and resources. A
6 single application, I guess I am not totally
7 understanding what is intended by that.

8 Typically in Commission matters, if there is
9 more than one thing that has to be, you know, that you
10 would consolidate two different matters, they would be
11 filed separately as two applications, consolidate it,
12 and then it can turn into a single process at that point
13 forward out. You could issue a procedural order to that
14 point once the applications are made. That would be the
15 more ordinary, conventional way to do that.

16 I don't know -- I haven't heard from, since we
17 talked, whether you contemplated a single application
18 with both matters in it or --

19 MR. DERSTINE: I think that's what has been
20 contemplated by the applicants, we do a single
21 application that lays out the two aspects of the
22 project, the two projects per se as Mr. Guy and Mr. Beck
23 have described them. But, at the same time, I think,
24 you know, based on the discussion you and I had and
25 going back and discussing with the parties, I think both

1 applicants are comfortable with asking for two separate
2 CECs that define those two aspects of the project. But
3 to do it as a joint application and a joint hearing is
4 what has been contemplated so far.

5 MR. GUY: Yeah. And I think that makes sense.
6 Obviously we have got a little bit of advantage because
7 we have seen the application, at least, you know, how it
8 is evolving. So I think kind of from an administrative
9 perspective, similar to having one hearing, if I had to
10 think about how we would break apart the application,
11 there would be a lot of duplication, a lot of duplicate
12 notices perhaps.

13 A lot of it seems like, just from an
14 administrative perspective, the joint application makes
15 the most sense, just having seen under the curtain, if
16 you will. But I think, you know, two CECs certainly is
17 fine as well. But we obviously will prepare it however
18 you think it should be filed.

19 CHMN. CHENAL: Well, it seems to me one
20 application, one joint application seeking two CECs
21 would be the way to go. What I haven't looked at is the
22 rules or the statutes to verify that that's permissible,
23 or at least not prohibited. Maybe that's the word,
24 maybe not addressed, maybe that it is not prohibited. I
25 am looking to Mr. Hains.

1 I don't know if, Mr. Hains, if you have any
2 recollection of a case where there has been one
3 application in the past for multiple CECs.

4 MR. HAINS: I think the thing -- well, I have
5 seen one application for multiple CECs, but it has
6 always been one entity requesting one CEC, for instance,
7 a CEC for a gen-tie and one for the actual generating
8 facility in the same proceeding, but it will be the same
9 entity for both. This is the first time that I am aware
10 of it was two separate entities wanting different parts
11 of something that's a common project.

12 Just thinking and without looking at any other
13 requirements right now, I would anticipate one thing,
14 that UNSE, for purposes of like Commission processes,
15 they already have a company identity number. Right?
16 For on dockets, you have a unique identifier. When a
17 CEC is requested by an entity that the Commission never
18 experienced before, like with the Southline for
19 instance, a new docket, a new identifier number is
20 created for that entity. I expect you are probably
21 going to get a new one for Nogales when this one is
22 done.

23 So I think from a processing perspective, the
24 expectation at least, not necessarily a requirement,
25 but, you know, I have to check to see what the

1 requirements are, but the expectation would be probably
2 a separate application to create a vessel, if you will,
3 to hold the CEC for Nogales.

4 CHMN. CHENAL: Uh-huh.

5 MR. HAINS: And then they, procedurally, they
6 could be consolidated after that. But that's -- you
7 know, just because this is the first time I have seen it
8 with two different applicants.

9 CHMN. CHENAL: Would it be --

10 MR. JERDEN: Case 111 we had Citizens and we had
11 Tucson Electric Power. And that was a joint
12 application. And it was to be pretty much co-owned. It
13 was a line from Tucson to Nogales. It was never built
14 because the Forest Service did not grant the
15 rights-of-way. And so there is precedent for two
16 entities applying for one, in that case, one CEC but in
17 one siting hearing.

18 MR. DERSTINE: Your point would be that both are
19 known entities, both utilities who already have
20 identifiers.

21 MR. JERDEN: Again, this would be a new one,
22 just like Southline was. And it will be a different one
23 because we are part of that as well.

24 MR. HAINS: Right. And I think, to that, there
25 is also the 126, which was the looping all the way

1 around Phoenix. That was multiple participants. So
2 some portions were, you know, there were multiple CECs.
3 There was one CEC for a large stretch of it but, there
4 was smaller sub pieces where SRP, APS alternatively took
5 responsibilities for different portions.

6 So to that extent, I think that, yes, that a
7 common process, you know, would be efficient for the
8 processing of this. I have no qualms about that part.

9 CHMN. CHENAL: It is, the only question, whether
10 there should be two applications that would be
11 immediately consolidated or whether there should be one
12 joint application. I mean the easier way to do it would
13 be the joint application. I get that. But if someone
14 were to contest this or there would be a problem at the
15 Corporation Commission level when they review it, you
16 know, I would hate -- again, just rather be conservative
17 here and do the right thing.

18 I mean even if you had two applications that
19 were almost the same in the verbiage, because I
20 understand trying to deconstruct the two would be, you
21 know, would take some effort and maybe it is not worth
22 the effort, but to file two separate applications that
23 are almost identical and then we consolidate them for
24 the efficiency purposes we discussed certainly would be
25 one way to do it.

1 MR. DERSTINE: Does it make sense for the
2 applicants to get with Staff and see if we can work out
3 through that procedural, whether -- on the identifier to
4 a path of an application? If not, we will have to break
5 them out. But if we can find a way to do it...

6 MR. HAINS: Be happy to continue the discussion.

7 CHMN. CHENAL: Sure. Yeah, I don't want to say
8 what the applicant needs to do in a case like this, I
9 mean especially if there is no statutory authority or
10 rules and regulations that address it in a way that
11 prohibits it. So, I mean, I would like to do what is
12 easier, given that I think we all agree that this should
13 be one, one proceeding, one hearing.

14 I just -- I guess I have done this too long, and
15 you hate to get surprised at the end after you have gone
16 through all this effort and find out that someone, you
17 know, takes the proverbial swing at it and objects to it
18 on procedural grounds. And, you know, it is just, you
19 know, that gut-wrenching experience we would like to
20 avoid.

21 So I am all in favor of the applicant, you know,
22 discussing this with Staff and, you know, doing what you
23 think is best. If you decide you want to do a joint
24 application, that's fine with me, unless someone objects
25 and I guess, you know, we have to deal with it.

1 Alternatively, if you file separate applications, you
2 know, I will consolidate them right away and issue
3 probably, I would simply issue a procedural order that,
4 you know, consolidates these two proceedings.

5 So I guess the risk is on the applicants. I
6 don't see it as a large risk, especially if you work it
7 through with, you know, with Staff at the ACC that --
8 you know, I will work with you as best I can.

9 MR. GUY: Yeah, I think it can be done either
10 way. It seems to me the risk filing separately, on the
11 other side, is the things we are going to talk about
12 next, things like notice and publication, does that take
13 place before consolidation or after. And that's going
14 to affect the language and how the notice -- but those
15 are all things, those are all procedural things that can
16 be worked out.

17 CHMN. CHENAL: And I would issue, I would issue
18 a procedural order in such a way the noticing would
19 occur after the consolidation so you wouldn't have to
20 notice things twice. But I know it has to be done
21 quickly and I know that the notice of hearing has to go
22 out quickly for the publication requirements. So I
23 would have to do that right away, which I would do.

24 I mean, frankly, it would be easier on me if you
25 did one application. But as long as you let me know

1 ahead of time what your final decision is after working
2 with Staff, we will make it work.

3 MR. GUY: We will do that.

4 CHMN. CHENAL: Okay. And does anyone, anyone
5 else in the room have any, before we ask anyone on the
6 phone if they have any, comments with respect to this
7 issue?

8 MR. BECK: Just commenting relative to what
9 Mr. Guy had said earlier is, not having been privy to
10 seeing what we have kind of drafted, while it is one
11 application, the way we put it together, there is a
12 component A and component B throughout the document for
13 each of the segments and each of the exhibits and
14 requirements. So you can easily see that this is
15 project A and this is project B.

16 CHMN. CHENAL: Okay. Anyone on the phone have
17 any comments?

18 (No response.)

19 CHMN. CHENAL: Okay. Well, let's talk about the
20 notice of hearing posting and publishing.

21 MR. GUY: Absolutely. So let me pass around --
22 we prepared a draft notice of hearing for consideration
23 and discussion. The language is primarily based -- I
24 guess we should mark this as Exhibit 2.

25 (Exhibit 2 was marked for identification.)

1 MR. GUY: So the language on this document is
2 largely based on some of the more recent notices of
3 hearing and follows all the requirements that are
4 typically taken care of there.

5 Now, based on my understanding of what I think
6 the expected filing date is, and the Committee's
7 availability, I have inserted some dates in here that we
8 will have to discuss. But it looks to me like we are
9 talking about the hearing taking place the week
10 following Labor Day. So because of that, I have the
11 hearing proposed to start at 1:00 p.m. on the Tuesday
12 after Labor Day, continuing through Friday. And we have
13 picked two locations given the nature of the project,
14 near Tucson obviously and then down near Nogales. And
15 we have, you know, we have tentatively located and
16 confirmed the availability of some hearing locations and
17 some lodging locations. We are still working through
18 some alternatives. And we haven't made any reservations
19 yet, but we will certainly confirm its availability.

20 CHMN. CHENAL: Okay. Any comments from any --
21 with regard to the notice of hearing from anyone in the
22 room or anyone on the phone?

23 I looked at it. My only question is the dates,
24 which we will talk about. I am not suggesting we don't
25 use those dates. That's just an open issue. But I

1 reviewed it briefly. We will talk about -- the language
2 itself, it seems fine. I mean I will look at it a
3 little more carefully. I didn't have a chance to look
4 at it from when we got it today.

5 The tour, traditionally we have a tour the
6 day -- like the second day. We have like a hearing,
7 public hearing the evening of the first, at the first
8 location, and the first evening at the second location.
9 And the tour, to the extent we have a tour, I suspect
10 this case we will, we generally have them the beginning
11 of the next day. And I think one of the reasons for
12 that is, you know, I find it helpful, is you get, you
13 get to see the location before the completion of all the
14 testimony about that location to -- I mean if you see
15 the location after all the testimony is done, it kind of
16 makes it harder to ask the questions. It just, I think
17 it is more useful to have it earlier.

18 So my first, I guess, comment was having the
19 possible tours like the 6th, which would be the, if we
20 use the 5th, 6th, 7th, and 8th, the Tuesday, Wednesday,
21 Thursday, Friday, the Wednesday and maybe even the --
22 well, Wednesday would be possibly one tour.

23 Would there be a possibility to combine the
24 tours, if you will, to see it all in one tour?

25 MR. BECK: The logistics of the project are what

1 we are concerned about. So the portion, the Nogales
2 interconnection portion, which is down in Nogales, the
3 five miles of line, very easy to tour that. It can be
4 done in probably a couple of hours and would make sense
5 to potentially do that when you are down in Nogales for
6 hearings.

7 CHMN. CHENAL: I see.

8 MR. BECK: The portion to the north, 30 miles of
9 line, very limited access, it may be difficult to do a
10 tour. We are only going to be able to go into a couple
11 spots.

12 Granted we can create a tour that does all of
13 that in one morning, or one portion of one day, to the
14 extent needed. Our hope is -- we do plan to have a
15 Google flyover review of the overall project. Our hope
16 is that there is enough visibility through that Google
17 flyover of the 30-mile segment to satisfy the Committee
18 members as to what they are seeing and what the issues
19 would be, understanding that down in the Nogales area,
20 because there won't be any existing facilities to a
21 large degree to really contemplate as you are looking at
22 that Google flyover, that what probably makes more sense
23 is to have a visual on-the-ground tour.

24 CHMN. CHENAL: Okay. How far away is the
25 Nogales Tap to Kantor line, how far is that from the

1 freeway?

2 MR. BECK: It is anywhere from two to five miles
3 depending on which portion you are in. It veers a
4 little bit away from the highway.

5 CHMN. CHENAL: Are there any easy access points
6 to hit a couple points along the way?

7 MR. BECK: There are. There are a couple
8 crossroads which we would likely pull off and be able to
9 look up and down the line segments and see what they
10 look like. We do not have the ability to go down the
11 actual path unless we had ATVs, which has its own set of
12 logistics to go with that.

13 But I think if you really wanted to have an
14 on-the-ground look, there are a couple spots that we
15 could stop and take a look, and, you know, an hour to
16 two hours you could probably do that coming off of the
17 highway. If we are, depending where you start the tours
18 from, if you are doing it from the Nogales end, you are
19 going to run 40 miles back up to get to the north part,
20 or vice versa.

21 CHMN. CHENAL: I was thinking of some way, if
22 there is a way to do it, where people are traveling from
23 maybe Wednesday -- let me just throw this out as a
24 possibility. Wednesday, because you are suggesting
25 going to Nogales on Thursday, if we start the hearing on

1 Thursday, maybe, for example, Wednesday we stop the
2 testimony a little earlier, and as people travel down
3 from Tucson to Nogales, we incorporate a couple of those
4 stops along the way so that we can see it without having
5 to do a full tour, if you will, of that section, given
6 there is going to be a Google flyover. Because I think
7 the -- yeah, I mean, I am not sure how useful that's
8 going to be. A couple stops while we use the time
9 anyway to drive down to Nogales might be a better, more
10 practical use.

11 MR. BECK: Right. And we have done that in the
12 past where the Siting Committee members in general
13 didn't feel the need for a full tour, but a couple of
14 them individually wanted to see some things, so they
15 took an evening or we broke a little bit early and
16 individually they went out and saw what they wanted to
17 see. So we could provide mapping and information of how
18 to get to any of these points that the Committee might
19 be interested in. That would be another option.

20 MR. GUY: I like the idea of combining the
21 tours. And if you do it in the way you suggested, then
22 that would work great. You have a half day hearing
23 Tuesday. Maybe you start testimony on Wednesday as
24 well, but then you break early, take your tour and you
25 close in Nogales, and you start up the hearing Thursday

1 morning in Nogales then.

2 CHMN. CHENAL: Correct. Yeah, I would kind of
3 like to have it a little more formal than here is a map,
4 go do it on your own. I would like to have, if people
5 want to be on a tour, I would like to do it. This way
6 maybe they are in private vehicles. That's why I am
7 asking how accessible the points would be in like a
8 person's car.

9 MR. BECK: There are several points that would
10 have access, or decent access, and any car pretty much
11 can make it. So it wouldn't be an issue from that
12 standpoint.

13 Again, we are very hopeful that the Google
14 flyover would provide enough information on that
15 northern end, in particular, to satisfy all the
16 Committee members that they can get a feel for what the
17 issues are.

18 CHMN. CHENAL: And it may very well be the case.
19 But if there is a Committee member that wants to look at
20 it and have a tour, I generally make that available.

21 So I don't want to deprive a Committee member of
22 having a more comprehensive tour. But I think if we,
23 whatever the dates turn out to be, if we can figure out
24 a way, since we will be traveling from Tucson to
25 Nogales, that's pretty much a given, and we will be

1 starting up in the morning in Nogales, that we somehow
2 figure out a way to incorporate a tour, if we are going
3 to have one, maybe the afternoon of the transition from
4 Tucson to Nogales. And I will leave it to the
5 applicants to kind of figure out what makes the most
6 sense there. But I suspect most people will be driving
7 their own car instead of having a bus for that part of
8 it.

9 Now, what about the Nogales part of it? Maybe
10 the Nogales part of it could have the more formal, the
11 more typical way we do the tours, and have a bus or
12 something like that.

13 MR. GUY: Sure.

14 MR. BECK: Right.

15 CHMN. CHENAL: That can be done either that
16 afternoon, I guess, or, depending when we break, or
17 could be the next morning.

18 MR. JERDEN: September I would recommend
19 morning.

20 CHMN. CHENAL: Yeah, good call. Good call. So
21 we do it in the morning, yeah. That might be the way to
22 go on that. Okay.

23 MR. GUY: Is there a preference -- I mean, so
24 the notice of hearing currently laid out has the hearing
25 starting in Tucson, proceeding to Nogales. We are kind

1 of thinking about these combined tours. And we will go
2 back and talk about it.

3 CHMN. CHENAL: Probably two different ones.

4 MR. GUY: Exactly, two different tours.

5 One thing I am thinking about, I wonder if it
6 makes sense to actually start in Nogales and end in
7 Tucson, start the hearing in Nogales, end in Tucson.
8 But we can talk about that and come back to you with a
9 revised notice of hearing that makes a suggestion on
10 that.

11 CHMN. CHENAL: Yeah. That makes sense.

12 Let me ask this question. How long do you think
13 this hearing is going to take?

14 MR. GUY: We are currently scheduling three and
15 a half days. And I think that's reasonable, what we
16 know now. We expect to have three witnesses, maybe
17 four, probably three. And there is lots of interest in
18 the case from the ACC, from DOE, from some of the
19 environmental folks, but we don't actually expect
20 intervenors right now.

21 We have had some public meetings, just as
22 recently as June, and had very, you know, was highly
23 publicized, but we had very low attendance. And the
24 ones that were there were curious but not opposed to the
25 project. So we are not actually aware of any

1 intervenors that would be coming in.

2 CHMN. CHENAL: Well, you know, starting in
3 Nogales and ending in Tucson wouldn't be the worst
4 thing. Because if we go to Friday, I mean I don't know
5 how long it would -- let's assume we finish in Friday.
6 Most people driving back to Phoenix, you know, from
7 Nogales is that much longer than driving back from
8 Tucson. So if we are starting at 1:00 on a Tuesday,
9 that gives plenty of time to get to Nogales.

10 MR. GUY: Right.

11 CHMN. CHENAL: So that might be something to
12 consider. But the same concept might still work, to hit
13 the, hit that line that's kind of in no man's land
14 between Nogales and Tucson since we are traveling past
15 there anyway in our cars, to try and figure out a way to
16 do a tour if people want to see that part of it.

17 MR. BECK: Right.

18 CHMN. CHENAL: But I would still like, you know,
19 obviously people are free to do it, and I would still
20 like to have the court reporter there and do our normal,
21 limit the questions and just basically a summary of what
22 we are looking at. And that, combined with the flyover
23 and the pictures of what, you know, this is going to
24 look like, the illustrations, I think, should be
25 sufficient for that. But then in Nogales, we could have

1 the actual, you know, tour.

2 MR. BECK: On-the-ground tour.

3 CHMN. CHENAL: On-the-ground tour. That seems
4 to make sense to me.

5 MR. GUY: Does to me as well.

6 MR. BECK: Yeah. We can put options together
7 that we can present.

8 CHMN. CHENAL: Perfect.

9 Dates. I don't know. We sent out -- I think,
10 Lisa, we had canvassed the Committee, did we not, about
11 their availability the week of Labor Day, starting the
12 5th?

13 MS. ROMEO: We did. It was back in June. So I
14 would kind of like to poll them again just to be sure
15 that it is current what their availability is, and with
16 the holiday and that kind of thing.

17 CHMN. CHENAL: Normally the Committee members
18 don't like to do a hearing the week of a holiday.
19 However, they had indicated their availability. Now,
20 they might not have known that was Labor Day. We sent
21 out another -- Yvonne, I am just thinking that this
22 would come up today. We sent out an e-mail to the
23 members saying if they had any objection to let us know
24 by 3:00 p.m. today.

25 MS. ROSSMELL: I heard from almost half, and

1 they were available. The other half I have not heard
2 from yet.

3 CHMN. CHENAL: I think the way we did it was the
4 negative notice, let us know if you are not available.
5 So the very careful Committee, not leaving anything to
6 doubt, nevertheless responded and said they did not have
7 a problem. I think these are good dates.

8 MR. GUY: Okay.

9 CHMN. CHENAL: And I think let's -- I am, I mean
10 unless we hear the other half absolutely say no, which I
11 don't expect at all since this is really the second time
12 we have gone, you know, to them to confirm these dates,
13 that these dates will work.

14 MR. GUY: Okay.

15 CHMN. CHENAL: And I am going to proceed on the
16 basis that these will be the dates. And so you can send
17 a revised notice of hearing. I think we talked about,
18 you know, the tour enough. You can put something
19 together on that in the notice of hearing.

20 The public hearing, the public, where we take
21 comment, I don't think anything will change there.

22 MR. GUY: I think that's right.

23 CHMN. CHENAL: We will just do it in Nogales and
24 one up in Tucson.

25 Do you have an idea what the venue is going to

1 be in Nogales or Tucson --

2 MR. GUY: So --

3 CHMN. CHENAL: -- for the hearing?

4 MR. GUY: -- a lot more options in Tucson.

5 CHMN. CHENAL: Sure.

6 MR. GUY: What I believe, based on what we have
7 checked so far in Tucson, the Desert Diamond Casino &
8 Hotel actually seems like a pretty good venue because it
9 is on the southern side of Tucson. It can serve as both
10 the hearing location and lodging, so we are all in one
11 location. And we have confirmed the availability. That
12 seems reasonable and it would work.

13 We also have as a backup, the Best Western Royal
14 Sun is available, and then the Convention Center. I
15 don't think we need the space that the Convention Center
16 has, but those are both available. So as a backup,
17 that's one of our alternatives in the Tucson area. We
18 have a couple of other options obviously if neither of
19 those work, but those were kind of our first and second
20 choices.

21 In the Nogales area, it is a little more
22 limited. The Holiday Inn Express in Nogales, again, has
23 space, both availability for lodging as well as space,
24 we believe, for the hearing itself.

25 Now, we may, we may need to deal with scheduling

1 issues because I believe the room that we would use may
2 not be available until 10:30 in the morning, so we are
3 still working on logistics on that.

4 And we have got a couple other choices. There
5 is a Best Western Sonora. So we will, when we look at
6 these new dates, especially if we flip-flop who goes
7 first, it will probably be the Holiday Inn Express or
8 the Best Western Sonora in the Nogales area.

9 CHMN. CHENAL: Okay. Publication, which
10 newspapers would you --

11 MR. JERDEN: I have spoken with our public
12 affairs people, given them a heads up. We would look at
13 two, the required two publications in the Arizona Daily
14 Star, Tucson; the Green Valley News, which is between
15 Tucson and Nogales and publishes twice a week; and the
16 Nogales International Newspaper. So we would publish in
17 all three newspapers, two publications verbatim of the
18 notice of hearing.

19 CHMN. CHENAL: Sure. Good. That sounds very
20 reasonable.

21 Sign, what about the signs now?

22 MR. GUY: Exactly. We have another -- I believe
23 I sent a draft of this earlier today as well. We
24 prepared a draft of public notice for the signs. It
25 largely tracks what is the notice of hearing, but --

1 CHMN. CHENAL: This will be, we will mark this
2 as Exhibit 3.

3 MR. GUY: -- fewer words. And again there is a
4 lot of blanks on here because of the dates and the
5 times. This is the, you know, what has been marked as
6 Exhibit 3 is what we would be proposing for the sign.
7 And the idea is that it is fewer words so you can put it
8 on a sign and be seen from the road.

9 I don't believe -- Ed, I will lateral to you a
10 little bit. I don't believe we have nailed down the
11 location yet. So that's something we will still work
12 on.

13 MR. BECK: Right. We haven't put the spots on a
14 map, but it would be on publicly visible points on the
15 different routes.

16 CHMN. CHENAL: It doesn't sound like there are
17 many publicly visible points unless you are in an
18 airplane.

19 MR. BECK: Not in the 30 miles on the north, but
20 down in the Nogales area, we will have multiple points
21 to post signs.

22 CHMN. CHENAL: All right. Well, I have known
23 from the past that your suggestions have been
24 reasonable. So we will just, we will need some
25 testimony at the hearing on that.

1 MR. BECK: Okay.

2 MR. GUY: Okay.

3 CHMN. CHENAL: But as far as the stretch between
4 Kantor and -- what is that? Nogales Tap?

5 MR. BECK: Right.

6 CHMN. CHENAL: What about signage there?

7 MR. BECK: At each of the publicly accessible
8 crossroads we would post on either side.

9 CHMN. CHENAL: What do you mean by crossroads?

10 MR. BECK: As you mentioned, the points where
11 you could potentially view the line. So where we have a
12 road crossing the alignment, at that location we would
13 put a sign in each direction so that someone driving,
14 walking down the road would be able to look and see
15 those signs.

16 MR. DERSTINE: For example, what are some of the
17 crossroads?

18 MR. BECK: Santa Rita Road I believe, and then
19 Elephant Head Road. There is only a couple of roads
20 that are out there.

21 CHMN. CHENAL: Okay.

22 MR. GUY: So given the size of the project, and
23 we haven't really talked about this, but it seems to me
24 two or three signs on the upgrade section and maybe two
25 or three signs on the southern section, five all --

1 MR. BECK: Possibly six or eight on the upgrade.

2 MR. GUY: Six or eight on the upgrade, okay.

3 CHMN. CHENAL: What I was -- obviously I know
4 the crossroad where it intersects where the line is
5 going to go. But that's really so far away no one would
6 realistically see it. So I was wondering if you were
7 going to have maybe some signage closer to the main
8 thoroughfares that would direct people that would
9 indicate that the line is going to be two miles to the
10 east or whatever.

11 MR. BECK: Historically we have not done that.

12 CHMN. CHENAL: I understand that. I understand
13 that. I am not saying we need to do it in this case.

14 MR. BECK: One of the issues is we have shown on
15 this map -- on this sign, a map of the project. And
16 typically we have not historically put a map on our
17 signage either. And the signs are located where the
18 alignment of the project is going to be. So anybody
19 that's going to be in the vicinity that sees it, they
20 know, okay, this is where it is going to be.

21 If we do, in fact, put a map on this sign, it is
22 going to be less visible for those driving by. But it
23 could allow to put signs elsewhere. But you have to go
24 out and get the right-of-way and a location to put it.
25 We have had issues in the past with highways as to where

1 you can put a sign or not put a sign.

2 CHMN. CHENAL: All right.

3 MR. BECK: Those can all be overcome.

4 CHMN. CHENAL: Let's do it the way we always do.
5 I mean the way the sign with the map, I think people
6 will have adequate notice of where this is going to go
7 from the publications, from the website, you know, the
8 newspaper publication, the website. There will be
9 signage in Nogales where generally people will be and
10 see it. And those that are using those roads like Santa
11 Rita will see where it is going. And that provides
12 notice to them. So I think that's adequate.

13 MR. JERDEN: I would point out that the line
14 during that, on that 28-mile stretch from the Nogales
15 Tap to Kantor, there is a line there. There has been a
16 line since 1950s. So it will not surprise anybody that
17 this project deals with a rebuild of that line, as
18 opposed to Nogales, which is kind of pioneering --

19 CHMN. CHENAL: Brand new, yeah.

20 MR. JERDEN: -- down to the international
21 border.

22 CHMN. CHENAL: Okay. So that sounds good.
23 Unless anyone has any objection, that's, I think, the
24 way we should proceed.

25 Notice to affected jurisdictions, I want to make

1 sure you will provide notice.

2 MR. GUY: We absolutely will. We would
3 certainly, we will provide notice to City of Tucson. I
4 don't actually think we are within the City of Tucson's
5 jurisdiction.

6 MR. BECK: No.

7 MR. GUY: But we would provide notice just given
8 the relationship.

9 And then City of Nogales, which we will be in;
10 the Town of Sahuarita, and, again, I don't think we are
11 within any sort of jurisdictional boundaries, but,
12 again, we would provide notice to them. And then both
13 Pima and Santa Cruz Counties, we will provide notice to
14 them as well.

15 CHMN. CHENAL: Okay. All right.

16 MR. HECHT: Excuse me. I have one point. This
17 is Kevin Hecht with Border Patrol.

18 You will pass the federal rules about easement.
19 So if you can, add CBP, Customs and Border Protection,
20 to that jurisdictional issue for notification.

21 CHMN. CHENAL: We will do that.

22 MR. GUY: Absolutely.

23 MR. HECHT: Right at the border we have got
24 60 foot federal land.

25 CHMN. CHENAL: Thank you for that.

1 All right. We have discussed when the
2 evidentiary hearing will occur. Let's talk about the
3 filing date.

4 MR. GUY: So our current expectation, subject to
5 how we started off the meeting in discussing, you know,
6 whether we need to break apart the application and do
7 something different than we are currently planning, we
8 currently have calendared July 24th. So that's a couple
9 weeks from now. And I think that date is fine. I think
10 even if we break apart the application, decide to file
11 two applications, I think that's probably fine as well,
12 but we need to get back and look at it to make sure.

13 CHMN. CHENAL: Okay. So that, as we know, the
14 hearing has to start between 30, 60 days after notice of
15 the hearing is provided. So if it is filed the 24th, we
16 get the notice of hearing out, well, it is filed at that
17 point, and the notice of hearing is provided, you are
18 within 30 to 60 days if we start a hearing
19 September 5th.

20 MR. GUY: Right. It is on the -- I mean some of
21 the dates I scratched out was assuming we would have the
22 notice out and the procedural order out by July 31st,
23 that's just less than ten days, and then marked up
24 roughly an August 22nd prehearing date. It is just a
25 bogey depending on availability and how that fit in the

1 calendar.

2 CHMN. CHENAL: We will look at that.

3 All right. Let's talk about lodging.

4 Okay. So I think that's a good filing date.

5 And you have some fudge on that a couple days, a few
6 days after that.

7 Lodging for out-of-town Committee members, I
8 will just, I will remind you the procedural order will
9 have a provision that requires you to get with the
10 Corporation Commission to make sure, you know, the
11 expenses will be covered, which --

12 MR. GUY: We are prepared to do that.

13 CHMN. CHENAL: -- you have always done that.

14 MR. GUY: We are planning on that.

15 CHMN. CHENAL: Prehearing conference, what was
16 the date?

17 MR. GUY: August 22nd I think fit within the
18 various timing, if you start with a September 5th
19 hearing, but I haven't checked anyone's calendar
20 obviously.

21 CHMN. CHENAL: Well --

22 MR. GUY: Is that less than the ten days?

23 CHMN. CHENAL: 22nd I guess could work, but it
24 won't work for me. I would rather do it sometime later
25 that week.

1 Now, for ten days, I think the Committee has
2 taken the view generally that the ten days is within
3 calendar days because that then gives us the ability to
4 know who the intervenors are and who is going to file
5 written statements.

6 So counting back calendar days would be the,
7 sometime after the 26th, but, so, you know, 28th, 29th.
8 The only problem I have with getting too close is, if
9 there are issues that come up, but I don't know that
10 there is going to be many issues that come up, I would
11 like to flesh out any people who want to intervene and
12 have the hearing, have the hearing after that, so within
13 the ten-day period.

14 MR. GUY: That's fine. If the 26th works better
15 for your calendar and that is within the calendar, that
16 works for us.

17 CHMN. CHENAL: So like the 28th, 29th?

18 MR. GUY: Either date is fine.

19 MR. DERSTINE: 29th.

20 CHMN. CHENAL: 29th is better for you? Okay.
21 We will do it the 29th. And do you have a preference
22 for later in the morning or afternoon?

23 MR. GUY: Coming from out of town, this
24 afternoon works better, but either works.

25 CHMN. CHENAL: We will do it in the afternoon.

1 MR. GUY: Okay.

2 CHMN. CHENAL: I don't know what time, but we
3 will -- does 2:00 --

4 MR. GUY: 2:00 sounds great.

5 CHMN. CHENAL: So 2:00.

6 So the prehearing conference will be August 29th
7 at 2:00 p.m. here.

8 I am going through my checklist, ladies and
9 gentlemen.

10 Any litigation involving this project?

11 MR. GUY: None that we are aware of.

12 CHMN. CHENAL: Or disputes?

13 MR. GUY: None.

14 MR. JACOBS: David Jacobs representing State
15 Land Department.

16 And I apologize. I don't have a great deal of
17 information about this and we just found out about this
18 premeeting on Friday, and -- I guess actually Monday.
19 And the people who do know about it aren't available for
20 me to get so much information.

21 My understanding is the Land Department, you
22 know, approves of the project in general and almost all
23 of the project goes through state trust lands, at least
24 the northern part. I don't think the Nogales part
25 touches state trust land at all. But I am pretty sure

1 that there are some details that aren't totally worked
2 out between the Land Department and UNS.

3 So I don't want this meeting to end with the
4 thought that the Land Department has totally signed off
5 on this. I mean I guess there is a possibility that
6 there could be a dispute on portions of it, but I don't
7 know that for sure. And, you know, I think the parties
8 are still trying to work it all out. But I didn't want
9 there to be the sense that there was absolutely
10 agreement on the Land Department's part.

11 CHMN. CHENAL: Okay. And thanks for that. I
12 ask that question more to get a feel for how much, how
13 long the hearing is going to take and if there are any
14 legal issues that we need to decide and if there has to
15 be briefing on any legal issues. I am not hearing that
16 that's the case. I understand you haven't signed off on
17 it, but you are in discussion and hopefully you will get
18 to the point where everyone is comfortable. If not, you
19 know, maybe State Land Department intervenes or there
20 are other ways you can communicate, public comment or
21 filing written statements.

22 But, no, no one should feel they leave here
23 today and by not saying there is a dispute that that
24 binds anybody, that they can't bring up an issue at the
25 hearing or a procedural issue beforehand. But we don't

1 want to be surprised at the hearing and find out there
2 is a major ongoing dispute between different parties and
3 find out at the hearing that that's the case and it
4 throws off the schedule and then we have legal issues
5 that we could have avoided. So that's the reason for
6 that.

7 Application, I think the applicant knows, you
8 know, everyone needs to get a copy of it. The
9 procedural order will be substantially the same as other
10 ones that require an exchange of the written testimony
11 at least the evening prior to the prehearing conference.

12 I think in the past I had some language in there
13 that I have now modified, but in the past it said
14 witness summaries or witness testimony the evening
15 before. And I think the last case we had the applicant
16 felt that, if they provided the -- or submitted written
17 testimony of the witnesses, that they weren't intending
18 to call those witnesses at the hearing. And I said I
19 think that's not really what is intended.

20 I can see there is confusion there. But we want
21 to have live testimony. And I think for the applicant's
22 benefit, it needs to have, you know, the witnesses there
23 to testify. So I have revised the language there, but
24 the witness summaries and to exchange the exhibits with
25 any of the other, you know, parties or intervenors

1 before the prehearing conference. There may not be any
2 in this case.

3 You know, we want to have at the prehearing
4 conference, I believe, the proposed CEC with proposed
5 findings of fact, conclusions of law, and conditions
6 with a reference to previous, by case number, previous
7 CECs that were used.

8 So it will be a procedural order that will be
9 very familiar to you, Mr. Guy.

10 We talked about the CEC. We talked about public
11 comment the evenings in, first evenings in Tucson,
12 Nogales.

13 Permit status, are there permits or, you know,
14 land use permits, use permits and such that need to be
15 obtained for this project?

16 MR. GUY: There are certainly crossing permits,
17 for example, when those are required from DOT and
18 others. There may be IBWC. Actually, I don't think we
19 are crossing any of that.

20 And then of course the -- and then there may be
21 City of Nogales that I think has special use permits
22 that we will have to comply with, the most significant
23 one being the presidential permit -- actually, that's
24 pending at the DOE right now -- which is the permit that
25 is required to transmit electricity back across the

1 border. So that will not be approved until sometime
2 after this proceeding likely. But it is in process. It
3 is pending and, you know, we expect to get that as well.

4 CHMN. CHENAL: Is there any, any NEPA process
5 for this project?

6 MR. GUY: Yes. So in order to get the
7 presidential permit, the Department of Energy had to
8 undertake its environmental study under the NEPA
9 process. They decided that an environmental assessment
10 was the correct type of evaluation.

11 We have recently -- and let me be clear here. I
12 am now talking about the Nogales interconnection part of
13 the project only. So it has had to undergo this NEPA
14 process. We have a draft environmental assessment. It
15 is currently within a public comment period.

16 And so we intend to file the application based
17 on the information that's in the draft EA. We will
18 attach a copy of the draft EA. And, in fact, we, my
19 understanding -- and, Ed, maybe you can give more
20 details on this -- it is a little bit of a chicken and
21 egg kind of process, because we want to make sure the
22 ACC and Line Siting Committee has the opportunity to
23 consider the alternative routes before the Department of
24 Energy actually issues the presidential permit.

25 MR. BECK: Right. And our position with the DOE

1 initially had been we would prefer not to identify a
2 preferred route for their process.

3 Their process required that we actually
4 identified our preferred route so that they can analyze
5 one route only in their initial process. So you will
6 see in the EA that the applicants have identified a
7 preferred route. That is what is in the draft EA. It
8 is now subject to approval through the CEC process at
9 the state level. And our discussions with DOE have
10 been, to the extent the Siting Committee and/or
11 Commission were to come up with a different route that
12 they would identify as the route, that DOE would look at
13 adjusting their, the draft in the final EA to reflect
14 that, to the extent they could, so that we were not
15 trapped where we had one approval in one case and a
16 different one in the state level that couldn't come
17 together.

18 CHMN. CHENAL: Yeah.

19 MR. BECK: So...

20 CHMN. CHENAL: That's chicken and egg.

21 MR. GUY: And I don't want to, again, speak to
22 the conclusion where the EA is going, but the draft EA
23 is currently written in the studies that are that, you
24 know, we are hopeful that there are no significant
25 impacts on the project and that will be the ultimate

1 conclusion.

2 And then on the northern part --

3 CHMN. CHENAL: Yeah, I was going to ask.

4 MR. GUY: Ed, why don't you describe what we are
5 doing on the northern part of the project.

6 MR. BECK: On the northern part we are
7 rebuilding an existing line. To a large extent, we are
8 trying to stay within the same right-of-way. There are
9 specific segments within that 27 and a half miles where
10 we are proposing that we deviate from the existing
11 alignment. To a large degree those are on state land.
12 And the reference to State Land not being in agreement
13 at this point, we still need to work through that.

14 One of the things that State Land has said is
15 they will not deal with our application until they see
16 we filed a CEC application. So hopefully post July 24th
17 we will be able to have more detailed discussions with
18 State Land to identify why we are looking to move where
19 we are looking to move.

20 In our public process, the large -- to a large
21 degree the comments that were received were very
22 supportive of the new alignment from residences that are
23 currently impacted by the existing line. And that's why
24 they would like to see it moved over. But we have to
25 work through that with State Land.

1 So one option is to stay on the existing
2 alignment. It will have some costs and construction
3 implications. Our preference would be to move the line
4 in those few instances and avoid some of the
5 complications. But we can work either way.

6 MR. GUY: And from an environmental study
7 perspective, that part of, the upgrade part of the
8 project has not had to undergo any sort of federal NEPA
9 process. You know, comprehensive environmental studies
10 were performed in the earlier case that I think someone
11 mentioned, where the southern part of this line was
12 upgraded. And so my understanding is UNS was updating
13 those studies. And so the application will reflect the
14 analysis that has been undertaken to prove up the
15 application on the upgrade portion.

16 CHMN. CHENAL: Okay.

17 MR. BECK: Yeah. For the upgrade portion, there
18 is no federal implications of a NEPA process. So we
19 have used the standard CEC requirements of the past for
20 environmental studies.

21 MR. HECHT: This is Kevin Hecht. Can I chime in
22 from Border Patrol?

23 CHMN. CHENAL: Please.

24 MR. HECHT: We have a helipad on the property.
25 And your proposed line, if it puts you within 5,000

1 feet, you need to notify FAA and file a Form, I believe,
2 7460-1 with them and get clearance with them for
3 navigable airspace because of our helipad. And your
4 proposed goes right along the perimeter fence line,
5 which puts you in line of the helipad for helicopters
6 landing and taking off from our office. So that is
7 something you guys might have overlooked, because I
8 haven't heard it brought up.

9 I have a list of things, but we are slowly
10 chipping away at them. And I don't know if this is
11 really the call to get into that, but I just wanted to
12 bring that up because you identified possible permits.

13 MR. BECK: Well, to the extent there are very
14 specific permits like that that haven't been dealt with,
15 yes, we do need to get all those permit requirements
16 met. And we are in the process of working on those.

17 CHMN. CHENAL: Well, Mr. Hecht, I am almost
18 finished with my comments. So what I am going to do is
19 finish up. Then I am going to turn it over to you. It
20 sounds like you have got a list. And I would like to
21 get any comments or questions that you have, and then
22 with anybody else as well, so... But my last comments
23 will be quick.

24 We want to make sure we have got a robust wi-fi
25 at the hearing sites. That's very important.

1 Also, if the applicant could provide the
2 application and exhibits on, I guess, a flash drive --

3 MR. GUY: Okay. Sure.

4 CHMN. CHENAL: Okay?

5 MR. BECK: Can I ask, is that in addition to the
6 hard copies?

7 CHMN. CHENAL: Yes.

8 MR. BECK: Okay.

9 CHMN. CHENAL: I would like to ask the applicant
10 if the transcript of the conferences and the hearing can
11 be posted to the applicant's website.

12 MR. GUY: Yes. I mean my understanding from the
13 court reporter in the past is that that is permissible.
14 I mean if that's acceptable to them, we are able to do
15 that on our side. I don't think that has always been
16 the case. And so maybe it would be helpful. If that's
17 what you are asking us to do, I think from Nogales
18 Transmission's perspective, we can certainly do that.

19 MR. JERDEN: I might add that Marta has refused
20 permission to post on the website. So instead we make a
21 copy and put it in a public library for viewing. So I
22 don't know what the current rule is. These things --

23 CHMN. CHENAL: I think --

24 MR. JERDEN: -- have --

25 CHMN. CHENAL: -- it has evolved from that. We

1 will obviously confirm with the court reporter's
2 service. But I think it has gotten where we actually do
3 have it on the websites, on the project websites, and we
4 have done that in the last couple cases. So everything
5 evolves. And I think that's one thing that has evolved.
6 But we will confirm that and make sure. And if there is
7 any issue, we won't do it. But to the extent there is
8 no objection by, you know, the court reporting service,
9 my understanding is the applicant is okay with posting
10 it on the project website.

11 MR. BECK: In fact, that would be our
12 preference, if we can do it.

13 CHMN. CHENAL: Yes. Well, we will have it in
14 the library as well --

15 MR. BECK: Right.

16 CHMN. CHENAL: -- but also at the website. It
17 is just so much easier for people to access it if they
18 have -- if they are interested and if they need the
19 transcript, it is just so much more accessible.

20 Mr. Hecht, you had a list of things you wanted
21 to bring up.

22 MR. HECHT: Yes. And some of this I am -- I
23 brought in other people from Customs and Border
24 Protection. And we are just looking at some issues.
25 And if there is no conflict, there is no conflict.

1 But we will start at the border where we cross
2 into Mexico. And I know we offered comments on the
3 poles and distance from the fence and height of the
4 lines over the fence so they are not able to climb the
5 poles and get across the border. So we definitely
6 wanted the poles outside of the easement for sure. So,
7 you know, that would be minimum of 60 feet on either
8 side of the fence, away from the border fence. And the
9 lines, I am sure there is some code, I don't know what
10 it is, to keep its distance of the power line from the
11 fence, and preferably something of anticlimb on the
12 poles. So that addresses the border portion.

13 And then we also have a border road out there.
14 So we wouldn't want any restriction of access through
15 the right-of-way once it is established. Because I know
16 the right-of-way out there touches on private land
17 and -- well, it's mostly private lands from our office
18 down to the border fence. So I am just bringing that up
19 now. And like I said, I don't know if that's the forum
20 to bring that up, but I just wanted to make sure it is
21 out there since we are dealing with border and security
22 and not providing a tool for them to get across the
23 border fence.

24 MS. PAULEY: And this is Melissa from the
25 Department of Energy. I just wanted to mention that

1 there is some language in the draft EA in regard to
2 those issues.

3 MR. HECHT: And that's in reference to the other
4 issues I am going to bring up. Or do you want me to
5 voice those now so people are aware?

6 MS. PAULEY: Oh, sure.

7 CHMN. CHENAL: Please, go ahead.

8 MR. HECHT: Is there any question on the border
9 segment, that's Roosevelt Easement?

10 MR. BECK: No. We fully understand that issue.

11 MR. HECHT: Okay. So now we have the main line.
12 It is going to travel along, I guess we will call it,
13 the south fence line of the Border Patrol office.
14 Depending on your offset, I, since OSHA doesn't really
15 cover animals, I have our veterinary division looking at
16 the exposure, long-time exposure to our Mustang horse
17 patrol that has been there forever. And it is going to
18 run up right to that perimeter fence line based on the
19 power lines.

20 So we know we have studies on humans, but I am
21 wondering about horses. So that's being looked at. I
22 don't have a final answer on that, but I just wanted you
23 to be aware of that, because it is going to be constant
24 exposure to the horses because they are there. Like I
25 said, we are still looking at that.

1 We ran through our spectrum division
2 interference on our VHF, because we have a lot of
3 frequency and microwave coming out of the office and we
4 are pretty much going to be surrounded by the lines
5 going up to the -- I guess you call it the Valencia
6 station, whatever it is, the one you are going to build
7 up behind us?

8 MR. BECK: The Gateway.

9 MR. HECHT: So we looked at that. And we didn't
10 see any interference. But now I notice that, instead of
11 having just the 115/230, we are adding another line
12 along our fence line going into the Gateway. Is that
13 correct?

14 Originally it was a 115/230 and it has been
15 modified recently to add another line.

16 MR. BECK: It is a 138/230. And I would have to
17 look specifically where your fence is relative to where
18 we have triple circuit. But there are portions with
19 triple circuit potential.

20 MR. MORENO: Yeah. On the map it shows number
21 10.

22 THE REPORTER: Who is this?

23 MR. MORENO: Fred Moreno. This is Fred Moreno,
24 Border Patrol, Tucson sector.

25 CHMN. CHENAL: Did you give your last name --

1 MR. MORENO: If you look at the map, it shows
2 two lines. Number 10 shows 138 and then 230.

3 MR. BECK: Well, again, I would have to look
4 very specifically at where that location is. I don't
5 have the one with segment 10 in it. But we do --

6 MR. HECHT: So you can have it in your mind, it
7 is from the Gateway to the border. So as soon as you
8 leave the Gateway, about a mile from the Gateway is our
9 office. It is not that much. It might even be like a
10 half mile once you get around the produce warehouses.
11 And then you run private land, which I assume you are
12 going to buy an easement. And that property owner runs
13 right along our fence line but runs along the south edge
14 of those industrial buildings, we will call them,
15 commercial area from the Gateway. It runs across
16 Mariposa Canyon and then up to the ridge top that you
17 are going to run directly south of the border, to give
18 you an idea in your mind, if you can picture that.

19 MR. BECK: Yes. So in the preferred routing,
20 that is a double circuit. It has got two circuits, of
21 138 and a circuit of 230 kV.

22 MR. HECHT: Yes. So we are just going to make
23 sure that doesn't interfere with -- since we did a study
24 and didn't have interference on 115/230, you added one,
25 so we have just got to double check. I don't anticipate

1 anything, but we have two transmission towers of
2 microwave and radiofrequency coming out of the office
3 that has to pass through that path to technology all
4 around the border. So we just want to make sure we have
5 no interference. That's an additional issue.

6 And then another one is we have a three-story
7 rappel tower on the corner of the property, which will
8 be similar height, if not same height, as your lines as
9 they pass next to it. I don't know what the offset
10 requirement is. But just so you are aware, that's
11 there, to make sure your distance is clear for any
12 potential lightening. I don't know what the power lines
13 might draw on that case, which lightening overall is an
14 overall concern. We just don't want the animals
15 affected.

16 The animals are going to be there more
17 permanent, you know, on a daily basis, unless they are
18 out deployed in the field. But agents are in and out of
19 there. And we are just concerned about the animal
20 safety and long-term effects. And we are just having
21 that looked at, just so you are aware of that.

22 MR. BECK: Understand.

23 MR. HECHT: And I believe that we covered
24 helicopter. We covered the potential lightening. And
25 then the interference we had looked at. So I think that

1 is about it for now that's coming to mind off my notes.
2 And I believe, as mentioned, the Department of Energy
3 notated that in the environmental. And we have a crew
4 that's involved in looking and researching it.

5 So I am sure there will be comments in the
6 future. But I just wanted it preliminary out there to
7 address the issues at the border patrol station and
8 right next to it, and then the issues at the border
9 where it crosses the border fence. So I don't have
10 anything further at this point unless there are
11 questions.

12 CHMN. CHENAL: All right. Mr. Hecht, these are
13 the kinds of concerns, that you have raised, that this
14 Committee addresses. And we address them in the form of
15 conditions that are placed in the certificate of
16 environmental compatibility.

17 I would, I would, normally I would suggest that
18 that would be a reason to intervene, to make sure that
19 when we complete the hearing, and assuming the Committee
20 issues a CEC -- we actually go through, at the
21 conclusion of the hearing, we actually draft the
22 language while everyone is still there and make sure
23 that the language of the conditions accurately, you
24 know, take into account the concerns that were raised
25 during the hearing. And then the Committee votes on

1 those conditions.

2 You may be able to work these out with the
3 applicant ahead of time, and in which case maybe it is
4 not necessary to intervene. I mean these are reasonable
5 applicants, and if you get their agreement to include
6 these provisions, you know, that may be sufficient. But
7 you could always come at the hearing and, you know, just
8 it be through that part of the hearing. But technically
9 the way to do this would be to intervene, so... But
10 this is where we would have these conditions that would
11 reflect the concerns you raised, and that's where we get
12 into it.

13 So, you know, either make sure the applicant
14 agrees to them ahead of time and there is no objection
15 to them, or, you know, some way be there or intervene in
16 the proceeding to make sure that these concerns are
17 protected. Okay?

18 MR. HECHT: Understood. And I have experts
19 looking at, as far as Customs and Border Protection is
20 concerned, looking on the veterinary side for the
21 animals, and I have a spectrum analyst side looking for
22 the frequencies of all the VHF coming out of the office.
23 And, like I said, they originally said it was clear, but
24 then this line was recently added. So I have to look at
25 them again to make sure we are fine.

1 And then the border issue is more structural.
2 So I am sure that can be come to be agreed to. I just
3 want to -- you know, the horses have been here for many,
4 many years. I just want to make sure something new
5 doesn't come in and ten years from now I have effects,
6 side effects. And it is hard to get an OSHA response
7 because they cover people, not animals. So I have to go
8 through the veterinary side to find that out.

9 And the other issue being FAA, we have just got
10 to make sure we are compliant with them because we do
11 have a helicopter pad.

12 CHMN. CHENAL: Sure. All these are legitimate
13 concerns. And, again, my advice is make sure, you know,
14 that, you know, to protect your interest, you may want
15 to have someone consider intervening in the proceeding
16 to make sure that these, the conditions are worded in
17 such a way that protect the concerns you have raised.

18 MR. HECHT: Understood.

19 CHMN. CHENAL: Okay. Anything, any other
20 issues, concerns that we have, you know, that we should
21 talk about before we adjourn? Any concerns about
22 anything we have done today?

23 (No response.)

24 CHMN. CHENAL: Okay. Well, I have completed my
25 checklist. We will get out just in time for you to hit

1 the traffic. You folks on the phone are lucky.

2 So unless there is anything further, you know,
3 you can always bring up procedural issues, you know,
4 before the hearing, we can -- before it is filed, even
5 after it is filed, but especially after it was filed, so
6 if anything comes up. You might alert me to the
7 progress with the discussions on whether it be one or
8 two applications.

9 And the next thing that will happen, we will get
10 a -- we will file the application. I will have ahead of
11 time the, you know, the proposed notice of hearing. We
12 will issue then -- get that issued right away, and the
13 procedural order will go out right away. And we will
14 see you back here -- when did we say the date was -- the
15 29th for the prehearing.

16 MR. GUY: Sounds like a plan.

17 CHMN. CHENAL: Okay?

18 All right. Thanks everybody.

19 (Exhibit 3 was marked for identification.)

20 (The proceeding concluded at 4:23 p.m.)

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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,
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11 I CERTIFY that I am in no way related to any of
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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 13th day of July, 2017.

19

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Certified Reporter
Certificate No. 50658

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