

TEP SUN CITY SUBSTATION IN ARROYO GRANDE

INTRODUCTION

On January 27, 2010 representatives from Sun City Vistoso Community Association, Inc (SCVCAI) and representatives from Tucson Electric Power (TEP) met for the second time to exchange information and review current status of the Rancho Vistoso Substation Project near the intersection of First Avenue and Tangerine Road. The meeting took place in the Yaqui Room, Vistoso Center in Sun City Vistoso.

The representatives from SCVCAI were:

1. Hal Linton, Board of Directors
2. Bob Mariani, General Manager
3. Hank Jepsen, Chairman Government Affairs Committee
4. Herman Brimo, Resident and Engineer
5. Dean Chapman, Resident and Engineer
6. David Smoler, Resident and Engineer

The representatives from TEP were:

1. Ed Beck, Director Line Siting Services
2. Larry Lucero, Director Government Affairs
3. Don McAdams, Chief Engineer

The two organizations had mutually compatible objectives for holding this meeting. SCVCAI wanted to obtain the latest status of the project and sustain the cordial atmosphere for a dialog process that was begun in the first meeting. TEP wanted to provide project status and to ensure SCVCAI understands TEP's interactions with the Town of Oro Valley and how these interactions affect the project.

REPORT

Status after last meeting was reviewed. The original plan to locate Substation (a.k.a. Sun City Substation) adjacent to north boundary of Sun City Vistoso was removed from the Oro Valley General Plan for the area known as Arroyo Grande. The land is owned by the state of Arizona and the Town of Oro Valley wants to annex it. TEP was evaluating several alternative plans that could provide the load relief needed to support the general Rancho Vistoso area and the Innovation Drive industrial expansion in particular. The most desirable of these alternatives from TEP's standpoint would be to add a third 40 MVA transformer bank to the existing Rancho Vistoso Substation located on Tangerine Road just west of the intersection of Rancho Vistoso Blvd and Tangerine Rd. Two feeders would be added going east toward Innovation Drive and Oracle Road and one going west along Tangerine. As a part of this, TEP wants to add an approximately one mile long feeder extension along Tangerine between La Canada and La Cholla. The Town of Oro Valley wants it underground but TEP is not willing to pay the differential between the cost of an overhead run that they would pay for and the cost to put it

underground. The open question at the time was “Will the Town of Oro Valley be willing to pay the differential?” It was pointed out that the town collects a tax on utility bills, the funds from which go into the general town budget rather than being reserved for utility infrastructure improvements.

Update from this meeting: Regarding the Arroyo Grande project, the town is still proceeding with plans to annex the territory. However, the project is not likely to proceed any time soon because of the economic climate with regard to real estate development. If and when the project does proceed, TEP will integrate a new plan for an Arroyo Grande substation into the overall plan. However, it is planned to be considerably to the north of the site originally proposed for the Sun City Substation.

Regarding the expansion of the Rancho Vistoso Substation, TEP considers it to be a certainty, future budget restrictions notwithstanding. TEP has already taken delivery of the transformer bank, a normally long lead time item. The duct openings are already in place at the substation and much of the duct work for the two eastern feeders already exists, most notably the runs under the bridge over the “Big Wash”. TEP is planning to have the transformer bank installed and the feeder lines pulled and connected by May of 2011.

The discussion then turned to the controversy over the overhead vs underground feeder extension along Tangerine Road. TEP says it is needed to bolster the capacity of the feeders that go north of Moore road, into the Tortolitas and finally into the Stone Canyon area. This area is fed currently by a feeder that goes north along the western edge of Rancho Vistoso Blvd and then loops over toward the Tortolitas while simultaneously serving load along Rancho Vistoso Blvd and continuing into the Honey Bee Canyon and western Sun City Vistoso. A fact that was missed previously was that the proposed Sun City Sub would have had a feeder going west to bolster the Stone Canyon area as well. Thus, this requirement is consistent with the previous proposal in that respect.

TEP proposes to build an overhead line along the one mile stretch between La Canada and La Cholla at a cost of approximately \$360K. It would be on separate poles but parallel along the same row as the current 138 KV line that comes in along Tangerine from the west. TEP does not want to put this line on the same poles as the existing transmission line because they would then be required to entertain requests from communications companies to put antennae on the poles. There is a high voltage clearance problem that they do not want to deal with if possible. The cost to put the line underground would be approximately \$850K.

TEP’s position is that if they are forced to pay the \$500K differential, they will attempt to put it into their rate base. If successful, the cost would then be borne by all TEP ratepayers. If the Corporation Commission disallows it, which they are apparently likely to do, then the cost would be borne by the stockholders.

TEP has submitted to the Town of Oro Valley a Conditional Use Permit (CUP) that would allow them to waive the requirement to put the feeder underground. Similar

requests in the past have been refused by the town council. The current request is still pending at this point.

SUMMARY

The bottom line as far as Sun City Vistoso residents are concerned is that the plan to go ahead with the expansion of the Rancho Vistoso Substation alleviates any potential overload problems in Sun City Vistoso for some time to come. The outcome of the CUP request and the addition of the third feeder to the west of the RV substation is not an immediate concern for Sun City Vistoso.

Hal Linton

February 26, 2010