



PINAL CENTRAL SUBSTATION TO TORTOLITA SUBSTATION 500-KV TRANSMISSION PROJECT

Project Newsletter #1 - August 2008

Introduction

Tucson Electric Power (TEP) is in the initial phase of planning for a new 500-kilovolt (kV) transmission line in Pinal County that will integrate with the regional transmission grid and serve growing customer demand. Construction of the Pinal Central Substation to Tortolita Substation 500-kV Transmission Project is anticipated to begin in mid-2010 with an in-service date of mid-2012. The proposed 500-kV transmission line will increase reliability of the regional electrical system and meet rapidly growing demand for electricity in the Tucson metropolitan area and surrounding region. TEP's planning process will include comprehensive environmental analyses and public participation activities that will identify a preferred and alternative transmission line routes to meet the project purpose and need.



Tortolita Substation in the southern portion of the study area.

TEP recognizes the importance of reaching out to the community in the vicinity of this project prior to making any recommendations for constructing the proposed transmission line. This project newsletter is intended to provide an introduction to the proposed transmission line project and announce the first public open house meeting. TEP will be completing an extensive public participation process including distribution of project newsletters and holding public open house meetings to collect input at key milestones throughout the planning process.

Purpose and Need

The purpose and need for the proposed transmission line is to increase regional electrical system reliability and meet rapidly growing demand for electricity in the Tucson metropolitan area and surrounding region. On average, southeast Arizona (i.e., Pinal, Pima, Cochise, Graham, Greenlee, and Santa Cruz counties)

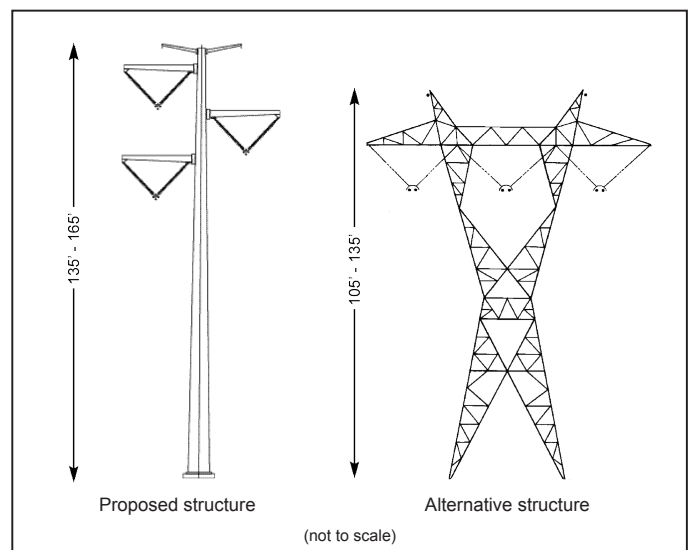
is expected to grow by 68 percent from 2000 to 2020 (Arizona Department of Economic Security, 2006 and US Census Bureau, 2008). Pima County anticipates a growth rate of approximately 66 percent between 2000 and 2020 (Arizona Department of Economic Security, 2006 and US Census Bureau, 2008). This regional growth requires TEP and other utilities to upgrade the existing transmission infrastructure that currently supplies electricity to the area.

This proposed transmission line will provide power import capability to assist TEP in meeting the current and projected electrical demand of southeast Arizona and the Tucson metropolitan area. Today the regional grid is near capacity and additional infrastructure is needed to accommodate future electrical demand.

Project Description

TEP plans to build a new, single-circuit, 500-kV transmission line approximately 40 miles in length from the planned Pinal Central Substation, east of Casa Grande to the Tortolita Substation, south of the Saguaro Power Plant near Red Rock. This will require expansion of the Tortolita Substation, including the addition of new 500-kV transformers and additional equipment to interconnect with the transmission line. The transmission line structures are expected to be single-pole structures, approximately 135 to 165 feet tall. As an alternative, the project could employ lattice steel structures that would be approximately 105 to 135 feet tall. In either case, the average span distance between structures is expected to be approximately 800 to 1,200 feet.

The project will provide TEP with a critical link to the Pinal Central Substation, which has been designed to serve as a major hub in the regional transmission grid. The substation, which is being built



near the site of an existing substation, will provide links to many existing generation facilities with available power supplies.

A general project study area has been established that extends south from approximately Eleven Mile Corner Road and Kleck Road, east of Casa Grande to Interstate 10, and Air Park Road approximately 0.5 mile north of the Pinal and Pima County line. The general project area consists of land managed by the Arizona State Land Department and private lands under the planning jurisdiction of Pinal County, City of Eloy, Town of Marana, City of Casa Grande, and City of Coolidge. The study area also includes isolated plots of federal land managed by the Bureau of Land Management. Major features in the project area include the Central Arizona Project Canal, Interstate 10, Picacho Mountains and Picacho Peak State Park, Union Pacific Railroad, several existing transmission lines, and other local utilities. The study area is a mixture of relatively flat agricultural and desertscrub land, small mountains (e.g., Picacho Mountains), several washes/



Residences and undeveloped land in the northern portion of the study area.

The CEC application will be reviewed by the Arizona Power Plant and Transmission Line Siting Committee which will recommend specific action regarding the application to the ACC. Final approval to construct the proposed transmission line must be granted by the ACC before the project can proceed.

TEP also will work with other agencies during the process to comply with applicable regulations prior to construction of the proposed transmission line.

Planning Process and Project Schedule

Six primary tasks will be conducted during the planning process, including environmental studies and several key public participation activities. TEP will be conducting the planning process over the next several months and anticipates filing a CEC application in the first quarter of 2009. A general overview of these tasks is illustrated in the attached planning process diagram on the next page.

Environmental Studies

TEP will consider several environmental factors prior to making any recommendations for building the proposed transmission line. The primary environmental factors to be studied include existing and future land uses, as well as visual, cultural/archaeological, and biological resources. Evaluation of these environmental factors is a key component of the CEC application.

TEP will consult with federal, state, and local agencies (e.g., Arizona Game and Fish Department, State Historic Preservation Office, Pinal County) regarding potential environmental issues within the project area. TEP will consider environmental constraints identified by the agencies throughout the

planning process, as well as any potential mitigation measures to avoid and/or minimize environmental impacts.

Public Participation

TEP will distribute information about the project and solicit public input during meetings with community leaders, elected officials, community members and other stakeholders as well as through media briefings, public open house meetings, informational newsletters, a telephone information line, and project website.

Public open house meetings will be conducted within the project area and announced via project newsletters, local newspapers, and other methods. The public will have many chances to view key project information, interact with project technical staff, and provide comments regarding the proposed transmission line project.

Contact Information

A toll-free project telephone line, (888) 751-0145, has been set up to allow the public to offer comments or request additional information about the Pinal Central Substation to Tortolita Substation 500-kV Transmission Line Project. For additional information, visit TEP's Web site at www.tep.com.

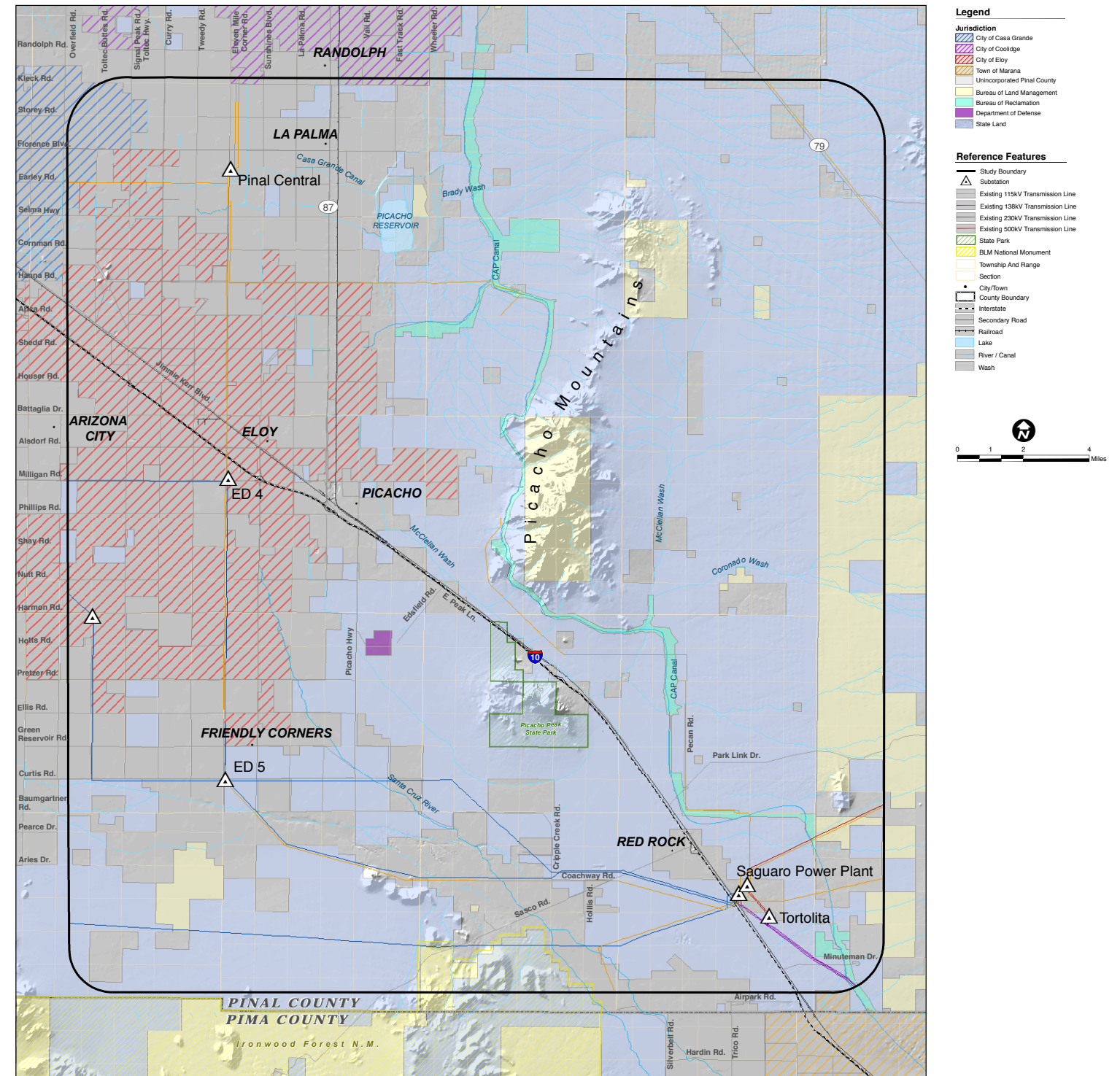


Picacho Mountains and the Union Pacific Railroad in the central portion of the study area.

(e.g., McClellan Wash, Santa Cruz River), and development (residential, commercial, and light industrial) concentrated along Interstate 10 (e.g., Eloy, Picacho). See the attached map illustrating the project study area and land ownership.

Arizona Corporation Commission Approval

Arizona Revised Statutes 40-360 require that TEP prepare and file a Certificate of Environmental Compatibility (CEC) application with the Arizona Corporation Commission (ACC) prior to construction of a proposed high-voltage transmission line.

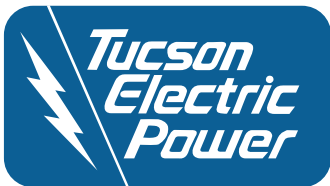


PLANNING PROCESS	TASK 1 SITING CRITERIA, DEFINE STUDY AREA, AND SECONDARY DATA COLLECTION	TASK 2 OPPORTUNITIES/CONSTRAINTS ANALYSIS AND ALTERNATIVES IDENTIFICATION	TASK 3 DETAILED INVENTORY AND ALTERNATIVES ASSESSMENT	TASK 4 ALTERNATIVES SELECTION AND RESOURCE SURVEYS	TASK 5 PREPARATION AND FILING OF CEC APPLICATION	TASK 6 CEC HEARINGS
PUBLIC PARTICIPATION ACTIVITIES	<ul style="list-style-type: none"> Community leader and elected official briefings Identify and contact stakeholders Project fact sheet Newsletter #1 Public open house #1 	<ul style="list-style-type: none"> Newsletter #2 Public open house meeting #2 	<ul style="list-style-type: none"> Ongoing activities 	<ul style="list-style-type: none"> Newsletter #3 Public open house meeting #3 	<ul style="list-style-type: none"> Ongoing activities 	<ul style="list-style-type: none"> Public hearings before the Arizona Power Plant and Transmission Line Siting Committee and ACC
TIMELINE*	May - August	August - September	September - October	October - November	November - December	January - February 2009

*estimated schedule

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PHOENIX, AZ 85029

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Please attend the upcoming

PUBLIC INFORMATION OPEN HOUSE

August 27, 2008, 5:30-7:30PM

**Eloy Junior High
404 East Phoenix Avenue
Eloy, Arizona 85231**