UPDATE - SUN LAKES COMMUNITY SRP LEGAL FUND

The following is the final mitigation agreement that has been signed by all 3 HOA's. Even though the 3 HOA's would have liked to get the lines buried, but knowing that will not happen, it was felt that the best solution to mitigate the visual impact of the transmission lines and new 230kV substations has been worked out.

Please know that this committee has worked very hard to reach the best possible outcome for all three HOA's. Cottonwood Palo Verde at Sun Lakes should feel very fortunate if indeed this is the final decision by the ACC and the Line Citing Commission.

Sun Lakes Community SRP Legal Fund (Sun Lakes HOAs)

Announcement Concerning SRP Price Road Corridor 230kV Transmission Project

On February 27, 2015, SRP filed an application with the Arizona Power Plant and Line Siting Committee ("LSC") for approval to construct two new 230kV substations near Old Price Road, as well as 230kV transmission lines connecting the new substations to the existing Schrader substation located in Chandler, Arizona. The LSC hearing commenced on March 30, 2015 and concluded on April 1, 2015. The Sun Lakes Community SRP Legal Fund ("SLHOA") was granted intervention, and participated in the LSC proceedings.

Gila River Indian Community (GRIC)

SRP's application was for approval of those transmission line segments located on non-tribal lands. At the outset of the LSC committee hearing, a legal ruling was made that the LSC did <u>not</u> have any jurisdiction to consider the impacts of the transmission line segments located on GRIC on the surrounding community. One of these segments traverses along Old Price Road to the west of the Sun Lakes community.

Anticipating that the LSC would not consider the impact of the GRIC portion of the transmission line on residents living on the western most border of Sun Lakes, (Sun Lakes Country Club and the Oakwood section of IronOaks) on March 27, 2015, SLHOA entered into a mitigation agreement with SRP that provides:

- Reducing the number of pole structures from three sets to two along Old Price Road;
- Vouchers for thirty-two (32) twenty-four inch box trees to mitigate the visual impact to residents in the Oakwood section of IronOaks, facing west along Old Price Road;
- The 230kV line planned to the west of Sun Lakes (the Oakwood section of IronOaks) will be built so that no transmission pole will be within 50 feet of the centerline extension of Teakwood Drive and Mossy Rock Drive entrance/exits; and

• SRP's commitment to work with Maricopa County to encourage blocking the dirt road on Old Price Road for dust abatement.

Based on the ruling made by the LSC concerning its inability to consider the impacts of the GRIC portion of the transmission line on Sun Lakes residents, SRP would not be required to employ any mitigation measures to the west of Sun Lakes in the absence of the agreement entered into with SLHOA.

Certificate of Environmental Compatibility (CEC)

On April 1, 2015, the LSC issued a recommended form of CEC granting SRP's request, subject to several conditions. The LSC adopted SRP's preferred route segment along the existing railroad corridor to the east of Arizona Ave down to Hunt Hwy. The SLHOA supported this route segment as the alternative route being considered was along Arizona Ave, which borders Sun Lakes (Palo Verde Section of Cottonwood Palo Verde) residents directly to the east.

However, the primary focus of the SLHOA intervention was to oppose the location of the transmission line coming east from the GRIC facilities into Intel Corporation's property located to the north of IronOaks HOA #3. According to SRP's application, the single-circuit 230kV line would be constructed with a centerline 475 feet from Oakwood's northern boundary. SLHOA's opposition was twofold: (i) that the line should be built underground, and (ii) if not underground, then at least 700 ft away from Sun Lakes.

After the evidence was submitted and preliminary deliberations conducted by the LSC, SLHOA entered into a stipulated condition with SRP that provides the following:

- The single-circuit 230kV transmission line will be constructed with a 650 foot centerline. However, if a feasibility study conducted by Intel which is consistent with the most recent development plan amendment filed with the City of Chandler demonstrates a line at 650 ft will materially impact expansion plans, SRP can move the line no farther than a 475 foot centerline; and
- Due to the flexibility afforded to Intel and SRP in designing the transmission line north of Sun Lakes on private property, SLHOA's Executive Committee will develop a mitigation plan in conjunction with Intel and SRP for which a substantial amount of funds have already been set aside to implement such plan.

The SLHOA believes that while its request to place the underground fell short, the alternative outcome provides the best available solution to mitigate the visual impacts of the transmission line and new 230kV substation on Sun Lakes.

Next Steps

The LSC's recommended CEC will be voted on by the Arizona Corporation Commission sometime within the next 30-60 days. SLHOA supports the CEC as currently drafted, as it:

- 1. Avoids direct impacts to residents living along Hunt Hwy.
- 2. Adopts the preferred eastern segment along the railroad corridor, farther east of Sun Lakes.
- 3. Moves the line on Intel property farther away, and gives Sun Lakes a voice in how best to mitigate the impacts to residents living across from Intel.