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Rio Rico to Harshaw 138kV Transmission Line Project



In-Person Public Open House Meeting January 25, 2023 | 6-8 p.m.

Quality Hotel Americana Nogales-Mayan Room
639 N. Grand Ave., Nogales, Ariz.

Energy Grid Update

Rio Rico to Harshaw 138kV Transmission Line Project

Newsletter #5 – January 2023



UniSource Seeks Public Input on Final Transmission Line Routes

UNS Electric, Inc. (UNSE), a subsidiary of UniSource Energy Services, has identified a preferred route with three alternative segments for the proposed Rio Rico to Harshaw 138 Kilovolt (kV) Transmission Line Project in Santa Cruz County.

UNSE will include these routes in its application to the Arizona Corporation Commission (ACC) for a Certificate of Environmental Compatibility (CEC). The transmission line will serve the Hermosa Project, a mine exploration project owned by Arizona Minerals Inc. (AMI), a subsidiary of South32, while improving service for residential and other electric customers in the vicinity, including the Flux Canyon, San Rafael Valley, Washington Camp and Lochiel areas. UNSE's existing 13.2-kV distribution line does not have sufficient capacity to support current and future energy needs in these areas while also satisfying the Hermosa Project's anticipated energy requirements.

The Rio Rico to Harshaw Project will involve construction of an approximately 20-mile, single-circuit transmission line that will interconnect with UNSE's existing 138-kV transmission system at a proposed switchyard near Interstate 19 in the Rio Rico area. The line will end at the proposed Harshaw Substation, located at the end of Flux Canyon Road on private property within the Coronado National Forest (CNF). The western portion of the line would be located on private land or road right-of-way. Most of the eastern portion of the line would be located within the CNF. UNSE is seeking approval from the U.S. Forest Service for a permit to construct and operate the portion of the line located within the CNF.

UPDATE ON FINAL ROUTES

In November 2022, UNSE held an in-person public open house meeting to gather input on potential route links that were revised based on suitability factors and public comment.

Following this meeting, UNSE weighed additional public input and made two changes to route links under consideration. First, a route link was added on the CNF south of Flux Canyon. Second, modifications were made to route links south of the Lake Patagonia Ranch Estates neighborhood and west of State Route 82 to minimize visual impacts; those links now follow an unnamed side canyon in a northeast-to-southwest orientation from Cumero Canyon to State Route 82.

All remaining route links, together with the additional or modified links described above, were evaluated and ranked based on factors considered by the ACC in determining the environmental compatibility of a proposed transmission line. Based on this evaluation, UNSE was able to eliminate several of the route links presented in November and identify final routes that will be included in its CEC application, which it expects to file in March 2023.

Environmental Compatibility Factors

Several factors must be considered when reviewing an application for a certificate of environmental compatibility, according to Arizona Revised Statute 40-360.06. These include:

1. Wildlife and plant life
2. Scenic areas, historic sites and archaeological sites and structures
3. Environment
4. Noise emission levels and interference with communication signals
5. Potential public recreation uses
6. Existing development plans
7. Engineering feasibility and challenges
8. Project costs and potential impacts on customer rates
9. Public input

UNSE's preferred route and alternative routes are illustrated on the enclosed map. For a more detailed view of the final routes, an interactive map available on the project website at uesaz.com/rio-rico-to-harshaw allows users to search by address and zoom in for detailed views.



REQUIRED APPROVALS and TIMELINE

UNSE must secure approval of a CEC from the ACC in order to build the transmission line and the proposed switchyard. UNSE plans to file a CEC application in March 2023 with the Arizona Power Plant and Transmission Line Siting Committee, which will review the application in a public process that provides opportunities for neighbors and other stakeholders to comment. If the Line Siting Committee grants the CEC, it will be sent to the ACC for final review and approval.

Rio Rico to Harshaw 138kV Transmission Line Project

A public hearing with the Siting Committee is tentatively scheduled for April 17-21, 2023. The hearing will be held in Nogales at the Quality Hotel Americana Nogales, the same location as this month's public meeting.

In addition to the CEC, UNSE has applied for a Special Use Permit to build and operate portions of the proposed transmission line on CNF land. In conjunction with the Special Use Permit application, the CNF will conduct a comprehensive analysis of proposed line segments on National Forest System land to identify potential environmental effects. The analysis is required to comply with the National Environmental Policy Act and other applicable federal statutes. The analysis also will identify appropriate mitigation measures, if needed. This analysis is expected to begin in 2023.

UNSE expects the Rio Rico to Harshaw 138-kV Transmission Line Project to be in service by late 2024.

IN-PERSON PUBLIC OPEN HOUSE

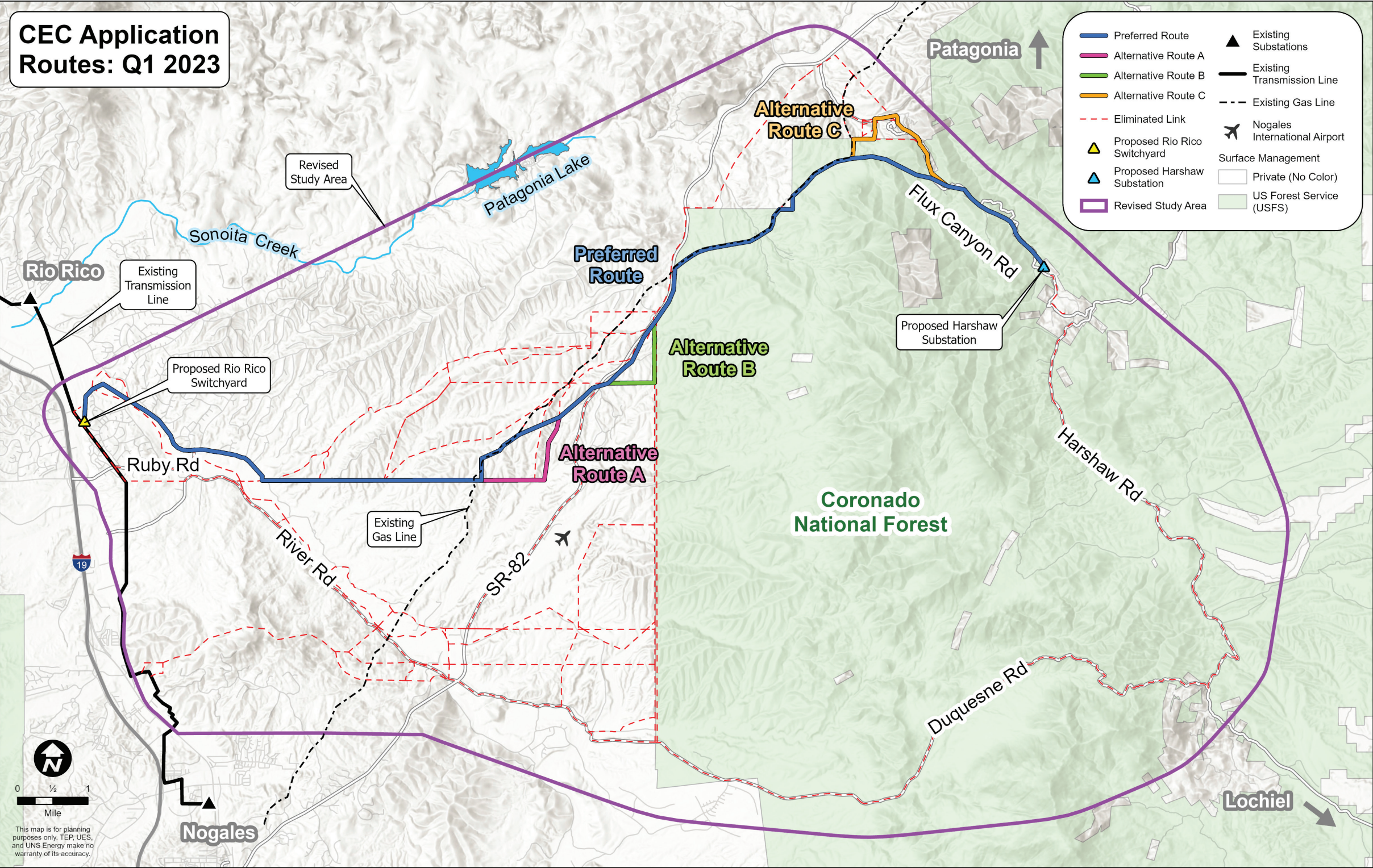
UNSE invites members of the public to ask questions, submit comments and learn more about the project at an open house meeting on January 25, 2023. Residents, property owners, and other stakeholders are encouraged to share thoughts or concerns about the preferred route and specific alternative routes. Meeting details are included on the cover of this newsletter.

OTHER WAYS TO COMMENT

UNSE encourages residents, property owners, and other stakeholders to share their input about the transmission line route by:

- Mailing a comment form or a letter with comments to:
UniSource Energy Services
ATTN: Rio Rico-Harshaw 138kV Project
P.O. Box 711
Mail Stop OH 131
Tucson, AZ 85702
- Sending comments to RR2Harshaw@uesaz.com
- Visiting uesaz.com/rio-rico-to-harshaw and filling out an online comment form
- Calling 1-833-783-0396 and leaving a voicemail message.

Previous newsletters are available on the project website or can be requested using the contact information above.



UNS Electric, Inc. (UNSE) una subsidiaria de UniSource Energy Services, ha identificado rutas finales, para una línea de transmisión planificada en el condado de Santa Cruz, que se incluirán en una solicitud a la Comisión de Corporaciones de Arizona para un Certificado de Protección Ambiental. La línea servirá para un proyecto de exploración minera mientras mejora el servicio para los clientes residenciales en el área. UNSE organizará una reunión pública en persona el 25 de Enero de 2023 de 6 a 8 p.m. Si tiene preguntas o comentarios, no dude en contactarnos al 1-833-783-0396. Gracias por su interés en este proyecto.

For a more detailed view of the final routes, an interactive map available on the project website at uesaz.com/rio-rico-to-harshaw allows users to search by address and zoom in for detailed views.

