



## Frequently Asked Questions about Underground Electrical Facilities

Tucson Electric Power typically installs transmission and distribution equipment above ground. Lower-voltage distribution facilities can be installed underground if customers, developers or other parties agree to pay the higher cost associated with such installations.

**Q: Why does it cost more to install facilities underground?**

**A:** The higher cost typically reflects civil engineering expenses, right-of-way acquisition, additional labor and materials such as conduit and pull-boxes that are not required for overhead projects. These costs vary by project, though, and underground installations may sometimes prove cost-effective in certain circumstances.

**Q: When will TEP pay to place facilities underground?**

**A:** Engineering and safety concerns sometimes justify the additional cost of installing facilities underground. For example, the lower voltage "feeder" lines that emerge from TEP's distribution substations are typically installed underground until these "getaways" reach a point where they can be safely brought above ground. In most cases, though, engineering concerns can be satisfied more cost-effectively through an overhead installation.

**Q: What if customers, developers or others want facilities to be installed underground?**

**A:** Unless the expense is justified by engineering or safety concerns, TEP will not install facilities underground unless a customer, developer or other party agrees to pay the additional cost. These costs are typically paid through a process defined in TEP's rules and regulations for new line extensions, or through a special contract with developers or municipalities.

**Q: Why does TEP insist that the additional cost of underground facilities be borne by those who request such installations?**

**A:** This practice avoids passing along unnecessary costs to customers through our rates. It also ensures that all of our customers are not asked to subsidize a discretionary expenditure that primarily benefits residents of one small area of our service territory. The Arizona Corporation Commission (ACC) has supported this practice by approving rules that allow for recovery of costs from those who request underground facilities. By enforcing those rules and allowing only prudently incurred costs to be recovered through rates, the ACC has ensured that TEP is not billing customers for unnecessary undergrounding expenses they did not themselves request.

**Q. What if TEP must relocate an underground line due to a road project or for some other reason?**

**A.** Relocated lines must be rebuilt in compliance with TEP's current engineering standards, which accommodate current system needs and safety concerns. As such, they represent new projects that, in most cases, will be developed overhead unless an interested party pays the additional underground costs. This is true even if the additional cost of placing the original line underground was borne by a third party.