



Tucson Electric Power

88 East Broadway Blvd.  
Tucson, AZ 85701-1720

*Submitted via electronic mail*

November 6, 2020

Daniel Czecholinski  
Director, Air Quality Division  
Arizona Department of Environmental Quality  
1110 W. Washington St.  
Phoenix, AZ 85007

RE: Springerville Generating Station Units 1 and 2 Four Factor Analysis Report  
Sales Tax Exemptions

Dear Mr. Czecholinski:

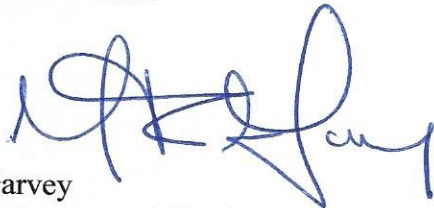
It has come to our attention that capital cost estimates and cost effectiveness calculations for three control measures evaluated in the four-factor analysis report for Units 1 and 2 at Springerville Generating Station, submitted by TEP on March 31, 2020, included sales taxes. This is not representative of actual, anticipated costs because pollution control equipment is generally exempt from transaction privilege taxes in Arizona, however, exclusion of these costs does not affect any conclusions in the report. The values presented in the body of the report, if adjusted to exclude sales taxes, would change as follows:

- The total annual costs of dry sorbent injection for Units 1 and 2 were estimated in footnote 66 to be approximately \$8.8 million and \$8.6 million, respectively. If adjusted to exclude sales taxes, the total annual costs would be approximately \$8.8 million and \$8.5 million, respectively.
- The total capital costs of SNCR for Units 1 and 2 were estimated in Section 4.4 to be approximately \$15.5 million per unit. If adjusted to exclude sales taxes, the total capital costs would be approximately \$15.0 million per unit.
- The total annual costs of SNCR for Units 1 and 2 were estimated in Section 4.4 to be \$3.659 million and \$3.414 million, respectively. If adjusted to exclude sales taxes, the total annual costs would be \$3.592 million and \$3.347 million, respectively.
- The SNCR cost effectiveness values for Units 1 and 2 were estimated in Section 4.4 to be \$14,100 per ton and \$11,950 per ton, respectively. If adjusted to exclude sales taxes, the cost effectiveness values would be \$13,840 per ton and \$11,710 per ton, respectively.

- The total annual costs of SDA upgrades for Units 1 and 2 were estimated in Section 4.5 to be \$0.996 million and \$0.976 million, respectively. If adjusted to exclude sales taxes, the total annual costs would be \$0.975 million and \$0.955 million, respectively.
- The cost effectiveness values for SDA upgrades at Units 1 and 2 were estimated in Section 4.5 to be \$1,060 per ton and \$1,140 per ton, respectively. If adjusted to exclude sales taxes, the cost effectiveness values would be \$1,040 per ton and \$1,120 per ton, respectively.

If you have any questions regarding these submittals, please feel free to contact me or Catherine Schladweiler.

Sincerely,



Megan E. Garvey  
Director, Environmental Services and Sustainability

cc: Catherine Schladweiler, TEP