

1 **BEFORE THE ARIZONA POWER PLANT**  
2 **AND TRANSMISSION LINE SITING COMMITTEE**

3 In the matter of the Application of Salt )  
4 River Project Agricultural Improvement and )  
5 Power District in conformance with the )  
6 requirements of Arizona Revised Statutes ) Case No. 105  
7 Sections 40-360-03 and 40-360.06, for a ) Docket No. L-00000B-00-0105  
8 Certificate of Environmental Compatibility )  
9 authorizing the Expansion of its Santan ) Decision No. \_\_\_\_\_  
10 Generating Station, located at the intersection )  
11 of Warner Road and Val Vista Drive, )  
12 in Gilbert, Arizona, by adding 825 megawatts )  
13 of new capacity in the form of three combined )  
14 cycle natural gas units, and associated )  
15 intraplant transmission lines. )

16 **CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY**

17 Pursuant to notice given as provided by law, the Arizona Power Plant and  
18 Transmission Line Siting Committee (the "Committee") held public hearings at the  
19 Dobson Ranch Inn, 1644 South Dobson Road, Mesa, Arizona, on September 14,  
20 2000, and various days following, in conformance with the requirements of Arizona  
21 Revised Statutes section 40-360 *et seq.*, for the purpose of receiving evidence and  
22 deliberating on the Application of Salt River Project Agricultural Improvement and  
23 Power District ("Applicant") for a Certificate of Environmental Compatibility in the  
24 above-captioned case (the "Application").

25 The following members or designees of members of the Committee were  
present for the hearing on the Application:

Paul A. Bullis	Chairman, Designee for Arizona Attorney General Janet Napolitano
Steve Olea	Designee of Chairman of the Arizona Corporation Commission

1 Richard Tobin Designee for the Arizona Department of Environmental  
2 Quality  
3 Dennis Sundie Designee for the Director of the Department of Water  
4 Resources  
5 Mark McWhirter Designee for the Director of the Energy Office of the Arizona  
6 Department of Commerce  
7 George Campbell Appointed Member  
8 Jeff Mcguire Appointed Member  
9 A. Wayne Smith Appointed Member  
10 Sandie Smith Appointed Member  
11 Mike Whalen Appointed Member

12 The Applicant was represented by Kenneth C. Sundlof, Jr., Jennings, Strouss &  
13 Salmon PLC. There were seventeen intervenors: Arizona Utilities Investor  
14 Association, by Ray Heyman; Arizona Corporation Commission Staff, by Janice  
15 Alward; Arizona Center for Law in the Public Interest, by Timothy Hogan, Mark Kwiat,  
16 Elisa Warner, David Lundgreen, Cathy LaTona, Sarretta Parrault, Mark Sequeira,  
17 Cathy Lopez, Michael Apergis, Marshal Green, Charlie Henson, Jennifer Duffany,  
18 Christopher Labban, Bruce Jones and Dale Borger. There were a number of limited  
19 appearances.

20 The Arizona Corporation Commission has considered the grant by the Power  
21 Plant and Line Siting Committee of a Certificate of Environmental Compatibility to SRP  
22 and finds that the provisions of A.R.S. §40-360.06 have complied with, and, in  
23 addition, that documentary evidence was presented regarding the need for the Santan  
24 Expansion Project. Credible testimony was presented concerning the local generation  
25 deficiency in Arizona and the need to locate additional generation within the East  
Valley in order to minimize transmission constraints and ensure reliability of the

1 transmission grid. The evidence included a study that assessed the needs of the East  
2 Valley. The analysis found that the East Valley peak load currently exceeds the East  
3 Valley import capability and within the next 5 years the East Valley load will exceed  
4 the load serving capability.

5 Additional testimony was presented regarding SRP's projected annual 3.7%  
6 load growth in its service territory. By 2008, SRP will need approximately 2700 MW to  
7 meet its load. This local generation plant will have power available during peak  
8 periods for use by SRP customers.

9 At the conclusion of the hearing and deliberations, the Committee, having  
10 received and considered the Application, the appearance of Applicant and all  
11 intervenors, the evidence, testimony and exhibits presented by Applicant and all  
12 intervenors, the comments made by persons making limited appearances and the  
13 comments of the public, and being advised of the legal requirements of Arizona  
14 Revised Statutes Sections 40-360 to 40-360.13, upon motion duly made and  
15 seconded, voted to grant Applicant the following Certificate of Environmental  
16 Compatibility (Case No. L-00000B-00-0105):

17 Applicant and its assignees are granted a Certificate of Environmental  
18 Compatibility authorizing the construction of an 825 megawatt generating facility  
19 consisting of three combined cycle units with a total net output of 825 megawatts  
20 together with related infrastructure and appurtenances, in the Town of Gilbert, on  
21 Applicant's existing Santan Generating Station site, and related switchyard and  
22 transmission connections, as more specifically described in the Application  
23 (collectively, the "Project"). Applicant is granted flexibility to construct the units in  
24 phases, with different steam turbine configurations, and with different transmission  
25

1 connection configurations, so long as the construction meets the general parameters  
2 set forth in the application.

3  
4 This certificate is granted upon the following conditions:

- 5 1. Applicant shall comply with all existing applicable air and water pollution  
6 control standards and regulations, and with all existing applicable  
7 ordinances, master plans and regulations of the State of Arizona, the  
8 Town of Gilbert, the County of Maricopa, the United States, and any other  
9 governmental entities having jurisdiction.

10 ***Status ~ SRP and RWCD have finalized the Water Discharge Operating***  
11 ***Agreement with an effective date of August 23, 2005. The Operating***  
12 ***Agreement is necessary so that SRP access to the RWCD outfall can be***  
13 ***utilized for sampling and monitoring as stipulated in the APP permit.***  
14 ***The RWCD outfall is where the water discharges from the SRP pipeline***  
15 ***into the RWCD canal.***

16 ***SRP has completed all the permitting requirements for this project and***  
17 ***is in compliance with all ordinances, master plans and regulations of all***  
18 ***applicable governmental jurisdictions.***

- 19 2. This authorization to construct the Project will expire five (5) years from  
20 the date the Certificate is approved by the Arizona Corporation  
21 Commission unless construction of the Project is completed to the point  
22 that the project is capable of operating at its rated capacity; provided,  
23 however, that Applicant shall have the right to apply to the Arizona  
24 Corporation Commission for an extension of this time limitation.

25 ***Status ~ Unit 5 (the 2-on-1 units) began commercial operation on April***  
***1, 2005. Unit 6 remains on schedule for commercial operation by April***  
***30, 2006.***

1                                    ***The week of September 19, 2005, Santan Expansion Project (SEP)***  
2                                    ***Newsletter #15, the final edition of the Santan community information***  
3                                    ***mailings, was mailed to SRP customers residing in the ½ mile radius of***  
4                                    ***the plant site. The newsletter relays information about start-up activity***  
5                                    ***for Unit #6, achieving commercial operation in the spring and features***  
6                                    ***an article on the value of Units 5A and B during this summer's repairs***  
7                                    ***at West Wing. The newsletter directs customers to the SEP website for***  
8                                    ***future updates. A copy of the newsletter is included as Appendix A.***

- 9  
10                                    3.     Applicant's project has two (2) approved transmission lines emanating  
11                                    from its power plant's transmission switchyard and interconnecting with  
12                                    the existing transmission system. This plant interconnection must satisfy  
13                                    the single contingency criteria (N-1) without reliance on remedial action  
14                                    such as a generator unit tripping or load shedding.

15                                    ***Status ~ SRP has completed the activity required by this condition.***

- 16                                    4.     Applicant shall use reasonable efforts to remain a member of WSCC, or  
17                                    its successor, and shall file a copy of its WSCC Reliability Criteria  
18                                    Agreement or Reliability Management System (RMS) Generator  
19                                    Agreement with the Commission.

20                                    ***Status ~ SRP is currently a member of the WECC, the successor to the***  
21                                    ***WSCC, and plans to continue its membership with the WECC.***

- 22                                    5.     Applicant shall use reasonable efforts to remain a member of the  
23                                    Southwest Reserve Sharing Group, or its successor.

24                                    ***Status ~ SRP is currently a member of the Southwest Reserve Sharing***  
25                                    ***Group and plans to continue its membership.***

6.     Applicant shall meet all applicable requirements for groundwater set forth  
   in the Third Management Plan for the Phoenix Active Management Area.

1                    ***Status ~ SRP is in compliance with all requirements for groundwater, as***  
2                    ***set forth in the Third Management Plan for the Phoenix Active***  
3                    ***Management Area.***

- 4  
5                    7.        With respect to landscaping and screening measures, including the  
6                    improvements listed in the IGA, Applicant agrees to develop and  
7                    implement a public process consistent with the process chart (Exhibit 89)  
8                    presented during the hearings, modifying the dates in the IGA with the  
9                    Town of Gilbert, if necessary, to correspond with the schedule in Exhibit  
10                    89.

11                    The new Community Working Group (CWG) will consist of 12 members,  
12                    selected as follows: one member selected by the Town of Gilbert, four  
13                    members selected by neighborhood homeowner associations, four  
14                    representatives selected by intervenors, and three members selected by  
15                    SRP (not part of the aforementioned groups) who were part of the  
16                    original community working group. Applicant and landscaping  
17                    consultants shall act as advisors to the CWG. CWG meetings shall be  
18                    noticed to and be open to the general public. The initial meeting shall  
19                    take place on an evening or weekend in the Town of Gilbert.

20                    The objective of the CWG shall be to refine the landscaping and mitigation  
21                    concept plans submitted during these hearings (Exhibit 88). The CWG  
22                    shall work to achieve appropriate visual mitigation of plant facilities and to  
23                    facilitate the design and installation of the concept plan components so as  
24                    to maximize the positive impact on the community and to increase,  
25                    wherever possible, the values of the homes in the neighboring areas. The  
26                    refinement of the mitigation plans shall be reasonably consistent with the  
27                    planning criteria of the Town of Gilbert, the desires of neighboring  
28                    homeowner associations, and the reasonable needs of Applicant.

29                    Applicant shall retain an independent facilitator, acceptable to the CWG, to  
30                    conduct the CWG meetings. It shall be the role of the facilitator to assist in  
31                    initial education and in conducting an orderly and productive process. The  
32                    facilitator may, if necessary, employ dispute resolution mechanisms.

33                    The CWG shall also assist in establishing reasonable maintenance  
34                    schedules for landscaping of Applicant's plant site in public-view areas.

35                    Applicant will develop with the Town of Gilbert a continuous fund, to be  
36                    administered by the Town of Gilbert, to provide for the construction and  
37                    maintenance of off-site landscaping in the areas depicted in the off-site  
38                    landscaping concepts as developed by the CWG in an amount sufficient to  
39                    fund the concepts in Exhibit 88 or concepts developed by the CWG,

1                   whichever is greater.

2                   **Status ~**

3                   **Onsite Landscaping Program ~**

4                   ***SRP has completed nearly all of the landscaping at the site. The only***  
5                   ***work not completed involves the northeast area and the southeast***  
6                   ***corner of the project site that must be left available for construction***  
7                   ***access or installation of underground utilities associated with the plant***  
8                   ***construction. Landscaping work in the northeast and southeast areas***  
9                   ***will be completed following the completion of Unit 6 construction.***

10                   

11                   ***The “Trails Area” (equestrian and bike trail) to the east of the power***  
12                   ***plant is complete. On September 13, 2005, SRP officially transferred***  
13                   ***ownership of the Trails Area to the Town of Gilbert.***

14                   

15                   **Home Owners’ Association (HOA) Offsite Landscaping Program ~**

16                   ***SRP has completed the initial funding for this program, providing a***  
17                   ***one-time payment to eighteen (18) HOAs in the area for use in***  
18                   ***providing additional landscaping to help mitigate views of the power***  
19                   ***plant.***

20                   

21                   ***Under the program, SRP committed to making future annual payments***  
22                   ***of \$49,884 to the HOAs for offsite landscaping maintenance for a***  
23                   ***period of twenty (20) years, beginning in September 2004. In August***  
24                   ***2005, SRP submitted a check for its second annual maintenance***  
25                   ***payment of \$49,884 to the Town of Gilbert for disbursement to the 18***  
                      ***HOAs. The Town of Gilbert mailed out individual checks to the 18***

1 **HOAs on September 13, 2005. Copies of the letters mailed to each of**  
2 **the HOAs by the Town of Gilbert are included in Appendix B.**

3  
4 **Individual County Landscaping Program ~**

5 **SRP has completed this program.**

- 6  
7 8. The visual mitigation efforts shall be in general compliance with the plans  
8 and concepts presented in these proceedings and constitute a commitment  
9 level by Applicant. Applicant will not reduce the overall level of mitigation  
10 as set forth in its Application and this proceeding, except as may be  
11 reasonably changed during the CWG process. The Town of Gilbert shall  
12 approve the plans agreed to by the CWG.

13 **Status ~ SRP has satisfied the visual mitigation requirements as**  
14 **initially set forth in the Application and the proceeding and further**  
15 **refined and expanded during the CWG process. SRP's mitigation**  
16 **efforts also include the items specified in the SRP/Town of Gilbert**  
17 **Intergovernmental Agreement.**

- 18 9. Applicant shall, where reasonable to do so, plant on site trees by the fall of  
19 2001. Because planting of trees must await the improvement of Warner  
20 Road and the design and construction of berms, this condition will largely  
21 apply to trees on the East side of the site, and some of the trees on the  
22 North side. All landscaping will be installed prior to the installation of major  
23 plant equipment such as, but not limited to, exhaust stacks, combustion  
24 turbines, and heat recovery steam generators, except where delays are  
25 reasonably necessary to facilitate construction activities.

26 **Status ~ As noted in condition 7, nearly all of the landscaping work at**  
27 **the site has been completed. Following the completion of Unit 6**  
28 **construction, SRP will complete the landscaping work in the northeast**  
29 **area and the southeast corner of the project site.**

- 30 10. Applicant shall operate the Project so that during normal operations the  
31 Project shall not exceed the most restrictive of applicable (i) HUD



1 residential noise guidelines, (ii) EPA residential noise guidelines, or (iii)  
2 applicable City of Tempe standards. Additionally, construction and  
3 operation of the facility shall comply with OSHA worker safety noise  
4 standards. Applicant agrees that it will use its best efforts to avoid during  
5 nighttime hours construction activities that generate significant noise.  
6 Additionally, Applicant agrees to comply with the standards set forth in the  
7 Gilbert Construction Noise Ordinance, Ordinance No. 1245, during  
8 construction of the project. In no case shall the operational noise level be  
9 more than 3 db above background noise as of the noise study prepared for  
10 this application. The Applicant shall also, to the extent reasonably  
11 practicable, refrain from venting between the hours of 10:00 p.m. and 7:00  
12 a.m.

13 ***Status ~ SRP remains in compliance with all applicable noise guidelines***  
14 ***and standards. Throughout construction of the project, SRP has taken***  
15 ***noise readings at various locations along the plant boundary three***  
16 ***times per week to ensure compliance with noise guidelines and***  
17 ***standards. Additional noise testing is conducted during nighttime***  
18 ***construction activities, such as concrete pours. This process will***  
19 ***continue until the commercial operation of Unit 6.***

20 ***Unit 5 began commercial operation on April 1, 2005 and plant personnel***  
21 ***are conducting additional off-site noise testing at the three sites***  
22 ***designated by the Santan Neighborhood Committee (SNC) on the***  
23 ***north, east and south sides of the plant boundaries. The SNC***  
24 ***committee is responsible for establishing the locations, timing and***  
25 ***frequency of the off-site noise tests. For more information on the SNC,***  
***please refer to condition 19.***

11. Applicant will work with the Gilbert Unified School District to assist it in converting as many as possible of its school bus fleet to green diesel or other alternative fuel, as may be feasible and determined by Gilbert Unified School District, and will contribute a minimum of \$330,000 to this effort.



1                    ***Status ~ To date, SRP has delivered a total of 58,935 acre feet of CAP***  
2                    ***water to GRUSP for future use via recovery from any SRP owned wells***  
3                    ***(Association or District) and delivered to SEP from the Eastern Canal***  
4                    ***(or onsite District wells). SRP continues to be ahead of its storage***  
5                    ***schedule and projects that SRP will continue to store CAP water in***  
6                    ***GRUSP through 2011 for recovery and use. In addition, since Unit 5***  
7                    ***began commercial operation, SRP has used Salt/Verde spillwater and***  
8                    ***2,925 acre feet of CAP water via delivery through the Eastern Canal to***  
9                    ***meet ongoing plant operation water needs.***

- 10            15.    Applicant agrees to comply with all applicable federal, state and local  
11            regulations relative to storage and transportation of chemicals used at the  
12            plant.

13                    ***Status ~ SRP is in compliance with all applicable federal, state and local***  
14                    ***regulations relative to storage and transportation of chemicals used at***  
15                    ***the plant.***

- 16            16.    Applicant agrees to maintain on file with the Town of Gilbert safety and  
17            emergency plans relative to emergency conditions that may arise at the  
18            plant site. On at least an annual basis Applicant shall review and update, if  
19            necessary, the emergency plans. Copies of these plans will be made  
20            available to the public and on Applicant's web site. Additionally Applicant  
21            will cooperate with the Town of Gilbert to develop an emergency  
22            notification plan and to provide information to community residents relative  
23            to potential emergency situations arising from the plant or related facilities.  
24            Applicant agrees to work with the Gilbert police and fire departments to  
25            jointly develop on site and off-site evacuation plans, as may be reasonably  
                 appropriate. This cooperative work and plan shall be completed prior to  
                 operation of the plant expansion.

***Status ~ SRP does and will continue to comply with all safety standards***  
                  ***including secondary containment for bulk materials (chemicals) and***  
                  ***development of evacuation procedures for plant personnel. A detailed***

1 **copy of the response plan is available at the Town of Gilbert Fire**  
2 **Department as well as with the State Emergency Response Commission**  
3 **(SERC) and the Maricopa County Local Emergency Planning Committee**  
4 **(LEPC).**

- 5 17. In obtaining air offsets required by EPA and Maricopa County, Applicant  
6 will use its best efforts to obtain these offsets as close as practicable to the  
7 plant site.

8 ***Status ~ SRP acquired emission reduction credits from the Phoenician***  
9 ***and Oak Canyon Manufacturing sufficient to satisfy the 72 ton VOC***  
10 ***offset requirement contained in the Santan air quality permit. In***  
11 ***addition, SRP, in cooperation with the Maricopa County Department of***  
12 ***Transportation, has obtained sufficient PM10 offsets for Unit 5 by***  
13 ***paving roads in the east valley, starting with roads closest to the plant***  
14 ***site.***

15 ***Recently, it has been brought to SRP's attention that the Maricopa***  
16 ***County Department of Transportation may not be able to complete all***  
17 ***of the road paving necessary to meet SRP's PM10 air offset***  
18 ***requirements for Unit 6 prior to the unit becoming operational. It is***  
19 ***estimated that SRP may be 2.5 tons short of the required offsets. SRP***  
20 ***Environmental Services Department, in coordination with the Maricopa***  
21 ***County Air Quality Division and Maricopa County Department of***  
22 ***Transportation, are considering several options to resolve this issue.***

- 23  
24 18. In order to reduce the possibility of generation shortages and the attendant  
25 price volatility that California is now experiencing, SRP will operate the  
facilities consistent with its obligation to serve its retail load and to maintain  
a reliable transmission system within Arizona.

1                    ***Status ~ SRP's first priority in operating its generating stations,***  
2                    ***transmission system and distribution system is to safely supply a***  
3                    ***reliable, low cost source of power to its retail customers. The Santan***  
4                    ***Expansion Project will be operated in the same manner as current***  
5                    ***resources and is a significant element in SRP's plans to avoid the kind***  
6                    ***of price volatility that accompanied the California crisis.***

- 7                    19.    Beginning upon operation of the new units, Applicant will establish a  
8                    citizens' committee, elected by the CWG, to monitor air and noise  
9                    compliance and water quality reporting. Applicant will establish on-site air  
10                   and noise monitoring facilities to facilitate the process. Additionally  
11                   Applicant shall work with Maricopa County and the Arizona Department of  
12                   Environmental Quality to enhance monitoring in the vicinity of the plant site  
13                   in a manner acceptable to Maricopa County and the Arizona Department of  
14                   Environmental Quality. Results of air monitoring will be made reasonably  
15                   available to the public and to the citizens' committee. Applicant shall  
16                   provide on and off-site noise monitoring services (at least on a quarterly  
17                   basis), testing those locations suggested by the citizens' committee. The  
18                   off-site air monitoring plan shall be funded by the Applicant and be  
19                   implemented before operation of the plant expansion.

20                    ***Status ~ The Santan Neighborhood Committee (SNC) held another***  
21                    ***meeting on October 19, 2005.***

22                    ***At the October meeting, Santan personnel provided additional monthly***  
23                    ***data on emissions, water discharge and off-site noise readings taken***  
24                    ***since the last meeting. The group also discussed Unit 6 start-up***  
25                    ***activities.***

- 26                    20.    Applicant will explore, and deploy where reasonably practicable, the use of  
27                    available technologies to reduce the size of the steam plumes from the unit  
28                    cooling towers. This will be a continuing obligation throughout the life of  
29                    the plant.



1                    ***Status ~ A representative of the Arizona Department of Health Services***  
2                    ***serves on the Santan Neighborhood Committee. The representative's***  
3                    ***role is to provide technical assistance and expertise to the citizens***  
4                    ***committee mentioned in condition 19. Such assistance will cover air,***  
5                    ***noise, and water quality issues.***

- 6  
7                    25. Applicant shall operate, improve and maintain the plant consistent with  
8                    applicable environmental regulations and requirements of the  
9                    Environmental Protection Agency, the Arizona Department of  
10                    Environmental Quality, Maricopa County and the Town of Gilbert.

11                    ***Status ~ SRP has an environmental management system (EMS)***  
12                    ***designed to assure compliance with applicable laws and regulations.***  
13                    ***The Santan Generating Station is integrated in the SRP EMS.***  
14                    ***Procedures and Environmental Information Management Systems***  
15                    ***(EIMS) have been modified to incorporate the new requirements***  
16                    ***associated with the Santan Expansion Project. Plant personnel***  
17                    ***responsible for meeting environmental compliance have received***  
18                    ***training on the new requirements and a formal audit will be conducted***  
19                    ***within one year after Unit 6 startup.***

- 20                    26. Applicant shall actively work in good faith with Maricopa County in its  
21                    efforts to establish appropriate standards relative to the use of distillate  
22                    fuels in Valley generating facilities.

23                    ***Status ~ SRP has completed the activity required by this condition.***

- 24                    27. Applicant shall install continuous emission monitoring equipment on the  
25                    new units and will make available on its website emissions data from both  
                     the existing and new units according to EPA standards. Applicant shall  
                     provide information to the public on its website in order to assist the public  
                     in interpreting the data, and provide viable information in a reasonable time  
                     frame.

1                    ***Status*** ~ SRP has installed continuous emission monitoring equipment  
2                    ***on the new units. SRP is currently developing the presentation***  
3                    ***materials and graphics for the emissions data that will be posted on***  
4                    ***the Santan website.***

- 5                    28. Applicant will comply with the provisions of the Intergovernmental  
6                    Agreement dated April 25, 2000 between Applicant and the Town of  
7                    Gilbert, as modified pursuant to this Certificate.

8                    ***Status*** ~ There are eight SRP obligations noted on the IGA. The status  
9                    ***of each obligation is as follows:***

10                    ***Improvements to Warner Road and Val Vista Road*** ~ These  
11                    ***improvements are complete.***

12                    ***Screening of the Plant*** ~ All of the screening, with the exception of the  
13                    ***northeast area and the southeast corner of the project site, is complete.***  
14                    ***The two areas of the site remaining to be landscaped must be left***  
15                    ***available for construction access and installation of underground***  
16                    ***utilities associated with the power plant construction. Screening in***  
17                    ***these areas will be completed upon completion of Unit 6 construction.***

18                    ***Trail Extension*** ~ In the "Trails Area" to the east of the power plant,  
19                    ***work is complete. The "Trails Area" includes a horse trail, unpaved***  
20                    ***equestrian resting areas complete with benches for the horse's rider,***  
21                    ***and a shared use path, surrounded by decorative masonry walls, path***  
22                    ***lighting, and new plantings of trees and shrubs.***

23                    ***Rerouting of Canal at Ray Road*** ~ This canal modification is complete.  
24  
25



1  
2 **Training Tower Removal ~ This training tower was removed in the fall**  
3 **of 2000.**

4  
5 **Revegetation Along New RS 18 Line ~ SRP has restored any vegetation**  
6 **damaged or destroyed along the RS 18 line as a result of the**  
7 **construction of the line.**

8  
9 **Dust Control Along Canals ~ SRP is in compliance with applicable PM-**  
10 **10 standards along SRP canal banks.**

11  
12 **Offsite Tree Planting ~ The offsite landscaping programs are complete.**  
13 **See Condition 7 status for more details.**

- 14 29. During the proceeding neighbors to the plant site raise significant concern  
15 about the impact of the plant expansion on residential property values. In  
16 performing each of the conditions in this order Applicant, in conjunction  
17 where applicable, with the Town of Gilbert and the plant site neighbors,  
18 shall consider and attempt to maximize the positive effect of its activities on  
19 the values of the homes in the surrounding neighborhoods.

20 **Status ~ SRP has invested \$20 million in community and site**  
21 **improvements, including extensive landscaping to ensure compatibility**  
22 **with the community. Conditions 7, 9 and 28 address SRP's**  
23 **comprehensive landscaping plan that was developed by SRP's**  
24 **landscape architect and approved by the CWG. Almost all of the**  
25 **landscaping at the project site has been completed and funding for off-**  
**site landscaping has been completed as well. The landscaping**

1 *provides attractive features and was designed to maximize the positive*  
2 *effect on the surrounding neighborhoods.*

- 3  
4 30. Applicant shall construct the auxiliary boiler stack at such height as may be  
5 determined by air modeling requirements. Applicant shall situate the  
6 auxiliary boiler stack so that it is not visible from off the plant site.

7 ***Status ~ This condition is no longer applicable as SRP has decided not***  
8 ***to use an auxiliary boiler so no auxiliary boiler stack will be necessary.***

- 9 31. Applicant will construct the heat recovery steam generators (“HRSG”)  
10 approximately 15 feet below grade and will construct the HRSGs so that  
11 the overall height of the HRSG module from the natural grade is no more  
12 than 80 feet.

13 ***Status ~ SRP has completed the activity required by this condition.***

- 14 32. Applicant will complete the installation of the dry low NOX burners on the  
15 existing units prior to the construction of the new units.

16 ***Status ~ SRP has completed the activity required by this condition.***

- 17 33. Applicant shall not transfer this Certificate to any other entity for a period of  
18 20 years from the date of approval by the Corporation Commission, other  
19 than as part of a financing transaction where operational responsibilities  
20 will remain with Applicant, and where Applicant will continue to operate the  
21 plant in accordance with this Certificate.

22 ***Status ~ SRP has no plans to transfer this Certificate to another entity.***

- 23 34. Applicant shall post on its website, when its air quality permit application is  
24 submitted to the Maricopa County Environmental Services Department.  
25 Also, Applicant shall post on its website any official notice that may be  
required to be posted in newspapers for its air quality permit application.

***Status ~ SRP has completed the activity required by this condition.***

1 GRANTED this \_\_\_\_ day of February, 2001

2 ARIZONA POWER PLANT AND TRANSMISSION  
3 LINE SITING COMMITTEE

4 \_\_\_\_\_  
5 By Paul A. Bullis  
6 Its Chairman

7  
8 **BEFORE THE ARIZONA CORPORATION COMMISSION**  
9

10 In the matter of the Application of Salt )  
11 River Project Agricultural Improvement and )  
12 Power District in conformance with the )  
13 requirements of Arizona Revised Statutes )  
14 Sections 40-360-03 and 40-360.06, for a )  
15 Certificate of Environmental Compatibility )  
16 authorizing the Expansion of its Santan )  
17 Generating Station, located at the intersection )  
18 of Warner Road and Val Vista Drive, )  
19 in Gilbert, Arizona, by adding 825 megawatts )  
20 of new capacity in the form of three combined )  
21 cycle natural gas units, and associated )  
22 intraplant transmission lines. )

Case No. 105

Docket No. L-00000B-00-0105

Decision No. \_\_\_\_\_

23 \_\_\_\_\_ )  
24 The Arizona Corporation Commission (Commission) has conducted its review,  
25 as prescribed by A.R.S. §40-360.07. Pursuant to A.R.S. §40-360.07(B), the  
Commission, in compliance with A.R.S. §40-360.06, and in balancing the broad public  
interest, the need for an adequate, economical and reliable supply of electric power  
with the desire to minimize the effect thereof on the environment and ecology of the  
state;

1 The Commission finds and concludes that the Certificate of Environmental  
2 Compatibility should be granted upon the additional and modified conditions stated  
3 herein.

- 4 35. The Santan Expansion Project shall be required to meet the Lowest  
5 Achievable Emission rate (LAER) for Carbon Monoxide (CO), Nitrogen  
6 Oxides (Nox), Volatile Organic Carbons (VOCs), and particulate Matter  
7 less than ten micron in aerodynamic diameter (PM10). The Santan  
8 Expansion Project shall be required to submit an air quality permit  
9 application requesting this LAER to the Maricopa County Environmental  
10 Services Department.

11 ***Status ~ On February 10, 2003 the Maricopa County Environmental  
12 Services Department issued an air quality permit for the Santan  
13 Expansion Project. The air permit mandates the following Lowest  
14 Achievable Emission Rates (LAER):***

- 15 • ***CO – 2 ppm w/o duct firing; 2 ppm w/ duct firing***
- 16 • ***NOx – 2 ppm w/o duct firing; 2 ppm w/ duct firing***
- 17 • ***VOC – 1 ppm w/o duct firing; 2 ppm w/ duct firing***
- 18 • ***PM10 - .01 lb/mmBtu***

- 19 36. Due to the plant's location in a non-attainment area, the Applicant shall  
20 not use diesel fuel in the operation of any combustion turbine or heat  
21 recovery steam generator located at the plant.

22 ***Status ~ Since the issuance of the ACC order for the SEP Certificate of  
23 Environmental Compatibility, SRP has not burned diesel fuel in the  
24 existing Santan generating units. The new generating units associated  
25 with the SEP will not have diesel fuel-burning capability.***

***On March 3, 2004, the Maricopa County Environmental Services  
Department issued a revision to SRP's air quality permit to allow for the***

1 ***use of ultra low sulfur fuel as an emergency fuel in the existing units.***  
2 ***The conditions in the air quality permit are identical to the***  
3 ***requirements for emergency fuels contained in Maricopa County's new***  
4 ***air quality rule for existing power plants (Rule 322), with the exception***  
5 ***of the requirement that SRP use ultra low sulfur fuel rather than low***  
6 ***sulfur fuel. In addition, the revised air permit includes a separate***  
7 ***condition stating that SRP cannot use the fuel unless previously***  
8 ***authorized by the ACC. SRP will continue to fully comply with***  
9 ***Condition 36 of the CEC that prohibits the use of diesel fuel in any***  
10 ***Santan unit unless amended by the ACC on an emergency basis at***  
11 ***some future time.***

- 12 37. In obtaining emissions reductions related to Carbon Monoxide (CO)  
13 emissions, Applicant shall, where technologically feasible, obtain those  
14 emission reductions onsite to the Santan Expansion Project.

15 ***Status ~ SRP has completed the activity required by this condition.***

- 16 38. Beginning upon commercial operation of the new units, Applicant shall  
17 conduct a review of the Santan Generating facility operations and  
18 equipment every five years and shall, within 120 days of completing such  
19 review, file with the Commission and all parties in this docket, a report  
20 listing all improvements which would reduce plant emissions and the  
21 costs associated with each potential improvement. Commission Staff  
22 shall review the report and issue its findings on the report, which will  
include an economic feasibility study, to the Commission within 60 days  
of receipt. Applicant shall install said improvements within 24 months of  
filing the review with the Commission, absent an order from the  
Commission directing otherwise.

23 ***Status ~ SRP will comply with the requirement for a review of***  
24 ***technology that will reduce plant emissions every 5 years after***  
25 ***commercial operation of the new units and will report such findings to***  
***the Commission and all parties in this docket.***

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39. Applicant shall provide \$20,000 to the Pipeline Safety Revolving Fund on an annual basis, thus improving the overall safety of pipelines throughout the State of Arizona.

***Status ~ In March 2005, a check for \$20,000 was sent to the Arizona Corporation Commission, for deposit in the Pipeline Safety Revolving Fund. This check satisfies compliance with this condition for the year ending April 30, 2005. Subsequent checks will be distributed in the March/April timeframe each year.***

40. Where feasible, Applicant shall strive to incorporate local and in-state contractors in the construction of the three new generation units for the expansion project.

***Status ~ Every effort has been made to incorporate local contractors for this project. Over one hundred-eleven local or in-state contractors have been engaged on jobs completed or in progress.***

41. Applicant shall construct a 10-foot high block wall surrounding the perimeter of the Santan plant, and appropriately landscape the area consistent with the surrounding neighborhood, unless otherwise agreed to by the Salt River Project and the Citizens Working Group.

***Status ~ SRP has completed the activity required by this condition.***

**APPROVED AS AMENDED BY ORDER OF THE ARIZONA CORPORATION COMMISSION**

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Chairman

Commissioner

Commissioner

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In Witness hereof, I, Brian C. McNeil,  
Executive Secretary of the Arizona  
Corporation Commission, set my hand  
and cause the official seal of this  
Commission to be affixed this \_\_\_\_ day  
of \_\_\_\_\_, 2001.

By: \_\_\_\_\_  
Brian C. McNeil  
Executive Secretary

Dissent: \_\_\_\_\_