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Delivering water and power™

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January 27, 2023

Mr. Elijah Abinah
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix AZ 85007

Re: Docket No. L-00000B-00-0105, Decision No.'s 63611, 72636, 76764

Dear Mr. Abinah:

Enclosed please find SRP's annual compliance filing on the status of the Santan Expansion Project. This report provides up-to-date information and documentation on SRP's Compliance with those conditions in the Certificate of Environmental Compatibility (CEC) with ongoing requirements. All other conditions in the CEC have been satisfied.

As always, please feel free to contact me if you have any additional questions or concerns.

Sincerely,

Brandi Samaniego
SRP Regulatory Policy

Cc: Paul Katz, Arizona Attorney General's Office
Tracy Lopes, Arizona Governor's Office
Brian Bozzo, Arizona Corporation Commission
Docket Control (Original, plus 13 copies)

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Arizona Corporation Commission

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**Santan Expansion Project (SEP) CEC – Case 105
Decision No. 63611 dated May 1, 2001
L-00000B-00-0105-00000**

Annual Compliance Filing dated January 27, 2023

The conditions listed below are those conditions in the CEC with ongoing requirements. All other conditions in the CEC have been satisfied.

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

SRP is complying with this condition. The Santan Generating Station complies with all applicable air and water pollution control standards and permits issued under applicable regulations. Those regulations, permits and standards authorize the regulatory agency with jurisdiction to issue various notices to correct (NTC) and notices of violation (NOV), some of which are then referred to enforcement for the issuance of a penalty or fine. Because the issuance of a NTC or NOV is not a final determination of the regulatory compliance, SRP will report all NOVs that result in a fine or penalty.

SRP received two NOVs relating to the Title V air permit issued by Maricopa County Air Quality Control District that resulted in a fine for the Santan Generating Station in 2022. Both NOVs were the result of short term emissions exceedances due to inadequate ammonia injection related to minor equipment malfunctions. SRP took actions to address the malfunction by replacing these parts as quickly as possible. SRP has added the task of evaluating these parts for replacement in addition to its current inspection and maintenance of the parts during its annual preventative maintenance checks.

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

SRP does not rely on a remedial action scheme for the Santan Generating Station interconnection and will continue to meet this obligation.

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

SRP is a member of the WECC, the successor to the WSCC, and plans to continue its membership.

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

SRP is a member of the Southwest Reserve Sharing 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.

SRP has complied with all requirements for groundwater, as set forth in the Third Management Plan for the Phoenix Active Management Area.

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

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

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

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

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

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

SRP is complying with this condition.

Onsite Landscaping Program -

SRP continues to maintain landscaping at the site.

Home Owners' Association (HOA) Offsite Landscaping Program –

SRP completed the initial funding for this program, providing a one-time payment to eighteen HOAs in the area for use in providing additional landscaping to help mitigate views of the power plant.

Under the program, SRP committed to making future annual payments of \$49,884 to the HOAs for offsite landscaping maintenance for a period of twenty years beginning in September 2004. In August 2022, SRP submitted a check for its annual maintenance payment to the Town of Gilbert for disbursement to the 18 HOAs as shown in Exhibit A of this filing.

10. Applicant shall operate the Project so that during normal operations the Project shall not exceed the most restrictive of applicable (i) HUD residential noise guidelines, (ii) EPA residential noise guidelines, or (iii) applicable City of Tempe standards. Additionally, construction and operation of the facility shall comply with OSHA worker safety noise standards. Applicant agrees that it will use its best efforts to avoid during nighttime hours construction activities that generate significant noise. Additionally, Applicant agrees to comply with the standards set forth in the Gilbert Construction Noise Ordinance, Ordinance No. 1245, during construction of the project. In no case shall the operational noise level be more than 3 db above background noise as of the noise study prepared for this application. The Applicant shall also, to the extent reasonably practicable, refrain from venting between the hours of 10:00 p.m. and 7:00 a.m.

SRP remains in compliance with all applicable noise guidelines and standards.

Since Unit 5 began commercial operation on April 1, 2005, station personnel have conducted additional offsite noise testing at the sites designated by the Santan Neighborhood Committee (SNC) on the north, east and south sides of the plant boundaries. The SNC is responsible for establishing the locations, timing and frequency of the offsite noise tests. At the February 20, 2008 SNC meeting, the SNC recommended that SRP discontinue taking offsite noise readings because all the readings so far indicated the plant does not contribute to ambient noise in the neighborhoods where measurements were being taken. As a result of this SNC recommendation, offsite noise survey testing by SRP has been discontinued.

14. Applicant will use only SRP surface water, CAP water or effluent water for cooling and power plant purposes. The water used for the plant will be consistent with the water plan submitted in this proceeding and acceptable to the Department of Water Resources. Applicant will work with the Town of Gilbert to attempt to use available effluent water, where reasonably feasible.

No CAP water was available for purchase in 2022 for use at Santan. This is an expected condition and the reason for securing long-term storage credits by storing excess CAP water since the inception of Santan at the Granite Reef Underground Storage Project (GRUSP) and the New River-Agua Fria Underground Storage Project (NAUSP). Stored CAP water is recovered from SRP owned wells (Association or District) and delivered to Santan via the Eastern Canal (or from on-site District wells). SRP believes that sufficient renewable water supplies have been stored to provide long-term storage credits for any future well pumping. SRP will continue to purchase CAP water for direct use, when available and as warranted, to meet ongoing operational water demands. To date, SRP has delivered a total of 118,068 acre feet of excess CAP water to GRUSP and 34,279 acre feet of excess CAP water to NAUSP. As of January 1, 2023, 79,255 acre feet of CAP long-term storage credits remain in SRP's long-term storage account.

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

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

16. Applicant agrees to maintain on file with the Town of Gilbert safety and emergency plans relative to emergency conditions that may arise at the plant site. On at least an annual basis Applicant shall review and update, if necessary,

the emergency plans. Copies of these plans will be made available to the public and on Applicant's web site. Additionally Applicant will cooperate with the Town of Gilbert to develop an emergency notification plan and to provide information to community residents relative to potential emergency situations arising from the plant or related facilities. Applicant agrees to work with the Gilbert police and fire departments to 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.

SRP complies with all safety standards including secondary containment for bulk materials (chemicals) and development of evacuation procedures for station personnel. The plant's Integrated Contingency Plan (ICP) is available on the SRP website. Additionally, a detailed copy of the ICP is available at the Town of Gilbert Fire Department as well as with the State Emergency Response Commission (SERC) and the Maricopa County Local Emergency Planning Committee (LEPC). The ICP is reviewed and updated each year in February.

18. In order to reduce the possibility of generation shortages and the attendant 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.

SRP operates Santan Generating Station consistent with its obligation to serve SRP's retail load and to maintain a reliable transmission system within Arizona.

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

The Santan Neighborhood Committee (SNC) met one time in 2022, which was on April 20, 2022. There was a second meeting scheduled for November 9, 2022, however, it was cancelled by the SNC Vice Chair due to several members being unable to attend. Instead, a newsletter containing relevant updates was sent to Committee members in December 2022.

As noted in the October 2008 Quarterly Report, the SNC recommended in their May 14, 2008 meeting that SRP discontinue recording data from the Gilbert Air Quality Station because the Committee believed sufficient data had been collected. The Committee further recommended that the station be removed by SRP. On December 9, 2008, SRP received a letter from the Director of the Maricopa County Air Quality Department (MCAQD), noting the department's agreement with the findings of the Air Quality Monitoring Program Report and determining that the Gilbert Air Quality Station had served its purpose and was no longer needed, allowing for the removal/demolition of the station. SRP removed the station and donated it to ADEQ.

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

In 2011, SRP completed an updated assessment of commercially available plume abatement technologies and costs for abating cooling tower plumes. This assessment demonstrated that there were limited feasible designs that have been developed to mitigate the visibility of cooling tower plumes and that there have been no significant improvements in these technologies or reduction in cost associated with them for decades.

In 2017, SRP completed its second updated assessment of commercially available plume abatement technologies and costs for abating cooling tower plumes. This assessment resulted in the same conclusion in that there are limited feasible designs that have been developed to mitigate the visibility of cooling tower plumes and that there have been no significant improvements in these technologies or reduction in cost associated with them for decades.

The next assessment will occur in conjunction with the technology assessment required under Condition 38.

22. Other than the Santan/RS 18 lines currently under construction, Applicant shall not construct additional Extra High Voltage transmission lines (115kV and above) into or out of the Santan site, including the substation on the site.

SRP will not construct additional Extra High Voltage transmission lines (no new circuits 115 kV and above) into or out of the Santan site or substation on the site. However, some of the existing circuits may be bundled in the future.

24. Applicant shall work in a cooperative effort with the Office of Environmental Health of the Arizona Department of Health Services (ADHS) to enhance its environmental efforts.

A representative of the Arizona Department of Health Services served on the Santan Neighborhood Committee (SNC) up until the April 25, 2018 SNC meeting. At that meeting, the Committee accepted ADHS's decision to withdraw from the Committee given ADHS's opinion that their services were no longer required.

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

SRP maintains a third-party environmental management information system (EMIS) supplied by Enviance, which is designed to assure compliance with applicable laws and regulations. The Santan Generating Station is integrated into the EMIS. SRP continues to implement its EMIS to ensure continued compliance with all applicable regulations and requirements.

27. Applicant shall install continuous emission monitoring equipment on the 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.

SRP installed continuous emissions monitoring equipment on the new units. Information of the continuous emission monitoring equipment and the emissions data is available on the SRP website for the Santan Expansion Project (SEP).

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

SRP has no plans to transfer this Certificate to another entity.

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

Since the issuance of the ACC order for the SEP Certificate of Environmental Compatibility, SRP has not burned diesel fuel in the

existing Santan generating units. The new generating units associated the SEP do not have diesel fuel-burning capability. In addition, the option to use ultra-low sulfur diesel as an emergency fuel for the legacy generating units was removed from the Title V permit that was issued on November 5, 2020.

38. Beginning upon commercial operation of the new units, Applicant shall conduct a review of the Santan Generating facility operations and equipment every five years and shall, within 120 days of completing such review, file with the Commission and all parties in this docket, a report listing all improvements which would reduce plant emissions and the costs associated with each potential improvement. Commission Staff 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.

SRP filed its first report with the Commission on July 1, 2011 that included an assessment of technology that could reduce plant emissions and recommendations for modifying the procedure for future five-year reviews. SRP recommended that no additional improvements be installed on the older units as none of the available emissions controls were economically justified and the cost outweighed the benefits. Improvements to the new units also were not appropriate as the units are still considered state-of-the-art technology. The ACC issued Decision No. 72636 on October 14, 2011, adopting SRP's recommendations and ordering SRP to not install any improvements at the Santan Plant at that time.

SRP filed its second report with the Commission on April 4, 2017, which again included an assessment of technology that could reduce plant emissions and recommendations for modifying the procedure for future five-year reviews. SRP recommended that no additional improvements be installed on the older units as none of the available emissions controls were economically justified and the cost outweighed the benefits. Improvements to the new units also were not appropriate as the units are still considered state-of-the-art technology. SRP was unable to conduct the externality analysis because there were no nationally recognized values for "externalities." The ACC issued Decision No. 76764 on June 2018 ordering SRP to not install any improvements at the Santan Plant at that time. The Commission also amended the CEC ordering SRP to conduct the Condition 38 review every 10 years going forward.

Exhibit A



Delivering water and power®

Barbara J. Sprungl, Director
Santan/Kyrene Generating Stations
P.O. Box 52025
Mail Stop: STS300
Phoenix, AZ 85027
P: (602) 236-5374

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

August 25, 2022

Town of Gilbert
Patrick Banger, Town Manager
50 E. Civic Center
Gilbert, Arizona 85296

Re: Annual Maintenance Allocation for Santan Expansion Project HOA Landscaping Program.

Dear Mr. Banger:

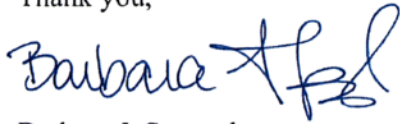
Enclosed is the annual maintenance allocation per condition #7 of the SEP Certificate of Environmental Compatibility for the sum of \$49,884. The town of Gilbert will distribute the allocation to each homeowner association as listed below:

Participating HOA	Annual Maintenance
Ashland Ranch	\$830
Cottonwoods Crossing	\$7,438
Finley Farms North	\$2,029
Finley Farms South	\$8,046
Gateway Ranch	\$100
Gilbert Ranch	\$400
Greenfield Lakes	\$7,907
Lindsay Ranch	\$1,250
Mirador Estates	\$600
Neely Commons	\$1,836
Rancho Cimarron	\$3,813
Rancho Corona	\$306
Silverstone Ranch	\$1,381
Sonoran Vista	\$822
Springtree	\$94
Val Vista Place	\$558
Western Skies Estates	\$10,780
Western Skies Unit 4	\$1,694
TOTAL	\$49,884

Town of Gilbert
Patrick Banger, Town Manager
August 25, 2022
Page 2

The homeowner associations are aware of this annual allocation and that their checks will be issued by September 15th of each year. Please contact me if you have any questions or need further information.

Thank you,

A handwritten signature in blue ink that reads "Barbara J. Sprungl". The signature is stylized and cursive.

Barbara J. Sprungl
Director

Enclosure



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SALT RIVER PROJECT
 Accounts Payable - ISB334
 PO Box 52025
 Phoenix, AZ 85072-2025

JPMORGAN CHASE BANK N.A.
 Phoenix, AZ 85073

1256220
 91-2/1221

Date: 09/02/2022

Pay Amount: \$49,844.00***

*** FORTY-NINE THOUSAND EIGHT HUNDRED FORTY-FOUR ***

Pay To The Order Of
TOWN OF GILBERT

Void After 90 Days

Brian J. Koch



REMOVE DOCUMENT ALONG THIS PERFORATION

Check date: 09/02/2022			Check No.: 1256220		
Invoice No.	Invoice date	Doc No.	Gross Amnt	Discount	Amnt Paid
NONE082522	08/25/2022	1900255131	49,844.00	0.00	49,844.00
Vendor Number 1019674		Vendor Name TOWN OF GILBERT		Total Discount \$ 0.00	
Check No. 1256220	Date 09/02/2022	Total Amount \$ 49,844.00	Discount \$ 0.00	Amount Paid \$ 49,844.00	