

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)
8 Certificate of Environmental Compatibility) Docket No. L-00000B-00-0105
9 authorizing the Expansion of its Santan)
10 Generating Station, located at the intersection) Decision No. _____
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 _____)

17 **CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY**

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

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 Quality
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3	Dennis Sundie	Designee for the Director of the Department of Water Resources
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5	Mark McWhirter	Designee for the Director of the Energy Office of the Arizona Department of Commerce
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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

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

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

1 found that the East Valley peak load currently exceeds the East Valley import capability
2 and within the next 5 years the East Valley load will exceed the load serving capability.

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

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

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

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

7 ***Status ~ SRP has determined the following environmental laws and
8 regulations apply to the construction and operation of the Santan
9 Expansion Project:***

10 ***a. Federal Clean Air Act – SRP must obtain an air permit to construct
11 and operate SEP. Maricopa County Environmental Services Department
12 (MCESD) is the lead regulatory authority for preparing and issuing an
13 air quality permit. The final permit will specify all applicable federal,
14 state and county air quality standards and regulations applicable to
15 SEP. SRP submitted the air quality permit application to MCESD on
16 November 30, 2001.***

17 ***b. Federal Clean Water Act – SRP may be required to obtain a CWA
18 discharge permit, known as an NPDES permit, for wastewater
19 discharges to navigable waters. SRP is still examining wastewater
20 discharge options. An NPDES permit must be secured prior to
21 discharging any wastewater to navigable waters. SRP will conform to
22 this requirement if applicable. SRP has an existing CWA Spill
23 Prevention, Control and Countermeasures Plan (SPCC) for the storage
24 of petroleum products. This plan may need to be amended if there are
25 any changes in oil use or storage.***

***c. State Aquifer Protection Permit (APP) – SRP will need to obtain a
state issued Aquifer Protection Permit for an on-site wastewater
impoundment. SRP may temporarily hold plant-cooling wastewater on
site. An APP is needed to ensure that impoundment is constructed and
operated in such a manner to prevent discharges that would negatively
impact the aquifer. SRP anticipates submitting the APP application in
February 2002. SRP may also need to obtain an APP for offsite
discharge or reuse options depending on the location of the discharge.***

***d. SRP is working with the Town of Gilbert and Maricopa County, and
will comply with all of their applicable ordinances.***

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

***Status ~ The SEP construction schedule is set so that the generating
units will be fully operational by June 2005.***

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3. Applicant's project has two (2) approved transmission lines emanating from its power plant 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.

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Status ~ There are currently four 230 kV circuits connecting the Santan switchyard to other substations and receiving stations in the SRP transmission system. There are also three 230/69 kV transformers in the Santan switchyard. Hence connection of the SEP generators to the existing 230 kV and 69 kV switchyards at Santan will provide for required redundant connections to the grid.

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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.

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Status ~ SRP is currently a member of the WSCC and plans to continue its membership. See Appendix A for documents applicable to this condition.

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

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

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

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Status ~ SRP is continuing its negotiations with the Town of Gilbert and the Central Arizona Water Conservation District to provide renewable water supplies (Salt/Verde surface water, effluent and/or Central Arizona Project water) for use at the Santan Expansion Project. SRP will be using these renewable water supplies both directly and through the recovery of storage credits developed by first storing renewable water supplies in the underground aquifer, as required by the Third Management Plan for the Phoenix Active Management Area. The industrial water from the Santan Expansion Project will be reused locally for agricultural and residential irrigation.

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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

1 Town of Gilbert, if necessary, to correspond with the schedule in Exhibit
2 89.

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

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

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

25 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.

Status ~ SRP is conducting a process to complete the landscaping and screening designs around the Santan Generating Station. This process involves 12 Gilbert-area residents in a group known as the Landscaping and Mitigation Community Working Group (CWG), which began meeting in June of 2001. The Arizona Power Plant and Transmission Line Siting Committee set forth the basic requirements of the CWG and its representatives. The meetings are open to the general public and meeting announcements are listed on the Town of Gilbert and SRP Web sites, advertised in the Gilbert Independent, Arizona Republic, and East

1 **Valley Tribune Newspapers, and announced on Gilbert's municipal**
2 **television station, Cox Cable Channel 7. A special edition of SRPs**
3 **"Energy News" (see Appendix B) was sent out to customers within a**
4 **five-mile radius, approximately 95,000 customers, in August informing**
5 **them of the CWG, the manner in which its meetings would be**
6 **publicized, and ways to obtain information. Approved meeting minutes**
7 **are available on the Internet at www.santanfacts.org. At the start of the**
8 **process the CWG members interviewed three potential independent**
9 **facilitators and selected Mary Orton to conduct the meetings. TenEyck**
10 **Landscape Architects Inc. is developing design concepts in accordance**
11 **with the input provided by the group.**

12 **The Landscaping & Mitigation CWG has had sixteen 4-hour meetings.**
13 **The initial meeting was held on June 2, 2001, the group has met on the**
14 **following dates since then:**

June 13th	September 22nd	December 15th
July 7th	October 23rd	January 5th
July 17th	November 1st	January 23rd
July 28th	November 6th	
August 14th	November 26th	
September 8th	December 1st	

15 **As of the January 5, 2002 meeting the CWG has reached consensus on**
16 **approximately 36 items for the on-site design only. These 36 items are**
17 **categorized in the following general terms:**

- 18 • **Identified trees, groundcover, shrubs, and decomposed granite that will**
19 **be installed in the Warner Road median.**
- 20 • **Identified trees, groundcover, shrubs, fencing, and decomposed granite**
21 **for berm on Warner Road.**
- 22 • **Identified type and look of terrace walls that will be on Warner Road**
23 **berm.**
- 24 • **A barrier will be built on the north side of Warner Road across the**
25 **transmission line easement.**
- **A specialty feature will be added on the south side of Warner directly**
across from Key Biscayne Drive
- **North, West and South side preliminary designs are near completion**
with the exception of some minor details

• **The CWG decided to finalize on-site design plans before addressing off-**
• **site mitigation plans. The on-site plans will then be forwarded to the**
• **Town for its approval, after which the Landscape Architect will prepare**
• **construction documents. SRP will then proceed with hiring the**
• **appropriate contractors to build and plant the structures and vegetation**
• **as prescribed in the landscaping plans.**

• **Once the CWG finishes its work on the landscaping plans, SRP and the**
• **CWG will work to agree on a plan, which will maximize the visual**
• **mitigation within the projects budgetary constraints.**

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

14 ***Status ~ SRP is currently in the process of taking additional noise
15 readings under varying conditions. These noise readings will assist the
16 Architect/Engineer firm to ultimately prepare the recommendations on
17 equipment selection and barrier concepts in order to properly mitigate
18 the noise levels.***

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

23 ***Status ~ Discussions have been held with The Gilbert Unified School
24 District. The District currently sees the green diesel alternative as
25 costing them more money in infrastructure and would like to discuss
26 possible alternatives.***

27 12. Applicant shall actively work with all interested Valley cities, including at a
28 minimum, Tempe, Mesa, Chandler, Queen Creek and Gilbert, to fund a
29 Major Investment Study through the Regional Public Transit Authority to
30 develop concepts and plans for commuter rail systems to serve the growing
31 population of the East Valley. Applicant will contribute a maximum of
32 \$400,000 to this effort.

33 ***Status ~ SRP is in initial discussions with County representatives.***

34 13. Within six months of approval of this Order by the Arizona Corporation
35 Commission, Applicant shall either relocate the gas metering facilities to the
36 interior of the plant site or construct a solid wall between the gas metering
37 facilities at the plant site and Warner Road. The wall shall be of such
38 strength and size as to deflect vehicular traffic (including a fully loaded
39 concrete truck) that may veer from Warner Road to the gas-metering site.

40 ***Status ~ By mid October, 2001 SRP had erected a earthen and concrete
41 temporary barrier in front of the gas metering station along Warner***

1 **Road. We will soon implement a plan to permanently move the gas**
2 **metering station to a site near the south end of the SRP property. The**
3 **relocation should be completed later this spring.**

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

9 **Status ~ As stated in Condition 6, SRP is continuing its negotiations**
10 **with the Town of Gilbert and the Central Arizona Water Conservation**
11 **District to provide renewable water supplies (Salt/Verde surface water,**
12 **effluent and/or Central Arizona Project water) for use at the Santan**
13 **Expansion Project. As indicated in the attached letter dated April 25,**
14 **2001 from the Arizona Department of Water Resources, the Department**
15 **reviewed the water supply alternatives and found “both acceptable and**
16 **either should be able to meet the water requirements for the SEP.”**

17 **Additional progress in implementing the water supply alternatives**
18 **presented to the Arizona Power Plant & Transmission Line Siting**
19 **Committee is evidenced by the following letters and agreements, all of**
20 **which are attached as Appendix C:**

- 21 • **Amendment of Certificate of Water Exchange Enrollment #67-**
22 **547270. This letter modifies the existing water exchange**
23 **between SRP and the Town of Gilbert to include CAP water and**
24 **effluent as water exchange sources.**
- 25 • **Inclusion of SRP wells in Recovery Permit Well Permit. This**
 letter provides SRP’s approval for the Town of Gilbert to list all
 SRP wells within its water service area in Gilbert’s Recovery Well
 Permit application. It includes the four SRP wells, which will be
 used for emergency and back-up water supply at SEP.
- **SRP Groundwater Savings Facility Consent and executed**
 Groundwater Savings Facility Agreement. This letter and
 agreement allows for the Town of Gilbert to store CAP water in
 SRP’s Groundwater Savings Facility for developing water
 storage credits.

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

Status ~ The Emergency Planning Community Right-To-Know Act
 (EPCRA) establishes requirements for emergency planning and
 “Community Right-To-Know” reporting on hazardous and toxic
 chemicals. States and communities, working with facilities, use the
 information to improve chemical safety and protect the public from
 potential chemical hazards.

1 **SRP must comply with the four major provisions of EPCRA: emergency**
2 **planning, emergency release notification, hazardous chemical storage**
3 **reporting, and toxic release inventory reporting. The existing Santan**
4 **Generating Station complies with these requirements. Santan's**
5 **emergency plans and reports will be amended and filed with the**
6 **appropriate authorities to reflect changes in chemical usage and**
7 **storage associated with the expansion project.**

8 **The transportation of hazardous materials is regulated by the Arizona**
9 **Department of Transportation (ADOT). SRP will only use transporters**
10 **with the required ADOT certifications and a safe performance record.**

11 **In addition, the Resource Conservation and Recovery Act (RCRA)**
12 **regulates the management of solid and hazardous wastes, including**
13 **chemical wastes. The Santan Generating Station has a program in place**
14 **to comply with applicable requirements of RCRA. Wastes generated**
15 **during construction and operation of the Santan Expansion Plant will be**
16 **managed under this program.**

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- 18 16. Applicant agrees to maintain on file with the Town of Gilbert safety and
19 emergency plans relative to emergency conditions that may arise at the
20 plant site. On at least an annual basis Applicant shall review and update, if
21 necessary, the emergency plans. Copies of these plans will be made
22 available to the public and on Applicant's web site. Additionally Applicant
23 will cooperate with the Town of Gilbert to develop an emergency notification
24 plan and to provide information to community residents relative to potential
25 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.

18 **Status ~ SRP has met with the Town of Gilbert to discuss the**
19 **transportation, storage and use of aqueous ammonia at the Santan**
20 **Expansion Project. SRP also met with the Maricopa County Local**
21 **Emergency Planning Committee to discuss preliminary plans for**
22 **aqueous ammonia transportation and storage. As required by federal**
23 **regulations, SRP will update its emergency plans to include response**
24 **procedures for aqueous ammonia spills. This plan will be updated and**
25 **provided to the Town of Gilbert and other appropriate agencies prior to**
any aqueous ammonia being brought on site. Due to the physical and
chemical properties of 19 percent aqueous ammonia, evacuation plans
may not be necessary to ensure the safety of onsite workers and off-
site. SRP will continue to work with the Town of Gilbert in evaluating
the appropriateness of evacuation plans.

17. In obtaining air offsets required by EPA and Maricopa County, Applicant will

1 use its best efforts to obtain these offsets as close as practicable to the plant
2 site.

3 ***Status ~ SRP examined the feasibility of reducing emissions onsite***
4 ***from the existing generating units to “offset” emissions from the***
5 ***Santan Expansion Project. This study concluded that SRP could***
6 ***implement new controls to reduce emissions of nitrogen oxides (NOx)***
7 ***and carbon monoxide (CO). SRP received a Significant Air Quality***
8 ***Permit Revision from MCESD that specifies the type of controls to be***
9 ***installed and the amount of onsite emission reductions. Because of the***
10 ***onsite reductions, SRP will not be required to secure emission offsets***
11 ***for NOx and CO.***

12 ***SRP retained a consultant to help identify potential offset sources in***
13 ***Gilbert and the east valley for emissions of fine particulate matter***
14 ***(PM10) and volatile organic compounds (VOCs). The consultant***
15 ***concluded that PM10 offsets could be obtained by paving roads in the***
16 ***east valley. SRP signed an agreement with Maricopa County***
17 ***Department of Transportation to pave up to 18 miles of roadway in the***
18 ***east valley, starting with roads closest to the plant site.***

19 ***The consultant also determined that there were no significant industrial***
20 ***sources of potential VOC offsets in Gilbert or the east valley. SRP also***
21 ***examined the feasibility of converting fleet vehicles as a way of***
22 ***securing VOC offsets. That also proved to be impracticable.***

23 ***Thus, SRP had to expand its search to Phoenix. SRP identified an***
24 ***industrial source in Phoenix that was a major source of VOCs. This***
25 ***source agreed to shut down one of its older facilities to reduce VOC***
26 ***emissions. MCESD and EPA certified the amount of VOC emission***
27 ***credits from the shutdown. The shutdown took place in November 2001***
28 ***and the VOC emission reductions were transferred to SRP for use as***
29 ***offsets at Santan.***

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

34 ***Status ~ SRP’s first priority in operating its generating stations,***
35 ***transmission system and distribution system is to safely supply a***
36 ***reliable, low cost source of power to its retail customers. The Santan***
37 ***Expansion Project will be operated in the same manner as current***
38 ***resources and is a significant element in SRP’s plans to avoid the kind***
39 ***of price volatility that accompanied the California crisis.***

- 40 19. Beginning upon operation of the new units, Applicant will establish a citizens’
41 committee, elected by the CWG, to monitor air and noise compliance and
42 water quality reporting. Applicant will establish on-site air and noise
43 monitoring facilities to facilitate the process. Additionally Applicant shall

1 work with Maricopa County and the Arizona Department of Environmental
2 Quality to enhance monitoring in the vicinity of the plant site in a manner
3 acceptable to Maricopa County and the Arizona Department of
4 Environmental Quality. Results of air monitoring will be made reasonably
5 available to the public and to the citizens' committee. Applicant shall provide
6 on and off-site noise monitoring services (at least on a quarterly basis),
7 testing those locations suggested by the citizens' committee. The off-site air
8 monitoring plan shall be funded by the Applicant and be implemented before
9 operation of the plant expansion.

6 ***Status ~ SRP has met with Maricopa County Environmental Services
7 Department to discuss off-site air monitoring. There are existing
8 ambient air quality monitoring stations in the vicinity of Santan. It is
9 possible that one or more of these sites would be representative of air
10 quality conditions within the impact area of Santan. New sites are also
11 being evaluated. Based on input from MCESD and Arizona Department
12 of Environmental Quality, SRP will develop an offsite air monitoring
13 plan for presentation to the Citizen's committee.***

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

14 ***Status ~ SRP is in the final stages of selecting an Architect/Engineer
15 (A/E) firm for the expansion project. One of the responsibilities of the
16 A/E selected will be to advise us on the availability and practicality of
17 reducing the size of the cooling tower plumes. In the plant design SRP
18 will utilize, where reasonably practicable, the use of available
19 technologies to reduce the steam plumes.***

- 17 21. SRP will, where practicable, work with El Paso Natural Gas Company to use
18 the railroad easements for the installation of the new El Paso gas line.

19 ***Status ~ SRP is in the beginning phase of planning for the new gas line
20 needed for the SEP units. There are several different points of
21 interconnection to the EPNG main line that are under consideration. Once
22 this point is chosen then a general route will become clear. Once we have
23 a proposed route for the new gas pipeline SRP will pursue use of the
24 railroad right-of-way for placement of that line.***

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

24 ***Status ~ SRP has no plans to construct additional Extra High Voltage
25 transmission lines (no new circuits 115kv and above) into or out of the
Santan site or substation on the site.***

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23. Applicant will replace all Town of Gilbert existing street sweepers with certified PM10 efficient equipment. A PM10 efficient street sweeper is a street sweeper that has been certified by the South Coast Air Quality Management District (California) to comply with the District's performance standards under its Rule 1186 (which is the standard referenced by the Maricopa Association of Governments).

Status ~ Preliminary discussions have been held with the Town of Gilbert. SRP is considering a plan to purchase the replacement street sweepers in conjunction with the Town of Gilbert's plan to purchase one additional street sweeper.

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

Status ~ SRP met with Will Humble, Office Chief of the Office of Environmental Health. The Office of Environmental Health will provide technical assistance and expertise to the citizens committee mentioned on condition 19. Such assistance will cover air, noise, and water quality issues and their impact on public health.

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.

Status ~ SRP has an environmental management system (EMS) designed to assure compliance with applicable laws and regulations. This EMS includes the following elements:

- Adapting regulations and permit conditions into written procedures with clearly defined accountabilities***
- Training personnel on environmental requirements and compliance procedures***
- Conducting regular audits of facilities***
- Monitoring regulatory developments and incorporating new requirements as regulations become final***
- Communicating environmental performance to SRP Executive Management***

The Santan Generating Station is already integrated in the SRP EMS. Procedures and Environmental Information Management Systems (EIMS) will be modified to incorporate the new requirements associated with the Santan Expansion Project. Plant personnel will receive training on the new requirements and a formal audit will be conducted within one year of plant startup.

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2 26. Applicant shall actively work in good faith with Maricopa County in its efforts
3 to establish appropriate standards relative to the use of distillate fuels in
4 Valley generating facilities.

5 ***Status ~ SRP has been an active participant in the development of the***
6 ***County Power Plant Rule 322. This rule contains limitations on when***
7 ***distillate fuels can be burned at Valley generating facilities and on the***
8 ***sulfur content of the fuel. The rule stipulates that lower sulfur distillate***
9 ***fuel can only be burned in the event of an emergency, which is defined***
10 ***in the draft rule. See Appendix D for documents applicable to this***
11 ***condition.***

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

19 ***Status ~ The Santan Air Quality Permit, to be issued by Maricopa***
20 ***County Environmental Services Department, will stipulate the***
21 ***requirements for Continuous Emission Monitors (CEMs) on the new***
22 ***generating units. Based on other recently permitted generating***
23 ***stations, SRP will likely have to install NOx and CO CEMs. In addition,***
24 ***SRP will also have to conduct periodic monitoring for PM10, VOCs and***
25 ***ammonia. These tests would be conducted in full conformance with***
EPA regulations.

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

29 ***Status ~ There are eight SRP obligations noted on the IGA. See***
30 ***Appendix E for document applicable to this condition.***
31 ***The status of each obligation is as follows:***

- 32 • ***Improvements to Warner Road and Val Vista Road ~ The Town of***
33 ***Gilbert has not yet submitted a bid to complete these***
34 ***improvements. At the request of the Santan CWG this bid was***
35 ***put on hold until the CWG could provide input on the median***
36 ***design. SRP expects the improvements to begin mid March of***
37 ***2002.***
- 38 • ***Screening of the Plant ~ The on-site design plan has not been***
39 ***completed; therefore planting has not started. See condition 7***
40 ***status for more details.***

- **Trail Extension** ~ At the request of the CWG and residents east of the plant boundary this obligation is on hold and being reviewed by the CWG and the Town of Gilbert for possible removal.
- **Rerouting of Canal at Ray Road** ~ SRP is in the process of procuring one acre of land required to make this canal modification. The design work will be completed prior to summer 2002. The actual construction will be completed by the fall of 2002, to coincide with the annual canal dry up south of the Salt River.
- **Training Tower Removal** ~ This training tower was removed in the fall of 2000.
- **Revegetation Along New RS 18 Line** ~ SRP has restored any vegetation damaged or destroyed along the RS 18 line as a result of the construction of the line.
- **Dust Control Along Canals** ~ SRP is in compliance with applicable PM-10 standards along SRP canal banks.
- **Offsite Tree Planting** ~ The off-site design plan has not been completed; therefore planting has not begun.

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

Status ~ The emphasis of SRP satisfying this condition are the on-site and off-site landscaping plans. While plans are not complete, there are provisions for creating attractive landscaping with trees, shrubs and gabion and terrace walls on the berm. The following items have been implemented or are planned to also maximize the positive effect on the surrounding neighborhoods.

- There will be a specialty feature added directly across from Key Biscayne Drive which is an exit heavily used by the subdivision immediately north of the Santan site. This special area of emphasis is designed to focus viewers' attention on landscaped elements when approaching Warner Road from Key Biscayne Drive.
- SRP has completed the undergrounding of an irrigation lateral through Western Skies, which is the subdivision west of the Santan site. This action removed the open canal that crossed through the golf course and subdivision.
- The above ground distribution line along Warner Road is in the process of being relocated underground. During the early part of construction we identified that the placement of a cabinet would

1 **be in direct line of sight of cars approaching Warner on Key**
2 **Biscayne Drive. We modified the design and relocated the**
3 **cabinet to be less obtrusive to traffic exiting the subdivision.**

- 4 • **In response to a request by homeowners' associations adjacent**
5 **to the Santan Generating Station and then Mayor Dunham, SRP**
6 **has provided \$50,000 to the following four associations as**
7 **directed by the Mayor: Western Skies, Cottonwoods Crossing,**
8 **Finley Farms South, and Rancho Cimarron. In recognition of the**
9 **HOAs' desire to improve their community prior to the plant**
10 **expansion SRP disbursed these funds through the Town of**
11 **Gilbert to the HOAs in December of 2001.**
- 12 • **Residents of Cottonwoods Crossing who border the eastern**
13 **edge of the property have had structural and foundational**
14 **problems with their backyard walls. Although this problem is not**
15 **related to SRP, SRP is considering plans to rebuild and increase**
16 **the height of their backyard walls to eight feet.**

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

20 **Status ~ SRP will use an electric auxiliary boiler so no stack will be**
21 **necessary.**

- 22 31. Applicant will construct the heat recovery steam generators ("HRSG")
23 approximately 15 feet below grade and will construct the HRSGs so that the
24 overall height of the HRSG module from the natural grade is no more than
25 80 feet.

Status ~ The Architect/Engineer firm has not yet been selected;
however this condition will be incorporated in the design criteria for the
plant.

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

Status ~ Dry low NOx burners have been installed on the existing units
and are operational.

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.

Status ~ SRP will maintain operational control and ownership of the plant throughout the plant's life. SRP will operate the plant in accordance with the Certificate of Environmental Compatibility.

34. Applicant shall post on its website, when its air quality permit application is submitted to the Maricopa County Environmental Services Department. 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 submitted its air quality permit application on November 30, 2001. This date has been posted on www.santanfacts.org. An official notice was not required.

GRANTED this ____ day of February, 2001

ARIZONA POWER PLANT AND TRANSMISSION
LINE SITING COMMITTEE

By Paul A. Bullis
Its Chairman

BEFORE THE ARIZONA CORPORATION COMMISSION

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

The Arizona Corporation Commission (Commission) has conducted its review, as prescribed by A.R.S. §40-360.07. Pursuant to A.R.S. §40-360.07(B), the Commission,

1 in compliance with A.R.S. §40-360.06, and in balancing the broad public interest, the
2 need for an adequate, economical and reliable supply of electric power with the desire
3 to minimize the effect thereof on the environment and ecology of the state;

4 The Commission finds and concludes that the Certificate of Environmental
5 Compatibility should be granted upon the additional and modified conditions stated
6 herein.

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

11 ***Status ~ SRP submitted the Santan Expansion Project Air Quality
12 Permit application to MCESD on November 30, 2001. The application
13 contained a detailed LAER analysis for VOCs and PM10 as required by
14 federal and county regulations. Since SRP will be implementing
15 substantial onsite emission reductions for NOx and CO, the Santan
16 Expansion Project will not be a major modification for these two
17 pollutants. Since LAER is not a regulatory requirement for NOx and CO
18 emissions, SRP submitted an abbreviated LAER analysis in its air
19 permit application. In addition, SRP submitted a supplemental request
20 to the County requesting that MCESD undertake its own LAER
21 determination for NOx and CO. The LAER rates will be contained in the
22 draft air quality permit, which will be available for public
23 review/comment in summer 2002.***

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

21 ***Status ~ Since the date of the ACC order for the SEP Certificate of
22 Environmental Compatibility, SRP has not burned diesel oil in the
23 existing Santan generating units. SRP will continue to comply with this
24 condition. The new generating units associated with the SEP will not
25 have oil burning capability.***

***SRP filed an Air Quality Permit on November 30, 2001 that included
some provisions which would have enabled the burning of diesel fuel
by the existing units if approved at some future time by the
Commission. These provisions were not intended to circumvent the
CEC process. Rather, SRP sought to preserve the Commission's***

1 **authority to temporarily suspend the prohibition in an emergency**
2 **situation. Absent the appropriate air quality permit provisions, SRP**
3 **would be prohibited from burning diesel fuel under Federal law, even if**
4 **mandated by the ACC.**

5 **An open meeting has been scheduled by the Commission on February**
6 **13, 2002 to further discuss this issue.**

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

Status ~ SRP will be reducing CO emissions on site with combustion enhancements (the DLN project) and oxidation catalysts. Maricopa County is issuing a permit for the emissions reductions in January 2002. Generation Engineering is working on the design of the oxidation catalysts.

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.

Status ~ SRP will comply with the requirement for a review of technology that will reduce plant emissions every 5 years after commercial operation.

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 ~ SRP will make a payment to this fund later this spring.

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. Below is a list of some of the jobs completed or in progress to date for the Santan Expansion Project.

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- **Fuel Oil Tank Dike Relocation**
Hunter Contracting Co.
701 N. Cooper Road
Gilbert, AZ 85299
Tel. 480-892-0512

- **Trimming of Oleanders East Property**
AAA Landscaping
3747 E. Southern Ave.
Phoenix, AZ
Tel: 602 437-2690

- **Trimming of Oleanders West Property**
AAA Landscaping
3747 E. Southern Ave.
Phoenix, AZ
Tel: 602 437-2690

- **Removal of existing water pipeline from Warner Road.**
SRP Southside Crew

- **Removal of fire hydrants on east side of fuel oil tanks.**
Hunter Contracting Co.
701 N. Cooper Road
Gilbert, AZ 85299
Tel. 480-892-0512

- **North Property Fence Relocation and New Fencing for Gas Metering Station**
American Fence Inc.
2502 North 27th Ave.
Phoenix, AZ 85009
Tel: 602 272-2333

- **Process Water Retention Ponds Feasibility Study and Design**
HDR Engineering, Inc.
2141 East Highland Avenue
Suite 250
Phoenix, AZ 85072-2025
Tel: 602 508-6600

- **Under Grounding Overhead Power Lines**
SRP crew installed underground conduits and pull boxes.
Pulling of cables, terminations and removal of overhead power lines will be done by a local AZ contractor. As of the preparation of this report the contractor had not yet been selected.

- **Aerial Mapping firm used to prepare contour map of the Santan Plant site.**

Rupp Aerial Mapping, Inc.
740 E. Highland Ave #100
Phoenix, AZ 85014
Tel: 602 277-0439

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 ~ The CWG is aware of this condition and plans to incorporate a wall along portions of the perimeter, where it is deemed appropriate.

APPROVED AS AMENDED BY ORDER OF THE ARIZONA CORPORATION COMMISSION

Chairman

Commissioner

Commissioner

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: _____