

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 _____)

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
2		
3	Dennis Sundie	Designee for the Director of the Department of Water Resources
4		
5	Mark McWhirter	Designee for the Director of the Energy Office of the Arizona Department of Commerce
6		
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
8 At the conclusion of the hearing and deliberations, the Committee, having
9 received and considered the Application, the appearance of Applicant and all
10 intervenors, the evidence, testimony and exhibits presented by Applicant and all
11 intervenors, the comments made by persons making limited appearances and the
12 comments of the public, and being advised of the legal requirements of Arizona Revised
13 Statutes Sections 40-360 to 40-360.13, upon motion duly made and seconded, voted to
14 grant Applicant the following Certificate of Environmental Compatibility (Case No. L-
15 00000B-00-0105):

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

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 requested that the EPA make a formal determination
8 that the SEP would be considered a "new source" under the National
9 Pollutant Discharge Elimination System (NPDES) permitting program
10 established by the Federal Clean Water Act. EPA determined that SEP
11 is an NPDES "new source" and on August 1, 2002 issued a Notice of
12 Intent to complete an Environmental Assessment in compliance with
13 the provisions of the National Environmental Policy Act (NEPA).***

14 ***The Arizona Department of Environmental Quality (ADEQ) has
15 completed significant steps towards obtaining the authority to
16 administer the NPDES permitting program. Should ADEQ obtain that
17 authority prior to the completion of the NEPA process, the NEPA
18 requirements would not apply and there is the possibility that the
19 process could be terminated prior to formal completion.***

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

Status ~ No update or change from July 2002 quarterly report status.

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.

Status ~ No update or change from July 2002 quarterly report status.

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.

Status ~ No update or change from July 2002 quarterly report status.

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

3 ***Status ~ No update or change from July 2002 quarterly report status.***

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

6 ***Status ~ No update or change from July 2002 quarterly report status.***

- 7 7. With respect to landscaping and screening measures, including the
8 improvements listed in the IGA, Applicant agrees to develop and
9 implement a public process consistent with the process chart (Exhibit 89)
10 presented during the hearings, modifying the dates in the IGA with the
11 Town of Gilbert, if necessary, to correspond with the schedule in Exhibit
12 89.

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

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

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

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

37 Applicant will develop with the Town of Gilbert a continuous fund, to be
38 administered by the Town of Gilbert, to provide for the construction and

1 maintenance of off-site landscaping in the areas depicted in the off-site
2 landscaping concepts as developed by the CWG in an amount sufficient to
3 fund the concepts in Exhibit 88 or concepts developed by the CWG,
4 whichever is greater.

5 **Status ~ The process to complete the landscaping and screening
6 designs around the Santan Generating Station is continuing.**

7 **The CWG has agreed on a conceptual plan for the on-site landscaping
8 based upon work performed by TenEyck Landscape Architects. SRP
9 has agreed to fund this plan at a cost of approximately \$6.7 million.
10 TenEyck Landscape Architects is currently working on the construction
11 documents for this plan and will forward these documents to the Town
12 for their review in the fall of 2002.**

13 **The CWG will meet again as soon as the landscape architect's work on
14 the onsite construction documents reaches a 60% complete status.**

15 **SRP has finalized the details for two separate offsite landscaping
16 programs - the HOA landscaping program and the individual
17 landscaping program established for County residential properties.
18 Allocation for both programs was based on the same four primary
19 factors.**

20 **These factors include:**

- 21 1. **Proximity to the Power Plant: Properties that are located closer
22 to the plant will receive a higher percentage of the funds. This
23 approach addresses the concern that the plant impairs the view
24 of those residents who live closer to the plant more than those
25 who live farther away.**
2. **Subdivision Area: A portion of the funds will be distributed to
each eligible subdivision based on the acreage of the
subdivision. The fund allocations for the number of acres for
each subdivision will also be adjusted to consider the proximity
of the subdivision to the plant. This factor accounts for
subdivisions with lower lot counts and large open space areas.**
3. **The Number of Lots within a Subdivision: An additional portion
of the funds will be distributed based on the number of lots
within each eligible subdivision. The fund allocations for the lot
counts will also be adjusted to consider their proximity to the
power plant site. This factor provides an allocation for each lot
within the area defined for mitigation.**
4. **Special Condition Areas: There are a number of areas where
residential lots are adjacent to an open space and facing toward
the power plant. These areas will be identified and the linear
footage of the lots exposed to direct views of the plant will be**

1 *calculated. A portion of the overall funds will be allocated to*
2 *address this condition and these funds will be distributed based*
3 *upon the length of frontage.*

4 **HOA Offsite Landscaping Program ~**

- 5 • *18 HOAs are within the defined radius and eligible to participate*
6 *in the program.*
- 7 • *SRP has met with four individual HOAs and held a consolidated*
8 *informational meeting for the remaining HOAs involved in the*
9 *program.*
- 10 • *Thirteen out of the eighteen communities have acknowledged*
11 *and agreed to utilize the funds as established in the cover letter*
12 *and guidelines (Appendix A). We expect to receive the final five*
13 *acknowledgements by the November 21, 2002 deadline.*
- 14 • *May 21st 2003 is the deadline for HOAs to submit their plans and*
15 *implementation timelines to SRP.*

16 **Individual County Landscaping Program ~**

- 17 • *Residents of three County communities have been invited to*
18 *participate.*
- 19 • *To be eligible for the program residents must provide SRP with*
20 *1) proof of ownership on each eligible parcel and 2) two*
21 *documents presenting proof of residency on each parcel (i.e.*
22 *copy of power bill, Town utility service bill, etc...)*
- 23 • *Eligible participants who live south of the generating station will*
24 *receive \$1201, residents living in El Dorado Ranchos will receive*
25 *\$254 and Sawyer Estate residents are eligible to receive \$395.*
- *Eighty percent of the individual allocation will be given in a*
 voucher to be redeemed at one of three participating
 landscaping nurseries.
- *Twenty percent will be distributed in the form of a check to help*
 with ancillary improvements to their landscape watering system,
 ground cover, or any grass replacement.
- *A letter (Appendix B) was sent to residents informing them of the*
 County program on September 26, 2002.
- *October 31, 2002 is the deadline for residential participation.*

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

Status ~ No update or change from July 2002 quarterly report status.

9. Applicant shall, where reasonable to do so, plant on site trees by the fall of 2001. Because planting of trees must await the improvement of Warner Road and the design and construction of berms, this condition will largely

1 apply to trees on the East side of the site, and some of the trees on the
2 North side. All landscaping will be installed prior to the installation of major
3 plant equipment such as, but not limited to, exhaust stacks, combustion
4 turbines, and heat recovery steam generators, except where delays are
5 reasonably necessary to facilitate construction activities.

6 **Status ~ No update or change from July 2002 quarterly report status.**

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

20 **Status ~ Sargent and Lundy ("S&L" - plant architect/engineer) is
21 continuing its acoustic analysis for the plant. S&L has retained an
22 acoustic consultant who is assisting S&L on the project. SRP has been
23 monitoring the Town of Gilbert's efforts to establish a noise ordinance.
24 Such an ordinance, similar to that in force in Tempe, was adopted by the
25 Town Council on July 23, 2002. Acoustic requirements have been
26 incorporated into the specifications for all of the major pieces of
27 equipment, most of which have been ordered by now.**

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

32 **Status ~ SRP and the Gilbert Unified School District have been
33 researching options that would reduce emissions around the Santan
34 generating station. We have been working collaboratively on several
35 fronts ranging from utilizing newer technology to replacing older buses
36 with newer ones.**

37 **All parties are still in the exploratory phase of this initial proposal and are
38 proceeding accordingly.**

- 39 12. Applicant shall actively work with all interested Valley cities, including at a
40 minimum, Tempe, Mesa, Chandler, Queen Creek and Gilbert, to fund a
41 Major Investment Study through the Regional Public Transit Authority to

1 develop concepts and plans for commuter rail systems to serve the growing
2 population of the East Valley. Applicant will contribute a maximum of
\$400,000 to this effort.

3 ***Status ~ To date activities have focused on reviewing the existing***
4 ***transit condition in Gilbert and the East Valley, along with evaluating***
5 ***the future economic and population growth expected for the area. The***
6 ***study will also review East Valley issues associated with the Maricopa***
7 ***Association of Government's (MAG) 5.4 million Valley population***
8 ***growth scenario, which will be the foundation for the region's new***
9 ***Regional Transportation Plan (RTP).***

10 ***We have also held three Gilbert/East Valley Technical Advisor Meetings,***
11 ***along with one Gilbert/East Valley Transit Forum, which was attended***
12 ***by 39 transit officials and East Valley residents. The issues identified***
13 ***during those meetings will be summarized shortly in our first report,***
14 ***Gilbert/East Valley Transit Conditions, which will be finalized after***
15 ***reviewing the latest population projections from MAG.***

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

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

- 23 14. Applicant will use only SRP surface water, CAP water or effluent water for
24 cooling and power plant purposes. The water use for the plant will be
25 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.

Status ~ SRP has a contract with CAWCD to purchase CAP water for
use at the facility. SRP continues to work with the Town of Gilbert to
work out an acceptable arrangement for using effluent and other water
sources at the plant.

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

18 ***Status ~ No update or change from July 2002 quarterly report status.***

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

1 necessary, the emergency plans. Copies of these plans will be made
2 available to the public and on Applicant's web site. Additionally Applicant
3 will cooperate with the Town of Gilbert to develop an emergency notification
4 plan and to provide information to community residents relative to potential
5 emergency situations arising from the plant or related facilities. Applicant
6 agrees to work with the Gilbert police and fire departments to jointly develop
7 on site and off-site evacuation plans, as may be reasonably appropriate.
8 This cooperative work and plan shall be completed prior to operation of the
9 plant expansion.

6 **Status ~ No update or change from July 2002 quarterly report status.**

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

10 **Status ~ No update or change from July 2002 quarterly report status.**

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

14 **Status ~ No update or change from July 2002 quarterly report status.**

- 15 19. Beginning upon operation of the new units, Applicant will establish a citizens'
16 committee, elected by the CWG, to monitor air and noise compliance and
17 water quality reporting. Applicant will establish on-site air and noise
18 monitoring facilities to facilitate the process. Additionally Applicant shall
19 work with Maricopa County and the Arizona Department of Environmental
20 Quality to enhance monitoring in the vicinity of the plant site in a manner
21 acceptable to Maricopa County and the Arizona Department of
22 Environmental Quality. Results of air monitoring will be made reasonably
23 available to the public and to the citizens' committee. Applicant shall provide
24 on and off-site noise monitoring services (at least on a quarterly basis),
25 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.

22 **Status ~ SRP's proposed ambient monitoring location, which is
23 approximately ½ mile east of Gilbert Road and ½ mile north of Warner
24 Road, was approved by Maricopa County on October 9, 2002. The new
25 air monitoring station will be installed by March 2003.**

- 25 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

1 plant.

2 ***Status ~ SRP contacted cooling tower vendors seeking towers that***
3 ***included plume abatement technology. Only one of the tower bidders***
4 ***offered such an option. The technology needed to eliminate the cooling***
5 ***tower plume would raise the cost of the towers by a factor of three and***
6 ***would require that the towers be taller than standard models.***
7 ***Additional operating and maintenance costs would also be incurred***
8 ***over the life of the plant with this technology. Given the significantly***
9 ***higher costs associated with these towers and the fact that the***
10 ***technology is not offered by most vendors SRP concluded that the***
11 ***added costs did not justify the potential benefits. However, SRP will***
12 ***continue to monitor cooling tower technology going forward.***

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

10 ***Status ~ SRP and its consultants on the pipeline design process have***
11 ***selected a route that parallels the railroad for much of its length. SRP***
12 ***will soon start land procurement as a part of the right of way process***
13 ***for the pipeline.***

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

15 ***Status ~ No update or change from July 2002 quarterly report status.***

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

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

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

24 ***Status ~ No update or change from July 2002 quarterly report status.***

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

1 **Status ~ No update or change from July 2002 quarterly report status.**

- 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 ~ On Tuesday, October 15th, SRP brought four representatives
6 of the Maricopa County Environmental Services Department to Agua
7 Fria Generating Station to discuss what is required to burn distillate fuel
8 at the plant, and to observe a demonstration of fuel switching activities.
9 The County was shown how the fuel combustion system is switched
10 from use of natural gas to use of distillate fuel. Consumption of
11 distillate fuel requires insertion of guns into the boiler to atomize and
12 inject the fuel. County representatives observed assembly of an oil
13 gun, how the guns are actually put into the boilers, and were able to
14 observe the switching process (from gas to distillate fuel and back
15 again, for one boiler and one turbine). This was done in support of the
16 County's development of its Rule 322, which will limit burning of
17 distillate fuel at existing facilities to emergencies and reliability testing.**

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

24 **Status ~ No update or change from July 2002 quarterly report status.**

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

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

- 30 • **Improvements to Warner Road and Val Vista Road ~ The Town of
31 Gilbert continues to review roadway plans from their consulting
32 engineering firm. They anticipate bidding this work in December
33 2002. The work on the north border of the Santan property will
34 be done first followed by widening of Warner and Val Vista at the
35 railroad crossings. There are approximately 4-5 weeks of actual
36 roadwork north of the Santan plant. Additional work associated
37 with landscaping the median will take place after the roadway is
38 complete. The Town of Gilbert expects that this entire project
39 will be completed in March 2003.**
- 40 • **Screening of the Plant ~ Construction documents are being
41 developed for the agreed onsite design; Town review is expected
42 later this fall. SRP has removed two of the three fuel tanks on**

1 **site. The third tank will be removed late in 2002 or early 2003.**
2 **We are in the process of procuring two much smaller tanks that**
3 **will be constructed in the space occupied by the larger**
4 **southernmost tank (removed earlier this year). See Condition 7**
5 **status for more details.**

- 6 • **Trail Extension ~ The trail extension on the east side of Santan**
7 **will be developed and is incorporated in the on-site design plan.**
- 8 • **Rerouting of Canal at Ray Road ~ SRP has procured the one acre**
9 **parcel required to make this canal modification. The design**
10 **work has been completed. The actual construction will be**
11 **completed by the end of November 2002. Cutover to the new**
12 **section of canal will coincide with the annual canal dry up.**
- 13 • **Training Tower Removal ~ This training tower was removed in**
14 **the Fall of 2000.**
- 15 • **Revegetation Along New RS 18 Line ~ SRP has restored any**
16 **vegetation damaged or destroyed along the RS 18 line as a**
17 **result of the construction of the line.**
- 18 • **Dust Control Along Canals ~ SRP is in compliance with**
19 **applicable PM-10 standards along SRP canal banks.**
- 20 • **Offsite Tree Planting ~ The offsite landscaping programs have**
21 **been developed. See Condition 7 status for more details.**

22 29. During the proceeding neighbors to the plant site raise significant concern
23 about the impact of the plant expansion on residential property values. In
24 performing each of the conditions in this order Applicant, in conjunction
25 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 ~ No update or change from July 2002 quarterly report status.

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

Status ~ No update or change from July 2002 quarterly report status.

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

**Status ~ SRP has selected the HRSG vendor and ordered the HRSGs for
the project. The HRSG modules will reflect and comply with the height
restriction included in the specification.**

36 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 ~ SRP has completed the activity required by this condition.

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 ~ No update or change from July 2002 quarterly report status.

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 has completed the activity required by this condition.

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)
Certificate of Environmental Compatibility)
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Generating Station, located at the intersection)
of Warner Road and Val Vista Drive,)
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.)
_____)

Case No. 105

Docket No. L-00000B-00-0105

Decision No. _____

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

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

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

16 **Status ~ No update or change from July 2002 quarterly report status.**

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

20 **Status ~ As summarized in the last quarterly report, the recent FERC
21 decision to eliminate the current "full requirement" gas transportation
22 contracts between El Paso and the southwestern states could have a
23 significant impact on natural gas supplies in Arizona. In response, SRP
24 began exploring the use of ultra low sulfur fuel for emergency
25 situations.**

Operational Assessment of Ultra Low Sulfur Fuel

**Since the last report, the turbine equipment manufacturer, General
Electric (GE), provided SRP with its assessment of the use of ultra low
sulfur fuel in the existing Santan Generating Station turbines. GE
reported that the fuel's physical properties are substantially similar to
conventional low sulfur fuel and CARB diesel, and that ultra low sulfur
fuel can be used in the existing gas turbines at Santan with effectively
identical performance (Appendix C). Additionally, GE confirmed that as
a result of the significantly lower sulfur content of the fuel, SO2
emissions from the turbines would be significantly lower compared to
low sulfur fuel or CARB diesel. A comparison of the maximum sulfur**

1 **content of these fuels and the expected maximum SO2 emissions for**
2 **each is presented below.**

Fuel	Low Sulfur Fuel	CARB Diesel	Ultra Low Sulfur Fuel
Maximum Fuel Sulfur Content (ppm)	500	500	15
Maximum Expected SO2 Emissions (lb/mmBtu)	.0533	.0533	.0016

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8 **GE also reported that emissions of other criteria pollutants (NOx, VOC, PM10, CO) when using ultra low sulfur fuel would be comparable to emissions when burning low sulfur fuel and CARB diesel, with a slight reduction in NOx as a result of ultra low sulfur fuel having a lower nitrogen content than the other fuels.**

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10
11 **Distillate Fuel Storage Capacity**

12 **Two of the three existing fuel tanks have been demolished, and the third tank is scheduled to be demolished by late 2002 or early 2003.**

13
14 **Plans to put two new, smaller fuel tanks in service during the spring of 2003 for the potential use of ultra low sulfur fuel have been finalized. The profile of the new tanks is thirteen feet less than the original tanks, substantially reducing the visual impact. The storage capacity of the new tanks is 44,000 barrels, roughly one-tenth of the original fuel storage capacity.**

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17 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.

18
19 **Status ~ No update or change from July 2002 quarterly report status.**

- 20
21 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.

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and cause the official seal of this
Commission to be affixed this ____ day
of _____, 2001.

By: _____
Brian C. McNeil
Executive Secretary

Dissent: _____