

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
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 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.
25

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
Town of Gilbert, the County of Maricopa, the United States, and any other
governmental entities having jurisdiction.

5 ***Status ~ Based on meetings with ADEQ, SRP must obtain an AZPDES
6 permit for wastewater discharges to the SRP irrigation system.
7 According to ADEQ, wastewater discharged to the RWCD irrigation
8 system is regulated under the Aquifer Protection Permit program and
9 the Reclaimed Water Permit program. SRP is having additional
10 discussions with ADEQ to determine the specific compliance
11 requirements under the Reclaimed Water Permit program.***

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

18 ***Status ~ No update or change from January 2003 quarterly report.***

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

24 ***Status ~ No update or change from January 2003 quarterly report.***

- 25 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 January 2003 quarterly report.

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

Status ~ No update or change from January 2003 quarterly report.

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

1 **Status ~ No update or change from January 2003 quarterly report.**

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

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

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

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

1 **The CWG has agreed on a conceptual plan for the onsite landscaping**
2 **based upon work performed by Ten Eyck Landscape Architects. SRP has**
3 **agreed to fund this plan at a cost of approximately \$6.7 million. Ten Eyck**
4 **Landscape Architects has completed the construction documents for this**
5 **plan. The Town has completed its review.**

6 **The final CWG meeting was held on December 9, 2002. The CWG reviewed**
7 **and approved the landscape architect's work on the onsite construction**
8 **documents.**

9 **SRP has finalized the details for two separate offsite landscaping programs**
10 **- the HOA landscaping program and the individual landscaping program**
11 **established for County residential properties.**

12 **HOA Offsite Landscaping Program ~**

- 13 **☐ Nineteen (19) HOAs are within the defined radius and eligible to**
14 **participate in the program.**
- 15 **☐ All nineteen (19) HOAs have agreed to participate in the program.**
- 16 **☐ SRP will make a one-time payment to the HOAs to fund improvements to**
17 **help mitigate views of the power plant.**
- 18 **☐ Future annual payments to the HOAs for offsite landscaping maintenance**
19 **will be 5% of that portion of the one time allocation dedicated to vegetative**
20 **landscaping. The annual payments will continue for a period of twenty (20)**
21 **years beginning in 2004.**
- 22 **☐ Plan submittals and implementation timelines are due to SRP by May 21,**
23 **2003.**

24 **Six HOA's have submitted plans, three have been approved and three will**
25 **require more information.**

An additional reminder letter (Appendix A) was sent via registered mail on
Thursday, April 3, 2003 to all HOA's reiterating the May deadline. Examples
of acceptable plans were included.

Individual County Landscaping Program ~

- ☐ **Residents of three County communities have been invited to participate.**
- ☐ **Vouchers and checks were mailed to the 88 residents who submitted**
documentation to be included in the program.
- ☐ **The County offsite landscaping program ended on March 15, 2003, with**
42% participation.

The CWG has directed Salt River Project to use the landscaping
maintenance specifications for Papago Park Center as a reference as they
develop the landscaping maintenance plan for Santan Generating Station.

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.

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1 **Status ~ No update or change from January 2003 quarterly report.**

- 2 9. Applicant shall, where reasonable to do so, plant on site trees by the fall of
3 2001. Because planting of trees must await the improvement of Warner
4 Road and the design and construction of berms, this condition will largely
5 apply to trees on the East side of the site, and some of the trees on the
6 North side. All landscaping will be installed prior to the installation of major
7 plant equipment such as, but not limited to, exhaust stacks, combustion
8 turbines, and heat recovery steam generators, except where delays are
9 reasonably necessary to facilitate construction activities.

10 **Status ~ No update or change from January 2003 quarterly report.**

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

24 **Status ~ No update or change from January 2003 quarterly report.**

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

29 **Status ~ SRP has procured three (3) new, 84-passenger buses, which will
30 be electronically tuned to meet current EPA standards from I-10
31 International. Additionally, SRP has purchased 33 diesel oxidation
32 catalysts to be fitted and retrofitted on new and existing school buses.
33 Delivery of the buses is scheduled for the end of the 2nd quarter 2003.**

- 34 12. Applicant shall actively work with all interested Valley cities, including at a
35 minimum, Tempe, Mesa, Chandler, Queen Creek and Gilbert, to fund a
36 Major Investment Study through the Regional Public Transit Authority to
37 develop concepts and plans for commuter rail systems to serve the growing
38 population of the East Valley. Applicant will contribute a maximum of
39 \$400,000 to this effort.

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Status ~ The Transit Study is essentially complete. The East Valley committee has completed their review. The Town of Gilbert staff is due to present the study to the Town Council by the 2nd quarter of 2003 for adoption into their general plan.

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

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

14. Applicant will use only SRP surface water, CAP water or effluent water for cooling and power plant purposes. The water use 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.

Status ~ In 2002 SRP delivered 10,146 acre feet of CAP water to the Granite Reef Underground Storage Project for future use at SEP via recovery from any SRP owned wells (Association or District) and delivered to SEP from the Eastern Canal (or onsite District wells). We are on target to meet or exceed the requirement to store 30,000 acre feet of CAP water by May, 2005 as set forth in the water plan provided to the Line Siting Committee.

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 ~ No update or change from January 2003 quarterly report.

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.

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Status ~ No update or change from January 2003 quarterly report.

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

Status ~ No update or change from January 2003 quarterly report.

- 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.

Status ~ No update or change from January 2003 quarterly report.

- 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.

Status ~ The air monitoring station is installed and is currently being calibrated. Plans are to begin the air monitoring program during May, 2003.

- 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.

Status ~ No update or change from January 2003 quarterly report.

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

1 ***Status ~ SRP and it's consultants on the pipeline design process have***
2 ***selected a route contiguous with the railroad, where possible, for much***
3 ***of its length. RR easements were not used because of the RR refusal to***
4 ***grant SRP a perpetual easement for the gas line. The RR would only***
 grant a permit, which would require SRP to move the gas line at the RR
 request. SRP is constructing the gas line because El Paso Natural Gas
 could not guarantee to meet the in-service date.

- 5 22. Other than the Santan/RS 18 lines currently under construction, Applicant
6 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.

7 ***Status ~ No update or change from January 2003 quarterly report.***

- 8 23. Applicant will replace all Town of Gilbert existing street sweepers with
9 certified PM10 efficient equipment. A PM10 efficient street sweeper is a
10 street sweeper that has been certified by the South Coast Air Quality
11 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).

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

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

15 ***Status ~ No update or change from January 2003 quarterly report.***

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

19 ***Status ~ No update or change from January 2003 quarterly report.***

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

23 ***Status ~ No update or change from January 2003 quarterly report.***

- 24 27. Applicant shall install continuous emission monitoring equipment on the new
25 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

1 frame.

2 **Status ~ No update or change from January 2003 quarterly report.**

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

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

- 7 • **Improvements to Warner Road and Val Vista Road ~ The Town of
8 Gilbert hired Oridian to coordinate the Warner Road project.
9 Archon, Inc. was awarded the construction contract for the work.
10 SRP has been maintaining contact with the Town and with
11 Archon. SRP continues to emphasize the strong desire to
12 maintain all major trees. The work on the north border of the
13 Santan property is complete, except for a small portion of the
14 landscaping work in the median. The widening of Warner west of
15 Val Vista is in progress. The Val Vista Road work will be
16 performed after the Warner Road widening. Based on current
17 progress, the Val Vista Road entrance to Santan Generating
18 Station is projected to be closed for two to three weeks in the
19 middle of May to accommodate the Val Vista Road work. All work
20 associated with the project has a 180 day completion estimate
21 (approximately July 14, 2003). To date, seven days have been
22 added to this schedule due to storm delay.**
- 23 • **Screening of the Plant ~ SRP, in conjunction with Ten Eyck
24 Landscape Architects, has developed construction documents
25 for the agreed onsite design. The CWG has reviewed and
approved the documents. The Town review is complete. The
RFP for landscape construction was issued on April 3, 2003. The
contract will be awarded on May 14, 2003.**
- **Trail Extension ~ SRP will add the trail extension on the east side
of Santan and incorporate the extension in the on-site design
plan.**
- **Rerouting of Canal at Ray Road ~ This canal modification is
complete.**
- **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 offsite landscaping programs have
been developed. See Condition 7 status for more details.**

29. During the proceeding neighbors to the plant site raise significant concern
about the impact of the plant expansion on residential property values. In

1 performing each of the conditions in this order Applicant, in conjunction
2 where applicable, with the Town of Gilbert and the plant site neighbors, shall
3 consider and attempt to maximize the positive effect of its activities on the
4 values of the homes in the surrounding neighborhoods.

5 **Status ~ No update or change from January 2003 quarterly report.**

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

9 **Status ~ SRP will not use an auxiliary boiler so no auxiliary boiler stack
10 will be necessary. Steam required for the start-up of the steam turbine
11 generator will be supplied from the Heat Recovery Steam Generator
12 (HRSG).**

- 13 31. Applicant will construct the heat recovery steam generators ("HRSG")
14 approximately 15 feet below grade and will construct the HRSGs so that the
15 overall height of the HRSG module from the natural grade is no more than
16 80 feet.

17 **Status ~ No update or change from January 2003 quarterly report.**

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

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

- 21 33. Applicant shall not transfer this Certificate to any other entity for a period of
22 20 years from the date of approval by the Corporation Commission, other
23 than as part of a financing transaction where operational responsibilities will
24 remain with Applicant, and where Applicant will continue to operate the plant
25 in accordance with this Certificate.

Status ~ No update or change from January 2003 quarterly report.

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

1 ARIZONA POWER PLANT AND TRANSMISSION
2 LINE SITING COMMITTEE

3
4 By Paul A. Bullis
Its Chairman

5
6 **BEFORE THE ARIZONA CORPORATION COMMISSION**

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

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

21 The Commission finds and concludes that the Certificate of Environmental
22 Compatibility should be granted upon the additional and modified conditions stated
23 herein.

- 24 35. The Santan Expansion Project shall be required to meet the Lowest
25 Achievable Emission rate (LAER) for Carbon Monoxide (CO), Nitrogen
Oxides (Nox), Volatile Organic Carbons (VOCs), and particulate Matter
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.

Status ~ No update or change from January 2003 quarterly report.

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.

Status ~ As summarized in the past, the recent FERC decision to eliminate the current "full requirement" gas transportation contracts between El Paso and the southwestern states could have a significant impact on natural gas supplies in Arizona. In response, SRP has completed an operational assessment of the possible use of ultra low sulfur fuel. As previously reported, the turbine equipment manufacturer, General Electric (GE) provided SRP with an evaluation of the performance of the existing gas turbines on ultra low sulfur fuel. GE reported that SO2 emissions would be significantly lower, and emissions of other criteria pollutants (NOx, VOC, PM10, CO) would be comparable when using ultra low sulfur fuel as compared to low sulfur fuel or CARB diesel. Based on SRP's concerns regarding the potential negative impacts of FERC's decision, SRP is contemplating filing an amendment to the Santan Certificate of Environmental Compatibility to permit the use of ultra low sulfur fuel during emergencies, such as natural gas curtailments.

Fuel Comparison

Ultra low sulfur fuel compares favorably to both low sulfur diesel and CARB diesel. Figure 1 shows the fuel comparison.

Figure 1: Comparison of Fuel Characteristics

Property	Natural Gas	Low Sulfur Diesel	CARB Diesel	Ultra Low Sulfur Fuel
Sulfur (ppm)	7.8 Ave¹	500 Max²	500 Max²	15 Max³
Nitrogen (ppm)	Unknown⁵	230 Ave⁴	98 Ave⁴	10 Max³
Aromatics (%)	Unknown⁵	32 Ave⁴	18.9 Ave⁴	12 Max³

¹ Average of deliveries made by El Paso to Arizona.

² Maximum per CARB/EPA rules.

³ Maximum per manufacturer specification.

⁴ Market Averages. Actual content varies by formulation/refinery.

⁵ Natural gas is not normally tested for these constituents.

1 consistent with the surrounding neighborhood, unless otherwise agreed to
2 by the Salt River Project and the Citizens Working Group.

3 **Status ~ No update or change from January 2003 quarterly report.**

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

6
7 Chairman _____ Commissioner _____ Commissioner _____

8 In Witness hereof, I, Brian C. McNeil,
9 Executive Secretary of the Arizona
10 Corporation Commission, set my hand
11 and cause the official seal of this
12 Commission to be affixed this ____ day
13 of _____, 2001.

14 By: _____
15 Brian C. McNeil
16 Executive Secretary

17 Dissent: _____
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