

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)
7 Sections 40-360-03 and 40-360.06, for a)
8 Certificate of Environmental Compatibility)
9 authorizing the Expansion of its Santan)
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.)

Case No. 105

Docket No. L-00000B-00-0105

Decision No. _____

11 **CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY**

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

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

22 Paul A. Bullis Chairman, Designee for Arizona Attorney General Janet
23 Napolitano

24 Steve Olea Designee of Chairman of the Arizona Corporation
25 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
5 Town of Gilbert, the County of Maricopa, the United States, and any other
6 governmental entities having jurisdiction.

7 ***Status – The Aquifer Protection Permit (APP) was submitted to ADEQ
8 on August 28, 2003. We are waiting to hear back to ascertain if
9 additional information or clarification is required. SRP is in the process
10 of preparing a Reclaimed Water Permit for submittal to ADEQ next
11 month. ADEQ is requiring the APP and the Reclaimed Water Permit for
12 the discharge into the RWCD irrigation system. Discussions and
13 negotiations continue on the AZPDES permit application that was
14 submitted on July 1, 2003 for discharge to the SRP irrigation system
15 with ADEQ.***

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

22 ***Status ~ The Santan Expansion Project is currently under construction.
23 Approximately 400 workers are presently on site. The pit area where
24 the major plant components, such as the HRSGs, will be located, is
25 complete and substructures (foundations, underground piping and
electrical systems) are nearly complete. Construction of the natural gas
pipeline is underway. The landscape contractor is working to meet an
accelerated schedule for the north and west side berms (see Conditions
7, 9 & 28).***

***The first two units (which are collectively designated as Santan Unit 5
because they are configured as a "two on one" unit) are expected to be
in commercial operation in the summer of 2005. Although the gross
output and net load of the units cannot be determined until they are
tested, the sizes of the generating units shown below are approximate
and are based on General Electric guaranteed net performance under
the following conditions: 107 degrees F @ 27% relative humidity.***

<i>Unit 5A Gas turbine</i>	<i>--- 148 MW</i>
<i>Unit 5B Gas turbine</i>	<i>--- 148 MW</i>
<i>Unit 5S Stm turbine</i>	<i>--- 293 MW</i>
<i>Total:</i>	<i>--- 589 MW</i>

***The auxiliary load will need to be deducted from this total to determine
the total net output of the units.***

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

6 **Status ~ No update or change from July 2003 quarterly report.**

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

11 **Status ~ No update or change from July 2003 quarterly report.**

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

14 **Status ~ No update or change from July 2003 quarterly report.**

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

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

- 18 7. With respect to landscaping and screening measures, including the
19 improvements listed in the IGA, Applicant agrees to develop and
20 implement a public process consistent with the process chart (Exhibit 89)
21 presented during the hearings, modifying the dates in the IGA with the
22 Town of Gilbert, if necessary, to correspond with the schedule in Exhibit
23 89.

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

The objective of the CWG shall be to refine the landscaping and mitigation
concept plans submitted during these hearings (Exhibit 88). The CWG shall
work to achieve appropriate visual mitigation of plant facilities and to
facilitate the design and installation of the concept plan components so as to
maximize the positive impact on the community and to increase, wherever

1 possible, the values of the homes in the neighboring areas. The refinement
2 of the mitigation plans shall be reasonably consistent with the planning
3 criteria of the Town of Gilbert, the desires of neighboring homeowner
4 associations, and the reasonable needs of Applicant.

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

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

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

17 **Status ~**

18 **Onsite Landscaping Program ~**

19 ***The landscape contractor was hired in May 2003 and has begun onsite
20 landscaping activities that include shaping the berm, installing gabion
21 walls, building masonry decorative walls, clearing the land of scrub,
22 trimming and watering existing trees, installing irrigation facilities,
23 planting trees on the north berm and spreading decomposed granite
24 ground cover. See Conditions 9 and 28 status for more details.***

25 **HOA Offsite Landscaping Program ~**

***Nineteen (19) HOAs are within the defined radius and eligible to
participate in the program. While all nineteen (19) HOAs initially agreed
to participate in the program, only seventeen HOAs submitted
landscaping plans. The deadline for participation in the HOA Offsite
Landscaping Program was May 2003.***

***SRP will make a one-time payment to the HOAs to fund improvements
to help mitigate views of the power plant. Future annual payments to
the HOAs for offsite landscaping maintenance will be 5% of that portion
of the one time allocation dedicated to vegetative landscaping. The
annual payments will continue for a period of twenty (20) years
beginning in 2004.***

***Eleven HOAs received their landscaping funding in April through
September 2003. SRP provided funds to the Town of Gilbert in October
2003 for an additional three HOAs. The total funding disbursed to date
is \$1,274,001. SRP has approved the funds for the remaining three
HOAs. Those funds will be disbursed upon the HOAs plan submittal
and approval by the Town of Gilbert.***

Individual County Landscaping Program ~
No update or change from April 2003 quarterly report.

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 2003 quarterly report.

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

Status ~ The ACC conducted a compliance inspection followed by a meeting with intervenors and SRP on September 22, 2003 to address an emergency hearing request from a neighbor and an adjacent Home Owners Association ("the Complainants") regarding landscaping/mitigation efforts. A hearing on the issues commenced on Monday, September 29, 2003. During the hearing, SRP and the Complainants were able to reach a settlement of the issues as a result of continued negotiations. Under the terms of the settlement, SRP will accelerate the landscaping work on the north and west berms and provide some additional landscape screening on the north side of Warner Road. The settlement also provides that SRP will achieve 80% completion of the landscape plan on the north berm by October 31, 2003 and 100% completion of the landscape plan for the west and north berms by February 29, 2004.¹ See Conditions 7 and 28 for further detail on landscaping activities.

10. Applicant shall operate the Project so that during normal operations the Project shall not exceed the most restrictive of applicable (i) HUD residential noise guidelines, (ii) EPA residential noise guidelines, or (iii) applicable City of Tempe standards. Additionally, construction and operation of the facility shall comply with OSHA worker safety noise standards. Applicant agrees that it will use its best efforts to avoid during nighttime hours construction activities that generate significant noise. Additionally, Applicant agrees to comply with the standards set forth in the Gilbert Construction Noise

¹ Although the parties have reached a settlement of the issues, a final written agreement has not yet been executed. SRP anticipates that it will be executed within the next few weeks.

1 Ordinance, Ordinance No. 1245, during construction of the project. In no
2 case shall the operational noise level be more than 3 db above background
3 noise as of the noise study prepared for this application. The Applicant shall
4 also, to the extent reasonably practicable, refrain from venting between the
5 hours of 10:00 p.m. and 7:00 a.m.

6 ***Status ~ Ongoing sound level sampling has been performed along
7 Wanda Drive (the closest residential property line to SEP/SGS) since
8 construction began. Sound levels have been well below the
9 Tempe/Gilbert Ordinances during normal daytime construction periods,
10 weekends and nights. Plant operational and construction sound levels
11 are at or below the background noise study. Onsite construction sound
12 levels comply with the applicable OSHA regulations.***

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

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

- 18 12. Applicant shall actively work with all interested Valley cities, including at a
19 minimum, Tempe, Mesa, Chandler, Queen Creek and Gilbert, to fund a
20 Major Investment Study through the Regional Public Transit Authority to
21 develop concepts and plans for commuter rail systems to serve the growing
22 population of the East Valley. Applicant will contribute a maximum of
23 \$400,000 to this effort.

24 ***Status ~ The Transit Study is essentially complete. The East Valley
25 committee has completed their review. The Town of Gilbert will be
presenting the second half of its transportation plan to SRP by the end
of the 4th Quarter. This will incorporate the completed transportation
study with the Town's bus route study.***

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

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

- 33 14. Applicant will use only SRP surface water, CAP water or effluent water for
34 cooling and power plant purposes. The water use for the plant will be
35 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.

1 ***Status ~ Through September 2003, SRP had delivered a total of 23,468***
2 ***acre feet of CAP water to the Granite Reef Underground Storage Project***
3 ***for future use at SEP via recovery from any SRP owned wells***
4 ***(Association or District) and delivered to SEP from the Eastern Canal***
5 ***(or onsite District wells). SRP is on target to meet or exceed the storage***
6 ***of 30,000 acre feet of CAP water by May 2005.***

- 7
- 8 15. Applicant agrees to comply with all applicable federal, state and local
9 regulations relative to storage and transportation of chemicals used at the
10 plant.

11 ***Status ~ No update or change from July 2003 quarterly report.***

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

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

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

28 ***Status ~ No update or change from July 2003 quarterly report.***

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

33 ***Status ~ No update or change from July 2003 quarterly report.***

- 34 19. Beginning upon operation of the new units, Applicant will establish a citizens'
35 committee, elected by the CWG, to monitor air and noise compliance and
36 water quality reporting. Applicant will establish on-site air and noise
37 monitoring facilities to facilitate the process. Additionally Applicant shall
38 work with Maricopa County and the Arizona Department of Environmental
39 Quality to enhance monitoring in the vicinity of the plant site in a manner

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

8 **Status ~ No update or change from July 2003 quarterly report.**

- 9
20. Applicant will explore, and deploy where reasonably practicable, the use of
10 available technologies to reduce the size of the steam plumes from the unit
11 cooling towers. This will be a continuing obligation throughout the life of the
12 plant.

13 **Status ~ No update or change from July 2003 quarterly report.**

- 14
21. SRP will, where practicable, work with El Paso Natural Gas Company to use
15 the railroad easements for the installation of the new El Paso gas line.

16 **Status ~ No update or change from July 2003 quarterly report.**

- 17
22. Other than the Santan/RS 18 lines currently under construction, Applicant
18 shall not construct additional Extra High Voltage transmission lines (115kV
19 and above) into or out of the Santan site, including the substation on the site.

20 **Status ~ No update or change from July 2003 quarterly report.**

- 21
23. Applicant will replace all Town of Gilbert existing street sweepers with
22 certified PM10 efficient equipment. A PM10 efficient street sweeper is a
23 street sweeper that has been certified by the South Coast Air Quality
24 Management District (California) to comply with the District's performance
25 standards under its Rule 1186 (which is the standard referenced by the
Maricopa Association of Governments).

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

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

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

- 26
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.

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

- 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 ~ No update or change from July 2003 quarterly report.**

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

12 **Status ~ No update or change from July 2003 quarterly report.**

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

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

18 **Improvements to Warner Road and Val Vista Road ~ Under the terms of
19 the settlement reached between SRP and the Complainants, SRP has
20 agreed to provide additional funds to the Rancho Cimarron Property
21 Owners Association for additional landscape screening on the north
22 side of Warner Road. See condition 9 status for more details.**

23 **Screening of the Plant ~ SRP, in conjunction with Ten Eyck Landscape
24 Architects, has developed construction documents for the agreed
25 onsite design. The CWG has reviewed and approved the documents.
26 The Town review is complete. The RFP for landscape construction was
27 issued on April 3, 2003. The contract was awarded on May 29, 2003 to
28 Evergreen Lawn Sprinklers, Inc. Contractor mobilization was June 26,
29 2003. See Conditions 7 and 9 status for more details.**

30 **Trail Extension ~ SRP will add the trail extension on the east side of
31 Santan and incorporate the extension in the on-site design plan.**

32 **Rerouting of Canal at Ray Road ~ This canal modification is complete.**

33 **Training Tower Removal ~ This training tower was removed in the fall of
34 2000.**

35 **Revegetation Along New RS 18 Line ~ SRP has restored any vegetation
36 damaged or destroyed along the RS 18 line as a result of the
37 construction of the line.**

38 **Dust Control Along Canals ~ SRP is in compliance with applicable PM-
39 10 standards along SRP canal banks.**

40 **Offsite Tree Planting ~ The offsite landscaping programs have been
41 developed. See Condition 7 status for more details.**

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

7 **Status ~ Pursuant to the terms of the settlement between the
8 Complainants and SRP, SRP has agreed to accelerate the landscaping
9 work on the north and west berms and to provide additional landscape
10 screening on the north side of Warner Road. See Condition 9 status for
11 more details.**

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

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

17 31. Applicant will construct the heat recovery steam generators ("HRSG")
18 approximately 15 feet below grade and will construct the HRSGs so that the
19 overall height of the HRSG module from the natural grade is no more than
20 80 feet.

21 **Status ~ As required by condition 31, the HRSGs are being constructed
22 15 feet below natural grade. From natural grade, the highest elevation
23 of the HRSG modules will be approximately 71 feet, well within the 80-
24 foot requirement of this condition.**

25 ***In order to meet stringent noise requirements, silencers will be installed
on top of the HRSG modules. The height of the HRSGs measured at the
location of the tallest component will be approximately 118 feet above
natural grade.***

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 2003 quarterly report.

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

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

6 GRANTED this ____ day of February, 2001

7 ARIZONA POWER PLANT AND TRANSMISSION
8 LINE SITING COMMITTEE

9 _____
10 By Paul A. Bullis
11 Its Chairman

12 **BEFORE THE ARIZONA CORPORATION COMMISSION**

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

22 The Arizona Corporation Commission (Commission) has conducted its review, as
23 prescribed by A.R.S. §40-360.07. Pursuant to A.R.S. §40-360.07(B), the Commission,
24 in compliance with A.R.S. §40-360.06, and in balancing the broad public interest, the

1 need for an adequate, economical and reliable supply of electric power with the desire
2 to minimize the effect thereof on the environment and ecology of the state;

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

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

13 ***Status ~ No update or change from July 2003 quarterly report.***

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

17 ***Status ~ In May 2003, SRP filed a request with the ACC to amend
18 Condition 36 of the Certificate of Environmental Compatibility decision
19 for the Santan Generating Station to allow SRP to use ultra-low sulfur
20 fuel, in emergency situations only, in the existing Santan units. SRP
21 believes that since the date of the Santan CEC decision, the risk that
22 natural gas supplies may be interrupted has materially increased. SRP
23 filed this request in light of the increasing risk of natural gas
24 curtailments and shortages, including recent FERC actions that put
25 Arizona's natural gas deliveries at risk. This request was also made to
assist SRP in meeting its Homeland Security objectives and to provide
an alternate means of assuring electricity supply and voltage support in
the Valley given the fact that Central Arizona is served by a single
natural gas pipeline system.***

***On June 25, 2003, the ACC held a special open meeting to discuss the
procedural process for the SRP application to amend the Santan
Generating Station Decision No. 63611 to allow the use of ultra-low
sulfur fuel at the existing plant (Units 1-4) during emergency situations.
At this meeting, there was a discussion by the Commissioners that the
application was premature and certain Commissioners indicated that
they would prefer to defer consideration of the application until after
FERC issues its final ruling to address the reallocation of natural gas
transportation capacity on the El Paso Natural Gas pipeline system. As
a result of the concerns expressed by some of the Commissioners, SRP
agreed to voluntarily withdraw the application.***

1 ***As indicated at the special open meeting, SRP has continued the***
2 ***process to revise Santan's air quality permit with the Maricopa County***
3 ***Environmental Services Department to allow for the use of ultra-low***
4 ***sulfur fuel in emergency situations in the existing Santan units. This is***
5 ***necessary because the air quality permit amendment process can take***
6 ***up to twelve months. Proceeding with the county permit process will***
7 ***provide for a timely examination of all air quality issues in the event that***
8 ***the ACC decides to revisit the issue at a later date.***

9 ***The draft air quality permit revision application, which is currently in the***
10 ***public comment process, includes a condition that would allow***
11 ***emergency use of ultra-low sulfur fuel in the existing Santan units***
12 ***contingent upon ACC approval. Regardless of the outcome of the***
13 ***County air quality permit process, SRP will continue to fully comply***
14 ***with Condition 36 of the CEC for the Santan Generating Station that***
15 ***prohibits the use of any diesel fuel at Santan unless the ACC decides to***
16 ***subsequently amend the condition.***

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

20 **Status ~ No update or change from July 2003 quarterly report.**

- 21 38. Beginning upon commercial operation of the new units, Applicant shall
22 conduct a review of the Santan Generating facility operations and
23 equipment every five years and shall, within 120 days of completing such
24 review, file with the Commission and all parties in this docket, a report
25 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 ~ No update or change from July 2003 quarterly report.

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 ~ No update or change from July 2003 quarterly report.

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 ~ Over fifty-eight local or in-state contractors have been engaged on jobs completed or in progress.

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

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

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: _____