

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 ~ SRP has completed all the permitting requirements for this  
8 project and is in compliance with all ordinances, master plans and  
9 regulations of all applicable governmental jurisdictions.***

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

16 ***Status ~ Unit 6 was declared in commercial operation on March 1, 2006.  
17 Previously, Unit 5 (the 2-on-1 units) began commercial operation on  
18 April 1, 2005. With the completion of Unit 6, the Santan Expansion  
19 Project is now complete. SRP constructed the Project within the five  
20 year timeframe and has satisfied this condition of the CEC.***

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

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

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

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

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

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

3                     ***Status ~ SRP is in compliance with all requirements for groundwater, as  
4                     set forth in the Third Management Plan for the Phoenix Active  
5                     Management Area.***

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

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

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

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

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

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

1                   whichever is greater.

2                   **Status ~**

3                   **Onsite Landscaping Program ~**

4                   ***SRP has completed nearly all of the landscaping at the site. The only***  
5                   ***work not completed involves the northeast area and the southeast***  
6                   ***corner of the project site that could not be addressed until the plant***  
7                   ***construction was completed. Landscaping work in the northeast and***  
8                   ***southeast areas is scheduled to begin in June 2006. Completion is***  
9                   ***currently expected by the end of August 2006.***

10                   ***The "Trails Area" (equestrian and bike trail) to the east of the power***  
11                   ***plant is complete. SRP transferred ownership of the Trails Area to the***  
12                   ***Town of Gilbert on September 13, 2005.***

13                   **Home Owners' Association (HOA) Offsite Landscaping Program ~**

14                   ***SRP has completed the initial funding for this program, providing a one-***  
15                   ***time payment to eighteen (18) HOAs in the area for use in providing***  
16                   ***additional landscaping to help mitigate views of the power plant.***

17                   ***Under the program, SRP committed to making future annual payments***  
18                   ***of \$49,884 to the HOAs for offsite landscaping maintenance for a period***  
19                   ***of twenty (20) years, beginning in September 2004.***

20                   **Individual County Landscaping Program ~**

21                   ***SRP has completed this program.***

- 22                   8.       The visual mitigation efforts shall be in general compliance with the plans  
23                   and concepts presented in these proceedings and constitute a commitment  
24                   level by Applicant. Applicant will not reduce the overall level of mitigation as  
25                   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 ~** ***SRP has satisfied the visual mitigation requirements as***  
                  ***initially set forth in the Application and the proceeding and further***  
                  ***refined and expanded during the CWG process. SRP's mitigation***  
                  ***efforts also include the items specified in the SRP/Town of Gilbert***  
                  ***Intergovernmental Agreement.***

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.

1                    ***Status ~ As noted in condition 7, nearly all of the landscaping work at***  
2                    ***the site has been completed. SRP has scheduled the landscaping work***  
3                    ***in the northeast area and the southeast corner of the project site to***  
                      ***begin in June 2006. The landscaping is currently expected to be***  
                      ***completed by the end of August 2006.***

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

17                   ***Status ~ SRP remains in compliance with all applicable noise guidelines***  
18                   ***and standards. Throughout construction of the project, SRP has taken***  
19                   ***noise readings at various locations along the plant boundary three***  
20                   ***times per week to ensure compliance with noise guidelines and***  
21                   ***standards. Additional noise testing is conducted during nighttime***  
22                   ***construction activities, such as concrete pours. This process will***  
23                   ***continue until all construction activities are complete.***

24                   ***Since Unit 5 began commercial operation on April 1, 2005, plant***  
25                   ***personnel are conducting additional off-site noise testing at the sites***  
                      ***designated by the Santan Neighborhood Committee (SNC) on the north,***  
                      ***east and south sides of the plant boundaries. The SNC committee is***  
                      ***responsible for establishing the locations, timing and frequency of the***  
                      ***off-site noise tests. For more information on the SNC, please refer to***  
                      ***condition 19.***

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

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

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

1 \$400,000 to this effort.

2 ***Status ~ Phase 2 of the Gilbert Transportation Study (the Gilbert Bicycle***  
3 ***& Pedestrian Plan) is 98% complete. The Gilbert Transportation Study***  
4 ***was developed to integrate with the Maricopa Association of***  
5 ***Government's (MAG) Transit Study. Final comments from the Technical***  
6 ***Advisory Committee (TAC) on the report have been incorporated in the***  
7 ***Plan. The final Plan and Development Guidelines documents have been***  
8 ***submitted to the Town of Gilbert. Town staff is working to schedule a***  
9 ***final presentation to the Town Council.***

- 10
- 11 13. Within six months of approval of this Order by the Arizona Corporation
- 12 Commission, Applicant shall either relocate the gas metering facilities to the
- 13 interior of the plant site or construct a solid wall between the gas metering
- 14 facilities at the plant site and Warner Road. The wall shall be of such
- 15 strength and size as to deflect vehicular traffic (including a fully loaded
- 16 concrete truck) that may veer from Warner Road to the gas-metering site.

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

- 18
- 19 14. Applicant will use only SRP surface water, CAP water or effluent water for
- 20 cooling and power plant purposes. The water use for the plant will be
- 21 consistent with the water plan submitted in this proceeding and acceptable
- 22 to the Department of Water Resources. Applicant will work with the Town of
- 23 Gilbert to attempt to use available effluent water, where reasonably feasible.

24 ***Status ~ To date, SRP has delivered a total of 68,380 acre feet of CAP***  
25 ***water to GRUSP for future use via recovery from any SRP owned wells***  
26 ***(Association or District) and delivered to SEP from the Eastern Canal***  
27 ***(or onsite District wells). SRP continues to be ahead of its storage***  
28 ***schedule and projects that SRP will continue to store CAP water in***  
29 ***GRUSP through 2011 for recovery and use. To meet ongoing***  
30 ***operational water demands, SEP continues to use SRP surface water***  
31 ***and CAP water (both directly and via recovery of storage credits from***  
32 ***SRP owned wells).***

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

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

- 39 16. Applicant agrees to maintain on file with the Town of Gilbert safety and
- 40 emergency plans relative to emergency conditions that may arise at the
- 41 plant site. On at least an annual basis Applicant shall review and update, if
- 42 necessary, the emergency plans. Copies of these plans will be made
- 43 available to the public and on Applicant's web site. Additionally Applicant



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

8 ***Status ~ SRP does and will continue to comply with all safety standards  
9 including secondary containment for bulk materials (chemicals) and  
10 development of evacuation procedures for plant personnel. A detailed  
11 copy of the response plan is available at the Town of Gilbert Fire  
12 Department as well as with the State Emergency Response Commission  
13 (SERC) and the Maricopa County Local Emergency Planning Committee  
14 (LEPC).***

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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 ~ SRP acquired emission reduction credits from the Phoenician and Oak Canyon Manufacturing sufficient to satisfy the 72 ton VOC offset requirement contained in the Santan air quality permit. In addition, SRP, in cooperation with the Maricopa County Department of Transportation (MCDOT), has obtained sufficient PM10 offsets for Units 5 and 6 by paving roads in the east valley, starting with roads closest to the plant site.***

***All required offsets have been met for the Santan Expansion Project.***

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

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

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 ~ The Santan Neighborhood Committee (SNC) held a meeting on  
9 February 8, 2006 where Santan personnel provided additional monthly  
10 data on emissions, water discharge and off-site noise readings taken  
11 since the last meeting. The next SNC meeting is scheduled for May 17,  
12 2006.***

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

18 ***Status ~ SRP explored the option of reduced plume cooling towers via  
19 the specification and bidding process for this equipment but found the  
20 limited availability, prohibitive cost and additional height requirements  
21 of the plume abatement technology to supersede the potential benefits  
22 at this time. SRP will continue to monitor cooling tower technology.***

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

25 ***Status ~ SRP has entered into an agreement to sell the SEP lateral to El  
Paso Natural Gas Company and Transwestern Pipeline Company.***

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

29 ***Status ~ SRP will not construct additional Extra High Voltage  
30 transmission lines (no new circuits 115kv and above) into or out of the  
31 Santan site or substation on the site. However, some of the existing  
32 circuits may be bundled in the future as required.***

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

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

1  
2 24. Applicant shall work in a cooperative effort with the Office of Environmental  
3 Health of the Arizona Department of Health Services to enhance its  
4 environmental efforts.

5 ***Status ~ A representative of the Arizona Department of Health Services***  
6 ***serves on the Santan Neighborhood Committee. The representative's***  
7 ***role is to provide technical assistance and expertise to the citizens***  
8 ***committee mentioned in condition 19. Such assistance will cover air,***  
9 ***noise, and water quality issues.***

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

14 ***Status ~ SRP has an environmental management system (EMS)***  
15 ***designed to assure compliance with applicable laws and regulations.***  
16 ***The Santan Generating Station is integrated in the SRP EMS.***  
17 ***Procedures and Environmental Information Management Systems***  
18 ***(EIMS) have been modified to incorporate the new requirements***  
19 ***associated with the Santan Expansion Project. Plant personnel***  
20 ***responsible for meeting environmental compliance have received***  
21 ***training on the new requirements and a formal audit will be conducted***  
22 ***within one year after Unit 6 startup.***

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

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

26 27. Applicant shall install continuous emission monitoring equipment on the new  
27 units and will make available on its website emissions data from both the  
28 existing and new units according to EPA standards. Applicant shall provide  
29 information to the public on its website in order to assist the public in  
30 interpreting the data, and provide viable information in a reasonable time  
31 frame.

32 ***Status ~ SRP has installed continuous emission monitoring equipment***  
33 ***on the new units. SRP is currently developing the presentation***  
34 ***materials and graphics for the emissions data that will be posted on the***  
35 ***Santan website.***

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

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

3                   **Improvements to Warner Road and Val Vista Road** ~ These  
4 improvements are complete.

5                   **Screening of the Plant** ~ All of the screening, with the exception of the  
6 northeast area and the southeast corner of the project site, is complete.  
7 With the recent completion of the power plant construction, these two  
8 areas of the site can now be addressed. Screening in these areas is  
9 scheduled for completion by the end of August 2006.

10                   **Trail Extension** ~ In the "Trails Area" to the east of the power plant,  
11 work is complete. The "Trails Area" includes a horse trail, unpaved  
12 equestrian resting areas complete with benches for the horse's rider,  
13 and a shared use path, surrounded by decorative masonry walls, path  
14 lighting, and new plantings of trees and shrubs.

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

16                   **Training Tower Removal** ~ This training tower was removed in the fall of  
17 2000.

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

21                   **Dust Control Along Canals** ~ SRP is in compliance with applicable PM-  
22 10 standards along SRP canal banks.

23                   **Offsite Tree Planting** ~ The offsite landscaping programs are complete.  
24 See Condition 7 status for more details.

- 25
29. During the proceeding neighbors to the plant site raise significant concern about the impact of the plant expansion on residential property values. In performing each of the conditions in this order Applicant, in conjunction where applicable, with the Town of Gilbert and the plant site neighbors, shall consider and attempt to maximize the positive effect of its activities on the values of the homes in the surrounding neighborhoods.

**Status** ~ SRP has invested \$20 million in community and site  
improvements, including extensive landscaping to ensure compatibility  
with the community. Conditions 7, 9 and 28 address SRP's  
comprehensive landscaping plan that was developed by SRP's  
landscape architect and approved by the CWG. Almost all of the  
landscaping at the project site has been completed and funding for off-  
site landscaping has been completed as well. The landscaping  
provides attractive features and was designed to maximize the positive  
effect on the surrounding neighborhoods.

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

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

5 31. Applicant will construct the heat recovery steam generators (“HRSG”)  
6 approximately 15 feet below grade and will construct the HRSGs so that the  
overall height of the HRSG module from the natural grade is no more than  
7 80 feet.

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

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

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

11 33. Applicant shall not transfer this Certificate to any other entity for a period of  
12 20 years from the date of approval by the Corporation Commission, other  
13 than as part of a financing transaction where operational responsibilities will  
remain with Applicant, and where Applicant will continue to operate the plant  
14 in accordance with this Certificate.

15 **Status ~ SRP has no plans to transfer this Certificate to another entity.**

16 34. Applicant shall post on its website, when its air quality permit application is  
submitted to the Maricopa County Environmental Services Department.  
17 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.

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

19  
20 GRANTED this \_\_\_\_ day of February, 2001

21 ARIZONA POWER PLANT AND TRANSMISSION  
22 LINE SITING COMMITTEE

23  
24 \_\_\_\_\_  
By Paul A. Bullis  
Its Chairman

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2

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 ) Case No. 105  
 8 Certificate of Environmental Compatibility )  
 9 authorizing the Expansion of its Santan ) Docket No. L-00000B-00-0105  
 10 Generating Station, located at the intersection )  
 11 of Warner Road and Val Vista Drive, ) Decision No. \_\_\_\_\_  
 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 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 ~ On February 10, 2003 the Maricopa County Environmental Services Department issued an air quality permit for the Santan Expansion Project. The air permit mandates the following Lowest Achievable Emission Rates (LAER):***

- ***CO – 2 ppm w/o duct firing; 2 ppm w/ duct firing***
- ***NOx – 2 ppm w/o duct firing; 2 ppm w/ duct firing***

- **VOC – 1 ppm w/o duct firing; 2 ppm w/ duct firing**
- **PM10 - .01 lb/mmBtu**

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 ~ Since the issuance of the ACC order for the SEP Certificate of Environmental Compatibility, SRP has not burned diesel fuel in the existing Santan generating units. The new generating units associated with the SEP will not have diesel fuel-burning capability.**

***On March 3, 2004, the Maricopa County Environmental Services Department issued a revision to SRP's air quality permit to allow for the use of ultra low sulfur fuel as an emergency fuel in the existing units. The conditions in the air quality permit are identical to the requirements for emergency fuels contained in Maricopa County's new air quality rule for existing power plants (Rule 322), with the exception of the requirement that SRP use ultra low sulfur fuel rather than low sulfur fuel. In addition, the revised air permit includes a separate condition stating that SRP cannot use the fuel unless previously authorized by the ACC. SRP will continue to fully comply with Condition 36 of the CEC that prohibits the use of diesel fuel in any Santan unit unless amended by the ACC on an emergency basis at some future time.***

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

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

38. Beginning upon commercial operation of the new units, Applicant shall conduct a review of the Santan Generating facility operations and equipment every five years and shall, within 120 days of completing such review, file with the Commission and all parties in this docket, a report listing all improvements which would reduce plant emissions and the costs associated with each potential improvement. Commission Staff shall review the report and issue its findings on the report, which will include an economic feasibility study, to the Commission within 60 days of receipt. Applicant shall install said improvements within 24 months of filing the review with the Commission, absent an order from the Commission directing otherwise.

**Status ~ SRP will comply with the requirement for a review of technology that will reduce plant emissions every 5 years after commercial operation of the new units and will report such findings to the Commission and all parties in this docket.**

1 39. Applicant shall provide \$20,000 to the Pipeline Safety Revolving Fund on  
2 an annual basis, thus improving the overall safety of pipelines throughout  
the State of Arizona.

3 ***Status ~ In March 2006, a check for \$20,000 was sent to the Arizona  
4 Corporation Commission, for deposit in the Pipeline Safety Revolving  
5 Fund. This check satisfies compliance with this condition for the year  
6 ending April 30, 2006. A copy of the transmittal letter to Mr. Alan  
7 Bohnenkamp, Chief of Pipeline Safety Section for the Arizona  
8 Corporation Commission, is included as Appendix A. Subsequent  
9 checks will be distributed in the March/April timeframe each year.***

7 40. Where feasible, Applicant shall strive to incorporate local and in-state  
8 contractors in the construction of the three new generation units for the  
expansion project.

9 ***Status ~ Every effort was made to incorporate local contractors for this  
10 project. Over one hundred-eleven local or in-state contractors were  
11 used on this project.***

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

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

15 **APPROVED AS AMENDED BY ORDER OF THE ARIZONA CORPORATION  
16 COMMISSION**

17  
18 Chairman \_\_\_\_\_

Commissioner \_\_\_\_\_

Commissioner \_\_\_\_\_

19 In Witness hereof, I, Brian C. McNeil,  
20 Executive Secretary of the Arizona  
21 Corporation Commission, set my hand  
22 and cause the official seal of this  
Commission to be affixed this \_\_\_\_ day  
of \_\_\_\_\_, 2001.

23  
24 By: \_\_\_\_\_  
Brian C. McNeil  
Executive Secretary

25 Dissent: \_\_\_\_\_