

1 **BEFORE THE ARIZONA POWER PLANT**
2 **AND TRANSMISSION LINE SITING COMMITTEE**

3 In the matter of the Application of Salt)
4 River Project Agricultural Improvement and)
5 Power District in conformance with the)
6 requirements of Arizona Revised Statutes) Case No. 105
7 Sections 40-360-03 and 40-360.06, for a) Docket No. L-00000B-00-0105-00000
8 Certificate of Environmental Compatibility)
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
5 Town of Gilbert, the County of Maricopa, the United States, and any other
6 governmental entities having jurisdiction.

7 ***Status ~ Maricopa County was delegated authority by EPA to issue and
8 administer air quality permits consistent with federal regulations.
9 Maricopa County has a unified permitting program, which allows the
10 County to issue a single permit for pre-construction approval of new
11 sources and ongoing operating requirements. SRP received a permit
12 from Maricopa County in 2002 that included a requirement to obtain
13 emission offsets for PM10 and Volatile Organic Compounds (VOCs).
14 The PM10 offset requirement included a stipulation that SRP would
15 comply with a future Maricopa County rule on PM10 emission offsets
16 from road paving prior to operating the plant. Under an agreement with
17 Maricopa County Department of Transportation, SRP paid for the
18 pavement of dirt roads well in advance of the new units becoming
19 operational. Because Maricopa County Environmental Services
20 Department had not yet initiated any action on a PM10 offset
21 rulemaking, SRP applied for and received a minor permit revision from
22 Maricopa County in December 2003 that allowed SRP to pave roads to
23 secure sufficient PM10 offsets consistent with current protocols and
24 then demonstrate compliance with a new County road paving offset rule
25 within months of the rule becoming final.***

***While SRP has constructed and operated the plant in compliance with
all substantive requirements of its air quality permit with Maricopa
County, EPA issued a Notice of Violation (NOV) alleging that the
issuance of the permit to SRP by Maricopa County was invalid on
procedural grounds relating to the County's inability to issue SRP a
minor permit revision for offsets and the lack of County rule-making on
offsets. SRP elected to resolve this issue with EPA pursuant to a
Consent Agreement and Final Order (CAFO) dated September 27, 2007,
because it believed the fundamental dispute was between EPA and
Maricopa County, and not with SRP. SRP did not admit to the specific
allegations made by EPA.***

***Pursuant to the CAFO, SRP paid a civil administrative penalty of
\$12,500 and will perform a Supplemental Environmental Project
consisting of the paving of a previously unpaved road at a cost of at
least \$37,500. EPA is now processing the new County rule for offsets.
Under the new County PM10 offset rule, SRP will not be required to
obtain additional PM10 offsets for Santan to conform to the new rule.***

***On April 6, 2007, SRP provided Maricopa County Air Quality Department
(MCAQD) with an excess emission notification pertaining to excess
volatile organic compounds (VOC) emissions that were emitted from***

1 **Unit 6A at the Santan Generating Station (SGS). SRP stated in that**
2 **notification that the excess VOC emissions likely resulted from a**
3 **malfunction of one or more of the fuel nozzles in Unit 6A. On August**
4 **17, 2007, MCAQD issued to SRP an NOV asserting that SGS Unit S-6A**
5 **failed to comply with the VOC emission rates and concentration limits**
6 **during a scheduled performance test.**

7 **Maricopa County Rule 140, Section 401, states that excess emissions**
8 **due to a malfunction are considered to be a violation. The rule further**
9 **states, however, that a source has an affirmative defense to a civil or**
10 **administrative enforcement proceeding based on such a violation if the**
11 **source can demonstrate that several conditions were met. SRP**
12 **believes that it met each of the conditions for the affirmative defense to**
13 **the NOV because the excess emissions were the result of an**
14 **unavoidable equipment breakdown, SRP acted expeditiously to repair**
15 **the equipment, and SRP took all reasonable steps to minimize the**
16 **impact of the excess emissions on ambient air quality, in addition to**
17 **other factors. SRP provided the County a letter explaining the**
18 **unavoidable nature of the event and the steps that SRP took to**
19 **minimize any impact from the equipment malfunction. The County is**
20 **evaluating SRP's letter setting out its affirmative defense along with the**
21 **NOV to determine whether to propose any penalty.**

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

26 **Status ~ Unit 6 was declared in commercial operation on March 1, 2006.**
27 **Unit 5 (the 2-on-1 units) began commercial operation on April 1, 2005.**
28 **With the completion of Unit 6, the Santan Expansion Project is**
29 **complete. SRP constructed the Project within the five year timeframe**
30 **and has satisfied this condition of the CEC.**

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

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

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

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

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

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

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

9 **Status ~ SRP has complied with all requirements for groundwater, as**
10 **set forth in the Third Management Plan for the Phoenix Active**
11 **Management Area.**

- 12 7. With respect to landscaping and screening measures, including the
13 improvements listed in the IGA, Applicant agrees to develop and
14 implement a public process consistent with the process chart (Exhibit 89)
15 presented during the hearings, modifying the dates in the IGA with the
16 Town of Gilbert, if necessary, to correspond with the schedule in Exhibit
17 89.

18 The new Community Working Group (CWG) will consist of 12 members,
19 selected as follows: one member selected by the Town of Gilbert, four
20 members selected by neighborhood homeowner associations, four
21 representatives selected by intervenors, and three members selected by
22 SRP (not part of the aforementioned groups) who were part of the original
23 community working group. Applicant and landscaping consultants shall
24 act as advisors to the CWG. CWG meetings shall be noticed to and be
25 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
 possible, the values of the homes in the neighboring areas. The refinement
 of the mitigation plans shall be reasonably consistent with the planning
 criteria of the Town of Gilbert, the desires of neighboring homeowner
 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.

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

3 Applicant will develop with the Town of Gilbert a continuous fund, to be
4 administered by the Town of Gilbert, to provide for the construction and
5 maintenance of off-site landscaping in the areas depicted in the off-site
6 landscaping concepts as developed by the CWG in an amount sufficient to
7 fund the concepts in Exhibit 88 or concepts developed by the CWG,
8 whichever is greater.

9 **Status ~**

10 **Onsite Landscaping Program ~**

11 ***SRP has completed all of the landscaping at the site. A new gate in the
12 northeast corner of the site was installed in September 2007.***

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

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

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

20 ***Under the program, SRP committed to making future annual payments
21 of \$49,884 to the HOAs for offsite landscaping maintenance for a period
22 of twenty (20) years, beginning in September 2004. In August 2007 SRP
23 submitted a check for its fourth annual maintenance payment of \$49,884
24 to the Town of Gilbert for disbursement to the 18 HOAs.***

25 **Individual County Landscaping Program ~**

SRP has completed this program.

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 ~ 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

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

7 **Status ~ As noted in condition 7, all of the landscaping work at the site
8 has been completed.**

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

22 **Status ~ SRP remains in compliance with all applicable noise guidelines
23 and standards. Throughout construction of the project, SRP took noise
24 readings at various locations along the plant boundary three times per
25 week to ensure compliance with noise guidelines and standards. SRP
also conducted additional noise testing during nighttime construction
activities, such as concrete pours.**

**Since Unit 5 began commercial operation on April 1, 2005, plant
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

1 Major Investment Study through the Regional Public Transit Authority to
2 develop concepts and plans for commuter rail systems to serve the growing
3 population of the East Valley. Applicant will contribute a maximum of
4 \$400,000 to this effort.

5 ***Status ~ Phase 2 of the Gilbert Transportation Study (the Gilbert Bicycle
6 & Pedestrian Plan) is complete. The Gilbert Transportation Study was
7 developed to integrate with the Maricopa Association of Government's
8 (MAG) Transit Study. The final Plan and Development Guidelines were
9 submitted and accepted by the Town of Gilbert.***

10 ***Phase 3 of the Plan is to implement portions of the study by building
11 bridges over key canal modal points for connectivity. The consulting
12 firm of NFra was selected to design the bridges on behalf of the Town of
13 Gilbert. The bridge design is in its final stages with proper clearances
14 identified for maintenance purposes. The next milestone to be
15 completed is the final award for the bridge construction.***

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

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

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

***Status ~ Through December 2007, SRP has delivered a total of 109,616
acre feet of CAP water to GRUSP. In addition, SRP has delivered 15,288
acre feet of CAP water to the New River - Agua Fria Underground
Storage Project (NAUSP). Total CAP water delivered for storage is
124,904 acre feet. CAP water is stored for future use via recovery from
any SRP owned wells (Association or District) and delivered to SEP
from the Eastern Canal (or onsite District wells). SRP will continue to
store CAP water in GRUSP and NAUSP through 2011 for recovery and
use. To meet ongoing operational water demands, SEP continues to
use SRP surface water and CAP water (both directly and via recovery of
storage credits from SRP owned wells).***

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

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

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

16 ***Status ~ SRP is in compliance with all safety standards including***
17 ***secondary containment for bulk materials (chemicals) and development***
18 ***of evacuation procedures for plant personnel. The plant's Emergency***
19 ***Response/Contingency Plan is available on the Santan website.***
20 ***Additionally, a detailed copy of the Emergency Response plan is available***
21 ***at the Town of Gilbert Fire Department as well as with the State***
22 ***Emergency Response Commission (SERC) and the Maricopa County***
23 ***Local Emergency Planning Committee (LEPC).***

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

27 ***Status ~ SRP acquired emission reduction credits from the Phoenician***
28 ***and Oak Canyon Manufacturing sufficient to satisfy the 72 ton VOC***
29 ***offset requirement contained in the Santan air quality permit. In***
30 ***addition, SRP, in cooperation with the Maricopa County Department of***
31 ***Transportation (MCDOT), has obtained sufficient PM10 offsets for Units***
32 ***5 and 6 by paving roads in the east valley, starting with roads closest to***
33 ***the plant site.***

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

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

39 ***Status ~ SRP's first priority in operating its generating stations,***
40 ***transmission system and distribution system is to safely supply a***
41 ***reliable, low cost source of power to its retail customers. The Santan***
42 ***Expansion Project will be operated in the same manner as current***

1 **resources and is a significant element in SRP's plans to avoid the kind**
2 **of price volatility that accompanied the California crisis.**

- 3 19. Beginning upon operation of the new units, Applicant will establish a citizens'
4 committee, elected by the CWG, to monitor air and noise compliance and
5 water quality reporting. Applicant will establish on-site air and noise
6 monitoring facilities to facilitate the process. Additionally Applicant shall
7 work with Maricopa County and the Arizona Department of Environmental
8 Quality to enhance monitoring in the vicinity of the plant site in a manner
9 acceptable to Maricopa County and the Arizona Department of
10 Environmental Quality. Results of air monitoring will be made reasonably
11 available to the public and to the citizens' committee. Applicant shall provide
12 on and off-site noise monitoring services (at least on a quarterly basis),
13 testing those locations suggested by the citizens' committee. The off-site air
14 monitoring plan shall be funded by the Applicant and be implemented before
15 operation of the plant expansion.

16 ***Status ~ The Santan Neighborhood Committee (SNC) held a meeting on***
17 ***September 12, 2007. Three of the six representatives of the***
18 ***surrounding neighborhoods were present. Santan personnel provided***
19 ***additional monthly data on emissions, water discharges, and off-site***
20 ***noise readings taken since the last meeting. A set of by-laws was***
21 ***adopted by the SNC. SRP personnel reported that it has completed its***
22 ***review of the data collected at the SRP Ambient Air Monitoring Station***
23 ***over the past four years. SRP is preparing a final report on the impact***
24 ***of SEP on ambient conditions and that report should be available at the***
25 ***next meeting of the SNC. At that time, SRP will seek agreement that the***
Ambient Air Monitoring Station is no longer needed and can be
removed and used for other purposes. The next SNC meeting is
scheduled for February 20, 2008.

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

21 ***Status ~ SRP explored the option of reduced plume cooling towers via***
22 ***the specification and bidding process for this equipment but found the***
23 ***limited availability, prohibitive cost and additional height requirements***
24 ***of the plume abatement technology to supersede the potential benefits***
25 ***at this time. SRP continues to monitor cooling tower technology and***
has found no proven methods that would be feasible for use at SEP.
However, SRP is funding a research project with ASU to determine the
feasibility of a new method to reduce the plume in cooling towers. If
this project is successful and if the results can be applied to the type of
cooling towers at SEP, SRP will consider this new technology for
inclusion at SEP. This project is in the beginning stages and if
successful, it would be a number of years before it could be
implemented at SEP.

1
2 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.

3 ***Status ~ SRP completed the sale of the SEP gas pipeline to El Paso***
4 ***Natural Gas Company and Transwestern Pipeline Company.***

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 ~ SRP will not construct additional Extra High Voltage***
8 ***transmission lines (no new circuits 115kV and above) into or out of the***
9 ***Santan site or substation on the site. However, some of the existing***
10 ***circuits may be bundled in the future.***

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

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

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

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

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

23 ***Status ~ SRP has an environmental management system (EMS)***
24 ***designed to assure compliance with applicable laws and regulations.***
25 ***The Santan Generating Station is integrated in the SRP EMS.***
Procedures and Environmental Information Management Systems
(EIMS) have been modified to incorporate the new requirements
associated with the Santan Expansion Project. Plant personnel
responsible for meeting environmental compliance have received
training on the new requirements. SRP continues to implement its EMS

1 **to ensure continued compliance with all applicable environmental**
2 **regulations and requirements.**

3 **For additional information on SRP's efforts to comply with federal,**
4 **state, county and city environmental regulations, please refer to**
5 **condition 1.**

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

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

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

16 **Status ~ SRP has installed continuous emission monitoring equipment**
17 **on the new units. Information on the continuous emission monitoring**
18 **equipment and the emissions data is available on the website for the**
19 **SEP.**

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

23 **Status ~ There are eight SRP obligations noted in the IGA, all of which**
24 **have been completed. A description of each obligation follows:**

25 **Improvements to Warner Road and Val Vista Road ~ These**
26 **improvements are complete.**

27 **Screening of the Plant ~ All of the screening is complete.**

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

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

34 **Training Tower Removal ~ This training tower was removed in the fall of**
35 **2000.**

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

1 **construction of the line.**

2 **Dust Control Along Canals ~ SRP is in compliance with applicable PM-**
3 **10 standards along SRP canal banks.**

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

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

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

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

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

- 26 31. Applicant will construct the heat recovery steam generators ("HRSG")
27 approximately 15 feet below grade and will construct the HRSGs so that the
28 overall height of the HRSG module from the natural grade is no more than
29 80 feet.

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

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

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

- 34 33. Applicant shall not transfer this Certificate to any other entity for a period of
35 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

1 in accordance with this Certificate.

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

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

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

7 GRANTED this ____ day of February, 2001

8 ARIZONA POWER PLANT AND TRANSMISSION
9 LINE SITING COMMITTEE

10
11 _____
12 By Paul A. Bullis
13 Its Chairman

14 **BEFORE THE ARIZONA CORPORATION COMMISSION**

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

23 _____)
24 The Arizona Corporation Commission (Commission) has conducted its review, as
25 prescribed by A.R.S. §40-360.07. Pursuant to A.R.S. §40-360.07(B), the Commission,
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
Expansion Project shall be required to submit an air quality permit
application requesting this LAER to the Maricopa County Environmental
Services Department.

10 ***Status ~ On February 10, 2003 the Maricopa County Environmental
11 Services Department issued an air quality permit for the Santan
12 Expansion Project. The air permit mandates the following Lowest
Achievable Emission Rates (LAER):***

- 13 • ***CO – 2 ppm w/o duct firing; 2 ppm w/ duct firing***
- 14 • ***NOx – 2 ppm w/o duct firing; 2 ppm w/ duct firing***
- 15 • ***VOC – 1 ppm w/o duct firing; 2 ppm w/ duct firing***
- 16 • ***PM10 - .01 lb/mmBtu***

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

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

24 ***On March 3, 2004, the Maricopa County Environmental Services
25 Department, now the Maricopa County Air Quality Department
(MCAQD), 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.***

1
2 37. In obtaining emissions reductions related to Carbon Monoxide (CO)
3 emissions, Applicant shall, where technologically feasible, obtain those
4 emission reductions onsite to the Santan Expansion Project.

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

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

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

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

24 **Status ~ In March 2007, a check for \$20,000 was sent to the Arizona
25 Corporation Commission, for deposit in the Pipeline Safety Revolving
Fund. This check satisfies compliance with this condition for the year
ending April 30, 2007. Subsequent checks will be distributed in the
March/April timeframe each year.**

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

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

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

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

1 **APPROVED AS AMENDED BY ORDER OF THE ARIZONA CORPORATION**
2 **COMMISSION**

3 _____
Chairman

Commissioner

Commissioner

4
5 In Witness hereof, I, Brian C. McNeil,
6 Executive Secretary of the Arizona
7 Corporation Commission, set my hand
8 and cause the official seal of this
9 Commission to be affixed this ____ day
10 of _____, 2001.

11 By: _____
12 Brian C. McNeil
13 Executive Secretary

14 Dissent: _____
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