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BEFORE THE ARIZONA CORPORATION COMMISSION

CARL J. KUNASEK  
Chairman  
JIM IRVIN  
Commissioner  
WILLIAM A. MUNDELL  
Commissioner

DOCKETED

NOV 03 2000

FILED BY [Signature]

IN THE MATTER OF THE APPLICATION OF )  
DUKE ENERGY MARICOPA, LLC IN )  
CONFORMANCE WITH THE REQUIREMENTS )  
OF ARIZONA REVISED STATUTES 40-360.01 )  
ET SEQ., FOR A CERTIFICATE OF )  
ENVIRONMENTAL COMPATIBILITY )  
AUTHORIZING CONSTRUCTION OF )  
NATURAL GAS FIRED, COMBINED CYCLE )  
GENERATING FACILITIES AND ASSOCIATED )  
TRANSMISSION LINE NEAR ARLINGTON IN )  
MARICOPA COUNTY, ARIZONA. )

CASE NO. 98

DOCKET NO. L-00000P-99-0098

DECISION NO. 62995

AMENDED ORDER

CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY

Pursuant to notice given as provided by law, the Arizona Power Plant and Transmission Line Siting Committee (the "Committee"), held public hearings at the Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona, on March 9, 2000, and May 5, 2000, in conformance with the requirements of Arizona Revised Statutes section 40-360, *et seq.*, for the purpose of receiving evidence and deliberating on the Application of Duke Energy Maricopa LLC ("Duke") for a Certificate of Environmental Compatibility ("Certificate") in the above-captioned case.

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

- Charles S. Pierson<sup>1</sup> Chairman, Designee for Arizona Attorney General Janet Napolitano
- Steve Olea Designee for the Chairman of the Arizona Corporation Commission
- Richard Tobin Deputy Director, Arizona Department of Environmental Quality
- Dennis Sundie Designee for the Director of the Department of Water Resources
- Mark McWhirter Designee for the Director of the Energy Office of the Arizona Department of Commerce

<sup>1</sup> Mr. Pierson, who did not vote on this application, retired before this Certificate of Environmental Compatibility was prepared. Accordingly, it was signed by the undersigned as successor chairman.

1 Robert Berger Appointed Member

2 Jeff McGuire Appointed Member

3 Wayne Smith Appointed Member

4 The Applicant was represented by Thomas H. Campbell and Michael Denby of Lewis and  
5 Roca LLP. Staff of the Arizona Corporation Commission ("Staff") noticed their intervention as a  
6 party, and were represented by Teena Wolfe. Arizona Center for Law in the Public Interest ("the  
7 Center") noticed its intervention. There were no other interventions or limited appearances.

8 At the conclusion of the hearing and deliberations, the Committee, having received and  
9 considered the Application, the appearance of Applicant and the Staff, the evidence, testimony and  
10 exhibits presented by Applicant and the Staff, and being advised of the legal requirements of Arizona  
11 Revised Statutes Sections 40-360 to 40-360.13, upon motion duly made and seconded, voted to grant  
12 Applicant the following Certificate of Environmental Compatibility (Case No. 98):

13 Duke Energy Maricopa LLC and its assignee(s), are granted a Certificate of Environmental  
14 Compatibility authorizing construction of a 580 megawatt (nominal) natural gas-fired, combined  
15 cycle generating facility, together with related infrastructure and appurtenances, which generating  
16 unit shall be located in Maricopa County, Arizona, approximately 0.7 miles southwest of the  
17 intersection of Elliot Road and Wintersburg Road, and an approximately 2.4 mile 500 kv  
18 transmission line connecting the generating facility with the Palo Verde South switchyard.

19 This Certificate is granted upon the following conditions:

- 20 1. The Applicant and its assignees will comply with all existing applicable air and water  
21 pollution control standards and regulations, and with all existing applicable  
22 ordinances, master plans and regulations of the State of Arizona, the County of  
23 Maricopa, the United States, and any other governmental entities having jurisdiction.
- 24 2. This authorization to construct the Project will expire five years from the date the  
25 Certificate is approved by the Arizona Corporation Commission unless construction  
26 is completed to the point that the plant is capable of operating at its rated capacity by  
27 that time; provided, however, that prior to such expiration the Project owner may  
28 request that the Arizona Corporation Commission extend this time limitation.
3. Applicant's project having two (2) approved transmission lines emanating from its  
power plant's transmission switchyard and interconnecting with the existing  
transmission system. This plant interconnection must satisfy the single contingency  
outage criteria (N-1) without reliance on remedial action such a generator unit  
tripping or load shedding.

...

- 1 4. Applicant providing to the Commission, not more than 12 months prior to the  
2 commercial operation of the plant, a technical study regarding the sufficiency of  
3 transmission capacity to the plant. Applicant has satisfied this condition for its 580  
4 MW facility; provided that applicant meets all construction deadlines and operational  
5 deadlines as set forth in its application.
- 6 5. Applicant submitting to the Commission an interconnection agreement with the  
7 transmission provider with whom it is interconnecting.
- 8 6. Applicant or one of its affiliates becoming a member of WSCC, or its successor, and  
9 filing a copy of its WSCC Reliability Criteria Agreement or Reliability Management  
10 System (RMS) Generator Agreement with the Commission.
- 11 7. Applicant using commercially reasonable efforts to become a member of the  
12 Southwest Reserve Sharing Group, or its successor, thereby making its units available  
13 for reserve sharing purposes, subject to competitive pricing.
- 14 8. Each of the conditions 3-7 above shall automatically terminate if it or a substantially  
15 similar condition is not included in future generating facility Certificates of  
16 Environmental Compatibility as approved by the Commission or upon any  
17 subsequent amendment or invalidation by the Commission or a reviewing court.
- 18 9. The Applicant shall operate its evaporation pond so that any salt residue contained  
19 therein shall not cause damage to crops grown on fields adjacent to the Project site.
- 20 10. Applicant shall operate the Project so that during normal operations the Project shall  
21 not exceed (i) HUD or EPA residential noise guidelines or (ii) OSHA worker safety  
22 noise standards.
- 23 11. Applicant shall use a zero discharge system for its cooling water, subject to existing  
24 regulatory requirements.
- 25 12. Applicant shall use low profile structures, moderate stacks, neutral colors, compatible  
26 landscaping, and low intensity directed lighting for the plant. Applicant shall use  
27 non-reflective conductors and towers.
- 28 13. Applicant shall implement a Land Management Plan that includes:
  - (i) Installation of a professionally designed landscape plan for the entrance of the facility and along Elliot Road.
  - (ii) A comprehensive revegetation program that will restore a large portion of the property with plant communities similar to the adjacent desert lands.
  - (iii) A partnership with The Arizona Game and Fish Department to provide enhanced wildlife habitat on lands that border Centennial Wash.
  - (iv) An annual report (for six years) submitted to the Arizona Corporation Commission setting forth the status of the Land Management Plan.
14. Applicant shall meet all the requirements for groundwater set forth in the Third Management Plan for the Phoenix Active Management Area.

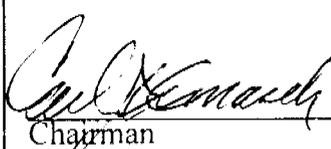
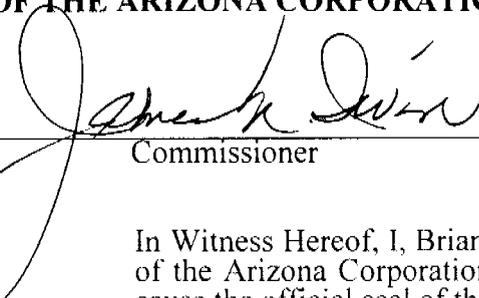
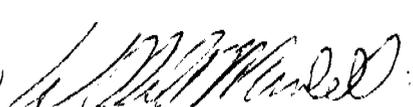
25 The Arizona Corporation Commission has considered the grant by the Committee of a  
26 Certificate of Environmental Compatibility to Duke and finds that the provisions of A.R.S. §40-  
27 360.06 have been complied with, and, in addition, that documentary evidence and testimony was  
28 presented concerning the need for the Arlington Valley Project. Credible testimony was presented

1 concerning the generation deficiency in Arizona. This evidence included a 1999 Western States  
2 Coordinating Council regional forecast, which indicated load growth of at least 6,000 megawatts  
3 through 2008. Additional testimony was offered that projected load growth in the Phoenix and  
4 Tucson metropolitan areas is in the range of 4% a year. Even with the power plant projects approved  
5 as of July 25, 2000, there was evidence of the need for the Arlington Valley Project. In that regard,  
6 Duke will have wholesale power available during peak periods, during the first two years following  
7 commercial operations, for sale to Arizona customers in open market, arm-length transactions.  
8 Accordingly, pursuant to A.R.S. §40-360.07(B), the Commission has balanced, in the broad public  
9 interest, the need for an adequate, economical and reliable supply of electric power with the desire  
10 to minimize the effect thereof on the environment and ecology of this state. The Commission  
11 therefore concludes that the Certificate should be confirmed.

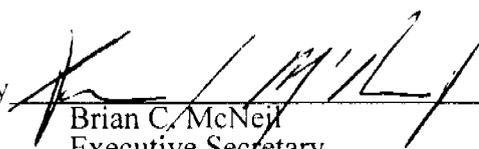
12 IT IS THEREFORE ORDERED that the Certificate of Environmental Compatibility granted  
13 to Duke Energy Maricopa LLC by the Arizona Power Plant and Line Siting Committee on June 16,  
14 2000 is hereby approved as modified hereinabove.

15 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

16 **BY ORDER OF THE ARIZONA CORPORATION COMMISSION**

17  
18     
19 Chairman Commissioner Commissioner

20 In Witness Hereof, I, Brian C. McNeil, Executive Secretary  
21 of the Arizona Corporation Commission, set my hand and  
22 cause the official seal of this Commission to be affixed, this  
23 3rd day of November, 2000.

24 By   
25 Brian C. McNeil  
26 Executive Secretary

27 Dissent: \_\_\_\_\_  
28