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BEFORE THE ARIZONA CORPORATION

Arizona Corporation Commission

DOCKETED

DEC 05 2000

CARL J. KUNASEK
CHAIRMAN
JIM IRVIN
COMMISSIONER
WILLIAM A. MUNDELL
COMMISSIONER

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IN THE MATTER OF THE APPLICATION OF)
 MESQUITE POWER LLC, OR THEIR)
 ASSIGNEE(S), IN CONFORMANCE WITH THE)
 REQUIREMENTS OF ARIZONA REVISED)
 STATUTES 40-360 ET SEQ., FOR A)
 CERTIFICATE OF ENVIRONMENTAL)
 COMPATIBILITY AUTHORIZING)
 CONSTRUCTION OF A NATURAL GAS-FIRED,)
 COMBINED CYCLE GENERATING FACILITY)
 ("MESQUITE PROJECT") LOCATED SOUTH)
 OF ELLIOT ROAD, APPROXIMATELY ONE)
 MILE EAST OF WINTERSBURG ROAD AND)
 APPROXIMATELY 37 MILES WEST OF THE)
 PHOENIX METROPOLITAN AREA, NEAR)
 ARLINGTON IN MARICOPA COUNTY,)
 ARIZONA)

DOCKET NO. L-00000S-00-0101
(CASE NO. 101)

DECISION NO. 63232

ORDER

Open Meeting
November 28 and 29, 2000
Phoenix, Arizona

BY THE COMMISSION:

In conjunction with its review and consideration of (i) the October 10, 2000 Decision and Certificate of Environmental Compatibility ("Certificate") issued and granted by the Arizona Power Plant and Transmission Line Siting Committee ("Siting Committee") attached hereto and incorporated herein, and (ii) the underlying hearing record, the Arizona Corporation Commission ("Commission") makes the following findings of fact and conclusions of law, which are supplemental to but integrally a part of its contemporaneous decision approving and affirming the Siting Committee's October 10, 2000 Decision and Certificate in the above-captioned proceeding.

ADDITIONAL FINDINGS OF FACT

1. The provisions of A.R.S. § 40-360.06 have been complied with by both the Siting Committee and the Commission;
2. During the past seven years Arizona Public Service Company ("APS") and the Salt River Project ("SRP") have experienced electric load growth at an average annual

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rate of 5.5%, and at an average annual rate of 6.2% during the past three years, and each is expected to continue experiencing sustained growth on its system for the foreseeable future;

- 3. APS and SRP each experienced all-time high system peak demands during the summer of 2000;
- 4. It is anticipated that merchant power plants, such as the Mesquite project, will provide a portion of APS's and SRP's requirements for increased generation in the foreseeable future;
- 5. Arizona electric consumers will have a continuing need for access to additional low-cost power and, Mesquite has agreed to have wholesale power available during peak periods, during the first two years following commercial operations, for sale to Arizona customers in open market, arms-length transactions;
- 6. The State of Arizona represents the primary target market for power to be generated by the Mesquite project;
- 7. Additional sources of generation capacity, such as the Mesquite project, are desirable from both a reliability and a competitive market stimulation perspective;
- 8. Existing electric transmission system constraints between Arizona and California will tend to keep power generated at the Mesquite site primarily within the State of Arizona;
- 9. Pursuant to A.R.S. § 40-360.07(B), the Commission has balanced, in the broad public interest, the need for an adequate, economical and reliable supply of electric power with the desire to minimize the effect thereof on the environment and ecology of this state, and concluded that the October 20, 2000 Decision and Certificate issued and granted by the Siting Committee should be approved and affirmed; and
- 10. The Applicant's air quality permit from Maricopa County reflects the Applicant's compliance with stricter air quality permitting standards than presently required by Arizona statutes.

Having considered the factors identified in A.R.S. Section 40-360.06, and balanced, in the broad public interest, the need for an adequate, economical and reliable supply of electric power with the desire to minimize the effect thereof on the environment and ecology of this state, the Commission finds, concludes and orders that the Certificate of Environmental Compatibility be affirmed and approved.

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1 IT IS THEREFORE ORDERED that the Certificate of Environmental Compatibility granted
2 to Mesquite Power LLC by the Arizona Power Plant and Line Siting Committee on October 10,
3 2000, is hereby affirmed and approved, as modified herein.

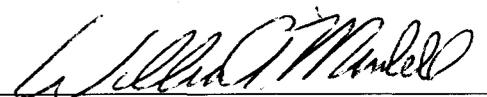
4 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

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

6 

7 Chairman

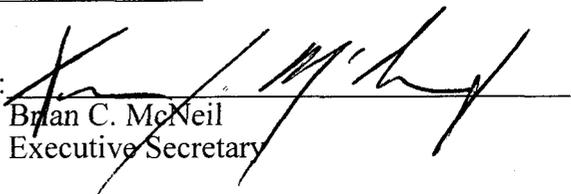
Commissioner



Commissioner

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9 In Witness Hereof, I Brian C. McNeil, Executive
10 Secretary of the Arizona Corporation Commission, set
11 my hand and cause the official seal of this
12 Commission to be affixed, this 5th day of
13 December, 2000.

14 By:


15 Brian C. McNeil
16 Executive Secretary

17 Dissent: _____
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BEFORE THE
ARIZONA POWER PLANT AND TRANSMISSION LINE SITING COMMITTEE

IN THE MATTER OF THE APPLICATION OF)
MESQUITE POWER LLC, OR THEIR)
ASSIGNEE(S), IN CONFORMANCE WITH THE)
REQUIREMENTS OF ARIZONA REVISED)
STATUTES 40-360 ET SEQ., FOR A)
CERTIFICATE OF ENVIRONMENTAL)
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("MESQUITE PROJECT") LOCATED SOUTH OF)
ELLIOT ROAD, APPROXIMATELY ONE MILE)
EAST OF WINTERSBURG ROAD AND)
APPROXIMATELY 37 MILES WEST OF THE)
PHOENIX METROPOLITAN AREA, NEAR)
ARLINGTON IN MARICOPA COUNTY,)
ARIZONA)

DOCKET NO. L-00000S-00-0101
(CASE NO. 101)

DECISION NO. _____

DECISION OF THE ARIZONA POWER PLANT AND TRANSMISSION
LINE SITING COMMITTEE AND
CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY

Pursuant to notice given as provided by law, the Arizona Power Plant and Transmission Line Siting Committee ("Committee") held public hearings at the Best Western Executive Park Hotel, 1100 North Central Avenue, Phoenix, Arizona, on Wednesday, September 6, 2000, Wednesday, October 4, 2000 and Tuesday, October 10, 2000, in conformance with the requirements of Arizona Revised Statutes Section 40-360, *et seq.*, for the purpose of receiving public comment and evidence, and deliberating on the Application of Mesquite Power, L.L.C. ("Mesquite" or "Applicant") 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 hearings on the Application:

Decision No. _____

1	Paul A. Bullis	Chairman, Designee for Arizona Attorney General Janet Napolitano
2	Steve Olea	Arizona Corporation Commission
3	Richard Tobin	Arizona Department of Environmental Quality
4	Mark McWhirter	Arizona Department of Commerce.
5	Dennis Sundie	Arizona Department of Water Resources
6	George Campbell	Appointed Member
7	Jeff Maguire	Appointed Member
8	Wayne Smith	Appointed Member.

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10 The Applicant was represented by Lawrence V. Robertson, Jr., of Munger Chadwick, P.L.C.

11 Staff of the Arizona Corporation Commission ("Staff") noticed their intervention as a party, and

12 were represented by Janice M. Alward. and Teena Wolfe. Arizona Center for Law in the Public

13 Interest ("the Center") noticed its intervention and was represented by Timothy Hogan. There were

14 no other interventions or limited appearances.

15 At the conclusion of the hearings and deliberations, the Committee, (i) having received and

16 considered the Application, the appearances of Applicant and the Staff, the evidence, testimony and

17 exhibits presented by Applicant and the Staff, respectively, (ii) being advised of the legal

18 requirements of Arizona Revised Statutes Sections 40-360 to 40-360.13, (iii) upon consideration of

19 the factors identified in Arizona Revised Statutes Section 40-360.06, and (iv) in accordance with

20 A.A.C. R14-3-213, upon motion duly made and seconded, voted to make the following findings and

21 to grant Applicant the following Certificate of Environmental Compatibility:

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23 The Committee finds that the record contains substantial evidence regarding the need for an

24 adequate, economical and reliable supply of electric power within the State of Arizona, and how the

25 Applicant's proposed Mesquite Project would contribute towards satisfaction of such need.

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27 Mesquite and its assignee(s), are hereby granted this Certificate of Environmental

28 Compatibility authorizing construction of a natural gas-fired, combined cycle generating facility,

1 together with related infrastructure, which shall be located in Maricopa County, Arizona, South of
2 Elliott Road, approximately one (1) mile east of Wintersburg Road, and approximately 37 miles west
3 of the Phoenix metropolitan area. This facility shall consist of two power blocks as described in the
4 application, each capable of producing 625 megawatts at peak production. The related infrastructure
5 includes facilities necessary for the interconnection of the Mesquite generating station to the
6 Hassayampa Switchyard, as described in the application.

7 This Certificate is granted upon the following conditions:
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- 9 1. The Applicant and its assignees will comply with all existing applicable
10 air and water pollution control standards and regulations, and with all
11 existing applicable ordinances, master plans and regulations of the State
12 of Arizona, the County of Maricopa, the United States, and any other
13 governmental entities having jurisdiction.
- 14 2. This authorization to construct the Mesquite Project will expire five (5)
15 years from the date the Certificate is approved by the Arizona
16 Corporation Commission ("Commission") unless construction of the
17 Mesquite Project is completed to the point that the Mesquite Project is
18 capable of operating at its rated capacity by that time; provided, however,
19 that prior to such expiration Applicant or its assignee may request that the
20 Arizona Corporation Commission extend this time limitation.
- 21 3. Applicant shall meet all applicable requirements for groundwater use set
22 forth in the Third Management Plan for the Phoenix Active Management
23 Area existing as of the date Applicant first begins withdrawing
24 groundwater in connection with the Project. Applicant shall limit its
25 aggregate annual withdrawal of groundwater to (i) 7,500 acre feet for the
26 Mesquite Project site, and (ii) such additional volumes available within
27 its Type 1 Goundwater Right as may be needed to implement the portion
28 of the Comprehensive Land Management Plan provided for at Condition
No. 11(ii) below.
4. Applicant will provide to the Commission, not more than 12 months prior
to the commercial operation of the plant, a technical study regarding the
sufficiency of transmission capacity from the plant to the wholesale
electric market.
5. The plant interconnection must satisfy the Western Systems Coordinating
Council's ("WSCC") single contingency outage criteria (N-1) without
reliance on remedial action such as generator unit tripping or load
shedding.
6. Applicant will within fifteen (15) days of reaching such an agreement,
submit to the Commission an interconnection agreement with the
transmission provider with whom it will be interconnecting.

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- 7. Applicant or one of its affiliates will become a member of WSCC, or its successor, and file a copy of its WSCC Reliability Criteria Agreement or Reliability Management System (RMS) Generator Agreement with the Commission.
- 8. Applicant will use commercially reasonable efforts to become a member of the Southwest Reserve Sharing Group, or its successor, thereby making its units available for reserve sharing purposes, subject to competitive pricing.
- 9. Applicant will use low profile structures, moderate stacks, neutral colors, compatible landscaping, and low intensity directed lighting for the plant.
- 10. Applicant will operate the Project so that during normal operations the Project will not exceed (i) HUD residential noise guidelines or (ii) OSHA worker safety noise standards.
- 11. Applicant will implement its Comprehensive Land Management Plan as presented to the Committee in hearing Exhibit A-13 for the plant site and the 3,000 acre Water Property that includes:
 - (i) Installation of a professionally designed landscape plan for the entrance of the facility and along Elliot Road.
 - (ii) Implementation of a comprehensive revegetation program designed to restore portions of the water property with plant communities similar to the adjacent desert lands.
 - (iii) Where feasible, the development of ongoing working relationships with the Phoenix Zoo, Southwest Wildlife Rehabilitation and Educational Foundation, Inc. and Arizona Game and Fish Department to develop alternative land uses for the water property that can be beneficial to the community and consistent with an "open space" land use designation; and
- 12. Applicant will submit annual reports (for 10 years) to the Commission setting forth the status of implementation of the Comprehensive Land Management Plan and any feasible alternative land uses which may have been identified and agreed upon by Applicant and the aforesaid organizations. The first annual report shall be filed one year from the date this Certificate is approved by the Commission.

GRANTED this 16th day of October, 2000.

ARIZONA POWER PLANT AND
TRANSMISSION LINE SITING COMMITTEE

By Paul A. Bullis

Paul A. Bullis
Chairman