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Applicant

**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)
 COMPATIBILITY AUTHORIZING)
 CONSTRUCTION OF 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. 1-00000s-00-0101
 (CASE NO. 101)

DECISION NO. _____

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 and Wednesday, October 4, 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 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:

Paul A. Bullis	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
Mark McWhirter	Designee for the Director of the Energy Office of the Arizona Department of Commerce.
Dennis Sundie	Designee for the Director of the Arizona Department of Water Resources
Wayne Smith	Appointed Member
George Campbell	Appointed Member.

The Applicant was represented by Lawrence V. Robertson, Jr., of Munger Chadwick, P.L.C. Staff of the Arizona Corporation Commission ("Staff") noticed their intervention as a party, and were represented by Janice M. Alward. Arizona Center for Law in the Public Interest ("the Center") noticed its intervention, but did not participate in the public hearings. There were no other interventions or limited appearances.

At the conclusion of the hearings and deliberations, the Committee, (i) having received and considered the Application, the appearances of Applicant and the Staff, the evidence, testimony and exhibits presented by Applicant and the Staff, respectively, and (ii) being advised of the legal requirements of Arizona Revised Statutes Sections 40-360 to 40-360.13, upon motion duly made and seconded, voted to grant Applicant the Certificate herein below set forth.

In conjunction with its deliberations and vote, the Committee made the following findings:

- 1) Applicant has provided the information required of it by A.R.S. 40-360.03, and presented clear and convincing evidence to support approval of its Application for a Certificate;
- 2) The record contains substantial evidence that (a) a need for additional low-cost electric power exists within the State of Arizona, from both a reliability and a competitive market stimulation perspective; and (b) Applicant's proposed Mesquite Project would contribute towards satisfaction of such need;
- 3) Viewed against the decision-making factors prescribed at A.R.S. Section 40-360.06, Applicant's proposed Mesquite Project and related infrastructure, as well as its proposed Comprehensive Land Management Plan, as conditioned below, are suitable and acceptable from an environmental and ecological siting perspective; and
- 4) Viewed against the decision-making factors prescribed at A.R.S. Section 40-360.06, imposition of the conditions set forth below as a part of the Certificate herein granted is reasonable in the circumstances surrounding the proposed Mesquite Project and related infrastructure.

CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY

Mesquite and its assignee(s), are hereby granted a Certificate of Environmental Compatibility authorizing construction of a 1250 megawatt natural gas-fired, combined cycle generating facility, together with related infrastructure, which shall be located in Maricopa County, Arizona, South of Elliott Road, approximately one (1) mile east of Wintersburg Road, and approximately 37 miles west of the Phoenix metropolitan area.

This Certificate is granted upon the following conditions:

1. The Applicant and its assignees will comply with all existing applicable air and water pollution control standards and regulations, and with all existing applicable ordinances, master plans and regulations of the State of Arizona, the County of Maricopa, the United States, and any other governmental entities having jurisdiction.
2. This authorization to construct the Mesquite Project will expire five (5) years from the date this Certificate of Environmental Compatibility is approved by the Arizona Corporation Commission ("Commission") unless construction of the Mesquite Project is completed to the point that the Mesquite Project is capable of operating at its rated capacity by that time; provided, however, that prior to such expiration Applicant (or its transferee, assignee or successor) shall have the right to apply to the Commission for an extension of this time limitation.
3. Applicant shall meet all applicable requirements for groundwater use set forth in the Third Management Plan for the Phoenix Active Management Area existing as of the date Applicant first begins withdrawing groundwater in connection with the Project. Applicant shall limit its aggregate annual withdrawal of groundwater to (i) 7,500 acre feet for the Mesquite Project site, and (ii) such additional volumes available within its Type 1 Groundwater Right as may be needed to implement the portion 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 submit to the Commission an interconnection agreement with the transmission provider with whom it will be interconnecting.
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 applicable (i) HUD residential noise guidelines or (ii) OSHA worker safety noise standards.
11. Applicant will implement a Comprehensive Land Management Plan 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
 - (iv) Submittal of 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.

GRANTED this _____ day of October, 2000.

ARIZONA POWER PLANT AND
TRANSMISSION LINE SITING COMMITTEE

By _____
Paul A. Bullis
Chairman

**BEFORE THE
ARIZONA CORPORATION COMMISSION**

Having considered the findings and Decision of the Arizona Power Plant and Transmission Line Siting Committee ("Committee") in the above-captioned proceeding; and,

Having (i) taken into account the decision-making factors prescribed at A.R.S. Section 40-360.06, and (ii) balanced, in the broad public interest and as required by A.R.S. Section 40-360.07(B), the need of the State of Arizona for an adequate, economical and reliable supply of electric power with the desire to minimize the effect thereof on the environment and ecology of the state;

It is the conclusion of the Commission that the findings and Decision of the Committee, as hereinabove set forth, should be affirmed; and, the Certificate hereinabove granted by the Committee, subject to review by the Commission, should be, and hereby is, affirmed and approved.

IT IS FURTHER ORDERED that the aforesaid Decision and Certificate shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

Chairman

Commissioner

Commissioner

In Witness Hereof, I Brian C. McNeil,
Executive Secretary of the Arizona
Corporation Commission, set my hand and
cause the official seal of this Commission to
be affixed, this ____ day of October, 2000.

By: _____
Brian C. McNeil
Executive Secretary

Dissent: _____