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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

MARC SPITZER, Chairman
JIM IRVIN
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON

Arizona Corporation Commission
DOCKETED
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IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY, IN CONFORMANCE WITH THE REQUIREMENTS OF ARIZONA REVISED STATUTES SECTION 40-360, ET SEQ., FOR A CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY AUTHORIZING THE NORTH VALLEY 230kV FACILITY SITING PROJECT, INCLUDING THE CONSTRUCTION OF APPROXIMATELY 31 MILES OF 230kV TRANSMISSION LINES, TWO 230kV SUBSTATIONS, AND THREE SUBSTATION INTERCONNECTIONS IN MARICOPA COUNTY, ARIZONA, ORIGINATING AT THE WESTWING SUBSTATION IN SECTION 12, TOWNSHIP 4 NORTH, RANGE 1 WEST, G&SRB&M AND INTERCONNECTING AT THE RACEWAY SUBSTATION IN SECTIONS 4 AND 5, TOWNSHIP 5 NORTH, RANGE 1 EAST, G&SRB&M, CONTINUING TO THE PROPOSED AVERY SUBSTATION IN SECTION 15, TOWNSHIP 5 NORTH, RANGE 2 EAST, G&SRB&M AND THE PROPOSED MISTY WILLOW SUBSTATION IN SECTION 8, TOWNSHIP 4 NORTH, RANGE 3 EAST, G&SRB&M, AND TERMINATING AT THE PINNACLE PEAK SUBSTATION IN SECTION 10, TOWNSHIP 4 NORTH, RANGE 4 EAST, G&SRB&M.

CASE NO. 120

Docket No. L-00000D-02-0120

DECISION NO. 65997

The Arizona Corporation Commission ("Commission") has conducted its review, pursuant to A.R.S. § 40-360.07. The Commission finds and concludes that the Certificate of Environmental Compatibility ("CEC") issued by the Arizona Power Plant and Transmission Line Siting Committee ("Committee") is granted as modified and amended by this Order.

The Commission modifies the CEC to add the following condition:

30. Applicant shall work with developers along the route to include the identity and location of the certificated route in the developers' homeowners disclosure statements.

The Commission finds and concludes that: (1) the Project is in the public interest because it aids the state in meeting the need for an adequate, economical and reliable supply of electric power;

(2) in balancing the need for the Project with its effect on the environment and ecology of the state, the conditions placed on the CEC by the Committee and the Commission, effectively minimize its impact on the environment and ecology of the state; (3) the conditions placed on the CEC by the Committee and the Commission, resolve matters concerning the need for the Project and its impact on the environment and ecology of the state raised during the course of proceedings, and as such, serve as the findings on the matters raised; and, (4) in light of these conditions, the balancing in the public interest results in favor of granting the CEC as modified by the Commission.

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THE CEC ISSUED BY THE SITING COMMITTEE IS INCORPORATED HEREIN AND IS APPROVED AS AMENDED BY THIS ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN COMMISSIONER COMMISSIONER

COMMISIONER COMMISSIONER

IN WITNESS WHEREOF, I, JAMES G. JAYNE, Interim Executive Secretary of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 18th day of June, 2003.

JAMES G. JAYNE
Interim Executive Secretary

DISSENT: _____

BEFORE THE ARIZONA POWER PLANT AND TRANSMISSION LINE SITING COMMITTEE

IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY IN CONFORMANCE WITH THE REQUIREMENTS OF ARIZONA REVISED STATUTES SECTION 40-360, ET SEQ., FOR A CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY AUTHORIZING THE NORTH VALLEY 230KV FACILITY PROJECT, CASE NO. 120 INCLUDING THE CONSTRUCTION OF APPROXIMATELY 31 MILES OF 230KV TRANSMISSION LINES, TWO 230KV SUBSTATIONS, AND THREE SUBSTATION INTERCONNECTIONS IN MARICOPA COUNTY, ARIZONA, ORIGINATING AT THE WESTWING SUBSTATION IN SECTION 12, TOWNSHIP 4 NORTH, RANGE 1 WEST, G&SRB&M AND INTERCONNECTING AT THE RACEWAY SUBSTATION IN SECTIONS 4 AND 5, TOWNSHIP 5 NORTH, RANGE 1 EAST, G&SRB&M, CONTINUING TO THE PROPOSED AVERY SUBSTATION IN SECTION 15, TOWNSHIP 5 NORTH, RANGE 2 EAST, G&SRB&M AND THE PROPOSED MISTY WILLOW SUBSTATION IN SECTION 8, TOWNSHIP 4 NORTH, RANGE 3 EAST, G&SRB&M, AND TERMINATING AT THE PINNACLE PEAK SUBSTATION IN SECTION 10, TOWNSHIP 4 NORTH, RANGE 4 EAST, G&SRB&M.	Docket No. L-00000D-02-0120 CASE NO. 120

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 on November 25-26, 2002, January 27, 2003, January 29, 2003, March 24, 2003 and March 26, 2003, all in conformance

with the requirements of Arizona Revised Statutes § 40-360, *et seq.,* for the purpose of receiving evidence and deliberating on the Application of Arizona Public Service Company ("Applicant") for a Certificate of Environmental Compatibility in the above-captioned case. A route tour was conducted on January 27, 2003.

The following members and designees of members of the Committee were present for the deliberations and vote on the Application at the January 29, 2003 hearing:

Laurie Woodall	Chairman, Designee for Arizona Attorney General, Terry Goddard
Ray Williamson	Designee for Chairman, Arizona Corporation Commission
Richard Tobin	Designee for Director, Arizona Department of Environmental Quality
Mark McWhirter	Designee for Director, Energy Department, Arizona Department of Commerce
Margaret Trujillo	Appointed Member
A. Wayne Smith	Appointed Member
Michael Whalen	Appointed Member
Michael Palmer	Appointed Member

The Applicant was represented by Jeffrey B. Guldner and Lisa M. Coulter of Snell & Wilmer L.L.P. and C. David Martinez of Pinnacle West Capital Corporation. The following parties were granted intervention pursuant to A.R.S. § 40-360.05: Arizona Corporation Commission Staff, represented by Janice M. Alward and Jason D. Gellman; Walter Meek, pro se; United Services Automobile Association, represented by C. Webb Crockett of Fennemore Craig, P.C.; Roles Inc., represented by Roger K. Ferland and Laura Raffaelli of Quarles & Brady Streich Lang L.L.P.; and Beverly Jackson, pro se.

At the conclusion of the hearings, the Committee, having received the Application, the

appearances of the parties, the evidence, testimony and exhibits presented at the hearings, and being advised of the legal requirements of Arizona Revised Statutes §§ 40-360 to 40-360.13, upon motion duly made and seconded, voted unanimously to grant the Applicant the following Certificate of Environmental Compatibility (Case No. 120):

The North Valley project route (depicted on Exhibit A, attached hereto) will originate at the Westwing Substation in Section 12, Township 4 North, Range 1 West, and parallel an existing 500/230kV transmission line corridor northeast (approximately 3.1 miles) to the section line that designates the Dove Valley Road alignment. At that point, a radial line will extend northeast for approximately 1.7 miles interconnecting with the 230/69kV Raceway Substation in Sections 4 and 5, Township 5 North, Range 1 East. From the Westwing Substation north to Raceway Substation this portion of the route will include a 1,500-foot corridor extending to the east from the westernmost edge of the exiting transmission line right-of-way. From the point where the radial line is extended, the route continues east along the section line associated with the Dove Valley Road alignment for approximately 8.3 miles to the proposed Avery Substation, located approximately ½ mile west of I-17 in Section 15, Township 5 North, Range 2 East. There will be a 1,500-foot corridor on each side of the section line that designates the Dove Valley Road alignment in this area. From that point the line will continue south along the 39th Avenue alignment for 1.0 mile to the section line that designates the Lone Mountain Road alignment. The route then crosses Sections 22 and 23, Township 5 North, Range 2 East, on the diagonal to meet I-17, where the 69 kV crosses I-17 at a point identified as Latitude 33.7671852 and Longitude -112.128662. In this area, there will be a 1,000-foot corridor on each side of the proposed centerline of the route. The route then continues south paralleling the west side of I-17 to a point approximately 1.0 mile north of Happy Valley Road and immediately south of Skunk Creek. There will be a 1,000-foot corridor west of the controlled access for I-17. At

this point the route parallels the south side of Skunk Creek for approximately 0.1 mile to the 29th Avenue alignment where it turns south and parallels the 29th Avenue alignment to a point approximately 0.25 miles south of Happy Valley Road. Along Skunk Creek and the 29th Avenue alignment there will be a 1,000-foot corridor on either side of the proposed centerline, except that the corridor shall not extend beyond the western boundary of the controlled access for I-17. At this point the route will turn east and cross I-17 approximately 0.25 miles south of Happy Valley Road and parallel the existing 230 kV transmission line corridor for approximately 2.5 miles, interconnecting with the proposed Misty Willow Substation located south of the existing transmission corridor and west of the CAP in Section 8, Township 4 North, Range 3 East. At this point, the route then continues east and parallel to the 230kV transmission line corridor, terminating at the Pinnacle Peak Substation in Section 10, Township 4 North, Range 4 East. In the area from I-17 east to the Pinnacle Peak Substation, there will be a 1,000-foot corridor north of the centerline of the existing Salt River Project ("SRP") transmission line.

With the exception of turning structures, the Project shall, at a maximum, be constructed on double-circuit monopoles with the capability for double circuit 69 kV underbuild from the Westwing Substation to the west side of 23rd Avenue, and shall be constructed on double-circuit lattice towers for the remainder of the Project. Notwithstanding the foregoing, between 23rd Avenue and the Misty Willow Substation, the Project may be constructed either on double-circuit monopoles with capability for double-circuit 69 kV underbuild or double-circuit lattice towers to match structure types with the existing SRP transmission line.

This Certificate is granted upon the following conditions:

1. The Applicant shall obtain all required approvals and permits necessary to construct the Project.

2. The Applicant shall 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.

3. (a) This authorization to construct the Project shall expire 10 years from the date the Certificate is approved by the Arizona Corporation Commission unless construction is completed to the point that the first circuit of the Project is capable of operating by that time; provided, however, that the authorization to construct the second circuit of the Project shall expire 15 years from date of this Certificate; and further provided, however, that prior to either such expiration the Applicant or its assignees may request that the Commission extend this time limitation.

(b) Prior to constructing any segment of the Project (except for the segment on the Roles Property), Applicant shall file with the Commission technical studies showing the feasibility of interconnecting the Table Mesa 500 kV substation with the Project. These technical studies should determine (i) the impact of the proposed new Phoenix area transmission import delivery point on Phoenix area Reliability Must Run ("RMR") generation requirements, and (ii) the impact on staging and necessity of 230 kV elements authorized for construction in this CEC. As part of those studies, Applicant shall investigate the impacts of interconnecting the Westwing to Navajo 500 kV transmission line(s) into the Table Mesa substation prior to constructing the Palo Verde to Table Mesa 500 kV line. Such studies are to be performed in a collaborative transmission planning study forum such as the ten-year Phoenix area RMR study required by January 31, 2004 or the Central Arizona Transmission Study forum.

(c) Prior to constructing any segment of the Project (except for the segment on the Roles Property), Applicant shall submit a report to the ACC Utilities Division Staff showing how the design appropriately balances pole height, location and span with system reliability. The report shall also demonstrate that any system

consolidation shall not detrimentally impact system reliability at the time of construction.

4. The Applicant shall make every reasonable effort to identify and correct, on a case-specific basis, all complaints of interference with radio or television signals from operation of the transmission line and related facilities addressed in this Certificate. In addition to any transmission repairs, relevant corrective actions may include adjusting or modifying receivers; adjusting, repairing, replacing or adding antennas, antenna signal amplifiers, filters, or lead-in cables; or other corrective actions.

   The Applicant shall maintain written records for a period of five years of all complaints of radio or television interference attributable to operation, together with the corrective action taken in response to each complaint. All complaints shall be recorded to include notations on the corrective action taken. Complaints not leading to a specific action or for which there was no resolution shall be noted and explained. The record shall be signed by the Applicant and also the complainant, if possible, to indicate concurrence with the corrective action or agreement with the justification for a lack of action.

5. The North Valley Project shall comply with applicable noise standards of the federal Department of Housing and Urban Development and the Environmental Protection Agency.

6. The Applicant shall continue to consult with the State Historic Preservation Office ("SHPO") to reach a determination of any cultural or archeological impacts as a result of construction activities. If the result is a determination of negative impact, the Applicant shall continue to consult with the SHPO to resolve the negative impacts. The Applicant will provide a treatment plan, to minimize impacts, for SHPO review and approval and shall continue to consult with SHPO to resolve any such impacts. The Applicant shall avoid and/or minimize impacts to properties considered eligible for inclusion in the State and National Register of Historic Places to the extent possible.

7. If the Applicant determines that historic-period structures Beardsley Canal and Black Canyon Road and archaeological sites AZ T:7:192 (ASM), AZ T:3:1 (MNA) and AZ T:3:2 (MNA)

cannot be avoided, then the Applicant shall plan and implement a mitigation program in consultation with SHPO.

8. If human remains and/or funerary objects are encountered during the course of any ground disturbing activities relating to the development of the subject property, Applicant shall cease work on the affected area of the Project and notify the Director of the Arizona State Museum in accordance with A.R.S. § 41-865.

9. Applicant shall retain an archeologist on site during construction activities in applicable areas, as determined by SHPO, to advise them in connection with any additional archeological studies that may be required and any mitigation efforts for archeological sites that may be affected by the construction of the Project.

10. After construction, the Applicant, in conjunction with any applicable land managing agency, shall allow Arizona Site Stewards, a volunteer-staffed SHPO program, to periodically inspect the sites within the corridor for vandalism or other damage.

11. The Applicant shall follow the Arizona State Land Department's instructions, if any, regarding the treatment of State Register of Historic Places-eligible properties situated on Arizona State Land Department land in consultation with SHPO.

12. In consultation with SHPO and the land-managing agency, the Applicant will consider and assess potential direct and indirect impacts to eligible properties related to new access roads or any existing access roads that require blading.

13. The Applicant shall design the transmission lines so as to minimize impacts to raptors.

14. Where practicable, the Applicant shall use existing roads for construction and access. The Applicant shall minimize vegetation disturbance, particularly in drainage channels and along stream banks, and shall re-vegetate or restore areas of construction disturbance.

15. The Applicant shall use non-specular conductor and dulled surfaces for transmission line structures.

16. Within 45 days of securing easement or right of way for the Project, the Applicant shall erect and maintain signs providing public notice that the property is the site of a future transmission line. Such signage shall be no smaller than a normal roadway sign. The Applicant shall place signs in prominent locations at reasonable intervals such that the public is notified along the full length of the transmission line until the transmission structures are constructed. There must also be signs at the location of the proposed substations. The signs shall advise:

- that the site has been approved for the construction of Project facilities including a 230 kV transmission line, as applicable to the individual site;
- the expected date of completion of the Project facilities; and
- a phone number for public information regarding the Project.

17. In the event that the Project requires an extension of the term of this Certificate prior to completion of construction, Applicant shall use reasonable means to directly notify all landowners and residents within a one-half mile radius of the Project facilities for which the extension is sought. Such landowners and residents shall be notified of the time and place of the proceeding in which the Commission shall consider such request for extension.

18. Before construction on this Project may commence, the Applicant must file a construction mitigation and restoration plan with ACC Docket Control with copies to affected areas of jurisdiction. The Applicant shall, within one year of completion of construction of the Project, rehabilitate to its original state any area disturbed by construction of the Project, except for any road that may be necessary to access the transmission lines or substation sites for maintenance and repair.

The goals of the Plan will be to:

- Avoid impacts where practical;
- Where impacts are unavoidable, minimize impacts; and
- Focus on site preparation to facilitate natural processes of revegetation

Other key elements of the Plan, when not inconsistent with the respective land management agencies' or local owners' requirements, are to:

- Emphasize final site preparation to encourage natural revegetation
- Avoid (i.e., preserve), where practical, mature native trees;
- Stipulate a maximum construction corridor width;
- Reserve topsoil and native plan materials from right-of-way before grading, and respread over the right-of-way after construction is complete;
- Imprint the restored right-of-way to provide indentations to catch seed and water;
- Implement best management practices to protect the soil;
- Apply restoration methods that have been shown to work in the desert environment; and
- Prevent the spread of noxious weeds or other undesirable species.

A separate construction mitigation and restoration plan shall be submitted for the conductoring of the second circuit on the Project if such conductoring does not occur at the same time as the remainder of the Project is constructed.

19. Applicant shall retain a qualified biologist to monitor all ground clearing/disturbing construction activities that may affect sensitive habitat. The biological monitor will be responsible for ensuring proper actions are taken if a special status species is encountered. If Sonoran desert tortoises are encountered during construction, the Applicant shall follow the Arizona Game & Fish Department's Guidelines for Handling Sonoran Desert Tortoises.

20. Applicant shall salvage mesquite, ironwood, saguaro and palo verde trees removed during project construction activities consistent with Arizona' s Native Plant Law and use the vegetation for reclamation in or near its original location.

21. Applicant shall implement landscaping for the substation sites in accordance with the applicable municipal planning and zoning requirements.

22. The Applicant shall submit a self-certification letter annually,

identifying which conditions contained in the Certificate have been met. Each letter shall be submitted to the Utilities Division Director on December 1, beginning in 2004. Attached to each certification letter shall be documentation explaining, in detail, how compliance with each condition was achieved. Copies of each letter, along with the corresponding documentation, shall also be submitted to the Arizona Attorney General, Department of Water Resources, and Department of Commerce Energy Office.

23. For that segment of the route that crosses the planned Happy Valley Road Towne Center property leased by Roles and located at the southeast corner of I-17 and Happy Valley Road ("Roles Segment"), Applicant shall:

(a) Construct 230 kV double-circuit tangent steel monopoles and relocate the existing 69 kV transmission line to such monopoles at Applicant's expense;

(b) Match spans with existing structures that shall have a minimum ground clearance equal to or greater than the ground clearance of the existing lines on the Roles Segment;

(c) Use commercially reasonable efforts to locate structures within the existing transmission line easement across the property;

(d) Work in good faith with Roles, Salt River Project, and the Western Area Power Administration to facilitate the reconstruction of the existing 230 kV transmission structures on the property as monopoles, with the costs of such reconstruction to be allocated as agreed to by Applicant and Roles;

(e) Construct Applicant's monopoles on the property within one year of the effective date of this Certificate provided that Roles has final, approved plans and permits to construct at that time and has commenced construction; however, if Roles has not accomplished the foregoing within one year of the Effective Date of the Certificate, Applicant's obligation to construct shall be at such time

that Roles has final, approved plans and permits to construct and has commenced construction;

(f) Relocate Applicant's existing 69 kV transmission line within the same period described in (e), provided that an outage on the 69 kV transmission line can be safely and reliably taken during that period.

24. Applicant shall continue to coordinate this Project with both SRP and Western Area Power Administration ("WAPA") to ensure that all possible projects are maximally integrated, taking into account serving Arizona's growing need for electrical service, ensuring reliability for the Project and the Arizona Transmission System and minimizing any and all adverse environmental impacts. Applicant shall provide to the ACC written confirmation of continuing efforts at coordination as described above as part of its compliance with this Certificate.

25. With respect to the Project, Applicant shall participate in good faith in state and regional transmission study forums, and shall coordinate transmission expansion plans related to the Project to resolve transmission constraints in a timely manner.

26. The following condition is to ensure transmission system safety and reliability when a transmission structure is placed within one hundred feet of a natural gas or hazardous liquid pipeline right of way, excluding distribution lines as defined by the Code of Federal Regulations. Under such circumstances, the Applicant shall:

(a) Provide the appropriate grounding and cathodic protection studies to show that the transmission line results in no material adverse impacts to such natural gas or hazardous liquid pipeline, whose right of way is a hundred feet or less from the transmission structure, when both are in operation. A report of studies shall be provided to the ACC by the Applicant as part of its compliance with the Certificate. If material adverse impacts are noted in the studies, Applicant shall take appropriate steps to ensure such material adverse impacts are eliminated. Applicant shall provide to the ACC written documentation of the

actions that were taken and provide documentation showing that no material adverse impacts are occurring.

(b) Adopt a written mitigation plan outlining any and all steps taken to protect all electric facilities associated with the transmission line as a result of this Project from any potential hazards that could occur whenever a transmission line structure is placed 100 feet or less from any such pipeline right of way. The plan shall indicate what corrective action will be taken to mitigate any potential hazard that could occur. A potential hazard includes, but is not limited to, a rupture or explosion resulting from the pipeline. The written mitigation plan shall be provided to the ACC by the Applicant as part of its compliance with this Certificate and shall be subject to approval from Commission Staff. Applicant shall implement the written mitigation plan during a hazard as part of its compliance with this Certificate.

27. The Applicant shall provide copies of this Certificate to appropriate city and county planning agencies.

28. In the final siting of this line, Applicant will work in good faith to offset lines approximately ¼ mile from the Dove Valley Road alignment.

29. Applicant shall make good faith effort to work with affected municipalities and land management agencies to encourage future development to move major arterials away from major transmission corridors.

GRANTED this 24th day of April, 2003.

THE ARIZONA POWER PLANT AND
TRANSMISSION LINE SITING COMMITTEE

By: Laurie A Woodall
Laurie A. Woodall, Chairman

APPROVED BY ORDER OF THE ARIZONA CORPORATION COMMISSION

Chairman | Commissioner | Commissioner

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 18th day of June, 2003.

By: _____
James G. Jayne
Interim Executive Secretary

Dissent: _____

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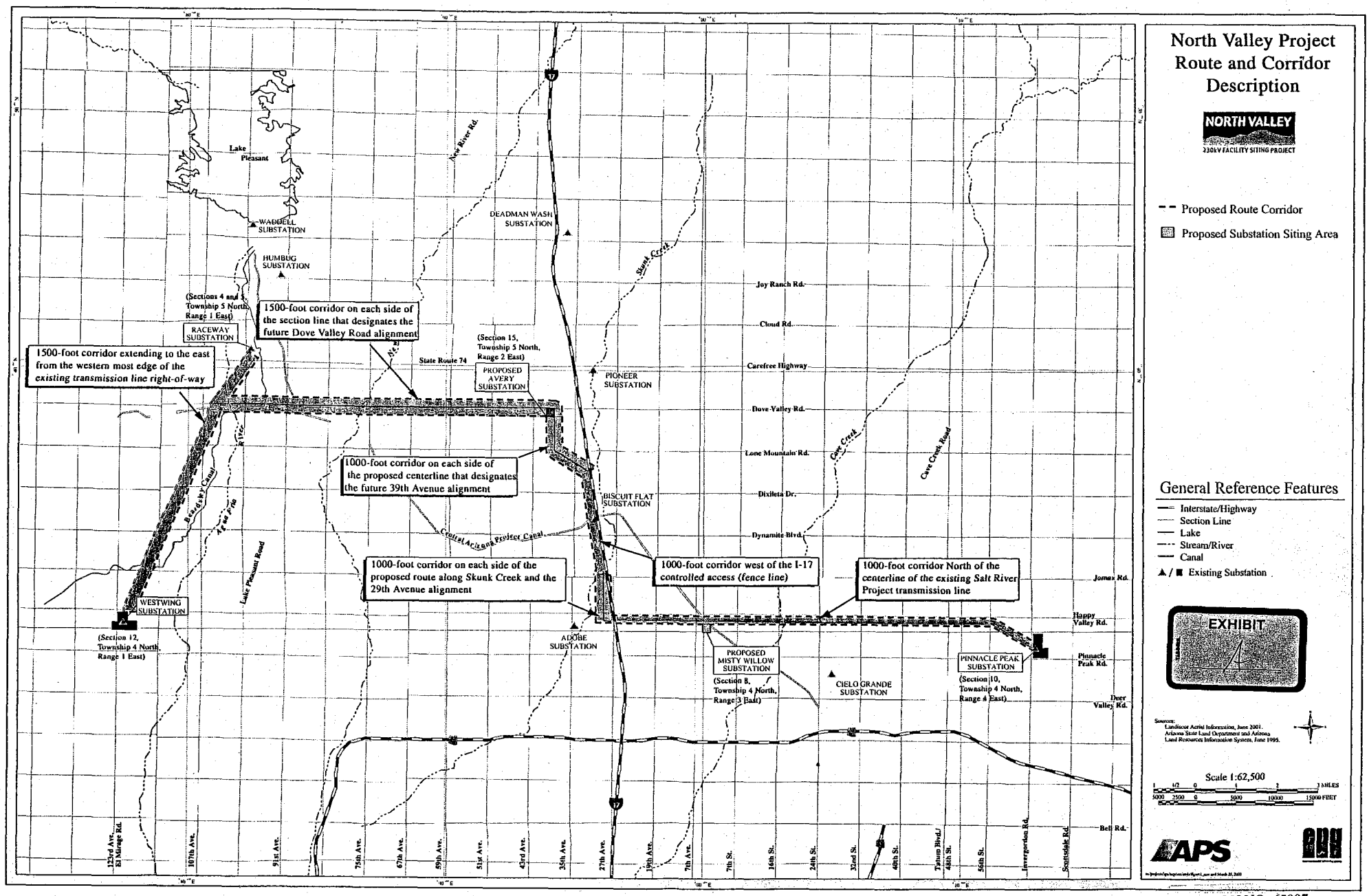

DECISION NO. 65997