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Arizona Corporation Commission

**BEFORE THE ARIZONA POWER PLANT DOCKETED
AND TRANSMISSION LINE SITING COMMITTEE**

MAY 01 2001

DOCKETED BY scl

Case No. 105
Docket No. L-00000B-00-0105
Decision No. 63611

In the matter of the Application of Salt River Project Agricultural Improvement and Power District in conformance with the requirements of Arizona Revised Statutes Sections 40-360-03 and 40-360.06, for a Certificate of Environmental Compatibility authorizing the Expansion of its Santan Generating Station, located at the intersection of Warner Road and Val Vista Drive, 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.

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 Dobson Ranch Inn, 1644 South Dobson Road, Mesa, Arizona, on September 14, 2000, and various days following, 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 Salt River Project Agricultural Improvement and Power District ("Applicant") for a Certificate of Environmental Compatibility in the above-captioned 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 | George Campbell | Appointed Member |
| 7 | Jeff Mcguire | Appointed Member |
| 8 | A. Wayne Smith | Appointed Member |
| 9 | Sandie Smith | Appointed Member |
| 10 | 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 2. This authorization to construct the Project will expire five (5) years from
8 the date the Certificate is approved by the Arizona Corporation
9 Commission unless construction of the Project is completed to the point
10 that the project is capable of operating at its rated capacity; provided,
11 however, that Applicant shall have the right to apply to the Arizona
12 Corporation Commission for an extension of this time limitation.
- 13 3. Applicant's project has two (2) approved transmission lines emanating
14 from its power plant" transmission switchyard and interconnecting with the
15 existing transmission system. This plant interconnection must satisfy the
16 single contingency criteria (N-1) without reliance on remedial action such
17 as a generator unit tripping or load shedding.
- 18 4. Applicant shall use reasonable efforts to remain a member of WSCC, or
19 its successor, and shall file a copy of its WSCC Reliability Criteria
20 Agreement or Reliability Management System (RMS) Generator
21 Agreement with the Commission.
- 22 5. Applicant shall use reasonable efforts to remain a member of the
23 Southwest Reserve Sharing Group, or its successor.
- 24 6. Applicant shall meet all applicable requirements for groundwater set forth
25 in the Third Management Plan for the Phoenix Active Management Area.
7. With respect to landscaping and screening measures, including the
improvements listed in the IGA, Applicant agrees to develop and
implement a public process consistent with the process chart (Exhibit 89)
presented during the hearings, modifying the dates in the IGA with the
Town of Gilbert, if necessary, to correspond with the schedule in Exhibit
89.

22 The new Community Working Group (CWG) will consist of 12 members,
23 selected as follows: one member selected by the Town of Gilbert, four
24 members selected by neighborhood homeowner associations, four
25 representatives selected by intervenors, and three members selected by
SRP (not part of the aforementioned groups) who were part of the original
community working group. Applicant and landscaping consultants shall
act as advisors to the CWG. CWG meetings shall be noticed to and be

1 open to the general public. The initial meeting shall take place on an
2 evening or weekend in the Town of Gilbert.

3 The objective of the CWG shall be to refine the landscaping and mitigation
4 concept plans submitted during these hearings (Exhibit 88). The CWG shall
5 work to achieve appropriate visual mitigation of plant facilities and to
6 facilitate the design and installation of the concept plan components so as to
7 maximize the positive impact on the community and to increase, wherever
8 possible, the values of the homes in the neighboring areas. The refinement
9 of the mitigation plans shall be reasonably consistent with the planning
10 criteria of the Town of Gilbert, the desires of neighboring homeowner
11 associations, and the reasonable needs of Applicant.

12 Applicant shall retain an independent facilitator, acceptable to the CWG, to
13 conduct the CWG meetings. It shall be the role of the facilitator to assist in
14 initial education and in conducting an orderly and productive process. The
15 facilitator may, if necessary, employ dispute resolution mechanisms.

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

18 Applicant will develop with the Town of Gilbert a continuous fund, to be
19 administered by the Town of Gilbert, to provide for the construction and
20 maintenance of off-site landscaping in the areas depicted in the off-site
21 landscaping concepts as developed by the CWG in an amount sufficient to
22 fund the concepts in Exhibit 88 or concepts developed by the CWG,
23 whichever is greater.

24 8. The visual mitigation efforts shall be in general compliance with the plans
25 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 plans agreed to by the CWG shall
be approved by the Town of Gilbert.

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

10. Applicant shall operate the Project so that during normal operations the
Project shall not exceed the most restrictive of applicable (i) HUD residential

1 noise guidelines, (ii) EPA residential noise guidelines, or (iii) applicable City
2 of Tempe standards. Additionally, construction and operation of the facility
3 shall comply with OSHA worker safety noise standards. Applicant agrees
4 that it will use its best efforts to avoid during nighttime hours construction
5 activities that generate significant noise. Additionally, Applicant agrees to
6 comply with the standards set forth in the Gilbert Construction Noise
7 Ordinance, Ordinance No. 1245, during construction of the project. In no
8 case shall the operational noise level be more than 3 db above background
9 noise as of the noise study prepared for this application. The Applicant shall
10 also, to the extent reasonably practicable, refrain from venting between the
11 hours of 10:00 p.m. and 7:00 a.m.

- 11 11. Applicant will work with the Gilbert Unified School District to assist it in
12 converting as many as possible of its school bus fleet to green diesel or
13 other alternative fuel, as may be feasible and determined by Gilbert Unified
14 School District, and will contribute a minimum of \$330,000 to this effort.
- 15 12. Applicant shall actively work with all interested Valley cities, including at a
16 minimum, Tempe, Mesa, Chandler, Queen Creek and Gilbert, to fund a
17 Major Investment Study through the Regional Public Transit Authority to
18 develop concepts and plans for commuter rail systems to serve the growing
19 population of the East Valley. Applicant will contribute a maximum of
20 \$400,000 to this effort.
- 21 13. Within six months of approval of this Order by the Arizona Corporation
22 Commission, Applicant shall either relocate the gas metering facilities to the
23 interior of the plant site or construct a solid wall between the gas metering
24 facilities at the plant site and Warner Road. The wall shall be of such
25 strength and size as to deflect vehicular traffic (including a fully loaded
concrete truck) that may veer from Warner Road to the gas-metering site.
- 14 14. Applicant will use only SRP surface water, CAP water or effluent water for
15 cooling and power plant purposes. The water use for the plant will be
16 consistent with the water plan submitted in this proceeding and acceptable
17 to the Department of Water Resources. Applicant will work with the Town of
18 Gilbert to attempt to use available effluent water, where reasonably feasible.
- 19 15. Applicant agrees to comply with all applicable federal, state and local
20 regulations relative to storage and transportation of chemicals used at the
21 plant.
- 22 16. Applicant agrees to maintain on file with the Town of Gilbert safety and
23 emergency plans relative to emergency conditions that may arise at the
24 plant site. On at least an annual basis Applicant shall review and update, if
25 necessary, the emergency plans. Copies of these plans will be made
available to the public and on Applicant's web site. Additionally Applicant

1 will cooperate with the Town of Gilbert to develop an emergency notification
2 plan and to provide information to community residents relative to potential
3 emergency situations arising from the plant or related facilities. Applicant
4 agrees to work with the Gilbert police and fire departments to jointly develop
5 on site and off-site evacuation plans, as may be reasonably appropriate.
6 This cooperative work and plan shall be completed prior to operation of the
7 plant expansion.

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

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

15 19. Beginning upon operation of the new units, Applicant will establish a citizens'
16 committee, elected by the CWG, to monitor air and noise compliance and
17 water quality reporting. Applicant will establish on-site air and noise
18 monitoring facilities to facilitate the process. Additionally Applicant shall
19 work with Maricopa County and the Arizona Department of Environmental
20 Quality to enhance monitoring in the vicinity of the plant site in a manner
21 acceptable to Maricopa County and the Arizona Department of
22 Environmental Quality. Results of air monitoring will be made reasonably
23 available to the public and to the citizens' committee. Applicant shall provide
24 on and off-site noise monitoring services (at least on a quarterly basis),
25 testing those locations suggested by the citizens' committee. The off-site air
monitoring plan shall be funded by the Applicant and be implemented before
operation of the plant expansion.

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

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.

22. Other than the Santan/RS 18 lines currently under construction, Applicant
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.

23. Applicant will replace all Town of Gilbert existing street sweepers with
certified PM10 efficient equipment. A PM10 efficient street sweeper is a
street sweeper that has been certified by the South Coast Air Quality

1 Management District (California) to comply with the District's performance
2 standards under its Rule 1186 (which is the standard referenced by the
3 Maricopa Association of Governments).

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

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

11 26. Applicant shall actively work in good faith with Maricopa County in its efforts
12 to establish appropriate standards relative to the use of distillate fuels in
13 Valley generating facilities.

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

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

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

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

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

1 33. Applicant shall not transfer this Certificate to any other entity for a period of
2 20 years from the date of approval by the Corporation Commission, other
3 than as part of a financing transaction where operational responsibilities will
remain with Applicant, and where Applicant will continue to operate the plant
in accordance with this Certificate.

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

7 GRANTED this 14th day of February, 2001

8 ARIZONA POWER PLANT AND TRANSMISSION
9 LINE SITING COMMITTEE

10 

11 By Paul A. Bullis
12 Its Chairman

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 WILLIAM A. MUNDELL
Chairman

3 JIM IRVIN
Commissioner

4 MARC SPITZER
Commissioner

5
6 IN THE MATTER OF THE APPLICATION OF)
SALT RIVER PROJECT, OR THEIR ASSIGNEE(S),)
7 IN CONFORMANCE WITH THE REQUIREMENTS)
THE ARIZONA REVISED STATUTES 40-360.03)
8 AND 40-360.06 FOR A CERTIFICATE OF)
ENVIRONMENTAL COMPATIBILITY)
9 AUTHORIZING THE CONSTRUCTION OF)
NATURAL GAS-FIRED, COMBINED CYCLE)
10 GENERATING FACILITIES AND ASSOCIATED)
INTRAPLANT TRANSMISSION LINES,)
11 SWITCHYARD IN GILBERT, ARIZONA, LOCATED)
NEAR AND WEST OF THE INTERSECTION OF)
12 VAL VISTA AND WARNER ROAD)
_____)

Case No. 105

Docket No. L-00000B-00-0105

Decision No. 63611

13
14 The Arizona Corporation Commission (Commission) has conducted its review, as prescribed
15 by A.R.S. § 40-360.07. Pursuant to A.R.S. § 40.360.07(B), the Commission, in compliance with
16 A.R.S. § 40-360.06, and in balancing the broad public interest, the need for an adequate, economical
17 and reliable supply of electric power with the desire to minimize the effect thereof on the
18 environment and ecology of this state;

19 The Commission finds and concludes that the Certificate of Environmental Compatibility
20 should be granted upon the additional and modified conditions stated herein.

21 35. The Santan Expansion Project shall be required to meet the Lowest
22 Achievable Emission Rate (LAER) for Carbon Monoxide (CO), Nitrogen
23 Oxides (NO_x), Volatile Organic Carbons (VOCs), and Particulate Matter less
24 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.

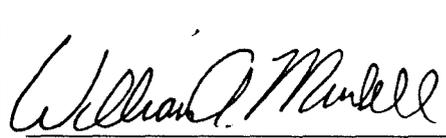
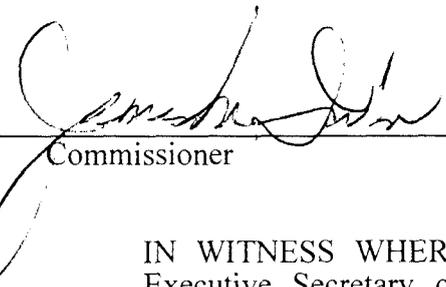
25 36. Due to the plant's location in a non-attainment area, the Applicant shall not
26 use diesel fuel in the operation of any combustion turbine or heat recovery
steam generator located at the plant.

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

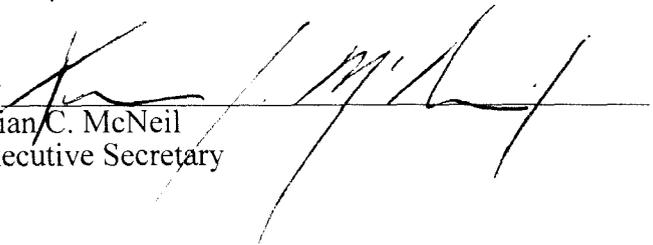
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- 38. Beginning upon commercial operation of the new units, Applicant shall conduct a review of the Santan Generating facility operations and equipment every five years and shall, within 120 days of completing such review, file with the Commission and all parties in this docket, a report listing all improvements which would reduce plant emissions and the costs associated with each potential improvement. Commission Staff shall review the report and issue its findings on the report, which will include an economic feasibility study, to the Commission within 60 days of receipt. Applicant shall install said improvements within 24 months of filing the review with the Commission, absent an order from the Commission directing otherwise.
- 39. Applicant shall provide \$20,000 to the Pipeline Safety Revolving Fund on an annual basis, thus improving the overall safety of pipelines throughout the State of Arizona.
- 40. Where feasible, Applicant shall strive to incorporate local and in-state contractors in the construction of the three new generation units for the expansion projects.
- 41. Applicant shall construct a 10 foot high block wall surrounding the perimeter of the Santan plant, and appropriately landscape the area consistent with the surrounding neighborhood, unless otherwise agreed to by the Salt River Project and the Citizens Working Group.

APPROVED AS AMENDED BY ORDER OF THE ARIZONA CORPORATION COMMISSION


 Chairman
 
 Commissioner
 
 Commissioner

IN WITNESS WHEREOF, I, Brian C. McNeil, Executive Secretary of the Arizona Corporation Commission, set my hand and cause the official seal of the Commission to be affixed this 18 day of May, 2001.

By 
 Brian C. McNeil
 Executive Secretary

Dissent: _____