

ORIGINAL *B6 CC*

WILLIAM A. MUNDELL
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ORIGINAL



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ARIZONA CORPORATION COMMISSION

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February 15, 2002

Commissioner Jim Irvin
Commissioner Marc Spitzer
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

Arizona Corporation Commission

DOCKETED

FEB 15 2002

DOCKETED BY *me*

AZ CORP COMMISSION
DOCUMENT CONTROL

2002 FEB 15 P 1:50

RECEIVED

Re: Duke Arlington Expansion L-00000P-01-0117
La Paz Generating Facility L-00000P-01-0116
United States Department of Interior letter of February 12, 2002

Dear Colleagues:

As you know, we received the above-referenced letter on February 13, 2002, the day after Case 117 was voted on by the Commission. I am concerned that the issue of subsidence and subsidence monitoring in the power corridor, especially in the area near (aquifer and/or basin) Palo Verde Nuclear Generating Station was not specifically addressed during the Commission's deliberations. In light of the timing and nature of the above-referenced letter, I would like to solicit additional information regarding the Department of the Interior letter, as it relates to Case 117. Depending on the facts, it is even possible that it may be appropriate to have a specific monitoring condition added to the Certificate of Environmental Compatibility.

The letter is very imprecise with regard to the area under consideration. Mr. Melcher refers to the area "...east of the Palo Verde Nuclear Generating Station (PVNGS)...", and references the fact that "...three additional generating stations will be built in the vicinity,...." The imprecision with which the area is defined, in conjunction with the odd timing of our receiving this letter the day after we have voted on Case Number 117 (notwithstanding his discussions dating back at least as far as September of 2001), leaves me curious about the nature and extent of any cause for concern with respect to Case Number 117.

I am filing a copy of the Department of Interior's letter of February 12, 2002 in the docket in Case Number 117. By way of this letter, I am requesting that the parties and any other interested person/entity provide any information that might be helpful in resolving whether this letter presents an issue requiring further consideration on the part of the Commission. In the event that the matter is not readily resolved, it is possible that I may seek my colleague's support for having Case 117 brought back before the Commission so that the subsidence and monitoring issue may be debated.

The La Paz Generating Facility, Case Number 116, is the next power plant case, which my colleagues and I will be hearing. I am also filing a copy of the Department of Interior's letter of February 12, 2002 in that docket. I would like all parties to identify in the record any subsidence-related evidence admitted/introduced during the Line Siting Committee's proceeding so that a timely determination can be made as to whether additional subsidence

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monitoring and or mitigation are appropriate for consideration, especially in light of Conditions 5 and 23 b. The parties should be fully prepared when Case Number 116 comes before the Commission for consideration to discuss the subsidence issue.

The applicants have the burden to prove that their proposed plants will not have a detrimental effect on the environment. Subsidence is clearly such an integral part of that analysis that I wanted to give the parties to the proceedings notice of my concerns as soon after my receipt of the Department of Interior's letter of February 12, 2002 as possible.

Your prompt attention to these concerns is appreciated.

Sincerely,



William A. Mundell
Chairman

Enclosure

cc: Chairman Laurie Woodall
Arizona Power Plant and Line Siting Committee

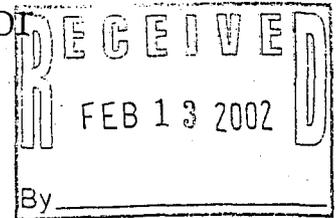
Mr. Nick B. Melcher

Docket Control



United States Department of the Interior

U.S. GEOLOGICAL SURVEY
Water Resources Division
Arizona District
520 N. Park Ave., Suite 221
Tucson, Arizona 85719



February 12, 2002

Mr. William A Mundell, Chairman
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, Arizona 85007

Dear Mr. Mundell;

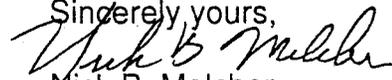
Early in September of 2001 a surveyor notified the Arizona District of the U.S. Geological Survey of the existence of a crack in the earth east of the Palo Verde Nuclear Generating Station (PVNGS). Two scientists from our Tucson office visited the site on 20 September, accompanied by the surveyor, a representative from the PVNGS, and a geologist from the Arizona Geological Survey. Field observations made during this visit suggest that the crack is an earth fissure that developed because of land subsidence. During subsequent conversations with Pinnacle West Energy (Ed Fox), Arizona Public Service (John Boyer), the Assistant Attorney General for Environmental Enforcement (Laurie Woodall), and Lewis and Roca (Michael Denby). We agreed with their suggestion to carefully examine available information. Because the USGS database and files contain relatively little hydrogeologic information for this area, Mr. Denby offered to supply us with copies of two recent reports by Peter Mock Groundwater Consulting, Inc. that address the power plant vicinity

The USGS and others have been studying land subsidence since about the middle of the twentieth century. We have observed and measured subsidence in several basins in southern Arizona, most recently in the Tucson Basin in cooperation with the Arizona Department of Water Resources, the City of Tucson, and Pima County. Extensive ground-water withdrawals can cause aquifer compaction, which can show up at the surface as land subsidence. Earth fissures typically develop along basin margins in response to subsidence. Examples of these types of fissures can be seen in the Queen Creek, Picacho, and Harquahala areas.

The occurrence of the fissure east of the PVNGS and the likelihood for future ground-water withdrawals in this area may raise concerns regarding public safety and economic loss. Given that three additional generating stations will be built in the vicinity, this power corridor perhaps should be studied to develop an understanding of the extent, magnitude, and rate of subsidence, to determine the level of risk, and to identify monitoring that would be prudent.

Should you have any questions regarding this issue, please contact Bill Steinkampf of this office (520.670.6671, ext. 269; bs@usgs.gov).

Sincerely yours,



Nick B. Melcher
District Chief

cc:

Mr. Jim Irvin, Commissioner

Mr. Mark Spitzer, Commissioner

Ms. Laurie Woodall

Asst. Attorney General for Environmental Enforcement

Attorney General's Office

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1275 West Washington Street

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Mr. Tom Campbell

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