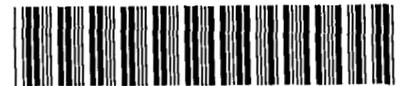


OPEN MEETING ITEM



0000063562

COMMISSIONERS  
JEFF HATCH-MILLER - Chairman  
WILLIAM A. MUNDELL  
MIKE GLEASON  
KRISTIN K. MAYES  
BARRY WONG

ORIGINAL



ARIZONA CORPORATION COMMISSION

2006 NOV 14 P 1:51

DATE: NOVEMBER 14, 2006  
DOCKET NOS: L-00000V-00-0106 and L-00000V-01-0109  
TO ALL PARTIES:

AZ CORP COMMISSION  
DOCUMENT CONTROL

Enclosed please find the recommendation of Administrative Law Judge Jane Rodda. The recommendation has been filed in the form of an Order on:

GILA BEND POWER PARTNERS, L.L.C.  
(DECISION NOS. 63552 and 63762)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and ten (10) copies of the exceptions with the Commission's Docket Control at the address listed below by 4:00 p.m. on or before:

NOVEMBER 17, 2006

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Working Session and Open Meeting to be held on:

TO BE DETERMINED

For more information, you may contact Docket Control at (602)542-3477 or the Hearing Division at (602)542-4250. For information about the Open Meeting, contact the Executive Secretary's Office at (602) 542-3931.

  
BRIAN C. McNEIL  
EXECUTIVE DIRECTOR

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

COMMISSIONERS

JEFF HATCH-MILLER, Chairman  
WILLIAM A. MUNDELL  
MIKE GLEASON  
KRISTIN K. MAYES  
BARRY WONG

IN THE MATTER OF THE APPLICATION OF  
GILA BEND POWER PARTNERS, L.L.C., OR  
THEIR ASSIGNEE(S), IN CONFORMANCE WITH  
REQUIREMENTS OF ARIZONA REVISED  
STATUTES SECTIONS 40-360-01 et seq., FOR A  
CERTIFICATE OF ENVIRONMENTAL  
COMPATIBILITY AUTHORIZING THE  
CONSTRUCTION OF A NATURAL GAS-FIRED,  
COMBINED CYCLE GENERATING PLANT,  
SWITCHYARD, AND RELATED FACILITIES IN  
THE TOWN OF GILA BEND, MARICOPA  
COUNTY, ARIZONA, LOCATED IN THE  
SOUTHWEST QUARTER OF SECTION 19,  
TOWNSHIP 5 SOUTH RANGE 5 WEST, GILA  
AND SALT RIVER BASE AND MERIDIAN.

DOCKET NO. L-00000V-00-0106

IN THE MATTER OF THE APPLICATION OF  
GILA BEND POWER PARTNERS AND ITS  
ASSIGNS IN CONFORMANCE WITH THE  
REQUIREMENTS OF ARIZONA REVISED  
STATUTES 40-360.03 AND 40-360.06 FOR A  
CERTIFICATE OF ENVIRONMENTAL  
COMPATIBILITY AUTHORIZING  
CONSTRUCTION OF ONE 500kV  
TRANSMISSION LINE AND THE  
WATERMELON SWITCHYARD IN MARICOPA  
COUNTY, ARIZONA ORIGINATING AT THE  
PROPOSED GILA BEND POWER PARTNERS  
POWER PROJECT LOCATED NORTHWEST OF  
THE CENTER OF THE TOWN OF GILA BEND,  
ARIZONA (SECTION 19, TOWNSHIP 5 SOUTH,  
RANGE 5 WEST, G&SRB&M) AND  
TERMINATING AT THE PROPOSED  
WATERMELON SWITCHYARD SECTION 22,  
TOWNSHIP 5 SOUTH, RANGE 4 WEST, A  
DISTANCE OF APPROXIMATELY 9 MILES.

DOCKET NO. L-00000V-01-0109

DECISION NO. \_\_\_\_\_

**ORDER**

Open Meeting  
Phoenix, Arizona

1 **BY THE COMMISSION:**

2 \* \* \* \* \*

3 Having considered the entire record herein and being fully advised in the premises, the  
4 Arizona Corporation Commission (“Commission”) finds, concludes, and orders that:

5 **FINDINGS OF FACT**

6 1. On April 12, 2001, the Commission issued Decision No. 63552 in Docket No. L-  
7 00000V-00-0106 (“Case No. 106”). Decision No. 63552 granted Gila Bend Power Partners, L.L.C.  
8 (“GBPP”) a Certificate of Environmental Compatibility (“CEC” or “Certificate”) authorizing  
9 construction of a natural gas-fired, combined cycle generating plant, switchyard and related facilities.  
10 The CEC was granted upon 18 conditions, one of which is that the authorization to construct the  
11 project would expire five years from the date the Certificate is approved by the Commission unless  
12 construction is completed to the point that the plant is capable of operating at its rated capacity by  
13 that time; provided, however, that prior to such expiration the facility owner may request that the  
14 Commission extend the time limitation.

15 2. On June 21, 2001, the Commission issued Decision No. 63762 in Docket No. L-  
16 00000V-01-0109 (“Case No. 109”). Decision No. 63762 granted GBPP a CEC to construct a 500 kV  
17 transmission line, a 500 kV switchyard, and a 500 kV interconnection. The CEC was granted upon  
18 five conditions, one of which is that the authorization to construct the facilities will expire five years  
19 from the date the Certificate is approved by the Commission unless construction is completed to the  
20 point that the 500 kV transmission line and 500 kV switchyard are capable of operating by that time;  
21 provided, however, that prior to such expiration the applicant may request that the Commission  
22 extend the time limitation.

23 3. On March 7, 2006, GBPP filed, in Case No. 106, an Application for Extension of  
24 Certificate of Environmental Compatibility, Request for Expedited Treatment and, to the Extent  
25 Necessary, an Interim Extension. GBPP requests that Decision No. 63552’s deadline for completion  
26 of construction be extended until April 12, 2011, or in the alternative, that an interim extension be  
27 granted until the Commission can evaluate GBPP’s request. GBPP states that it has not yet built the  
28 project authorized by Decision No. 63552 because it has not been economically viable to construct an

1 additional power plant in the Palo Verde Hub area under current wholesale market conditions.

2 4. Also on March 7, 2006, GBPP filed, in Case No. 109, an Application for Extension of  
3 Certificate of Environmental Compatibility. GBPP requests that Decision No. 63762's deadline for  
4 completion of construction be extended until June 12, 2011. GBPP states that in order for the GBPP  
5 project to be viable, an extension must be granted in both Case No. 106 and Case No. 109.

6 5. On March 20, 2006, the Commission's Utilities Division Staff ("Staff") filed a  
7 memorandum in these dockets. Staff requested that, in response to GBPP's request for expedited  
8 treatment, Case No. 106 and Case No. 109 be consolidated, and that GBPP's request for an interim  
9 extension of time be granted. Staff requested that the April 12, 2006, and June 12, 2006, time  
10 deadlines be temporarily extended to December 31, 2006, in order to allow Staff sufficient time to  
11 properly review GBPP's time extension requests and to issue a Staff Report; to allow sufficient time  
12 for a hearing, if it is determined that a hearing is required; and to allow time for Commission review  
13 of any proposed order. Staff requested that its Staff Report be due no earlier than July 28, 2006.

14 6. At the Commission's Open Meeting on April 4, 2006, the Commission directed the  
15 Hearing Division to issue a Procedural Order comports with Staff's recommendations in the March  
16 20, 2006 filing. The Commission further directed that the Procedural Order require GBPP to make  
17 an additional filing for Staff review regarding the factual circumstances underlying GBPP's requests.

18 7. By Procedural Order dated April 7, 2006, pursuant to the April 4, 2006 Open Meeting  
19 directive, Cases Nos. 106 and 109 were consolidated for the purpose of evaluating the extension  
20 requests. The April 7, 2006 Procedural Order extended the authority to construct granted in Decision  
21 Nos. 63552 and 63762 until December 31, 2006. The Commission ordered GBPP to file by May 5,  
22 2006, detailed information supporting its request for extension of the expiration of authority to  
23 construct granted in Decision No. 63552 and Decision No. 63762. In addition, Staff was directed to  
24 file a Staff Report, including a recommendation for the appropriate procedure for reaching a  
25 Commission Decision on GBPP's requests by August 15, 2006.

26 8. On August 14, 2006, Staff requested an extension until September 29, 2006 to file its  
27 Staff Report because the assigned Commission staff person had taken a medical leave of several  
28 weeks. By its Response to Staff's request filed August 15, 2006, GBPP did not object to Staff's

1 requested extension.

2           9.       Staff filed its Staff Report on September 27, 2006. The Staff Report concludes that a  
3 reasonable presumption of need continues to exist for both the GBPP power plant and its 500 kV  
4 Watermelon Switchyard and 500 kV transmission line projects. Thus, Staff recommends that the  
5 Commission conditionally grant GBPP the five year extension it requests for the expiration date of  
6 each respective CEC. The Staff Report concludes also that GBPP has not demonstrated that it is  
7 complying timely and in good faith with all of the original conditions placed on its CECs.  
8 Furthermore, Staff notes, the Commission has broadened and refined CEC compliance conditions  
9 placed on more recently certificated power plant and transmission projects. Staff believes that it is  
10 reasonable to require GBPP to comply with amended and new conditions that are similar to those  
11 placed on more recently granted CECs. Therefore, Staff recommends that if the Commission grants  
12 the five year extensions requested by GBPP, that the amended and new conditions set forth in  
13 Exhibits A and B of the Staff Report be adopted both as remedy to the non-compliance findings  
14 concerning current conditions and to make GBPP CECs' conditions comparable with recent cases  
15 approved by the Commission. Staff further recommends that failure to comply with the new  
16 conditions and pre-existing CEC conditions could be considered grounds for the Commission to  
17 vacate the CEC for the respective project.

18           10.       Copies of Staff's recommended conditions as set forth in Exhibits A and B of the Staff  
19 Report are attached hereto as Exhibits A and B, and incorporated herein by reference.

20           11.       By Procedural Order dated October 6, 2006, the Commission ordered GBPP to file  
21 any comments or objections to the Staff Report by October 16, 2006. The October 6, 2006,  
22 Procedural Order notified all interested parties of record that the Commission could make a final  
23 determination on the extension requests without a hearing, unless a party files comments or  
24 objections to the Staff Report or requests a hearing no later than October 16, 2006.

25           12.       On October 11, 2006, GBPP requested an extension until October 23, 2006, to file  
26 comments to the Staff Report. Staff did not object. By Procedural Order dated October 16, 2006, the  
27 Commission granted an extension until October 23, 2006, to file responses to the Staff Report.

28           13.       On October 23, 2006, GBPP filed Comments to ACC Staff Report. GBPP supports

1 Staff's recommendations and is willing to adopt the amended and new conditions set forth in Exhibits  
2 A and B. GBPP states it is not requesting an administrative hearing to address the Staff Report.

3 14. GBPP has not placed orders for any power plant, power plant switchyard, or new  
4 transmission line equipment related to the two CECs. Nor has GBPP indicated that it has entered into  
5 any bilateral contracts with electric utilities for the prospective sale of the plant's output. GBPP  
6 reports a \$750,000 investment in the construction of a Watermelon Switchyard structure, which is the  
7 only investment to date in equipment authorized by Decisions Nos. 63552 and 63762.

8 15. Staff categorizes the CEC conditions imposed in Decision Nos. 63552 and 63762 into  
9 several categories: 1) ongoing regulatory obligations; 2) construction prerequisites; 3) requirements  
10 to be fulfilled prior to operation; 4) construction management obligations; 5) operational compliance  
11 obligations; and 6) CEC expiration date for authorized construction. Because construction has not  
12 commenced, not all the conditions are applicable to GBPP's activities to date.

13 16. Staff found that GBPP had not initiated the activities required by Decision No. 63552  
14 condition numbers 3, 4, 6, 14 and 17. The relevant conditions, as identified by Staff, are as follows:

15

16 3. Applicant shall provide to the Commission, not more than twelve (12) months  
17 prior to the commercial operation of the plant, a technical study regarding the  
sufficiency of transmission capacity to the plant.

18 4. Applicant shall submit to the Commission an interconnection agreement with the  
transmission provider with whom it is interconnecting.

19 6. Applicant will use commercially reasonable efforts to become a member of the  
20 Southwest Reserve Sharing Group, or its successor, thereby making its units  
available for reserve sharing purposes, subject to competitive pricing.

21 14. Applicant will, where feasible, develop an ongoing relationship with an  
22 appropriate educational institution in the State of Arizona to develop research  
projects to evaluate the ability of newly established vegetation to resist  
23 competition by salt cedar.

24 17. Applicant shall participate in good faith in state and regional transmission study  
25 forums, such as the Central Arizona Transmission study, to terminate a second  
transmission line out of the Gila Bend power plant that serves the transmission  
26 system grid needs to deliver power throughout the Western System Coordinating  
Council grid in a reliable manner. Applicant shall take all commercially  
27 reasonable efforts to ensure that such transmission line shall be timely constructed  
in accordance with the needs of the integrated transmission grid.

28

1           17.    In its review of GBPP's extension request, Staff states that GBPP has not been an  
 2 active participant in SWAT, STEP or CATS transmission study forums. According to Staff GBPP  
 3 has not filed ten year plans annually with the Commission or participated in the Commission's  
 4 Biennial Transmission Assessments since receiving its CECs. Similarly, Staff states GBPP has given  
 5 no indication that it has attempted to develop an ongoing relationship with an educational institute to  
 6 develop research evaluating the ability of newly established vegetation to resist competition by salt  
 7 cedar as required by Condition No. 14. Staff recommends that if the CEC extension is granted, the  
 8 deficiencies it has identified warrant remedies that modify or strengthen GBPP obligations to initiate  
 9 these activities and would continue them on an ongoing basis until the conditions are fulfilled and the  
 10 plant is operational.

11           18.    Decision No. 63762 contains five CEC conditions of which only the first three Staff  
 12 states are applicable at this time. The relevant conditions as identified by Staff are as follow:

- 13                   1. Applicant shall comply with all existing applicable air and water pollution  
 14 control standards and regulations, and with all existing applicable  
 15 ordinances, master plans and regulations of the State of Arizona, the  
 16 County of Maricopa, the United States and any other governmental entities  
 having jurisdiction.
- 17                   2. Applicant shall provide the Commission with copies of any transmission  
 18 agreements it ultimately enters into with APS and SRP, respectively,  
 within 30 days of execution of those agreements.
- 19                   3. In connection with the final design and construction of the transmission  
 20 line and switchyard facilities herein authorized, applicant shall:
  - 21                   a. Use existing access;
  - 22                   b. Minimize vegetarian clearing;
  - 23                   c. Revegetate or restore areas of construction disturbance;
  - 24                   d. Use non-specular conductor and dulled structures;
  - 25                   e. Consolidate proposed 500 kV and existing 230 kV transmission line  
 facilities on single supporting structures (pursuant to the request of the  
 Town of Gila Bend and members of the public);
  - 26                   f. Where possible, match the transmission supporting structure height and  
 span distance with those APS Gila River 500 kV transmission line  
 facilities previously authorized in Case No. 102. (pursuant to the request  
 of the Town of Gila Bend);
  - 27                   g. Locate the transmission line supporting structures so that the line spans  
 the archeological site identified in that the line spans the archeological  
 site identified in Applicant's cultural resources study;
  - 28                   h. Complete the native plant survey prior to commencement of  
 construction and, if necessary, develop a plant salvage program;
  - i. Landscape the Watermelon Switchyard with arid plant materials ; and
  - j. Construct an 8' to 10' earthen berm on the west side of the Watermelon

Switchyard in the location depicted in Applicant's hearing Exhibit A-4.

1  
2 19. Staff states that in its May 8, 2006 self-certification letter related to its transmission  
3 line CEC, GBPP reported no compliance activity regarding these three conditions. Staff is concerned  
4 with the failure to comply with Condition Nos. 2 and 3.H. Staff notes that GPBB reports that it has  
5 invested \$750,000 to expand the construction of a Watermelon Switchyard structure, and Staff  
6 believes that it is highly unlikely that a utility would perform such construction without some form of  
7 transmission agreement. Although Condition No. 2 of Decision No. 63762 requires GBPP to file  
8 copies of transmission agreements within 30 days, no such agreements have been filed. Similarly,  
9 Staff notes Condition No. 3.H requires completion of the native plant survey prior to commencing  
10 construction, but that no such environmental activity was reported to the Commission prior to  
11 construction. Staff recommends that these deficiencies warrant remedies with more definitive  
12 compliance obligations if the expiration date of the CEC is to be extended.

13 20. In its October 23, 2006 Comments, GBPP states that it submitted its ten-year plans to  
14 the Commission in 2002, 2003 and 2005, and asserts that it believes that it has made good faith  
15 efforts to comply with the conditions that are currently applicable in Decision Nos. 63552 and 63762.

16 21. Staff believes there is support for the presumption of possible need for the GBPP  
17 power plant and other similar gas fired plants within the next five years. Staff states that according to  
18 the 2006 WECC Power Supply Assessment, the Desert Southwest could be deficient in planned  
19 reserve margins as early as 2008. Staff notes that some parties have postulated that over the next two  
20 to three years, Arizona utilities are likely to fully grow into the currently idled capacity or low  
21 capacity factor energy production of new gas fired generation constructed in Arizona since 2001.  
22 Staff states there also appears to be a growing short term need for access to new resources being  
23 developed in the Desert Southwest, that the construction of planned new power lines out of the Palo  
24 Verde Hub to California and Nevada will further enable transmission access between Arizona power  
25 plants and the western wholesale market. Staff further notes that the GBPP generation plant is one of  
26 eight gas fired power plants with an authorized CEC approved by the Commission that have not been  
27 constructed. Those eight plants have total capacity of 5575 MW, and their respective CECs will  
28 expire in 2007 and 2008. Staff believes that while the market need for these plants is soft and ill-





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IT IS FURTHER ORDERED that Decision No. 63762, approving a Certificate of Environmental Compatibility for Gila Bend Power Partners, LLC, for the construction and operation of its Watermelon Switchyard and Transmission Line, is hereby amended to incorporate the conditions set forth in Exhibit B.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN \_\_\_\_\_ COMMISSIONER

COMMISSIONER \_\_\_\_\_ COMMISSIONER \_\_\_\_\_ COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Director 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 \_\_\_\_ day of \_\_\_\_\_, 2006.

\_\_\_\_\_  
BRIAN C. McNEIL  
EXECUTIVE DIRECTOR

DISSENT \_\_\_\_\_

DISSENT \_\_\_\_\_

1	SERVICE LIST FOR:	GILA BEND POWER PARTNERS, LLC
2	DOCKET NO.:	L-00000V-00-0106 and L-00000V-01-0109
3		
4	Laurie A. Woodall, Chairman	Hon. Sandie Smith
5	Office of the Attorney General	Pinal County Board of Supervisors
6	1275 West Washington Street	575 North Idaho Road, #101
7	Phoenix, AZ 85007	Apache Junction, AZ 85219
8	Thomas H. Campbell	
9	Albert H. Aiken	Jeff McGuire
10	LEWIS AND ROCA LLP	P.O. Box 1046
11	40 N. Central Avenue	Sun City, AZ 85372
12	Phoenix, Arizona 85004-4429	
13	Attorneys for Gila Bend Power Partners, LLP	Honorable Mike Whalen
14	David L. Eberhart, P.D., President	Mesa City Council
15	Thunderbird Consulting Group	P.O. Box 1466
16	6801 West Astor	Mesa, AZ 85211
17	Peoria, AZ 85361	Mike Palmer
18	Paul W. Rasmussen, Director of Policy,	604 Hovland
19	Planning & Operations	Bisbee, AZ 85603
20	Arizona Department of Environmental Quality	Margaret Trujillo
21	1110 W. Washington Street	MGT & Associates LLC
22	Phoenix, AZ 85007	7158 So. Jen Tilly Lane
23	Mark Ellery	Tempe, AZ 85283
24	David Eggleston, Energy Engineering	Christopher Kempley, Chief Counsel
25	Specialist	Legal Division
26	Arizona Department of Commerce Energy	ARIZONA CORPORATION COMMISSION
27	Office	1200 West Washington Street
28	1700 West Washington Street	Phoenix, AZ 85007
29	Phoenix, AZ 85007	Ernest G. Johnson, Director
30	Director Ken Clark	Utilities Division
31	1700 West Washington Street	ARIZONA CORPORATION COMMISSION
32	Phoenix, AZ 85007	1200 West Washington
33	Gregg Houtz, Director	Phoenix, AZ 85007
34	Arizona Department of Water Resources	
35	500 North Third Street	
36	Phoenix, AZ 85004-3903	
37	A. Wayne Smith	
38	6106 South 32 <sup>nd</sup> Street	
39	Phoenix, AZ 85040	

GILA BEND POWER PARTNERS, L.L.C. POWER PLANT  
PROPOSED NEW AND AMENDED CEC CONDITIONS  
DOCKET NO. L-00000V-00-0106  
September 27, 2006

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Staff recommends the following language concerning amended and additional CEC conditions for GBPP's power plant project CEC be adopted by the Commission:

The Commission modifies the CEC by replacing the language of Condition 2 as follows:

2. Authorization to construct the project is extended five years from the original expiration date of February 7, 2006. Authorization to construct shall now expire February 7, 2011 unless construction is completed to the point that the plant is capable of operating at its rated capacity by that time; provided, however, that prior to such expiration the facility owner may request that the Commission extend this time limitation.

In extending the expiration date of the existing CEC approved in Decision No. 63552 the Commission adds the following nine new conditions:

19. The Applicant, its successor(s) or assign(s) shall submit a self-certification letter annually listing which conditions contained in the Certificate have been met. Each letter shall be submitted to the Commission's Utilities Division Director on August 1, beginning in 2007, describing conditions which have been met as of June 30. Applicant shall attach documents to the certification letters that explain, in detail, how compliance was achieved. Applicant shall also submit copies of each certification letter, along with corresponding documentation, to the Arizona Attorney General and the respective Directors of the Arizona Department of Water Resources and Arizona Department of Commerce, Energy Office. To the extent that a condition need only be fulfilled once, once Applicant has fulfilled said condition, Applicant need not report with respect to that condition in future self-certification letters.
20. Applicant shall demonstrate in its 2007 self-certification letter that it has initiated and is continuing action to comply with Condition Nos. 1, 3, 4, 14, an 17 or in the alternative provide an explanation of why it should not be considered as non-compliant with the subject conditions.
21. Applicant shall participate in Arizona subregional transmission planning forums such as SWAT and CATS on a regular basis and participate in each Biennial Transmission Assessment performed by the Commission.
22. Applicant shall document in its annual self-certification letter all steps taken in the previous year to seek a contract for capacity and energy production out of its

GILA BEND POWER PARTNERS, L.L.C. POWER PLANT  
PROPOSED NEW AND AMENDED CEC CONDITIONS  
DOCKET NO. L-00000V-00-0106  
September 27, 2006

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plant. This should include participation in any and all generation adequacy or planning workshops or assessments sponsored by the Commission.

23. Applicant will participate in good faith in Arizona and regional workshops and other assessments of the natural gas infrastructure.
24. Applicant shall pursue all necessary steps to ensure a reliable supply and delivery of natural gas for the Project.
25. Within five days of Commission approval of this CEC, Applicant shall request in writing that El Paso provide Applicant with a written report describing the operational integrity of El Paso's Southern System facilities from the Casa Grande Compressor Station to the Wenden Compressor Station. Such request shall include:
  - a. A request for information regarding inspection, replacement and/or repairs performed in this segment of El Paso's pipeline facilities since 1996 and those planned through 2006; and
  - b. An assessment of subsidence impacts on the integrity of this segment of pipeline over its full cycle, together with any mitigation steps taken to date or planned in the future.

Applicant shall file its request and El Paso's response under this docket with the Commission's Docket Control. Should El Paso not respond within thirty (30) days, Applicant shall docket a copy of Applicant's request with an advisory of El Paso's failure to respond. In either event, Applicant's responsibility hereunder shall terminate once it has filed El Paso's response or Applicant's advisory of El Paso's failure to respond.

26. In order to comply with WECC RMS requirements, Applicant shall offer as Ancillary Services a total of 10% of its total plant capacity to:
  - a. The local control area with which it is interconnected and
  - b. Arizona's regional ancillary services market,
    - i. once a Regional Transmission Organization (RTO) is declared operational by FERC order, and
    - ii. until such time that an RTO is so declared, to a regional reserve sharing pool.

EXHIBIT A

DECISION NO. \_\_\_\_\_

GILA BEND POWER PARTNERS, L.L.C. POWER PLANT  
PROPOSED NEW AND AMENDED CEC CONDITIONS  
DOCKET NO. L-00000V-00-0106  
September 27, 2006

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27. In extending the expiration date of the Certificate the Commission considers the Certificate to be a package of inter-related requirements and conditions that must all remain in force in order to merit Commission approval. If the Applicant, its successors(s) or assignee(s) pursue a legal challenge of any condition herein, the authority to construct facilities granted by this Commission Decision shall be revoked and the Certificate rendered null and void in its entirety without further order of the Commission.

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EXHIBIT A

DECISION NO. \_\_\_\_\_

GILA BEND POWER PARTNERS, L.L.C.  
WATEMELON SWITCHYARD AND TRANSMISSION LINE  
PROPOSED NEW AND AMENDED CEC CONDITIONS  
DOCKET NO. L-00000V-01-0109  
September 27, 2006

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Staff recommends the following language concerning amended and additional CEC conditions for GBPP's transmission line project CEC be adopted by the Commission:

The Commission modifies the CEC by replacing the language of Conditions 5 as follows:

5. Authorization to construct the project is extended five years from the original expiration date of April 11, 2006. Authorization to construct shall now expire April 11, 2011 unless construction is completed to the point that the 500 kV line and 500 kV switchyard are capable of operating at that time; provided, however, that prior to such expiration the facility owner may request that the Commission extend this time limitation.

In extending the expiration date of the existing CEC approved in Decision No. 63762 the Commission adds the following four new conditions:

6. The Applicant, its successor(s) or assign(s) shall submit a self-certification letter annually listing which conditions contained in the Certificate have been met. Each letter shall be submitted to the Commission's Utilities Division Director on August 1, beginning in 2007, describing conditions which have been met as of June 30. Applicant shall attach documents to the certification letters that explain, in detail, how compliance was achieved. Applicant shall also submit copies of each certification letter, along with corresponding documentation, to the Arizona Attorney General and the respective Directors of the Arizona Department of Water Resources and Arizona Department of Commerce, Energy Office. To the extent that a condition need only be fulfilled once, once Applicant has fulfilled said condition, Applicant need not report with respect to that condition in future self-certification letters.
7. Applicant shall demonstrate in its 2007 self-certification letter that it has initiated and is continuing action to comply with Condition Nos. 1, 2, and 3.H. or in the alternative provide an explanation of why it should not be considered as non-compliant with the subject conditions.
8. Applicant shall annually file ten year plans with the Commission in accordance with A.R.S. § 40-360-2.A., participate in Arizona subregional transmission planning forums such as SWAT and CATS on a regular basis, and participate in each Biennial Transmission Assessment performed by the Commission.
9. In extending the expiration date of the Certificate the Commission considers the Certificate to be a package of inter-related requirements and conditions that must all remain in force in order to merit Commission approval. If the Applicant, its

EXHIBIT B

DECISION NO. \_\_\_\_\_

GILA BEND POWER PARTNERS, L.L.C.  
WATEMELON SWITCHYARD AND TRANSMISSION LINE  
PROPOSED NEW AND AMENDED CEC CONDITIONS  
DOCKET NO. L-00000V-01-0109  
September 27, 2006

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successors(s) or assignee(s) pursue a legal challenge of any condition herein, the authority to construct facilities granted by this Commission Decision shall be revoked and the Certificate rendered null and void in its entirety without further order of the Commission.

EXHIBIT B

DECISION NO. \_\_\_\_\_