

ORIGINAL



BEFORE THE ARIZONA POWER PL
AND TRANSMISSION LINE SITING COMMITTEE

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IN THE MATTER OF THE APPLICATION OF
NORTHERN ARIZONA ENERGY, LLC FOR A
CERTIFICATE OF CONVENIENCE AND
NECESSITY AUTHORIZING
CONSTRUCTION OF A 175 MW NATURAL
GAS-FIRED SIMPLE CYCLE GENERATING
FACILITY AND ASSOCIATED
TRANSMISSION LINE TO THE WESTERN
AREA POWER ADMINISTRATION
("WAPA") GRIFFITH SWITCHYARD.

CASE NO. 133

DOCKET NO. L-00000FF-07-0134-00133

**NOTICE OF FILING STAFF'S
CERTIFICATE OF ENVIRONMENTAL
COMPATIBILITY**

Staff of the Arizona Corporation Commission ("Staff") hereby files its draft CEC. The Staff and Applicant were unable to come to agreement on the provisions of the draft CEC before docketing today. However, the Staff and Applicant will continue to work on reaching agreement on the conditions of the proposed CEC before the hearing on October 15, 2007.

RESPECTFULLY SUBMITTED this 3rd day of October 2007.

Maureen A. Scott, Senior Staff Counsel
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-3402

Original and Twenty-Eight (28) copies
of the foregoing filed this 3rd day of
October 2007 with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission
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OCT 03 2007

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Copy of the foregoing mailed
this 3rd day of October 2007 to:

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Copies of the foregoing e-mailed
this 3rd day of October 2007 to:

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Monica A. Martinez

1 **BEFORE THE ARIZONA POWER PLANT AND TRANSMISSION**
2 **LINE SITING COMMITTEE**

3 IN THE MATTER OF THE APPLICATION OF
4 **NORTHERN ARIZONA ENERGY, LLC, IN**
5 CONFORMANCE WITH THE REQUIREMENTS OF
6 ARIZONA REVISED STATUTES 40-360.03 AND 40-
7 360.06, FOR A CERTIFICATE OF
8 ENVIRONMENTAL COMPATABILITY
9 AUTHORIZING CONSTRUCTION OF A 175 MW
10 NATURAL GAS-FIRED, SIMPLE CYCLE
11 GENERATING FACILITY AND ASSOCIATED
12 TRANSMISSION LINE INTERCONNECTING THE
13 GENERATING FACILITY TO THE ADJACENT
14 WESTERN AREA POWER ADMINISTRATION
15 GRIFFITH SWITCHYARD, ALL LOCATED IN
16 MOHAVE COUNTY, APPROXIMATELY 9 MILES
17 SOUTHWEST OF KINGMAN, ARIZONA

Case No. L-00000FF-07-0134-00133

Decision No. _____

11 **DECISION OF THE ARIZONA POWER PLANT AND TRANSMISSION**
12 **LINE SITING COMMITTEE AND**
13 **CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY**

14 Pursuant to notice given as provided by law, the Arizona Power Plant and Transmission Line
15 Siting Committee ("Committee") held public hearings at The Hampton Inn, Kingman, Arizona, May
16 1 and 2, 2007, and at the Best Western Executive Suites, Phoenix, Arizona, on September 17 and 18,
17 and October 15, 2007, in conformance with the requirements of Arizona Revised Statutes Section 40-
18 360, *et seq.*, for the purpose of receiving public comment and evidence and deliberating on the
19 Application of Northern Arizona Energy Project ("NAEP") by Northern Arizona Energy, LLC
20 ("Applicant") for a Certificate of Environmental Compatibility ("Certificate") in the above-captioned
21 case.

22 The following members or designees of members of the Committee were present for some or
23 all of the hearings on the Application:

24 Laurie A. Woodall Chairman, Designee for the Arizona Attorney General.

25 Paul W. Rasmussen Designee for the Director of the Arizona Department of Environmental
26 Quality

27 David Eberhart Designee for the Arizona Corporation Commission

28 Jack Haenichen Appointed Member, Energy Office, Arizona Department of Commerce

- 1 Jeff Maguire Appointed Member, Agriculture
- 2 A. Wayne Smith Appointed Member
- 3 Mike Whalen Appointed Member, Cities
- 4 Mike Palmer Appointed Member
- 5 Barry Wong Appointed Member
- 6 Gregg Houtz Designee for the Director of the Arizona Department of Water
- 7 Resources
- 8 Joy Rich Appointed Member, Counties

9 Jay Moyes of Moyes Storey Ltd. represented Applicant. Staff of the Arizona Corporation
 10 Commission ("Staff") noticed their intervention as a party, and was represented by Maureen Scott,
 11 Esq. Mohave County was granted intervener status and was represented by Kenneth C. Sundlof, Jr.,
 12 Esq. of Jennings Strouss & Salmon, P.L.C. Mr. Jack Ehrhardt was granted intervention in his
 13 individual capacity. Applicant, Staff, Mohave County, and Mr. Ehrhardt presented testimony and
 14 exhibits during the hearings. Several persons presented public comments on the record. There were
 15 no other interventions or limited appearances.

16 At the conclusion of the hearings and deliberations, the Committee, (i) having received and
 17 considered the Application, the appearances of Applicant and each of the interveners; the evidence,
 18 testimony and exhibits presented by Applicant and the interveners, respectively; and the public
 19 comments; (ii) being advised of the legal requirements of Arizona Revised Statutes Sections 40-360
 20 to 40-360.13; (iii) upon consideration of the factors identified in Arizona Revised Statutes Section
 21 40-360.06; and (iv) in accordance with A.A.C. R14-3-213, upon motion duly made and seconded,
 22 voted to make the following findings and to grant Applicant the following Certificate of
 23 Environmental Compatibility:

24 The Committee finds that there is a need for an adequate, economical and reliable supply of
 25 electric power within the Western Electricity Coordinating Council (WECC) and the State of
 26 Arizona, and that Applicant's proposed Northern Arizona Energy Project would contribute towards
 27 satisfaction of such need without causing material adverse impact to the environment, as mitigated by
 28 compliance with the conditions attached to the issuance of the CEC.

1 Northern Arizona Energy, LLC, and its assignee(s), are hereby granted this Certificate of
2 Environmental Compatibility authorizing construction of a nominal 175 MW natural gas-fired,
3 simple cycle generating facility and associated transmission line interconnecting the generating
4 facility to the adjacent Western Area Power Administration Griffith Switchyard (collectively the
5 "Project"). The Project shall comprise no more than four (4) individual simple-cycle natural gas
6 combustion turbine generator units, each having a nominal capacity of approximately 45 MW. As
7 depicted on the attached Exhibit A, the Project shall be constructed wholly within the perimeter of the
8 existing Griffith Energy project site, legally described as the Southwest Quarter of Section 6,
9 Township 19 North, Range 17 West, Gila & Salt River Base & Meridian, Mohave County, Arizona,
10 comprising approximately one hundred sixty (160) acres (the "160 Perimeter"). The Project
11 generators and step-up transformers will be located within the North seven hundred (700) feet of the
12 North One-half of the above-described parcel. The transmission line components of the Project will
13 be constructed wholly within the 160 Perimeter so as to interconnect the Project generators to the
14 existing Griffith Switchyard owned by Western Area Power Administration ("Western"), also located
15 wholly within the 160 Perimeter, in a reasonably direct route to be determined by Western and
16 Applicant taking into account appropriate clearances from other existing transmission facilities within
17 the 160 Perimeter, and the most feasible point of access into, and the necessary minor expansion of
18 the existing Griffith Switchyard as required to complete the interconnection. The transmission line
19 shall not exceed approximately 3,000 feet in total length, and shall be constructed using tubular steel
20 monopole tower structures of the type depicted on the attached Exhibit B, approximately 100 -120
21 feet in height, in total numbers and spacing to be determined in accordance with applicable Western
22 interconnection standards and applicable safety and reliability standards.

23 This Certificate is granted upon the following conditions:

- 24 1. This authorization to construct the Project will expire five (5) years from the date this
25 Certificate is approved by the Arizona Corporation Commission ("Commission") unless
26 substantial construction activities have commenced; provided, however, that prior to such
27 expiration Applicant or its assignee may request that the Commission extend this time
28 limitation.

1 2. The Applicant will comply with all existing applicable air and water pollution control
2 standards and regulations, and with all existing applicable ordinances, master plans and
3 regulations of the State of Arizona, Mohave County, the United States, and any other
4 governmental entities having jurisdiction, including but not limited to the following:

- 5 a. all applicable land use regulations;
- 6 b. all applicable zoning stipulations and conditions, including but not limited to
7 landscaping and dust control requirements;
- 8 c. all applicable air quality control standards and regulations, and permit conditions of
9 the Arizona Department of Environmental Quality and/or Federal agencies having
10 jurisdiction; and the Applicant shall install and operate selective catalytic reduction
11 and oxidation catalyst emission control technologies on each of the four (4) Project
12 units;
- 13 d. all applicable water use, discharge and/or disposal requirements of the Arizona
14 Department of Water Resources and the Arizona Department of Environmental
15 Quality;
- 16 e. all applicable noise control standards;
- 17 f. all applicable regulations and permits governing storage and handling of chemicals
18 and petroleum products;
- 19 g. all other applicable federal and state regulations and standards.

20 3. Notwithstanding any conditions above, the NAEP project shall be required to meet the
21 Lowest Achievable Emission Rate ("LAER") for Carbon Monoxide, Nitrogen Oxides, volatile
22 Organic Compounds, and Particulate Matter less than ten microns in aerodynamic diameter (PM₁₀).
23 The Applicant shall be required to submit an air quality permit application requesting this LAER to
24 the Mohave County Environmental Services Department. LAER shall be determined by the Mohave
25 County Environmental Services Department.

26 4. Applicant has provided to the Commission a copy of the System Impact Study performed by
27 Western Area Power Administration ("Western"), which Commission Staff has analyzed.
28 Applicant will also provide to the Commission copies of (i) the Facility Study Agreement

1 with Western and (ii) the Facility Study produced by Western, as soon as they are available
2 but no later than 90 days prior to commercial operation of the Project.

- 3 5. Applicant will also provide to the Commission copies of the Project's executed
4 interconnection agreement with Western, and the technical operating studies which will be
5 performed by Western prior to actual physical interconnection of the Project to the Western
6 transmission system.
- 7 6. Applicant will comply fully with all requirements of Western to interconnect the Project with
8 the Western transmission system and to ensure compliance with all applicable WECC/NERC
9 standards, without the implementation of an automated RAS to mitigate any N-1
10 contingencies. However, Applicant may rely upon a RAS to mitigate impacts of an outage of
11 either (i) the Peacock – Mead 345 kV line or (ii) the Mead 345/230 kV transformer,
12 coincident with an extremely low probability of operation of the Liberty Phase Shifter
13 moving 450 MW (maximum) power in the Northbound direction. Staff does not consider this
14 a variance from our standards because of the remoteness of the possibility of occurrence of
15 the Liberty Phase Shifter operation at its maximum limit coincident with either of the two N-
16 1 contingencies.
- 17 7. If Applicant enters into a control area services agreement with a third-party provider,
18 Applicant will file with the Commission a copy of such agreement.
- 19 8. Applicant will not set any combustion turbine on its foundation until a Finding of No
20 Significant Impact (FONSI) has been issued by Western (or, if an Environmental Impact
21 Statement is required for the Project, a Federal Record of Decision has been issued) approving
22 construction of the transmission facilities interconnecting the Project to Western's
23 transmission system.
- 24 9. The Applicant will not operate the Project combustion turbine generator units more than
25 20,000 aggregate unit-hours per calendar year.
- 26 10. Applicant or its affiliate company will become a member of the Western Electricity
27 Coordinating Council ("WECC") (or its successor), and will file with the Commission a copy
28 of its executed WECC Reliability Management System ("RMS") Agreement.

1 11. In the event that the Griffith Energy project permanently ceases operation, Applicant, its
2 successor(s) or assignee(s) shall comply with the requirement in Griffith Energy's CEC to
3 measure and monitor (i) the Project's annual water use, (ii) annual changes in the
4 groundwater table at the well field from which water is pumped for use by the Project, and
5 (ii) annual changes in elevation of the existing soil subsidence monitoring monument near
6 such well field, and to report all such information annually to the Arizona Department of
7 Water Resources and Mohave County.

8 12. Applicant, its affiliates, successors and assignees may withdraw groundwater for electrical
9 generation and related uses, as was determined in its agreement with Griffith Energy and
10 according to the following conditions approved in Decision No. 61295:

11 (i) The source of water for operation of the Project shall be a new well
12 field to be located in only that portion of the Sacramento Valley Basin
13 lying south of the Kingman - Oatman Road and West of Interstate 40.
14 Any alternative long-term supply of groundwater for the Project
15 pumped from any different location must be pre-approved by the
16 Arizona Corporation Commission.

17 (ii) During the operating life of the Project, the Project's water usage
18 and the water table at the well field shall be metered and measured at
19 six-month or shorter intervals and reported to ADWR annually;
20 provided, however, that water table measurement may be reduced to
21 annually, upon approval by ADWR, if the more frequent measurements
22 reflect a consistent trend.

23 (iii) A procedure shall be established to annually monitor and report to
24 ADWR any reasonably measurable land surface subsidence, using
25 methodologies pre-approved in writing by ADWR in accordance with
26 generally accepted procedures for measuring subsidence, for so long as
27 the Project is using material quantities of groundwater.

28 ...
Additionally, when the NAEP facility first begins withdrawing groundwater in connection
with the Project, Applicant's withdrawal in any given year shall not exceed 270 acre-feet.

13. Applicant will, in good faith upon reasonable notice, participate in a Commission sponsored
workshop or other forum addressing the regional natural gas infrastructure and market.

- 1 14. Applicant shall pursue all necessary commercially reasonable steps to ensure a reliable
2 supply and delivery of natural gas for the Project.
- 3 15. Subject to applicable Federal Energy Regulatory Commission regulations, Applicant or its
4 power marketing affiliates will make commercially reasonable good faith efforts in the
5 ordinary course of business to market wholesale power from the Project directly or indirectly
6 to credit worthy utilities that serve Arizona loads; however, this condition shall not constitute
7 any restraint against, nor shall it in any manner restrict, marketing efforts to or transactions
8 with any other potential purchaser(s) of power from the Project.
- 9 16. In connection with the construction of the Project, Applicant shall use commercially
10 reasonable efforts, where feasible, to give due consideration to use of qualified Arizona
11 contractors.
- 12 17. Applicant shall prepare a plan for shutdown, decommissioning and cleanup of the plant site
13 which shall be filed with the Commission's Docket Control section within one year of
14 beginning construction. In that regard, the Committee recommends that Applicant work with
15 Mohave County and/or any other local governing body with jurisdiction over the plant site to
16 ensure that such plan is reasonable, and is followed or amended as needed.
- 17 18. Applicant shall participate in good faith in state and regional transmission study forums, such
18 as Southwest Area Transmission Planning Group ("SWAT") and Central Arizona
19 Transmission Study Group ("CATS") to identify and encourage expedient implementation of
20 transmission enhancements, including transmission cost participation as appropriate, to
21 reliably deliver power from the Project to its Regional Western grid in a reliable manner.
- 22 19. Within 30 days of the Commission decision authorizing construction of the Project,
23 Applicant shall erect and maintain at the site a sign of not less than 4 feet by 8 feet
24 dimensions, advising:
 - 25 A. that the site has been approved for the construction of an 175 megawatt generating
26 facility;
 - 27 B. the expected date of completion of the Project; and
 - 28 C. phone number for public information regarding the Project.

1 20. In the event that Applicant requests and extension of the term of the Certificate prior to
2 completion of the construction, Applicant shall use reasonable means to directly notify all
3 landowners and residents within one-mile radius of the Project of the time and place of the
4 proceeding in which the Commission shall consider such request for extension. Applicant
5 shall also provide notice of such extension to the community of Kingman and Mohave
6 County.

7 21. Applicants, its successor(s) or assignee(s) shall submit a self-certification letter annually,
8 identifying which conditions contained in the CEC as amended, have been met. Each letter
9 shall be submitted to the Utilities Division Director on August 1, beginning in 2008,
10 describing conditions which have been met as of June 1. Attached to each certification letter
11 shall be documentation explaining, in detail, how compliance with each condition was
12 achieved. Copies of each letter, along with the corresponding documentation, shall also be
13 submitted to the Arizona Attorney General and the Directors of the Arizona Department of
14 Environmental Quality, Department of Water Resources, and Commerce Energy Office.

15 22. Before construction on this Project may commence, Applicant must file a construction
16 mitigation and restoration plan with ACC Docket Control. Applicants shall, within one year of
17 completion of the Project, rehabilitate to its original state any area disturbed by construction
18 of the Project, except for any road that may be necessary to access the transmission lines for
19 maintenance and repair.

20 The goals of the Plan will be to:

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

24 Other key elements of the Plan are to:

- 25 - Emphasize final site preparation to encourage natural revegetation;
- 26 - Avoid (i.e., preserve), where practical, mature native trees;
- 27 - Stipulate a maximum construction corridor width;

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- Reserve topsoil and native plant 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;
- Prevent the spread of noxious weed or other undesirable species; and
- Apply methods to discourage unauthorized off-highway-vehicle (OHV) use of right-of-way.

23. Applicant shall retain a qualified biologist to monitor all ground clearing/disturbing construction activities. The biological monitor will be responsible for ensuring proper actions are taken if a special status species is encountered.

24. 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.

25. Should cultural features and/or deposits be encountered during ground disturbing activities, Applicant shall comply with A.R.S. § 41-844, which requires that work cease in the immediate area of the discovery and that the Director of the Arizona State Museum be notified promptly.

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

27. If the Applicant, its successor(s) or assignee(s) after notice and hearing, is found to have failed to
2 comply with any conditions herein, the Commission shall impose appropriate sanctions
3 up to and including the revocation of the authority to construct facilities granted by the
4 Commission decision, which would result in the CEC being rendered null and void in its
5 entirety.

6
7 GRANTED this 15th day of October, 2007.

8 ARIZONA POWER PLANT AND
9 TRANSMISSION LINE SITING COMMITTEE

10 By _____
11 Laurie A. Woodall, Chairman
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