



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

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IN THE MATTER OF THE APPLICATION OF
NORTHERN ARIZONA ENERGY, L.L.C., IN
CONFORMANCE WITH THE REQUIREMENTS
OF ARIZONA REVISED STATUTES §§ 40-
360.03 AND 40-360.06, FOR A CERTIFICATE
OF ENVIRONMENTAL COMPATABILITY
AUTHORIZING CONSTRUCTION OF A 175
MW NATURAL GAS-FIRED, SIMPLE CYCLE
GENERATING FACILITY AND ASSOCIATED
TRANSMISSION LINE INTERCONNECTING
THE GENERATING FACILITY TO THE
ADJACENT WESTERN AREA POWER
ADMINISTRATION GRIFFITH SWITCHYARD,
ALL LOCATED IN MOHAVE COUNTY,
APPROXIMATELY 9 MILES SOUTHWEST OF
KINGMAN, ARIZONA

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

Decision No. _____

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AZ STATE COMMISSION
DOCKET CONTROL

NOTICE OF FILING CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY

The Arizona Power Plant and Transmission Line Siting Committee hereby gives
notice of filing its decision and order, approving the application of Northern Arizona
Energy, L.L.C., for a Certificate of Environmental Compatibility.

The Decision and Order are in the form attached hereto.

Dated this 1st day of November, 2007.

ARIZONA POWER PLANT AND
TRANSMISSION LINE SITING COMMITTEE

By: Laurie A. Woodall
Laurie A. Woodall
Chairman
Assistant Attorney General

Arizona Corporation Commission
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1 Pursuant to A.A.C. R14-3-204,
2 the Original CEC and the original and
26 twenty-five copies of this Notice were
filed this 1st day of November, 2007, with:

3 Docket Control
4 Arizona Corporation Commission
1200 West Washington Street
5 Phoenix, AZ 85007

6 COPIES of the foregoing Notice
7 mailed/hand-delivered this
1st day of November, 2007, to:

8 Jay Moyes, Esq.
9 Viad Corporate Center, Suite 1100
1850 North Central Avenue
10 Phoenix, AZ 85004-0001
Counsel for Applicant

11 Prem Bahl, Engineer
12 Utilities Division
13 Arizona Corporation Commission
1200 West Washington Street
14 Phoenix, AZ 85007

15 Steve Olea
16 Utilities Division
17 Arizona Corporation Commission
1200 West Washington Street
18 Phoenix, AZ 85007

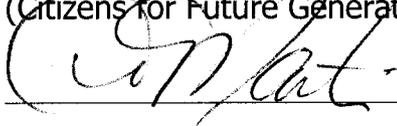
19 Janice Alward, Esq.
20 Maureen Scott, Esq.
Legal Division
21 Arizona Corporation Commission
1200 West Washington Street
22 Phoenix, AZ 85007

23 Kenneth C. Sundlof, Jr., Esq.
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201 E. Washington Street, 11th Floor
Phoenix, AZ 85004-2385

25
26

1 Robert A. Taylor, Esq.
Mohave County Attorney's Office
2 P.O. Box 7000
Kingman, AZ 86402-7000

3 Jack Ehrhardt
4 4105 North Adams Street
Kingman, AZ 864009
5 (Citizens for Future Generations)

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

3 IN THE MATTER OF THE APPLICATION OF
4 NORTHERN ARIZONA ENERGY, L.L.C., IN
5 CONFORMANCE WITH THE REQUIREMENTS
6 OF ARIZONA REVISED STATUTES §§ 40-360.03
7 AND 40-360.06, 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. _____

12 **CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY**

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

22 The following members or designees of members of the Committee were present for
23 some or all of the hearings on the Application:
24

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

1	Paul W. Rasmussen	Designee for the Director of the Arizona Department of Environmental Quality
2	David Eberhart	Designee for the Chairman of the Arizona Corporation Commission
3	Jack Haenichen	Designee for the Director of the Energy Office of the Arizona Department of Commerce
4		
5	Jeff Maguire	Appointed Member representing the Arizona Department of Agriculture
6	A. Wayne Smith	Appointed Member
7	Mike Whalen	Appointed Member representing Cities
8	Mike Palmer	Appointed Member
9	Barry Wong	Appointed Member
10		
11	Gregg Houtz	Designee for the Director of the Arizona Department of Water Resources
12	Joy Rich	Appointed Member representing Counties

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

21 At the conclusion of the hearings and deliberations, the Committee, (i) having received and
 22 considered the Application, the appearances of Applicant and each of the interveners; the evidence,
 23 testimony and exhibits presented by Applicant and the interveners, respectively; and the public
 24 comments; (ii) being advised of the legal requirements of Arizona Revised Statutes ("A.R.S.") §§ 40-
 25 360 to 40-360.13; (iii) upon consideration of the factors identified in A.R.S § 40-360.06; and (iv) in
 26 accordance with A.A.C. R14-3-213, upon motion duly made and seconded, voted 11-0 to make the
 27 following findings and to grant Applicant the following Certificate of Environmental Compatibility:
 28

1 The Committee finds that under the facts of this case, as reflected by the record, the
2 Committee has jurisdiction to consider the Application and to grant the Certificate.

3 The Committee finds that there is a need for an adequate, economical and reliable supply of
4 electric power within the Western Electricity Coordinating Council (WECC) and the State of
5 Arizona, and that Applicant's proposed Northern Arizona Energy Project would contribute towards
6 satisfaction of such need.

7 The Committee finds that the construction and operation of the Project would not cause
8 material adverse impact to the environment, as mitigated by compliance with the conditions attached
9 to the issuance of the Certificate.

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

1 monopole tower structures of the type depicted on the attached Exhibit B, approximately 100 -120
2 feet in height, in total numbers and spacing to be determined in accordance with applicable Western
3 interconnection standards and applicable safety and reliability standards.

4 This Certificate is granted upon the following conditions:

- 5 1. This authorization to construct the Project will expire five (5) years from the date this
6 Certificate is approved by the Arizona Corporation Commission ("Commission") unless
7 substantial construction activities have commenced; provided, however, that prior to such
8 expiration Applicant or its assignee may request that the Commission extend this time
9 limitation.
- 10 2. The Applicant will comply with all existing applicable air and water pollution control
11 standards and regulations, and with all existing applicable ordinances, master plans and
12 regulations of the State of Arizona, Mohave County, the United States, and any other
13 governmental entities having jurisdiction, including but not limited to the following:
 - 14 a. all applicable land use regulations;
 - 15 b. all applicable zoning stipulations and conditions, including but not limited to
16 landscaping and dust control requirements;
 - 17 c. all applicable air quality control standards and regulations, and permit conditions of
18 the Arizona Department of Environmental Quality and/or Federal agencies having
19 jurisdiction; and the Applicant shall install and operate selective catalytic reduction
20 and oxidation catalyst emission control technologies on each of the four (4) Project
21 units;
 - 22 d. all applicable water use, discharge and/or disposal requirements of the Arizona
23 Department of Water Resources and the Arizona Department of Environmental
24 Quality;
 - 25 e. all applicable noise control standards;
 - 26 f. all applicable regulations and permits governing storage and handling of chemicals
27 and petroleum products; and,
 - 28 g. all other applicable federal and state regulations and standards.

- 1 3. Applicant has provided to the Commission a copy of the System Impact Study performed by
2 Western Area Power Administration (“Western”), which Commission Staff has analyzed.
3 Applicant will also provide to the Commission copies of (i) the Facility Study Agreement
4 with Western and (ii) the Facility Study produced by Western, as soon as they are available
5 but no later than 90 days prior to commercial operation of the Project.
- 6 4. Applicant will also provide to the Commission copies of the Project’s executed
7 interconnection agreement with Western, and the technical operating studies which will be
8 performed by Western prior to actual physical interconnection of the Project to the Western
9 transmission system.
- 10 5. Applicant will comply fully with all requirements of Western to interconnect the Project with
11 the Western transmission system and to ensure compliance with all applicable WECC/NERC
12 standards, without the implementation of an automated Remedial Action System (“RAS”) to
13 mitigate any N-1 contingencies. However, Applicant may rely upon a RAS to mitigate
14 impacts of an outage of either (i) the Peacock – Mead 345 kV line or (ii) the Mead 345/230
15 kV transformer, coincident with an extremely low probability of operation of the Liberty
16 Phase Shifter moving power in the Northbound direction.
- 17 6. 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 7. 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 8. The Applicant will not operate the Project combustion turbine generator units more than
25 20,000 aggregate unit-hours per calendar year.
- 26 9. 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 10. Applicant, its affiliates, successors and assignees may use groundwater for electrical
2 generation and related uses, as provided by the revised and restated agreement between
3 Mohave County and Griffith Energy and in NAEP's recent agreement with Mohave County
4 and in accordance with the following conditions:

5 (i) The source of water for operation of the Project shall be the existing
6 well field located in only that portion of the Sacramento Valley Basin
7 lying south of the Kingman – Oatman Road and West of Interstate 40.
8 Any alternative long-term supply of groundwater for the Project
9 pumped from any different location must be pre-approved by the
10 Arizona Corporation Commission.

11 (ii) During the operating life of the Project, the Project's water usage
12 and the water table at the well field shall be metered and measured at
13 six-month or shorter intervals and reported to ADWR and Mohave
14 County annually; provided, however, the water table measurement
15 interval may be reduced to an annual interval, upon approval by
16 ADWR, if the more frequent measurements reflect a consistent trend.

17 (iii) Applicant shall utilize the existing procedure established to
18 annually monitor and report to ADWR any reasonably measurable land
19 surface subsidence.

20 Additionally, when the NAEP facility is operating, it shall limit its deliveries of water from
21 the Griffith facility to no more than 270 acre-feet per year.

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

24 12. Applicant shall pursue all necessary commercially reasonable steps to ensure a reliable supply
25 and delivery of natural gas for the Project.

26 13. Subject to applicable Federal Energy Regulatory Commission regulations, Applicant or its
27 power marketing affiliates will make commercially reasonable good faith efforts in the
28 ordinary course of business to market wholesale power from the Project directly or indirectly
to credit worthy utilities that serve Arizona loads; however, this condition shall not constitute
any restraint against, nor shall it in any manner restrict, marketing efforts to or transactions
with any other potential purchaser(s) of power from the Project.

- 1 14. In connection with the construction of the Project, Applicant shall use commercially
2 reasonable efforts, where feasible, to give due consideration to use of qualified Arizona
3 contractors.
- 4 15. Applicant shall prepare a plan for permanent shutdown, decommissioning and cleanup of the
5 plant site which shall be filed with the Commission's Docket Control section within two
6 years prior to the actual permanent shutdown and decommissioning of the plant site.
- 7 16. Within 30 days of the Commission decision authorizing construction of the Project, Applicant
8 shall erect and maintain at the site a sign of not less than 4 feet by 8 feet dimensions,
9 advising:
- 10 A. that the site has been approved for the construction of a 175 MW generating
11 facility;
 - 12 B. the expected date of completion of the Project; and,
 - 13 C. the name and telephone number of a Project representative as well as a website to
14 provide contacts and public information regarding the Project.
- 15 17. In the event that Applicant requests any extension of the term of the Certificate, Applicant
16 shall use reasonable means to directly notify all landowners and residents within one-mile
17 radius of the Project of the time and place of the proceeding in which the Commission shall
18 consider such request for extension. Applicant shall also provide notice of such extension to
19 the community of Kingman and Mohave County.
- 20 18. Applicants, its successor(s) or assignee(s) shall submit a self-certification letter annually,
21 identifying which conditions contained in the Certificate, as amended, have been met. Each
22 letter shall be submitted to the Utilities Division Director on August 1, beginning in 2008,
23 describing conditions which have been met as of June 1. Attached to each certification letter
24 shall be documentation explaining, in detail, how compliance with each condition was
25 achieved. Copies of each letter, along with the corresponding documentation, shall also be
26 submitted to the Arizona Attorney General and the Directors of the Arizona Department of
27 Environmental Quality, the Department of Water Resources, and the Department of
28

1 Commerce Energy Office. Compliance with conditions that require only a single instance of
2 compliance need not be re-certified after the initial certification of such compliance.

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

7 20. If human remains or funerary objects are encountered during the course of any ground
8 disturbing activities related to the development of the subject property, Applicant shall cease
9 work and notify the Director of the Arizona State Museum in accordance with A.R.S. § 41-
10 865.

11 GRANTED this 1st day of November, 2007.

12
13 ARIZONA POWER PLANT AND
14 TRANSMISSION LINE SITING COMMITTEE

15
16 By Laurie A. Woodall
17 Laurie A. Woodall, Chairman

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EXHIBIT A



Aerial View of Project Site

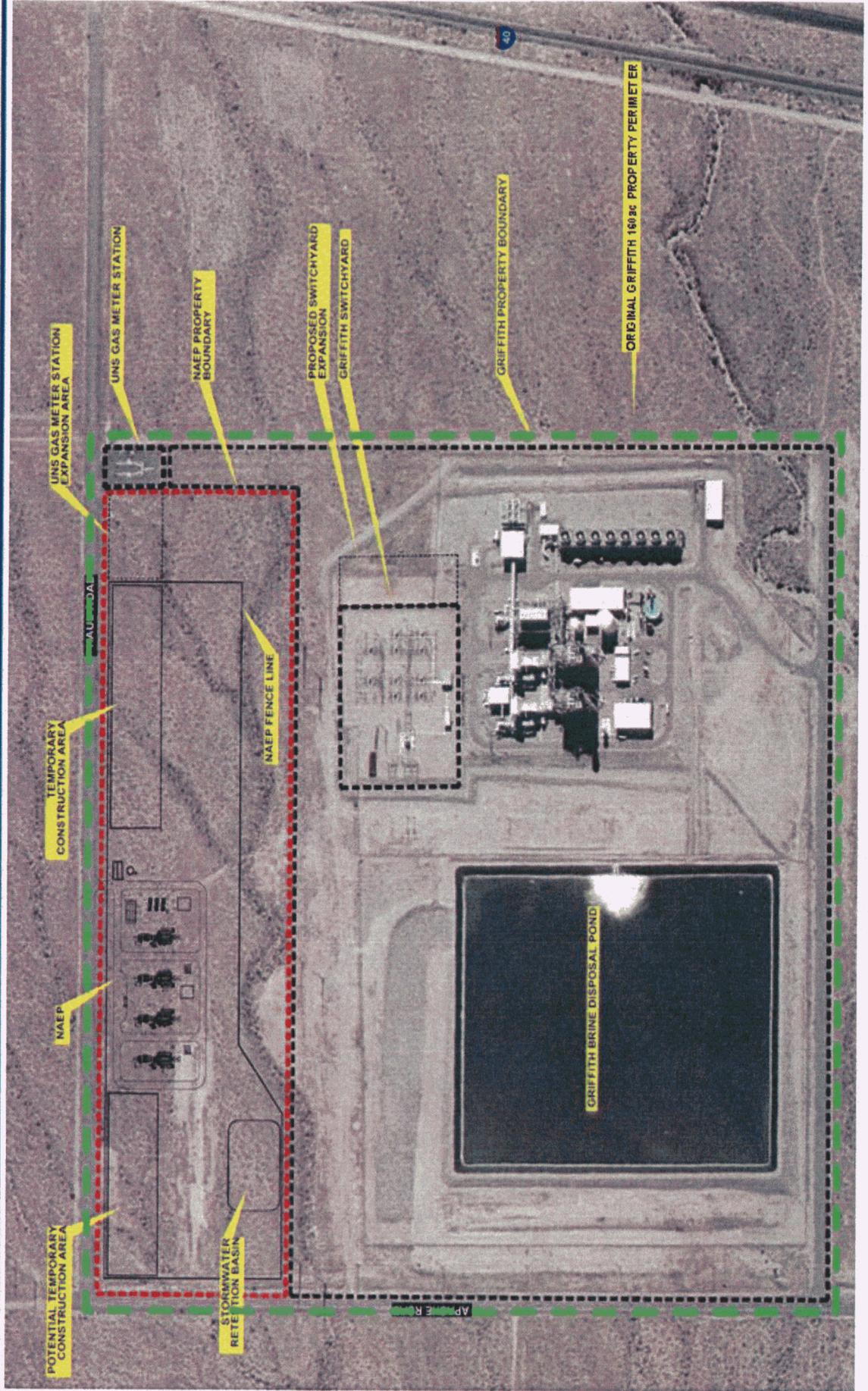
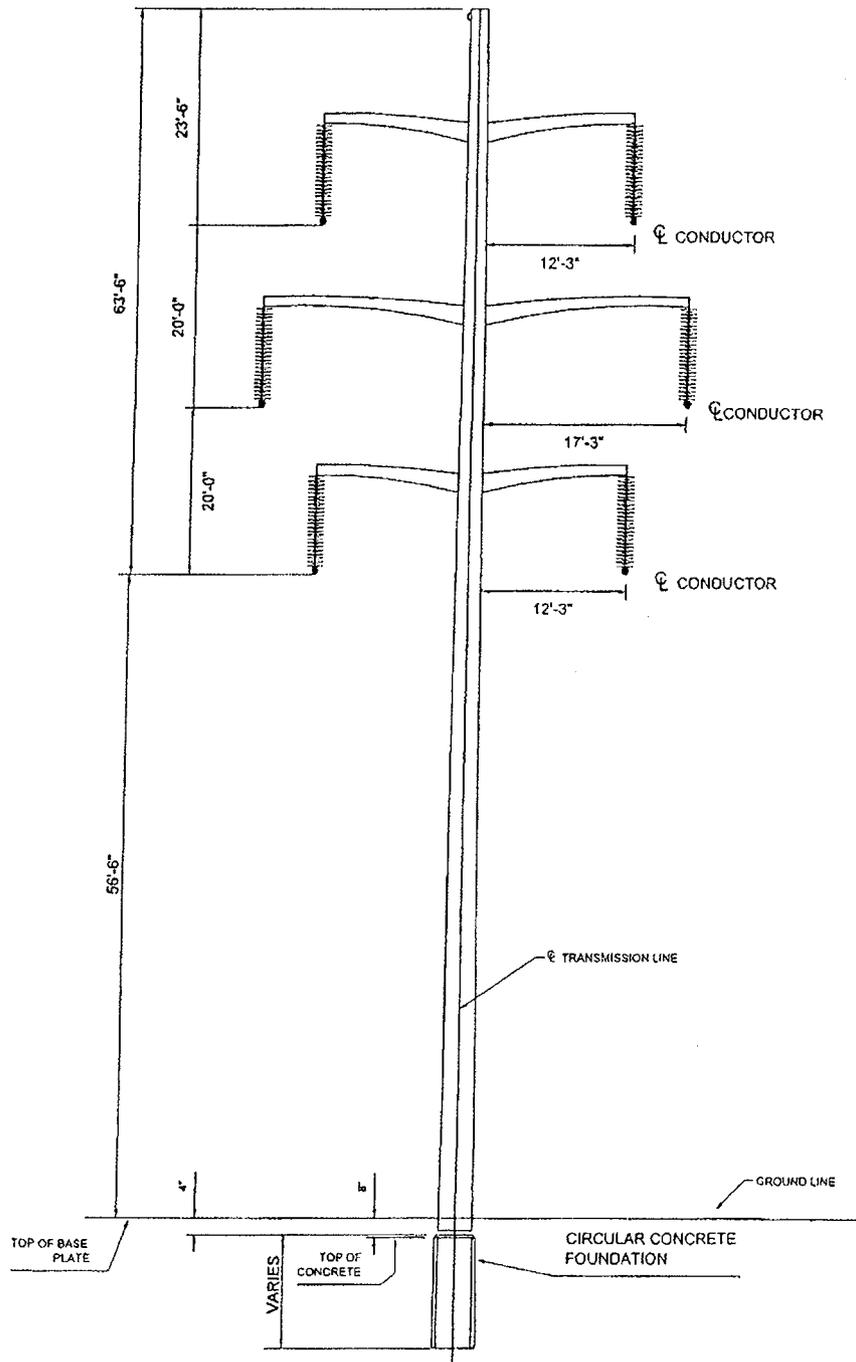


EXHIBIT B



NORTHERN ARIZONA ENERGY PROJECT

Figure K-1
Proposed Transmission Structure

ANALYSIS AREA: MOHAVE COUNTY, ARIZONA

Date: 02/10/07

File: Figure K-1.dwg

Drawn By: ETC

Layout: 001