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MEMORANDUM

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Arizona Corporation Commission

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TO: Nancy Cole
Docket Control

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FROM: Alicen Perry
Consumer Service Specialist
Utilities Division

DATE: July 26, 2000

RE: SRP SAN TAN EXPANSION PROJECT
Docket L-00000B-00-0105

Please find a Notice of Protest submitted by Citizens Opposed to San Tan (COST) .

Mark Sequeira
Citizens Opposed to SanTan
2236 East Saratoga Street
Gilbert, Arizona 85296
(480) 558-7233

NOTICE OF PROTEST

July 7, 2000

Mr. Paul Bullis
Power Plant and Transmission Line Siting Committee
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007-2996

WITH 25 DUPLICATE ORIGINALS FILED:

Dear Mr. Bullis:

We have been informed that SRP intends to file for an Environmental Compatibility permit within the coming week to expand the San Tan power generation plant located at Warner and Val Vista roads in Gilbert Arizona.

You should be aware that there is great community opposition to the expansion of this facility. SRP to date has not addressed many of these concerns and continues to communicate in ways that have been unsatisfactory to the following communities¹:

- (1) Finley Farms North Homeowners Association
- (2) Finley Farms South Homeowners Association
- (3) Rancho Cimmarron Homeowners Association
- (4) Neely Farms Homeowners Association
- (5) Western Skies Homeowners Association
- (6) Cottonwoods Crossings Homeowners Association
- (7) Lindsay Ranch Homeowners Association
- (8) SanTan Community Working Group

¹ This list is not intended to include all interested parties or communities within the Town of Gilbert respecting the expansion of the San Tan Power Plant. A complete listing will be submitted along with signatures at a future date.

The town of Gilbert has told residents that this case is outside their jurisdiction. In May of this year, a number of area residents formed a community rights group called COST (Citizens Opposed to San Tan) to protect our neighborhoods and ask SRP to provide for future power generation needs outside of current residential and city boundaries. After multiple meetings with SRP we have concluded that while other alternatives to this plant exist, SRP is determined to go forward with adding three new generators to the existing facility claiming this is most cost effective. From June 20th through July 4th "COST" has gathered over a thousand petitions from Gilbert residents opposed to this expansion. We intend to deliver these petitions to the Arizona Corporation Commission along with a formal motion to deny SRP's permit(s) to expand as soon as SRP files this application.

SRP is deciding to go forward with this permit at this time even though they declared to the public (at their open houses and via their mailings and website) that they would wait until the end of summer. SRP has also related the same to the Community Working Group assembled by their consultant "Environmental Planning Group." We believe SRP's intent to submit it's application sooner than later is that opposition in the community is growing. To further support this opposition, "COST" publically stated that they would bring the counsel for the Town of Gilbert Council 5,000-6,000 signatures by the end of summer.

We are requesting that the Utilities Department of the Arizona Corporation apprise the following individuals at every step regarding SRP's filing and that the same named individuals would be added to related mailing and/or other means of communications. We would also request that you keep us informed as to any and all public hearings to be held on this issue.

Mailings and other materials should be directed to the following individuals:

1. Mark Sequeira
Chairman, Citizens Opposed to SanTan
2236 East Saratoga Street
Gilbert, AZ 85296
(480) 558-7233 (COST)
(480) 503-4877 (h.)
(480) 898-6321 (w.)
email: msequeira@mail.bigworld.com
fax: (480) 898-6336
2. Michael Apergis
President, Neely Farms HOA

Gilbert, AZ 85296
(480) 926-4344 (h.)

email:

3. Marshall Green
Vice President, Finley Farms HOA
1751 Orangewood
Gilbert, AZ 85296
(480) 632-1979 (h.)
(480)456-1540 (w.)
email: mgreen65@aol.com

4. Charlie Henson
President, Rancho Cimmarron HOA
1938 East Saratoga Street
Gilbert, AZ 85296
(480) 892-8281 (h.)

email:

5. Cathy D. Duplissa-Lopez
Community Working Group (San Tan)
C/o 1714 East rawhide Street
Gilbert, Arizona 85296
(480) 545-6012
email: clopez@lrlaw.com

Finally, we have included some additional materials for your reference and review:

- (1) A summary of problems with SRP's disclosure/communications to date;
- (2) A summary as to why this plant does not belong within city boundaries;
- (3) A look at the Valley's need versus SRP's desire to sell power to other states; and
- (4) Historical statistics regarding the Town of Gilbert.

We appreciate your time and assistance in this matter. Should you have any questions please let me know.

Sincerely,



Mark Sequira
Citizens Opposed to SanTan

Enclosures as noted above

cc: Michael Apergis (w/encloures)
President, Neely Farms HOA

Marshall Green (w/enclosures)
Vice President, Finley Farms HOA

Charlie Henson (w/enclosures)
President, Rancho Cimmarron HOA

Cathy D. Duplissa-Lopez (w/enclosures)
Community Working Group (San Tan)

Janeen Rohovit, Public Involvement Representative (w/enclosures)
Salt River Project

Lauren Weinstein (w/enclosures)
Environmental Planning Group

Mark Sequeira
Citizens Opposed to SanTan
2236 East Saratoga Street
Gilbert, Arizona 85296
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Problems with SRP's disclosure/communications

We request that the ACC Power Plant and Transmission Line Siting Committee walk the neighborhoods, inspect how close this facility is to our homes and schools, attend the July 18 or August 15, 2000 public meetings that COST is holding (at the Southeast Regional Library at Guadalupe and Greenfield from 7-9:00pm) or call local HOA presidents to determine whether this facility fits into the community.

SRP's public process has included repeated mailings, newsletters, open houses, a website, a 24-hour information line and a Community Working Group.

- SRP's mailings to 20,000 homes have consistently failed to mention issues that might concern area residents. They do not disclose proposed 150 foot stacks, instead saying they will answer questions about: "potential visual impacts." They do not disclose pollution numbers, instead they mention "air modeling studies." Yet they declare they are fully informing residents about this facility. Their mailers have been used to tout the benefits and amenities of the plant and have consistently failed to mention ANY information that could alert a resident to potential problems they might have if this plant is built. The vast majority of residents have no idea about this plant. When and if it is allowed to be built there will be an uproar in Gilbert of a massive scale and numbers of cases of litigation by these misinformed residents and homeowners.
- SRP stated that they would disclose more information on a future newsletter prior to the June 7th open house. The only information 'disclosed' was that the Town of Gilbert had signed an Intergovernmental Agreement with SRP with the implication that Gilbert had approved this facility. No information regarding stacks, pollution, water, etc. was given.
- At the last open house in December, SRP had 35 people attend. COST began circulating flyers and going door to door in May and as a result over 350 people attended the June 7th SRP open house. Of these 350 people, 80% (280) signed petitions out front declaring their opposition to the expansion. Another 10% were clearly undecided and asked for more literature.
- In going door to door we have found the same numbers reflected - 80% opposed and expressed disbelief that a plant of this scale would be permitted to exist in a residential neighborhood.

SRP will disagree, citing recent telephone surveys. HOWEVER, these surveys were conducted by untrained telemarketers who could not answer issues regarding the plant. They also only sought out positive input/responses. COST can supply recordings made of these conversations if the ACC would like to hear the content.

- At SRP's open house information that was promised to residents and the Community Working Group (such as research into property values or images showing the stacks from various intersections) was not available. This is a reoccurring problem. It happened at the December open house, it happened with Stop Tempe Oasis Project (STOP) in Tempe, and has happened repeatedly with the Community Working Group.
- We believe that SRP continues to hold meetings with individual citizens and to have 'open houses' rather than public meetings in order to 'follow a 'divide and rule' philosophy. Citizens are constantly mentioning how they did not know about this project, did not know it's potential impact, and did not know other citizens were asking the same questions or had the same concerns.
- SRP claims that concerned citizens should visit their website. It wasn't until after June 7th that ANY information was on the site except a graph showing a need of 2700 megawatts. Today as a result of probable litigation and COST's efforts in the media, SRP is publishing information regarding hours of plant operation and height of their stacks.
- SRP's 24 hour information line and website did not mention the June 7th open house till one and a half weeks prior to that meeting at the insistence of COST. It did not mention the time of the meeting till one week prior.
- Janeen Rohovit of SRP said regarding the need to disclose information regarding the impacts to the community (stacks, pollution,...) that she "chooses to present the plant in a positive light" and that she "chooses to view it as a positive project" when asked about the need to disclose facts about the plant when 100's of homes are still being sold within a two-mile radius of SanTan and their children must attend these schools. It was explicitly stated in this conversation that while she could present the plant in whatever light she chose, that SRP still had a responsibility to disclose information that a buyer would need to know prior to buying a home near their facility.
- Speaking to residents who bought here from two years ago to as little as two days ago, the expansion of the plant is still not being disclosed. Real Estate agents are claiming that they did not know what SRP was doing and that they thought SRP canceled plans to build at SanTan (confusing a proposed facility at Guadalupe and McQueen). Since no information was listed on

their website and since the Town Council was referring all calls to SRP, there was no way for buyers or R.E. agents to find out about impacts or possible property devaluation.

- Gilbert Town Councilman Mike Evans in multiple meetings and in the Gilbert Independent has stated that "all my questions haven't been met by SRP and I have met with them four times." (Gilbert Independent, June 14, 2000 B-10)
- The Community Working Group (CWG) set up by Environmental Planning Group for SRP consists of only approx. 8 residents out of 100,000 citizens currently residing in Gilbert. 3 of the eight are opposed to the facility as it stands. Two of the original eight were asked to be on the committee by 'referral' and were pro-SRP coming in. EPG admits to sampling only 35 people initially. This from SRP's mailing list of 20,000 people (35,000 today).
- Of the eight or so residents, none represent the community or their HOA at these meetings. HOA Presidents and Vice Presidents were not asked to sit a member of their HOA.
- Community Working Group meetings are held during work hours and on workdays limiting the people who would have liked to be present.
- Community Working Group meetings are held to 'present' information to participants. Feedback is limited to "would you like A or B?" rather than a true discussion. Only four meetings were originally scheduled but due to pressure from one member who felt that "the information promised had not been produced" and that "SRP was moving way too fast," SRP decided to extend the number of meetings.
- Community Working Group meetings usually consist of 3 to 8 residents, a business owner and 20+ town employees/SRP or EPG employees. This makes any true discussion/dissent as a resident extremely daunting.
- SRP is filing for their Certificate of Environmental Compatibility even though they state on their webpage that they would not do so until after they had their third open house at the end of summer and the Community Working Group had finished their task. (They had also told the CWG the same thing) We believe that they are deciding to file at this time because opposition to this facility is growing by the day. COST had publicly stated that they would bring 5-6,000 signatures to the Town Council and ACC by the end of summer. We currently have over 1,000 in less than a month's time. We now have a phone line, a webpage, a bank account and our non-profit status is in process.

Mark Sequeira
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Why this plant does not belong within Gilbert boundaries

We believe that approval of this plant will set a precedent for years to come in Maricopa County, the state of Arizona, and within existing communities around the nation.

Since we understand that SRP's application at this point will need to be very general and many details and studies lacking, we request that the ACC, in the interests of the communities surrounding this plant, reject the application at this time or suspend it until such time as SRP has sufficiently answered the concerns of the community, the Community Working Group, the Town Council, the ACC and the ACC Power Plant and Transmission Line Siting Committee.

- Although SRP has owned the land and plant in question since the 1970's, the surrounding land was at that time primarily agricultural and that SRP's land in question is still zoned agricultural and not industrial.
- In the last five years over 20,000 homes and 8 schools have been built within a two mile radius of this facility. If SRP had planned this expansion even six years ago, then developers and home owners could have decided if the risks of living near a facility of this kind was reasonable. Ninety percent of the homes were non-existent at the time.

Scott Harelson of SRP argues this same point saying " The East Valley is growing so fast, and we're trying to get ahead of that growth with our systems and facilities...If we wait five or 10 years, we will have a lot more subdivisions and then it causes more of a problem. If we can get ahead, people will know the facilities are there before they move to those areas." (Arizona Republic, Wednesday, Sept. 23, 1998 EV1)

- If you grant this permit, you will be helping create the fourth largest power plant in the state in a bedroom community. At 1125 megawatts it will be bigger than Hoover Dam. (Palo Verde - Nuclear, 3733 mg; Navajo - Coal, 2,255; Glen Canyon - Hydro, 1,296; Proposed SanTan - Natural Gas, 1,125; Hoover Dam - Hydro, 1,042 according to the Dept. of Energy, Gilbert Independent, June 14, Sec. A) Note that all these other facilities are outside of populated areas.
- There is NO industry to speak of in this area - primarily a suburban/residential area.

In Tempe at the Kyrene facility there was some justification to such an expansion - There is heavy industry pre-existing on the North and West sides of SRP's property. In Gilbert, there is also no buffer. Houses are across the street on two sides of the plant and literally share a backyard block wall with SRP to the East. In Tempe there is a golf course that separates the plant from the homes in the area.

- The citizens of Gilbert pay the highest property taxes in the Valley because we don't want industry in Gilbert and have very limited commercial areas.
- The Gilbert Town Plan regulates the height of buildings and oleanders and has restrictions against bulletin boards and telephone lines. The ONLY exception is SRP's transmission and the proposed 150 foot (20 foot or 50 foot diameter) stacks. Currently there is a battle in the Town Council over a 35 foot sign at Warner and Gilbert 2 miles to the West.
- Regarding air quality: The ACC should take into account that although Gilbert is far below current EPA National Ambient Air Quality Standards, that is precisely why residents moved to Gilbert from Los Angeles, Phoenix, etc.
- The ACC should also take into account new pollution that will be added to our air by Williams Gateway Airport, the SanTan freeway, the widening of the U.S. 60 freeway, the number of new residents and cars moving into Gilbert as well as current and future construction (dust or PM-10's).
- Any new plant approved will be 'grandfathered' in the future - as the current plant is - allowing it to be free of new standards that are far cleaner, as the freeways and other pollution causing factors kick in.
- We have requested that SRP fund an independent air and environmental impact study to be done by the Town of Gilbert and COST in order to determine whether this project should be approved. It is our recommendation that ACC either do said study or require SRP to do so prior to any hearing or action regarding this application.
- The closest EPA air monitoring station is 3 miles away at Lindsay and Gilbert. There are only 15 in the Valley. The next closest is either in Chandler or Mesa.
- We are currently at risk of violating air and ozone standards every year. These days cause emergency room visits for asthma attacks to increase by over 36%. Asthma is also twice as common in Arizona as elsewhere in the nation. This pollution hits the East Valley the hardest and will get worse with growth. (East Valley Tribune, Friday, May 19, 2000 A1)

- SRP is seeking to add environmental controls and filters on the old facility in order to get the offsets necessary to justify their newer facility. They have not proven the need in either Gilbert or the East Valley to justify 2700 new megawatts.
- Noise: The residents of Rancho Cimmarron (just North of the facility) and Cottonwoods Crossing (East of the facility) and Western Skies (West of the facility) will hear noise for 85% of the time night and day up to 24 hours a day seven days a week to the level of 48db. with ALL SRP's noise abatement and sound walls in place. This is equivalent to hearing an air conditioner unit running all the time. While SRP claims that cars driving by equal 50db. this is a temporary intrusion and is not at all equivalent to 'white noise.' While SRP claims that people tolerate much more before calling police to complain it is invasive and destructive to quality of life and property values. In the evening Gilbert is very quiet. We encourage the Power Plant and Transmission Line Siting Committee to tour our neighborhoods at night and listen to the crickets in the still of the evening.
- Hazardous Materials: SRP has not disclosed the amounts of Ammonia or Sulfuric Acid that will be stored on site. Neither have they discussed how this materials will be brought in. They have mentioned retraining the fire department in evacuating the public schools in case of hazardous spills.

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The Valley's need for power versus 'for-profit' sale of power

We request that the ACC Power Plant and Transmission Line Siting Committee recommend or conduct an independent study to assess the actual power needs in the East Valley before approving this permit. There has not been adequate information provided to justify this size a facility, especially in a residential area, especially if it is 'for-profit' rather than meeting actual Valley needs.

- There are alternatives to this facility, although they are not as cost effective. SanTan would require that we risk the nature of our community and our investment in our homes rather than SRP investing more money to bring reliable power to the Valley.

APS is planning two new 530 megawatt generators out by Palo Verde with the ability to add two more. Eight other companies are planning to build power plants out by Palo Verde 55 miles West of Phoenix.

- This facility does not meet the need. SRP publicly states that they need 2700 new megawatts of power to insure reliable power into the next generation. This plant will only guarantee 825 megawatts barring future expansions. With The Tempe Kyrene facility being reduced from 825 new megawatts to 250 megawatts SRP still has a shortfall of 1625 megawatts. This plant does not solve the problem.
- COST and area HOAs are asking the ACC to demand SRP announce their complete plans to solving this problem PRIOR to granting any permits. If a new facility needs to be built East or South of town to meet the 1625 megawatt shortfall, COST would like to see all the East Valley's need for power (2700 megawatts) being met from that facility rather than expanding SanTan.
- SRP states that the current lines being used are at maximum capacity and bringing power in from outside of town would necessitate new lines. However they are already building new lines into and through town including the RS18 and from Palo Verde to Broadway and 101st. COST would recommend that if they have to add new lines that they then add lines and build the plant outside of town (and bury the new lines).

- How many megawatts are needed? SRP states that "SanTan will supply 150,000 to 200,000 homes." (The East Valley Tribune, Sunday, May 28, 2000, F3) Inquiries with SRP indicate that one megawatt of power will supply 500 to 1,000 homes with electricity. These numbers would point to supplying 400,000 to 825,000 NEW homes with power if the proposed plant were approved.
- Scott Harelson of SRP has stated "Gilbert is just growing in leaps and bounds, and we have to take steps to meet that growth, or the lights go out." (Gilbert Independent, June 14, 2000, B10) He also stated, "We will do it in a way to fit the community." (ibid)
- Our position is that SRP intends to build this size a facility in town in order to ease power coming in from their other plants outside of town (such as St. John) so that they can more readily sell power from those plants on the open market to California and other Western states. These facilities can get power into the grid easily without having to try to bring it into town.
- COST and area HOAs are not opposed to a 'limited' expansion that will meet local need for power. Especially if the current plant is shut down thus eliminating the worst cause of pollution for east Valley residents. We are opposed to allowing an industrial facility to be built for 'for-profit' sales outside of Gilbert and the East Valley (whether those sales are actually from SanTan or other plants 'freed up' by SanTan).
- SRP has increasingly sold power through wholesalers in the last three years while admitting that they have added approximately 30,000 new meters every year for the past three years.
- Can SRP expect this growth IN GILBERT (and the East Valley) to continue at the current rate for eight more years? With builders already running out of open land as reported in all the major newspapers?
- SRP quotes on their website and in an East Valley Tribune article (May 28, 2000, F3) an interview with U.S. Energy Secretary Bill Richardson that states the government's concerns about future 'brownouts.' They use this article to stress their need for power. However, the article cites "so called Nimby fights (for Not In My Back Yard) make it increasingly difficult to site new plants and power lines located IN ONE STATE THAT MAY BE ESSENTIAL TO SERVING CUSTOMERS IN ANOTHER STATE." (caps mine) - *U.S. Study Proposes Federal Lead Role In Preventing Summer Power Outages*, John J. Fialka, Wall Street Journal, March 13, 2000.

California currently imports one-fifth (19%) of their power from neighboring states and expects that number to grow. (Arizona Republic, Business Sec., Sunday June 25, 2000) This is “according to the Independent System Operator which regulates the state’s power grid.” (Daily News-Sun, Friday, June 23, 2000, B1) “Five new power plants with a combined capacity of 3,600 megawatts have been approved by the California Energy Commission. An additional 14 power plants are under consideration. Winning approval for future power plants usually is a daunting task in California because of environmental concerns and resistance from residents who don’t want the facilities in their communities. Calpine Corp., for instance, wants to build a power plant in San Jose - The biggest city in the Silicon Valley - but already has encountered opposition from the city’s mayor.” (ibid)

- Our request is that the ACC and Power Plant and Transmission Line Siting Committee do an independent study to assess the East Valley’s need for power and then require SRP to demonstrate how they will meet that need PRIOR to any permit or hearings regarding the same. Then COST, the residents of Gilbert, The Town of Gilbert and the ACC can determine if SanTan is in our best interest.

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Historical Statistics Re: The Town of Gilbert

We believe this goes to the argument that the expansion is certainly not appropriate in a heavy residential area.

Gilbert, Arizona

In 1902, the Arizona Eastern Railway asked for donations of right of way in order to establish a rail line between Phoenix and Florence. A rail siding was established on property owned by William "Bobby" Gilbert. The siding, and the town that sprung up around it, eventually became known as Gilbert. Gilbert was a prime farming community, fueled by the construction of the Roosevelt Dam and the Eastern and Consolidated Canals in 1911. It remained an agriculture town for many years, and was known as the "Hay Capital of the World" until the late 1920's.

Gilbert began to take its current shape during the 1970's when the Town Council approved a strip annexation that encompassed 53 square miles of county land. Although the population was only 1,971 in 1970 the Council realized that Gilbert would eventually grow and develop much like the neighboring communities of Tempe, Mesa, and Chandler. This proved to be a farsighted decision as Gilbert positioned itself for growth in the 1980's and beyond.

Today, Gilbert is experiencing a rapid transition from a historically agriculture-based community to an urban center and suburb in the Phoenix Metropolitan Area. In the last decade and a half, Gilbert has grown at a pace unparalleled by most communities in the United States, increasing in population from 5,717 in 1980 to approximately 84,000 in March, 1998. It is expected that Gilbert will reach 100,000 by 2000.