

Conditions for air quality:

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Arizona Corporation Commission

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1. The entire SanTan Plant must operate and emission levels are to be established, using only natural gas as a source of fuel. (new and existing)
2. SRP will perform continuous daily monitoring of emissions from all exhaust (with the use of fossil fuel, i.e. natural gas or any type of oil) used for the production or in support of that production of electricity. (Existing or new from the expansion)

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AZ CORP COMMISSION
DOCUMENT CONTROL

Argument: This must be done to ensure the health of both people and the environment. When modeling emissions from SanTan, assumptions are made for the gas concentration levels coming from the exhaust. If emission control devices that are put in place to reduce by-products of combustion fail or reduce in efficiency, emission will increase without notice. When monitoring exhaust gases continuously any change in the concentration levels will be detected immediately and repairs can be made without excessive pollution damage from occurring.

The equipment to monitor these emissions must be equivalent to or exceed the EPA requirements for the testing of exhaust emissions from the use of fossil type fuels (like the equipment that automobile manufactures and the EPA use to certify with, for compliance of autos and trucks). They must monitor all applicable emission gases required by the EPA in the use of fossil fuel. (Nox, CO, Co2, HC, etc.)

All monitoring data, reports must be made available to the public. SRP upon realization of non-compliance will notify all customers they serve of that fact and relay when compliance will be remedied. If the solution is unavailable for more than 30 days or is in non-compliance for the same time, the units affected will be shut down until repairs are made and compliance is established. SRP will list the concentration levels of emission gases it used in the modeling of air quality (new and existing units and all support equipment). This will establish the basis for monitoring concentration levels of emission gases. Example: With one unit (gas turbine) running, the exhaust gas concentration level for Nox, for that unit has been established at 12,000 ppm or 1.2% (not to be exceeded). The monitored Nox level might be 10,000 ppm or 1% concentration. With the modeling process, a volume of exhaust gas (total of products of combustion) has been established per unit (gas turbine) when running. With the concentration level of 1% Nox, 1% of the volume of exhaust the gas is Nox. If all of the units are running (new and existing) and if all used the 1.2% maximum standard and all monitored concentrations levels were 1% , the total amount of Nox would be 1% of the total volume of exhaust gases (100,000 cubic feet of total exhaust gases per day and 1% concentration of Nox, 1,000 cubic feet of Nox was passed in the Gilbert area per day) and all would be in compliance. The aforementioned is only an example, as we do not have any

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information of concentration levels or the volume of exhaust gases, but want to show why daily monitoring is vital to maintain air quality. SRP is installing Nox scrubbers to help reduce Nox emissions and without daily monitoring, a failure could go undetected.

3. Penalties for non compliance.

SRP will enforce all violations voluntarily. A penalty of one half the normal billing for each SRP customer in an area established by this line siting committee but not less than 2 mile radius from the intersection of Val Vista And Warner Roads, Gilbert, AZ. per month for each day in violation.

Example: SRP discovers a violation (i.e. excessive concentration of Nox above the set limit) and continues to run while searching for a resolution knowing that they won't have to shut down for 30 days, they are in violation for those 30 days. On the 31st day the problem is repaired and are back in compliance. They must now pay the penalty for operating 30 days out of compliance for all customers within the boundaries to be set by this line siting committee, for 30 months at half the normal billing rate.

SRP will establish and fund an outside party to review all emission reports and data for compliance and violations. This party must contain one member from COST. If this, to be named, party finds that a violation event has taken place, and not reported by SRP, a penalty of one month free electricity for all SRP customers within the boundary limit set by the this line siting committee but not less than a 2 mile radius from the intersection of Val Vista and Warner Roads, Gilbert, AZ, per day of violation, retroactive to the day the violation occurred. Example: Violation occurred May 5, 20xx and was discovered 99 days later during a review. Even if the violation was repaired before the review, because of not reporting the violation and was only found by independent review, SRP would then begin 99 months of free electricity and adjust the previous 99 days at half the billing rate.

4. Use of any other fuel other than natural gas.

If any other fuel is used other than natural gas, the emission levels established for natural gas shall stay in effect. SRP will be in violation if they switch from natural gas to oil and can not meet the natural gas emission standards. The same penalties applies as mentioned forehand.

Example: The price or supply of natural gas is restrictive and they switch to oil, SRP must meet the same emission levels that were established for natural gas. They must plan now and add any additional emission equipment that allows the SanTan plant to be in compliance with the natural gas standards. If they chose not to and operate on oil and are in violation, the same conditions apply. If they operate more than 30 days, the affected units will be shut down and all penalties apply.

Conditions for Noise:

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1. Enforcement and noise levels.

SRP shall voluntarily investigate and enforce all noise concerns. The noise level must not exceed 45 dB or the most stringent noise guideline used within AZ., within a 1mile radius from the intersection of Val Vista and Warner Roads, Gilbert, AZ.

2. Monitoring noise levels.

SRP will perform continuous daily monitoring of noise levels. Readings will be taken around the perimeter of the facility at various heights to ensure a quiet environment for the surrounding community. At no time shall noise generated at SanTan exceed 45db or the most stringent noise guideline used within AZ., within the one mile area established above. At the request of any SRP customer residing within the established area and at SRP's expense, SRP shall set up and record sound levels at that residency. All applicable engineering shall be used to determine the source of the noise. Readings should not be limited to normal business hours, but readings should be taken while the SanTan plant is operating at or near capacity and at night so background noise is reduced. (i.e. 11pm- 4 am). If at any time the 45db or the most stringent noise guideline used within AZ., limit is exceeded, penalties will apply. SRP must respond to and perform the noise study no later than 10 calendar days after the request is given. If the study is not performed within the allowed time, penalties will apply.

3. Penalties for violations

SRP will enforce all violations voluntarily. A penalty of one month free electricity for the customer, for each day the noise exceeds the 45db or the most stringent noise guideline used within AZ..

If a request is given and SRP doesn't respond within the 10 day response and noise study limit, the number of days including the 10 day response and noise study limit plus the additional days will be added together plus the violation period. Example: 10 day response and study limit , plus 2 extra days to complete the response and study, plus 5 days to eliminate problem, for a total of 17 days. This would equal 17 months free electricity.

Conditions for Noise:

If a SRP cannot rectify a noise concern and cannot meet the 45db or the most stringent noise guideline used within AZ., SRP will indemnify the property owner with one of three choice. The property owner will have the right of choice, not SRP. Choice 1. SRP shall provide free electricity for that property until deemed unfit for habitat regardless if the original owner under such agreement sells the property. The original agreement transfers to the new owner. Choice 2. SRP shall pay off any existing mortgage or indebtedness attached to the property. This amount cannot exceed the appraised value. The property owner then gives up all rights to any further claims. This agreement is not transferable if the original owner sells and must declare to the new purchaser of this choice. Choice 3. SRP will purchase the property at the highest appraised value or realized value. If SRP decides to sell acquired property under this choice (Choice 3.) it must disclose why they purchased the property and offer only Choice 1. to the new owner.