



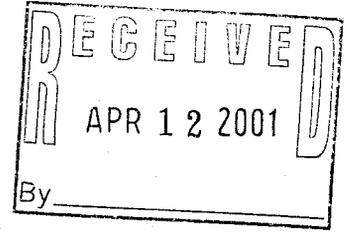
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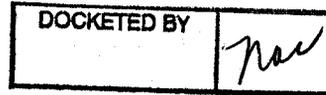
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Arizona Corporation Commission  
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APR 12 2001



April 10, 2001

Honorable William Mundell, Chairman  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

RE: Santan Expansion Project, ACC Case No. 105, Docket Control No. L00000B-00-0105

Dear Chairman Mundell:

I would like to express my opinions about the expansion of the Santan Generating Plant in Gilbert. I express these opinions both as a citizen who has lived in Gilbert since 1981 and as a Town Councilmember who has served since 1997.

For the past five years I have served on three different Community Working Group (CWG) committees in Gilbert and have been a part of the CWG examining the Santan Plant Expansion. I have appreciated the experience and have learned much about electrical needs of our valley and this issues related to providing those electricity needs. The Salt River Project has presented the most comprehensive outreach program I have ever observed in Gilbert. They have done a tremendous job trying to reach thousands of citizens to explain their plans and position. Although the COST group has insinuated that SRP tried to cover up and hide information from Gilbert citizens and was in a "conspiracy" with the Town of Gilbert to keep information from us (an accusation made by Mike Evans), I have personally found no such evidence to support any such allegations. SRP has held a comprehensive process of tours, informational forums, neighborhood and private meetings with hundreds of individuals. Our Town staff has met constantly with citizens and SRP to receive input for the Intergovernmental Agreement (IGA) that was submitted to our Council. Mayor Cynthia Dunham has added several new additions to the stipulations and also testified before the siting committee. I have to commend SRP for their patience and persistence in trying to work with a very volatile issue. If any mistakes occurred, they were minor and did not affect the process in which I participated.

During the process, citizens on both sides of the issue had a chance to ask questions, add to the Town IGA, and add requests that SRP do additional mitigation. I have read much of the siting hearing transcripts, participated in both forums, and participated in the CWG meetings. I feel confident all points have been addressed. Enclosed is a copy of the Town of Gilbert's statement of position of July 17, 2000. (Please read this if you have not seen it.) I have always thought the siting process is the proper process to address all concerns. I believe the statement, "The Town Council believes it is not in the best interest of the Town and its residents for the Town Council to try to interfere with the jurisdiction of other governmental entities in the regulation and oversight of the construction of the additional capacity at the Santan Generating Plant."

Chairman William Mundell

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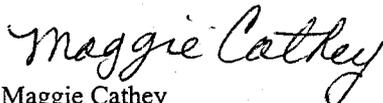
Last week the Gilbert Town Council was forced by the political situation that now exists to address a resolution presented by Mike Evans and the COST group to "oppose" the plant expansion. Mayor Dunham and I offered an alternate "modified" resolution that recommended "denial" if SRP does not address the issues presented by citizens. Unfortunately, two Councilmembers had to abstain because they both work for utility companies. Two other Councilmembers, Steve Urie and Larry Morrison were warned by Mayor-elect Steve Berman, Councilmember Mike Evans, and the COST group they were under threat of recall if they voted against the resolution. I believe both Councilmembers felt pressured by this threat, so the resolution passed 3-2 with Mayor Dunham and I voting against "opposing" the plant. Personally, I feel the Council should stay out of the process set by the Arizona Corporate Commission (ACC) to address the plant expansion. I would have preferred no resolution had been placed before us.

This resolution does not represent what the total Council really believes if (1) all councilmembers were able to vote, and (2) there were no threats and intimidation of recall. In any case, I truly believe most Gilbert citizens if given a chance to vote, would approve of the expansion. (This process really is the ACC's process.) There is wide support for the expansion. Business owners and many citizens have great concerns about future utility costs and the need for a REGIONAL SOLUTION to address electricity needs of Maricopa County. During this entire process, I have chosen not to testify at the siting hearings. I did not want to "politicize" your process. I still feel the same, yet felt I should at least write to you about my experience.

As an individual citizen, I feel the expansion will benefit the community and the region. I have confidence state and federal standards will keep the plant safe, and I have confidence the ACC will address all citizen concerns that are reasonable and attainable. I appreciate all that the commission does to assure we will not encounter the same problems that are occurring in California.

If there are further concerns about my comments, please feel free to contact me. Thank you for your considerations.

Sincerely,



Maggie Cathey  
Councilmember

MC:vs

Enclosure: Town of Gilbert's Statement of Position

## SALT RIVER PROJECT SANTAN GENERATING PLANT EXPANSION

Town of Gilbert, Arizona

July 17, 2000

Members of the Town Council are being asked for a position statement on the proposed expansion of the Santan Generating Plant. Although the Mayor and Town Council have not been involved in developing the information contained in this paper, we believe it accurately describes the feelings of the majority of the Council.

The Town of Gilbert has not sought nor encouraged the expansion of the Santan Plant, which was constructed in the early 1970's and subsequently annexed into the Town. There were no conditions to the annexation and no agreement between the Town and the Salt River Project regarding the Plant's operations. The Town Council has been advised that so long as the Salt River Project is exercising its governmental powers, the Town does not have the authority to approve or deny the expansion.

The Salt River Project has heightened concerns about maintaining reliable, uninterrupted power for a rapidly expanding customer base where individual usage is increasing even among existing customers. These concerns primarily relate to its ability to both generate and deliver electricity to meet peak demand which is growing at rate of over 200 megawatts per year. The addition of 825 MW to the existing Santan Plant will go far to address these needs and reduce the likelihood of brownouts, blackouts and rolling or rotating brownouts.

This presents a dilemma for utility providers and to municipal governments, including the Town of Gilbert.

The Town has many governmental responsibilities. It cannot carry out those responsibilities alone. In this age of electric deregulation, electric reliability is more important than ever, and in fact, electric reliability issues are at the forefront of public dialogue as electric deregulation is implemented. Providing sewage treatment, water treatment, police and fire services, picking up garbage, providing safe streets with traffic lights, and a myriad other daily operations of the Town cannot be performed without reliable electric providers such as Salt River Project and Arizona Public Service. The Town also recognizes its responsibility not to impede the operations of private entities such as hospitals in delivering critical services to Town residents. Those operations also require a reliable electric supply.

In addition to figuring out how to carry out its governmental functions on a daily basis, the Council must be concerned about unacceptable consequences if the Plant expansion does not take place. For example, there are concerns about air pollution and noise which would result if numerous businesses decide to install back up generators as a hedge against a possibly unreliable electric system. Costly measures (paid for by both the public and private sectors) would have to be taken to protect sensitive electronic equipment. Or the alternative to generation – large transmission lines and poles running through Town – would be built.

The Town Council cannot and has not ignored the concerns expressed by some neighbors of the Santan Generating Plant. The impact on neighborhoods of any decision the Council makes has always been of the utmost concern to this Council. But as a Council representing the entire Town, the Gilbert Town Council must also consider the Town as a whole, its needs, the alternatives which individuals and businesses might pursue if a reliable electric supply is not available, the consequences for the Town in carrying out its governmental functions if an expanded supply is not constructed, and the regulatory role played by other governmental entities.

As for the Town's role, it has a public health, safety and welfare interest in assuring that the impacts of the Plant expansion on public infrastructure are mitigated by the Salt River Project. To this end, a Community Working Group was created to address public infrastructure, screening, street improvements, expansion of the trail system, vegetation and similar issues. The result was an Intergovernmental Agreement entered into between the Town and the Salt River Project setting forth steps the Salt River Project will take to address those issues.

In addition to the Town, other jurisdictional entities play a role. The expansion of an electric generating plant involves a determination of need by the Salt River Project governing board. Salt River Project's elected board functions much as the Town Council does.

Many permits and approvals must be obtained. The Environmental Protection Agency must authorize a NPDES permit, which requires an environmental review. The Arizona Corporation Commission is involved with siting issues. The Maricopa County Health Department has the responsibility and jurisdiction to enforce federal and state air quality standards. (The Salt River Project is required to reduce air pollution in the valley and at the Plant. Therefore, overall, the expanded Plant will generate less volume of air pollution than the existing Plant.) The Western Systems Coordinating Council (a regional electric reliability council) must be informed and electric transmission impacts must be evaluated and coordinated with other electric systems. The Town expects these regulatory agencies to responsibly and to effectively carry out their respective roles and to ensure compliance with the law. If they fail to do so, the Town would consider initiating legal action to ensure compliance.

The Town Council believes the concerns of the Town for infrastructure and mitigation of impacts on surrounding areas has been addressed by the Intergovernmental Agreement between the Town and the Salt River Project. Other jurisdictions must appropriately address their areas of concern. There is a serious power shortage which we can not ignore. The Town Council believes it is not in the best interest of the Town and its residents for the Town Council to try to interfere with the jurisdiction of other governmental entities in the regulation and oversight of the construction of the additional capacity at the Santan Generating Plant.

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*Prepared by Susan Goodwin, Town General Counsel, and Kent Cooper, Town Manager*