

ORIGINAL
OPEN MEETING



MEMORANDUM RECEIVED

Arizona Corporation Commission

DOCKETED

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JAN 19 2011

DOCKET CONTROL

TO: THE COMMISSION

FROM: Utilities Division

DATE: January 19, 2011

DOCKETED BY [Signature]

RE: GILA BEND POWER PARTNERS, L.L.C. – APPLICATION FOR EXTENSION OF CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY (DOCKET NO. L-00000V-02-0119)

On January 7, 2011, Gila Bend Power Partners, L.L.C. (“GBPP”) submitted an application for extension of three Certificates of Environmental Compatibility (“CEC”), a Request for Expedited Treatment, and to the extent necessary, interim extensions. Specifically, GBPP requested that the three CECs be extended to February 7, 2018.

In Case No. 106 (Docket No. L-00000V-00-0106), the Arizona Corporation Commission (“Commission”) granted a CEC for the construction by GBPP of a natural gas-fired, combined cycle generating plant, switchyard, and related facilities in the Town of Gila Bend in Maricopa County in Decision No. 63552 (April 12, 2001). The Commission later extended the GBPP authorization to construct the Gila Bend Power Plant in Decision No. 69177 (December 5, 2006). The authorization to construct the power plant will expire on February 7, 2011, unless the Commission extends the time limitation as permitted by Decision No. 69177.

In Case No. 109 (Docket No. L-00000V-01-0109), the Commission authorized the construction of a 500 kV Watermelon Switchyard, a 500 kV transmission line from the Gila Bend Power Plant to the Watermelon Switchyard, and a 500 kV interconnection at the Watermelon Switchyard. In Decision No. 63762 (June 12, 2001), the Commission granted GBPP a CEC for these facilities. The Commission granted an extension of GBPP’s authorization to construct the facilities in Decision No. 69177. That extended authorization will expire on April 11, 2011, unless the Commission extends the time limit as permitted by Decision No. 69177.

In Case No. 119 (Docket No. L-00000V-02-0119), GBPP applied for authorization to construct a 500 kV transmission line from the Hassayampa Switchyard to the Jojoba Switchyard and associated switchyard components, to complete the interconnection of GBPP’s Gila Bend Power Plant to the Palo Verde Hub (“Project”). In Decision No. 65866 (April 25, 2003), the Commission approved a CEC for the transmission line. An extension of the CEC was approved by the Commission in Decision No. 70323 (April 29, 2008). The authorization for GBPP to construct the facilities will expire on April 11, 2011, unless the Commission extends the time limitation as permitted by Decision No. 70323.

In the instant Application, GBPP refers to the Commission Decisions in Cases 106, 109, and 119, collectively as "GBPP CECs". GBPP contends that the application should be approved because the need for the new generation has been delayed by the recession. GBPP further argues that the application should be approved because GBPP is still firmly committed to the Project. Finally, GBPP argues that the Project will provide benefits to the regional transmission system and to renewable generators in the state. GBPP contends that the Commission's finding of need for the Gila Bend Power Plant in Decision No. 69177 is still valid.

GBPP points out that it has already invested more than \$19 million in the Project and continues to invest. GBPP recently paid over \$50,000 in rent for a BLM right of way for 2011.

GBPP argues that the increased transmission capacity resulting from the Project will be a benefit to other generation providers. GBPP specifically mentions the benefit to renewable generators located in and around Gila Bend.

Staff has reviewed the application of GBPP and the previously approved CECs and CEC extensions.

Staff agrees with GBPP that although, in the short run, the need for the GBPP has been delayed by the recession, that need will be confirmed as new growth appears with the end of the recession.

Staff believes that GBPP, through its expenditures and continuing efforts, has demonstrated that it is committed to completion of all aspects of the Project.

Finally, Staff concurs with GBPP that the project will provide benefits to the regional transmission system in general and to renewable generators in particular. Most of the renewable projects proposed for the Gila Bend area are solar projects. The Gila Bend/Palo Verde area was identified as a Solar Resource Area in the Commission's Sixth Biennial Transmission Assessment 2010-2019. Most solar projects only produce electricity during daylight hours. However, a few projects have included thermal storage that will extend their electricity production into the evening hours. The Gila Bend power plant will complement the proposed solar plants and will provide a back-up source of power from the Gila Bend area during hours of darkness.

Staff recommends approval of the GBPP request for an extension of the GBPP CECs authorization to construct the Project until February 7, 2018.

However, Staff notes that GBPP waited until January 7, 2011, to file an extension request for a CEC (for Case No. 106) that expires on February 7, 2011, and asked for expedited treatment. Staff is concerned that GBPP waited to request an extension until so close to the expiration of the CECs. The late timing of the application places an unnecessary burden on Staff to be responsive to the needs of GBPP while providing a thorough analysis of the application. Although Staff has taken steps to accommodate GBPP's request, it does so at the expense of

other applicants who have responsibly prepared and timely submitted their applications. Staff recommends that the Commission place a requirement on the extension that requires GBPP, if in 2018 it desires another extension, to file such an extension at least 120 days prior to the deadline determined in this proceeding.

In addition, Staff recommends that the following language be included in the Order approving extension of the deadline date:

Decision No. 63552:

“This authorization to site and construct the Gila Bend Power Plant shall expire on February 7, 2018. However, before such expiration, Applicant or any assignee of Applicant may request that the Commission further extend this time limitation, provided that the Gila Bend Power Plant has been substantially constructed as of the time of such extension request. The Commission will determine what “substantial construction” is, at the time of Applicant’s filing for time extension. In determining whether the facilities have been substantially constructed, the Commission shall include consideration of the status of the Gila Bend Power Plant financing and physical site construction.”

Decision No. 63672:

“This authorization to site and construct the 500 kV Watermelon Switchyard, a 500 kV transmission line from the Gila Bend Power Plant to the Watermelon Switchyard, and a 500 kV interconnection at the Watermelon Switchyard shall expire on February 7, 2018. However, before such expiration, Applicant or any assignee of Applicant may request that the Commission further extend this time limitation, provided that the subject GBPP facilities have been substantially constructed as of the time of such extension request. The Commission will determine what “substantial construction” is, at the time of Applicant’s filing for time extension. In determining whether the facilities have been substantially constructed, the Commission shall include consideration of the status of the subject GBPP facilities financing and physical site construction.”

Decision No. 65866:

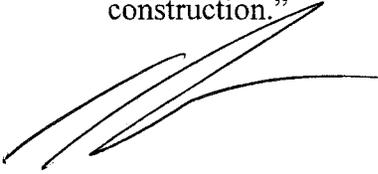
“This authorization to site and construct a 500 kV transmission line from the Hassayampa Switchyard to the Jojoba Switchyard and associated switchyard components shall expire on February 7, 2018. However, before such expiration, Applicant or any assignee of Applicant may request that the Commission further extend this time limitation, provided that the subject GBPP Facilities have been substantially constructed as of the time of such extension request. The Commission will determine what “substantial

THE COMMISSION

January 19, 2011

Page 4

construction” is, at the time of Applicant’s filing for time extension. In determining whether the facilities have been substantially constructed, the Commission shall include consideration of the status of the subject GBPP facilities financing and physical site construction.”



Steven M. Olea
Director
Utilities Division

SMO:RTW:lhм\CH

ORIGINATOR: Ray T. Williamson

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BEFORE THE ARIZONA CORPORATION COMMISSION

GARY PIERCE
Chairman

BOB STUMP
Commissioner

SANDRA D. KENNEDY
Commissioner

PAUL NEWMAN
Commissioner

BRENDA BURNS
Commissioner

IN THE MATTER OF THE APPLICATION)
OF GILA BEND POWER PARTNERS,)
L.L.C. AND ITS ASSIGNEES IN)
CONFORMANCE WITH THE)
REQUIREMENTS OF ARIZONA REVISED)
STATUTES SECTIONS 40-360.03 AND 40-)
360.06 FOR A CERTIFICATE OF)
ENVIRONMENTAL COMPATIBILITY)
AUTHORIZING CONSTRUCTION OF ONE)
500kV TRANSMISSION LINE AND)
ASSOCIATED SWITCHYARD)
COMPONENTS IN MARICOPA COUNTY,)
ARIZONA ORIGINATING AT THE)
HASSAYAMPA SWITCHYARD NEAR)
THE PALO VERDE NUCLEAR)
GENERATING STATION WEST OF)
PHOENIX, ARIZONA (SECTION 15,)
TOWNSHIP 1 SOUTH, RANGE 6 WEST,)
G&SRB&M) AND TERMINATING AT THE)
JOJOBA SWITCHYARD, SECTION 25,)
TOWNSHIP 2 SOUTH, RANGE 4 WEST, A)
DISTANCE OF APPROXIMATELY 20)
MILES)

DOCKET NO. L-00000V-02-0119-00000
CASE NO. 119
ORDER MODIFYING
DECISION NO. 65866
DECISION NO. _____
ORDER

Open Meeting
February 1 and 2, 2011
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On January 7, 2011, Gila Bend Power Partners, L.L.C. ("GBPP") submitted an application for extension of three Certificates of Environmental Compatibility ("CEC"), a Request for Expedited Treatment, and to the extent necessary, interim extensions. Specifically, GBPP requested that the three CEC's be extended to February 7, 2018.

1 2. In Case No. 106 (Docket No. L-00000V-00-0106), the Arizona Corporation
2 Commission (“Commission”) granted a CEC for the construction by GBPP of a natural gas-fired,
3 combined cycle generating plant, switchyard, and related facilities in the Town of Gila Bend in
4 Maricopa County in Decision No. 63552 (April 12, 2001). The Commission later extended the
5 GBPP authorization to construct the Gila Bend Power Plant in Decision No. 69177 (December 5,
6 2006). The authorization to construct the power plant will expire on February 7, 2011, unless the
7 Commission extends the time limitation as permitted by Decision No. 69177.

8 3. In Case No. 109 (Docket No. L-00000V-01-0109), the Commission authorized the
9 construction of a 500 kV Watermelon Switchyard, a 500 kV transmission line from the Gila Bend
10 Power Plant to the Watermelon Switchyard, and a 500 kV interconnection at the Watermelon
11 Switchyard. In Decision No. 63762 (June 12, 2001), the Commission granted GBPP a CEC for
12 these facilities. The Commission granted an extension of GBPP’s authorization to construct the
13 facilities in Decision No. 69177. That extended authorization will expire on April 11, 2011, unless
14 the Commission extends the time limit as permitted by Decision No. 69177.

15 4. In Case No. 119 (Docket No. L-00000V-02-0119), GBPP applied for authorization
16 to construct a 500 kV transmission line from the Hassayampa Switchyard to the Jojoba Switchyard
17 and associated switchyard components, to complete the interconnection of GBPP’s Gila Bend
18 Power Plant to the Palo Verde Hub (“Project”). In Decision No. 65866 (April 25, 2003), the
19 Commission approved a CEC for the transmission line. An extension of the CEC was approved by
20 the Commission in Decision No. 70323 (April 29, 2008). The authorization for GBPP to construct
21 the facilities will expire on April 11, 2011, unless the Commission extends the time limitation as
22 permitted by Decision No. 70323.

23 5. In the instant Application, GBPP refers to the Commission Decisions in Cases 106,
24 109, and 119, collectively as “GBPP CECs”. GBPP contends that the application should be
25 approved because the need for the new generation has been delayed by the recession. GBPP
26 further argues that the application should be approved because GBPP is still firmly committed to
27 the Project. Finally, GBPP argues that the Project will provide benefits to the regional
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1 transmission system and to renewable generators in the state. GBPP contends that the
2 Commission's finding of need for the Gila Bend Power Plant in Decision No. 69177 is still valid.

3 6. GBPP points out that it has already invested more than \$19 million in the Project
4 and continues to invest. GBPP recently paid over \$50,000 in rent for a BLM right of way for
5 2011.

6 7. GBPP argues that the increased transmission capacity resulting from the Project
7 will be a benefit to other generation providers. GBPP specifically mentions the benefit to
8 renewable generators located in and around Gila Bend.

9 8. Staff has reviewed the application of GBPP and the previously approved CECs and
10 CEC extensions.

11 9. Staff agrees with GBPP that although, in the short run, the need for the GBPP has
12 been delayed by the recession, that need will be confirmed as new growth appears with the end of
13 the recession.

14 10. Staff believes that GBPP, through its expenditures and continuing efforts, has
15 demonstrated that it is committed to completion of all aspects of the Project.

16 11. Finally, Staff concurs with GBPP that the project will provide benefits to the
17 regional transmission system in general and to renewable generators in particular. Most of the
18 renewable projects proposed for the Gila Bend area are solar projects. The Gila Bend/Palo Verde
19 area was identified as a Solar Resource Area in the Commission's Sixth Biennial Transmission
20 Assessment 2010-2019. Most solar projects only produce electricity during daylight hours.
21 However, a few projects have included thermal storage that will extend their electricity production
22 into the evening hours. The Gila Bend power plant will complement the proposed solar plants and
23 will provide a back-up source of power from the Gila Bend area during hours of darkness.

24 12. Staff recommends approval of the GBPP request for an extension of the GBPP
25 CECs authorization to construct the Project until February 7, 2018.

26 13. Although the CEC for Case No. 119 does not expire until April 11, 2011, Staff
27 notes that GBPP waited until January 7, 2011, to file an extension request for all three GBPP
28 CECs (one of which, Case No. 106, expires on February 7, 2011) and asked for expedited

1 treatment. Staff is concerned that GBPP waited to request an extension until so close to the
2 expiration of the CECs. The late timing of the application places an unnecessary burden on Staff
3 to be responsive to the needs of GBPP while providing a thorough analysis of the application.
4 Although Staff has taken steps to accommodate GBPP's request, it does so at the expense of other
5 applicants who have responsibly prepared and timely submitted their applications. Staff
6 recommends that the Commission place a requirement on the extension that requires GBPP, if in
7 2018 it desires another extension, to file such an extension at least 120 days prior to the deadline
8 determined in this proceeding.

9 14. In addition, Staff recommends that the following language modifying Condition
10 No. 1 of the CEC for Case 119 be included in the Order approving extension of the deadline date:

11 "This authorization to site and construct a 500 kV transmission line
12 from the Hassayampa Switchyard to the Jojoba Switchyard and
13 associated switchyard components shall expire on February 7, 2018.
14 However, before such expiration, Applicant or any assignee of
15 Applicant may request that the Commission further extend this time
16 limitation, provided that the subject GBPP facilities have been
17 substantially constructed as of the time of such extension request.
18 The Commission will determine what "substantial construction" is,
19 at the time of Applicant's filing for time extension. In determining
20 whether the facilities have been substantially constructed, the
21 Commission shall include consideration of the status of the GBPP
22 Transmission and Switchyard facilities financing and physical site
23 construction."

19 CONCLUSIONS OF LAW

20 1. The Commission has jurisdiction over Gila Bend Power Partners, LLC and the
21 subject matter contained herein pursuant to Article XV of the Arizona Constitution and A.R.S. §§
22 40-252 and 40-360, *et seq.*

23 2. Notice of the proceeding has been given in the manner prescribed by law.

24 3. The Commission, having reviewed and considered Gila Bend Power Partners,
25 LLC's application to extend time, concludes that it is in the public interest to adopt Staff's
26 proposed revision to Condition No. 1 of the Certificate of Environmental Compatibility as set forth
27 in Finding of Fact No. 14 and to modify Decision No. 65866, as modified by Decision No. 70323,
28 accordingly.

ORDER

IT IS THEREFORE ORDERED that Decision No. 65866, as modified by Decision No. 70323, is hereby modified to revise Condition No. 1 of the Certificate of Environmental Compatibility to state the following:

“This authorization to site and construct a 500 kV transmission line from the Hassayampa Switchyard to the Jojoba Switchyard and associated switchyard components shall expire on February 7, 2018. However, before such expiration, Applicant or any assignee of Applicant may request that the Commission further extend this time limitation, provided that the GBPP Transmission Facilities have been substantially constructed as of the time of such extension request. The Commission will determine what “substantial construction” is, at the time of Applicant’s filing for time extension. In determining whether the facilities have been substantially constructed, the Commission shall include consideration of the status of the GBPP Transmission and Switchyard facilities financing and physical site construction.”

IT IS FURTHER ORDERED that any future requests to extend the Certificate of Environmental Compatibility shall be made at least 120 days prior to the expiration of the Certificate of Environmental Compatibility.

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1 IT IS FURTHER ORDERED that all other provisions of Decision No. 65866, as modified
2 by Decision No. 70323, remain in full force and effect.

3 IT IS FURTHER ORDERED that this Decision become effective immediately.

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BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

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CHAIRMAN

COMMISSIONER

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COMMISSIONER

COMMISSIONER

COMMISSIONER

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IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
Executive Director of the Arizona Corporation Commission,
have hereunto, set my hand and caused the official seal of
this Commission to be affixed at the Capitol, in the City of
Phoenix, this _____ day of _____, 2011.

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ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

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DISSENT: _____

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DISSENT: _____

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SMO:RTW:lhm\CH

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1 SERVICE LIST FOR: Gila Bend Power Partners, LLC
2 DOCKET NO. L-00000V-02-0119-00000

3 Mr. John Foreman
4 Chairman
5 Arizona Power Plant and Transmission
6 Line Sitting Committee
7 Office of Attorney General
8 1275 West Washington Street
9 Phoenix, Arizona 85007

10 Mr. Thomas H. Campbell
11 Mr. Albert H. Acken
12 Mr. Matthew G. Bingham
13 Lewis & Roca LLP
14 40 North Central Avenue
15 Phoenix, Arizona 85004
16 Attorneys for Gila Bend Power Partners, LLC

17 Mr. Steven M. Olea
18 Director, Utilities Division
19 Arizona Corporation Commission
20 1200 West Washington Street
21 Phoenix, Arizona 85007

22 Ms. Janice M. Alward
23 Chief Counsel, Legal Division
24 Arizona Corporation Commission
25 1200 West Washington Street
26 Phoenix, Arizona 85007

27
28