

EXHIBIT E

**Certificate of Environmental Compatibility
for the Ocotillo Project**



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

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IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY, IN CONFORMANCE WITH THE REQUIREMENTS OF ARIZONA REVISED STATUTES 40-360 ET SEQ., FOR A CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY AUTHORIZING THE OCOTILLO MODERNIZATION PROJECT, WHICH INCLUDES THE INSTALLATION OF FIVE 102 MW GAS TURBINES AND THE CONSTRUCTION OF TWO 230-KILOVOLT GENERATION INTERCONNECTIONS AND OTHER ANCILLARY FACILITIES, ALL LOCATED WITHIN THE BOUNDS OF THE EXISTING OCOTILLO POWER PLANT SITUATED ON PROPERTY OWNED BY ARIZONA PUBLIC SERVICE COMPANY AND LOCATED AT 1500 EAST UNIVERSITY DRIVE, TEMPE, ARIZONA, IN MARICOPA COUNTY.

DOCKET NO. L-00000D-14-0292-00169
Case No. 169

ORIGINAL

CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY

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CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY

Pursuant to notice given as provided by law, the Arizona Power Plant and Transmission Line Siting Committee (the "Committee") held public hearings on September 16, 17 and 18, 2014, in Tempe, Arizona, in conformance with the requirements of Arizona Revised Statutes ("A.R.S.") §§ 40-360, *et seq.*, for the purpose of receiving evidence and deliberating on the Application of Arizona Public Service Company ("Applicant") for a Certificate of Environmental Compatibility ("Certificate") in the above-captioned case (the "Project").

The following members and designees of members of the Committee were present at one or more of the hearings for the evidentiary presentations and/or for the deliberations:

Arizona Corporation Commission

DOCKETED

SEP 19 2014

DOCKETED BY

1	John Foreman	Chairman, Designee for Arizona Attorney General Tom Horne
2		
3	Steve Olea	Designee of the Chairman, Arizona Corporation Commission
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5	Trevor Baggiore	Designee for Director, Arizona Department of Environmental Quality
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7	Jack Haenichen	Designee for Director, Arizona Governor's Energy Policy Office
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9	Lisa Williams	Designee for Director, Arizona Department of Water Resources
10		
11	Patricia A. Noland	Appointed Member
12		
13	David L. Eberhart	Appointed Member

14 Applicant was represented by Thomas H. Campbell of Lewis Roca Rothgerber
15 LLC and Melissa M. Krueger and Linda J. Benally of Arizona Public Service Company.
16 The Residential Utility Consumer Office (RUCO) properly intervened pursuant to
17 A.R.S. § 40-360.05(A)(2). Gila River Power, LLP requested to intervene as a party and
18 the request was unanimously granted by the Committee pursuant to A.R.S. § 40-
19 360.05(A)(4).

20 At the conclusion of the hearing, the Committee, after considering the
21 Application, the appearances of Applicant and all intervenors, the evidence, testimony
22 and exhibits presented by Applicant and all intervenors, and the comments of the public,
23 and being advised of the legal requirements of A.R.S. §§ 40-360 to 40-360.13, upon
24 motion duly made and seconded, voted 6 to 0 with one abstention in favor of granting
25 Applicant this Certificate (Case No. 169) for construction of the Project.

26 The Project consists of the installation of additional generation comprised of five
27 net 102 MW gas turbines (nominal), including two 230-kilovolt generation
28 interconnections and other ancillary facilities. The Project will be located entirely

1 within the bounds of the existing Ocotillo Power Plant, which is owned and operated by
2 Applicant and located at 1500 East University Drive, Tempe, Arizona, in Maricopa
3 County. A general location map of the Project is set forth in Exhibit A, attached hereto.

4 **CONDITIONS**

5 This Certificate is granted upon the following conditions:

6 1. This authorization to construct the Project, as described in the Application,
7 shall expire five (5) years from the date this Certificate is approved by the Arizona
8 Corporation Commission (“Commission”). Construction of the Project shall be
9 complete, such that the Project is operable and connected to the grid within this five-
10 year time frame. However, prior to expiration, Applicant may request that the
11 Commission extend this time limitation.

12 2. Applicant shall comply with all existing applicable air and water pollution
13 control standards and regulations, and with all existing applicable statutes, ordinances,
14 master plans, and regulations of the United States, the State of Arizona, the County of
15 Maricopa, the City of Tempe, and any other governmental entities having jurisdiction,
16 and their agencies or subdivisions, including but not limited to the following:

17 2.1 All applicable land use regulations;

18 2.2 All applicable zoning stipulations and conditions, including but not
19 limited to landscaping and dust control requirements;

20 2.3 All applicable water use, discharge and/or disposal requirements of
21 the Arizona Department of Water Resources (“ADWR”) and the
22 Arizona Department of Environmental Quality (“ADEQ”);

23 2.4 All applicable noise control standards including applicable City of
24 Tempe noise standards and OSHA worker safety noise standards;
25 and

26 2.5 All applicable regulations governing storage and handling of
27 hazardous chemicals and petroleum products.
28

1 3. Applicant shall obtain all approvals and permits, including the Class I Air
2 Permit, required by the United States, the State of Arizona, the County of Maricopa, and
3 any other governmental entities having jurisdiction necessary to construct the Project.

4 4. Any transfer or assignment of this Certificate shall require the assignee or
5 successor to assume all responsibilities of the Applicant listed in this Certificate and its
6 conditions in writing as required by A.R.S. § 40-360.08(A) and R14-3-213(F) of the
7 Arizona Administrative Code.

8 5. If human remains and/or funerary objects are encountered on private land
9 during the course of any ground-disturbing activities related to the construction of the
10 Project, Applicant shall cease work on the affected area of the Project and notify the
11 Director of the Arizona State Museum as required by A.R.S. § 41-865.

12 6. Applicant, after consultation with the State Historic Preservation Office
13 and applicable Native American Tribes, will arrange for a qualified archaeologist to
14 implement further pre-construction archaeological testing and to monitor all ground
15 clearing and disturbing construction activities that may affect historical or cultural sites
16 that are listed, or eligible for listing, on the Arizona Register of Historic Places. In the
17 event a listed or listing-eligible site is discovered, the Applicant will ensure that
18 approved mitigation measures are implemented according to a treatment plan developed
19 in consultation with the State Historic Preservation Office. Applicant shall share results
20 of any archaeological work and findings with the appropriate Native American tribes.

21 7. Applicant shall comply with the notice and salvage requirements of the
22 Arizona Native Plant Law (A.R.S. §§ 3-901, *et seq.*) and shall, to the extent feasible,
23 minimize the destruction of protected native plants during construction of the Project.

24 8. In the event that the Project requires an extension of the term of this
25 Certificate prior to completion of construction, the Applicant shall use reasonable means
26 to notify all landowners and residents within a half-mile radius of the Project, all persons
27 who made public comment at this proceeding who provided a mailing address, and all
28 parties to this proceeding of the request and the date, time and place of the hearing

1 during which the Commission will consider the request for extension.

2 9. Applicant shall make every reasonable effort to identify and correct, on a
3 case-specific basis, all complaints of interference with radio or television signals from
4 operation of the gas turbines and related facilities addressed in this Certificate.
5 Applicant shall maintain written records for a period of five (5) years of all complaints
6 of radio or television interference attributable to operation, together with the corrective
7 action taken in response to each complaint. All complaints shall be recorded to include
8 notations on the corrective action taken. Complaints not leading to a specific action or
9 for which there was no resolution shall be noted and explained. Upon request, the
10 written records shall be provided to Staff of the Commission.

11 10. Applicant, or its assignee(s), shall design the Project to incorporate
12 reasonable measures to minimize impacts to raptors.

13 11. Applicant or its assignee(s), shall use non-specular conductors and non-
14 reflective surfaces for the Project's transmission line structures.

15 12. Applicant shall provide copies of this Certificate to all affected
16 governmental entities such as the City of Tempe, the City of Phoenix, the City of Mesa,
17 the City of Scottsdale, Arizona State University, the Salt River Pima-Maricopa Indian
18 Community, and Maricopa County. Additionally, Applicant shall also provide copies of
19 this Certificate to the Arizona State Historic Preservation Office, and the Arizona Game
20 and Fish Department.

21 13. Before construction commences on the Project, Applicant shall provide
22 known homebuilders and developers who are building upon or developing land within a
23 half-mile of the Project with a written description of the Project. The written description
24 shall identify the location of the Project and contain a pictorial depiction of the Project.
25 Applicant shall also encourage the developers and homebuilders to include this
26 information in their disclosure statements.

27 14. Applicant will follow the most current Western Electricity Coordinating
28 Council/North American Electric Reliability Corporation planning standards, as

1 approved by the Federal Energy Regulatory Commission, and National Electrical Safety
2 Code construction standards.

3 15. Applicant shall submit a compliance-certification letter annually,
4 identifying progress made with respect to each condition contained in the Certificate,
5 including which conditions have been met. Each letter shall be submitted to the Arizona
6 Corporation Commission Docket Control commencing on December 1, 2015. Attached
7 to each certification letter shall be documentation explaining how compliance with each
8 condition was achieved. Copies of each letter, along with the corresponding
9 documentation, shall be submitted to the Arizona Attorney General and the Governor's
10 Office of Energy Policy. The requirement for the compliance certification letter shall
11 expire on the date the Project is placed into operation.

12 16. When Project facilities are located parallel to and within 100 feet of any
13 existing natural gas or hazardous pipeline, Applicant shall:

14 16.1 Ensure grounding and cathodic protection measurements are
15 performed to show that the Project's location parallel to and within
16 100 feet of such pipeline results in no material adverse impacts to
17 the pipeline or to public safety when both the pipeline and the
18 Project are in operation. Applicant shall take appropriate steps to
19 ensure that any material adverse impacts are mitigated. Applicant
20 shall provide to Commission Staff and file with Docket Control a
21 copy of the measurements performed and additional mitigation, if
22 any, that was implemented as part of its annual compliance-
23 certification letter; and

24 16.2 Ensure that measurements are taken during an outage simulation of
25 the Project that may be caused by the collocation of the Project
26 parallel to and within 100 feet of the existing natural gas or
27 hazardous liquid pipeline. The measurements should either: i)
28 show that such simulated outage does not result in customer

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outages; or ii) include operating plans to minimize any resulting customer outages. Applicant shall provide a copy of the measurement results to Commission Staff and file it with Docket Control as part of its annual compliance-certification letter.

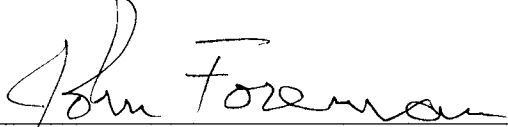
FINDINGS OF FACT AND CONCLUSIONS OF LAW

This Certificate incorporates the following findings of fact and conclusions of law:

1. The Project aids the state in meeting the need for an adequate, economical and reliable supply of electric power.
2. The conditions placed on the Project in the Certificate by the Committee effectively minimize the impact of the Project on the environment and ecology of the state.
3. The Project is in the public interest because the Project's contribution to meeting the need for an adequate, economical and reliable supply of electric power outweighs the minimized impact of the Project on the environment and the ecology of the state.
4. This Certificate is not a determination of prudence for rate making purposes.

DATED this 19th day of September, 2014.

THE ARIZONA POWER PLANT AND
TRANSMISSION LINE SITING COMMITTEE



Hon. John Foreman, Chairman

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Exhibit A
to
Certificate of Environmental Compatibility
for
Ocotillo Modernization Project
Case No. 169

Project General Location Map

