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BEFORE THE ARIZONA CORPORATION COMMISSION

**COMMISSIONERS**

TOM FORESE - Chairman  
BOB BURNS  
ANDY TOBIN  
BOYD W. DUNN  
JUSTIN OLSON

IN THE MATTER OF THE APPLICATION  
OF TUCSON ELECTRIC POWER  
COMPANY ("TEP"), IN CONFORMANCE  
WITH THE REQUIREMENTS OF ARIZONA  
REVISED STATUTES §§ 40-360, ET SEQ.,  
FOR CERTIFICATES OF  
ENVIRONMENTAL COMPATIBILITY  
AUTHORIZING THE CONSTRUCTION OF  
THE RECIPROCATING INTERNAL  
COMBUSTION ENGINE GENERATION  
PROJECT AND THE IRVINGTON 138KV  
TRANSMISSION LINE RELOCATION  
PROJECT, INCLUDING THE  
INSTALLATION OF TEN (10) MODULAR  
APPROXIMATELY 20 MW  
RECIPROCATING INTERNAL  
COMBUSTION ENGINE GENERATORS  
AND CONSTRUCTION OF  
APPROXIMATELY 2.2 MILES OF NEW  
138KV TRANSMISSION LINES LOCATED  
WITHIN TEP'S IRVINGTON CAMPUS,  
SECTION 3, TOWNSHIP 15 SOUTH, RANGE  
14 EAST, PIMA COUNTY, ARIZONA.

**CASE NO. 00177**

**DOCKET NO. L-00000C-17-0365-00177**

**DECISION NO. 76638**

**(RICE Generation Plant)**

Arizona Corporation Commission

**DOCKETED**

**MAR 29 2018**

DOCKETED BY  
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Open Meeting  
March 13, 2018  
Phoenix, Arizona

**BY THE COMMISSION:**

Pursuant to A.R.S. § 40-360, *et seq.*, after due consideration of all relevant matters, the Arizona Corporation Commission ("Commission") finds and concludes that the Certificate of Environmental Compatibility ("CEC") issued by the Arizona Power Plant and Transmission Line Siting Committee ("Siting Committee") is hereby approved as granted by this Order.

1       The Commission, in reaching its decision, has balanced all relevant matters in the broad  
2 public interest, including the need for an adequate, economical and reliable supply of electric power  
3 with the desire to minimize the effect thereof on the environment and ecology of this state, and finds  
4 that granting the Project a CEC is in the public interest.

5       The Commission further finds and concludes that in balancing the broad public interest in this  
6 matter:

- 7       1.     The Project is in the public interest because it aids the state in meeting the need for an  
8             adequate, economical, and reliable supply of electric power.
- 9       2.     In balancing the need for the Project with its effect on the environment and ecology of  
10            the state, the conditions placed on the CEC effectively minimize its impact on the  
11            environment and ecology of the state.
- 12       3.     The conditions placed on the CEC resolve matters concerning the need for the Project  
13            and its impact on the environment and ecology of the state raised during the course of  
14            proceedings, and as such, serve as the findings on the matters raised.
- 15       4.     In light of these conditions, the balancing in the broad public interest results in favor  
16            of granting the CEC.

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THE CEC ISSUED BY THE SITING COMMITTEE IS  
INCORPORATED HEREIN AND IS APPROVED BY ORDER OF THE  
ARIZONA CORPORATION COMMISSION

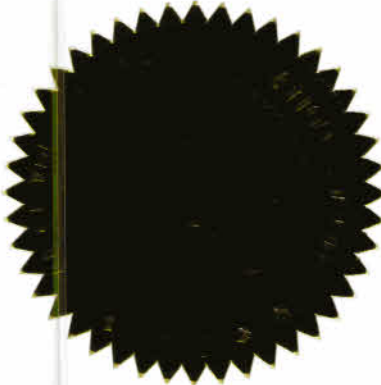
  
CHAIRMAN FORESE

  
COMMISSIONER DUNN

  
COMMISSIONER TOBIN

  
COMMISSIONER OLSON

  
COMMISSIONER BURNS



IN WITNESS WHEREOF, I, TED VOGT, 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 29<sup>TH</sup> day of MARCH, 2018.

  
TED VOGT  
EXECUTIVE DIRECTOR

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

1 SERVICE LIST FOR: TUCSON ELECTRIC POWER COMPANY  
 2 DOCKET NO.: L-00000C-17-0365-00177

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

In the matter of the Application of Tucson Electric Power Company ("TEP"), in conformance with the requirements of Arizona Revised Statutes § 40-360, et seq., for Certificates of Environmental Compatibility authorizing the construction of the Reciprocating Internal Combustion Engine Generation Project and the Irvington 138kV Transmission Line Relocation Project, including the installation of ten (10) modular approximately 20 MW reciprocating internal combustion engine generators and construction of approximately 2.2 miles of new 138kV transmission lines located within TEP's Irvington Campus, Section 3, Township 15 South, Range 14 East, Pima County, Arizona.

Docket No.  
L-00000C-17-0365-00177

Case No. 177

**CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY**

**A. Introduction**

Pursuant to notice given as provided by law, the Arizona Power Plant and Transmission Line Siting Committee ("Committee") held public hearings on January 17 through January 19, 2018, in Tucson, Arizona, in conformance with the requirements of the Arizona Revised Statutes ("A.R.S.") §§ 40-360 *et seq.* for the purpose of receiving evidence and deliberating on the December 8, 2018 Application of Tucson Electric Power ("TEP" or "Applicant") for Certificates of Environmental Compatibility ("Certificates") in the above-captioned case.

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The following members and designees of members of the Committee were present at one or more of the hearing days for the evidentiary presentations, public comment, and/or for the deliberations:

|                       |   |
|-----------------------|---|
| Thomas Chenal         | Chairman, Designee for Arizona Attorney General                         |
| Leonard Drago         | Designee for Director, Arizona Department of Environmental Quality      |
| John Riggins          | Designee for Director, Arizona Department of Water Resources            |
| Laurie A. Woodall     | Designee of the Chairman, Arizona Corporation Commission ("Commission") |
| Russell Jones         | Appointed Member, representing the general public                       |
| Jack Haenichen        | Appointed Member, representing the general public                       |
| James A. Palmer       | Appointed Member, representing agriculture                              |
| Gilberto Villegas Jr. | Appointed Member, representing the counties                             |

The Applicant was represented by J. Matthew Derstine, Snell & Wilmer, Marcus Jerden and Megan J. DeCorse of TEP.

At the conclusion of the hearings, the Committee, after considering the (i) Application, (ii) evidence, testimony, and exhibits presented by the Applicant and (iii) comments of the public, and being advised of the legal requirements of the A.R.S. §§ 40-360 through 40-360.13, upon motion duly made and seconded, voted 8 to 0 to grant TEP, its successors and assigns, this Certificate for construction of the Reciprocating Internal Combustion Engine Generation Project ("RICE Project") as described below.

#### **B. Overview of the RICE Project**

The RICE Project will be located in the City of Tucson, Pima County, and consists of ten (10) natural gas-powered RICE units capable of producing approximately 20 megawatts ("MWs") each, for a build-out total of 200 MW. Ten (10) stacks, approximately 160 feet tall, in two (2) clusters of five (5), will be arranged adjacent to the engine hall and services buildings

1 which house the units. The RICE Project will be located entirely within the bounds of the TEP  
2 Irvington Campus, which is owned by TEP. A general location map of the RICE Project is set  
3 forth in **Exhibit A**.

4 The purpose of the RICE Project is to provide TEP's system with fast start, fast ramping  
5 thermal resources with mechanical inertia. These resources will help balance grid operations,  
6 enhance renewable energy production, and increase system reliability and sustainability of  
7 electrical power for TEP customers. The increased use of renewable energy leads to greater  
8 intermittency of generation and greater ramping requirements of non-renewable energy  
9 resources. The RICE units will provide capacity and assist in mitigating renewable energy  
10 intermittency and variability as outlined in TEP's Integrated Resource Plan.

#### 11 **C. RICE Project Description**

12 The RICE Project is located on TEP's Irvington Campus, and the general placement of  
13 the RICE units is shown on **Exhibit A**. No land acquisition is required. Because this project is  
14 totally contained on TEP-controlled land, TEP does not contemplate granting a specific right-of-  
15 way to itself across its own property.

#### 16 **CONDITIONS**

17 This Certificate is granted upon the following conditions:

18 1. This authorization to construct the RICE Project shall expire seven (7) years from  
19 the date this Certificate is approved by the Arizona Corporation Commission, with or without  
20 modification. Construction of the RICE Project shall be complete, such that the RICE Project is  
21 in service within this seven-year timeframe. However, prior to the expiration of the time period,  
22 TEP may request that the Commission extend the time limitation.

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1           2.     During the development, construction, operation, maintenance and reclamation of  
2 the RICE Project, TEP shall comply with all existing applicable statutes, ordinances, master  
3 plans, and regulations of any governmental entity having jurisdiction, including, but not limited  
4 to, the United States of America, the State of Arizona, Pima County, the City of Tucson, and  
5 their agencies or subdivisions.

6           3.     TEP shall obtain all approvals and permits required by any government entity  
7 having jurisdiction including, but not limited to, the United States of America, the State of  
8 Arizona, Pima County, and the City of Tucson.

9           4.     TEP shall comply with the notice and salvage requirements of the Arizona Native  
10 Plant Law (A.R.S. §§ 3-901, *et seq.*) and shall, to the extent feasible, minimize the destruction of  
11 native plants during construction of the RICE Project.

12          5.     TEP shall comply with the Arizona Game and Fish Department ("AGFD")  
13 guidelines for handling protected animal species, should any be encountered during construction,  
14 and shall consult with AGFD as necessary on other issues concerning wildlife.

15          6.     TEP shall design the RICE Project to incorporate reasonable measures to  
16 minimize impacts to avian species.

17          7.     TEP shall make every reasonable effort to promptly investigate, on a case-specific  
18 basis, all complaints of interference with radio or television signals from operation of the RICE  
19 Project addressed in this Certificate and where such interference is caused by the RICE Project  
20 take reasonable measures to mitigate such interference. TEP shall maintain written records for a  
21 period of five (5) years of all complaints of radio or television interference attributable to  
22 operations, together with the corrective action taken in response to each complaint. All  
23 complaints shall be recorded to include notation on the corrective action taken. Complaints not  
24 leading to a specific action or for which there was no resolution shall be noted and explained.

1 Upon request, the written records shall be provided to the Staff of the Commission. TEP shall  
2 respond to complaints and implement appropriate mitigation measures.

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

7 9. Within one hundred twenty (120) days of the Commission's decision approving  
8 this Certificate, TEP shall post signs on the perimeter of TEP's Irvington Campus giving notice  
9 of the RICE Project to the extent authorized by law. Such signage shall be no smaller than a  
10 roadway sign. The signs shall advise:

- 11 a. That the site has been approved for the construction of the RICE  
12 Project facilities;
- 13 b. The expected date of completion of the RICE Project;
- 14 c. A phone number for public information regarding the RICE Project;
- 15 d. The name of the RICE Project;
- 16 e. TEP's name; and
- 17 f. The website for the RICE Project.

18 10. At least thirty (30) days, but not more than three hundred sixty-five (365) days  
19 before construction commences on the RICE Project, TEP shall provide cities and towns, within  
20 five (5) miles of the RICE Project, Pima County and known builders and developers who are  
21 building upon or developing land within one (1) mile of the RICE Project with a written  
22 description, including height and width measurements of all structure types, of the RICE Project.  
23 The written description shall identify the location of the RICE Project and contain a pictorial  
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1 depiction of the facilities. TEP shall also encourage the developers and builders to include this  
2 information in their disclosure statements.

3 11. TEP shall be responsible for arranging that all field personnel involved in the  
4 RICE Project receive training as to proper ingress, egress, and on-site working protocol for  
5 environmentally sensitive areas and activities. Contractors employing such field personnel shall  
6 maintain records documenting that the personnel have received such training.

7 12. TEP shall follow the most current Western Electricity Coordinating Council  
8 ("WECC") and North American Electric Reliability Corporation ("NERC") planning standards,  
9 as approved by the Federal Energy Regulatory Commission ("FERC"), and National Electrical  
10 Safety Code ("NESC") construction standards.

11 13. TEP shall submit a compliance certification letter annually, identifying progress  
12 made with respect to each condition contained in this Certificate, including which conditions  
13 have been met. Each letter shall be submitted to Commission's Docket Control commencing on  
14 April 1st, 2019. Attached to each certification letter shall be documentation explaining how  
15 compliance with each condition was achieved. Copies of each letter, along with the  
16 corresponding documentation, shall be submitted to the Arizona Attorney General and the  
17 Governor's Office. With respect to the RICE Project, the requirement for the compliance letter  
18 shall expire on the date the RICE Project is placed into operation. Notification of such filing with  
19 Docket Control shall be made to the Board of Supervisors for Pima County, the City of Tucson,  
20 all parties to this Docket, and all parties who made a limited appearance in this Docket.

21 14. TEP shall provide a copy of this Certificate to the Board of Supervisors for Pima  
22 County and the City of Tucson.

23 15. In the event that the RICE Project requires an extension of the term(s) of this  
24 Certificate prior to completion of construction, TEP shall file such a time extension request at

1 least one hundred eighty (180) days prior to the expiration date of the Certificate. TEP shall use  
2 reasonable means to promptly notify all cities and towns within five (5) miles of the RICE  
3 Project and all landowners and residents within a one (1) mile radius of the RICE Project, all  
4 persons who made public comment at this proceeding who provided a mailing or email address,  
5 and all parties to this proceeding of the request and the date, time, and place of the hearing or  
6 open meeting during which the Commission will consider the request for extension. Notification  
7 shall be no more than three (3) business days after TEP is made aware of the hearing date or the  
8 open meeting date.

9 16. Any transfer or assignment of this Certificate shall require the assignee or  
10 successor to assume in writing all responsibilities of TEP listed in this Certificate and its  
11 conditions as required by A.R.S. § 40-360.08(A) and R14-3-213(F) of the Arizona  
12 Administrative Code.

13 17. In the event TEP, its assignee, or successor, seeks to modify the Certificate terms  
14 at the Commission, it shall provide copies of such request to the Board of Supervisors for Pima  
15 County, the City of Tucson, all parties to this Docket, and all parties who made a limited  
16 appearance in this Docket.

17 18. The Certificate Conditions shall be binding on TEP's successors, assigns and  
18 transferees and any affiliates, agents, or lessees of TEP who have a contractual relationship with  
19 TEP concerning the construction, operation, maintenance or reclamation of the RICE Project.  
20 TEP shall provide in any agreement(s) or lease(s) pertaining to the RICE Project that the  
21 contracting parties and/or lessee(s) shall be responsible for compliance with the Conditions set  
22 forth herein, and TEP's responsibilities with respect to compliance with such Conditions shall  
23 not cease or be abated by reason of the fact that TEP is not in control of or responsible for  
24 operation and maintenance of the RICE Project facilities.

**FINDINGS OF FACT AND CONCLUSIONS OF LAW**

This Certificate incorporates the following Findings of Fact and Conclusions of Law:

1. The RICE Project aids the state and the southwest region in meeting the need for an adequate, economical, and reliable supply of electric power.

2. The RICE Project aids the state in preserving a safe and reliable electric transmission system.

3. During the course of the hearing, the Committee considered evidence on the environmental compatibility of the RICE Project as required by A.R.S. § 40-360 *et seq.*

4. The RICE Project and the conditions placed on the RICE Project in this Certificate effectively minimize the impact of the Project on the environment and ecology of the state.

5. The conditions placed on the RICE Project in this Certificate resolve matters concerning balancing the need for the Project with its impact on the environment and ecology of the state arising during the course of the proceedings, and, as such, serve as findings and conclusions on such matters.

6. The RICE Project is in the public interest because the RICE Project's contribution to meeting the need for an adequate, economical, and reliable supply of electric power outweighs the minimized impact of the RICE Project on the environment and ecology of the state.

DATED this 25<sup>th</sup> day of January, 2018.

THE ARIZONA POWER PLANT AND  
TRANSMISSION LINE SITING COMMITTEE

By: 

Thomas K. Chenal, Chairman

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**EXHIBIT A**

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## Exhibit A - RICE Project

