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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE	DOCKET NO. L-00000B-21-0393-00197
APPLICATION OF SALT RIVER)
PROJECT AGRICULTURAL)
IMPROVEMENT AND POWER)
DISTRICT, IN CONFORMANCE WITH)
THE REQUIREMENTS OF ARIZONA)
REVISED STATUTES, SECTIONS 40-)
360, ET SEO., FOR A CERTIFICATE OF)
ENVIRONMENTAL COMPATIBILITY)
AUTHORIZING THE EXPANSION OF	SIERRA CLUB'S RESPONSE IN
THE COOLIDGE GENERATING	OPPOSITION TO SALT RIVER
STATION, ALL WITHIN THE CITY OF	PROJECT'S APPLICATION TO
COOLIDGE, PINAL COUNTY,	AMEND DECISION NO. 78545
ARIZONA.)

Sierra Club files this response in opposition to Salt River Project Agricultural Improvement and Power District's ("SRP") June 14, 2023 "Application to Amend Decision 78545 Pursuant to A.R.S. Section 40-252," ("Application to Amend") filed in Docket No. L-00000B-21-0393-00197. SRP states that it has reached an agreement with the Randolph Parties, a group of residents of Randolph, Arizona who are intervenors in

this case, and asks the Commission to "(i) rescind[] the Commission's prior denial of the

certificate of environmental compatibility (CEC) for the Coolidge Expansion Project . . . under Decision 78545 and (ii) approv[e] the Expansion Project under the terms and conditions of a proposed amended CEC . . . that incorporates certain new terms and conditions agreed to by the Randolph Parties."

It would be unlawful for the Commission to grant SRP's request to summarily rescind and revise Decision 78545 because the Commission lacks a proper evidentiary basis to consider SRP's request. SRP asks the Commission to approve a substantially different project than what SRP originally proposed in its 2021 CEC application, based on a different need than SRP originally claimed. SRP has proposed changes to core elements of the Coolidge Expansion Project, including changes to the number of turbines, the location of the turbines at the Coolidge site, the operation of the turbines, and mitigation measures. SRP also claims that the need for the project is different than when it originally applied for a CEC. Under the Commission's precedents, when an applicant proposes substantial changes to a CEC, the applicant must usually file a new or amended CEC application, and the Power Plant and Line Siting Committee ("Siting Committee") must hold a new evidentiary hearing.

Indeed, SRP's request to the Commission is founded on the idea that the Commission should grant a CEC precisely because SRP's revised proposal is so different than its original proposal. But SRP cannot have it both ways. If SRP is now proposing such a dramatically different project, then SRP must provide actual evidence at a hearing in support of its new proposal—not bald assertions in a legal filing.

Over the last two years, at every stage of this proceeding, SRP has tried to rush the process. SRP has repeatedly claimed that the sky would fall if the project were not approved immediately. In SRP's haste, it never consulted meaningfully with stakeholders before filing its original CEC application, and tried to steamroll all opposition to the project—including opposition from its own Board members. Two years later, SRP's haste has proven counterproductive, as it has led to delay and litigation.

¹ SRP Application to Amend Decision No. 78545 ("Application to Amend") at 1-2.

Whatever the Commission thinks of SRP's revised proposal, the wisest course of action is to follow proper procedure for considering SRP's new proposal and have the Siting Committee conduct a new evidentiary hearing regarding SRP's revised proposal. The Commission should not accept SRP's invitation to go down a procedural path that is legally vulnerable.

For these reasons, the Commission should deny SRP's request to summarily rescind and revise Decision 78545. Instead, to avoid further delay and litigation, the Commission should request that SRP file an amended CEC application, and if SRP does so, should then direct the Siting Committee to hold a new hearing.

ARGUMENT

I. THE COMMISSION CANNOT LAWFULLY CONSIDER SRP'S REVISED PROPOSAL UNTIL SRP FILES AN AMENDED APPLICATION AND THE SITING COMMITTEE HOLDS A NEW HEARING.

It would be unlawful for the Commission to consider SRP's requested relief unless the Siting Committee holds a new evidentiary hearing, which should consider a new or amended CEC application from SRP. Under A.R.S. § 360.06, the Siting Committee reviews a CEC application by considering the environmental impacts of a proposed project, and under A.R.S. § 360.07(B), the Commission must balance those environmental impacts against any need for the project. To conduct the statutorily-required balancing test, the Commission must have evidence on at least three things: (1) the need for a project, which includes an assessment of the need for the project relative to alternatives; (2) baseline conditions in the project vicinity, including background levels of pollution; and (3) the incremental environmental impacts of the proposed project. Given that SRP has proposed a substantially different project than what it originally proposed, and failed to update any of its original analyses, the Commission lacks evidence on all of the factors needed to conduct the balancing test under A.R.S. § 360.06 and A.R.S. § 360.07.

A.R.S. § 40-252 requires "opportunity to be heard as upon a complaint" before the Commission can "rescind, alter or amend any order or decision made by it." All affected

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transmission lines.6

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on the application because there had been "changes to the original application and changes

persons must be given notice and an opportunity to be heard before the Commission can

alter or amend an order.² Moreover, before the Commission can rescind or amend a

previous decision under A.R.S. § 40-252, it must show "due cause" for that action, which

requires "an affirmative showing that the public interest would thereby be benefited."³

Thus, to reverse a previous decision to deny a CEC, the Commission must provide an

opportunity for all interested parties to be heard and must have evidence to support an

proposes a substantial change to a project previously considered by the Siting Committee

and Commission, the Siting Committee should hold a new evidentiary hearing to consider

the effects of that substantial change. The Commission's test for what constitutes a

"substantial change" in an amended project for purposes of A.R.S. § 40-252 was articulated

in the "Whispering Ranch" case. 4 Under that test, if a project is "substantially different"

from one previously proposed in a CEC application or approved in a CEC, the applicant

must submit a new or amended CEC application, and the CEC must be amended if it was

previously granted.⁵ The Commission has found that such "substantial changes" include

changes to the design or dimensions of transmission towers, or changes from DC to AC

it generally directs the Siting Committee to hold a new evidentiary hearing to consider the

effects of that substantial change. For example, in a decision on an application to amend a

CEC for the gas-fired Harquahala power plant pursuant to A.R.S. § 40-252, the

Commission noted that it had ordered the Siting Committee to hold evidentiary hearings

Where the Commission finds that there has been a substantial change in a project,

Accordingly, the Commission has repeatedly found that where a CEC applicant

affirmative showing that granting the CEC is in the public interest.

² Gibbons v. Arizona Corp. Comm'n, 95 Ariz. 343, 346–47 (1964).

³ Arizona Corp. Comm'n v. Tucson Ins. & Bonding Agency, 3 Ariz. App. 458, 463–64 (1966); see also Arizona Corp. Comm'n v. Arizona Water Co., 111 Ariz. 74, 76 (1974).

⁴ Decision No. 58793, Case No. 70 (Ariz. Corp. Comm'n Sept. 21, 1994).

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⁶ See, e.g., Decision No. 58793, Case No. 70 (Ariz. Corp. Comm'n Sept. 21, 1994); Decision No. 69639, Dkt. No. E-20465A-06-0457 (Ariz. Corp. Comm'n June 6, 2007).

in the project" from the original CEC.⁷ Similarly, in Decision No. 78600, the Commission ordered the Siting Committee to hold an additional evidentiary hearing on an application to amend a CEC for a transmission line pursuant to A.R.S. § 40-252 because Staff concluded there had been "major changes" to the project.⁸ In addition, where there have been substantial changes to a project, the Commission has required that applicants submit a new or amended CEC application, rather than simply amending a previously-granted CEC.⁹

Here, SRP has proposed a "substantial change" to its original CEC application and thus, before the Commission may consider the revised project, SRP should file an amended CEC application and the Siting Committee must hold new evidentiary hearings. SRP's new proposal for the Coolidge Expansion Project has changed the following key aspects of its original proposal:

- The number of proposed gas-fired turbines has changed by 25%;
- The specific location at the Coolidge site where the turbines would be placed has changed;
- The proposed operations of the turbines would be different; and
- The proposed mitigation measures are different. 10

In addition, SRP claims that the need for the project has changed since the time that SRP filed its original application,¹¹ but has not provided evidence of that need. Thus, the Commission lacks a proper evidentiary record on the need for and impacts from the revised project, and therefore does not have an adequate basis to evaluate project impacts as required by A.R.S. § 360.06 and conduct the balancing test required by A.R.S. § 360.07. Accordingly, if SRP wants the Commission to consider this revised project, SRP should file a new or amended CEC application and the Commission must direct the Siting

⁷ Decision No. 65654, Dkt. No. L-00000M-99-0096 (Ariz. Corp. Comm'n Feb. 20, 2003).

⁸ Decision No. 78600, Dkt. No. L-00000YY-15-0318-00171 (Ariz. Corp. Comm'n July 11, 2022).

⁹ Decision No. 58793 at 36:25-37:2 ("[I]n this case, the modification is of such significance that the Commission is of the opinion that an application should be made to the [Siting] Committee for an amended certificate"); *id.* at 43:22-25 ("The Siting Act imposes an implied burden on an applicant to make application for an amended CEC when a substantial change is contemplated in a project for which a CEC has previously been granted.").

¹⁰ Application to Amend at 2:3-10, 10:24-11:7.

¹¹ Id. at 2:20.

Committee to hold a new evidentiary hearing to consider the revised project that SRP now proposes.

A. The Commission Lacks a Sufficient Record on Whether There is a Need for the Revised Project.

Unless a new hearing is held, the Commission lacks a sufficient record to evaluate the need for the revised project. The Superior Court ruled that the Commission properly interpreted the Line Siting Statutes to mean that an applicant must show that there is a need for a specific proposed project—not only that there is a system-wide need for additional generating capacity.¹² The Superior Court further concluded that the Commission lawfully determined the need for SRP's proposed project by assessing whether alternative projects could meet the same needs and provide the same services as SRP's proposal.¹³

Here, the existing record does not contain any information showing that SRP needs the revised project in 2023, based on alternatives available now. All of the evidence regarding the need for the project is based on the purported need for 16 turbines at the Coolidge location based on the resources SRP had procured in 2021. SRP has acquired many new energy and capacity resources since 2021, and has proposed to acquire yet more resources. In addition, in the time since SRP filed its original CEC application, SRP has begun the process to install two new gas turbines originally purchased for the Coolidge Expansion Project at the Copper Crossing site, and is considering siting additional gas turbines at locations other than Coolidge. In short, just as SRP's proposed project has changed significantly, SRP's electrical system has changed substantially since the time SRP filed its CEC application in December 2021. The Commission has no evidentiary basis on which to determine whether SRP still has the same need for the revised project a year and a half later, in the middle of 2023. SRP's previous CEC application cannot be used to justify the project given the changed circumstances, and SRP needs to submit a new application to show updated need for the project.

¹² Salt River Project Agricultural Improvement and Power District v. Arizona Corp. Comm'n et al., No. CV 2022-008624, at 7 (Maricopa County Sup. Ct. Jan. 20, 2023) (Superior Court merits order upholding Decision No. 78545).

¹³ Id. at 7-8.

SRP has not provided evidence that it reassessed the need for the project between December 2021, when it filed its original CEC application, and June 2023, when it asked the Commission to rescind its decision. Significant developments have occurred since December 2021 that could impact the need for the revised project, including but not limited to: President Biden signing into law the Inflation Reduction Act in August 2022, which provides federal financial incentives for a range of technologies that could serve as alternatives to the gas-fired turbines in the revised project; and SRP having decided to place some of the turbines originally destined for the Coolidge site at other locations.

SRP even claims in its application that the need for the revised project is different than the need for the original project¹⁴—yet SRP has not filed a revised CEC application and provides no supporting evidence for this assertion. For these reasons, the need for the revised project cannot be determined until a new hearing is held and new evidence is presented.

B. The Commission Lacks a Sufficient Record on the Incremental Environmental Impacts of the Revised Project.

Unless a new hearing is held, the Commission lacks a sufficient record to evaluate the incremental environmental impacts of the revised project. SRP now proposes a substantially different project than the one it proposed in its CEC application and which was considered by the Siting Committee. For example, compared to its original CEC application, SRP's new proposal entails a different number of turbines, a different location for those turbines at the Coolidge site, different operations of the turbines, and different mitigation measures.¹⁵

All of the evidence in the record regarding the impacts from the project are based on a project with 16 turbines located in a particular part of the project site. Thus, the Commission has no evidentiary basis for deciding whether to approve a significantly different project with 12 turbines rather than 16 turbines, relocated 400 feet away¹⁶ in a

¹⁴ Application to Amend at 2:20.

¹⁵ *Id.* at 2:6-10, 10:24-11:7.

¹⁶ *Id.* at 11:3-4.

 different part of the site. For example, there is no evidence regarding the potential noise impacts on nearby residences from those 12 turbines in their new location, or the potential visual impacts of the turbines, which will now apparently be located closer to North Vail Road than before. It is also not clear whether any of the relocated project components will be closer to the adjacent residence at 5310 North Vail Road.

SRP may attempt to argue that a new hearing is unnecessary based on the unsupported assertion that all of SRP's changes to the revised project would allegedly reduce the project's impacts relative to the impacts of the original proposal. For example, SRP may argue that because the revised project would have fewer turbines than the original project, the Commission may therefore assume that the project would have lesser adverse impacts. But there is no evidence in the record to support such an assumption. As noted above, the Siting Committee's review of the previous project's impacts on noise, views, light pollution, and other factors was based on the siting of the project turbines in a particular location, and SRP now proposes to move the turbines to a different part of the project site, which requires that each impact be reevaluated in light of the new location.

Moreover, SRP claims that the revised project would include limiting the gas-fired turbines to a 30% annual average capacity factor, when averaged across the entire project.¹⁷ However, SRP witness Bill McClellan testified at the Siting Committee hearings that for SRP's original proposal, the turbines would run at an 11% annual capacity factor in a "worst-case scenario." If SRP were to operate the turbines substantially more than SRP had originally planned, that could result in more severe environmental impacts than the original proposal. This is one of the many questions that can be answered only by holding a new evidentiary hearing.

C. The Commission Lacks a Sufficient Record on Background Levels of Pollution in 2023 to Assess the Environmental Impacts of the Revised Project.

¹⁷ *Id.* at 11:6-7.

¹⁸ Siting Committee Hearing Transcript for Feb. 8, 2022 at 400:15-25 (Transcript Vol. II, Certified Record Tab B-5).

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¹⁹ See CEC Application, Exhibit I-1.

Unless a new hearing is held, the Commission lacks a sufficient record on baseline

There are two problems with SRP relying on its original environmental impact

ago.²² Moreover, at least some of the studies relied on data from 2018-2020 or even earlier

on the June 2023 background levels of noise, visual resources, and air pollution at the

project site, it is impossible for the Commission to evaluate the impacts of SRP's revised

project. SRP may argue that a new hearing is unnecessary by asserting that all of the

changes to SRP's original proposal would allegedly reduce the negative impacts of the

Second, given that SRP has not provided the Commission with updated information

to characterize background values, and such data is now out-of-date.²³

²⁰ See CEC Application, Exhibit B-1, Appendix A & B.

²¹ See CEC Application, Exhibits B, B-1, E, I.

²² The Air Quality Assessment for the original CEC application is dated November 24, 2021. CEC Application, Exhibit B-1. The Title V Air Permit Application is dated August 21, 2021. CEC Application, Exhibit B-1, Appendix A. The Air Dispersion Modeling for the Title V Permit Application is dated September 2021. CEC Application, Exhibit B-1, Appendix B. The Noise Technical Report is dated November 2021. CEC Application,

Exhibit I-1.

²³ For example, SRP's Air Quality Assessment calculated background concentrations of air pollutants using data from 2018-2020. CEC Application, Exhibit B-1 at 3 (Table 1).

project. This argument ignores that SRP has failed to provide any updated information on background noise, visual and light conditions, and air pollution as of June 2023. Without providing updated information about current background conditions, SRP has no way of knowing the impacts of its revised project. Thus, SRP has failed to provide the same information for its revised project that it provided in its analysis of the original project.

SRP suggests that the incremental impacts of the revised project will be less than that of the original project.²⁴ Even assuming for the sake of argument that this were true (which Sierra Club does not concede), the impact of the revised project could be the same or worse than the original project if the background levels of pollution in 2023 are worse than the background levels in SRP's 2021 studies. For example, over the last several years, annual average concentrations of particulate matter ("PM") have been increasing in Pinal County.²⁵ Thus, even if the PM pollution from the revised project were slightly lower than emissions from the original project (which, again, Sierra Club does not concede), if the background PM levels in Pinal County are now higher than those calculated in SRP's 2021 studies, the revised project could result in even more unhealthy levels of air pollution. This is exactly the reason that SRP needs to update its environmental impact studies, now that it is asking the Commission to consider a revised project based on outdated studies conducted nearly two years ago (which often used data from time periods well before 2021).

Under A.R.S. § 360.06, the Siting Committee must review a CEC application by considering the environmental impacts of a proposed project, and under A.R.S. § 360.07(B), the Commission must balance those impacts against any need for the project. The Commission does not have an adequate evidentiary record on which to conduct the required balancing test for SRP's revised project. Thus, if SRP wants the Commission to evaluate its revised proposal, SRP should file an amended CEC application, and the Siting Committee must conduct a new evidentiary hearing regarding the project's impacts.

²⁴ Application to Amend at 12:19-13:11.

²⁵ Western Pinal County is designated by the U.S. Environmental Protection Agency as a "serious" nonattainment area for particulate matter with a diameter of 10 micrometers ("PM10"), meaning that it classifies the area as having unhealthy levels of PM10 pollution.

II. SRP HAS NOT PROVIDED ADEQUATE INFORMATION TO ENABLE PARTIES AND THE COMMISSION TO CONSIDER ITS APPLICATION.

SRP's application extensively references an agreement that SRP has reached with the Randolph intervenors. However, the agreement between SRP and the Randolph intervenors is not in the record, and the other parties to this proceeding have not had an opportunity to review and respond to that settlement. SRP states that "[t]he terms of the settlement are documented in a formal written settlement agreement." Although SRP summarizes what it says are the essential terms of that agreement, the agreement itself is not attached to SRP's Application and is not part of the record in this docket. Without the text of the agreement between SRP and the Randolph intervenors, it is impossible to evaluate SRP's claim that the conditions contained in the settlement "tip[] the public interest balancing overwhelmingly in favor of approving the Amended CEC." 27

III. THE SUPERIOR COURT'S DECISION DOES NOT JUSTIFY GRANTING SRP'S REQUESTED RELIEF.

In January 2023, the Superior Court upheld the Commission's decision to deny the CEC for SRP's original proposed project.²⁸ While the Superior Court stated that the Commission could have granted SRP's 2021 application for a CEC based on the evidence that was before the Commission in 2022, the Court found that the Commission was not legally compelled to do so, and that the Commission's denial of the CEC was proper. Contrary to SRP's suggestion, the Commission cannot now grant SRP's revised proposal on the basis of the Superior Court's statement that the original CEC application could have been granted. The Superior Court opined on what the Commission could lawfully have done in 2022, based on the record created before the Siting Committee in February 2022.

²⁶ Application to Amend at 6:21-22.

²⁷ Application to Amend at 13:17-18.

²⁸ Salt River Project Agricultural Improvement and Power District v. Arizona Corp. Comm'n et al., No. CV 2022-008624 (Maricopa County Sup. Ct. Jan. 20, 2023).

The Superior Court did not speculate on what the Commission could lawfully do in June 2023, when faced with SRP's request to grant an amended CEC for a substantially revised project. That question was not before the Superior Court, and therefore the Court had no occasion to reach the issue.

Moreover, SRP's application to amend does not ask the Commission to reconsider its prior decision to deny the CEC for the original project proposal based on the record created in 2022. Instead, SRP now asks the Commission to make a new decision, in June 2023, based on new information concerning a new proposed project that differs significantly from the project which SRP proposed in 2021. Thus, because SRP has not asked the Commission to reconsider its decision on the original CEC based on the information that existed in 2022, the Superior Court's decision is not a lawful basis for granting SRP's requested relief.

CONCLUSION

In sum, Sierra Club respectfully requests that the Commission deny SRP's application to amend Decision 78545 and reject SRP's request to rescind the Commission's denial of the CEC for the project. SRP's attempt to ram through its revised proposal without following proper procedures will only lead to more delay and more litigation. If the Commission desires to consider SRP's revised proposal, SRP should file an amended CEC application and the Siting Committee must hold a new evidentiary hearing.

RESPECTFULLY SUBMITTED this 20th day of June, 2023.

SIERRA CLUB

/s/ Louisa Eberle

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