

DETERMINATION TO PREPARE AN ENVIRONMENTAL ASSESSMENT

Name of Project: Northern Arizona Energy Project

Location: Mohave County, Arizona

Description of the Proposed Action: LS Power Group has requested an interconnection with Western Area Power Administration's (Western) 230-kilovolt (kV) Griffith Switchyard in Mohave County, Arizona, for its Northern Arizona Energy Project. The proposed project involves the installation of an electric generating facility consisting of four, simple-cycle combustion turbines (each rated at about 45 megawatts (MW)), that would be used for providing peaking energy. LS Power Group would operate the plant so output from the plant would be less than 436,800 megawatt hours per year, or 50 average MW. The turbines would use natural gas as fuel. The power plant would be interconnected to Western's transmission system at its existing Griffith Switchyard via a new transmission line, less than 1 mile in length. The generating facility would be built on private land, just north of the existing Griffith Energy Project, south of Kingman, Arizona.

Western's action, per 10 CFR 1021.104 (b), consists of: 1) expansion of its switchyard to accommodate the requested interconnection; 2) entering into an interconnection agreement with LS Power Group; and 3) providing transmission service per Western's Open Access Transmission Tariff.

Classes of Action from Department of Energy (DOE) National Environmental Policy Act (NEPA) Regulations.

Subpart D of 10 CFR 1021 identifies DOE actions that require preparation of an Environmental Impact Statement (EIS), Environmental Assessment (EA), or are categorically excluded from preparation of either document. As explained below, the proposed action is not encompassed within any of the classes of action listed in Subpart D.

Appendix D.6 states "Integrating transmission facilities (that is, transmission system additions for integrating major new sources of generation [generally set at greater than 50 average MW] into a Power Marketing Administration's main grid)" normally requires the preparation of an EIS. Since the peaking facility proposed would have an output of 50 average MW or less, appendix D.6 is not applicable to Western's proposed action.

Appendix B4.1 states "Establishment and implementation of contracts, marketing plans, policies, allocations plans, or acquisition of excess electric power that does not involve: (1) the integration of a new generation resource, (2) physical changes beyond the previously developed facility area, unless the changes are themselves categorically excluded, or (3) changes in the normal operating limits of generation resources" does not normally require the preparation of an EA or an EIS. Since the proposal involves the

integration of a new generation resource, appendix B4.1 does not apply to Western's action.

Appendix B 4.11 states "Construction of electric power substations (including switching stations and support facilities) with power delivery at 230 kV or below, or modification (other than voltage increases) of existing substations and support facilities, that could involve the construction of electric powerlines approximately 10 miles in length or less, or relocation of existing electric powerlines approximately 20 miles in length or less, but not the integration of major new generation resources into a main transmission system" does not normally require the preparation of an EA or an EIS. In order for Appendix B4.11 to apply to Western's proposed action it must meet certain integral elements and the proposal can not be "connected" to other actions with potentially significant impacts. Until a full review of the environmental aspects and associated impacts is complete, it is uncertain whether the proposed project can meet the integral elements. Preliminary review of the project area shows there may be controversy regarding the proposed power plant's impacts to the regional air quality; therefore, B4.11 is not applicable to Western's action.

Appendix B4.8 states "New electricity transmission agreements, and modifications to existing transmission arrangements, to use a transmission facility of one system to transfer power of and for another system, if no new generation projects would be involved and no physical changes in the transmission system would be made beyond the previously developed facility." Since a new generation project would be involved, B4.8 is not applicable to Western's action.

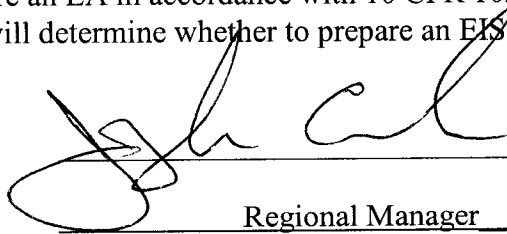
Sec. 1021.321 of the DOE NEPA regulations states "DOE shall prepare an EA for a proposed DOE action that is described in the classes of actions listed in appendix C to subpart D of this part, and for a proposed DOE action that is not described in any of the classes of actions listed in appendices A, B, or D to subpart D, except that an EA is not required if DOE has decided to prepare an EIS. DOE may prepare an EA on any action at any time in order to assist agency planning and decision making."

Based on the above, Western's action is not described in any of the classes of actions listed in appendices A, B, C, or D to subpart D, therefore I have determined that Western will prepare an EA in accordance with 10 CFR 1021.400(d)(1). On the basis of that EA, Western will determine whether to prepare an EIS or a Finding of No Significant Impact.

Signature: _____

Title: _____

Date: _____


Regional Manager
2/27/07