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Exhibit 4

ENERGY FACILITY SITE
EVALUATION COUNCIL

BEFORE THE STATE OF WASHINGTON
ENERGY FACILITY SITE EVALUATION COUNCIL

In the Matter of Application No. 99-1:

SUMAS ENERGY 2 GENERATION
FACILITY

PARTIAL STIPULATION AGREEMENT
BETWEEN CITY OF SUMAS AND
SUMAS ENERGY 2

The Applicant, Sumas Energy 2, Inc. ("SE2"), has filed an application with the Washington State Energy Facility Site Evaluation Council ("EFSEC") requesting a site certification agreement to allow construction and operation of the proposed Sumas Energy 2 Generation Facility ("the Project").

The City of Sumas ("the City") petitioned to intervene in these proceedings, and SE2 did not object to the City's intervention. The City was granted party status by EFSEC. In its petition to intervene, the City expressed an interest in the effects of the Project's construction and operation within the City limits, including the effects on land, water, city services, noise, traffic, flooding, air emissions and aesthetics. SE2 and the City have entered into this Stipulation in order to resolve some of the City's concerns. The Stipulation shall in no way limit the City's the right to participate in the EFSEC proceedings consistent with this stipulation and to raise issues other than those resolved by this Stipulation.

STIPULATION AGREEMENT BETWEEN
CITY OF SUMAS AND SUMAS ENERGY 2

- 1

[31742-0001/SL003717.147]

ORIGINAL

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3 1. Stack Height. As described in the Application, the SE2 facility will have two
4 150-foot exhaust stacks associated with the gas combustion turbines. The air quality
5 modeling performed by SE2's consultants indicates that the ambient pollutant concentrations
6 would be further reduced if the height of the stacks were increased to 180 feet. Greater winds
7 at that height would increase the dispersion of the stack's emissions. The City requests that
8 EFSEC require SE2 to increase the height of the stacks to 180 feet, and SE2 has agreed not
9 to oppose this request.
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16 2. Noise. The City agrees that, pursuant to current state law and city code, a 50
17 dBA nighttime noise limit is allowed at residentially-zoned receiving properties. The City
18 agrees that the 50 dBA limit is applicable to the noise generated by SE2, not the cumulative
19 noise received at a given residential property from SE2 in combination with other noise
20 sources. SE2 agrees to comply with the above interpretation of state law and city code. SE2
21 agrees to perform pre- and post-construction monitoring to verify compliance with code
22 requirements. Once operational, if SE2 is found to exceed the City's noise limits, SE2 will
23 install additional noise abatement measures at the facility in order to bring noise limits into
24 compliance with code requirements.
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29 3. Water Supply. On November 22, 1999, the City of Sumas issued a
30 Certificate of Water and Sewer Availability to SE2. To the extent set forth in the Certificate,
31 the City agreed to supply up to 1,053 acre-feet per year of nonpotable water to the Project.
32 Subsequent changes to SE2's proposal have resulted in a reduction in the amount of water
33 required for the Project. SE2 and the City now agree that the City's commitment set forth in
34 the Certificate for nonpotable water supply to the Project is reduced to the volume of 1,025
35 acre-feet per year. However, all other provisions of this Certificate remain in effect. As a
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1 condition of supplying this water, the City has requested that SE2 pay for the facilities
2 necessary to reliably supply that water. SE2 agrees to do so. In particular, SE2 agrees to pay
3 for a new high-capacity well and pump at the Sumas Municipal Well Field; one or more new
4 wells and pumps at the May Road Well Field, and two new segments of water line necessary
5 to maintain adequate fire flow elsewhere in the industrial area. If the Project is certified and
6 built, SE2 also agrees to pay the City, in addition to any other applicable fees and charges,
7 \$25,000 per year of operation to be used by the City solely for the purposes of aquifer
8 protection, and research and analysis to support future water rights applications.
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17 4. Nitrates. In the event that nitrate concentrations in the City's potable water
18 supply exceed applicable federal, state or local standards at any date subsequent to the
19 Project's start of operation, regardless of the cause of the nitrate exceedences, SE2 agrees to
20 reimburse the City, as described hereafter, for a nitrate removal system in order to comply
21 with the applicable standards. SE2 and the City agree that the initial estimate of the capital
22 cost of a nitrate removal system is \$500,000 in the year 2000. SE2 and the City agree that the
23 future cost of the system is the aforementioned initial estimate adjusted annually by the GDP
24 Implicit Price Deflator, using 2000 as the base year ("Future Costs"). SE2 agrees to assume
25 sole financial responsibility for up to the Future Costs of the nitrate removal system. Further,
26 SE2 agrees to pay its proportionate share of any costs in excess of the Future Costs (based
27 upon SE2's contracted volume of potable water usage in relation to the City's total potable
28 water right volume of 1,919 acre-feet per year). SE2 agrees that it will consent to a water
29 rate surcharge imposed on the SE2 facility, in an amount sufficient to discharge SE2's above-
30 described financial obligation over a ten-year amortization period.
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45 5. Sewer Service. There is an existing contract for sewage service, dated
46 December 14, 1998, between the City and the Sumas Cogeneration Company, L.P.
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1 ("SCCLP"). The contract allows SCCLP to discharge up to 80,000 gallons per day ("gpd") of
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3 wastewater to the City sanitary sewer, provided that the wastewater meets all applicable
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5 standards. Pursuant to Paragraph 8.10 of the contract, the City consents to the transfer of all
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7 or any portion of the Contract Capacity from SCCLP to the SE2 facility.
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9 6. Public Roads. During the construction of the facility, there may be an increase
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11 in the amount and weight of traffic on all roads designate by the Washington Department of
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13 Transportation for Canadian weight limits. SE2 agrees to make any repairs to these roads that
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15 are necessary in light of damage caused by SE2's construction-related traffic. The City will
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17 perform pre- and post- construction evaluations of the conditions of these roads, and will
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19 determine, on the basis of these evaluations, whether repairs are necessary following
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21 construction. In addition to the damage related repairs, described above, SE2 agrees to
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23 repave the portion of Bob Mitchell Avenue extending north from Front Street to the
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25 Burlington Northern grade crossing, which is approximately 1700 feet long.
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27 7. Electrical System. During the construction of the facility, SE2 will need to
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29 obtain electrical power from the City. Reconductoring of the City's underground electric line
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31 leading west from the south sub-station to an area determined by the City adjacent to the
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33 facility site is needed in order to reliably supply construction phase power to the SE2 site
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35 while not impairing the City's system or compromising its ability to provide electrical power to
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37 its other users. SE2 agrees to pay the costs to re-conductor the 12.47 kV 3-phase line
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39 extending from the south sub-station to Bob Mitchell Avenue. SE2 also agrees to pay the
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41 cost to obtain and install a pad-mounted switch (equivalent to S&C Model 662-32) at a
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43 location determined by the City adjacent to the facility in order to provide safe management of
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45 the electric utility in the vicinity of the SE2 site.
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1 The City and SE2 further agree and jointly request that the terms of this Stipulation be
2 incorporated into any site certification agreement issued by EFSEC in these proceedings.
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5 DATED: June 22, 2000.
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7 PERKINS COIE LLP
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