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**Power Group II, LLC**  
An Energy Company - Alliance Builder



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January 29, 2007

Arizona Corporation Commission  
**DOCKETED**  
FEB -1 2007

Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

DOCKETED BY **nr**

Re: SunZia Southwest, L.L.C.  
10-Year Plan For 2007  
Docket No: E-00000D-05-0040

To Whom It May Concern:

**BACKGROUND**

This 10-Year Plan filing represents the initial such filing for SunZia Southwest, L.L.C. ("SunZia"). SunZia is a Louisiana limited liability company, which was formed in 2006 for the purpose of evaluating the feasibility of siting, constructing and operating electric transmission facilities between southern New Mexico and southern Arizona. Such facilities would allow power developed from renewable energy sources (e.g. geothermal, wind and solar) to be transported to the New Mexico and Arizona regional electric transmission systems.

At present, SunZia is conducting preliminary environmental screening activities. Data obtained through such studies will enable it to develop a more focused project study area, and to identify relevant environmental considerations. Upon development of a more focused project study area, transmission line siting constraints can then be further refined and reviewed on a local scale to assist in the identification of potential transmission line siting corridors.

The information obtained from the aforementioned preliminary screening activities can also be used as a starting point in initiating the Western Electricity Coordinating Council ("WECC") Regional Planning Process. In this regard, in the summer of 2006, the Southwest Area Transmission Planning Group ("SWAT") hosted a workshop to review possible locations of future generation resources and possible transmission delivery points as regional loads continue to grow at an aggressive rate. The electric transmission facilities which are the subject

of SunZia's preliminary environmental screening activities were nicknamed "Project Zia" at the SWAT workshop.

**A.R.S. § 40-360.02 (C) INFORMATION REQUIREMENTS**

Against the foregoing background, SunZia provides the following information in response to the applicable provisions of A.R.S. 40-360.02 (C):

40-360.02 (C) (1).

At this preliminary stage in the development of the project, the size and proposed route of the transmission facilities cannot be determined as yet. As indicated in the "Background" section above, as the environmental studies progress, it will become possible to establish a more focused project study area and identify potential transmission line siting corridors. In addition, as the identity and transmission requirements of persons interested in using the capacity of the transmission facilities under study become known, it will be possible to determine the size of those facilities. At present, it is contemplated that they will be extra high voltage (or EHV) in nature. In this regard, the initial meeting of interested persons is scheduled for mid-February, 2007 in Phoenix.

40.360.02 (C) (2).

As indicated in the "Background" section above, the purpose of the transmission facilities in question would be to transport power from renewable energy sources to the New Mexico and Arizona regional electric transmission systems.

40.360.02 (C) (3).

As of this juncture, the estimated date by which the transmission facilities under study will be in operation cannot be determined. Following completion of the aforementioned environmental analyses, and participant discussions and negotiations, certain federal and state permitting processes will have to be initiated and successfully completed. Each of these will influence when an "in service" date for the transmission facilities may be estimated.

40.360.02 (C) (4).

Not applicable.

40.360.02 (C) (5).

Not applicable.

40.360.02 (C) (6).

Not applicable.

40.360.02 (C) (7).

As indicated in the response to A.R.S. § 40-360.02 (C) (1) above, the initial meeting of persons who may be interested in using portions of the capacity of the transmission facilities under study will occur in mid-February 2007. Thus, as of this point in time, it is not possible to prepare and provide the power flow and stability analysis report contemplated by this subsection.

**SUMMARY**

The foregoing information is intended to be responsive to the requirements of A.R.S. §§ 40-360.02 (A) and 40-360.02 (C) as they apply to SunZia and the electric transmission facilities currently under study. Depending upon the rate at which the necessary studies, discussions and negotiations progress, as well as the outcome(s) of each, SunZia may have occasion to file an amendment to its 10-Year Plan for 2007. Or, it may elect to supersede that plan with its 10-Year Plan for 2008.

Please let me know if you have any questions regarding the above information.

Sincerely,

  
David Getts, General Manager  
SunZia Southwest, L.L.C.

cc: Ernest Johnson (ACC Utilities Division)  
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