

ORIGINAL
SOUTHWESTERN
Power Group II, LLC
An Energy Company - Alliance Builder



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January 23, 2008

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

Subject: Bowie Power Station, L.L.C.
Conditions Compliance
Docket No. L-00000BB-01-0118
Decision Nos. 64625, 64626 and 69339

To Whom It May Concern:

Enclosed for filing in the above-referenced docket as supplemental information is a copy of a January 16, 2008 letter from the Superintendent of the Bowie Unified School District, which attests to Bowie Power Station LLC's ongoing compliance and coordination efforts with persons affected by the Bowie Power Station Project in the surrounding community. The relevant CEC condition in this regard is Condition No. 2 in Decision No. 64625.

If you have any questions, please contact the undersigned at Southwestern Power Group at (602) 808-2004.

Sincerely,

David Getts
General Manager

Arizona Corporation Commission
DOCKETED
JAN 23 2008

Attachment(1)

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Cc: Chairman Mike Gleason
Commissioner William Mundell
Commissioner Jeff Hatch-Miller
Commissioner Kristin Mayes
Commissioner Gary Pierce
Ernest Johnson, Utilities Division
Christopher Kempley, Esq., Legal Division
Lawrence V. Robertson, Esq., Munger & Chadwick, P.A.

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AZ CORP COMMISSION
DOCKET CONTROL

Bowie Unified School District #14

Bruce E. Brown, Superintendent
P.O. Box 157

(520) 847-2545

Bowie Elementary School
Mary G. Doyle Building

Home of the Panthers

Roger Studley, Business Manager
315 W. 5th Street

Bowie Middle School
Eva E. Hall Building

Robert Sager, Special Projects/NSLP
Bowie, AZ 85605

Fax (520) 847-2546

Bowie High School
Sen. A. R. Spikes Building
Home of the Cougars

January 16, 2008



Mr. Martin Bailey
South Western Power Group II, LLC
3610 North 44th Street, Suite 250
Phoenix, Arizona 85018

Dear Mr. Bailey,

I want to **take this opportunity to update** you on our contingency plans for accommodating your prospective employees at **Bowie Power Station** at the school district.

Because of our **history of close consultation and frequent meetings**, the District feels very confident we have a **plan in place** that will provide a high quality educational system for your employees. We think it will be one they will be proud to send their children to and will meet the needs of the community as a whole in addition to addressing specific needs of the power plant. As we get closer to **construction and opening the plant**, we will continue to revise our planning based on the input you provide.

I am also a founding member of the **Bowie Economic Development Group**, so I can use a number of resources in planning for the school district. We currently have a three part plan in place. This plan remains a draft as we continue to receive information from you and other prospective projects as to their impact on the school and the opportunity for the schools to impact those projects.

The part of the contingency plan that **specifically addresses Bowie Power Station** includes no anticipated new construction at the school to accommodate the numbers you are providing us. We do not anticipate appreciable families related to the construction as these workers are used to being away from home and returning **periodically** without relocating their families. We also understand your indications that there will be **phased construction** that will require different working groups over the 16 – 18 or so months of construction. I agree with you that these workers probably will not relocate their families and children during the construction phase.

The change from IGCC to NGCC significantly **alters our expectations** relative to the number of FTE positions needed to operate the plant. I assume that there will be some support activities not directly employed by Bowie Power Station but that may be necessary to supplement either on short term or long term basis. I am not currently factoring any of those in and I am confident you will advise us if that needs to change. We can handle the projected increase of 40-60 students, based on 40-50 FTE positions and the current forecast of about 1.2 students/family as

Governing Board

Barth Morin, President

E. O. Blandin, President pro tempore

Kim Klump, Clerk

Nancy-Jean Welker, Member

John Rios, Member

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the upper end of the range, without additional facilities. The School Facilities Board discounts this number when planning for new school construction to as low as .5 per job created. We have discussed the desire to construct a middle school facility on the site of the Eva E. Hall Building to replace that building and accommodate up to 120 students. With the increase I anticipate from Bowie Power Station, the middle school would only number about 50-55 students from the current 31. This number would not be supported by the School Facilities Board to establish new facilities. I have a meeting with them on January 23, 2008 and with them and the District architect in the after noon of the 23rd. We will be reviewing current facilities and discussing anticipated needs at that time.

The new Eva E. Hall Middle School Building will have to wait. It is not required to accommodate the number but it would be an addition to our program. The other scenario we see on the horizon is the addition of a large number of students from the greenhouse operation that is a potential project just south of your location. I am hoping this greenhouse project is enhanced by Bowie Power Station and ultimately the University of Arizona research facility and the greenhouse operation from your IGCC proposal, in addition to an IGCC facility in the future to accompany and complement the NGCC facility I hope, will be reconsidered and built. I think it is a fitting component to Bowie Power Station. The current greenhouse proposal might involve as many as 300-500 jobs.

The third part of the contingency plans involves spin-off and other business and commercial ventures that might be attracted once other factors come into play including the drastic reduction in tax rate from Bowie Power Station that might make the Bowie area more desirable to new commercial, industrial and business activity.

Bowie Economic Development Group is committed to trying to get as many of those people to live in the community and is working with various groups to try to get the necessary housing built. The Bowie Unified School District #14 is committed to making sure that all these students are accommodated in the facilities as quickly as possible. The District currently enrolls only 86 students and the School Facilities Board has calculated our capacity at 238. Whether this will change in the new assessment of facilities is not known. If it does not change, the first 152 students would have to be enrolled before the School Facilities Board would grant new space that they pay for. The District would be paying for any space it requires up to that point.

The facts are that the District will have to provide additional facilities, but the need will be for the other projects, greenhouse workers specifically, that would be the ones that create the demand for space, not Bowie Power Station. Bowie Power Station will ultimately be the one that makes the space possible by their contribution to the tax base of the District. We currently anticipate a drastic reduction in tax rate in addition to being able to provide additional facilities and programs.

Among the programs anticipated as a result of Bowie Power Station are the vocational/technical programs and science and math programs we have discussed on several occasions. We are still hoping to go to Gila River Power Station to see their operation in anticipation of your opening. In addition to the insight you have given us, I think it would be a benefit to actually see the plant and talk to them about the operation and labor needs of the plant as it operates. We have had preliminary discussion with the Pipe Fitters Union that you helped us contact and we hope to further that relationship. We have an operating weather station now and look forward to putting the one you donated to operation soon.

We have other projects that we will be discussing with you soon, but the focus for now needs to be getting the plant under construction. Some in the community still have doubts that won't be deterred until dirt flies, trucks roll, and construction workers fill the RV parks. They remain

supportive in anticipation, but they have been disappointed so often that only activity related to construction will convince them.

From my perspective and experience, this has been a synergistic relationship of almost magical proportions. It is obvious that we need your project much more than you need us, but you have done everything possible to keep us involved in the process and project development. The depths of your efforts to maintain and foster the relationship with the community I find to be remarkable. You didn't have to do it, but you did and you kept it and us going all the time. It really hasn't been us who buoyed you but you who has buoyed us. Those of us who have been involved appreciate it very much and the others would, too, if they were aware of the depth of your commitment to the community. We really feel that we have been active partners in the project. Whether we made a contribution or not, you have made us feel like we have.

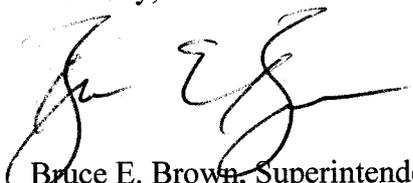
There is no doubt that this relationship will continue and improve as we go along. Bowie Unified School District #14 is proud to have made whatever contribution we might have made to your project. We look forward to working with you in the coming months of construction and future years of operation. Bowie Economic Development Group will be actively seeking and promoting the development of housing, business, and industrial and commercial development in Bowie to support and complement Bowie Power Station. We look forward to a long and mutually beneficial relationship.

As I said earlier, my personal hope is that Cochise County and the State of Arizona will recognize the benefits and potential of Integrated Gasification soon enough to make it a reality in the future development of Bowie Power Station. I firmly believe the key to CO₂ emissions will be the science of the closed carbon cycle you promoted with your IGCC project. I think the greenhouse project will demonstrate that. I also believe the potential to use CO₂ for other uses will develop rapidly, including the prospect of commercial building products in complementary business and industrial applications to the plant that are currently being researched. I see this plant as the potential for a wave of new research and technology, if our county and state leaders have the foresight you have. I can only hope and continue to promote the idea that I think has sound scientific and environmental benefits. If you recall, the IGCC proposal had a 64% favorable rating in the Sierra Vista Herald poll.

I have digressed so I will get back to point. I appreciate all the information, assistance, and insight you have provided to help us plan for the addition of Bowie Power Station to our community. As a result, Bowie Unified School District #14 is well positioned to meet your needs with facilities and programs. I am certain you will involve us in discussions if you find there are changes in your project that impact us. Be assured we will advise you of needs we have that you can assist us with in providing the appropriate programs and facilities. Based on my experience I have no doubts we can continue to work together as we have in the past.

If I can help in any way, please feel free to contact me.

Sincerely,



Bruce E. Brown, Superintendent