

ORIGINAL
SOUTHWESTERN



0000081319

5074

Power Group II, LLC

An Energy Company - Alliance Builder

2008 JAN 30 A 11: 23

January 30, 2008

E-00000D-07-0376

AZ CORP COMMISSION
DOCKET CONTROL

Docket Control

Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Arizona Corporation Commission
DOCKETED

JAN 30 2008

Subject: Bowie Power Station, L.L.C.

Ten Year Plan for 2008

Docket No. ~~L 00000BB-01-0118~~

Decision Nos. 64625, 64626 and 69339

DOCKETED BY	ne
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To Whom It May Concern:

Pursuant to A.R.S. § 40-360.02 (A) and (C), Bowie Power Station, L.L.C. ("Bowie") hereby submits its Ten Year Plan for 2008 (Appendix "A") for the transmission line facilities which are the subject of the Certificate of Environmental Compatibility ("CEC") which was granted by the Commission on March 7, 2002 in Decision No. 64626, and subsequently extended by the Commission on February 20, 2007 in Decision No. 69339. As used herein, the phrase "transmission line" includes all facilities contained within the definition of that phrase as set forth in A.R.S. § 40-360.

Attached hereto as Appendix "B" and incorporated by reference is a copy of the Ten Year Plan Bowie filed with the Commission for 2007. The only change in the information contained in the 2007 Ten Year Plan relating to the transmission line, which has occurred during the intervening time period, pertains to the proposed route.

Bowie has been advised by the Arizona State Land Department ("ASLD") that both a portion of the proposed transmission alignment and the location of the proposed Willow Substation to be located on Arizona state trust lands, which is the subject of Decision No. 64626, will require minor adjustments to comply with ASLD requirements. In this regard, Bowie has consulted with the Commission's Staff regarding the possibility of a future amendment to Decision No. 64626 that would reflect these route and site adjustments to those originally approved by the Commission. In such event, it is Bowie's belief that the amendment would not result in a substantial change to the original sitings approved in Decision No. 64626.

Upon receipt from ASLD of acceptance of the adjustments for the transmission line and placement of the Willow Substation, Bowie will file necessary documents with Commission reflecting these alterations to the original sitings approved as part of

3610 North 44th Street • Suite 250 • Phoenix, Arizona 85018

888.332.4599 • Tel 602.808.2004 • Fax 602.808.2099

www.southwesternpower.com

Decision No. 64626. Based on our discussions with ASLD, Bowie does not believe these changes will be substantial, and intends to request an appropriate modification to decision No. 64626 under the provisions of A.R.S. § 40-252.

In addition, and in connection with the power plant aspect of the project, which is the subject of Decision No. 64625, Bowie commenced construction in 2007. In that regard, included as Appendix "C" is a copy of a letter dated November 1, 2007, from the Arizona Department of Environmental Quality that recognizes the construction status of the project. Bowie currently anticipates the first phase of the power plant, nominally 500 megawatts, will achieve commercial operation by the third quarter of 2010.

Attached as Appendix "D" is the current "switching diagram" depicting the entire Bowie-Willow Interconnection, which is the subject of Bowie's developing interconnection agreement with Tucson Electric Power Company.

Finally, Bowie continues its active involvement in regional transmission planning organizations, including WestConnect and the Southwest Area Transmission Study group (a.k.a. "SWAT" Committee), and the latter's many subcommittees. Bowie also remains an Affiliate Member in good standing in the Western Electric Coordinating Council.

Please direct any questions that may arise from this report to the undersigned at (602) 808-2004.

Sincerely,



Tom C. Wray
Manager, Transmission and Generation Projects

Appendices (4)

Cc: File
Ernest Johnson, Utilities Division
Christopher Kempley, Esq., Legal Division
David Getts, Southwestern Power Group
Lawrence V. Robertson, Jr., Esq., Munger & Chadwick, P.A.

Appendix "A"

Bowie Power Station
Ten Year Plan for 2008

**RE: Bowie Power Station Ten Year Plan for 2008
Docket Number L-00000BB-01-0118
Decision Numbers 64625, 64626 and 69339**

Appendix A

Pursuant to A. R. S. § 40-360.02, Bowie Power Station L.L.C. ("Bowie") hereby submits its Ten Year Plan as of January 30, 2008 regarding transmission plans that are the subject of Decision Numbers 64625 and 64626. The requirements arising from the revised statutes cited above are formatted in italics, followed by Bowie's response.

1. *The size and proposed route of any transmission lines or location of each plant proposed to be constructed.*

The location of the power plant as described in the Application and Record of Docket Number L-00000BB-01-0118 (the "Bowie Docket") remains unchanged.

The transmission interconnection of the power plant at Bowie with the underlying grid remains unchanged from that described in the Bowie Docket: an approximately 15-mile, double-circuit 345 kV transmission line from the point-of-interconnection on the existing Greenlee-Winchester-Vail 345 kV line, that is owned and operated by Tucson Electric Power, which is known as the Willow Substation, and thence to the Bowie Plant Switchyard.

As described in earlier filings, the route of the transmission line approved by the Arizona Power Plant & Transmission Line Siting Committee, and affirmed by the Commission, requires minor alignment modification to comply with requirements of the Arizona State Land Department ("ASLD"). In addition ASLD also requires minor modification of the placement of the Willow Substation. As part of ASLD's ground lease process, environmental, cultural and biological clearances, surveys and examinations, in conjunction with the appropriate state and federal agencies, have either been completed or will be completed soon.

Bowie has undertaken consultation of this matter with Commission Staff and believe that, upon receipt of final acceptance of the adjusted route by ASLD, these changes (i) taken together, will not amount to a substantial change, and (ii) will qualify for an amendment to Decision Number 64626 pursuant to A. R. S. § 40-252.

2. *The purpose to be served by each proposed line or plant.*

The purpose to be served by the proposed transmission line and the power plant remains unchanged from that described in the original Bowie Docket.

3. *The estimated date by which each transmission line or plant will be in operation.*

All permits necessary to begin construction of Bowie have been obtained. The project has commenced construction activities. Attached to this report as Appendix B is a letter from the Arizona Department of Environmental Quality dated November 1, 2006, which characterizes Bowie's construction status.

Current planning anticipates operation of Bowie as follows:

- a. Initial energization of all 345 kV interconnection facilities by December 31, 2009; and,
- b. Commercial operation of the initial 500 MW (nominal) power block by June 1, 2010.

4. *The average and maximum power output measured in megawatts of each plant installed.*

The average and maximum power output measured in megawatts of the Bowie Power Station that was described in the Bowie Docket remains unchanged.

5. *The expected capacity factor for each proposed plant.*

The expected capacity factor for the Bowie Power Station that was described in the Bowie Docket remains unchanged.

6. *The type of fuel to be used for each proposed plant.*

The type of fuel to be used for the Bowie Power Station that was described in the Bowie Docket remains unchanged.

7. *The plans' for any new facilities shall include a power flow and stability analysis report showing the effect on the current Arizona electric transmission system. Transmission owners shall provide the technical reports, analysis or basis for projects that are included for serving customer load growth in their service territories.*

Bowie and Tucson Electric Power are conducting revised system impact studies, including power flow analyses, short-circuit duty studies and transient impact studies that are founded on an agreed on revised base case that reflects expected system additions and load growth patterns. These studies will continue to evolve as system parameters change and plans dictate. All study materials, when final and available, will continue to be provided to the Commission Staff for their information and use.

Appendix "B"

Bowie Power Station
Ten Year Plan for 2007

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RECEIVED

2007 JAN 31 P 4: 24

AZ CORP COMMISSION
DOCUMENT CONTROL

January 29, 2007

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

Re: Bowie Power Station, L.L.C.
10-Year Plan For 2007
(Docket No. L-00000BB-01-0118)

To Whom It May Concern:

Pursuant to A.R.S. § 40-360.02 (A) and (C), Bowie Power Station, L.L.C. ("Bowie") hereby submits its 10-Year Plan for 2007 for the transmission line facilities which are the subject of the Certificate of Environmental Compatibility ("CEC") which was granted by the Commission on March 7, 2002 in Decision No. 64626. As used herein, the phrase "transmission line" includes all facilities contained within the definition of that phrase as set forth in A.R.S. § 40-360.

Attached hereto as Appendix "A" and incorporated by reference is a copy of the 10-Year Plan Bowie filed with the Commission for 2006. The only change in the information contained in the 2006 10-Year Plan relating to the transmission line, which has occurred during the intervening time period, pertains to the proposed route.

More specifically, representatives of the Arizona State Land Department ("ASLD") and Bowie recently agreed upon certain minor adjustments to the route of the transmission line as it traverses ASLD land, in order to comply with a recently formulated ASLD policy that electric transmission line right(s)-of-way parallel section lines on ASLD to the maximum extent practicable. Accordingly, and pursuant to A.R.S. § 40-360.02 (C)(1), attached hereto as Appendix "B" is a copy of a map which indicates the nature and location of those changes in the transmission line route as it crosses ASLD land. In all other respects, as pertinent to the transmission line, the information required under A.R.S. § 40-360.02 (C) remains the same as contained in the attached copy of Bowie's 2006 10-Year Plan.

As the Commission and its Staff are aware, Bowie does under consideration the possibility of re-permitting the natural gas-fired electric generating plant, which was the subject

of the CEC granted by the Commission in companion Decision No. 64625, as an Integrated Gasification Combined Cycle ("IGCC") electric generating plant. In the event that Bowie pursues that course of action, and the Commission either amends the existing power plant CEC or grants a new CEC, Bowie will file such changes to this 2007 10-Year Plan for the transmission line as may be necessary or appropriate; or, depending upon timing, it will reflect such changes in its 10-Year Plan for 2008.

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

Sincerely,



David Getts, General Manager
Bowie Power Station, L.L.C.

cc: Ernest Johnson (ACC Utilities Division)
Christopher Kempley (ACC Legal Division)
Laurie Woodall (Chairman, ACC Legal Division)
Gary Crane (Environmental Manager, SWPG)
Lawrence V. Robertson, Jr. (Munger Chadwick, PLC)

APPENDIX "A"

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

RECEIVED

2006 JAN 31 P 3:02

January 31, 2006
ARIZONA CORPORATION COMMISSION
DOCUMENT CONTROL

Ms. Colleen Ryan, Supervisor
Document Control Center
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

**Re: Update For 2006
Annual Ten-Year Plan For Bowie Power Station, L.L.C.
(Docket No. L-00000BB-01-0118)**

Dear Ms. Ryan:

The purpose of this letter is to provide notice that Southwester Power Group II, L.L.C. ("SWPG") is updating its 2006 Ten-Year Plan (see attachment) for the Bowie Power Station. Our update is meant to address provision A.R.S. § 40-360.02. With this provision in mind, SWPG advises that we are contemplating that the fully permitted natural gas fired Bowie Power Station may be re-permitted as a coal-fired facility. In addition, SWPG is contemplating a new 51-mile transmission alignment from the Bowie Power Station to the Winchester Substation.

In the event that SWPG ultimately decides to proceed with the newly proposed coal project, SWPG will make all required filings, including those prescribed in A.R.S. §§ 40-360 *et seq.*

Please let me know if you have any questions.

Sincerely,



Tom Wray
General Manager

Cc:

Ernest Johnson w attachments (Utility Director)
Jerry Smith w attachments (Utility Engineer)
Gary Crane w/o attachments (SWPG)
Laurie Woodall w attachments (Chairman, Siting Committee)
Lawrence V. Robertson w attachments (Munger Chadwick, PLC)

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

January 31, 2006

Ms. Colleen Ryan, Supervisor
Document Control Center
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Re: Annual Ten-Year Plan For Bowie Power Station, L.L.C.
(Docket No. L-00000BB-01-0118)

Dear Ms. Ryan:

Pursuant to Arizona Revised Statutes (A.R.S. 40-360.02), Bowie Power Station L.L.C. ("Bowie") hereby submits its current (January 31, 2006) Ten-Year Plan for the fully permitted electric generating station and associated transmission line. In order to simplify the current plan for the reader, Bowie will differentiate changes made from the Ten-Year Plan of January 2005. For reference, the January 2005 plan is provided at the end of this letter. The same organization requirements specified in A.R.S. 40-360.02, and protocol used in the past (i.e. 2002, 2003, 2004 & 2005) Ten-Year Plan will be followed in this plan. The requirements within the revised statutes are formatted in italics, and are followed by Bowie's response in normal (non-italicized) type.

1. *The size and proposed route of any transmission lines or location of each plant proposed to be constructed.*

There are no known changes in the size and proposed route of transmission line or location of the proposed gas power plant.

2. *The purpose to be served by each proposed line or plant.*

There are no known changes in the purpose of the proposed line or power plant as specified in the 2005 Ten-Year Plan.

3. *The estimated date by which each transmission line or plant will be in operation.*

Bowie is in the process of renewing its air permit and anticipates the permit to be renewed in February 2006. Construction schedule for both the power plant and transmission line is dependent on power purchasers in either Arizona or Mexico. Construction of both the transmission facility and power station will commence concurrently after a contractual arrangement is entered into with a power purchaser.

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Power Group II, LLC
An Energy Company - Alliance Builder

4. The average and maximum power output measured in megawatts of each plant installed.

There are no known changes on the average and maximum power output as specified in the 2005 Ten-Year Plan.

5. The expected capacity factor for each proposed plant.

There are no known changes on the expected capacity factor for the proposed power plant as specified in the 2005 Ten-Year Plan.

6. The type of fuel to be used for each proposed plant

There are no known changes on the type of fuel to be used for the proposed power plant as specified in the 2005 Ten-Year Plan.

7. The plans' for any new facilities shall include a power flow and stability analysis report showing the effect on the current Arizona electric transmission system. Transmission owners shall provide the technical reports, analysis or basis for projects that are included for serving customer load growth in their service territories.

There are no known changes or updates to the Interconnection System Impact Study completed in cooperation with Tucson Electric Power submitted with the 2003 Ten-Year Plan.

In the event you have any questions regarding the above, please feel free to contact me at (602) 808-2004.

Sincerely,



Tom Wray
General Manager

Cc:

Ernest Johnson w attachments (Utility Director)
Jerry Smith w attachments (Utility Engineer)
Gary Crane w/o attachments (SWPG)
Laurie Woodall w attachments (Chairman, Siting Committee)
Lawrence V. Robertson w attachments (Munger Chadwick, PLC)

ATTACHMENTS

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

January 31, 2005

Ms. Colleen Ryan, Supervisor
Document Control Center
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Re: Annual Ten-Year Plan For Bowie Power Station, L.L.C.
(Docket No. L-00000BB-01-0118)

Dear Ms. Ryan:

Pursuant to Arizona Revised Statutes (A.R.S. 40-360.02), Bowie Power Station L.L.C. ("Bowie") hereby submits its current (January 31, 2005) Ten-Year Plan for the fully permitted electric generating station and associated transmission line. In order to simplify the current plan for the reader, Bowie will differentiate changes made from the Ten-Year Plan of January 2003 & 2004. For reference, both the January 2003 and 2004 plan is provided at the end of this letter. The same organization requirements specified in A.R.S. 40-360.02, and protocol used in the 2003 & 2004 Ten-Year Plan will be followed in this plan. The requirements within the revised statutes are formatted in italics, and are followed by Bowie's response in normal (non-italicized) type.

1. *The size and proposed route of any transmission lines or location of each plant proposed to be constructed.*

There are no known changes in the size and proposed route of transmission line or location of the proposed power plant. This is consistent with the 2003 and 2004 Ten-Year Plan. Discussions with the Arizona State Land Department (ASLD) in regard to Bowie's transmission corridor have terminated until contractual arrangements are executed with load-serving entities in the United States or in Mexico. In the event Bowie enters into a contractual arrangement with a potential power purchaser, discussions will be renewed with the ASLD and appropriate filings will be made with the Arizona Power Plant and Transmission Line Siting Committee and as needed other regulatory entities.

2. *The purpose to be served by each proposed line or plant.*

There are no known changes in the purpose of the proposed line or power plant as specified in the 2003 and 2004 Ten-Year Plan. See Response No. 1 above as to current discussions and investigations that are ongoing.

3. *The estimated date by which each transmission line or plant will be in operation.*

Bowie is in the process of renewing its air permit and anticipates the permit to be renewed in June 2005. Construction schedule remains the same and is dependent on

power purchasers in either Arizona or Mexico. Bowie anticipates commencing construction for the power station in the following time sequence:

Phase 1	4 th quarter 2006
Phase 2	4 th quarter 2007

The anticipated commercial in-service operation for the 345 kV and 230 kV transmission facilities associated with the power station will be no later than 4th quarter 2006. Construction of both the transmission facility and power station will commence concurrently after a contractual arrangement is entered into with a power purchaser.

4. The average and maximum power output measured in megawatts of each plant installed.

There are no known changes on the average and maximum power output as specified in the 2003 and 2004 Ten-Year Plan.

5. The expected capacity factor for each proposed plant.

There are no known changes on the expected capacity factor for the proposed power plant as specified in the 2003 and 2004 Ten-Year Plan.

6. The type of fuel to be used for each proposed plant

There are no known changes on the type of fuel to be used for the proposed power plant as specified in the 2003 and 2004 Ten-Year Plan.

7. The plans' for any new facilities shall include a power flow and stability analysis report showing the effect on the current Arizona electric transmission system. Transmission owners shall provide the technical reports, analysis or basis for projects that are included for serving customer load growth in their service territories.

There are no known changes or updates to the Interconnection System Impact Study completed in cooperation with Tucson Electric Power submitted with the 2003 Ten-Year Plan.

In the event you have any questions regarding the above, please feel free to contact me at (602) 808-2004.

Sincerely,



Tom Wray
General Manager

Cc:

Ernest Johnson w attachments (Utility Director)
Jerry Smith w attachments (Utility Engineer)
Gary Crane w/o attachments (SWPG)
Laurie Woodall w attachments (Chairman, Siting Committee)
Lawrence V. Robertson w attachments (Munger Chadwick, PLC)

APPENDIX "B"



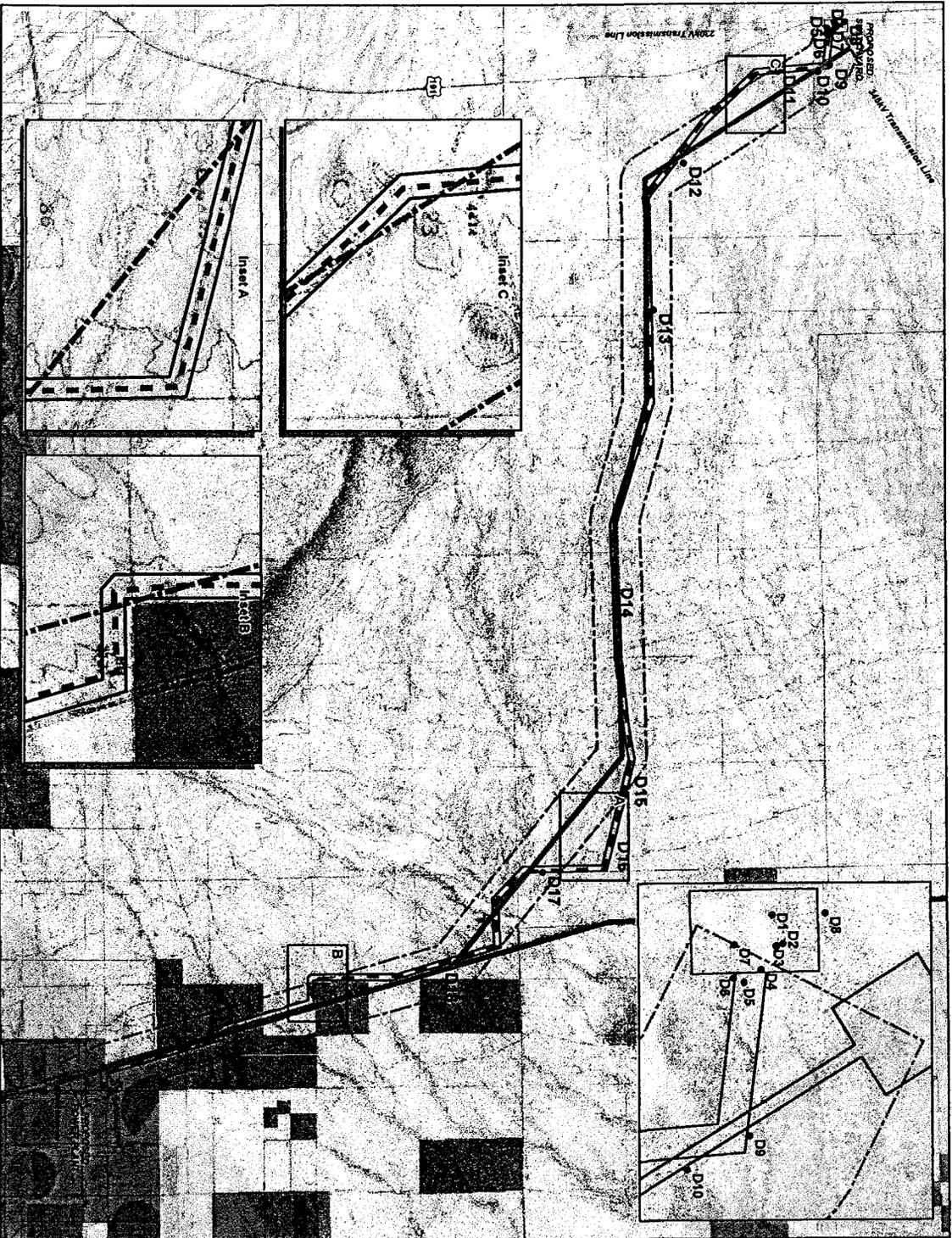
TRANSMISSION LINE ALTERNATIVES

OPTION C

LEGEND

- Alternative Transmission Line
- Approved 345kV Transmission Line Corridor - Certificate of Environmental Compatibility (2002)
- 300' ASLD Easement
- 120' 2001 Class III Cultural Survey Corridor

- ### Land Ownership
- BLM
 - State
 - Private



DRAFT: January 15, 2007



Appendix "C"

ADEQ Letter

Dated November 1, 2007



Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

1110 West Washington Street • Phoenix, Arizona 85007-2935
(602) 771-2300 • www.azdeq.gov



Stephen A. Owens
Director

CERTIFIED MAIL RETURN RECEIPT REQUESTED

November 1, 2007

David Getts, Manager
Bowie Power Station LLC
3610 N 44th Street, Ste 250
Phoenix, AZ 85018

Subject: Commencement of Construction of the Bowie Power Station

Dear Mr. Getts:

The Arizona Department of Environmental Quality (ADEQ) is in receipt of your letter, dated October 23, 2007, documenting the steps that Bowie Power Station LLC (Bowie) has taken towards construction of the natural gas fired power plant granted Air Quality Permit Number 34918. As you know, the air permit was issued on March 13, 2006. In accordance with Arizona Administrative Code R18-2-402.D.4 (Condition II.B.1 of Attachment "B" of Permit Number 34918) the Director is required to terminate a permit if the proposed construction is not begun within 18 months of issuance. Your letter was submitted to demonstrate that Bowie "commenced construction" of the power plant prior to September 13, 2007.

"Commence" as applied to the construction of a source is defined by Arizona Administrative Code (A.A.C.) R18-2-101.27:

[T]he owner or operator has all necessary preconstruction approvals or permits and either has:

- a. Begun, or caused to begin, a continuous program of actual on-site construction of the source, to be completed within a reasonable time; or
- b. Entered into binding agreements or contractual obligations, which cannot be cancelled or modified without substantial loss to the owner or operator, to undertake a program of actual construction of the source to be completed within a reasonable time.

The Department has reviewed the submitted information and finds that Bowie has demonstrated that all preconstruction approvals or permits have been obtained. Bowie has not begun actual on-site construction, therefore, your letter was submitted to demonstrate that Bowie has entered into binding agreements or contractual obligations to undertake a program of actual construction that cannot be cancelled or modified without substantial loss. The Department finds that several of the costs cited by Bowie demonstrating that a substantial loss would be incurred are not appropriate in determining if construction was commenced. Specifically, the present value of the pre-tax cash flow (\$210 million) and the cost of real estate purchased by Bowie (\$1.8 million) are not considerations for determining substantial loss with regard to commencing construction.

Northern Regional Office
1801 West Route 66 • Suite 117 • Flagstaff, AZ 86001
(928) 779-0313

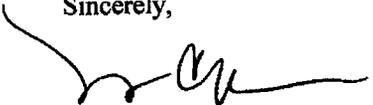
Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733

The Department does agree, however, that the purchase of the two turbines (at a cost of \$78 million) should be considered toward the determination of substantial loss. In addition, the contract Bowie has signed with MMR Constructors, Inc (MMR) has a minimum cancellation fee of \$4 million. Moreover, the Department is aware that on-site construction has not yet begun in large part because Bowie pursued approval to construct and operate an innovative coal fired power plant rather than the natural gas fired power plant and only recently concluded that a coal fired plant would not be feasible. The Department recognizes the extensive time and money that have been invested in the attempt to gain approval of the coal fired plant.

In light of these costs, and the overall project cost of \$800 million, the Department finds that Bowie has entered into binding agreements that would result in substantial loss, and therefore has commenced construction of the Bowie Power Station.

If you have any questions please contact Trevor Baggione at (602) 771-2321.

Sincerely,



Nancy C. Wrona, Director
Air Quality Division

NCW: tb4

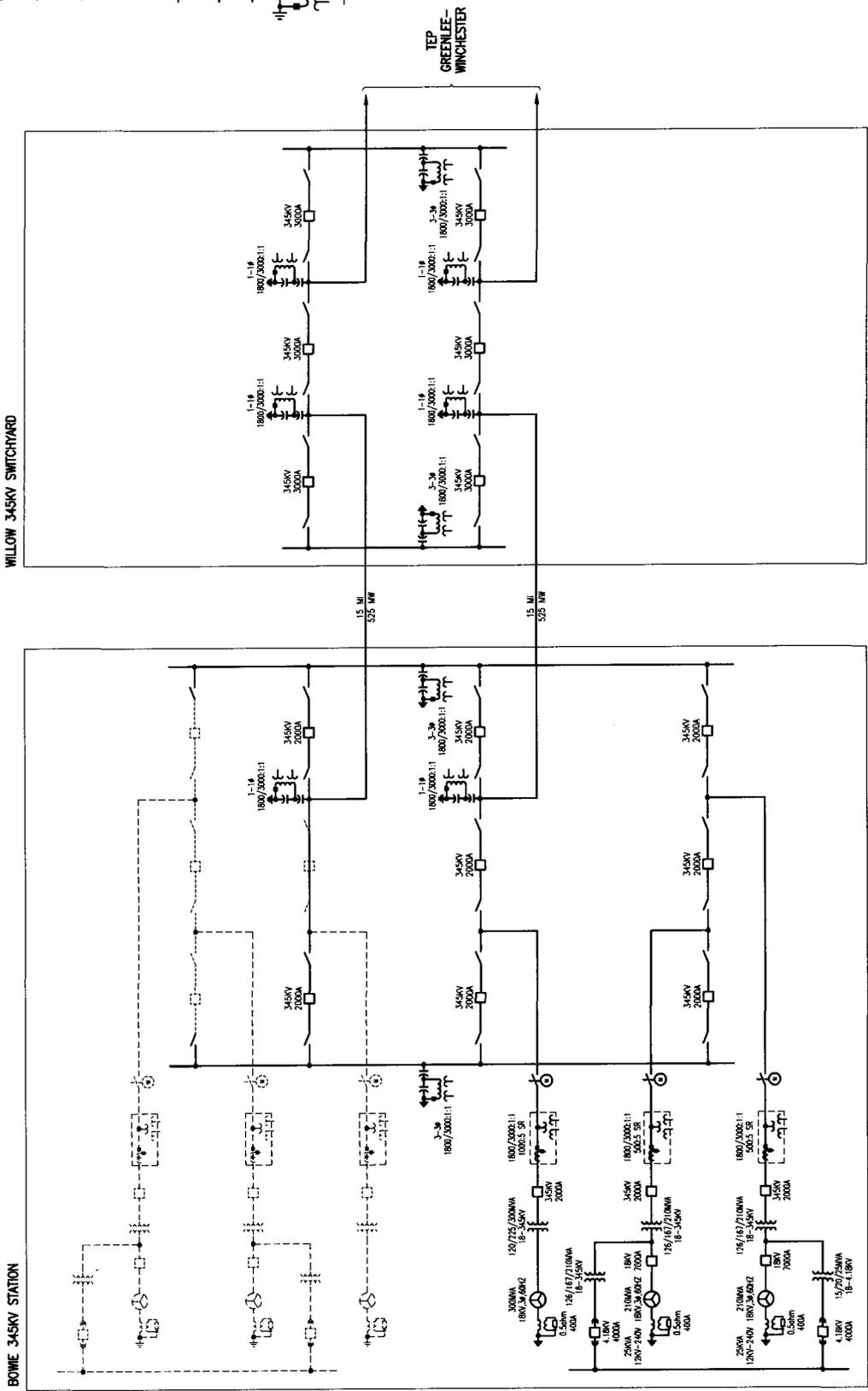
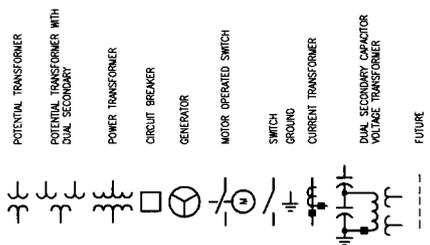
cc: Kathleen Stewart, EPA Region IX

Appendix "D"

Bowie Power Station
Switching Diagram

1 2 3 4 5 6 7 8

LEGEND



JOB NUMBER		REV	SOUTHWESTERN POWER GROUP	
113461		A	BOWIE POWER STATION PROJECT	
DRAWING NUMBER		SWITCHING DIAGRAM		
E8-1		BOWIE POWER ENGINEERS		
DESIGN	BT	11-26-07	SCALE	NONE
DRN	SKL	11-26-07	FOR 1525-MW TEP	ONLY
CHK				
APPD				
REV	DATE	REVISIONS	DATE	DRN
B	01-19-08	MODIFIED PER 01-19-08 MEETING		BT
A	11-26-07	ISSUED FOR REVIEW		SKL

BOWIE POWER ENGINEERS
www.bowiepower.com

FOR ALL OTHERS NOT LISTED BY THESE OPERATIONS, SEE THE GENERAL NOTES AND SPECIFICATIONS FOR A COMPLETE LIST OF THE DRAWING AND INSTRUMENTATION. THE DRAWING IS THE PROPERTY OF BOWIE POWER ENGINEERS AND SHALL BE KEPT IN CONFIDENCE. IT IS TO BE USED ONLY FOR THE PROJECT AND SHALL NOT BE REPRODUCED OR COPIED IN ANY MANNER WITHOUT THE WRITTEN PERMISSION OF BOWIE POWER ENGINEERS.