

ORIGINAL

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



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

December 30, 2009

Arizona Corporation Commission
DOCKETED

DEC 31 2009

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AZ CORP COMMISSION
DOCKET CONTROL

Mr. Steven M. Olea
Director
Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Subject: Bowie Power Station, L.L.C.
2009 Letter of Self-Certification
(Decision Nos. 64625, 64626, 69339 and 70588)

Dear Mr. Olea:

Pursuant to Condition No. 24 of Decision No. 64625 and Condition No. 11 of Decision No. 64626, Bowie Power Station, L.L.C. ("Bowie") submits herewith this Letter of Self-Certification ("Letter") for the year 2009.

BACKGROUND

On March 7, 2002, the Arizona Corporation Commission granted Bowie Certificates of Environmental Compatibility in Decision Nos. 64625 (power plant) and 64626 (transmission project).

Bowie received an extension of both Certificates of Environmental Compatibility granted in Decision Nos. 64625 and 64626, on February 20, 2007 in Decision No. 69339. This Decision extended the term of both of the two original Decisions through December 31, 2010.

In addition, Bowie received approval from the Commission for an amendment to Decision No. 64626 that adjusted the alignment of Bowie's interconnecting double-circuit 345 kV transmission line. This amendment brought the project's transmission line placement into compliance with the requirements of the Arizona State Land Department. The nature of this amendment is set forth in Decision No. 70588, dated November 6, 2008. In filing this Letter with the Commission, Bowie certifies compliance with all applicable Conditions imposed by Decision Nos. 64625, 64626, 69339 and 70588 (collectively, the "CECs").

This Letter is silent on compliance with Conditions that have been performed, completed and documented in past Letters filed with the Commission. Conditions contained in the CECs relevant to construction and operation are similarly not addressed herein.

ACTIVITY ON PRE-CONSTRUCTION CONDITIONS:

Condition No. 1 of Decision No. 64625 and 64626 provides that:

"Applicant shall comply with all existing applicable air and water pollution control standards and regulations, and with all existing applicable ordinances, master plans and regulations of the State of Arizona, Cochise County and Graham County, the United States of America, and any other governmental entities having jurisdiction..."

Bowie obtained Air Quality Permit # 349818 ("Air Permit") on March 13, 2006 from the Arizona Department of Environmental Quality ("ADEQ"). Due to the suspension of on-site construction, ADEQ terminated the Air Permit on December 9, 2009. Attachment 1 includes this termination letter from ADEQ. Bowie is in the process of applying for a new Air Permit for the project and anticipates that a new Air Permit will be issued by December 2010.

Condition No. 1A of Decision No. 64625 provides that:

[Bowie will comply with] "all applicable zoning stipulations and conditions, including but not limited to landscaping and dust control requirements and/or approvals"

On November 10, 2009, the Board of Supervisors of Cochise County adopted Resolution 09-60 ("Resolution"). The Resolution applies to the rezoning permit number Z-02-13 ("Rezoning Permit"). This resolution extended the duration of the Rezoning Permit for Bowie through December 31, 2015. The Resolution can be found as Attachment 2.

Condition No. 2E of Decision No. 64625 provides that Bowie will:

"Make arrangements with Cochise County to address and resolve traffic control problems and concerns, including consideration of paving roads, adding traffic lights and/or staggering Project construction work shift changes."

Bowie contracted with SouthWest Traffic Engineering to perform the *Bowie Power Station Traffic Impact Analysis* ("Analysis"). The Analysis was requested by ADOT to evaluate possible traffic impacts the project might impose on Business Route 10/Central Avenue, Central Avenue/Fan Road, and the East and West Bowie Traffic Interchanges. The Analysis was revised as of January 1, 2009. Attachment 3 is the Executive Summary for the revised Analysis.

On August 25, 2009, ADOT issued permit number 1204246 which is a Highway Encroachment Permit. This permit authorizes Bowie to construct a chip seal emulsion on Business Route 10 in the town of Bowie between Lincoln Avenue and Kellum Avenue. This construction improvement will include new pavement markings and roadway signs. The encroachment permit can be found as Attachment 4.

Condition No. 7 of Decision No. 64625 provides that:

"Prior to construction of any facilities, Applicant must provide the Commission with technical study evidence that sufficient transmission capacity exists to accommodate the full output of the plant and that the full output of the plant shall not compromise the reliable operation of the interconnect transmission system. The technical studies shall include a power flow and stability analysis report showing the effect of the plant on the existing Arizona electric transmission system. The technical study report(s) shall document both physical flow capability as well as contractual schedule capability to deliver full plant output to its intended market.

Tucson Electric Power contracted with PDS Consulting, PLC to prepare a Generator Interconnection Study ("Study"). The Study was completed on May 13, 2008. The Study analyzed the impact of Bowie on interconnected transmission systems. Studies performed included power flow, transient stability and short circuit analysis. The Executive Summary of the Study can be found as Attachment 5.

A Facility Study was completed on May 5, 2009. The primary purpose of the Facility Study was to determine the major system additions required for the interconnection of Bowie to the Tucson Electric Power extra-high voltage transmission system, as well as any affected facilities identified in the Bowie System Impact Study. The Executive Summary of the Facility Study can be found as Attachment 6.

Bowie continues to actively participate in regional transmission grid planning forums, including the Southwest Area Transmission Subregional Planning Group ("SWAT") and the Southeast Area Transmission Study subcommittee. Should any substantial system modifications occur to the interconnected grid prior to Bowie's interconnection to it, Bowie will update these studies within a reasonable period of time. Any such updates will be promptly filed with the Commission in this Docket.

Condition No. 9 of Decision No. 64626 provides that Bowie:

“Applicant shall continue to participate in good faith in State and regional transmission study forums, including the Central Arizona Transmission Study, to identify and encourage expedient implementation of transmission enhancements to reliably deliver power from the Project to the WSCC transmission grid.”

Condition No. 10 of Decision No. 64625 provides that:

“Applicant shall continue to participate in good faith in state and regional transmission study forums to identify and encourage expedient implementation of transmission enhancements, including transmission cost participation as appropriate, to reliably deliver power from the Project throughout the WSCC grid in a reliable manner.”

Bowie continues its active involvement in regional transmission planning organizations, including WestConnect, SWAT and its several active subcommittees. Additionally, through its owner, SouthWestern Power Group, Bowie remains an Affiliate Member in good standing in the Western Electricity Coordinating Council.

SUMMARY

The current downturn in our regional economy has impacted power demand and load growth in the areas served by Arizona’s utilities. This has in turn affected the forecasted commercial operation date for Bowie’s first project phase, nominally 500 megawatts of combined-cycle combustion turbine operations. Bowie will continue to monitor this economic environment and remains in regular contact with Arizona’s load-serving entities regarding their future energy and capacity needs to serve customers.

We continue to agree with the Commission’s assessment in Decision No. 69339 that *“...there are signs that the industry is on the cusp of renewed interest in quick, short term generation fixes for which these plants [e.g. Bowie Power Station] are well suited.”* (page 4-5).

Bowie remains in full compliance with all Conditions imposed by the Commission regarding all CECs applicable to its authorization. As the project’s activity increases, Bowie will continue to remain in compliance with the Conditions that are the subject of Decision Nos. 64625, 64626, 69339 and 70588.

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

Attachments (7)

Cc: File

Docket Control

David Getts, SouthWestern Power Group

Janice Alward, Esq., Legal Division, Arizona Corporation Commission

Kevin Torrey, Esq., Legal Division, Arizona Corporation Commission

Prem K. Bahl, Utilities Division, Arizona Corporation Commission

John Foreman, Esq., Designee for the Office of Attorney General

Paul Rasmussen, Designee for Director of Arizona Department of Environmental Quality

Gregg Houtz, Designee for Director of Arizona Department of Water Resources

Doug Eberhart, Designee for Chairman of Arizona Corporation Commission

Jack Haenichen, Designee for Director of the Energy Office of the Arizona Department
of Commerce

Lawrence V. Robertson, Jr., Esq., Bowie Power Station, LLC

Rick Moore, Bowie Power Project, Site Manager

Attachment 1

Condition No. 1 of Decision Nos. 64625/64626

**ADEQ termination letter for
Air Quality Permit #349818**

(December 9, 2009)



Janice K. Brewer
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

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



Benjamin H. Grumbles
Director

CERTIFIED MAIL RETURN RECEIPT REQUESTED

December 9, 2009

Tom C. Wray, Manager
Bowie Power Station, LLC
3610 E. 44th St., Suite 250
Phoenix, AZ 85018

Subject: Termination of Air Quality Permit # 34918

Dear Mr. Wray:

The Arizona Department of Environmental Quality (ADEQ) is in receipt of correspondence from Mr. Gary Crane, dated November 12, 2009, confirming on-site construction of the Bowie Power Station has been suspended for more than 18 months.

Arizona Administrative Code (A.A.C.) R18-402-D.4 states: The Director shall terminate a permit or permit revision issued under this Article if the proposed construction or major modification is not begun within 18 months of issuance or, if during the construction or major modification, work is suspended for more than 18 months.

Therefore, the above referenced Air Quality Permit has been terminated effective the date of this letter.

This decision is an appealable agency action under A.R.S. § 41-1092. You have a right to request a hearing and file an appeal under A.R.S. § 41-1092.03(B). You must file a written Request for Hearing or Notice of Appeal within 30 days of your receipt of this Notice. A Request for Hearing or Notice of Appeal is filed when it is received by ADEQ's Hearing Administrator as follows:

Judith Fought, Hearing Administrator
Office of Administrative Counsel
Arizona Department of Environmental Quality
1110 W. Washington Street
Phoenix, AZ 85007

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

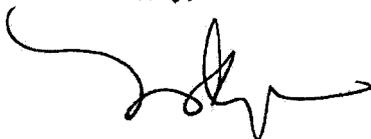
Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733

Page 2 of 2
Mr. Wray

The Request for Hearing or Notice of Appeal shall identify the party, the party's address, the agency and the action being appealed and shall contain a concise statement of the reasons for the appeal. Upon proper filing of a Request for Hearing or Notice of Appeal, ADEQ will serve a Notice of Hearing on all parties to the appeal. If you file a timely Request for Hearing or Notice of Appeal you may request an informal settlement conference with ADEQ under A.R.S. § 41-1092.06. This request must be made in writing no later than 20 days before a scheduled hearing and must be filed with the Hearing Administrator at the above address.

If you have any questions regarding this letter please contact Wayne Bixler at (602) 771-2283, or me at (602) 771-2308.

Sincerely,



Nancy C. Wrona, Director
Air Quality Division

NCW:wb1

cc: Gary K. Crane, Bowie Power Station LLC, (via e-mail)

Attachment 2

Condition No. 1A of Decision No. 64625

**Board of Supervisors for Cochise County, AZ
Resolution 09-60**

(November 10, 2009)

RESOLUTION 09-60

**EXTENDING THE DEADLINE FOR SUBSTANTIAL CONSTRUCTION
PROGRESS ON THE BOWIE POWER GAS-FIRED ELECTRICAL
POWER GENERATING STATION FROM DECEMBER 31, 2010 TO
DECEMBER 31, 2015**

WHEREAS, at its regular meeting on September 11, 2002, the Planning and Zoning Commission approved Docket SU-02-08, a special use request to legally establish a power generation plant located north of Bowie; and

WHEREAS, at its regular meeting on September 24, 2002, the Board of Supervisors approved Docket Z-02-13 rezoning approximately 260 acres from RU-4 to HI and approximately 443 acres to RU-36 for Parcels 301-04-028, 032, 033A, 033C, and 034 located north of Bowie for the purposes of legally establishing a power generation plant; and

WHEREAS, at its regular meeting on September 18, 2007, the Cochise County Board of Supervisors approved revising the condition attached to Z-02-13 that required substantial progress on the construction of the electric generation facility by September 24, 2002, and extended the deadline for substantial construction progress to December 31, 2010; and

WHEREAS, the County is in receipt of a request for further extension of that the deadline for substantial progress on the construction of the Bowie Power Plant electric generating facility; and

WHEREAS, on November 10, 2009, the Board of Supervisors held a duly noticed public hearing on this proposed extension for substantial construction progress; and

WHEREAS, at its regular meeting on November 10, 2009, the Cochise County Board of Supervisors approved revising the condition attached to Z-02-13 that required substantial progress on the construction of the electric generation facility by December 31, 2010, to extend the deadline for substantial construction progress to December 31, 2015,

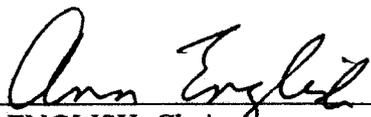
NOW, THEREFORE, BE IT RESOLVED that Docket Z-02-13 which requires substantial construction progress of the Bowie Power Station, a gas-fired electrical generating station, by December 31, 2010, be extended to December 31, 2015, with all previous conditions remaining in force.

RESOLUTION 09-60

Re: Extending the Deadline for Substantial Construction Progress (Bowie Power Plant)

Page 2

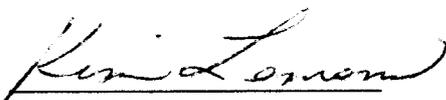
PASSED AND ADOPTED by the Board of Supervisors of Cochise County, Arizona,
this 10th day of November, 2009.



ANN ENGLISH, Chair 11-12-09

ATTEST:

APPROVED AS TO FORM:



KATIE HOWARD
Clerk of the Board



ADAM AMBROSE
Civil Deputy County Attorney

for

Attachment 3

Condition No. 2E of Decision No. 64625

**Executive Summary to the
Revised Traffic Impact Analysis
conducted by
SouthWest Traffic Engineers**

(January 1, 2009)



TRAFFIC IMPACT ANALYSIS BOWIE POWER STATION CENTRAL AVENUE/FAN ROAD

Executive Summary

The purpose of this traffic study is to evaluate the current and future transportation system within the project study area surrounding the site without and with the project. This analysis includes traffic operations at the existing intersections of Business Route 10/Central Avenue, Central Avenue/Fan Road, the West Bowie Traffic Interchange (TI) and the East Bowie TI. The proposed access points to the project were also evaluated.

Existing and Future Traffic Data Without Project

Traffic counts were taken at the existing intersections of Business Route 10/Central Avenue, Central Avenue/Fan Road, the West Bowie TI and the East Bowie TI. The traffic counts included turning movement counts during the weekday AM and PM peak hours.

The existing intersections of Business Route 10/Central Avenue, Central Avenue/Fan Road, the West Bowie TI and the East Bowie TI were evaluated without the project for existing and future levels of service (LOS). The existing project intersections currently operate at an adequate LOS during the weekday AM and PM peak hours and are predicted to continue operating adequately in 2010, and 2012, without the project.

Future Traffic Data With Project

The addition of site-generated trips is predicted to have a limited affect on the study intersections in 2010 during the peak of construction. All of the study area intersections are predicted to operate at an adequate LOS C or better in the weekday AM and PM peak hours of 2010. The additional traffic generated by the project after full site buildout also has a limited effect on the LOS of the existing project area intersections. All study area intersections are predicted to continue operating at an adequate level of service A or better during the weekday peak hours with full site buildout in 2012.

Queue Length and the Union Pacific Railroad Crossing

Central Avenue has an "at-grade" crossing of the Union Pacific Railroad located approximately 850 feet north of Business Route 10. This crossing has a post-mounted flashing-light signal and an automatic gate assembly. Approximately 50 trains traverse this location on a daily basis according to Union Pacific, with an estimated half of the crossings taking place during daylight hours

The maximum expected queue for southbound traffic on Central Avenue at Business Route 10 is 450 feet.



The maximum expected queue for northbound traffic on Central Avenue at the rail crossing is approximately 2,220 feet. The total available space for this queue on Central Avenue is approximately 850 feet. During the peak hour of construction if a train crosses Central Avenue for longer than four (4) minutes, traffic in the northbound direction will back up onto Business Route 10. With Business Route 10 currently providing four total lanes, the backed up traffic due to the train will be able to store on Business Route 10.

Traffic Signal Warrant Analyses

In order to determine if a traffic signal is warranted for the intersection of Business Route 10/Central Avenue, traffic signal warrant evaluations were completed at the intersection using the existing roadway geometric conditions, for 2008, 2010, and 2012 without and with traffic from the proposed development.

Traffic volumes at the intersection of Business Route 10/Central Avenue currently do not satisfy Traffic Signal Warrants 1, 2 or 3. They also do not meet the Warrants in 2010, and 2012 without and with the project.

Arizona Department of Transportation (ADOT) School Crossing Warrant Analysis

Per ADOT direction, a School Crossing Warrant Analysis was conducted to evaluate the existing school crossing of Business Route 10 at Jefferson Avenue.

The result of the ADOT School Crossing Warrants Analysis shows that the existing yellow school crossing on Business Route 10 at Jefferson Avenue does not meet the warrants of the ADOT Traffic Safety for School Areas Guidelines during any of the 3 hours surrounding the beginning and end of the school day. In addition, the existing school crossing is missing the associated roadway signs that are required as part of its installation.

The results of ADOT School Crossing Warrants Analysis also show that this location does not meet the warrants for a standard pedestrian crosswalk as specified in the *ADOT Traffic Engineering Policies, Guidelines, and Procedures*.

Recommendations

When Central Avenue is improved and widened to a 28-foot cross section, the Union Pacific railroad crossing may have to be modified, including installation of new railroad crossing gates, due to the wider roadway section. Any changes to the railroad crossing should be consistent with the latest edition of the Manual on Uniform Traffic Control Devices. The railroad crossing should also follow all state and county requirements as well.

A "Do Not Stop on Tracks" (R8-8) regulatory sign on the northbound and southbound approaches to the railroad crossing may be used to discourage and prohibit parking or stopping on the railroad track crossing of Central Avenue.

Attachment 4

Condition No. 2E of Decision No. 64625

**ADOT Highway Encroachment Permit
No. 1204246**

(August 25, 2009)



**Arizona Department of Transportation
Intermodal Transportation Division**

206 South Seventeenth Avenue Phoenix, Arizona 85007-3213

Janice K. Brewer
Governor

John S. Hallkowski
Director

Floyd Roehrich Jr.
State Engineer

August 25, 2009

Martin Bailey
Southwestern Power Group
3610 North 44th Street
Phoenix, AZ 85018

08-28-09P02:17 RCVD

Re: Permit Number 1204246-Other Permanent Activity, new chip seal on B-10 in Bowie between Lincoln and Kellum Avenue, SR-10B (B) @ Mile Post 364.130 to 364.580 or Station: 3360+36 to 3384+00.

Mr. Bailey:

Your permit application to use State Highway right-of-way is approved and a copy of the permit is attached. Please read the permit and the attached specifications and standards, prior to performing any permitted work in order to comply with all ADOT requirements.

Please contact Mr. Gabe Ayala, Operations Supervisor **seven (7) days prior to beginning** permitted work; and **within three (3) days of completing** permitted work, by phone 520-384-2388 or by e-mail GAyala@azdot.gov.

The safety of your employees and the traveling public are of great concern to us. Prior to beginning your permitted work, please ensure compliance with the Traffic Control requirements of this permit.

Sincerely,

Armando J. Membriola, CPM
ADOT Safford District Office
2082 E. Highway 70
Safford, Az 85546
520-432-4915 – office
928-428-7523 – fax
amembrila@azdot.gov

Attachments

pc: Mr. Gabe Ayala, Willcox Operations Supervisor
Central Maintenance Permits
Mr. Chris Williams, PE, PTOE, Southwest Traffic Engineering, LLC
File

AUG 24 2009



ARIZONA DEPARTMENT OF TRANSPORTATION
INTERMODAL TRANSPORTATION DIVISION
Highway Encroachment Permit Application
(Application for Permission to Use State Highway Right-of-Way)

ADOT
SAFETY INSPECTOR

FOR ADOT USE

PERMIT NUMBER: 1204246 ROUTE: I-10 B MILEPOST: 364.13-364.58

ADOT PROJECT NUMBER: 130-D (1) ADOT ENGINEERING STATION: 3360+36 - 3384+00

Name of Encroachment Owner
Bowie Power Station - Martin Bailey

Address of Owner
3610 North 44th Street, Suite 250

City: Phoenix

State AZ Zip 85018

Phone: (602) 808-2004

E-mail address:
MBailey@southwesternpower.com

Name of Applicant (If other than the Encroachment Owner)

Mailing Address

City:

State Zip

Phone:

Legal Relationship to Owner:

City (in or near) Bowie Side of Highway: N S E W (check one)

Highway Route No. B10 Approximately 700 Feet N S E W (check one) of Milepost No 364

Applicant's Project No. _____ Project Duration : 120 Days

Description of the proposed work or activity in the right-of-way: _____
A new chip seal emulsion will be constructed on Business Route 10 in Bowie, Arizona between Lincoln Avenue and Kellum Avenue. Improvements will also include new pavement marking and roadway signs.

The Encroachment Owner will be the Permittee. By signing this application, the Encroachment Owner acknowledges that the information given and statements made in this application are true and correct to the best of his/her knowledge. The Encroachment Owner agrees as the Permittee to accept the following General Obligations and Responsibilities as described on page 2 of the application. By accepting an approved encroachment permit, the Permittee agrees to the requirements described in the permit, to be responsible for all permit requirements, and to comply with ADOT's requirements as set out in the permit. An approved permit consists of this application, final supporting documentation approved by ADOT, and any requirements set by ADOT. If the Permittee disagrees with the requirements, the Permittee shall return the permit immediately to the District Office.

NO WORK SHALL TAKE PLACE INSIDE THE RIGHT OF WAY WITHOUT AN APPROVED PERMIT ON SITE.

Martin Bailey
Encroachment Owner (Print Name and Sign)
Date 8-21-09

Martin Bailey
Applicant (Print Name and Sign)
Date 8-21-09

GENERAL OBLIGATIONS AND RESPONSIBILITIES

THE PERMITEE AGREES TO THE FOLLOWING:

1. Assume all legal liability and financial responsibility for the encroachment activity for the duration of the encroachment, including indemnify, defend, and hold ADOT and the State of Arizona and any of its agents, directors, officers, employees harmless from and against any and all claims, actions, losses, liabilities, costs, damages, or expenses, including court costs, reasonable attorney's fees, and costs of claim processing and investigation, arising out of bodily injury or death of any person, or tangible or intangible property damage, caused, or alleged to be caused, in whole or in part, by the negligent or willful acts, or omissions of the Permittee, any of its directors, officers, agents, employees, or volunteers, or its contractor or subcontractors. This indemnity includes any claim or amount arising out of or recovered under the Workers' Compensation Law or arising out of the contractor's failure to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. The Permittee is not responsible for claims arising solely from ADOT's negligent or willful acts or omissions. The Permittee and/or contractors and subcontracts may be required to procure insurance with specified limits naming the State of Arizona and ADOT as additional insureds.
2. Comply with Environmental Laws. A. Environmental Laws refers collectively to any and all federal, state, or local statute, law, ordinance, code, rule, regulation, permit, order, or decree regulating, relating to, or imposing liability or standards of conduct on a person discharging, releasing or threatening to discharge or release or causing the discharge or release of any hazardous or solid waste or any hazardous substance, pollutant, contaminant, water, wastewater or storm water, and specifically includes, but is not limited to: The Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act; the Comprehensive Environmental Response, Compensation and Liability Act, as amended; the Toxic Substances Control Act; the Clean Water Act (CWA); the Clean Air Act; the Occupational Safety and Health Act; the Arizona Water Quality Act Revolving Fund Act, the Arizona Hazardous Waste Management Act, any applicable National Pollutant Discharge Elimination System (NPDES) or Arizona Pollution Discharge Elimination System (AZPDES) permit, any applicable CWA Section 404 permit, or any local pretreatment or environmental nuisance ordinance.
 - B. The Permittee specifically agrees that in the course of performing any activity for which this Permit is necessary:
 - i. To comply with any and all Environmental Laws;
 - ii. To ensure that no activity under this Permit shall cause ADOT to be in violation of any Environmental Laws;
 - iii. That if the Permittee fails or refuses to comply with any Environmental Laws, or causes ADOT to be in violation of any Environmental Laws, ADOT may at its sole and unreviewable discretion, (1) revoke this Permit; (2) require the Permittee to undertake corrective or remedial action to address any release or threatened release or discharge of the hazardous substance, pollutant or contaminant, water, wastewater or storm water; and (3) expressly consents to entry of injunctive relief to enforce any listed remedies.
 - iv. To indemnify ADOT for any losses, damages, expenses, penalties, liabilities or claims of any nature whatsoever suffered by or asserted against ADOT as a direct or indirect result of the disposal, escape, seepage, leakage, spillage, discharge, emission, or release of any hazardous waste, solid waste, hazardous substance, pollutant or contaminant, water, wastewater or storm water and losses, damages, expenses, penalties, liabilities and claims asserted or arising under the Environmental Laws, or for ADOT's costs in undertaking corrective action pursuant to an order of or settlement with a duly authorized regulatory agency or injured third party or for any penalties associated with Permittee's activities;
3. Be responsible for any repair or maintenance work to the encroachment for the duration of the encroachment;
4. Comply with ADOT's traffic control standards;
5. Obtain written approval from the abutting property owner (and/or underlying fee owner where ADOT owns its right of way by easement) if the encroachment encroaches on abutting property owned by someone other than the permittee (and/or on underlying fee land owned by someone other than the permittee where ADOT owns its right of way by easement).
6. Upon notice from ADOT, repair any aspect or condition of the encroachment that causes danger or hazard to the traveling public;
7. Remove the encroachment and restore the right-of-way to its original or better condition if ADOT cancels the encroachment permit, and terminates all rights under the permit;
8. Reimburse ADOT for costs incurred or deposit with ADOT money necessary to cover all costs incurred for activities related to the encroachment, such as inspections, restoring the right-of-way to its original or better condition, removing the encroachment, or repair encroachment to originally permitted condition;
9. Notify a new owner to apply for an encroachment permit, as required by Arizona Administrative Rule R17-3-502(D);
10. Apply for a new encroachment permit if the use of the permitted encroachment changes;
11. Keep a copy of the encroachment permit at the work site or site of encroachment activity;
12. Construct the encroachment according to plans that ADOT approves as part of the final permit;
13. Obtain required permits from other government agencies or political subdivisions;
14. Remove any defective materials, or materials that fail to pass ADOT's final inspection, and replace with materials ADOT specifies.
15. If the permit application is denied, applicant has a right to a hearing as prescribed in Arizona Administrative Rule, R17-3-509.

FOR ADOT USE

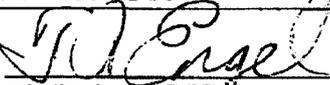
PERMIT TO USE STATE HIGHWAY RIGHT-OF-WAY

This application is approved as a permit and a permit is issued to the Permittee. Construction is authorized only for the period indicated below.

Permit Number 1204246



Authorized ADOT Name and Signature
Armando J. Membrila, CPM



Authorized ADOT Name and Signature
Tom A. Engel, PE, MASCE

Issue Date 08-25-2009

Permit work to be completed by: 11-23-2009

GENERAL REQUIREMENTS

GR-1 With the acceptance of this permit the Permittee agrees to all conditions as described herein and permitted work may begin as outlined below. Should the Permittee not agree to all conditions as described herein, the permit shall be returned to the issuing ADOT Permit office; and no permitted work shall be performed in the ADOT right-of-way.

GR-2 All permitted work shall be accomplished and completed in accordance with current Arizona Department of Transportation (ADOT) standards, specifications, and approved plans attached hereto and part of this permit; and under the supervision of the inspecting authority designated in GR-3.

GR-3 Permitted work shall not begin prior to notification of Mr. Gabriel Ayala, Operations Supervisor, by phone at 520-384-2388 or e-mail gayala@azddot.gov. Notification is required seven (7) days prior to start of ADOT permitted work, and within three (3) days after completion of ADOT permitted work for final inspection. Failure to comply with this requirement shall result in work stoppage.

GR-3A When the permitted work area is in an ADOT Construction Project and under contract all of the permitted work shall be coordinated with the prime contractor so no conflict or delay to the prime contractor occurs. Should the permitted work cause delays to the prime contractor the permittee shall be responsible for all monetary claims.

GR-4 A complete copy of the permit including specifications, drawings, approved site plans, and traffic control plans shall be present at the job site during all permitted work activities. Failure to produce an approved permit shall result in work stoppage.

GR-5 Permittee shall be responsible to acquire all licenses, pay all fees, charges, and taxes, and give necessary and incidental notices to the due and lawful prosecution of the ADOT permitted work. If the permitted work includes excavation, see Attachment "A" attached hereto and part of this permit.

GR-5-A The Permittee shall be responsible to investigate, and when necessary obtain additional permits or approvals from other agencies, i.e., towns, cities, counties, United States Forest Service, Bureau of Land Management, Tribal, and State Land. Applicant should be attentive to the building and zoning regulations in concurrence with this permit.

GR-5-B When applicable the Permittee shall be responsible to acquire and comply with the following permits: 1) Section 404 of the Federal Clean Water Act, Section 404 Permits and Section 404 Certifications. 2) The National Pollution Discharge Elimination System (NPDES), 3) Storm Water and Storm Water Pollution Prevention Plan (SWPPP).

SPECIFICATIONS FOR PERMIT NUMBER - 1204246

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GR-6 In case of the eviction of Permittee or Licensee by anyone owning or claiming title to, or interest in said premises or any part thereof, the State shall not be liable to Permittee or Licensee for any damage of any nature whatsoever, or to refund any moneys paid here under.

GR-7 Permittee shall comply with Arizona Revised Statute (ARS) 40.360 for Underground and Overhead facilities. Permittee shall assume full responsibility in acquiring clearances from utility companies and shall be responsible for any damage to any utility line. **Two (2) working days prior to any excavation, Permittee shall call BLUE STAKE at 1-800-STAKE-IT this is State law. Please provide your ADOT permit number 1204246 to the blue stake operator.** If Blue Stake is not available the Permittee shall be responsible for directly contacting all utility companies, two working days prior to any excavation.

GR-8 Permitted work shall not be performed at night, weekends or holidays without prior approval by ADOT.

GR-9 Traffic shall be protected in accordance with the Manual on Uniform Traffic Control Devices for Streets and Highways 2003 Edition (MUTCD) and the Arizona Supplement to the 2003 MUTCD. Placement, installation, maintenance and removal of all traffic control devices and when necessary flaggers, are the responsibility of the Permittee. Traffic Control Manuals are available from: ADOT, Engineering Records, 1655 W. Jackson, Room 112F, Phoenix, Arizona 85007, phone 602. 712.7498.

GR-10 The ADOT inspector shall determine the necessity of dust control. When necessary the dust control shall be accomplished by water application.

GR-11 Prior to final inspection by the ADOT inspector, all surplus material shall be removed from the right-of-way, and the right-of-way left in a clean and natural state. All existing ADOT features, i.e. fence, pipes, posts, signs, etcetera, damaged during performance of permitted work shall be repaired or replaced in like kind by the Permittee.

GR-12 Upon refurbishing the right-of-way to its original line and grade, it may be necessary to seed the disturbed areas. Permittee shall at the request of the ADOT inspector seed the disturbances using an approved mixture of two grasses and two wildflowers. ADOT shall provide Permittee with an approved seed mixture if required.

GR-13 Permittee shall submit a written request for a time extension should it be impossible to complete the permitted work by the expiration date. The request shall contain the permit number 1204246; reason for delay, additional time needed, and be submitted to Armando J. Membrilla, CPM, for processing.

GR-14 Adjacent property owners, accessing a State highway shall be responsible for both the construction and maintenance of the driveway, including that portion in the highway right-of-way; from the right-of-way line to the outside edge of the highway shoulder, or highway curb line.

UTILITY PERMITS LANGUAGE

The Permittee agrees that they will be liable for, and shall reimburse ADOT for any delay and/or other damages ADOT is required to pay its own contractors or other parties if the encroachment is not installed, relocated or removed in a timely manner.

GENERAL OBLIGATIONS AND RESPONSIBILITIES:

The Encroachment Owner should read and shall be liable for the obligations and responsibilities as outlined on page two of the ADOT Encroachment Permit for the duration of the Permitted Encroachment.

NOTE: ALL PHYSICAL FEATURES WILL BE REPLACED "IN AS GOOD AS OR BETTER CONDITION" UPON COMPLETION OF WORK WITHIN THE ADOT RIGHT OF WAY.

NOTE: ALL EQUIP. SHALL BE WASHED AT THE CONTRACTORS STORAGE FACILITY PRIOR TO ENTERING THE CONSTRUCTION SITE TO PREVENT THE INTRODUCTION OF INVASIVE SPECIES SEEDS.

ALL EQUIP. SHALL BE WASHED PRIOR TO LEAVING THE CONSTRUCTION SITE TO PREVENT INVASIVE SPECIES SEEDS FROM LEAVING THE SITE.

IF SUSPECTED HAZ MAT IS ENCOUNTERED DURING CONSTRUCTION, WORK WILL CEASE AT THAT LOCATION AND THE ADOT DISTRICT ENVIRONMENTAL COORDINATOR WILL BE CONTACTED FOR DIRECTION ON DISPOSAL.

IF PREVIOUSLY UNIDENTIFIED CULTURAL RESOURCES ARE IDENTIFIED DURING CONSTRUCTION, WORK WILL CEASE AT THAT LOCATION AND THE ADOT DISTRICT ENVIRONMENTAL COORDINATOR WILL BE CONTACTED FOR DIRECTION.

NOTE: EXCAVATION NOT ALLOWED IN PAVEMENT.

NOTE: PEDESTRIAN TRAFFIC SHALL NOT BE IMPEDED AT ANY TIME BY THE WORK PERFORMED.

NOTE: ALL TRAFFIC CONTROL SIGNS AND EQUIPMENT WILL BE SPACED AS PER THE MUTCD.

NOTE: TWO PERMITS WILL BE REQUIRED FOR THIS PROJECT, A PRE-OPENING PHASE (PHASE I) AND ONE AT COMPLETION OF CONSTRUCTION (PHASE II).

SEE MEETING MINUTES OF 29 APRIL 2009 FOR SPECIFICS (ATTACHED).

NOTE: THIS PERMIT WILL ALLOW THE APPLICANT TO PERFORM (FOR PHASE I) A 3/8" CHIP SEAL WITH NEW PAVEMENT MARKING AND ROADWAY SIGNS WITHIN THE ADOT RIGHT OF WAY, AS PER THE ATTACHED PLANS, SPECIFICATIONS AND SUPPORTING DOCUMENTS.

A SEPARATE PERMIT FOR PHASE II WILL BE REQUIRED FOR EITHER A 1/2" ACFC OVERLAY OR MICRO-SEAL.

TRAFFIC CONTROL REQUIREMENTS

TC-1 The Permittee shall provide adequate protection for all vehicular and pedestrian traffic and employees through any portion of the permitted work where work interferes with, obstructs, or creates a hazard to the movement of traffic.

TC-2 All traffic control devices shall be properly placed and in operation before any permitted work is allowed to start; per the MUTCD 2003 Edition, the associated ADOT Supplement, and traffic control plans, or drawings attached hereto and part of this permit.

TC-3 Permitted work is authorized for daylight hours only. When work is not in progress and prior to darkness all unnecessary signs, supports and devices shall be removed from the highway. The highway shall be open to its entire width prior to darkness.

TC-4 All traffic control devices shall be legible, clean and free from dirt, mud and roadway grime.

TC-5 With ADOT approval and when proper traffic control has been established traffic shall be stopped for a maximum of fifteen (15) minutes.

TC-6 Closure of a highway without an approved alternate route or detour will not be allowed. Approval shall be in writing from the ADOT prior to closure. The Permittee shall contact DPS at 928.428.2505 and ADOT District office at 928.432.4900, a minimum of seventy-two (72) hours prior to the closure, to provide the work plan and schedule DPS support. The Permittee shall provide a traffic control plan to the Safford Permit office for acceptance, prior to any highway closure. DPS shall be on site and available to stop traffic prior to placement and removal of traffic control signs.

TC-7 During prosecution of the permit, should an emergency arise that would close the highway, the Permittee shall immediately contact DPS, at 928.428.2505 or 1-800.458.7032, Ext. 4611, and ADOT at 928.432.4900.

High Visibility Safety Apparel per MUTCD Section 6E.02

TC-8 **Standard:** For daytime and nighttime activity, flaggers shall wear apparel meeting the requirements of ISEA "American National Standard for High-Visibility Apparel" and labeled as meeting the ANSI 107-1999 standard performance for Class 2 risk exposure. The apparel background (outer) material color shall be either fluorescent orange-red or fluorescent yellow-green as defined in the standard. The retro reflective material shall be orange, yellow, white, silver, yellow-green or a fluorescent version of these colors, and shall be visible at a minimum distance of one thousand feet (1000'). The retro reflective safety apparel shall be designed to clearly identify the wearer as a person.

Guidance: For nighttime activity, safety apparel meeting the requirements of ISEA "American National Standard for High-Visibility Apparel" and labeled as meeting the ANSI 107-1999 standard performance for Class 3 risk exposure should be considered for flagger wear (instead of Class 2 safety apparel in the above Standard).

When uniformed law enforcement officers are used, the law enforcement officer as described in this Section should wear high-visibility safety apparel.

Attachment 5

Condition No. 7 of Decision No. 64625

**Executive Summary to the Generator
Interconnection Study**

(May 13, 2008)

EXECUTIVE SUMMARY

Southwestern Power Group, LLC (Customer) has submitted a completed generator interconnection application to Tucson Electric Power Company (TEP) for the Bowie Power Station Project (Bowie Project). The Bowie Project has been certificated by the Arizona Corporation Commission as a 1050 MW combined cycle generating project consisting of two 525 MW "two-on-one" generating facilities. Each of the Bowie Project facilities would consist of two gas-fired Combustion Turbine (CT) and a Steam Turbine (ST) generators which will run as a combined cycle plant. Each of the CTs is rated 160 MW and the ST is rated 235 MW. The plant auxiliary load is 15 MW. The total maximum plant output to the TEP transmission system will be 500 MW from each of the Bowie Project facilities. However, this interconnection study will examine the impact of a net output of 500 MW which comprises the initial phase of the project. The Project will be located near the town of Bowie in the state of Arizona and its output will be tapped onto TEP's existing Greenlee-Winchester 345 kV line at a newly proposed 345 kV substation named Willow. The commercial operation date of the initial phase of the Bowie Project is the third quarter of 2010

TEP elected a third party contractor, PDS Consulting, PLC (PDS), to perform the Generator Interconnection Studies (GIS) for the Bowie Project interconnection. The GIS analysis was performed using approved Western Electricity Coordination Council (WECC) 2010 heavy summer and 2010 light autumn¹ base cases to determine the impact of the Bowie Project on the TEP and the interconnected transmission systems. Studies performed included power flow, transient stability and short circuit analyses.

The power flow study results showed that the addition of the Bowie Project and the subsequent schedule of the project's output to the Palo Verde hub and New Mexico as requested by the customer caused a marginal overload (100.3%) on the MCKINLEY-YAHTAHEY 200 MVA, 345/138 kV transformer under normal operating condition. This marginal overload is attributable to the displacement of the local generation in New Mexico. The addition of the project also caused two new transmission facility overloads following a single element outage. In particular, the outage of the WINCHESTER-VAIL 345 kV line overloads the BUTERFIELD-APACHE 230 kV line (116%) and the BICKNELL 345/230 kV transformer (123%). The proposed mitigation for the Winchester-Vail 345kV line outage is to take one of the Bowie CT generators and the ST off-line via a special protection scheme immediately following the loss the line. Further, the study results showed that the addition of the project will cause the pre-existing contingency overloads on several TEP and the interconnected transmission system facilities to exacerbate. To mitigate the observed overloads detailed in this report, a special protection system would be needed to trip the entire or part of the Bowie Project following selected outages. Additionally, the project would have to be included in the existing or new operational procedures for mitigating the observed overloads.

¹Since there is no WECC approved 2010 "off-peak" base case available in the WECC library, TEP provided an acceptable off-peak case to reflect a 2010 light autumn condition

The short circuit analysis found that the interconnection of the Bowie Project at the proposed Willow substation will cause an additional 3400A of three-phase and 4300A of single-line-to-ground fault duty on the TEP system. The incremental fault duty was not found to cause any regional interrupting facilities to exceed their respective ratings.

The transient stability analysis showed that the addition of the Bowie Project did not impact the stability of the existing transmission system.



Attachment 6

Condition No. 7 of Decision No. 64625

Executive Summary to the Facility Study

(May 5, 2009)

EXECUTIVE SUMMARY

BOWIE POWER STATION PROJECT

Facility Study

Tucson Electric Power

Project Overview

The Bowie Power Station (BPS) project is a 1000MW combined cycle power plant, proposed near the city of Bowie, Arizona. BPS will be completed in two phases, with the initial phase including one 500MW power block, Extra High Voltage (EHV) generation switchyard, approximate 15 mile HV double circuit transmission line and a EHV interconnection switchyard.

The System Impact Study (SIS) was completed under the Tucson Electric Power (TEP) Large Generator Interconnection Procedures (LGIP) in August 2008. This Facility Study is being performed to fulfill the requirements under the TEP LGIP and under the direction of TEP.

The primary purpose of this Facility Study will be to determine the major system additions required for the interconnection of the BPS to the TEP EHV transmission system as well as any affected facilities identified in the BPS SIS. Included in the study are detailed cost estimates, detailed schedule to meet an April 2012 interconnection date, and general arrangement and the electrical one-lines of the interconnection facilities. The ultimate interconnection facilities have also been included in this study to provide a long term view of the interconnection facilities.

Refer to **Attachment A. Detailed Drawings** for the Bowie Power Station ultimate and initial switching diagrams for project electrical representations.

This Facility Study includes the following sections:

1. **Project Description**
2. **Interconnection Facilities Milestone Schedule**
3. **Switchyard Configuration**
4. **Communications Overview**
5. **Special Protection Scheme**
6. **Transmission Interconnect Evaluation**
7. **Cost Estimates**
8. **Attachments**