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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

KRISTIN K. MAYES - Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

Arizona Corporation Commission

DOCKETED

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IN THE MATTER OF THE APPLICATION OF
BOWIE POWER STATION, L.L.C. IN
CONFORMANCE WITH REQUIREMENTS OF
ARIZONA REVISED STATUTES 40-360.03 AND
40-360.06 FOR TWO CERTIFICATES OF
ENVIRONMENTAL COMPATIBILITY
AUTHORIZING CONSTRUCTION OF A 1,000
MEGAWATT NATURAL GAS-FIRED,
COMBINED-CYCLE POWER PLANT, 345kV
AND 345kV/230kV SWITCHYARDS, 345kV and
230kV INTERCONNECTION AND RELATED
FACILITIES IN COCHISE AND GRAHAM
COUNTIES ARIZONA. THE PROPOSED POWER
STATION SITE IS LOCATED IN SECTIONS 28
AND 29, TOWNSHIP 12 SOUTH, RANGE 28
EAST, TOWNSHIP 11 SOUTH, RANGE 28 EAST,
TOWNSHIP 11 SOUTH, RANGE 27 EAST, AND
TOWNSHIP 11 SOUTH, RANGE 26 EAST, GILA
AND SALT RIVER BASE AND MERIDIAN.

DOCKET NO. L-00000BB-01-0118

CASE NO. 118

Decision No. 71951

ORDER

Open Meeting
October 19 and 20, 2010
Phoenix, Arizona.

BY THE COMMISSION:

* * * * *

Having considered the entire record herein and being fully advised in the premises, the
Commission finds, concludes, and orders that:

FINDINGS OF FACT

1. On July 27, 2001, Bowie Power Station, L.L.C. ("Bowie" "Company" or "Applicant")
filed with the Arizona Corporation Commission ("Commission") an application for two Certificates
of Environmental Compatibility ("CEC"). Decision No. 64625 (March 7, 2002) authorized the
construction of a 1,000 megawatt ("MW") natural gas-fired, combined-cycle power plant. Decision

1 No. 64626 authorized the construction of the 345 kV and 345 kV/230 kV switchyards, a 345 kV
2 double-circuit transmission line and a 230 kV interconnection and related facilities in Cochise and
3 Graham Counties. Both CECs were granted subject to a number of conditions.

4 2. On August 18, 2006, the Company filed a Request for Extension of the CECs
5 approved in Decision Nos. 64625 and 64626. The extension request was based upon Condition No.
6 22 in Decision No. 64625 and Condition No. 10 in Decision No. 64626, which allow the Company to
7 seek extension of the CECs before the time limit to complete construction. Decision No. 69339
8 (February 20, 2007) granted the extensions until December 31, 2010 and also included several new
9 conditions.

10 3. On July 8, 2010, Bowie applied for an extension of time requesting that the expiration
11 date of the CECs be extended from the current expiration date of December 31, 2010 to December
12 31, 2020.

13 4. On August 12, 2010, the Commission's Utilities Division ("Staff") filed a
14 Memorandum recommending that the Company's request for extensions be granted. Staff stated that
15 Bowie's request for this extension is based on "reduced load forecast in the current depressed
16 economy and on the uncertainty of economic recovery in the short term." Staff explained that even
17 though Bowie began "very preliminary construction activity in August 2008, the Company is not able
18 to continue this construction, under the present economic circumstances." Staff also stated that the
19 Company has concluded that it would "not be able to market the output of the proposed power station
20 to the Arizona utilities or export it out of state for some period of time."

21 5. Staff believes that the request for an extension of time is reasonable and therefore,
22 recommends approval of the requested CECs' time extension to December 31, 2020. Staff proposed
23 a modification to the Company's "Proposed Revised CEC Expiration Condition(s) Language" to
24 include a provision that Bowie could request a time extension in the future provided that appropriate
25 facilities have been "substantially constructed."

26 6. The language as recommended by Staff is as follows:

27 **Decision No. 64625:**

1 “This authorization to site and construct Bowie Project Generation Facilities shall
 2 expire on December 31, 2020. However, before such expiration, Applicant or any
 3 assignee of Applicant may request that the Commission further extend this time
 4 limitation, provided that the Bowie Project Generation Facilities have been
 5 substantially constructed as of the time of such extension request. The
 6 Commission will determine what “substantial construction” is, at the time of
 7 Applicant’s filing for time extension. In determining whether the facilities have
 8 been substantially constructed, the Commission shall include consideration of the
 9 status of Bowie Project financing and physical site construction.”

6 **Decision: 64626:**

7 “This authorization to site and construct Bowie Project Transmission Facilities
 8 shall expire on December 31, 2020. However, before such expiration, Applicant
 9 or any assignee of Applicant may request that the Commission further extend this
 10 time limitation, provided that the Bowie Project Transmission Facilities have been
 11 substantially constructed as of the time of such extension request. The
 12 Commission will determine what “substantial construction” is, at the time of
 13 Applicant’s filing for time extension. In determining whether the facilities have
 14 been substantially constructed, the Commission shall include consideration of the
 15 status of Bowie Project financing and physical site construction.”

13 7. Bowie did not object to Staff’s recommended language, and we find that Staff’s
 14 recommended language is reasonable and appropriate.

15 8. Decision Nos. 64625 and 64626 both contain language requiring Bowie to provide
 16 notice of requests for extension of the terms of the CECs.

17 Decision No. 64625 provides that:

18
 19 In the event that Applicant requests an extension of the term of the
 20 Certificate prior to completion of construction, Applicant shall use
 21 reasonable means to directly notify all landowners and residents within a
 22 one-mile radius of the Project of the time and place of the proceeding in
 23 which the Commission shall consider such request for extension. Applicant
 24 shall also provide notice of such extension to Cochise County, Graham
 25 County, the community of Bowie and the City of Willcox.¹

26 Decision No. 64626 provides that:

27 In the event that the Project requires an extension of the term of this
 28 Certificate prior to completion of construction, Applicant shall use

¹ Decision No. 64625 at CEC p.8, Condition 14.

reasonable means to directly notify all landowners and residents within a one mile radius of the Project facilities of the time and place of the proceeding in which the Commission shall consider such request for extension.²

9. Accordingly, by Procedural Order issued October 4, 2010, Bowie was directed to provide notice pursuant to those Decisions.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the Bowie Power Station, LLC and the subject matter contained herein pursuant to Article XV of the Arizona Constitution and A.R.S. §§ 40-252 and 40-360 et seq.

2. Notice of the matter was given in the manner prescribed by law.

3. Amending Decision Nos. 64625 and 64626 as set forth herein is in the public interest in balancing the need for the projects with their impact on the environment and ecology of the state.

ORDER

IT IS THEREFORE ORDERED that Decision Nos. 64625 and 64626 are hereby amended as follows:

Decision No. 64625:

“This authorization to site and construct Bowie Project Generation Facilities shall expire on December 31, 2020. However, before such expiration, Applicant or any assignee of Applicant may request that the Commission further extend this time limitation, provided that the Bowie Project Generation Facilities have been substantially constructed as of the time of such extension request. The Commission will determine what “substantial construction” is, at the time of Applicant’s filing for time extension. In determining whether the facilities have been substantially constructed, the Commission shall include consideration of the status of Bowie Project financing and physical site construction.”

Decision: 64626:

“This authorization to site and construct Bowie Project Transmission Facilities shall expire on December 31, 2020. However, before such expiration, Applicant or any assignee of Applicant may request that the Commission further extend this time limitation, provided that the Bowie Project Transmission Facilities have been substantially constructed as of the time of such extension request. The Commission will determine what “substantial construction” is, at the time of Applicant’s filing for time extension. In determining whether the facilities have

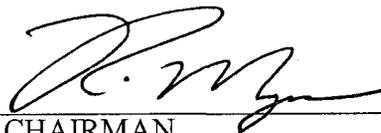
² Decision No. 64626 at CEC p. 4-5, Condition 3.

1 been substantially constructed, the Commission shall include consideration of the
2 status of Bowie Project financing and physical site construction.”

3 IT IS FURTHER ORDERED that all other provisions of Decision Nos. 64625 and 64626 as
4 amended remain in full force and effect.

5 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

6 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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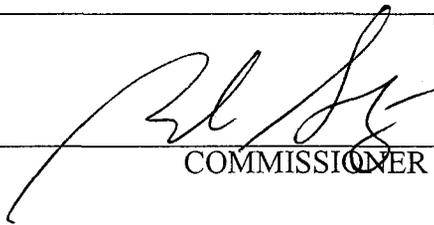
9 CHAIRMAN



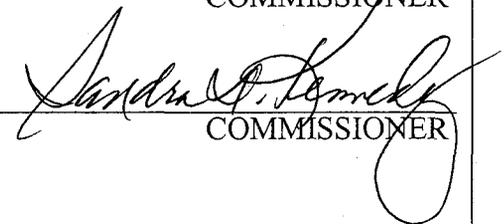
COMMISSIONER

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11 COMMISSIONER



COMMISSIONER



COMMISSIONER

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13 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
14 Executive Director of the Arizona Corporation Commission,
15 have hereunto set my hand and caused the official seal of the
16 Commission to be affixed at the Capitol, in the City of Phoenix,
17 this 15th day of Nov., 2010.



18 ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

19 DISSENT _____

20
21 DISSENT _____

1 SERVICE LIST FOR: BOWIE POWER STATION, L.L.C

2 DOCKET NO.: L-00000BB-01-0118

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