

**ORIGINAL**

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



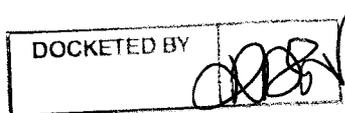
Docket No. L-00000BB-01-0118-00000

December 27, 2011

Arizona Corporation Commission

**DOCKETED**

DEC 27 2011



AZ CORP COMMISSION  
DOCKET CONTROL

2011 DEC 21 P 3:22

RECEIVED

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

Subject: Bowie Power Station, L.L.C.  
2011 Letter of Self-Certification  
(Decision Nos. 64625, 64626, 69339, 70588 and 71951)

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 2011.

**BACKGROUND**

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

The ACC granted Bowie an extension on the terms of the CECs on February 20, 2007 in Decision No. 69339. This decision extended the terms of the CECs through December 31, 2010.

On November 1, 2010, the ACC granted Bowie a second extension on the terms of the CECs in Decision No. 71951. This decision extended the terms of the CECs through December 31, 2020.

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. The nature of this amendment is set forth in Decision No. 70588, dated November 6, 2008.

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 the plant and transmission line's construction and operations are similarly not addressed herein.

#### **2011 ACTIVITY ON PRE-CONSTRUCTION CONDITIONS:**

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

[Bowie will comply with] *"all applicable air quality control standards, approvals, permit conditions and requirements of the Arizona Department of Environmental Quality ("ADEQ") and/or other State of Arizona or Federal Agencies having jurisdiction..."* (Page 3).

Bowie obtained a Class I Prevention of Significant Deterioration ("PSD") major source air quality permit ("Air Quality Permit") No. 349818 on March 13, 2006 from the Arizona Department of Environmental Quality ("ADEQ"). Due to the suspension of on-site construction, the ADEQ terminated the Air Quality Permit on December 9, 2009. On October 27, 2010, the ADEQ received Air Quality Permit Application No. 51133 from Bowie. The ADEQ sent a letter to Bowie on December 13, 2010 to declare that the application was administratively complete.

As of January 2, 2011, greenhouse gases ("GHG") emissions above threshold amounts must now be addressed in PSD air quality permits as specified in the US Environmental Protection Agency's ("EPA's") Tailoring Rule (75 Federal Register 31514, June 3, 2010). EPA has partially delegated the PSD permitting requirements for GHG emissions for projects in Arizona to ADEQ. Bowie's Air Quality Permit Application No. 51133, submitted to ADEQ on October 27, 2010 did not address the PSD permitting requirements for GHG emissions. Consequently, Bowie prepared a Best Available Control Technology ("BACT") analysis to comply with EPA's and ADEQ's PSD permitting requirements for GHG emissions. The analysis was submitted to the ADEQ on January 31, 2011 and was the first GHG BACT analysis performed for a major PSD air quality permit in the state of Arizona.

As of December 22, 2011 Bowie requested that the ADEQ place a temporary hold on the processing of Bowie's Air Quality Permit Application No. 51133 and suspend the Licensing Time Frame agreement until such time as economic conditions and power load growth improve. Bowie will remain in regular contact with the ADEQ to notify the Department of Bowie's intent to continue processing Application No. 51133. This suspension is reflected in the execution of a Changed Application Agreement according to Arizona Administrative Code R18-1-511. This agreement establishes a new Licensing Time Frame (125 days) for ADEQ to process the remainder of the air application to potentially grant a PSD air permit.

**Condition No. 3 of Decision No. 64626 provides that:**

*"Within 45 days of securing complete easements or rights-of-way, for the entire alignment of the transmission lines hereby authorized, Applicant shall erect and thereafter maintain signs providing public notice that such easements and rights-of-way are the site of future transmission lines. Such signs shall be (i) no smaller than a standard highway information sign, and (ii) prominently placed at reasonable locations in close proximity to the proposed centerline of the transmission alignments which are accessible to the public..." (Page 4).*

On January 16, 2010, Bowie placed signs at five sites that are within the area of the centerline of the 345 kV transmission line. Pursuant to Decision No. 71951, Bowie modified these signs to indicate "Expected Completion: 2020". On November 2, 2011 six modified signs were posted within the area of the permitted ASLD easement for the 345 kV transmission line. A memorandum on this activity is included in the letter as "Attachment A".

**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 interconnected 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." (Pages 6-7).*

Southwestern Power Group and Tucson Electric Power ("TEP") agreed to have an Interconnection System Impact Re-Study performed for Bowie. An agreement for the re-study was entered into on November 17, 2011 and the final report is expected to be completed by TEP in February 2012. The purpose of the re-study is to re-examine steady state system conditions existing today, taking into account TEP's changing interconnection queue. The re-study will update the past system impact study to include major EHV system improvements made to TEP's interconnected system that were not previously evaluated.

**Condition No. 8 of Decision No. 64626 provides that:**

*"Prior to construction of any Project transmission facilities, Applicant shall provide the Commission with copies of the transmission interconnection agreement(s) it ultimately enters into with any transmission provider(s) with whom it is interconnecting within 30 days of execution of such agreement(s).*

Applicant will file the large generator interconnection agreement ("LGIA") executed between the Bowie and TEP within 30 days of such execution. The LGIA is expected to result from the Interconnection System Impact Re-Study discussed above and should be executed prior to 2013.

**Condition No. 9 of Decision No. 64626 provides that the:**

*"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." (Page 7).*

**And, Condition No. 10 of Decision No. 64625 provides that the:**

*"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." (Page 7).*

**And, Condition No. 18A of Decision No. 69339 provides that the:**

*“Applicant shall participate in Arizona subregional transmission planning forums such as SWAT (Southwest Area Transmission) and SATS (Southeast Area Transmission Study) on a regular basis and participate in each Biennial Transmission Assessment performed by the Commission.” (Page 5).*

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

**Condition No. 18B of Decision No. 69339 provides that:**

*“Applicant shall document in its annual self-certification letter all steps taken in the previous year to seek a contract for capacity and energy production out of its plant. This should include participation in any and all generation adequacy or planning workshops or assessments sponsored by the Commission.” (Page 5).*

Bowie continues to discuss the need for additional base load generation for Arizona’s energy needs with the state’s load-serving entities. However, due to the general downturn in the economy, the regional effects of the economic recession and the absence of any specific requests for proposal from these load-serving entities during 2011, Bowie did not have an opportunity to formally submit any proposals.

**SUMMARY**

Our regional economic recession continues to be persistent, affecting residential and commercial load growth. This has delayed 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.

This Letter serves to certify that Bowie remains in full compliance with all applicable Conditions imposed by the Commission regarding the CECs contained in Decision Nos. 64625, 64626, and 69339.

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

Attachment

Cc: File

Docket Control (13 copies)  
David Getts, SouthWestern Power Group  
Janice Alward, Esq., Legal Division, Arizona Corporation Commission  
Lawrence V. Robertson, Jr., Esq., Bowie Power Station, L.L.C.

# Attachment

“A”

## MEMORANDUM



**To:** Tom Wray

Cindy Freeman

**From:** Martin Bailey

**Date:** December 7, 2011

**RE:** Bowie Power Station

Transmission Line Signage

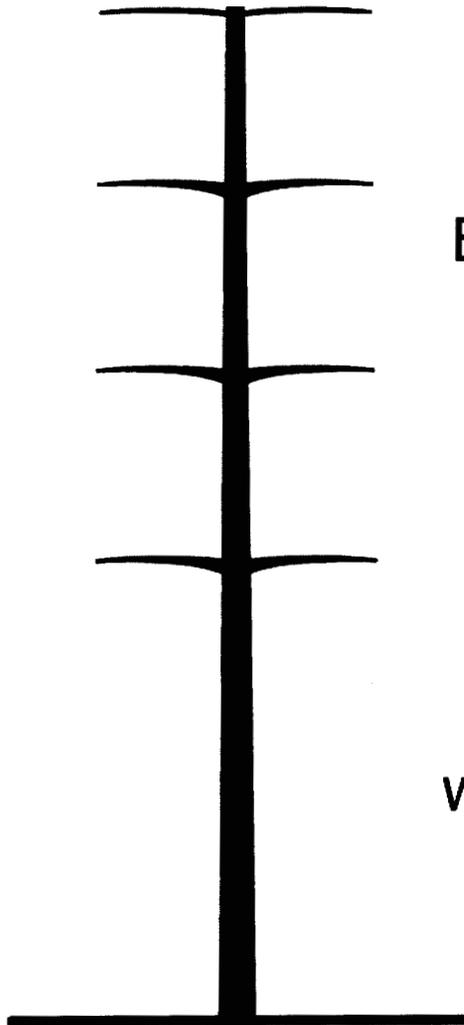
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This memorandum shall confirm that the Transmission Line Project Right of Way has been located and posted with signs. Attached for your records is an example of the signs content. This field assignment was completed on November 2, 2011. A total of six signs have been posted within the permitted ASLD easement.

Transmission Line Sign

**APPROVED**

**Bowie Power Station 345kV  
Transmission Line Project Right of Way**



**Expected Completion:**

**2020**

**For Information:**

**(602) 808-2004**

**[www.bowiepower.com](http://www.bowiepower.com)**

**BOWIE**  
POWER STATION