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Power Group II, LLC

An Energy Company - Alliance Builder



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2015 DEC 30 P 2:31

Docket No. L-0000BB-01-0118-0000
AZ CORP COMMISSION
DOCKET CONTROL

December 30, 2015

Arizona Corporation Commission
DOCKETED

DEC 30 2015

Thomas M. Broderick
Director of Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

DOCKETED BY	<i>MS</i>
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Subject: Bowie Power Station, L.L.C.
2015 Letter of Self-Certification
(Decision Nos. 64625, 64626, 69339, 70588 and 71951)

Dear Mr. Broderick:

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 this Letter of Self-Certification ("Letter") for the year 2015.

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 line), collectively, the "CECs."

On November 1, 2010, the ACC granted Bowie an extension on the terms of the CECs in Decision No. 71951. The terms of the CECs are valid 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 generator tie-line. The nature of this amendment is set forth in Decision No. 70588, dated November 6, 2008.

This Letter does not repeat reports of compliance with Conditions that have been performed, completed and documented in past Letters filed with the Commission in this docket. CEC conditions relevant to the plant and transmission line's construction and operations are premature and accordingly are not addressed herein.

2015 ACTIVITY ON PRE-CONSTRUCTION CONDITIONS

Condition No. 1B of Decision No. 64625 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).

And, Condition No. 1 of Decision No. 64626 provides that the:

“Applicant shall comply with all existing applicable air and water pollution control standards and regulation, and with all existing applicable ordinances, master plans and regulation of the State of Arizona, Cochise County and Graham County, the United States of America, and any other governmental entities having jurisdiction.” (Page 3).

AIR QUALITY PERMIT:

On July 21, 2014, ADEQ issued the “Permit to Construct” and on October 16, 2014 the “Permit to Operate”. Bowie Power Station is a fully permitted power plant having obtained all major pre-construction federal and state licenses and permits.

AQUIFER PROTECTION PERMIT (APP):

The Arizona Legislature made recent changes to state law that requires periodic review of the financial assurance demonstration for facilities that have Aquifer Protection Permits. As such, on February 23, 2015, ADEQ notified Bowie's owner, Southwestern Power Group (“SWPG”) that the financial assurance vehicle for Bowie, in the form of a Letter of Credit, issued by JPMorgan Chase Bank, continues to satisfy the requirements of Arizona Administrative Code R18-9-A203(C)(5). In addition, ADEQ requested updated cost estimate information if changes were made to the permitted facility or its closure plan. On March 9, 2015, SWPG notified ADEQ that Bowie's cost estimates did not need

revision. See Appendix A for the letter from ADEQ dated February 23, 2015 and SWPG's response dated March 9, 2015.

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 June 23, 2015, the Board of Supervisors of Cochise County unanimously approved Resolution 15-14 ("Resolution"). The Resolution extended the duration of Bowie's Rezoning Permit Z-02-13B through December 31, 2020. The Resolution can be found in Appendix B.

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).

Bowie and Tucson Electric Power ("TEP") entered into an Interconnection Facility Study Agreement on October 12, 2012. The Interconnection Facilities Study provides a project description, preliminary design and engineering, cost estimate, and schedule for required facilities to interconnect Bowie to TEP's transmission system at the proposed Willow 345 kV Substation located approximately one mile east of U.S. Highway 191 and eight miles north of Interstate 10.

TEP provided the Facility Study for the Willow 345 kV Substation to Bowie on October 29, 2013. Bowie and TEP executed a Large Generator Interconnection Agreement ("LGIA") on January 30, 2015. The Bowie Generator Interconnection Study Report and Facility Study were provided to Docket Control of the ACC on February 23, 2015, filed under Docket No. L-00000BB-01-0118-0000. Appendix C includes the transmittal letter to the February 23, 2015 filing.

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).”

The LGIA executed by Bowie and TEP on January 20, 2015 was provided to Docket Control of the ACC on February 23, 2015, filed under Docket No. L-00000BB-01-0118-0000. Appendix C includes the transmittal letter to the February 23, 2015 filing.

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 Nos. 18A and 19Da 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 and 6).

Bowie, through its owner, SWPG, continues its active involvement in regional transmission planning organizations, including SWAT, and SWAT’s subcommittees. Bowie also regularly files a Ten Year Plan (for transmission) with the Commission each January and plans to participate in the next Biennial Transmission Assessment that will be conducted during 2016.

As a member of WestConnect as an Independent Transmission Developer or Owner, SWPG continues to be involved in the activities of WestConnect, including the transmission planning and cost allocation subcommittees.

SWPG remains a Class Three Member in good standing in the Western Electricity Coordinating Council.

Condition No. 14 of Decision No. 64625 provides that:

“Within 30 days of the Commission decision authorizing construction of the Project, Applicant shall erect and maintain at the site a sign of not less than 4 feet by 8 feet dimensions, advising:

- A. that the site has been approved for the construction of a 1000 megawatt (nominal) generating facility;*
- B. the expected date of completion of the Project; and*
- C. phone number for public information regarding the Project.*

And, 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).

The signs located in the vicinity of the power plant and transmission line were replaced and installed on August 26, 2015. Along the transmission line right-of-way, a total of five signs were installed. See Appendix D for photos of the new signs.

Condition Nos. 18B. and 19D.b. 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” (Pages 5 and 6).

Bowie continues to discuss the need for additional base load generation for Arizona’s energy needs with the state’s load-serving entities notably Arizona Electric Power Cooperative, Arizona Public Service, Salt River Project and TEP. This effort includes regular participation in the Commission’s transmission planning and integrated resource planning proceedings and workshops.

SUMMARY

Bowie remains in regular contact with Arizona’s load-serving entities regarding their future energy and capacity needs to serve their customers.

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

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:

Docket Control (13 copies)

David Getts, Southwestern Power Group

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

Lawrence V. Robertson, Jr., Esq.

Appendix A

Bowie Power Station

Arizona Department of Environmental Quality Letter

Dated: 2/23/2015

Bowie/Southwestern Power Group Response Letter

Dated: 3/9/2015



Douglas A. Ducey
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY



Henry R. Darwin
Director

February 23, 2015

RCVD FEB 26 '15

Mr. Gary K. Crane, Environmental Manager
South Western Power Group
3610 North 44th Street, Suite 250
Phoenix, Arizona 85018

RE: Closure and Post-Closure Cost Financial Assurance Demonstration
Bowie Power Station
Aquifer Protection Permit P-502603, LTF No. 51124

Dear Mr. Crane:

The Arizona Department of Environmental Quality (ADEQ), Water Quality Division (WQD), Water Permits Section (WPS) is providing this notice to advise you that recent legislation enacted by the Arizona State Legislature, Senate Bill 1274, has codified a change to the Arizona Revised Statutes (A.R.S.) requiring periodic review of the financial assurance demonstration for facilities permitted under individual Aquifer Protection Permits. A.R.S. §49-243(N)(4) requires that the permittee maintain its demonstration of financial responsibility for the duration of the individual permit and periodically demonstrate financial responsibility and report to the director that the financial assurance mechanism is being maintained as scheduled in the permit but not more frequently than once every two years. A.R.S. §49-243(N)(2) requires that the permittee periodically update the closure and post-closure cost estimate to account for inflation and to reflect increased or decreased costs resulting in changes to the facility or to the closure strategy, or for a significant amendment, as scheduled in the permit but not more frequently than once every five years.

Review of our records indicates that the financial assurance mechanism for this permit, Irrevocable Standby Letter of Credit No. CTCS-712132, issued by JPMorgan Chase Bank N.A., complies with the requirements of Arizona Administrative Code (A.A.C.) R18-9-A203(C)(5). Our records also indicate that the closure and post-closure cost estimates were submitted as a component of amendment LTF 46826, issued on August 12, 2008, and were reaffirmed again by ADEQ as a part of amendment LTF 51124, issued June 10, 2010.

Main Office

1110 West Washington Street • Phoenix, AZ 85007
(602) 771-2300

Southern Regional Office

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

www.azdeq.gov

printed on recycled paper

Required Information

State law requires you to submit to ADEQ the following information pursuant to A.R.S. §49-243(N):

1. Submit a statement which indicates the cost estimate does NOT need to be updated due to changes to the facility or closure plan which would require a significant amendment; **or**
2. Submit an amendment application to establish a new cost estimate and financial assurance demonstration as required by A.R.S. 49-243(N) and A.A.C. R18-9-A203.

Consequences of Failure to Submit Required Information

The statement or permit amendment listed above must be received by ADEQ within 60 days of the receipt of this correspondence. Failure to submit the statement, or submit an amendment application, is a violation of state law, and will result in referral of this matter to the ADEQ Compliance Section.

How to Submit

Please submit your response to this letter using one of the following methods:

- Hard copy to:
Arizona Department of Environmental Quality
Attention: Jeff Emde, Water Permits Section
1110 W. Washington Street, Phoenix, AZ 85007
- E-mail to:
jle@azdeq.gov

Thank you for your efforts to comply with Arizona's environmental requirements. Should you have any comments or questions regarding this matter, please do not hesitate to contact me at (602) 771- 4590 or jle@azdeq.gov.

Sincerely,



Jeff Emde
Water Permits Section
Water Quality Division



March 9, 2015

Mr. Jeff Emde
Arizona Department of Environmental Quality (ADEQ)
Water Permit Section/Water Quality Division
1110 West Washington Street
Phoenix, AZ 85007

RE: Response Letter on Closure and Post-Closure Financial Assurance Demonstration
Bowie Power Station
Aquifer Protection Permit P-502603, LTF NO. 51124

Dear Mr. Emde:

In response to ADEQ's February 23, 2015 letter SouthWestern Power Group affirms that Bowie Power Station Irrevocable Standby Letter of credit NO. CTCS-712132 cost estimate of financial assurance does not need to be updated due to changes to the facility or closure plan. SouthWestern Power Group submits this information pursuant to A.R.S. §49-243(N).

If I can be further assistance please do not hesitate to call me at (602) 808-2004.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary K. Crane".

Gary K. Crane Ph.D.
Environmental Manager

SouthWestern Power Group
3610 North 44th Street
Phoenix, AZ 85007
Tel 602.808.2004
Fax 602.808.2099

Appendix B

Cochise County Board of Supervisors Resolution 15-14

Dated: 6/23/2015

RESOLUTION 15-14

**EXTENDING THE DEADLINE FOR SUBSTANTIAL CONSTRUCTION
PROGRESS ON THE BOWIE POWER STATION GAS-FIRED
ELECTRIC GENERATING STATION FROM DECEMBER 31, 2015 TO
DECEMBER 31, 2020**

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 an electric power generating station located north of Bowie, Arizona; and

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

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

WHEREAS, at its regular meeting on November 10, 2009, the Cochise County Board of Supervisors approved a revision of the condition attached to Docket Z-02-13 that required substantial progress on the construction of the electric power generating station by December 31, 2010, and extended the deadline for substantial construction progress to December 31, 2015; and

WHEREAS, on January 6, 2010 the Cochise County Assessor's office combined Parcels 301-04-028, 032, 033A, 033C, and 034 into Parcels 301-04-033G and 033H; and

WHEREAS, Cochise County is in receipt of a written request for further extension of the deadline for substantial progress on the construction of the electric power generating station; and

RESOLUTION 15-14

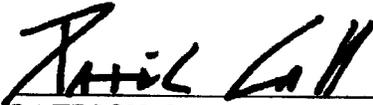
Re: Extending The Deadline For Substantial Construction Progress On The Bowie Power Station Gas-Fired Electric Generating Station From December 31, 2015 To December 31, 2020

Page | 2

WHEREAS, at its regular meeting on June 23, 2015, the Cochise County Board of Supervisors approved a revision of the condition attached to Docket Z-02-13 that required substantial progress on the construction of the electric power generating station by December 31, 2015, and extended the deadline for substantial construction progress to December 31, 2020,

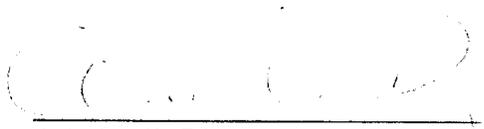
NOW, THEREFORE, BE IT RESOLVED that Docket Z-02-13 which requires substantial progress on the construction of the electric power generating station by December 31, 2015, be extended to December 31, 2020, with all previous conditions remaining in force.

PASSED AND ADOPTED by the Board of Supervisors of Cochise County, Arizona, this 23rd day of June, 2015.



PATRICK CALL, Chairman

ATTEST:



Arlethe G. Rios
Clerk of the Board

APPROVED AS TO FORM:



Britt W. Hanson, Chief Civil
Deputy County Attorney

Appendix C

SWPG Transmittal Letter to File the Bowie/TEP Large Generator Interconnection Agreement, Facility Study and Bowie Generator Interconnection Study Report in Docket Control of the Arizona Corporation Commission

Dated: 2/23/2015

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

RECEIVED

2015 FEB 25 A 11: 30

Docket No. L-00000BB-01-0138-00000
AZ CORP COMMISSION
DOCKET CONTROL

February 23, 2015

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

Subject: **Bowie Power Station, L.L.C ("Bowie")**
Submittal of the Bowie Generator Interconnection Study Report, Facilities Study and Large Generator Interconnection Agreement ("LGIA") with Tucson Electric Power ("TEP")

To Whom It May Concern:

The submittal of the enclosed Bowie Generator Interconnection Study Report, Facilities Study and LGIA is made pursuant to A.R.S § 40-360.02 (C) (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 technical reports, analysis or basis for projects that are included for serving customer load growth in their service territories.

The Bowie Generator Interconnection Study Report was completed by TEP on July 11, 2012. The original study report, dated May 13, 2008, was based on an in-service date of Q3 2010. The analysis performed in the enclosed document is a re-study of the Bowie Project utilizing a later in-service date of December 2016. The study includes power flow, transient stability, post-transient voltage stability and short circuit analyses.

Southwestern Power Group and TEP entered into an Interconnection Facilities Study Agreement on October 12, 2012. TEP provided Bowie with the *Final Willow 345kV Switchyard Facility Study Document* on October 29, 2013. The Willow 345kV Switchyard will be Bowie's interconnection point to TEP's transmission system and is located approximately one mile east of Highway 191 and eight miles north of Interstate 10. As summarized on page 3, the Facility Study:

- *Specifies and estimates the cost of the equipment, engineering, procurement and construction work (including overhead transmission lines) needed to implement the interconnection facility.*

- *Identifies the electrical switching configuration of the equipment, including, without limitation, circuit breakers, disconnect switches, protection, station security, communications facilities and other station equipment.*
- *Identifies an estimate of the time required to complete the construction and installation of such facilities.*

The LGIA was executed by Bowie and TEP on January 30, 2015.

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

Sincerely,



Tom C. Wray
Manager, Transmission and Generation Projects

Enclosures (3)

Appendix D

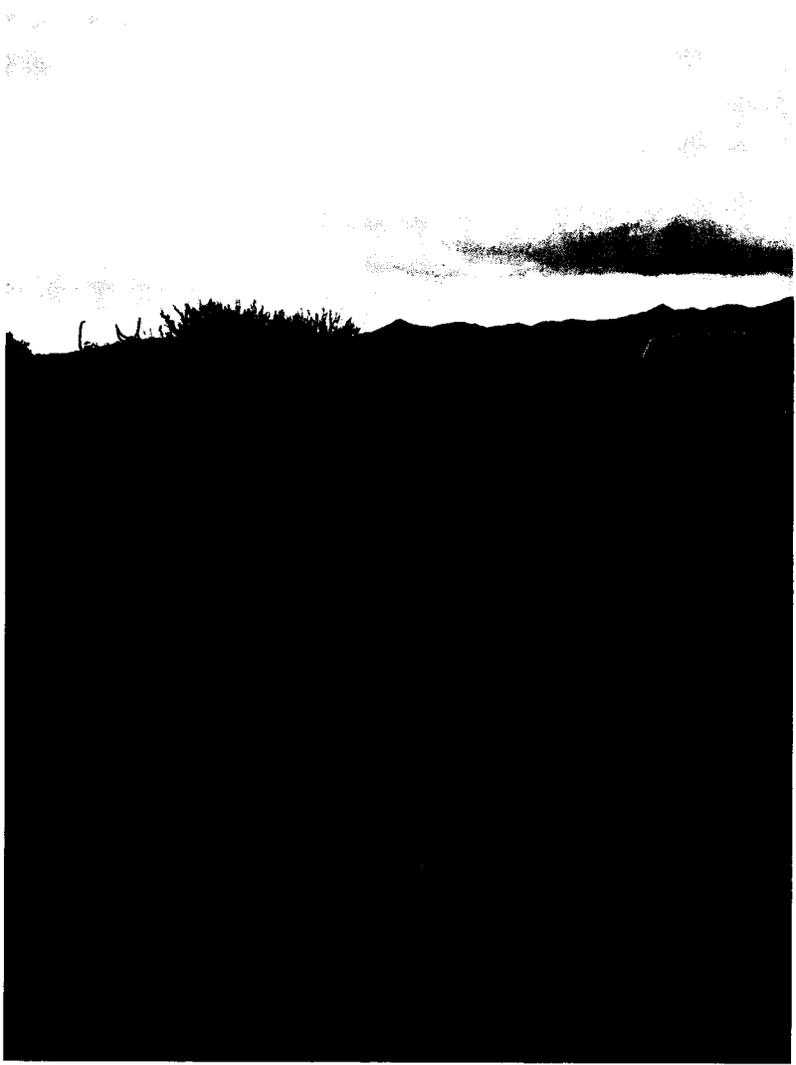
**Photos of the updated signs posted in the vicinity of the Bowie Power Station
power plant and transmission line**

Design of the five signs posted within ROW of the transmission line

Installed: 8/26/2015

Updated signs located at the Bowie Power Station site
and along the transmission line right-of-way
Installed August 26, 2015





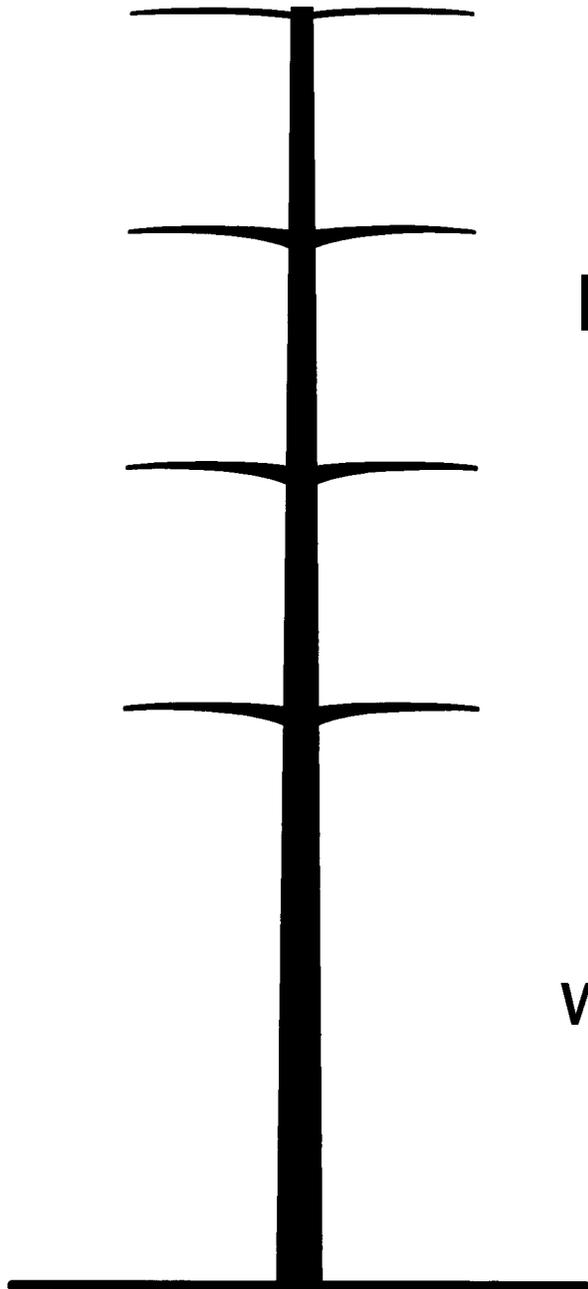




APPROVED

Bowie Power Station 345kV

Transmission Line Project Right of Way



Expected Completion:

2020

For Information:

(602) 808-2004

www.bowiepower.com

BOWIE
POWER STATION