

EXHIBIT B

WestConnect Objectives and Procedures for Regional Transmission Planning Approved by WestConnect Steering Committee 8/24/06

1. Introduction

The Parties to the WestConnect Memorandum of Understanding (“WestConnect MOU”), dated December 6, 2004, as amended November 20, 2005 (“WestConnect Parties”), establish these WestConnect Objectives and Procedures for Regional Transmission Planning for the WestConnect Footprint. The WestConnect Parties may agree from time to time to revise these Objectives and Procedures for any reason deemed appropriate, including but not limited to changes in applicable statutes and regulations.

2. Objectives

The objectives of the WestConnect Parties are to:

- 2.1 Promote coordination of regional transmission planning for the WestConnect Footprint by formalizing a relationship among the WestConnect Parties, the Southwest Area Transmission Planning Group (“SWAT”) and the Colorado Coordinated Planning Group (“CCPG”);
- 2.2 Provide resources and funding for the development of a ten (10) year integrated regional transmission plan for the WestConnect Footprint on a biennial basis. Provide resources and funding for other studies, e.g. load saturation or fault studies, for the WestConnect Footprint or sub-areas therein as it is deemed appropriate. The ten year plan and other studies will be derived from SWAT and CCPG sub-regional transmission planning efforts that best meet all transmission needs across the WestConnect Footprint;
- 2.3 Promote an open, transparent and alternatives-based transmission planning process to facilitate comment, input and exchange of information by all interested Stakeholders during all phases of development of the WestConnect biennial regional transmission planning process; and
- 2.4 Promote the integration of the WestConnect biennial regional transmission planning process with other sub-regional transmission planning efforts within the Western Interconnection and the Western Electricity Coordinating Council (“WECC”).

3. Definitions

- 3.1 **Applicable Reliability Criteria:** The reliability standards of the NERC and WECC, and Local Reliability Criteria, as amended from time to time, and including any requirements of the Nuclear Regulatory Commission and reliability standards promulgated pursuant to Section 215 of the Federal Power Act (Section 1211 of the Energy Policy Act of 2005).

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- 3.2 Base Cases: The agreed-upon standard WECC power flow base cases that use common topology will be used as the starting point for the WC Transmission Planning Process.
- 3.3 Bulk Transmission Facilities or Bulk Transmission: The facilities and control systems necessary for operating an interconnected transmission network (or any portion thereof), and electric energy from generating facilities needed to maintain transmission system reliability, excluding facilities used in the local distribution of electricity to serve native load.
- 3.4 Colorado Coordinated Planning Group (CCPG): The Colorado Coordinated Planning Group, formed pursuant to the Joint Transmission Access Principles and the Electric Transmission Service Policy Statement, dated December 16, 1991.
- 3.5 FERC: The Federal Energy Regulatory Commission.
- 3.6 Generating Unit: An electric generator and its associated plan and apparatus whose electrical output is capable of being separately identified and metered. A Generating Unit may be an individual unit or a group of units with a common connection point and meter.
- 3.7 Local Reliability Criteria: The reliability criteria unique to a WestConnect Party's Bulk Transmission Facilities located in the WestConnect Footprint.
- 3.8 NERC: The North American Electric Reliability Council or the successor organization certified as the Electric Reliability Organization pursuant to Section 215 of the Federal Power Act (Section 1211 of the Energy Policy Act of 2005).
- 3.9 Planning Objectives: The transmission planning objectives for the WC Transmission Planning Process that are developed and approved by SWAT and CCPG.
- 3.10 Planning Standards: The transmission planning methods and procedures adopted for the WC Transmission Planning Process by SWAT and CCPG. Such Planning Standards will be consistent with the Applicable Reliability Criteria.
- 3.11 Resource: A Generating Unit, or import or export of energy.
- 3.12 Southwest Area Transmission Planning Group (SWAT): The Southwest Area Transmission Planning Group, which is comprised of transmission regulators/governmental entities, transmission users, transmission owners, transmission operators, and environmental interests that participate in developing a coordinated transmission plan for the Desert Southwest sub-region.

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- 3.13 Stakeholders: Entities with an interest in the production and delivery of electricity in interstate commerce in the Western Interconnection and within the WestConnect Footprint. Such Stakeholders would include, but not be limited to transmission providers, load serving entities, independent power producers, demand side interests, environmental interests, consumer interests and federal, state and local regulators.
- 3.14 WC-SWAT-CCPG Principles: The WestConnect-SWAT-CCPG Principles for Sub-regional Transmission Planning effective April 13, 2006.
- 3.15 WC Transmission Plan or Planning Process: The ten year integrated regional transmission plan, or planning process, for the WestConnect Footprint performed on a biennial basis.
- 3.16 WECC: Western Electricity Coordinating Council (<http://www.wecc.biz>).
- 3.17 WestConnect Footprint: The Bulk Transmission Facilities located within the Western Interconnection that are owned by WestConnect Parties or to which the WestConnect Parties have rights. The Bulk Transmission Facilities included in the WestConnect Footprint may change depending on the entities that are parties to the WestConnect MOU. (<http://www.westconnect.com>)
- 3.18 WestConnect Party: A WestConnect Party is an entity that has executed the WestConnect Memorandum of Understanding for Wholesale Market Enhancements, dated December 6, 2004 (WestConnect MOU).
- 3.19 WestConnect Planning Work Group: The work group organized by the WestConnect Steering Committee to act as liaison between the Steering Committee and the SWAT and CCPG for development of the WC Transmission Plan.
- 3.20 WestConnect Steering Committee: The committee organized pursuant to the WestConnect MOU to lead and coordinate the efforts of the WestConnect Parties.

4. Responsibilities of the WestConnect Parties

The responsibilities of the WestConnect Parties are to:

- 4.1 Provide resources for and, as needed, facilitate the procurement of manpower and other goods and services necessary for the WestConnect Planning Work Group, SWAT and CCPG to develop the WC Transmission Plan and to conduct other studies, e.g. load saturation or fault studies, for the WestConnect Footprint or sub-areas therein, as deemed appropriate. To the extent resources include funding from the WestConnect Parties, such funding

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- 4.2 shall be detailed in a budget approved by the WestConnect Steering Committee;
- 4.3 Utilize and make available to all study participants the Planning Standards, Planning Objectives, assumptions and Base Cases developed by SWAT and CCPG for the WC Transmission Plan. It is anticipated that the SWAT and CCPG study work will address the following considerations:
 - 4.3.1 Meeting WestConnect Party load requirements, including forecasted load growth;
 - 4.3.2 Compliance with and adherence to Applicable Reliability Criteria;
 - 4.3.3 Consideration of wholesale market perspectives and identification of transmission system expansions that will facilitate competition and reliability objectives;
 - 4.3.4 The reliable and efficient use and expansion of Bulk Transmission Facilities within the WestConnect Footprint and avoidance of unnecessary duplication of facilities;
 - 4.3.5 Simultaneous import studies;
 - 4.3.6 The legal and regulatory obligations of WestConnect Parties with regard to electric transmission, including conformance with state renewable portfolio standards, state resource adequacy requirements, and other similar programs;
 - 4.3.7 Evaluation of a broad range of assumptions and alternatives. This evaluation may address various strategies and scenarios that the WestConnect Footprint may encounter, and development of a study plan that analyzes the defined range of assumptions and alternatives, comparing how each proposed project and scenario performs with respect to the Base Cases;
 - 4.3.8 Performance of feasibility and cost analyses for alternative projects;
 - 4.3.9 Participation and comment by all interested parties in all phases of the WC Planning Process, and WestConnect's oversight thereof, for the WestConnect Footprint;
 - 4.3.10 Coordination and cooperation with WECC Transmission Expansion Planning Policy Committee to work with federal agencies to identify congestion and national interest electric transmission corridors, pursuant to Section 216 of the Federal Power Act;
 - 4.3.11 The integration of the WC Transmission Planning Process with the WECC Transmission Expansion Planning Policy Committee and other sub-regional planning efforts within the Western Interconnection; and

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- 4.3.12 To the maximum extent practical, the use of open season solicitation, multi-party transmission ownership, and the potential co-existence of both physical and financial transmission rights for transmission projects planned under the WestConnect processes; and
- 4.3.13 In the release of Base Cases to Stakeholders, adherence to applicable WECC procedures governing release of such information, consistent with FERC Critical Energy Infrastructure Information (“CEII”) procedures.
- 4.4 Participate in the WC Transmission Planning Processes conducted by SWAT and CCPG by giving input and commenting on policy issues, objectives, study scope, assumptions and methodologies, and alternatives for consideration in the planning and study process. Specifically, each WestConnect Party will:
 - 4.4.1 On a biennial basis, consistent with the time requirements of applicable regulatory bodies, regional planning groups and/or WECC, propose to SWAT and/or CCPG, as appropriate, a minimum ten (10) year expansion plan for its transmission system consistent with the Planning Objectives and Planning Standards, including plans for addressing all currently identified or projected system needs. Each WestConnect Party’s expansion plan will adhere to the common methodology and format developed jointly by SWAT and CCPG for this planning purpose. Expansion plans will cover enhancements and additions for Resources and Bulk Transmission Facilities.
 - 4.4.2 Perform or cause to be performed the necessary technical, engineering or analytical study work required to ensure that expansion plans meet the Planning Objectives and Planning Standards. Each WestConnect Party will submit its respective expansion plan, associated study work and pertinent financial, technical and engineering data to SWAT and/or CCPG to support the validity of its expansion plan.
 - 4.4.3 Use the Base Cases developed in common by SWAT and CCPG for study work associated with the WC Transmission Planning Process. The Base Cases will include all previously assumed facilities and agreed upon additions for the baseline scenario.
 - 4.4.4 Complete additional study work if required to do so by SWAT and/or CCPG to address agreed-upon deficiencies.
- 4.5 Through the WestConnect Steering Committee, review and approve on a biennial basis the WC Transmission Plan produced through the SWAT and CCPG that identifies combinations of projects that are common to all or the most likely planning scenarios and that best meet all transmission needs of the WestConnect Parties and other Stakeholders.

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- 4.6 Maintain a Regional Planning section on the WestConnect website where all WestConnect planning information, including meeting notices, meeting minutes, reports, presentations, and other pertinent information, is posted.
- 4.7 Work with the CCPG and SWAT planning processes in the development of the WC Transmission Plan. The plan development process will use and be conducted through CCPG and SWAT committees, subcommittees, and work groups.
- 4.8 Incorporate CCPG- and SWAT-specific Planning Objectives in the planning process and report.
- 4.9 Coordinate, develop and update the Base Cases to be used in the SWAT and CCPG sub-regional planning areas.
- 4.10 Coordinate the development of the WC Transmission Plan report for the WestConnect Footprint that covers the CCPG and SWAT sub-regional planning areas.

5. Dispute Resolution

Any dispute relating to any study or information required to be provided to SWAT or CCPG for inclusion in the WC Transmission Planning Process and other agreed upon study work, including disputes regarding the scope of additional studies and the costs of providing such studies or information, shall be resolved through utilization of the WECC Dispute Resolution Process.