

I. Overview of the SPR Operating Companies Transmission Planning Process.

Sierra Pacific Power Company (SPPC) and Nevada Power Company (NPC) are vertically integrated public utilities, wholly owned subsidiaries of Sierra Pacific Resources (SPR)(collectively referred to as Operating Companies), that are engaged in the business of generating, transmitting and distributing electricity in fifteen of Nevada's seventeen counties and in seven counties of California. SPR Operating Companies, thru SPPC and NPC, provides electric transmission and related reliability services under state and federal statutes and regulations. SPR Operating Companies' transmission planning process is based on the following three core objectives:

- Maintain reliable electric service;
- Improve the efficiency of electric system operations, including the provision of open and non-discriminatory access to the transmission facilities under its control; and
- Identify and promote new investments in transmission infrastructure in a coordinated, open, transparent and participatory manner.

SPR Operating Companies' transmission planning process is intended to facilitate a timely, coordinated and transparent process that fosters the development of electric infrastructure that both maintains reliability and meets load growth.

The SPR Operating Companies transmission planning process includes a series of open planning meetings that SPR Operating Companies will conduct at least twice a year to allow anyone including, but not limited to, network and point-to-point transmission customers, interconnected neighbors, regulatory and state bodies and other stakeholders, input into and comment on the SPR Operating Companies transmission plan through all stages of its development. These meetings may be held jointly with other meetings covering a broader area.

In addition to its local transmission planning process, SPR Operating Companies coordinates its transmission planning with other transmission providers and stakeholders in the desert southwest area and in the northwest area, and with the Western Interconnection as a whole, through its active participation in the Southwest Area Transmission Planning (SWAT) group, SIERRA Coordinated Planning Group (SIERRA), membership in WestConnect,¹ membership in the Northwest Power Pool

¹ WestConnect was formed under a memorandum of understanding (MOU) among twelve transmission providing electric utilities in the Western Interconnection. The purposes of WestConnect are to investigate the feasibility of wholesale market enhancements, work cooperatively with other Western Interconnection organizations and market shareholders and address seams issues in the appropriate forums. WestConnect has initiated an effort to facilitate and coordinate regional transmission planning across the WestConnect footprint. Current parties to the WestConnect MOU are: Arizona Public Service Company, El Paso Electric Company, Imperial Irrigation District, Nevada Power Company/Sierra Pacific Power Company, Public Service Company of Colorado, Public Service Company of New Mexico, Sacramento Municipal Utility District, Salt River Project, Southwest Transmission Cooperative, Tri-State Generation and Transmission Association, Tucson Electric Power Company, and Western Area Power Administration.

(NWPP), membership in the Western Electricity Coordinating Council (WECC) and participation in the WECC Transmission Expansion Planning Policy Committee (TEPPC) and its Technical Advisory Subcommittee (TAS) .

Three subregional planning groups operate within the WestConnect footprint: SWAT, the Colorado Coordinated Planning Group (CCPG) and the SIERRA Coordinated Planning Group (SIERRA). The SIERRA subregional planning group is still in development. WestConnect's planning effort, which includes funding and provision of planning management, analysis, report writing and communication services, supports and manages the coordination of the subregional planning groups and their respective studies. Such responsibilities are detailed in the WestConnect Project Agreement for Subregional Transmission Planning (STP Project Agreement). A copy of the STP Project Agreement is attached to Attachment K as Exhibit 1. NPC/SPPC is a signatory to this Agreement.

The subregional planning groups within the WestConnect footprint, assisted by the WestConnect planning manager, coordinate with other Western Interconnection transmission providers and their subregional planning groups through TEPPC. TEPPC provides for the development and maintenance of an economic transmission study database for the entire Western Interconnection and performs annual congestion studies at the Western Interconnection region level.

If you have any question on the planning process please contact SPR at Transmission_Planning@sierrapacific.com or call (775) 834-5875. SPR has identified a contact person on the SPPC and NPC OASIS web sites to respond to customer/stakeholder questions regarding the planning process, modeling, criteria, assumptions, and data underlying transmission system plans.

II. SPR Operating Companies Local Transmission Planning

A. SPR Operating Companies Planning Process

1. SPR Operating Companies' transmission planning process consists of an assessment of the following needs:
 - a. Provide adequate transmission to access sufficient network resources in order to reliably, economically serve retail and network loads.
 - b. Support SPR Operating Companies' local transmission and sub transmission systems.
 - c. Provide for interconnection for new generation resources.
 - d. Coordinate new interconnections with other transmission systems.
 - e. Accommodate requests for other long-term transmission access.
2. Transmission Planning Cycle.
 - a. SPR Operating Companies conduct transmission planning on a three year cycle for a twenty year planning horizon.
 - b. SPR Operating Companies updates there twenty year plan every three years or less and publishes an Integrated Resource Plan which is filed at the Public Service Commission of Nevada (PUCN).² These documents are available on the PUCN web site (pucweb1.state.nv.us/PUCN/)
 - c. SPR Operating Companies work with and provides data for the Nevada State Office of Energy (NSOE) which publishes an annual report called the "Status of Energy in Nevada". This report is available on NSOE web site (energy.state.nv.us)
 - d. SPR Operating Companies plan for new projects as they arise at any time within this three year planning window and will file Amendments to our resource plans when ever needed.
3. Transmission Customer's Responsibility for Providing Data
 - a. SPR Operating Companies use the information provided by their transmission customers to, among other things; assess network load and resource projections, transmission needs, operating dates and retirements for generation resources in SPR Operating Companies' system and update our sections of regional models used to conduct planning studies.

² The NSOE's annual "Status of Energy in Nevada" process evaluates the transmission providers' filed twenty year plans, changes in system from the previous year, and other study reports on an annual.

- b. Network Customers are required, pursuant to the SPR Operating Companies Open Access Transmission Tariff (OATT) to submit their ten year projected network load and network resources to SPR Operating Companies on an annual basis. SPR Operating Companies require that this information be submitted annually by January 1 each year.
- c. To maximize the effectiveness of the SPR Operating Companies planning process, it is essential that all other transmission customers provide their ten year needs in the form of relevant data for inclusion in the SPR Operating Companies transmission planning process. SPR Operating Companies require that this information be submitted annually by January 1 each year. Such data should include, to the maximum extent practical and consistent with protection of proprietary information:
 - i. Generators – planned additions or upgrades (including status and expected in-serve date), planned retirements and environmental restrictions.
 - ii. Demand response resources – existing and planned demand resources and their impacts on demand and peak demand.
 - iii. Network customers – forecast information for load and resource requirements over the planning horizon and identification of demand response reductions.
 - iv. Point-to-point transmission customers – projections of need for service over the ten year planning horizon, including transmission capacity, duration, and receipt and delivery points.
- d. Each customer is responsible for submitting timely written notice to SPR Operating Companies of material changes in any of the information previously provided related to the customer’s load, resources, or other aspects of its facilities or operations which may, directly or indirectly, affect SPR Operating Companies’ ability to provide service.

4. Types of Planning Studies

- a. Reliability Studies. SPR Operating Companies will conduct reliability studies to ensure that all NERC, WECC, and local reliability standards, are met for each year of the ten year planning horizon, including all customers planned loads and resources. These reliability studies will be coordinated with the other regional transmission planning organizations through the SWAT and SIERRA studies.

b. Economic Studies. Economic planning studies are performed to identify significant and recurring congestion on the transmission system. Such studies may analyze any, or all, of the following: (i) the location and magnitude of the congestion, (ii) possible remedies for the elimination of the congestion, in whole or in part, (iii) the associated costs of congestion, and (iv) the cost associated with relieving congestion through system enhancements (or other means). SPR Operating Companies Transmission Planning will perform, or cause to be performed, economic planning studies at the request of any transmission customer or stakeholder. All economic planning studies performed, either by SPR Operating Companies or TEPPC, will utilize the TEPPC public data base and will be publicly posted. This does not include economic studies performed by other departments independent of SPR Operating Companies transmission.

5. Economic Planning Study Requests.

- a. Any SPR Operating Companies transmission customer or other interested stakeholder (“Requester”) may submit a study request for an economic planning study directly to SPR Operating Companies or TEPPC. All requests submitted to SPR by October each year and should be electronically forwarded to Transmission.Planning@sierrapacific.com.
- b. All economic planning study requests, whether or not the study work is performed by SPR Operating Companies, will be forwarded to TEPPC for inclusion in its master list of economic studies for the Western Interconnection.
- c. If a Requester submits its economic planning study request directly to SPR Operating Companies, SPR Operating Companies will review the request with input from stakeholders in a public transmission meeting. Based in part on the number and type of requests received, SPR Operating Companies will determine whether the study should be considered a local priority request and performed by SPR Operating Companies or whether the study request encompasses a subregion or region, in which case SPR Operating Companies will transfer the request to TEPPC for consideration as a priority request to be included in TEPPC’s list of economic studies to be performed by TEPPC. Typically, local priority requests are requests that involve facilities that are included in SPR Operating Companies filed Integrated Resource Planned (IRP) or any amendments to those plans.
- d. TEPPC will review economic planning study requests received from transmission providers, subregional transmission planning

groups, and Requesters during its open stakeholder meeting and, together with its stakeholders, prioritize requests for economic planning studies. Both SPR Operating Companies and Requester will have an opportunity to participate in the TEPPC prioritization process and provide input as to whether a study request should be included in the TEPPC study plan. For more detail regarding the TEPPC economic planning study process see the executive summary overview of the TEPPC Transmission Planning Protocol at www.wecc.biz.

- e. If SPR Operating Companies determine, with input from stakeholders obtained through the SPR Operating Companies public planning meetings, that the economic planning study request is a local priority, *e.g.*, if the study request does not affect interconnected transmission systems, and the remedies are confined to a balancing area and can be resolved within the balancing area, then SPR Operating Companies may conduct the study internally and coordinate assumptions and results with its customers and stakeholders, and publicly post the results.
 - f. If either SPR Operating Companies or TEPPC determines, after reviewing through an open stakeholder process, that the request for an economic planning study is a lower priority, the Requester may request that SPR Operating Companies assist the Requester in having a third party perform the economic planning analysis at the Requester's expense. The Requester will have use of the TEPPC economic study data base and SPR Operating Companies will support the Requester in ensuring that the study is coordinated through local, subregional or regional planning groups.
 - g. SPR Operating Companies may determine that any number of Requester's economic planning study requests should be studied together or a Requester may request that SPR Operating Companies study its request together with other requests. SPR Operating Companies will combine such studies as it deems appropriate. If study requests are combined, the study costs will be shared equally among the customers.
 - h. SPR Operating Companies have identified a contract person on the SPPC and NPC OASIS web sites to respond to customer/stakeholder questions regarding modeling, criteria, assumptions, and data underlying transmission system plans.
6. SPR Operating Companies transmission study plans and planning results will be communicated through presentations at the SPR Operating Companies Public Meetings (*see* Section II.B.2. below) and all documents

and presentations will be posted on the SPR Operating Companies, SPPC and NPC, OASIS web sites and copies of the studies will be forwarded to WestConnect for inclusion on the WestConnect website at www.westconnect.com.

7. Economic Planning Study Cycle. SPR Operating Companies will coordinate the timing of its economic planning study cycle process with the TEPPC process. SPR Operating Companies will require that the customer submit its study request at least one month prior to the study submission date required for the TEPPC study process. Currently estimated to be an October due date.
 8. Cost Responsibility for Economic Studies
 - a. Priority local economic planning studies will be performed at SPR Operating Companies. SPR Operating Companies will recover the costs of such studies through their transmission rates.
 - b. Regional studies performed by TEPPC will be paid for through WECC dues by the WECC members.
 - c. Studies not characterized as priority will be performed at the customer's expense. SPR Operating Companies may perform the study or work with the Customer and its third party contractor
 9. Exchange of Data Unique to Economic Planning Studies
 - a. SPR Operating Companies obtains all data used for its economic planning studies from the public TEPPC data base.
 - b. Customer's request for detailed base case data must submitted to WECC in accordance with the WECC procedures.
 - c. Customer's Request for economic planning studies and responses to such requests shall be posted on the SPPC or NPC OASIS web sites and copies of the studies will be forwarded to WestConnect for inclusion on the WestConnect website at <http://www.westconnect.com>.
 10. SPR Operating Companies Study Criteria and Guidelines. Customers should refer to the Transmission Planning Process and Guidelines (SPPC Planning Guidelines and NPC Planning Guidelines) for planning criteria, guidelines, assumptions and data. The Planning Guidelines are posted on the SPPC and NPC OASIS web sites.
- B. SPR Operating Companies Open Public Meetings

SPR Operating Companies will hold at least two open public transmission planning meetings a year that will allow, and promote, customers, interconnected neighbors, regulatory and state bodies and other stakeholders to participate in a coordinated, nondiscriminatory process for development of the SPR Operating Companies transmission plan. One of the two meetings will be held during the 4th Quarter and SPR Operating Companies, along with transmission customers and stakeholders, will review the economic study requests that were submitted in October that year.

1. Purpose and Scope

These public meetings will provide an open transparent forum whereby electric transmission stakeholders can comment and provide advice to SPR Operating Companies during all stages, including the early stages, of its transmission planning. These public transmission planning meetings will serve to:

- b. Provide a forum for open and transparent communications among Nevada transmission providers, state regulatory authorities, customers and other interested stakeholders;
- c. Promote discussion of all aspects of the SPR Operating Companies transmission planning activities, including, but not limited to, methodology, study inputs and study results; and
- d. Provide a forum for SPR Operating Companies to understand better the specific electric transmission interests of key stakeholders.

2. SPR Operating Companies Public Planning Meeting Process

- a. All public transmission planning meetings will be open to all stakeholders.
- b. Meeting Purpose: Meetings will be conducted to (i) allow SPR Operating Companies to maximize its understanding of its customers' forecast needs for the SPR Operating Companies transmission system; (ii) offer customers and other stakeholders an opportunity to be informed about, offer input and advice into, the SPR Operating Companies transmission system and planning process, as well as to propose alternatives for any upgrades identified by SPR Operating Companies; (iii) review study results; and (iv) review transmission plans.
- c. Through past experience, SPR Operating Companies anticipates that much of its local transmission planning process will be conducted and coordinated through SWAT or SIERRA planning groups. SPR Operating Companies will schedule its public meetings to coordinate with the SWAT quarterly planning

schedule, which is described in more detail below (*see* Section III.B.8).

- d. Meeting Notices, including date, time, place and meeting agenda will be posted on the SPR Operating Companies OASIS and WestConnect website at least 30 days prior to the meeting. SPR Operating Companies will establish their public planning meeting schedule as needed, but no less than twice annually.
- e. The agendas for SPR Operating Companies' public planning meetings will be sufficiently detailed, posted on the SPR Operating Companies OASIS and circulated to its distribution list in advance of the meetings in order to allow customers and stakeholders the ability to choose their meeting attendance most efficiently.
- f. At the SPR Operating Companies meetings to be held during the 2nd and 4th Quarter each year, SPR Operating Companies shall (i) review its transmission planning process and current study plan with stakeholders; (ii) request stakeholder review of the current study plan; provide comment and advice on any aspect of its transmission planning process; (iii) invite the submittal of transmission study requests from stakeholders for review and discussion; and (iv) provide updates on its planned projects;
- g. It is anticipated that in the 2nd Quarter meetings, SPR Operating Companies will solicit any additional information on load resources and other needs from their transmission customers for the preparation of a draft study plan. It is anticipated that in the 4th Quarter SPR Operating Companies will review draft study requests and present a draft of their ten year plan for stakeholder review and comment.
- h. All existing SPR Operating Companies customers, network and point-to-point, will be included on SPR Operating Companies' distribution list and actively notified *via* email of all upcoming public meetings. Any other stakeholder wanting to be included on SPR Operating Companies' email distribution list should email its information to Transmission_Planning@sierrapacific.com or contact the SPR Operating Companies contact person as identified on the SPPC and NPC OASIS web sites.
- i. Stakeholders are encouraged to provide input, comments, advice and questions into the process at any time electronically by sending email to Transmission_Planning@sierrapacific.com.

- j. SPR Operating Companies will post all meeting-related notes, documents and draft or final reports on the SPPC and NPC OASIS web sites and copies will be forwarded to WestConnect for inclusion on WestConnect website.
- k. In order to permit all stakeholders access to the information posted on the SPPC and NPC OASIS web sites and the WestConnect website, only public information will be shared, and public business conducted, in the SPR Operating Companies open public meetings

C. Twenty Year Transmission System Plan

Each year SPR Operating Companies uses the planning process described in Section II.A above to complete an informal update its transmission plan. Every three years the planning process will be used to develop the Integrated Resource Plan (IRP) filling with the PUCN. The SPR Operating Companies Twenty Year Transmission System Plans identify all of its new transmission facilities, 200 kV and above, and all facility replacements and/or upgrades required over the next twenty years to reliably and economically meet its customers needs. The primary focus of the report is the three year action plan which covers the next three years in detail. Integrated Resource Plan Amendments will be filed as needed for priority local projects that are not proposed in a triennial filing year.

C. Ten Year Transmission System Plan

Each year WestConnect collects data for a ten year Transmission System Plan from the subregional planning groups. Both SWAT and SIERRA will be providing data for this process. The WestConnect Ten Year Transmission System Plan identifies all of the new transmission facilities, 115 kV and above, and all facility replacements and/or upgrades required over the next ten years to reliably and economically meets its customers needs.

III. Subregional and Regional Coordination

Subregional Planning and Coordination at the WestConnect-SWAT-CCPG-SIERRA subregional level.

A. Overview

A number of subregional processes and agreements are available to SPR Operating Companies to assist in the coordination of their planning efforts over a region encompassing a large number of interconnected transmission owners. These include a recent WestConnect STP Project Agreement that defines the obligations of the signatory transmission owners to support and manage subregional planning processes within the WestConnect footprint. Those sub-regional planning processes include existing groups

such as the Southwest Area Transmission Planning Group (SWAT) and the Colorado Coordinated Planning Group (CCPG). The SIERRA Coordinated Planning Group (SIERRA) is a new subregional planning group being formed in the Northern Nevada/Northern California area within the WestConnect footprint. The Nevada Power Company transmission is coordinated with SWAT and Sierra Pacific Power Company is currently coordinated at SWAT but will move to the SIERRA group as it is implemented.

NPC/SPPC is a party to the WestConnect STP Project Agreement and is actively engaged in the SWAT planning group. The WestConnect footprint, which includes the regions covered by SWAT, CCPG and SIERRA, encompasses the states of Arizona, Colorado, New Mexico, Nevada, and parts of California, Texas and Wyoming. SPR Operating Companies submit their transmission plans to its relevant subregional planning group, SWAT or SIERRA, as required for inclusion in and coordination with SWAT's transmission plan. SPR Operating Companies actively participates in the SWAT or SIERRA planning process to ensure that SPR Operating Companies' data and assumptions are coordinated with the SWAT or SIERRA subregional plans. The WestConnect planning manager will ensure that the SWAT and SIERRA transmission plans are coordinated with the CCPG plan to produce the WestConnect Transmission Plan.

B. SWAT's Role in the Subregional Planning Process

1. SWAT is tasked with bringing transmission planning information together and sharing updates on active projects. The SWAT subregional planning group provides an open forum where any stakeholder interested in the planning of the transmission system in the SWAT footprint which currently includes Arizona, New Mexico, and parts of California, Nevada, and Texas, can go to obtain information regarding base cases, plans, and projects and to provide input or express their needs as they relate to the transmission system. The footprint of SWAT changes with the creation the SIERRA group to exclude northern California and northern Nevada.
2. The SWAT subregional planning group is comprised of transmission providers, transmission users, transmission operators, state regulatory entities and environmental entities. Membership is voluntary and open to all interested stakeholders.
3. The goal of SWAT is to promote subregional planning and transmission development in the desert southwest and to ensure that all of the individual transmission plans are coordinated in order to maximize use of the existing transmission system and identify the transmission expansion alternatives that most effectively meet future needs. The SWAT subregional planning group includes six main geographically based subcommittees and two footprint wide subcommittees, which are overseen by the SWAT oversight committee. The subcommittee study groups

address transmission planning issues within their geographic areas indicated by their respective names. *See* www.westconnect.com.

4. The subcommittee planning groups provide a forum for entities within each respective region, and any other interested parties, to determine and study the needs of the region as a whole.
5. SWAT also provides a forum for project sponsors to introduce their specific projects to interested stakeholders and potential partners and allows for joint study of these projects, coordination with other projects, and project participation including ownership from other interested parties.
6. Each WestConnect party is a signatory to the WestConnect STP Project Agreement, which sets forth the parties' responsibilities to participate in the SWAT, CCPG and/or SIERRA subregional planning groups, as appropriate. The STP Project Agreement is also open for participation by other transmission providers within the WestConnect footprint. SWAT, CCPG and SIERRA are also developing charter and/or governance requirements for their respective planning groups. The responsibilities of SPR and other WestConnect parties under the STP Project Agreement and the subregional planning group charters are generally as follows:
 - a. To provide funding for and procure manpower and other goods and services to support the subregional transmission planning efforts of the planning groups active within the WestConnect footprint, coordinate such planning efforts with other subregional planning groups within the Western Interconnection and with WECC TEPPC, and produce and submit for approval an annual WestConnect Ten Year Transmission Plan.
 - b. To utilize and make available to all study participants the planning standards, objectives, assumptions and base cases developed through stakeholder processes by SWAT, CCPG and SIERRA for subregional transmission planning. The base cases will include all previously assumed facilities and agreed-upon additions for the baseline scenario.
 - c. To develop and submit to SWAT, CCPG and/or SIERRA, as appropriate, a minimum 10-year expansion plan for each WestConnect party's respective transmission system consistent with the planning objectives and planning standards, including plans for addressing all currently identified or projected system needs.
 - d. To participate in the subregional planning processes conducted by SWAT, CCPG and SIERRA, by giving input and commenting on

policy issues, objectives, study scope, assumptions and methodologies, and alternatives for consideration in the planning and study process.

- e. To evaluate a broad range of assumptions and alternatives that have been developed through stakeholder processes for incorporation in the SWAT, CCPG and SIERRA study plans.
7. Transmission customers and stakeholders wishing to participate in the transmission planning processes for the high voltage and extra high voltage system in the Desert Southwest should engage the SWAT subregional planning group. SPR will assist transmission customers and stakeholders interested in becoming involved in the transmission planning process through direction to appropriate contact persons and websites. All transmission customers and stakeholders should bring their plans for future generators, loads or transmission service to the SWAT planning meetings.
8. The agendas for the SWAT meetings, SIERRA meetings, WestConnect planning meetings, SPR Operating Companies public planning meetings and any other planning meetings scheduled in conjunction with the SWAT meetings will be sufficiently detailed, posted and circulated in advance of the meetings in order to allow customers and stakeholders the ability to choose their meeting attendance most efficiently.
9. The proposed focus of the SWAT, SIERRA, and WestConnect planning meetings will be:

1st Quarterly Meetings

SWAT Meeting

- Approve the final SWAT report for the previous year's study work and the study plan for the new year; and
- Transmission providers submit their Ten Year Transmission Plans for inclusion in the new year study plan.

SIERRA Meeting

- Approve the final SIERRA report for the previous year's study work and the study plan for the new year; and
- Transmission providers submit their Ten Year Transmission Plans for inclusion in the new year study plan.
- Formally invite transmission customers' and stakeholders' review, comment, advice and transmission study requests for the SIERRA transmission planning process.

WestConnect Planning Annual Meeting

- WestConnect Ten Year Transmission Plan presented to the Planning Management Committee;
- Submittals for Planning Management Committee approval;
- WestConnect Annual Planning Report from prior year;
- WestConnect Study Plan for the current year; and
- Propose adjustments to planning process or budget for the current year as necessary or appropriate.

2nd Quarter Meeting

SWAT Meeting

- Present preliminary SWAT study results;
- Determine additional SWAT study sensitivities;
- Review the Ten Year Transmission Plans that were submitted in January by the transmission providers; and
- Formally invite transmission customers' and stakeholders' review, comment, advice and transmission study requests for the SWAT transmission planning process.

WestConnect TTC/ATC Presentation

- Each WestConnect transmission provider briefs transmission customers and stakeholders on calculations for Total Transfer Capability and long-term Available Transfer Capability for each of its posted paths.

3rd Quarter Meeting

SWAT and SIERRA Meeting

- Annual Joint SWAT-CCPG-SIERRA meeting;
- SWAT, CCPG, and SIERRA present current study results and approve key results, findings, and conclusions.

WestConnect Planning Workshop

- Presentation of each current year study supported by (i) final report or (ii) status summary report.
- Presentation of each WestConnect transmission provider's current transmission plans.
- Discussion of future study needs by study groups; TEPPC; and stakeholders.

4th Quarter Meeting

SWAT Meeting

- Present draft SWAT report for approval with modifications;

- Arizona transmission providers present their draft Ten Year Transmission Plans that will be submitted in January to the ACC for stakeholder review and comment;
- SWAT specifically invites the submittal of transmission study requests from stakeholders for inclusion in their respective study plans.

SIERRA Meeting

- Review economic study requests.
- Present Ten Year Transmission Plans for stakeholder review and comment;
- SIERRA specifically invites the submittal of transmission study requests from stakeholders for inclusion in their respective study plans.

B. SIERRA’s Role in the Subregional Planning Process

The SIERRA Subregional Planning Process is still in development and will be revised after the group meets.

1. SIERRA is expected to be tasked with bringing transmission planning information together and sharing updates on active projects. The SIERRA subregional planning group provides an open forum where any stakeholder interested in the planning of the transmission system in the SIERRA footprint which includes northern California and northern Nevada can go to obtain information regarding base cases, plans, and projects and to provide input or express their needs as they relate to the transmission system.
2. The SIERRA subregional planning group is expected to be comprised of transmission providers, transmission users, transmission operators, state regulatory entities and environmental entities. Membership is voluntary and open to all interested stakeholders.
3. The goal of SIERRA is expected to promote subregional planning and transmission development in the northern California and northern Nevada area to ensure that all of the individual transmission plans are coordinated in order to maximize use of the existing transmission system and identify the transmission expansion alternatives that most effectively meet future needs.
4. SIERRA also is expected to provide a forum for project sponsors to introduce their specific projects to interested stakeholders and potential partners and allows for joint study of these projects, coordination with other projects, and project participation including ownership from other interested parties.

5. Transmission customers and stakeholders wishing to participate in the transmission planning processes for the high voltage and extra high voltage system in the Northern California or Northern Nevada area should engage the SIERRA subregional planning group. SPR Operating Companies will assist transmission customers and stakeholders interested in becoming involved in the transmission planning process through direction to appropriate contact persons and websites. All transmission customers and stakeholders should bring their plans for future generators, loads or transmission service to the SIERRA planning meetings.

C. WestConnect's Role in SWAT and the subregional transmission planning process.

1. The WestConnect project agreement formalizes relationships and establishes obligations among the signatory transmission providers to coordinate regional transmission planning among the WestConnect participants, and the subregional planning groups (SWAT-CCPG-SIERRA) and produce a WestConnect Transmission Plan. Such obligations are summarized in III.B.6 above and set forth in detail in the WestConnect Objectives and Procedures, a copy of which is attached as Exhibit 1.
2. Under the WestConnect Objectives and Procedures, SPR Operating Companies, along with the other WestConnect STP Project Agreement participants, agrees to work through the SWAT, CCPG and SIERRA planning processes to integrate its respective transmission plans into one ten year regional transmission plan for the WestConnect footprint by:
 - a. Actively participating in the subregional processes, including submitting its respective expansion plan, associated study work and pertinent financial, technical and engineering data to SWAT to support the validity of SPR Operating Companies' plan.;
 - b. Coordinating, developing and updating common base cases to be used for all study efforts within the SWAT, CCPG and SIERRA planning groups and ensure that each plan adheres to the common methodology and format developed jointly by SWAT and CCPG for this planning purpose.
 - c. Providing funding for the WestConnect STP planning management functions through the STP Project Agreement;
 - d. Retaining an independent facilitator to oversee the WestConnect STP Project Agreement process and ensure comparability among the subregional processes and perform the study work required to pull all the plans together.
 - e. Maintaining 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.
- f. Posting detailed notices on all SWAT, CCPG and SIERRA STP meeting agendas on the WestConnect website.

III. Coordination at the Regional Level

On a west-wide regional basis, SPR Operating Companies will coordinate their plans through SWAT and SIERRA and WestConnect. WestConnect will coordinate its subregional plan with the other subregional plans in the Western Interconnection and at the TEPPC level.

A. Procedures for regional planning project review

1. WECC coordination of reliability planning.
 - a. WECC develops the Western Interconnection wide data bases for transmission planning analysis such as power flow, stability, dynamic voltage stability studies.
 - b. WECC also maintains a data base for reporting the status of all planned projects throughout the Western Interconnection.
 - c. WECC provides for coordination of planned projects through its Procedures for Regional Planning project review.
 - d. WECC's path rating process ensures that a new project will have no adverse effect on existing projects.
2. Western Interconnection wide economic planning studies are conducted by the WECC-TEPPC in an open stakeholder process that holds region-wide stakeholder meetings on a regular basis. The WECC-TEPPC planning process is posted on its website (see www.wecc.biz). SPR Operating Companies participate in the regional planning processes, as appropriate, to ensure data and assumptions are coordinated.
3. Role of WECC-TEPPC: WECC-TEPPC provides two main functions in relation to the SPR Operating Companies planning process.
 - a. Development and maintenance of the west-wide economic planning study database.
 - i. TEPPC uses publicly available data to compile a database that can be used by a number of economic congestion study tools; and
 - ii. TEPPC's database is publicly available for use in running economic congestion studies. For an interested transmission customer or stakeholder to utilize WECC's Pro-Mod planning model, such transmission customer or

stakeholder must comply with the WECC confidentiality requirements.

- b. Performance of economic planning studies. TEPPC has an annual study cycle during which it will update databases, develop and approve a study plan that includes studying transmission customer high priority economic study requests as determined by the open TEPPC stakeholder process and perform the studies and document the results in a report.
4. For more detail on TEPPC *see* www.wecc.biz TEPP Transmission Planning Protocol.

IV. Dispute Resolution.

All disputes arising out of this Attachment K shall be resolved in accordance with the dispute resolution provisions contained in Section 12 of the SPR Operating Companies Tariffs.

V. Cost Allocation

In accordance with the WestConnect Objectives and Procedures for Regional Transmission Planning approved by the WestConnect Steering Committee dated August 24, 2005 (at Exhibit B, Section 4.3.12), the Parties to the November 20, 2005 WestConnect Memorandum of Understanding agree,

To the maximum extent practical, to use an 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.

This approach, used for the development, construction, ownership and operation of bulk power facilities, has been implemented successfully throughout the Western Interconnection for more than 30 years.

This approach, used to solicit interest and participation in the development of new bulk power facilities in the Western Interconnection, is also incorporated in the WECC Policies and Procedures for Regional Planning Project Review, Project Rating Review and Progress Reports. Those policies and procedures include mechanisms (i) for WECC members and others to report on planned projects and to work together to expand the interconnected system capacity according to member and stakeholder needs; and (ii) to inform others of the opportunity to participate in or review a project and to solicit participation in a project in order to avoid duplicate projects and allow a new project to integrate others' needs by mutual agreements.

A. Process Used to Solicit Interest in a Proposed Project.

1. Solicitation of Interest. Project sponsor announces project and actively or verbally solicits interest in the project through informational meetings, information posted on the project sponsor's website, and industry press releases.
2. Project sponsor holds meetings with interested parties and meetings with public utility staffs from potentially affected states.
3. Project sponsor posts information *via* WECC's Planning Project Review reports.
4. Role of Project Sponsor.
 - a. To develop the initial project specifications, the initial cost estimates and potential transmission line routes.
 - b. To guide negotiations in assisting interested parties to determine cost responsibility for initial studies.
 - c. To guide the project through the applicable line siting processes.
 - d. To develop final project specifications and costs.
 - e. To obtain commitments from participants for final project cost shares and secure execution of construction and operating agreements.

It is possible that the cost allocation principles for economic studies may be different from the cost allocation methods for projects involving multiple owners. SPR Operating Companies, together with WestConnect and WECC, will seek input from stakeholders in proposing cost allocation methods.

Exhibit 1

WestConnect Project Agreement for Subregional Transmission Planning

1. Parties

This WestConnect Project Agreement for Subregional Transmission Planning (“STP Project Agreement”), effective as of this 23rd day of May 2007, is by and among the Parties listed in Exhibit A, which exhibit shall be revised from time to time to reflect new and withdrawn Parties. Hereafter, the Parties shall be referred to individually as “Party” and collectively as “Parties.”

2. Recitals

2.1 WHEREAS, parties to the WestConnect Amended and Restated Memorandum of Understanding, effective February 14, 2007 (WestConnect participants), are participating in and committing resources to joint efforts to identify, develop and implement cost-effective wholesale market enhancements on a voluntary basis that add value for wholesale users of the Western Grid in transmission accessibility, wholesale market efficiency and reliability; and

2.2 WHEREAS, each Party to this STP Project Agreement participates in and supports the ongoing analysis and study work of the Colorado Coordinated Planning Group (“CCPG”), the Southwest Area Transmission Planning Group (“SWAT”), and/or other subregional transmission planning (“STP”) groups and efforts within the WestConnect Footprint (as defined in Exhibit B) that promote open, transparent and alternatives-based transmission planning and the involvement of all interested stakeholders; and

2.3 WHEREAS, the Parties recognize that additional STP groups may be formed within the WestConnect Footprint in the future; and

2.4 WHEREAS, the Parties support the work of the Transmission Expansion Planning Policy Committee (“TEPPC”) of the Western Electricity Coordinating Council (“WECC”), which is responsible for overseeing database management, providing policy and management of the transmission planning process, and guiding the analyses and modeling for Western Interconnection economic transmission expansion planning; and

2.5 WHEREAS, the WestConnect Steering Committee (“Steering Committee”) has approved the WestConnect Objectives and Procedures for Regional Transmission Planning (“WC Planning Objectives and Procedures”), which set forth the responsibilities of the WestConnect participants to provide resources for the development of a ten (10) year integrated regional transmission plan for the WestConnect Footprint on an annual basis, derived from SWAT, CCPG and other STP efforts that accommodate all transmission needs across the WestConnect Footprint; and

2.6 WHEREAS, the Parties, both WestConnect participants and non-WestConnect entities that participate in STP groups in the WestConnect Footprint, wish to enter into this STP Project Agreement to implement the WestConnect Planning

Objectives and Procedures for Regional Transmission Planning, as such objectives and procedures may be revised from time to time pursuant to an affirmative vote of the STP Management Committee;

NOW THEREFORE, in consideration of the mutual benefits to the Parties to be obtained pursuant to this STP Project Agreement, the Parties hereby agree as follows:

3. WestConnect Objectives and Procedures for Regional Transmission Planning

The Parties shall comply with the WestConnect Objectives and Procedures for Regional Transmission Planning (“WC Planning Objectives and Procedures”), which are attached hereto as Exhibit B and incorporated herein by reference, as such objectives and procedures may be revised from time to time by an affirmative vote of the STP Management Committee. This will include entering into contracts with individuals or firms for provision of project management, report writing, transmission planning and secretarial/communication services to SWAT, CCPG and other STP efforts that form in the WestConnect Footprint for purposes of developing a ten (10) year integrated regional transmission plan for the WestConnect Footprint on an annual basis, derived from SWAT, CCPG and other STP efforts that accommodate all transmission needs across the WestConnect Footprint

4. Management Committee

4.1 Each Party shall appoint one STP Management Committee Representative to the STP Project Agreement Management Committee (“STP Management Committee”) to assist with carrying out the responsibilities set forth in the WC Planning Objectives and Procedures and this STP Project Agreement.

4.2 Each Committee Representatives shall serve on the STP Management Committee at the pleasure of the Party that appointed such STP Management Committee Representative and may be removed or replaced by such Party at any time. At the initial meeting under this STP Project Agreement and annually thereafter, the Committee Representatives shall elect one STP Management Committee Representative as chairman (“Chairman”) of the STP Management Committee. If a Party’s designated STP Management Committee Representative is unable to attend or participate in an STP Management Committee meeting, the STP Management Committee Representative may designate an alternate person to represent that Party as its STP Management Committee Representative.

4.3 The responsibilities of the STP Management Committee will be as follows:

4.3.1 In conjunction with the annual budget approved pursuant to Section 4.3.4, to lead the Parties’ definition of the annual scope of work for and the procurement, funding and management of project management, report writing, transmission planning and secretarial/communication services to be provided to SWAT, CCPG and other relevant STP efforts in the WestConnect Footprint, pursuant to the WC Planning Objectives and Procedures.

- 4.3.2 To appoint one of the Parties or a third party to act as the Finance Agent for purposes of developing and administering the budget, and billing of and accounting for costs associated with this STP Project Agreement.
 - 4.3.3 To appoint the WestConnect Project Manager to act as the agent on behalf of the Parties for entering into the contracts for services described in Section 3 and administering other functions of this STP Project Agreement; and to appoint other agents as necessary.
 - 4.3.4 To consider and vote upon a budget developed and proposed in accordance with Sections 6.1 and 6.2 for the necessary costs to be incurred under this STP Project Agreement.
 - 4.3.5 To work cooperatively with the Steering Committee, SWAT, CCPG, TEPPC, the TEPPC Technical Advisory Subcommittee, and other STP groups to coordinate regional and subregional transmission planning in the Western Interconnection.
 - 4.3.6 To appoint or dissolve permanent or ad hoc committees or work groups as necessary to carry on STP Project Agreement activities.
 - 4.3.7 To approve termination of this STP Project Agreement, pursuant to Section 8 hereof.
 - 4.3.8 To do such other things and carry on any other activities that the STP Management Committee determines to be necessary, advisable, appropriate, convenient or incidental for providing support and services to SWAT , CCPG and other STP efforts in the WestConnect Footprint for the WestConnect Transmission Planning process.
- 4.4 STP Management Committee Voting
- 4.4.1 Each STP Management Committee Representative shall have one vote.
 - 4.4.2 Voting Percentages
 - 4.4.2.1 Except as provided in Section 4.4.2.2, the STP Management Committee shall vote on decision items only upon the establishment of a quorum, which shall equal 50% + 1 of the Parties. Once a quorum has been established, the approval of any decision item that falls within this Section 4.4.2.1 shall require the affirmative vote of 80% or more of the Committee Representatives present in person or by conference telephone.
 - 4.4.2.2 STP Management Committee approval of (i) the annual scope of work for the services to be provided to SWAT, CCPG and other relevant STP efforts in the WestConnect Footprint, (ii) adoption of a new or revised budget developed pursuant to Section 6.2, (iii) election of the Chairman, (iv) contracts for

project management, technical writing, transmission planning and secretarial/communications services as described in Section 3, (v) appointment of agents pursuant to Section 4.3.3, or (vi) termination of this STP Project Agreement, shall require the affirmative vote of 80% or more of all STP Management Committee Representatives.

- 4.5 The STP Management Committee shall meet at least one time per year. Additional meetings may be held at other times upon a call for a meeting by the Chairman or by any two or more STP Management Committee Representatives. The meetings may be held in any reasonably accessible location in the Western region of the United States, or in any other location upon approval of the STP Management Committee. It is the intent of the Parties that meetings of the STP Management Committee be coordinated with meetings of the Steering Committee to the extent possible.
- 4.6 Notice of any meeting of the STP Management Committee, including the meeting agenda, shall be given to each STP Management Committee Representative by the Chairman at least five (5) business days in advance of the meeting by (i) giving notice to such STP Management Committee Representative in person or by telephone, (ii) by sending a telecopy or electronic mail, or delivering written notice by hand, to such STP Management Committee Representative's last known business, home or electronic mail address, or (iii) by sending written notice, via reputable overnight courier providing a receipt for delivery, to such STP Management Committee Representative's last known business or home address. Emergency meetings of the STP Management Committee may be called upon fewer than five (5) business days' notice upon approval of the STP Management Committee.
- 4.7 An STP Management Committee Representative may appear and vote at any meeting of the STP Management Committee and may execute waivers of notice, consents or approvals through the agency of any employee of the Party that appointed such STP Management Committee Representative, provided such agent is authorized to so act on behalf of the STP Management Committee Representative by the terms of a written or e-mailed proxy that has been executed by such STP Management Committee Representative and delivered in advance to the Chairman of the STP Management Committee.
- 4.8 STP Management Committee Representatives may participate in meetings of the STP Management Committee or any subcommittee thereof by means of conference telephone or other communications equipment by means of which all persons participating in the meetings can hear each other, and participation by such means shall constitute presence in person at such meeting.
- 4.9 Entities not Parties to this STP Project Agreement may attend and participate in meetings of the STP Management Committee, but may not vote on matters that come before the STP Management Committee for decision. The STP Management Committee may enter into closed-door sessions to deliberate upon sensitive issues, during which time other meeting attendees will be required to withdraw.

- 4.10 Any action required or permitted to be taken at any meeting of the STP Management Committee may be taken without a meeting if 80% of all STP Management Committee Representatives consent in writing or by electronic transmission to take the action without a meeting, with copies of the written consents and electronic transmissions sent to all STP Management Committee Representatives.
- 4.11 No STP Management Committee Representative shall receive compensation or any reimbursement of his or her expenses from the STP Management Committee or any party other than from the Party appointing him or her.

5. Costs

Costs incurred under this STP Project Agreement shall be allocated among the Parties according to the following formula:

$c = 0.5 (1/x + y/\sum y) \times 100$, where:

c = each Party's cost allocation percentage

x = the total number of Parties to this STP Project Agreement,

y = each Party's annual energy in MWh delivered to the Party's load residing in the Western Grid, and

$\sum y$ = the total of all Parties' annual energy in MWh delivered to the Parties' load residing in the Western Grid

The Parties shall update the load ratio shares calculation ($y/\sum y$) annually. Additionally, the total cost allocation percentage for each Party, calculated according to the formula above, shall be updated in any month in which the total number of Parties changes.

6. Annual Scope of Work and Budget

6.1 Scope of Work

Not later than one hundred twenty (120) days prior to each calendar year (or initially a portion thereof), the STP Management Committee shall confer and approve a scope of work for the project management, report writing, transmission planning, secretarial/communication and other services to be provided to SWAT, CCPG and other relevant STP efforts within the WestConnect Footprint pursuant to this STP Project Agreement. The STP Management Committee will provide the scope of work promptly upon approval to the Finance Agent for use in development of the annual budget under Section 6.2.

6.2 Budget

Not later than ninety (90) days prior to each calendar year (or initially a portion thereof), the Finance Agent appointed pursuant to Section 4.3.2 shall confer with the STP Management Committee to prepare an annual budget, to include

costs for providing (i) project management, report writing, transmission planning, secretarial/ communication and other services to SWAT, CCPG and other STP efforts in the WestConnect Footprint pursuant to the scope of work approved under Section 6.1 and the contracts entered into with the individuals or firms providing such services and (ii) Finance Agent services under this STP Project Agreement, which shall be based on direct costs incurred by the Finance Agent in the maintenance of an operating account and for billing and budget services provided hereunder. The annual budget shall show the costs allocated between the Parties as calculated in accordance with Section 5. The Finance Agent shall submit such budget to the STP Management Committee for its review and approval, modification or other action. The Finance Agent shall revise the budget from time to time when the need for additional expenditures not reflected in a prior budget becomes known and are approved by the STP Management Committee, or when reallocation of budgeted costs is required because new entities have become Parties to, or a Party withdraws from in accordance with Section 9, this STP Project Agreement.

7. Billing and Payment

- 7.1 The Finance Agent shall establish an operating account at a bank of its choice and notify the Chairman of the STP Management Committee of the operating account not later than five (5) business days following its establishment.
- 7.2 The Finance Agent shall establish a minimum cash balance for the operating account, which shall be funded by the Parties up front and from time to time thereafter as necessary, so that there will be sufficient funds to pay for expenditures incurred pursuant to this STP Project Agreement. The minimum cash balance at the end of each month will be at least equal to the budgeted expenditures for the next 60 days.
- 7.3 The Finance Agent shall bill the Parties on a monthly basis according to the cost allocations calculated pursuant to Section 5. In preparing the monthly billing, the Finance Agent shall take into consideration the current STP Project cash balance, the anticipated STP Project expenditures in the next 60 days based upon STP Project contractual or other commitments, and other STP Project budgeted expenses for the next 60 days, as may be adjusted to more appropriately reflect forecasted STP Project expenditures for the next 60 days.
- 7.4 Each Party shall provide the Finance Agent with the e-mail address of its STP Management Committee Representative and the name and e-mail address of a second person authorized by the Party to receive monthly invoices, which shall be sent by the Finance Agent via e-mail or other electronic communications.
- 7.5 All amounts billed to the Parties under this STP Project Agreement will be due and payable to the Finance Agent within 15 business days following the billing date. The billing date shall be the date on which invoices are sent to the Parties pursuant to Section 7.4 via e-mail or other electronic communications.
- 7.6 Failure of a Party to pay amounts billed within the time specified in Section 7.5 shall constitute a payment default under this STP Project Agreement. The Finance Agent shall provide written notice of the existence of a payment

default to the defaulting Party and to the Chairman of the STP Management Committee within ten (10) calendar days following the date of payment default. After receipt of such notice of payment default, the defaulting Party shall take all steps necessary to promptly and completely cure such payment default within thirty (30) days of the date that the Finance Agent mailed or delivered the notice of payment default to the defaulting Party. In the event that the defaulting Party does not cure the payment default within thirty (30) calendar days of the date that the Finance Agent mailed or delivered the notice of payment default to the defaulting Party, the defaulting Party must withdraw from this STP Project Agreement.

7.7 The Finance Agent shall credit interest earned on the funds held on deposit in the operating account to the Parties based on the cost allocation as defined in Section 5.

7.8 The Finance Agent shall prepare and distribute a financial report each month for STP Project Agreement costs for review with the STP Management Committee. Such report shall reflect the approved STP Project Agreement budget, actual costs and payments, cost allocation percentages, and the status of the operating account cash balance.

8. Effective Date and Term

This STP Project Agreement shall be effective upon execution by 80% or more of the parties to the WestConnect Amended and Restated MOU and shall continue until (1) terminated upon an affirmative vote of 80% or greater of the STP Management Committee, or (2) the WestConnect Amended and Restated MOU is itself terminated in accordance with its terms.

9. Withdrawal of a Party

Any Party may unilaterally withdraw from this STP Project Agreement by providing written notice to the other Parties; provided, however, that the withdrawing Party shall continue to be obligated to pay its share of costs incurred pursuant to the approved annual budget through the remainder of the calendar year in which the written notice to withdraw is provided. Notwithstanding the above, Western Area Power Administration shall be exempt from these payment requirements only if its compliance would violate the Federal Anti-Deficiency Act (31 U.S.C. §1341).

10. No Association, Joint Venture or Partnership

This STP Project Agreement shall not be interpreted or construed to create an association, joint venture or partnership among the Parties or to impose any partnership obligations or liability upon any Party. Notwithstanding anything to the contrary in this STP Project Agreement or the WestConnect Amended and Restated MOU, this STP Project Agreement shall at all times be conditioned upon the Parties obtaining all final and non-appealable regulatory approvals from the appropriate federal, state, and/or local regulatory authorities or agencies that each Party determines, in its sole discretion, to be necessary or desirable to enter into, to perform

or consummate the activities contemplated hereunder. Each Party's participation in this STP Project Agreement shall at all times after its effective date be subject to termination, change or modification by the appropriate federal, state and/or local regulatory authorities or agencies pursuant to applicable laws, rules or orders. A Party's withdrawal from this STP Project Agreement due to any actions by such regulatory authorities or agencies shall comply with Section 9 of this STP Project Agreement.

11. Counterparts

This STP Project Agreement may be executed in any number of counterparts, each of which shall be an original and all of which, when taken together, shall constitute one document. Delivery of an executed signature page of this STP Project Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof.

IN WITNESS WHEREOF, the Parties have caused this STP Project Agreement to be executed.

Arizona Public Service Company
P. O. Box 53999 M.S. 2260
Phoenix, AZ 85072-3999
Attention: Cary Deise
E-mail address: cary.deise@aps.com

By: Cary Deise

Title: Director, Transmission Operations/
Planning
Date: 5/10/07

El Paso Electric Company
P. O. Box 982
El Paso, TX 79960
Attention: Dennis H. Malone
E-mail address: dmalone@epelectric.com

By: _____

Title: _____

Date: _____

or consummate the activities contemplated hereunder. Each Party's participation in this STP Project Agreement shall at all times after its effective date be subject to termination, change or modification by the appropriate federal, state and/or local regulatory authorities or agencies pursuant to applicable laws, rules or orders. A Party's withdrawal from this STP Project Agreement due to any actions by such regulatory authorities or agencies shall comply with Section 9 of this STP Project Agreement.

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IN WITNESS WHEREOF, the Parties have caused this STP Project Agreement to be executed.

Arizona Public Service Company
P. O. Box 53999 M.S. 2260
Phoenix, AZ 85072-3999
Attention: Cary Deise
E-mail address: cary.deise@aps.com

By: _____

Title: _____

Date: _____

El Paso Electric Company
P. O. Box 982
El Paso, TX 79960
Attention: Dennis H. Malone
E-mail address: dmalone@epelectric.com

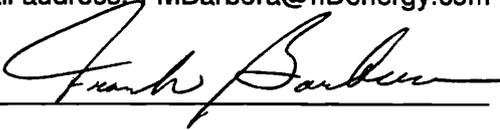
By:  _____

Title: MANAGER, SYSTEM PLANNING

Date: MAY 14, 2007

APPROVED AS TO FORM
OFFICE OF THE GENERAL COUNSEL 

Imperial Irrigation District
333 East Barioni Boulevard
Imperial, California 92251
Attention: Frank Barbera
E-mail address: FMBarbera@IIDenergy.com

By: 

Title: REGULATORY AFFAIRS

Date: 6-4-07

**Nevada Power Company/Sierra Pacific Power
Company**
P. O. Box 10100
Reno, NV 89520-0024
Attention: Jim McMorran
E-mail address: jmcMorran@sppc.com

By: _____

Title: _____

Date: _____

Public Service Company of Colorado
550 15th Street, Suite 700
Denver, CO 80202
Attention: Tim Woolley
E-mail address: timothy.b.woolley@xcelenergy.com

By: _____

Title: _____

Date: _____

Imperial Irrigation District
333 East Barioni Boulevard
Imperial, California 92251
Attention: Frank Barbera
E-mail address: FMBarbera@IIDenergy.com

By: _____

Title: _____

Date: _____

Nevada Power Company/Sierra Pacific Power Company
P. O. Box 10100
Reno, NV 89520-0024
Attention: Jim McMorran
E-mail address: jmcMorran@sppc.com

By: 

Title: Executive, Transmission

Date: 5-23-07

Public Service Company of Colorado
1225 17th Street
Denver, CO 80202
Attention: Tim Woolley
E-mail address: timothy.b.woolley@xcelenergy.com

By: _____

Title: _____

Date: _____

Imperial Irrigation District
333 East Barioni Boulevard
Imperial, California 92251
Attention: Frank Barbera
E-mail address: FMBarbera@IIDenergy.com

By: _____

Title: _____

Date: _____

Nevada Power Company/Sierra Pacific Power Company
P. O. Box 10100
Reno, NV 89520-0024
Attention: Jim McMorran
E-mail address: jmcMorran@sppc.com

By: _____

Title: _____

Date: _____

Public Service Company of Colorado
550 15th Street, Suite 700
Denver, CO 80202
Attention: Tim Woolley
E-mail address: timothy.b.woolley@xcelenergy.com

By:  _____

Title: Vice President, Transmission Xcel Energy Services, Inc. Authorized Agent for Public Service Company of Colorado

Date: 5/19/07

Public Service Company of New Mexico

Alvarado Square M.S. 0604
Albuquerque, NM 87158
Attention: Gregory C. Miller
E-mail address: gmiller@pnm.com

By: Gregory C. Miller *DE*

Title: Lead Director, Transmission Operations

Date: 5/9/2007

Sacramento Municipal Utility District

6201 S Street
Sacramento, CA 95817-1899
Attention: Vicken Kasarjian
E-mail address: VKasarj@smud.org

By: _____

Title: _____

Date: _____

Salt River Project Agricultural Improvement and Power District

P. O. Box 52025 Mail Station POB 009
Phoenix, AZ 85072-2025
Attention: Gary W. Harper
E-mail address: gwharper@srpnet.com

By: _____

Title: _____

Date: _____

Public Service Company of New Mexico
Alvarado Square M.S. 0604
Albuquerque, NM 87158
Attention: Gregory C. Miller
E-mail address: gmiller@pnm.com

By: _____

Title: _____

Date: _____

Sacramento Municipal Utility District
6201 S Street
Sacramento, CA 95817-1899
Attention: Vicken Kasarjian
E-mail address: VKasarj@smud.org

By:  _____

Assistant General Manager,
Title: Energy Supply

Date: 5/14/07

Salt River Project Agricultural Improvement and Power District
P. O. Box 52025 Mail Station POB 009
Phoenix, AZ 85072-2025
Attention: Gary W. Harper
E-mail address: gwharper@srpnet.com

By: _____

Title: _____

Date: _____

Public Service Company of New Mexico
Alvarado Square M.S. 0604
Albuquerque, NM 87158
Attention: Gregory C. Miller
E-mail address: gmiller@pnm.com

By: _____

Title: _____

Date: _____

Sacramento Municipal Utility District
6201 S Street
Sacramento, CA 95817-1899
Attention: Vicken Kasarjian
E-mail address: VKasarj@smud.org

By: _____

Title: _____

Date: _____

**Salt River Project Agricultural Improvement and
Power District**
P. O. Box 52025 Mail Station POB 009
Phoenix, AZ 85072-2025
Attention: Gary W. Harper
E-mail address: gwharper@srpnet.com

By: *Gary W Harper*

Title: *Manager System Operations*

Date: *5-8-07*

Southwest Transmission Cooperative, Inc.
P. O. Box 2195
Benson, AZ 85602
Attention: Jim Rein
E-mail address: jrein@swtransco.coop

By: 

Title: Manage Transmission Planning

Date: May 9, 2007

Tri-State Generation and Transmission Association, Inc.

P. O. Box 33695
Denver, CO 80233-0695
Attention: Dill Ramsay
E-mail address: dramsay@tristategt.org

By: _____

Title: _____

Date: _____

Tucson Electric Power Company

P. O. Box 711
Tucson, AZ 85702
Attention: Ed Beck
E-mail address: ebeck@tep.com

By: _____

Title: _____

Date: _____

Southwest Transmission Cooperative, Inc.
P. O. Box 2195
Benson, AZ 85602
Attention: Jim Rein
E-mail address: jrein@swtransco.coop

By: _____

Title: _____

Date: _____

Tri-State Generation and Transmission Association, Inc.
P. O. Box 33695
Denver, CO 80233-0695
Attention: Dill Ramsay
E-mail address: dramsay@tristategt.org

By: 
Joel K. Bladow

Title: Sr. Vice President - Transmission

Date: 05/09/2007

Tucson Electric Power Company
P. O. Box 711
Tucson, AZ 85702
Attention: Ed Beck
E-mail address: ebeck@tep.com

By: _____

Title: _____

Date: _____

Southwest Transmission Cooperative, Inc.

P. O. Box 2195
Benson, AZ 85602
Attention: Jim Rein
E-mail address: jrein@swtransco.coop

By: _____

Title: _____

Date: _____

Tri-State Generation and Transmission Association, Inc.

P. O. Box 33695
Denver, CO 80233-0695
Attention: Dill Ramsay
E-mail address: dramsay@tristategt.org

By: _____

Title: _____

Date: _____

Tucson Electric Power Company

P. O. Box 711
Tucson, AZ 85702
Attention: Ed Beck
E-mail address: ebeck@tep.com

By: Thomas A. McKenna

Title: Vice President Engineering

Date: May 7, 2007

Western Area Power Administration
CRSP Management Center
150 E. Social Hall Avenue, Suite 300
Salt Lake City, UT 84111
Attention: Dave Shelton
E-mail address: shelton@wapa.gov

By: Bradley Swann

Title CRSP Manager

Date: 5-23-07

EXHIBIT A

**Parties to the WestConnect Project Agreement for
Subregional Transmission Planning**

Party	Execution Date	Withdrawal Date
Arizona Public Service Company	05/10/2007	
El Paso Electric Company	05/14/2007	
Imperial Irrigation District	06/04/2007	
Nevada Power Company/Sierra Pacific Power Company	05/23/2007	
Public Service Company of Colorado	05/19/2007	
Public Service Company of New Mexico	05/09/2007	
Sacramento Municipal Utility District	05/14/2007	
Salt River Project Agricultural Improvement and Power District	05/08/2007	
Southwest Transmission Cooperative, Inc.	05/09/2007	
Tri-State Generation and Transmission Association, Inc.	05/09/2007	
Tucson Electric Power Company	05/07/2007	
Western Area Power Administration	05/23/2007	

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).

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

- 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.

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

- 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

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

- 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

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

- 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.

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

- 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.