

# **WestConnect Project Agreement for Subregional Transmission Planning**

## **1. Parties**

This WestConnect Project Agreement for Subregional Transmission Planning (“STP Project Agreement”), effective as of this 23<sup>rd</sup> 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is by and among the Parties listed in Exhibit A, which exhibit shall be revised from time to time to reflect new and withdrawn Parties.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:

$c = 0.5 (1/x + y/\Sigma y) \times 100$ , 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

$\Sigma y$  = 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 ( $y/\Sigma y$ ) 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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**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

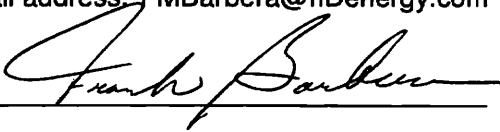
By: 

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: Carly C. Burkhead

Title: Executive, Transmission

Date: 5-23-07

**Public Service Company of Colorado**

1225 17<sup>th</sup> 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: FMB Barbera@IIDenergy.com

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

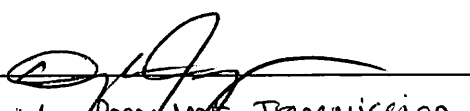
**Nevada Power Company/Sierra Pacific Power Company**  
P. O. Box 10100  
Reno, NV 89520-0024  
Attention: Jim McMorran  
E-mail address: jmc morran@sppc.com

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: \_\_\_\_\_

*Greg 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: gmill@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: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*Thomas A. McKenna*  
*Vice President Engineering*  
*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.