

Response to Tri-State Merchant load scheduling questions. 5/18/2007

Duane,

Please see the attached Revised Proposed Scheduling to Isolated NE New Mexico Loads Document, E-Tag examples for the upcoming posted Springer to Gladstone outage on May 22, 2007, and System Operations answers inserted in response to your CNMI scheduling questions below.

This afternoon, we reviewed and discussed the proposed scheduling guidelines you provided for northeast NM loads. We have the following questions regarding the information you provided last Tuesday.

1. Can you provide a list of the transmission lines and elements that would require the alternative scheduling requirements to serve northeast NM loads? **The primary outage of concern is the Gladstone to Springer line outage.**
2. Will this require the creation of a new sub-load region (NE NM) that will be made available to Power Marketing via SCADA? (similar to the southern NM load area). **There is a line item added to Marketing's Network Area Load Summary below Northern New Mexico load area called "NORTHEASTERN NEW MEXICO" initially with real time and eventually with after-the-fact values.**
3. Can you provide the northeast NM 2006 annual peak load, as well as typical seasonal high and low load values? **The Northeastern New Mexico area load is a summation of Southwestern's load and PNM's Clayton load. This is data already accessible to Marketing via PI for 2006 peak and seasonal loads.**
4. For the transmission lines and elements identified in the answer to #1, above, how was northeast NM covered prior to the introduction of the Walsenburg-Gladstone line via the network service agreement between PNM and TSGT? **It wasn't since the system was operated on an N-0 design basis prior to the addition of the Walsenburg to Gladstone line.**
5. At this time, PSCo is not posting transmission for sale from Story to Comanche. Do you know if they plan to do so in the near future? Or, will Power Marketing need to submit a request for this posting? Along this same line, we are assuming the reference to 50 MW of firm PSCo transmission is a new TSR? If not, then please advise. **Marketing will need to request the posting of paths directly from PSCO. The existing 50 MW path being purchased under grandfathered contract 0007 from PSCO is fully committed.**
6. Can you provide a diagram that complements a written summary of the scheduling guidelines? **No, the E-Tag examples that were provided should be sufficient.**
7. In the background section of the proposed guidelines, the reference to "through the TSGT system" refers to the TSGT system in CO? **Yes**
8. Regarding the reference to ATF tag adjustments, this relates to the regulation tag only? Will the regulation tag be created as a dynamic tag? **Yes, the E-tag should be submitted by TSPM as a Dynamic Transfer E-Tag with a zero energy schedule initially but only adjusted ATF to the hourly difference between Actual Interchange and**

Scheduled Interchange (amount of Imbalance) if the actual loads deviate by more than + or – 25% of the actual scheduled amount for each hour. This may also require hourly adjustments of the TSGT Network Resource load serving schedules.

The San Isabel load is a component of the PSCo 110 load area. Will the portion of San Isabel's load located south of Walsenburg be impacted? No

Please contact me if you have any further questions on these arrangements.

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