



RTTF FINANCE SUBCOMMITTEE



RTTF Update
April 13, 2009
Chairman: Tom Wray

Finance Subcommittee Purpose

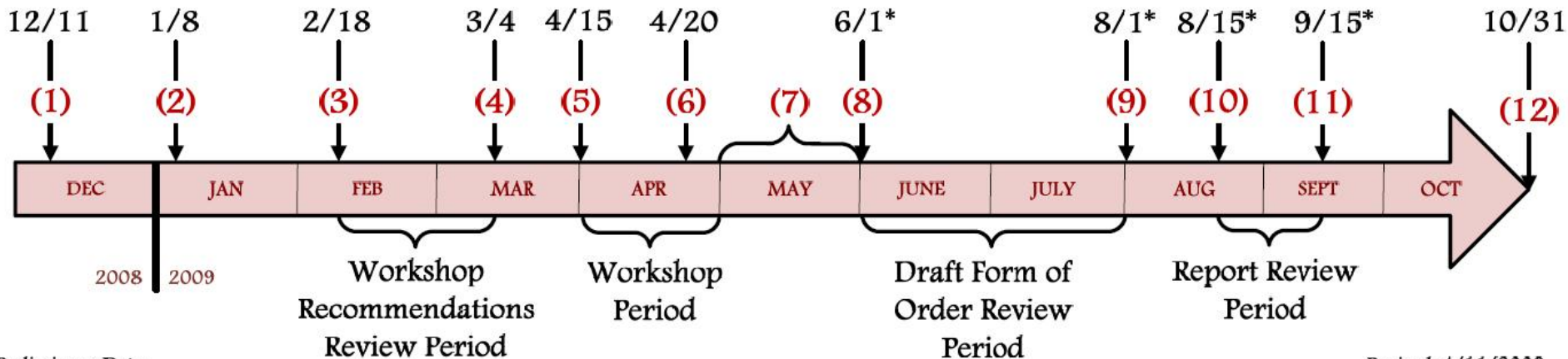
- The RTTF created the Finance Subcommittee on 1/8/2009 in response to ACC Order No. 70635 (12/11/2008).
- Primary Objective: Provide the RTTF with recommendations for financing methodologies for renewable transmission projects (RTP) in Arizona.
- Provide information and support for the utilities responsible for the April 20th Workshop.

Finance Subcommittee Activities

- Meeting No. 1 (2~28~2009)
- Meeting No. 2 (3~4~2009)
- Interim Report
- April 20th Workshop Support
- Follow-up activities after the Workshop
- Re-assess work plan for the summer and issue a Final Report by September 2009

RTTF Finance Subcommittee: Timeline

- (1) 12/11/08 ACC issues Order No. 70635
- (2) 1/8/09 RTTF creates subcommittees: a) AARTIS b) Project Finance
- (3) 2/18/09 Meeting No. 1: Define Scope; Schedule; RTP Definition; Deliverables
- (4) 3/4/09 Meeting No. 2: Finalize Workshop Recommendations
- (5) 4/15/09 Submit Interim Report to RTTF
- (6) 4/20/09 Workshop Date
- (7) 5/09 Based on Workshop, RTTF reviews subcommittee scope of investigation
- (8) 6/1/09* Meeting No. 3: Discuss and develop Draft Form of Order, initiate review
- (9) 8/1/09* Meeting No. 4: Conclude Review of Draft Form of Order
- (10) 8/15/09* Issue Draft Report to Subcommittee and initiate review
- (11) 9/15/09* Issue Final Report to RTTF with Draft Form of Order
- (12) 10/31/09 Utilities respond to order No. 70635: "...funding mechanisms... shall be filed with the Commission no later than October 31, 2009..."



*Preliminary Dates

Revised: 4/11/2009

Meeting No. 1 (2/18/2009)

■ Discussion Items

- ★ Overview of SWAT and RTTF
- ★ 5th BTA, ACC Order No. 70635
- ★ Subcommittee's Scope and Schedule
- ★ Timeline for Activities
- ★ Potential Working Definitions for RTPs
- ★ Possible Subcommittee Deliverables

Meeting No. 2 (3/4/2009)

■ Discussion Items

- ★ Cost Recovery Methodologies for RTP investments
- ★ Allocation of Base and Incentive Returns on Equity for Developing RTPs – General Discussion
- ★ Transmission Capacity Subscription Methodologies
- ★ Potential Working Definitions for RTPs
- ★ Recent FERC Policies and Relevant Orders
- ★ Legislative Developments

Interim Report

- Submittal to the Chairmen of SWAT and RTTF by 4/15/09
- Will be filed in the ACC Open Docket that is intended to gather information regarding renewable transmission issues
- Report includes the following parts:
 - ★ Introduction/Executive Summary
 - ★ Subcommittee Work To-Date
 - ★ Areas of Inquiry
 - ★ Appendices

Workshop Discussion Topics

- Are RTPs different from business-as-usual transmission projects?
- Should utility shareholder investment in RTPs be incentivized?
- Should utilities receive incentives for exceeding their RES?
- Should utilities receive incentives for creating export transmission capacity for Arizona's renewables?

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