



November 25, 2008

Mr. Jerry Smith
WestConnect Planning Manager
160 N. Pasadena, Ste. 101
Mesa, AZ 85201

Dear Mr. Smith;

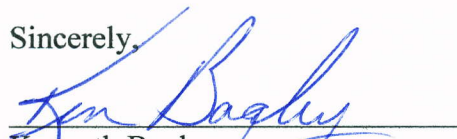
Re: Harcuvar Transmission Project Status Update

On November 7, 2008, an Open Season meeting was conducted for the Harcuvar Transmission Project (HTP). This meeting was held at the offices of the Central Arizona Water Conservation District in Phoenix, Arizona. The meeting was attended by 29 individuals representing 18 different organizations. The Arizona utilities represented included Arizona Public Service, City of Mesa Utilities, Mohave Electric Cooperative, Salt River Project, and Tucson Electric Power. At this meeting it was agreed that statements of interest, from parties desiring to participate in the HTP, would be accepted through Friday, November 21st. By the end of day on November 21st nine different entities had submitted statements of interest to the Project's sponsor, the Central Arizona Water Conservation District. If all proposed projects are developed it would imply over 2,500 MW of generation interconnected to or capacity passing through the HTP.

It is proposed that the HTP will be pursued in three phases. Phase 1 will consist of; (1) initiating the required transmission interconnection processes with Southern California Edison (SCE) and Western Area Power Administration, (2) developing an MOU under which project participants will pursue development of the HTP, and (3) completion of an MOU with SCE under which the HTP will acquire ownership and capacity rights on the Devers 500 kV system. Phase 2, which will consist of right-of-way acquisition, engineering design, permits, etc., is expected to begin early in the second quarter of 2009 and require at least 18 months to complete. Phase 3 will entail the actual construction of the Project's features. The in-service date for the entire HTP is anticipated to be the summer of 2013.

Parties should feel free to contact me if they have any questions regarding the HTP.

Sincerely,


Kenneth Bagley
Manager
Genesee Consulting Group