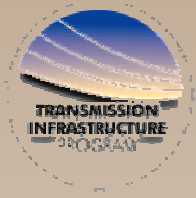


TRANSMISSION INFRASTRUCTURE PROGRAM UPDATE

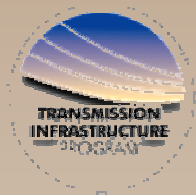
April 2010





TOPICS

- TIP overview and status
- SMRT discussions
- Other project discussions

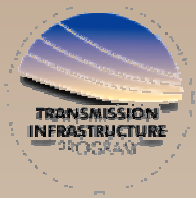


TIP PROGRAM OVERVIEW

Implement Section 402 of the American Recovery and Reinvestment Act

Borrowing authority of \$3.25 billion

Identify, prioritize and participate in the study, facilitation, financing, planning, operating, maintaining, and/or construction of new or upgraded transmission facilities



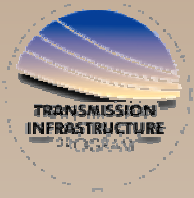
TIP PROGRAM OVERVIEW (CONT'D)



Projects must...

Have one terminus within area served by Western; Have reasonable expectation of repayment of Project costs

Deliver, or facilitate the delivery of, power generated by renewable energy resources to be constructed or reasonably expected to be constructed



SMRT – STUDY CONCEPT

A—Palo Verde-North Gila

- 500-kV, 100 miles

B—Palo Verde-Blythe

- 500-kV, 110 miles

C—North of Parker

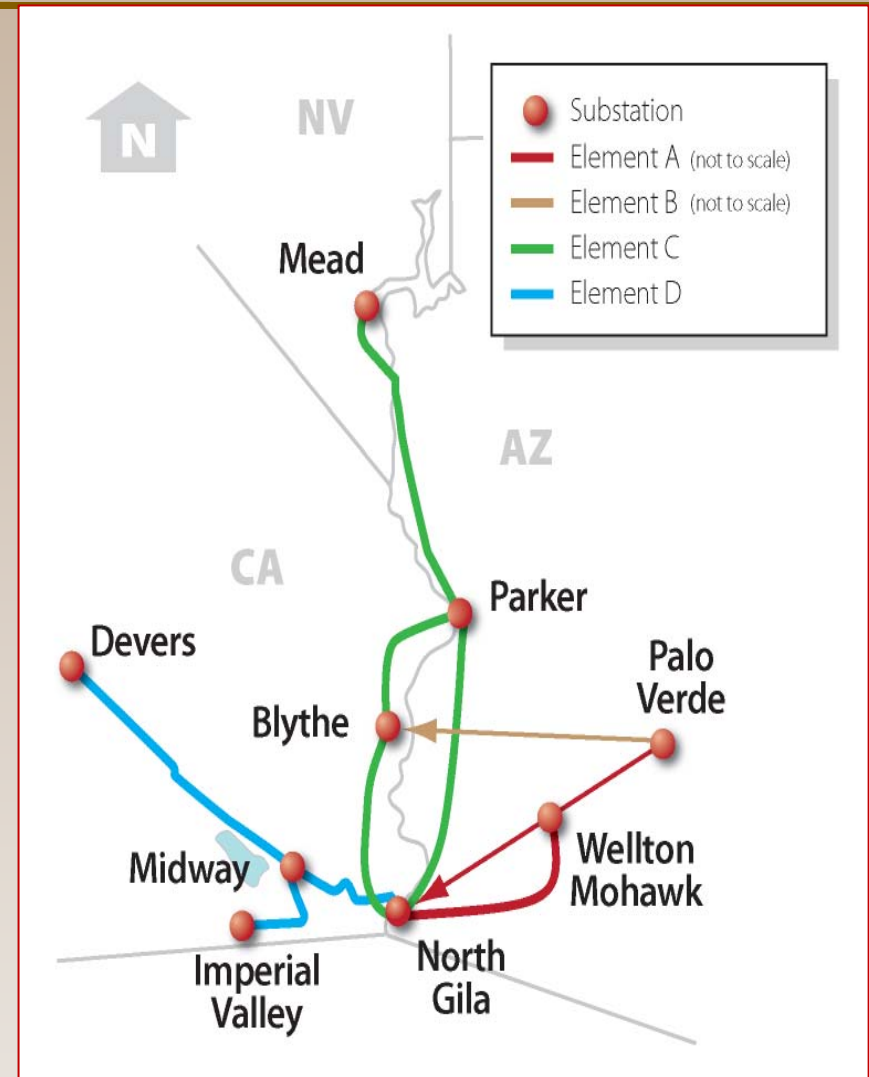
- 230/500-kV 190 miles

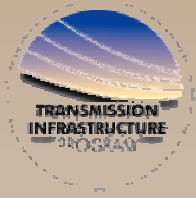
C—South of Parker

- 230/500-kV, 330 miles

D—Imperial Valley

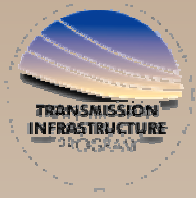
- Potential 500-kV network addition to the Southern California grid in Imperial County, California, miles TBD





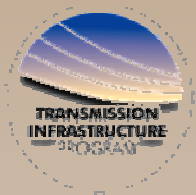
SMRT STUDY STATUS

- Letter Agreement to perform joint Preliminary Feasibility Study signed by 9 entities in December
- Study contractor: TOR Engineering, KR Saline subcontractor, \$200K total, \$22K per participant with 9 total (within Letter Agreement estimate)
- Confirmed to continue: Citizens, ECP, Starwood, Trans-Elect, WMIDD, APS, SRP, IID and Western
- DOE Solar Program to participate in study funding
- Study kick-off in April, results in summer



SMRT BUSINESS MODEL TBD

- Kick-off business model/case discussions with participants in April
- Business framework for:
 - decision-making on further participation in funding and project development
 - to define a request for TIP funding and participation in the project that can be certified to have a reasonable expectation of repayment
- Business case, phased funding, initially for environmental and pre-construction work



POSSIBLE OTHER PROJECTS

- Southwest Intertie Project North (SWIP-North), including Southern Nevada Intertie Project (SNIP)
- SunZia Southwest Transmission Project
- NV Energy Transmission Line Project
- Canada- Pacific NW -Northern California (CNC) Project
- Wyoming Wind Collector System
- Southwest South Dakota Wind Collector and Transmission Study
- TransWest Express HVDC Transmission System

WESTERN'S FOOTPRINT

17,000 mi
15 states
OATT

