



SunZia Southwest



Transmission Project

SWAT Steering Committee

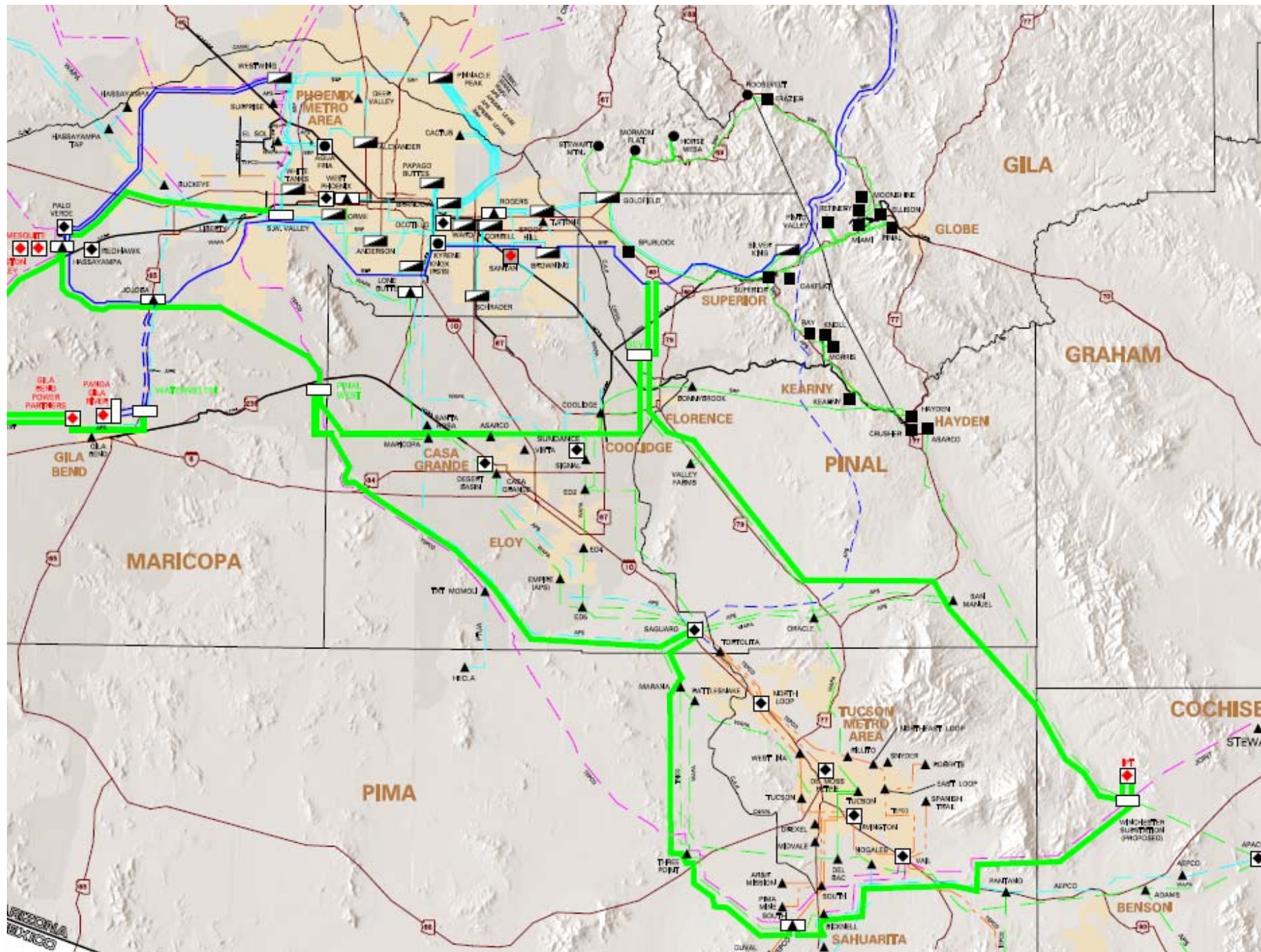
October 18, 2006

Agenda Topics

- Technical Studies performed to date to assess interconnection of Bowie to EHV system
- SunZia Southwest Transmission Project

Technical Studies

- Original Interconnection to Willow Substation
 - Reviewed 1000MW delivered via 2 – 345kV
 - Overloads towards Vail and Greenlee transformer
 - Pre-CATS Transmission Plans
- CATS/SWAT Transmission Plan completed
 - Winchester and loop to SEV 500kV
 - Improve reliability to southeastern region of AZ
 - Increase Transfers between Tucson and Phoenix
 - Enhance Exports and Improve Capability of the Springerville South Transmission System



Technical Studies cont'd

Bowie Interconnection Feasibility Study (6/06)

- Revised assumptions for 600MW generation
- Participation with TEP and SWTCo
- 2012 HS base case from TEP (PS-Tortolita Study)
- Reviewed Willow 2-345kV versus Winchester 1-500kV
- Sensitivities with Winchester 500kV
 - **Sensitivity 1** – Winchester-Vail and Vail-South 345kV
 - **Sensitivity 2** – Sensitivity 1 plus Winchester-Tortolita 500kV
 - **Sensitivity 3** – Sensitivity 1 plus Winchester-Pinal South 500kV
 - **Sensitivity 4** – Sensitivity 2 plus Bowie-Luna and Luna-East NM 500kV line with 600MW of generation

Technical Studies cont'd

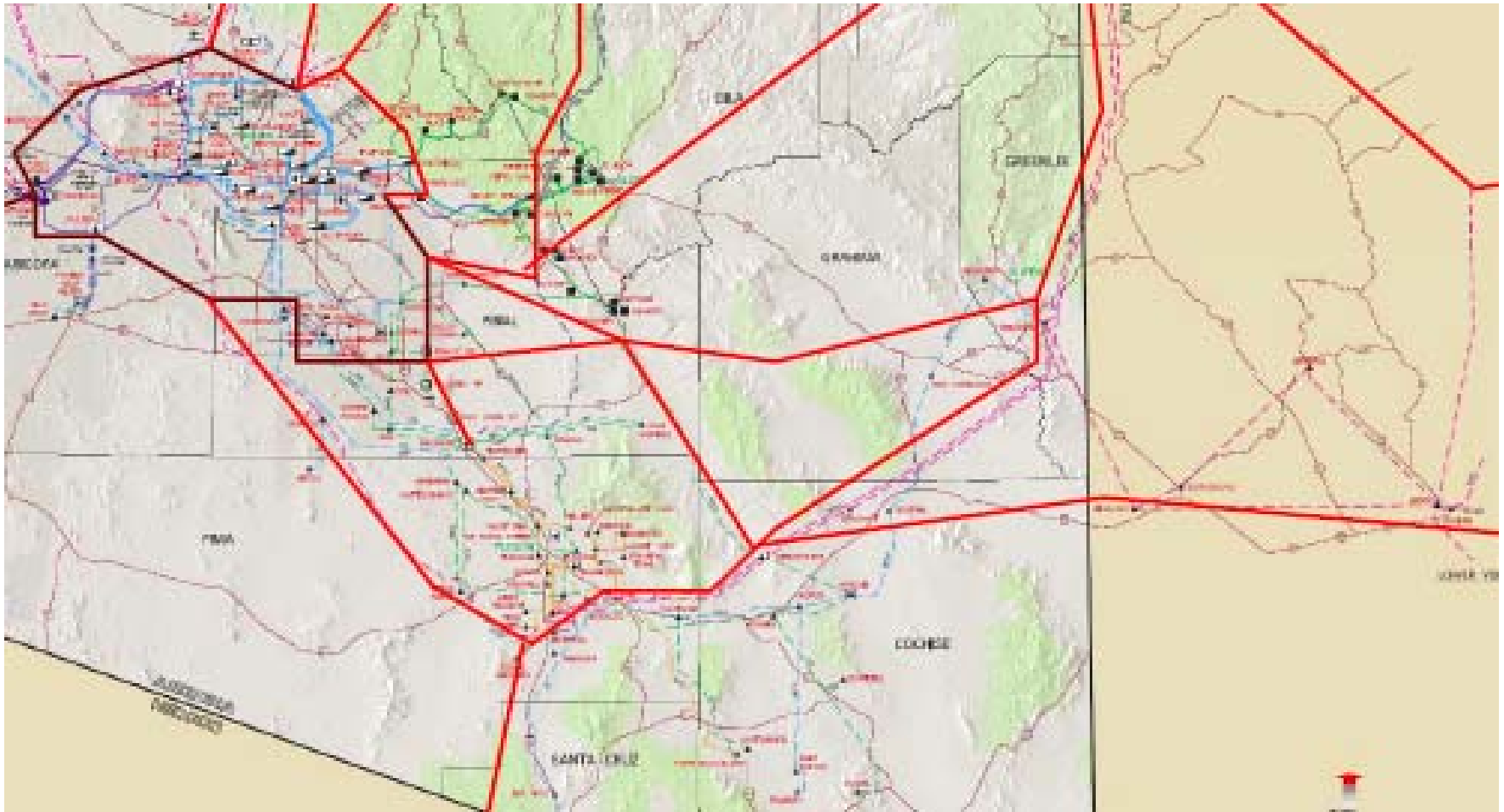
➤ Assumptions/Methodology

- TEP and SWTCO Ten Year Planned Projects
- Bowie offset by Palo Verde area IPP generation
- Base Flow, Contingency Analysis, Injection Analysis
- Path 47 not at maximum levels, feasibility review only

➤ Conclusions

- No major difference between Willow or Winchester
- Loading reductions for addition of Winchester-Vail #2
- Winchester-Tortolita similar to Winchester-Pinal South
- Overloads on Luna 500/345kV for loss of the Bowie to Winchester 500kV line

Component of developing Zia Plan



SunZia Southwest Project

- Bowie (SWPG II) interested in assisting with development of new 500kV line in/out Bowie
- Southern New Mexico to Southern Arizona with segments in-service as early as 2011
- Participation Project with other interconnections as requested by Participants (e.g. Luna, Winchester, etc.)
- Continued feasibility review through 2006 and assess any preliminary “fatal flaw” environmental issues
- “Open Season” letter end of 2006/early 2007
- Estimate start of development by mid-2007
- Estimate segments to be permitted 24-36 months