

CONSTRUCTION
PREPAYMENT FUNDING
PROCESS

Introduction of Panel



JACK MURRAY
Rates Manager



RICK HILLIS
Assistant Regional Manager
for Power Systems Maintenance



ETHEL REDHAIR
Assistant Regional Manager for Finance



BRIAN YOUNG
Contracts Manager

AGENDA

- Welcome / Introduction of Panel
- Prepayment Process Timeline
- Approved Project Status Report
- Brief 10YCP Overview
- Potential/Proposed Prepayment Projects
- FY11 Prepayment Funding Plan
- Voting Process Overview
- Vote on Prepayment Funding Plan
- Questions / Comments

MOU Process Timeline



- Draft Ten-Year Capital Program (10YCP)
- Host 10YCP Meeting
- Host Prepayment Funding Meeting
- Vote on Prepayment Funding Plan
- Mail Approved Prepayment Funding Plan
- Final 10YCP



Approved Project Status Report FY10 Prepayment Projects

- There are currently two projects under development:
 - Thornton Road-Empire 230-kV Rebuild
 - Empire-ED5 Substation 230-kV Rebuild

FY10 Prepayment Projects

- These projects will rebuild two segments of the Casa Grande-ED5 115-kV circuit. This circuit is currently supported on wood pole H-frames; it would be rebuilt to 230-kV standards on double-circuit steel monopoles. Only one circuit will be installed at this time.
 - The existing line passes from Casa Grande to ED5 Substation, south of Eloy.
 - Another project will rebuild the first four miles of this line, from Casa Grande Substation to the Thornton Road intersection.
- Completion of the Thornton Road to Empire Substation, and Empire Substation to ED5 Substation rebuild projects benefit Western and the Parker-Davis customers through increased reliability, reduced maintenance costs, and improved safety.

FY10 Prepayment Projects

(Cont'd)

- The current schedule for these projects is:
 - Design – The Specifications are expected to be completed in late December 2010.
 - Environmental – Expected to be completed by December 2010.
 - Award – The expected contract award date is May 2011.
 - Construction – The construction duration is October 2011 through to the end of April 2012.

FY10 Prepayment Projects *(Cont'd)*

- The Pre-payment Projects are currently on-budget and on-schedule.
- Preliminary Plan & Profile design drawings are complete; some structure locations may be adjusted due to environmental conflicts.
- Once pole locations are finalized, work will begin on the Construction Specifications.
- Geotechnical boring is complete.

FY10 Prepayment Projects *(Cont'd)*

- The bulk of the environmental surveys and reporting are complete. Consultations and gap analysis are underway to determine what remaining actions might be necessary.
- Adverse effects by this project on cultural resources could require a Memorandum of Understanding (MOU) between Western and the State Historic Preservation Office.
- Based on environmental work to date, Western currently anticipates proceeding under a Categorical Exclusion. Some data recovery or construction monitoring could be required.
- A segment of this line will be relocated out of cultivated areas. Negotiations for this relocation are in the planning phase.

10YCP Overview



Potential Prepayment Projects

Western has up to \$20,000,000 in prepayment funding available for new Construction Projects this fiscal year.

	Project Name	Project Cost
1	ED4-ED5 Transmission Line Rebuild (Project aligns with latest rate studies)	\$14,982,000
2	Coolidge 230/69-kV Transformer Bay Addition	\$ 9,830,000
3	Liberty Sub 345/230-kV Transformer Replacement	\$ 8,041,000
4	Rebuild Davis 230-kV Switchyard (Davis Stage 06)	\$ 4,651,000

FY11 Proposed Prepayment Project

ED4-ED5 Transmission Line Rebuild

Conceptual Cost and Schedule

- Estimated cost is approximately \$14,982,000.
- Project will take approximately 36 months to complete.

Fiscal Year	FY11	FY12	FY13
Funding	\$ 1,000,000	\$ 12,000,000	\$1,982,000

FY11 Proposed Project

ED4-ED5 Transmission Line Rebuild

Current Status:

- Single circuit 115-kV built on wooden H-frame structures.
- Originally constructed in 1948.
- H-frame structures are exhibiting signs of deterioration consistent with their age and low desert environment.
- Bowed, raked, and leaning poles.
- Damage from lightning strikes, vehicle damage, and water damage from irrigation.

FY11 Proposed Project

ED4-ED5 Transmission Line Rebuild

Proposal Details:

- Transmission line will be rebuilt using steel monopoles.
- New line will be constructed as double circuit 230-kV, but only one circuit will be installed at this time.
- New circuit will utilize 1272 kcmil ACSS conductor, porcelain insulators, and optical ground wire protection.

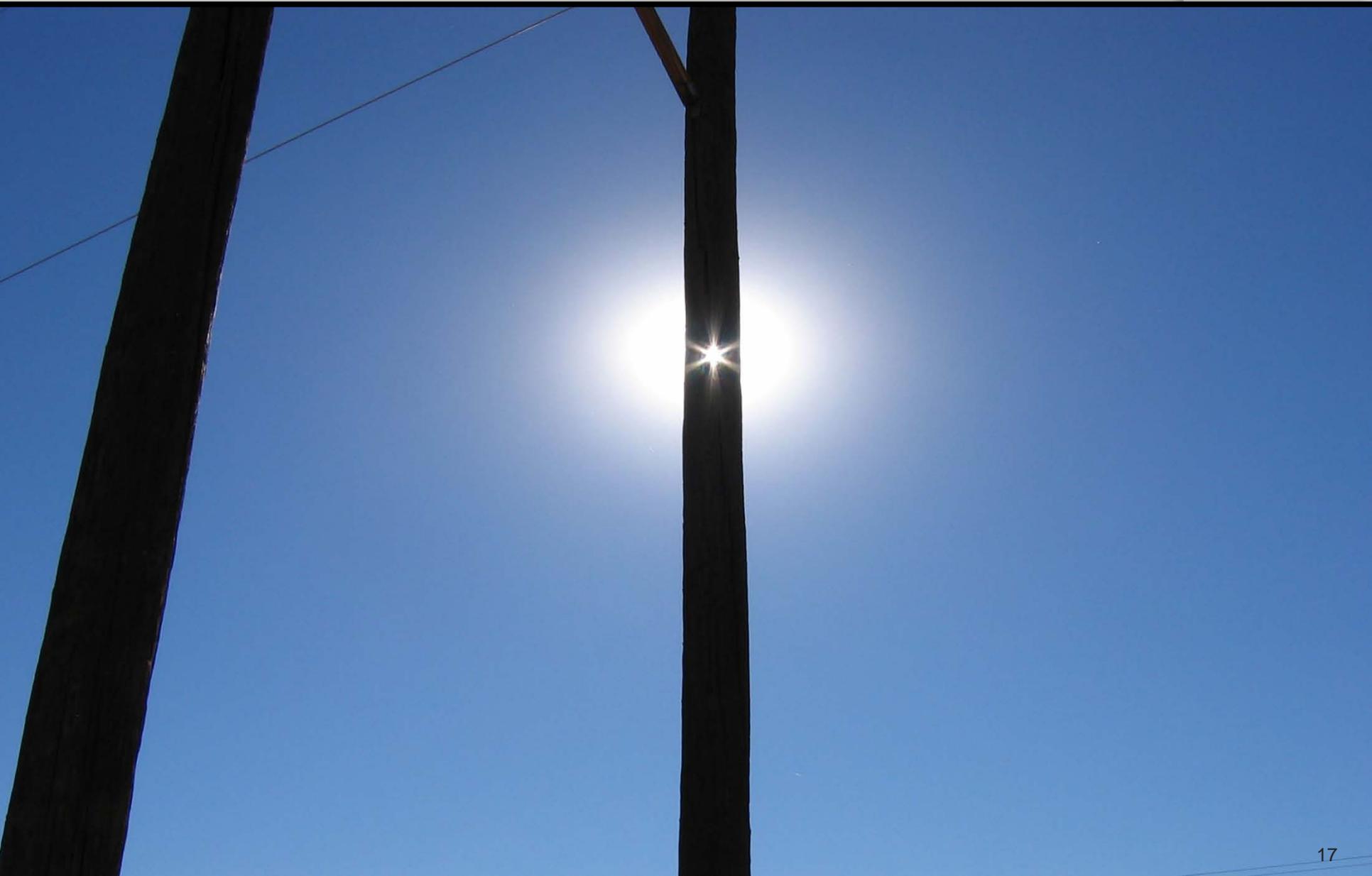
ED4-ED5 115-kV Transmission Line



ED4-ED5 115-kV Transmission Line



Degraded 115-kV Structure



FY11 Prepayment Funding Plan

DSW recommended project number one in the draft 10YCP circulated in October, and to date has not received any customer comments suggesting modification.

	Project Name	Project Cost
Recommended for Prepayment Funding		
1	ED4-ED5 Transmission Line Rebuild	\$14,982,000
Alternatives (To be funded with Appropriations, pending outcome of Continuing Resolution)		
2	Coolidge 230/69-kV Transformer Bay Addition	\$ 9,830,000
3	Liberty Sub 345/230-kV Transformer Replacement	\$ 8,041,000
4	Rebuild Davis 230-kV Switchyard (Davis Stage 06)	\$ 4,651,000

Voting Process Overview

(MOU - Section 5)

- Each participant (those that signed MOU) will have one vote.
- Approval requires an affirmative vote of greater than fifty (50) percent of votes received (during the meeting, via e-mail or by proxy) by the close of the meeting.
- Multi-year projects in the Prepayment Funding Plan will be approved for the total funding of the project.
- Western shall pursue other means of funding projects not approved for Prepayment Funding, or move the project to a later fiscal year for reconsideration.

Prepayment Funding Plan Vote

- Roll call of customers that have signed the MOU.
- Identify customers that voted via proxy or e-mail.
- Provide voting results.

