

potential for entering into transmission service agreements for transmission capacity rights in the project, and (c) ensure that Order No. 1000 cost allocation does not mean that a project developer may recover project costs from identified beneficiaries without providing transmission transfer capability or ownership rights, and without securing approval for project cost recovery by contract and/or under a separate proceeding under the Federal Power Act.

If an Eligible Transmission Developer is not subject to FERC's jurisdiction under section 205 of the Federal Power Act, the Eligible Transmission Developer would have to seek to recover project costs from identified beneficiaries in the WestConnect Planning Region either: (a) through bilateral agreements that are voluntarily entered into between such Eligible Transmission Developer and the applicable identified beneficiaries; or (b) by obtaining approval from FERC for project cost recovery pursuant to any other applicable section of the Federal Power Act.

6. Project Development Schedule

The WestConnect PMC will not be responsible for managing the development of any project selected for inclusion in the Regional Plan. However, after having selected a project in the Regional Plan, the PMC will monitor the status of project's development. If a transmission facility is selected for inclusion in the Regional Plan for purposes of cost allocation, the transmission developer of that transmission facility must submit a development schedule that indicates the required steps, such as the granting of state approvals, necessary to develop and construct the transmission facility such that it meets the regional transmission needs of the WestConnect Planning Region. As part of the ongoing monitoring of the status of the regional transmission project once it is selected, the transmission owners and providers in the WestConnect Planning Region will establish a date by which the steps required to construct must be achieved that are tied to when construction must begin to timely meet the need that the project is selected to address. If such required steps have not been achieved by those dates, then the transmission owners and providers in the WestConnect Planning Region may remove the transmission project from the selected category and proceed with reevaluating the Regional Plan to seek an alternative solution.

7. Economic Benefits or Congestion Relief

For a transmission project wholly within the Transmission Provider's local transmission system that is undertaken for economic reasons or congestion relief at the request of a Requester, the project costs will be allocated to the Requester.

8. APS Rate Recovery

Notwithstanding the foregoing provisions, APS will not assume cost responsibility for any transmission project if the cost of the project is not

reasonably expected to be recoverable in APS's retail and/or wholesale transmission rates.

9. Selection of a Transmission Developer for Sponsored and Un-sponsored Projects

- 4 For any project (sponsored or unsponsored) determined by the PMC to be eligible for regional cost allocation and selected in the Regional Plan for purposes of cost allocation, the PMC shall select a transmission project developer according to the processes set forth in this section, provided that selection according to those
- 5 processes does not violate applicable law where the transmission facility is to be built that otherwise prescribes the entity that shall develop and build the project.
- 6 Any entity that, pursuant to applicable law for the location where the facilities are to be built, shall or chooses to develop and build the project must submit a project development schedule as required by Section VII.B.6 of this Attachment E, within the timeframe directed by the Business Practice Manual, not to exceed the time period for request for proposal responses.

- 7 For any project determined by the PMC to be eligible for regional cost allocation and selected in the Regional Plan for purposes of cost allocation, either sponsored by a transmission developer or unsponsored, that is not subject to the foregoing paragraph, the PMC shall upon posting the selected projects, issue a request for information to all Eligible Transmission Developers under Section III.D.2 of this Attachment E soliciting their interest in developing the project(s). Each transmission developer shall respond to the request for information indicating its interest in developing the project. The PMC shall post on the WestConnect website the list of all transmission developers who responded with an expression of interest in developing the project(s). The PMC shall provide to each developer
- 8 indicating interest in developing a project a request for proposals for the identified project(s) with a specified date of return for all proposals.

Each transmission developer, or partnership or joint ventures of transmission developers, shall submit information demonstrating its ability to finance, own and construct the project consistent with the guidelines for doing so set forth in the WestConnect Business Practices Manual. The PMC shall assess the submissions according to the following process and criteria:

- 9 The evaluation of the request for proposals will be at the direction of the PMC, and will involve representatives of the beneficiaries of the proposed project(s). The evaluation will include, but not be limited to, an assessment of the following
- 10 evidence and criteria.
- General qualifications of the bidding entity;
 - Evidence of financing/financial creditworthiness, including
 - financing plan (sources debt and equity), including construction financing and long-term financing
 - ability to finance restoration/forced outages

- credit ratings
- financial statements;
- Safety program and experience;
- Project description, including
 - detailed proposed project description and route
 - design parameters
 - design life of equipment and facilities
 - description of alternative project variations;
- Development of project, including
 - experience with and current capabilities and plan for obtaining state and local licenses, permits, and approvals
 - experience with and current capabilities and plan for obtaining any federal licenses and permits
 - experience with and expertise and plan for obtaining rights of way
 - development schedule
 - development budget;
- Construction, including
 - experience with and current capabilities and plan for project construction
 - third party contractors
 - procurement plan
 - project management (cost and schedule control)
 - construction schedule
 - construction budget (including all construction and period costs);
- Operations, including
 - experience with and current capabilities and plan for project operation
 - experience with and current capabilities and plan for NERC compliance
 - security program and plan
 - storm/outage response plan
 - reliability of facilities already in operation;
- Maintenance capabilities and plans for project maintenance (including staffing, equipment, crew training, and facilities);
- Project cost to beneficiaries, including
 - total project cost (development, construction, financing, and other non-O&M costs)
 - operation and maintenance costs, including evaluation of electrical losses
 - revenue requirement, including proposed cost of equity, FERC incentives, proposed cost of debt and total revenue requirement calculation
 - present value cost of project to beneficiaries.

The PMC shall notify the developers of its determination as to which developer(s) it selected to develop the project(s) responsive to the request for proposal. The selected developer(s) must submit a project development schedule as required by Section VII.B.6 of this Attachment E.

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If the PMC determines that a sponsored or unsponsored project fails to secure a developer through the process outlined in this section, the PMC shall remove the project from the Regional Plan.

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After the PMC makes a determination, it will post a document on the WestConnect website within 60 days explaining the PMC's determination in selecting a particular transmission developer for a specific transmission project. The information will explain (1) the reasons why a particular transmission developer was selected or not selected, and, if applicable, (2) the reasons why a transmission project failed to secure a transmission developer.

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10. No Obligation to Construct

The WestConnect Regional Planning Process is intended to determine and recommend the more efficient or cost-effective transmission solutions for the WestConnect Planning Region. After the Regional Plan is approved, due to the uncertainty in the Regional Planning Process and the need to address cost recovery issues, the Regional Planning Process shall not obligate any entity to construct, nor obligate any entity to commit to construct, any facilities, including any transmission facilities, regardless of whether such facilities are included in any plan. Nothing in this Attachment E, the Business Practice Manual or the Planning Participation Agreement, or any cost allocation shall (1) determine any transmission service to be received by, or any transmission usage by, any entity; (2) obligate any entity to purchase or pay for, or obligate any entity to commit to purchase or pay for, any transmission service or usage; or (3) entitle any entity to recover for any transmission service or usage or to recover from any entity any cost of any transmission facilities, regardless of whether such transmission facilities are included in any plan. Without limiting the generality of the foregoing, nothing in this Attachment E, the Business Practice Manual or the Planning Participation Agreement with respect to regional cost allocation shall preclude any WestConnect Planning Region member from satisfying its statutory obligations.

11. Binding Order No. 1000 Cost Allocation Methods

Order No. 1000 cost allocation methods as set forth in Section VII of this Attachment E are binding on identified beneficiaries in the WestConnect Planning Region, without prejudice to the following rights and obligations: (1) the right of a CTO, at its sole discretion, to decide whether to accept a regional cost allocation in accordance with Section III.E.6; (2) the right and obligation of the PMC to reevaluate a transmission facility previously selected for inclusion in the regional