

***New Transmission
Development Company
(Trans-Elect subsidiary)
Diné Power Authority***

Navajo Transmission Project

January 17th, 2003



Trans-Elect and NTD Background

- **First true independent electric transmission company.**
- **Acquired Michigan Electric Transmission System (Consumers Energy system), (\$290 M).**
- **Co-managing partner of AltaLink, (\$563 M).**
- **Announced acquisition Illinois Power transmission system, (\$239 M).**
- **Path 15 Project in California, (\$300 M).**
- **\$1.1 Billion and 14,400 miles under management.**

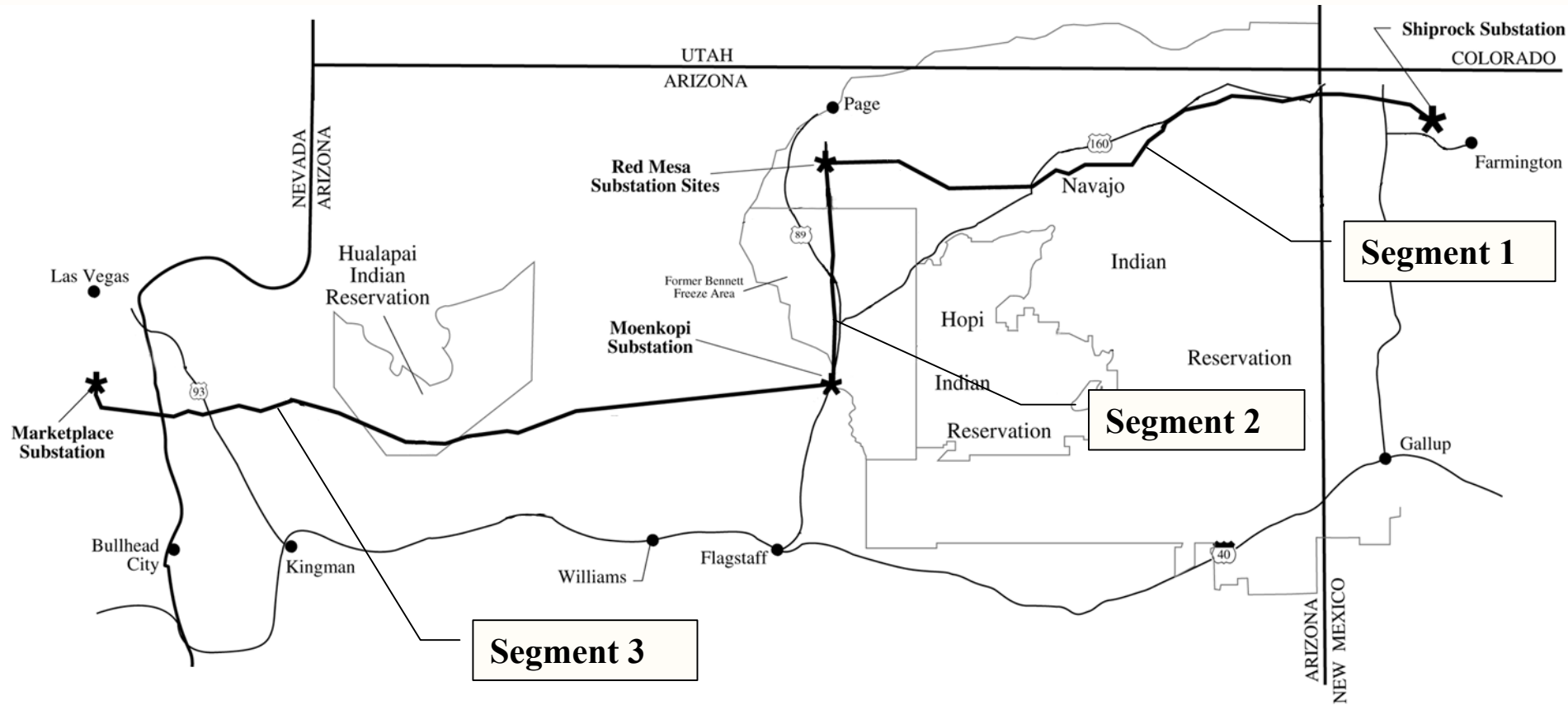


Navajo Transmission Project (NTP) Project Description

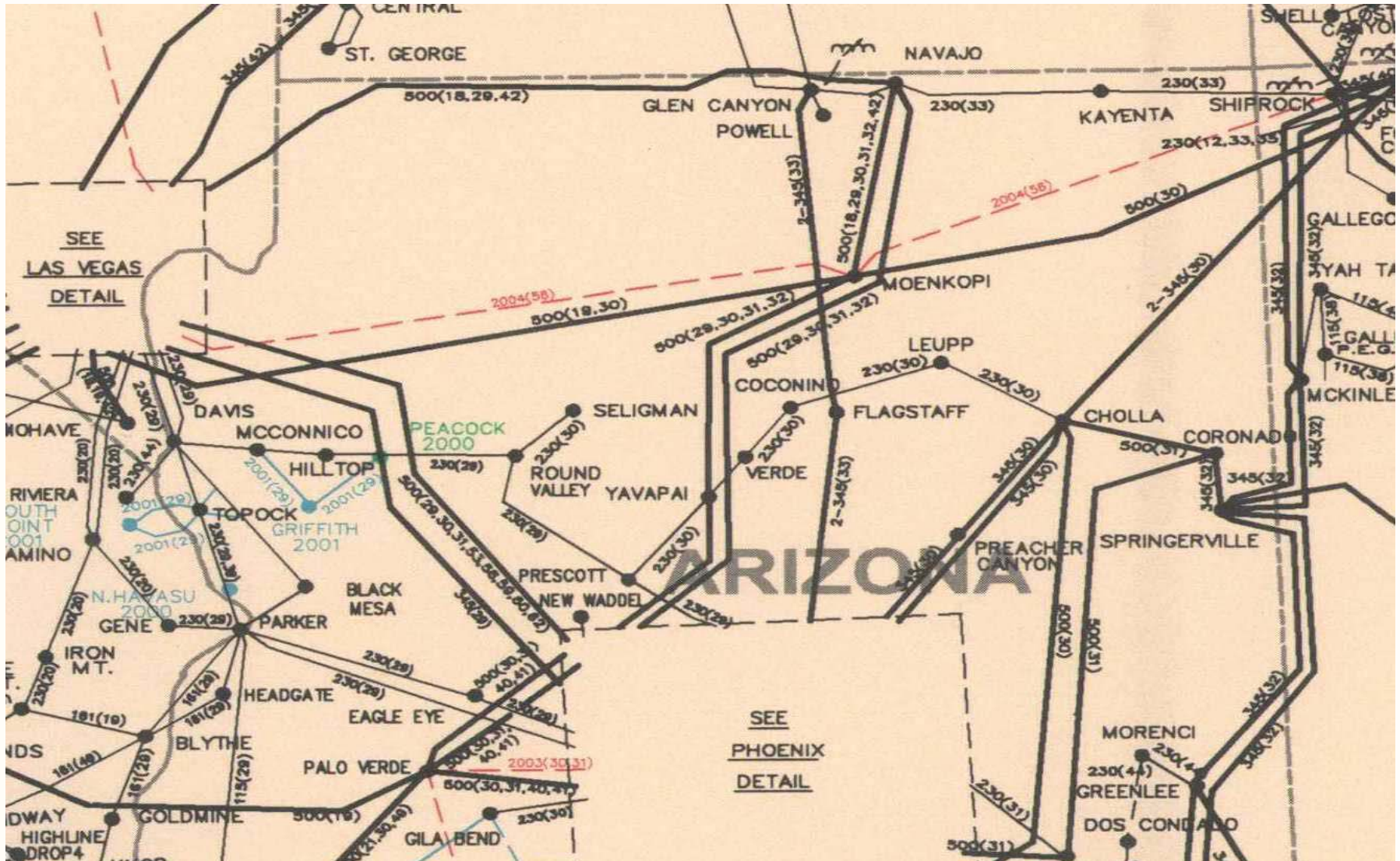
- **500 kilovolt (kV) alternating current (AC) transmission line extending from Western Area Power Administration's Shiprock Substation in northwestern New Mexico to the Marketplace Substation south of Boulder City, Nevada. The approximate length of the line will be 462 miles.**
- **Segment 1 -- Shiprock Substation west for approximately 178 miles to a point south of Page, Arizona on the Kaibito Plateau.**
- **Segment 2 extends about 67 miles to the Moenkopi Substation south of Cameron, Arizona. An interconnection substation to the existing transmission grid would be constructed at either the Northern end of this Segment on the Kaibito Plateau (Red Mesa) or on the Southern end near the Moenkopi Substation.**
- **Construction of Segment 3 will extend about 217 miles from a point near the Moenkopi Substation to the Marketplace Substation.**



Navajo Transmission Project Project Location



Navajo Transmission Project



NTP Purpose and Need

- ⌘ **Relieving transmission system constraints and lower electric costs in the nation's fastest growing region.**
- ⌘ **Increasing operating flexibility and reliability of the regional transmission grid.**
- ⌘ **Allowing new power plant development in the Four Corners region and improving economical power transactions utilizing the transmission system.**
- ⌘ **Improving the economic and revenue situation for the Navajo Nation.**



Project Status

- Project began in 1992
- Federal EIS issued in 1997
- Permitting nearly complete and ROW far advanced
- Preliminary engineering and analysis complete by Black & Veach
- FERC encouraging new transmission development
- NTD/NTP experiencing serious interest expressed by several generators in new coal-fired generation in the Four Corners region.
- Generators and load serving entities are looking for diversification away from gas.
- Reliability and benefits to ISO's and load serving utilities.



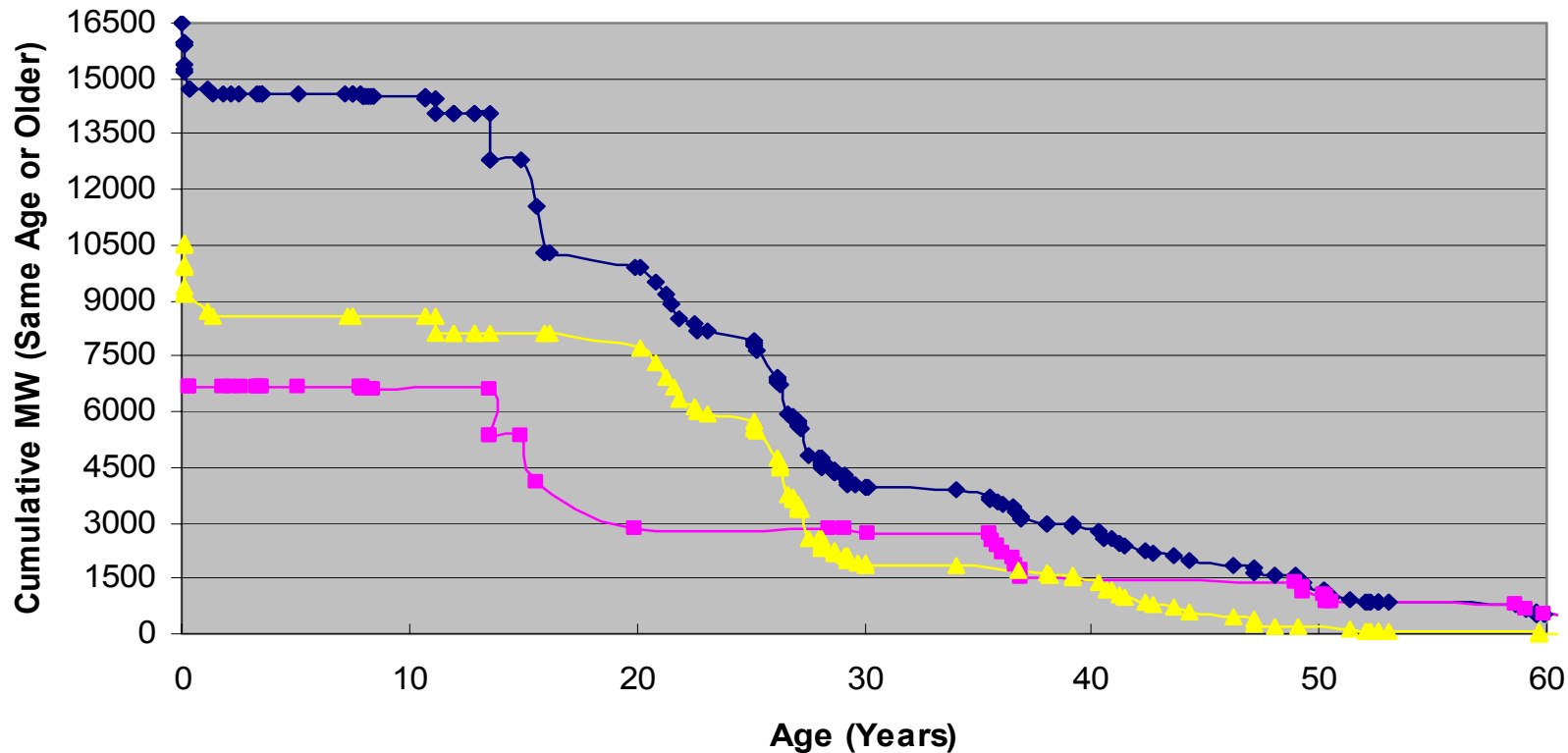
Need for New Generation & Preliminary Power Flow Case Summary

- **Generation needs include: Growth, retirements of old facilities, pricing stability, security, ancillary services.**
- **Adding about 400MW at Shiprock WITHOUT the NTP causes an overload of the 345 kv line from Cholla to Preachers Canyon (Prehcyn). Adding the NTP corrects this problem.**
- **NTP can accommodate about 1300 MW at Shiprock before overloading on other lines. Significant generation capacity can also be added at Moenkopi with NTP.**

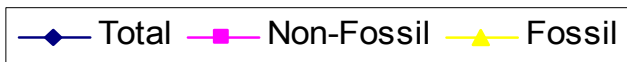


Older Arizona Generation Facilities Retiring

Age of Power Plant Units in Arizona (As of July 2001)



Note: Based on Summer Capacity



NTP Summary

- Near term focus will be on determining capacity interest from: Generators, load serving utilities, state regulators, ISO's, RTO's and regional planning organizations.
- Will need long-term capacity contracts for a substantial portion of the capacity before construction will begin.
- Will continue to update and discuss with regional planning organizations and state regulators and FERC, etc.
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