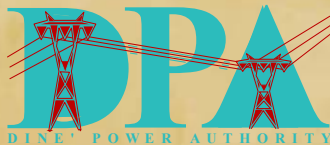


**Diné Power Authority**  
and  
**New Transmission Development Company**  
(a Trans-Elect Enterprise)

**Navajo Transmission Project**  
**Summary Presentation**

**January 20, 2004**



# Navajo Transmission Project (NTP)

## Development Partners

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- Diné Power Authority (DPA) is an enterprise of the Navajo Nation. It was created in 1985 by the Navajo Tribal Council for the purpose of developing electric transmission and generation projects within the Navajo Nation. RockPort Capital Partners (RockPort) is a venture capital firm that is assisting DPA in the Project Development Activities. Steven Begay is the DPA General Manager and Alexander (Hap) Ellis III is a Partner in RockPort.
- New Transmission Development Company (NTD) is a wholly-owned subsidiary of Trans-Elect, Inc. formed in 2002 to develop, construct, own or own the capacity rights in new electric transmission lines. Robert L. Mitchell is the President and Chief Operating Officer of NTD, and Perry Cole is the company's Senior Vice President.



# Navajo Transmission Project (NTP)

## Historical Project Development Background

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- In 1991, Diné Power Authority (DPA), was given the responsibility to develop the NTP in order to address the opportunity and need for additional transmission in this region. DPA began the process of identifying alternative locations for a 500 kV transmission line that would extend from the Four Corners area in New Mexico, across northern Arizona and into southern Nevada.
- Environmental studies by the Environmental Planning Group and engineering efforts by Black & Veatch culminated in the successful completion of an environmental impact statement (EIS) and a Record of Decision (ROD) in October of 1997 supporting the construction of the NTP.

# Environmental Permitting Status

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- DEIS—issued, 1996
- FEIS—issued, 1997
- Record of Decision—issued, 1997
- State of Arizona CEC—issued, 2000
- Navajo Nation Right-of-Way Grant—issued, 2002
- Finalize Federal ROW Grants – September 2004

# NTP Purpose and Need

## Key issues

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- Improving the economic situation for the Navajo Nation based on revenue that would result from use of the Project.
- Relieving regional transmission system constraints.
- Increasing operating flexibility and reliability of the regional transmission grid.
- Allowing economical power transactions utilizing the transmission system.
- Facilitating future development of Navajo energy resources.

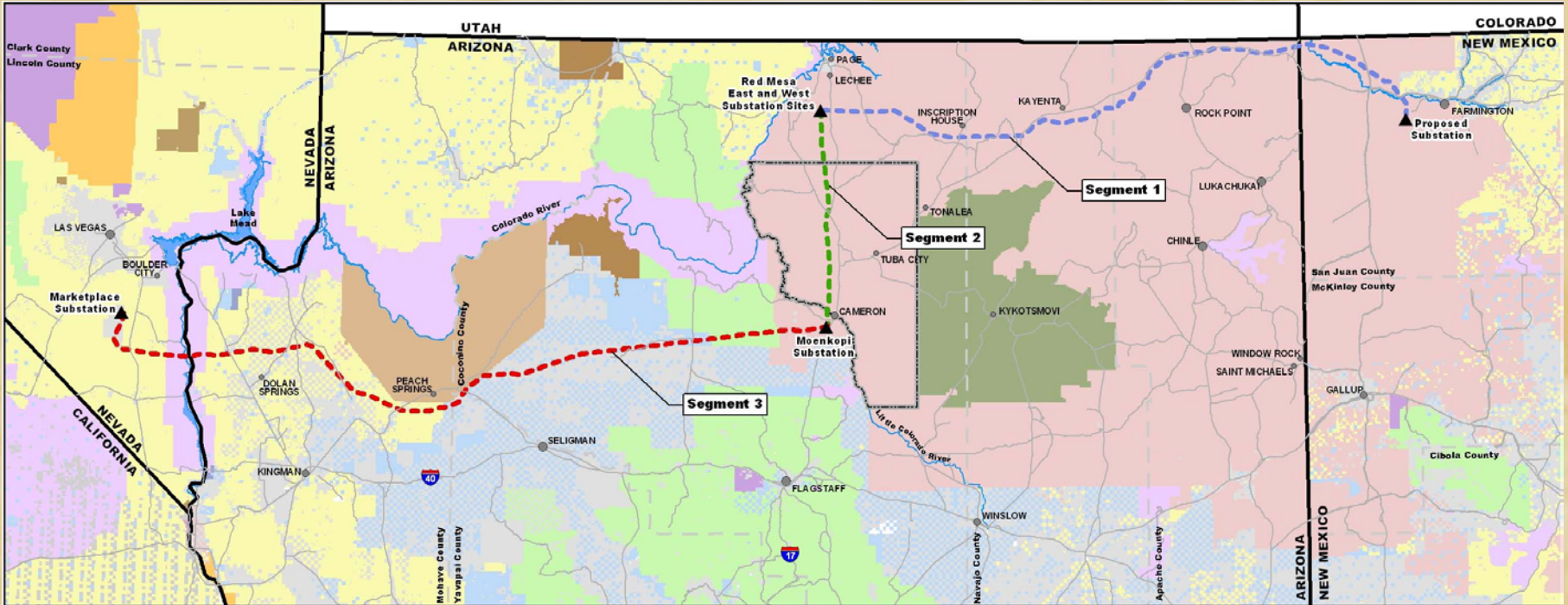
# Navajo Transmission Project (NTP)

## Project Description

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- The NTP will be a 500 kilovolt (kV) alternating current (AC) transmission line extending from a new substation located near the Four Corners Power Plant in northwestern New Mexico to the Marketplace Substation south of Boulder City, Nevada. The approximate length of the line will be 469 miles. One or more interconnections will be established in central Arizona, either at the Red Mesa area or at Moenkopi.
- Segment 1 – 189 mile 500 kV single circuit transmission line from the Four Corners Power Plant area to the Red Mesa substations site area. Generally parallels an existing 230 kV transmission line.
- Segment 2 – 62 mile 500 kV single circuit transmission line from Red Mesa West site to Moenkopi II site. Generally parallels an existing 345 kV transmission line.
- Segment 3 – 218 mile 500 kV single circuit transmission line from Moenkopi II site to Marketplace. Generally parallels an existing 500 kV transmission line.

# Navajo Transmission Project Project Location



# Navajo Transmission Project (NTP)

## Segment 1 Description

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- Segment 1 will extend from a new substation located near the Four Corners Power Plant (FCPP) in northwestern New Mexico. The new substation will either be located adjacent to the FCPP Substation or will be at a new site (Triangle Substation) located about three miles southwest of the FCPP at a point along the Four Corners – Moenkopi 500 kV transmission line that is also near several regional 345 kV transmission lines. Segment 1 will then continue west for approximately 189 miles to a point south of Page, Arizona on the Kaibito Plateau. This Segment is located on the Navajo Indian Reservation.
- If Segment 2 is not built together with Segment 1, then Segment 1 will include the construction at the western terminus of one or two substations on the Kaibito Plateau (Red Mesa East (RME) and West (RMW) substations) that could interconnect with existing transmission lines. These interconnections would be made between Western's two 345kV Glen Canyon-Pinnacle Peak transmission lines (RMW) and one or both of the Navajo Project's two 500kV Navajo Westwing transmission lines (RME).

# Navajo Transmission Project (NTP)

## Segment 2 Description

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- Segment 2, consists of a new 500kV transmission line from the western end of Segment 1 constructed generally parallel to Western's existing 345kV transmission lines (62 miles) to a point near the Moenkopi Substation south of Cameron, Arizona on the Navajo Indian Reservation.
- If Segment 2 is constructed together with Segment 1, the NTP will interconnect with the central Arizona 500 kV grid by expanding the Moenkopi substation. The expansion is referred to as Moenkopi II. Also if Segment 2 is constructed together with segment 1, the Red Mesa Substations will not be constructed.
- Presently it is planned that construction of Segment 2 may be deferred for some time.

# Navajo Transmission Project (NTP)

## Segment 3 Description

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- Construction of Segment 3 will complete the connection to Southern Nevada by building the NTP transmission line for approximately 218 miles between the southern end of Segment 2 if built or from Moenkopi II substation.
- Presently, construction of Segment 3 may be deferred until decisions are reached on construction of Segment 2.
- If market analysis indicates construction of Segment 3 is warranted prior to construction of Segment 2, then Segment 3 will be interconnected with the central Arizona 500 kV grid by expanding the Moenkopi Substation.
- Series Compensation may be employed on segments 1 and 3 at 15-30% level as may be determined in final system study results.

# Navajo Transmission Project (NTP) Staged Construction

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- Although all segments of the NTP are important, the sequence of construction of the NTP is impacted by market conditions and other ongoing permitting activities.
- Based on current analysis, the plan is to construct Segment 1 first including the eastern terminal near the Four Corners Power Plant and to construct the Red Mesa East Substation for interconnection to the central Arizona 500 kV grid. The Red Mesa East Substation will intercept and loop in only the Navajo – Moenkopi 500 kV line to achieve the interconnection.
- Timing of additional substations or interconnections at Red Mesa and at Moenkopi will depend upon market conditions.
- Timing of the Segment 2 and Segment 3 portions of the Project will also be based on market conditions and other ongoing permitting activities.

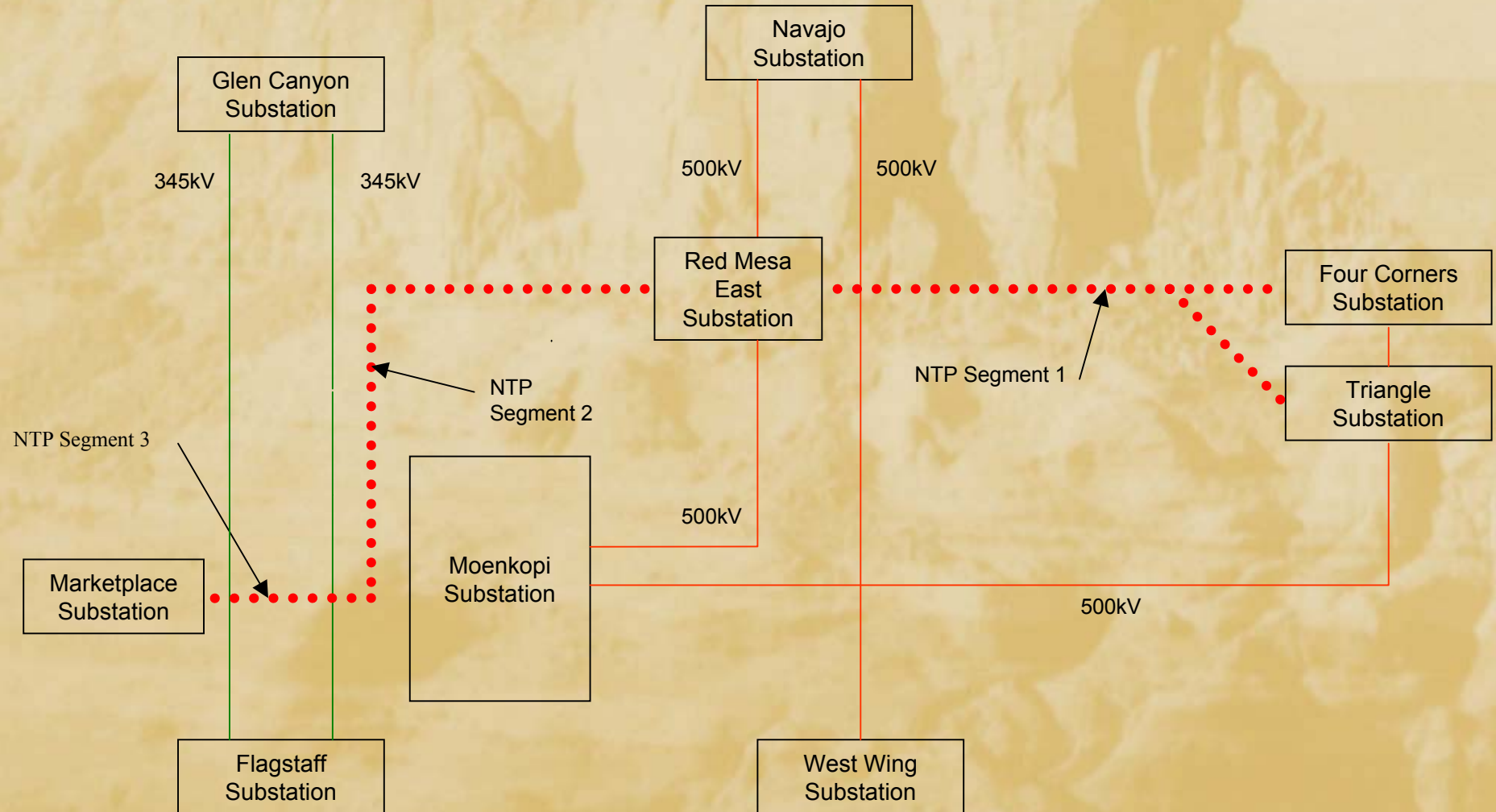
# Navajo Transmission Project (NTP)

## Project Rating

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- The NTP will be a part of the Four Corners West (FCW) and the East of River (EOR) paths.
- Depending upon the selection of central Arizona interconnection point, the FCW addition will either be Segments 1 and 2, if the interconnection is at Moenkopi or only Segment 1 if the interconnection is at Red Mesa.
- Also depending upon the selection of the central Arizona interconnection point, the EOR addition will either be Segment 3, if the interconnection is at Moenkopi or Segments 2 and 3 if the interconnection is at Red Mesa.
- It is expected that System Studies will indicate an improvement in both the FCW and EOR paths of 1200 - 1500 MW following addition of the NTP.

# NTP with Central Arizona Interconnection



# Navajo Transmission Project Milestone Schedule

Discuss Project status and plan with regional utilities and interested parties.	1 <sup>st</sup> qtr. 2004
Complete permitting, R/W commitments and licensing activities for Segment 1.	1/2004 – 1/2005
Coordinate with Regional Transmission Organization to initiate and complete all system studies.	3/2004 – 6/2005
Complete engineering sufficient to support all permitting, system studies, and preparation of final EPC Project estimates.	1/2004 – 6/2005
Issue and Award EPC contracts	6/2005 – 9/2005
Overall Engineering, Procurement and Construction	9/2005 – 3/2008
Testing, Commissioning and Commercial Operation	3/2008 – 6/2008

# Navajo Transmission Project (NTP) Follow-up Contacts and Questions

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