

Southline Transmission Project

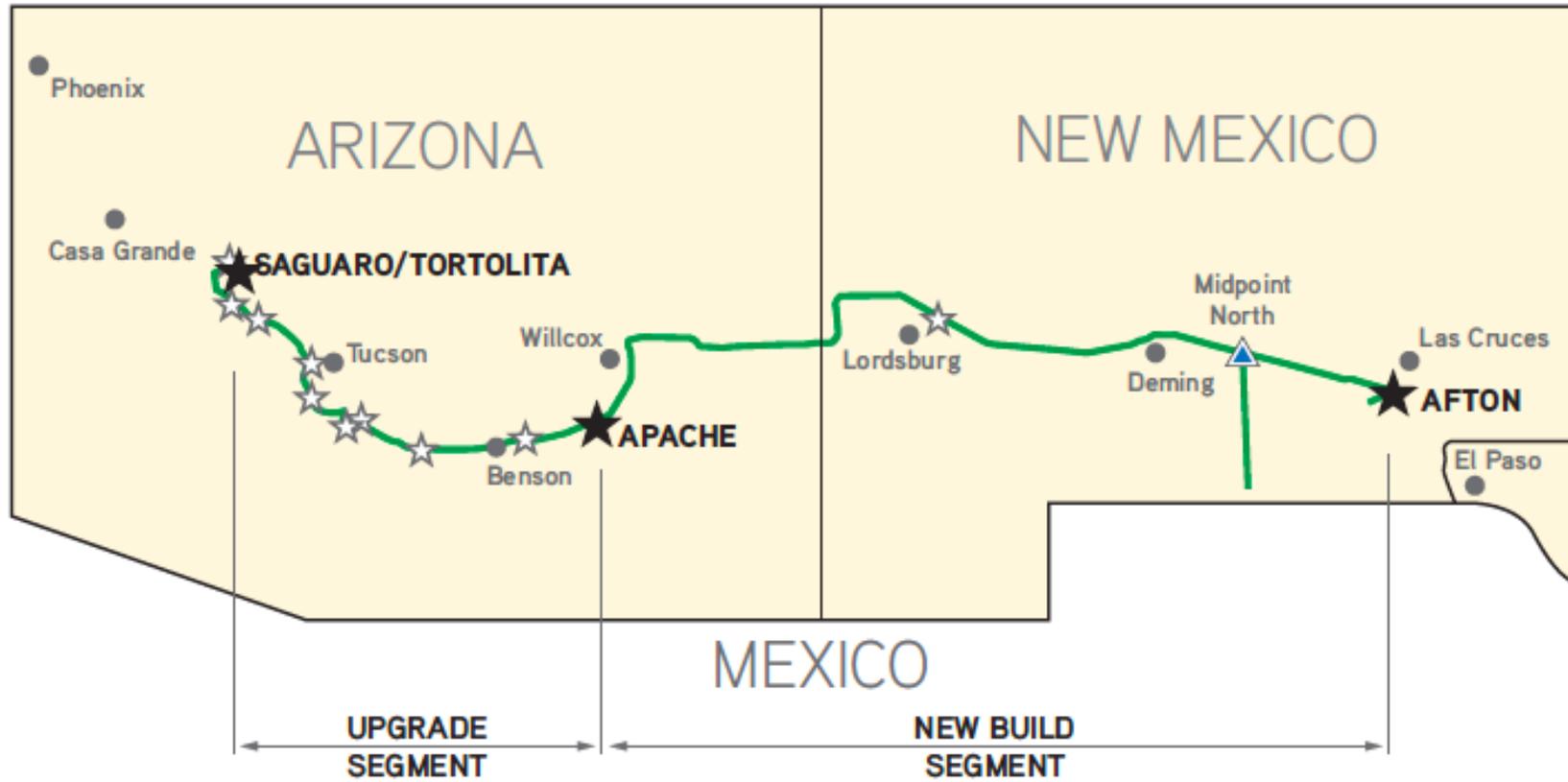
ACC 9th BTA

June 1, 2016

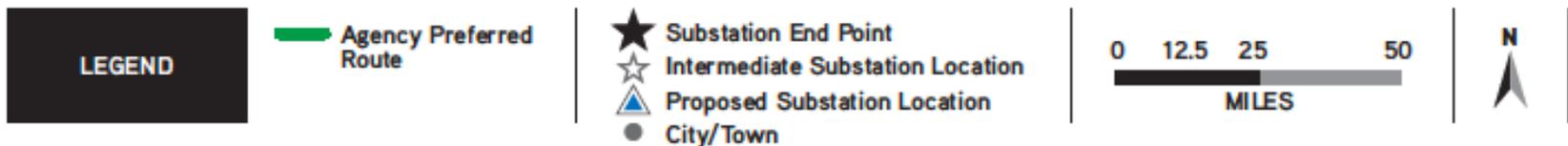
- ❑ Southline Transmission, L.L.C., a subsidiary of Hunt Power, is the sponsor of the Southline Transmission Project.
 - Hunt Power develops and invests in entrepreneurial electric and gas opportunities. It is part of a group of companies managed by the Ray L. Hunt family that engages in oil and gas exploration, refining, power, real estate, ranching and private equity investments.
 - Southline Transmission, L.L.C. is a passive investment entity that will hold project assets and rights, and will lease them to SU FERC, L.L.C.
 - SU FERC, L.L.C., is an affiliate of Sharyland Utilities, L.P., a Texas-based electric utility. SU FERC has been granted negotiated rate authority by FERC and will hold the FERC Open Access Transmission Tariff for capacity rights leased from Southline Transmission, L.L.C..

- ❑ Black Forest Partners, L.P. serves as the Project Manager for Southline Transmission, L.L.C.
 - Black Forest is a private investment and development firm focused on electric infrastructure including transmission, efficiency and storage.

Route Overview



The Project will have a right-of-way up to 200 feet wide.



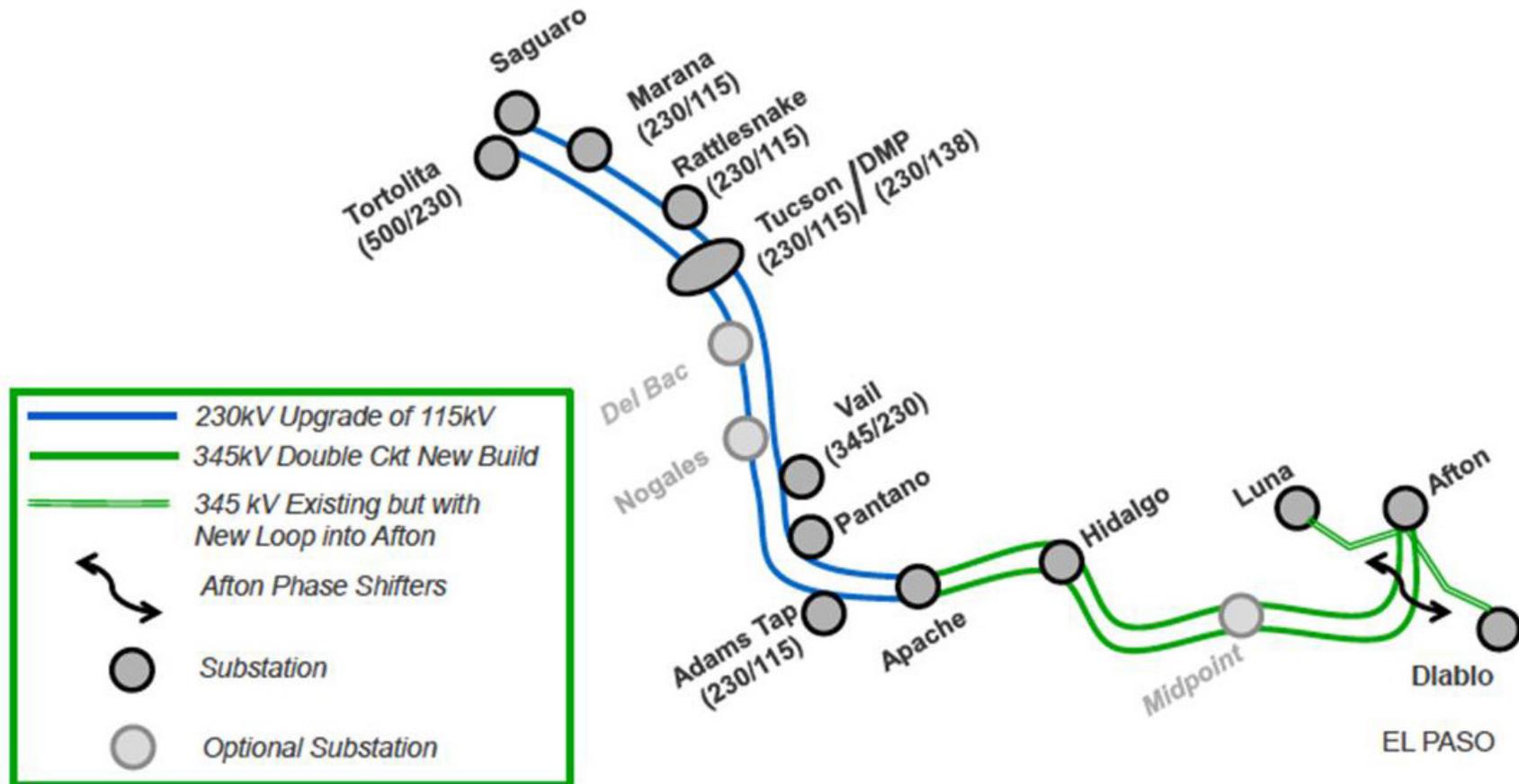
- ❑ Extensive Regional Planning

- ❑ WECC Phase 3 Accepted Path Rating:
 - East-to-West Afton to Apache: 1037MW
 - East-to-West Apache to Saguaro/Tortolita: 1000MW
 - West-to-East Saguaro/Tortolita to Apache: 430MW
 - » with Tucson-Oracle re-conductored: 715MW
 - West-to-East Apache to Afton: 971MW

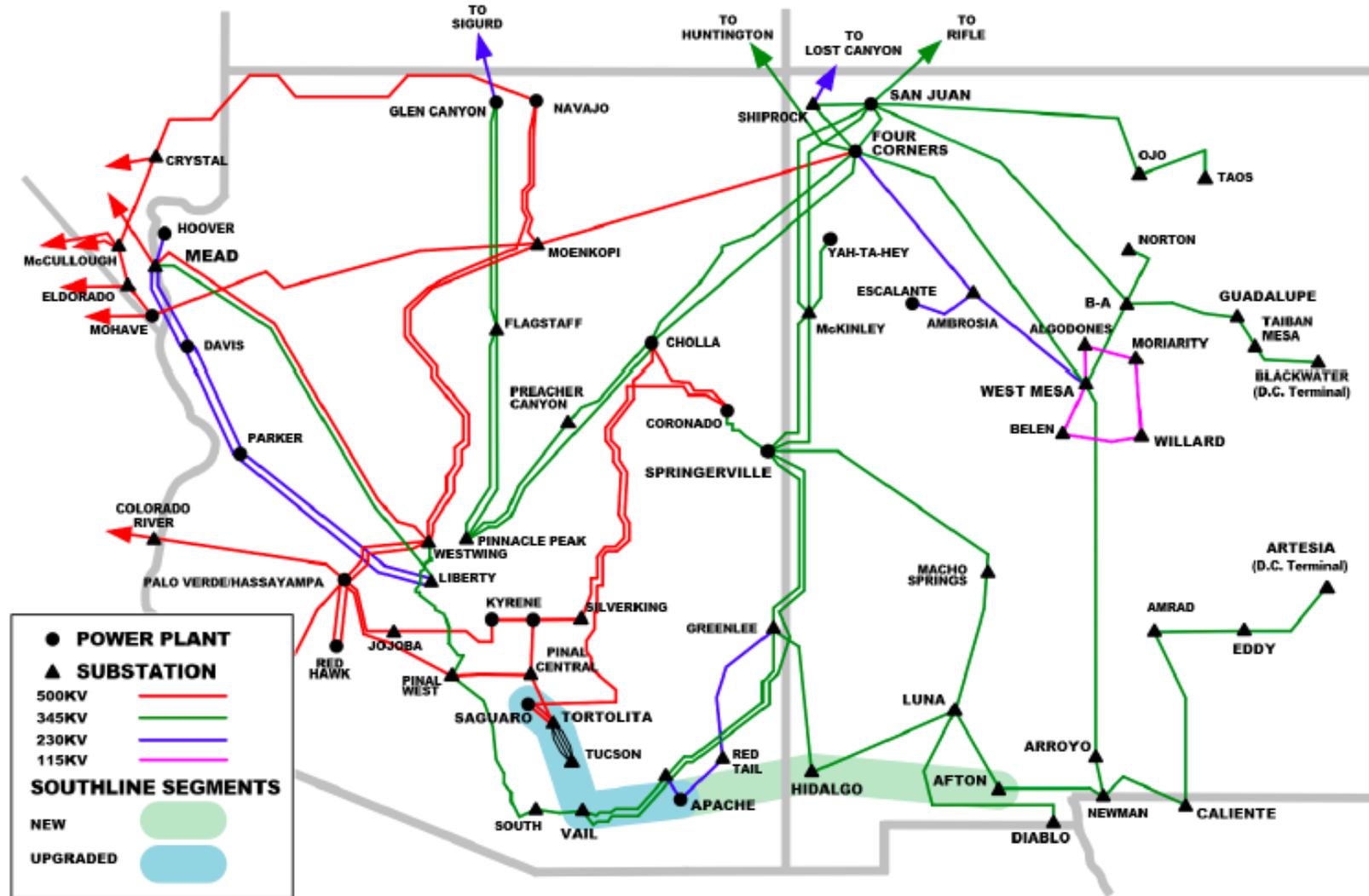
- ❑ Project size consistent with existing system and planned upgrades

- ❑ Bi-directional usage and multiple on and off-ramps provides benefits throughout the project corridor

Technical Sketch



Existing System Map With Southline



Federal

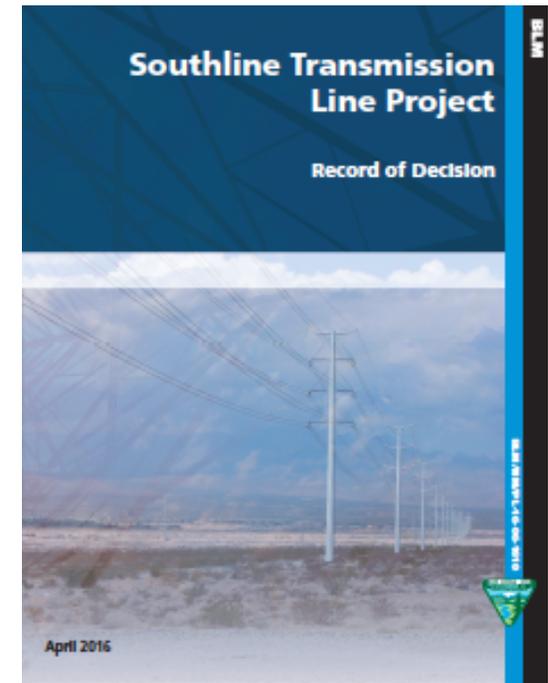
- ❑ BLM & Western joint lead agencies for NEPA process
- ❑ Extensive public outreach, including Pre-NEPA open houses
- ❑ Department of Defense conflicts minimized by route and design
- ❑ Utilizing existing ROW minimizes impacts
- ❑ FEIS Published Nov 6, 2015
- ❑ Records of Decision from Western and BLM signed April 2016

State

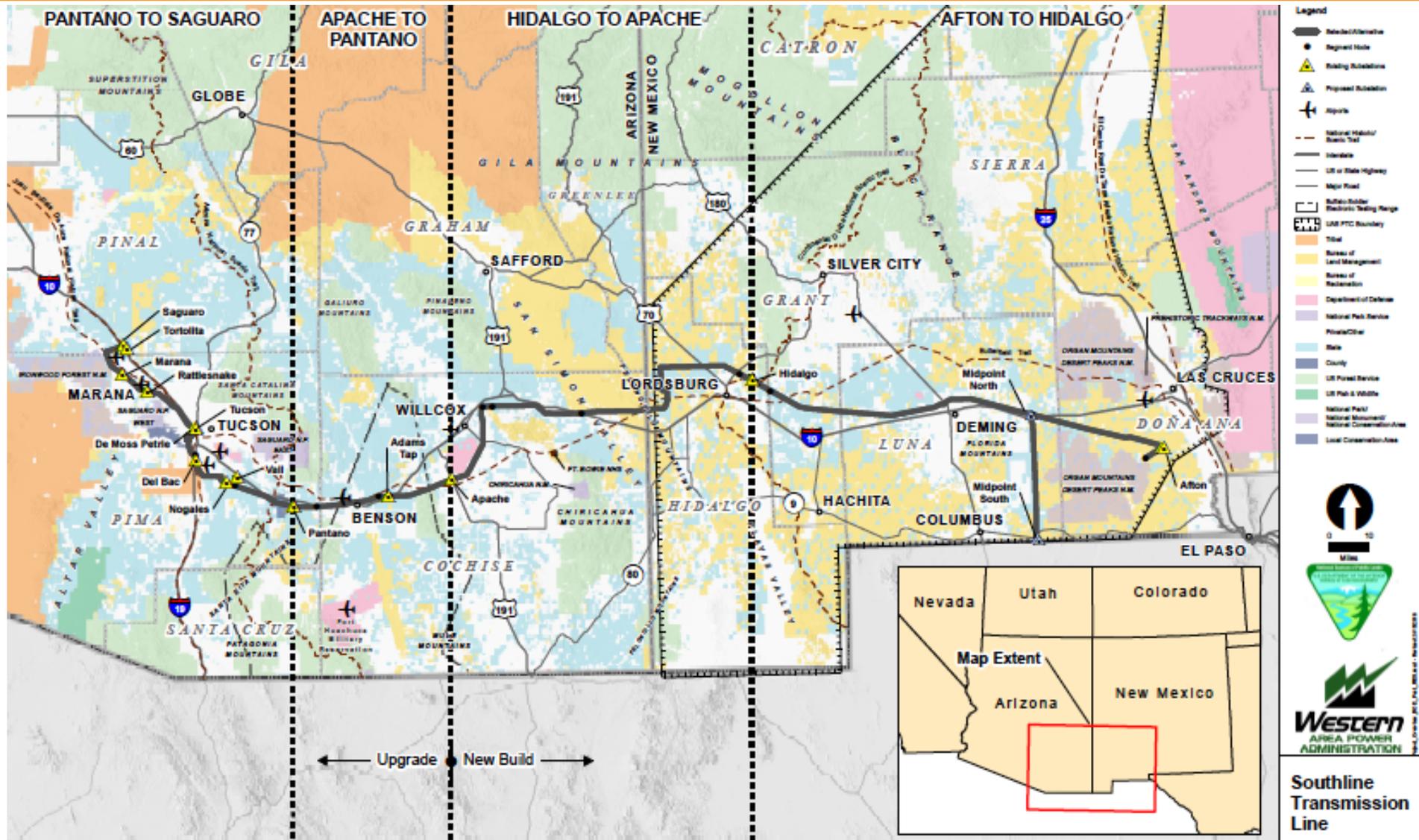
- ❑ Expect to initiate state permitting processes 2H 2016

Routing Summary

- ❑ More than 85% of FEIS Agency Preferred Route Parallels or Upgrades Existing Corridor
- ❑ Minimizes new corridor on State, Private and BLM lands
- ❑ 186 Miles in Arizona
 - ❑ Over 180 miles upgrades or parallels existing infrastructure
 - ❑ ~ 120 Miles Upgrade Segment
 - ❑ ~ 66 Miles New Build Segment



ROD Agency Selected Alternative



- ❑ Southline Transmission, SU FERC Filed Petition for Declaratory Order May 2015
- ❑ Granted Declaratory Order September 2015
- ❑ SU FERC initiated open solicitation process March 31, 2016

March 31, 2016	Open Solicitation commences
April 22, 2016	Informational Webinar (11:00 am - 1:00 pm CDT)
June 30, 2016	Open Solicitation window closes and Expression of Interest Forms are due
July 11, 2016	Parties identified for Bilateral Negotiations
July 12, 2016	Begin Precedent Agreement discussions then initiate Transmission Service Agreement negotiations.

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- ❑ Project's Upgrade Segment would replace decades-old wood pole H-frame systems whose deterioration poses reliability and maintenance concerns

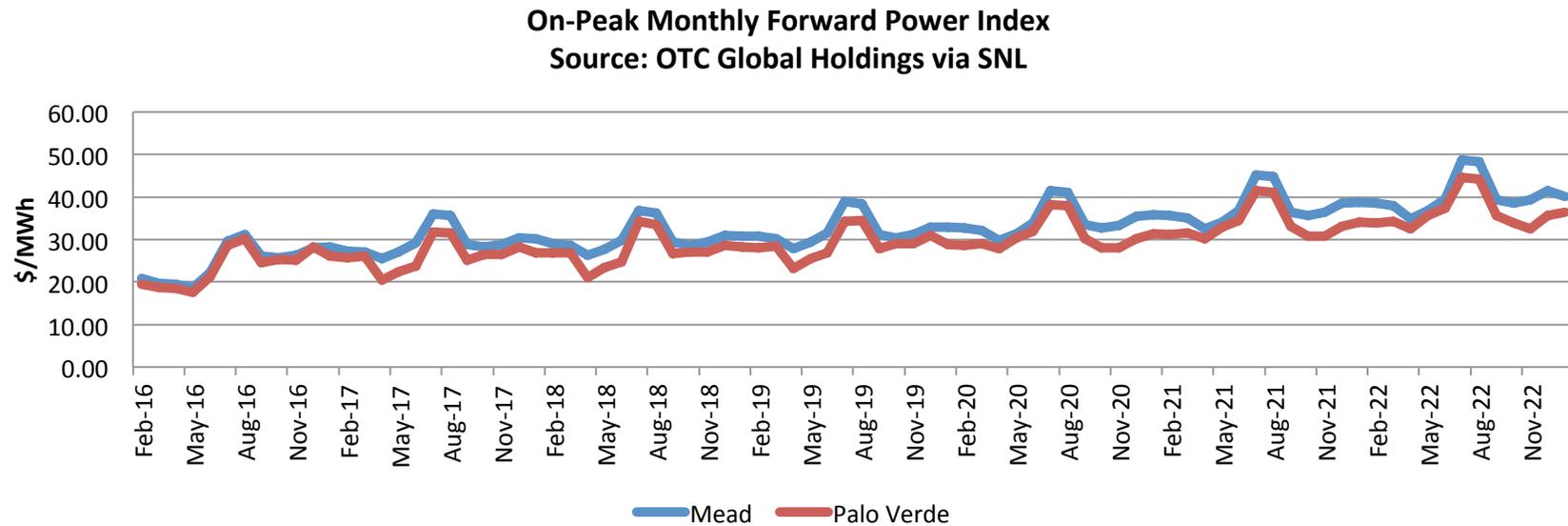


Upgraded 230 kV tower along existing WAPA 115 kV line near Tucson

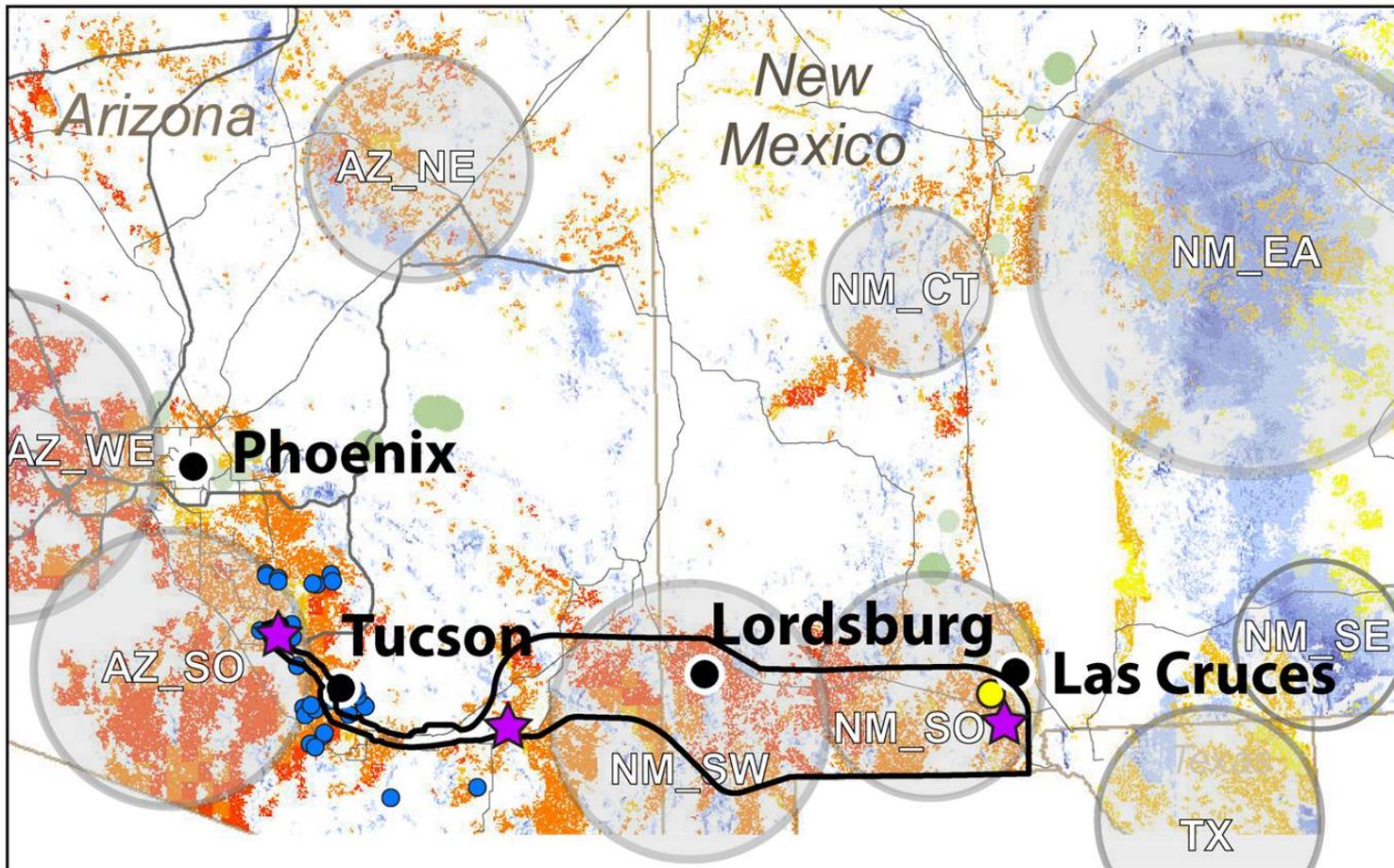
- ❑ The New Build Segment would increase the limited transmission connections between the southern New Mexico/El Paso area and the rest of the western United States transmission grid.
 - ❑ Hardens system in the event of wildfires, storms, or other events
 - ❑ Provides operations and maintenance flexibility
 - ❑ Increases ability to reliably meet future load growth

Market Access

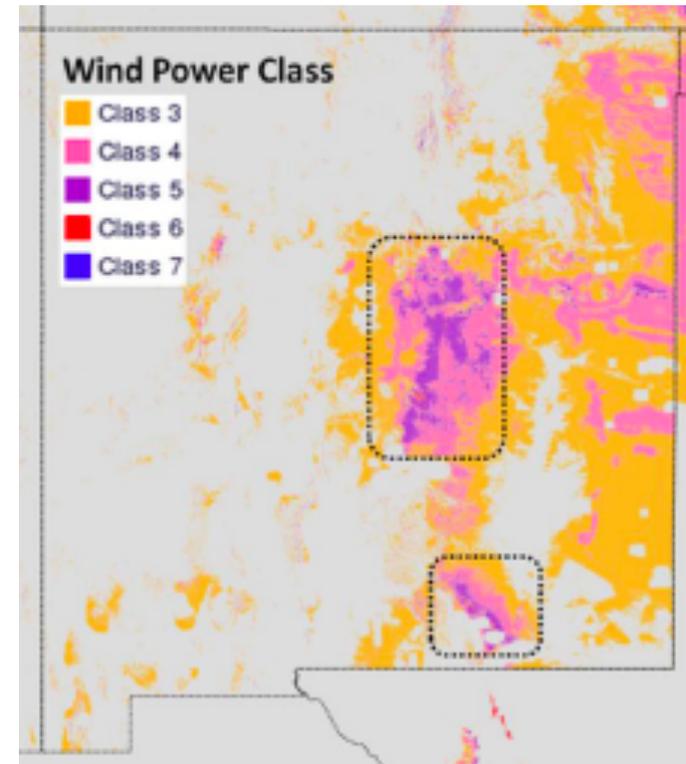
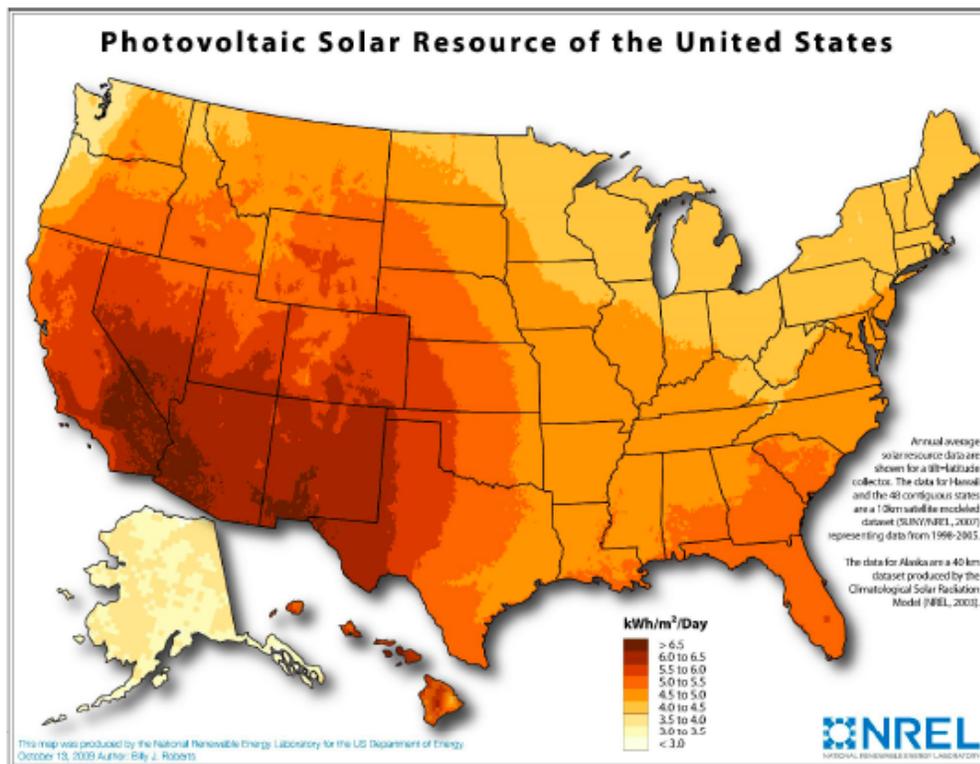
- ❑ The Project will expand opportunities for local and regional utilities to import cost-effective power from regional markets
- ❑ Utilities may be able to take advantage of low-cost electricity “spilling” over to these market hubs as a result of California’s build-out of solar resources and the accompanying over-generation



Renewable Energy Resources



Project provides access to world-class wind and solar resources



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