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## **SU FERC NOTICE OF OPEN SOLICITATION FOR SOUTHLINE TRANSMISSION PROJECT CAPACITY**

On March 31, 2016, SU FERC, L.L.C. (“SU FERC”) will commence an Open Solicitation process for capacity on the proposed Southline Transmission Project (“Project”). SU FERC may also conduct additional Open Solicitation processes for the Project in the future. SU FERC intends to allocate up to 100 percent of its capacity rights in the Project capacity to anchor customers through an open and transparent solicitation and capacity allocation process. This process will be conducted pursuant to a Federal Energy Regulatory Commission (“FERC”) declaratory order that approved the SU FERC capacity allocation mechanism and granted negotiated rate authority to SU FERC. *Southline Transmission, L.L.C. & SU FERC, L.L.C.*, 152 FERC ¶161,211 (2015). Submittal of an Expression of Interest Form is the only means through which interested parties may indicate interest in obtaining capacity rights on the Project. The Form is available on the Open Solicitation website and must be submitted by June 30, 2016.

Project Description. The proposed Project consists of a “New Build” Section of approximately 240 miles of 345 kV double-circuit transmission line and associated facilities (connecting the existing Afton Substation, south of Las Cruces, New Mexico and the existing Apache Substation, south of Willcox, Arizona) and an “Upgrade” Section of approximately 120 miles of 115 kV Western Area Power Administration (“Western”) transmission line that would be upgraded to double-circuit 230 kV (connecting the Apache Substation to the existing Saguaro and Tortolita Substations northwest of Tucson, Arizona). A Project map is attached. The Project will connect up to 14 existing substations and may include development of a new substation in Luna County, New Mexico. The Project will provide up to 1,000 MW of bi-directional transmission capacity in southern New Mexico and southern Arizona with a planned in-service date of 2018. Of that capacity, SU FERC will have approximately 882 MW of east-to-west capacity rights from Afton to Apache, and 748 MW from Apache to Saguaro/Tortolita. SU FERC would also have 186 MW of west-to-east capacity rights from Saguaro/Tortolita to Apache and 825 MW from Apache to Afton. The remaining Project capacity rights will be held by Western and are not a part of this Open Solicitation. Additional information about the Project is available at [www.southlinetransmissionproject.com](http://www.southlinetransmissionproject.com) and specific information on the Open Solicitation can be found at [www.southline-os.com](http://www.southline-os.com). Interested parties are encouraged to read the Information Memo, which is available on the Project website and provides more details about the Project and Open Solicitation process.

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Contact Information. Interested parties should complete the registration form available on the Open Solicitation website in order to become a registered participant in the Open Solicitation process. Questions about the process can be submitted through the website after registering. Alternatively, interested parties can contact SU FERC's independent third-party Open Solicitation administrator, Energy Strategies, L.L.C.:

Energy Strategies, L.L.C.  
ATTN: SU FERC Open Solicitation  
215 South State Street, Suite 200  
Salt Lake City, UT 84111  
info@southline-os.com  
801-355-4365

Access to Project Information. General information concerning the Project and the Open Solicitation is available on the Project website. Such information includes updates regarding the Project, Project development and construction cost information, Project value proposition summary, Expression of Interest Form, and procedures for requesting meetings to discuss transmission service considerations. The Open Solicitation website ([www.southline-os.com](http://www.southline-os.com)) includes a password-protected page that includes additional information for eligible potential customers that have registered and executed a confidentiality agreement. The Open Solicitation website includes instructions on registering for access to the password-protected page.

Informational Meetings. Potential customers may request preliminary meetings to discuss the Project; please refer to the [www.southline-os.com](http://www.southline-os.com) website for instructions on requesting a meeting. Additionally, SU FERC and Energy Strategies intend to host an informational webinar at which registered participants will have an opportunity to ask questions concerning the Project, and will provide the answers to these questions to all registered participants. The meeting date, time, location and other pertinent details are on the Open Solicitation website. The webinar is only available to those interested parties that register with the Open Solicitation.

Selection Criteria. SU FERC will utilize initial customer screening criteria that establish preferred minimum standards for potential customers that are identified during the Open Solicitation process. SU FERC will use the following customer selection criteria as initial screening factors: (1) first mover status; (2) investment-grade credit rating or alternative evidence of creditworthiness; (3) firm transmission service reservation request for at least 10 years; and (4) firm transmission service reservation request for at least 50 MW of capacity. During the selection process, it may be necessary to refine these criteria based on market circumstances.

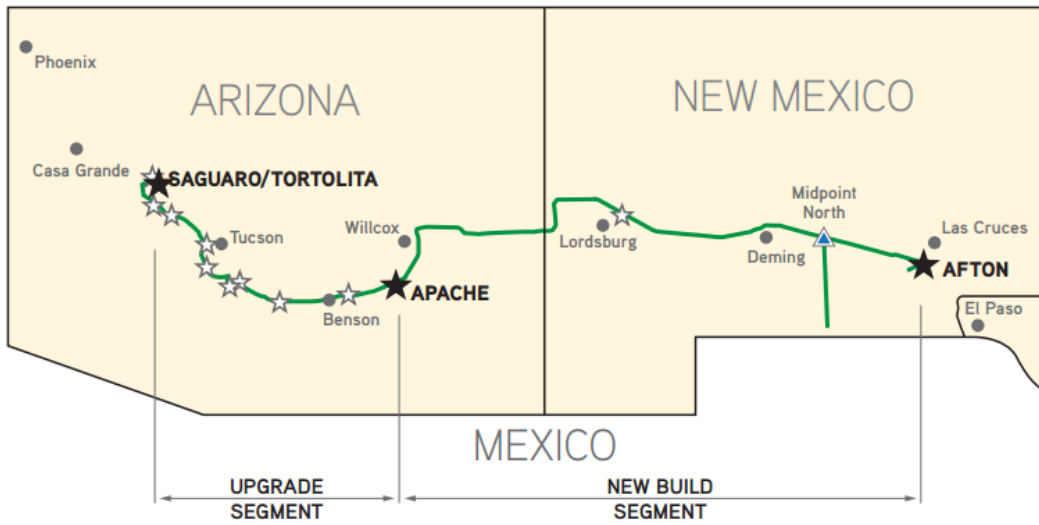
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Ranking Criteria. Registered participants that satisfy the selection criteria will then be ranked according to the following criteria: (1) price terms contained in customer's offer; (2) level of creditworthiness; (3) early commitment in the Project's development cycle; (4) Project risk-sharing through phased deposits or financial commitments during the Project's development cycle; (5) ability of customer to assist with Project development needs, including obtaining necessary siting approvals and governmental authorization; (6) longer term of service; (7) larger capacity reservation; and (8) ability to access the Project to deliver or receive power (e.g., proximity of generation resource to the line, transmission service queue positions on adjacent systems). These criteria may be weighted differently depending on the Project's needs, and potential customers will not be required to satisfy all of the ranking criteria. These ranking criteria will be applied in a not unduly discriminatory manner, and customers with identical ranking characteristics would be afforded the same weight for that particular characteristic.

Negotiations. There will be time-defined, phased negotiation windows, with the first phase beginning on or around July 11, 2016. Any additional details concerning dates and deadlines will be posted on the Project website.

Over-Subscription. In the event of potential oversubscription of Project capacity, information will be posted on the Project website to address capacity allocation arrangements.

# ATTACHMENT 1: SOUTHLINE TRANSMISSION PROJECT – OVERVIEW MAP



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

