



**MEMORANDUM OF UNDERSTANDING
AMONG THE GOVERNORS OF CALIFORNIA, NEVADA, UTAH AND WYOMING
CONCERNING ELECTRIC TRANSMISSION DEVELOPMENT**

WHEREAS, there is growing consumer electric demand in the West that will necessitate the construction of substantial new electric generating resources;

WHEREAS, the western electricity crisis of 2000-01 brought into sharp focus the harm to consumers that can be caused by electricity grids that are overcommitted and constrained;

WHEREAS, the region has vast renewable and conventional resources, often remotely located, the development of which could economically meet this growing demand and provide important economic development benefits to the states;

WHEREAS, electric transmission in the West is still constrained and, as a result, the region's ability to utilize its remotely located renewable and conventional resources is seriously impaired;

WHEREAS, in the wake of the 2000-01 crisis, our states and other western states devoted significant resources to identifying needed transmission upgrades, notably the Western Governors' Association's *Conceptual Plans for Electricity Transmission in the West*, and the *Rocky Mountain Area Transmission Study* produced by a broad group of stakeholders following a memorandum of understanding between Wyoming Governor Freudenthal and former Utah Governor Leavitt to promote such a study;

WHEREAS, the region can ill-afford to wait any longer, as the failure to act now could lead to a new energy crisis in the future;

WHEREAS, we are committed to build on previous work and determined to see the process of planning and developing needed new transmission resources through to conclusion;

WHEREAS, we recognize that developing significant new transmission facilities is a highly complicated process that will require our active support and participation, as well as the support of other government agencies at the federal, state and local governments;

WHEREAS, we further recognize that the Western Interconnection is a single interconnected grid that operates synchronously and we, therefore, do not exclude participation in our efforts by other western states;

WHEREAS, we understand that, for our efforts to be successful, all participating states must share in the benefits.

NOW, THEREFORE, we are resolved as follows:

1. **Purpose.** The purpose of this Memorandum of Understanding is to declare our support for and to create a structure that will allow us to pursue the further development of the Transmission Project. The Transmission Project involves the construction of a transmission line through Wyoming, Utah, Nevada and into California. The Transmission Project will be designed to provide economic benefits to all four states, as well as enhanced reliability for the West's overall high-voltage transmission grid. The Transmission Project may be further defined and redefined as we move forward, and we do not mean to exclude the possibility of inclusion of additional facilities that will provide benefits to other states as well as ours.

2. **Coordinating Committee.** We hereby create the Transmission Project Coordinating Committee of which each state will be a member. Each state will be represented on the Coordinating Committee by a senior-level staff person of its choosing. Each state will promptly designate its representative and further commit active participation by such staff, as well as necessary and appropriate back-up staff resources. We recognize that the Transmission Project will not move forward unless the project is strongly supported at the highest levels of each of our governments and the necessary time and resources are committed. It is anticipated that the Coordinating Committee will meet in person or telephonically frequently in carrying out its work.

3. **Work of Coordinating Committee.** Preliminary work has been done to identify a preliminary route for the Transmission Project and to estimate the pre-construction feasibility work that needs to be accomplished before the Transmission Project can be financed. It is recognized that one or more developers will ultimately develop the project, and such developer(s) will fund much of the feasibility work. However, given the complexity of the Transmission Project, and the numerous complicated legal, regulatory and other issues, it is our belief that further conceptual-level work must be done by us in order to identify a more specific Transmission Project that our states can support and assist. Accordingly, the purpose of the Coordinating Committee will be to fulfill the role of a surrogate developer until the Transmission Project can be made available for further feasibility analysis and development by a developer(s). Specifically, the Coordinating Committee will (a) further define and study the Transmission Project route and the associated legal, regulatory, engineering, financial, environmental, permitting and other development issues; (b) give particular attention to methods for resolving legal or regulatory barriers to the Transmission Project that cannot be avoided through mitigation or re-routing of the facilities; (c) define a Transmission Project that our states will support and promote; and (d) create a subsequent process for selecting a project developer(s) which will proceed with necessary additional feasibility work and develop the project.

4. **Funding.** In order to carry out the work of the Coordinating Committee, technical and legal consultants will need to be retained and other costs will need to be incurred.

The Coordinating Committee will develop a funding plan for the four states. Any funds contributed by the States should be reimbursable by the project sponsor.

5. **Selection of Consultants.** The Coordinating Committee will jointly select legal, technical and other consultants as needed to assist the committee in its work. The consultants will report directly to the Coordinating Committee.

6. **Further Definition of Scope of Work.** Following selection of consultants, the initial task of the Coordinating Committee, working with its consultants, will be to establish a detailed scope of work, budget and timeline for completion of the work of the Coordinating Committee.

7. **Immediate Legislative and Regulatory Work.** Notwithstanding the need to retain consultants and define a scope of work, there is a certain body of work that can be undertaken now to promote the Transmission Project. This includes, but is not limited to, legislative and potentially regulatory work at least at the federal level. This work should proceed even as consultants are retained and the work of the Coordinating Committee gears up. Funds contributed by states or other organizations may be reimbursable once a funding mechanism and budget is in place under the direction of the Coordinating Committee.

8. **Other States.** The Coordinating Committee will investigate proposals made for complementary western transmission projects to determine whether the Transmission Project should be expanded to incorporate such other projects in whole or in part. However, it is important to keep the work of the Coordinating Committee on the Transmission Project on track. Accordingly, any work investigating other transmission projects should be undertaken only if it does not delay work on the Transmission Project.


9. **Coordination.** The Transmission Project cannot succeed unless the Coordinating Committee seeks input from and works with federal, state and local officials having jurisdiction over aspects of the project and with interested stakeholders. Accordingly, the work of the Coordinating Committee will be undertaken in an open and collaborative fashion. At the same time, we recognize that it is our responsibility, as the elected representatives of the four affected states, to lead this process forward.

10. **Consensus Decision-making.** We will operate on the principle of consensus. All decisions must be made unanimously. We commit to working with each other in an open and good faith manner.

11. **Effective Date.** This MOU shall become effective when signed by all of the parties.


12. **Withdrawal/Termination/Amendment.** Any party to this MOU may withdraw at any time upon written notice to the others. This MOU will terminate if two parties withdraw. This MOU can be amended or modified if all parties agree.

13. **No Legal Effect.** Nothing in this MOU shall be construed to limit, repeal, or in any manner modify the existing legal rights, privileges, and duties of the signatories as provided by agreement, statute or any other law or applicable court decision.



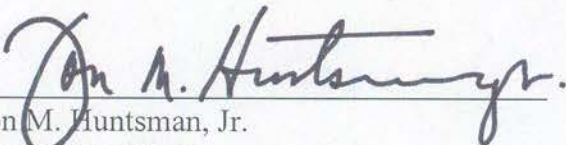
Arnold Schwarzenegger
Governor of California

4/4/05
Date




Kenny Guinn
Governor of Nevada

4/4/05
Date



Jon M. Huntsman, Jr.
Governor of Utah

4/4/05
Date



Dave Freudenthal
Governor of Wyoming

4/4/05
Date