

FOR IMMEDIATE RELEASE: Feb. 5, 2018

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WAPA, SOUTHLINE TRANSMISSION SIGN PARTICIPATION AGREEMENT TO DEVELOP NEW TRANSMISSION LINE IN SOUTHWEST

Southline Transmission Project to improve grid reliability, facilitate renewable energy development

LAKEWOOD, Colorado – Western Area Power Administration’s Desert Southwest Region and Southline Transmission, L.L.C., signed a participation agreement, Jan. 31, committing both parties to developing the Southline Transmission Project—a new critical energy infrastructure effort that will support grid reliability and facilitate renewable energy development in the region.

The Southline Transmission Project combines upgrades to WAPA’s existing electrical infrastructure and construction of new transmission lines to provide about 1,000 megawatts of transmission capacity along a 360-mile path between southern New Mexico and Arizona.

The project will interconnect with numerous existing substations, improving reliability, relieving transmission congestion, meeting increased energy demand and facilitating construction of new sources of generation.

“Public and private organizations each bring unique strengths toward infrastructure development and modernization. Our successful partnership with Southline Transmission, L.L.C., allows us to use these strengths to develop new critical energy infrastructure that will support affordable and reliable electricity for our customers for decades to come,” said WAPA Administrator and CEO Mark A. Gabriel.

“We are thrilled to advance our long-running successful relationship with WAPA with this important milestone for the Southline Transmission Project,” said Hunter Hunt, President of Hunt Power, parent company of Southline Transmission, L.L.C. “We look forward to working with WAPA and all our stakeholders to deliver this much needed project in a manner that maximizes benefits while minimizing impacts.”

The Southline Transmission Project involves two segments:

- Constructing about 240 miles of new double-circuit, 345-kilovolt line south of Las Cruces, New Mexico to south of Willcox, Arizona
- Upgrading about 120 miles of existing WAPA transmission line from single-circuit 115 kV to double-circuit, 230 kV between Willcox, Arizona and a substation northwest of Tucson

The line will cross federal lands managed by the Bureau of Land Management and other agencies. It will also cross state and private lands.

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SOUTHLINE AGREEMENT – 2

Construction is anticipated to begin in late 2018 with transmission operations phased into service beginning in 2020.

Under the participation agreement, the organizations agreed to a commercial framework that allocates transmission rights on each segment of the project. When the line is energized, WAPA's share of transmission capacity will be incorporated under WAPA's Parker-Davis Project. Southline's transmission capacity was offered to potential transmission customers in a Federal Energy Regulatory Commission-approved open solicitation process in 2016 (see www.southline-os.com).

Several associated key agreements will be negotiated over the coming months, including construction, operations and maintenance, ownership and lease agreements, among others.

By developing a route along existing corridors and upgrading existing transmission lines where feasible, the new line will minimize impacts to the region's communities and natural and cultural resources while providing increased grid reliability and supporting increased energy demand in the area.

Project activities completed to date

Project development activities began in 2012 and include:

- Completing an Environmental Impact Statement and final federal approvals in April 2016
- Obtaining state siting approvals from Arizona in February 2017
- Obtaining state siting approval from New Mexico in August 2017
- Soliciting transmission capacity requests on Southline's share of the future line through a FERC-approved open solicitation process

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About WAPA: Western Area Power Administration annually markets and transmits more than 25,000 gigawatt-hours of clean, renewable power from 56 federal hydroelectric powerplants owned and operated by the Bureau of Reclamation, U.S. Army Corps of Engineers and International Boundary and Water Commission in 15 western and central states. It is part of the Department of Energy. Follow us on Twitter @WesternAreaPowr or visit the website at www.wapa.gov.

About Southline Transmission, L.L.C.: Southline Transmission, L.L.C., a subsidiary of Hunt Power, L.P., is the sponsor of the Southline Transmission Project. Hunt Power develops and invests in entrepreneurial electric opportunities, and is part of a larger privately-owned 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. More information can be found at www.southlinetransmissionproject.com.