Order process. As of June 30, 2012, there has not been any change as a result of an Equitable Adjustment Event.

Q. PLEASE PRESENT YOUR CONCLUSIONS REGARDING THE ADEQUACY OF WETT'S INVOLEMENT IN DECISION-MAKING.

A. WETT has been actively engaged in project-related decision-making since its inception and has established appropriate protocols for how decisions are reached and who maintains decision rights. As the project has undergone scope evolution, WETT has effectively exercised its role as the project manager and has provided the Board with appropriate information to support required project decisions, such as route changes or technical design changes.

While WETT relies on I-USA and the sub-contractors for day-to-day execution, it nonetheless maintains a broad and detailed oversight role that enables it to effectively identify potential issues, assess options and alternatives and determine optimal outcomes on behalf of the project.

WETT exercises its ability to engage in project decision-making through a variety of available elements it employs relative to monitoring and managing project performance. This includes execution of an open book EPC Contract that allows access and visibility to project costs and schedule information.

In addition, changes are managed through a change order process whereby, I-USA has to submit change orders or Equitable Adjustment Events. Change orders and Equitable Adjustment Events require prior approval before executing those changes. On these proposed change orders, WETT has the right to review and comment on all assumptions, drawings and specifications developed by or on behalf

of I-USA. If the change orders are greater than the planned amount, WETT engages in a review process to reduce the amount closer to the budgeted amount.

With these and other mechanisms available to WETT – and being successfully adopted by them, I believe that WETT's involvement in the decision making process is adequate and appropriate.

3. PERFORMANCE MANAGEMENT AND MONITORING

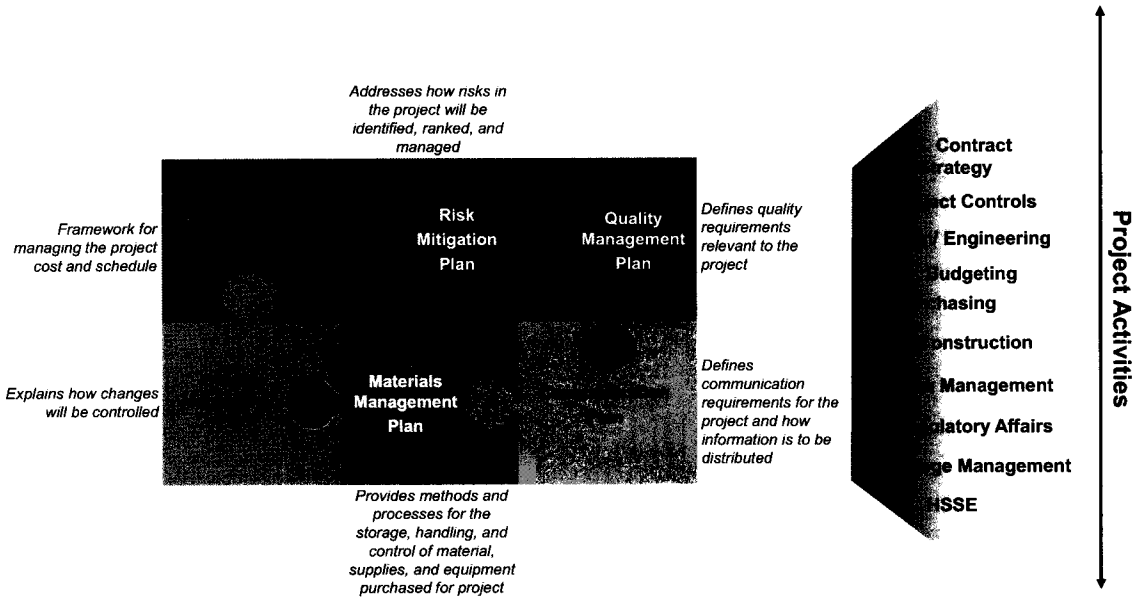
Q. DESCRIBE YOUR APPROACH IN ASSESSING WETT'S PERFORMANCE MANAGEMENT AND MONITORING?

A. To assess WETT's approach to performance management and monitoring, I reviewed WETT's overall project management framework, which includes the: project budget and schedule; communication plan; risk mitigation plan; materials management plan; and change order management plan. I then reviewed project progress to date, "go/no go" decisions and change order approvals, to evaluate the effectiveness of WETT's performance management and monitoring of project execution.

Q. DESCRIBE WETT'S CURRENT PERFORMANCE MANAGEMENT AND MONITORING PROCESSES AS IT RELATES TO PROJECT EXECUTION?

A. WETT leverages the functional requirements outlined in Exhibit A in the EPC Contract ("functional requirements") as the basis for an effective framework that constitutes the various elements of the WETT project management framework as shown in Figure 24. WETT uses these plans as the guidelines for monitoring and managing all the project activities related to engineering and design, materials procurement, and construction activities.

Figure 24 – Project Management Framework



WETT developed these plans in conjunction with the EPC contractor and formalized these as mandatory requirements as a part of the EPC contract.

WETT developed a schedule and used it to provide significant inputs to I-USA on project planning which culminated in the creation of a detailed project schedule to track project progress. Using WETT's inputs, I-USA developed a detailed schedule that WETT did not approve because the completion dates were outside WETT's acceptable project schedule. After further reviews and discussions with I-USA, WETT was able to obtain a "compressed" schedule with the completion dates consistent with WETT's requirements. This "compressed" schedule is the baseline schedule that both WETT and I-USA uses for the project. Completion dates from the original WETT schedule and the baseline schedule are shown in Figure 25. There have been adjustments to the schedule primarily due to additional activities undertaken by WETT in clearing the right of way due to unforeseen physical obstacles and to reflect anticipated changes related to remaining

schedule optimization.. The baseline schedule contains over 2,000 line items covering a detailed work breakdown structure related to key project milestones in permitting, ROW acquisition, detailed engineering, procurement, construction, testing, and commissioning. I-USA developed the schedule in a P6 environment which integrates the major I-USA subcontractor activities. This schedule system is an industry standard tool used in similar projects and following WETT's review and approval was established as the baseline schedule in October 2011. I-USA maintains the detailed P6 schedule since EPC activities are conducted by I-USA and provides updates to WETT as a part of monthly progress reports. WETT's role with the detailed schedule is for project progress monitoring purposes relative to plan. Any changes to the schedule baselines made by I-USA have to be approved by WETT. I-USA's project schedules are vertically integrated, with activity completion dates corresponding to milestone dates. The schedule also provides the critical path and ability to monitor float. To track project progress, WETT aggregates and validates all the progress information provided by I-USA in monthly progress reports relative to baseline schedules.

Figure 25 – Project Schedule Completion Dates

Original WETT Schedule[1]
Completion Dates

Function	CCN1		CCN2					CCN3				
	TL1	SS1	TL2	TL3	TL4	SS2	SS3	TL5	TL6	TL7	SS4	SS5
Engineering	1/9/12	4/24/12	6/18/12	5/9/12	6/25/12	6/21/12	6/14/12	5/9/12	5/9/12	5/9/12	7/6/12	8/10/12
Procurement	8/23/12	11/13/12	10/16/12			12/10/12		3/22/13			8/17/12	
Construction	12/21/12	12/11/12	1/30/13	3/29/13	1/30/13	3/11/13	3/21/13	6/28/13	7/31/13	8/28/13	5/6/13	5/13/13

Compressed Schedule
Completion Dates

Function	CCN1		CCN2					CCN3				
	TL1	SS1	TL2	TL3	TL4	SS2	SS3	TL5	TL6	TL7	SS4	SS5
Engineering	2/9/12	5/22/12	7/6/12			6/11/12		9/7/12			7/6/12	
Procurement	7/30/12	11/13/12	9/12/12			9/17/12		11/13/12			11/14/12	
Construction	12/18/12	12/14/12	12/19/12	2/5/13	12/6/12	2/11/13	12/31/12	4/3/13	3/4/13	4/26/13	3/11/13	4/25/13

1) Rev 4 as listed in the September 2011 Board Report's EPC Schedule attachment
Source: September 2011 Board Report; February 2012 and March 2012 Construction Progress Reports; Booz & Company analysis

WETT has also established a baseline monthly budget that was based on I-USA's April 2011 invoicing forecast. WETT requires I-USA to provide actual expenses incurred for activities under the EPC Contract with an updated EPC invoicing forecast each month. I-USA is also required to report last month variances of actual expenses from the invoice forecast which is used to monitor project expenses relative to budget. As a part of the activities that are listed in the detailed schedule, WETT requires I-USA to obtain specific approvals at "go/no-go" decision points, such as moving from engineering and procurement to the construction stage, to proceed to the next activity and process progress payments. For example, WETT has to approve all engineering drawings for I-USA for construction.

In addition, WETT exercises approval authority over material purchases. WETT has an established baseline budget and quantities for major purchase orders and tracks variances of actual purchase amounts from these baselines. Under the material procurement approval process, if the I-USA purchase order is higher than the budget, WETT and I-USA have a joint review to identify, assess, minimize, and control the variance impact and any additional amount requires WETT approval.

Furthermore, as a condition for draws from lenders, project progress is independently reviewed quarterly by Black and Veatch in their role as a lender's engineer.

To establish and facilitate a consistent distribution of information for effective monitoring and performance management, WETT requires I-USA to describe or identify several key communication requirements listed in the Communication Plan. These include:

- Roles and responsibilities of key contractor staff;
- Contractor's staff responsible for direct coordination with the owner;
- Various types of communication and the guidelines describing when information may be provided verbally and when it must be provided in writing;
- Use of a contractor-managed project website;
- Process for early identification of changes;
- Protocol for requesting design clarifications;
- Protocols for requesting work by the owner;
- Response measures for addressing emergencies and the chain of command to identify who should be notified in case of an emergency
- Protocols for field communication related to engineering changes

WETT has also developed the minimum requirements for I-USA for Quality Assurance/Quality Control (QA/QC) program. I-USA is required to develop a quality program that assures:

- permitting, design, construction, and commissioning is consistent with the EPC Contract and meets the performance standards for the project,
- appropriate parties are included in project reviews;

- problems are discovered early, corrected adequately, and do not recur
- quality is not compromised due to a lack of adequate equipment or resources

Q. DISCUSS WETT'S ACTIVITIES IN MONITORING PROJECT PROGRESS AND PERFORMANCE MANAGEMENT.

A. WETT's approach for project progress monitoring is explained in the EPC contract. Mr. Pullin's direct testimony explains in details this contract for construction monitoring activities such as progress reports, schedule updates, cost reports, and periodic meetings.

WETT with the help of SAIC ensures that I-USA adheres to the contract and oversees project execution through regular project updates across all functional areas. WETT is actively engaged in project monitoring on several levels:

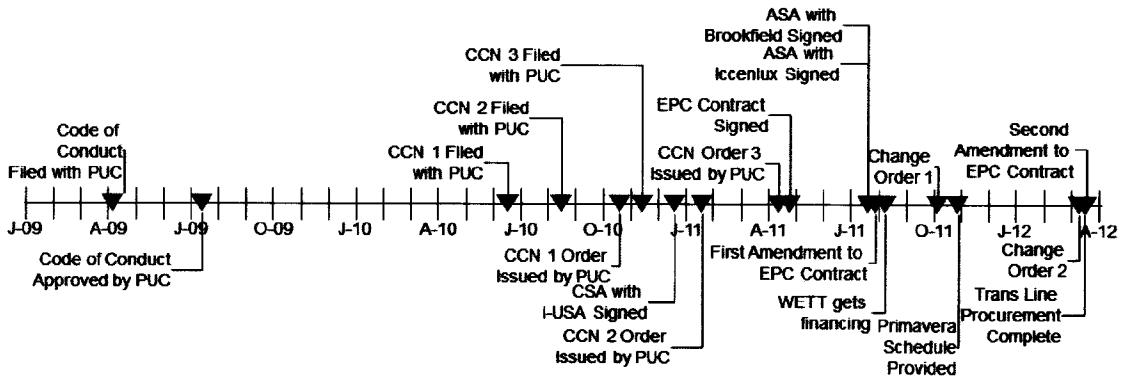
- **Engineering**: WETT employees review designs submitted by I-USA or its subcontractors to assure their adequacy. In addition, WETT has weekly meetings for both transmission line engineers and substation engineers to track progress.
- **Contract Administration**: WETT staff review each invoice from contractors and compare it to the initial purchase order to assure that work was performed according to specifications. WETT's Asset Management Director coordinates all contractors and ensures that they fulfill their obligations.
- **Construction Management**: Supervisors monitoring construction contractors report progress to WETT's construction manager. In addition, WETT has hired several field monitors that report on day-to-day construction progress in the field to assure that contractors comply with WETT's requirements. In

addition, WETT has hired Sun Technical Services to assist with estimation of construction costs.

- **Schedule Management**: WETT and its contractors (including I-USA) have regular meetings to ensure that the project is on schedule. The Company holds weekly engineering meetings, monthly construction meetings, and monthly Board of Managers meetings. All these are meant to track progress against defined progress milestones and critical path, and any deviation is identified early for remedial action.
- **Budget Management**: WETT employees review budget variances on a monthly basis to ensure adherence to budget. Furthermore, the Board's Subcommittee on Finance meets weekly to review budgets, variances on actuals versus budget and costs. While the budgets and schedule are not integrated within the P6 tool, WETT monitors and tracks budgets and schedule in project progress reviews.
- **Cash Management**: Cash forecasts are reviewed by the financing subcommittee of the WETT board of managers at least on a monthly basis
- **Health, Safety, Security, and Environmental**: the Company has established standards which it requires all its employees, contractors and subcontractors to follow. To assure compliance with these standards, WETT has hired field monitors.

Figure 26 shows a timeline of key project events related to project execution that relates to the activities WETT has undertaken.

Figure 26 – Major Project Events



Q. DISCUSS WETT'S PROJECT MANAGEMENT MECHANISMS AS IT RELATES TO PROJECT EXECUTION?

A. To manage the overall project execution, WETT hosts regular formal discussions with I-USA to obtain updates on construction progress. In addition, WETT holds a formal weekly meeting with I-USA as well as a monthly meeting that summarizes progress made during the month that serves to brief WETT's Board of Managers. These interactions provide a means by which to synthesize information, analyze project progress, identify project constraints, anticipate future challenges, and resolve progress impediments as the project matures. Key senior management personnel, as well as discipline level personnel, attend these meetings to provide sufficient input into the reporting and decision-making process. While these meetings formalize several of the project-management mechanisms related to reporting, they are also supplemented by ongoing informal interaction and communication between project participants. A summary of these meetings is provided in Exhibit TJF-6.

Figure 27– Project Management Mechanisms

Meeting Type	Description
WETT Staff Meetings	The WETT Staff meet weekly to discuss major events that the relevant portions of the team should be aware of Such meetings address· 1 Internal all-hands updates 2 Project Financial Status with the Controller and leadership 3. Field Monitoring with WETT field inspectors 4 And HSSE issues in a meeting held on site This meeting occurs only monthly
Direct Contractor Meetings	Because WETT contracts to several other companies directly, these entities are met with at weekly intervals, including 1 Land-related meetings include ROW Survey and Acquisition meetings with KPE, Integra Realty, Survey & Mapping, the WETT real estate manager and the leadership team 2 Additionally there is a meeting with Survey & Mapping to get similar land updates 3 Some of the parties also take part in discussions about how WETT traverses other transmission and pipe lines in the Facility Crossing Meeting 4 HSE meetings to debrief with KPE and WETT HSE Staff 5 Regulatory affairs meetings to update parties involved with the regulatory side on all the events of the past week and plans to mitigate regulatory risks
I-USA Meetings	I-USA, as the contractor, has many direct touch-points with WETT but weekly meetings strengthen those connections and put all parties at the same information baseline 1 Design meetings with the I-USA technical leads and engineering subcontractors allow WETT engineers to provide input on design and engineering 2 Purchasing and Ordering meetings bring subcontractors in to track procurement and shipping in the supply chain 3 Weekly as well as monthly construction progress report meetings in advance of Board of Managers interactions allow the WETT team to spot and smooth out any issues that may have arisen in the prior week / month
Board Meetings	While the Board of Managers at large meets monthly to discuss construction progress, there are two weekly points of contact· 1 Competition with other Transmission lines and utilities is analyzed to determine how other CREZ projects are doing and what WETT can learn from them 2 The Board is also in regular contact with the General Manager to discuss weekly high-impact items

Figure 27 above also outlines the regular formal reporting that allows WETT to evaluate and monitor the performance of project activities. I-USA provides multiple reports addressing the cost, schedule, and quality of engineering, procurement, and construction status of the transmission lines, with specific emphasis on right-of-way, civil engineering, tower erection, and wire installation, which are important interim milestones. In addition, project progress reports capture project-wide data and are also focused on specific issues or events relevant to various audiences, including WETT's management and Board of Managers. These reports discuss project progress and status in detail for each of the main areas for each transmission line and substation on engineering, design, procurement, and construction. Reports are also provided by I-USA for monthly and cumulative earned value and productivity deviations versus planned.

I-USA also provides financial reports focused on the status of invoicing and collected amounts for EPC charges and comparison with the budgets as well as a

four-month look ahead of invoice forecasts. Reports include commentary on status and issues with work plans and control plans, and other relevant briefings. In addition, I-USA provides a report on change order status and consequent changes to project amounts, staffing, resources on site, quality, and safety.

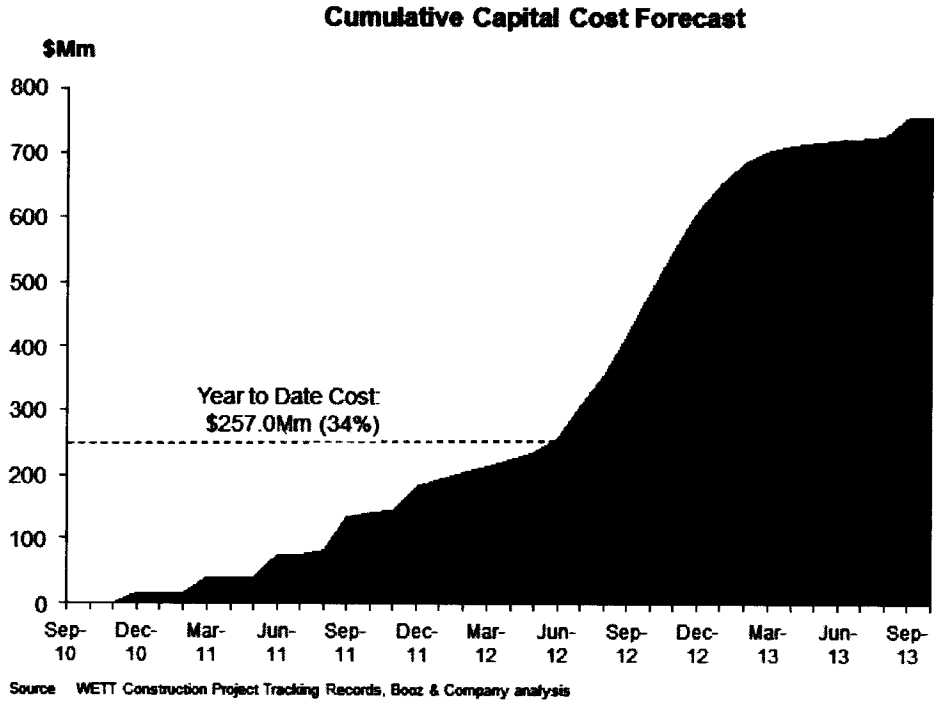
WETT synthesizes key progress information and issues a recurring report to the Board of Managers which covers information on all functional aspects of the project and project status that includes WETT's scope of work, I-USA, and other third party contractors of WETT. The WETT Monthly Report to the Board provides a status update on HSSE, schedule, ROW, cost, engineering, construction, O&M, regulatory, and legal activities, events, and outcomes. All these reporting mechanisms allow WETT to gain additional insight and leadership guidance and oversight on cost, schedule, and quality, as well as potential project risks and mitigation plans.

Q. DESCRIBE HOW WETT UTILIZES THESE REPORTS TO MONITOR PROJECT COSTS?

Utilizing the reports discussed above, WETT continuously monitors project actual costs versus baseline and actual project progress versus baseline schedule. As of June 30, 2012, the project has spent less than originally planned which is primarily due to delays in re-routing, which carry over into delayed construction. WETT is currently closely monitoring the impact of these delays on critical path and evaluating the full impacts on the project progress.

As of the end of June 2012, the project has incurred $257.0 million which is about 34% of its total capital spend of approximately $757 million based on budget forecast.

Figure 28 - Project Cash Curve



As another specific example of project management review, the progress of each of the transmission lines and substations are individually monitored and progress reports provided for site preparation, civil engineering, electrical and mechanical engineering, and commissioning and testing is reviewed.

The primary reports and review mechanisms discussed above in conjunction with the formal project meetings and ongoing interactions, provide WETT the adequate means, to keep WETT management and Board of Managers fully apprised of project status.

Q. PLEASE DISCUSS WETT'S FOCUS ON RISK MANAGEMENT.

A. WETT has developed an overall risk mitigation plan which identifies and describes the risks to various project activities and the mitigation plan. Based on WETT's inputs, I-USA developed a risk analysis, which identifies potential risk events and calculates cost impacts based on likelihood of occurrence. For example, I-USA's risk analysis includes risk events related to macro-economic risks, such as effects of material and labor price escalation. Project financial risk is mitigated with WETT's "open book" EPC contracting approach with I-USA which provides transparency and visibility into actual costs. The EPC Contract is based on a fixed price structure with a cap, construction and completion risks are largely transferred to I-USA. Increases beyond the capped amount are potentially allowable in the EPC contract, but each has to be executed as a change order or an Equitable Adjustment Event and formally approved through an established controlled process.

On an on-going basis, WETT relies on I-USA's risk analysis for risk management of the activities related to the EPC Contract. Risk is a continuous part of project performance and progress reviews with I-USA where risks to the project budget and schedule are discussed. In these reviews, WETT monitors risk and takes mitigating actions to minimize impacts across four areas: safety, scope, cost, and schedule. Some of these actions include:

- **Safety**: WETT has taken a proactive approach to managing safety. The Company has established a minimum level of safety standards for I-USA and all other contractors. WETT also hired a safety field monitor, a construction field monitor, and an environmental field monitor. The goal of these

monitors is to ensure that I-USA follows these established safety standards. Monitors report field incidents back to WETT management for discussion with I-USA if necessary actions are required. Lastly, the Company also compiled a set of predictive indicators for health, safety and security which is reviewed at every Board of Managers meeting.

- **Scope**: WETT has contracted with engineering firms in the role of an owner's engineer to conduct periodic technical reviews of quality and content related to, among others, engineering, right-of-way, structures, etc. of I-USA. For example, WETT engineering approval is required for drawings to be issued for construction. In addition, the project scope is also reviewed by: (1) SAIC, the independent evaluator, (2) Black and Veatch, the independent engineer hired by the lenders, and (3) other engineering firms hired by WETT to provide independent advice (*e.g.*, Sun Technical, Pike Engineering, and KPE). Changes to contracted scope have to be authorized by WETT and are executed in accordance with the guidelines stated in the EPC contract
- **Cost**: The EPC Contract is an "open book" with a price cap. Progress payments are authorized based on monthly progress reports that are tracked, reviewed and controlled by the Asset Management Director and Controller who ensure adherence to budgeted amounts. Any deviation that exceeds the budgeted amounts is reviewed jointly with I-USA and mitigation plans are developed to bring the costs to the budgeted amounts. The goal is to minimize cost escalation related to material or labor cost as well as to provide

transparency in man-hours, contractor productivity, resource levels, and material commitments.

- **Schedule**: Progress against plan is monitored by the Contracts Manager and Asset Management Director who ensure that milestones are achieved by the specified deadlines and issues that can potentially impact the milestone are identified and addressed. The goal is to enable WETT to track construction, engineering, delivery dates and contractor commitments.

In summary, WETT and I-USA have focused on implementing a risk management plan from the early stages of the project planning and design phases to identify, analyze, and minimize project and construction risk. WETT leveraged third-party contractors (including SAIC, Pike, and SAM) to augment internal capabilities for review of I-USA's processes and deliverables. WETT also leveraged the global capabilities of I-USA to minimize delays in key components and to source labor in the current market.

Q. PLEASE SUMMARIZE YOUR CONCLUSIONS REGARDING WETT'S ABILITY TO EFFECTIVELY MONITOR AND MANAGE PROJECT PERFORMANCE AND RISK.

A. WETT has developed and implemented formal processes and plans to guide and support progress monitoring and performance management of the project. WETT utilizes these processes and plans to actively monitor project progress and manage performance. These overall project management processes and plans have strengthened the project management organization, and supported effective project management to-date. The progress reporting system and regular outputs provide

insight into work stream completion status, as well as cost and schedule status, and identify issues for resolution.

The project is tracked against defined progress milestones and critical cost, schedule and quality targets or expectations, providing WETT with comprehensive visibility into project performance. WETT is also regularly updated directly by I-USA through formal meetings and reports as well as through WETT monitors in the field that work closely with the I-USA field personnel at construction site.

WETT has directly focused on risk management and implemented a structured approach to risk identification and evaluation. As described earlier, construction risk is largely borne by I-USA through a fixed price contract. Given that I-USA is a well-established global EPC with extensive experience in similar transmission projects, this experience reduces construction and completion risks for WETT.

Further, fiscal discipline is enforced by the project creditors with periodic draws subject to independent engineering progress reviews by Black and Veatch in their role as an independent engineer. This external party review also reduces the risk related to completion of the project on time and budget.

This focus on performance and risk enables WETT to understand where potential challenges can occur and how these risk factors can be mitigated. The combination of this risk management approach with the project control mechanisms previously discussed has enabled WETT to provide adequate performance oversight and positioned it for expanded activity as the project reaches the construction stage.

Based on my review of project progress to-date and the actions taken by

WETT over this timeframe, I believe that WETT has been effective in its project management and oversight of I-USA's EPC activities.

VIII. OVERALL CONCLUSIONS

Q. PLEASE PROVIDE YOUR CONCLUSIONS ON THE REASONABLENESS OF AFFILIATE CHARGES, PRUDENCE OF EPC CONTRACTING, AND PROJECT MANAGEMENT EXECUTION

A. In my opinion, the services performed on WETT's behalf by its affiliates are necessary and charges to WETT from affiliates to-date for both corporate support services and construction support services are reasonable and prudently incurred and should be fully recognized for recovery by the Commission. Additionally, the mechanisms WETT has in place to monitor and control affiliate costs to be incurred in the future are reasonable and prudent. Specific conclusions are as follows:

- **Reasonableness of Affiliate Services and Costs**
  - WETT and its owners receive identifiable benefits from the performance of affiliate activities, and future customers may also benefit from activities that have maintained lower costs and higher project effectiveness.
  - WETT utilizes multiple mechanisms – from front-end budgeting through actual cost incurrence – to plan, monitor and rigorously control its costs that are effective and consistent with typical processes.
  - The majority of affiliate costs to date have been directly billed and if there are future affiliate costs they will be assigned or allocated to WETT using processes consistent with those used in the industry.
  - The corporate support services performed under the ASAs are consistent with those performed by other service companies of utility peers, necessary, not duplicative, and reasonable activities in conjunction with a project of this type.
  - The cost of affiliate services provided to WETT is not greater than the cost charged by the supplying affiliate to other affiliated or unaffiliated entities for the same class of service.

- The construction support services performed by I-USA under the CSA, and the EPC Contract are necessary, not duplicative, required to complete the CREZ transmission projects assigned to WETT by the Commission, and reasonable activities to be performed on conjunction with a project of this type.

- **EPC Contract Development and Terms**

  - WETT's decision to select an affiliate for the EPC Contract was reasonable given the unique features of the organization, previous Commission review of the affiliate relationship, and the prevailing market circumstances at the time this decision was made and served to align objectives, reduce costs, expedite project execution, and mitigate risk.

  - The project included thorough planning on the front-end to identify and seek to mitigate apparent risk during the design, development, and execution phases and these activities undertaken by WETT and SAIC were reasonable.

  - The 4% margin in the EPC Contract is below industry average and lower than what I-USA would charge a non-affiliate.

  - Inclusion of Grupo Isolux's 6.29% corporate overhead allocation is consistent with industry standards and this amount is lower than typical levels.

- **EPC Project Management**

  - WETT is organized to monitor performance in an adequate manner, has qualified staff in place to monitor project performance and roles and responsibilities are clearly defined and understood.

  - WETT utilizes a variety of mechanisms to facilitate the execution of its project management responsibilities that include formal procedures, reports, meetings, and information and control systems, as well as the informal coordination and communication with all project stakeholders.

  - The cost of construction support services provided to-date to WETT by I-USA reflects the market value of those services.

The conclusions described above indicate that WETT's affiliate costs for both classes of service – corporate and construction support - have been reasonably incurred and that benefits are provided through the performance of the related affiliate activities. WETT has prudently and effectively managed the project to-date

and has the project control mechanisms in place to monitor and manage project execution to achieve planned outcomes.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes. However, I reserve the right to make changes or corrections as necessary.

STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Thomas J. Flaherty, who, having been placed under oath by me, did depose as follows:

My name is Thomas J. Flaherty. I am of legal age and a resident of the State of Texas. The foregoing direct testimony and the attached exhibits offered by me are true and correct, and the opinions stated therein are accurate, true and correct.

Thomas J. Flaherty

SUBSCRIBED AND SWORN TO BEFORE ME by the said Thomas J. Flaherty this 14th day of August, 2012.

Judith A. Alcorn
Commission Expires
09-19-15

Notary Public, State of Texas

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Wind Energy Transmission Texas, LLC
WETT

booz&co.

Review of WETT Reasonableness of Affiliate Charges and Prudence of Management Decision Making

TJF Exhibits Package

This document is confidential and is intended solely for
the use and information of the client to whom it is addressed.

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TJF-1	**Summary of Experience**
TJF-2	WETT and Affiliate Organization and Services
TJF-3	Affiliate Activity Necessity and Benefit
TJF-4	Budgeting and Cost Control
TJF-5	EPC Survey
TJF-6	Project Management
TJF-7	Testimony Figures

Summary of Experience

- Alaska Public Utilities Commission
  - Anchorage Sewer Utility
- Arizona Corporation Commission
  - U S WEST Communications - Docket No. E-1051-88-146
- Arkansas Public Service Commission
  - FPL Group, Entergy Corporation, WCB Holding corp. and Entergy Arkansas, Inc.– Docket No. 00-329U
  - Beaumont, Texas
  - Entex, Inc.
  - Gulf States Utilities Company
- California Public Utilities Commission
  - The Washington Water Power Company and Sierra Pacific Power Company – Application No. 94-08-043
  - Pacific Enterprises and ENOVA Corporation - Application No. A-96-10-038
- Clark County, Washington
  - Washington Public Power Supply
- District of Columbia, Public Service Commissions
  - Baltimore Gas and Electric Company and Potomac Electric Power Company – Formal Case No. 951

Summary of Experience (contd.)

- Colorado Public Utilities Commission
  - Public Service Company of Colorado and Southwestern Public Service Company –Docket No. 95A-513EG
- Delaware Public Service Commission
  - Atlantic City Electric Company and Delmarva Power & Light Company – Docket No. 97-65
- Federal Energy Regulatory Commission
  - Baltimore Gas and Electric Company and Potomac Electric Power Company – Docket No. EC96-10-000
  - IES Utilities Inc., Interstate Power Company, Wisconsin Power & Light Company,
  - South Beloit Water, Gas & Electric Company, Heartland Energy Services and
  - Industrial Energy Applications, Inc. - Docket No. EC96-13-000
  - Trans-Alaska Pipeline System - Docket No. OR78-1
  - Middle South Energy, Inc. – Docket No. ER-82-483-000
  - Middle South Energy, Inc. - Docket No. ER-82-616-000
  - Kansas Power and Light Company and Kansas Gas and Electric Company Docket No. EC91-2-000
  - Southwestern Public Service Company and Public Service Company of Colorado – Docket No. EC96-2-000
  - The Washington Water Power Company and Sierra Pacific Power Company - Docket No. EC94-23-000
  - Northern States Power Company and Wisconsin Energy Corporation – Docket Nos. EC95-16-000 and ER95-1357-000
  - Midwest Power Systems Inc. and Iowa-Illinois Gas and Electric Company – EC95-4
  - Ohio Edison Company, Pennsylvania Power Company, The Cleveland Electric

Summary of Experience (contd.)

  - Illuminating Company, and The Toledo Edison Company – ER97-412-000
  - Atlantic City Electric Company and Delmarva Power & Light Company – EC97-7 Union Electric and Central Illinois Public Service Company – EC-96-7-000

- Federal Power Commission
  - Organization and Operations Review
- Florida Public Service Commission
  - Florida Power & Light Company and Entergy Corporation – Docket No. 001148
- City of Garland, Texas
  - General Telephone Company of the Southwest
  - Lone Star Gas Company
- Georgia Public Service Commission
  - Georgia Power Company - Docket No. 3673-U
- City of Houston, Texas
  - Houston Lighting & Power Company
- Idaho Public Utilities Commission
  - The Washington Water Power Company and Sierra Pacific Power Company – Case Nos. WWP-E-94-7 and WWP-G-94-4
  - Illinois Commerce Commission

Summary of Experience (contd.)

  - Illinois Power - Docket No. 84-0055
  - Iowa-Illinois Gas and Electric Company and Mid-American Company Energy – Docket No. 94-0439
  - Central Illinois Public Service Company, CIPSCO Incorporated and Union
  - Electric Company - Docket No. 95-0551
- Indiana Utility Regulatory Commission
  - IPALCO and PSI Resources
- Iowa Utilities Board
  - Midwest Resources Inc., Midwest Power Systems Inc. and Iowa-Illinois Gas and Electric Company - Docket No. SPU-94-14
  - IES Industries Inc., Interstate Power Company, WPL Holdings, Inc. – Docket No. SPU-96-6
- Iowa Electric Light and Power
  - Organization and Operations Review
- Kansas Corporation Commission
  - Southwestern Bell Telephone Company - Docket Nos. 117,220-U and 123,773-U
  - Kansas Gas & Electric - Docket No. 120,924-U
  - Kansas Power and Light Company and Kansas Gas and Electric Company Docket No. 174,155-U

Summary of Experience (contd.)

  - Western Resources and Kansas City Power and Light - Docket No. 190,362-U
  - Western Resources, Inc. and Kansas City Power and Light - Docket No. 97- WSRE-676-MER

- Kentucky Public Service Commission
  - Louisville Gas & Electric Company - Case Nos. 5982, 6220, 7799, 8284, 8616 8924
  - South Central Bell Telephone Company - Case Nos. 6848, 7774 and 8150
  - Kentucky-American Water Company - Case No. 8571
  - Duke Energy Corporation – Case No. 2005-00228
- Louisiana Public Service Commission
  - American Electric Power Company, Inc., Southwestern Electric Power and Central and South West Corporation – Docket No. U-23327
  - Entergy Louisiana, Inc. and Entergy Gulf States, Inc. Merger with FPL Group, Inc. – Docket No. U-25354
- Maryland Public Service Commission
  - Baltimore Gas and Electric Company and Potomac Electric Power Company – Order No. 73405, Case No. 8725
  - FirstEnergy Corporation – Maillog No. 123376

Summary of Experience (contd.)

- Massachusetts Department of Telecommunications and Energy
  - Boston Edison, Cambridge Electric Light Company, Commonwealth Electric Company and Commonwealth Gas Company – Docket D.T.E. 99-19
- Michigan Public Service Commission
  - Wisconsin Electric Power Company and Northern States Power Company No. U-10913
- Minnesota Public Service Commission
  - Continental Telephone Company - Docket No. PR-121-1
  - Northern States Power Company - Docket No. E002/GR-89-865
  - Northern States Power Company and Wisconsin Energy Corporation - Docket No. E, G002/PA-95-500
- Mississippi Public Service Commission
  - Mississippi Power & Light Company - Docket No. U-4285
  - Entergy Mississippi, Inc., Entergy Corporation, FPL Group, Inc. and WCB Holding Corporation – Docket No. 2000-UA-925
- Missouri Public Service Commission
  - Union Electric Company - Case Nos. ER-84-168 and EO-85-17
  - Union Electric Company and Central Illinois Public Service Company - Case No. EM-96-149
  - Kansas City Power & Light Company - Case Nos. ER-85-128 and EO-85-185
  - Kansas Power and Light Company and Kansas Gas and Electric Company – Case No. EM-91-213

Summary of Experience (contd.)

  - Southwestern Bell Telephone - Case No. TC-93-224
  - Western Resources and Kansas City Power and Light – EM 97-515
- Nevada Public Service Commission
  - Bell Telephone Company of Nevada - Docket No. 425
  - Central Telephone Company - Docket No. 91-7026
  - The Washington Water Power Company and Sierra Pacific Power Company - Docket No. 94-8024
- New Jersey Board of Public Utilities
  - Atlantic City Electric Company and Delmarva Power & Light Company – Docket No. EM-97-020103
- New Mexico Public Service Commission
  - Public Service Company of New Mexico
  - Southwestern Public Service Company and Public Service Company of Colorado - Case No. 2678
- New Mexico State Corporation Commission
  - Continental Telephone of the West - Docket No. 942
  - General Telephone Company of the Southwest - Docket Nos. 937 and 990
  - Mountain States Telephone and Telegraph Company - Docket Nos. 943, 1052, and 1142
  - U S WEST Communications - Docket No. 92-227-TC

Summary of Experience (contd.)

- City of New Orleans, Louisiana
  - New Orleans Public Service Company
- New York, State of, Public Service Commission
  - Long Island Lighting Company and Brooklyn Union Gas Company - Case 95-G-0761
- North Carolina Utilities Commission
  - Duke Energy Corporation – Docket No. E-7, Sub 795
- Ohio Public Utilities Commission
  - Ohio Bell Telephone Company - Case No. 79-1184-TP-AIR
  - Cleveland Electric Illuminating Company
  - Cinergy Corporation – Case No. 05-732-EL-MER and Case No. 05-733-EL-AAM
- Oklahoma Corporation Commission
  - Organization and Operations Review
  - Southwestern Bell Telephone Company - Cause No. 26755
  - Public Service Company of Oklahoma - Cause Nos. 27068 and 27639
  - Southwestern Bell Telephone Company - Cause No. 000662
  - American Electric Power Company, Inc., Public Service Company of Oklahoma and Central and South West Corporation – Cause No. PUD-980000444

Summary of Experience (contd.)

- Oregon, Public Utility Commission of
  - Pacific Power and Light Company - Revenue Requirements Study
  - Portland General Electric Company - Revenue Requirements Study
  - The Washington Water Power Company and Sierra Pacific Power Company
- Pennsylvania Public Utility Commission
  - FirstEnergy Corporation – Docket No. A-2010-2176520
- City of Riverside California
  - San Onofre Nuclear Generating Station
- City of Sherman, Texas
  - General Telephone Company of the Southwest
- Tennessee Public Service Commission
  - United Inter-Mountain Telephone Company - Docket Nos. U-6640, U-6988 and U-7117
  - Texas Attorney General
  - Southwestern Bell Telephone Company

Summary of Experience (contd.)

- Texas, Public Utility Commission of
  - Texas Power & Light Company - Docket Nos. 178 and 3006
  - Southwestern Bell Telephone Company - Docket Nos. 2672, 3340, 4545 and 8585
  - Houston Lighting & Power Company - Docket Nos. 2448, 5779 and 6668
  - Lower Colorado River Authority - Docket No. 2503
  - Gulf States Utilities Company - Docket No. 2677
  - General Telephone Company of the Southwest - Docket Nos. 3094, 3690 and 5610
  - Central Telephone Company - Docket No. 9981
  - Southwestern Public Service Company and Public Service Company of Colorado Docket No. 14980
  - FPL Group, Inc. and Entergy Corporation – Docket No. 23335
  - Reliant Energy HL&P – Docket No. 22355
  - PNM Resources – Texas-New Mexico Power – Docket No. 30172 and 38480
  - Entergy Gulf States – Docket No. 30123
  - AEP – Central and SouthWest – Docket No. 19265
  - WETT Electric Delivery – Docket No. 35717
  - Entergy Gulf States – Docket No. 34800
  - Entergy Texas Inc – Docket No. 37744
  - PNM Resources – Texas-New Mexico Power – Docket No. 36025
  - Southwestern Electric Power Company – Docket Nos. 37364
  - Lone Star Transmission – Docket No. 40020

Summary of Experience (contd.)

- Utah Public Service Commission
  - Utah Power and Light Company - Docket No. 76-035-06
- Virginia State Corporation Commission
  - FirstEnergy Corporation – Case No. PUE-2010-00056
- Vermont Public Service Board
  - New England Telephone and Telegraph Company - Docket Nos. 3806 and 4546
  - City of Waco, Texas
  - Texas Power & Light Company
- Washington Utilities and Transportation Commission
  - The Washington Water Power Company and Sierra Pacific Power Company - Docket No. UE-94-1053 and UE-94-1054
  - Puget Sound Power and Light Company and Washington Natural Gas Company – UE-960195
- Washington D.C. Metropolitan Area Transit Authority
  - D.C. Transit
- West Virginia Public Service Commission
  - FirstEnergy Corporation – Case No. 10-0713-E-PC

Summary of Experience (contd.)

- Wisconsin Public Service Commission
  - Northern States Power Company and Wisconsin Energy Corporation – 6630-UM- 100 and 4220-UM-101
  - WPL Holdings, IES Industries Inc., Interstate Power Company, Inc. - Docket No. 6680-UM-100
- Wyoming Public Service Commission
  - Cheyenne Light, Fuel and Power Company (Southwestern Public Service Company and Public Service Company of Colorado) - Docket Nos. 20003-EA-95- 40 and 30005-GA-95-39
  - Mountain States Telephone and Telegraph Company - Docket No. 9343, Subs. 5 and 9
  - Organization and Operations Review Pacific Power and Light Company - Docket No. 9454, Sub. 11

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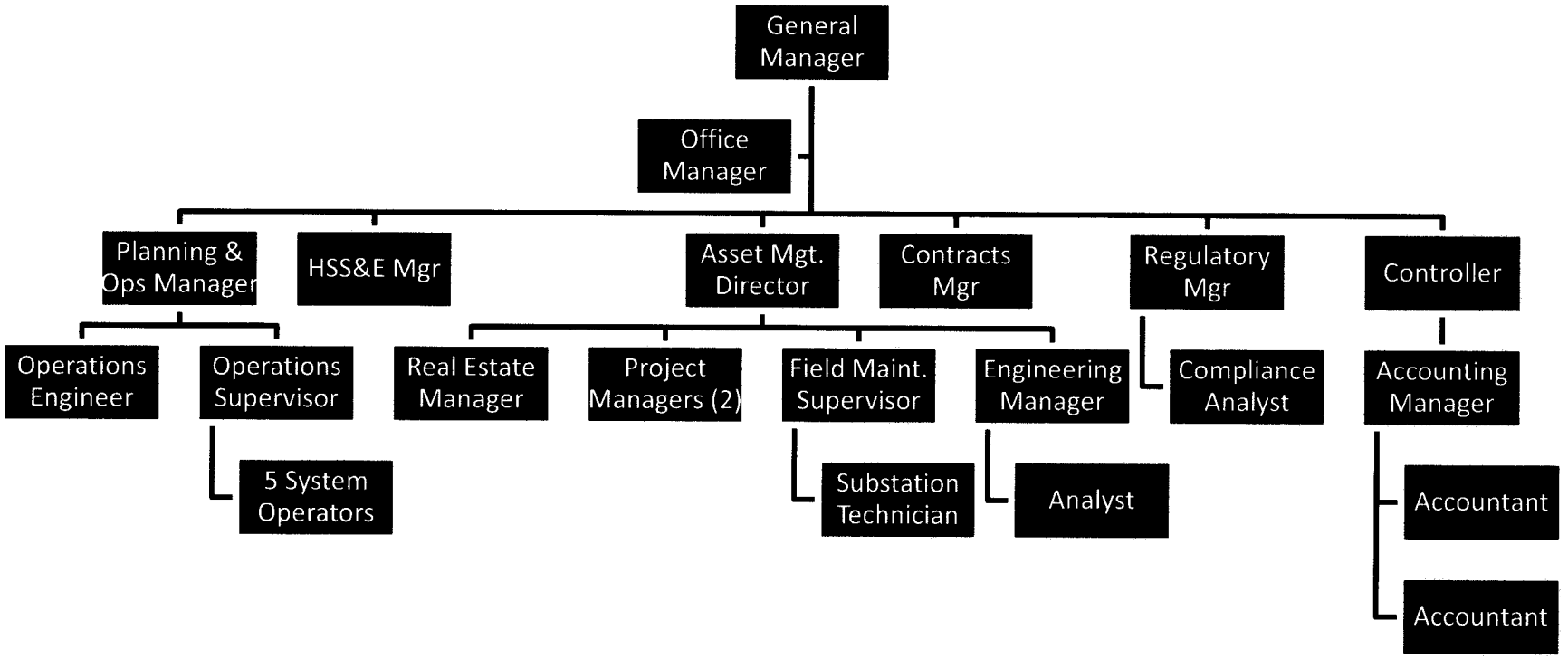
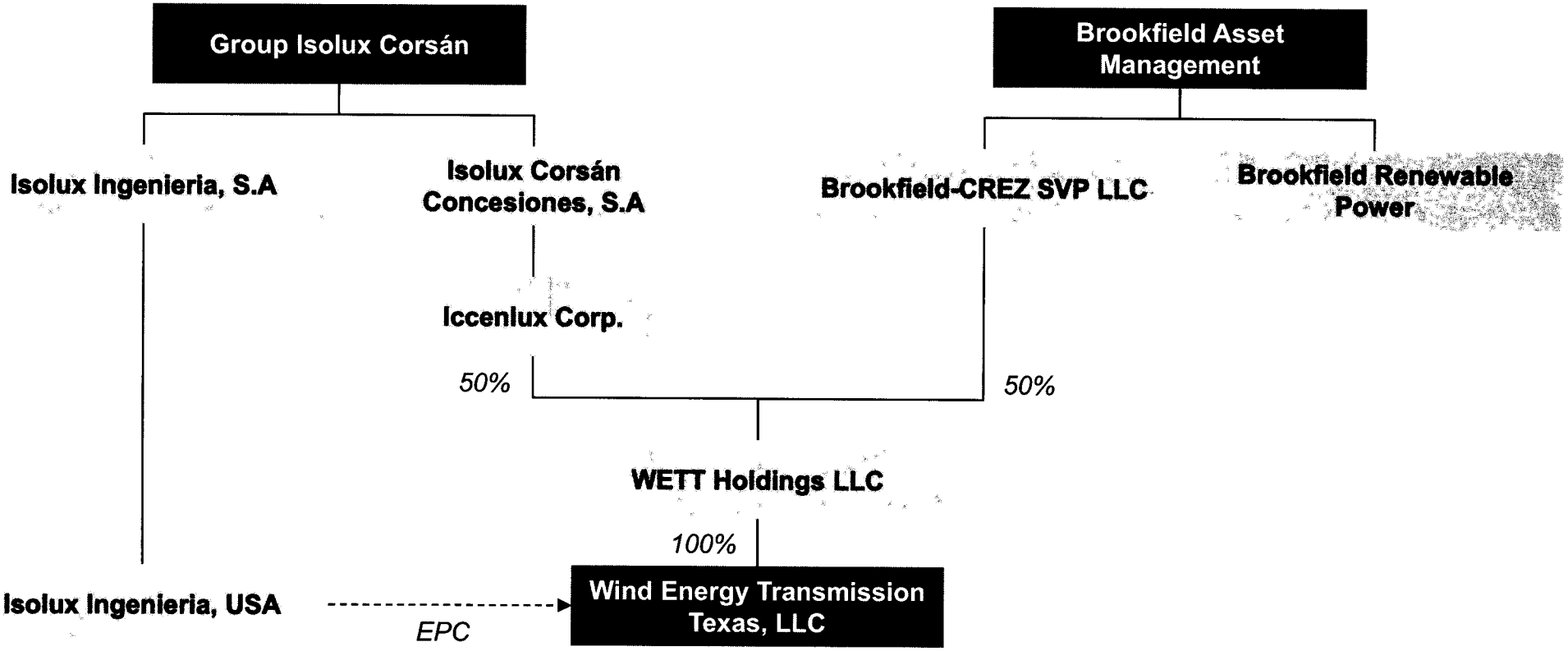
WETT Organizational Chart



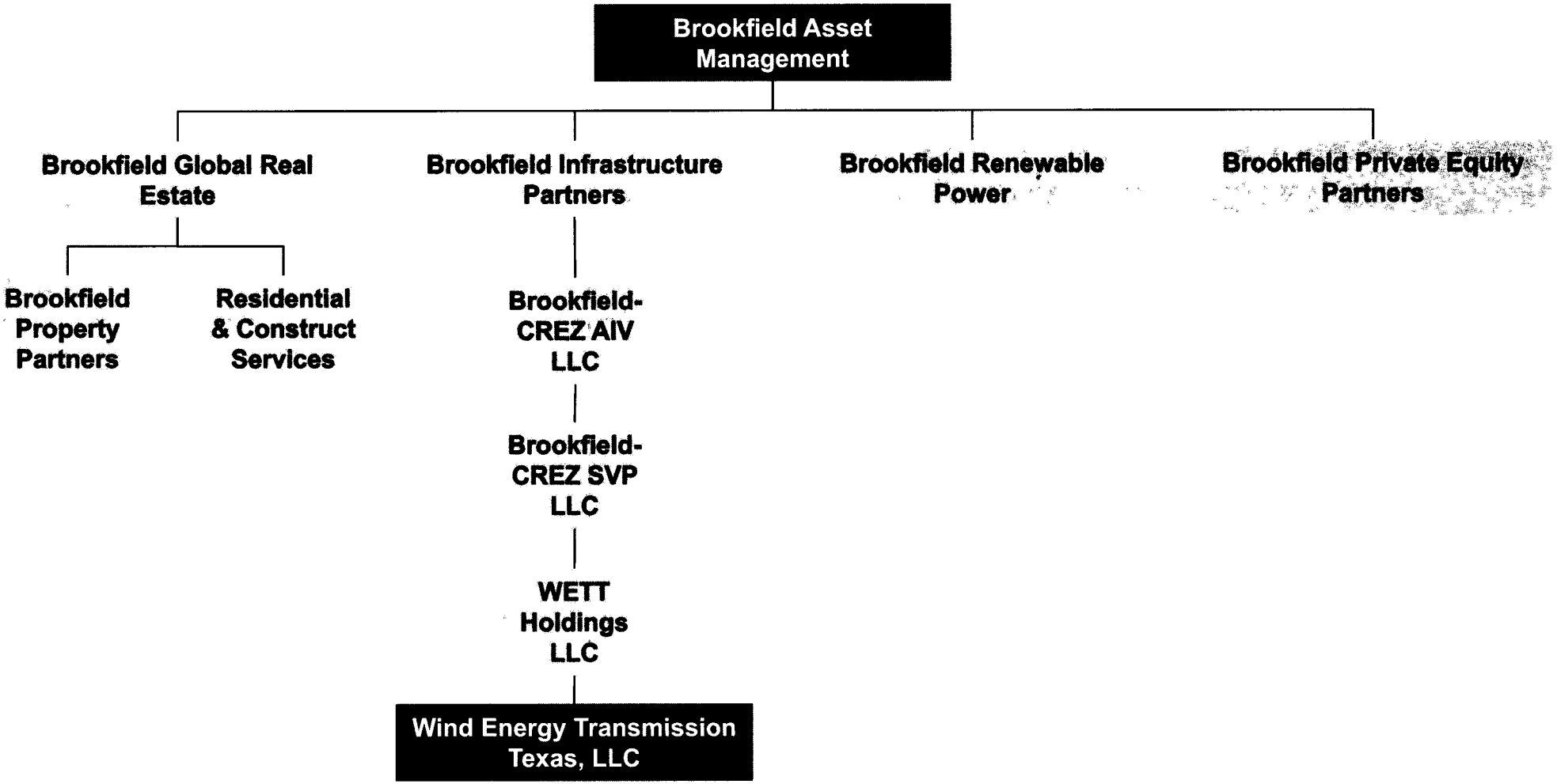
Source: WETT Organization Chart as of 6/29/12; Booz & Company analysis

WETT Ownership Structure



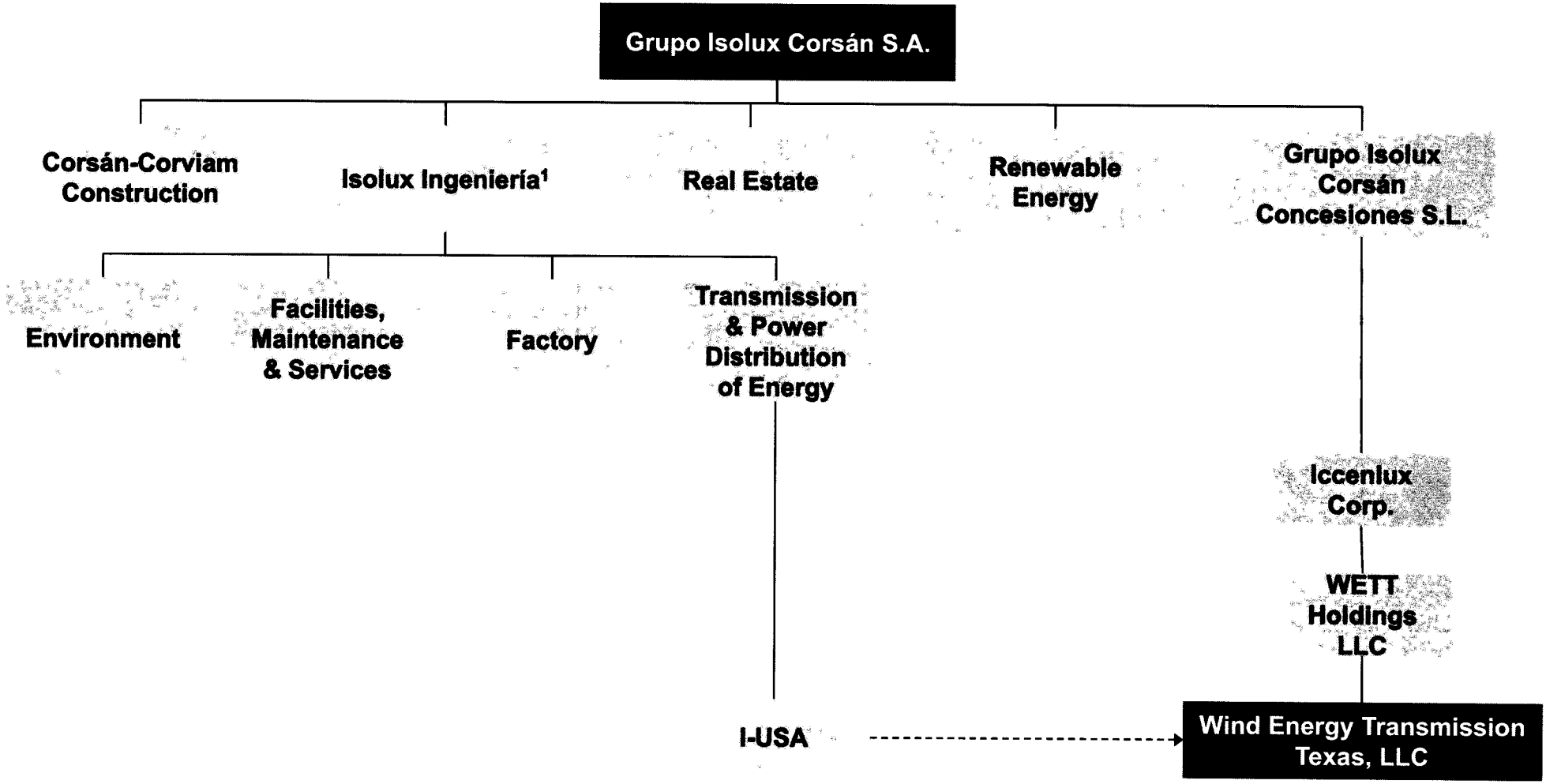
Note: Isolux Ingenieria USA is also known as I-USA
Source: WETT 2010 Annual Report of Affiliate Activities; Booz & Company analysis

Brookfield Organization Structure



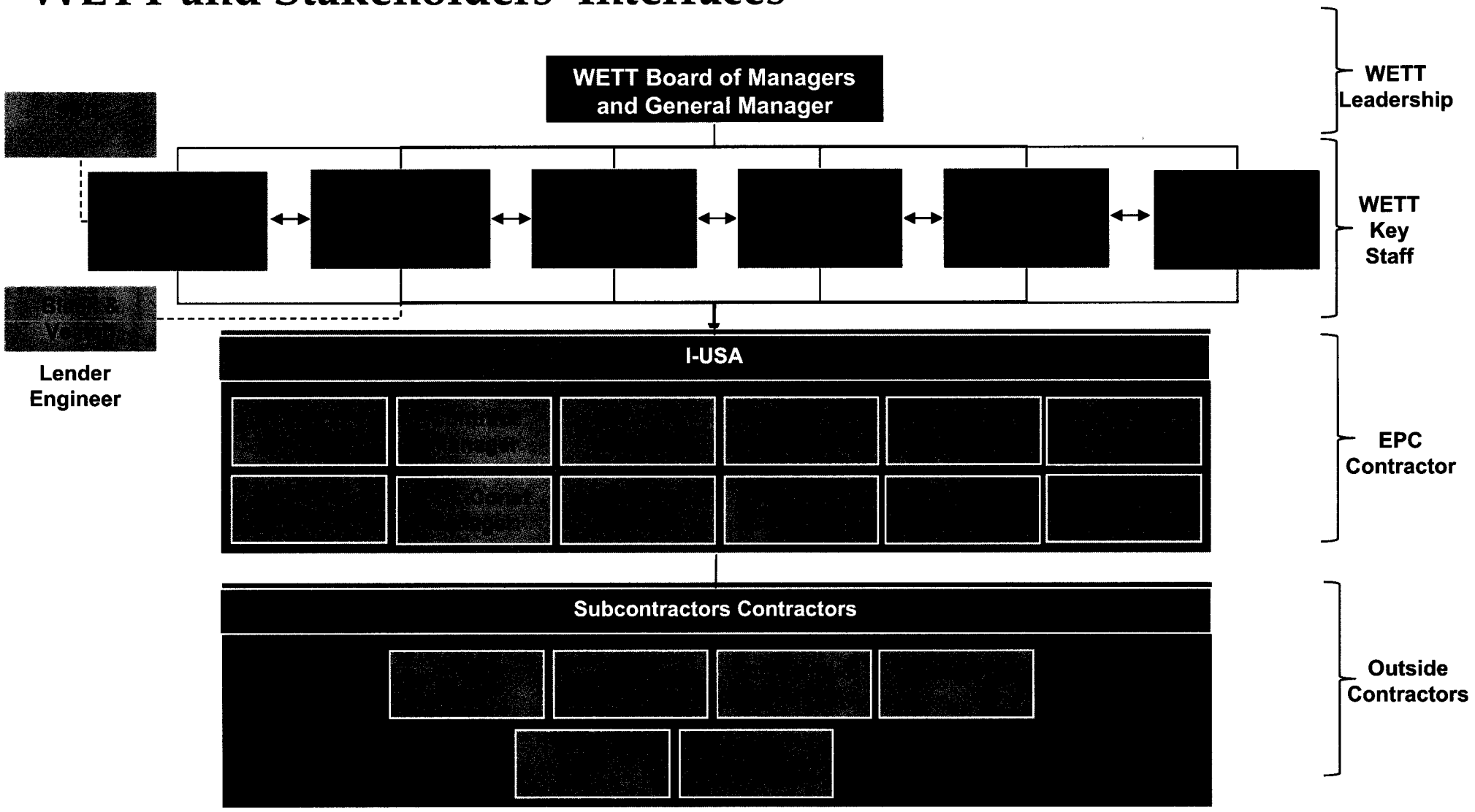
Source: Booz & Company analysis

Isolux Organization Structure



1) Isolux Engineering and Industrial Services
Source: Interview with I-USA; EPC Contract Exhibit Q; Booz & Company analysis

WETT and Stakeholders' Interfaces



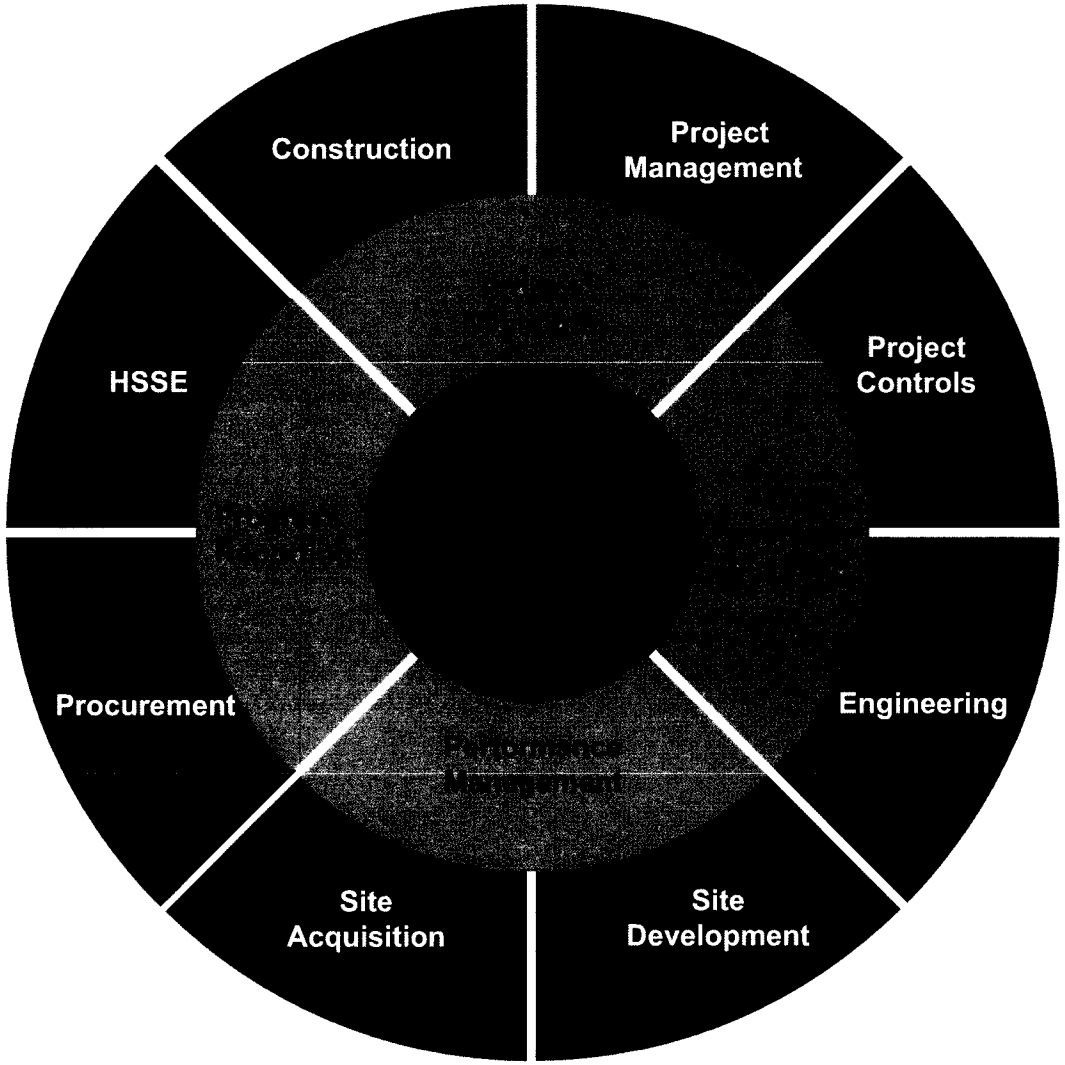
Source: Interviews; WETT Organization Structure; I-USA Organization Structure; Isolux-WETT Communications Plan October 2011; Booz & Company analysis

WETT and Stakeholders' Roles and Responsibilities

Group	Roles and Responsibilities
WETT Board & GM	▪ Responsible for overall success and performance ▪ Ensure participation of appropriate stakeholders ▪ Communicate expectations and addresses barriers
WETT Key Staff	▪ Responsible for the success of the project ▪ Ensure alignment with PUCT, FERC and Government requirements and priorities
I-USA	▪ Responsible for the timely construction of the CREZ project awarded to WETT ▪ Oversee and coordinate vendors and subcontractors ▪ Design and develop technical and programmatic specifications for program ▪ Engage partners, vendors, and all other stakeholders to ensure program is successful ▪ Set and maintain project schedule and coordinate stakeholder resources ▪ Ensures appropriate quality standards are maintained by overseeing its subcontractors ▪ Cooperates with WETT frequently and reports project progress with regularity
SAIC	▪ Independent evaluator and advisor
Integra Realty	▪ Supports WETT with ROW acquisitions
KP Environ.	▪ Offers environmental and permitting assistance for pre-EPC design and engineering phase
S&M Inc.	▪ Performs land surveys for routing
Naman Howell	▪ Legal counsel assisting WETT in several areas including regulatory and condemnation
Pike Energy	▪ Prepares geotechnical study report on site condition
KEMA	▪ Evaluates WETT's options around constructing a control center for project operation
Sun Technical	▪ Provides independent engineering advice to accurately estimate construction costs
Black & Veatch	▪ Performs due diligence for WETT's lenders

Source: Interviews; Booz & Company analysis

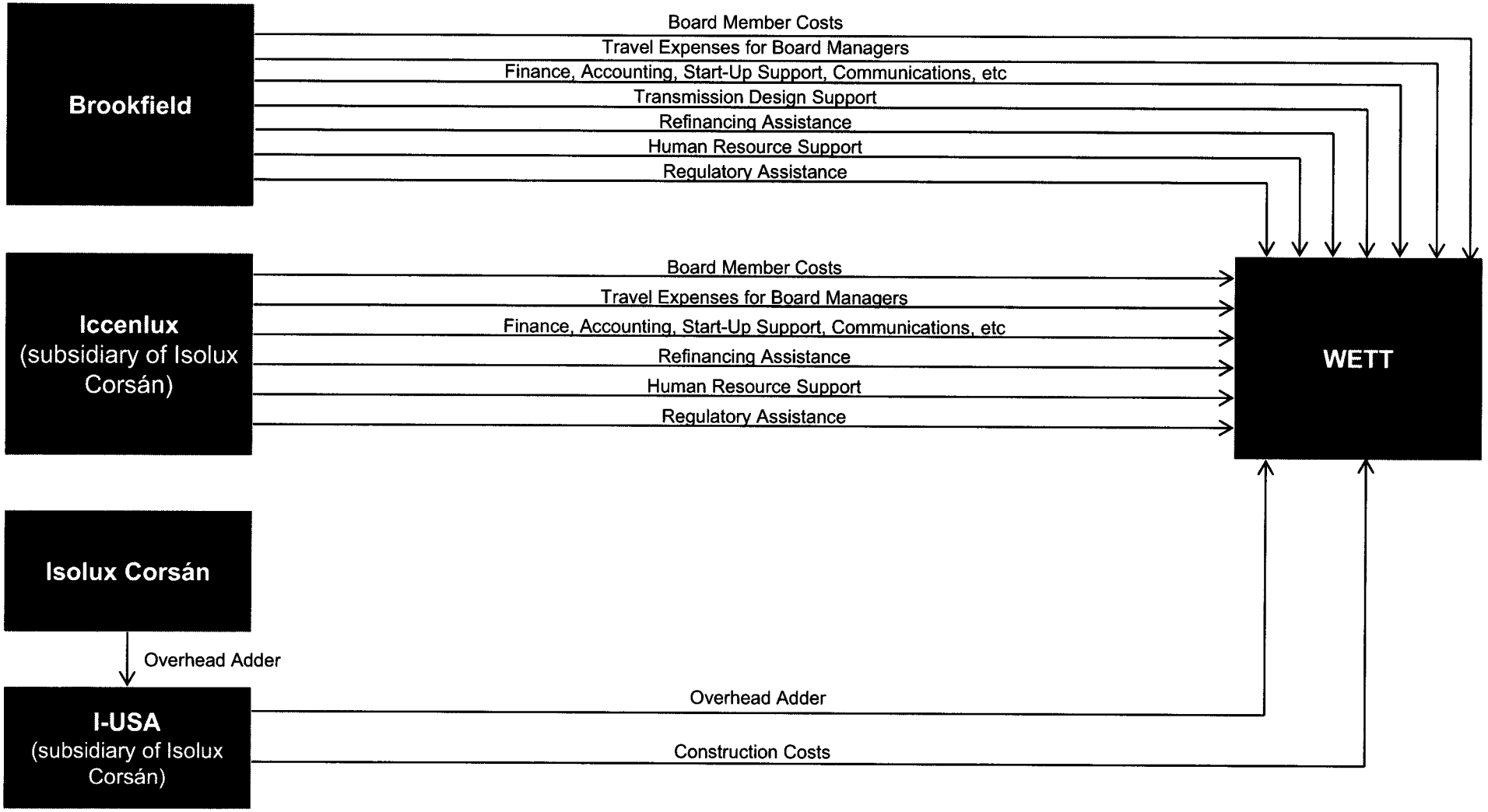
WETT Asset Management Director's Role



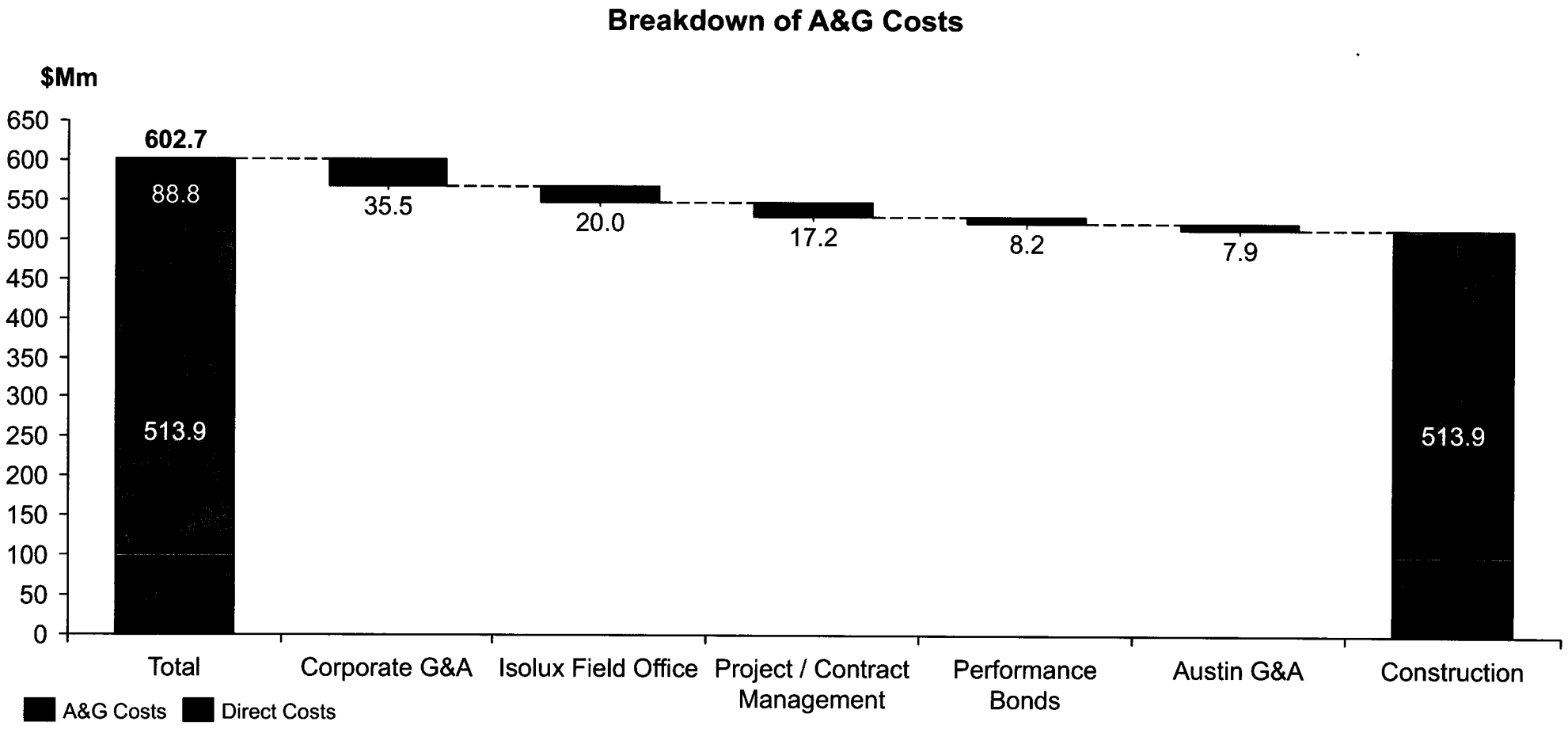
WETT Affiliate Services

(Class of Service)→	Construction Support Services		Corporate Support Services
(Applicable Contract)→	Consultant Service Agreement	EPC Contract	Affiliate Services Agreements
Brookfield Affiliate			• Project Management • Accounting • Regulatory affairs • Finance • Human Resources
Isolux Concesiones Affiliate			• Project Management • Accounting • Regulatory affairs • Finance • Human Resources
I-USA (Isolux Ingeniería Affiliate)	• Pre-EPC Engineering	• Detailed Engineering • Procurement • Construction	

WETT Affiliate Expenses

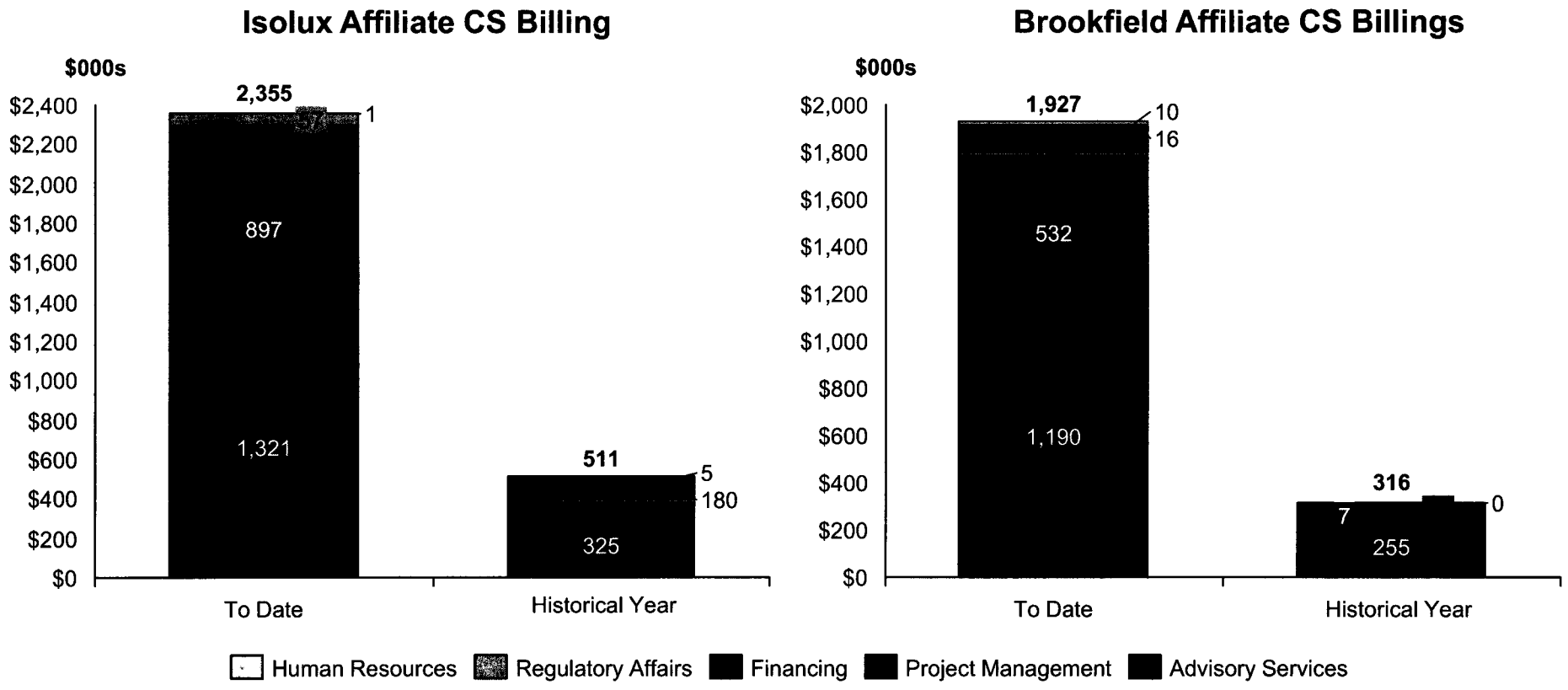


Construction Support Services Billings



Source: WETT Construction Project Tracking Records; Booz & Company analysis

Corporate Support Services Billings



Source: Isolux 2008, 2009, 2010, 2011 and 2012 Invoice Summaries; Brookfield 2009 – 2012 Invoice Summary; Booz & Company analysis

Affiliate Corporate Services Billings

Corporate Services Billings			
Corporate Expense	**Affiliate Billings to WETT**	**Affiliate Source**	**Affiliate Service**
Finance, accounting, start-up support, communications, etc	$368,030	Brookfield	Project Management
Transmission design support	$119,948	Brookfield	Project Management
Legal support in contract development, financing, and permitting	$44,136	Brookfield	Project Management
Human resource support in recruiting HSSE manager	$10,439	Brookfield	Human Resources
Refinancing Assistance	$178,440	Brookfield	Finance & Accounting
Regulatory assistance in permitting proceedings	$16,166	Brookfield	Regulatory Affairs
Travel expenses for board of managers	$178,205	Brookfield	Advisory Services
Board member costs	$1,011,727	Brookfield	Advisory Services
Travel expenses for board of managers	$253,903	Isolux	Advisory Services
Board member costs	$1,066,979	Isolux	Advisory Services
Finance, accounting, start-up support, communications, etc	$896,996	Isolux	Project Management
Refinancing Assistance	$79,661	Isolux	Finance & Accounting
Human Resources	$810	Isolux	Human Resources
Regulatory assistance in permitting proceedings	$56,922	Isolux	Regulatory Affairs
Total Brookfield	$1,927,092	Brookfield	
Total Isolux	$2,355,271	Isolux	
Total	**$4,282,362**		

Source: Isolux 2008, 2009, 2010, 2011 and 2012 Invoice Summaries; Brookfield 2009 – 2012 Invoice Summary; Booz & Company analysis