

*East Texas Electric Cooperative, Inc.*  
*Warren Relocation Project*

**Warren Relocation - Cypress Site  
Alternative Evaluation Analysis  
And  
Site Selection Study**

*August 31, 2007*

*Prepared and Submitted by:*



**GDS Associates, Inc.**  
**Engineers and Consultants**

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## **1. Introduction**

East Texas Electric Cooperative, Inc. (“ETEC”) is a generation and transmission (“G&T”) cooperative that serves a portion of load associated with its three member G&Ts: Northeast Texas Electric Cooperative, Inc. (“NTEC”), Sam Rayburn G&T Electric Cooperative, Inc. (“SRG&T”), and Tex-La Electric Cooperative of Texas, Inc. (“Tex-La”). As discussed more fully in this report, ETEC must replace existing power supply contracts due to expire on December 31, 2009. The purpose of this report is to explain ETEC's need for power, summarize the process used to determine that the Warren Relocation project is the most feasible option to serve the load, and provide the methodology used during the site selection process.

## **2. Project Overview**

ETEC currently owns a 25% undivided interest in the existing project (the “Warren Project”) located in Vicksburg, Mississippi. The generating units at the Warren Project consist of four GE7EA combustion turbines. The remaining 75% of the Warren Project is owned by Warren Power, LLC, an affiliate of Entergy Services, Inc.

ETEC intends to purchase Warren Power, LLC’s 75% interest in the Warren Project and to relocate all four combustion turbines to two separate locations (two turbines at each site) in southeast Texas (the “Cypress” and “Jacinto” sites). The output of the relocated combustion turbines will be used to meet ETEC load requirements currently served by partial requirements power supply contracts that will expire at the end of 2009. The relocation of the Warren combustion turbines is expected to also relieve transmission constraints in West of the Atchafalaya Basin (“WOTAB”) area of Entergy’s transmission system.

## **3. Project Need & Justification**

In 2010, ETEC will be responsible for securing 250 MW of capacity and associated energy to meet its power requirements on the Entergy system due to the expiration of two contracts: (1) the EPI/ETEC Unit Power Supply Agreement (30 MW) and (2) a partial requirements Wholesale Power Supply Agreement with Entergy Gulf States (“EGS”) (220 MW). To meet a portion of the power supply deficiency, ETEC recently acquired a 50 MW ownership share in the Plum Point Energy Station (“PPES”) that is currently under construction in Osceola, Arkansas. PPES’s expected commercial operation date is the second quarter of 2010. In 2006, ETEC filed an RUS loan application to obtain financing for that project.

### **Existing Power Supply Resources (Entergy)**

A list of the existing power supply resources used to meet ETEC’s requirements in the Entergy control area is shown in Table 1 below:

Resource Name	Winter Capacity (2007)	Type	Expiration
ISES 2	29 MW	Ownership	N/A
EPI Ritchie2	30 MW	UPSA	December 31, 2009
EGSI	179 MW	PSA	December 31, 2009
Nelson 6	50 MW	Ownership	N/A
Harrison County	50 MW	Ownership	N/A
<u>Warren</u>	<u>90 MW</u>	Ownership	N/A
Total	428 MW		

**Table 1: ETEC Existing Resources in Entergy**

**Capacity & Energy Requirements**

Based upon the most recent RUS-approved load forecast and ETEC’s existing power supply portfolio, capacity and energy tables were developed to determine the total capacity and energy needs for the period 2007 through 2029. ETEC’s projected power supply needs on Entergy’s system are presented below in Table 2 and graphically in Figure 1.

Resource (MW)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Annual Peak w/Losses	497.4	507.4	517.6	527.9	538.5	549.3	560.2	571.4	582.8	594.4
Reserve Requirements	74.6	76.1	77.6	79.2	80.8	82.4	84.0	85.7	87.4	89.2
Total Requirements	572.0	583.5	595.2	607.1	619.3	631.7	644.3	657.1	670.2	683.5
Long-Term Assets	324.0	324.0	324.0	324.0	324.0	324.0	324.0	324.0	324.0	324.0
Purchase Power Contracts	35.8	35.8	35.8	35.8	35.8	35.8	35.8	35.8	35.8	35.8
Capacity Deficiencies	212.2	223.7	235.4	247.3	259.5	271.9	284.5	297.3	310.4	323.7
Total	572.0	583.5	595.2	607.1	619.3	631.7	644.3	657.1	670.2	683.5

**Table 2: ETEC Power Supply Resources**

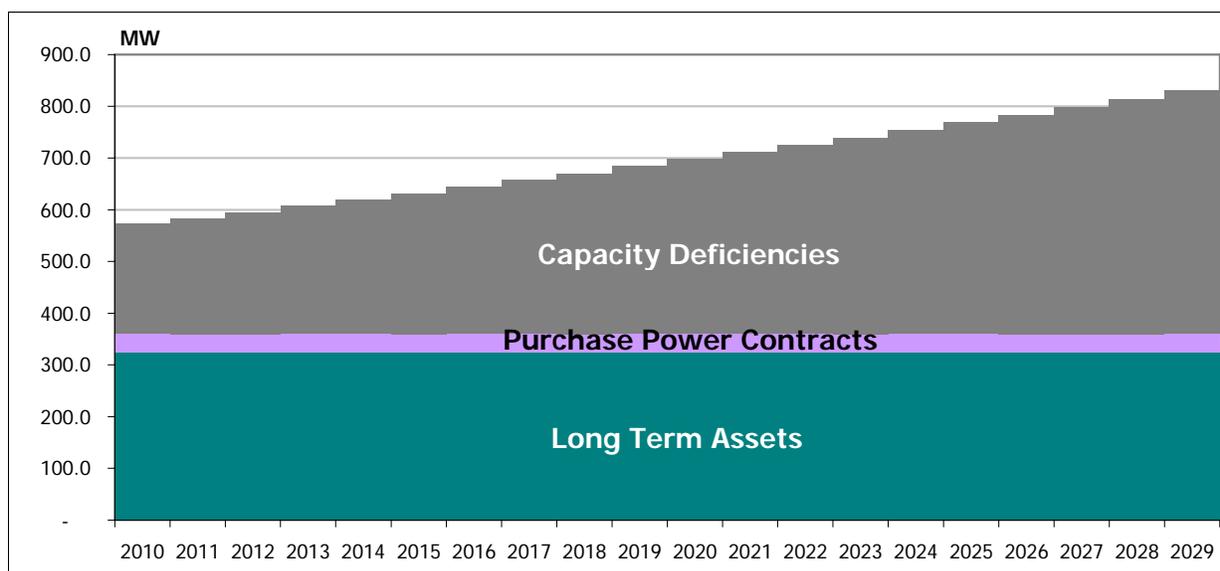


Figure 1: ETEC Capacity Requirements without Capacity Additions

#### 4. *Alternative Evaluation Analysis*

##### Summary of August 2006 RFP Process

ETEC issued a Request for Proposals (“RFP”) in August 2006 for capacity and energy totaling 460 MW to serve load in the AEP-West and EGS control areas. The RFP was issued to solicit power required due to the expiration of (1) the partial requirements power purchased under the Second Power Supply Agreement with AEP in the AEP-West control area, (2) the partial requirements power purchased under the Wholesale Power Requirements Agreement with EGS in the Entergy control area, and (3) a unit-contingent power purchased under a 40 MW Unit Power Agreement with Entergy Power, Inc. (“EPI”) for unit capacity and energy from the Ritchie2 gas-fired, peaking facility located in the Entergy control area. All three of these agreements expire on December 31, 2009 and ETEC will be responsible for replacing approximately 460 MW of capacity and associated energy beginning in 2010. The type of power supply requested by ETEC included: ownership options for capacity and energy, short and long-term purchased power arrangements, and supplemental power arrangements whereby the respondent would provide the required incremental capacity and energy to meet ETEC’s instantaneous power requirements including the provision of ancillary and control area services. In addition, ETEC requested proposals from alternative resources, such as demand-side management programs and renewable resources. ETEC received a total of thirteen (13) separate proposals from eleven (11) different respondents by October 2, 2006, that ranged from energy management services to partial requirements proposals.

The RFP press release was sent to 98 power marketers and five major press publications. Table 3 below provides a summary of the responses received.

Type	# of Proposals	Capacity Range
Energy Management	6	n/a
Unit Ownership	0	n/a
System/Block Power	5	50 - 225 MW
Partial Requirements	2	Supplemental Needs

**Table 3: Summary of RFP Responses**

### Summary of RFP Analysis

All proposals received on time and deemed complete were reviewed and placed on economic equivalencies. An evaluation model for each proposal was constructed for purposes of analyzing each proposal based on information provided in the specific proposal. The model also utilized certain key assumptions (outlined below) for comparison purposes of the proposals.

#### *Key Assumptions for Analysis*

- Consumer Price Index (“CPI”) Escalation
  - Based on 2005 EIA Annual Energy Outlook
  - FOM and VOM escalation unless different escalation explicitly stated in proposals
- Fuel Price Projections
  - Coal pricing based on 2005 EIA fuel projections while natural gas pricing based on a combination of NYMEX natural gas futures and the 2005 EIA natural gas fuel price projections.
  - All natural gas indexed proposals are projected using Henry Hub index forecasts.
- Discount factor for net present value calculations was 4.90%, equivalent to the FFB long-term interest rate as of December 2006.

All proposals were evaluated based on their ability to meet ETEC’s need for economical, flexible, and reliable power supply resources. Key price variables included, but were not limited to, fuel price escalation, inflation, and demand/energy pricing structure. Key non-price variables included but were not limited to, transmission viability, projected resource availability factors, and the creditworthiness of the RFP respondent.

### Results of the August 2006 RFP Solicitation

Upon evaluation and completion of all power supply resource proposals received in the August 2006 RFP process, ETEC concluded that none of the power supply resources were adequate to meet ETEC’s post-2009 requirements on the Entergy system. All proposals suffered from one or more of the following issues: (1) lack of available firm transmission from either an economic feasibility aspect or not capable of physically obtaining firm transmission by January 2010, (2) reliability issues due to resource unavailability or being geographically undesirable (e.g.,

multiple control areas away from ETEC's load on the Entergy system), (3) limited resource flexibility or inability to dispatch a resource effectively to serve ETEC's load (e.g. a 165 MW minimum dispatch on a combined-cycle facility), or (4) not economically feasible. ETEC also identified additional external constraints to procuring new power supply resources, such as: (1) prevailing and expected future transmission constraints in the Western and WOTAB regions, (2) short-term planning horizon requiring new capacity resources by January 2010, and (3) lack of generation alternatives in the Western/WOTAB region. Due to the disappointing results of the RFP and the external constraints identified above, ETEC determined that the only option for firm, reliable power supply resources to meet its load requirements beginning in January 2010 would be to obtain and site peaking generation in the Western/WOTAB region.

### **Transmission Issues in WOTAB**

As a part of process to obtain firm transmission service for ETEC's ownership interest in PPES, Entergy indicated that its transmission system was severely constrained for all long-term firm service requests from resources outside of the WOTAB region. In fact, ETEC's transmission service request for PPES was granted as "conditionally firm" based on ETEC having a "viable redispatch option". The viable redispatch option involves reducing the output of ETEC's share of its Warren facility to 20 MW (ETEC owns 75 MW (summer rating) of Warren) during peak hours. Otherwise, ETEC will have to pay \$46 million for transmission facilities upgrades to guarantee firm transmission service. The results of the August 2006 RFP (see discussion above) indicated that there were no viable resources in the Entergy control area that could reliably serve ETEC's load. ETEC began immediately assessing generation alternatives that were already located, or could be located, in the Western/WOTAB region.

### **Summary of January 2007 RFIB Process**

ETEC issued a Request for Indicative Bids ("RFIB") for peaking generation alternatives on January 10, 2007 to replace ETEC purchased power resources that will terminate in December 2009. The peaking generation resources will help meet ETEC's load requirements on the Entergy system starting in January 2010, including associated planning reserves. The RFIB solicited proposals from project developers, original equipment manufacturers ("OEM") and engineer-procure-construct ("EPC") firms for approximately 300 MW of peaking generation to be split as evenly as possible between two sites in southeast Texas to be named by ETEC. The COD for both sites is to be on or before December 1, 2009. The RFIB requested indicative bids with cost estimates for several generation types: (1) new peaking generation, (2) used ("gray market") peaking generation, and (3) relocation of the Warren power plant to East Texas. Indicative bids were due on January 26, 2007.

### **Summary of RFIB Analysis**

ETEC received a total of nine separate proposals from six different respondents by January 27, 2007, that ranged from relocating the Warren plant to ownership in new FT8 generation projects. Based on the responses, all four proposals for the Warren relocation project had the lowest installed cost, on a \$/kW basis, as compared to other peaking generation alternatives.

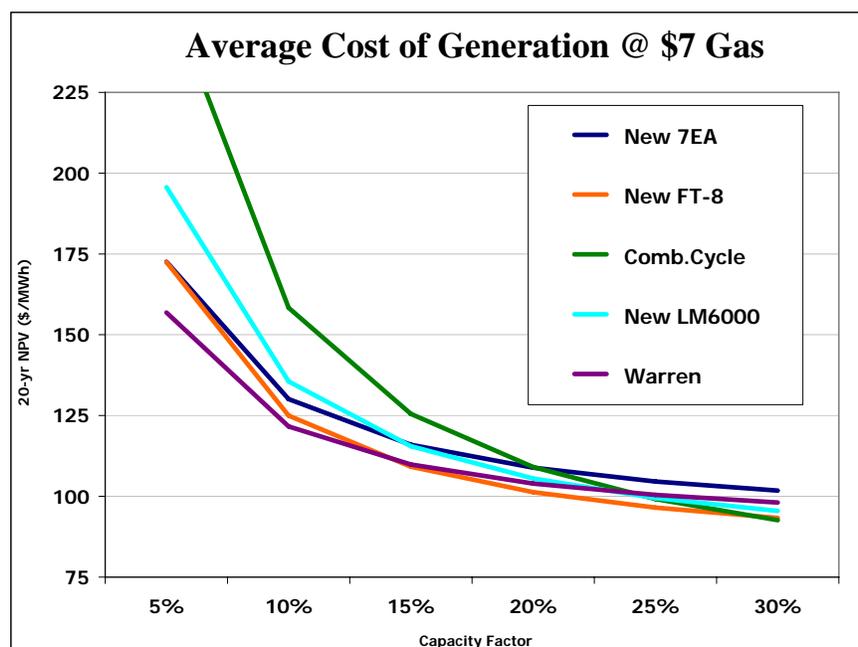
All proposals received on time and deemed complete were reviewed and placed on economic equivalencies. An evaluation model was constructed for purposes of analyzing each proposal based on information provided in the specific proposal. The model also utilized certain key assumptions (outlined below) for comparison purposes of the proposals.

#### Key Assumptions for Analysis

- Consumer Price Index (“CPI”) Escalation
  - Based on 2005 EIA Annual Energy Outlook
  - FOM and VOM escalation unless different escalation explicitly stated in proposals
- Fuel Price Projections
  - Natural gas pricing based on a combination of NYMEX natural gas futures and the 2005 EIA natural gas fuel price projections.
- Discount factor for net present value calculations was 4.70%, equivalent to the FFB long-term interest rate as of February 2007.
- Financing term for new peaking generation was 30 years while refurbished and used generation had lives depending on the existing age of the units (e.g., Warren relocation was financed over 22 years based on the original date of commercial operation)

All proposals were evaluated based on their ability to meet ETEC’s need for economical, flexible, and reliable peaking generation resources. ETEC also reviewed the financial creditworthiness and operational viability of each of the RFIB respondents to determine their wherewithal and competency to complete the proposed project.

The next phase of the screening analysis was to review the impact of various capacity factors on each of the proposed generation technologies to determine the breakeven capacity factor between these alternatives. Figure 4, shown below, contains a graph that shows the 20 year levelized rate for each generation technology at various capacity factors. Since the proposed generation resources are all categorized as peaking resources (without the conceptual combined-cycle project), the annual capacity factors range from 5% to 30%.



**Figure 4: Screening Curve for Peaking Generation Alternatives**

The screening curve analysis assumes that resources are utilized at 100% capacity output and operating at the highest efficiency, but does not include various “start-up” charges or costs associated with transmission, variable LTSA expenses, or emissions. As shown in the screening curve above, the break-even capacity factor for the Warren relocation project and a new FT-8 facility is approximately 15%, while the combined-cycle project has a breakeven capacity factor of approximately 25% and 30% with the Warren project and new FT-8, respectively.

The combined-cycle facility that is included in the screening curve analysis above represents a conceptual combined-cycle resource comprised of two 7EAs, two HRSGs, and one steam turbine. The combined capacity rating of this facility would be 254 MW in the summer and 274 MW in the winter with an estimated installed capital cost of \$209 million (\$821/kW and does not include IDC). The incremental cost of this proposed combined-cycle project over the Warren relocation project is approximately \$100 million, which represents the addition of a 100 MW steam turbine for \$1,000/kW. The operational parameters could allow this facility to dispatch as a single 7EA (from 50 to 75 MW) up to the fully loaded capacity rating while the variable cost parameters would mimic a traditional combined-cycle when fully loaded. Obviously, when the 7EAs are dispatched without the benefits of the steam turbine operation, the efficiency of the combined-cycle unit is no better than a stand-alone 7EA (with an approximate heat rate of 12.0), thus if the unit is operating at less than 60% utilization, the heat rate is equivalent to a 7EA. Because of the configuration, cost, and size of this conceptual combined-cycle project, ETEC would not be able to effectively utilize this resource to serve its load, thus this resource is deemed unacceptable at the current time. However, ETEC is evaluating the potential to configure one of the peaking generation sites to accommodate the addition of a steam-turbine in the future if it is deemed economically feasible.

The LM6000 has a breakeven capacity factor of approximately 25% with the Warren relocation project and the new 7EAs do not produce a break-even within this capacity range. Based on the results of the screening curve analysis combined with the expectation that any peaking generation resources located in East Texas would have an annual capacity factor less than 25%, ETEC decided to focus on peaking generation alternatives consisting of the Warren relocation project, new 7EAs, and FT-8s in conducting economic feasibility scenarios.

### **Results of RFIB Analysis**

Based on the results of the screening analysis, ETEC conducted a feasibility study to evaluate a number of peaking generation alternatives and to account for the externalities that were absent in the screening analyses (e.g., dispatch parameters necessary to serve ETEC's hourly loads, transmission service implications, and ability to supplement peaking generation with market purchases).

ETEC reviewed a number of potential peaking generation combinations and eventually decided to evaluate the following five scenarios:

1. Leave Warren in Vicksburg and site 3 new 7EAs in East Texas;
2. Leave Warren in Vicksburg and site 1 new 7EA and 3 new FT8s in East Texas;
3. Relocate 2 Warren units (buy one, move two) and 2 new 7EAs in East Texas;
4. Relocate 2 Warren units (buy one, move two) and 3 new FT8s in East Texas;
5. Relocate 4 Warren units (buy three, move four) to East Texas.

As discussed in the previous section "Transmission Issues in WOTAB", there are significant transmission constraints into the WOTAB region on the Entergy system and ETEC's 50 MW ownership share of the PPES has not been granted firm transmission service because of these constraints. By leaving Warren in Vicksburg, Mississippi, ETEC would have to pay \$46 million in transmission facility upgrades but would not be entitled to receive transmission credits in addition to having to fund these upgrades on an unsecured basis. Thus for scenarios 1 and 2, where ETEC's existing share of the Warren plant would remain in Vicksburg, ETEC has added \$46 million, on a net-present-value basis, to the overall cost of these scenarios.

For the feasibility study, STRATEGIST was used to conduct an analysis of the annual dispatch of ETEC's existing and planned resources from 2010 through 2030 (concurrent with the remaining life of the Warren plant). For each scenario, dispatch parameters for ETEC's existing resources plus the scenario-specific new peaking generation resources, were entered into the STRATEGIST model. The dispatch parameters consisted of fixed/variable operations and maintenance rates, annual availability (including forced outage rates), and specific unit heat rates. Additional inputs into the model, including fuel prices and inflation, were consistent with all other analyses completed to date. Furthermore, STRATEGIST was used to determine the optimal expansion plan for required generation resources in the future. Generation technology alternatives for the future expansion plan consisted of a sub-critical coal plant, conventional combined-cycle, and peaking generation of 7EA and FT8 technology. The specific input variables for the new generation alternatives were obtained from the 2006 EIA Annual Energy

Outlook for heat rates and the variable/fixed O&M rates, while the installed capital cost were based on recent generation ownership proposals received by ETEC for coal, combined-cycle, and peaking generation. A market purchase option was also included in the STRATEGIST model such that when the market price curve was lower than the variable cost of ETEC's resources, STRATEGIST would purchase energy from the market. The market price curve was derived from an incremental variable cost projection of the overall demand and available generating resources on the Entergy system.

Each feasibility scenario incorporated the STRATEGIST output for generation for all of ETEC's resources in addition to the variable costs for each new ETEC resource (including the installed 2010 peaking generation resources, but excluding PPES, in each of the five scenarios). The fixed costs associated with each new ETEC resource (excluding PPES) was based on: (1) the installed capital cost per the results of the RFIB for the peaking resources and the EIA projections for the new future resources, (2) amortization schedule appropriate for each type of resource (e.g., 22 years for the Warren combustion turbines, 30 years for new 7EA/FT8s, 35 years for new coal plants), (3) fixed operations and maintenance rates, and (4) future capital additions.

The summary results of the feasibility study are shown below in Table 4. As shown in the table, the Warren Relocation Project (buy three units, relocate four to East Texas) has the lowest overall cost, in net present value terms, as compared to the other four peaking generation alternatives.

<b>East Texas Electric Cooperative, Inc.</b>				
<b>Feasibility Study of Peaking Generation Alternatives on Entergy System</b>				
<b>Rank</b>	<b>Scenario</b>	<b>Description</b>	<b>20-year Levelized Rate (\$/MWh)</b>	<b>20-Year Total NPV Cost (\$000)</b>
1	Scenario 5	Relocate all 4 used units of Warren	71.74	1,070,189
2	Scenario 4	Relocate 2 used Warren units; buy 3 new FT-8	72.16	1,076,363
3	Scenario 3	Relocate 2 used Warren units; buy 2 new 7EAs	72.58	1,082,618
4	Scenario 1	Don't relocate Warren; buy 3 new 7EAs	74.13	1,105,743
5	Scenario 2	Don't relocate Warren, buy 1 new 7EA and 3 new F-T8's	74.67	1,113,823

**Assumptions**

- 1/ Study period is from 2010 - 2030, based on the remaining life of Warren units.
- 2/ All cases assume financing for 100% of new/used peaking generation, including the Warren relocation project.
- 2/ Variable costs and generation obtained from STRATEGIST runs while fixed costs are based on amortization and fixed O&M for each resource.

**Table 4: Summary of Feasibility Study for Peaking Generation Scenarios**

## **5. Site Selection**

Based upon the need for capacity in the WOTAB area, as well as the opportunity to address transmission constraints on Entergy's system, ETEC began the process of identifying potential sites where the Warren combustion turbines could be relocated. ETEC initiated power flow studies to determine which potential generating unit locations would provide the most relief from transmission congestion in the WOTAB area. These studies revealed that siting units near Entergy's Cypress substation near Kountze, Texas would provide the most transmission relief. As natural gas supplies were available nearby (see Attachment A for maps of the site and nearby gas pipelines), ETEC focused its search in the immediate area of the Cypress substation in order to minimize the environmental impacts of transmission construction and mitigate delays associated with the filing of a Certificate of Convenience and Necessity ("CCN") for a transmission line (required in Texas for lines over one mile long). Attachment B shows the properties located in the vicinity of the Cypress substation.

The results of the transmission study and siting investigation were presented to ETEC's Board of Directors, which approved funding for site acquisition in January 2007. ETEC's representatives then initiated contact with the owners of the land just south of the Cypress substation. As Entergy had indicated that interconnection to the southeast corner of the substation would be most advantageous, purchasing efforts were focused on the forested area to the south of the substation owned by Hancock. Initial contacts with the property owners were initiated in February 2007, an offer was submitted in March, and property surveys were initiated in April 2007. The property initially selected was a five-sided polygon with an area of 25 acres bounded on the north by property owned by Entergy to the west of the Cypress substation.

As activities directed toward the development of the selected site progressed, it became apparent that three options existed for access to the site originally selected. The first option considered involved acquiring an easement fifty to one hundred feet wide through an equipment lay-down area inside the fence on the eastern edge of Entergy's Cypress substation to allow the connection of the substation access road to a proposed road along the southern border of the substation. ETEC's request to obtain an easement through the substation was rejected by Entergy due to perceived technical difficulties (e.g., disturbance of the substation grounding grid, etc.), and this option was subsequently abandoned.

ETEC then focused its efforts on the second option - acquiring property immediately to the east of the substation to provide a road easement (see Attachment C, Temple-Inland Tract). This property was originally considered to be a suitable site for the plant itself. However, due to a corporate reorganization at Temple-Inland (the property owner), ETEC was initially unable to locate anyone who could authorize the sale and moved on to investigate the Hancock property. Renewed efforts to contact a responsible individual at Temple-Inland were more productive, and representatives of the company have indicated a willingness to accept ETEC's offer to purchase the property.

A third option would have required ETEC to improve approximately one mile of an existing logging haul road that connects the proposed plant site (Plant Site Option 1 on Attachment C) to Paula Road on the southeast corner of the Hancock properties. This option was considered to be the least desirable.

The increased likelihood of ETEC successfully securing the purchase of the Temple-Inland tract led to renewed efforts to determine whether that tract would provide a more suitable plant location (Plant Site Option 2 on Attachment C) than the Hancock tract. As shown in attachment C, the Temple-Inland tract offers several advantages over the Hancock tract. First, the road improvements required to access the Temple-Inland site would be minimal, while over three thousand feet of road would have to be constructed to access the Hancock site. Second, the amount of 230 kV transmission line required for interconnection to the Cypress substation from the Temple-Inland tract (approximately 1,200 feet) is considerably less than that required to connect to the Hancock site (nearly 2,000 feet).

The one drawback of Plant Site Option 2 is that it is closer (1,725 feet vs. 3,200 feet) to the nearest residential area. The existence of the Cypress substation nearby and the nearly ¼ mile expanse of heavily wooded land between the Option 2 site and the nearest residential area effectively mitigate most aesthetic concerns.<sup>1</sup>

Given the proximity of the residences with the proposed Option 2 plant site, there was a concern that noise from the combustion turbines at the power plant might disturb the occupants of the nearby residences. ETEC commissioned Michael Theriault Acoustics, Inc. to conduct a sound study to determine the anticipated noise profile for the combustion turbine units if sited at the proposed Option 2 location. These studies indicate that noise levels at the nearest residence will meet the HUD noise standards and satisfy EPA's suggested guidelines if certain measures are taken to reduce noise levels. With the receipt of this information and the contemporaneous finding that the Option 1 site was composed almost entirely of jurisdictional wetlands, the Option 2 plant site became ETEC's preferred option.

ETEC contracted with PBS&J to perform a Phase I Environmental Site Investigation and wetlands delineation for both of the potential Cypress sites. This study was conducted during the last week of July 2007. PBS&J has indicated that there were no significant environmental liabilities discovered on either site and that neither site harbored any endangered species. There were also no indications of archeological artifacts. However, the site survey did indicate the presence of wetlands. ETEC commissioned PBS&J to map the wetlands, and jurisdictional wetlands were identified on both the Hancock and Temple-Inland sites, with the Hancock site being totally wetlands. There is sufficient upland area on the Temple-Inland site to construct a plant without impacting wetlands.

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<sup>1</sup> While the Cypress substation is barely visible from U.S. Hwy 69, the 500 kV lines crossing the highway and their attendant cleared right of way are apparent.

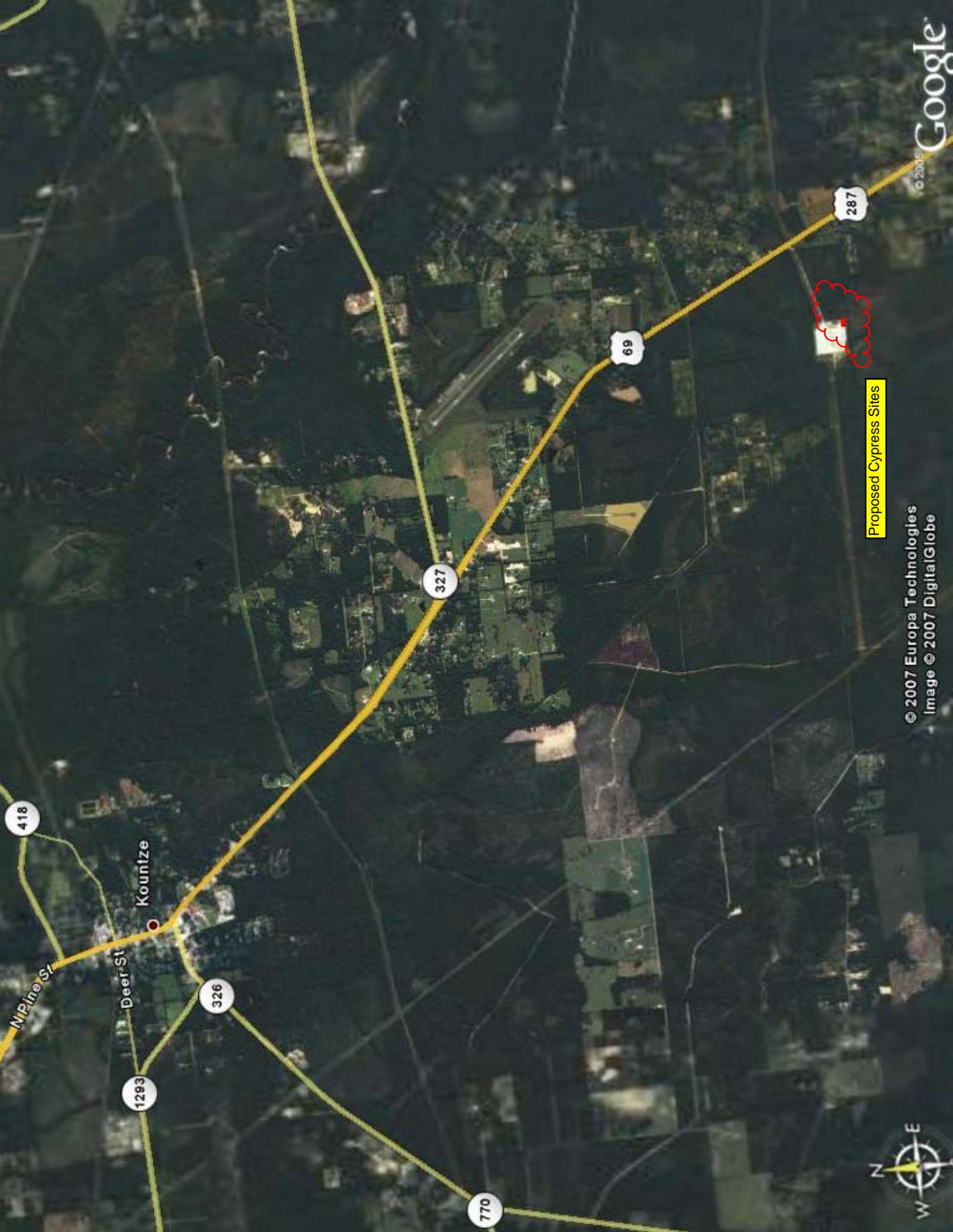
## **Site Description**

ETEC's Cypress Peaking Power Facility site consists of 74 acres of pine forest plantation. The site is located approximately 6 miles southeast of Kountze, Texas, and one-half mile west of U.S. Highway 69/287 in Hardin County, Texas. Two simple cycle combustion turbine-generator units will be relocated to the selected site and will burn natural gas from a nearby interstate transmission pipeline. The site is of adequate size to accommodate two additional units or the conversion of one unit to combined cycle operation, if required. The potential project site is located in a rural area that already has a significant amount of industrial development in the form of Entergy's Cypress substation. The nearest residential property is approximately 1,725 feet from the proposed plant location and is screened from the proposed sites by a heavily forested area. Under anticipated operating parameters, the units will meet the HUD noise standards.

As initial results of environmental and archeological surveys commissioned by ETEC indicated that there were no significant impediments to the development of the tract, ETEC submitted a contract to Temple-Inland for the purchase of the tract in August 2007.

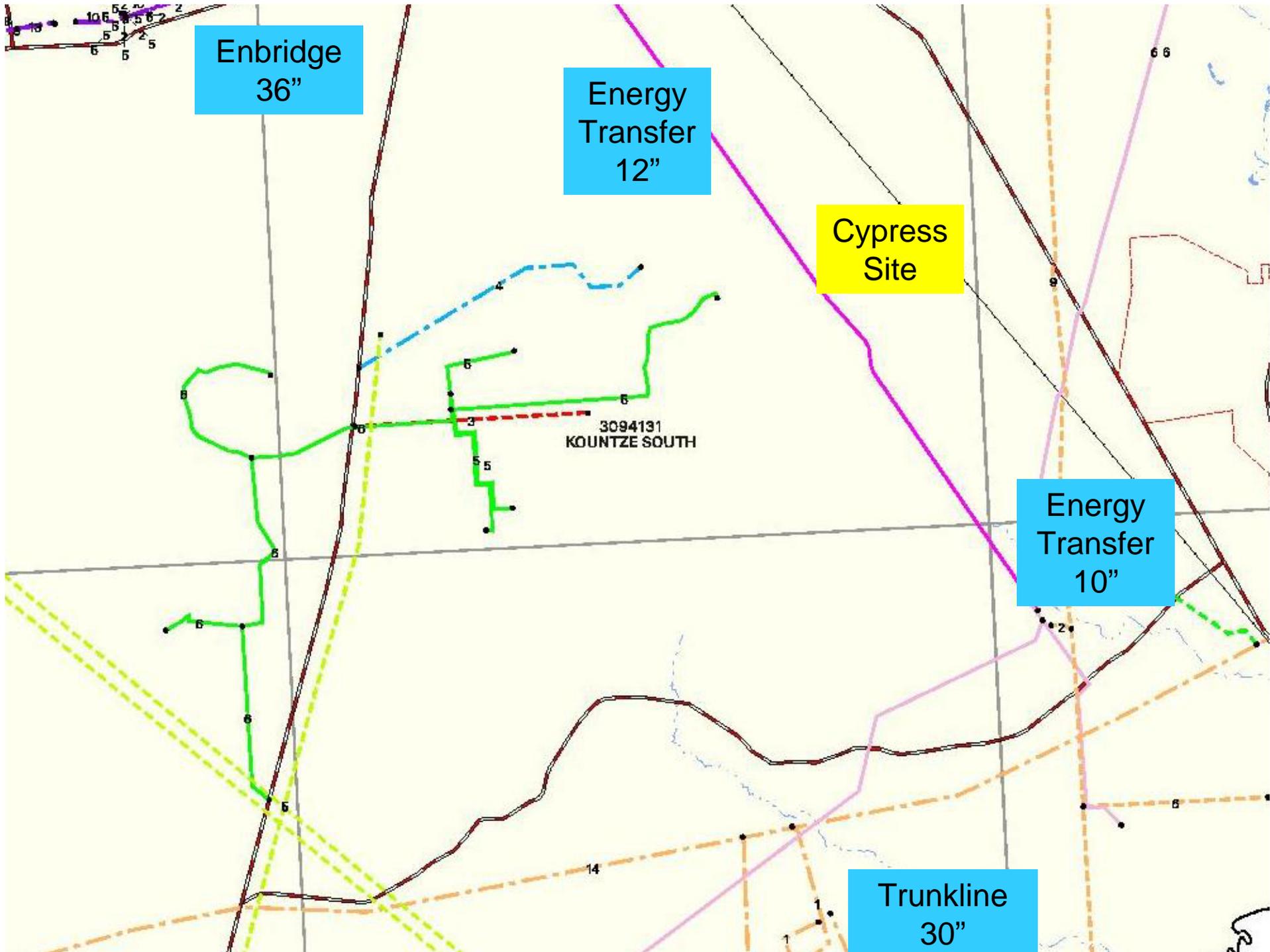
The project will require less than 1,500 feet of 230 kV transmission line to connect to Entergy's Cypress substation, a primary consideration in the selection of the site, as it will avoid the risks and uncertainties associated with being required to secure a CCN from the Publics Utility Commission of Texas ("PUCT"). It is anticipated that all of this line will fall within either the ETEC project site or the adjacent Entergy property associated with the Cypress substation. ETEC has received notification from the Entergy ICT that its request for 168 MW of firm transmission from the 230 kV bus in the Cypress substation to ETEC's load has been accepted. ETEC has confirmed that request.

ATTACHMENT A



Proposed Cypress Sites





Enbridge  
36"

Energy  
Transfer  
12"

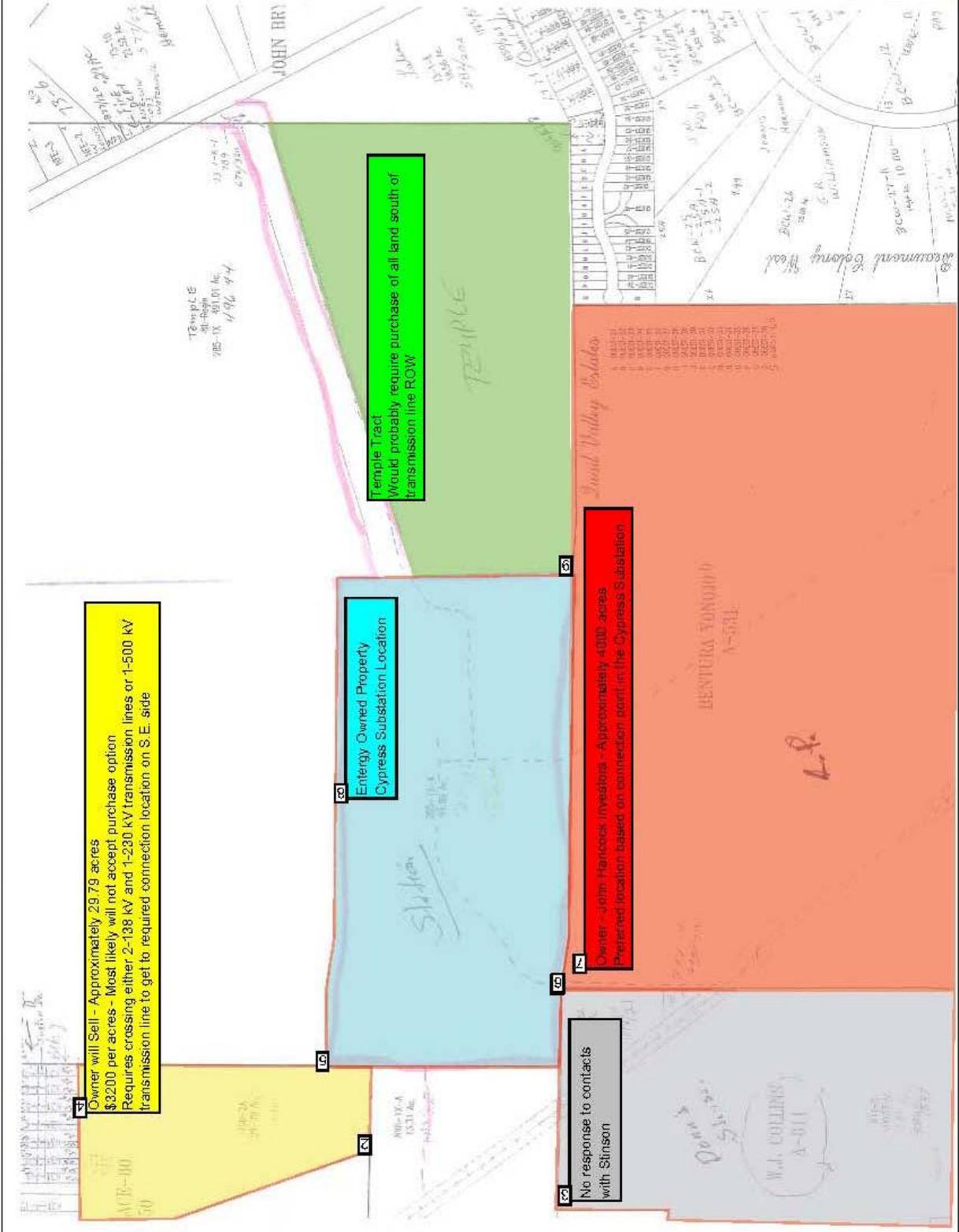
Cypress  
Site

Energy  
Transfer  
10"

Trunkline  
30"

3094131  
KOUNTZE SOUTH

ATTACHMENT B



**11** Owner will Sell - Approximately 29.79 acres  
 \$3200 per acre - Most likely will not accept purchase option  
 Requires crossing either 2-138 kV and 1-230 kV transmission lines or 1-500 kV  
 transmission line to get to required connection location on S.E. side

**13** Entergy Owned Property  
 Cypress Substation Location

**14** Temple Tract  
 Would probably require purchase of all land south of  
 transmission line ROW

**15** No response to contacts  
 with Stinson

**16** Owner - John Hancock Investors - Approximately 4000 acres  
 Preferred location based on connection point on the Cypress Substation

TEMPLE  
 205-1X 491.01 Ac.  
 1/96 44

BENTURA VORONKOV  
 A-534

W.J. COLLINS  
 A-811

JOHN BRY

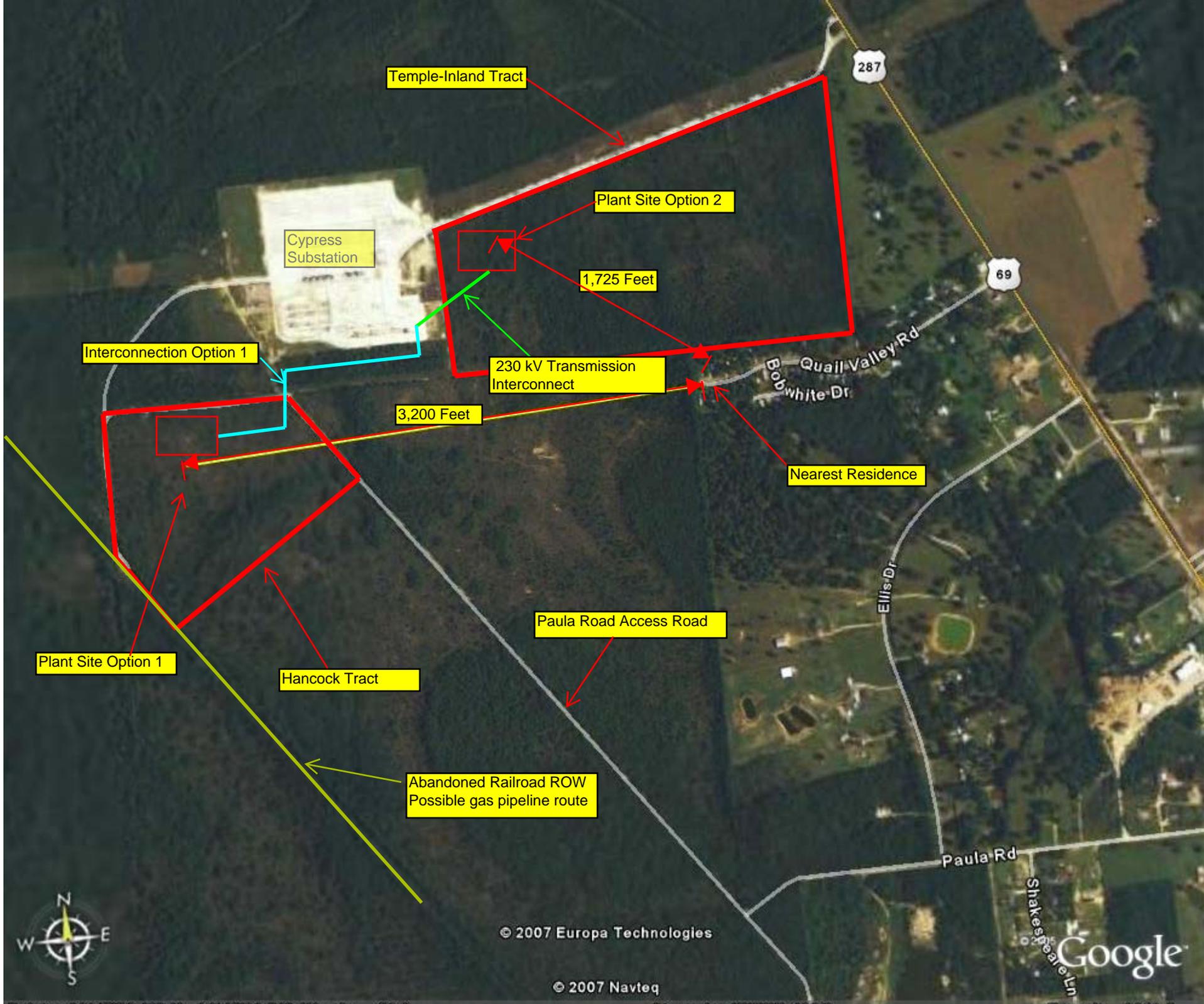
TEMPLE

Dorsey Stinson

Accountment Colony West

7-2-0  
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ATTACHMENT C



Temple-Inland Tract

Cypress Substation

Plant Site Option 2

1,725 Feet

Interconnection Option 1

230 kV Transmission Interconnect

3,200 Feet

Nearest Residence

Paula Road Access Road

Plant Site Option 1

Hancock Tract

Abandoned Railroad ROW  
Possible gas pipeline route



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Google

Pointer 30°17'56.16" N 94°15'08.56" W elev 56 ft

Streaming 100%

Eye alt 6646 ft