



Update – Zephyr Power Transmission Project
Delivering Wyoming Wind

Presentation to the Wyoming Infrastructure Authority
January 31, 2012

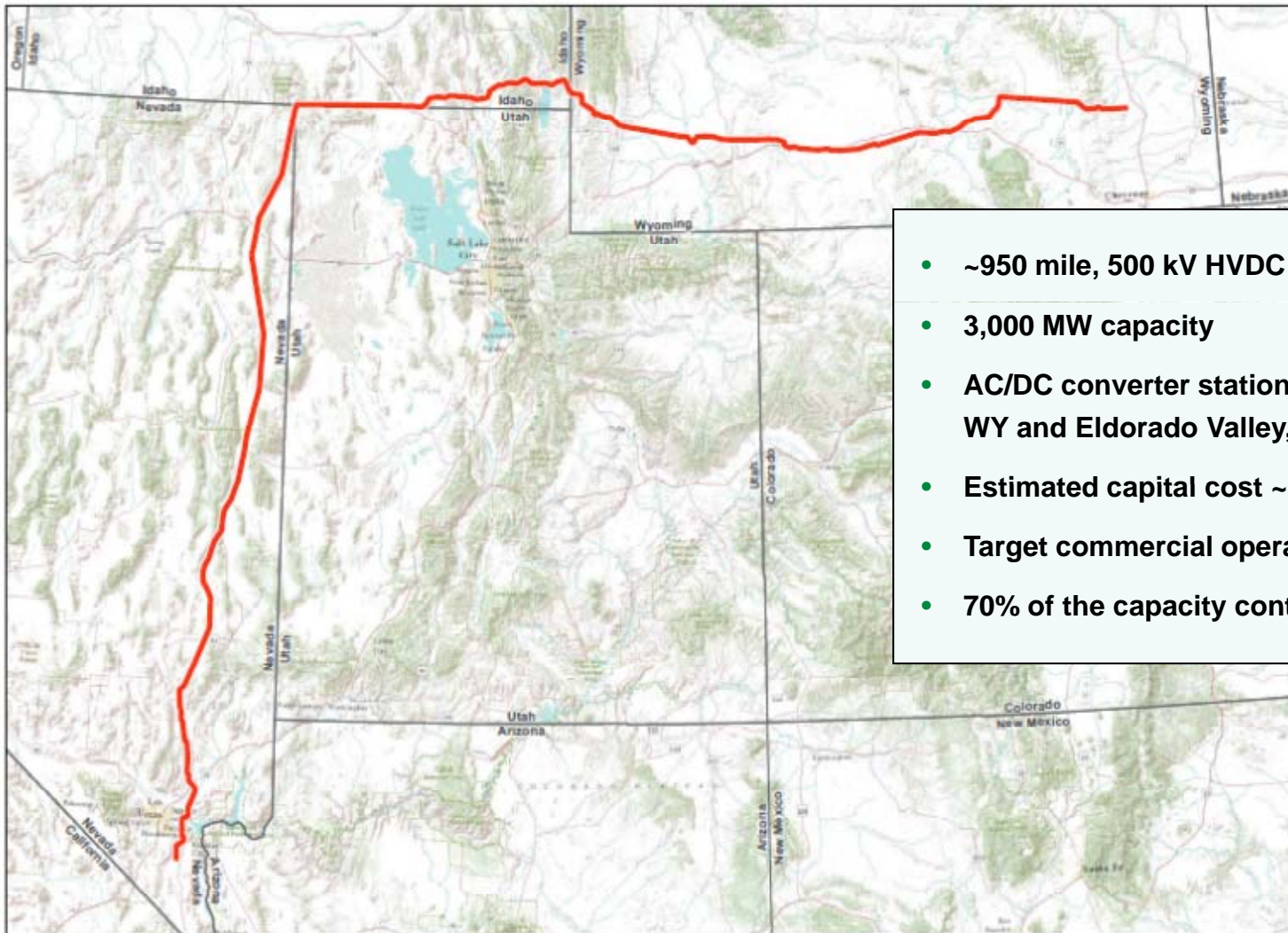




Topics

- Project Overview
- History to Date
- Participants
- Key Activities and Timeline

Zephyr Power Transmission Project



- ~950 mile, 500 kV HVDC transmission line
- 3,000 MW capacity
- AC/DC converter stations near Chugwater, WY and Eldorado Valley, Nevada
- Estimated capital cost ~\$3.5 billion
- Target commercial operation in early 2020
- 70% of the capacity contracted

All routing is preliminary and shown only for illustrative purposes.



Zephyr History

- TransCanada's affiliate Zephyr Power Transmission, LLC ("Zephyr") began development of Zephyr to connect Wyoming wind resources to growing markets for renewable energy
- The FERC granted Zephyr negotiated rate authority in 2009
- TransCanada/Zephyr conducted an Open Season in late 2009
- TransCanada signed Precedent Agreements ("PA") in early 2010 with Pathfinder Wind, BP Wind and Horizon Wind ("Shippers") for firm transmission service, and rights and obligations during development
- TransCanada terminated the PAs with Shippers in June 2011
- Pathfinder exercised a step in right and acquired interim ownership of Zephyr in August 2011, with the intent to find a replacement transmission owner/developer
- BP Wind and Horizon Wind chose not to move forward
- DATC and Pathfinder closed the sale of Zephyr to DATC, and entered into a new PA in December 2011



Zephyr Participants

- Project owner and developer is Duke-American Transmission Company (“DATC”), a joint venture between Duke Energy and American Transmission Company formed in early 2011 with the mission to build, own and operate transmission facilities across North America.
- Major customer is Pathfinder Renewable Wind Energy LLC (“Pathfinder”), a Wyoming wind development company. Pathfinder has subscribed 2,100MW of transmission service on the project.
- GE Energy is Pathfinder’s turbine partner, providing technical support and equipment for the wind farms, utilizing its latest generation large-scale turbines.



Zephyr Participants

Duke-American Transmission Company (“DATC”)

MISSION

Deliver reliable, affordable and clean electricity for the 21st century

VISION

Build transmission that:

- Improves electric system reliability
- Increases grid efficiency, thus reducing energy delivery costs
- Improves access to the wholesale electricity market for local distribution companies, who can pass savings onto electric consumers
- Supports public policy renewable energy goals by cost-effectively connecting high-quality renewable resources to customers

BELIEF

Well-designed transmission projects afford customers, regulators and other key stakeholders superior flexibility as they determine which energy resources can help meet the demand for electricity in the decades to come. Sound transmission infrastructure can also serve as a springboard for next-generation energy technologies.



- One of the largest electric power holding companies in the United States
- Operating Revenue (2010): \$14.3 billion
- Total Assets (2010): \$59 billion
- More than 18,000 employees
- Serve approximately 4 million customers in five states: Indiana, Ohio, Kentucky, North Carolina and South Carolina
- Own and operate ~35.4 GW of generation
- Own and operate ~21,000 miles of transmission lines
- DATC interest is held by Duke Energy's Commercial Businesses
- Fortune 500 company; NYSE: DUK
- Headquartered in North Carolina

Zephyr Participants



- Formed in 2001 as the Nation's first multi-state transmission-only utility
- Operating Revenue (2010): \$557 million
- Total Assets (2010): \$2.9 billion
- More than 500 employees
- Own and operate 9,440 miles of transmission lines and 515 substations
- Has invested \$2.5 billion building nearly 2,000 miles of transmission lines over the past 10 years in four Midwestern states: Wisconsin, Michigan, Minnesota and Illinois
- Projecting investment of \$4 billion in transmission infrastructure over the next decade in current service territory
- Has an excellent track record of project approvals
- Headquartered in Wisconsin



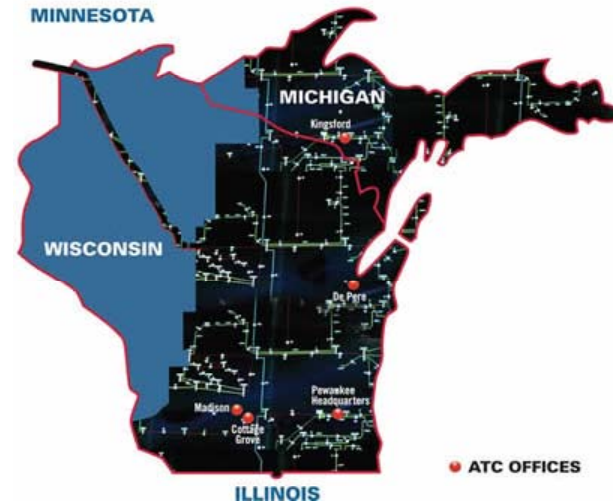
- Duke Energy has invested \$700M in wind in Wyoming
- Owns and operates 370 MW in Laramie and Converse counties



Zephyr Participants



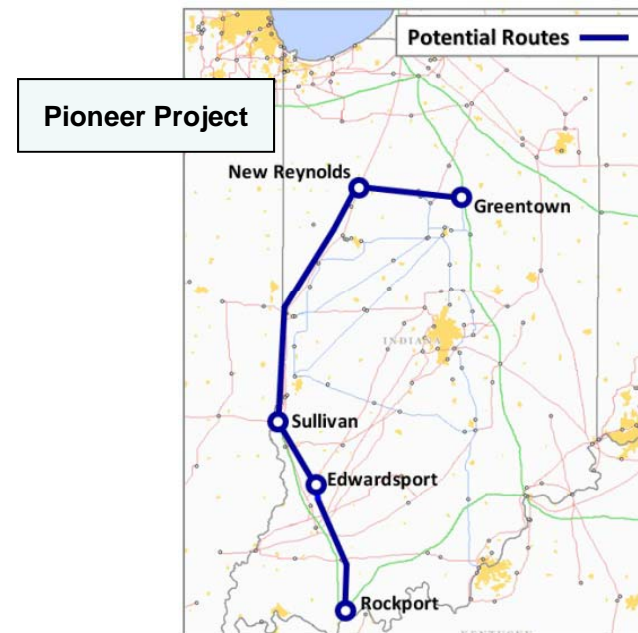
- ATC has invested \$2.5 billion in WI, MI, MI and IL building 2,000 miles of transmission lines in last 10 years
- Owns and operates 9,440 miles of transmission lines and 515 substations



Zephyr Participants

Duke Energy Commercial Transmission Activity

- Active development of \$8 billion in transmission infrastructure projects
- Duke-American Transmission Company LLC
 - 7 projects in 5 Midwestern states that include more than 1,800 circuit miles of 345kV and 550 miles of 500kV direct-current lines
 - Zephyr project
- Pioneer LLC
 - Joint Venture with AEP formed in 2008
 - 765 kV project in Indiana and extensions
 - Spans MISO / PJM interface
 - MOU with TVA signed 2011 to discuss extension to TVA system





Zephyr Participants

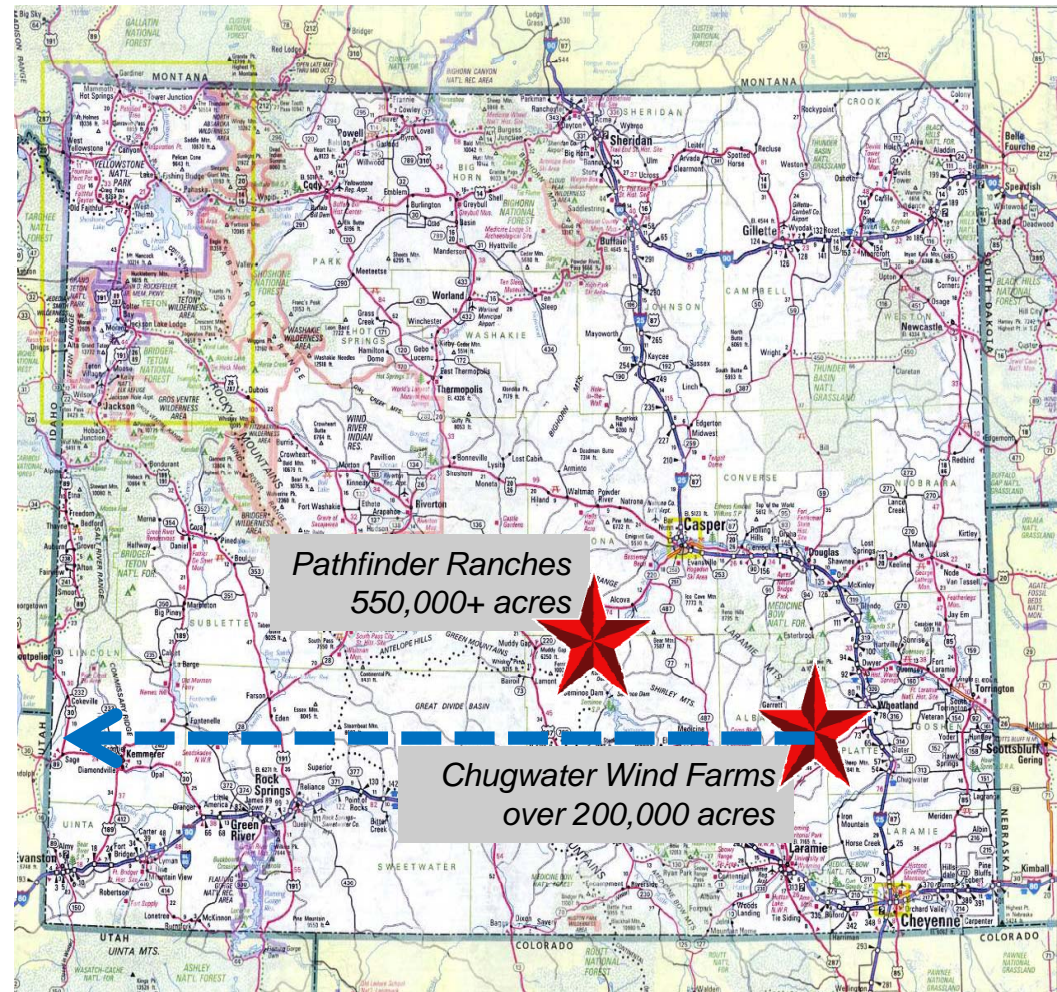


- A sole purpose Wyoming company committed to developing Wyoming Wind in harmony with nature, Wyoming's heritage and orderly economic development
- Delivering the highest quality wind resource at competitive prices to consumers
- Outstanding wind resource
- Primary partner is Sammons Enterprises
 - \$40 billion asset private company active in infrastructure ownership
- Pathfinder Conservancy is the first and only mitigation bank in Wyoming
 - Providing mitigation alternatives to all Wyoming industries

Pathfinder's development vision centers on five guiding principles and a unique planning process that directs where and how wind energy will be developed:

1. Protect and enhance wildlife, habitat and watersheds
2. Enhance public access and recreational opportunities while protecting the resources
3. Protect cultural and historic treasures
4. Develop with an appreciation for Wyoming's scenic view sheds
5. Involve community members

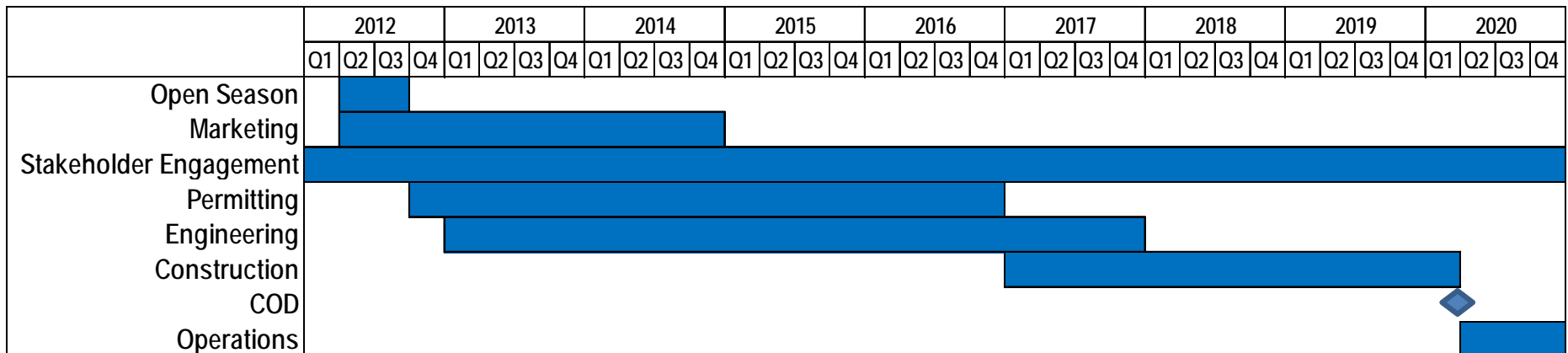
Zephyr Participants





Zephyr Key Activities & Timeline

- Open Season for the 900MW of un-contracted project capacity
- Continue ongoing route development, stakeholder outreach and preparation for regulatory permitting processes
- Zephyr and Pathfinder collaborating to obtain commercial support in target markets



*Imagine, producing energy that
improves the environment and
grows our communities...*

*Wyoming Wind and
Zephyr can deliver on that
aspiration.*

