APPENDIX B

PROJECT PLAN FOR

TALEGA-ESCONDIDO/VALLEY-SERRANO 500 KV INTERCONNECT

PROJECT

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1.0 INTRODUCTION

This document is a part of The Nevada Hydro Company ("TNHC") Talega-Escondido/Valley-Serrano 500 kV Interconnect Project ("TE/VS Interconnect") application to the California Public Utilities Commission ("CPUC") for a Certificate of Public Convenience and Necessity ("CPCN"). This document contains the materials required by California Public Utilities ("Pub. Util.") Code §§1003 (b) and (e).

The "preliminary engineering and design information" required by Pub. Util. Code §1003(a) may be found in the project Proponent's Environmental Assessment ("PEA"), Chapter 2, "Project Description", submitted with the TE/VS Interconnect project application.

2.0 PROJECT IMPLEMENTATION PLAN

2.1 Introduction

Construction of the TE/VS Interconnect will be managed by TNHC, with Siemens Power and Transmission Distribution Company ("SPTD") serving as the General Contractor under an Engineering, Procurement, and Construction contract. TNHC will have complete oversight and responsibility for the project plan while SPTD will be responsible for the schedule, budget, and scope of work. TNHC and SPTD will continue to prepare, develop, and deliver the documents to be used in project licensing filings.

Because of the large scope and cost of this project and the required construction period, major procurement will not begin until all regulatory approvals and permits are obtained.

2.2 Project Management Team ("PMT")

TNHC will have the overall responsibility and commensurate authority for successful completion of the project, while SPTD will handle project-specific management on day-to-day project advancement and milestones. Responsibilities of TNHC include: planning, obtaining regulatory approvals, cost, scheduling and the overall quality of the project. Project work will be managed and controlled using a matrix-based project schedule and costing model. All construction, site, and supervisory personnel assigned to the project will report to the SPTD Project Director. The SPTD Project Director in turn will report to TNHC's Project Manager.

The PMT will consist of a number of teams and support personnel with special areas of expertise. Because of the changing nature of the needs as the project progresses through the project development, regulatory approval, and construction phases, the PMT will also change to meet the project needs.

For example, during the present project development and regulatory approval phase, a variety of individuals and organizations are involved. During the project design and construction phase, the PMT consists of PM, Project Engineer, Construction Superintendent, Project Controller, Project Analyst, and Project Licensing Engineer. Representatives from other specialties will be called upon as required.

The PMT will be responsible for the successful developing and constructing TE/VS within the designated budget and within the approved schedule. It is responsible for tracking costs, scope changes, schedules, and construction performance. The PMT

will have regular meetings to discuss project status, review performance, and identify any special needs or significant concerns.

2.2.1 Roles and Responsibilities of the PMT

- **Project Manager ("PM")** – TNHC's project representative will be responsible for the execution of the Project including overall budget, scope of work, and schedule. The PM will schedule daily, weekly, and monthly review meetings for management, control, and proactive measures in meeting Project milestones. The PM will be responsible for communications to investors, as well as federal, state, and local agencies and essentially all parties outside of the EPC arrangement.
- **Project Director ("PD")** – SPTD's project representative will be responsible for the day-to-day Project Plan, specifications, purchase orders, third-party contracts, and all codes and regulatory requirements. The PD will review and evaluate bids; make awards or award recommendations; and review and evaluate all major equipment design, purchases, and requests for engineering and/or construction field change orders, including schedule changes. The PD also will review and approve all requests for invoice payments under the EPC Contract.
- **Project Engineer** – The Project Engineer will report functionally to the PM and will be responsible for providing project design criteria, scope of work, technical specifications, and the conduct of all engineering services. The Project Engineer will oversee all engineering activities for the Project and provide the technical interface.
- **Project Analyst** – The Project Analyst will report to the PM and will be responsible for: providing administrative support to the PMT; creating and

maintaining a file system containing key project documentation; and communicating, implementing, and coordinating acquisition of ministerial permits.

- **Project Licensing Engineer – Project Scheduler** – This individual will report functionally to the PM and will be responsible for planning and coordinating all TNHC activities necessary to obtain the regulatory approvals required to license the project. Specific responsibilities will include: identifying the applicable regulatory agency approvals required for a project, overseeing the preparation of the regulatory applications and environmental documentation, coordinating participation in agency regulatory processes, and ensuring that necessary licensing and regulatory approvals are obtained in a timely manner.
- **Project Controller** – This individual will report functionally to the PM and will be responsible for the administration and reporting for all project controls related to scope, cost, schedule, and change control. Major responsibilities will include:
    1. Task authorization administration (opening, monitoring, closure of accounts);
    2. Compliance with reporting standards using: templates, trend system, scheduling systems, and other Project Controls System ("PCS") tools;
    3. Production of periodic cost/schedule (status, variance, and earned value) reports; and
    4. Management of financial/accounting closure of project in accordance with corporate and regulatory requirements.
- **Construction Manager** – This individual will report functionally to the PM and will manage all construction, startup, and testing work. Specific responsibilities will include construction plan and schedule development, constructability review of engineering designs, construction procurement and quality control, construction safety, environmental compliance, and safety and security.

- **Environmental** – Responsible for coordinating environmental assessments, including preparation of the PEA. Lead responsibility for all project environmental issues and resource agency contacts on environmental matters.
- **Real Estate** – Lead responsibility for all property rights acquisitions and provision of property data and survey and mapping support. Serves as the primary interface with governmental agencies that manage or own lands for which property rights are required for the project.
- **Legal** – Responsible for the preparation of the application for a CPCN to the CPUC, review of the PEA, and all project-related legal documents and issues. CPCN-related activities include testimony and witness preparation for all regulatory agency hearings. Also takes the lead in the review of property rights and all condemnation proceedings.
- **Regulatory Policy and Affairs –** Primary regulatory interface with the CPUC, the Federal Energy Regulatory Commission ("FERC"), and other agencies.
- **Transmission and Interconnection Services –** Responsible for system interconnection planning. Serves as the technical interface for: California Independent System Operator ("CAISO"), Western Electricity Coordinating Council ("WECC**.**
- **Resource Planning and Strategy** – The primary interface with the CAISO for economic studies.
- **Grid Contracts** – Responsible for negotiating and obtaining third-party participation agreements.

- **Public Affairs** – Responsible for being the TNHC "interface" with the general public, local and regional government, and special interest groups. Region Managers are assigned to individual communities and help identify local issues, needs, and concerns. Public Affairs, in conjunction with the PMT, develop and implement the project Public Involvement Plan.
- **Corporate Communications** – Responsible for developing and implementing the project communication plan. Responsible for preparing media notices, outreach advertisements, and communications. Lead and coordinate interviews with the news media.
- **Electric and Magnetic Field ("EMF") Group** – Responsible for EMF studies, interfacing with the public on EMF issues, and preparing the project EMF Field Management Plan.
- **Procurement and Material Management** – Responsible for engineering, material and equipment procurement, and construction contracts.

2.3 Project Design Management

The design management organization was previously discussed under PMT member roles and responsibilities. The Project Engineer serves as the primary design management control mechanism. By having similar responsibility and authority over project design that the PM has over the entire project, the Project Engineer has the ability to resolve any potential differences among the various supporting engineering and design organizations.

2.4 Project Construction Management Plan

TNHC and SPTD are now in the planning phase of developing an Engineering, Procurement, and Construction ("EPC") Contract. This contract will govern SPTD's resources and expertise in the most effective manner. The contract will include specifications for an EPC contractor to perform engineering, design, and construction. TNHC and SPTD will review contractor costs and progress on a regular basis.

3.0 Cost Estimate

The cost estimate required by Pub. Util. Code §1003(c) is shown in **Appendix E** of the application. This estimate is being refined by SPTD with support from TNHC.

4.0 Cost Control Plan

The project Cost Control Plan will be set forth in the contract covering engineering, procurement activities and construction of the project ("EPC Contract") and will be comprised of the project schedule, progressive milestones, and cross-referenced budget allowances. A schedule of values consistent with the Work Breakdown Structure ("WBS") will serve as the basis for progress payments made to the contractor. The EPC Contract will submit for TNHC's review and approval its payment request, together with all required supporting documentation, for all work performed in the subject period. Included in the required supporting documentation will be resource and cost plots that graph weekly, monthly, and cumulative craft labor as well as a cash–flow plot. The plots shall be based on dates from the EPC's cost and resource loaded schedule. TNHC shall choose the specific items to be plotted (e.g., craft labor trades, equipment or material).

The Contract Price may only be changed by a Change Order approved by the PM, or by order of the Commission pursuant to its authority under the Public Utilities Code.

The value of any work covered by a Change Order will be determined by one of the following methods:

- Where the work involved is covered by unit prices contained in the Contract Documents, the unit prices will be multiplied by the respective quantities of the items;
- By a mutually agreed lump sum, itemized and supported by substantiating data; or
- Actual cost of the work plus a Contractor's fee.