



September 17, 2020

John Wheeler, Electric Director
City of Gallup
230 S. Second St.
Gallup, NM 87301

Re: 115kV Transmission Line Interconnection to PNM System

Dear Mr. Wheeler,

Transmission & Distribution Services, LLC (T&D) respectfully submits this proposal dated September 17, 2020 (Proposal) to support development of a 115kV transmission line between the City of Gallup's (City) Mendoza Substation and the Public Service Company of New Mexico's (PNM) 115kV transmission system along with interim solutions until that approach is complete.

T&D's Proposal for the Project is outlined in Attachment A. We understand the City is considering two options for the interconnection. The first option is to tie Mendoza Substation directly to PNM's 115kV transmission line near the station. The second option is to extend PNM's 115kV system from Sunshine Substation to Mendoza Substation.

If you have any questions or require clarification, please do not hesitate to contact me (505-797-2975/hbarnesjr@t-d-services.com). Thank you for this opportunity and we look forward to extending our working relationship with you and the City.

Sincerely,

A handwritten signature in blue ink, appearing to read 'H. Barnes Jr.', is written over a horizontal line.

Harry Barnes Jr.
Managing Member

Enc.

Attachment A

Project Understanding

T&D understands City is considering two options for the interconnection from Mendoza Substation to PNM's 115kV transmission system. The first option is to tie Mendoza Substation to PNM's 115kV transmission line north of Mendoza Substation. The second option is to extend PNM's 115kV system east from Sunshine Substation to Mendoza Substation.

T&D proposes the scope of work be completed in three distinct tasks. The first task identifies potential line route options for the proposed 115kV transmission line. The second task takes City's preferred transmission line path, based on internal knowledge and T&D's recommendation, and defines preliminary details to provide confirmation on the economic and technical viability of the transmission line route and the project as a whole. This second task also provides an Engineer's estimate of the total cost of the project for City's evaluation. The third task provides a review of existing station suitability for the improvements. The fourth task provides for project management and ensures regular communication between T&D and City.

Scope of Work

TASK 01 Preliminary Review

This task provides detail from a desk-top review of data and will deliver up to four options to City for routing the 115kV transmission line. Deliverables are intended to provide sufficient information for City to authorize further route development in Task 02, below.

- 1.01 Develop Suitable Land-base Maps
- 1.02 Prepare Interconnection Route Options (up to 4)
- 1.03 Evaluate Route Options for Easement/Permit Issues
- 1.04 Evaluate Route Options for Access and Constructability
- 1.05 Prepare Recommendation for City

TASK 02 Preliminary Design and Cost Estimate – Transmission Line Route

This task provides detail for City to internally review and make decisions on next steps for this project. This task includes field activities and design services to provide sufficient detail and certainty that the selected 115kV transmission line route is viable and acceptable to City.

- 2.01 Route Survey/Layout
- 2.02 Construct DTM in PLS
- 2.03 Plot C/L and Survey Points
- 2.04 Create Method 1 Structures
- 2.05 Preliminary BOM and Cost Estimate

TASK 03 Preliminary Design and Cost Estimate - Substation

This task provides detail for City to internally review and make decisions on next steps for this project. This task includes field activities and design services to provide sufficient detail and certainty that the substation, layout, protection, and metering are adequate for the new 115kV line route.

- 3.01 Substation Review
- 3.02 Substation Protection Review
- 3.03 Substation Metering Review
- 3.04 Preliminary BOM and Cost Estimate

TASK 04 Project Management

This task includes progress meetings between City and T&D to promote regular communication and updates on the Project status as well as cover the expense of normal administrative duties associated with this Project.

- 4.01 Progress Meetings (5 Assumed)
- 4.02 Project Coordination
- 4.03 Invoice Reviews
- 4.04 Project Administration
- 4.05 Project Coordination with PNM and Tri-State

Assumptions and Exclusions

1. T&D will use publicly available terrain data, property ownership information, and aerial imagery to perform the preliminary routing task and the preliminary design task.
2. Detailed design is excluded and will require acquisition of survey-quality terrain and property boundary information.
3. T&D assumes this Scope-of-Work will be approved in its entirety to support a logical progression of activities intended to provide valuable information to City.
4. Task 01 assumes a desktop analysis with a field check only of the proposed line route.
5. Environmental and cultural assessments, right of way applications, and surveys are excluded.

Fee Estimate

The fee estimate is proposed on a time and expense and not-to-exceed basis. T&D will notify City promptly if we discover unknown factors significantly impacting the timeline of budget shown for each task.

Task 01	\$17,800
Task 02	\$30,000
Task 03	\$15,900
<u>Task 04</u>	<u>\$19,600</u>
Total Fee Estimate	\$83,300 plus NMGR

Terms and Conditions

The terms and conditions will be according to T&D's Engineering Services Agreement with City.