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October 3, 2016

Daune Kirrene
Senior Contracts Negotiator, Market and Product Development
California Independent System Operator, Inc.
250 Outcropping Way
Folsom, CA 95630

Re: Notice of Intent and Application of GridLiance West LLC for Participating Transmission Owner Status

Dear Ms. Kirrene:

Pursuant to Section 4.3 of the CAISO Tariff and Section 2.2.1 of the Transmission Control Agreement (TCA), GridLiance West Transco LLC (GridLiance West) hereby submits (i) its notice of intent to apply for Participating Transmission Owner (PTO) status and (ii) its application to become a PTO in accordance with Section 4.3 of the CAISO Tariff. GridLiance West seeks to become a PTO with regard to its acquisition of Valley Electric Association's (Valley Electric) 230 kV transmission assets and related equipment (HVTS) and Entitlements, as further described in Section I of the PTO Application. The CAISO assumed operational control of the HVTS after Valley Electric filed a PTO Application with CAISO on June 21, 2012, which was approved by the CAISO board on September 13, 2012. The acquisition of the HVTS by GridLiance West will merely result in a change in ownership of these assets that are currently subject to the CAISO's operational control, and there are no material changes anticipated with respect to the HVTS or how such facilities are operated and charged. GridLiance West respectfully requests that this application for PTO status be considered and approved by CAISO no later than December 15, 2016 to allow for the timely closing of its acquisition of the HVTS and Entitlements (Transaction).

GridLiance West notes that it plans to file with the Federal Energy Regulatory Commission (FERC) by mid-October: (1) its Transmission Owner Tariff (TO Tariff), formula rate template, protocols, and Transmission Revenue Requirement (TRR) pursuant to section 205 of the Federal Power Act (FPA); and (2) its application for approval of the Transaction pursuant to section 203 of the FPA. While GridLiance West includes in its enclosed PTO Application information relevant to these filings herein, GridLiance West's proposed acquisition is subject to CAISO approval and its TRR will be addressed by FERC pursuant to its jurisdiction under the FPA.

GridLiance West will provide additional information if deemed necessary by CAISO to process this Application. However, GridLiance West requests that any such requests or responses thereto allow for GridLiance West's approval as a PTO no later than December 15, 2016, to account for the planned transfer of the HVTS to GridLiance West no later than January 1, 2017 (Closing Date), subject to GridLiance West's receipt of the required approvals from FERC. To accommodate the proposed Closing Date, GridLiance West respectfully requests waiver of CAISO Tariff Section 4.3.1.1's notice of intent deadline to the extent necessary. GridLiance West is concurrently providing copies of this application to all current signatories to the TCA.

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Respectfully submitted,

/s/ Bill DeGrandis

Bill DeGrandis
Jenna McGrath

Counsel for GridLiance West Transco LLC

CC: TCA Signatories
Debi LeVine
Chris Sibley

**APPLICATION OF GRIDLIANCE WEST TRANSCO
LLC TO BECOME A PARTICIPATING
TRANSMISSION OWNER**

October 3, 2016

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I. A description of the transmission lines and associated facilities that the applicant intends to place under the ISO's Operational Control, and a one-line diagram of the facilities.

All of the HVTS assets that GridLiance West will own have been under CAISO's Operational Control since January 2, 2013, when Valley Electric, the current owner of the HVTS, transferred control over such assets to CAISO. This application thus reflects a change in HVTS ownership only—no additional facilities will be placed under CAISO's Operational Control as of the Closing Date. The transferred assets comprise the whole of Valley Electric's HVTS facilities, which include the Mead contractual rights, as described more fully below.

The HVTS comprises: (1) 230 kV transmission facilities running from an interconnection point at Nevada Power Company's Northwest Substation 4.35 miles to Valley Electric's Desert View Switch Station; (2) 38.43 miles of 230 kV transmission line running from Desert View Switch Station to Valley Electric's Innovation Substation; (3) 36.66 miles of 230 kV transmission line running from Valley Electric's Pahrump Substation to Valley Electric's Innovation Substation; (4) 85.5 miles of 230 kV transmission lines running from Western-DSR's Mead Substation to Valley Electric's Pahrump Substation; and (5) equipment related to the transmission lines listed above, which includes 230 kV equipment in the Pahrump Substation, Innovation Substation and Desert View Switch Station. GridLiance West has separately provided to CAISO its one-line diagram for confidentiality reasons. Attached for reference as Appendix A is a map of the HVTS.

II. In relation to any such transmission lines and associated facilities that the applicant does not own, a copy of each document setting out the applicant's Entitlements to such lines and facilities and a summary matrix in the form provided in Attachment A.

As part of the Transaction, GridLiance West will acquire certain of Valley Electric's rights, title and interests for capacity and energy at Western-DSR's Mead substation, which are currently under CAISO's Operational Control (Mead Rights). These are contractual entitlements that allow Valley Electric to deliver or receive up to approximately 400 MWs of power from the bus at Mead substation.

The Mead Rights are established by Contract No. 94-PAO-10569, between Valley Electric and Western-DSR, attached to this application as Appendix B. Section 13.3 of the contract provides that "[e]ach party shall be entitled to transfer capacity and energy between themselves and other third-parties at Mead Substation up to the capability of the Mead Substation 230 kV interconnection facilities, as determined by Western."

Under section 37.1 of the contract, Valley Electric has the right to assign all of its rights under this contract, subject to the written consent Western. GridLiance West has already discussed with Valley Electric the next steps for securing Western’s consent to an assignment of Valley Electric’s rights under this contract. Under the contract, any party connected to the Mead bus has the right to deliver or receive power from any other party connected to the Mead bus, without an intervening transaction with Western-DSR.

GridLiance West is working with Valley Electric to determine how to implement transfer of the Mead Rights, and GridLiance West is committed to working with CAISO in order to seamlessly effectuate the transfer.

Please find below a description of the entitlements under the current Mead Rights agreement, Contract No. 94-PAO-10569, and a summary matrix in the form required.

POINT-OF-RECEIPT DELIVERY	PARTIES	DIRECTION	CONTRACT TITLE	FERC No.	CONTRACT TERMINATION	CONTRACT AMOUNT
Mead Substation	Valley Electric Western (DSR)	Bi-Directional	Contract No. 94-PAO-10569	N/A	September 30, 2017	286 MW (normal) 382 MW (emergency) *In recognition of contract Section 2.3and based on facility ratings in accordance with contract Section 13.3

III. A statement of any Encumbrances and a summary of matrix in the format provided in Attachment B to which any of the transmission lines and associated facilities to be placed under the ISO’s Operational Control are subject, together with any documents creating such Encumbrances and any dispatch protocols to give effect to them, as the ISO may require.

There are not any encumbrances to the transmission interests and assets.

IV. A statement that the applicant intends to place under the ISO’s Operational Control all of the transmission lines and associated facilities that it owns or,

subject to the treatment of Existing Contracts under Sections 2.4.3 and 2.4.4 of the ISO Tariff, to which it has Entitlements and if such transmission lines and associated facilities do not include all of the lines and associated facilities owned by the Applicant or to which it has Entitlements, the Applicant's reason for believing that certain lines and facilities do not form part of the Applicant's transmission network.

As noted in Sections I and II, the transmission lines, associated facilities, and Entitlements that GridLiance West will own are already under the Operational Control of CAISO. GridLiance West intends to keep under CAISO's Operational Control all of its interests in facilities and Entitlements discussed in sections I and II of this application, as well as future interests that are eligible to be included under CAISO's Operational Control.

V. A statement of any Local Reliability Criteria to be included as part of the Applicable Reliability Criteria.

Based on the PTO Application filed by Valley Electric and accepted by the CAISO, and review of the CAISO Tariff and other PTO Applications submitted by transcos, GridLiance West will not be subject to any specific Local Reliability Criteria with respect to the HVTS that will remain subject to the operational control of the CAISO. GridLiance West's Applicable Reliability Criteria, per the CAISO Tariff, will be the Reliability Standards and reliability criteria established by NERC and WECC.

VI. A description of the applicant's current maintenance practice

Valley Electric will continue to perform its current maintenance practices for the facilities pursuant to an Operation and Maintenance Agreement that will be signed between GridLiance West and Valley Electric. Valley Electric's maintenance practices conform to all applicable North American Electric Reliability Corporation and Western Electricity Coordinating Council standards. In addition, Valley Electric has a Protection System Maintenance and Testing Program that is updated and revised annually. This program provides for programmatic system maintenance and testing, complete with established intervals, of all facets of the Transmission System. Valley Electric will maintain the facilities consistently with all CAISO-approved maintenance standards.

VII. A list of any temporary waivers that the Applicant wishes the ISO to grant because the Applicant does not meet the Applicable Reliability Criteria and the period for which it requires them.

GridLiance West does not request any temporary waivers for the Applicable Reliability Criteria.

VIII. A copy of the Applicant's proposed Transmission Owner Tariff

Attached as Appendix C is GridLiance West's draft TO Tariff. The draft includes the TO Tariff, formula rate template, and protocols GridLiance West has developed to date. GridLiance West has not yet filed these documents with FERC and reserves the right to make corrections or changes to these documents prior to filing. As noted in the transmittal letter to this application, GridLiance West plans to file the final versions of these documents with FERC in mid-October. GridLiance West expects that all issues related to its TO Tariff, formula rate, protocols, and Transmission Revenue Requirement will be resolved in the FERC proceedings pursuant to FERC's exclusive rate authority under section 205 of the FPA. GridLiance West will incorporate comments provided during the CAISO comment period for its filings with FERC, but any such comments should not be a basis to delay approval of GridLiance West's PTO status by CAISO

IX. A completed TRR Data Request form outlining the costs for the transmission lines and associated facilities Applicant is proposing to turn over to the ISO (additional information is provided in Attachment C) or notice that the Applicant will file at FERC.

GridLiance West provides notice that it will file its TRR with FERC.

X. Address and Contact Names to which notices may be sent:

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XI. Any other information that the ISO may reasonably require in order to evaluate the Applicant's ability to comply with its obligation as a Participating TO.

As noted in the transmittal letter to this application, GridLiance West is prepared to submit supplementary information at CAISO's request, but respectfully asks that any such inquiries be made in a manner that provides for GridLiance West's approval of PTO status by December 15, 2016. Though GridLiance believes it has provided all information necessary for CAISO's consideration, should the CAISO require an amendment to this application, GridLiance West respectfully asks that such request for

amendment be received promptly to allow GridLiance West to respond within 30 days of submitting this application.

XII. Details of Applicant's Settlement Account

For confidentiality reasons, GridLiance West will provide this information to CAISO in a separate document.

XIII. MWh demand per month for the test period (1 year).

As a non-load serving independent transmission company, GridLiance West does not have MWh demand. This section is therefore inapplicable.

XIV. Instructions on how to implement Encumbrances and Entitlements

GridLiance West will work with the CAISO to develop the Transmission Rights and Transmission Curtailment (TRTC) instructions for the Mead Rights. Although GridLiance West will own the HVTS and the interconnection to WAPA, Valley Electric will continue to be the NERC-certified Transmission Operator designated by GridLiance West that will implement encumbrances and entitlements.

APPENDIX A
MAP OF HVTS

APPENDIX B
MEAD RIGHTS AGREEMENT

APPENDIX C
PROPOSED TO TARIFF