



BRAZOS ELECTRIC POWER COOPERATIVE, INC.  
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August 2, 2006

Mr. Bill Bojorquez  
Director, System Planning  
ERCOT  
2705 West Lake Dr.  
Taylor, TX 76574

Subject: Notification of FERC 211 Filing and Related  
Asynchronous Interconnection with SPP

Dear Mr. Bojorquez:

Brazos Electric is planning to establish a new asynchronous interconnection with the Southwest Power Pool ("SPP") by constructing (i) a 345KV double-circuit transmission line ("Brazos Transmission Line") from the site of the existing Hugo Power Plant in southeast Oklahoma to TXU Electric Delivery's Valley South Substation located in ERCOT in north Texas and (ii) a back-to-back asynchronous facility ("Brazos DC Facility") at the Hugo Power Plant site. Consequently, Brazos Electric expects to file with FERC by September 2006 an application requesting an order directing TXU Electric Delivery to interconnect to the Brazos Transmission Line and directing TXU Electric Delivery and CenterPoint Energy Houston Electric to provide transmission service, in accordance with ERCOT's Protocols, to from and over such interconnection, conditioned upon and subject to the non-jurisdictional status quo for ERCOT and other entities in the ERCOT grid.

Brazos Electric and Western Farmers Electric Cooperative ("WFEC") are jointly engaged in the planning of a generation project to increase the generation capacity at the Hugo Power Plant site located near the City of Hugo, Oklahoma. This generation expansion involves the construction of a nominally rated 750 MW (approximately) coal-fired generation unit ("Hugo Unit 2") that will be electrically connected and synchronized with the ERCOT grid by the construction of the Brazos Transmission Line (approximately 70 miles) and additional switchyard facilities at the TXU Electric Delivery Valley South Substation. The existing Hugo Power Plant ("Hugo Unit 1") has a capacity of 450 MW and will remain connected and synchronized with the SPP grid. Of the approximately 750 MW capacity from Hugo Unit 2, Brazos Electric will own 2/3 of the output (approximately 500 MW) and WFEC will own 1/3 of the output (approximately 250 MW). WFEC share of Hugo Unit 2 will be delivered to WFEC's control area in SPP over the Brazos DC Facility to be electrically located between Hugo Unit 1 and Hugo Unit 2.

On October 24, 2004, ERCOT staff completed an interconnection screening study requested by Brazos Electric for the proposed Hugo Unit 2 Power Plant. On September 7, 2005, TXU Electric Delivery in collaboration with ERCOT and other Transmission Owners completed the necessary generation interconnection studies resulting in a recommendation to connect the Brazos Transmission Line to TXU Electric Delivery's Valley South Substation. The Brazos Transmission Line will enter and become part of the ERCOT grid at the Oklahoma/Texas border and extend through portions of north Texas before interconnecting at the TXU Electric Delivery Valley South Substation. Since Hugo Unit 2 and the Brazos Transmission Line will be synchronized with the ERCOT grid, ERCOT will have dispatch control (by contract with Brazos Electric) of Hugo Unit 2 as well as that portion of the Brazos Transmission Line in Oklahoma.

Brazos Electric estimates that Hugo Unit 2 will commence commercial operation in April 2011, and that electric energy can be transmitted over the Brazos Transmission Line and the Brazos DC Facility beginning in April 2010. If the Brazos DC Facility is energized prior to commercial operation of Hugo Unit 2, Brazos Electric expects to move approximately 250 MW of capacity and energy from the SPP grid over the Brazos DC Facility and Brazos Transmission Line to serve its wholesale load within the ERCOT grid. After Hugo Unit 2 is operational, power flow over the Brazos Transmission Line into the ERCOT grid could reach 1,000 MW: approximately 750 MW from Hugo Unit 2 plus approximately 250 MW over the Brazos DC Facility.

Brazos Electric has worked closely with TXU Electric Delivery and CenterPoint Energy Houston Electric in preparing the required documents for the FERC filing. ERCOT legal counsel has reviewed and commented on the prepared documents. Brazos Electric plans to host an open meeting for ERCOT Stakeholders to inform and address questions regarding the FERC filing.

Please take the liberty to forward this notification to the ERCOT Board of Directors. If you should have any questions, please feel free to contact us.

Sincerely,



Johnny A. York, P.E.

Vice President – Transmission Division

cc: Sam Jones  
James Thorne

Bcc: Clifton Karnei  
BEPC Staff  
Philip Segrest  
Bill Spears  
Doc Kelly