

Gateway South

Status Update

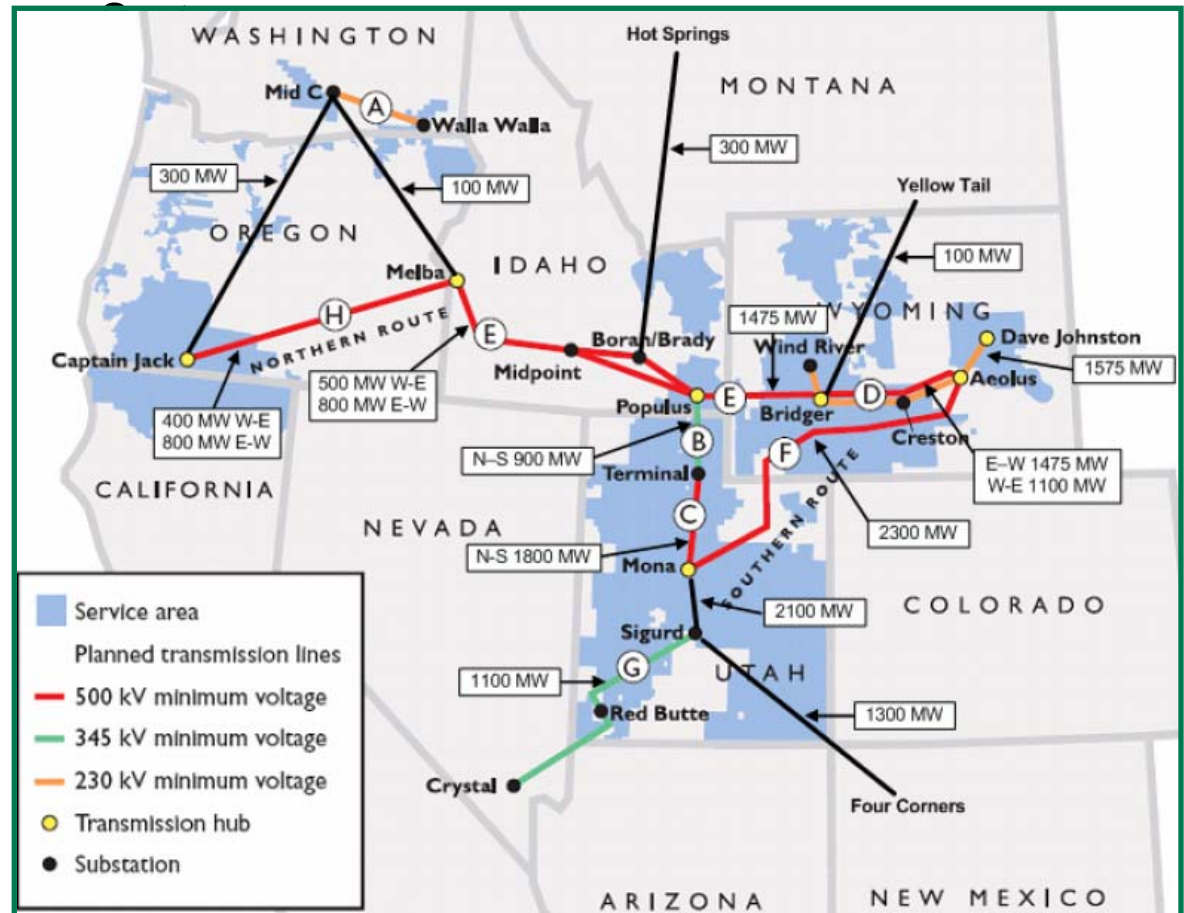
SWAT Meeting
January 16, 2008
Las Vegas, Nevada



Gateway South Need for the Project

- Wasatch Front annual peak load to increase 2500MW by 2022
 - Southern Utah annual peak load to increase by 500MW by 2022*
 - PacifiCorp IRP targets 8.5% renewables by 2016
 - Over 5000MW in point to point Transmission Service Requests
- * including Transmission Network Service customers

Third Party Point to Point Requests on PacifiCorp



Gateway South Project Description

Wyoming - Utah

- ◆ 3,000 MW
- ◆ 2 - 500kV AC
- ◆ 400 miles
- ◆ 2013 in-service date

Utah - Nevada

- ◆ 1500 MW
- ◆ 500 kV AC
- ◆ 250 miles
- ◆ 2012 in-service Date



Gateway South Stakeholder Input

PacifiCorp Integrated Resource Plan

- Eight public meetings between December 2005 and April 2007 held in Salt Lake City, Cheyenne, and Portland

Northern Tier Transmission Group

- Five stakeholder meetings since May 2007 and ongoing to develop NTTG Sub-Regional Transmission Plan
 - Salt Lake City – May 23, 2007
 - Portland – July 9, 2007; August 20, 2007
 - Boise – November 13, 2007
 - Conference Call – October 22, 2007

Regional Planning Project Review Stake Holder Meetings

- Salt Lake City – October 17, 2007
- Cheyenne – November 7, 2007
- Phoenix – December 5, 2007
- Las Vegas – January 23, 2008

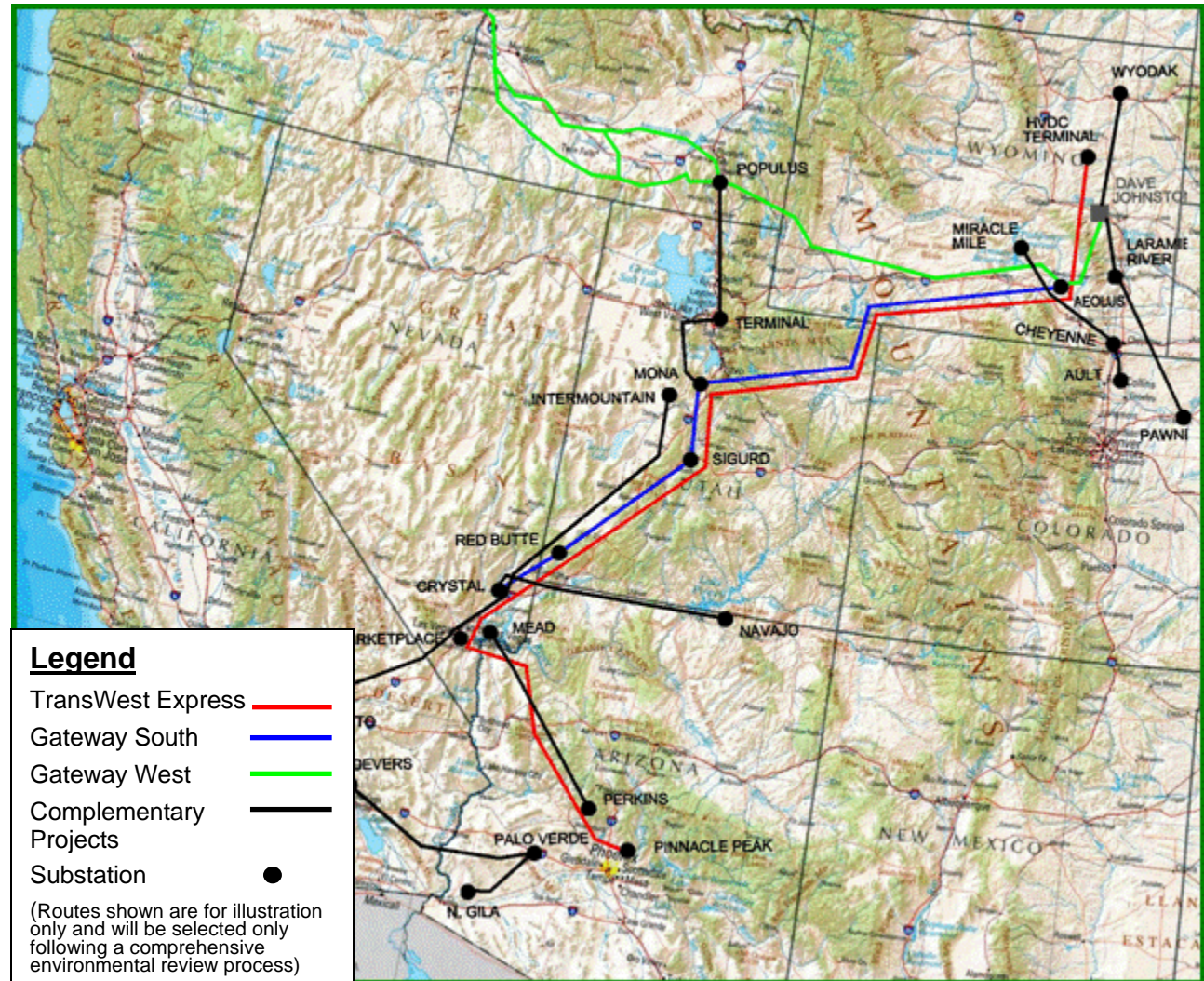
Regional Planning Perspective – Co-Development with TransWest Express

- *Take multiple needs and plans into account*
- *Efficient Use of Transmission Corridors*
- *Consolidate parallel projects*



Broader Regional Planning Perspective – Complementary Projects

- *Cooperate with others to look beyond end points*



Status Update

Interim Agreement

- Executed August 2007 – longer term arrangements anticipated in April 2008
- Established governance arrangements, with a common steering committee
- Allows initial development steps & critical path items to progress while more complex technical, business and regulatory issues are addressed

Engineering

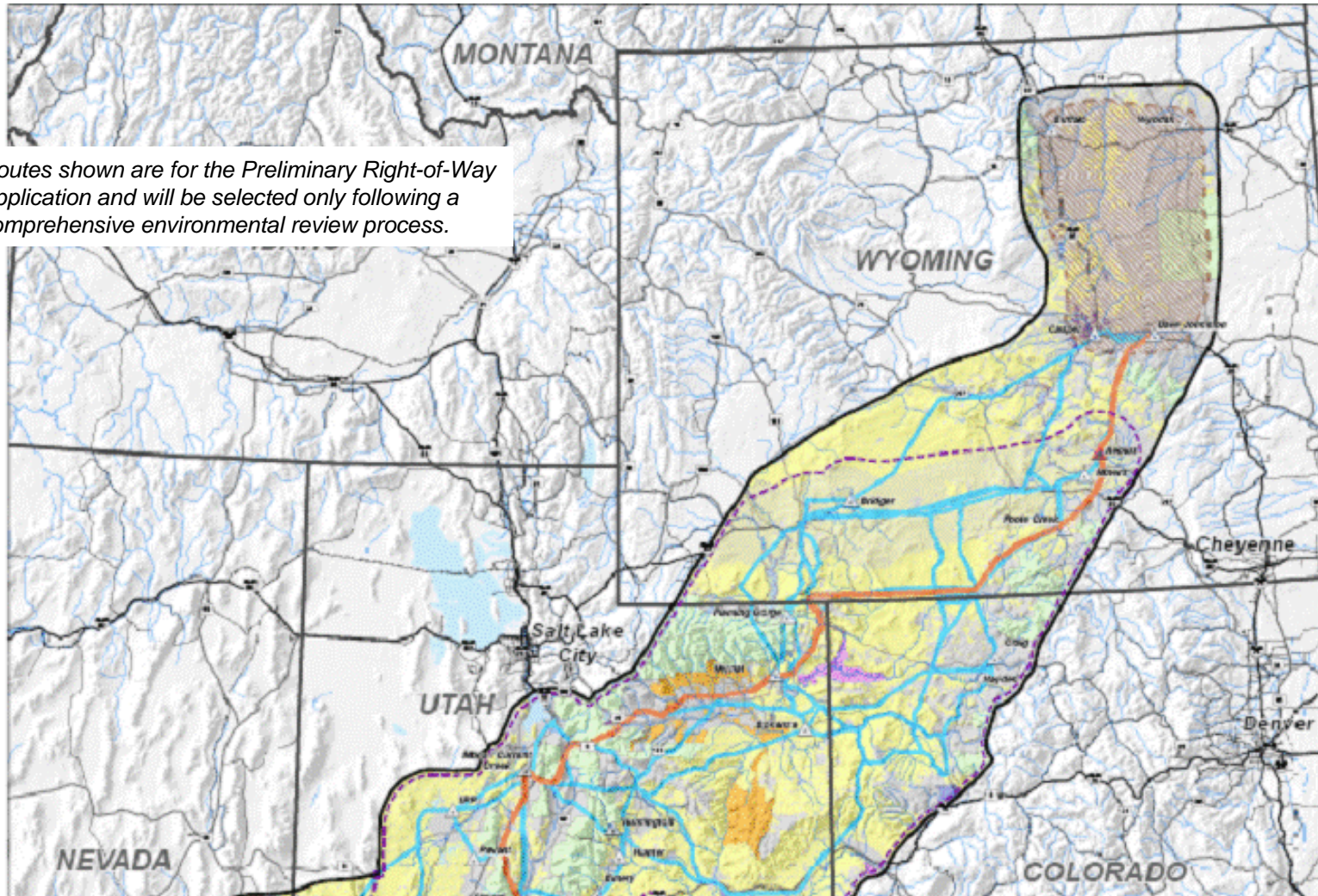
- Gateway South and TransWest Express Conceptual Design Report – Issued January 2008
- Completing Review Phase of Regional Planning Report
 - Initial Draft - February 22, 2008
 - Final Draft - March 22, 2008
- Finalizing Study Plans
 - Base Cases established - 2010 LA and 2015 HS

Permitting

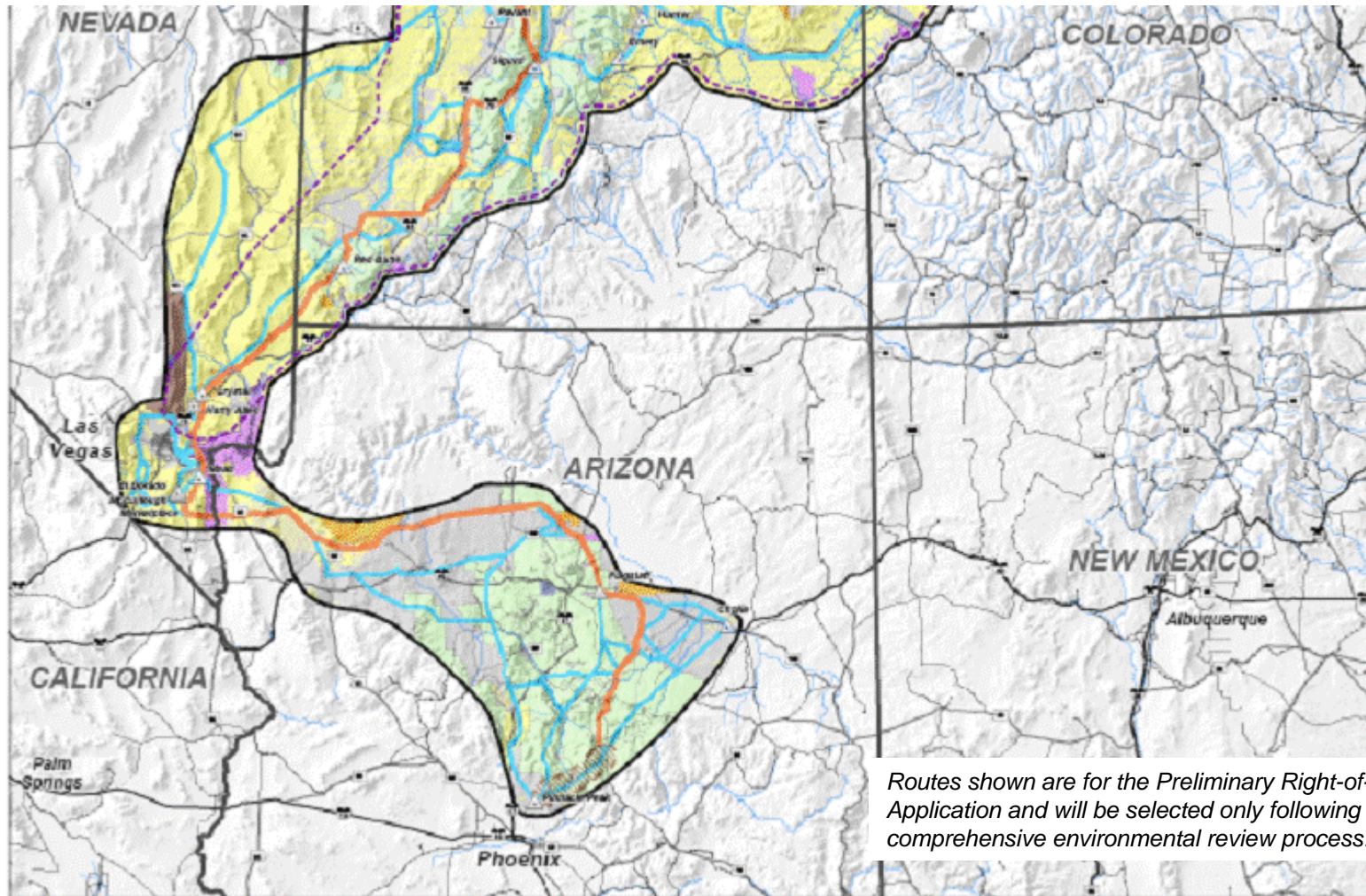
- Right of Way Applications filed with BLM November 2007
- Preliminary corridor analysis complete; preferred (with alternate) corridors identified
- Securing a 3rd Party Consultant – March 2008
- Publishing a Notice of Intent – 2nd Quarter 2008

Proposed Northern Study Area and Route

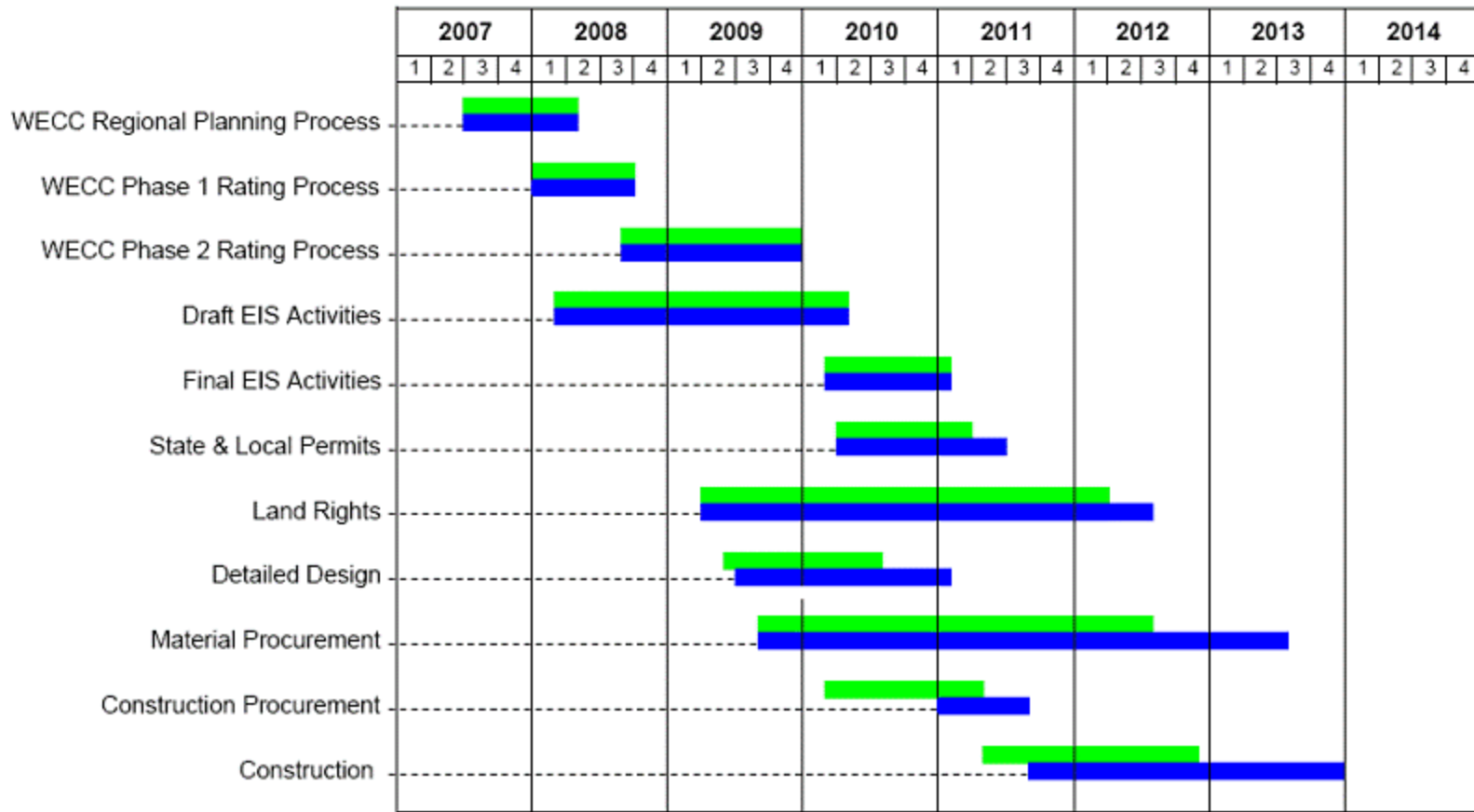
Routes shown are for the Preliminary Right-of-Way Application and will be selected only following a comprehensive environmental review process.



Proposed Southern Study Area and Route



Project Timeline – Conceptual Project Schedule



Legend:
█ Gateway South: Mona - Crystal
█ Gateway South: Aeolus - Mona

TransWest Express

Status Update

Regional Stakeholder Meeting
January 16-17, 2008
Portland, Oregon

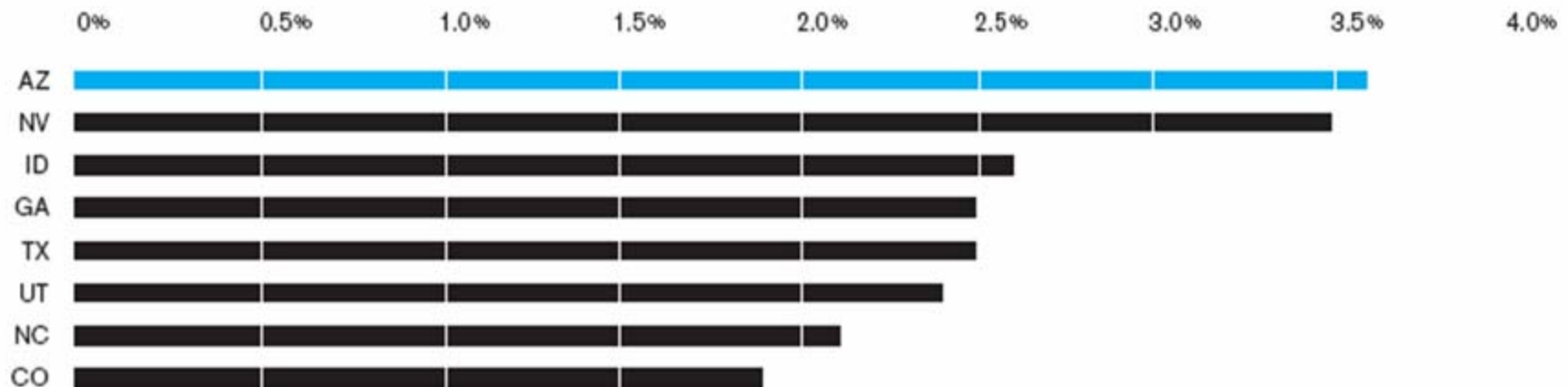


TransWest Express Need for the Project

ARIZONA IS THE FASTEST GROWING STATE IN THE COUNTRY.

Source: Population Division, U.S. Census Bureau

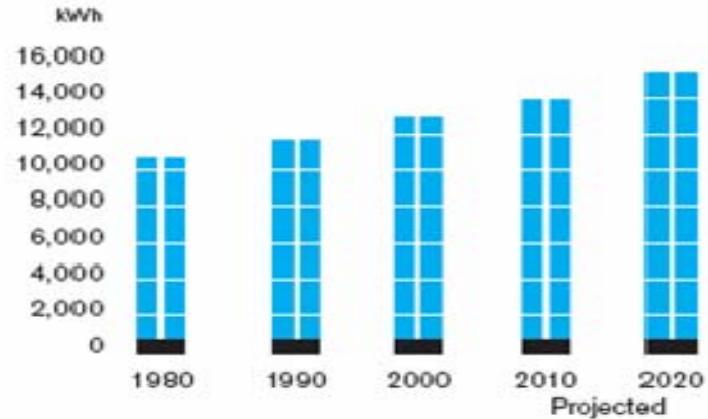
ANNUAL POPULATION GROWTH



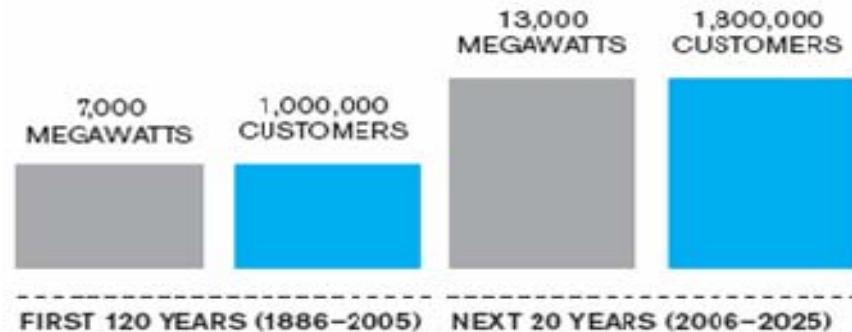
TransWest Express – Need for the Project

- ◆ APS' summer resource capacity requirement expected to increase 8000MW by 2025
- ◆ APS' annual energy sales expected to increase by 70% by 2025
- ◆ Other Arizona utilities are growing at comparable rates
- ◆ Arizona RPS requires 15% of retail energy sales from renewable resources by 2025
- ◆ TransWest Express is viewed as a viable alternative to local resource development

APS CUSTOMERS ARE USING MORE ELECTRICITY EACH YEAR.



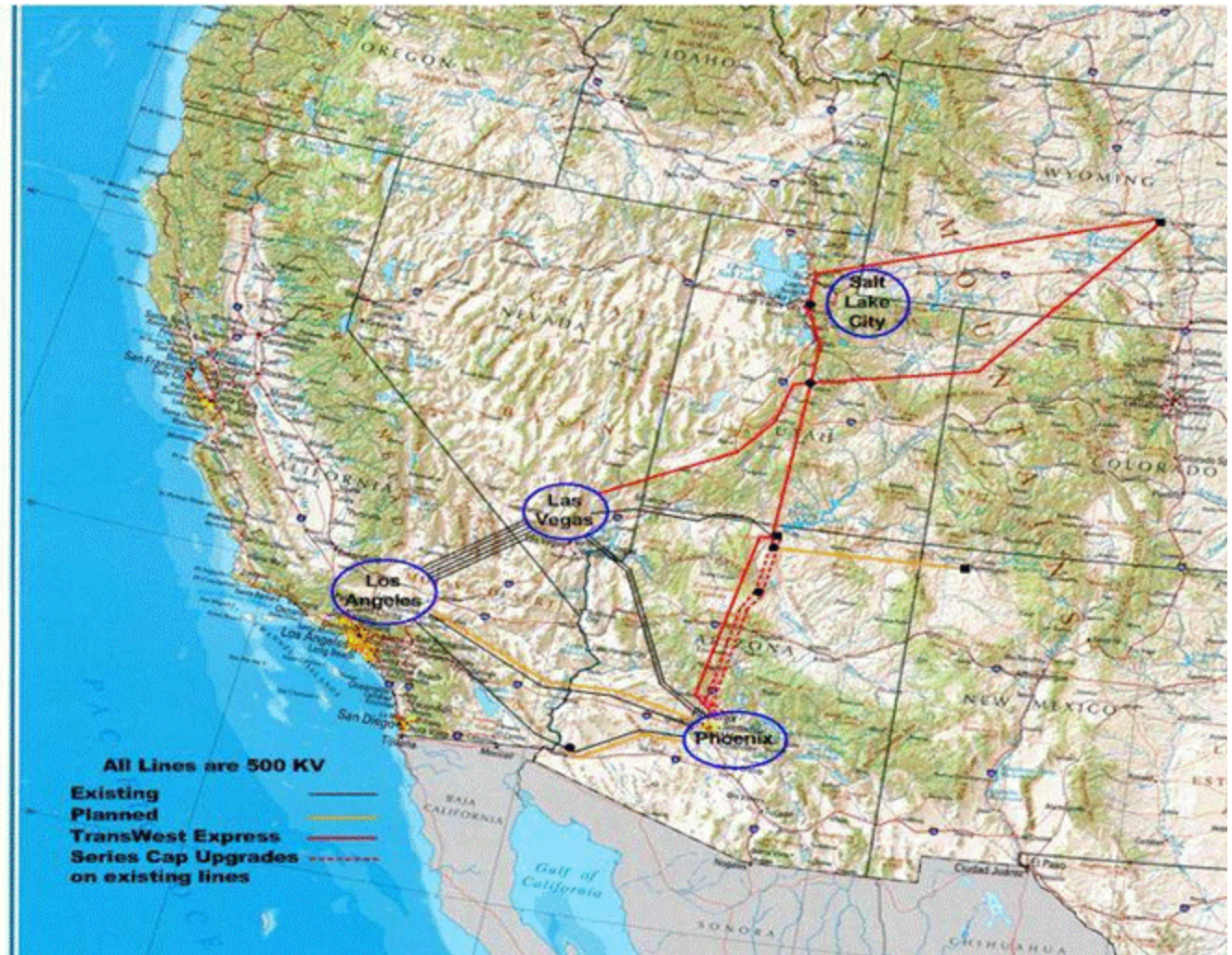
BY 2025, APS WILL BE NEARLY TWICE THE ELECTRIC COMPANY WE ARE TODAY.



APS TransWest Express Feasibility Study

Completed Feasibility Study in 2006

- Analyzed - 5 route options, 500 & 765 kV AC, 500 kV DC
- Economic analysis supports DC or AC/DC hybrid alternatives
- Cost \$2.3B – \$3.2B



TransWest Express Stakeholder Input

Open stakeholder process

- November 2005 kick-off meeting – Phoenix
- March 2006 project update meeting – Salt Lake City
- June 2006 project update meeting – Jackson

Periodic project updates

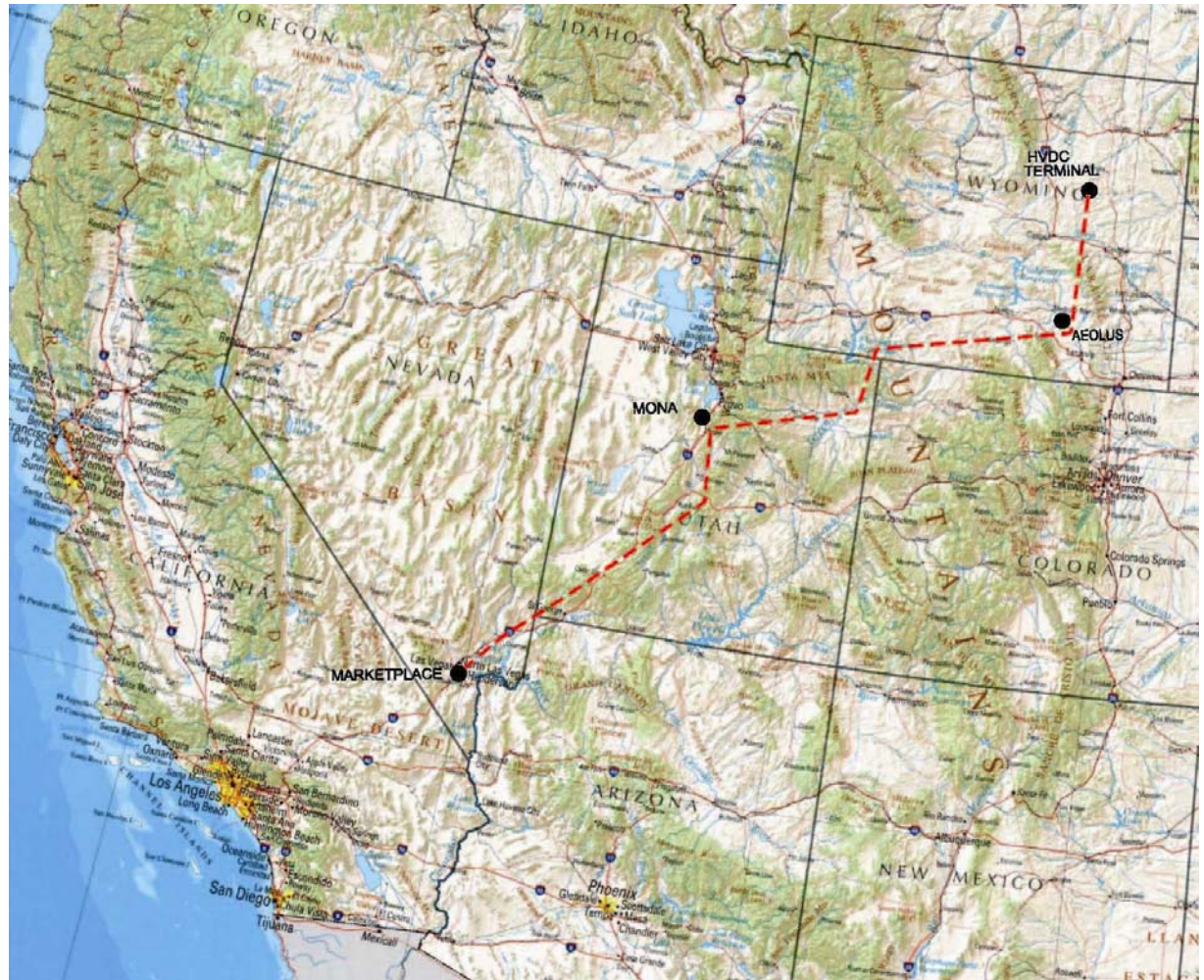
- Sub-regional Planning Groups
- SSG-WI
- WECC

Regional Planning Project Review Stakeholder Meetings

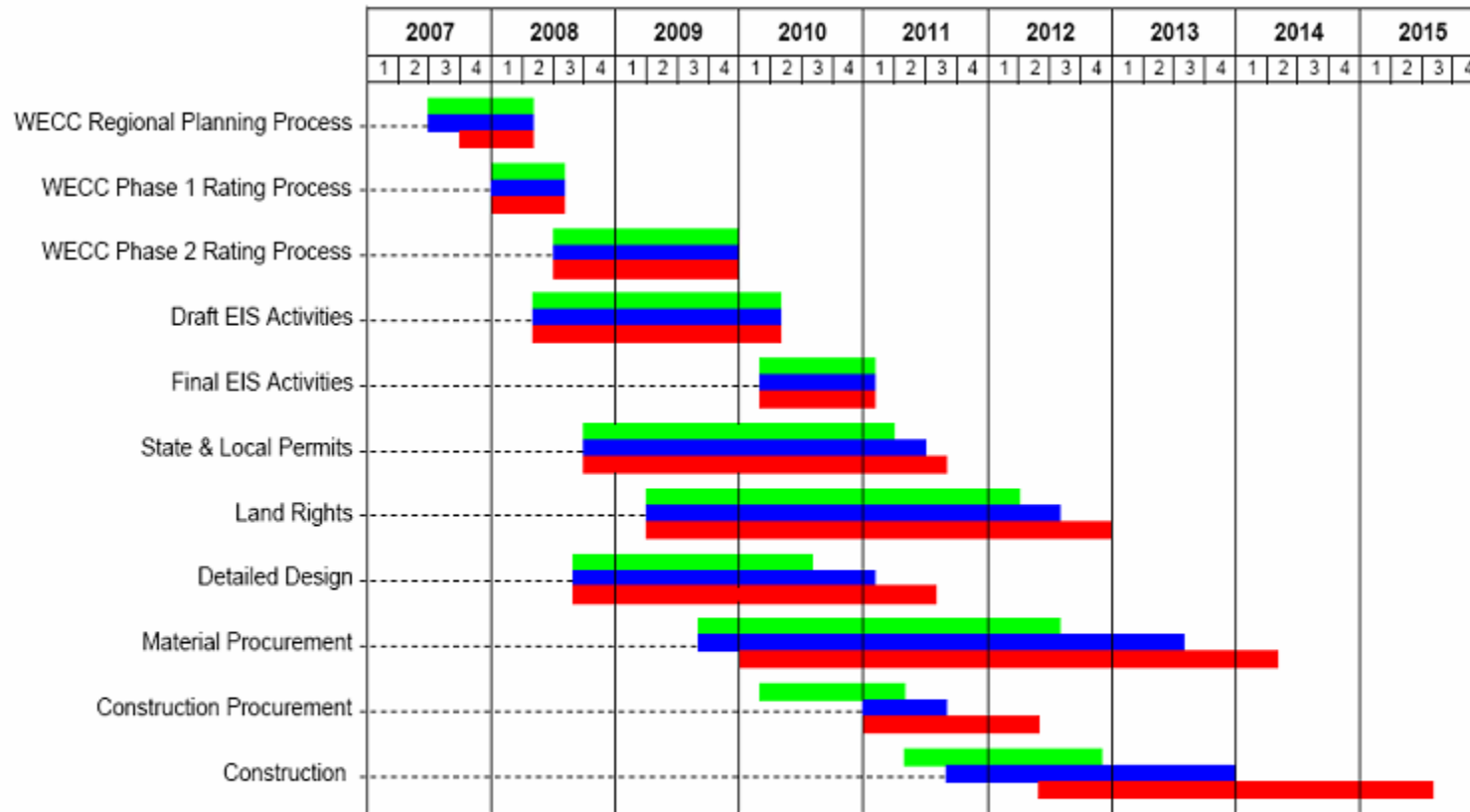
- Salt Lake City – October 17, 2007
- Cheyenne – November 7, 2007
- Phoenix – December 5, 2007
- Las Vegas – January 23, 2008

TransWest Express Project Description

- ◆ 3,000 MW
- ◆ 500kV bi-pole HVDC
- ◆ 890 miles
- ◆ 2015 in-service date



Project Timeline – Conceptual Project Schedule



Legend:

- █ Gateway South: Mona - Crystal
- █ Gateway South: Aeolus - Mona
- █ TransWest Express