

PV-TS5 500kV Project Update

Presentation to Palo Verde Transmission
System E&O Committee

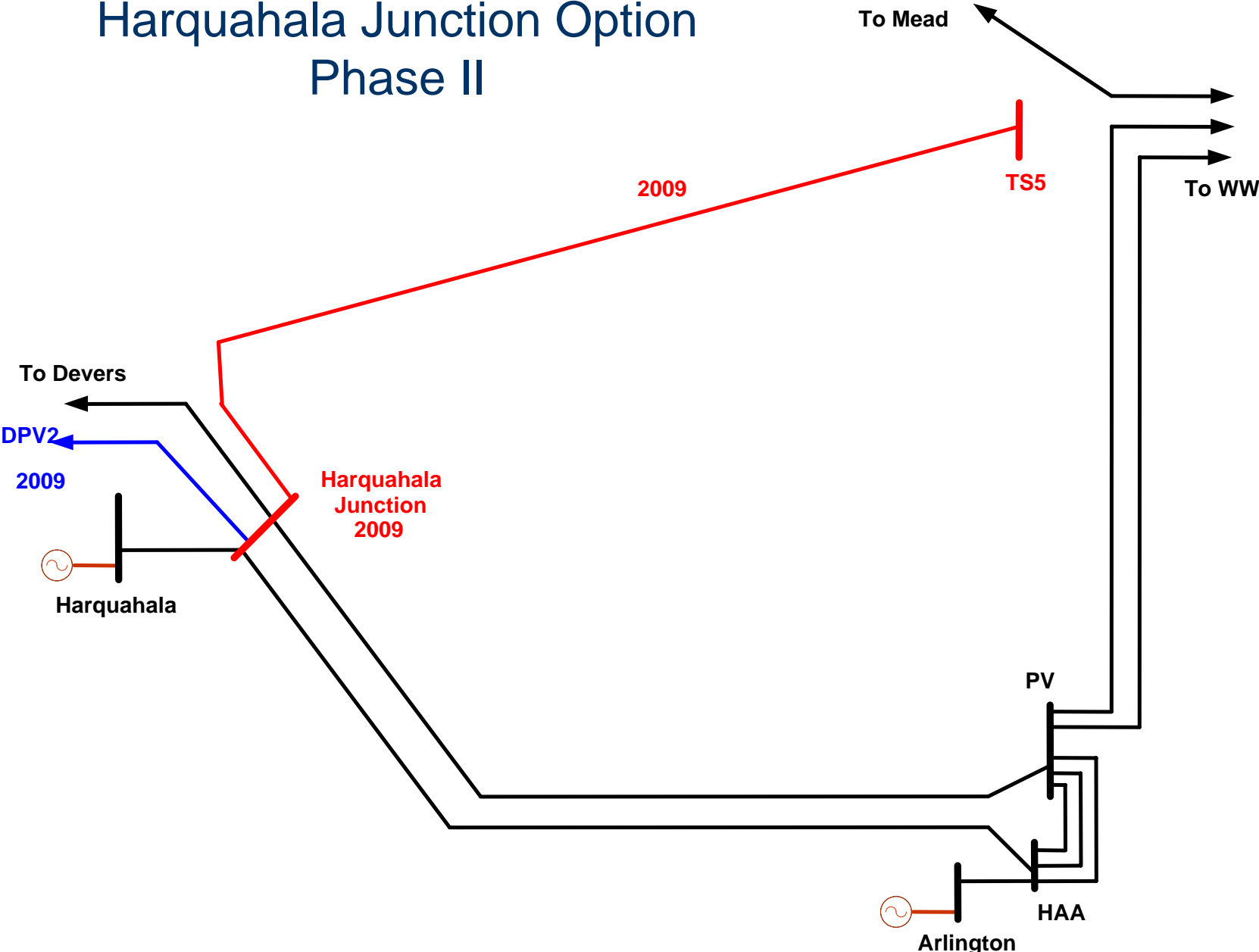
Meeting #93

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Harquahala Junction Option Phase II



Project Benefits

- Increase reliability and 230 kV system support in Northwest Phoenix Metropolitan Area
- Add 600MW scheduling capability
- Add 400MW Phoenix area export capability
- Add over 500MW of PV area export capability
- CAP access to PV hub energy for pumping

Project Participants

- APS 80%
- SRP 10%
- CAP 10%

Project Milestones

- MOU for Siting and Environmental Work Signed July 15, 2004
- CEC Obtained August 9, 2005

Ongoing Project Activities

- APS, SRP & CAP in process of negotiating Construction Agreement
- APS & CAP in process of negotiating for use of the CAP ROW
- APS Transmission Construction Group working on engineering and design to support acquisition and permitting

APS, SCE & Harquahala Negotiations

- APS, SCE & Harquahala agree to term sheet – January 6, 2006
- Meeting with ISO to present term sheet and seek support – January 27, 2006
- APS & SCE working together to provide cost estimates for an alternative to the original DPV2

Next Steps

- Waiting for response from ISO regarding support for joint use of the PV-Harquahala line
- Begin negotiation and preparation of various contracts between APS, SCE and Harquahala
- Seek modification of existing interconnection agreement or request new transmission interconnection at Hassayampa