

DPV2 500 kV Transmission Project

Status Report

STEP Informational Item

July 24, 2006



Regulatory Approval Status

- CPUC
 - Phase 1 hearings held January 2006
 - Purpose and Need stipulated
 - Phase 2 hearings held on July 10, 2006
 - EIS/EIR
 - Cost
 - Expected decision Dec 2006
- AZ Siting Committee Hearings
 - Began July 26th
 - 2 days of hearings per session
 - Continued hearings scheduled for Aug 21-22, Sept 11-12, and Sept 25-26 (if needed)
 - Expected Arizona Corporate Commission (ACC) decision Dec 2006

WECC Rating Process

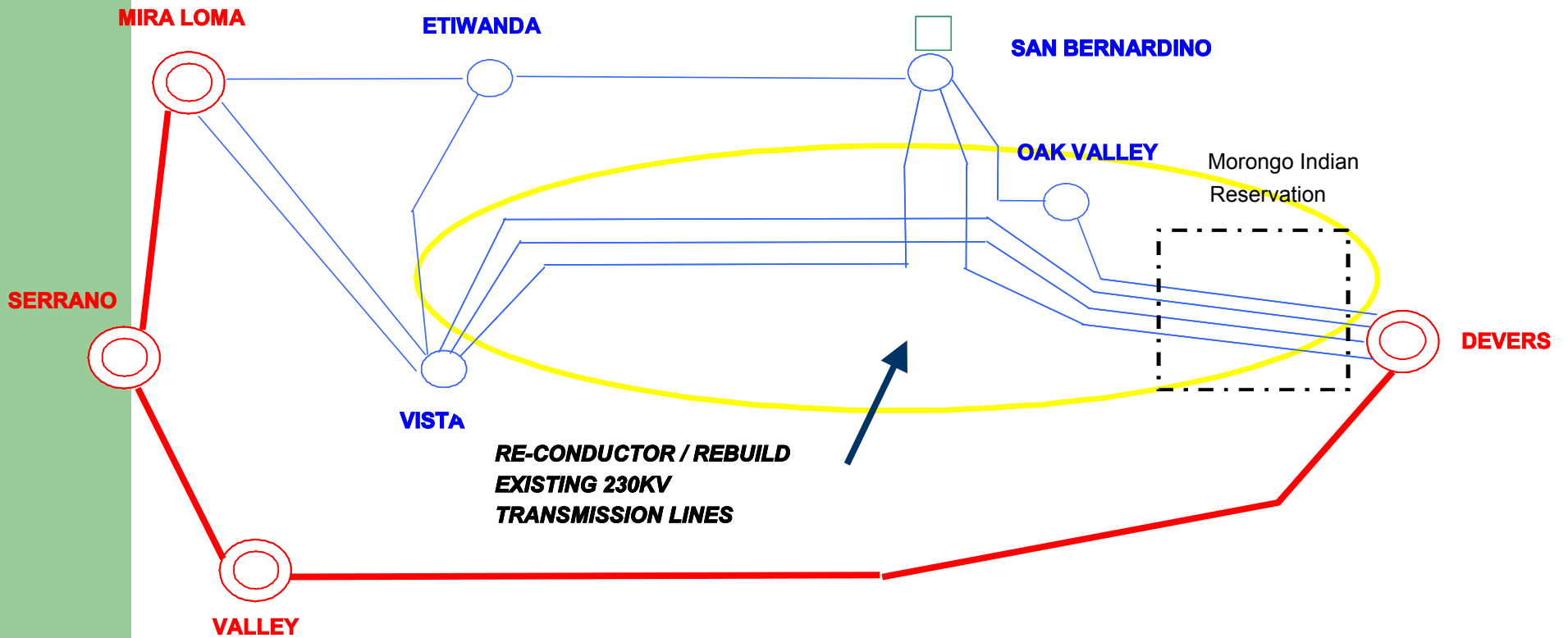
- EOR Rating Activity
 - Granted Phase 2 Status (September 21, 2004)
 - Granted Phase 3 Status (August 25, 2005)
- WOR Rating Activity
 - Granted Phase 2 status (October 31, 2005)
 - Granted Phase 3 Status (May 30, 2006)
- Combined DPV2 and EOR9300 EOR Rating Activity
 - Granted Phase 2 status (March 14, 2006)

DPV2 Plan of Service Revision

- Original West of Devers Reinforcement
 - Rebuild Devers-San Bernardino 230 kV lines 1 and 2
 - Rebuild Devers-Vista 230 kV lines 1 and 2
- Revised West of Devers Reinforcement
 - Build new Devers-Valley 500 kV line #2
 - No upgrades to West of Devers 230 kV system
- Submitted to CAISO for Approval
- Presented and obtained approval from the DPV2 WECC PRG on June 29, 2006

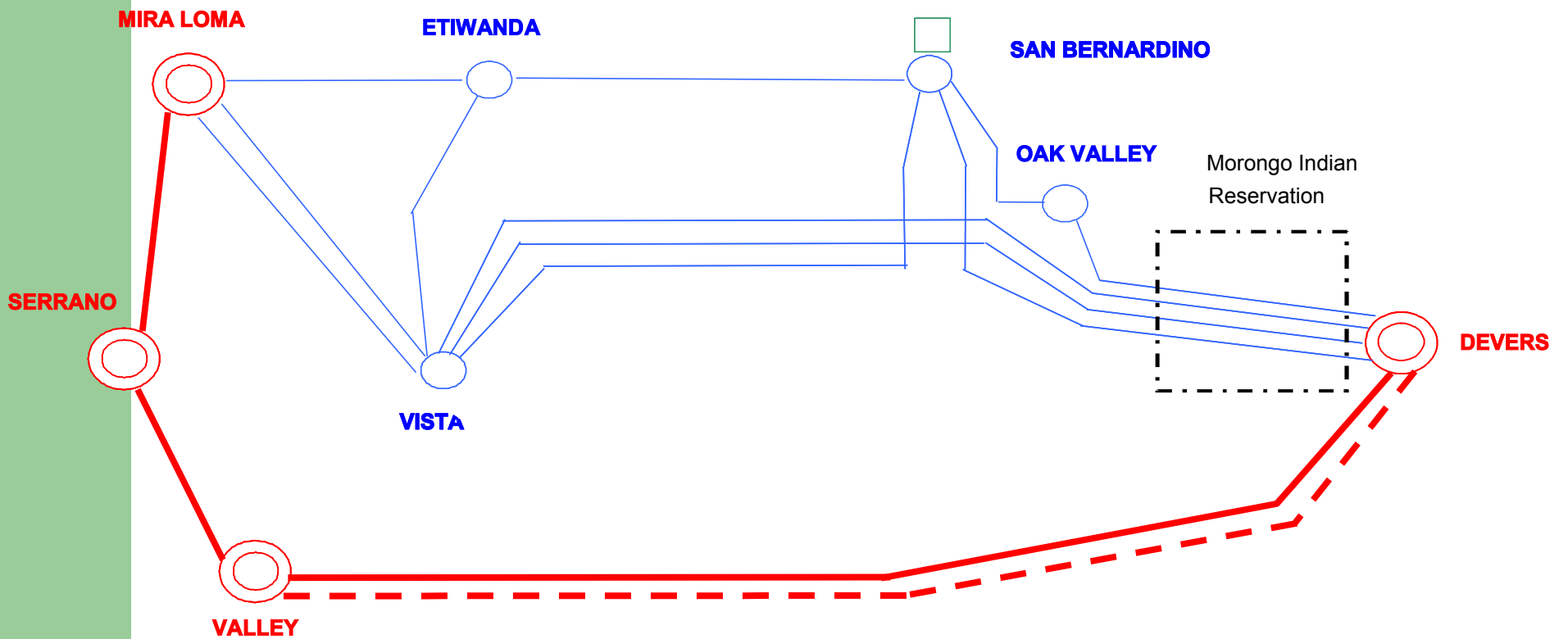
Devers – Palo Verde No. 2 West of Devers Original Plan of Service

Mountainview
Power Project



Devers – Palo Verde No. 2 West of Devers Revised Plan of Service Devers-Valley #2

Mountainview
Power Project



EOR and WOR Study Results

- DPV2 Revised POS Achieves a 1,200 MW Rating Increase on EOR, WOR and SCIT While Meeting Reliability Criteria.
- Criteria Met for:
 - Thermal
 - Stability
 - Post Transient
- SPS1 to Mitigate DPV1 and DPV2 Outage Is Still Required and Will Continue to be Developed in the on-going SPS Design Assessment
- Operating Procedure and/or SPS2 to Mitigate Devers-Valley 500 kV Lines 1 and 2 Outage Is Required