

Path 51 Upgrade
NTP 1 Project

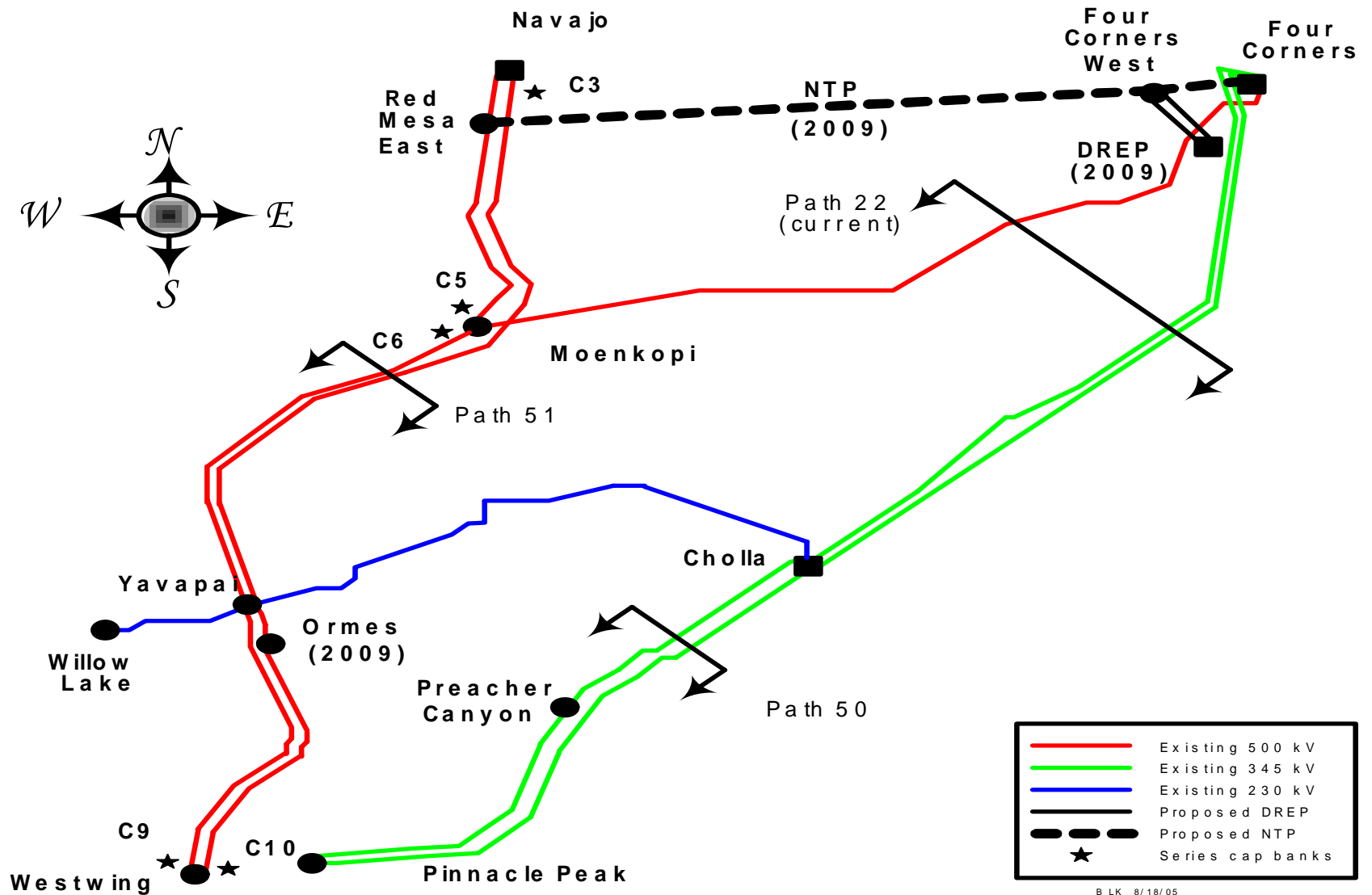
New Palo Verde to Yuma 500 kV line

Report to STEP
March 16, 2007
Bob Smith

Path 51 Upgrade

- Upgrade ampacity and compensation of four of the five series capacitors.
- Proposed rating is 3100 MW.
- WECC Project Rating Review process initiated 6/06.
- CPR for the upgrades has been started and is expected to be completed by 4/07.
- In-service date for the project is 6/10.

NTP 1



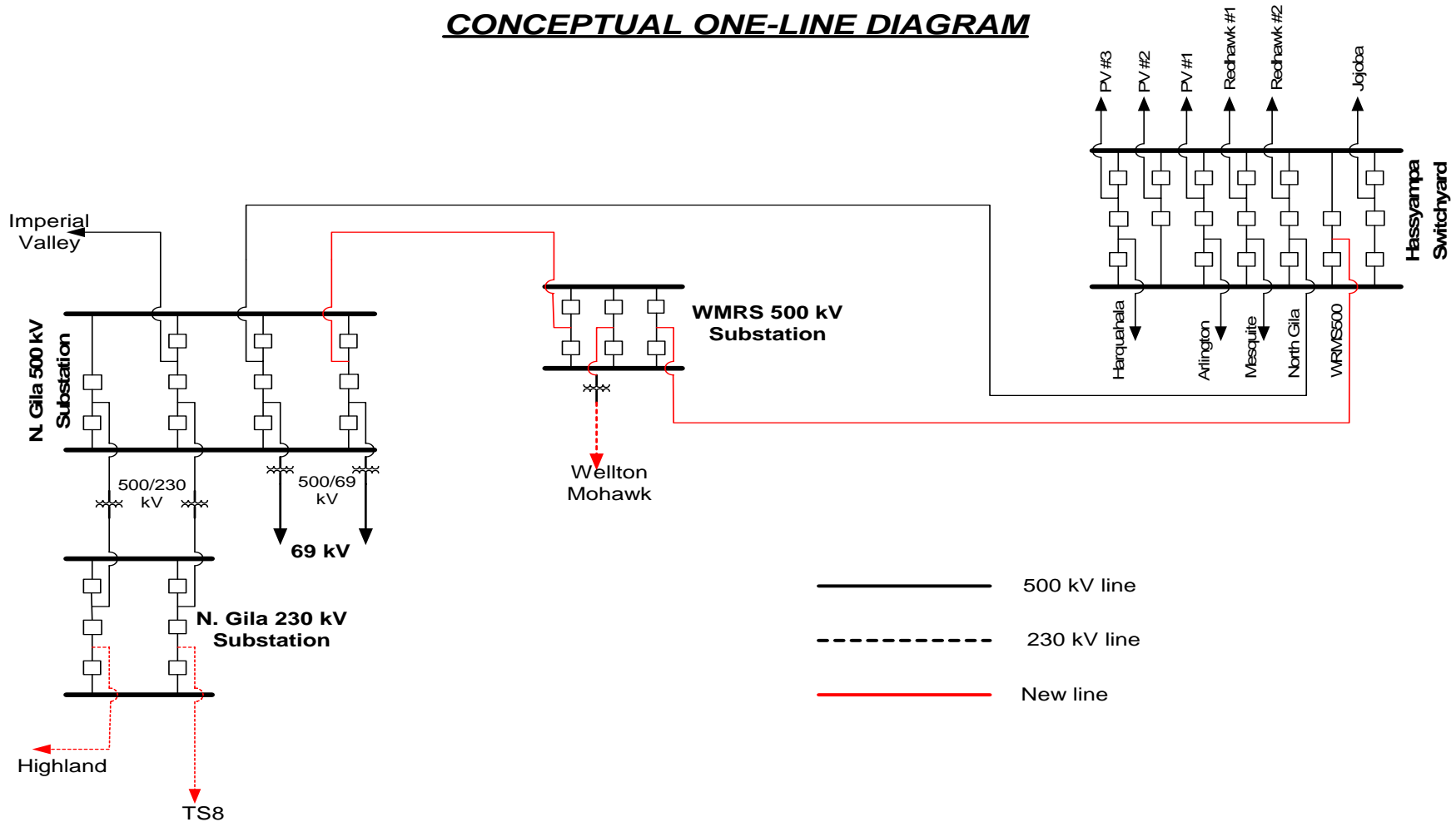
B L K 8/18/05

NTP 1

- Plan of service designed to support the Desert Rock Energy Project.
- Additional TTC will be created on other adjacent paths.
- Path 22 will be separated into two paths.
- Proposed project rating is 1600 MW.
- WECC CPR distributed to WECC on 12/21/06.
- WECC Regional Planning meeting held on 1/24/07. RPPR process completed on 3/9/07.
- PH II status obtained March 9 2007.
- In-service date for the NTP 1 is 12/10.

New Palo Verde to Yuma 500 kV line

PALO VERDE TO YUMA 500 kV LINE PROJECT CONCEPTUAL ONE-LINE DIAGRAM



Permitting Participation Agreement

- Executed June 26, 2006
- Participants:
 - APS 40%
 - IID 20%
 - SRP 20%
 - Welton Mohawk 20%

Permitting Status

- EA submitted to BLM
- Expect ROD by mid-2007
 - Would provide all federal land ROW
- Anticipate filing CEC application with ACC during second quarter 2007
- Expect to obtain CEC by end of third quarter 2007

Technical Studies

- Feasibility studies completed and presented to participants
- Working on comprehensive progress report. Initial study results indicate much higher than 600 MW TTC feasible
- Will submit comprehensive progress report to WECC in April, 2007
- Plan to achieve phase 3 of WECC path rating process by December 2007