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IMPORTANT INFORMATION FOR
PROPERTY OWNERS

Public Hearing

The public is invited to participate at a public hearing before the Arizona Power Plant and Transmission Line Siting Committee on the Palo Verde Hub to TS-5 500-kilovolt (kV) Transmission Project

- June 6, 2005 starting at 9:30 a.m. (Special public comment session at 6:30 p.m.)
 - June 7, 2005 starting at 9:30 a.m.

Hampton Inn and Suites
2000 N. Litchfield Road
Goodyear, AZ 85338



Palo Verde Hub to TS-5 500kV Transmission Project

May 2005 • Issue 2

Project Update

This newsletter is intended to update you on the progress of the Palo Verde Hub to TS-5 500-kilovolt (kV) Transmission Project. In a prior newsletter (dated March 2004, Issue 1), APS provided information on a proposed transmission line route and facilities to meet future power demands in the Valley's west and northwest areas. The newsletter also discussed the federal and state requirements to obtain approval for the project.

A copy of the March 2004 newsletter can be found under Current Projects, Palo Verde to TS-5, on the project's Web site.

Federal Process

Under the direction of the Bureau of Land Management (BLM) Phoenix Field Office, an Environmental Assessment (EA) for the project was prepared. An

EA report describes the project and potential impacts the project may have on the environment. The analysis was required because more than 60 percent of the proposed transmission line would be located on federal lands, within designated utility corridors.

APS retained an outside environmental consulting firm, the Environmental Planning Group (EPG), based in Phoenix, to conduct the required environmental analysis on the project. In preparing the EA, EPG conducted four primary tasks:

1. Regional study/identification of preliminary alternatives;
2. Detailed inventory;
3. Impact assessment and mitigation planning; and
4. Environmental assessment report preparation.

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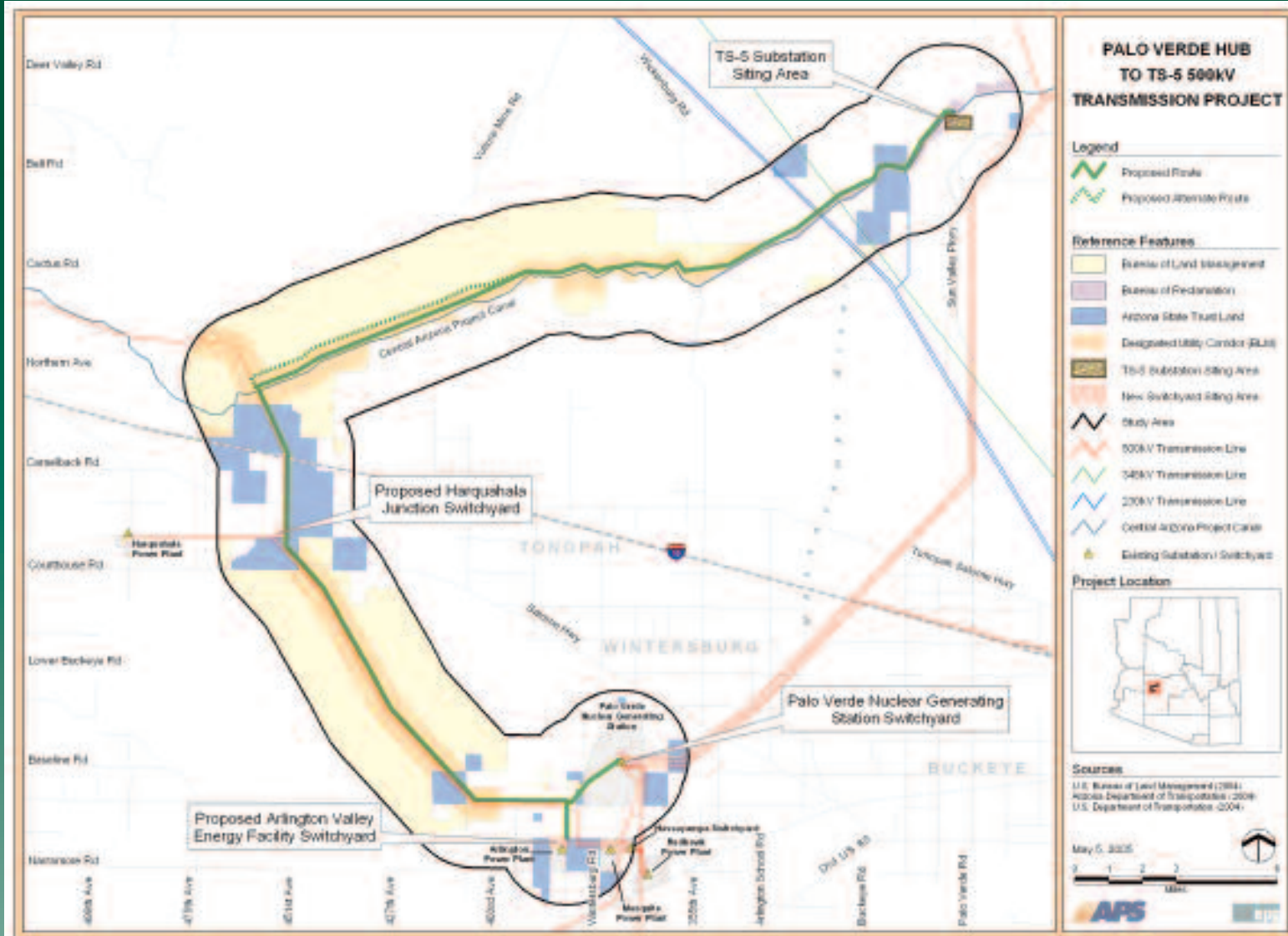
For More Information
visit the Project Web site
at <http://siting.apsc.com>



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Palo Verde Hub to TS-5 500kV Transmission Project



The BLM must issue a Decision Record for the project to proceed.

Project Description

The proposed transmission line would begin at the Palo Verde Hub at either the Palo Verde Nuclear Generating Station Switchyard or the Arlington Valley Energy Facility and proceed northwest for approximately 20 miles to the north side of the Central Arizona Project (CAP) Canal. The proposed transmission line route

would then turn east and parallel the CAP for approximately 23 miles, terminating at the new TS-5 Substation near the Hassayampa Pumping Plant along the CAP.

APS is currently considering two system options for the construction of this project based on continued evaluation of technical and system options for the development of the proposed transmission line. If the first system option is selected, APS would construct the entire route

as one continuous project, with an expected in-service date of 2007.

The second option would involve constructing the project in two phases. If this option is selected, the project would originate at a new 500kV switchyard referred to as the Harquahala Junction Switchyard near Thomas Road and 451st Avenue, and proceed 29 miles to the new TS-5 Substation.

The second phase of the project would include constructing the 500kV transmission line from the Harquahala Junction Switchyard back to the Palo Verde Hub and would occur when needed.

State Process

In addition to the federal process, the State of Arizona also must approve the project before it can be constructed. To meet state permitting requirements, APS filed an application for a Certificate of Environmental Compatibility (CEC) for the project on May 2, 2005.

The CEC is a document prepared to demonstrate that the project is environmentally compatible and also contains information on the project need, cost and summarizes project public involvement activity. APS has identified both a Proposed Route and a

Proposed Alternate Route in the CEC application to provide the Arizona Power Plant and Transmission Line Siting Committee with an option for the location of the proposed transmission line route.

The Proposed Alternate Route shares the same alignment as the Proposed Route previously described, with the exception of an approximately nine-mile segment immediately north of the CAP Canal. In this area, the Proposed Alternate Route would be located approximately a half mile north of the CAP Canal. All other segments of the Proposed Alternate Route would be the same as the Proposed Route. Both route options were evaluated as part of the federal process. The Arizona Power Plant and Transmission Line Siting Committee will hold public hearings on the project.

The Siting Committee will vote to approve or deny the CEC, and will forward their decision as a recommendation to the Arizona Corporation Commission (ACC).

The Siting Committee will hold public meetings starting at 9:30 a.m., June 6 and 7 at the Hampton Inn and Suites, 2000 N. Litchfield Road, Goodyear, Ariz. to consider the CEC application. The date and location

of the public meetings have been posted in local newspapers, on signs along the route and the project Web site.

For general information on line siting in Arizona, view the Arizona Power Plant and Transmission Line Siting Committee's Web site at: <http://www.cc.state.az.us/utility/electric/linesiting-faqs.htm>.

The APS staff would like to thank members of the public for their participation in this project. We appreciate the time taken by those who attended the open house held at the Ruth Fisher School in Tonopah on March 30, 2004. We value the input we received at the open house, by phone, project Web site, e-mail and mail. All comments were documented, reviewed and considered during the development of this project.

We look forward to the completion of this project to ensure our continued ability to provide affordable, safe and reliable electric service.

Sincerely,

Paul Herndon
Paul Herndon
Project Manager