

Notes from Annual APS Network Customer Operating Committee Meeting

These notes are posted to disclose, for FERC Standards of Conduct compliance, any non-public general transmission system information that was or may have been discussed at APS' 2005 Network Customer Operating Committee meeting.

Background

APS' OATT provides that APS' Network Customers will meet once annually. The purpose of these meetings is to discuss issues relating to the customer's network transmission service from APS. All APS network transmission customers were invited to the 2005 Network Customer Operating Committee meeting. Customers in attendance for today's meeting were APS system, APS on behalf of Pinnacle West Capital Corporation, and Central Arizona Water Conservation District. The meeting commenced at 10:37 a.m. and concluded at 12:15 p.m. with one break.

Discussion Summary

- General introduction to requirements for annual Network Operating Committee meetings and purpose for such meetings.
- The general intent is to review forecasted customer loads, and network transmission issues.
- APS requested that customers submit 10-year forecasts by September 1 each year. Timely filing is important because APS transmission studies all data simultaneously. APS noted that it has not completed its study for the Summer 2006 network case, but that it would not be significantly different than last year's study. There have been no new Points of Delivery added and no additional changes to the transmission system.
- There has been one control area change. The Gila River – Jojoba 500 lines are now in APS' control area as of January 1, 2006. Thus, customers could designate Gila River as a network resource for delivery at that point.
- There was a discussion of customer communication. APS noted that it will be adding two OASIS resources in the near future. There will be an OASIS link to a Transmission Planning resource page and an OASIS link for System Information. These sites are intended to improve on the information available to APS transmission customers and allow more flexibility to present information than is currently accommodated from APS' OASIS vendor. Transmission system information previously disclosed through "want ad" postings will in the future likely be posted on the System Information website, as well as information about APS outages, forest fire status, etc. This site will comply with FERC's requirements for OASIS sites, such as the minimum audit period.
- There was a discussion of how inquiries can be made for paths that do not exist at the time of the request. APS noted that it is evaluating an OATI tool called "New Point" that will allow customers to make transmission requests that do not include existing PORs, PODs or paths. APS is evaluating this product and customers were advised to monitor the OASIS for further information about the potential adoption of this product.
- A network customer asked how their reservation on a path is affected if the transmission line trips, particularly if the reservation is on a path that is comprised of a cut-plane. APS advised that the answer is case specific. APS also advised that customers cannot request specific lines for their service if within a cut plane that is posted as a path.
- A copy of the 2005 Ten-Year plan (which is posted on OASIS) maps was handed out. APS noted that no significant changes have occurred generally that would affect network customers. The 2006 Ten Year Plan will be filed on January 31, 2006. Customers were encouraged to attend meetings of regional transmission planning groups (such as SWAT) which discuss transmission issues.
- There was a discussion of the difference between planning information and scheduling rights. APS noted that its specific rights on a project are often not known until very near the in-service date of the project. Nomograms are developed by operational employees. APS expects the Phoenix nomogram to be completed by May 1, 2006 but will be very similar to last year's

information. Further detail will be presented at the Summer Preparedness Presentation to the ACC, tentatively scheduled for March 23, 2006.

- For the Pheonix area, there was a discussion that the new Santan Generating Station increases maximum load serving capability for the Valley by the capacity of the new addition.
- The Phoenix load pocket does not include Eastern Mining Area loads for operational purposes.
- The Sundance Generating Station is external to the Phoenix load pocket. WAPA transmission is also considered outside the Phoenix load pocket.
- There was a discussion about load serving capability in Yuma. The following summary was prepared:

PV-NG	140
Gila	34
Geothermal	10
APS Local Gen	<u>139</u>

Total	323
Load	<u>386</u>
Resrc Need	63

Plus reserves	<u>50</u>
Total Resource	113

APS advised that 113 MW was required for Yuma load serving, but that it was not necessary at this time to acquire the 113 MW from any specific location (i.e., it is not necessary to acquire inside the Yuma load pocket). However, Network customers were reminded that they need to keep APS transmission apprised on resources.

- There was a discussion about how the nomogram (which is posted on OASIS) operates. Basically, resources outside the Yucca, North Gila, and Gila transformer ring are outside the Yuma load pocket, while resources inside this transformer ring are internal. The nomogram is different from the scheduling requirements. If an interior generator is scheduling out of the Yuma area, that fact does not affect the nomogram. APS will develop an "FAQ" for posting with the next Yuma nomogram on OASIS, which will further explain how it operates.
- There was a question as to what outages are limiting on the nomogram. For the EHV system, the limiting outage is an outage on Pilot Knob. For the internal 69 kV system, the limiting outage is the Yucca to Laguna line. There will be an increase in Maximum Load Serving Capability for 2006 due to some system improvements such as new 69 kV lines. No specific figures were disclosed regarding this increase.
- There was a discussion about how the CAISO's Yuma data relates to APS's Yuma data. APS stated that the APS OASIS has the scheduling information for serving Yuma network load.
- There was a discussion about CBM and whether APS was requiring network customers to address CBM. APS is not requiring this from customers. APS also stated that it did not anticipate changes to SRSG in 2006 and that FRR won't impact 2006 reserves. APS noted that WECC is discussing many issues regarding reserves that customers should follow.
- There was a discussion about how load in the Coolidge area should be coordinated if WAPA transmission is used. APS resources will have to specify to APS transmission the resource that is used to serve these loads.
- APS also stated to a network customer that it was working on a Control Area Services agreement.