

Arizona Public Service Company 2013 Summer Readiness

Before the Arizona Corporation Commission
April 25, 2013



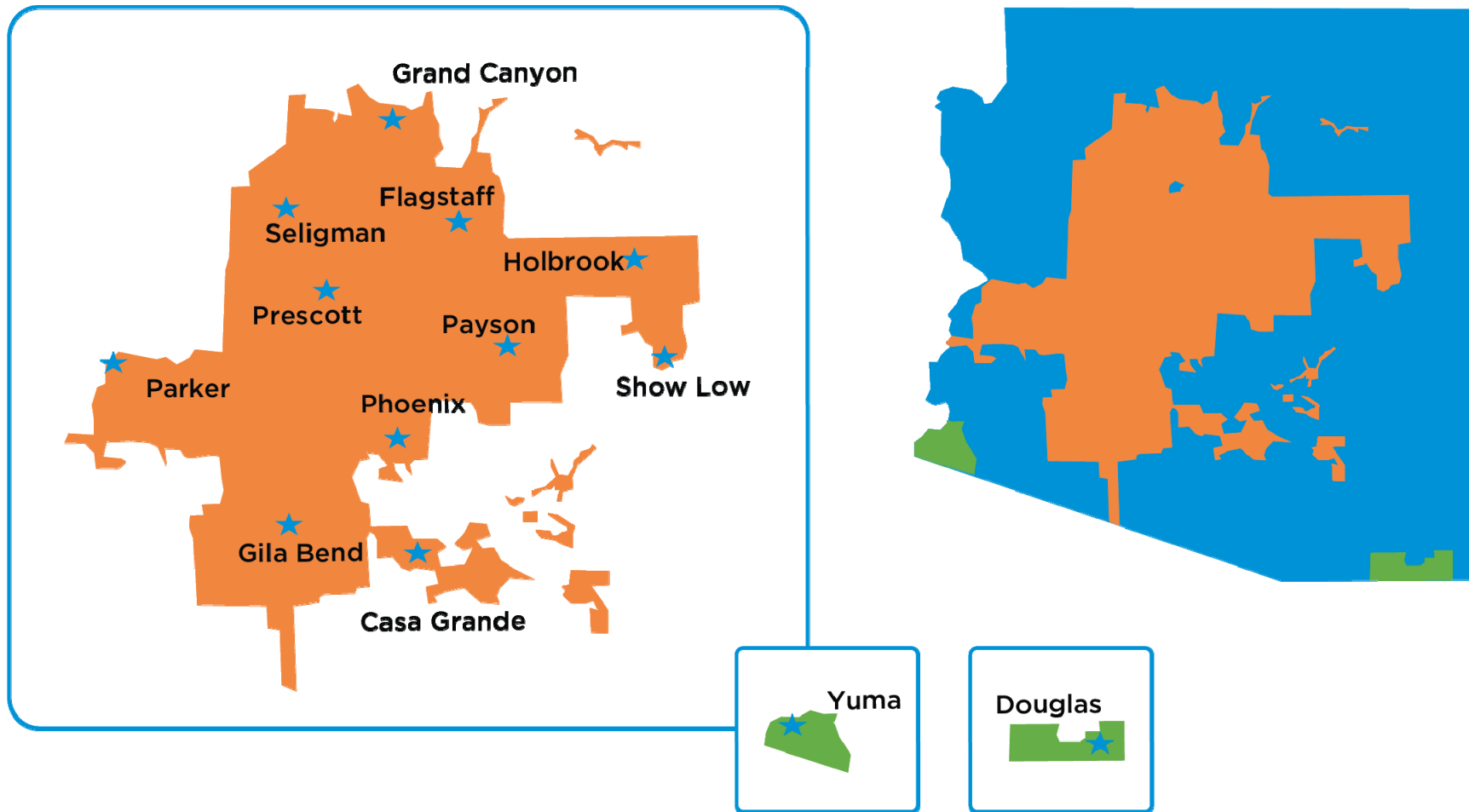
Presenters

- **Jim Wilde**
Director: Resource Planning
- **Donna Easterly**
Director: Statewide Energy Delivery

Agenda

- Loads and Resources
- Fuel Supplies
- Planned Maintenance Activities
- Emergency Preparedness & Customer Outreach
- Conclusions

APS Service Territory



APS Service Statistics

- 11 counties
- 34,645 square miles CC&N area
- 1.1 million customers
- 424 substations
- 28,937 distribution line miles
- 5,434 transmission line miles
- 54 generation units

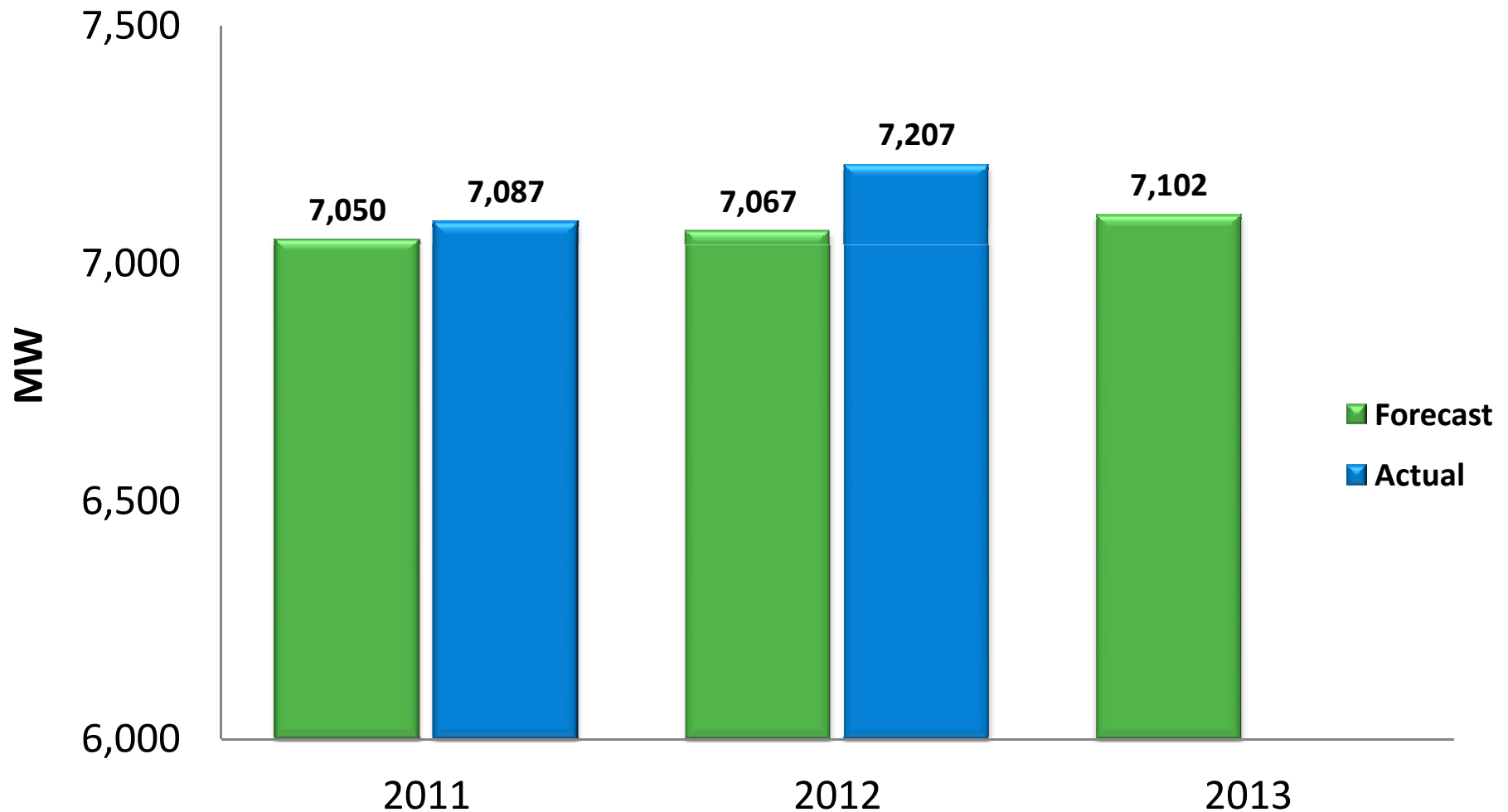
2013 Total Generation Resources

Fuel Source	Capacity at Peak (MW)
Nuclear	1,146
Coal ¹	1,932
Gas Combined Cycle	1,898
Gas/Oil CT, Steam	1,464
Long-Term Contracts	2,397
Renewables (nameplate 434 MW)	<u>161</u>
Total	8,998

Notes:

1) Assumes APS purchases SCE's 48% share of Four Corners Units 4 & 5, and shutdown of Units 1,2, & 3

APS System Peak Demand

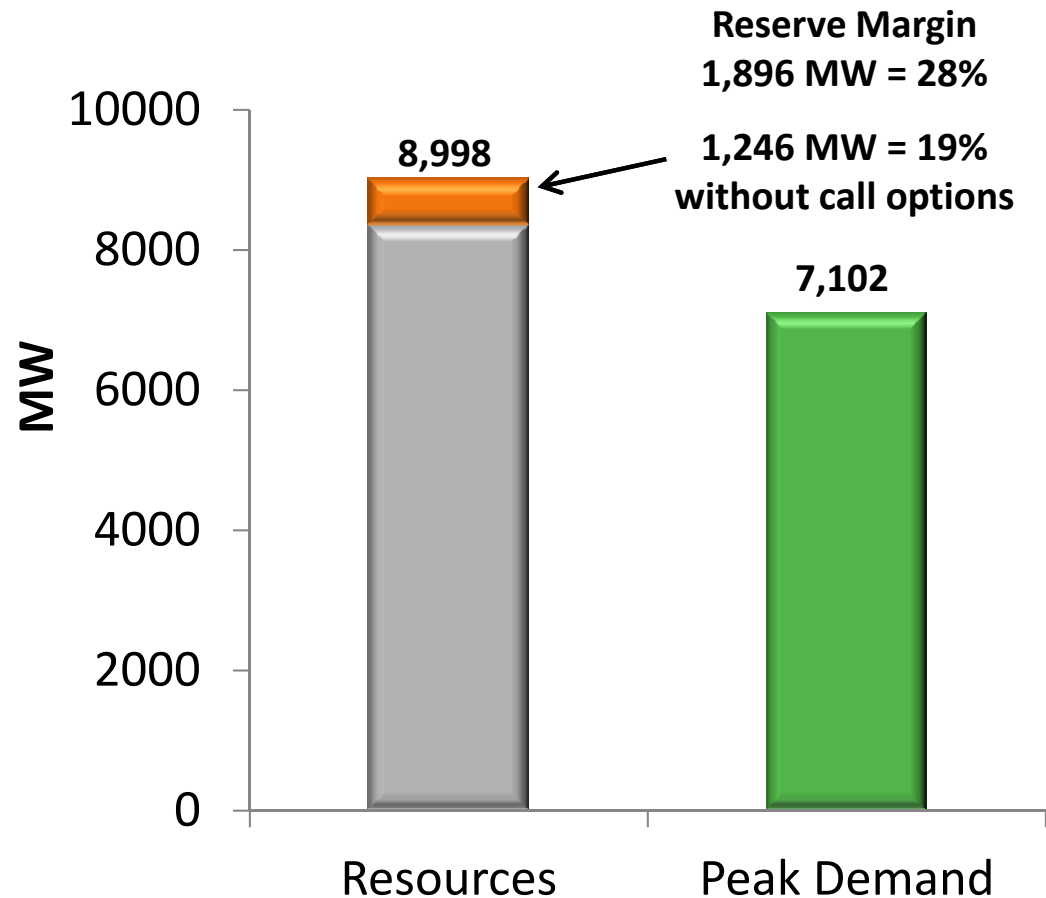


Forecasts are weather normalized

2013 Peak Generation Resources and Demand

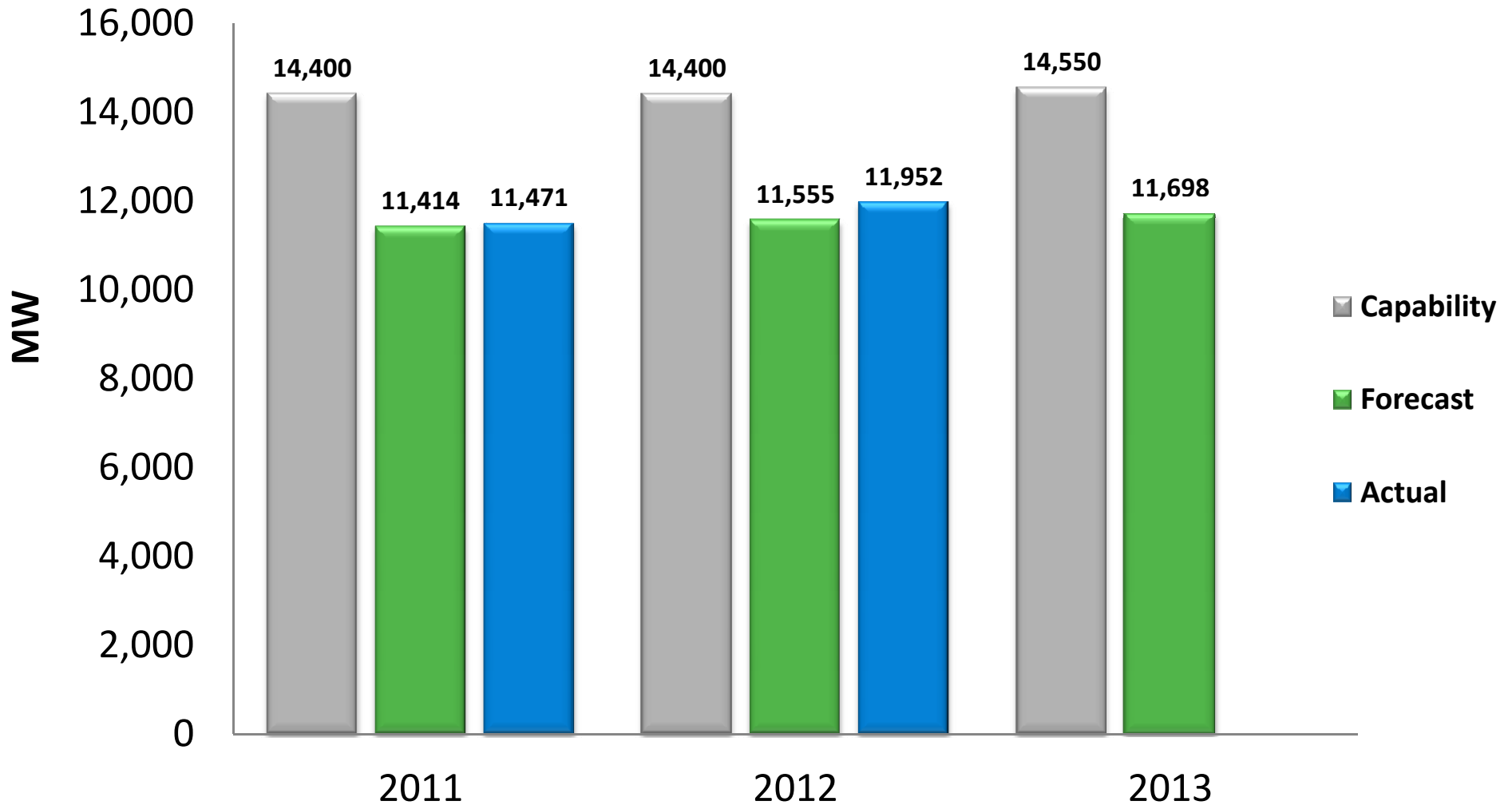
Planned reserve margin to manage uncertainties

- Load forecast uncertainties (weather, economy)
- Unplanned unit outages
- Varying levels of customer participation in mandated programs

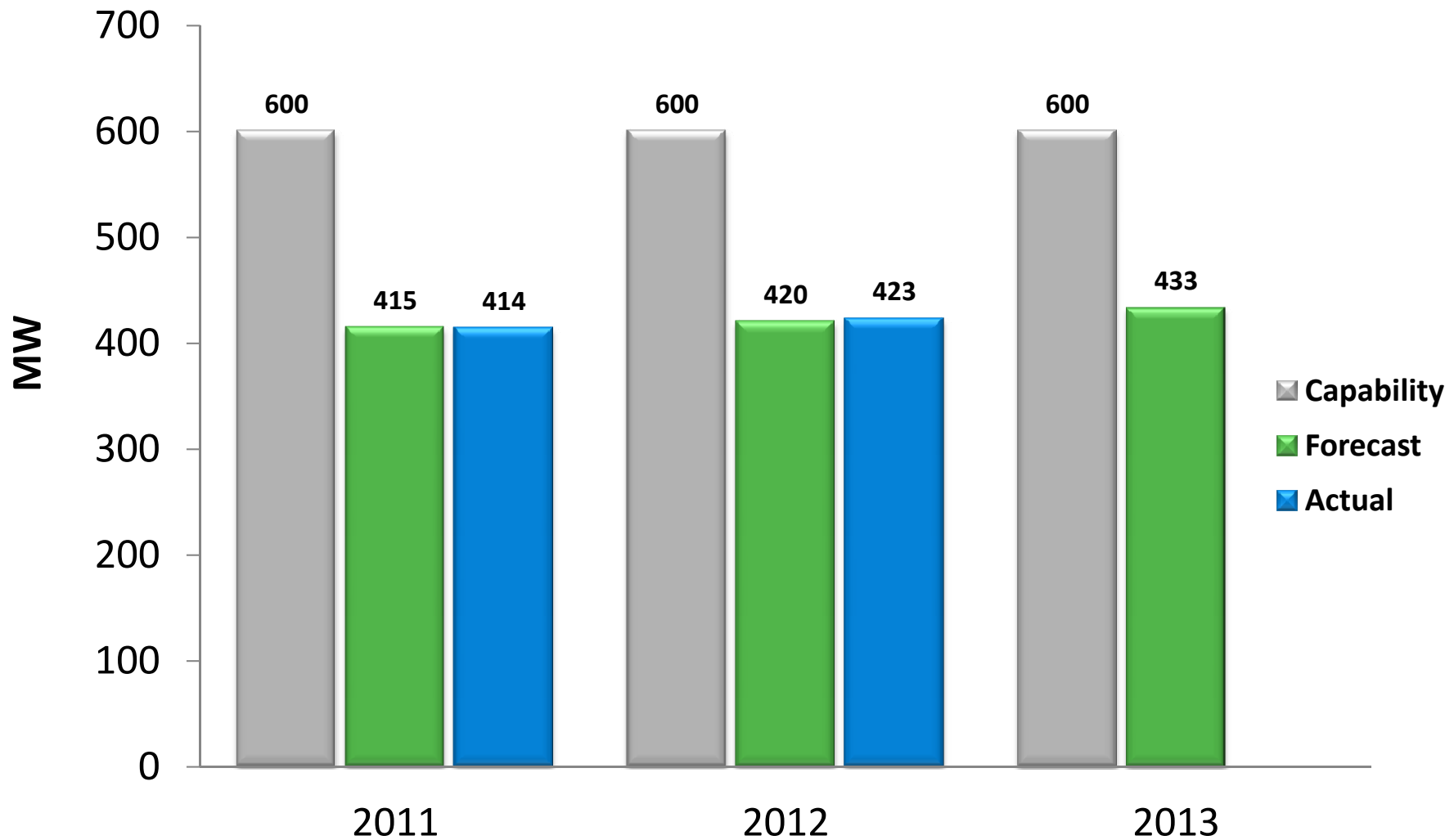


Current minimum reserve margin is 15%, or roughly 1,000 MW

APS/SRP Valley Maximum Load Serving Capability



Yuma Area Maximum Load Serving Capability



Nuclear: Palo Verde

- Fuel sourced from multiple suppliers
- 100% of 2013 fuel inventory in place
- 100% of fuel requirements contracted through 2017
- Overall station capacity factor at 92.3% in 2012
- 2012 was Palo Verde's best production year ever



Coal Supply

Four Corners Power Plant

- Mine mouth plant with BHP Navajo Mine
- Contract term currently runs through 2016
- 60-70 days of reserves



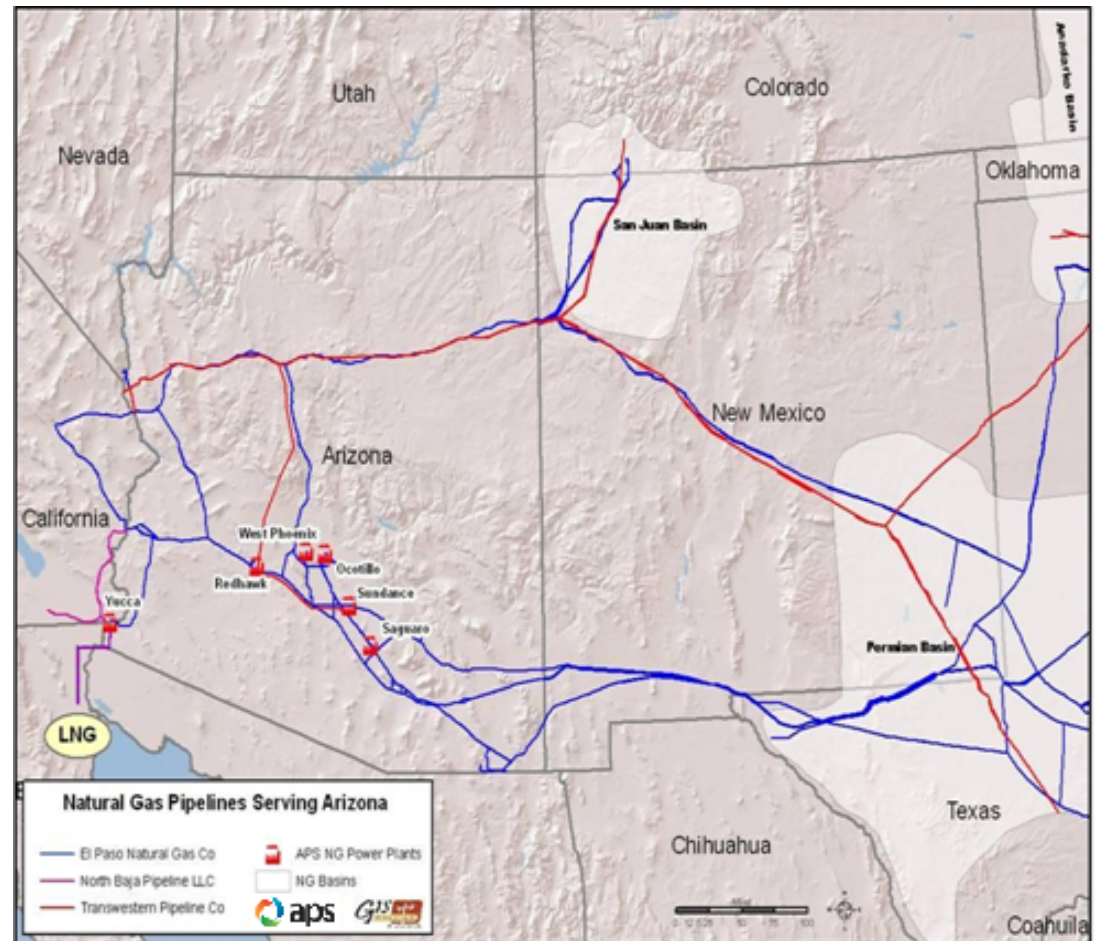
Cholla Power Plant

- Fuel Source: El Segundo mine near Grants, NM
- Contract commitments in place through 2024
- 60-70 days of reserves



Natural Gas Supply

- APS has sufficient pipeline transportation and supply under contract to meet peak system needs
- El Paso Natural Gas supplies all APS natural gas plants
- Transwestern Pipeline also supplies the APS Redhawk and Sundance power plants
- North Baja Pipeline also supplies Yucca units 5 & 6



Planned Reliability Activities

- Transmission / Distribution Maintenance & Monitoring:
 - Substation Equipment Health
 - Real Time Monitoring Equipment – Critical Assets
 - Substation, Predictive & Preventative Maintenance Initiatives
 - Annual Transmission and Distribution Line Patrols

Planned Reliability Activities

- Vegetation Management & Wildfire Planning
 - Annual Wildfire Academy in Prescott
 - Pre-wildfire season meetings with five National Forests
 - Prepare APS personnel for fire season
- Vegetation Management Program
 - Patrol Transmission & Distribution ROW

Emergency Preparedness & Response

- Coordination & Communications with Emergency Managers
 - AZ Dept of Emergency Management, county & municipal emergency managers, & public safety personnel
 - Cross Industry Partners: SRP, TEP, Southwest Gas
- Planning & Training Exercises
 - Statewide exercises and mock drills
 - 2013 Statewide Emergency Exercise
 - Incident Command Coordination & Training
 - Tours of critical facilities

APS Customer Outreach

- Targeted communications for customers, emergency managers & public safety personnel, and community leaders
- Coordination with local emergency management organizations to establish temporary shelters and/or provide outreach for vulnerable populations (need for shelters determined by emergency managers.)
- Purchase or reimburse of dry ice and/or bagged ice (for residential customers' refrigerators and freezers)
- Medical Care Preparedness Program (life support/medical monitoring)

APS Customer Outage Information Sources

- Call Center staffed with live agents 24hrs, 7 days/week
 - Automated, up-front recorded outage messages updated regularly
 - Outbound customer calls when power is restored
- News media
 - APS media hotline monitored 24hrs, 7 days/week
 - Access to Arizona DPS media alert system
- Social Media (Facebook, Twitter)
 - ETR's (estimated time of restoration)
 - General area affected
 - Outage cause – if known

Summary

- Generation resources, fuel supplies and transmission capacity in place to meet customer demand and reserve requirements
- Maintenance efforts on track
- On going coordination, integration with external emergency planners
- Strong customer communication channels in place