

News Release

APS • National Grid • PacifiCorp • Wyoming Infrastructure Authority

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For Immediate Release

Four Entities Team up on Transmission Development Work

Interim agreement will allow for more efficient initial review process

With the common goal of bringing new transmission to the Rocky Mountain and Desert Southwest regions, Arizona Public Service Company, PacifiCorp, National Grid and the Wyoming Infrastructure Authority today announced they have entered into an agreement to work together on preliminary development of new high-voltage transmission lines for the West.

The agreement builds on PacifiCorp's May 30, 2007 announcement the company would construct, by 2014, more than 1,200 miles of new 500-kilovolt transmission lines necessary to address the long-term, growing energy needs of the six states it serves and to access planned renewable energy resources. One segment of that proposed transmission project, a southern route line, from eastern Wyoming into Utah and on to the Desert Southwest, has aspects in common with a project proposed in October 2005 by APS.

At that time, APS announced plans to explore the TransWest Express Project's (TWE) feasibility of building electric transmission lines from Wyoming to Arizona to meet its customers' long-term growth needs. In March 2006, APS signed a memorandum of understanding with the WIA and National Grid to collaborate on this study. In December 2006, APS completed a feasibility report that concluded that TWE potentially creates significant benefits for its customers. APS and other interested parties have been pursuing the next phase of developing the TWE project.

In the interim agreement announced today, the four parties agree to work together on initial activities during the next six months to co-develop these projects, with a decision on next steps to be made in 2008.

By working together on new transmission infrastructure, the parties believe there may be substantial advantages for the region, including:

- the ability to meet growing demand for electricity,
- improved overall electric reliability for the West,
- improved access for renewable energy resources,
- better use of transmission corridors,
- opportunities to coordinate permitting processes, and
- economies of scale and cost savings in development and construction activities.

National Grid will act as the lead developer with support from APS, PacifiCorp and the WIA.

APS, Arizona's largest and longest-serving electricity utility, serves more than 1 million customers in 11 of the state's 15 counties. Arizona is the fastest growing state in the country and Phoenix is the nation's fifth largest city. The rapid growth has resulted in energy demand increase of more than 4 percent each year by APS customers. With headquarters in Phoenix, APS is the largest subsidiary of Pinnacle West Capital Corp. (NYSE: PNW).

PacifiCorp is one of the lowest-cost electricity producers in the U.S., providing approximately 1.7 million customers with reliable, efficient energy. PacifiCorp operates as Pacific Power in Oregon, Washington and California, and as Rocky Mountain Power in Utah, Wyoming and Idaho. PacifiCorp has more than 9,062 megawatts of generation from coal, hydro, gas-fired combustion turbines and renewable wind and geothermal power. Visit www.pacificorp.com.

Formed in 2004 by the State of Wyoming, the WIA's mission is to diversify and expand the state's economy through improvements in electric transmission infrastructure to facilitate the consumption of Wyoming energy. Wyoming has abundant resources for generating power to serve the growing needs of the region, including high-quality wind energy supplies.

National Grid plc is an international energy delivery business with principal activities in the regulated electricity and natural gas industries. It brings proven experience in the U.S. and internationally in building and operating complex transmission infrastructure.

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