



PRESS RELEASE

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For Immediate Release

APS, National Grid and WIA Announce Cooperative Study of New Transmission Lines

Cheyenne, Wyoming – Arizona Public Service Company (APS), National Grid USA and the Wyoming Infrastructure Authority (WIA) signed a Memorandum of Understanding (MOU) this week to collaborate in development of new electric transmission lines between Arizona and Wyoming. This MOU expands upon previous announcements by APS in October 2005 to begin development of the TransWest Express Project and by the WIA and National Grid in December 2005 that they would jointly undertake the Wyoming-West Transmission Study.

Arizona and neighboring states are experiencing significant growth in electricity demand. To help meet that growth, APS envisions construction of two new 500,000-volt (500-kV) transmission lines from northern Arizona, through Utah to Wyoming. APS and other utilities in the west are attracted to Wyoming as an abundant source of low-cost wind and clean coal generation. The TransWest Express Project will be designed to help meet growth in demand with low-cost sources of supply from Wyoming.

Concurrently, the WIA and National Grid are working together in the Wyoming-West Transmission Study to examine the possibilities for new transmission lines from Wyoming to major metropolitan markets throughout the west. Recognizing that there is a significant overlap between these two initiatives, the three parties have agreed to work together and actively cooperate to move these initiatives forward.

Wyoming Senator Craig Thomas hailed the agreement saying, “This is an exciting project for Wyoming and the west. It’s the kind of partnership and cooperative effort needed to break the logjam that has separated Wyoming’s vast energy resources from the growing electricity markets in the west. This proposed transmission expansion will relieve congestion on the electric grid and provide consumers with the benefits of Wyoming’s coal and wind energy resources. I applaud the Wyoming Infrastructure Authority, Arizona Public Service and National Grid for their foresight and leadership.”

Arizona Gov. Janet Napolitano expressed her support for this development. “As a supporter of the TransWest Express Project, I am pleased with the regional cooperation to build new transmission lines,” she said. “Our region needs and my state needs renewables and clean coal generation resources.”

“We face a real challenge in the coming years to meet the growing needs of Arizonans with a reliable and diverse resource portfolio,” said Steve Wheeler, executive vice president, APS Customer Service and Regulation. “The time to start the planning process is now. That’s why we announced the TransWest Express Project. We also saw the necessity of working with others on this project. With the WIA and National Grid also looking at new transmission along this path, it makes sense that we pool resources and work with each other.”

“Throughout the west there is increasing interest in Wyoming as a source of power supply,” said Steve Waddington, WIA executive director. “Today’s announcement is a significant step forward in building the multi-state cooperation necessary to ensure that the required transmission lines interconnecting the west are built.”

Paul Halas, National Grid senior vice president of Business Development said, “National Grid is excited about the opportunity to work with APS and WIA to help create a transmission solution that will deliver affordable and clean electricity to the western U.S.”

Formed in 2004 by the State of Wyoming, the WIA's mission is to diversify and expand the state's economy through improvements in Wyoming's electric transmission infrastructure to facilitate the consumption of Wyoming energy. The Authority can participate in planning, financing, constructing, developing, acquiring, maintaining and operating electric transmission facilities and their supporting infrastructure. Legislation provided the WIA with bonding authority, and other powers, to promote transmission development in the state and throughout the region. It also provided the State Treasurer, with the approval of the State Loan and Investment Board, the authority to invest in WIA bonds.

APS, Arizona's largest and longest-serving electric utility, serves more than 1 million customers in 11 of the state's 15 counties. With headquarters in Phoenix, APS is the largest subsidiary of Pinnacle West Capital Corporation (NYSE: PNW).

National Grid is an international energy delivery business with principal activities in the regulated electricity and natural gas industries. In the U.S., National Grid transmits and distributes electricity and natural gas to nearly 4 million customers across 29,000 square miles of Massachusetts, New Hampshire, New York and Rhode Island. The company owns the high-voltage electricity transmission network in England and Wales and operates the system across Great Britain. It also owns and operates the high-pressure gas transmission system in Britain and, through its gas distribution business, serves over 10 million homes and businesses in Britain. In addition, it has a number of businesses operating in related areas such as LNG importation, wireless infrastructure for broadcast and telecommunications, property, metering and interconnectors.

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