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**APS TO SPONSOR FEASIBILITY STUDY FOR
NEW TRANSMISSION PROJECT FROM WYOMING TO ARIZONA**

PHOENIX – Arizona Public Service Company (APS) announced today that it will explore building two 500,000-volt (500-kV) transmission lines from Wyoming to northern Arizona. The completion of the TransWest Express Project would provide Arizona and other western states increased capability to access electricity generated from coal, wind and other 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 Jack Davis, President and Chief Executive Officer of APS. “To do that, we need more access to power supplies throughout the West. This project provides a meaningful opportunity to benefit customers in Arizona and throughout the region and to help fulfill our state and federal energy policy goals of developing more environmentally friendly generation and strengthening the Western power grid.”

APS will seek input and participation of interested parties to jointly examine the technical and economic feasibility of the project and the relevant environmental and regulatory considerations. This joint feasibility analysis will be performed within the various regional and subregional transmission planning groups and reliability organizations.

Arizona Gov. Janet Napolitano expressed her support of the project. “A healthy economy depends on the State's ability to provide essential services, and abundant, reliable electrical power is one of those needs,” she said. “As Chair of the Western Governors’ Association, I look forward to raising this proposal with my fellow WGA states for prompt review and discussion as it could play a key role in linking economic and environmentally compatible energy sources with the growing power needs of Arizona and the West.”

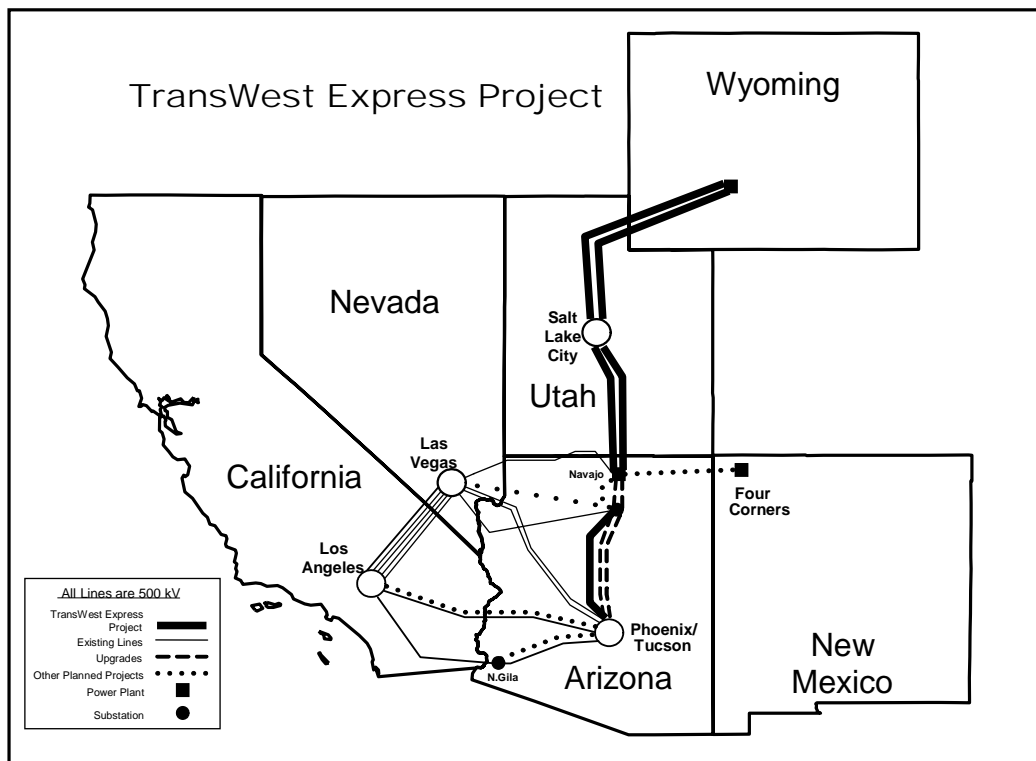
Another state leader in support of the project is Jeff Hatch-Miller, Chairman of the Arizona Corporation Commission. “Maintaining Arizona’s quality of life and jobs requires adequate and affordable power,” he said. “We have enough energy to meet today’s demand but we must think outside the box in order to secure the power Arizona will need a decade from now. Linking to new, clean-burning coal technologies and abundant wind resources to our north will provide us with the needed electricity, protect Arizona’s environment and potentially lower our cost of power. This ambitious and far-sighted project promises real benefits for Arizonans.”

In addition to the new lines, the feasibility study will also assess the benefits of integrating these new transmission facilities with other transmission projects already planned, including the Dine Navajo Transmission Project, the Palo Verde – Devers #2 Project, the Palo Verde - North Gila #2 Project, and planned upgrades to the existing Navajo Transmission System lines and the Mead – Phoenix line. In addition, the feasibility study will assess the benefits of a third line from the Navajo Generating Station in northern Arizona to the Phoenix area (see map below).

“This is an extraordinarily ambitious undertaking that will require unprecedented cooperation and support from government, regulators, generators, utilities and other stakeholders,” said Davis. “This is certainly not a one utility, go-it-alone project.”

The Phase 1 feasibility study is expected to take about one year. Later phases would include required permitting, approvals, construction and eventual completion of the project with an expected in-service date of 2013.

Below is a conceptual line route. If the project proceeds, a final route will be proposed as part of the regulatory process in each of the affected states.



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).