

Economic Development Landscape

Pinal County Economic Development Summit

September 30, 2010

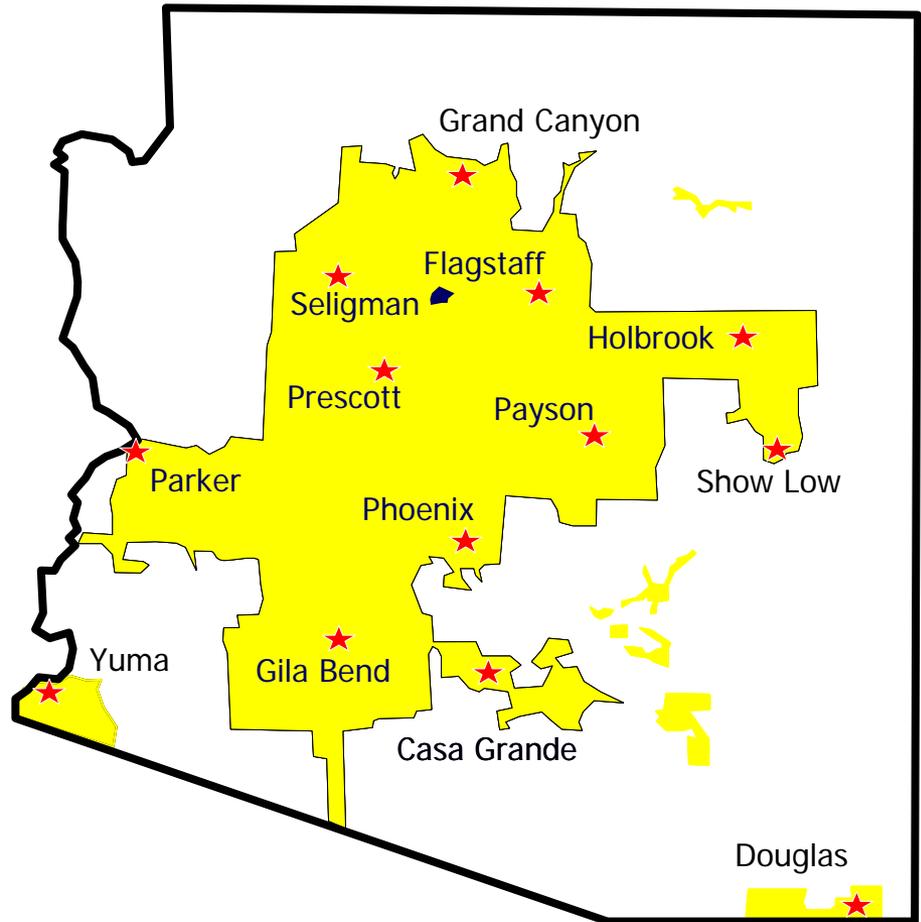
David Bentler- Manager, Statewide Community and Economic
Development

Tom Yost – Manager, Energy Delivery, SE Division

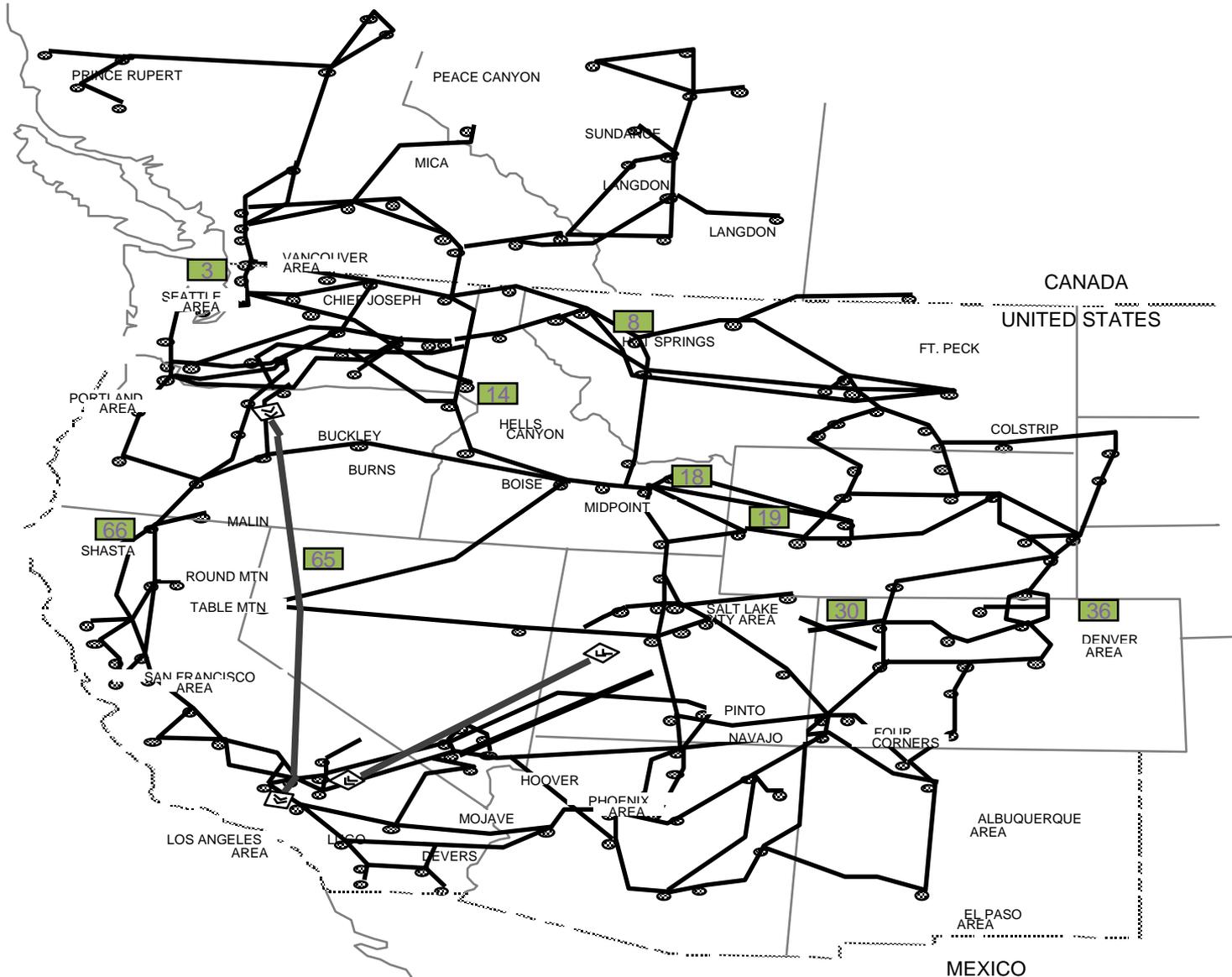


APS Service Statistics

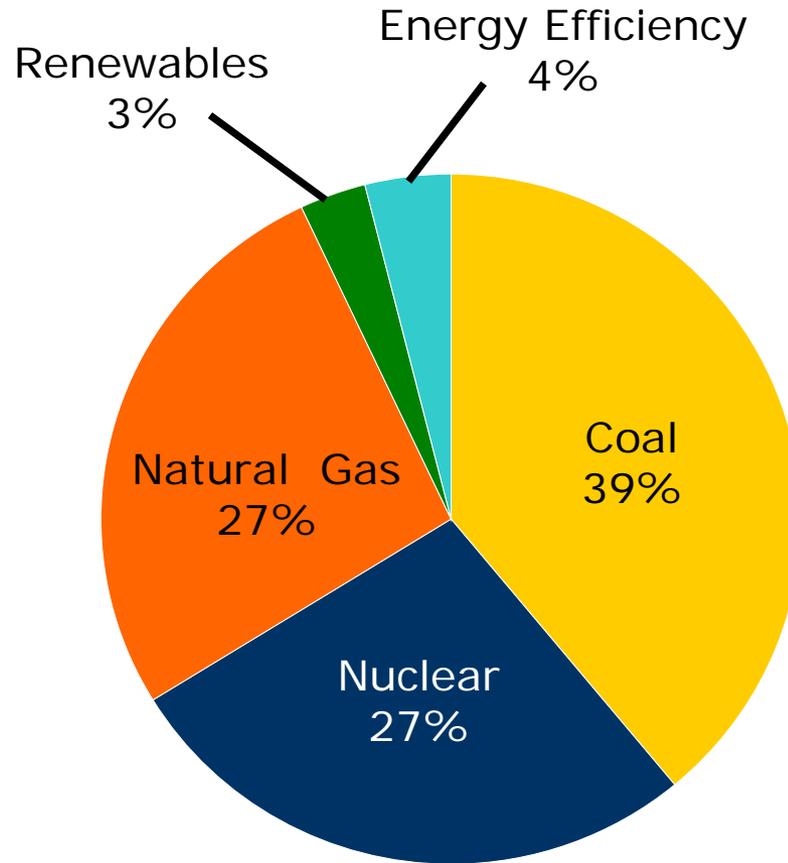
- 11 counties
- 34,645 sq. mi. CC&N area
- 1.1 million customers
- 32 customers/sq. mi.
- 28,670 distribution line miles
- 5,325 transmission line miles
- 54 generation units
- Largest Tax payer in Arizona
- \$10.1m in Property Tax (Pinal)
- \$1.2m in sales tax (Pinal)
- \$1.6m in Franchise fees (Pinal)



Western Interconnection Transmission Paths

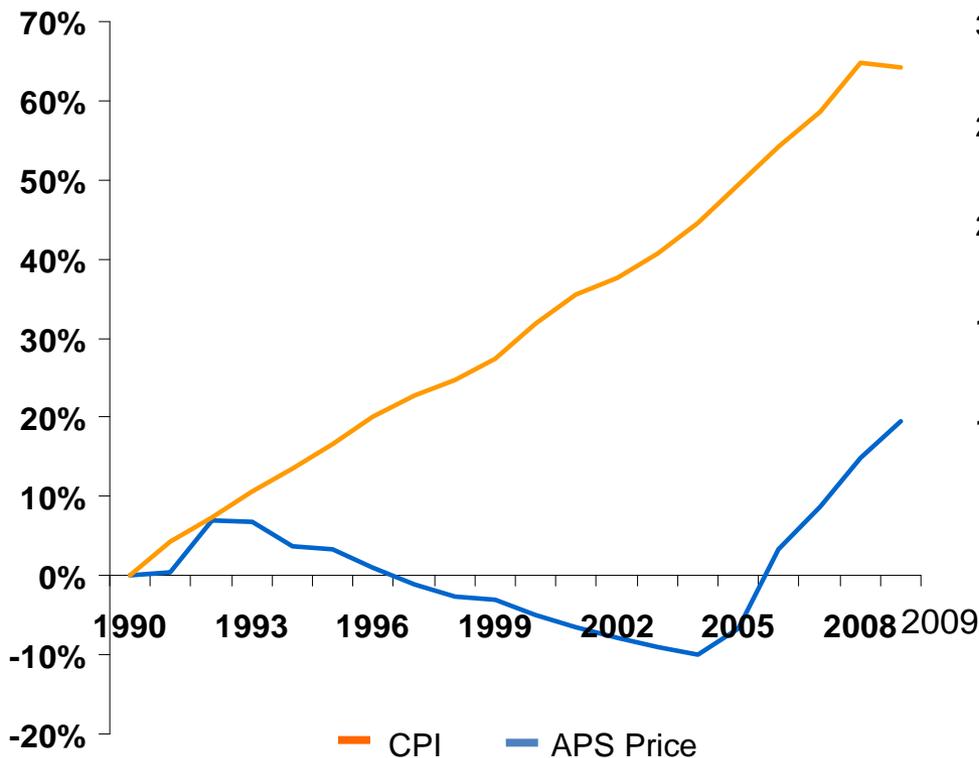


2010 Projected Energy Mix



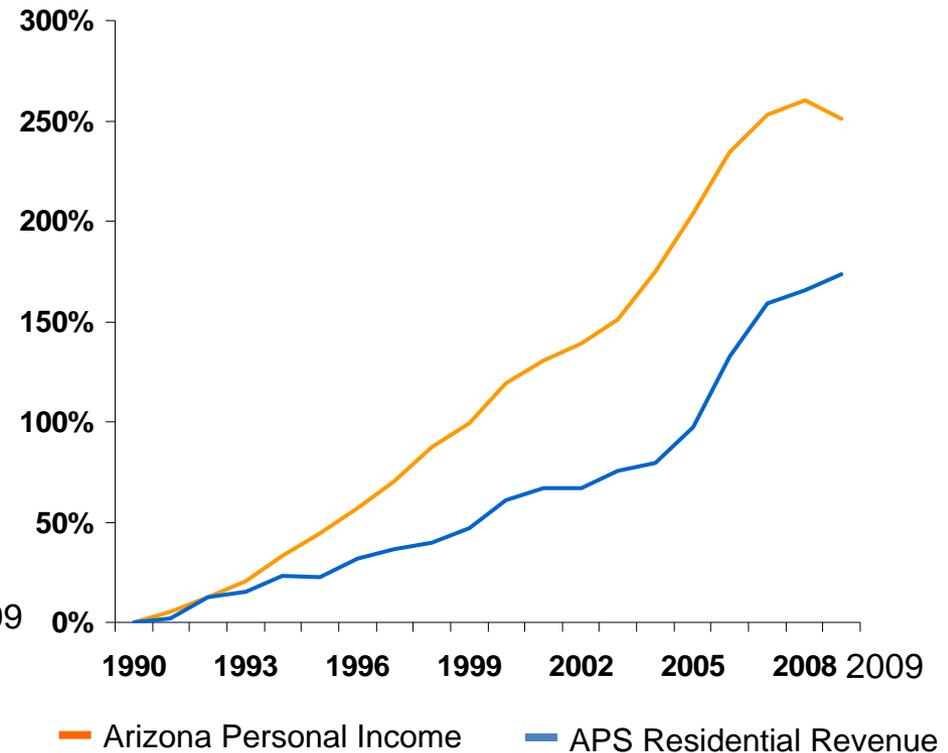
Compared to All Other Prices

APS Price vs. Inflation



The CPI has increased by 45% more than APS's rates since 1990

Arizona Personal Income vs. APS Residential Revenue



The cost of electricity as a % of personal income has declined 22% since 1990

Site Selection Factors

Ranking	2009	2008
1. Highway accessibility	98.9	95.8 (2)
2. Labor costs	94.3	82.8 (10)
3. Occupancy or Construction Costs	92.9	87.1 (6)
4. Availability of skilled labor	92.2	94.9 (3)
5. State and Local Incentives	92.0	96.1 (1)
6. Availability of land	90.8	85.6 (9)
7. Energy availability and costs	89.7	90.7 (4)
8. Tax exemptions	89.6	89.9 (5)
9. Proximity to major markets	88.5	86.3 (8)
10. Corporate tax rates	87.4	86.8 (7)

*Source: Area Development Magazine

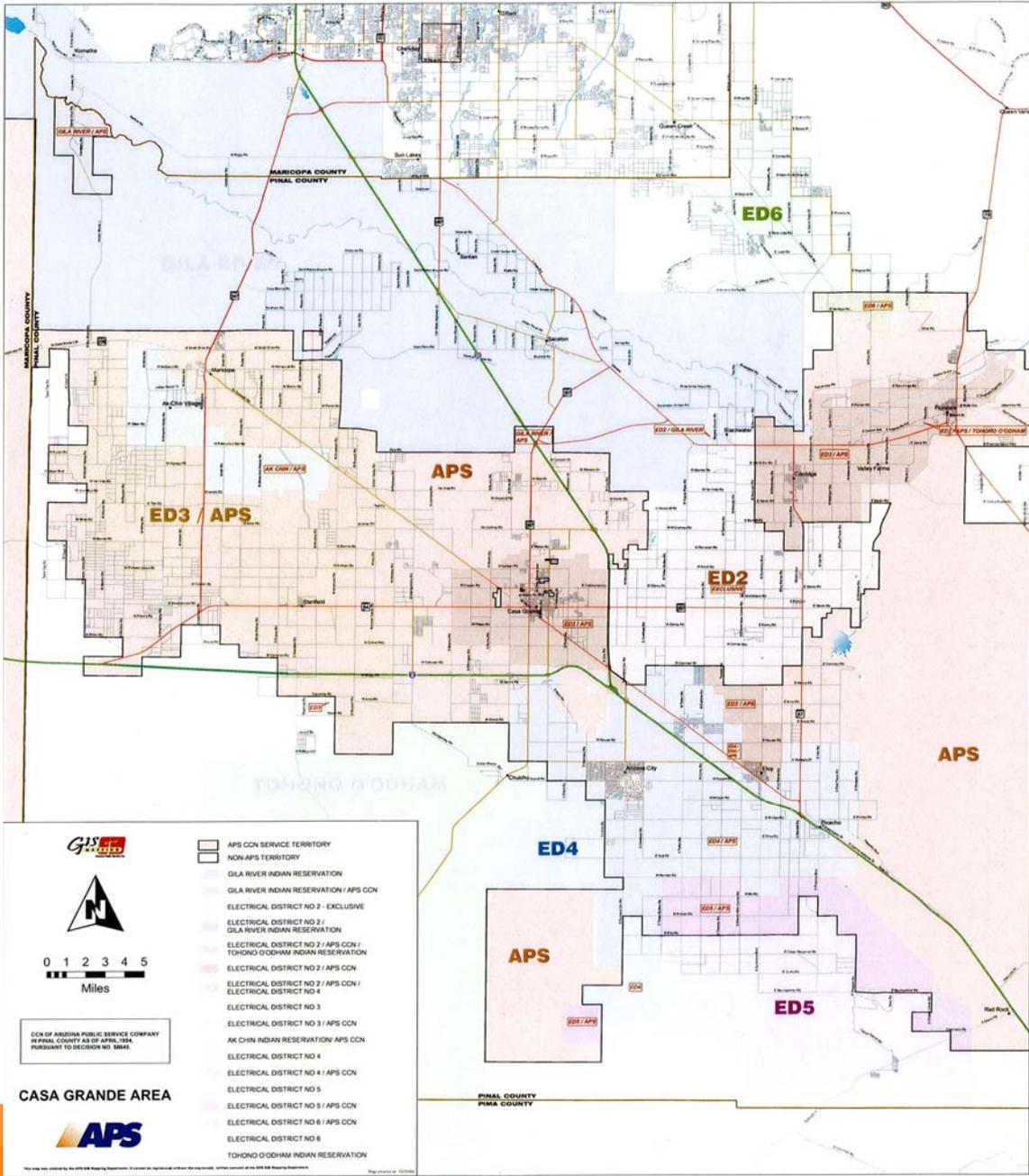
APS Line Extension Policy - Prior 2-27-08

Detailed economic feasibility assessment that determined the cost of the extension compared to expected revenue.

In other words, most extensions made at little or no cost to customer.

APS Line Extension Policy - Existing

- Arizona Corporation Commission adopted a policy to “make growth pay for itself” and ordered APS to eliminate economic feasibility policy.
- As a result, all customers are required to make a non-refundable contribution in aid of construction for extension facilities.



Reliability Supply Chain



120
Ser

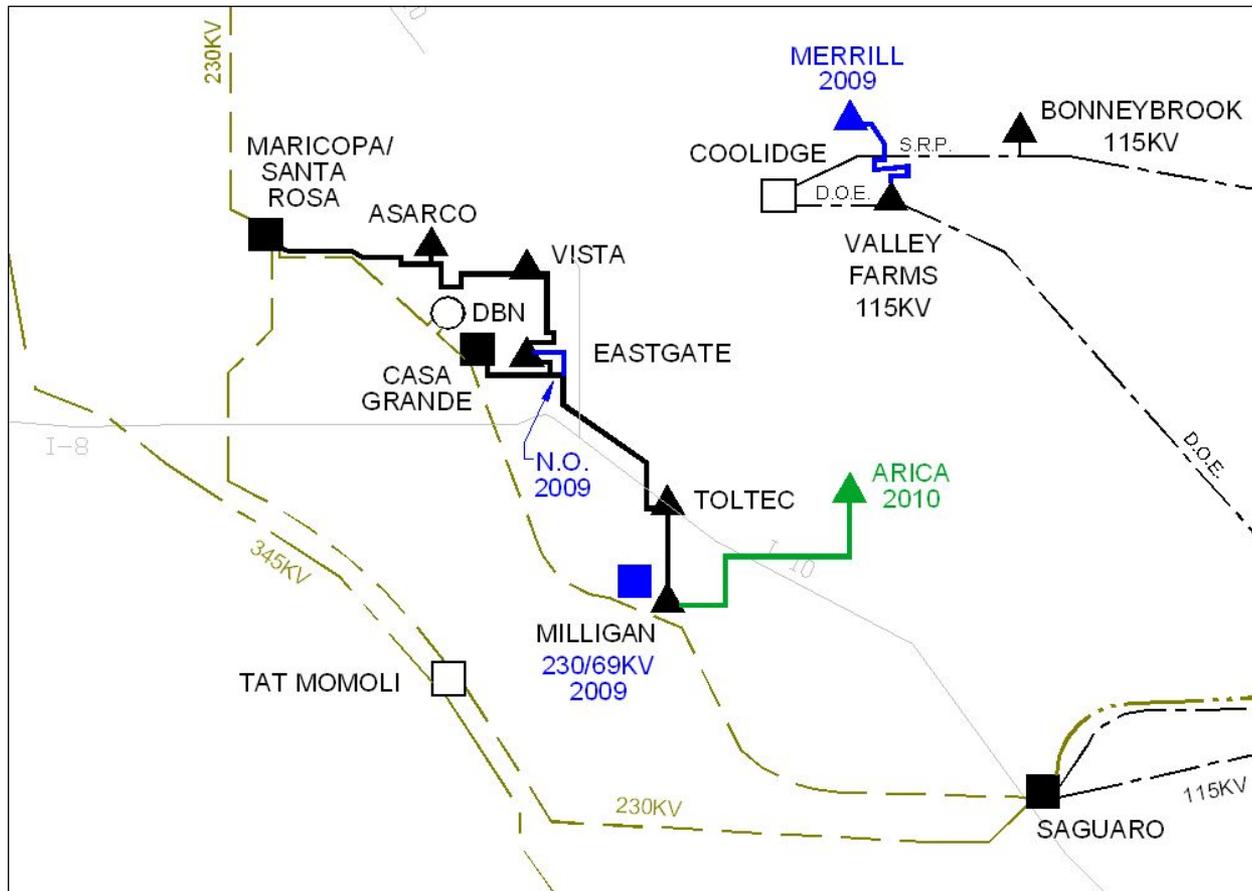


Step-down
Transformer



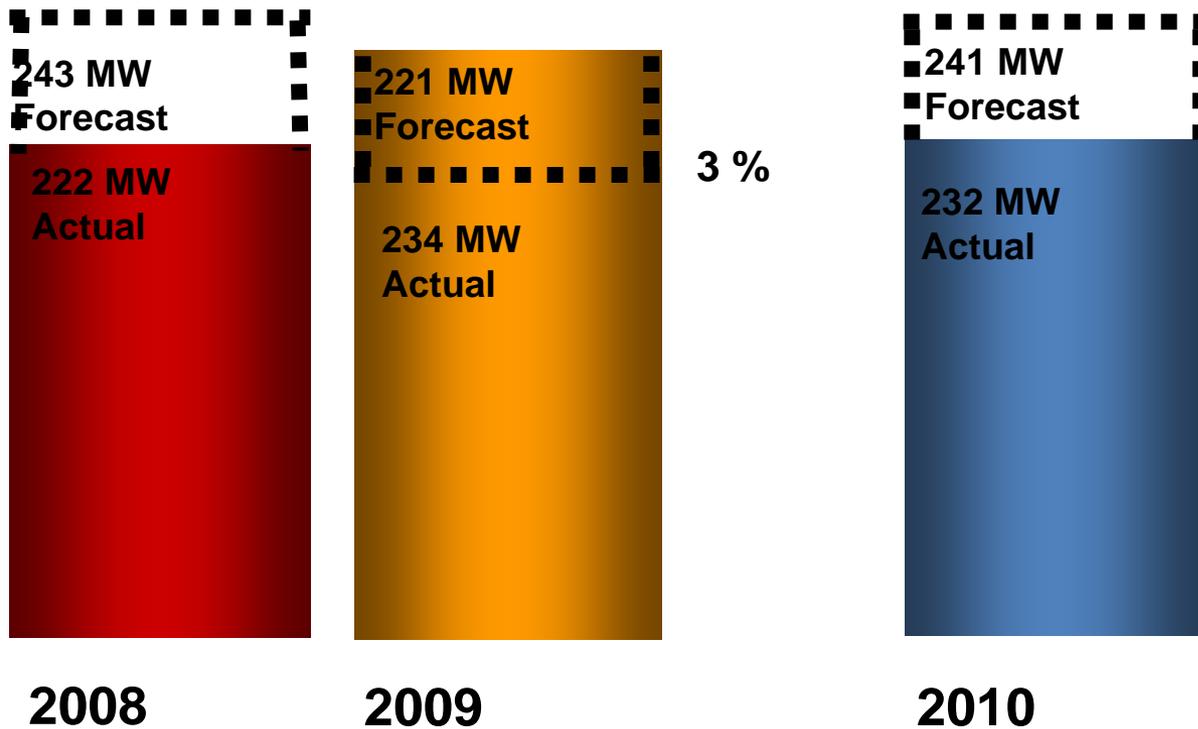
Lines

Sub-Trans. System Construction



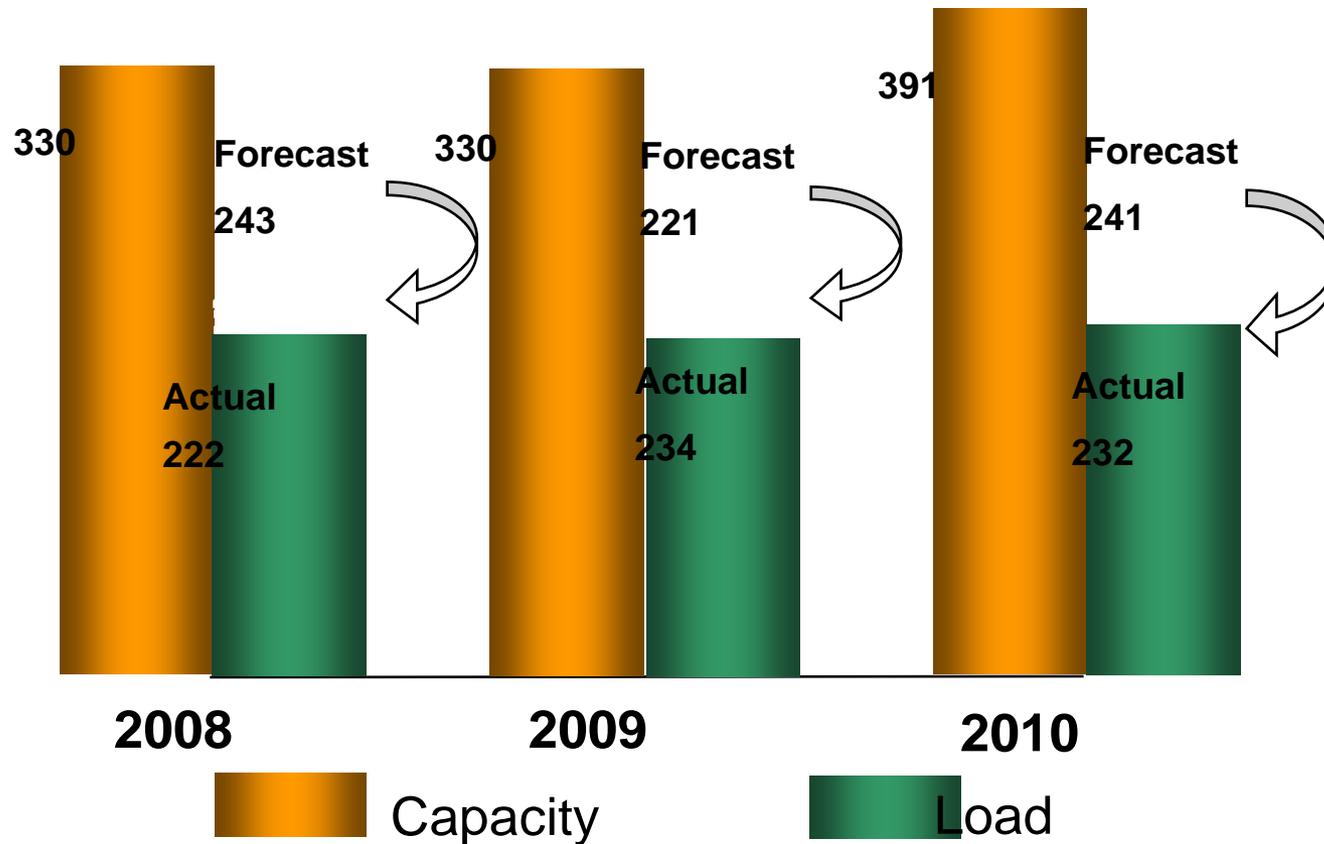
PINAL DIVISION 69KV SYSTEM

Pinal District Peak Loads



Pinal District Maximum Transformer Capacity

MW



Delivery System Construction

	2009	2010
Distribution Sub MVA, New	41.7	20
Transmission Sub MVA, New	187	-
Transmission Line Miles, New	5.9	3.5
Transmission Line Miles, Rebuild	1.5	-

2010 Total distribution system substation transformer capacity = 391 MVA

2010 Total transmission system substation transformer capacity = 454 MVA

Conclusion

- \$13,000,000 for Pinal County/communities from APS
- Electric Infrastructure is complex, but APS has planned for future growth in Pinal County
- Electric Infrastructure is important for Economic Development
- Fuel Mix and electric prices are favorable
- Substations and Power lines are beautiful !