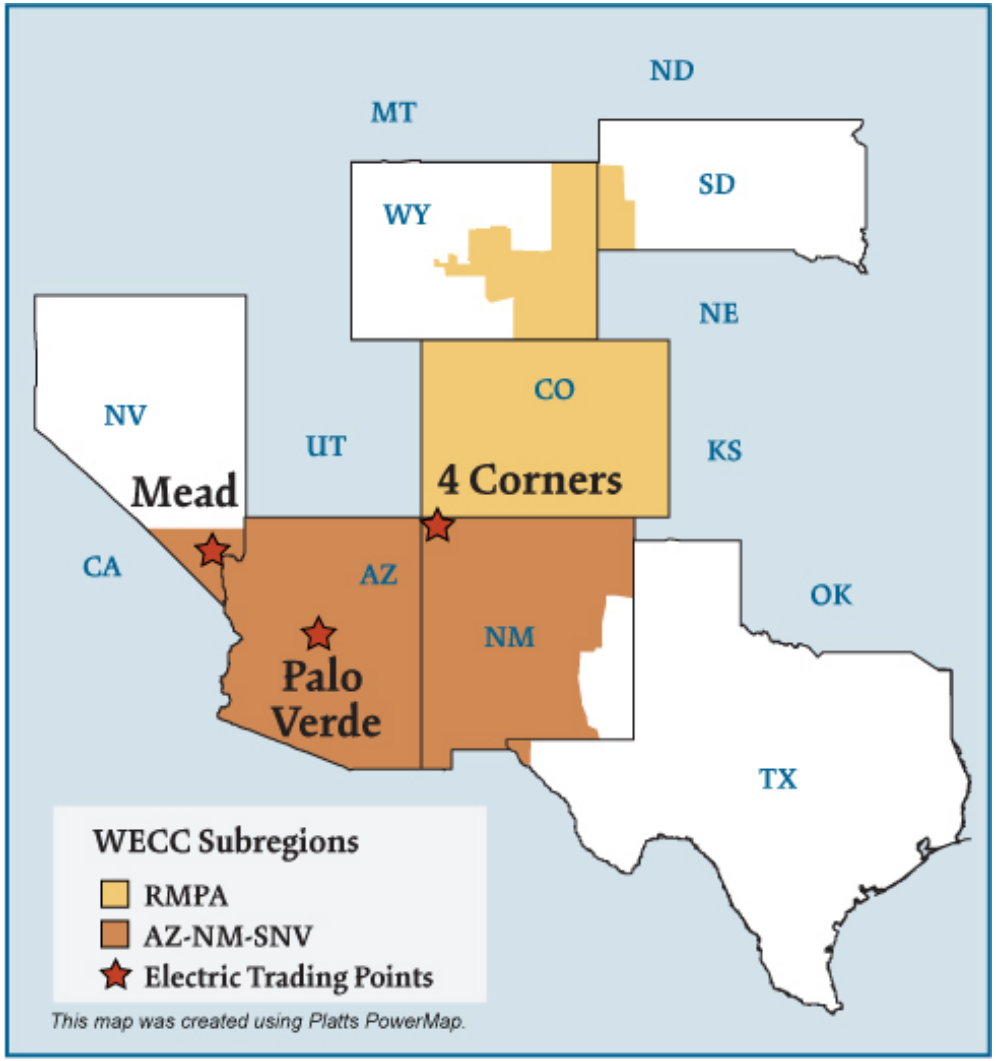
Southwest Electric Regions



Overview

Geography

States covered: All or most of Arizona, New Mexico, Colorado and parts of Nevada, Wyoming and South Dakota.

Reliability region: Rocky Mountain Power Area (RMPA) and Arizona/New Mexico/Southern Nevada Power Area (AZNMSNV) sub-regions of the Western Electric Coordinating Council (WECC)

Balancing authorities: See list on page 5.

Hubs: Four Corners, Mead, Palo Verde

RTO/ISO

None

Generation/Supply

Marginal fuel type: Natural gas

Generating capacity: 45,459 MW (2005)

Capacity reserve: 8,940 MW (2005)

Reserve margin: 24% (2005)

The region has a surplus of generating capacity, with much of the generation in Arizona and the Four Corners area. Transmission capacity to the California market is often fully utilized in the high load periods of the summer. In 2005, the regional reserve margin decreased from 2004 as demand growth outpaced supply additions.

Demand

Peak demand: 36,519 MW (2005)

Peak demand growth: 3.5% (2004–2005)

Prices

Annual Average of Daily Bilateral Day Ahead On-Peak Prices

Platts "Palo Verde" Index

2004: $50.09/MWh

2005: $67.39/MWh

2006: $57.59/MWh

2007: $61.74/MWh

Interconnections/Seams

Generation suppliers export excess power to the rest of the West and particularly to California.

Balancing Authorities in the Southwest Electric Market

WECC Subregion and Balancing Authority	NERC Acronym
AZNMSNV	
Arizona Public Service Company	AZPS
DECA, LLC - Arlington Valley	DEAA
El Paso Electric Company	EPE
Gila River Maricopa Arizona	GRMA
Harquahala L.L.C.	HGMA
Imperial Irrigation District	IID
Nevada Power Company	NEVP
Public Service Company of New Mexico	PNM
Salt River Project	SRP
Tucson Electric Power Company	TEPC
Western Area Power Administration - Lower Colorado	WALC
RMPA	
Public Service Company of Colorado	PSCO
Western Area Power Administration - Colorado-Missouri	WACM

Source: *NERC (www.tsin.com)*

Updated February 7, 2007

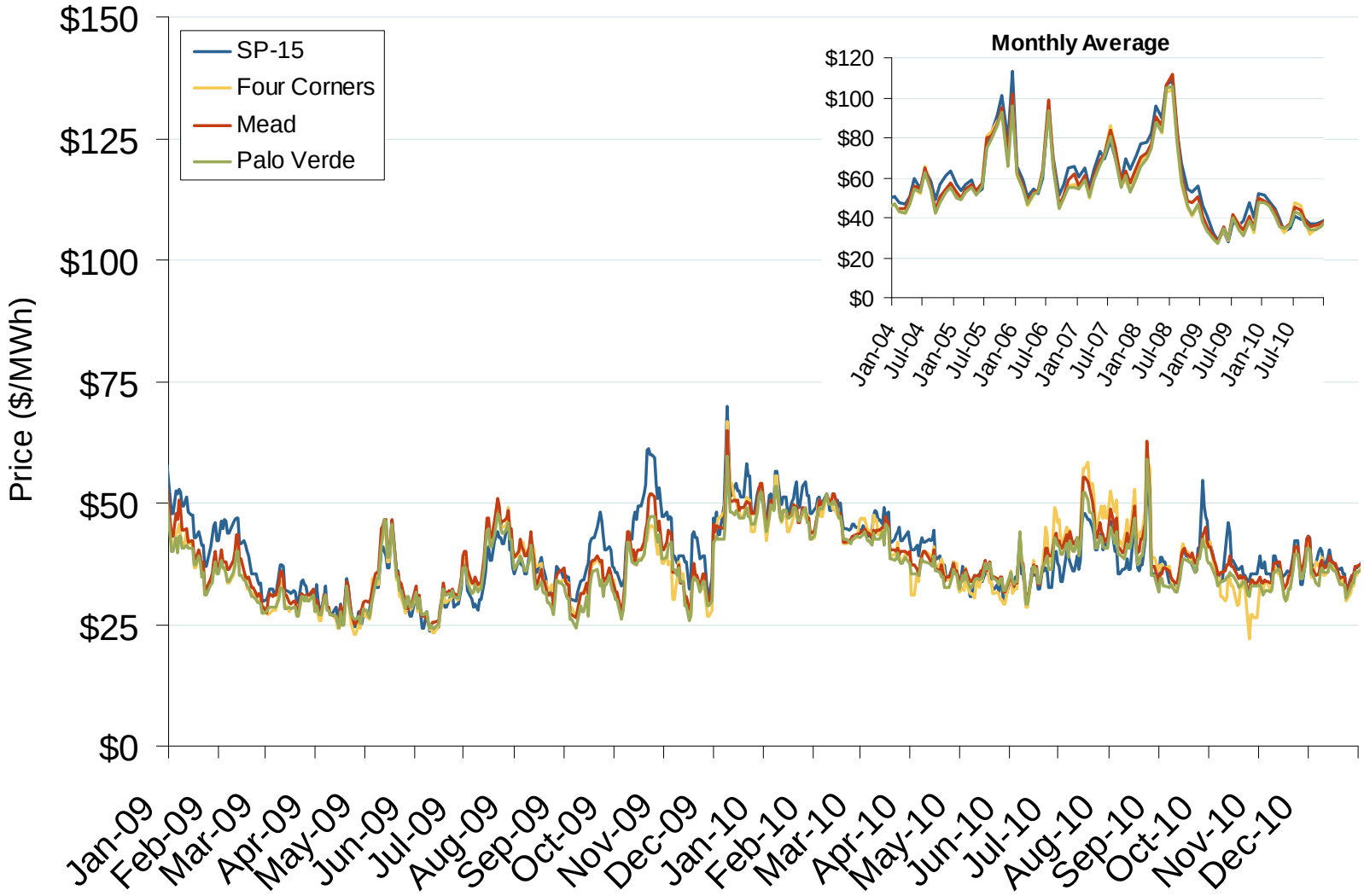
Annual Average Bilateral Prices

Annual Average Day Ahead On Peak Prices ($/MWh)						
	2006	2007	2008	2009	2010	5-Year Avg
Four Corners	$58.52	$63.21	$71.84	$35.38	$39.68	$53.74
Palo Verde	$57.59	$61.74	$71.87	$34.77	$38.76	$52.96
Mead	$59.93	$64.49	$75.63	$36.58	$40.11	$55.36

Source: Derived from *Platts* data.

Updated January 10, 2011

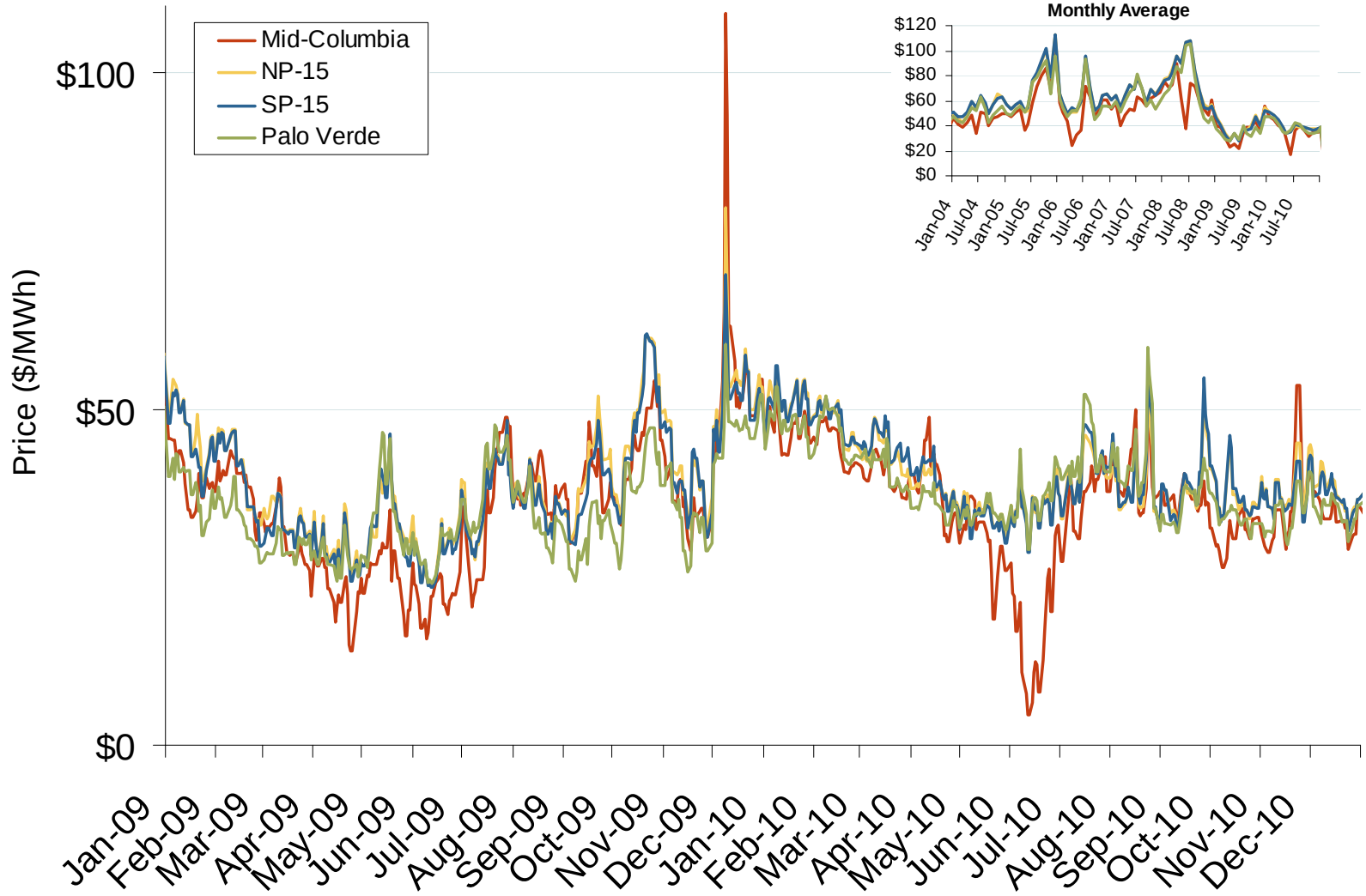
Southwestern Daily Bilateral Day-Ahead On-Peak Prices



Source: Derived from Platts data.

Updated: January 05, 2011

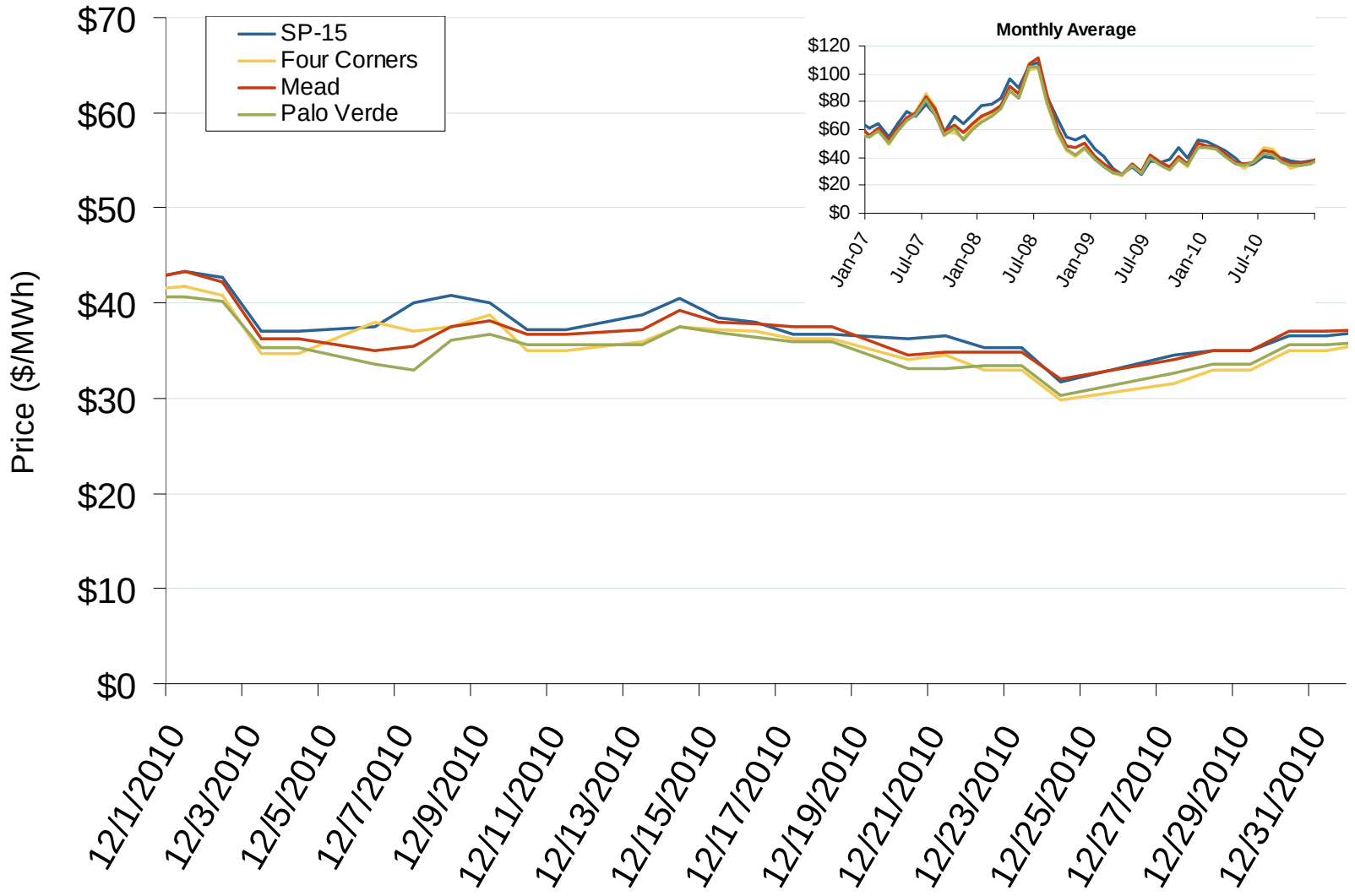
Western Daily Bilateral Day-Ahead On-Peak Prices



Source: Derived from Platts data.

Updated: January 05, 2011

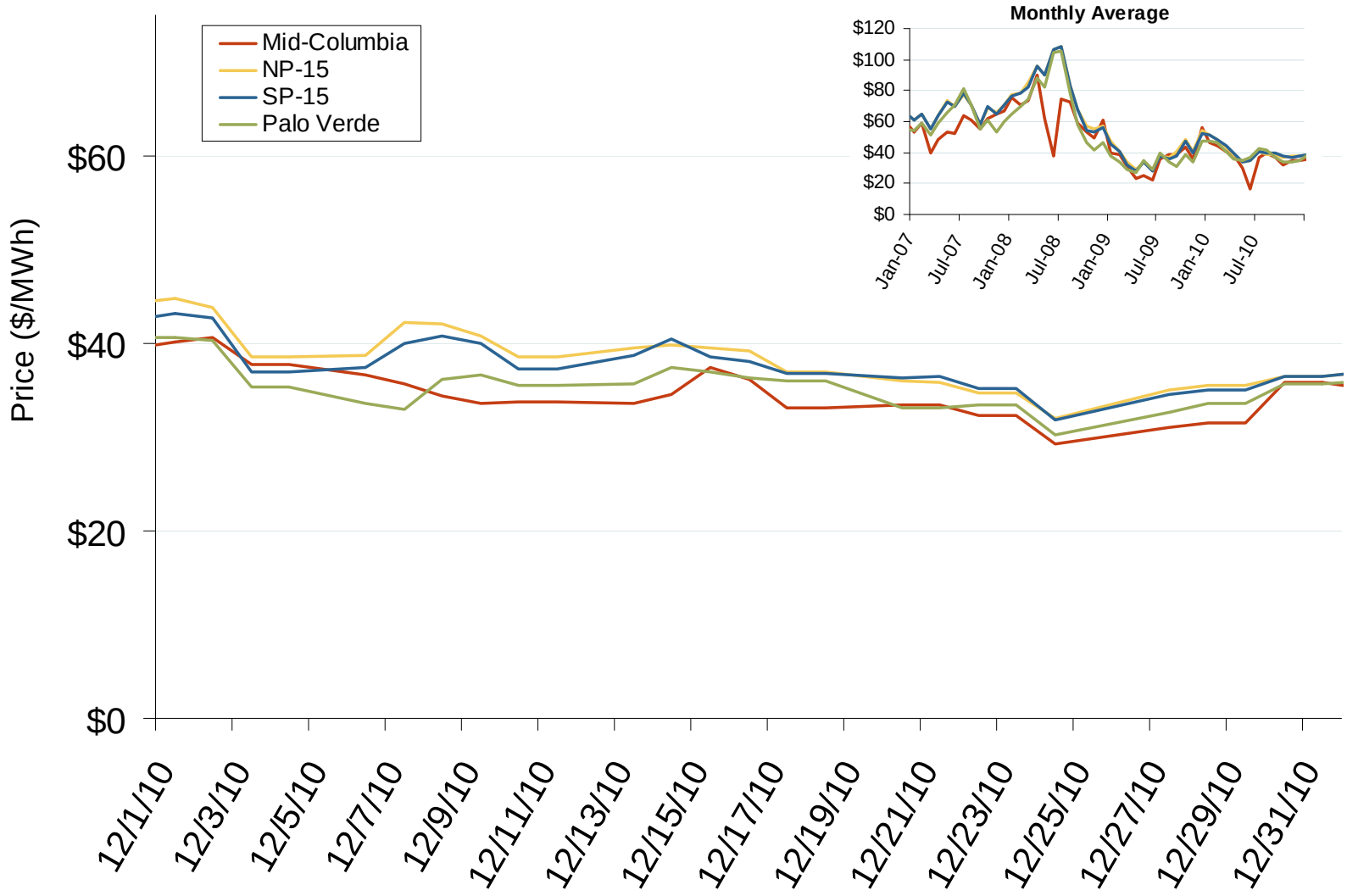
Southwestern Daily Bilateral Day-Ahead On-Peak Prices



Source: Derived from *Platts data.*

Updated: January 05, 2011

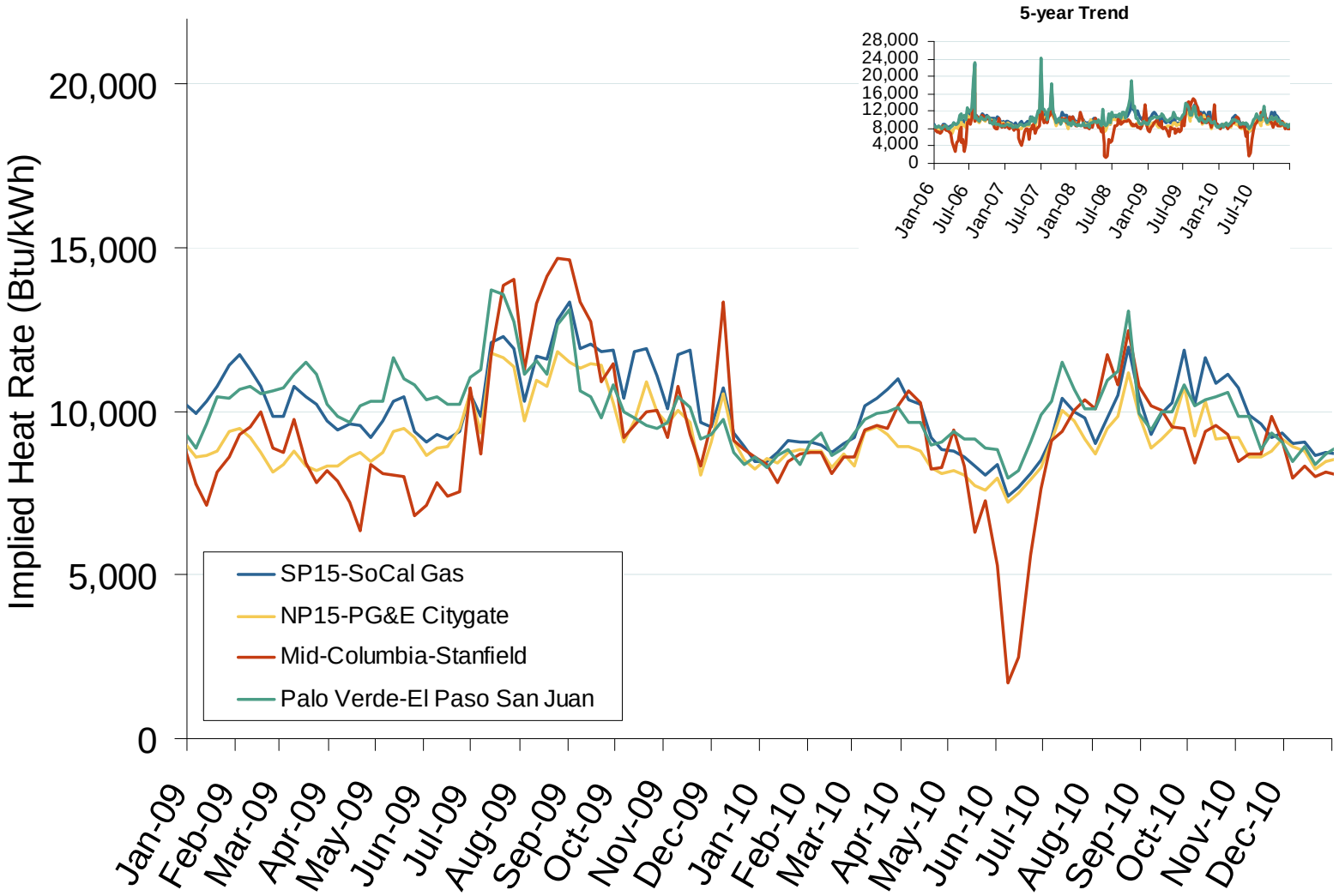
Western Daily Bilateral Day-Ahead On-Peak Prices



Source: Derived from *Platts data.*

Updated: January 05, 2011

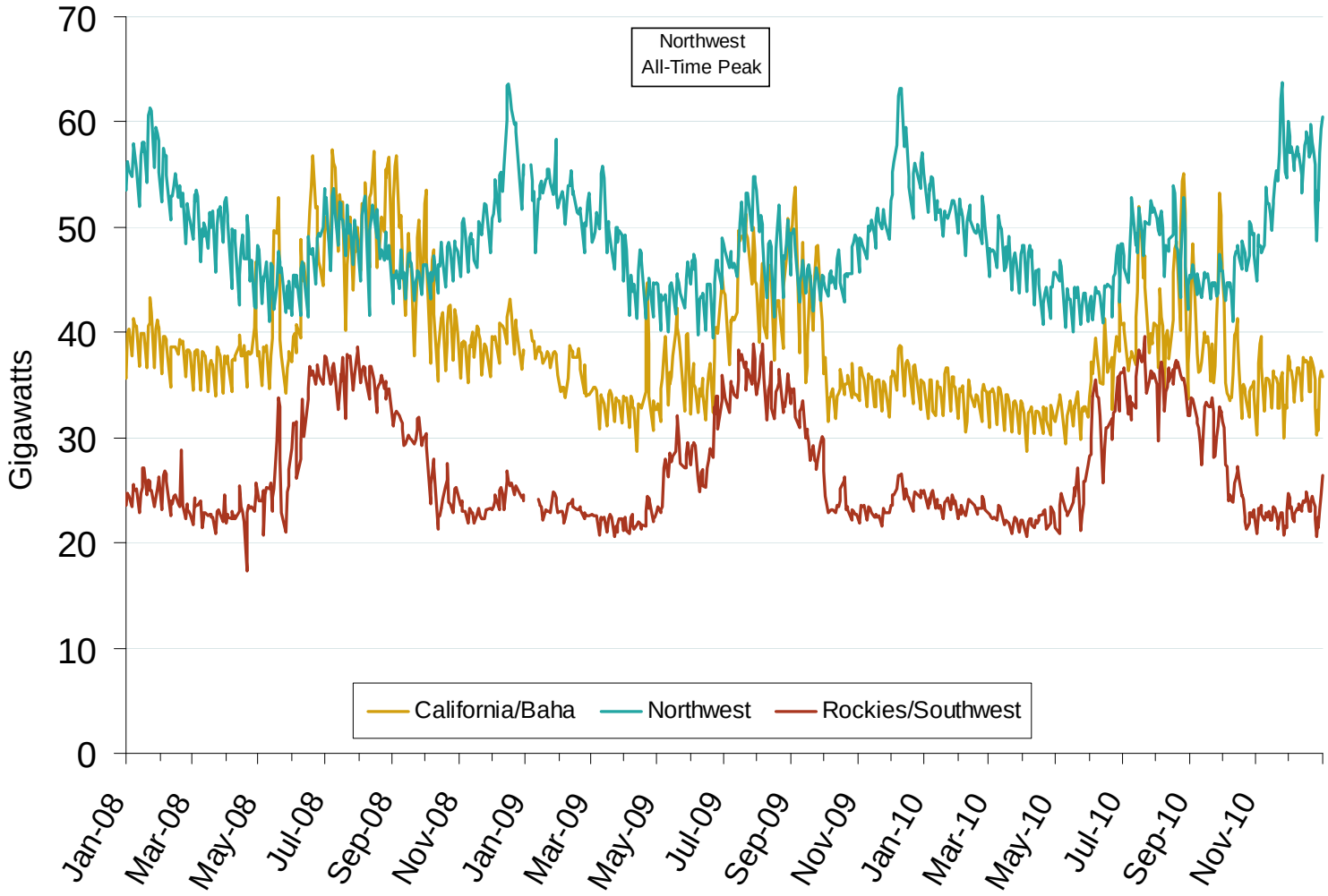
Implied Heat Rates at Western Trading Points
Weekly Average



Source: Derived from *Platts* on-peak electric and natural gas price data.

Updated January 10, 2011

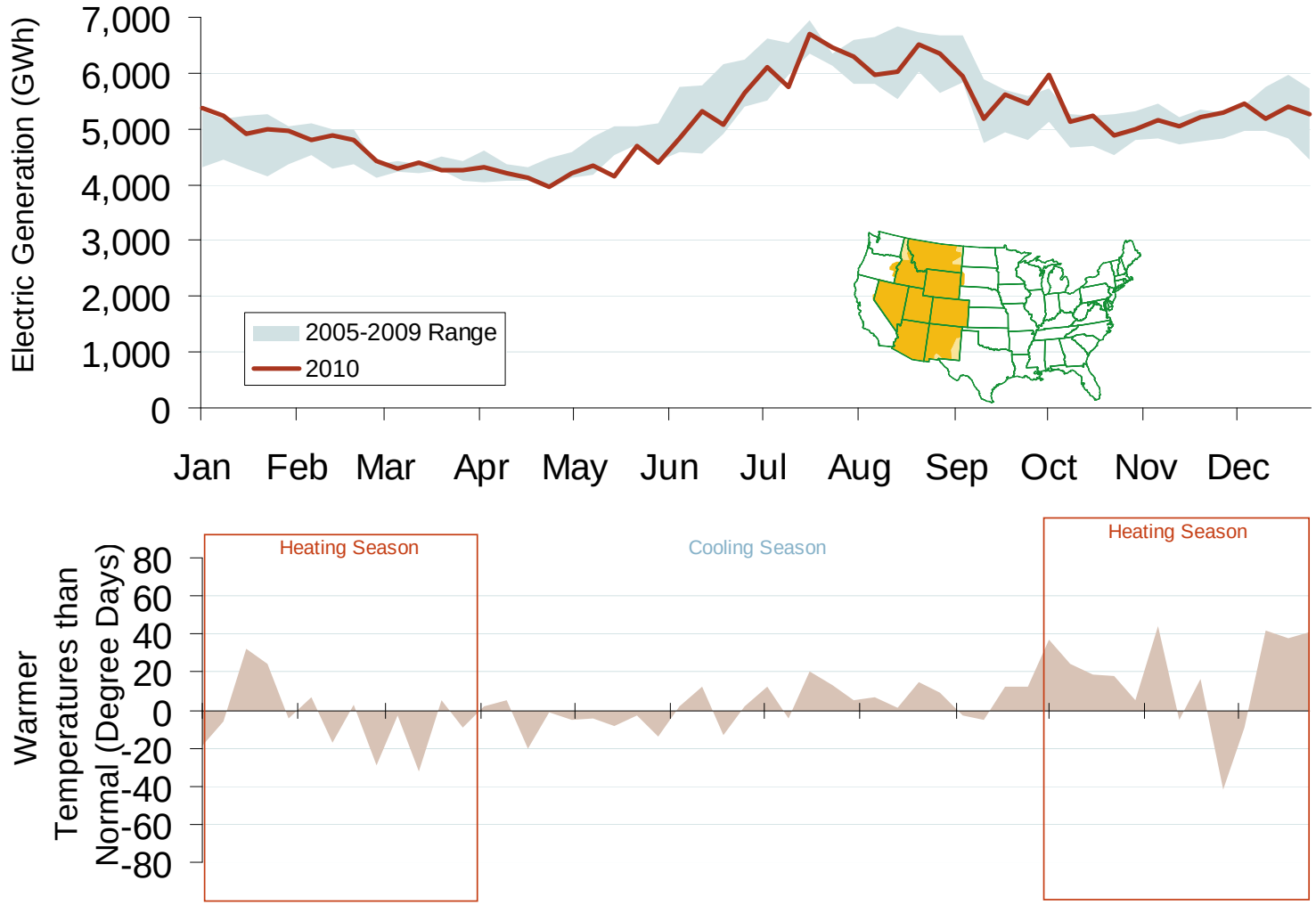
Western Daily Actual Peak Demand



Source: Derived from WECC Daily Report data available at http://wecc.biz. Data does not include weekends and holidays. Some data for 12/31/2008 – 1/9/2009 are not available from WECC.

Updated January 10, 2011

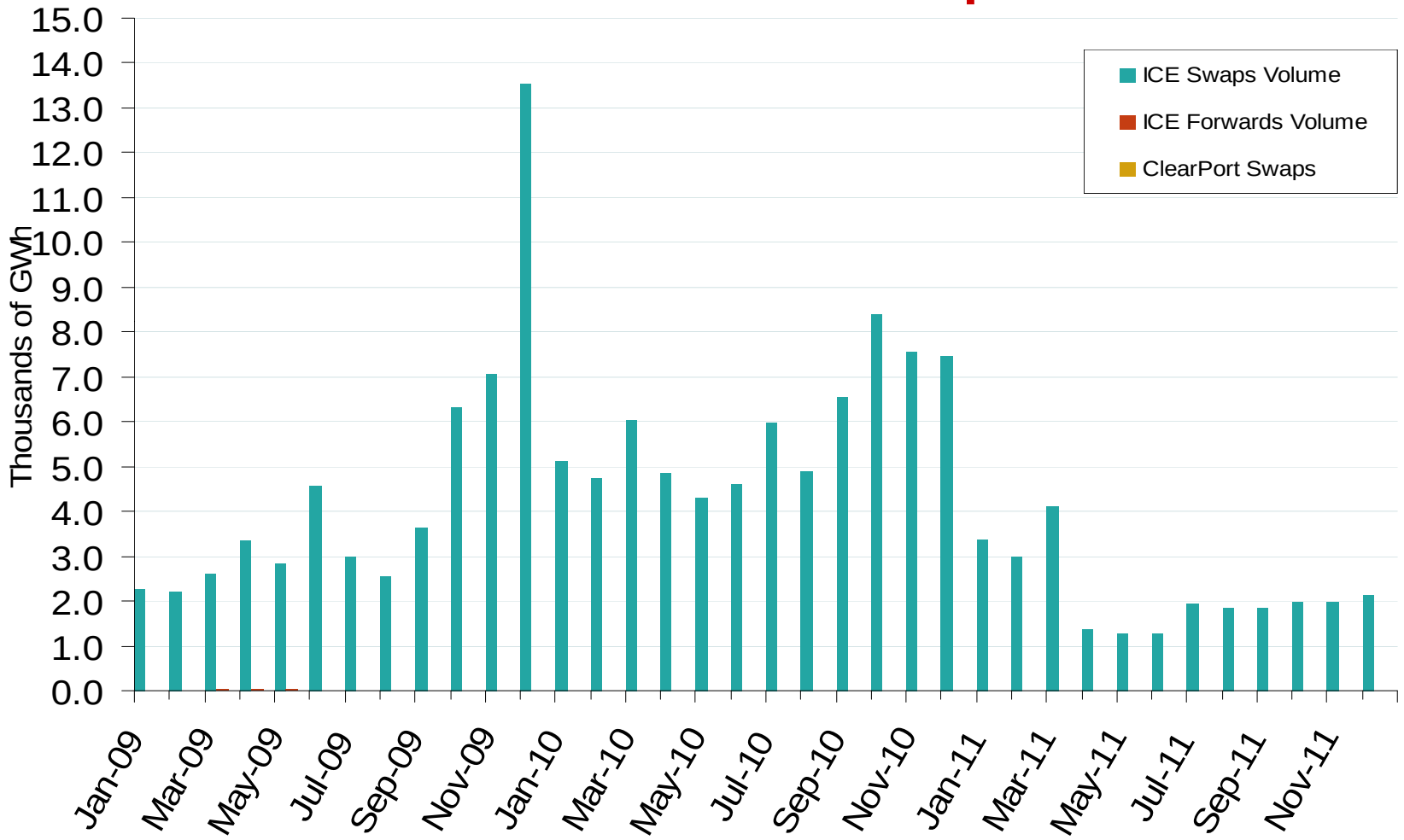
Weekly Electric Generation Output and Temperatures
Rocky Mountains Region



Source: Derived from *EEI* and *NOAA* data.

Updated January 10, 2011

Palo Verde Forward and Swap Volumes



Source: Derived from ICE and Nymex ClearPort data.

Note: ICE on-peak forward (physical) and swap (financial) volumes are for Palo Verde and include monthly, dual monthly, quarterly, and calendar year contracts traded for each month. Nymex ClearPort on-peak swap (financial) volumes are for Palo Verde and are traded by month.

Updated: January 06, 2011