

ABOUT ARIZONA ELECTRIC POWER COOPERATIVE, INC. (AEPCO)

AEPCO was formed in 1961 as a generation and transmission cooperative by four distribution cooperatives operating in Southeast Arizona. The four founding Class A Members AEPCO members are: Duncan Valley Electric Cooperative operating in Greenlee County, Graham County Electric Cooperative operating in the rural areas of surrounding the City of Safford, Arizona, Sulphur Springs Valley Electric Cooperative operating principally in Cochise County, and Trico Electric Cooperative operating primarily in Pima County, in rural areas around the City of Tucson.

Two other distribution cooperatives later joined the ranks of the Class A Members; Mohave Electric Cooperative located in northeast Arizona in Bullhead City, and Anza Electric Cooperative in Anza, California, operating in an area northeast of San Diego and south of Palm Springs.

These six cooperatives serve more than 115,000 residential and business customers.

By virtue of long-term sales contracts, AEPCO has a Class B Member, the City of Mesa, Arizona, and a Class C Member, the Salt River Project, or SRP, both of which serve in the Phoenix area.

In 2001, AEPCO re-organized into three cooperatives, all owned by the same distribution cooperatives, with AEPCO being the generation cooperative. Southwest Transmission Cooperative (SWTransco) assumed the transmission assets for delivery services needed by AEPCO's members. Sierra Southwest Cooperative Services provides manpower services to both AEPCO and SWTransco, and provides other retail energy services in Arizona and California.

AEPCO is lead by a 14-member governing board, comprised of two representatives from each of the Class A members, and a single representative from each of the other members.

Today, AEPCO has generating capability at its Apache Generating Station in Cochise County, consisting of three steam and four gas turbines capable of generating a minimum of 555 megawatts of power. AEPCO has a modest Federal hydro allocation and, from time to time, enters into purchase power contracts to supplement its generation. Details of AEPCO's current resources as applied to its 2005 members' loads are provided in the attached spreadsheet.

ABOUT AEPCO's PANELIST, RICHARD (DICK) KURTZ

Richard Kurtz is Vice President of Power Services, an employee of Sierra Southwest Cooperative Services working on behalf of AEPCO.

Mr. Kurtz graduated from college as an Electrical Engineer, and entered the electric utility business with a Mid-western investor owned utility. Dick moved West early in his career to work for another IOU as a Professional Engineer. Dick joined AEPCO in early 1995, almost 11 years ago.

Over his 35 years in the electric utility business, Mr. Kurtz has held positions in transmission and electric generation planning, power contracts, and wholesale and retail power marketing. In his IOU experience, Dick lead negotiations of power sales and transmission service contracts, and oversaw preparation of many FERC filings related to those inter-utility agreements. Dick has been similarly involved in both power sales and power purchase contracts on behalf of AEPCO.

ARIZONA ELECTRIC POWER COOPERATIVE, INC.
Actual Resources to Serve
Class A, B & C Member Loads and Firm Contract Sale (*1) in 2005
January through October, 2005

RESOURCES	At Time of Annual Peak MW	Percent of Peak	Annual Total Energy GWH (*2)	Percent of Total Resources
Long Term Purchased Power (*3)	103.6		211.4	7.2%
Short Term Outage Purchase (*4)	0.0		17.5	0.6%
Economy Purchases (Spot Market) (*5)			210.0	7.2%
Subtotal Purchased Power	103.6	16.9%	438.9	15.0%
AEPCO Net Apache Generation (*6)(*7)	509.3	83.1%	2,485.8	85.0%
TOTAL	612.9	100.0%	2,924.7	100.0%

*1 Firm Contract Sale to one non member customer.

*2 Includes Actual Economy Sales from surplus energy available from AEPCO resources.

*3 Includes 30.6 MW of Fed Hydro; 60 MW Merchant plant summer only; 13 MW IOU annual.

*4 50 MW of market purchases during a planned Coal Unit Outage; due to market price being more economical than operating AEPCO natural gas-fired units. Prices were compared at the time to decide between generating on natural gas or purchasing from the market.

*5 Economy Purchases in daily or hourly markets, to displace more costly AEPCO resources.

*6 Apache Net Generation Capacity is 555 MW, made up of 2 - 175 MW coal-fired steam units (excluding Spinning capacity), GT capacity of 133 MW and gas-fired steam capacity of 72 MW.

*7 Coal-fired units account for 81.3 % of Total Energy (2,378 GWh) consumed.