

TELECOM

Wireless and Wireline Services

WIRELINE SOLUTIONS



TELECOM™

Fiber for Phoenix

WIRELINE SOLUTIONS

SRP TELECOM – FIBER FOR PHOENIX

Salt River Project (SRP) operates one of the largest fiber optic-based communications networks in Arizona. Concentrated in the Phoenix metropolitan area – we offer the market’s densest metropolitan area carrier’s carrier network and one of the densest in the country.

As we are one of the country’s largest public electric and water utilities, carriers and enterprise customers alike count on us for consistent service, dependable delivery and timely solutions.

MARKET REACH & NETWORK DESIGN FLEXIBILITY

We offer the most geographically pervasive competitive fiber network in the Phoenix metropolitan area. Our fiber spans a 2,900-square-mile electric service territory transiting 15 cities – we literally have fiber from one end of the Valley of the Sun to the other.

We don’t offer just a “cookie-cutter ring” like other available Phoenix fiber networks. With our 950 route miles (an amount that is growing all the time), comprised of some 2000 individual segments, with splice points about every linear mile – we offer the unique ability to create responsive solutions to your network requirements – often with multiple route options.

We prefer to offer ringed topologies for maintenance quality reasons, but we offer point-to-point solutions, or extensions to your existing rings. We’ve delivered solutions ranging from a 150+ route mile, multi-node metropolitan area private dark-fiber network, to a single 500-foot data center building entrance.

One Market
15 Cities
950 Route Miles
1,800 Access Points
2,000 Segments
35,000 Strand Miles

CUSTOMER REACH & PHOENIX FOCUS

While we do have 20 central offices, switches and other carrier points-of-presence on-net and serve as a fundamental access and transport network for some of our carrier customers, our greatest strength may be our ability to reach enterprise customers. Since our network is deployed and colocated along with our electric transmission system, your prospects are in close proximity to our fiber network.

Presently, we have 50 on-net commercial buildings and business campuses including the facilities of some of the biggest names in corporate America.

20 On-Net COs & Carrier POPs

50 On-Net Buildings

14 Business Parks Near Net

By coordinating new fiber buildout with our electric system expansion, we extend our network cost-effectively to new commercial buildings and customers – usually well ahead of other fiber providers.

No other competitive fiber network has this reach and ability.

Our focus is singularly Phoenix. Through our electric and water customer relationships, community involvement by thousands of SRP employees, economic development and business organization support, and our other ties to the Valley’s business community, our knowledge of the market and its geography runs deep. No other fiber provider has this depth of knowledge. Working with SRP Telecom means a relationship with one of the strongest brands in Arizona.

Continued

Phoenix is a vibrant market and continues to be among the fastest growing in the country in terms of job growth and gross metro product; ranking 1st and 3rd in the nation, respectively. The Valley of the Sun is rapidly becoming a leader in biotechnology with such prominent concerns as the Translational Genomics Research Institute, the Arizona Biodesign Institute at Arizona State University and the Mayo Clinic, among others.

It continues to be an epicenter for financial services operations with marquee firms such as Charles Schwab, American Express, Wells Fargo Bank, Washington Mutual, Bank of America, Bank One, USAA, Progressive, JP Morgan Chase, Citigroup, Countrywide Financial and Discover Card.

And our technology base continues to play an important role in our economy. Globally prominent firms such as Intel, Motorola, Freescale, On Semiconductor, General Dynamics, Honeywell and Rogers Corporation have strong presences here. Phoenix is also home to such advanced business service leaders as Avnet, Insight, EDS, DHL Worldwide and Apollo Group.

Our network is within economic reach of all.

Given its proximity, yet adequate distance from Los Angeles, and robust connectivity between the two markets, Phoenix is rapidly becoming a preferred disaster recovery location for commercial and government concerns with Southern California locations.

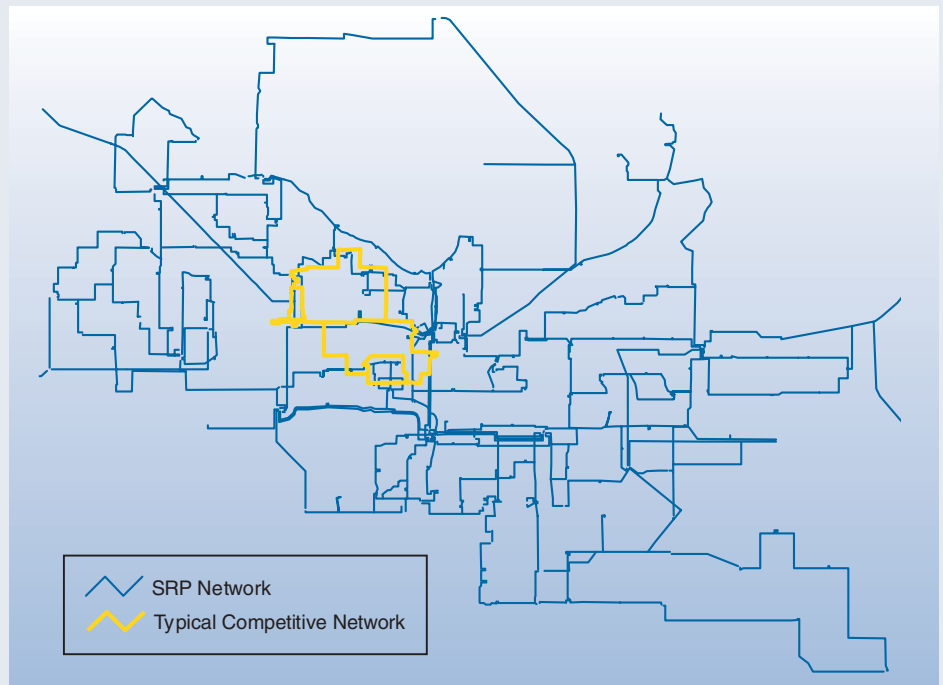
Biotechnology
Financial Services
Semiconductor
Aerospace
Software
Advanced Business Services

ROUTE DIVERSITY & UNIQUE FOOTPRINT

Today, sophisticated customers often demand service provider and physical route diversity. Many of Phoenix's competitive fiber networks are located in the same joint trench. While this results in an abundance of fiber along certain key routes, it makes finding truly diverse solutions difficult.

Our fiber footprint is unique. Since it is routed primarily along SRP's high voltage electric system and using SRP's private rights-of-way and easements, as much as 90 percent of our network is distinct from other networks. So fiber from SRP gives you a means to differentiate your offering from other carriers.

Often, with the route design flexibility our dense network offers, we can provide complements to existing provider networks that create additional diversity.



Continued

STABILITY & CONTINUITY

When you are making long-term network decisions or assessing the risk of a customer deal, the stability of your fiber provider is an important consideration. Operating a metro broadband network and delivering advanced services to sophisticated enterprise customers is complex enough without having to worry whether your fiber provider will be around to support you, or whether the network you think you leased is really there.

Our company has been around for more than one hundred years. Chances are, we'll be around for another hundred. We serve 1 million electric and water customers in central Arizona. Our balance sheet is a hefty \$6 billion and our credit rating is healthy – AA and Aa2 from Standard & Poor's and Moody's respectively.

SRP Telecom is not an "arm's length" subsidiary of the parent utility, but a core business unit that can readily leverage all the strengths of the utility. We've been in operation for ten years.

SRP Telecom's specialty is dark fiber – which we've been providing to carriers and Fortune 500 companies since 1995. We're not interested in chasing the "next big thing" in technology and services. We know our strengths, and that is providing the fundamental ingredient for broadband networks that can support SONET, Wave Division Multiplexing, Ethernet, VoIP or any other foreseeable new technology – and providing it quickly and cost effectively.

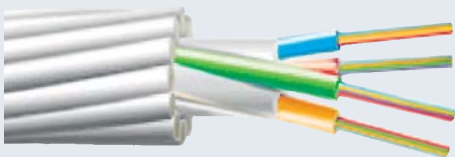
We have seasoned professionals to serve you – people with extensive backgrounds in telecommunications and information technology. Our people stay with SRP Telecom. Chances are, the person you deal with today, will be the same person you deal with next year, the year after and for years to come.

In 2004, for the fifth time in six years, SRP ranked highest for residential customer service among Western utilities according the J.D. Power and Associates.

NETWORK RELIABILITY & CUSTOMER SERVICE

Our fiber is primarily aluminum-clad Optical Groundwire (OPGW) collocated with SRP's high-voltage electric system in our own right-of-way. What does this mean for our carrier and enterprise customers? A trustworthy, secure reliable network that is independent of other networks – important in today's uncertain times.

Since our fiber is typically located 80-120 feet above ground "protected" by high-voltage electric facilities and accessed by pole-mounted splice cases, disturbances that commonly occur with underground and "under-built" systems are almost unheard of. In fact, data from Telecordia reveals that aerial fiber cable is more reliable than underground, and that OPGW is the most reliable aerial cable. Network Reliability Steering Committee data for all network categories of "facility failure" indicated that underground cable damage accounted for 72 percent of incidents, compared to 6 percent for aerial cable. Service-affecting failure rate data for both ADSS and OPGW cables reveal them to be more than 18 times more reliable than conventional in-ground systems.



And unlike facilities in the public right-of-way where access is very difficult to control, SRP's network using our private right-of-way and electric facilities makes our fiber readily accessible only by SRP personnel – an additional level of security.

102 Years In Operations

1 Million Customers

\$6 Billion Balance Sheet

AA Standard & Poor's Rating

5 J.D. Power Awards

Continued

Network Maintenance & Fiber Specifications

Since our network was deployed primarily for a thirty-ring, 200+ node SONET network to support our mission critical electric and water operations, it is engineered to carrier-class standards. We're using the network to control and secure telemetry from hundreds of millions of dollars of electric transmission and distribution system equipment that support a \$2 billion electric business revenue stream.

Only SRP field operations personnel touch our fiber. We don't use "rent-a-techs" that may not have the same vested interest in the quality of network performance.

We define specific service levels relating to emergency response duration, time-to-restoration, status notification, fiber system attenuation and other performance dimensions. Procedures and obligations are thoroughly documented in our master agreement and tailored – to the extent possible – to each customer.

We thoroughly test – end-to-end – each segment and the total system. Test results are documented in a comprehensive acceptance package.

Our method-of-procedure for standard maintenance activities and scheduled outages is well-tested over several years with several customers.

CUSTOM PRICING & FLEXIBLE TERMS

Since we don't offer "cookie-cutter" fiber solutions, we don't offer "cookie-cutter" prices. Each customer and each project is unique. SRP has the flexibility to consider your requirements and price each project accordingly. We understand that our costs are only one component of your deal and must "prove in" along with your hardware, OpEx, margin and overhead to meet return criteria on revenue or cost reduction objectives. Your capital expenses are lowered since, typically, we bundle any new construction into our recurring lease price.

We can provide a full end-to-end solution including backbone, laterals, customer premises entrances and terminating facilities. Or we can unbundle our solutions, if necessary, letting you handle building entrances for example, or providing point-to-point backbone fiber segments to complement yours.

We offer terms ranging from 12 months to 20 years in monthly, quarterly, annual or lump sum payments.

Our quotes are accurate and our quote process is designed to support your sales cycle. We provide an initial quote that gives you the information you need for budgetary pricing.

When you get to the point when you need price certainty, we offer a firm, fixed quote with a set fiber-delivery interval. This often requires some field engineering work, so it can take a few weeks. A nominal fee applies, but is credited against an executed product order. You'll have a detailed physical layer design to review with your customer.

STRATEGIC BENEFITS

Often our customer relationships start with a single tactical opportunity. But over time, our customers discover unexpected strategic benefits of a relationship with SRP.

The Phoenix market is growing all the time; usually "out, not up". Our electric system expands with that growth and along with it, our fiber system. More often than not, our fiber will be in economic reach of any new commercial development. Customers with master agreements with us have a competitive



12 Month to 20 Year Terms
End-to-end or Unbundled Solutions
Accurate & Timely Quotes

Continued

advantage – the ability to quickly and confidently compete for this new business. You won't be handcuffed by having to sell the same "joint trench" network as your competitors or by the uncertainty involved with securing capacity from the LEC.

In fact, SRP may be your answer to the "UNE-P" problem. Now you can control your own destiny with fiber capacity on a network that grows as the market grows. Once you acquire a fundamental metro network from SRP, you can incrementally grow your network by adding network or customer nodes cost-effectively.

Many of our customers have discovered SRP as a ready source for other fundamental network facilities. We provide facilities and locations for regeneration sites, transmission network hub locations – and even property for full switch sites – to several of our customers. These facilities are often located in secured, electric locations.

Many metropolitan area fiber projects involved some form of new construction – if only new customer premises laterals. Since SRP makes use of our own right-of-way, electric facilities and personnel, we have a great deal of project management control. This translates into rapid and certain network turn-up, and avoids delays associated with securing municipal approvals or private easements.

CASE STUDIES

We've been offering fiber solutions in Phoenix long enough to have delivered on just about every type of metropolitan area fiber solution. Some of them are:

- ◆ A 150-route-mile metropolitan area private enterprise network for a health care system spanning 15 cities, interconnecting eight facilities, and supporting a multiple wavelength system.
- ◆ A multiple-ring CLEC access and transport network interconnecting 6 LEC central offices and the carrier's switch; in service for several years.
- ◆ A multi-carrier node dedicated private ring supporting multiple OC-192s.
- ◆ An intra-city long-haul carrier segment right-of-way deal.
- ◆ A point-to-point carrier backbone extension.
- ◆ Dozens of diverse building entrances to commercial customers supporting high capacity services.

PRIVATE LINE SERVICE – WIRELESS BACKHAUL

SRP also offers a unique high-capacity Private Line Service. These services are offered on a limited basis, typically under Type II arrangements with carriers and are typically available at DS1 and DS3 circuits.

Our Private Line Services leverage excess circuit capacity on the same robust mission critical SONET network used to manage SRP's electric system. SRP has deployed a 30-ring, 140 node SONET network based on the latest equipment from Nortel. The SRP SONET backbone operates at speeds of OC-192 (10Gb/s) with 99.999 percent reliability on true diverse path architecture. Since network nodes are located at SRP facilities, we are best positioned to deliver backhaul services for Wireless cell sites colocated at SRP facilities. If you serve wireless carriers in Phoenix, you should do backhaul business with SRP.



CONTACT SRP TELECOM

For more information on how SRP can help you be successful in Phoenix, call us at 602-236-8777 or e-mail us at Wireline@srpnet.com to arrange a capabilities presentation.
Visit our website at www.srpnet.com/telecom.