

June 17, 2004

«Salutation» «First_Name» «Last_Name»
«Company»
«Address»
«City__State__Zip»

Dear «Salutation» «Last_Name»,

As you know, last year SRP constructed a natural gas pipeline to serve the power plant expansion at the Santan Generating Station. This letter is being sent to inform you of recent activity that may influence ownership of that gas pipeline.

As you recall, SRP constructed the pipeline to provide natural gas for the expansion of its Santan Generating Station. Although SRP does not typically construct natural gas pipelines, it was necessary to do so for this project in order to meet the timeline for commercial operation of the new generating units. The pipeline is now fully constructed and SRP expects natural gas to begin flowing this summer.

In an effort to fortify the infrastructure for delivery of natural gas throughout the state of Arizona, as well as encourage a more diverse supply, a number of natural gas suppliers recently have expressed interest in purchasing the pipeline from SRP. Because SRP does not generally own and operate natural gas pipelines of this type, SRP is exploring the option of selling the pipeline to an entity experienced in the operation and maintenance of natural gas pipelines. **Regardless of the ownership of the pipeline, the line will continue to be used to supply natural gas to the Santan Generating Station.**

We ask you to recognize that the sale of the pipeline will require an involved negotiation process that may take several months.

This letter is being sent at the onset of a possible change in ownership because it is the sincere intent of SRP to be forthright concerning this action. I remain available to address any questions or concerns from the property owners along the gas pipeline easement as well as the City and County staff involved in the ongoing production and safety of the gas pipeline.

Sincerely,



Janeen Rohovit
SRP Public Involvement
1-800-380-6123 / 602-236-2679