



*A subsidiary of Pinnacle West Capital Corporation*

Jan Bennett  
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RE: APS Revised Line Extension Policy

Dear HBACA Members:

Thank you for giving APS the opportunity to provide electric service to your development projects. The purpose of this letter is to provide you with important information related to the extension of APS electric facilities.

On February 13, 2008 APS received approval from the Arizona Corporation Commission (ACC) to implement changes to its [line extension policy](#). Therefore effective February 27, 2008 APS is required to construct its electric facilities in accordance with the revised provisions of our Schedule 3, Conditions Governing Extensions of Electric Distribution Lines and Service.

The most notable changes you will find are noted below:

1. Required payment of the total estimated cost for the installation of APS' local facilities, including backbone infrastructure, needed to provide service to your development.
2. Payment of all costs will be due at the time the extension agreement is executed.

In addition, the Corporation Commission also approved a transition plan for projects currently in our workflow process. While all projects will be reviewed on an individual basis, the following are the general conditions specified in the plan for the "grandfathering" of projects under the provisions of our previously approved Schedule 3 dated July 2007.

1. Applicant has received from APS, within six months prior to the effective date of the new Schedule, a written estimate of the costs for extending service; and,
2. Applicant executes a written line extension agreement within twelve months of February 27, 2008, the effective date of the new Schedule 3.

A copy of the entire [revised Schedule 3](#) is available for your review.

Our Customer Service Representatives welcome the opportunity to discuss any additional questions you may have regarding this policy.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jan Bennett', written in a cursive style.

Jan Bennett  
Sr. VP, Energy Delivery