

**PUBLIC NOTICE OF HEARING ON ARIZONA PUBLIC SERVICE
COMPANY'S APPLICATION FOR A PERMANENT BASE RATE
INCREASE DOCKET NUMBER E-01345A-08-0172**

On March 24, 2008, Arizona Public Service Company ("APS" or "Company") filed an application with the Arizona Corporation Commission ("Commission") for a permanent base rate increase. On June 2, 2008, the Company filed an amended application. On June 12, 2009, the Joint Parties filed a Settlement Agreement. In the Settlement Agreement, the Joint Parties requested that the Commission approve a net increase in base rates of approximately \$207.5 million (7.87 percent on average). This net increase reflects the reclassification as base rates of certain fuel and purchased power costs that are already being collected through a power supply adjustment mechanism. The total base rate increase is \$344.7 million (13.07 percent on average). This base rate includes the interim rate increase of \$65.2 million that became effective January 1, 2009.

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Copies of the Joint Parties Settlement Agreement and APS' application and amended application are available at the Company's office at 400 N. 5th Street, Phoenix, AZ (602 250-2767) and the Commission's offices at 1200 West Washington, Phoenix, AZ, for public inspection during regular business hours and on the internet via the Commission website (www.azcc.gov) using the eDocket function.

The Commission will hold a hearing on this matter beginning August 19, 2009, at 10:00 a.m. at the Commission's offices, 1200 West Washington, Phoenix, Arizona. A public comment session will be held on August 12, 2009, beginning at 5:30 p.m., at the Commission's office, 1200 West Washington, Hearing Room 1, Phoenix, AZ 85007. Public comments will also be taken on the first day of the hearing. Additional public comment sessions may be scheduled.

Written public comments may be submitted via email (visit http://www.azcc.gov/divisions/utilities/forms/public_comment.pdf for instructions), or by mailing a letter referencing Docket No. E-01345A-08-0172 to: Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with disability may request a reasonable accommodation such as a sign language interpreter, as well as request this documentation in an alternative format, by contacting the ADA Coordinator, Guadalupe Ortiz, voice phone number 602-542-3931, E-mail: gortiz@azcc.gov. Requests should be made as early as possible to allow time to arrange the accommodation.