

IMPORTANT NEWS ABOUT YOUR ELECTRIC RATES

On December 16, 2009, the Arizona Corporation Commission (ACC) approved APS's rate case settlement agreement that authorized an increase to APS customer bills effective January 1, 2010. (*The rate increase does not apply to the company's low income customers who are on either of the APS Energy Support programs, E-3 or E-4.*)

The decision consists of several parts including a base rate increase that is partially offset by the concurrent termination of the interim rate adjustor and the reset (*decrease*) of the PSA adjustor. A general service customer using an average of 8,769 kWh per month will experience a \$2.72 decrease in 2010, from \$949.78 to \$947.06, or 0.29 percent when the effects of the base rate increase and the PSA decrease are taken into account. The impact on your individual bill will depend on your actual energy consumption.

The Settlement agreement approved by the ACC brings broad benefits to Arizona with only a modest bill impact to the average residential customer. Specifically, the settlement provides for rate stability for customers by preventing APS from filing a general rate case prior to June 1, 2011. It also reinforces the Company's commitment to renewable energy,

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sets aggressive energy efficiency measures and programs that will enable customers to save on their electricity bills in the immediate future, creates new clean, green jobs for the State of Arizona, supports APS's commitment to cost management, including a specific pledge to eliminate a total of \$150 million in cost over the next five years and increases support for limited-income customers.

The settlement agreement also approved changes to the APS Line Extension Policy which allows for line extension agreements executed January 1, 2010 or after to be based on an approved schedule of fixed charges and establishes conditions under which customers who pay for line extension projects may be eligible for a partial refund.

Customers can minimize the impact of the rate increase by using electricity efficiently and wisely, thus reducing their overall energy usage. For tips on how to reduce your energy usage visit us at aps.com under APS Services or see the Lifestyles and Success newsletters that accompany your bill. For additional information on the rate case you can visit the aps.com web site or call (877) 371-6820 or (602) 371-6820 (in metro Phoenix).