

**IMPORTANT NEWS ABOUT YOUR ELECTRIC RATES
PLEASE READ**

On December 18, 2008, the Arizona Corporation Commission (ACC) authorized a request by APS for approval of an interim rate increase subject to refund with interest when the pending general rate case is decided. After careful consideration of the evidence presented, the ACC issued a decision that authorized a portion of the increase of approximately 1.9% to the average APS customer bill effective January 1, 2009. For residential customers using 880 kilowatt-hours per month served under our Standard Rate Plan, the average summer bill increase will be approximately 1.8%. The average increase at that consumption level in the winter will be approximately 2.2%. This would result in a \$1.99 increase in residential summer bills and a \$1.46 increase in residential winter bills for customers using 880 kilowatt-hours per month. For small business customers, the average bill increase will be approximately 2.2% and the increase for average industrial customers will be approximately 3.4%. The impact on your individual bill will depend on your actual energy consumption and the applicable rate plan. *The surcharge does not apply to the company's low income customers who are on either of the APS Energy Support (E-3 or E-4) programs or to customers on Station Use Service (E-36).*

Included within the decision, the ACC ordered APS to examine its operations and expenses and employ short-term measures to further buttress its financial position. APS shall target additional cuts to its operations and expenses of at least \$20 million and shall file a report with the ACC detailing the cost cutting measures taken and the associated savings no later than March 18, 2009.

Customers can also minimize the impact of the 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 you can visit the aps.com web site or call us at 602-371-7171 or 1-800-253-9405.

The revised rates and charges are effective for bills issued on or after January 1, 2009.