



ARIZONA SUCCESS

APRIL / MAY 2005

APS
THE POWER TO MAKE IT HAPPEN®

PLEASE READ! IMPORTANT NEWS ABOUT YOUR ELECTRIC RATES

On March 28, 2005, the Arizona Corporation Commission (ACC) issued a decision that approved an overall revenue increase of 4.21 percent effective April 1, 2005. The increase for individual customers will vary according to individual usage and rate plans. The decision also allowed APS to pass on certain fuel and purchased power costs to customers that could increase your bill by approximately another 5 percent in April 2006 as described below. Even with the price increase, APS' retail rates will remain lower than pre-1990 levels and well below increases in the consumer price index.

The rate increase, the first since 1991, will be used to keep up with the increased costs necessary to serve one of the nation's fastest growing areas and will help enhance reliability for customers and financial integrity for the company. Specifically the ACC decision provided for the addition of generating facilities, energy efficiency programs, and increased commitment to procurement of energy from renewable resources and enhanced financial assistance for low income customers. The decision is based largely upon an agreement between the company and 21 other parties that settled issues involved in the company's general rate case filed in June of 2003.

As part of the original request and to deal with the rapid changes in fuel and purchased power costs, APS requested authorization to pass on fuel (primarily natural gas) and power costs beyond those in base rates through a Power Supply Adjustor (PSA).

The ACC approved the PSA with modifications including a cap at four-tenths of a cent per kilowatt-hour and the requirement that APS will seek approval from the ACC prior to passing any additional costs on to customers through the PSA. Beginning on April 1, 2006, and depending on fuel and purchased power costs, the addition of the PSA could increase an average bill by another 5 percent for a total increase in your bill of nearly 9 percent. Conversely, if fuel and purchased power costs were to decline below the base level, the PSA would be revised downward and would result in a credit on customer's bills. By conserving energy, customers can minimize the impact of the PSA.

The ACC required APS to develop a customer education program regarding the PSA and you will be receiving more information in the future. Additionally, for more information on the PSA or specific information on the new rates, visit aps.com or call 602-371-6767 or 800-253-9407.

LOW-INCOME ASSISTANCE

APS offers financial assistance for low-income customers through the APS Energy Support program. The maximum rate discount available to customers who qualify under the low-income guidelines established by the federal government is being increased from 30% to 40%. For more information and an application for the APS Energy Support low-income assistance program, visit aps.com or call the Arizona Department of Economic Security at 602-542-6600 (metro Phoenix area), or 1-800-582-5706 (other areas).

Applications are also available at APS customer offices, Community Action Agency offices, senior centers, food banks and all Department of Economic Security offices.

APS also funds home improvements that will lower energy costs, and provides assistance in paying past due electric bills for qualified low-income customers. These services are delivered through local Community Action Agencies. For directions to the office nearest you, call 602-263-8856.

To contact us, visit us online or call the APS Business Center
aps.com — Metro Phoenix area 602-371-6767 — Other areas 800-253-9407

YOUR NEW APS BILL

With the new APS bill format, you will find it easier to find key information such as the amount due and your bill due date.

In our ongoing efforts to find ways to reduce costs, we will be custom printing on the front and back of your APS bill. This will allow us to save on paper and postal costs. This ability to “duplex” print your APS bill will also allow us greater flexibility to provide you with the latest news from APS on products and services to help you use energy wisely, reduce energy costs, find out about convenient payment options, and much more.

APS ‘UNBUNDLES’ ITS RATES

Part of your APS bill’s new look is a result of the “unbundling” of rates required by the Arizona Corporation Commission. Unbundling means that the various fees, taxes and costs that make up your total electric bill are itemized, or shown as individual line items.

The total amount of your bill will still be clearly displayed on the first page. The various costs that make up the total will be shown in detail on page three of a traditional, single-service four-page customer bill. To help you better understand these charges, a Glossary of Terms has been provided on the last page of your bill.

You’ll notice a number of the unbundled costs are marked with an asterisk (*). These are costs for electrical services that currently are offered only by APS, but may be offered by other companies in the future. These items are specially marked to make it easier for you to compare prices should a competitive market for these services develop.

Sales taxes charged by the state, counties and municipalities have also been unbundled and franchise fees, where applicable, have been itemized. The franchise fee is a charge by a municipality for APS’ use of the public rights-of-ways for maintaining and operating our facilities.

For more information on unbundled rates or your new APS bill, please contact our Customer Care Center at 602-371-7171 or 800-253-9405.

WEATHER, LIFESTYLE AND YOUR ENERGY USE

Weather has a big impact on energy. About half of the electricity in an all-electric home is used for heating and cooling, which is directly affected by the weather. In the summer in the desert regions, high temperatures may account for as much as 70 percent of your bill.

When temperatures are hotter than normal, your air conditioner must run longer and more frequently to keep your home comfortable, so you should expect your bill to be higher. To help you better manage your energy use, we have added the average outdoor temperature in the “Comparing your monthly use” box on the service detail page of your bill so you can compare the average temperature and its impact on your monthly bill.

Temperature is not the only factor that can increase your energy use and your bill. Humidity also impacts your energy use. When humidity is high, evaporative coolers become less effective at maintaining comfort and air conditioning units must work harder.

Lifestyle changes can affect your bill as well. Adding energy intensive appliances or equipment, adding members to your household, or having children home from school can add up to more energy use and higher bills. The “Average daily electricity use per month” graph can help you monitor the impact of such lifestyle changes on your energy use.

When comparing bills month-to-month, or year-to-year, keep the weather and your lifestyle in mind.

Amount owing on your previous bill	\$372.17
Less: Payments made through Jun 22, thank you	-\$372.17
Equals: Your balance forward	\$0.00
Plus: Your new charges (details on following pages) Cost of electricity (with taxes and fees)	\$256.29
Equals: Total amount due	\$256.29

Total amount due	\$ 256.29
Your optional contribution to SHARE:	\$
Total amount paid:	\$
Due date:	July 9, 2005