



A subsidiary of Pinnacle West Capital Corporation

Daniel Froetscher
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318 N. Marshall
Casa Grande, AZ 85222

February 20, 2009

Dear APS Customer,

We have new information to share with you about APS's proposed sale of electric distribution facilities in the Maricopa and Stanfield areas to Electrical District No. 3 (ED-3), the approval of which is now pending before the Arizona Corporation Commission (ACC).

On February 10, 2009, the ACC issued a procedural order in the matter, which sets forth a schedule for consideration of the sale. Part of the order requires APS to send public notice of the hearing schedule to those impacted by the sale and area property owners. You should expect to see this notice in the mail from APS by early March.

The information you will receive in the upcoming notice is in addition to the letter we sent in August 2008, in which APS first informed you that it had submitted an application to the ACC for approval to sell its electric distribution facilities in the area to ED-3. Pending approval from the ACC, about 4,000 APS customers who reside within ED-3's proposed service boundary will be served by ED-3.

It also supplements the second letter APS sent in October of 2008, which invited those impacted by the sale to two area open house events, where representatives of APS and ED-3 addressed questions about the sale. As we have indicated previously, we believe the sale and transfer of customers to ED-3 offers benefits to safety, operations and planning with minimal impact to customers.

The upcoming public notice will inform you regarding the procedural schedule set for the ACC's consideration of the proposed sale, which includes a public hearing with the Staff at the ACC scheduled for April 2, 2009. Additional details about the procedural order and the proposed sale can now be found at our project Web site, www.aps.com/ED3. Should you have further questions about the transition, you can call (520) 421-8455 or e-mail us at ED3@aps.com.

If there is anything we can do to assist you during this transition, please let us know.

Sincerely,

Daniel Froetscher
APS Vice President of Energy Delivery

