



TOM YOST
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Dear APS Customer,

As we indicated in a June letter to our customers in the area, the Arizona Corporation Commission on May 26, 2010, unanimously approved APS's application to sell and transfer certain transmission and distribution facilities in Pinal County to Electrical District No. 3 (ED-3).

Under this agreement, current APS customers who reside within ED-3's proposed service boundary will be served by ED-3. You are among a group of about 3,800 customers who will transition from APS to ED-3 as your electric service provider. As we have indicated in previous communications, **APS customers affected by the sale will need to take no action to become an ED-3 customer**; APS and ED-3 are working together to manage the entire transition.

APS and ED-3 will begin transitioning customers in mid-September with the last group of customers to be moved over by the end of September. Door hangers will be left at your home notifying you that you are now being served by ED-3. On the reverse side of this letter are answers to some of the questions you may have about this transition. Additional information can be found at our project website, aps.com/ed3.

You also are welcome to contact us with questions at (520) 421-8455 or by e-mail at ED3@aps.com. More information about ED-3 can be found at ed3online.org.

As you move toward becoming a customer of ED-3, it is important that you know how much we have appreciated your business. It has been our pleasure to serve you.

Sincerely,

Tom Yost
APS Manager of Energy Delivery

Transfer of Customers from APS to ED-3 Frequently Asked Questions

How will APS customers impacted by the sale be notified? A final bill message will appear on customers' bills notifying them their next bill will come from ED-3.

Will customers making the transition from APS to ED-3 be required to pay a security deposit to ED-3? No. ED-3 has agreed to waive initial deposits for customers making the move from APS to ED-3, essentially starting them with a clean slate. Customers who do not remain current on their ED-3 billing may be required to pay a deposit at a later date.

How will the monthly bills of APS customers moving to ED-3 be impacted? The rates for the two utilities are comparable. Customers will be defaulted to the closest rate available from ED-3. If customers wish to discuss rate options with ED-3 they are welcome to call ED-3 at the number listed below.

Will APS customers who utilize time-of-use rates have that option with ED-3? Yes. ED-3 offers a time-of-use program that offers substantially lower rates for energy used during the off-peak hours during the week and all day on Saturday and Sunday.

Do ED-3 customers have the ability to pay their monthly bill electronically or have it automatically deducted from their account each month? Yes. More information can be found about ED-3's electronic bill payment plan, the monthly recurring payment plan and its other programs by visiting ed3online.org.

What if I am currently paying my bill electronically or having it automatically deducted from my account each month? Will I have to re-apply for this service with ED-3? Yes. A new request/application will need to be completed through ED-3.

I currently utilize the APS Equalizer budget payment plan? Does ED-3 offer a budget plan and will I be able to have the same payment plan with ED-3? Yes. Customers on APS's Equalizer plan at the time of the transfer will automatically be set up on ED-3's Level Payment Plan at the same amount they were paying with APS.

What if I have a debit or credit balance on my APS account? How will that be handled? Credit balances will be refunded to customers. Debit balances will be due to APS on the company's issued final bill. Customers with large debit balances that require additional time to pay can contact APS at (602) 371-7171 to establish payment arrangements.

What if I was considering a solar installation at my home? Does ED-3 offer similar programs as APS? Yes. ED-3 offers similar programs such as APS's solar rebate program. Please visit ed3online.org to review choices available to its customers.

What if I have further questions? Customers can visit www.aps.com/ed3 or call **(520) 421-8455**. For questions specific to ED-3 and the services it offers, people can visit ed3online.org or call **(520) 424-9021**.