



A subsidiary of Pinnacle West Capital Corporation

50 N. BROWN AVENUE
CASA GRANDE, AZ 85222

www.aps.com

August 23, 2006

Dear Valued Customer,

I am writing to thank you for your patience as APS works to improve its electrical service in the Hereford-Palominas area.

We recognize that you may have experienced electrical service interruptions throughout this process. Although the majority of the outages you have experienced have been weather related, some of these disruptions have occurred as we upgrade our equipment and facilities to meet the growing population -- and increased electricity usage -- in the area.

Since 2004, APS has completed significant improvements to the electrical infrastructure serving this area, including upgrading the substation and distribution feeders; rebuilding utility poles and power lines; replacing and/or rebuilding transformers; and installing lightning arrestors to help lower the number of weather-related outages. To increase the amount of power we can import into the Hereford-Palominas area, we are constructing a new 69,000-volt transmission line that will connect to a new substation located in the Palominas area. The substation is set to be completed in 2008.

Upon completion, total maintenance and improvements to the electric facilities in the area are estimated to exceed \$7.8 million.

I realize any power outages and momentary service interruptions are frustrating and inconvenient. However, I assure you that APS is making a considerable effort to maintain existing facilities in the area and to construct new infrastructure. We value our customers and take great pride in providing the best service possible. Should you have any concerns or questions, please feel free to contact Don W. Hudgins, Area Supervisor, Cochise District, at (520) 364-1536.

Sincerely,

A handwritten signature in black ink, appearing to read 'E. Casuga', written in a cursive style.

Evelyn Casuga
Southeast Division Manager