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ARIZONA CORPORATION COMMISSION

Executive Director

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October 3, 2008

Donald E. Brandt
President and Chief Executive Officer
Arizona Public Service Company
Mailstation 9042
P.O. Box 53999
Phoenix, AZ 85072-3999

Arizona Corporation Commission
DOCKETED

OCT - 3 2008

RE: Cost to Ratepayers if APS' Credit Rating Falls to Junk
Docket No. **E-01345A-08-0172**

DOCKETED BY 

Dear Mr. Brandt:

In your direct testimony in the permanent rate case¹, your affidavit supporting APS' motion for interim rates² and the hearing on the latter³, you offered your opinion that the effect of APS' credit rating falling to non-investment grade (junk) would be approximately \$1 billion of additional costs over the next ten years that would ultimately be borne by APS customers. Please cite to the record where there is any analysis supporting your claim that increased financing costs resulting from a downgrade of APS' credit rating to junk would cost the ratepayers \$1 billion.

Please file your response in this docket as soon as practical, and in any case, no later than October 10, 2008.

Thank you for your prompt attention to this request.

Sincerely,

Mike Gleason
Chairman

- C: Commissioner William A. Mundell
- Commissioner Jeff Hatch-Miller
- Commissioner Kristin K. Mayes
- Commissioner Gary Pierce
- Brian C. McNeil, Executive Director
- Lyn Farmer, Hearing Division Director
- Docket No. E-01345A-08-0172

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¹ Brandt Direct, Page 36, lines 6 through 11 (March 24, 2008).
² Brandt Affidavit, Page 13, lines 9 through 16 (June 6, 2008).
³ Transcript Vol. 3, Page 439, lines 11 through 16.