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Leland Snook  
Director  
State Regulation & Pricing

Tel. 602-250-3730  
Fax 602-250-3003  
e-mail Leland.Snook@aps.com

Mail Station 9708  
PO Box 53999  
Phoenix, Arizona 85072-3999

2008 DEC 30 P 3:35  
AZ CORP COMMISSION  
DOCKET CONTROL

December 30, 2008

Docket Control  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

RE: APS COMPLIANCE WITH DECISION 70667 - \$10 MILLION BOND OR SIGHT DRAFT LETTER  
Docket No. E-01345A-08-0172

Dear Sir or Madam:

Attached please find a copy of Arizona Public Service Company's (APS) \$10 million bond as instructed per Decision 70667 (December 24<sup>th</sup>, 2008):

"Arizona Public Service Company shall post a \$10 million bond or sight draft letter of credit and provide the original to the Commission's Business Office and file copies in Docket Control as a compliance item in this docket prior to December 31, 2008, and such bond or sight draft letter of credit shall remain in effect until a final order is issued by the Commission in Arizona Public Service Company's pending rate case."

The original bond is being submitted to the Commission's Business Office to Executive Director Brian McNeil.

If you have any questions or concerns please contact David Rumolo (602)-250-3933.

Sincerely,

Leland Snook

LS/dst

Attachments

CC: Brian McNeil (with Original Bond)

Arizona Corporation Commission  
DOCKETED  
DEC 30 2008  
DOCKETED BY nr

**Rate Refund Bond**

KNOW ALL BY THESE PRESENTS that **Arizona Public Service Company** (hereinafter called "Principal") and Fidelity and Deposit Company of Maryland, a Maryland corporation authorized to transact surety business in the State of Arizona, (hereinafter called "Surety"), are held and firmly bound unto the Arizona Corporation Commission (hereinafter called "Obligee") in the full and just sum of **Ten Million dollars and no/100, (\$10,000,000)**, for which payment, well and truly to be made, the Principal and Surety hereby bind themselves, their successors and assigns, jointly and severally by these presents.

WHEREAS, on September 20, 2008, the Principal filed an application for an emergency rate increase in the State of Arizona with the Obligee,

WHEREAS, and contingent on the issuance of an Order issued on December 24, 2008, permitting the proposed rates to be placed into effect on or after January 1, 2009, on a temporary basis, subject to refund, that requires Principal to submit this Refund Bond as arrangement satisfactory to protect the interested parties in and to any refund which may be ordered with reposed to the proposed interim rates; and

NOW THEREFORE, the condition of the Principal's obligation hereunder is that, if the Principal shall refund to the persons entitled to the amount of the excess, if the proposed rates are determined to be excessive, in the manner prescribed by the Obligee or such court as may have jurisdiction in the matter, then the Principal's obligation shall be void; otherwise, Principal's obligation hereunder shall remain in full force and effect.

PROVIDED, HOWEVER;

1. The aggregate liability of the Surety is limited to the penal amount stated herein and shall be reduced by any payments made by the Principal or Surety to the extent of such payments.
2. No modification of the agreement guaranteed by this bond shall be binding on the Surety or covered by this bond unless such modification has written approval and acceptance by the Surety.
3. This bond is cancelable at the option of the Surety, by the Surety giving the Obligee sixty (60) days notice in writing.

SIGNED AND SEALED THIS 30th DAY OF December, 2008.

**Arizona Public Service Company**

By: Cher N. Froggatt

**Fidelity and Deposit Company of Maryland**

By: David G. Jensen  
David G. Jensen (Attorney-in-fact)

**Power of Attorney**  
**FIDELITY AND DEPOSIT COMPANY OF MARYLAND**

KNOW ALL MEN BY THESE PRESENTS: That the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, a corporation of the State of Maryland, by THEODORE G. MARTINEZ, Vice President, and ERIC D. BARNES, Assistant Secretary, in pursuance of authority granted by Article VI, Section 2, of the By-Laws of said Company, which are set forth on the reverse side hereof and are hereby certified to be in full force and effect on the date hereof, does hereby nominate, constitute and appoint **Maryann CARAFELLO, Terry CRULL, David G. JENSEN, Brandy Lee BAICH and Ethan BAKER, all of Phoenix, Arizona, EACH** its true and lawful agent and Attorney-in-Fact, to make, execute, seal and deliver, for, and on its behalf as surety, and as its act and deed, ~~any and all bonds and undertakings,~~ and the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Company, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its office in Baltimore, Md, in their own proper persons. This power of attorney revokes that issued on behalf of Maryann CARAFELLO, Terry CRULL, David G. JENSEN, Brandy Lee BAICH, dated August 13, 2007.

The said Assistant Secretary does hereby certify that the extract set forth on the reverse side hereof is a true copy of Article VI, Section 2, of the By-Laws of said Company, and is now in force.

IN WITNESS WHEREOF, the said Vice-President and Assistant Secretary have hereunto subscribed their names and affixed the Corporate Seal of the said FIDELITY AND DEPOSIT COMPANY OF MARYLAND, this 11th day of January, A.D. 2008.

ATTEST:

**FIDELITY AND DEPOSIT COMPANY OF MARYLAND**



*Eric D. Barnes*

Eric D. Barnes      Assistant Secretary

*Theodore G. Martinez*

By:      Theodore G. Martinez

State of Maryland }  
City of Baltimore } ss:

On this 11th day of January, A.D. 2008, before the subscriber, a Notary Public of the State of Maryland, duly commissioned and qualified, came THEODORE G. MARTINEZ, Vice President, and ERIC D. BARNES, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and they each acknowledged the execution of the same, and being by me duly sworn, severally and each for himself depose and saith, that they are the said officers of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and that the said Corporate Seal and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first above written.



*Constance A. Dunn*

Constance A. Dunn      Notary Public  
My Commission Expires: July 14, 2011

**EXTRACT FROM BY-LAWS OF FIDELITY AND DEPOSIT COMPANY OF MARYLAND**

"Article VI, Section 2. The Chairman of the Board, or the President, or any Executive Vice-President, or any of the Senior Vice-Presidents or Vice-Presidents specially authorized so to do by the Board of Directors or by the Executive Committee, shall have power, by and with the concurrence of the Secretary or any one of the Assistant Secretaries, to appoint Resident Vice-Presidents, Assistant Vice-Presidents and Attorneys-in-Fact as the business of the Company may require, or to authorize any person or persons to execute on behalf of the Company any bonds, undertakings, recognizances, stipulations, policies, contracts, agreements, deeds, and releases and assignments of judgements, decrees, mortgages and instruments in the nature of mortgages,...and to affix the seal of the Company thereto."

**CERTIFICATE**

I, the undersigned, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, do hereby certify that the foregoing Power of Attorney is still in full force and effect on the date of this certificate; and I do further certify that the Vice-President who executed the said Power of Attorney was one of the additional Vice-Presidents specially authorized by the Board of Directors to appoint any Attorney-in-Fact as provided in Article VI, Section 2, of the By-Laws of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND.

This Power of Attorney and Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at a meeting duly called and held on the 10th day of May, 1990.

RESOLVED: "That the facsimile or mechanically reproduced seal of the company and facsimile or mechanically reproduced signature of any Vice-President, Secretary, or Assistant Secretary of the Company, whether made heretofore or hereafter, wherever appearing upon a certified copy of any power of attorney issued by the Company, shall be valid and binding upon the Company with the same force and effect as though manually affixed."

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said Company,

this 30<sup>th</sup> day of December, 2008.

*Gerald F. Halcy*  
Assistant Secretary