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BEFORE THE ARIZONA CORPORATION COMMISSION  
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AZ CORP COMMISSION  
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IN THE MATTER OF THE APPLICATION OF  
ARIZONA PUBLIC SERVICE COMPANY  
FOR A HEARING TO DETERMINE THE  
FAIR VALUE OF THE UTILITY PROPERTY  
OF THE COMPANY FOR RATEMAKING  
PURPOSES, TO FIX A JUST AND  
REASONABLE RATE OF RETURN  
THEREON, TO APPROVE RATE  
SCHEDULES DESIGNED TO DEVELOP  
SUCH RETURN.

Docket No. E-01345A-08-0172

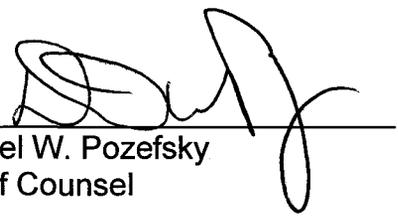
Arizona Corporation Commission  
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NOTICE OF FILING

Pursuant to the Procedural Order dated May 11, 2009, the Residential Utility Consumer Office ("RUCO") hereby provides notice of filing the Summary of Testimony of Jodi A. Jerich, in support of the Settlement Agreement in the above-referenced matter.

RESPECTFULLY SUBMITTED this 11th day of September, 2009

  
Daniel W. Pozefsky  
Chief Counsel

1 AN ORIGINAL AND THIRTEEN COPIES  
of the foregoing filed this 11th day  
2 of September, 2009 with:

3 Docket Control  
Arizona Corporation Commission  
4 1200 West Washington  
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6 COPIES of the foregoing hand delivered  
this 11th day of September, 2009 to:

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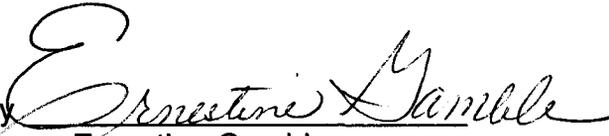
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By   
Ernestine Gamble

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**DOCKET NO. E-01345A-08-0172**

**SUMMARY OF THE TESTIMONY OF JODI A. JERICH  
ON BEHALF OF THE RESIDENTIAL UTILITY CONSUMER OFFICE**

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The purpose of my testimony is to explain RUCO's support of the proposed Settlement Agreement.

The Settlement Agreement is fair to both the consumer and the Company. This is a comprehensive Settlement Agreement and resolves a wide range of issues that were of significant interest to several of the Intervenors. RUCO supports this Agreement in its entirety because it contains numerous benefits to the residential ratepayer, as well as puts the Company on a true path to financial health.

My testimony outlines the benefits to the residential consumer (pp. 6-7) and the benefits to the Company, (pp. 8-9).

The Settlement Agreement is a comprehensive document that resolves numerous and divergent issues. As detailed below, the Settlement Agreement provides a \$196.3 million non-fuel base rate increase for the Company and \$11.2 million associated with establishing new base fuel levels. The \$196.3 million increase includes the \$65 million already authorized by the Commission in interim rates. The Settlement agreement also freezes rates for at least 2 ½ years (no new base rates earlier than July 1, 2012) and restricts APS from filing future

## **SUMMARY OF THE TESTIMONY OF JODI A. JERICH (Cont.)**

general rate cases until certain specified dates. The Settlement Agreement also establishes a five year "roadmap" for the Company to regain its financial health. It must reduce its expenses by \$150 million, make equity infusions of \$700 million, strive to reduce its total debt from 57% to 52%, achieve specified performance measures, limit its executive cash incentive compensation in certain situations, meet identified energy efficiency goals and expand its renewable energy commitment so that 10% of its retail sales are from renewable energy by 2015. Furthermore, the Settlement Agreement addresses the needs of low income ratepayers as well as issues specific to large commercial and industrial users.

RUCO notes its deep concern with APS' continuous marginal credit rating and constant claims of an imminent downgrade. Despite past relief granted by the Commission, APS' financial metrics have not improved. RUCO's participation in the settlement process involved a desire to create a true path to financial health. The Settlement Agreement creates a five year "Plan Term" that creates a roadmap to rate stability and improved financial condition. It provides a comprehensive strategy that provides a guiding hand for the utility to improve its financial condition in both the long and short term.