

ORIGINAL APS



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April 5, 2010

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

RE: Arizona Public Service Company's Renewed Revolving Credit Facility
Decision No. 69947. Docket No. E-01345A-06-0779

Pursuant to Decision No. 69947, at page 18, line 21:

...on each occasion when Arizona Public Service Company enters into a long-term debt agreement, Arizona Public Service Company shall file with Docket Control as a compliance item in this docket, a description of the transaction and a demonstration that the rates and terms are consistent with those generally available to comparable entities at the time....

On February 12, 2010, Arizona Public Service Company ("APS") renewed and upsized its revolving credit facility which was due to expire in December 2010. The renewed revolver has been upsized to \$500 million from \$400 million. The new revolver has a term of 3 years and will expire on February 12, 2013.

Significant components of a revolving credit facility include up-front fees paid to participating banks for their initial commitment, ongoing commitment fees paid to participating banks, and financial covenants.

APS paid up-front fees ranging from 75-100 basis points ("bps") which is within the range of comparables identified on the attached exhibit. Ongoing commitment fees are 50 bps. If APS borrows against the facility with a three-day advance notice, it will have to pay LIBOR plus 275 bps. Only one financial covenant was required which is a debt to capitalization rate of not greater than 65%. The attached exhibit also identifies that APS is paying comparable rates with regard to commitment fees and interest and has an acceptable financial covenant requirement.

If you have any questions or concerns, please call Mr. Charles Miessner at (602)250-3081.

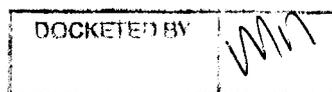
Sincerely,

Leland R. Snook

Arizona Corporation Commission

DOCKETED

APR - 5 2010



AZ CORP COMMISSION
DOCKET CONTROL

2010 APR - 5 P 4: 15

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Attachments

cc: Brian Bozzo
Steve Olea



Size: \$200 MM / \$500 MM 3-Year Revolvers WFS, BAML \$350 MM 3-Year Revolver BAML, DnB \$1,000 MM 3-Year Revolver JPM, WFS \$200 MM 3-Year Revolver BAML \$75 MM ~ 1.5-Year Revolver UBc, WFS \$400 MM 364-Day Revolver BAML \$400 MM 364-Day Revolver WFS, BAML, JPM

Lead Arrangers:	WFS, BAML	BAML, DnB	JPM, WFS	BAML	UBc, WFS	BAML	WFS, BAML, JPM
Undrawn:							
≥ A/A2	25.0 bps	25.0 bps	20.0 bps	20.0 bps	25.0 bps	25.0 bps	30.0 bps
A-/A3	37.5 bps	37.5 bps	25.0 bps	25.0 bps	30.0 bps	30.0 bps	37.5 bps
BBB+/Baa1	50.0 bps	50.0 bps	37.5 bps	37.5 bps	37.5 bps	50.0 bps	50.0 bps
BBB-/Baa2	62.5 bps	62.5 bps	50.0 bps	50.0 bps	50.0 bps	62.5 bps	62.5 bps
BBB-/Baa3	75.0 bps	62.5 bps	62.5 bps	62.5 bps	75.0 bps	75.0 bps	100.0 bps
BB+/Ba1							
Drawn:							
≥ A/A2	200.0 bps	225.0 bps	200.0 bps	200.0 bps	225.0 bps	225.0 bps	250.0 bps
A-/A3	250.0 bps	250.0 bps	225.0 bps	225.0 bps	250.0 bps	250.0 bps	275.0 bps
BBB+/Baa1	275.0 bps	275.0 bps	250.0 bps	250.0 bps	275.0 bps	275.0 bps	300.0 bps
BBB-/Baa2	300.0 bps	325.0 bps	275.0 bps	275.0 bps	300.0 bps	300.0 bps	350.0 bps
BBB-/Baa3	350.0 bps	350.0 bps	325.0 bps	325.0 bps	350.0 bps	350.0 bps	400.0 bps
BB+/Ba1							
Upfront Fees:							
All Tiers:	75.0 - 100.0 bps	\$50 MM: 100.0 bps	37.5 - 87.5 bps	62.5 bps	50.0 bps	87.5 bps	87.5 bps
Financial Covenants:							
Max. Debt/Cap.	65.0%		45.0% - 50.0%	65.0%	70.0%	65.0%	65.0%
Max. Leverage		3.50x					
Min. Int. Cov.					1.60x		

1 Sr. secured ratings.