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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

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- SANDRA D. KENNEDY
- PAUL NEWMAN
- BRENDA BURNS

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

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DEC 14 2011

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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-11-0224

**AIC'S POSITION STATEMENT
IN SUPPORT OF THE
PRELIMINARY TERM SHEET**

GALLAGHER & KENNEDY, P.A.
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The Arizona Investment Council ("AIC") has been participating in the APS settlement negotiations and expresses its support for the Preliminary Settlement Term Sheet which was filed by Staff on December 9, 2011.

Recognizing that precise details concerning the Term Sheet's provisions are subject to further negotiation, AIC is confident that many of the Term Sheet provisions will be viewed quite favorably by investors and rating agencies. That should produce higher ratings and lower debt costs—benefitting both the Company and its customers.

As former Michigan Public Service Commission Chairman Steve Fetter discusses in his direct testimony:

The rating agencies' close focus on regulatory decisions means that a supportive decision here—consistent with the Commission's approval of the 2009 Settlement Agreement—would be viewed favorably by the financial community.¹

¹ November 18, 2011 Fetter Direct Testimony, p. 11, ll. 13-15.

1 He adds that a constructive outcome here could “very well result in another APS upgrade,”
2 which will provide additional downside protection and is most important during these times of
3 continuing market and economic stress.²

4 The AIC will attend the Commission’s Open Meeting on this matter on Friday,
5 December 16, 2011.

6 RESPECTFULLY SUBMITTED this 14th day of December, 2011.

7 GALLAGHER & KENNEDY, P.A.

8
9 By 

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13 **Original and 13 copies** filed this
14 14th day of December, 2011, with:

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17 **Copies** of the foregoing delivered this
18 14th day of December, 2011, to:

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24 ² *Id.*, p. 12, ll. 13-21.

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