

ORIGINAL **aps**



0000137629

JOHNSON
airs Supervisor

State Regulation

Mail Station 9708
PO Box 53999
Phoenix, Arizona 85072-3999
Tel 602-250-2661
Jeffrey.Johnson@aps.com

RECEIVED

2012 JUN 29 P 1:17

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
DOCKETED

JUN 29 2012

June 29, 2012

Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

RE: APS/Pinnacle West Communications with Credit Rating Agencies
Docket No. E-01345A-08-0172

DOCKETED BY

Attached please find copies of Arizona Public Service Company ("APS") and Pinnacle West's past communications with credit rating agencies pursuant to Decision No. 70667:

Arizona Public Service Company shall file all currently existing communications within 10 days of the effective date of this Decision and shall file future communications on a monthly basis. The first such monthly report shall be due on February 1, 2009, and the monthly filings shall continue until the conclusion of Arizona Public Service Company's general rate case. Thereafter, Arizona Public Service Company shall make such filings on a six month basis, with the first filing due by January 1, 2010.

This filing covers the communications with rating agencies from December 28, 2011 through June 20, 2012. If subsequent communications occurred between June 20, and July 1, 2012, they will be provided in a supplemental filing.

Pursuant to Commission Decision No. 73183, this reporting requirement is eliminated as of July 1, 2012.

If you have any questions regarding this information, please contact me at (602)250-2661.

Sincerely,

Jeffrey W. Johnson

JJ/cd
Attachment

cc: Steve Olea (unredacted)
Brian Bozzo (unredacted)
Terri Ford (unredacted)

Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:46 PM
To: Dolyniuk, Karen E
Subject: FW: PNW and APS- Updated Financial Projections

From: Nickloy, Lee R
Sent: Wednesday, May 02, 2012 4:15 PM
To: 'Daniel.Neama@fitchratings.com'
Cc: Sarti, Daniel
Subject: RE: PNW and APS- Updated Financial Projections

Dan,

We are working on updated projections for you now and should be able to get something to you early next week. Please let me know if that doesn't meet your timing needs and we can adjust.

Thanks
Lee

From: Daniel.Neama@fitchratings.com [<mailto:Daniel.Neama@fitchratings.com>]
Sent: Wednesday, May 02, 2012 1:20 PM
To: Nickloy, Lee R
Cc: Sarti, Daniel
Subject: Re: PNW and APS- Updated Financial Projections

Good afternoon Lee,

As part of the annual review for PNW (IDR: 'BBB-') and APS (IDR: 'BBB-') I wanted to know if you could furnish an updated financial forecast. I plan on taking PNW and APS to committee later this month. I will keep you updated regarding the annual review process. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com

Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:46 PM
To: Dolyniuk, Karen E
Subject: FW: Meeting on Monday?

From: Nickloy, Lee R
Sent: Thursday, May 03, 2012 9:38 AM
To: 'Moss, Mitchell'
Subject: Meeting on Monday?

Mitchell,

Just following-up on our prior conversation. Did you still want to meet Monday afternoon when you are in Phoenix? If so, is there a particular time you had in mind?

Lee

Lee R. Nickloy
Vice President and Treasurer
PINNACLE WEST CAPITAL CORPORATION
ARIZONA PUBLIC SERVICE COMPANY
400 North 5th Street, MS 9040
Phoenix, AZ 85004
ph: 602-250-3300
Lee.Nickloy@pinnaclewest.com

Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:46 PM
To: Dolyniuk, Karen E
Subject: FW: Meeting on Monday?

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Thursday, May 03, 2012 11:01 AM
To: Nickloy, Lee R
Subject: RE: Meeting on Monday?

Lee,
How far are you from RUCO offices? I need to see how long the drives are.

Mitchell

From: Lee.Nickloy@PinnacleWest.com [<mailto:Lee.Nickloy@PinnacleWest.com>]
Sent: Thursday, May 03, 2012 12:38 PM
To: Moss, Mitchell
Subject: Meeting on Monday?

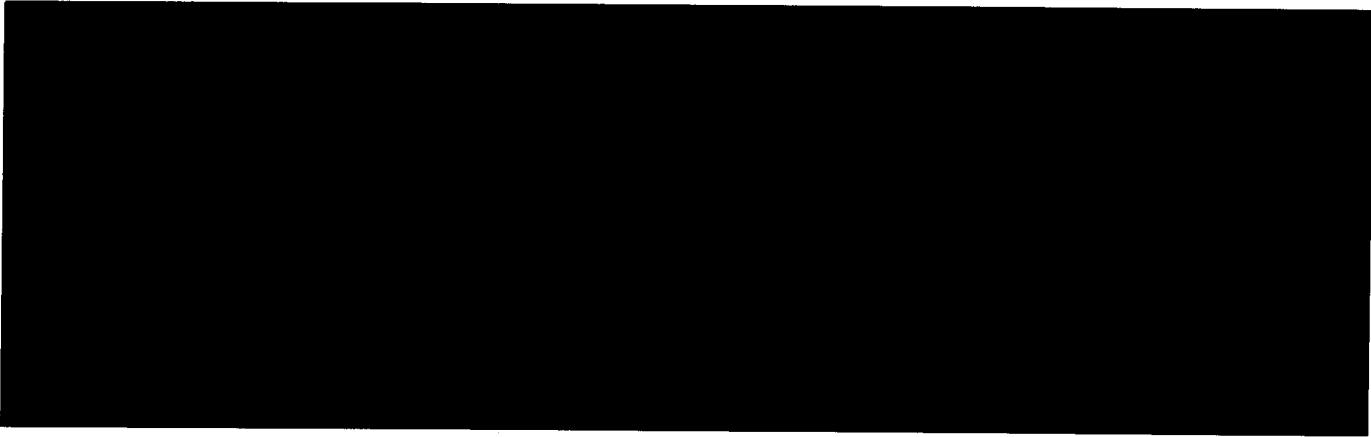
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They are about 5 minutes from our office

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
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To: Nickloy, Lee R
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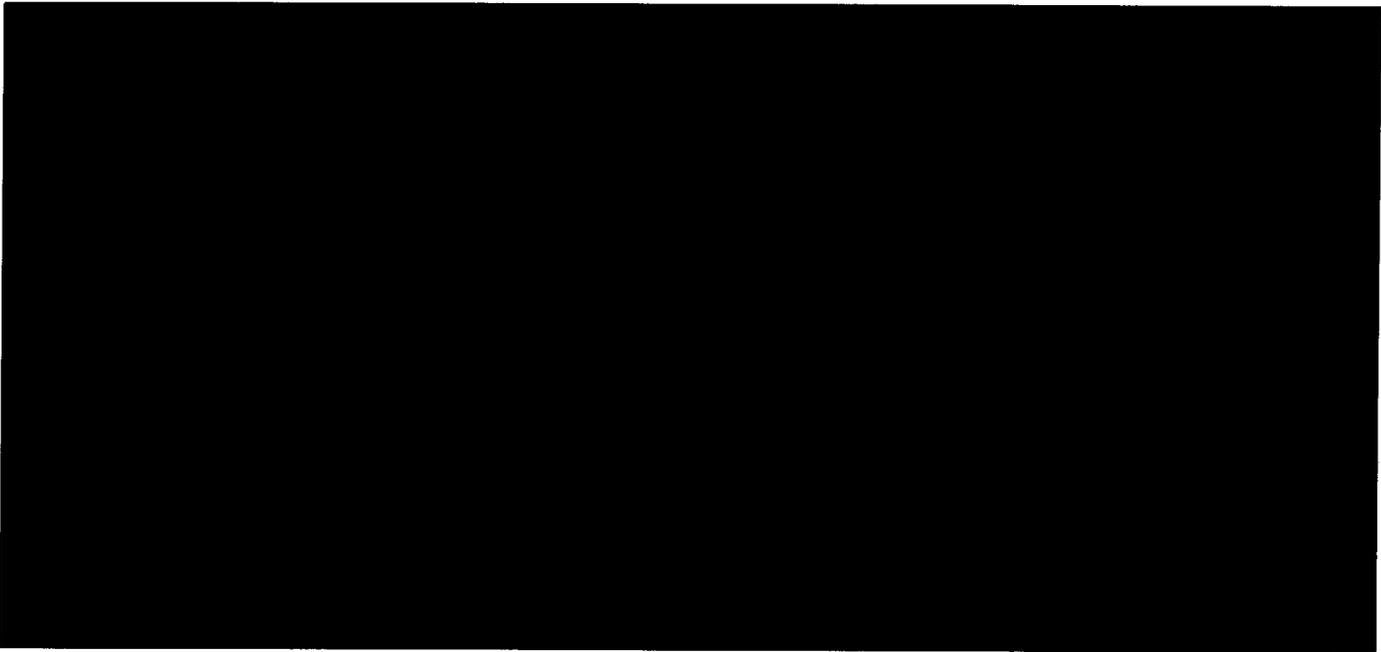
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From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Thursday, May 03, 2012 3:19 PM
To: Nickloy, Lee R
Subject: RE: Meeting on Monday?

Lee,
I have a meeting at the ACC from 3-4 pm. Can we meet afterwards?

Mitchell

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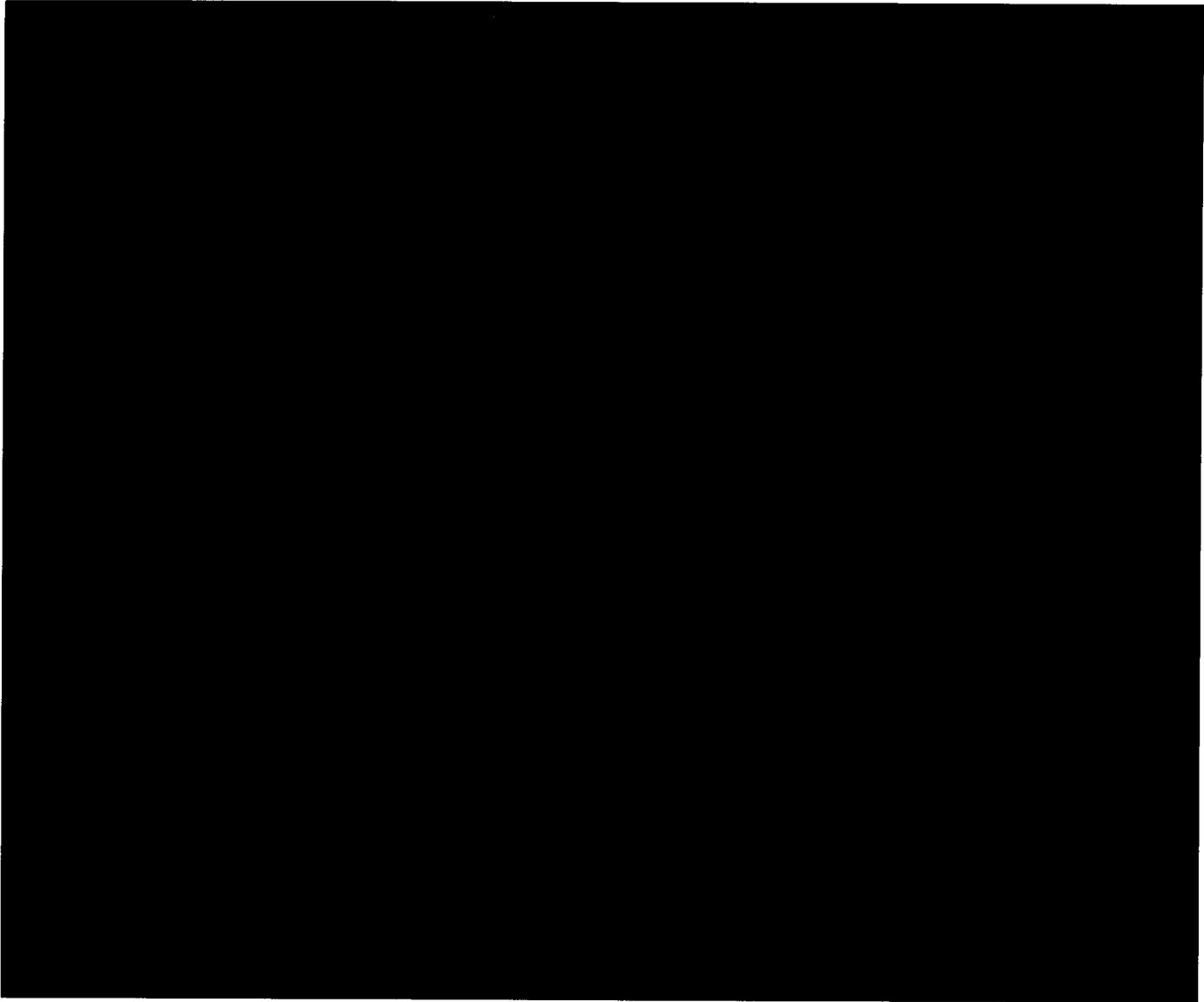
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Subject: FW: Meeting on Monday?

From: Nickloy, Lee R
Sent: Thursday, May 03, 2012 4:07 PM
To: 'Moss, Mitchell'
Subject: RE: Meeting on Monday?

Mitchell,

That works, let's call it 4:15, we aren't that far from the ACC. Our building is identified as "APS" and is in the Arizona Center. The street address is 400 N. 5th Street. Just ask for me at the reception desk in the main lobby.

Lee

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Thursday, May 03, 2012 3:19 PM
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Subject: RE: Meeting on Monday?

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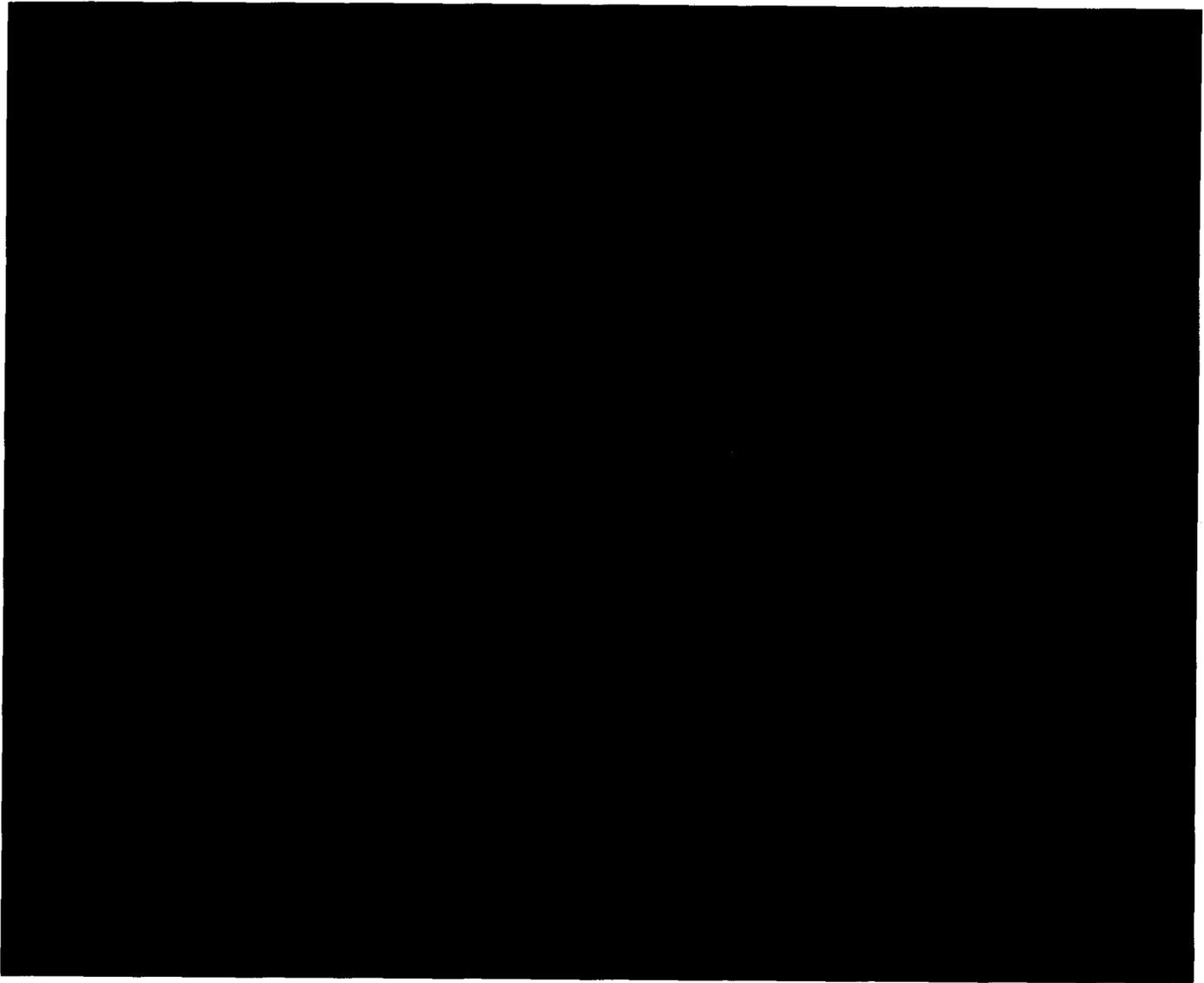
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Sent: Thursday, May 24, 2012 2:46 PM
To: Dolyniuk, Karen E
Subject: FW: PNW and APS- Updated Financial Projections

From: Daniel.Neama@fitchratings.com [<mailto:Daniel.Neama@fitchratings.com>]
Sent: Friday, May 04, 2012 9:49 AM
To: Nickloy, Lee R
Subject: RE: PNW and APS- Updated Financial Projections

Good afternoon Lee,

Sounds good. Early next week should be fine but the earlier the better. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com

From: <Lee.Nickloy@PinnacleWest.com>
To: <Daniel.Neama@fitchratings.com>
Co: <Daniel.Sarti@pinnaclewest.com>
Date: 05/02/2012 07:16 PM
Subject: RE: PNW and APS- Updated Financial Projections

Dan,

We are working on updated projections for you now and should be able to get something to you early next week. Please let me know if that doesn't meet your timing needs and we can adjust.

Thanks

Lee

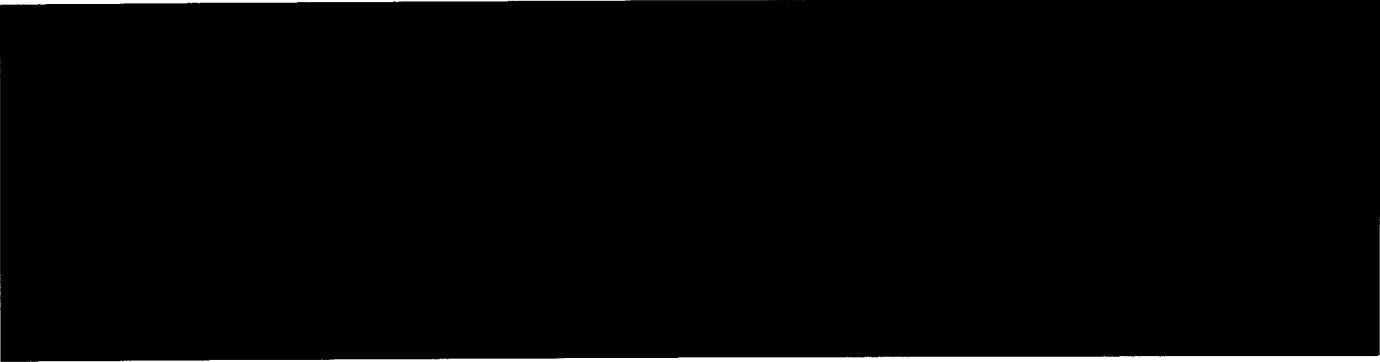
From: Daniel.Neama@fitchratings.com [mailto:Daniel.Neama@fitchratings.com]
Sent: Wednesday, May 02, 2012 1:20 PM
To: Nickloy, Lee R
Cc: Sarti, Daniel
Subject: Re: PNW and APS- Updated Financial Projections

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As part of the annual review for PNW (IDR: 'BBB-') and APS (IDR: 'BBB-') I wanted to know if you could furnish an updated financial forecast. I plan on taking PNW and APS to committee later this month. I will keep you updated regarding the annual review process. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com





Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:46 PM
To: Dolyniuk, Karen E
Subject: FW: Tentative Meeting

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Friday, May 04, 2012 11:59 AM
To: Nickloy, Lee R
Subject: Tentative Meeting

Lee,

I hope all is well. We're going to be looking to review Arizona Public Service Corp and Pinnacle West at some point in the next two months or so. I'm hoping to set up a time by early June to address some questions we'll have in advance of that review. Of course, let me know if you'll be in New York at any point; otherwise, a phone call will be more than sufficient.

Let me know if you'll be available at all during the week of June 4th - 8th; if not, I'm very flexible.

Regards, and have a fine weekend,

Michael Ferguson, CFA, CPA
Associate
U.S. Utility & Infrastructure Ratings
Standard & Poor's
55 Water Street, 39th Floor
New York, NY 10041
(t) 212-438-7670 | (m) 917-562-9254

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RATINGS SERVICES**
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Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:47 PM
To: Dolyniuk, Karen E
Subject: FW: Tentative Meeting

From: Nickloy, Lee R
Sent: Friday, May 04, 2012 4:39 PM
To: 'Ferguson, Michael'
Subject: RE: Tentative Meeting

Mike,

This should be doable. I'll check schedules and come back to you with a few dates/times.

Lee

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Friday, May 04, 2012 11:59 AM
To: Nickloy, Lee R
Subject: Tentative Meeting

Lee,

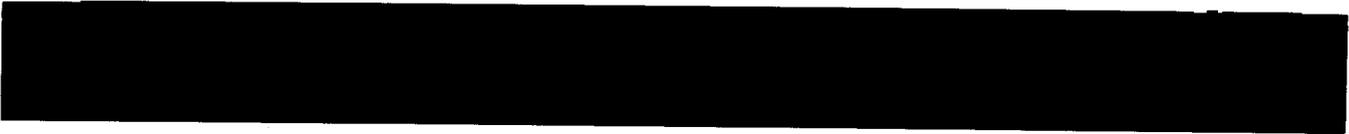
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Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:07 AM
To: Dolyniuk, Karen E
Subject: FW: Rating for APS debt backed by a letter of credit

From: Sarti, Daniel
Sent: Friday, May 04, 2012 5:06 PM
To: 'Carla_Seifer@standardandpoors.com'
Subject: Rating for APS debt backed by a letter of credit

Hi Carla,

Per the email I received below from Francesca Boccanfuso, Arizona Public Service would like to request a rating on our Maricopa 2009B pollution control bonds which we will be remarketing in late May/early June in a daily rate mode backed by a letter of credit from JPMorgan Chase Bank, N.A.

Please let me know what documents you will need to complete the rating process and I will forward those to you as soon as I have them.

Thank you and I look forward to working with you,

Daniel Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

Daniel,

I am the commercial contact for the Structured Finance LOC group and understand that you may have an LOC deal that you would like for S&P to rate. I can inform you of fees and Carla Seifer of the analytical team would be able to assign an analyst for you. Please contact her if you would like to move forward. Her # is (212) 438-1735 and email is Carla_Seifer@standardandpoors.com.

Please let me know if you have any questions.

Thank you,
Francesca

Francesca Boccanfuso
Production Specialist
Global Market Development
Standard & Poor's

55 Water Street, 40th Floor
New York, NY 10041
Tel: (212) 438-5045
Email: Francesca_Boccanfuso@standardandpoors.com

Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:47 PM
To: Dolyniuk, Karen E
Subject: FW: Tentative Meeting

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Monday, May 07, 2012 7:37 AM
To: Nickloy, Lee R
Subject: RE: Tentative Meeting

Lee,

Thanks for your quick reply. Once we set something up, I'll start putting together a rough agenda or list of discussion topics so we can keep the meeting as brief and focused as possible.

Regards,
Mike

From: Lee.Nickloy@PinnacleWest.com [<mailto:Lee.Nickloy@PinnacleWest.com>]
Sent: Friday, May 04, 2012 7:39 PM
To: Ferguson, Michael
Subject: RE: Tentative Meeting

Mike,

This should be doable. I'll check schedules and come back to you with a few dates/times.

Lee

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Friday, May 04, 2012 11:59 AM
To: Nickloy, Lee R
Subject: Tentative Meeting

Lee,

I hope all is well. We're going to be looking to review Arizona Public Service Corp and Pinnacle West at some point in the next two months or so. I'm hoping to set up a time by early June to address some questions we'll have in advance of that review. Of course, let me know if you'll be in New York at any point; otherwise, a phone call will be more than sufficient.

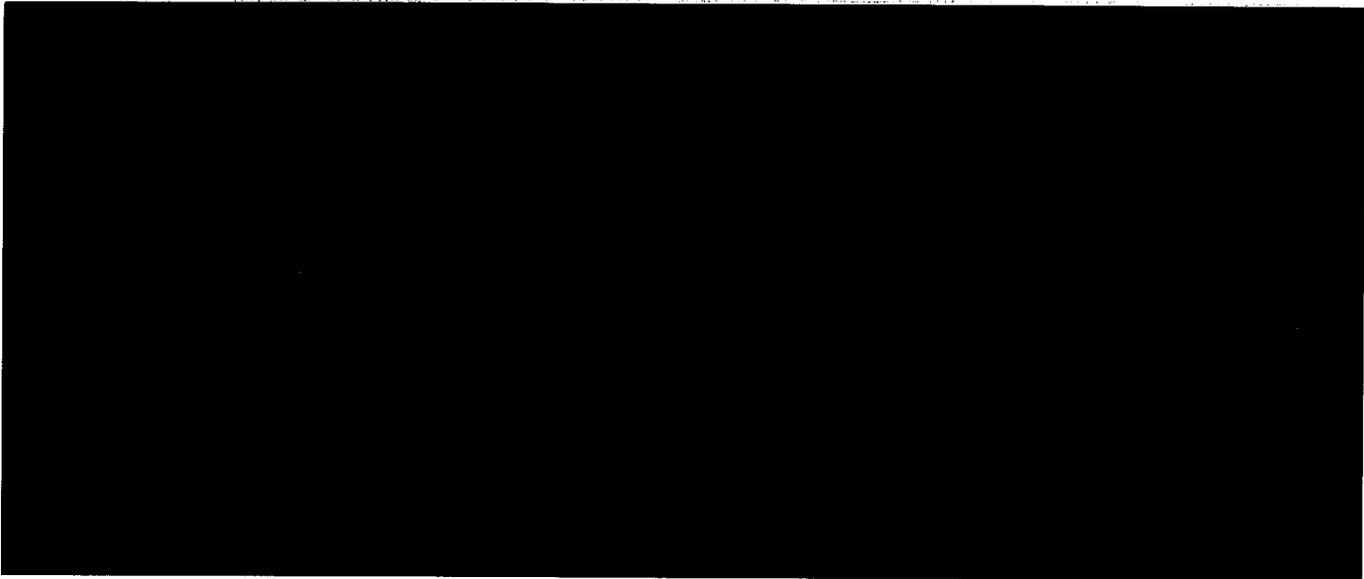
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Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:43 AM
To: Dolyniuk, Karen E
Subject: FW: Rating for APS debt backed by a letter of credit

From: Seifer, Carla [mailto:Carla_Seifer@standardandpoors.com]
Sent: Monday, May 07, 2012 7:45 AM
To: Sarti, Daniel
Subject: RE: Rating for APS debt backed by a letter of credit

Hi Daniel,

Please forward the relevant documents (LOC, indenture and reimbursement agreement) so I can assign an analyst to review.

Regards,

Carla

"SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site."

From: Daniel.Sarti@pinnaclewest.com [<mailto:Daniel.Sarti@pinnaclewest.com>]
Sent: Friday, May 04, 2012 8:06 PM
To: Seifer, Carla
Subject: Rating for APS debt backed by a letter of credit

Hi Carla,

Per the email I received below from Francesca Boccanfuso, Arizona Public Service would like to request a rating on our Maricopa 2009B pollution control bonds which we will be remarketing in late May/early June in a daily rate mode backed by a letter of credit from JPMorgan Chase Bank, N.A.

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Manager - Corporate Finance
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Ph: 602-250-3315
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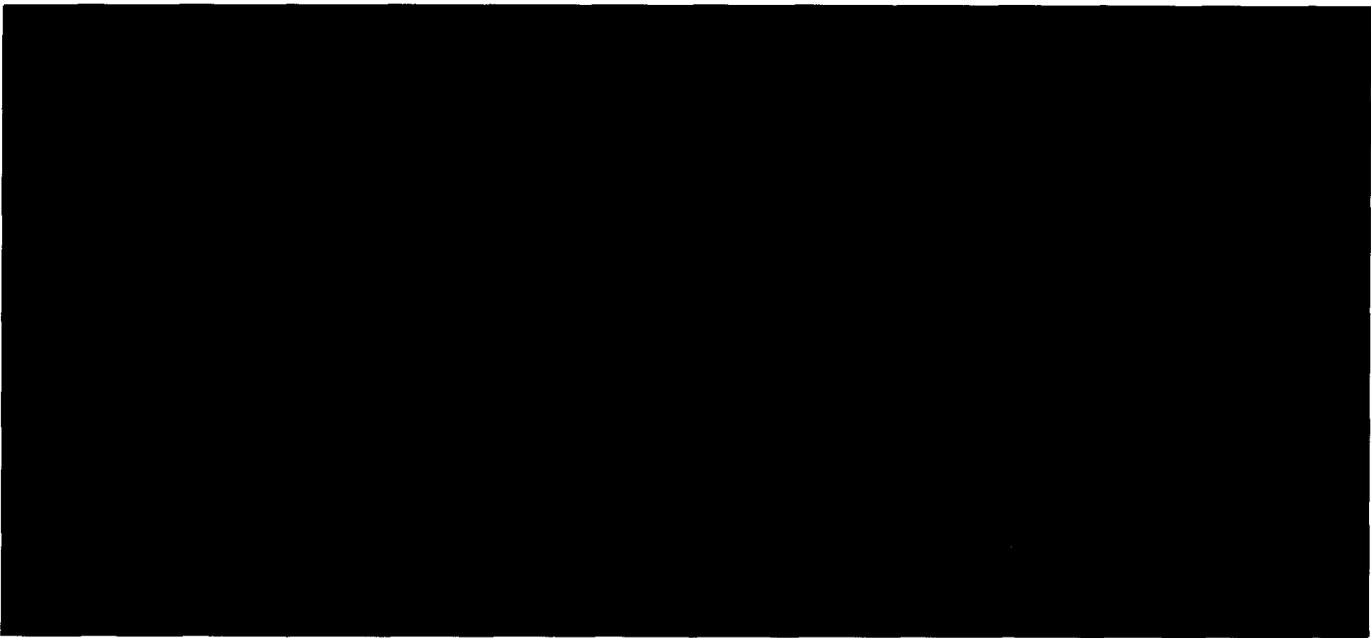
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Please let me know if you have any questions.

Thank you,
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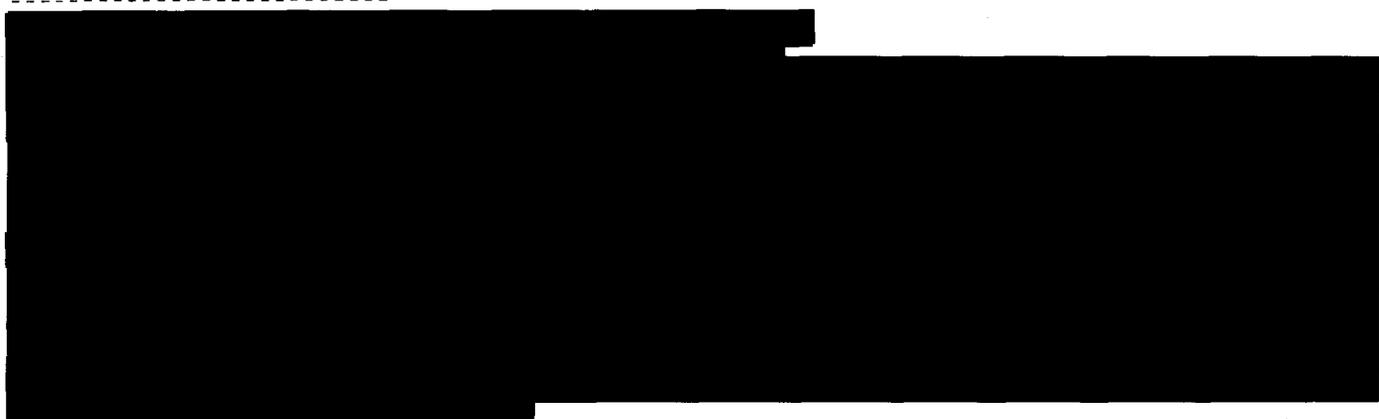
From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:47 PM
To: Dolyniuk, Karen E
Subject: FW: Dress code

-----Original Message-----

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Monday, May 07, 2012 11:26 AM
To: Nickloy, Lee R
Subject: Dress code

Lee,
What is your office dress code, tie or no tie? Also, do you know what the dress code is for the ACC?

Mitchell



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From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:47 PM
To: Dolyniuk, Karen E
Subject: FW: Dress code

-----Original Message-----

From: Nickloy, Lee R
Sent: Monday, May 07, 2012 11:44 AM
To: 'Moss, Mitchell'
Subject: RE: Dress code

Mitchell,

No tie is fine for the meeting with us, though we will typically wear suit and tie when at the Commission.

Lee

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Sent: Monday, May 07, 2012 11:26 AM
To: Nickloy, Lee R
Subject: Dress code

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Mitchell

Sent from my BlackBerry Wireless Handheld Mitchell Moss



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-----Original Message-----

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Monday, May 07, 2012 11:45 AM
To: Nickloy, Lee R
Subject: Re: Dress code

Thanks Lee

Sent from my BlackBerry Wireless Handheld Mitchell Moss
917-499-9108

----- Original Message -----

From: Lee.Nickloy@PinnacleWest.com [<mailto:Lee.Nickloy@PinnacleWest.com>]
Sent: Monday, May 07, 2012 01:43 PM
To: Moss, Mitchell
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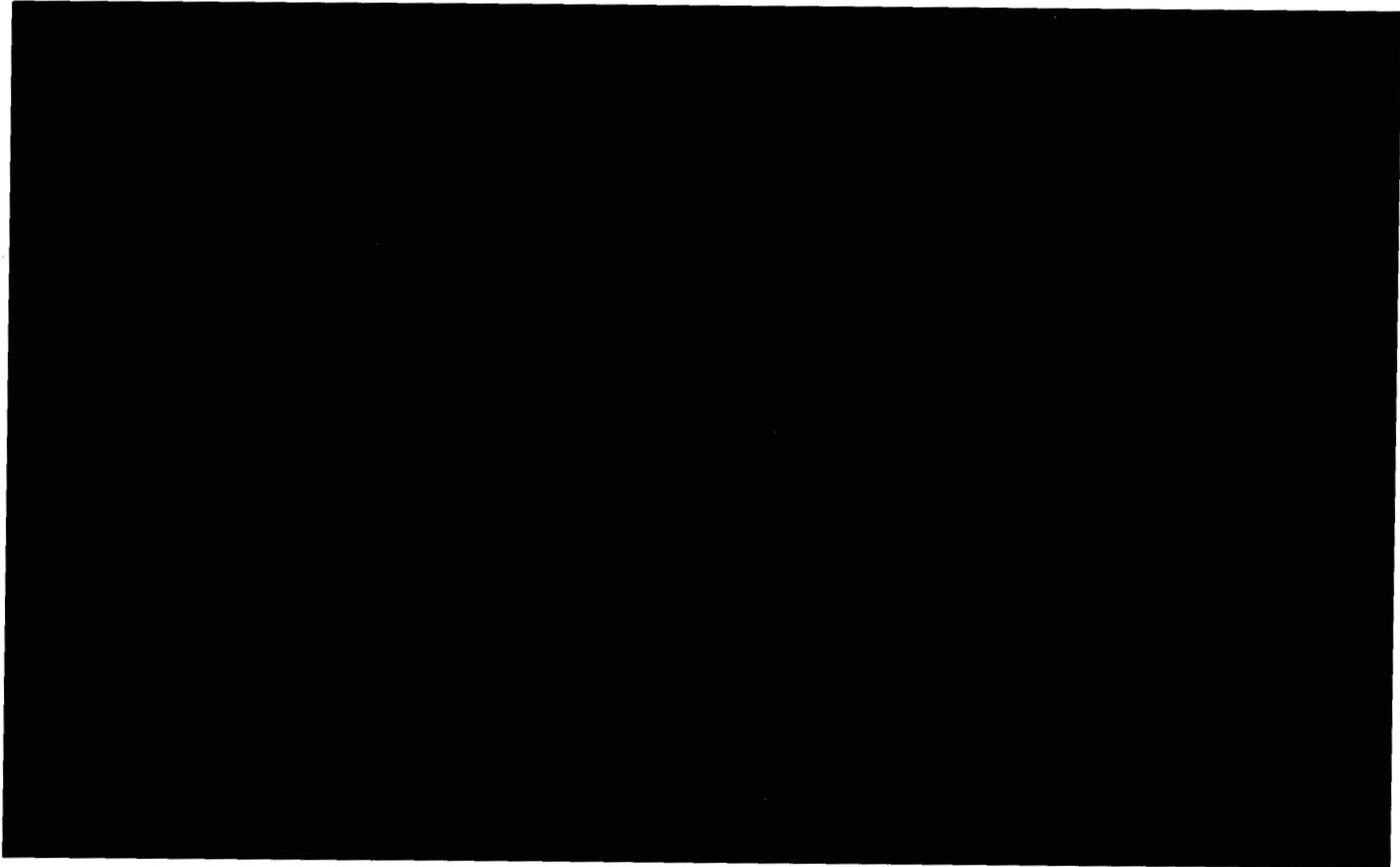
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Sent from my BlackBerry Wireless Handheld Mitchell Moss
917-499-9108-----





Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:08 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Sarti, Daniel
Sent: Tuesday, May 08, 2012 9:24 AM
To: 'Ferguson, Michael'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Thanks Mike. I've also been communicating with Carla Seifer at S&P. Should I continue to coordinate through the both of you or are you the more appropriate point person?

From: Sarti, Daniel
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [<mailto:michael.ferguson@standardandpoors.com>]
Sent: Tuesday, May 08, 2012 8:26 AM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Dan,

Hope all is well. As you look to reissue these securities in VRDN mode towards the latter part of this month, please keep us in the loop. Technically, a reissuance of this sort is considered a new issue; as such, we generally issue a new issue rating. As a result, we'll need you to send over relevant documents, such as term sheets, as they become available.

Thanks.
Mike

From: Daniel.Sarti@pinnaclewest.com [<mailto:Daniel.Sarti@pinnaclewest.com>]
Sent: Monday, April 16, 2012 5:50 PM
To: Ferguson, Michael
Subject: APS Maricopa 2009B Pollution Control Bonds

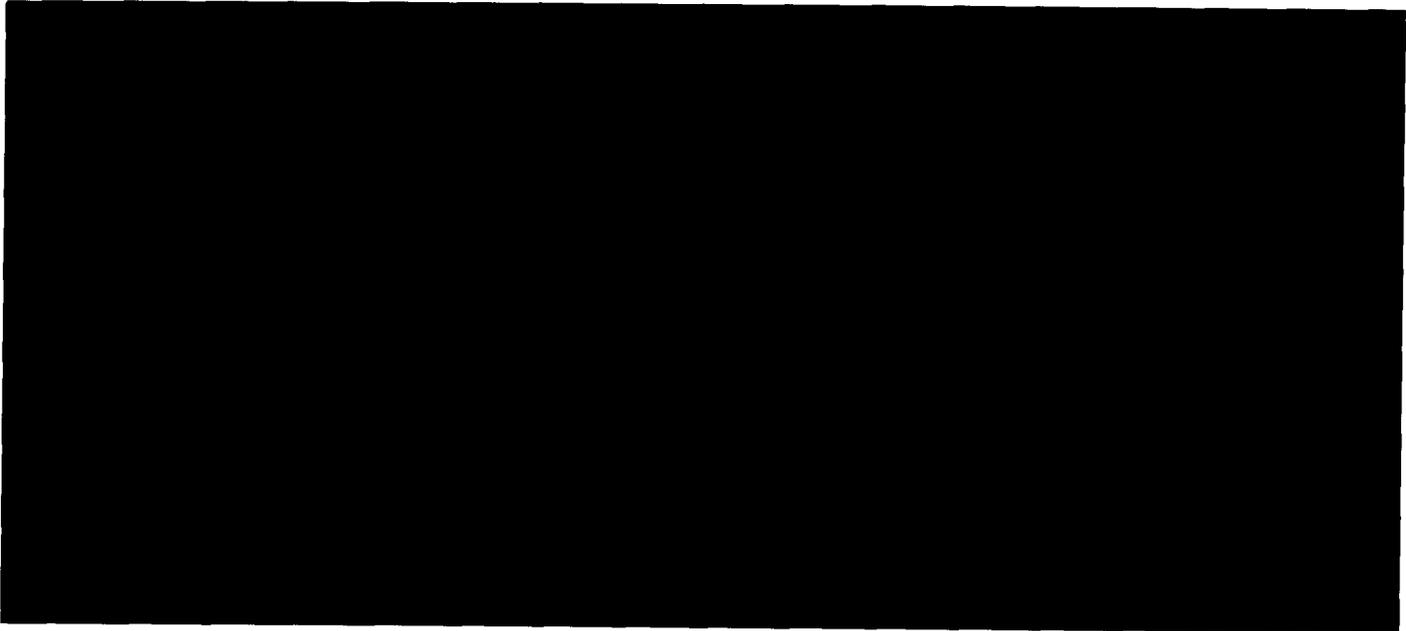
Hi Mike,

I wanted to let you know that Arizona Public Service plans on buying back the \$32 million of existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put rate-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds onto our balance sheet at that time and place them in VRDN mode. We will then reissue them in VRDN mode in late May or early June. As usual, we would need confirmation of the rating as part of the reissuance. JPMorgan Chase Bank, N.A. will be the letter of credit provider and J.P. Morgan Securities LLC will act as remarketing agent.

While we still have some time on this let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks for your help and I look forward to meeting you at some point,

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:08 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Sarti, Daniel
Sent: Tuesday, May 08, 2012 9:28 AM
To: 'Ferguson, Michael'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

No problem at all. Thanks for the info.

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [<mailto:michael.ferguson@standardandpoors.com>]
Sent: Tuesday, May 08, 2012 9:28 AM
To: Sarti, Daniel
Subject: Re: APS Maricopa 2009B Pollution Control Bonds

Dan,

I didn't realize you had been in touch with her; she is actually your best bet. Sorry for the confusion.

Regards,
Mike

From: Daniel.Sarti@pinnaclewest.com <Daniel.Sarti@pinnaclewest.com>
To: Ferguson, Michael
Sent: Tue May 08 12:24:01 2012
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Thanks Mike. I've also been communicating with Carla Seifer at S&P. Should I continue to coordinate through the both of you or are you the more appropriate point person?

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Tuesday, May 08, 2012 8:26 AM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Dan,

Hope all is well. As you look to reissue these securities in VRDN mode towards the latter part of this month, please keep us in the loop. Technically, a reissuance of this sort is considered a new issue; as such, we generally issue a new issue rating. As a result, we'll need you to send over relevant documents, such as term sheets, as they become available.

Thanks,
Mike

From: Daniel.Sarti@pinnaclewest.com [<mailto:Daniel.Sarti@pinnaclewest.com>]
Sent: Monday, April 16, 2012 5:50 PM
To: Ferguson, Michael
Subject: APS Maricopa 2009B Pollution Control Bonds

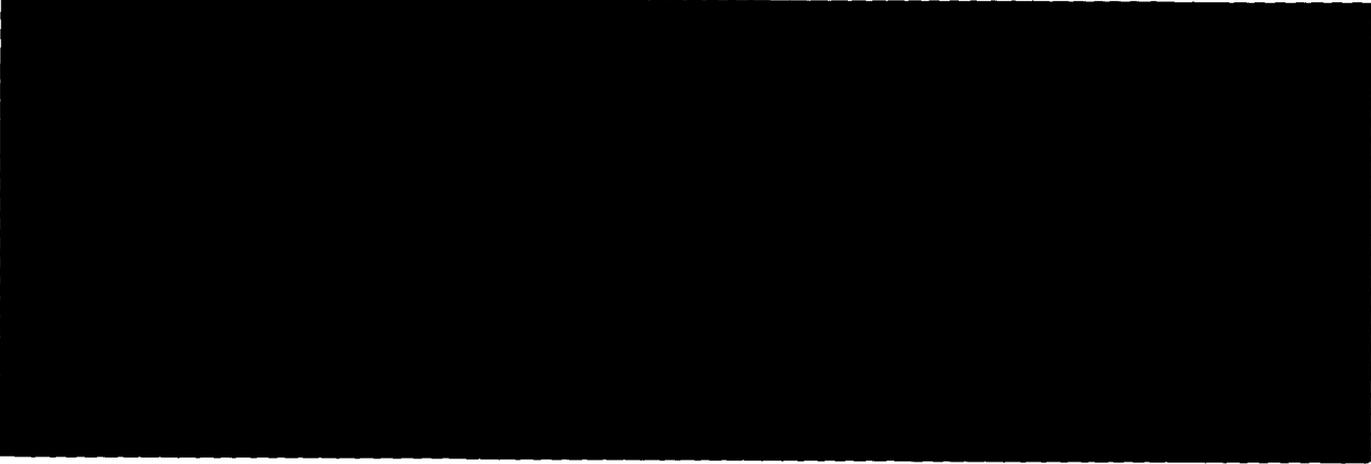
Hi Mike,

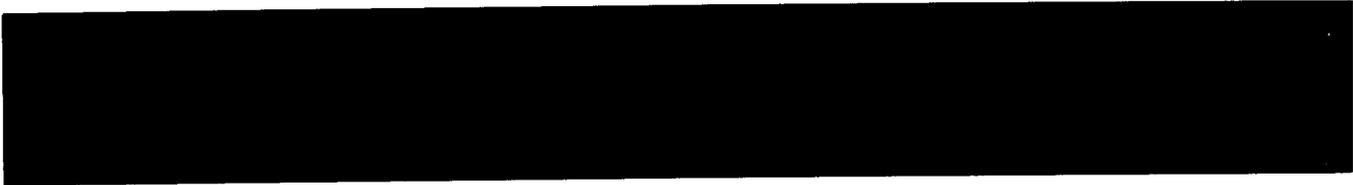
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While we still have some time on this let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks for your help and I look forward to meeting you at some point,

Daniel Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640





Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:09 AM
To: Dolyniuk, Karen E
Subject: FW: APS Navajo 2009A Pollution Control Bonds

From: Sarti, Daniel
Sent: Tuesday, May 08, 2012 11:59 AM
To: 'Moss, Mitchell'
Subject: APS Navajo 2009A Pollution Control Bonds

Hi Mitchell,

It was nice to meet you in person yesterday afternoon.

Pursuant to our conversation, Arizona Public Service plans to remarket the \$38,150,000 of its existing Navajo 2009A tax-exempt pollution control bonds which mature on June 1st of this year. We plan to remarket them in a 2-year put mode on that date. As typical, we would need confirmation of the rating as part of the remarketing.

I will forward you the relevant documents in the coming days that you will need in order to complete the ratings confirmation. Timing is fairly tight on this so let me know if there is anything else I can do at the moment to facilitate.

Thanks as always for your help,

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:09 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Sarti, Daniel
Sent: Tuesday, May 08, 2012 12:11 PM
To: 'Ferguson, Michael'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Mike,

I do have another request that I think is probably more appropriate to send to you since the rating on this issue would not be backed by a letter of credit.

Arizona Public Service plans to remarket the \$38,150,000 of its existing Navajo 2009A tax-exempt pollution control bonds which mature on June 1st of this year. We plan to remarket them in a 2-year put mode on that date. As typical, we would need confirmation of the rating as part of the remarketing.

I will forward you the relevant documents in the coming days that you will need in order to complete the ratings confirmation. Timing is fairly tight on this so let me know if there is anything else I can do at the moment to facilitate.

Thanks as always for your help.

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Tuesday, May 08, 2012 9:28 AM
To: Sarti, Daniel
Subject: Re: APS Maricopa 2009B Pollution Control Bonds

Dan,

I didn't realize you had been in touch with her; she is actually your best bet. Sorry for the confusion.

Regards,
Mike

From: Daniel.Sarti@pinnaclewest.com <Daniel.Sarti@pinnaclewest.com>
To: Ferguson, Michael
Sent: Tue May 08 12:24:01 2012
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Thanks Mike. I've also been communicating with Carla Seifer at S&P. Should I continue to coordinate through the both of you or are you the more appropriate point person?

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Tuesday, May 08, 2012 8:26 AM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Dan.

Hope all is well. As you look to reissue these securities in VRDN mode towards the latter part of this month, please keep us in the loop. Technically, a reissuance of this sort is considered a new issue; as such, we generally issue a new issue rating. As a result, we'll need you to send over relevant documents, such as term sheets, as they become available.

Thanks,
Mike

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Monday, April 16, 2012 5:50 PM
To: Ferguson, Michael
Subject: APS Maricopa 2009B Pollution Control Bonds

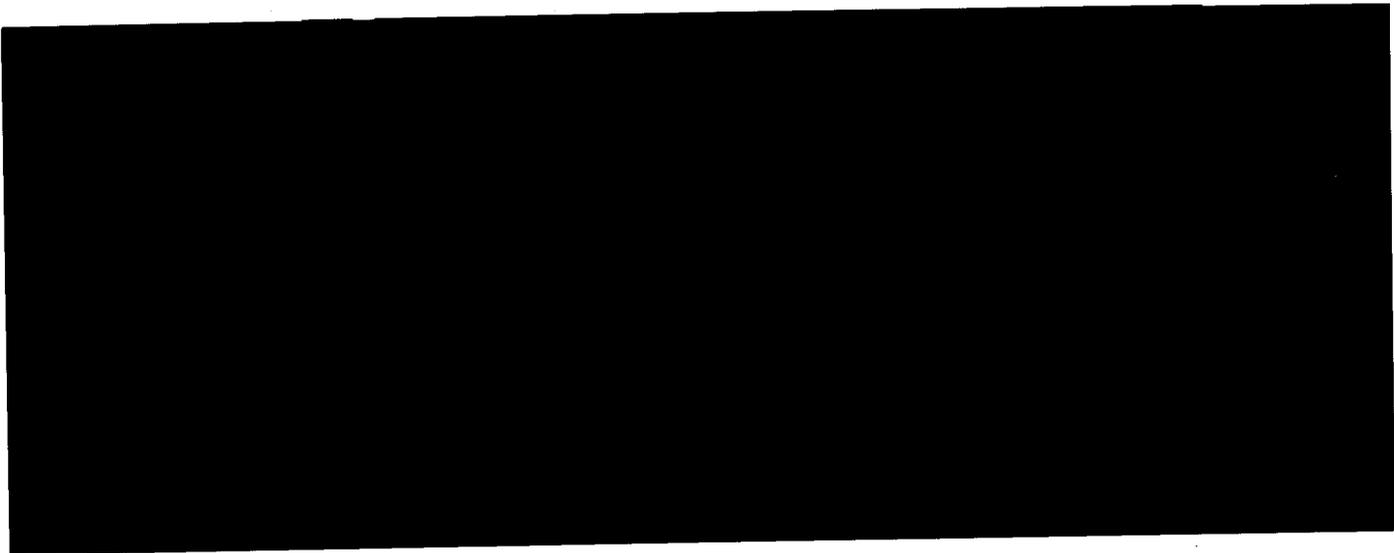
Hi Mike,

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While we still have some time on this let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks for your help and I look forward to meeting you at some point,

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:44 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Tuesday, May 08, 2012 12:13 PM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Dan,

Thanks for keeping me in the loop. I'll certainly handle this, and will get the ball rolling as soon as the relevant documents come in, and I'll let you know if there's anything that can be done to expedite the process.

Regards,
Mike

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Tuesday, May 08, 2012 3:11 PM
To: Ferguson, Michael
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Mike,

I do have another request that I think is probably more appropriate to send to you since the rating on this issue would not be backed by a letter of credit.

Arizona Public Service plans to remarket the \$38,150,000 of its existing Navajo 2009A tax-exempt pollution control bonds which mature on June 1st of this year. We plan to remarket them in a 2-year put mode on that date. As typical, we would need confirmation of the rating as part of the remarketing.

I will forward you the relevant documents in the coming days that you will need in order to complete the ratings confirmation. Timing is fairly tight on this so let me know if there is anything else I can do at the moment to facilitate.

Thanks as always for your help,

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Tuesday, May 08, 2012 9:28 AM
To: Sarti, Daniel
Subject: Re: APS Maricopa 2009B Pollution Control Bonds

Dan,

I didn't realize you had been in touch with her; she is actually your best bet. Sorry for the confusion.

Regards,
Mike

From: Daniel.Sarti@pinnaclewest.com <Daniel.Sarti@pinnaclewest.com>
To: Ferguson, Michael
Sent: Tue May 08 12:24:01 2012
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Thanks Mike. I've also been communicating with Carla Seifer at S&P. Should I continue to coordinate through the both of you or are you the more appropriate point person?

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Tuesday, May 08, 2012 8:26 AM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Dan,

Hope all is well. As you look to reissue these securities in VRDN mode towards the latter part of this month, please keep us in the loop. Technically, a reissuance of this sort is considered a new issue; as such, we generally issue a new issue rating. As a result, we'll need you to send over relevant documents, such as term sheets, as they become available.

Thanks,
Mike

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Monday, April 16, 2012 5:50 PM
To: Ferguson, Michael
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Mike,

I wanted to let you know that Arizona Public Service plans on buying back the \$32 million of existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put rate-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds onto our balance sheet at that time and place them in VRDN mode. We will then reissue them in VRDN mode in late May or early June. As usual, we would need confirmation of the rating as part of the reissuance. JPMorgan Chase Bank, N.A. will be the letter of credit provider and J.P. Morgan Securities LLC will act as remarketing agent.

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Thanks for your help and I look forward to meeting you at some point,

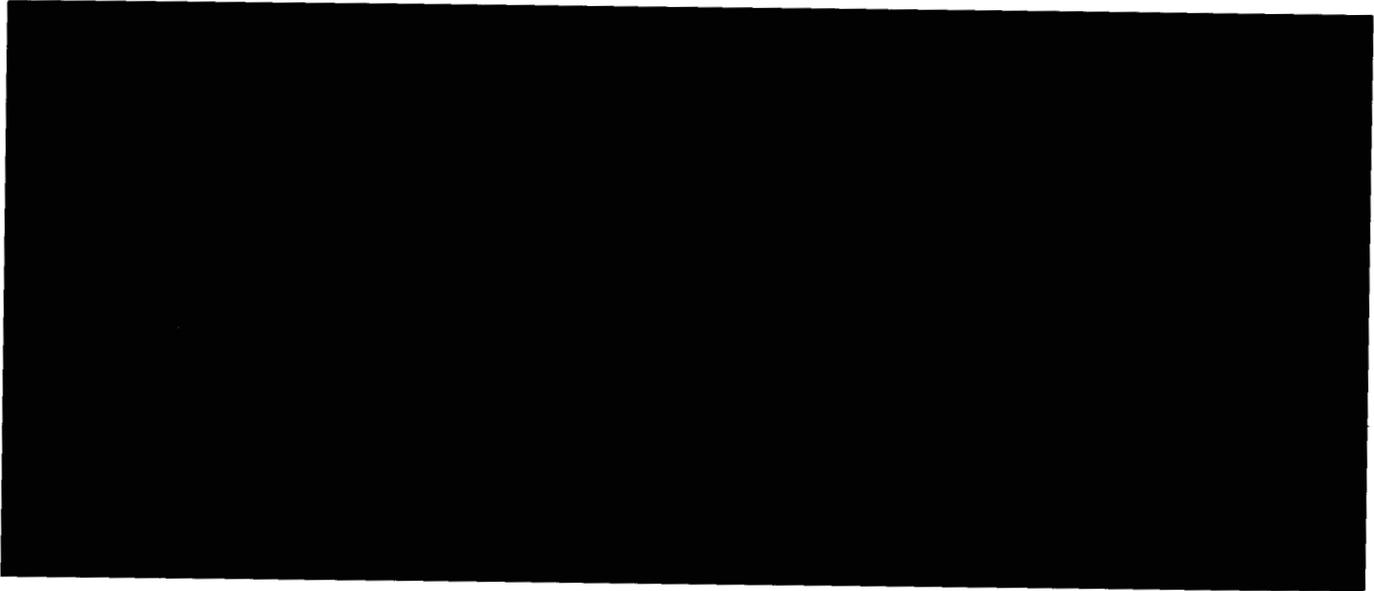
Dan Sarti

Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:09 AM
To: Dolyniuk, Karen E
Subject: FW: APS Navajo 2009A Pollution Control Bonds

From: Sarti, Daniel
Sent: Tuesday, May 08, 2012 3:19 PM
To: 'Daniel.Neama@fitchratings.com'
Subject: APS Navajo 2009A Pollution Control Bonds

Hi Daniel,

I have yet another ratings need to bring to your attention. Arizona Public Service plans to remarket the \$38,150,000 of its existing Navajo 2009A tax-exempt pollution control bonds which mature on June 1st of this year. We plan to remarket them in a 2-year put mode on that date. As typical, we would need confirmation of the rating as part of the remarketing.

I will forward you the relevant documents in the coming days that you will need in order to complete the ratings confirmation. Timing is fairly tight on this so let me know if there is anything else I can do at the moment to facilitate.

Thanks as always for your help,

Daniel Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:47 PM
To: Dolyniuk, Karen E
Subject: FW: Tentative Meeting

From: Nickloy, Lee R
Sent: Tuesday, May 08, 2012 3:30 PM
To: 'Ferguson, Michael'
Subject: RE: Tentative Meeting

Mike,

I think a conference call during the week of June 4th will work best. Would one of these dates/times work for you (all times are EDT)?:

Monday, June 4th – either 12:00 noon or 6:00 PM
Tuesday, June 5th – 12:00 noon

Lee

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Monday, May 07, 2012 7:37 AM
To: Nickloy, Lee R
Subject: RE: Tentative Meeting

Lee,

Thanks for your quick reply. Once we set something up, I'll start putting together a rough agenda or list of discussion topics so we can keep the meeting as brief and focused as possible.

Regards,
Mike

From: Lee.Nickloy@PinnacleWest.com [<mailto:Lee.Nickloy@PinnacleWest.com>]
Sent: Friday, May 04, 2012 7:39 PM
To: Ferguson, Michael
Subject: RE: Tentative Meeting

Mike,

This should be doable. I'll check schedules and come back to you with a few dates/times.

Lee

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Friday, May 04, 2012 11:59 AM
To: Nickloy, Lee R
Subject: Tentative Meeting

Lee,

I hope all is well. We're going to be looking to review Arizona Public Service Corp and Pinnacle West at some point in the next two months or so. I'm hoping to set up a time by early June to address some questions we'll have in advance of that review. Of course, let me know if you'll be in New York at any point; otherwise, a phone call will be more than sufficient.

Let me know if you'll be available at all during the week of June 4th - 8th; if not, I'm very flexible.

Regards, and have a fine weekend,

Michael Ferguson, CFA, CPA

Associate

U.S. Utility & Infrastructure Ratings

Standard & Poor's

55 Water Street, 39th Floor

New York, NY 10041

(t) 212-438-7670 | (m) 917-562-9254

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RATINGS SERVICES

www.standardandpoors.com



Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:47 PM
To: Dolyniuk, Karen E
Subject: FW: Tentative Meeting

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Tuesday, May 08, 2012 3:37 PM
To: Nickloy, Lee R
Subject: Re: Tentative Meeting

Lee,

I think Monday at noon is probably best for us. Let's plan for that. I'll shoot you a brief list of discussion topics at a later date.

Thanks,
Mike

From: Lee.Nickloy@PinnacleWest.com <Lee.Nickloy@PinnacleWest.com>
To: Ferguson, Michael
Sent: Tue May 08 18:30:16 2012
Subject: RE: Tentative Meeting

Mike,

I think a conference call during the week of June 4th will work best. Would one of these dates/times work for you (all times are EDT)?:

Monday, June 4th – either 12:00 noon or 6:00 PM
Tuesday, June 5th – 12:00 noon

Lee

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Monday, May 07, 2012 7:37 AM
To: Nickloy, Lee R
Subject: RE: Tentative Meeting

Lee,

Thanks for your quick reply. Once we set something up, I'll start putting together a rough agenda or list of discussion topics so we can keep the meeting as brief and focused as possible.

Regards,
Mike

From: Lee.Nickloy@PinnacleWest.com [<mailto:Lee.Nickloy@PinnacleWest.com>]
Sent: Friday, May 04, 2012 7:39 PM

To: Ferguson, Michael
Subject: RE: Tentative Meeting

Mike,

This should be doable. I'll check schedules and come back to you with a few dates/times.

Lee

From: Ferguson, Michael [<mailto:michael.ferguson@standardandpoors.com>]
Sent: Friday, May 04, 2012 11:59 AM
To: Nickloy, Lee R
Subject: Tentative Meeting

Lee,

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Let me know if you'll be available at all during the week of June 4th - 8th; if not, I'm very flexible.

Regards, and have a fine weekend,

Michael Ferguson, CFA, CPA
Associate
U.S. Utility & Infrastructure Ratings
Standard & Poor's
55 Water Street, 39th Floor
New York, NY 10041
(t) 212-438-7670 | (m) 917-562-9254

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& POOR'S
RATINGS SERVICES**
www.standardandpoors.com





Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:09 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Sarti, Daniel
Sent: Wednesday, May 09, 2012 10:04 AM
To: 'Ferguson, Michael'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Mike,

I'm not sure if you ever sent a more formalized letter per the note below. You may have sent one directly to Lee. If you could, let me know when you get a chance.

Thanks!

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [<mailto:michael.ferguson@standardandpoors.com>]
Sent: Tuesday, May 01, 2012 10:41 AM
To: Sarti, Daniel
Subject: APS Maricopa 2009B Pollution Control Bonds

Dan,

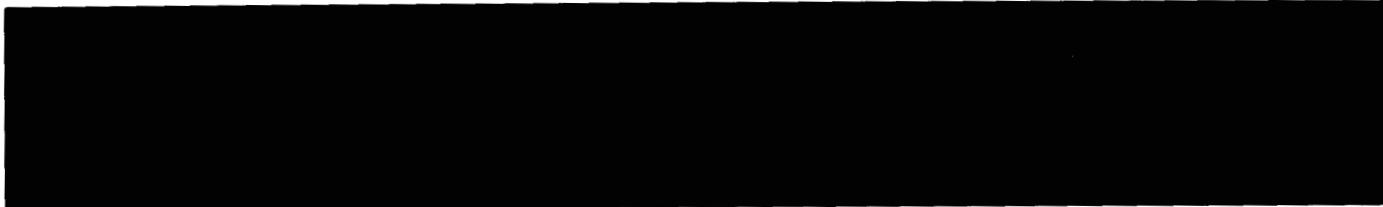
Pursuant to our earlier conversation, we acknowledge that, under our criteria, a change to a Daily Rate Period will not in and of itself cause a change in the rating; the rating on the issue in question is still 'BBB'. We will send a more formalized letter as soon as it is ready, but I just wanted to be able to confirm this should it be needed for your records immediately.

Please notify me if you have any questions regarding this statement.

Regards,

Michael Ferguson, CFA, CPA

Associate
U.S. Utility & Infrastructure Ratings
Standard & Poor's
55 Water Street, 39th Floor
New York, NY 10041
(t) 212-438-7670 | (m) 917-562-9254



Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:10 AM
To: Dolyniuk, Karen E
Subject: FW: Arizona Public Service Co. Rating Letter

From: Sarti, Daniel
Sent: Wednesday, May 09, 2012 10:17 AM
To: 'Ferguson, Michael'
Subject: RE: Arizona Public Service Co. Rating Letter

Thanks Mike.

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Wednesday, May 09, 2012 10:06 AM
To: Sarti, Daniel
Subject: FW: Arizona Public Service Co. Rating Letter

Dan.

Here's what we sent to Lee last Tuesday.

Regards,
Mike

From: Rodriguez, Claudia
Sent: Tuesday, May 01, 2012 3:58 PM
To: lee.nickloy@pinnaclewest.com
Cc: Ferguson, Michael
Subject: Arizona Public Service Co. Rating Letter

Attached please find the rating letter, Terms & Conditions for the transaction referred to above. Should you have any questions regarding the rating, please contact the analyst named in the letter.

Thank you for choosing Standard & Poor's.

Claudia Rodriguez
Administrative Assistant
Standard & Poor's
55 Water Street
New York, NY 10041
(212) 438-7441



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:10 AM
To: Dolyniuk, Karen E
Subject: FW: Financial Forecast

From: Sarti, Daniel
Sent: Wednesday, May 09, 2012 10:32 AM
To: 'Daniel.Neama@fitchratings.com'
Subject: RE: Financial Forecast

Hi Daniel,

I just checked with Lee to get an update and we should have that for you later today.

...
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Daniel.Neama@fitchratings.com [<mailto:Daniel.Neama@fitchratings.com>]
Sent: Wednesday, May 09, 2012 9:10 AM
To: Sarti, Daniel
Subject: Re: Financial Forecast

Good morning Dan,

I was wondering if you had an update regarding the timing of the latest financial forecast. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:45 AM
To: Dolyniuk, Karen E
Subject: FW: Financial Forecast

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Daniel.Neama@fitchratings.com [mailto:Daniel.Neama@fitchratings.com]
Sent: Wednesday, May 09, 2012 10:36 AM
To: Sarti, Daniel
Subject: RE: Financial Forecast

Perfect. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com

From: <Daniel.Sarti@pinnaclewest.com>
To: <Daniel.Neama@fitchratings.com>
Date: 05/09/2012 01:32 PM
Subject: RE: Financial Forecast

Hi Daniel,

I just checked with Lee to get an update and we should have that for you later today.

Dan Sarti

Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640

From: Daniel.Neama@fitchratings.com [mailto:Daniel.Neama@fitchratings.com]

Sent: Wednesday, May 09, 2012 9:10 AM

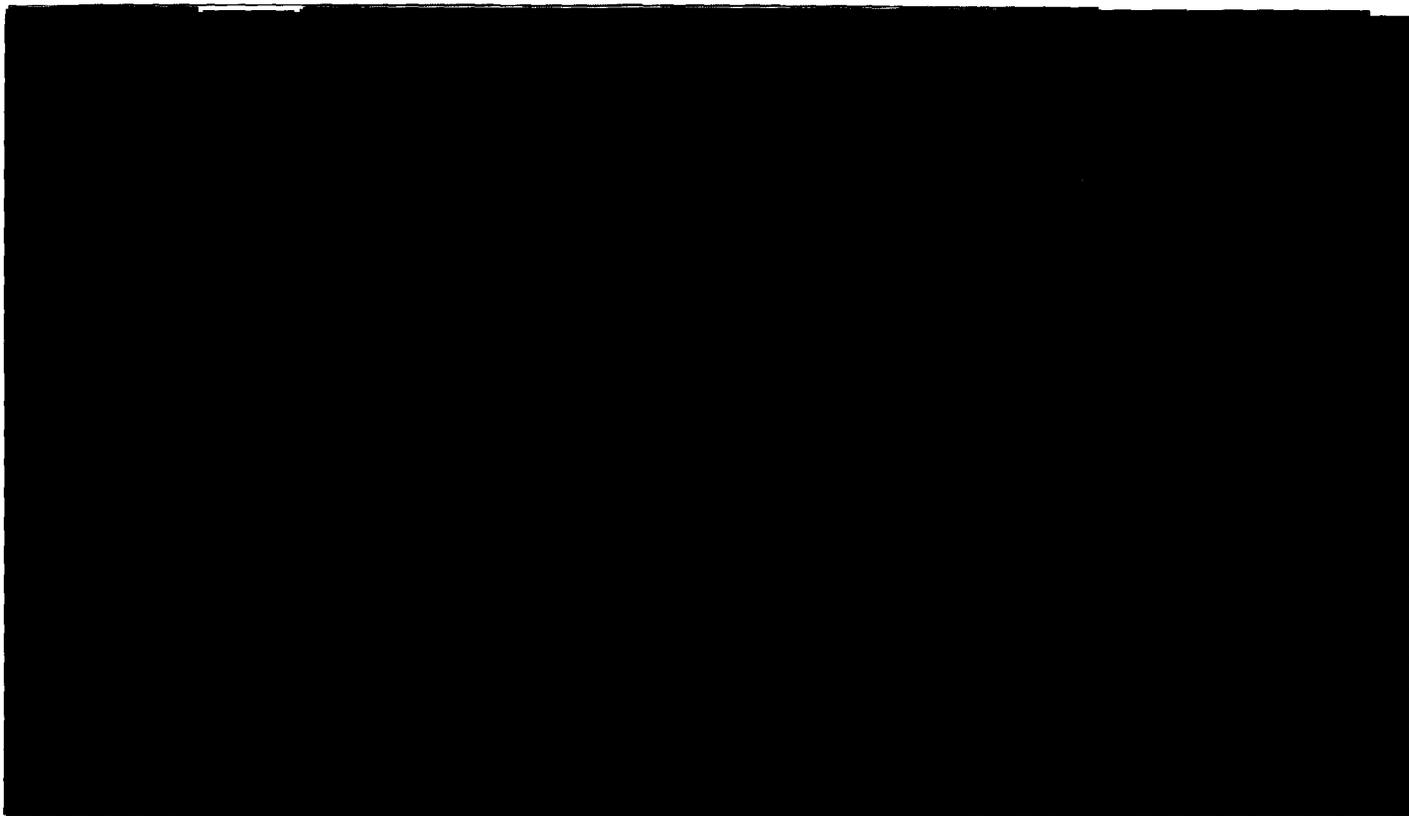
To: Sarti, Daniel

Subject: Re: Financial Forecast

Good morning Dan,

I was wondering if you had an update regarding the timing of the latest financial forecast. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com



[REDACTED]

[REDACTED]

[REDACTED]

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:10 AM
To: Dolyniuk, Karen E
Subject: FW: APS Navajo 2009A Pollution Control Bonds

From: Sarti, Daniel
Sent: Wednesday, May 09, 2012 11:32 AM
To: 'Daniel.Neama@fitchratings.com'
Subject: RE: APS Navajo 2009A Pollution Control Bonds

Hi Daniel,

Actually it's the Maricopa 2009B that are in a daily rate mode (currently held on our balance sheet and soon-to-be remarketed to investors). The Navajo 2009A series will be remarketed in a fixed-rate 2-year put mode. I believe we will need a full ratings letter for this remarketing (as well as a full letter for the Maricopa series when they are remarketed around June 1)

Give me a call if you have questions.

I will send the documentation on the Maricopa remarketing today. Documentation on the Navajo remarketing to come in the coming days.

Daniel Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Daniel.Neama@fitchratings.com [mailto:Daniel.Neama@fitchratings.com]
Sent: Wednesday, May 09, 2012 8:08 AM
To: Sarti, Daniel
Subject: Re: APS Navajo 2009A Pollution Control Bonds

May 9, 2012

Good morning Mr. Sarti,

As per the attached rating letter the Navajo 2009A tax-exempt pollution control bonds are rated 'BBB'. Fitch notes that the bonds will change to a daily rate period as of June 1, 2012, as per the original indenture. If you have any questions or concerns regarding the above matter please contact me.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561

Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com

From: <Daniel.Sarti@pinnaclewest.com>
To: <Daniel.Neama@fitchratings.com>
Date: 05/08/2012 06:18 PM
Subject: APS Navajo 2009A Pollution Control Bonds

Hi Daniel,

I have yet another ratings need to bring to your attention. Arizona Public Service plans to remarket the \$38,150,000 of its existing Navajo 2009A tax-exempt pollution control bonds which mature on June 1st of this year. We plan to remarket them in a 2-year put mode on that date. As typical, we would need confirmation of the rating as part of the remarketing.

I will forward you the relevant documents in the coming days that you will need in order to complete the ratings confirmation. Timing is fairly tight on this so let me know if there is anything else I can do at the moment to facilitate.

Thanks as always for your help,

Dan Sarti

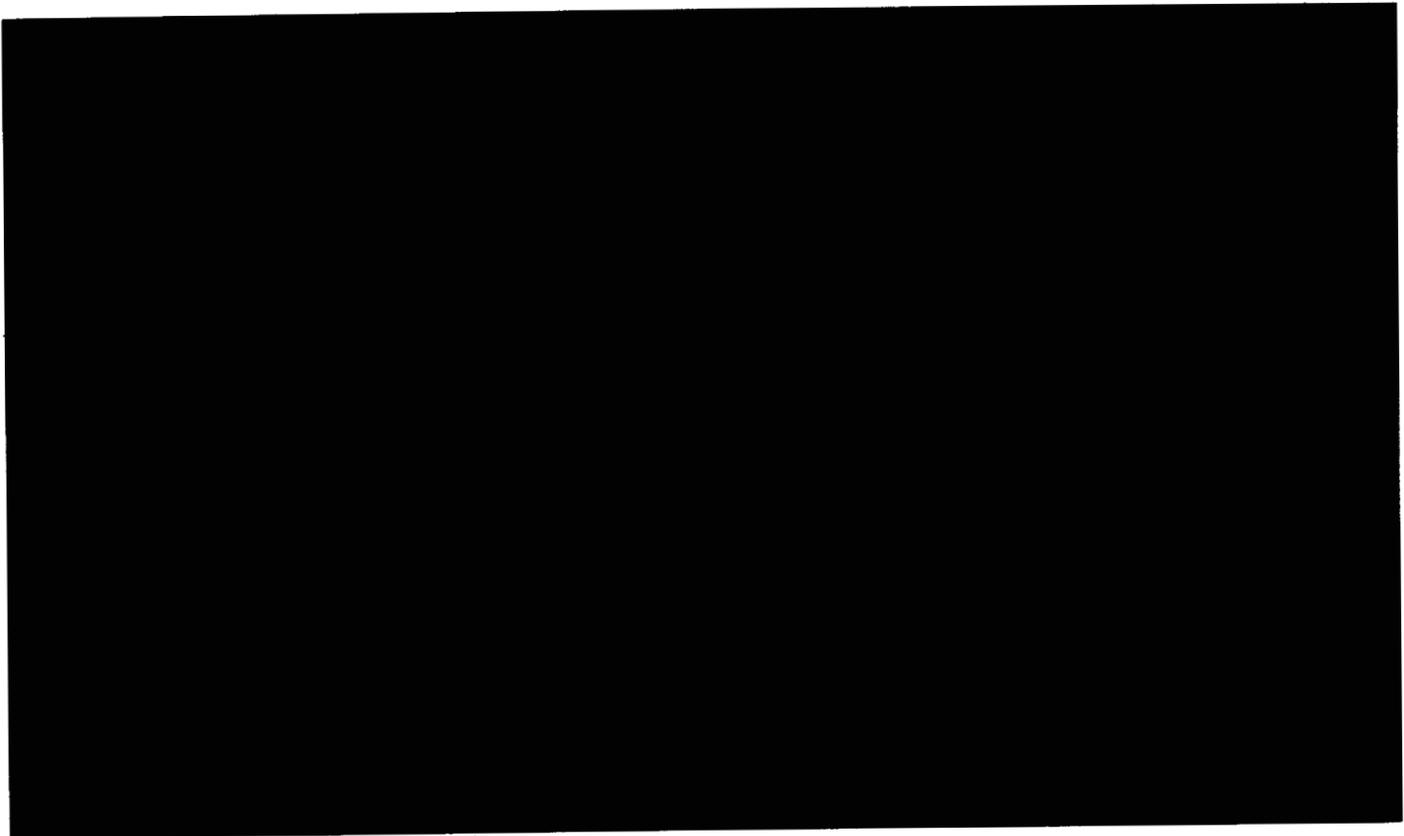
Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640

--- NOTICE ---



Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:46 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Daniel.Neama@fitchratings.com [mailto:Daniel.Neama@fitchratings.com]
Sent: Wednesday, May 09, 2012 2:18 PM
To: Sarti, Daniel
Subject: Re: APS Maricopa 2009B Pollution Control Bonds

OK. Got it. Thanks Dan.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com

From: <Daniel.Sarti@pinnaclewest.com>
To: <Daniel.Neama@fitchratings.com>
Date: 05/09/2012 05:09 PM
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Daniel,

Pursuant to the email below that I sent on April 16, I'm attaching the Reimbursement Agreement and Letter of Credit Agreement related to the June 1st remarketing of the existing Arizona Public Service Company Maricopa 2009B pollution control bonds. The reoffering circular will follow in a few days. The bonds will be in VRDN mode and backed by a letter of credit from JPMorgan Chase Bank, N.A.

If possible, we would like to have a ratings confirmation letter no later than May 23rd. Thanks for your help and, as always, feel free to call me anytime with questions or concerns.

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Monday, April 16, 2012 10:35 AM
To: 'Philip.Smyth@fitchratings.com'
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Phil,

I wanted to let you know that APS plans on buying back its existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds at that time and reissue in VRDN mode in late May or early June. As typical, we would need confirmation of the rating as part of the reissuance. JP Morgan Chase Bank, N.A. will be the remarketing agent and provide the letter of credit backing the VRDN mode.

Let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks as always for your help,

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640



Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:47 PM
To: Dolyniuk, Karen E
Subject: FW: PNW and APS- Updated Financial Projections

From: Daniel.Neama@fitchratings.com [<mailto:Daniel.Neama@fitchratings.com>]
Sent: Wednesday, May 09, 2012 2:34 PM
To: Nickloy, Lee R
Subject: RE: PNW and APS- Updated Financial Projections

Thanks. Got it.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com

From: <Lee.Nickloy@PinnacleWest.com>
To: <Daniel.Neama@fitchratings.com>
Cc: <Daniel.Sarti@pinnaclewest.com>
Date: 05/09/2012 05:30 PM
Subject: RE: PNW and APS- Updated Financial Projections

Dan,

As requested, attached are projections for PNW (consolidated) and APS.

Lee

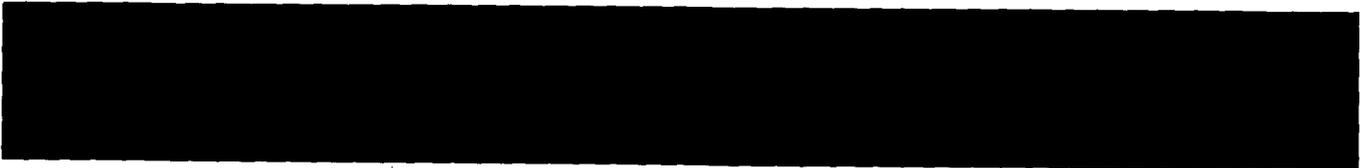
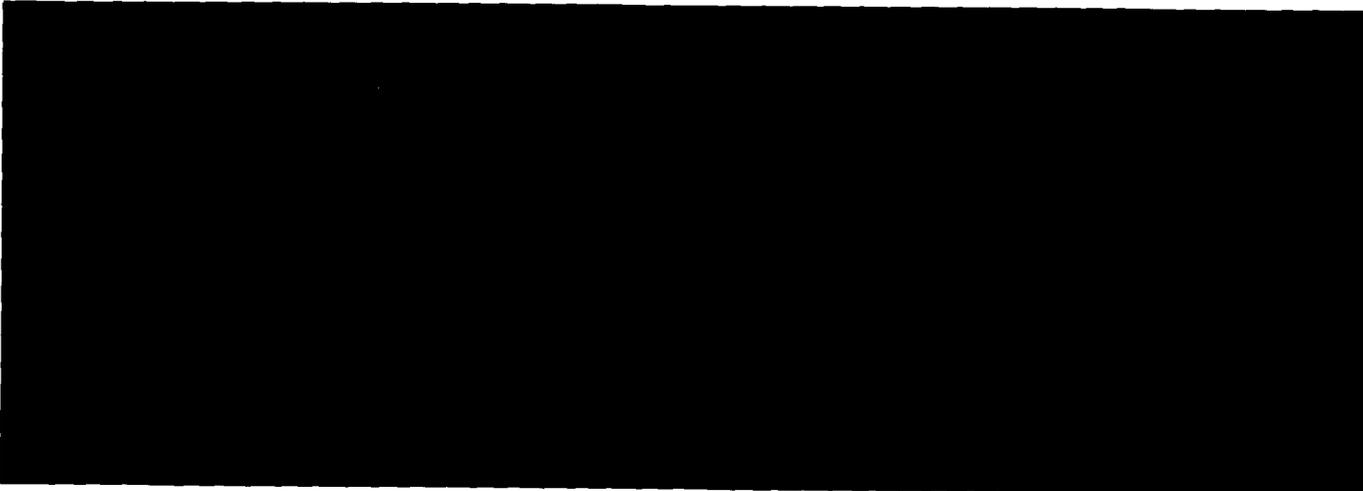
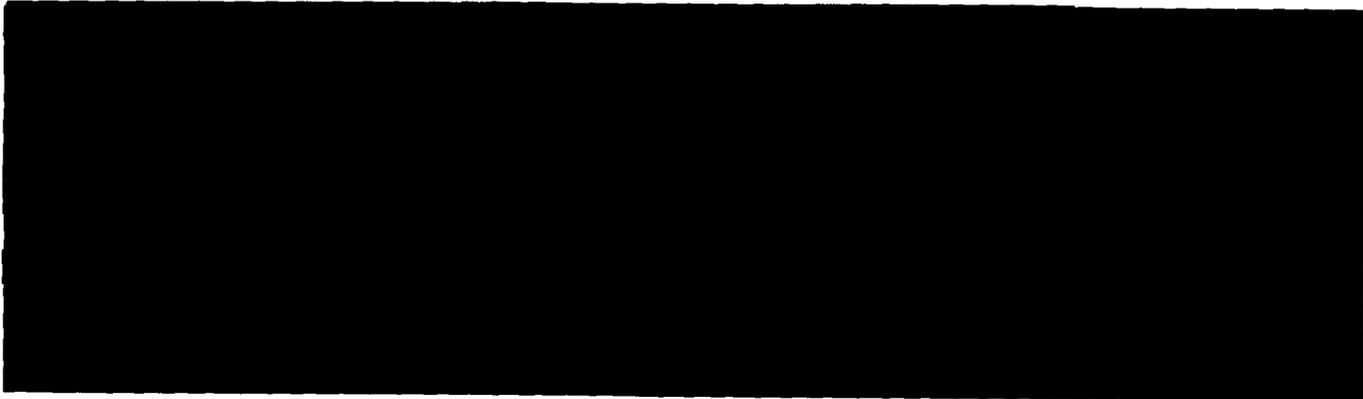
From: Daniel.Neama@fitchratings.com [<mailto:Daniel.Neama@fitchratings.com>]
Sent: Wednesday, May 02, 2012 1:20 PM
To: Nickloy, Lee R

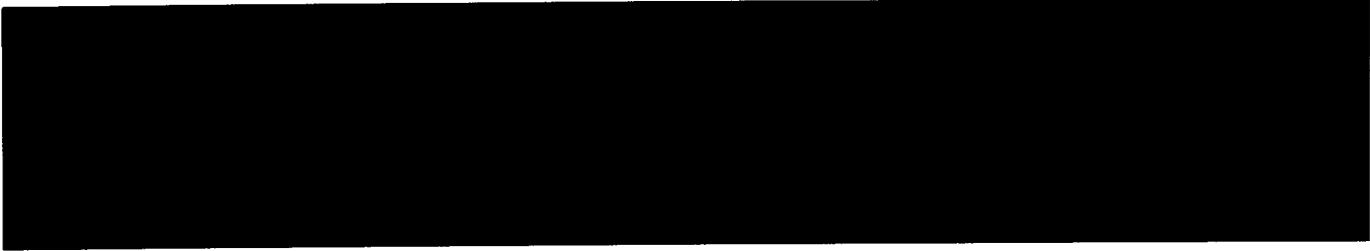
Cc: Sarti, Daniel
Subject: Re: PNW and APS- Updated Financial Projections

Good afternoon Lee,

As part of the annual review for PNW (IDR: 'BBB-') and APS (IDR: 'BBB-') I wanted to know if you could furnish an updated financial forecast. I plan on taking PNW and APS to committee later this month. I will keep you updated regarding the annual review process. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com





Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:11 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Sarti, Daniel
Sent: Thursday, May 10, 2012 12:55 PM
To: 'Seifer, Carla'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Yes..

566854DN2

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Seifer, Carla [mailto:Carla_Seifer@standardandpoors.com]
Sent: Thursday, May 10, 2012 12:36 PM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Daniel,

Do you have a CUSIP?

Carla

"SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site."

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 09, 2012 5:07 PM
To: Seifer, Carla
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi, Carla,

Pursuant to our conversations and the email below, I'm attaching the Reimbursement Agreement and Letter of Credit Agreement related to the June 1st remarketing of the existing Arizona Public Service Company Maricopa 2009B pollution control bonds. The reoffering circular will follow in a few days. The bonds will be in VRDN mode and backed by a letter of credit from JPMorgan Chase Bank, N.A.

If possible, we would like to have a ratings confirmation letter no later than May 23rd. Thanks for your help and, as always, feel free to call me anytime with questions or concerns.

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Monday, April 16, 2012 2:50 PM
To: 'michael_ferguson@standardandpoors.com'
Subject: APS Maricopa 2009B Pollution Control Bonds

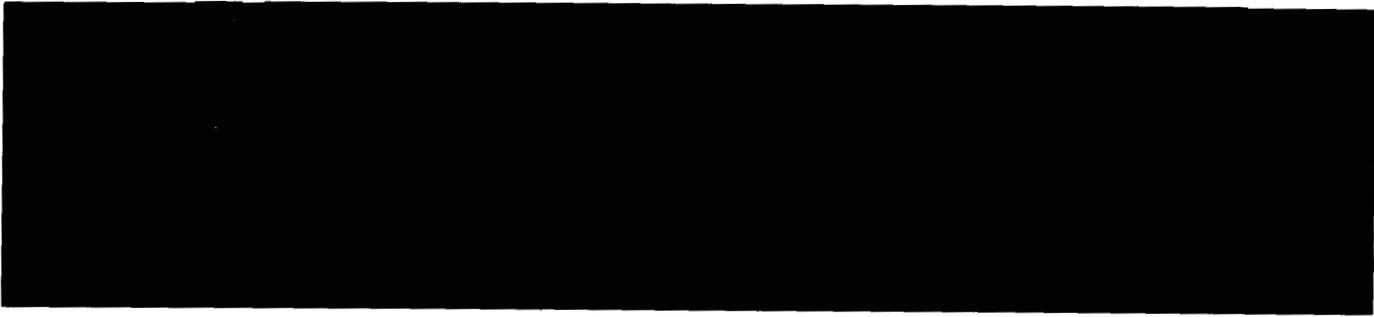
Hi Mike,

I wanted to let you know that Arizona Public Service plans on buying back the \$32 million of existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put rate-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds onto our balance sheet at that time and place them in VRDN mode. We will then reissue them in VRDN mode in late May or early June. As usual, we would need confirmation of the rating as part of the reissuance. JPMorgan Chase Bank, N.A. will be the letter of credit provider and J.P. Morgan Securities LLC will act as remarketing agent.

While we still have some time on this let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks for your help and I look forward to meeting you at some point,

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:11 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Sarti, Daniel
Sent: Thursday, May 10, 2012 12:55 PM
To: 'Boccanfuso, Francesca'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Yes, it is.

566854DN2

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Boccanfuso, Francesca [mailto:francesca_boccanfuso@standardandpoors.com]
Sent: Thursday, May 10, 2012 12:49 PM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Dan,

I am the commercial contact for the LOC group and would like to provide you fees on your request. Would you be able to tell me what the CUSIP is for this LOC deal?

Thank you,
Francesca

From: Daniel.Sarti@pinnaclewest.com [<mailto:Daniel.Sarti@pinnaclewest.com>]
Sent: Wednesday, May 09, 2012 5:07 PM
To: Seifer, Carla
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Carla,

Pursuant to our conversations and the email below, I'm attaching the Reimbursement Agreement and Letter of Credit Agreement related to the June 1st remarketing of the existing Arizona Public Service Company Maricopa 2009B pollution control bonds. The offering circular will follow in a few days. The bonds will be in VRDN mode and backed by a letter of credit from JPMorgan Chase Bank, N.A.

If possible, we would like to have a ratings confirmation letter no later than May 23rd. Thanks for your help and, as always, feel free to call me anytime with questions or concerns.

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sartj, Daniel
Sent: Monday, April 16, 2012 2:50 PM
To: 'michael_ferguson@standardandpoors.com'
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Mike,

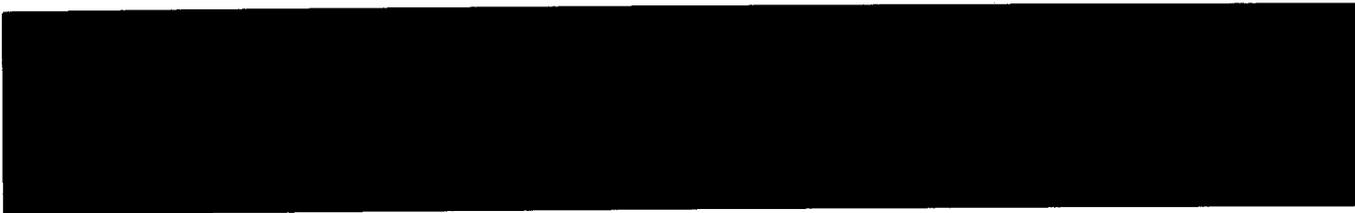
I wanted to let you know that Arizona Public Service plans on buying back the \$32 million of existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put rate-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds onto our balance sheet at that time and place them in VRDN mode. We will then reissue them in VRDN mode in late May or early June. As usual, we would need confirmation of the rating as part of the reissuance. JPMorgan Chase Bank, N.A. will be the letter of credit provider and J.P. Morgan Securities LLC will act as remarketing agent.

While we still have some time on this let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks for your help and I look forward to meeting you at some point,

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640





Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:47 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Seifer, Carla [mailto:Carla_Seifer@standardandpoors.com]
Sent: Thursday, May 10, 2012 12:55 PM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Thanks, also, who is the current LC provider?

Regards,

Carla

"SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site."

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Thursday, May 10, 2012 3:55 PM
To: Seifer, Carla
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Yes...

566854DN2

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Seifer, Carla [mailto:Carla_Seifer@standardandpoors.com]
Sent: Thursday, May 10, 2012 12:36 PM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Daniel,

Do you have a CUSIP?

Carla

"SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site."

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 09, 2012 5:07 PM
To: Seifer, Carla
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Carla,

Pursuant to our conversations and the email below, I'm attaching the Reimbursement Agreement and Letter of Credit Agreement related to the June 1st remarketing of the existing Arizona Public Service Company Maricopa 2009B pollution control bonds. The reoffering circular will follow in a few days. The bonds will be in VRDN mode and backed by a letter of credit from JPMorgan Chase Bank, N.A.

If possible, we would like to have a ratings confirmation letter no later than May 23rd. Thanks for your help and, as always, feel free to call me anytime with questions or concerns.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Monday, April 16, 2012 2:50 PM
To: 'michael_ferguson@standardandpoors.com'
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Mike,

I wanted to let you know that Arizona Public Service plans on buying back the \$32 million of existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put rate-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds onto our balance sheet at that time and place them in VRDN mode. We will then reissue them in VRDN mode in late May or early June. As usual, we would need confirmation of the rating as part of the reissuance. JPMorgan Chase Bank, N.A. will be the letter of credit provider and J.P. Morgan Securities LLC will act as remarketing agent.

While we still have some time on this let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks for your help and I look forward to meeting you at some point,

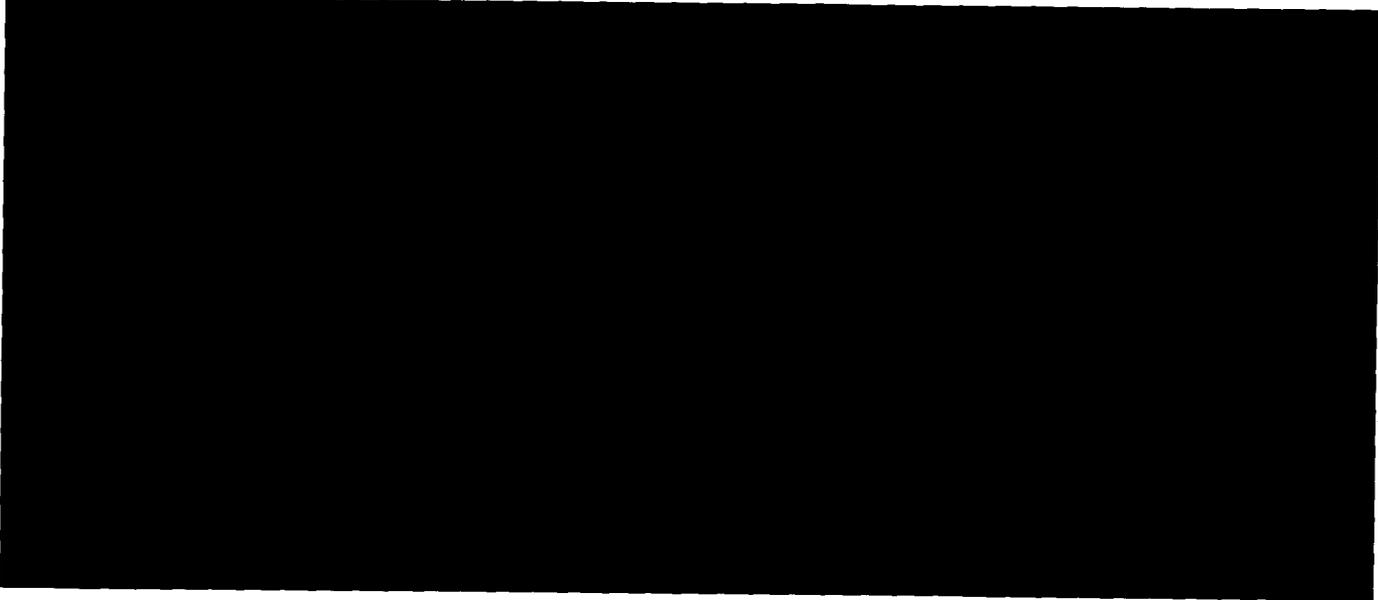
Dan Sarti

Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640



Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:47 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Seifer, Carla [mailto:Carla_Seifer@standardandpoors.com]
Sent: Thursday, May 10, 2012 1:27 PM
To: Sarti, Daniel
Cc: Joseph, Tobin
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Dan,

Tobin Joseph (copied on this email) will review. He may also be reached at (212) 438-4960.

Regards,

Carla

"SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site."

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Thursday, May 10, 2012 3:55 PM
To: Seifer, Carla
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Yes...

566854DN2

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Seifer, Carla [mailto:Carla_Seifer@standardandpoors.com]
Sent: Thursday, May 10, 2012 12:36 PM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Daniel,

Do you have a CUSIP?

Carla

"SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site."

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 09, 2012 5:07 PM
To: Seifer, Carla
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Carla,

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Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Monday, April 16, 2012 2:50 PM
To: 'michael_ferguson@standardandpoors.com'
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Mike,

I wanted to let you know that Arizona Public Service plans on buying back the \$32 million of existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put rate-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds onto our balance sheet at that time and place them in VRDN mode. We will then reissue them in VRDN mode in late May or early June. As usual, we would need confirmation of the rating as part of the reissuance. JPMorgan Chase Bank, N.A. will be the letter of credit provider and J.P. Morgan Securities LLC will act as remarketing agent.

While we still have some time on this let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks for your help and I look forward to meeting you at some point,

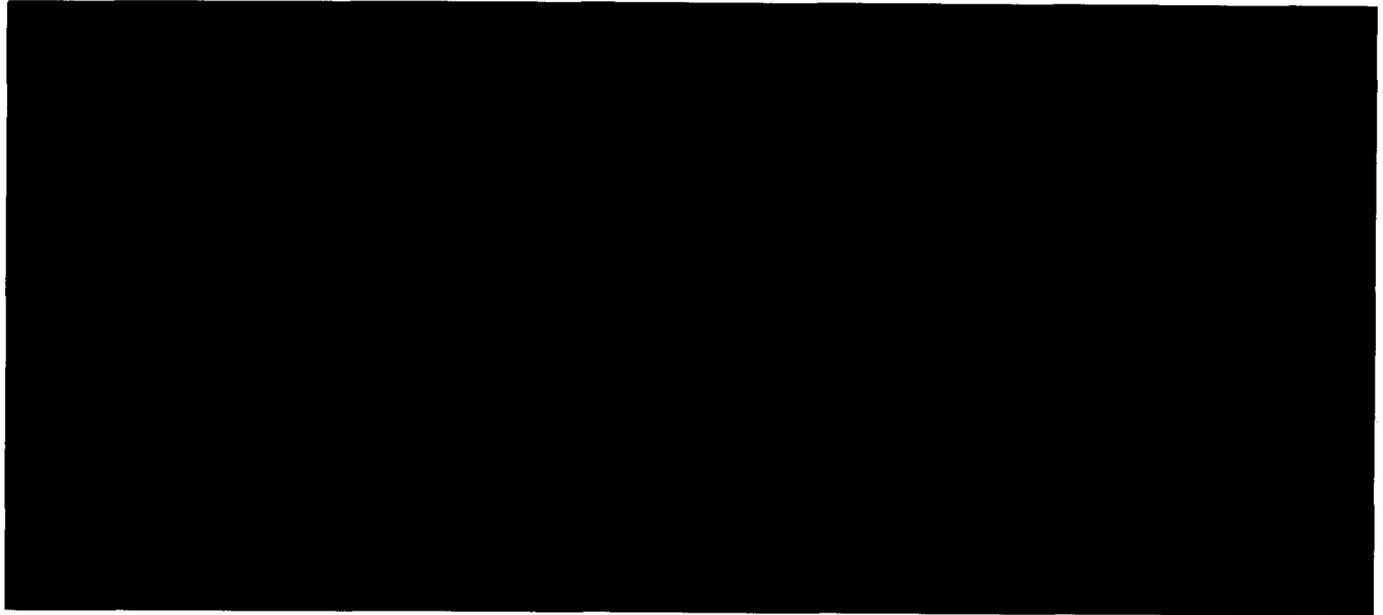
Dan Sarti

Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:12 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Sarti, Daniel
Sent: Thursday, May 10, 2012 4:07 PM
To: 'Daniel.Neama@fitchratings.com'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Daniel,

Pete Ewen and I will give you a call tomorrow regarding your question on the financial forecast. Could you do me a favor and send me an example of the off-balance sheet debt sent to you in the past that you mentioned on the phone? There is no existing off-balance sheet debt so we want to make sure we are talking to the same data that you were sent in the past.

Thanks,

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:12 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Sarti, Daniel
Sent: Friday, May 11, 2012 9:40 AM
To: 'Daniel.Neama@fitchratings.com'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Daniel,

During 2010 the Palo Verde lease obligations were consolidated onto the APS balance sheet. An analysis of the lease characteristics determined that the consolidation was appropriate. As a result, we eliminated rent expense and recognized depreciation and interest expense.

In summary, the numbers that were sent to you in the past are now fully reflected in the financial statements.

Let me know if you have any other questions.

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Daniel.Neama@fitchratings.com [<mailto:Daniel.Neama@fitchratings.com>]
Sent: Friday, May 11, 2012 6:48 AM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Good morning Daniel,

I appreciate you looking into this for me. It took me some time to find it as this is an extremely old forecast, but the numbers I am mentioning were on the balance sheet as imputed lease debt for PNW and APS. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com

<Daniel.Sarti@pinnaclewest.com>
<Daniel.Neama@fitchratings.com>
05/10/2012 07:06 PM

Hi Daniel,

Pete Ewen and I will give you a call tomorrow regarding your question on the financial forecast. Could you do me a favor and send me an example of the off-balance sheet debt sent to you in the past that you mentioned on the phone? There is no existing off-balance sheet debt so we want to make sure we are talking to the same data that you were sent in the past.

Thanks,

Dan Sarti

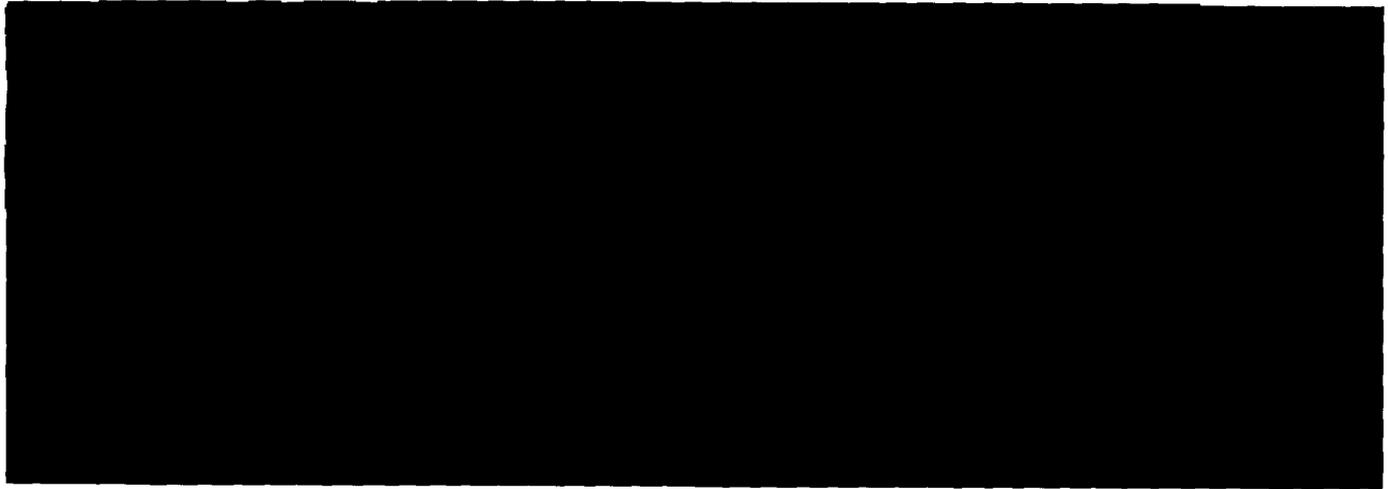
Manager - Corporate Finance

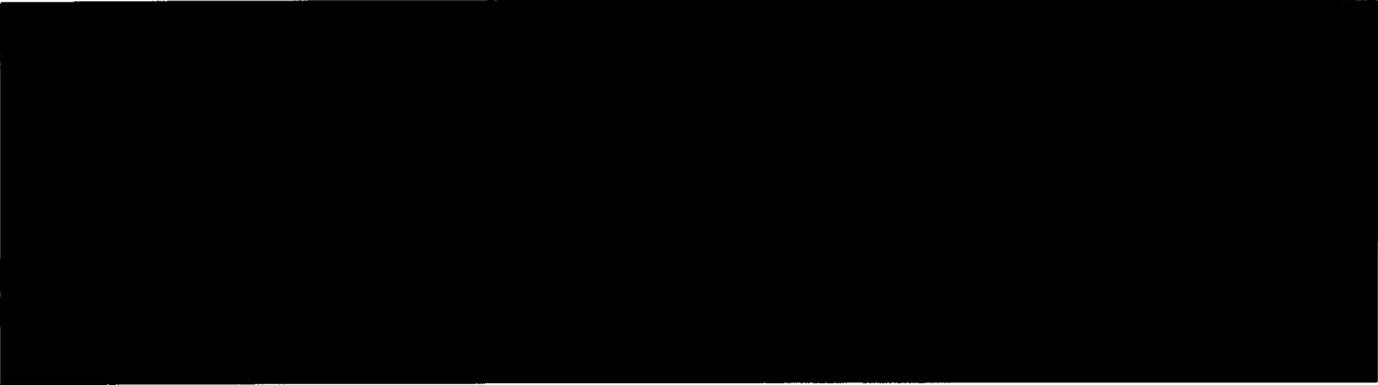
Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640

--- NOTICE ---





Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:48 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Daniel.Neama@fitchratings.com [mailto:Daniel.Neama@fitchratings.com]
Sent: Friday, May 11, 2012 9:52 AM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Thanks Dan! Got it. I will make the necessary adjustments.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com

From: <Daniel.Sarti@pinnaclewest.com>
To: <Daniel.Neama@fitchratings.com>
Date: 05/11/2012 12:39 PM
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Daniel,

During 2010 the Palo Verde lease obligations were consolidated onto the APS balance sheet. An analysis of the lease characteristics determined that the consolidation was appropriate. As a result, we eliminated rent expense and recognized depreciation and interest expense.

In summary, the numbers that were sent to you in the past are now fully reflected in the financial statements.

Let me know if you have any other questions.

Dan Sarti

Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640

From: Daniel.Neama@fitchratings.com [<mailto:Daniel.Neama@fitchratings.com>]

Sent: Friday, May 11, 2012 6:48 AM

To: Sarti, Daniel

Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Good morning Daniel,

I appreciate you looking into this for me. It took me some time to find it as this is an extremely old forecast, but the numbers I am mentioning were on the balance sheet as imputed lease debt for PNW and APS. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com

From: <Daniel.Sarti@pinnaclewest.com>
To: <Daniel.Neama@fitchratings.com>
Date: 05/10/2012 07:06 PM
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Daniel,

Pete Ewen and I will give you a call tomorrow regarding your question on the financial forecast. Could you do me a favor and send me an example of the off-balance sheet debt sent to you in the past that you mentioned on the phone? There is no existing off-balance sheet debt so we want to make sure we are talking to the same data that you were sent in the past.

Thanks,

Dan Sarti

Manager - Corporate Finance

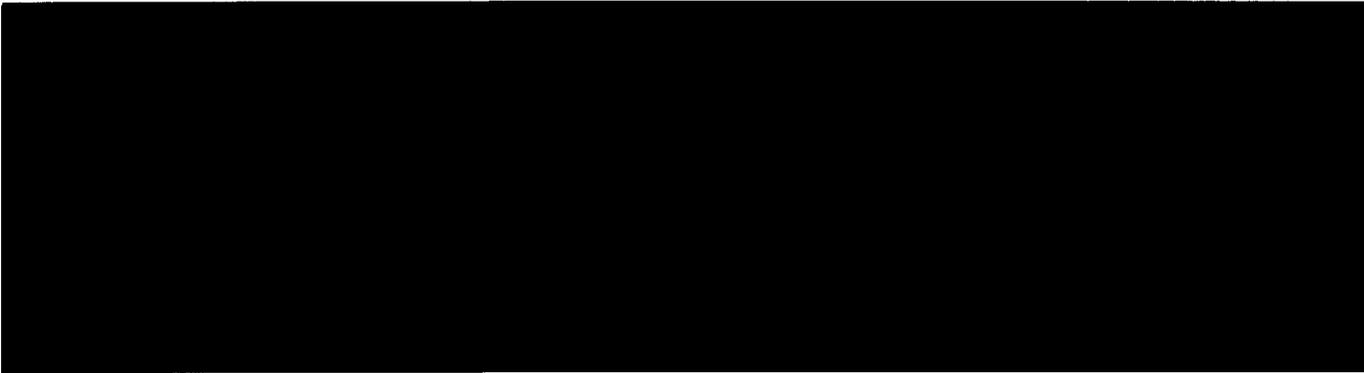
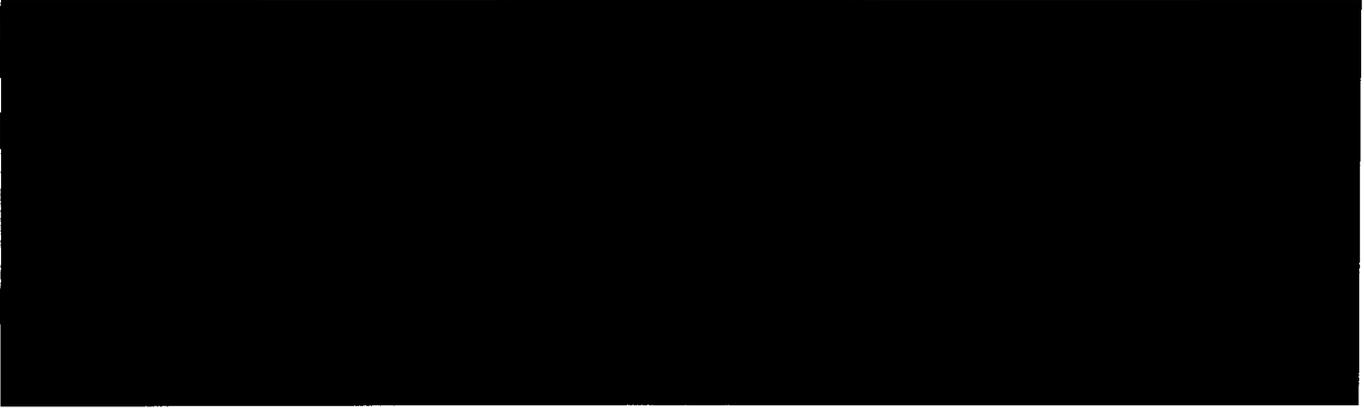
Pinnacle West Capital Corporation/Arizona Public Service Company

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--- NOTICE ---





Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:49 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Tuesday, May 15, 2012 12:28 PM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Dear Mr. Sarti,

Would you mind forwarding me copies of the Indenture and Remarketing Agreement?

Thanks,
Tobin

Tobin Joseph
Standard & Poor's
55 Water Street, 41st Fl
New York, NY 10041
212-438-4960 tel

SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site.

From: Seifer, Carla
Sent: Thursday, May 10, 2012 4:27 PM
To: 'Daniel.Sarti@pinnaclewest.com'
Cc: Joseph, Tobin
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Dan,

Tobin Joseph (copied on this email) will review. He may also be reached at (212) 438-4960.

Regards,

Carla

"SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express

written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site."

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Thursday, May 10, 2012 3:55 PM
To: Seifer, Carla
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Yes...

566854DN2

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Seifer, Carla [mailto:Carla_Seifer@standardandpoors.com]
Sent: Thursday, May 10, 2012 12:36 PM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Daniel,

Do you have a CUSIP?

Carla

"SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site."

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 09, 2012 5:07 PM
To: Seifer, Carla
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Carla,

Pursuant to our conversations and the email below, I'm attaching the Reimbursement Agreement and Letter of Credit Agreement related to the June 1st remarketing of the existing Arizona Public Service Company Maricopa 2009B pollution control bonds. The reoffering circular will follow in a few days. The bonds will be in VRDN mode and backed by a letter of credit from JPMorgan Chase Bank, N.A.

If possible, we would like to have a ratings confirmation letter no later than May 23rd. Thanks for your help and, as always, feel free to call me anytime with questions or concerns.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Monday, April 16, 2012 2:50 PM
To: 'michael_ferguson@standardandpoors.com'
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Mike,

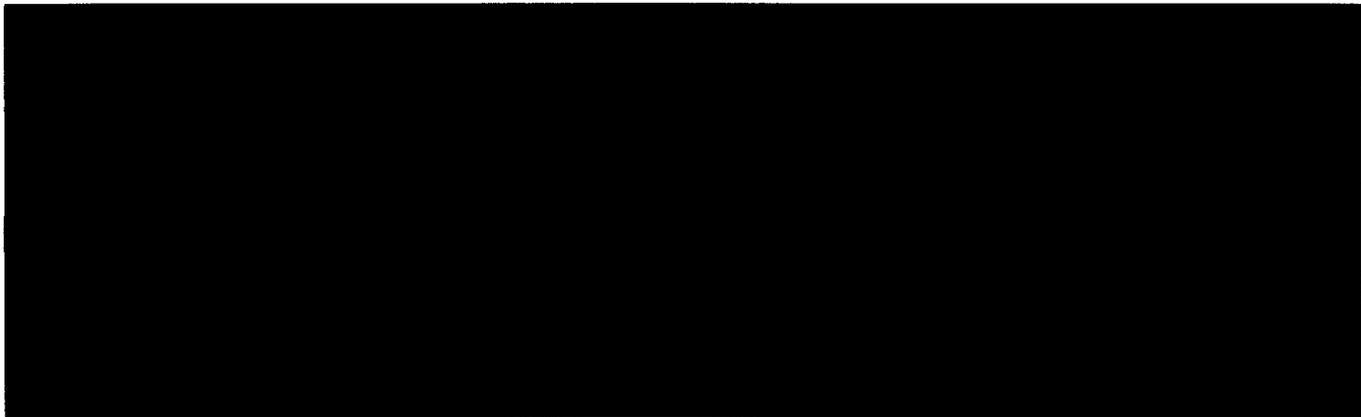
I wanted to let you know that Arizona Public Service plans on buying back the \$32 million of existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put rate-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds onto our balance sheet at that time and place them in VRDN mode. We will then reissue them in VRDN mode in late May or early June. As usual, we would need confirmation of the rating as part of the reissuance. JPMorgan Chase Bank, N.A. will be the letter of credit provider and J.P. Morgan Securities LLC will act as remarketing agent.

While we still have some time on this let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks for your help and I look forward to meeting you at some point,

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640





Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:48 PM
To: Dolyniuk, Karen E
Subject: FW: ACC Decision

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Tuesday, May 15, 2012 12:54 PM
To: Nickloy, Lee R
Subject: ACC Decision

Lee,
Let me know if a rate decision from the ACC happens today. If so and you have time, let's have a brief conference call to discuss the outcome.

Thanks,
Mitchell

Mitchell Moss, CFA
Analyst
Global Infrastructure Finance Group
212.553.4478 tel
212.298.6478 fax
mitchell.moss@moodys.com
Moody's Investors Service
7 World Trade Center
250 Greenwich Street
New York, NY 10007



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From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:48 PM
To: Dolyniuk, Karen E
Subject: FW: ACC Decision

From: Nickloy, Lee R
Sent: Tuesday, May 15, 2012 2:12 PM
To: 'mitchell.moss@moodys.com'
Subject: Re: ACC Decision

OK, will do. I think they are getting back from the lunch break about now and will continue through the afternoon. May not get done today though.

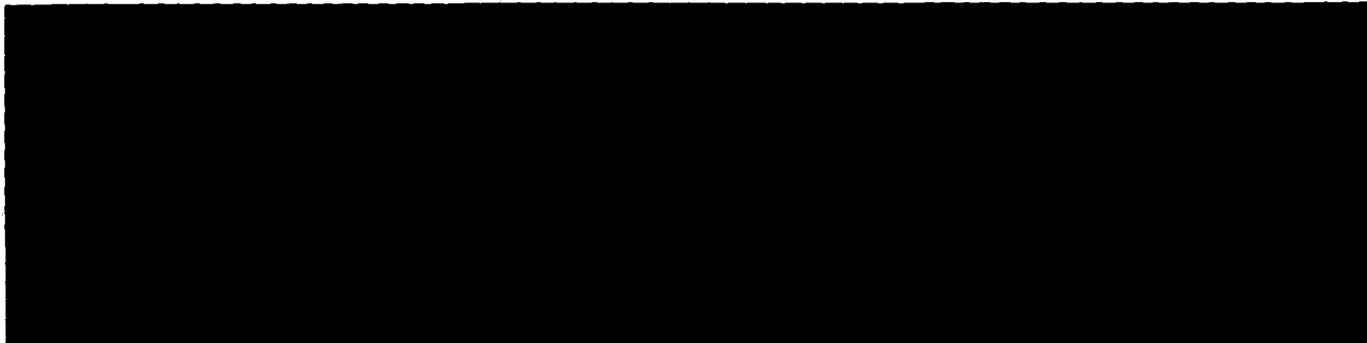
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Sent: Thursday, May 24, 2012 2:48 PM
To: Dolyniuk, Karen E
Subject: FW: ACC Decision

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Tuesday, May 15, 2012 2:17 PM
To: Nickloy, Lee R
Subject: RE: ACC Decision

Any other major items discussed at the hearings? Sorry, I cannot get the video. The stream is not coming through.

From: Lee.Nickloy@PinnacleWest.com [<mailto:Lee.Nickloy@PinnacleWest.com>]
Sent: Tuesday, May 15, 2012 5:12 PM
To: Moss, Mitchell
Subject: Re: ACC Decision

OK, will do. I think they are getting back from the lunch break about now and will continue through the afternoon. May not get done today though.

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Tuesday, May 15, 2012 12:53 PM
To: Nickloy, Lee R
Subject: ACC Decision

Lee,

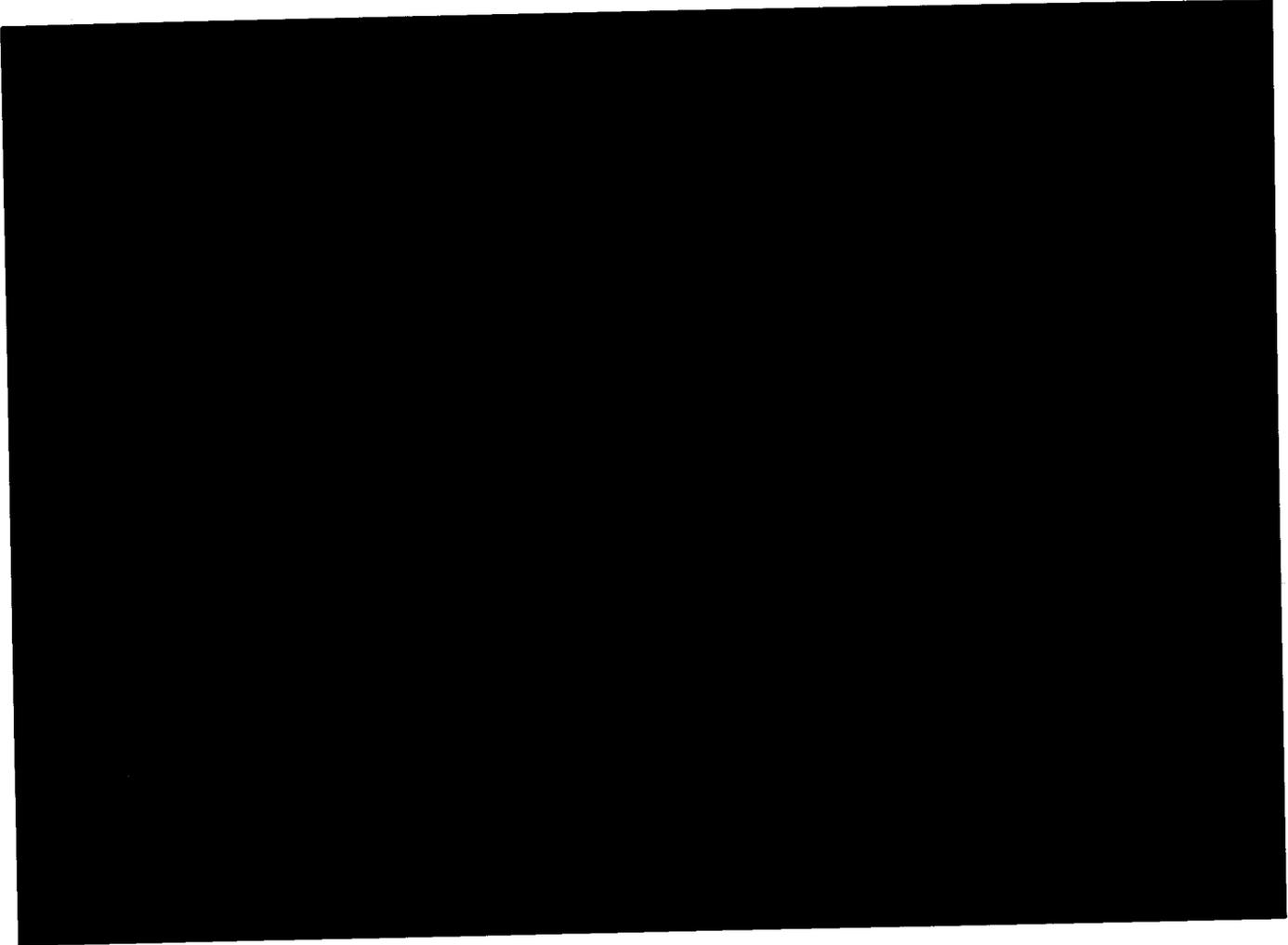
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7 World Trade Center
250 Greenwich Street
New York, NY 10007

[REDACTED]

[REDACTED]



Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:48 PM
To: Dolyniuk, Karen E
Subject: FW: ACC Decision

From: Nickloy, Lee R
Sent: Tuesday, May 15, 2012 5:04 PM
To: 'Moss, Mitchell'
Subject: RE: ACC Decision

Mitchell,

We were the only agenda item today. The settlement was just approved by a 4-1 vote (Commissioner Newman was the "no" vote) with no material changes.

Lee

From: Moss, Mitchell [<mailto:Mitchell.Moss@moody.com>]
Sent: Tuesday, May 15, 2012 2:17 PM
To: Nickloy, Lee R
Subject: RE: ACC Decision

Any other major items discussed at the hearings? Sorry, I cannot get the video. The stream is not coming through.

From: Lee.Nickloy@PinnacleWest.com [<mailto:Lee.Nickloy@PinnacleWest.com>]
Sent: Tuesday, May 15, 2012 5:12 PM
To: Moss, Mitchell
Subject: Re: ACC Decision

OK, will do. I think they are getting back from the lunch break about now and will continue through the afternoon. May not get done today though.

From: Moss, Mitchell [<mailto:Mitchell.Moss@moody.com>]
Sent: Tuesday, May 15, 2012 12:53 PM
To: Nickloy, Lee R
Subject: ACC Decision

Lee,

Let me know if a rate decision from the ACC happens today. If so and you have time, let's have a brief conference call to discuss the outcome.

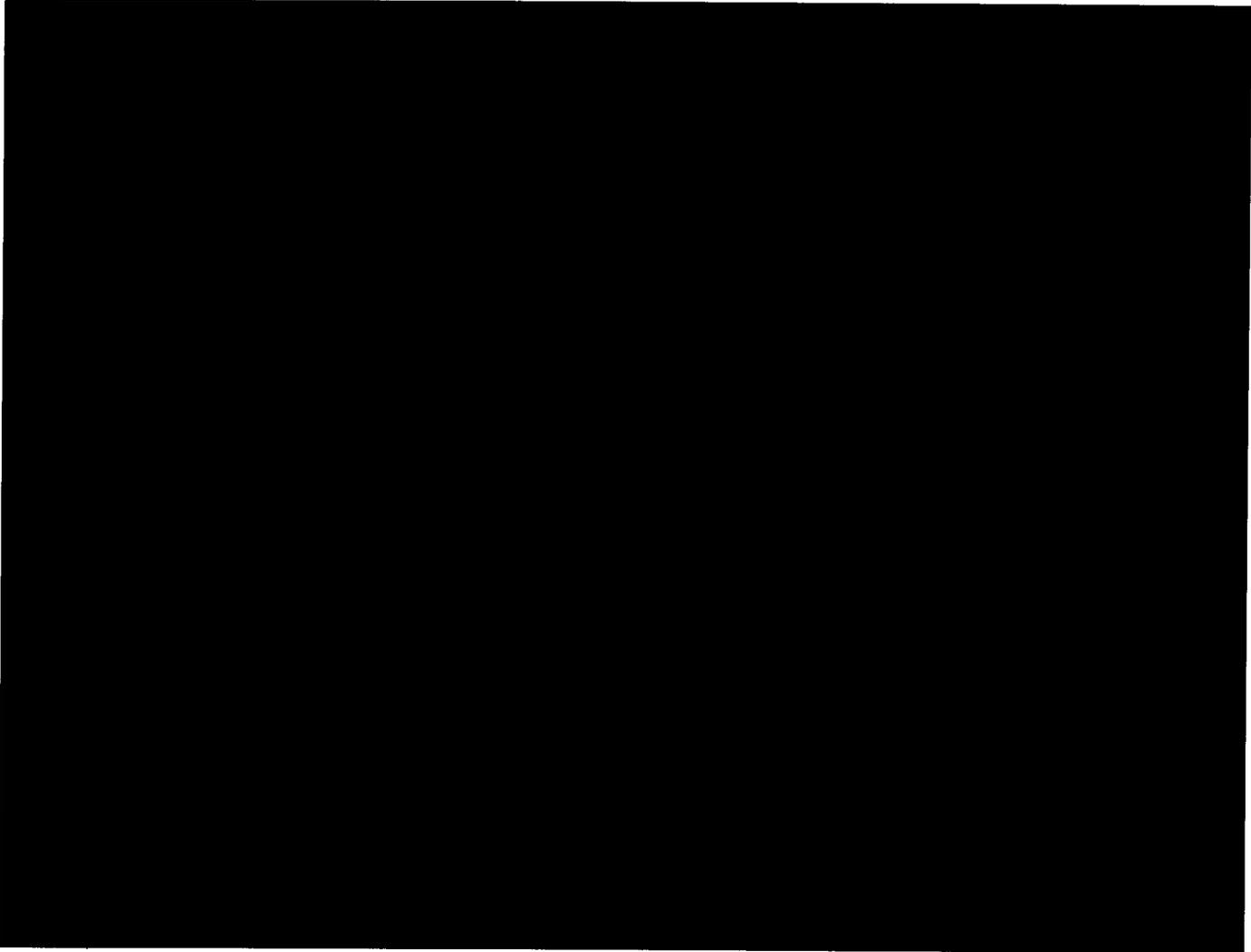
Thanks,
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Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:48 PM
To: Dolyniuk, Karen E
Subject: FW: ACC Decision

From: Moss, Mitchell [mailto:Mitchell.Moss@moodys.com]
Sent: Tuesday, May 15, 2012 5:15 PM
To: Nickloy, Lee R
Subject: Re: ACC Decision

Thanks Lee,
I will give you a call in the morning to discuss.

Mitchell

Sent from my BlackBerry Wireless Handheld
Mitchell Moss
917-499-9108

From: Lee.Nickloy@PinnacleWest.com [mailto:Lee.Nickloy@PinnacleWest.com]
Sent: Tuesday, May 15, 2012 07:03 PM
To: Moss, Mitchell
Subject: RE: ACC Decision

Mitchell,

We were the only agenda item today. The settlement was just approved by a 4-1 vote (Commissioner Newman was the "no" vote) with no material changes.

Lee

From: Moss, Mitchell [mailto:Mitchell.Moss@moodys.com]
Sent: Tuesday, May 15, 2012 2:17 PM
To: Nickloy, Lee R
Subject: RE: ACC Decision

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Sent: Tuesday, May 15, 2012 5:12 PM
To: Moss, Mitchell
Subject: Re: ACC Decision

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Sent: Tuesday, May 15, 2012 12:53 PM
To: Nickloy, Lee R
Subject: ACC Decision

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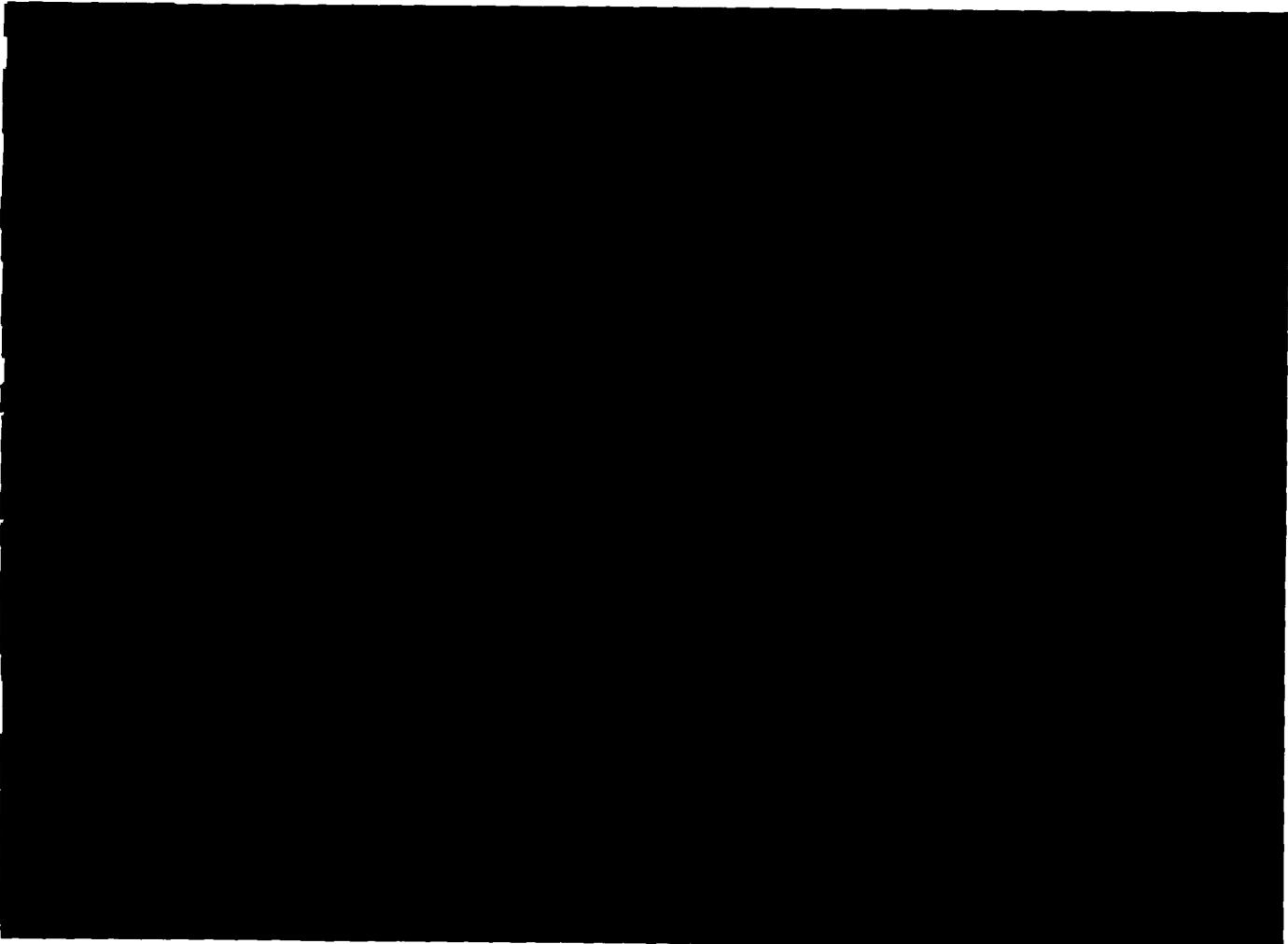
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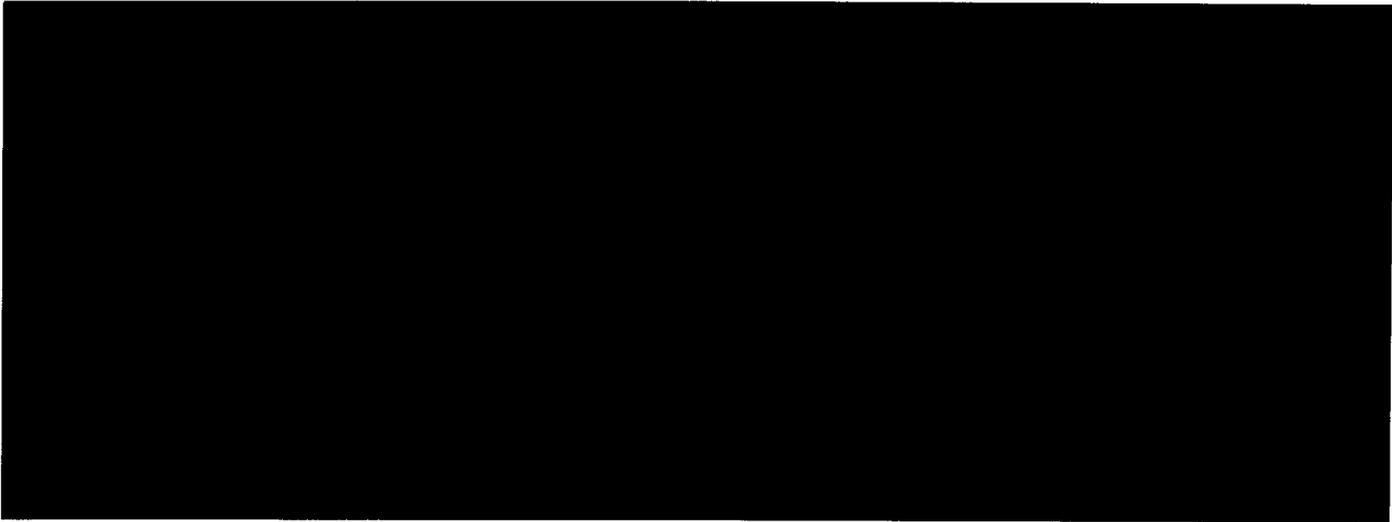
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250 Greenwich Street
New York, NY 10007





Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:48 PM
To: Dolyniuk, Karen E
Subject: FW: ACC Decision

From: Nickloy, Lee R
Sent: Tuesday, May 15, 2012 5:39 PM
To: 'Moss, Mitchell'
Subject: RE: ACC Decision

Mitchell,

Could we do 11:30 your time tomorrow morning?

From: Moss, Mitchell [mailto:Mitchell.Moss@moodys.com]
Sent: Tuesday, May 15, 2012 5:15 PM
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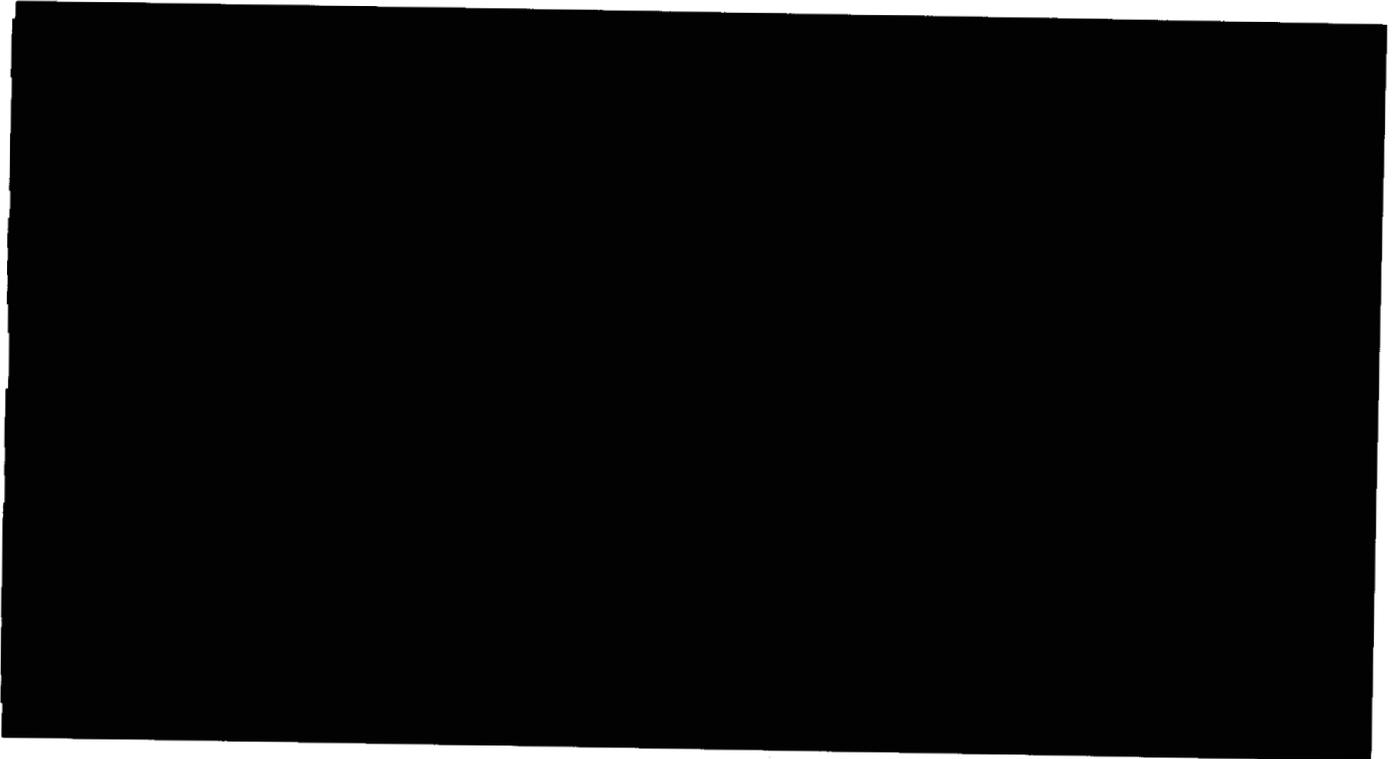
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[REDACTED]

[REDACTED]



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From: Moss, Mitchell [mailto:Mitchell.Moss@moodys.com]
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Subject: Re: ACC Decision

I have a meeting at that time. How about 1:30 pm ny time?

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Mitchell Moss
917-499-9108

From: Lee.Nickloy@PinnacleWest.com [mailto:Lee.Nickloy@PinnacleWest.com]
Sent: Tuesday, May 15, 2012 07:38 PM
To: Moss, Mitchell
Subject: RE: ACC Decision

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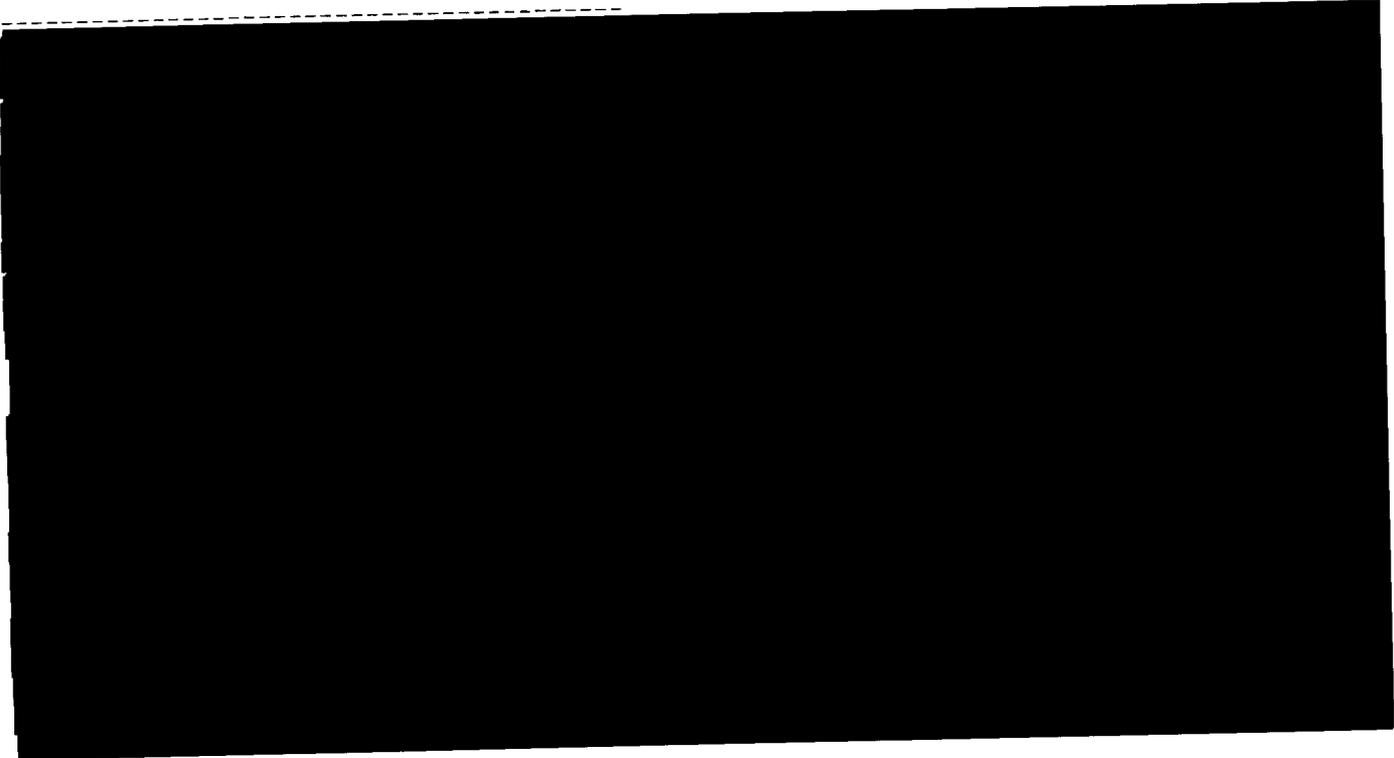
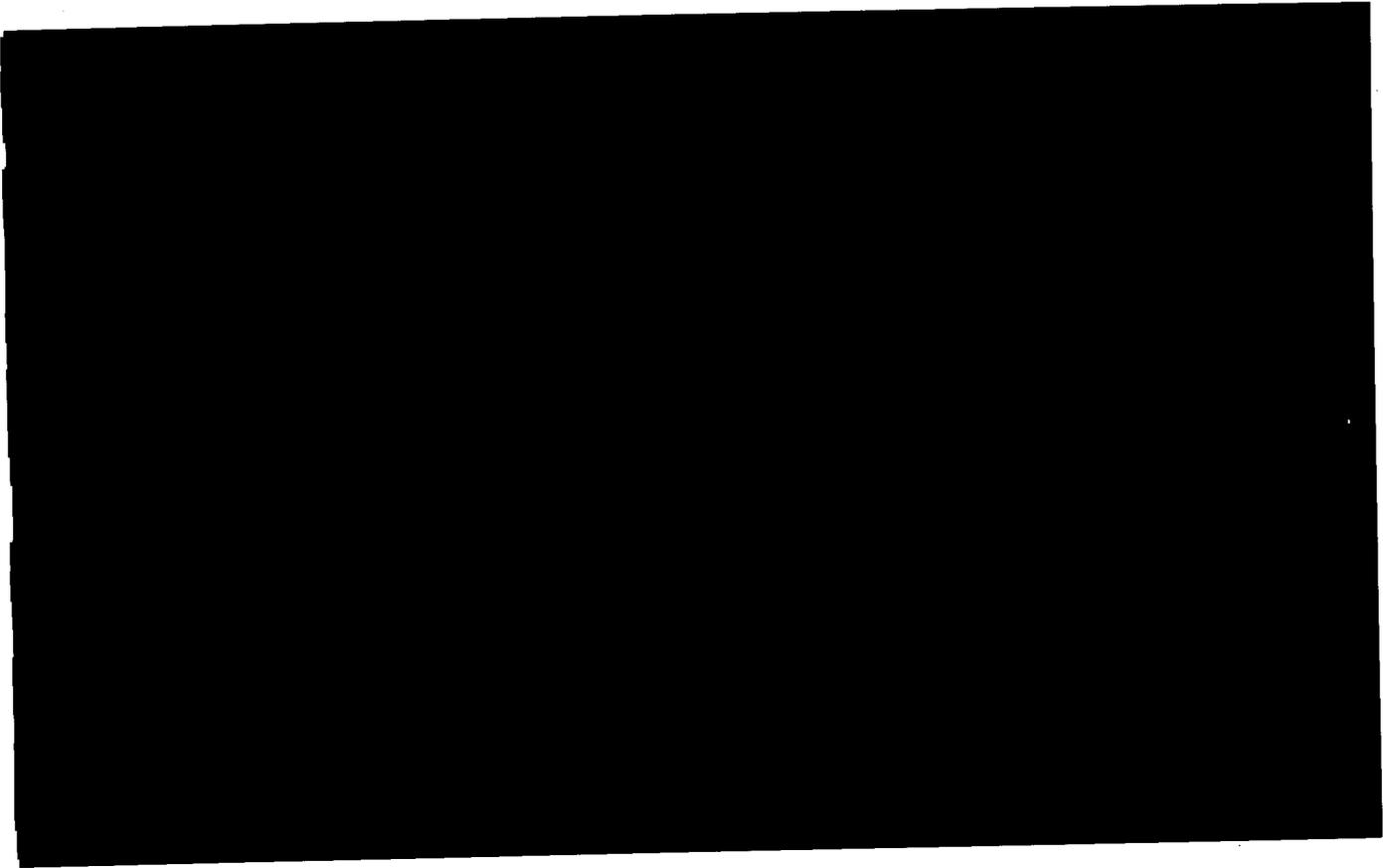
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[REDACTED]

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[Redacted]

CONFIDENTIAL

[Redacted]

[Redacted]

[Redacted]



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Sent: Tuesday, May 15, 2012 6:07 PM
To: Nickloy, Lee R
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That works.

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We were the only agenda item today. The settlement was just approved by a 4-1 vote (Commissioner Newman was the "no" vote) with no material changes.

Lee

From: Moss, Mitchell [mailto:Mitchell.Moss@moodys.com]
Sent: Tuesday, May 15, 2012 2:17 PM
To: Nickloy, Lee R
Subject: RE: ACC Decision

Any other major items discussed at the hearings? Sorry, I cannot get the video. The stream is not coming through.

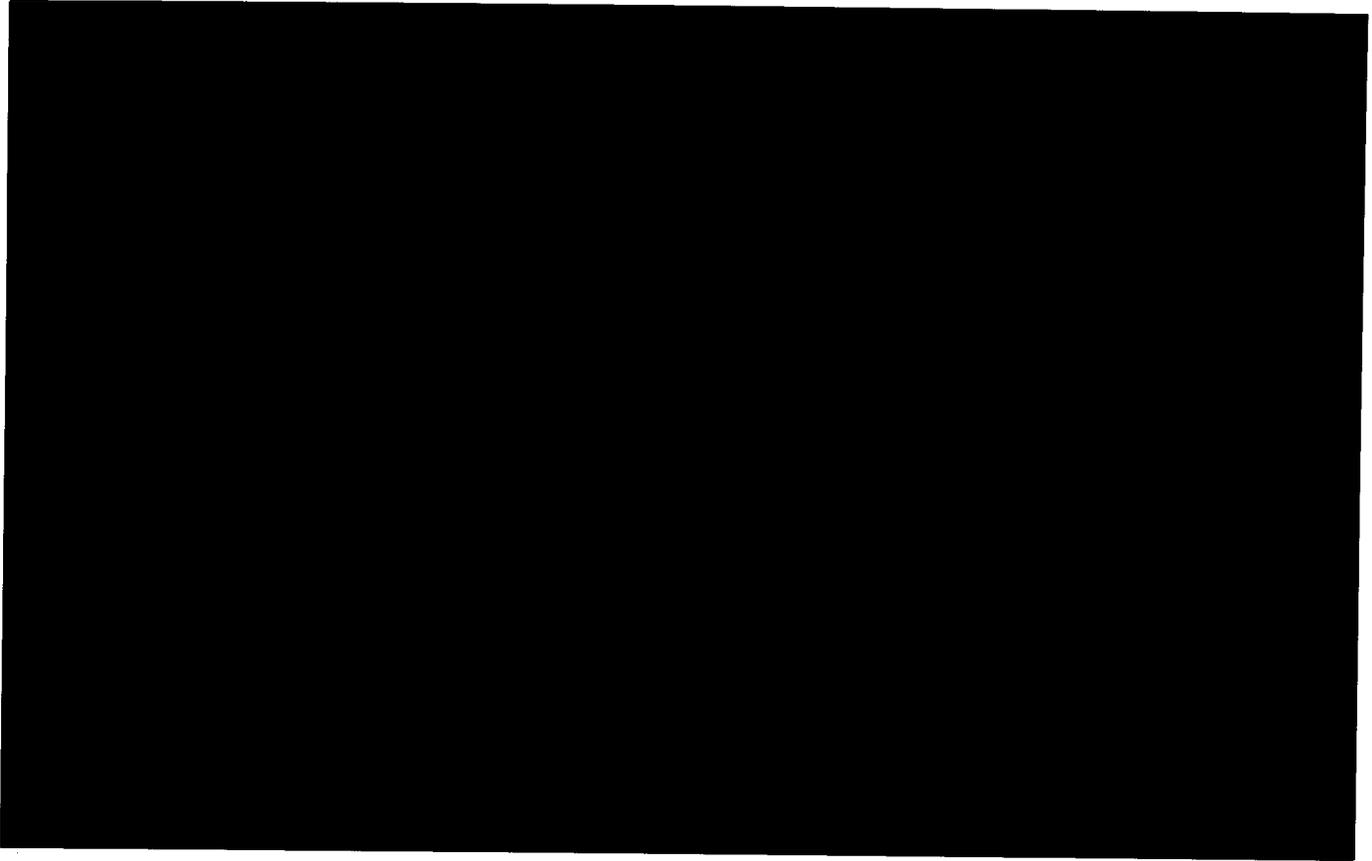
From: Lee.Nickloy@PinnacleWest.com [mailto:Lee.Nickloy@PinnacleWest.com]
Sent: Tuesday, May 15, 2012 5:12 PM
To: Moss, Mitchell
Subject: Re: ACC Decision

OK, will do. I think they are getting back from the lunch break about now and will continue through the afternoon. May not get done today though.

From: Moss, Mitchell [mailto:Mitchell.Moss@moodys.com]
Sent: Tuesday, May 15, 2012 12:53 PM
To: Nickloy, Lee R
Subject: ACC Decision

Lee,
Let me know if a rate decision from the ACC happens today. If so and you have time, let's have a brief conference call to discuss the outcome.

Thanks,
Mitchell



Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:15 AM
To: Dolyniuk, Karen E
Subject: FW: APS Navajo 2009A Pollution Control Bonds

From: Sarti, Daniel
Sent: Wednesday, May 16, 2012 8:32 AM
To: 'Moss, Mitchell'
Subject: RE: APS Navajo 2009A Pollution Control Bonds

Yes. Perfect. I'll block the time on my calendar.

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Wednesday, May 16, 2012 8:30 AM
To: Sarti, Daniel
Subject: Re: APS Navajo 2009A Pollution Control Bonds

Can we speak at about 1 pm ny time?

Sent from my BlackBerry Wireless Handheld
Mitchell Moss
917 499-9108

From: Daniel.Sarti@pinnaclewest.com [<mailto:Daniel.Sarti@pinnaclewest.com>]
Sent: Wednesday, May 16, 2012 10:27 AM
To: Moss, Mitchell
Subject: RE: APS Navajo 2009A Pollution Control Bonds

Hi Mitchell,

Lee mentioned that you spoke with him this morning and I'll give you a phone call shortly to follow up. I'm forwarding you the preliminary reoffering circular related to the Navajo 2009B pollution control bonds that we will be remarketing on June 1st in a 2-year put mode. We will need the ratings confirmation letter prior to close and will be hosting a due diligence call tomorrow afternoon, prior to which we need a verbal ratings confirmation. This bond remarketing is not LC backed so it will stand on the APS long-term credit rating.

Talk to you soon.

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Tuesday, May 08, 2012 11:59 AM
To: 'Moss, Mitchell'
Subject: APS Navajo 2009A Pollution Control Bonds

Hi Mitchell,

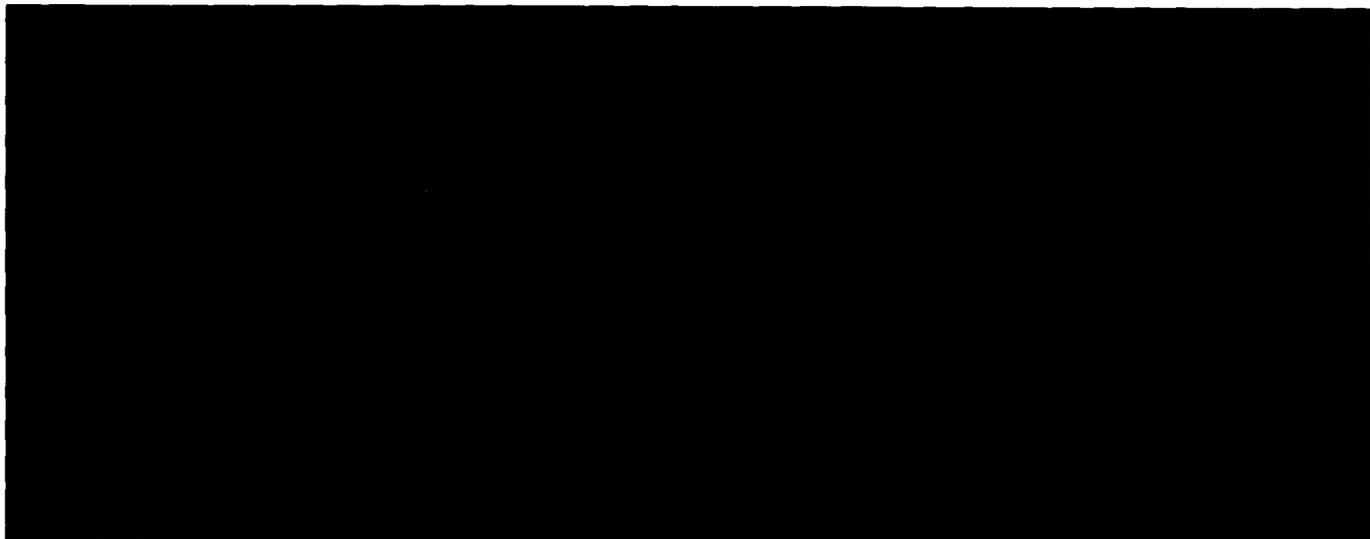
It was nice to meet you in person yesterday afternoon.

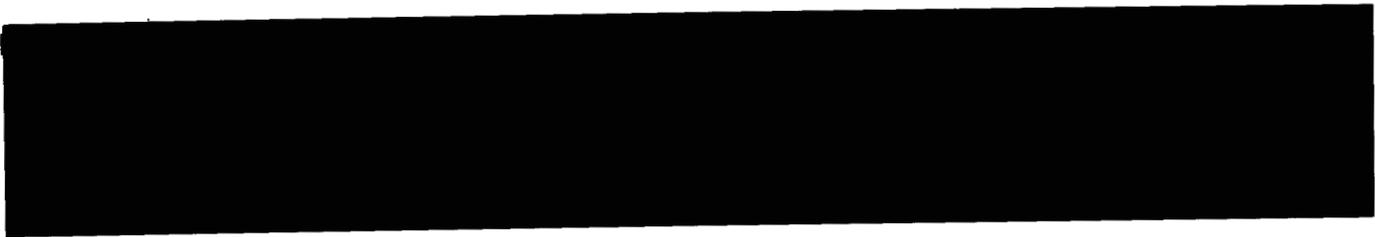
Pursuant to our conversation, Arizona Public Service plans to remarket the \$38,150,000 of its existing Navajo 2009A tax-exempt pollution control bonds which mature on June 1st of this year. We plan to remarket them in a 2-year put mode on that date. As typical, we would need confirmation of the rating as part of the remarketing.

I will forward you the relevant documents in the coming days that you will need in order to complete the ratings confirmation. Timing is fairly tight on this so let me know if there is anything else I can do at the moment to facilitate.

Thanks as always for your help,

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640





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Subject: RE: APS Navajo 2009A Pollution Control Bonds

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Talk to you soon.

Dan Sarti

Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640

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To: 'Moss, Mitchell'

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Thanks as always for your help,

Dan Sarti

Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640

--- NOTICE ---

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:50 AM
To: Dolyniuk, Karen E
Subject: FW: APS Navajo 2009A Pollution Control Bonds

From: Moss, Mitchell [mailto:Mitchell.Moss@moodys.com]
Sent: Wednesday, May 16, 2012 9:57 AM
To: Sarti, Daniel
Subject: Re: APS Navajo 2009A Pollution Control Bonds

Dan, I will call you at 1:15.
I am slightly delayed getting back to my desk.
Mitchell

Sent from my BlackBerry Wireless Handheld
Mitchell Moss
917-499-9108

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 16, 2012 10:32 AM
To: Moss, Mitchell
Subject: RE: APS Navajo 2009A Pollution Control Bonds

Yes. Perfect. I'll block the time on my calendar.

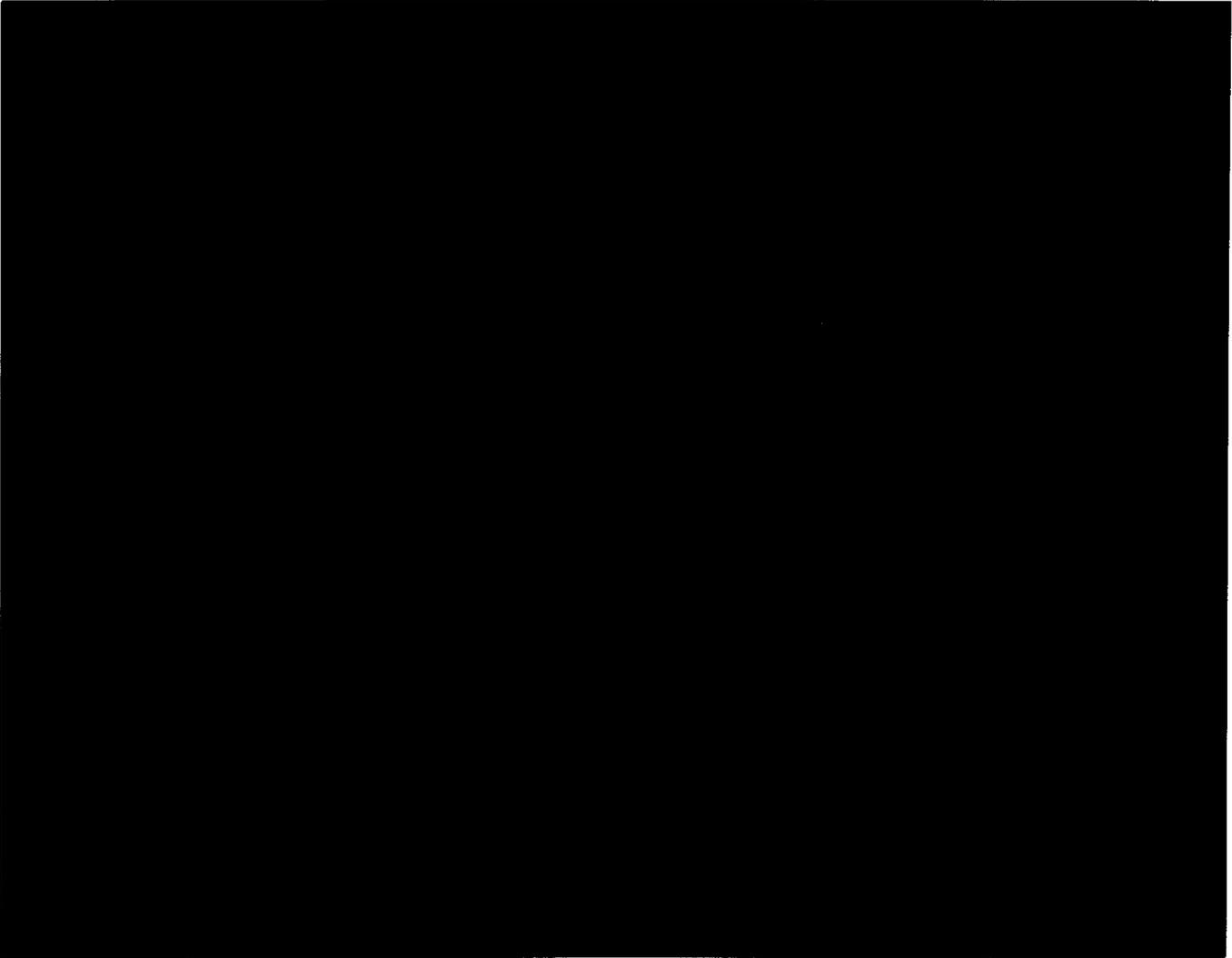
Dan Sarti
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Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
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Mitchell Moss
917-499-9108

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 16, 2012 10:27 AM
To: Moss, Mitchell



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:16 AM
To: Dolyniuk, Karen E
Subject: FW: APS Navajo 2009A Pollution Control Bonds

From: Sarti, Daniel
Sent: Wednesday, May 16, 2012 10:01 AM
To: 'Moss, Mitchell'
Subject: RE: APS Navajo 2009A Pollution Control Bonds

No problem

From: Moss, Mitchell [mailto:Mitchell.Moss@moodys.com]
Sent: Wednesday, May 16, 2012 9:57 AM
To: Sarti, Daniel
Subject: Re: APS Navajo 2009A Pollution Control Bonds

Hi, I will call you at 1:15.
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Sent from my BlackBerry Wireless Handheld
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Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

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917 499-9108

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Talk to you soon.

Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Tuesday, May 08, 2012 11:59 AM
To: 'Moss, Mitchell'
Subject: APS Navajo 2009A Pollution Control Bonds

Hi Mitchell,

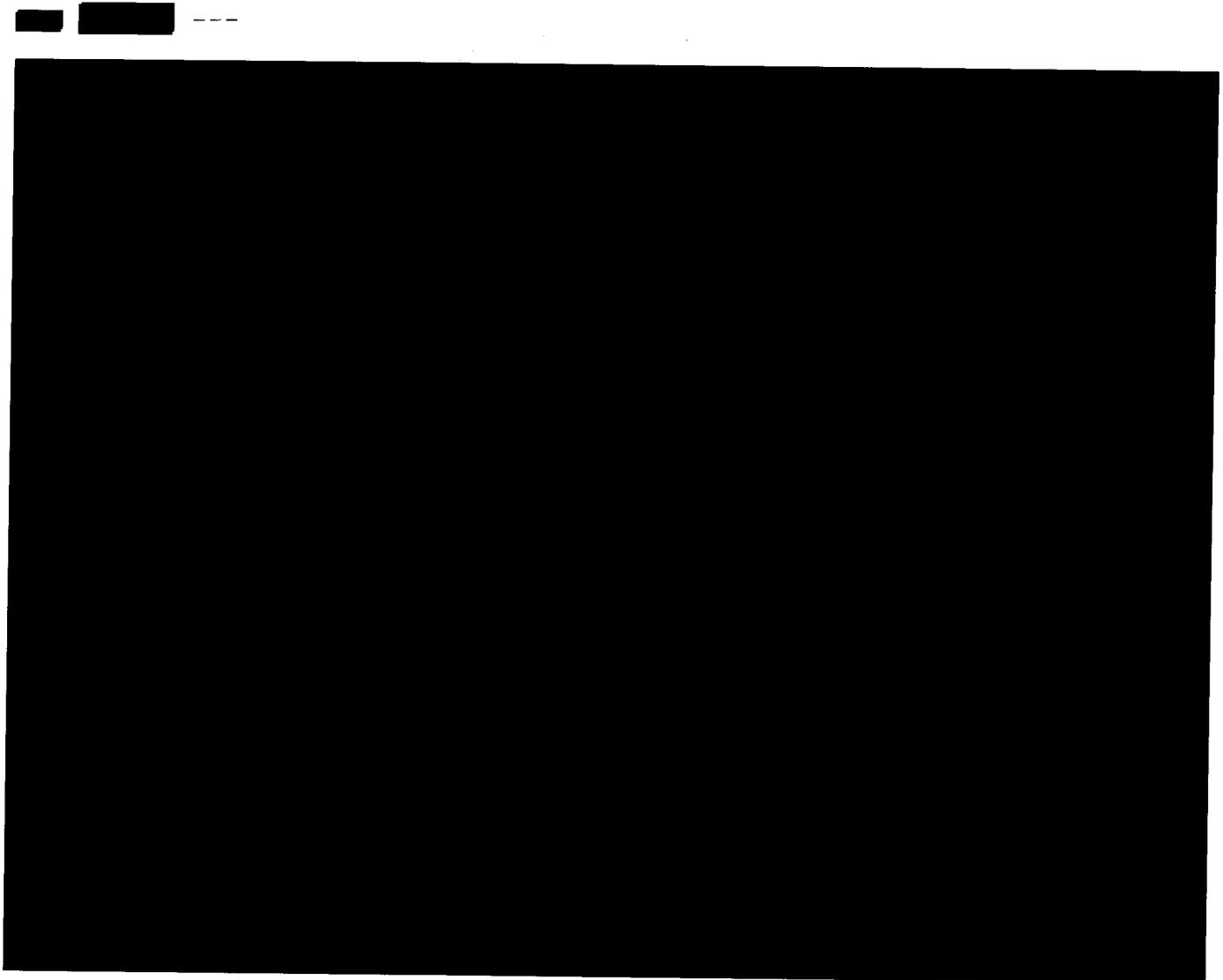
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I will forward you the relevant documents in the coming days that you will need in order to complete the ratings confirmation. Timing is fairly tight on this so let me know if there is anything else I can do at the moment to facilitate.

Thanks as always for your help,

Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company



Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:20 AM
To: Dolyniuk, Karen E
Subject: FW: Requested Rating Letter

From: Sarti, Daniel
Sent: Wednesday, May 16, 2012 3:12 PM
To: 'Hellige, Daniel'
Cc: Moss, Mitchell
Subject: RE: Requested Rating Letter

Thanks Daniel. I believe there is one inaccuracy though. The referenced debt for this rating should be the Navajo 2009A series. The Maricopa 2009B series will be in VRDN mode backed by a letter of credit. We're currently working with Tara Mangaroo at Moody's to get a rating for the Maricopa 2009B series.

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Hellige, Daniel [<mailto:daniel.hellige@moodys.com>]
Sent: Wednesday, May 16, 2012 3:02 PM
To: Sarti, Daniel
Cc: Moss, Mitchell
Subject: Requested Rating Letter

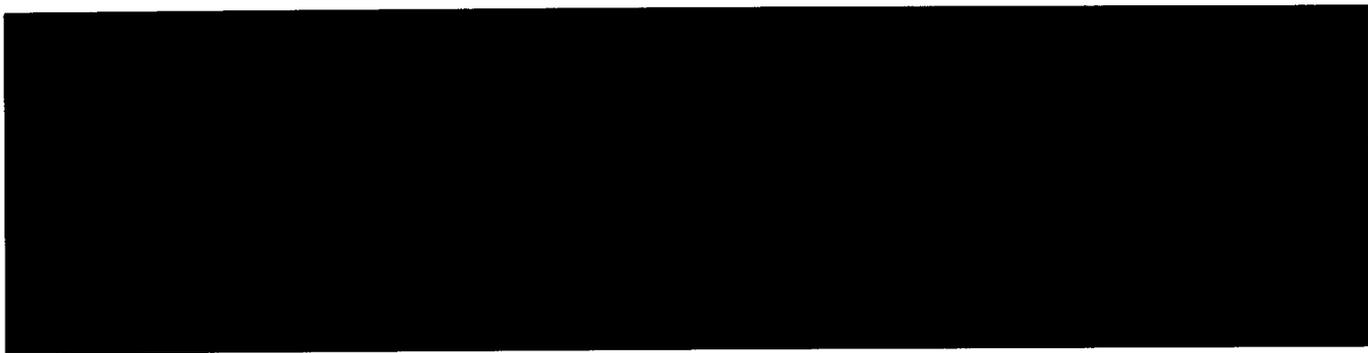
Dear Mr. Sarti,

Please kindly find attached the requested rating letter. If you have any questions or concerns regarding the letter please feel free to contact me.

Kind regards,

Daniel Hellige
Sr. Financial Data Associate
Ratings Desk
212 852 3682 tel
Daniel.Hellige@moodys.com

Moody's Shared Service
7 World Trade Centre
250 Greenwich St.
New York / NY / 10007
www.moodys.com



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:52 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Mangaroo, Chetara [mailto:Chetara.Mangaroo@moodys.com]
Sent: Thursday, May 17, 2012 5:52 AM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Dan, I really doubt that. Normally the turnaround time for transactions given the current deal flow is about 2 ½ weeks from the time we receive all documents and we just received the documents yesterday. I will have the analyst let me know when is earliest they can get the rating for you.

Thanks
Tara

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 16, 2012 6:22 PM
To: Mangaroo, Chetara
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Tara,

Do you see any chance of us getting a verbal confirmation of the bond rating by tomorrow afternoon?

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Wednesday, May 16, 2012 3:00 PM
To: 'Mangaroo, Chetara'
Cc: 'Moss, Mitchell'; Baum, Shirley A
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Tara,

Here are the remaining documents you requested. Let me know if there is anything else you need.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Wednesday, May 16, 2012 2:02 PM
To: 'Mangaroo, Chetara'
Cc: Moss, Mitchell
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Tara,

I've attached the Indenture to this email and will follow with the other documents shortly.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Mangaroo, Chetara [mailto:Chetara.Mangaroo@moodys.com]
Sent: Wednesday, May 16, 2012 11:03 AM
To: Sarti, Daniel
Cc: Moss, Mitchell
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Dan, The Distribution list will be a list of the parties involved (Issuer, Borrower, Bond Counsel, Financial Advisors, Trustee, Underwriter) and the Financing Schedule are the key dates or timeline of events such as a printing, closing & anticipated rating date would be very helpful.

Thanks

Tara Mangaroo

Associate Analyst
Municipal Supported Products Group
World Trade Center
New York, N.Y.
T. +1 (212) 553-4441
F. +1 (212) 298-6416
www.Moodys.com
chetara.mangaroo@moodys.com

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From: Mangaroo, Chetara
Sent: Wednesday, May 16, 2012 1:53 PM
To: Moss, Mitchell
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Mitchell, I received your VM.

In order to assign an analyst I will need the (Trust Indenture, Financing Schedule & Distribution List).

Thanks!

Tara Mangaroo

Associate Analyst
Municipal Supported Products Group
World Trade Center
New York, N.Y.
T. +1 (212) 553-4441
F. +1 (212) 298-6416
www.Moodys.com
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From: Moss, Mitchell
Sent: Wednesday, May 16, 2012 1:48 PM
To: Mangaroo, Chetara
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

Chetara,
Second of the two emails.

Mitchell

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Tuesday, May 15, 2012 1:37 PM
To: 'mitchell.moss@moodys.com'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Mitchell,

Per the email below I'm attaching a copy of the draft reoffering circular for the Maricopa 2009B bond remarketing. Let me know if there is any further documentation that you need to complete the rating confirmation letter.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Wednesday, May 09, 2012 2:05 PM
To: 'mitchell.moss@moodys.com'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Mitchell,

Pursuant to the email below that I sent on April 16, I'm attaching the Reimbursement Agreement and Letter of Credit Agreement related to the June 1st remarketing of the existing Arizona Public Service Company Maricopa 2009B pollution control bonds. The reoffering circular will follow in a few days. The bonds will be in VRDN mode and backed by a letter of credit from JPMorgan Chase Bank, N.A.

If possible, we would like to have a ratings confirmation letter no later than May 23rd. Thanks for your help and, as always, feel free to call me anytime with questions or concerns.

<< File: APS - 2012 Reimbursement Agreement (Maricopa Bonds).doc >> << File: APS - Letter of Credit (2012 Maricopa).doc >>

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Monday, April 16, 2012 2:36 PM
To: 'mitchell.moss@moodys.com'
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Mitchell,

I wanted to let you know that APS plans on buying back the \$32 million of existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put rate-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds onto our balance sheet at that time and place them in VRDN mode. We will then reissue them in VRDN mode in late May or early June. As typical, we would need confirmation of the rating as part of the reissuance. JPMorgan Chase Bank, N.A. will be the letter of credit provider and J.P. Morgan Securities LLC will act as remarketing agent.

While we still have some time on this let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks as always for your help,

Dan Sarti

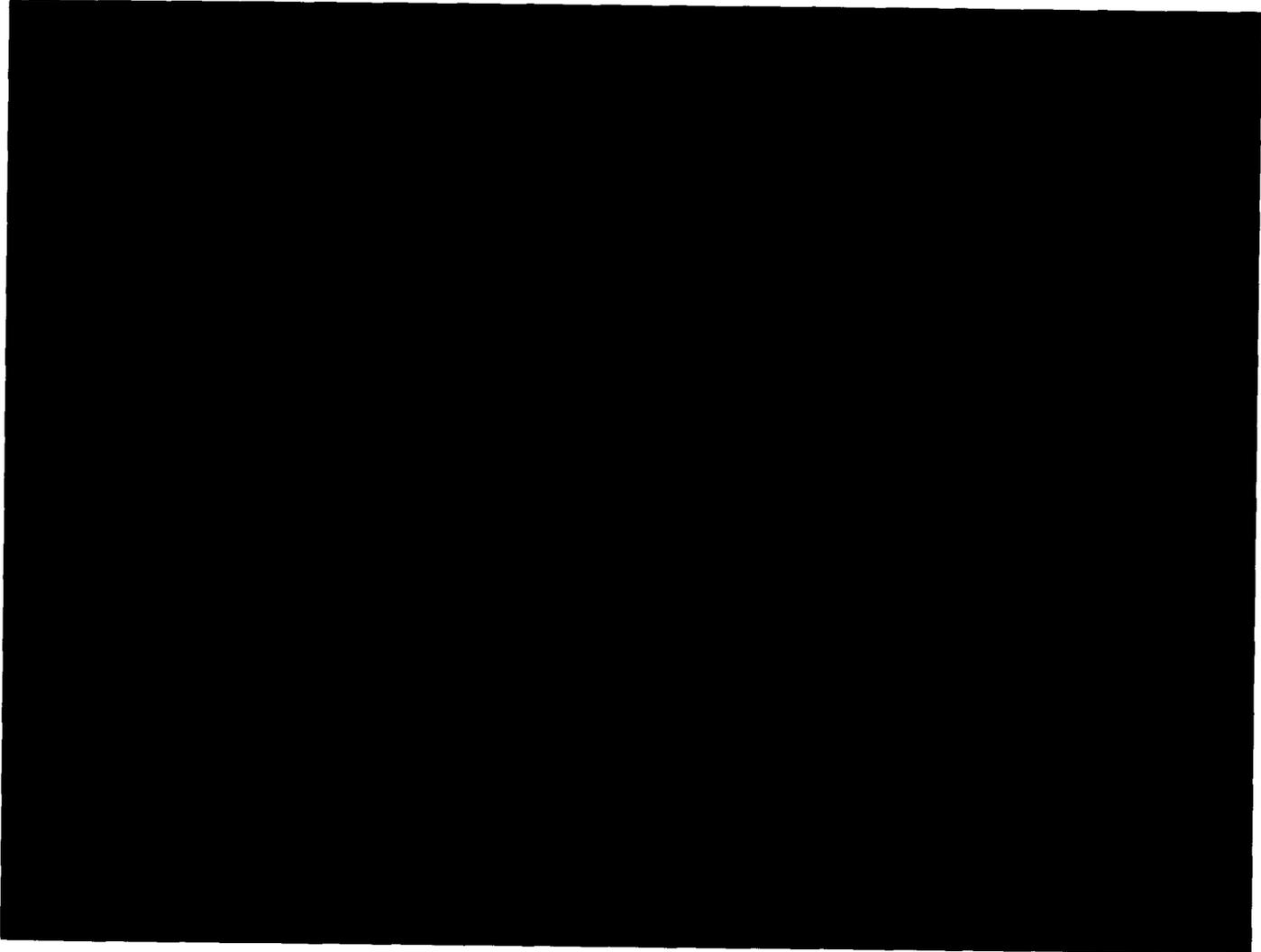
Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640

[Redacted]



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:21 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Sarti, Daniel
Sent: Thursday, May 17, 2012 2:21 PM
To: 'Mangaroo, Chetara'
Cc: Moss, Mitchell; Baum, Shirley A
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Will do. Thanks Tara.

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Mangaroo, Chetara [mailto:Chetara.Mangaroo@moodys.com]
Sent: Thursday, May 17, 2012 11:45 AM
To: Sarti, Daniel
Cc: Moss, Mitchell; Baum, Shirley A
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Dan,

Emily will be the analyst for this transaction, Please add her to the distribution list.

Emily Korot

Analyst
Public Finance Group
Municipal Supported Products
212.553.3806 tel
212.298.6530 fax
emily.korot@moodys.com

Moody's Investors Service
7 World Trade Center
250 Greenwich Street
New York, NY 10007

Thanks!

Tara Mangaroo

Associate Analyst
Municipal Supported Products Group
World Trade Center
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From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 16, 2012 6:00 PM
To: Mangaroo, Chetara
Cc: Moss, Mitchell; Shirley.Baum@pinnaclewest.com
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Tara,

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Daniel Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Wednesday, May 16, 2012 2:02 PM
To: 'Mangaroo, Chetara'
Cc: Moss, Mitchell
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

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Thanks

Tara Mangaroo

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Fax: 602-250-5640

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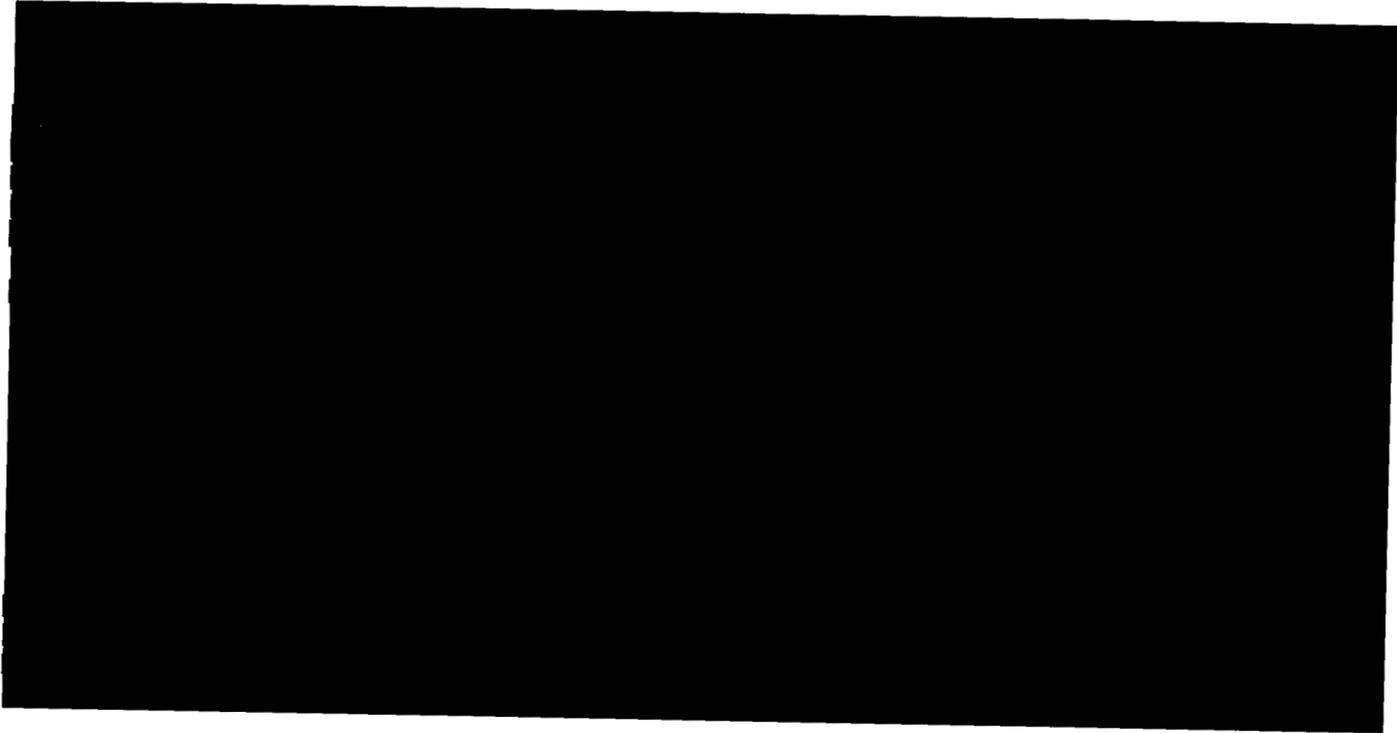
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Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

[REDACTED]

[REDACTED]



Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:22 AM
To: Dolyniuk, Karen E
Subject: FW: Rating Letters for Maricopa 2009B and Navajo 2009A Pollution Control Revenue Refunding bonds.

From: Sarti, Daniel
Sent: Friday, May 18, 2012 11:21 AM
To: 'Daniel.Neama@fitchratings.com'
Subject: RE: Rating Letters for Maricopa 2009B and Navajo 2009A Pollution Control Revenue Refunding bonds.

Hi Daniel,

Our attorney indicates that she thinks the letter of credit is in fact an implicit credit enhancement. Could you forward me the contact information for the other department at Fitch as soon as possible so I can get them started.

Thanks,

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Daniel.Neama@fitchratings.com [mailto:Daniel.Neama@fitchratings.com]
Sent: Tuesday, May 15, 2012 1:55 PM
To: Sarti, Daniel
Subject: RE: Rating Letters for Maricopa 2009B and Navajo 2009A Pollution Control Revenue Refunding bonds.

Good afternoon,

As requested, please find Rating Letters attached for the Maricopa 2009B and the Navajo 2009A Pollution Control Revenue Refunding bonds. Do let me know if you need anything else. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com

From: <Daniel.Sarti@pinnaclewest.com>
To: <Daniel.Neama@fitchratings.com>
Date: 05/15/2012 01:40 PM
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Daniel,

Per the email below I'm attaching a copy of the draft reoffering circular for the Maricopa 2009B bond remarketing. Let me know if there is any further documentation that you need to complete the rating confirmation letter.

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Wednesday, May 09, 2012 2:09 PM
To: 'Daniel.Neama@fitchratings.com'
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Daniel,

Pursuant to the email below that I sent on April 16, I'm attaching the Reimbursement Agreement and Letter of Credit Agreement related to the June 1st remarketing of the existing Arizona Public Service Company Maricopa 2009B pollution control bonds. The reoffering circular will follow in a few days. The bonds will be in VRDN mode and backed by a letter of credit from JPMorgan Chase Bank, N.A.

If possible, we would like to have a ratings confirmation letter no later than May 23rd. Thanks for your help and, as always, feel free to call me anytime with questions or concerns.

<< File: APS - 2012 Reimbursement Agreement (Maricopa Bonds).doc >> << File: APS - Letter of Credit (2012 Maricopa).doc >>

Sarti, Daniel
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Monday, April 16, 2012 10:35 AM
To: 'Philip.Smyth@fitchratings.com'
Subject: APS Maricopa 2009B Pollution Control Bonds

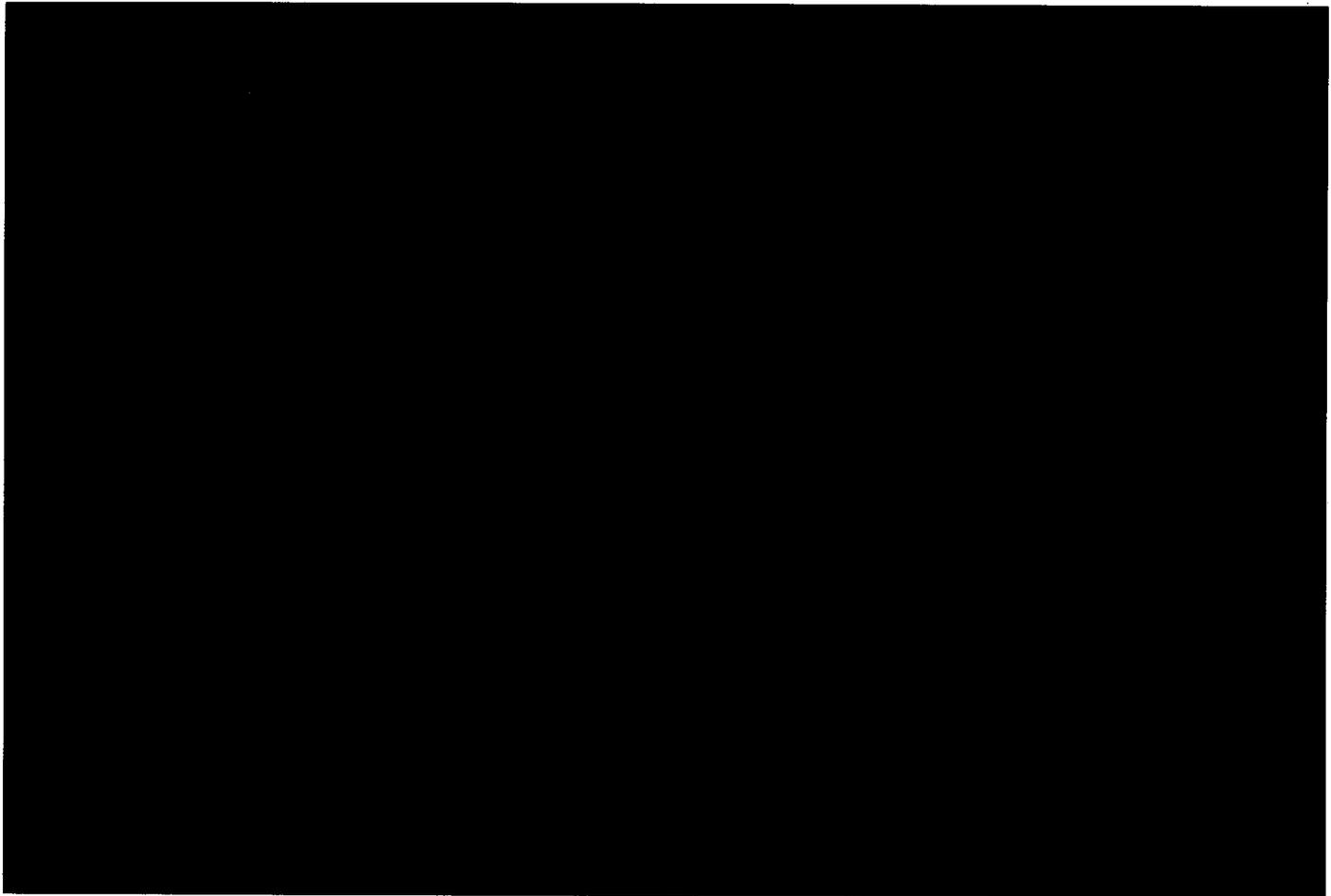
Hi Phil,

I wanted to let you know that APS plans on buying back its existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds at that time and reissue in VRDN mode in late May or early June. As typical, we would need confirmation of the rating as part of the reissuance. JP Morgan Chase Bank, N.A. will be the remarketing agent and provide the letter of credit backing the VRDN mode.

Let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks as always for your help,

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640





Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:22 AM
To: Dolyniuk, Karen E
Subject: FW: Maricopa 2009 B Series Bonds

-----Original Message-----

From: Sarti, Daniel
Sent: Friday, May 18, 2012 1:01 PM
To: 'glen.grabelsky@fitchratings.com'
Cc: Daniel.Neama@fitchratings.com; Baum, Shirley A
Subject: RE: Maricopa 2009 B Series Bonds

Thanks Glen,

Is it possible for us to have a conversation with them today? Our time frame for needing the rating is very short so to the extent they need any documentation from us I'd like to get it to them sooner than later.

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

-----Original Message-----

From: glen.grabelsky@fitchratings.com [<mailto:glen.grabelsky@fitchratings.com>]
Sent: Friday, May 18, 2012 12:45 PM
To: Sarti, Daniel
Cc: Daniel.Neama@fitchratings.com
Subject: Maricopa 2009 B Series Bonds

Dan: Please refer to the attached criteria report, specifically pg 2 "What the Ratings Mean".

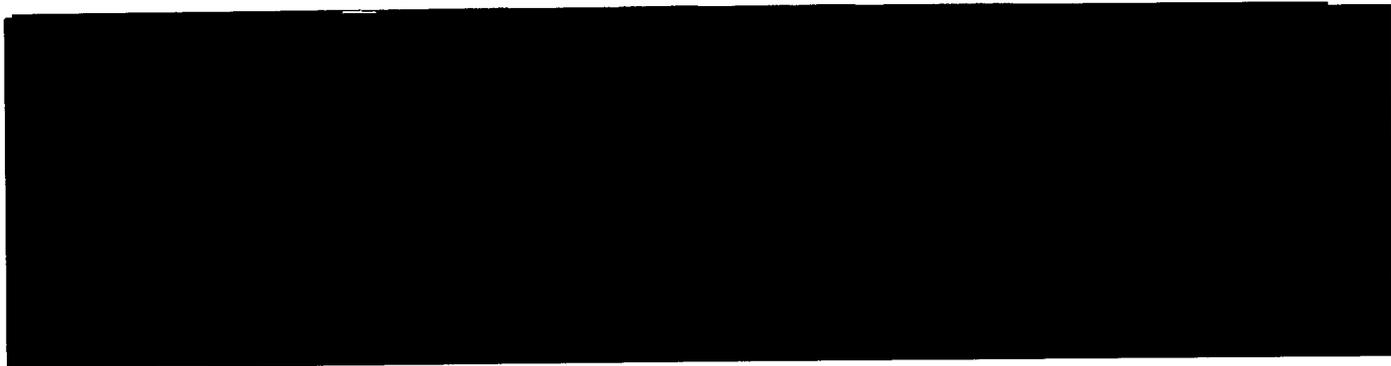
I believe this bond issuance would fall under that criteria, However, the criteria is part of the municipal finance group and we do not work with this criteria regularly.

We expect to hear back from our colleagues no later than Monday.

(See attached file: VRD0.Guidelines.pdf)

Glen Grabelsky
Managing Director

Utilities Power & Gas
Fitch Ratings
212-908-0577



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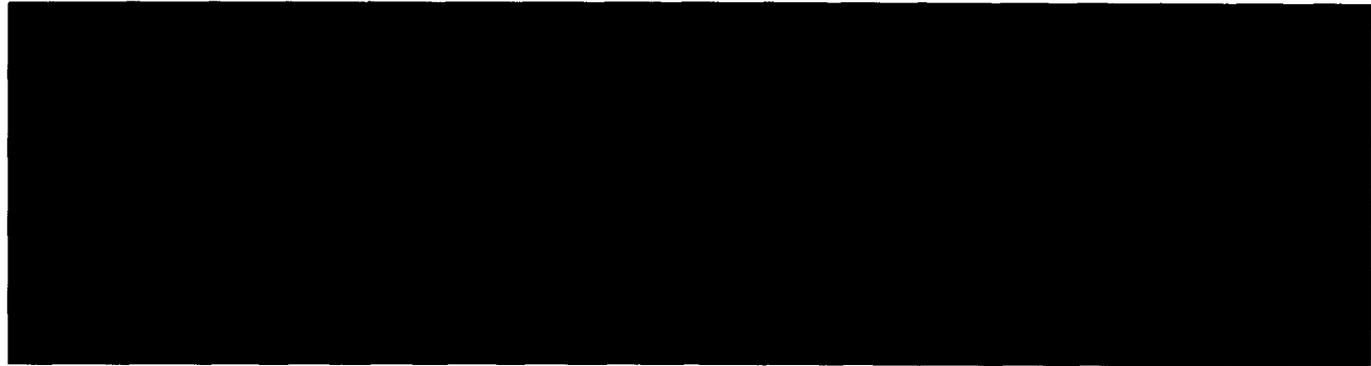
Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:49 PM
To: Dolyniuk, Karen E
Subject: FW: APS Comment
Attachments: APS Issuer Comment in WCO 2012-05-21.pdf

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Monday, May 21, 2012 7:11 AM
To: Nickloy, Lee R
Subject: APS Comment

Lee,
Attached is the APS comment that went out today. Let me know if you have any questions.
Regards,
Mitchell

Mitchell Moss, CFA
Analyst
Global Infrastructure Finance Group
212.553.4478 tel
212.298.6478 fax
mitchell.moss@moodys.com
Moody's Investors Service
7 World Trade Center
250 Greenwich Street
New York, NY 10007



MOODY'S
INVESTORS SERVICE

ISSUER COMMENT

Rate Case Decision Is Credit Positive for Arizona Utilities

From [Weekly Credit Outlook](#)

Analyst Contacts:

NEW YORK +1.212.553.1653
 Mitchell Moss +1.212.553.4478
 Analyst
 mitchell.moss@moodys.com

Last Tuesday, the Arizona Corporation Commission (ACC) adopted a settlement that provides [Arizona Public Service Company](#) (APS, Baa2 stable) a \$116.3 million non-fuel base rate increase to recover increased operating costs and to earn a return on capital invested in its plants. The settlement also lowered fuel rates so that there will be no net change to customer bills. The settlement is credit positive for APS and its parent, [Pinnacle West Capital Corporation](#) (PNW, Baa3 stable), because we expect the base rate increase to improve APS' and PNW's credit metrics and because the settlement points to an Arizona regulatory framework that is more credit supportive for electric and gas utilities.

Arizona has historically been a regulatory jurisdiction that we consider to be below average in terms of credit supportiveness. In the past, utilities in the state have experienced significant delays in cost recovery and earning returns on their rate bases. Owing to rate cases taking 18 months to complete, this regulatory lag resulted in rates derived from a cost basis that was more than two years old.

However, in the past six months, the ACC has sped up its decision-making process to about 12-13 months, as reflected in its rate-case orders for APS last Tuesday, [UNS Gas, Inc.](#) (Baa3 stable) in April, and [Southwest Gas Corporation](#) (Baa1 stable) in December 2011. In addition to the quicker rate case turnaround time, all three utilities received reasonable rate increases and will be allowed to adjust rates via a mechanism to recover lost revenues owing to reductions in sales load. The ACC will also allow APS to implement an environmental cost tracker that adjusts rates on a timely basis to recover carrying costs for environmental compliance capital expenditures.

As a result, we expect the utilities to earn close to their allowed returns on equity and maintain or improve their credit metrics for several years. For instance, we expect APS' cash flow pre-working capital interest coverage to improve to 5.3x from 4.7x in 2011 and cash flow pre-working capital to debt to improve to 26% from 23.5% in 2011.

The negotiated settlements among ratepayer advocates, regulatory staff, and the utilities are credit positive for the utilities since the settlements avoided longer rate proceedings with more uncertain ACC decisions and allowed the utilities to increase base rates and implement new cost recovery mechanisms. The settlements indicate an improved communication of priorities among the parties since the utilities, ACC staff, and other advocates have conflicting priorities regarding rate increases.

What is Moody's Weekly Credit Outlook?

Moody's [Weekly Credit Outlook](#) provides our research clients with timely opinions on breaking credit market developments and trends. Published every Monday morning, the newsletter will help you start your week informed of Moody's latest opinions from across the organization.

We expect Tucson Electric Power Company (TEP, Baa3 stable) to file a rate case with the ACC to request an increase in its base rates in July. Although we do not expect a decision until early to mid-2013, a settlement seems possible since we expect TEP to request similar recovery mechanisms as APS did. A favorable result would further indicate an improvement in Arizona's regulatory framework.

Report Number: 142184

Author
Mitchell Moss

Production Specialist
Wing Chan

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Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:49 PM
To: Dolyniuk, Karen E
Subject: FW: PNW Email : Regulators OK APS rate settlement

-----Original Message-----

From: Moss, Mitchell [mailto:Mitchell.Moss@moodys.com]
Sent: Monday, May 21, 2012 7:37 AM
To: Nickloy, Lee R
Subject: FW: PNW Email : Regulators OK APS rate settlement

Lee,

I noticed this article and it discussed the expected changes in APS' rates over time. Do you have a schedule showing the forecasted % and revenue \$ changes in rates over time during the stay out period?

Thanks,
Mitchell

-----Original Message-----

From: Factiva [mailto:emailednews@email.global.factiva.com]
Sent: Saturday, May 19, 2012 8:27 AM
To: Moss, Mitchell
Subject: PNW Email : Regulators OK APS rate settlement

Your topic is PNW Email

Dow Jones Factiva

Regulators OK APS rate settlement

PHX0000020120519e85g0002w

Business

By Ryan Randazzo, The Arizona Republic

Phoenix Phoenix

534 Words

16 May 2012

The Arizona Republic

Final Chaser

D1

English

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Utility regulators approved a rate settlement for Arizona Public Service Co. on Tuesday allowing the company to charge customers a fee to make up for sales it loses when customers conserve energy.

But the settlement wiped out the request to raise base rates and actually will decrease rates about 1 percent July 1 when the rates take effect. Several small increases will follow.

When APS helps customers pay for more efficient appliances or save energy with home upgrades, the utility sells less electricity. The utility saves money with those projects because it

doesn't have to generate as much electricity with its power plants. But it still has to maintain its power lines and electrical grid, which it refers to as "fixed costs."

The Arizona Corporation Commission voted 4-1 Tuesday to allow the utility to charge a "lost-fixed-cost recovery mechanism" to pay for those items even as it sells less electricity.

The Corporation Commission is requiring utilities to reduce their energy sales by 22 percent in 2020 through increased efficiency, and APS officials have said meeting the goal will be devastating to finances without a way to pay its fixed costs.

APS asked regulators in June for a 6.6 percent rate increase and for the ability to charge customers for fixed costs whenever sales declined.

Many customers and organizations complained, including AARP. Consumer groups and other stakeholders entered settlement talks with APS, reaching a deal in January that was approved Tuesday with minor changes.

"It is a very constructive outcome," said Jeff Guldner, APS vice president of regulation. "We continue to believe settlements result in creative solutions that benefit our customers. This was the result of the creative juices of all the parties working together in the room, and we are very pleased to see this work through as quickly as it did."

Several small rate increases will follow the July 1 rate decrease of about 1 percent. They include the LFCR mechanism, which was a compromise on the energy-efficiency issue. The fee will be capped at a 1 percent rate hike a year, which would be an increase of about \$1.30 a month on the average residential customer, although APS officials estimate it will be much lower than that in the first years.

The fee would not be charged until April 2013, and APS officials estimated the initial fee would be about a 0.2 percent increase for the first, partial year.

The increase would be calculated based on APS' fixed costs and energy APS helped customers save through energy efficiency.

APS also will reset the fee on customer bills that relates to natural-gas power-plant fuel, and that reset could mean an increase next year, depending on what the fuel prices do in the meantime.

APS also is seeking to buy a larger stake in two generators at the Four Corners Power Plant in New Mexico, while shutting three old units at the plant.

If that deal is approved, the utility could implement a 3 percent rate increase on customers next year.

In addition, APS cannot increase base rates until 2016.

Your complete results are available online at
<http://global.factiva.com/redirect/default.aspx?p=vf&view=a&fid=300883212&aid=9M00000100&ns=18&p=AE&OD=V2AubjNaqd6b6yKMegonfnoUAZrTDW4K5jnAwC70GVmxNgFHVQHJ%2bYpg%3d%3d%7c2>.

For assistance, access Dow Jones Customer Support (<http://customer.factiva.com>).

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Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:22 AM
To: Dolyniuk, Karen E
Subject: FW: Maricopa 2009 B Series Bonds

From: Sarti, Daniel
Sent: Monday, May 21, 2012 8:35 AM
To: 'Daniel.Neama@fitchratings.com'
Subject: RE: Maricopa 2009 B Series Bonds

Thanks Daniel. I'll give her a call.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Daniel.Neama@fitchratings.com [mailto:Daniel.Neama@fitchratings.com]
Sent: Monday, May 21, 2012 7:18 AM
To: Sarti, Daniel
Cc: glen.grabelsky@fitchratings.com; Baum, Shirley A
Subject: RE: Maricopa 2009 B Series Bonds

Good morning Daniel,

Please call Trudy Zibit (Managing Director, Municipal Structured Finance) at 1-212-908-0689 regarding the L.O.C. enhancement of the Maricopa 2009B bonds. She will be expecting your call around noon eastern time. If you have any questions please call. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com

From: <Daniel.Sarti@pinnaclewest.com>
To: <glen.grabelsky@fitchratings.com>
Cc: <Daniel.Neama@fitchratings.com>, <Shirley.Baum@pinnaclewest.com>
Date: 05/18/2012 04:00 PM
Subject: RE: Maricopa 2009 B Series Bonds

Thanks Glen,

Is it possible for us to have a conversation with them today? Our time frame for needing the rating is very short so to the extent they need any documentation from us I'd like to get it to them sooner than later.

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3318
Fax: 602-250-5640

-----Original Message-----
From: glen.grabelsky@fitchratings.com [mailto:glen.grabelsky@fitchratings.com]
Sent: Friday, May 18, 2012 12:45 PM
To: Sarti, Daniel
Cc: Daniel.Neama@fitchratings.com
Subject: Maricopa 2009 B Series Bonds

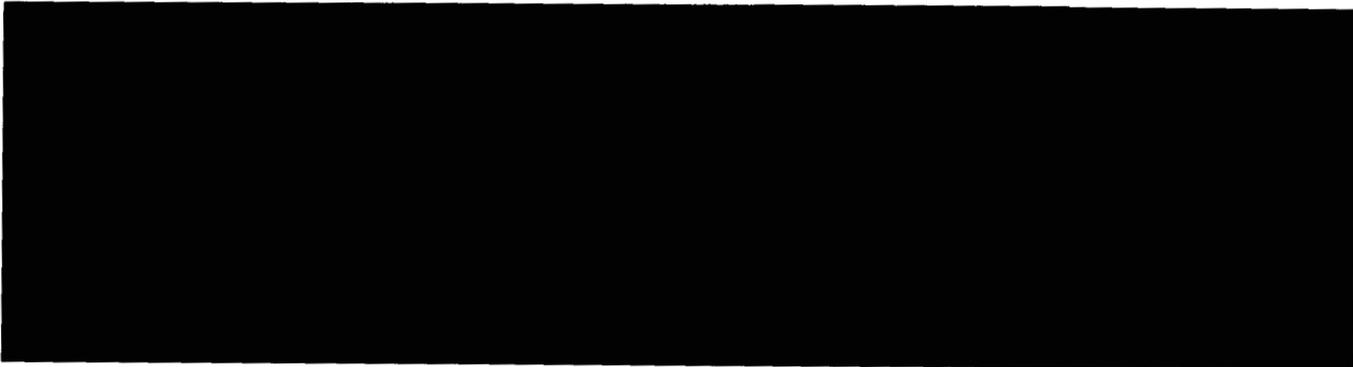
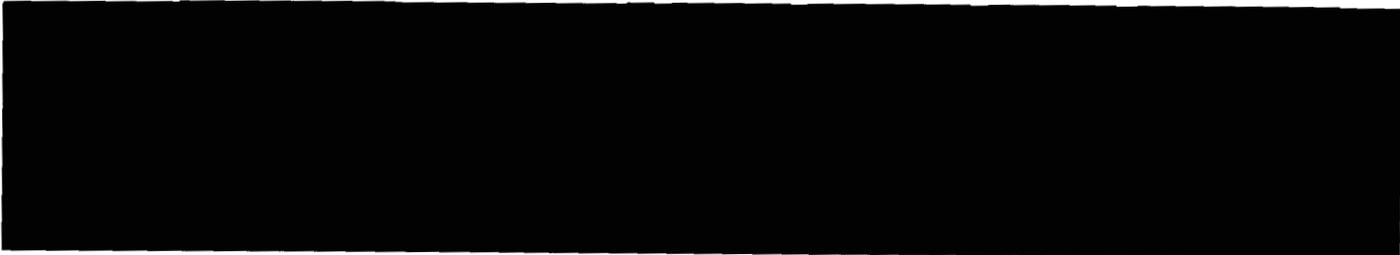
Dan: Please refer to the attached criteria report, specifically pg 2 "What the Ratings Mean".

I believe this bond issuance would fall under that criteria, However, the criteria is part of the municipal finance group and we do not work with this criteria regularly.

We expect to hear back from our colleagues no later than Monday.

(See attached file: VRDO.Guidelines.pdf)

Glen Grabelsky
Managing Director
Utilities Power & Gas
Fitch Ratings
612-908-0577



Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:54 AM
To: Dolyniuk, Karen E
Subject: FW: APS Navajo 2009A Pollution Control Bonds

From: Moss, Mitchell [mailto:Mitchell.Moss@moodys.com]
Sent: Monday, May 21, 2012 11:06 AM
To: Sarti, Daniel
Subject: RE: APS Navajo 2009A Pollution Control Bonds

Dan,
That timing should work.

Mitchell

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Monday, May 21, 2012 1:55 PM
To: Moss, Mitchell
Subject: RE: APS Navajo 2009A Pollution Control Bonds

Hi Mitchell,

With the remarketing of the Navajo 2009A bonds coming up this week I just wanted to make sure that we're on schedule to receive the ratings letter by Wednesday.

Feel free to call anytime,

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Moss, Mitchell [mailto:Mitchell.Moss@moodys.com]
Sent: Wednesday, May 16, 2012 9:57 AM
To: Sarti, Daniel
Subject: Re: APS Navajo 2009A Pollution Control Bonds

Dan, I will call you at 1:15.
I am slightly delayed getting back to my desk.
Mitchell

Sent from my BlackBerry Wireless Handheld
Mitchell Moss
917-499-9108

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 16, 2012 10:32 AM
To: Moss, Mitchell
Subject: RE: APS Navajo 2009A Pollution Control Bonds

Yes. Perfect. I'll block the time on my calendar.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Moss, Mitchell [mailto:Mitchell.Moss@moodys.com]
Sent: Wednesday, May 16, 2012 8:30 AM
To: Sarti, Daniel
Subject: Re: APS Navajo 2009A Pollution Control Bonds

Can we speak at about 1 pm ny time?

Sent from my BlackBerry Wireless Handheld
Mitchell Moss
917-499-9108

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 16, 2012 10:27 AM
To: Moss, Mitchell
Subject: RE: APS Navajo 2009A Pollution Control Bonds

Hi Mitchell,

Lee mentioned that you spoke with him this morning and I'll give you a phone call shortly to follow up. I'm forwarding you the preliminary reoffering circular related to the Navajo 2009B pollution control bonds that we will be remarketing on June 1st in a 2-year put mode. We will need the ratings confirmation letter prior to close and will be hosting a due diligence call tomorrow afternoon, prior to which we need a verbal ratings confirmation. This bond remarketing is not LC backed so it will stand on the APS long-term credit rating.

Talk to you soon.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Tuesday, May 08, 2012 11:59 AM
To: 'Moss, Mitchell'
Subject: APS Navajo 2009A Pollution Control Bonds

Hi Mitchell,

It was nice to meet you in person yesterday afternoon.

Pursuant to our conversation, Arizona Public Service plans to remarket the \$38,150,000 of its existing Navajo 2009A tax-exempt pollution control bonds which mature on June 1st of this year. We plan to remarket them in a 2-year put mode on that date. As typical, we would need confirmation of the rating as part of the remarketing.

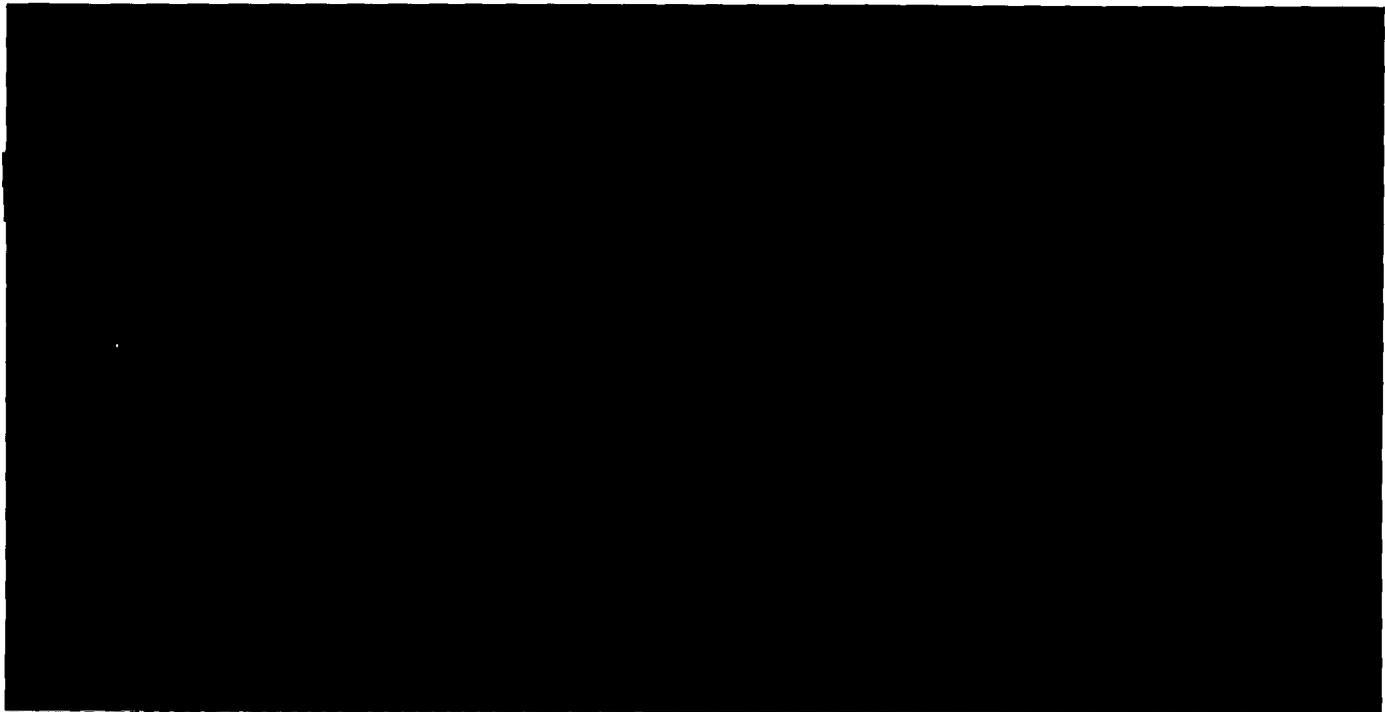
I will forward you the relevant documents in the coming days that you will need in order to complete the ratings confirmation. Timing is fairly tight on this so let me know if there is anything else I can do at the moment to facilitate.

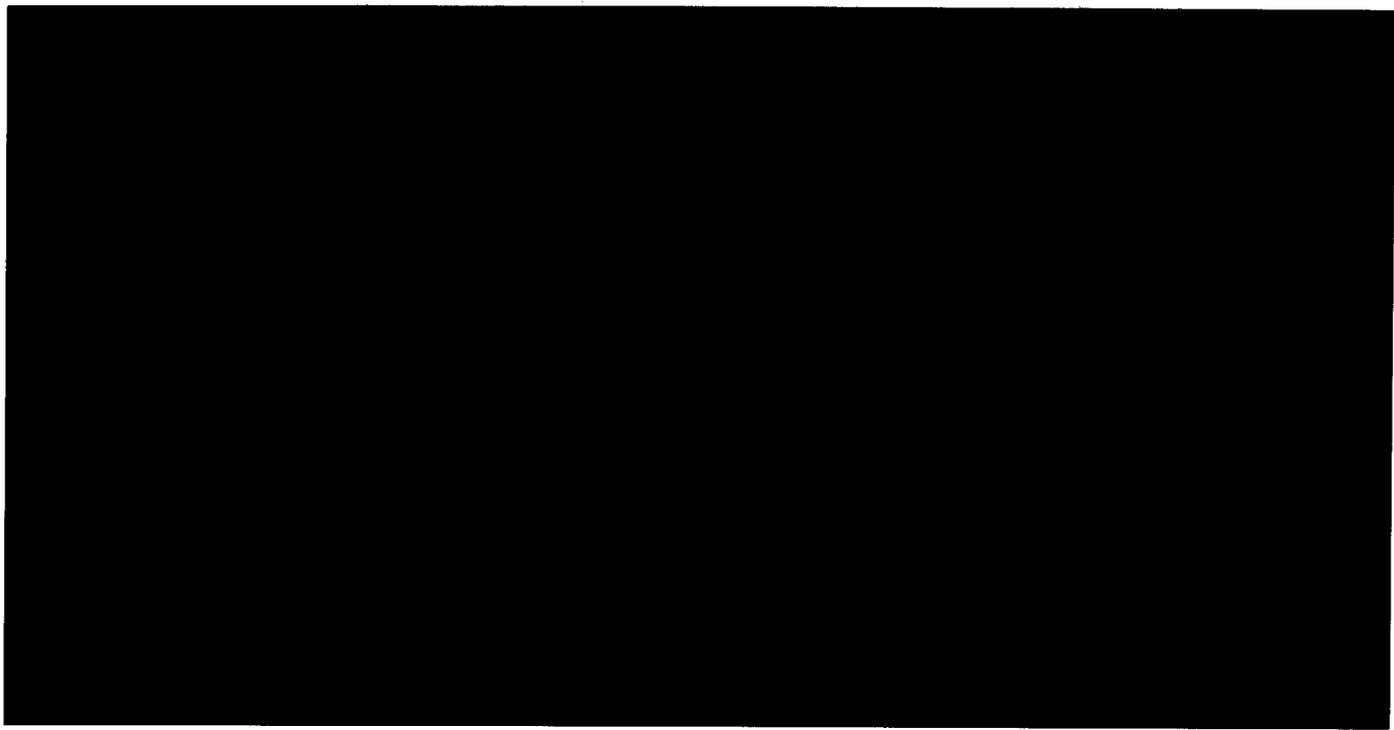
Thanks as always for your help,

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

■■■■■■ ---





Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:24 AM
To: Dolyniuk, Karen E
Subject: FW: APS Navajo 2009A Pollution Control Bonds

From: Sarti, Daniel
Sent: Monday, May 21, 2012 11:07 AM
To: 'Moss, Mitchell'
Subject: RE: APS Navajo 2009A Pollution Control Bonds

Great. Thank you!

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Moss, Mitchell [mailto:Mitchell.Moss@moody.com]
Sent: Monday, May 21, 2012 11:06 AM
To: Sarti, Daniel
Subject: RE: APS Navajo 2009A Pollution Control Bonds

Dan,
That timing should work.

Mitchell

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Monday, May 21, 2012 1:55 PM
To: Moss, Mitchell
Subject: RE: APS Navajo 2009A Pollution Control Bonds

Hi Mitchell,

With the remarketing of the Navajo 2009A bonds coming up this week I just wanted to make sure that we're on schedule to receive the ratings letter by Wednesday.

Feel free to call anytime,

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Moss, Mitchell [mailto:Mitchell.Moss@moody.com]
Sent: Wednesday, May 16, 2012 9:57 AM

To: Sarti, Daniel
Subject: Re: APS Navajo 2009A Pollution Control Bonds

Dan, I will call you at 1:15.
I am slightly delayed getting back to my desk.
Mitchell

Sent from my BlackBerry Wireless Handheld
Mitchell Moss
917-499-9108

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 16, 2012 10:32 AM
To: Moss, Mitchell
Subject: RE: APS Navajo 2009A Pollution Control Bonds

Yes. Perfect. I'll block the time on my calendar.

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Moss, Mitchell [mailto:Mitchell.Moss@moodys.com]
Sent: Wednesday, May 16, 2012 8:30 AM
To: Sarti, Daniel
Subject: Re: APS Navajo 2009A Pollution Control Bonds

Can we speak at about 1 pm ny time?

Sent from my BlackBerry Wireless Handheld
Mitchell Moss
917-499-9108

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 16, 2012 10:27 AM
To: Moss, Mitchell
Subject: RE: APS Navajo 2009A Pollution Control Bonds

Hi Mitchell,

Lee mentioned that you spoke with him this morning and I'll give you a phone call shortly to follow up. I'm forwarding you the preliminary reoffering circular related to the Navajo 2009B pollution control bonds that we will be remarketing on June 1st in a 2-year put mode. We will need the ratings confirmation letter prior to close and will be hosting a due diligence call tomorrow afternoon, prior to which we need a verbal ratings confirmation. This bond remarketing is not LC backed so it will stand on the APS long-term credit rating.

Talk to you soon.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Tuesday, May 08, 2012 11:59 AM
To: 'Moss, Mitchell'
Subject: APS Navajo 2009A Pollution Control Bonds

Hi Mitchell,

It was nice to meet you in person yesterday afternoon.

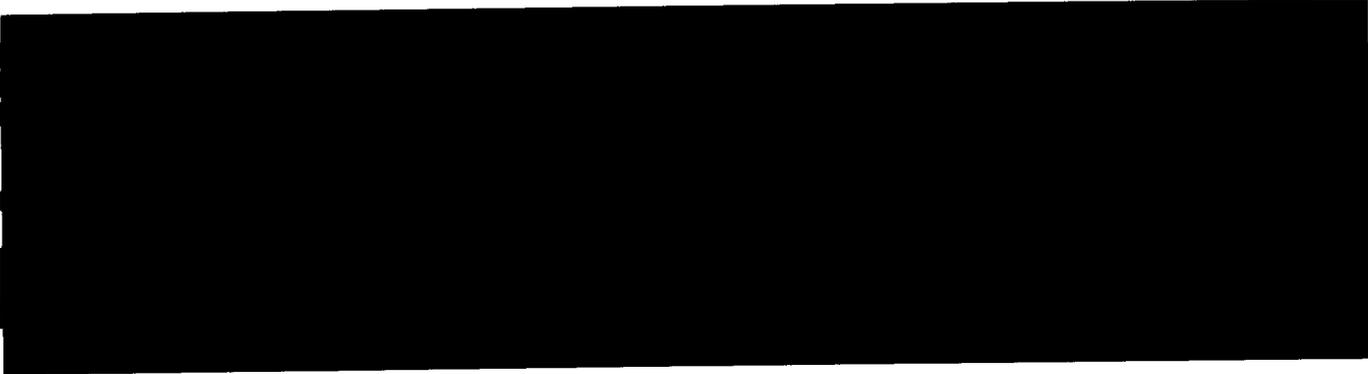
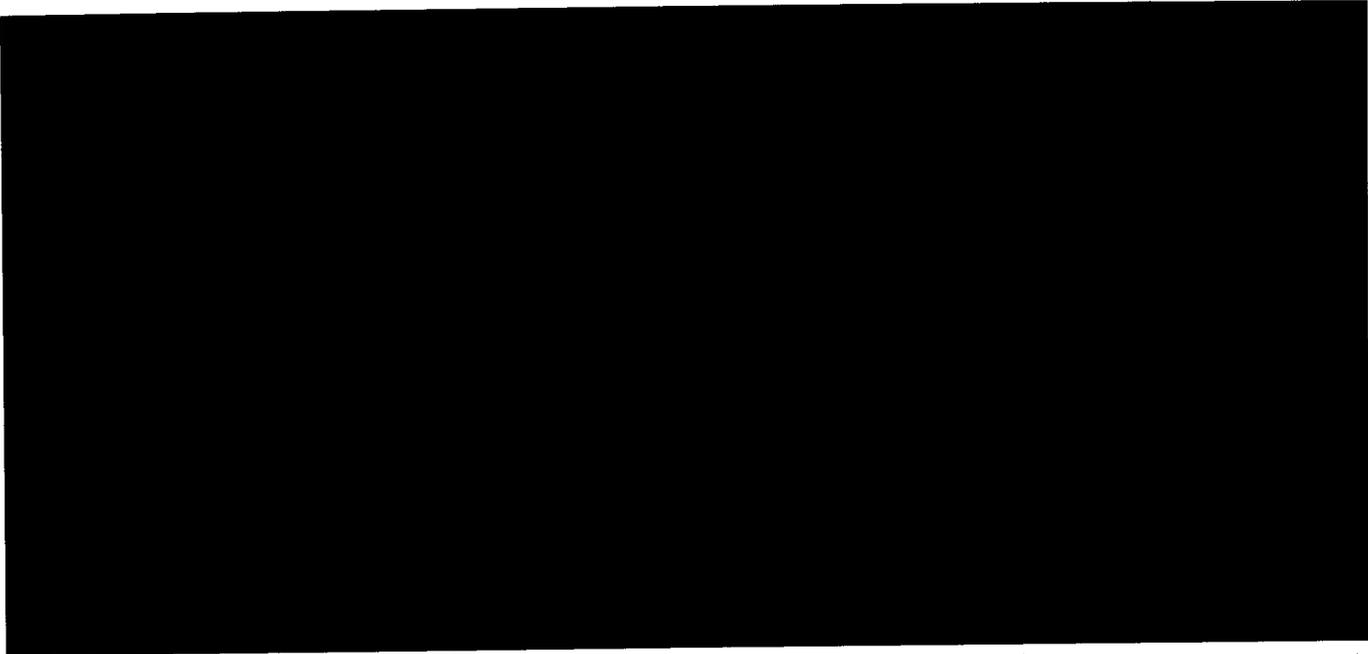
Pursuant to our conversation, Arizona Public Service plans to remarket the \$38,150,000 of its existing Navajo 2009A tax-exempt pollution control bonds which mature on June 1st of this year. We plan to remarket them in a 2-year put mode on that date. As typical, we would need confirmation of the rating as part of the remarketing.

I will forward you the relevant documents in the coming days that you will need in order to complete the ratings confirmation. Timing is fairly tight on this so let me know if there is anything else I can do at the moment to facilitate.

Thanks as always for your help,

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:54 AM
To: Dolyniuk, Karen E
Subject: FW: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Monday, May 21, 2012 11:27 AM
To: Sarti, Daniel
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Dan,

I've put in the request, this shouldn't be a problem.

Regards,
Mike

From: Daniel.Sarti@pinnaclewest.com [<mailto:Daniel.Sarti@pinnaclewest.com>]
Sent: Monday, May 21, 2012 1:57 PM
To: Ferguson, Michael
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Hi Mike,

With the remarketing of the Navajo 2009A bonds coming up this week I just wanted to make sure that we're on schedule to receive the ratings letter by Wednesday.

Feel free to call anytime,

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Wednesday, May 16, 2012 8:13 AM
To: 'Ferguson, Michael'
Subject: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Hi Mike,

Attached is the preliminary offering circular for the Navajo 2009A pollution control bonds that we will be remarketing in a 2-year put mode on June 1st.

We have a due diligence call scheduled for tomorrow afternoon and need a verbal ratings confirmation before the call. A formal ratings confirmation letter will be required prior to close.

Give me a call when you get a chance. Thanks.

Dan Sarti

Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640

<< File: US_NE_501008208_5.doc >>

--- NOTICE ---



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:54 AM
To: Dolyniuk, Karen E
Subject: FW: Maricopa 2009B Credit Rating

From: Nicole.Wood@fitchratings.com [<mailto:Nicole.Wood@fitchratings.com>]
Sent: Monday, May 21, 2012 12:08 PM
To: Sarti, Daniel
Subject: Re: Maricopa 2009B Credit Rating

Thank you Daniel. I will begin my review and let you know if there is anything else I require for the rating process. Kind regards, Nicole

Nicole Markou Wood
Fitch Ratings
Municipal Structured Finance
One State Street Plaza
New York, NY 10004
Tel: (212) 908-0500 Ext. 1930
Email: nicole.wood@fitchratings.com

From: <Daniel.Sarti@pinnaclewest.com>
To: <nicole.wood@fitchratings.com>
Cc: <trudy.zibit@fitchratings.com>
Date: 05/21/2012 01:33 PM
Subject: Maricopa 2009B Credit Rating

Hi Nicole,

Per a conversation with Trudy Zibit, I am forwarding you the documents required for the rating of the Arizona Public Service pollution control bond series Maricopa 2009B. These bonds will be remarketed in VRDN mode and backed by a letter of credit from JPMorgan Chase Bank, N.A.

Let me know if there is any further documentation required to get started on the rating. We will have a letter from our Trustee sent shortly. Thanks for your expedited attention.

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315
Fax: 602-250-5640



Dolyniuk, Karen E

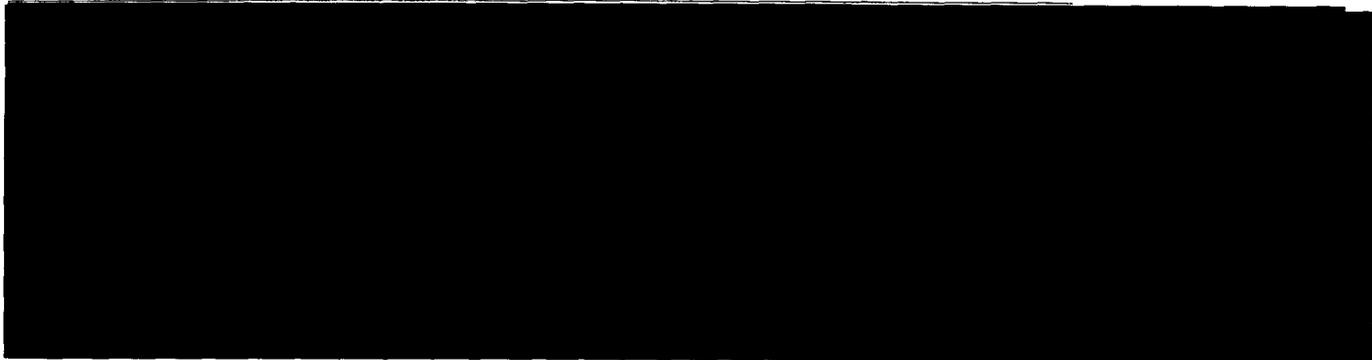
From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:49 PM
To: Dolyniuk, Karen E
Subject: FW: PNW and APS Press Release
Attachments: PNW_APS_PR_5.21.2012.pdf

From: Daniel.Neama@fitchratings.com [<mailto:Daniel.Neama@fitchratings.com>]
Sent: Monday, May 21, 2012 3:46 PM
To: Nickloy, Lee R; Sarti, Daniel
Subject: PNW and APS Press Release

Good evening,

The press release went out this afternoon. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com



Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:25 AM
To: Dolyniuk, Karen E
Subject: FW: PNW and APS Press Release

From: Sarti, Daniel
Sent: Monday, May 21, 2012 3:53 PM
To: 'Daniel.Neama@fitchratings.com'; Nickloy, Lee R
Subject: RE: PNW and APS Press Release

Hi Daniel,

I think this version still states "before 2014" for the equity issuance timeframe.

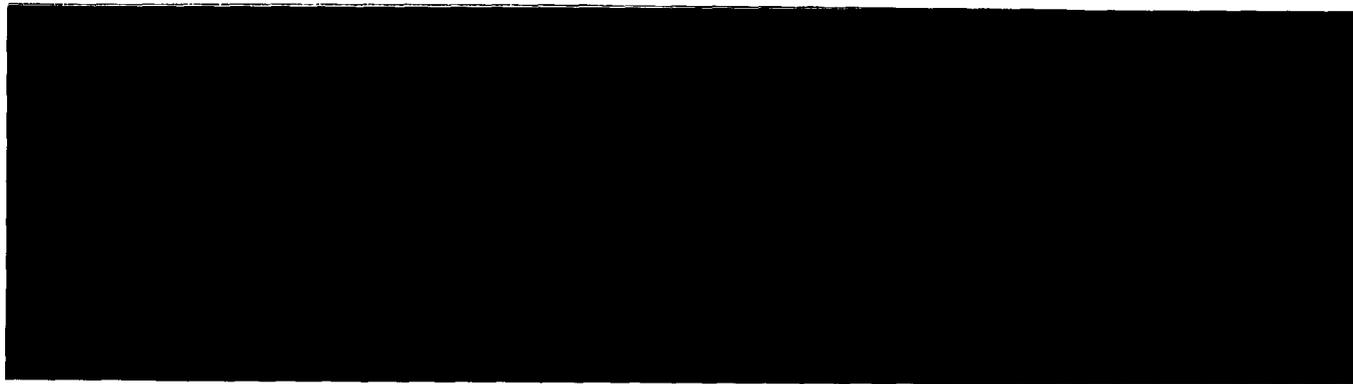
Dan

From: Daniel.Neama@fitchratings.com [<mailto:Daniel.Neama@fitchratings.com>]
Sent: Monday, May 21, 2012 3:46 PM
To: Nickloy, Lee R; Sarti, Daniel
Subject: PNW and APS Press Release

Good evening,

The press release went out this afternoon. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:55 AM
To: Dolyniuk, Karen E
Subject: FW: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Monday, May 21, 2012 1:31 PM
To: Sarti, Daniel
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Dan,

By the way, do you have a final term sheet or final offering memorandum for this issue?

Mike

From: Daniel.Sarti@pinnaclewest.com [<mailto:Daniel.Sarti@pinnaclewest.com>]
Sent: Monday, May 21, 2012 3:35 PM
To: Ferguson, Michael
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Thanks Mike.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Monday, May 21, 2012 11:27 AM
To: Sarti, Daniel
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Dan,

I've put in the request, this shouldn't be a problem.

Regards,
Mike

From: Daniel.Sarti@pinnaclewest.com [<mailto:Daniel.Sarti@pinnaclewest.com>]
Sent: Monday, May 21, 2012 1:57 PM
To: Ferguson, Michael
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Hi Mike,

With the remarketing of the Navajo 2009A bonds coming up this week I just wanted to make sure that we're on schedule to receive the ratings letter by Wednesday.

Feel free to call anytime,

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Wednesday, May 16, 2012 8:13 AM
To: 'Ferguson, Michael'
Subject: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Hi Mike,

Attached is the preliminary offering circular for the Navajo 2009A pollution control bonds that we will be remarketing in a 2-year put mode on June 1st.

We have a due diligence call scheduled for tomorrow afternoon and need a verbal ratings confirmation before the call. A formal ratings confirmation letter will be required prior to close.

Give me a call when you get a chance. Thanks.

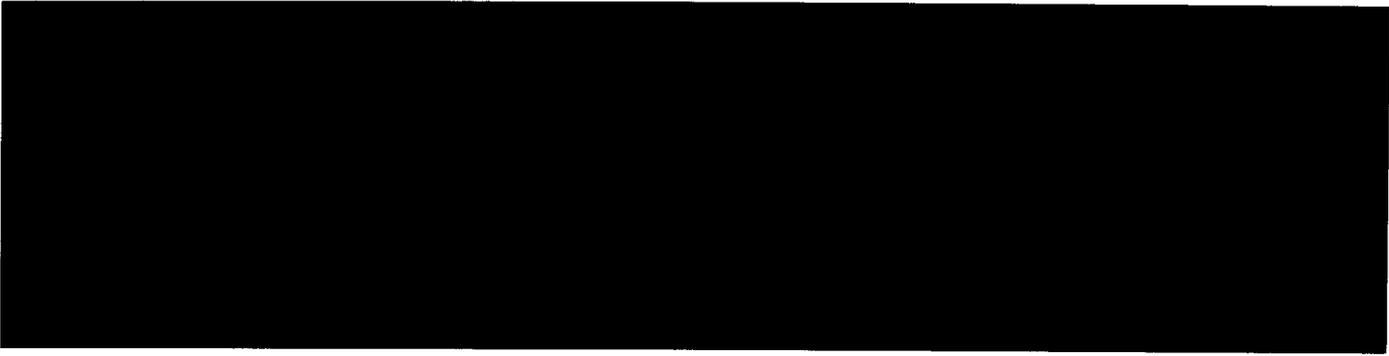
Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

<< File: US_NE_501008208_5.doc >>

[Redacted]

[Redacted]



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:24 AM
To: Dolyniuk, Karen E
Subject: FW: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

From: Sarti, Daniel
Sent: Monday, May 21, 2012 3:32 PM
To: 'Ferguson, Michael'
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Hi Mike,

We have the Preliminary Reoffering Circular which I sent you but the "Final" won't be available until we price which is slated for the 24th. As soon as we price, we'll drop in the pricing information into the document and then circulate the final version. I assume you don't need that now for purposes of the rating letter?

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [<mailto:michael.ferguson@standardandpoors.com>]
Sent: Monday, May 21, 2012 1:31 PM
To: Sarti, Daniel
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Dan,

By the way, do you have a final term sheet or final offering memorandum for this issue?

Mike

From: Daniel.Sarti@pinnaclewest.com [<mailto:Daniel.Sarti@pinnaclewest.com>]
Sent: Monday, May 21, 2012 3:35 PM
To: Ferguson, Michael
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Thanks Mike.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Monday, May 21, 2012 11:27 AM
To: Sarti, Daniel
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Dan,

I've put in the request, this shouldn't be a problem.

Regards,
Mike

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Monday, May 21, 2012 1:57 PM
To: Ferguson, Michael
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Hi Mike,

With the remarketing of the Navajo 2009A bonds coming up this week I just wanted to make sure that we're on schedule to receive the ratings letter by Wednesday.

Feel free to call anytime,

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Wednesday, May 16, 2012 8:13 AM
To: 'Ferguson, Michael'
Subject: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Hi Mike,

Attached is the preliminary offering circular for the Navajo 2009A pollution control bonds that we will be remarketing in a 2-year put mode on June 1st.

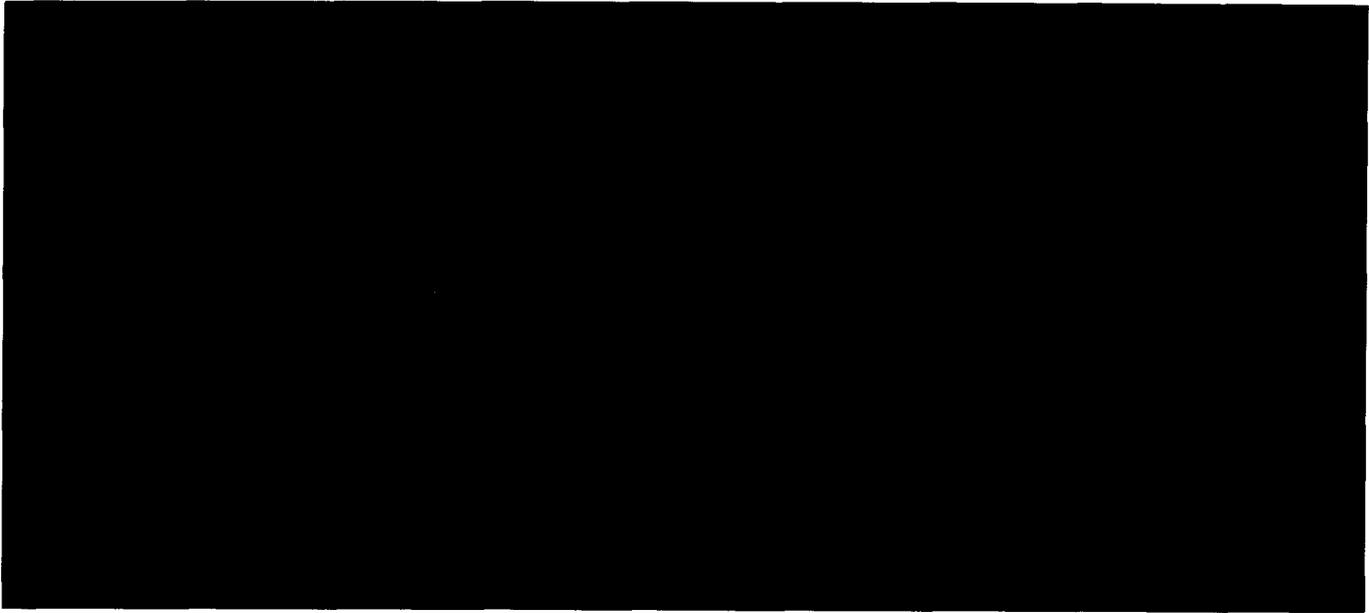
We have a due diligence call scheduled for tomorrow afternoon and need a verbal ratings confirmation before the call. A formal ratings confirmation letter will be required prior to close.

Give me a call when you get a chance. Thanks.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

<< File: US_NE_501008208_5.doc >>



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:25 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Sarti, Daniel
Sent: Monday, May 21, 2012 3:48 PM
To: 'Joseph, Tobin'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Tobin,

I was curious if you could provide an estimated completion date for the Maricopa 2009B bonds mentioned in the emails below. We would like to mail final official statements by the middle of the week but require confirmation of the rating letter prior to that.

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Tuesday, May 15, 2012 5:13 PM
To: 'Joseph, Tobin'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Tobin,

Sorry for the delay. I was out of the office part of the afternoon. Attached is the Indenture you requested. Remarketing Agreement to follow when available.

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Tuesday, May 15, 2012 12:28 PM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Dear Mr. Sarti,

Would you mind forwarding me copies of the Indenture and Remarketing Agreement?

Thanks,
Tobin

Tobin Joseph
Standard & Poor's
55 Water Street, 41st Fl
New York, NY 10041
212-438-4960 tel

SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site.

From: Seifer, Carla
Sent: Thursday, May 10, 2012 4:27 PM
To: 'Daniel.Sarti@pinnaclewest.com'
Cc: Joseph, Tobin
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Dan,

Tobin Joseph (copied on this email) will review. He may also be reached at (212) 438-4960.

Regards,

Carla

"SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site."

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Thursday, May 10, 2012 3:55 PM
To: Seifer, Carla
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Yes...

566854DN2

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Seifer, Carla [mailto:Carla_Seifer@standardandpoors.com]
Sent: Thursday, May 10, 2012 12:36 PM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Daniel,

Do you have a CUSIP?

Carla

"SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site."

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 09, 2012 5:07 PM
To: Seifer, Carla
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Carla,

Pursuant to our conversations and the email below, I'm attaching the Reimbursement Agreement and Letter of Credit Agreement related to the June 1st remarketing of the existing Arizona Public Service Company Maricopa 2009B pollution control bonds. The reoffering circular will follow in a few days. The bonds will be in VRDN mode and backed by a letter of credit from JPMorgan Chase Bank, N.A.

If possible, we would like to have a ratings confirmation letter no later than May 23rd. Thanks for your help and, as always, feel free to call me anytime with questions or concerns.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Monday, April 16, 2012 2:50 PM
To: 'michael_ferguson@standardandpoors.com'
Subject: APS Maricopa 2009B Pollution Control Bonds

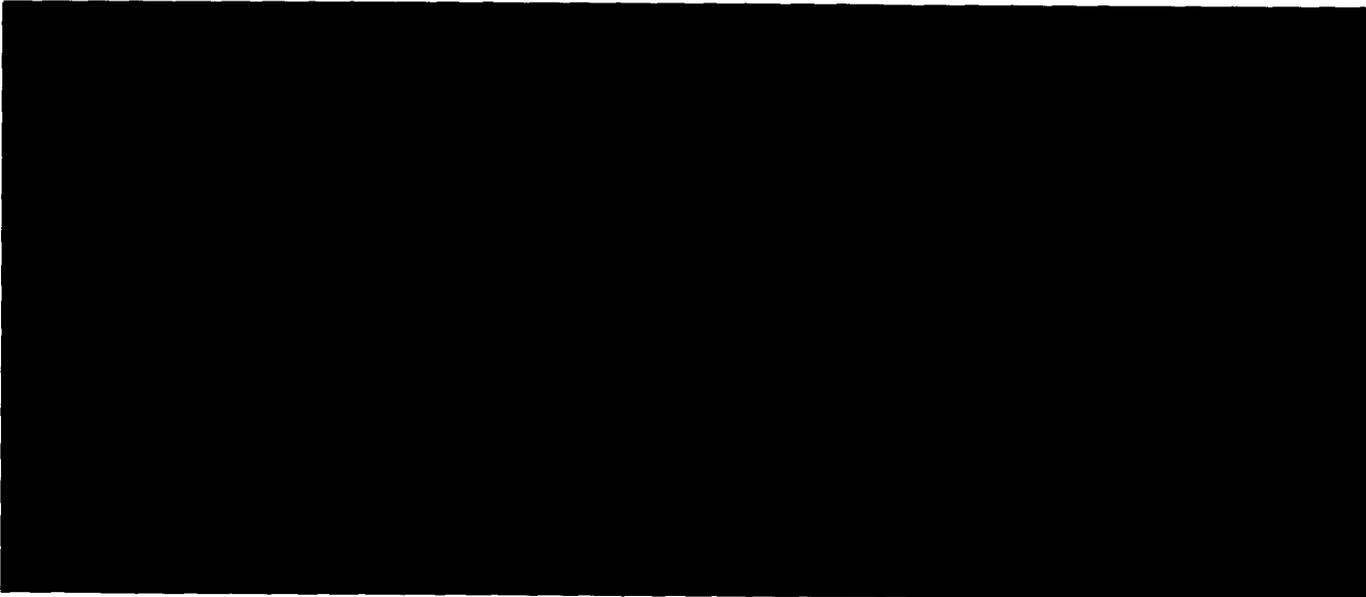
Hi Mike,

I wanted to let you know that Arizona Public Service plans on buying back the \$32 million of existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put rate-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds onto our balance sheet at that time and place them in VRDN mode. We will then reissue them in VRDN mode in late May or early June. As usual, we would need confirmation of the rating as part of the reissuance. JPMorgan Chase Bank, N.A. will be the letter of credit provider and J.P. Morgan Securities LLC will act as remarketing agent.

While we still have some time on this let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks for your help and I look forward to meeting you at some point,

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:25 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Sarti, Daniel
Sent: Monday, May 21, 2012 3:51 PM
To: 'emily.korot@moodys.com'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Emily,

I was curious if you could provide an estimated completion date for the Maricopa 2009B bonds mentioned in the emails below. We would like to mail final official statements by the middle of the week but require confirmation of the rating letter prior to that.

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Thursday, May 17, 2012 2:21 PM
To: 'Mangaroo, Chetara'
Cc: Moss, Mitchell; Baum, Shirley A
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Will do. Thanks Tara.

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Mangaroo, Chetara [mailto:Chetara.Mangaroo@moodys.com]
Sent: Thursday, May 17, 2012 11:45 AM
To: Sarti, Daniel
Cc: Moss, Mitchell; Baum, Shirley A
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Dan,

Emily will be the analyst for this transaction, Please add her to the distribution list.

Emily Korot

Analyst
Public Finance Group
Municipal Supported Products
212.553.3806 tel
212.298.6530 fax
emily.korot@moodys.com

Moody's Investors Service
7 World Trade Center
250 Greenwich Street
New York, NY 10007

Thanks!

Tara Mangaroo

Associate Analyst
Municipal Supported Products Group
World Trade Center
New York, N.Y.
T. +1 (212) 553-4441
F. +1 (212) 298-6416
www.Moodys.com
chetara.mangaroo@moodys.com

** Please note that Moody's analysts are not permitted to engage in any fee discussions or be privy to any rating fee information. Please do not include analysts in any fee related correspondence. If you have any questions or comments regarding the application or the fees, please contact Moody's Issuer Relations Team at 212.553.4055.

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 16, 2012 6:00 PM
To: Mangaroo, Chetara
Cc: Moss, Mitchell; Shirley.Baum@pinnaclewest.com
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Tara,

Here are the remaining documents you requested. Let me know if there is anything else you need.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Wednesday, May 16, 2012 2:02 PM
To: 'Mangaroo, Chetara'

Cc: Moss, Mitchell
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Tara,

I've attached the Indenture to this email and will follow with the other documents shortly.

From: Dan Sart
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Mangaroo, Chetara [mailto:Chetara.Mangaroo@moodys.com]
Sent: Wednesday, May 16, 2012 11:03 AM
To: Sarti, Daniel
Cc: Moss, Mitchell
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Dan, The Distribution list will be a list of the parties involved (Issuer, Borrower, Bond Counsel, Financial Advisors, Trustee, Underwriter) and the Financing Schedule are the key dates or timeline of events such as a printing, closing & anticipated rating date would be very helpful.

Thanks

Tara Mangaroo

Associate Analyst
Municipal Supported Products Group
World Trade Center
New York, N.Y.
T. +1 (212) 553-4441
F. +1 (212) 298-6416
www.Moodys.com
chetara.mangaroo@moodys.com

**** Please note that Moody's analysts are not permitted to engage in any fee discussions or be privy to any rating fee information. Please do not include analysts in any fee related correspondence. If you have any questions or comments regarding the application or the fees, please contact Moody's Issuer Relations Team at 212.553.4055.**

From: Mangaroo, Chetara
Sent: Wednesday, May 16, 2012 1:53 PM
To: Moss, Mitchell
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Mitchell, I received your VM.

In order to assign an analyst I will need the (Trust Indenture, Financing Schedule & Distribution List).

Thanks!

Tara Mangaroo

Associate Analyst
Municipal Supported Products Group
World Trade Center
New York, N.Y.
T. +1 (212) 553-4441
F. +1 (212) 298-6416
www.Moodys.com
chetara.mangaroo@moodys.com

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From: Moss, Mitchell
Sent: Wednesday, May 16, 2012 1:48 PM
To: Mangaroo, Chetara
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

Chetara,
Second of the two emails.

Mitchell

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Tuesday, May 15, 2012 1:37 PM
To: 'mitchell.moss@moodys.com'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Mitchell,

Per the email below I'm attaching a copy of the draft reoffering circular for the Maricopa 2009B bond remarketing. Let me know if there is any further documentation that you need to complete the rating confirmation letter.

Dan Sart

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Wednesday, May 09, 2012 2:05 PM
To: 'mitchell.moss@moodys.com'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Mitchell,

Pursuant to the email below that I sent on April 16, I'm attaching the Reimbursement Agreement and Letter of Credit Agreement related to the June 1st remarketing of the existing Arizona Public Service Company Maricopa 2009B pollution control bonds. The reoffering circular will follow in a few days. The bonds will be in VRDN mode and backed by a letter of credit from JPMorgan Chase Bank, N.A.

If possible, we would like to have a ratings confirmation letter no later than May 23rd. Thanks for your help and, as always, feel free to call me anytime with questions or concerns.

<< File: APS - 2012 Reimbursement Agreement (Maricopa Bonds).doc >> << File: APS - Letter of Credit (2012 Maricopa).doc >>

Dan Sart

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Monday, April 16, 2012 2:36 PM
To: 'mitchell.moss@moodys.com'
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Mitchell,

I wanted to let you know that APS plans on buying back the \$32 million of existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put rate-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds onto our balance sheet at that time and place them in VRDN mode. We will then reissue them in VRDN mode in late May or early June. As typical, we would need confirmation of the rating as part of the reissuance. JPMorgan Chase Bank, N.A. will be the letter of credit provider and J.P. Morgan Securities LLC will act as remarketing agent.

While we still have some time on this let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks as always for your help,

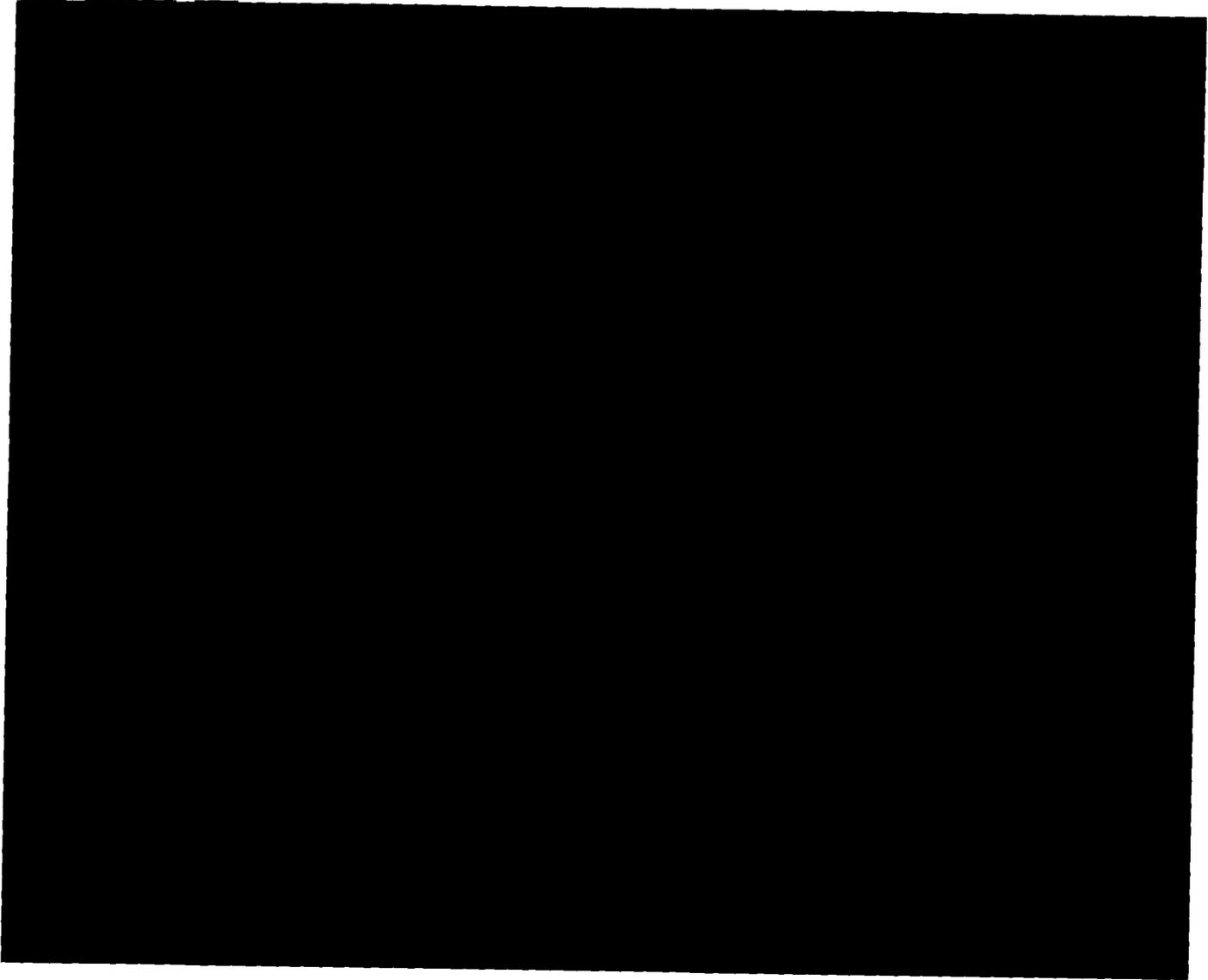
02/21/2011

Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:55 AM
To: Dolyniuk, Karen E
Subject: FW: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Tuesday, May 22, 2012 5:04 AM
To: Sarti, Daniel
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Dan,

That's correct, just wanted to see when it might be available. We can do the rating letter before that; just send it over when it's ready.

Regards,

Mike

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Monday, May 21, 2012 6:32 PM
To: Ferguson, Michael
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Hi Mike,

We have the Preliminary Reoffering Circular which I sent you but the "Final" won't be available until we price which is slated for the 24th. As soon as we price, we'll drop in the pricing information into the document and then circulate the final version. I assume you don't need that now for purposes of the rating letter?

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Monday, May 21, 2012 1:31 PM
To: Sarti, Daniel
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Dan,

By the way, do you have a final term sheet or final offering memorandum for this issue?

Mike

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Monday, May 21, 2012 3:35 PM
To: Ferguson, Michael
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Thanks Mike.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Monday, May 21, 2012 11:27 AM
To: Sarti, Daniel
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Dan,

I've put in the request, this shouldn't be a problem.

Regards,
Mike

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Monday, May 21, 2012 1:57 PM
To: Ferguson, Michael
Subject: RE: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Hi Mike,

With the remarketing of the Navajo 2009A bonds coming up this week I just wanted to make sure that we're on schedule to receive the ratings letter by Wednesday.

Feel free to call anytime,

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Wednesday, May 16, 2012 8:13 AM
To: 'Ferguson, Michael'
Subject: Preliminary Reoffering Circular - Navajo 2009B Pollution Control Bonds

Hi Mike,

Attached is the preliminary offering circular for the Navajo 2009A pollution control bonds that we will be remarketing in a 2-year put mode on June 1st.

We have a due diligence call scheduled for tomorrow afternoon and need a verbal ratings confirmation before the call. A formal ratings confirmation letter will be required prior to close.

Give me a call when you get a chance. Thanks.

Dan Sarti

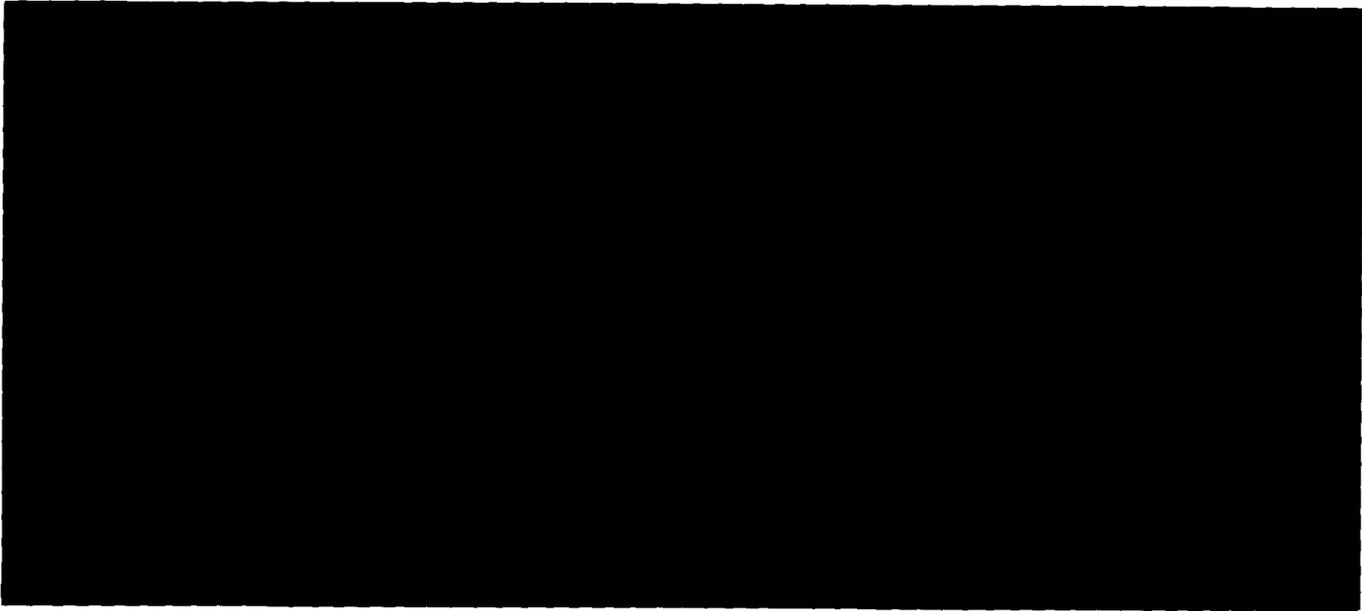
Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640

<< File: US_NE_501008208_5.doc >>



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:56 AM
To: Dolyniuk, Karen E
Subject: FW: PNW and APS Press Release
Attachments: PNW_APS_5.21.2012.pdf

From: Daniel.Neama@fitchratings.com [mailto:Daniel.Neama@fitchratings.com]
Sent: Tuesday, May 22, 2012 6:21 AM
To: Sarti, Daniel
Subject: RE: PNW and APS Press Release

Good morning,

My apologies. That was an old version. See attached.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com

From: <Daniel.Sarti@pinnaclewest.com>
To: <Daniel.Neama@fitchratings.com>, <Lee.Nickloy@PinnacleWest.com>
Date: 05/21/2012 06:52 PM
Subject: RE: PNW and APS Press Release

Hi Daniel,

I think this version still states "before 2014" for the equity issuance timeframe.

Dan

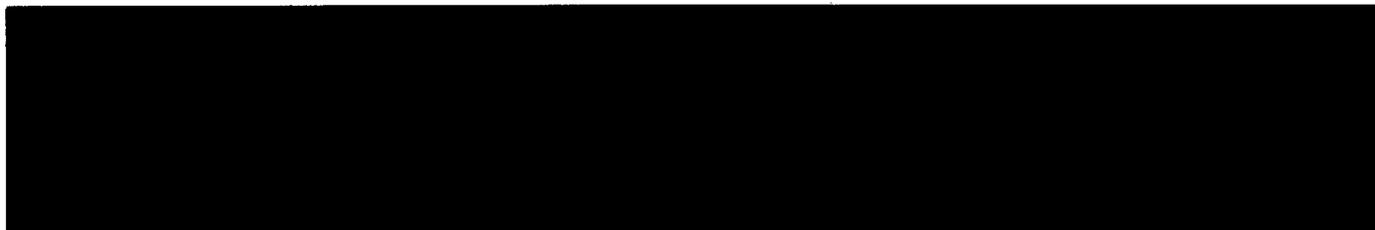
From: Daniel.Neama@fitchratings.com [mailto:Daniel.Neama@fitchratings.com]
Sent: Monday, May 21, 2012 3:46 PM

To: Nickloy, Lee R; Sarti, Daniel
Subject: PNW and APS Press Release

Good evening,

The press release went out this afternoon. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com





Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:56 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Tuesday, May 22, 2012 6:24 AM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hey Dan,

I am still looking over the documents today and had planned to take the transaction to committee either later this afternoon or tomorrow. I believe in your earlier emails, you asked for feedback by tomorrow (May 23rd), correct?

Also, as we discussed over the phone last week, we won't be able to provide a rating letter until the actual transaction closes (or the night before). However, I can send you an email with any follow-up items from committee or stating that committee had no further questions and the rating recommendation was to have the short-term and long-term ratings on the bonds reflect the ratings of the LOC Bank.

Thanks,
Tobin

Tobin Joseph
Standard & Poor's
55 Water Street, 41st Fl
New York, NY 10041
212-438-4960 tel

SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site.

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Monday, May 21, 2012 6:48 PM
To: Joseph, Tobin
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Tobin,

I was curious if you could provide an estimated completion date for the Maricopa 2009B bonds mentioned in the emails below. We would like to mail final official statements by the middle of the week but require confirmation of the rating letter prior to that.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Tuesday, May 15, 2012 5:13 PM
To: 'Joseph, Tobin'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Tobin,

Sorry for the delay. I was out of the office part of the afternoon. Attached is the Indenture you requested. Remarketing Agreement to follow when available.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Tuesday, May 15, 2012 12:28 PM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Dear Mr. Sarti,

Would you mind forwarding me copies of the Indenture and Remarketing Agreement?

Thanks,
Tobin

Tobin Joseph
Standard & Poor's
55 Water Street, 41st Fl
New York, NY 10041
212-438-4960 tel

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From: Seifer, Carla
Sent: Thursday, May 10, 2012 4:27 PM
To: 'Daniel.Sarti@pinnaclewest.com'
Cc: Joseph, Tobin
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Dan,

Tobin Joseph (copied on this email) will review. He may also be reached at (212) 438-4960.

Regards,

Carla

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From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Thursday, May 10, 2012 3:55 PM
To: Seifer, Carla
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Yes...

566854DN2

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Seifer, Carla [mailto:Carla_Seifer@standardandpoors.com]
Sent: Thursday, May 10, 2012 12:36 PM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Daniel,

Do you have a CUSIP?

Carla

"SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site."

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 09, 2012 5:07 PM
To: Seifer, Carla
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Carla,

Pursuant to our conversations and the email below, I'm attaching the Reimbursement Agreement and Letter of Credit Agreement related to the June 1st remarketing of the existing Arizona Public Service Company Maricopa 2009B pollution control bonds. The reoffering circular will follow in a few days. The bonds will be in VRDN mode and backed by a letter of credit from JPMorgan Chase Bank, N.A.

If possible, we would like to have a ratings confirmation letter no later than May 23rd. Thanks for your help and, as always, feel free to call me anytime with questions or concerns.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Monday, April 16, 2012 2:50 PM
To: 'michael_ferguson@standardandpoors.com'
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Mike,

I wanted to let you know that Arizona Public Service plans on buying back the \$32 million of existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put rate-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds onto our balance sheet at that time and place them in VRDN mode. We will then reissue them in VRDN mode in late May or early June. As usual, we would need confirmation of the rating as part of the reissuance. JPMorgan Chase Bank, N.A. will be the letter of credit provider and J.P. Morgan Securities LLC will act as remarketing agent.

While we still have some time on this let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks for your help and I look forward to meeting you at some point,

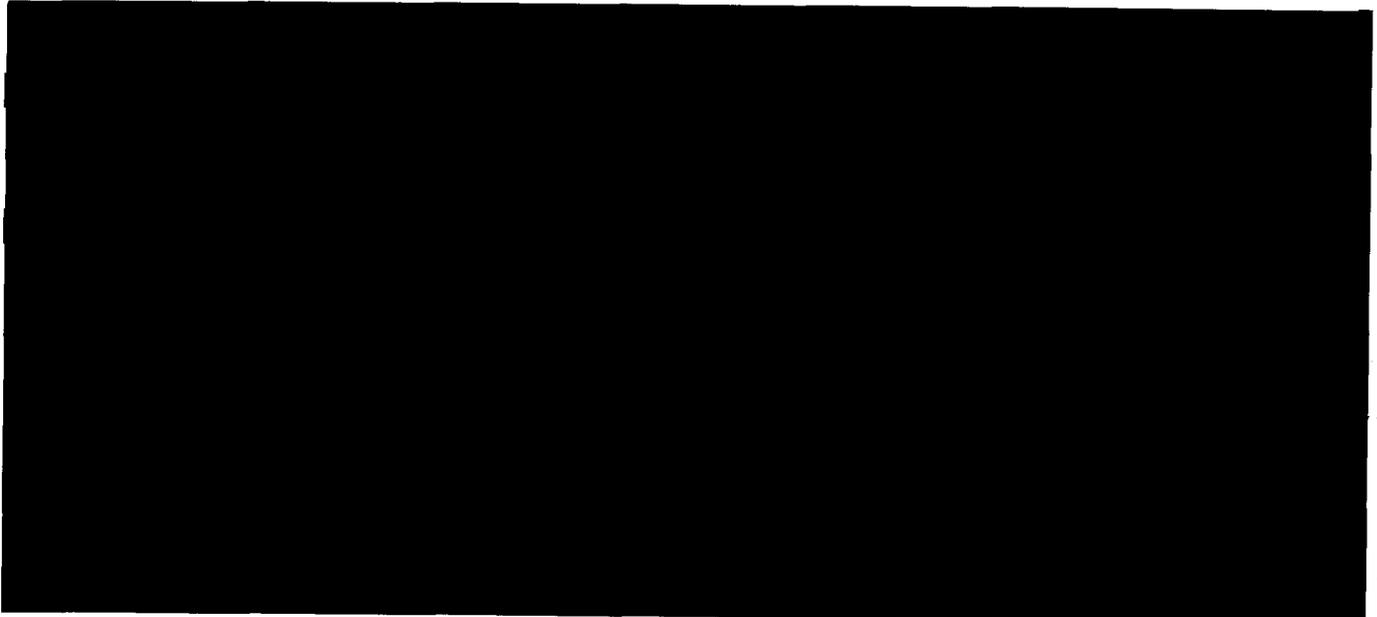
Dan Sarti

Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:56 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Tuesday, May 22, 2012 9:55 AM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Dear Dan,

My apologies. It looks like my committee is going to be pushed to 10AM on Thursday. That said, I scheduled time with some of the more senior LOC analysts tomorrow so that I can get you as much feedback as possible before close of business. I just won't be able to give you the official committee "ok" until about 10:30-11AM (NY time) on Thursday.

Sorry about that,
Tobin

Tobin Joseph
Standard & Poor's
55 Water Street, 41st Fl
New York, NY 10041
212-438-4960 tel

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To: Joseph, Tobin
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Hi Tobin,

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Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
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Subject: RE: APS Maricopa 2009B Pollution Control Bonds

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consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site.

From: Seifer, Carla
Sent: Thursday, May 10, 2012 4:27 PM
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Cc: Joseph, Tobin
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

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Sent: Thursday, May 10, 2012 3:55 PM
To: Seifer, Carla
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Yes...

566854DN2

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Seifer, Carla [mailto:Carla_Seifer@standardandpoors.com]
Sent: Thursday, May 10, 2012 12:36 PM
To: Sarti, Daniel
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Subject: APS Maricopa 2009B Pollution Control Bonds

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Manager - Corporate Finance
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Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
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To: 'michael_ferguson@standardandpoors.com'
Subject: APS Maricopa 2009B Pollution Control Bonds

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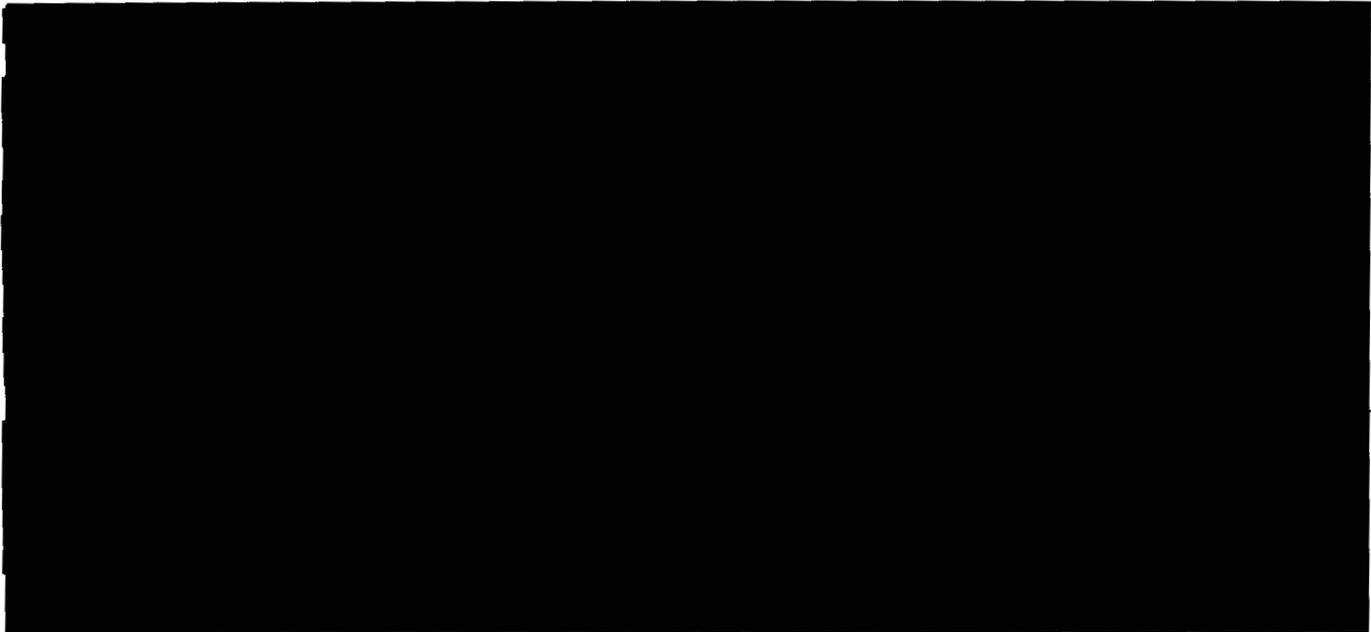
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While we still have some time on this let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks for your help and I look forward to meeting you at some point,

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:25 AM
To: Dolyniuk, Karen E
Subject: FW: APS Maricopa 2009B Pollution Control Bonds

From: Sarti, Daniel
Sent: Tuesday, May 22, 2012 11:50 AM
To: 'Joseph, Tobin'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Tobin,

Thanks for the feedback. That timing works for us.

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Tuesday, May 22, 2012 9:55 AM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Dear Dan,

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Sorry about that,
Tobin

Tobin Joseph
Standard & Poor's
55 Water Street, 41st Fl
New York, NY 10041
212-438-4960 tel

SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written

consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site.

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Monday, May 21, 2012 6:48 PM
To: Joseph, Tobin
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Tobin,

I was curious if you could provide an estimated completion date for the Maricopa 2009B bonds mentioned in the emails below. We would like to mail final official statements by the middle of the week but require confirmation of the rating letter prior to that.

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Tuesday, May 15, 2012 5:13 PM
To: 'Joseph, Tobin'
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Tobin,

Sorry for the delay. I was out of the office part of the afternoon. Attached is the Indenture you requested. Remarketing Agreement to follow when available.

[Redacted]
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Tuesday, May 15, 2012 12:28 PM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Dear Mr. Sarti,

Would you mind forwarding me copies of the Indenture and Remarketing Agreement?

Thanks,
Tobin

Tobin Joseph
Standard & Poor's
55 Water Street, 41st Fl
New York, NY 10041
212-438-4960 tel

SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site.

From: Seifer, Carla
Sent: Thursday, May 10, 2012 4:27 PM
To: 'Daniel.Sarti@pinnaclewest.com'
Cc: Joseph, Tobin
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Dan,

Tobin Joseph (copied on this email) will review. He may also be reached at (212) 438-4960.

Regards,

Carla

"SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site."

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Thursday, May 10, 2012 3:55 PM
To: Seifer, Carla
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Yes...

566854DN2

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Seifer, Carla [mailto:Carla_Seifer@standardandpoors.com]
Sent: Thursday, May 10, 2012 12:36 PM
To: Sarti, Daniel
Subject: RE: APS Maricopa 2009B Pollution Control Bonds

Hi Daniel,

Do you have a CUSIP?

Carla

"SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site."

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 09, 2012 5:07 PM
To: Seifer, Carla
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Carla,

Pursuant to our conversations and the email below, I'm attaching the Reimbursement Agreement and Letter of Credit Agreement related to the June 1st remarketing of the existing Arizona Public Service Company Maricopa 2009B pollution control bonds. The reoffering circular will follow in a few days. The bonds will be in VRDN mode and backed by a letter of credit from JPMorgan Chase Bank, N.A.

If possible, we would like to have a ratings confirmation letter no later than May 23rd. Thanks for your help and, as always, feel free to call me anytime with questions or concerns.

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Sarti, Daniel
Sent: Monday, April 16, 2012 2:50 PM

To: 'michael_ferguson@standardandpoors.com'
Subject: APS Maricopa 2009B Pollution Control Bonds

Hi Mike,

I wanted to let you know that Arizona Public Service plans on buying back the \$32 million of existing Maricopa 2009B tax-exempt pollution control bonds which are currently in a put rate-mode that matures on May 1st of this year. Since we will not be filing our 10Q by May 1st we will purchase the bonds onto our balance sheet at that time and place them in VRDN mode. We will then reissue them in VRDN mode in late May or early June. As usual, we would need confirmation of the rating as part of the reissuance. JPMorgan Chase Bank, N.A. will be the letter of credit provider and J.P. Morgan Securities LLC will act as remarketing agent.

While we still have some time on this let me know what documents or additional information you will need from us in order to complete the ratings confirmation.

Thanks for your help and I look forward to meeting you at some point,

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640



Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:50 PM
To: Dolyniuk, Karen E
Subject: FW: Electric rate changes

From: Nickloy, Lee R
Sent: Tuesday, May 22, 2012 11:31 AM
To: 'mitchell.moss@moodys.com'
Subject: Re: Electric rate changes

Mitchell,

We are working on it now. Sorry for the delay, just trying to communicate what we need done back to the group in Phoenix.

Lee

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Tuesday, May 22, 2012 11:27 AM
To: Nickloy, Lee R
Subject: Electric rate changes

Lee,
Any chance you can get me the table of expected rate changes today?

Thanks,
Mitchell

Mitchell Moss, CFA
Analyst
Global Infrastructure Finance Group
212.553.4478 tel
212.298.6478 fax
mitchell.moss@moodys.com
Moody's Investors Service
7 World Trade Center
250 Greenwich Street
New York, NY 10007



Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:49 PM
To: Dolyniuk, Karen E
Subject: FW: Electric rate changes

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Tuesday, May 22, 2012 11:28 AM
To: Nickloy, Lee R
Subject: Electric rate changes

Lee,
Any chance you can get me the table of expected rate changes today?

Thanks,
Mitchell

Mitchell Moss, CFA
Analyst
Global Infrastructure Finance Group
212.553.4478 tel
212.298.6478 fax
mitchell.moss@moodys.com

Moody's Investors Service
7 World Trade Center
250 Greenwich Street
New York, NY 10007

Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:50 PM
To: Dolyniuk, Karen E
Subject: FW: Electric rate changes

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Tuesday, May 22, 2012 11:32 AM
To: Nickloy, Lee R
Subject: RE: Electric rate changes

Thanks Lee. I was not sure if I was clear during our brief conversation yesterday late afternoon.

From: Lee.Nickloy@PinnacleWest.com [<mailto:Lee.Nickloy@PinnacleWest.com>]
Sent: Tuesday, May 22, 2012 2:31 PM
To: Moss, Mitchell
Subject: Re: Electric rate changes

Mitchell,

We are working on it now. Sorry for the delay, just trying to communicate what we need done back to the group in Phoenix.

Lee

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Tuesday, May 22, 2012 11:27 AM
To: Nickloy, Lee R
Subject: Electric rate changes

Lee,

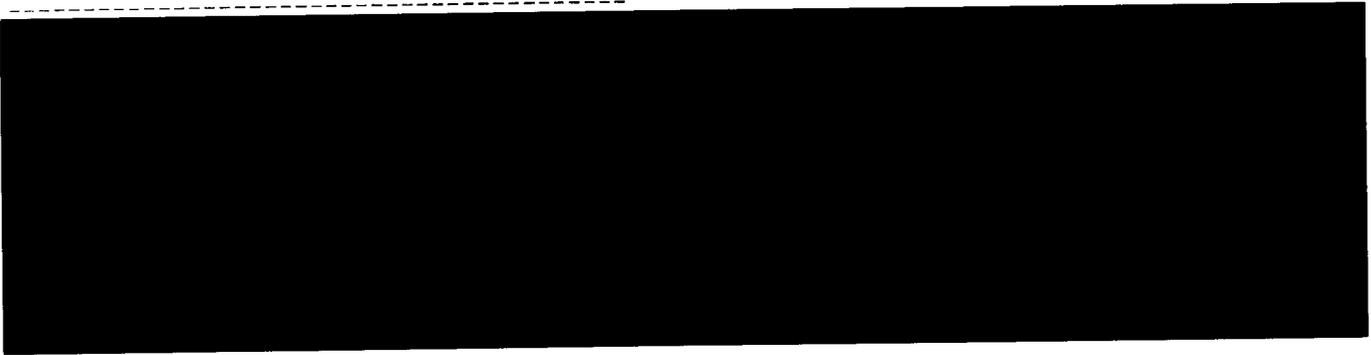
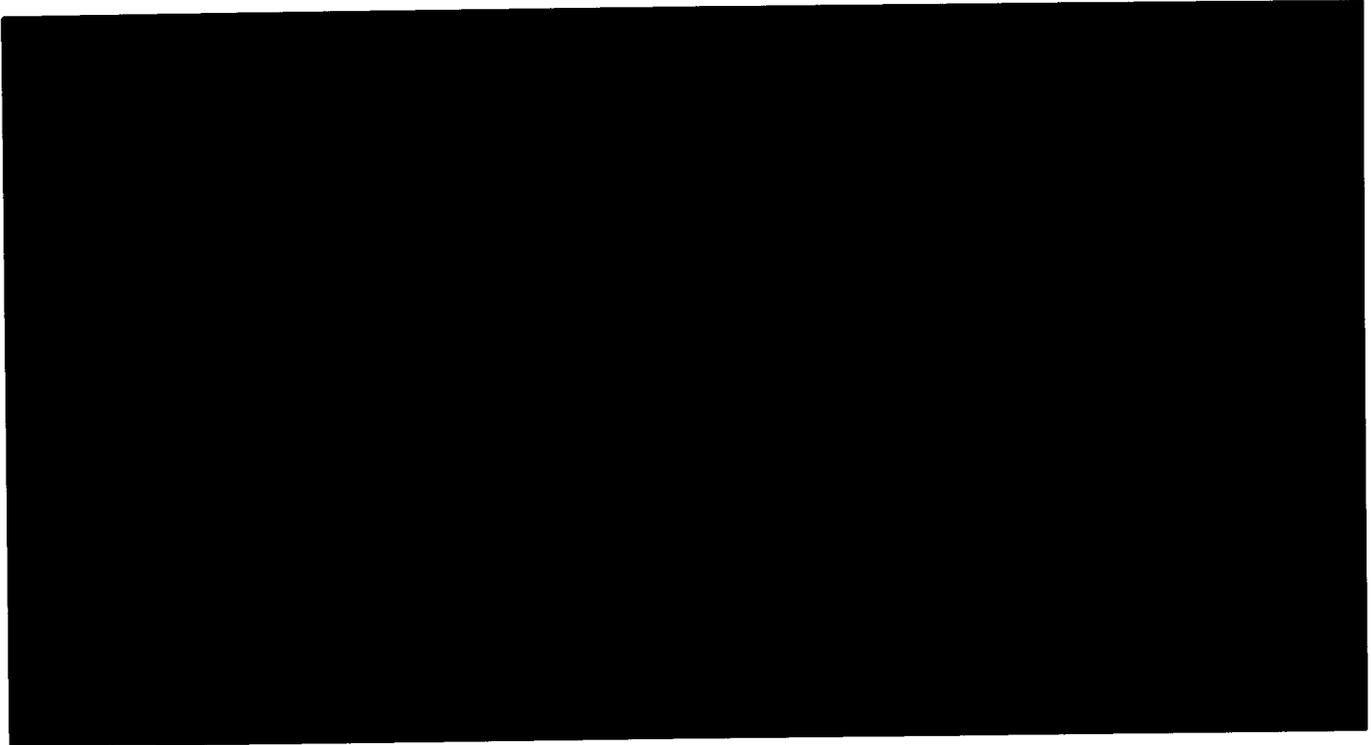
Any chance you can get me the table of expected rate changes today?

Thanks,
Mitchell

Mitchell Moss, CFA

Analyst
Global Infrastructure Finance Group
212.553.4478 tel
212.298.6478 fax
mitchell.moss@moodys.com

Moody's Investors Service
7 World Trade Center
250 Greenwich Street
New York, NY 10007



Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:50 PM
To: Dolyniuk, Karen E
Subject: FW: Moody's Incremental YOY Revenue Related to Rate Changes

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Tuesday, May 22, 2012 1:22 PM
To: Nickloy, Lee R
Cc: Ewen, Peter M
Subject: RE: Moody's Incremental YOY Revenue Related to Rate Changes

Thanks Lee. This is helpful.

From: Lee.Nickloy@PinnacleWest.com [<mailto:Lee.Nickloy@PinnacleWest.com>]
Sent: Tuesday, May 22, 2012 4:04 PM
To: Moss, Mitchell
Cc: Peter.Ewen@aps.com
Subject: Fw: Moody's Incremental YOY Revenue Related to Rate Changes

Mitchell,

As requested. Just to note, the revenue changes are solely related to changes in rate and do not include or reflect any change in revenues related to customer growth, weather or usage, nor have we assumed any fuel pass through changes based on future commodity prices.

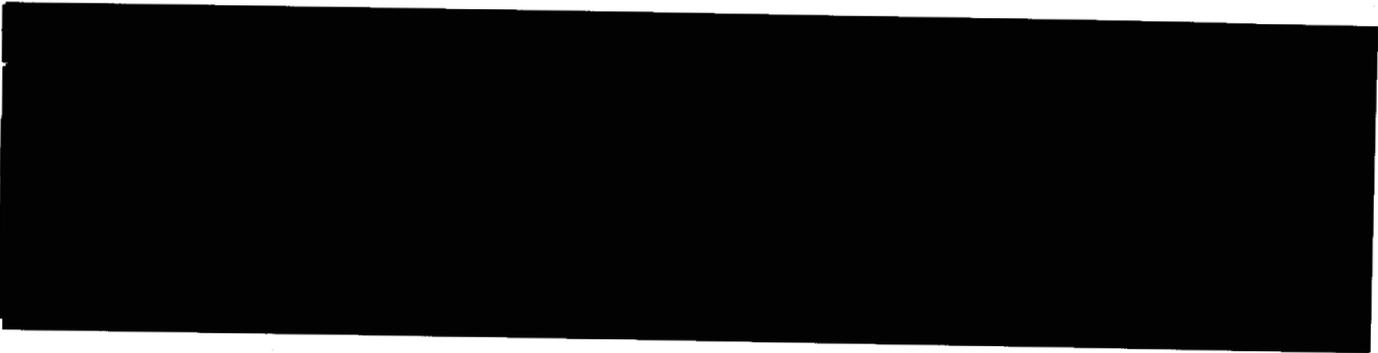
Lee

From: Allen, Russell G
Sent: Tuesday, May 22, 2012 01:00 PM
To: Ewen, Peter M; Nickloy, Lee R
Cc: Croucher, Matthew
Subject: Moody's Incremental YOY Revenue Related to Rate Changes

<<Moody's Incremental Rev Table.xls>>

[Redacted]

[Redacted]



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:26 AM
To: Dolyniuk, Karen E
Subject: FW: PNW and APS Press Release

From: Sarti, Daniel
Sent: Tuesday, May 22, 2012 1:32 PM
To: 'Daniel.Neama@fitchratings.com'
Subject: RE: PNW and APS Press Release

No problem at all.

One more request.. can we have an updated ratings confirmation letter on the Navajo 2009A bonds that reflect the updated rating?

Daniel Neama
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Daniel.Neama@fitchratings.com [mailto:Daniel.Neama@fitchratings.com]
Sent: Tuesday, May 22, 2012 6:21 AM
To: Sarti, Daniel
Subject: RE: PNW and APS Press Release

Good morning,

My apologies. That was an old version. See attached.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com

From: <Daniel.Sarti@pinnaclewest.com>
To: <Daniel.Neama@fitchratings.com>, <Lee.Nickloy@PinnacleWest.com>
Date: 05/21/2012 06:52 PM
Subject: RE: PNW and APS Press Release

Hi Daniel,

I think this version still states "before 2014" for the equity issuance timeframe.

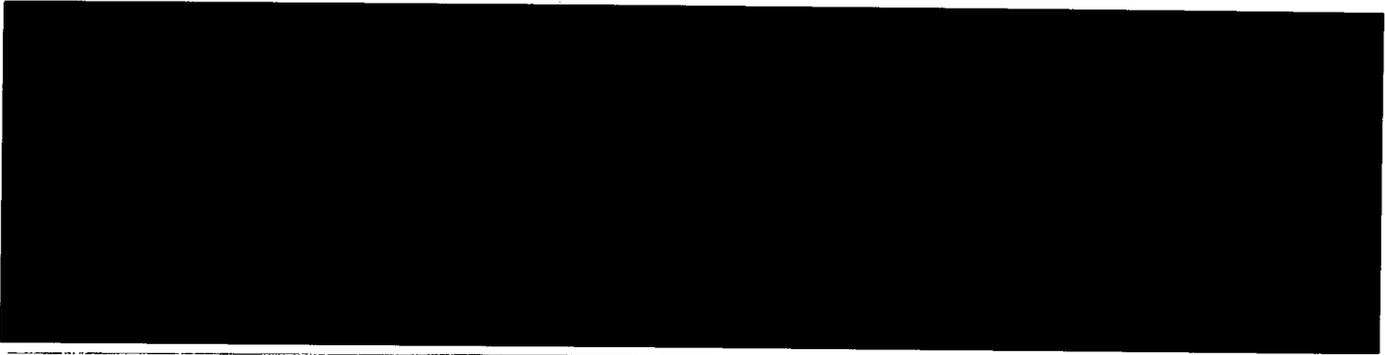
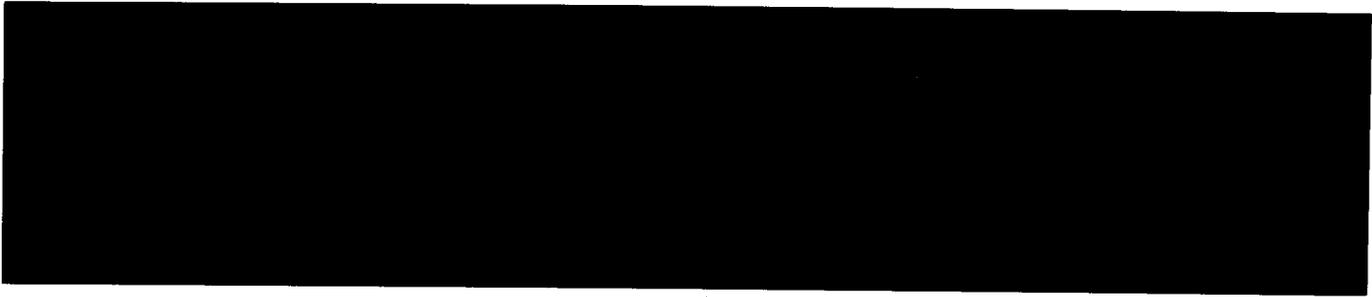
Dan

From: Daniel.Neama@fitchratings.com [<mailto:Daniel.Neama@fitchratings.com>]
Sent: Monday, May 21, 2012 3:46 PM
To: Nickloy, Lee R; Sarti, Daniel
Subject: PNW and APS Press Release

Good evening,

The press release went out this afternoon. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:26 AM
To: Dolyniuk, Karen E
Subject: FW: Maricopa 2009B Credit Rating

From: Sarti, Daniel
Sent: Tuesday, May 22, 2012 3:18 PM
To: 'Nicole.Wood@fitchratings.com'
Subject: RE: Maricopa 2009B Credit Rating

Thanks Nicole,

I know this is quite rushed but I'm wondering if you have an estimate for the completion time of your review.

Thank you very much for your help!

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Nicole.Wood@fitchratings.com [mailto:Nicole.Wood@fitchratings.com]
Sent: Monday, May 21, 2012 12:08 PM
To: Sarti, Daniel
Subject: Re: Maricopa 2009B Credit Rating

Thank you Daniel. I will begin my review and let you know if there is anything else I require for the rating process. Kind regards, Nicole

Nicole Markou Wood
Fitch Ratings
Municipal Structured Finance
One State Street Plaza
New York, NY 10004
Tel: (212) 908-0500 Ext. 1930
Email: nicole.wood@fitchratings.com

From: <Daniel.Sarti@pinnaclewest.com>
To: <nicole.wood@fitchratings.com>
CC: <trudy.zibit@fitchratings.com>
Date: 05/21/2012 01:33 PM
Subject: Maricopa 2009B Credit Rating

Hi Nicole,

Per a conversation with Trudy Zibit, I am forwarding you the documents required for the rating of the Arizona Public Service pollution control bond series Maricopa 2009B. These bonds will be remarketed in VRDN mode and backed by a letter of credit from JPMorgan Chase Bank, N.A.

Let me know if there is any further documentation required to get started on the rating. We will have a letter from our Trustee sent shortly. Thanks for your expedited attention.

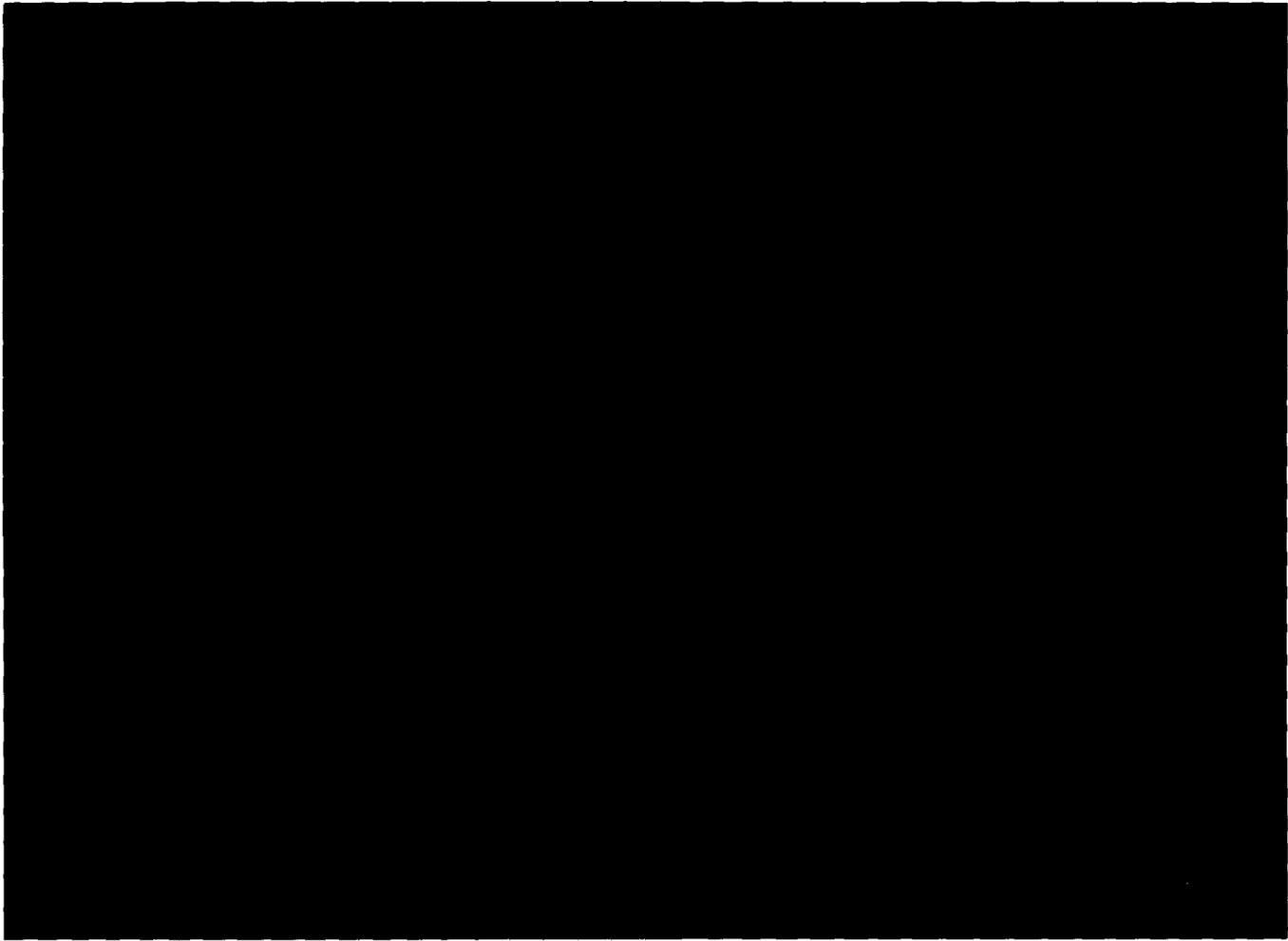
Best regards,

Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:26 AM
To: Dolyniuk, Karen E
Subject: FW: Maricopa 2009B Credit Rating

From: Sarti, Daniel
Sent: Wednesday, May 23, 2012 6:33 AM
To: 'Nicole.Wood@fitchratings.com'
Subject: RE: Maricopa 2009B Credit Rating

Hi Nicole,

I will ask our legal group if these are ready and forward to you asap. It is true that our remarketing occurs June 1 and we need the ratings confirmation letter prior to that. But we also need a verbal confirmation by the end of day Friday so that we can mail the final documents at that time.

-----Original Message-----

From: Nicole.Wood@fitchratings.com [Nicole.Wood@fitchratings.com]
Sent: Wednesday, May 23, 2012 06:19 AM US Mountain Standard Time
To: Sarti, Daniel
Subject: RE: Maricopa 2009B Credit Rating

I am working towards the date I was given by Trudy. She told me you were planning on closing on June 1st? Is that correct?

Would you also be able to forward me the legal opinions? Specifically bond counsel and bank counsel opinion. We typically ask for reliance language in the bank counsel opinion.

Many thanks,
Nicole

Nicole Markou Wood
Fitch Ratings
Municipal Structured Finance
One State Street Plaza
New York, NY 10004
Tel: (212) 908-0500 Ext. 1930
Email: nicole.wood@fitchratings.com

From: <Daniel.Sarti@pinnaclewest.com>
To: <Nicole.Wood@fitchratings.com>
Date: 05/22/2012 06:18 PM
Subject: RE: Maricopa 2009B Credit Rating

Thanks Nicole,

I know this is quite rushed but I'm wondering if you have an estimate for the completion time of your review.

Thank you very much for your help!

[mailto:sarti]

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Nicole.Wood@fitchratings.com [mailto:Nicole.Wood@fitchratings.com]
Sent: Monday, May 21, 2012 12:08 PM
To: Sarti, Daniel
Subject: Re: Maricopa 2009B Credit Rating

Thank you Daniel. I will begin my review and let you know if there is anything else I require for the rating process. Kind regards, Nicole

Nicole Markou Wood
Fitch Ratings
Municipal Structured Finance
One State Street Plaza
New York, NY 10004
Tel: (212) 908-0500 Ext. 1930
Email: nicole.wood@fitchratings.com

From: <Daniel.Sarti@pinnaclewest.com>
To: <nicole.wood@fitchratings.com>
Cc: <trudy.zibit@fitchratings.com>
Date: 05/21/2012 01:33 PM
Subject: Maricopa 2009B Credit Rating

Hi Nicole,

Per a conversation with Trudy Zibit, I am forwarding you the documents required for the rating of the Arizona Public Service pollution control bond series Maricopa 2009B. These bonds will be remarketed in VRDN mode and backed by a letter of credit from JPMorgan Chase Bank, N.A.

Let me know if there is any further documentation required to get started on the rating. We will have a letter from our Trustee sent shortly. Thanks for your expedited attention.

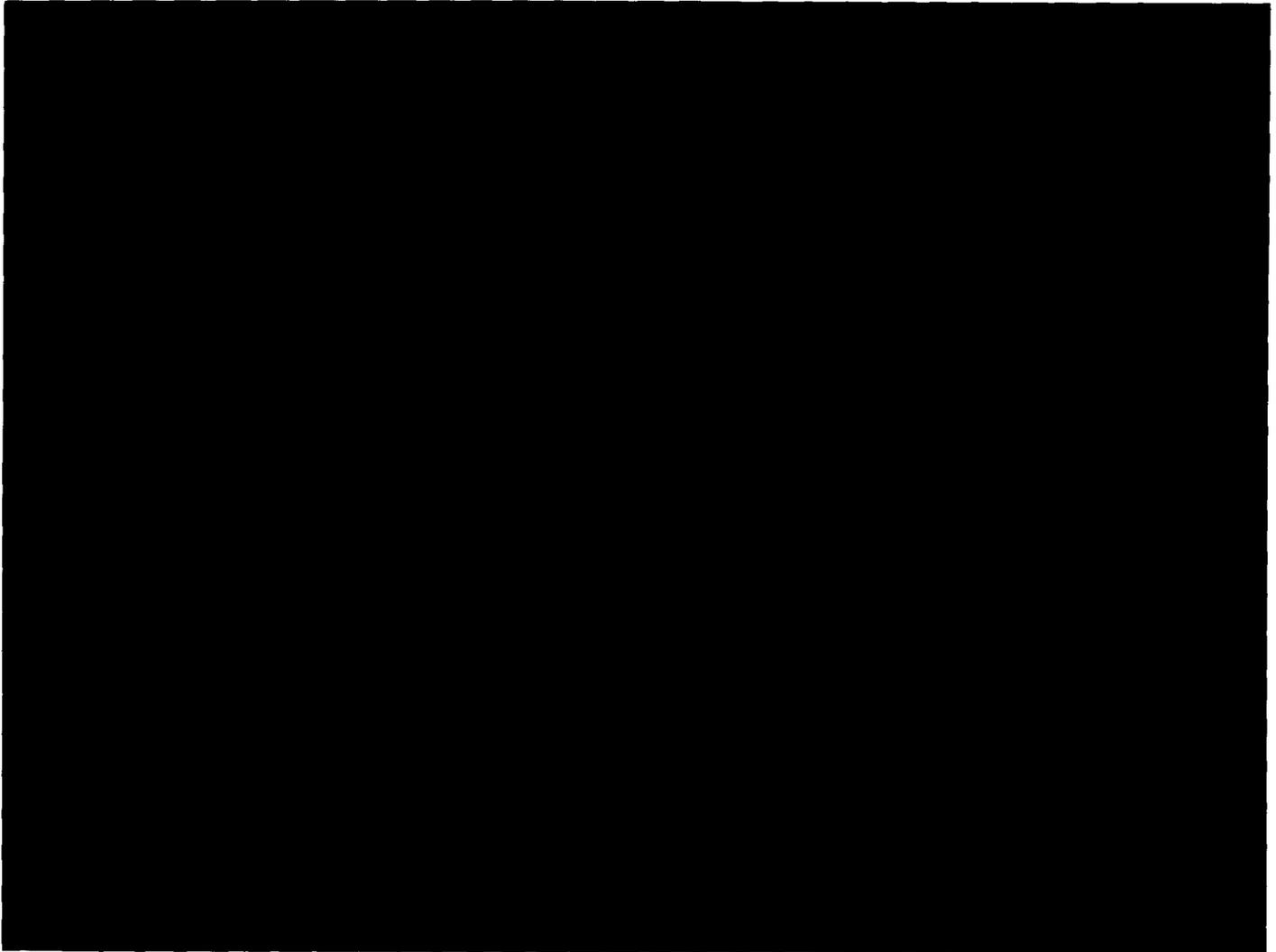
02/14/17

Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640





Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:27 AM
To: Dolyniuk, Karen E
Subject: FW: Maricopa 2009B Credit Rating

From: Sarti, Daniel
Sent: Wednesday, May 23, 2012 6:39 AM
To: 'Nicole.Wood@fitchratings.com'
Subject: RE: Maricopa 2009B Credit Rating

May 25th

-----Original Message-----

From: Nicole.Wood@fitchratings.com [Nicole.Wood@fitchratings.com]
Sent: Wednesday, May 23, 2012 06:37 AM US Mountain Standard Time
To: Sarti, Daniel
Subject: RE: Maricopa 2009B Credit Rating

Hi Dan, the end of day which Friday? June 1st or May 25th?

Nicole Markou Wood
Fitch Ratings
Municipal Structured Finance
One State Street Plaza
New York, NY 10004
Tel: (212) 908-0500 Ext. 1930
Email: nicole.wood@fitchratings.com

From: <Daniel.Sarti@pinnaclewest.com>
To: <Nicole.Wood@fitchratings.com>
Date: 05/23/2012 09:33 AM
Subject: RE: Maricopa 2009B Credit Rating

Hi Nicole,

I will ask our legal group if these are ready and forward to you asap. It is true that our remarketing occurs June 1 and we need the ratings confirmation letter prior to that. But we also need a verbal confirmation by the end of day Friday so that we can mail the final documents at that time.

-----Original Message-----

From: Nicole.Wood@fitchratings.com
To: 'Nicole.Wood@fitchratings.com' [Nicole.Wood@fitchratings.com]
Sent: Wednesday, May 23, 2012 06:19 AM US Mountain Standard Time
To: Sarti, Daniel

Subject: RE: Maricopa 2009B Credit Rating

I am working towards the date I was given by Trudy. She told me you were planning on closing on June 1st? Is that correct?

Would you also be able to forward me the legal opinions? Specifically bond counsel and bank counsel opinion. We typically ask for reliance language in the bank counsel opinion.

Many thanks,
Nicole

Nicole Markou Wood
Fitch Ratings
Municipal Structured Finance
One State Street Plaza
New York, NY 10004
Tel: (212) 908-0500 Ext. 1930
Email: nicole.wood@fitchratings.com

From: <Daniel.Sarti@pinnaclewest.com>
To: <Nicole.Wood@fitchratings.com>
Date: 05/22/2012 04:18 PM
Subject: RE: Maricopa 2009B Credit Rating

Thanks Nicole,

I know this is quite rushed but I'm wondering if you have an estimate for the completion time of your review.

Thank you very much for your help!

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-3640

From: Nicole.Wood@fitchratings.com [mailto:Nicole.Wood@fitchratings.com]
Sent: Monday, May 21, 2012 12:08 PM
To: Sarti, Daniel
Subject: Re: Maricopa 2009B Credit Rating

Thank you Daniel. I will begin my review and let you know if there is anything else I require for the rating process. Kind regards, Nicole

Nicole Markou Wood
Fitch Ratings
Municipal Structured Finance
One State Street Plaza
New York, NY 10004
Tel: (212) 908-0500 Ext. 1930
Email: nicole.wood@fitchratings.com

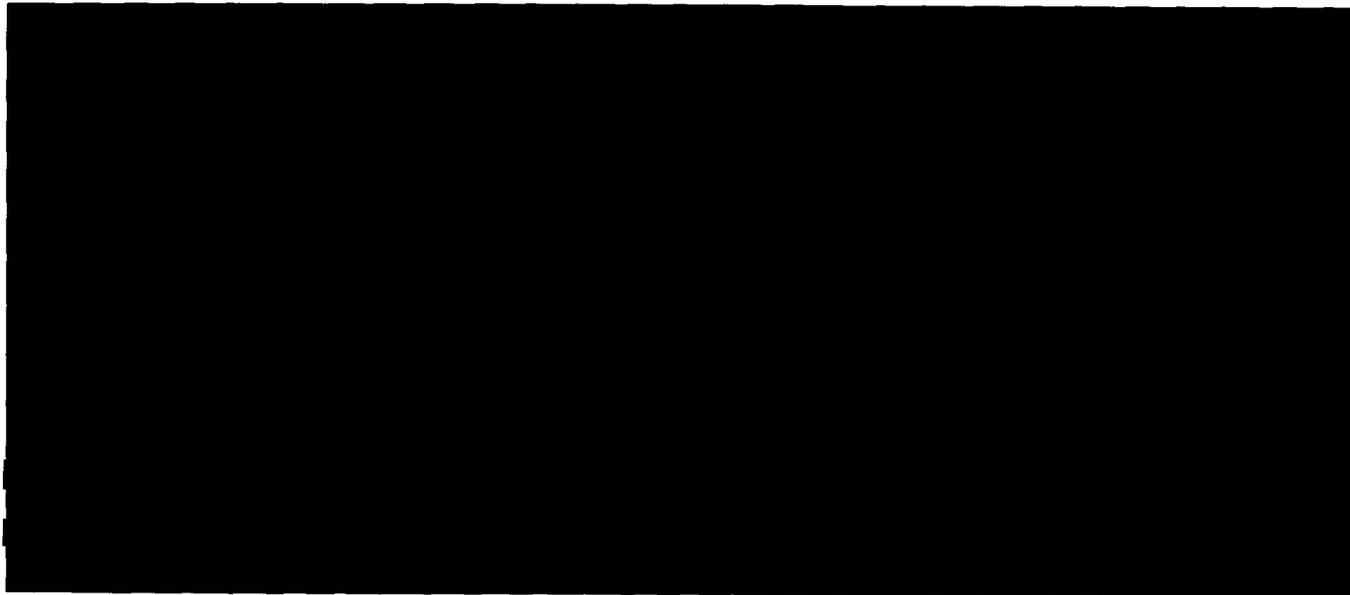
From: <Daniel.Sarti@pinnaclewest.com>
To: <nicole.woods@fitchratings.com>
Cc: <trudy.zibit@fitchratings.com>
Date: 05/21/2012 01:33 PM
Subject: Maricopa 2009B Credit Rating

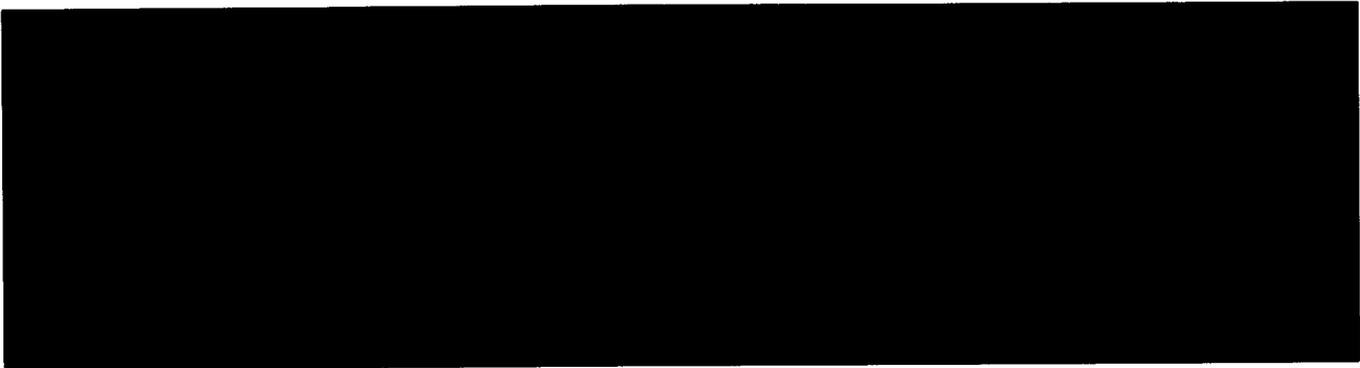
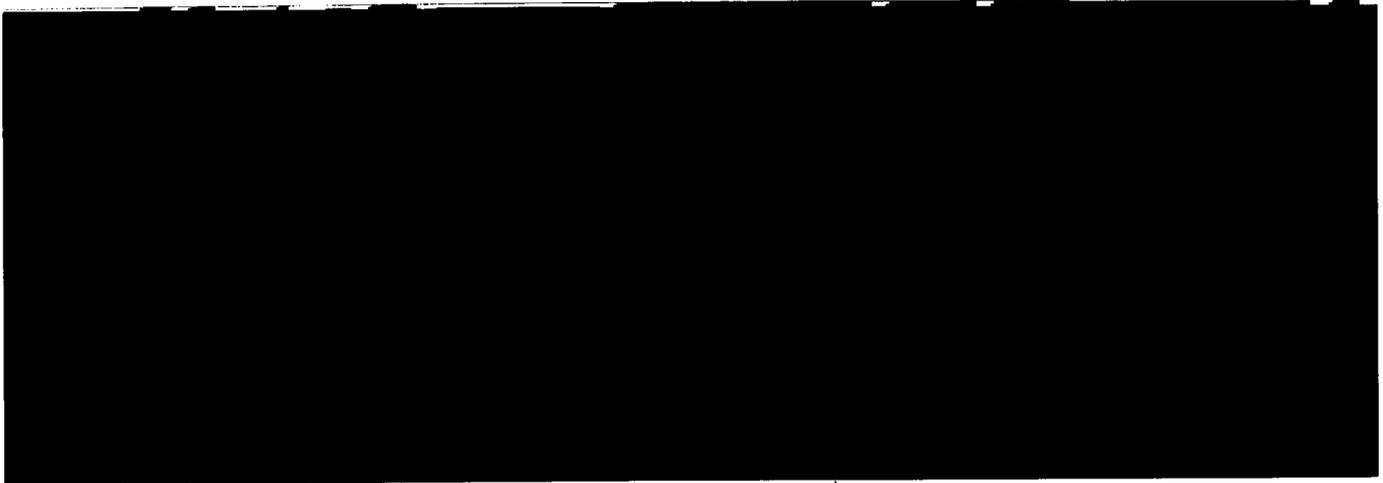
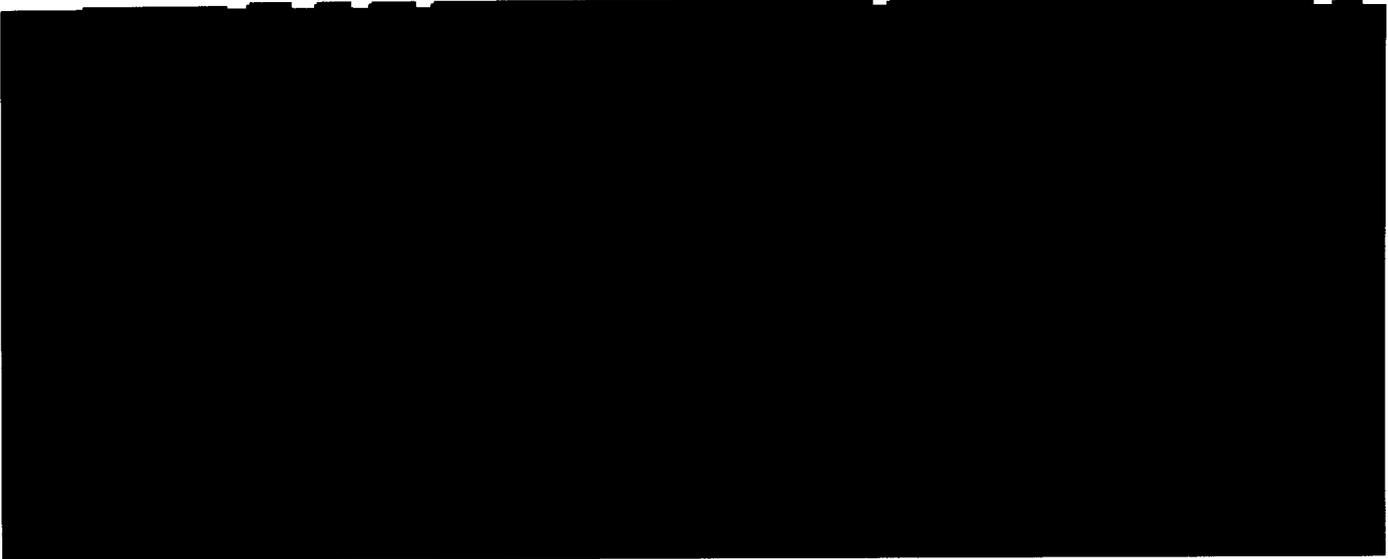
Hi Nicole,

Per a conversation with Trudy Zibit, I am forwarding you the documents required for the rating of the Arizona Public Service pollution control bond series Maricopa 2009B. These bonds will be remarketed in VRDN mode and backed by a letter of credit from JPMorgan Chase Bank, N.A.

Let me know if there is any further documentation required to get started on the rating. We will have a letter from our Trustee sent shortly. Thanks for your expedited attention.

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640





Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:27 AM
To: Dolyniuk, Karen E
Subject: FW: Rating Letter for Navajo 2009A

From: Sarti, Daniel
Sent: Wednesday, May 23, 2012 9:21 AM
To: 'Daniel.Neama@fitchratings.com'
Subject: RE: Rating Letter for Navajo 2009A

Thank you!

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Daniel.Neama@fitchratings.com [mailto:Daniel.Neama@fitchratings.com]
Sent: Wednesday, May 23, 2012 9:20 AM
To: Sarti, Daniel
Subject: RE: Rating Letter for Navajo 2009A

Good morning Dan,

As discussed. Please find the requested rating letter attached. Additionally, I am mailing you a paper copy as well. If you need anything else please let me know. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com

From: <Daniel.Sarti@pinnaclewest.com>
To: <Daniel.Neama@fitchratings.com>
Date: 05/22/2012 04:31 PM
Subject: RE: PNW and APS Press Release

No problem at all.

One more request.. can we have an updated ratings confirmation letter on the Navajo 2009A bonds that reflect the updated rating?

Dan Sarti

Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640

From: Daniel.Neama@fitchratings.com [<mailto:Daniel.Neama@fitchratings.com>]

Sent: Tuesday, May 22, 2012 6:21 AM

To: Sarti, Daniel

Subject: RE: PNW and APS Press Release

Good morning,

My apologies. That was an old version. See attached.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com

From: <Daniel.Sarti@pinnaclewest.com>

To: <Daniel.Neama@fitchratings.com>, <Lee.Nickloy@PinnacleWest.com>

Date: 05/21/2012 06:52 PM

Subject: RE: PNW and APS Press Release

Hi Daniel,

I think this version still states "before 2014" for the equity issuance timeframe.

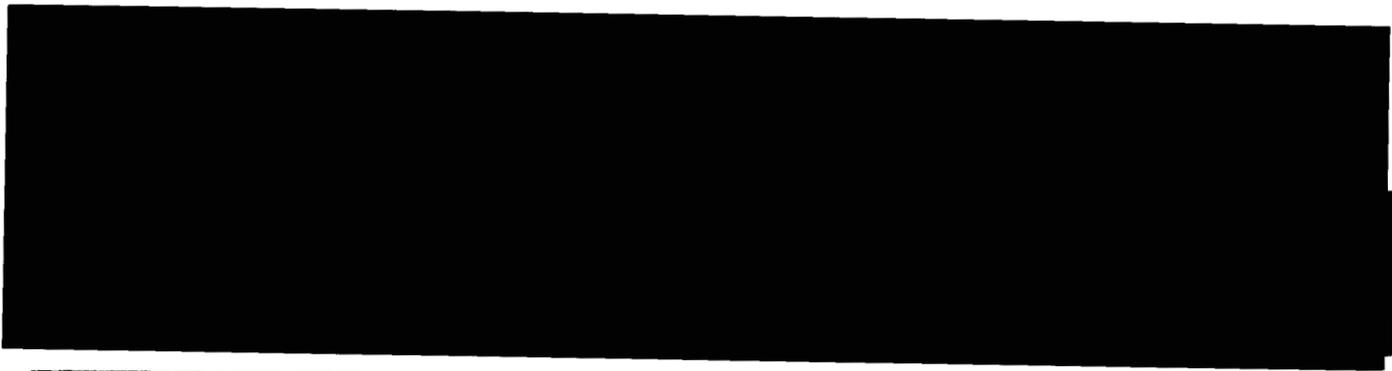
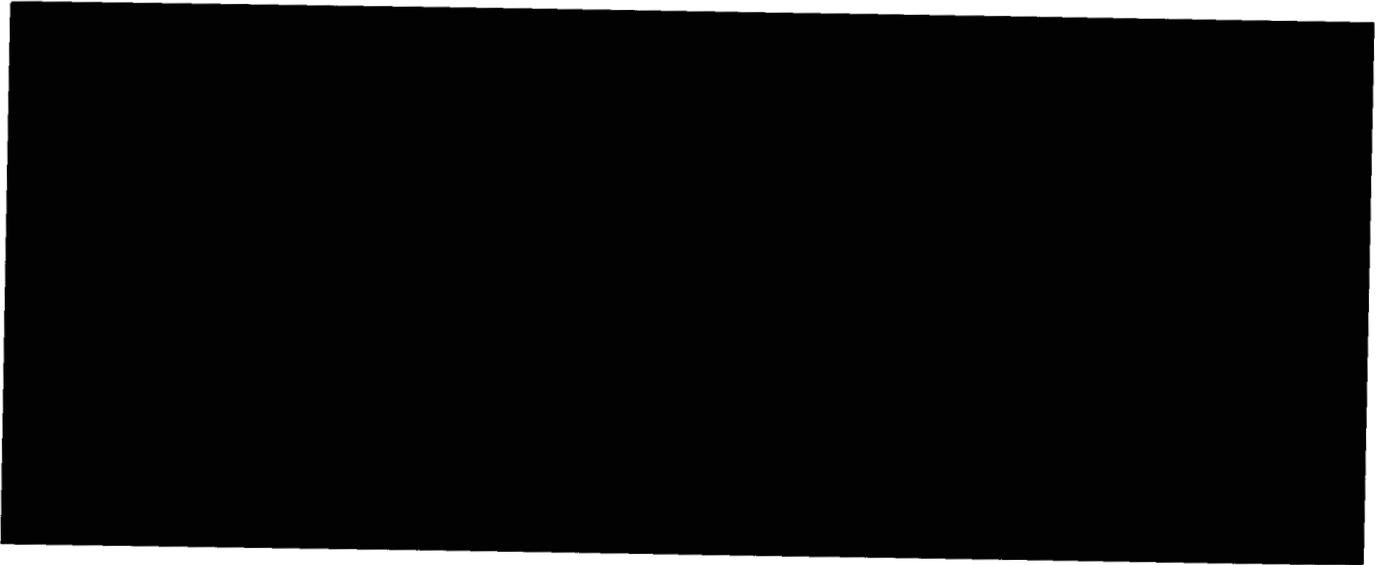
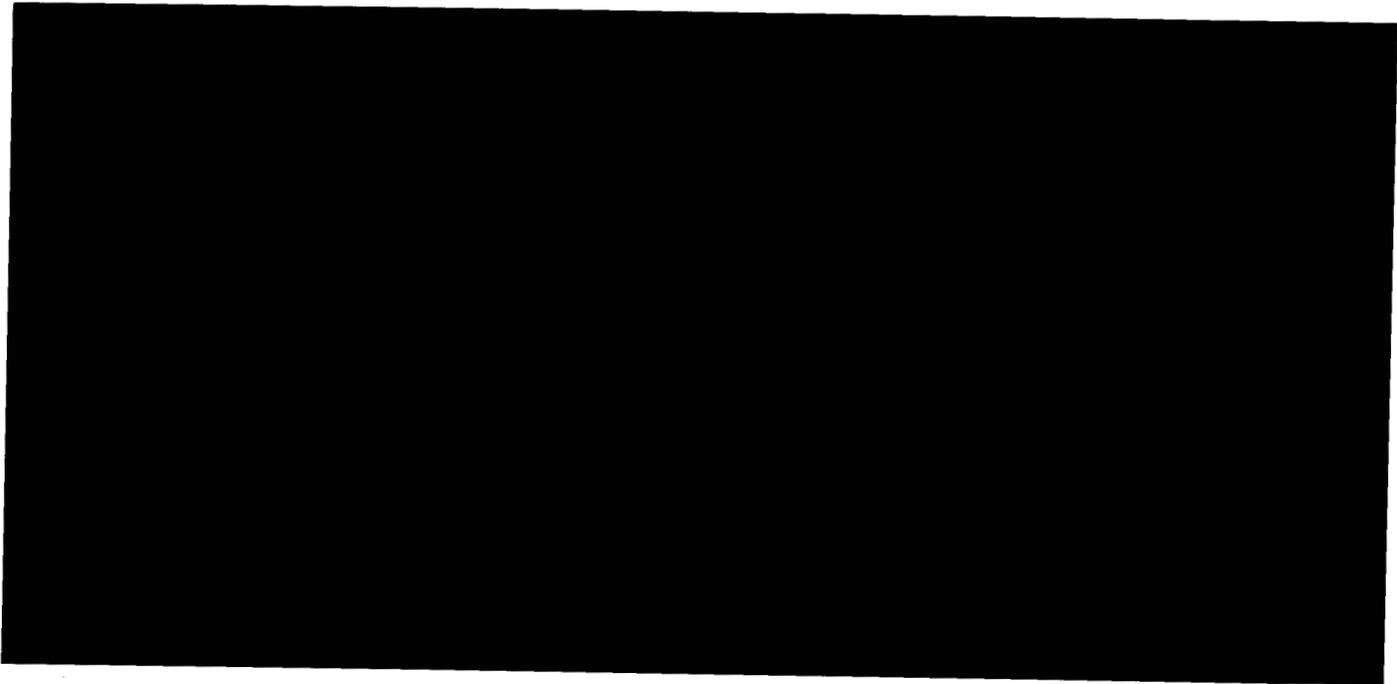
Dan

From: Daniel.Neama@fitchratings.com [<mailto:Daniel.Neama@fitchratings.com>]
Sent: Monday, May 21, 2012 3:46 PM
To: Nickloy, Lee R; Sarti, Daniel
Subject: PNW and APS Press Release

Good evening,

The press release went out this afternoon. Thanks.

Daniel Neama
Associate Director
Fitch Ratings | Global Power
Phone: 1-212-908-0561
Fax: 1-212-635-0469
Email: Daniel.Neama@FitchRatings.com



Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:58 AM
To: Dolyniuk, Karen E
Subject: FW: Contact information

From: Rogow, Ian [<mailto:Ian.Rogow@moodys.com>]
Sent: Wednesday, May 23, 2012 10:54 AM
To: Sarti, Daniel
Subject: Contact information

Dan,

Please find my contact information in my signature below.

Best,

Ian M. Rogow, Esq.
Associate Analyst
Municipal Supported Products Group
212.553.1742 tel
212.298.7181 fax
ian.rogow@moodys.com

Moody's Investor Services
7 World Trade Center
250 Greenwich Street
New York, NY 10007
www.moodys.com

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Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 23, 2012 10:29 AM
To: Dolyniuk, Karen
Subject: FW: APS Navajo 2009A Pollution Control Bonds

From: Sarti, Daniel
Sent: Wednesday, May 23, 2012 11:03 AM
To: 'Moss, Mitchell'
Subject: APS Navajo 2009A Pollution Control Bonds

Hi Mitchell,

I left you a voicemail earlier today. I'm hoping to be able to get a verbal confirmation of the rating for the Navajo 2009A bonds asap. Please give me a call when you have a chance.

Thanks!

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sartl, Daniel
Sent: Wednesday, May 23, 2012 10:29 AM
To: Dolyniuk, Karen
Subject: FW: ArizonaPublicService_RL_2012May23_NavajoCnty\$38,150mil.pdf

From: Sartl, Daniel
Sent: Wednesday, May 23, 2012 11:40 AM
To: 'Ferguson, Michael'
Subject: RE: ArizonaPublicService_RL_2012May23_NavajoCnty\$38,150mil.pdf

Thank you Mike.

Dan Sartl
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Ferguson, Michael [<mailto:michael.ferguson@standardandpoors.com>]
Sent: Wednesday, May 23, 2012 11:31 AM
To: Sartl, Daniel
Subject: FW: ArizonaPublicService_RL_2012May23_NavajoCnty\$38,150mil.pdf

As Requested...

From: Colonna, Domenica
Sent: Wednesday, May 23, 2012 2:30 PM
To: lee.nickloy@pinnaclewest.com
Cc: Ferguson, Michael
Subject: ArizonaPublicService_RL_2012May23_NavajoCnty\$38,150mil.pdf

Attached please find the Rating Letter and Terms & Conditions for the transaction referred to above. Should you have any questions regarding the rating please contact the analyst named in the letter.

Thank you for choosing Standard & Poor's.

Regards,

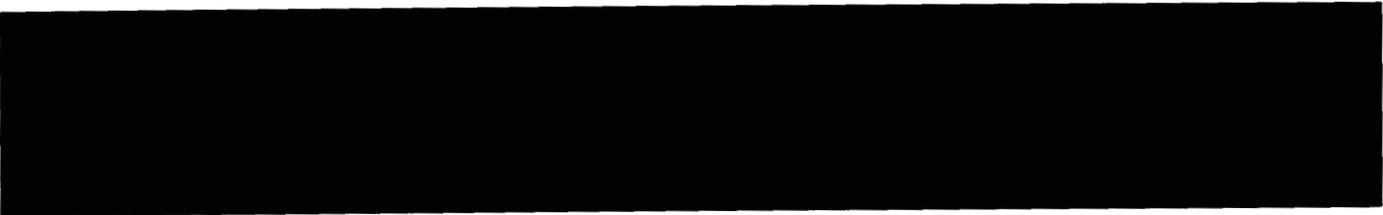
Domenica Colonna

Domenica Colonna
STANDARD

**& POOR'S
RATINGS SERVICES**
Corporate Ratings
55 Water Street, 39th fl
New York, NY 10041

212-438-3068

domenica_colonna@sandp.com



Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:50 PM
To: Dolyniuk, Karen E
Subject: FW: Draft Press Release

From: Nickloy, Lee R
Sent: Wednesday, May 23, 2012 3:48 PM
To: 'Moss, Mitchell'
Subject: RE: Draft Press Release

Mitchell,

We find no factual inaccuracies or unintentional disclosure of non-public information.

Lee

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Wednesday, May 23, 2012 2:07 PM
To: Nickloy, Lee R
Subject: Draft Press Release

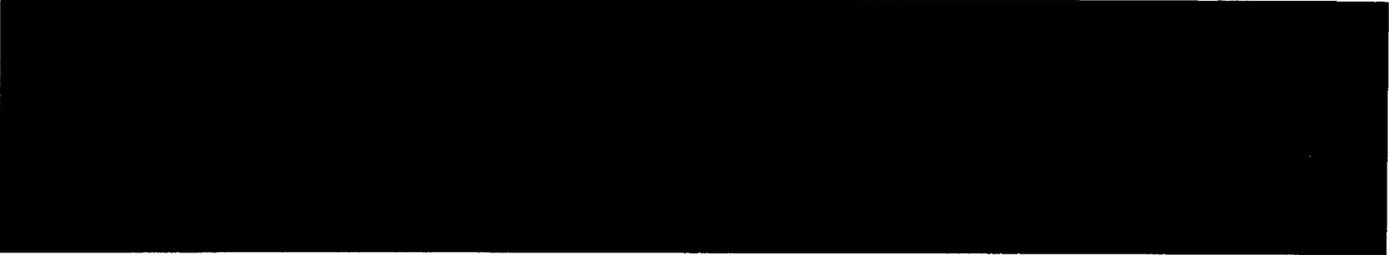
Lee,

I am sending the attached draft press release for your review, to give you the opportunity to draw attention to any factual errors and/or inadvertent disclosure of confidential information. However, please note that under our policies, MIS retains ultimate editorial control over the form and content of all its publications. MIS will not accept other changes from an issuer that would alter the meaning or tone of our opinions or credit rating announcements. Please note that this draft press release is strictly confidential and you may not disclose it to any other person except: (i) to your legal counsel acting in their capacity as such; (ii) to your other authorized agents acting in their capacity as such; and (iii) as required by law or regulation

Regards,
Mitchell

Mitchell Moss, CFA
Analyst
Global Infrastructure Finance Group
212.553.4478 tel
212.298.6478 fax
mitchell.moss@moodys.com

Moody's Investors Service
7 World Trade Center
250 Greenwich Street
New York, NY 10007



Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Thursday, May 24, 2012 2:50 PM
To: Dolyniuk, Karen E
Subject: FW: Press Release
Attachments: PNW Final PR 2012-05-23.pdf

From: Moss, Mitchell [<mailto:Mitchell.Moss@moodys.com>]
Sent: Wednesday, May 23, 2012 4:41 PM
To: Nickloy, Lee R
Subject: Press Release

Lee,
Attached is the final press release. Let me know if you have any questions.

Mitchell

Mitchell Moss, CFA
Analyst
Global Infrastructure Finance Group
212.553.4478 tel
212.298.6478 fax
mitchell.moss@moodys.com
Moody's Investors Service
7 World Trade Center
250 Greenwich Street
New York, NY 10007

Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 11:00 AM
To: Dolyniuk, Karen E
Subject: FW: Draw on Existing Facility language

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Thursday, May 24, 2012 6:42 AM
To: Sarti, Daniel
Subject: RE: Draw on Existing Facility language

Dan,

I will take the proposal re: tender & LOC substitutions to committee today (which should be in a few minutes). I'll get back to you ASAP with any further committee feedback.

Thanks,
Tobin

Tobin Joseph
Standard & Poor's
55 Water Street, 41st Fl
New York, NY 10041
212-438-4960 tel

SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site.

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 23, 2012 5:19 PM
To: Joseph, Tobin
Subject: FW: Draw on Existing Facility language

Hi Tobin,

I know I owe you a follow-up call from earlier. We've been trying to work through some of your concerns with outside counsel. See the emails below. I think this should help address one of your questions. We're working on a proposed change to address your other issue as well. Let me know if there is anything else we should be focusing on.

Thanks for your help,

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Baum, Shirley A
Sent: Wednesday, May 23, 2012 1:58 PM
To: Sarti, Daniel
Subject: FW: Draw on Existing Facility language

Dan, please send this on to Tobin in response to his question #3. I think the only other open issue is the "preference" issue (his question #2). We are working on a proposed change to the Remarketing Agreement that we hope will get him comfortable. We'll send that to you once we have it so you can pass it on to him. Please confirm with Tobin that there are no other follow ups to his questions. Thanks.

From: Leak, Kathleen A. [mailto:kleak@orrick.com]
Sent: Wednesday, May 23, 2012 1:50 PM
To: Baum, Shirley A
Subject: Draw on Existing Facility language

There is no specific language in the Indenture which directly states what the analyst is looking for. It is understood in the Indenture.

What the rating analyst is looking for is a specific sentence which states that "in the event a replacement credit facility or purchase facility is being provided in substitution for a then existing credit facility or purchase facility, the trustee shall draw on the then existing credit facility or purchase facility in the event remarketing proceeds are not sufficient to pay the purchase price of the bonds subject to mandatory tender on the Substitution Date."

This language could be put in a side letter if the rating analyst will accept.



ORRICK
PUBLIC FINANCE

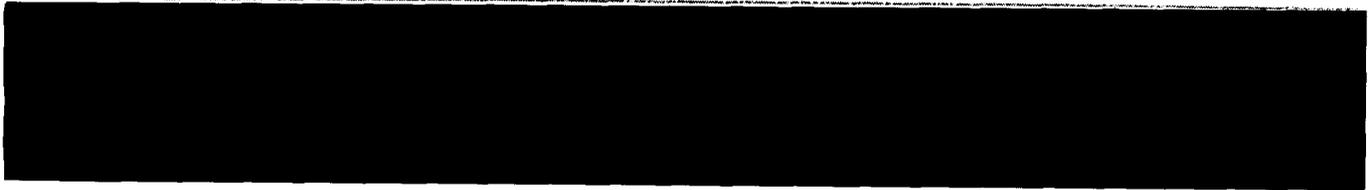
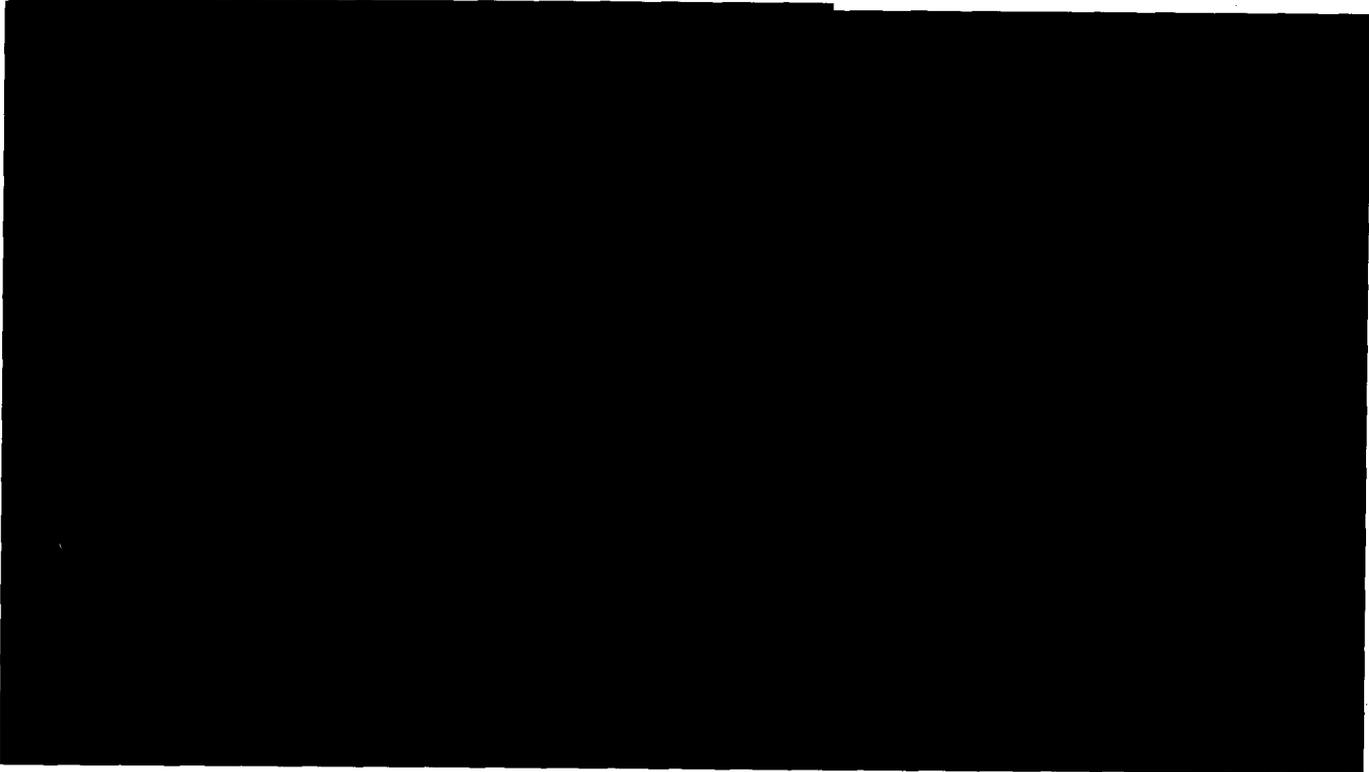
KATHLEEN A. LEAK

ORRICK, HERRINGTON & SUTCLIFFE LLP
THE ORRICK BUILDING
405 HOWARD STREET
SAN FRANCISCO, CA 94105

tel 415 773-5408
fax 415 773-5759
kleak@orrick.com
www.orrick.com

IRS Circular 230 disclosure: To ensure compliance with requirements imposed by the IRS, we inform you that any tax advice contained in this communication, unless expressly stated otherwise, was not intended or written to be used, and cannot be used, for the purpose of (i) avoiding

tax-related penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any tax-related matter(s) addressed herein.



Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 23, 2012 10:30 AM
To: Dolyniuk, Karen
Subject: Opinion - Letter of Credit Delivery
Attachments: Maricopa Delivery of L_C opinion.DOC

From: Sarti, Daniel
Sent: Thursday, May 24, 2012 8:57 AM
To: 'Nicole.Wood@fitchratings.com.'
Subject: FW: Draft Maricopa Op. Bond Counsel Letter of Credit Delivery

Hi Nicole,

Here is the second legal opinion that you are requesting for...

From: Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation // Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Baum, Shirley A
Sent: Thursday, May 24, 2012 8:56 AM
To: Sarti, Daniel
Subject: FW: Draft Maricopa Op. Bond Counsel Letter of Credit Delivery

Here is the draft bond counsel opinion that Fitch needed. Please forward this to Fitch. Thanks.

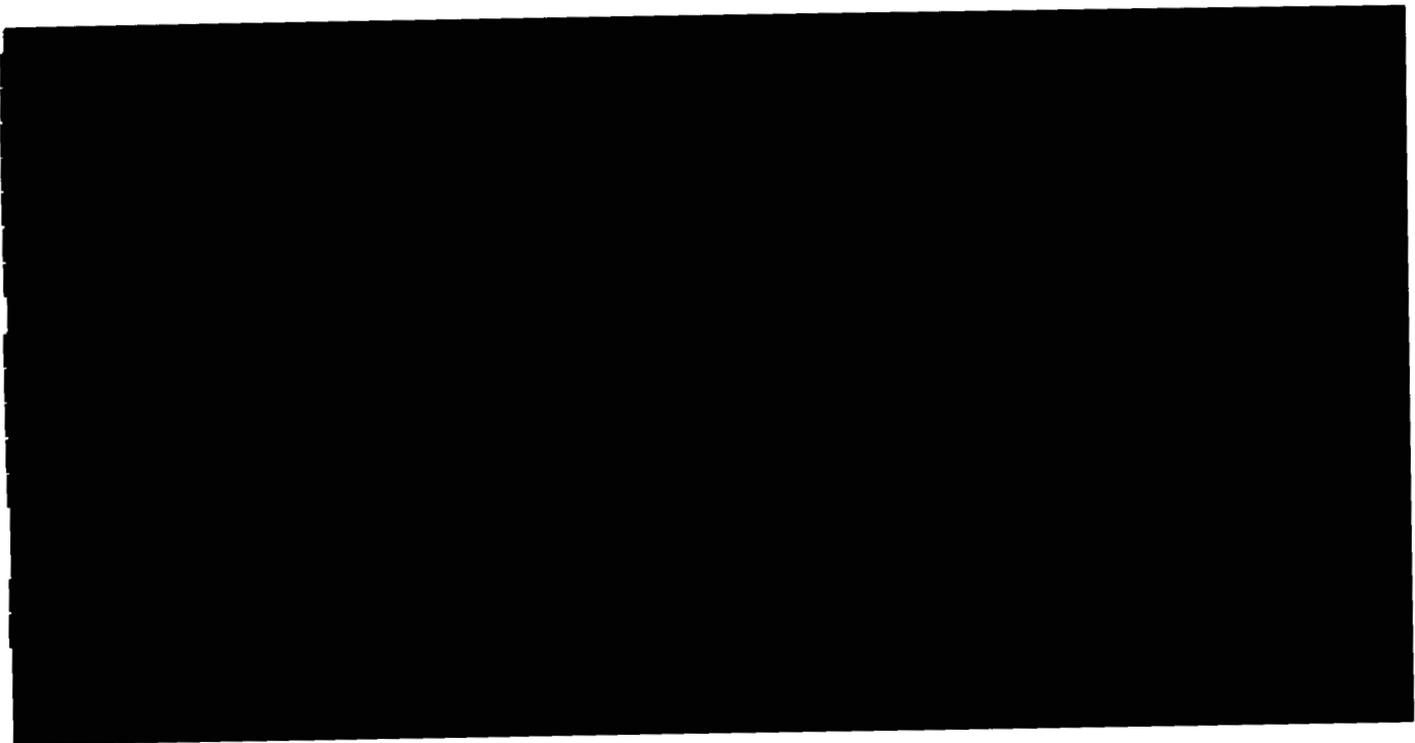
Shirley

From: Leak, Kathleen A. [mailto:kleak@pwr.com]
Sent: Wednesday, May 23, 2012 4:56 PM
To: Baum, Shirley A
Subject: Draft Maricopa Opinion - Letter of Credit Delivery

Shirley,

Attached is the draft Maricopa bond counsel opinion needed to the delivery of the Letter of Credit.


CORPORATE FINANCE
KATHLEEN A. LEAK



Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:31 AM
To: Dolyniuk, Karen E
Subject: FW: APSC Ser 2009B
Attachments: remarketing.doc

From: Sarti, Daniel
Sent: Thursday, May 24, 2012 11:51 AM
To: 'Rogow, Ian'
Subject: RE: APSC Ser 2009B

Hi Ian,

Regarding the preference issue, does the attached change to the Remarketing Agreement help to get you more comfortable?

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Rogow, Ian [mailto:Ian.Rogow@moodys.com]
Sent: Thursday, May 24, 2012 11:02 AM
To: Sarti, Daniel
Subject: RE: APSC Ser 2009B

Dan,

I am scheduled to go to committee tomorrow morning at 11:00 a.m. (NYC time). I will not be able to do so without a draft of the side letter. If possible, please send that to me prior to 11:00 a.m. tomorrow.

Best,

Ian M. Rogow, Esq.

Associate Analyst
Municipal Supported Products Group
212.553.1742 tel
212.298.7181 fax
ian.rogow@moodys.com

Moody's Investor Services
7 World Trade Center
250 Greenwich Street
New York, NY 10007

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From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Thursday, May 24, 2012 12:23 PM
To: Rogow, Ian
Subject: RE: APSC Ser 2009B

Thanks Ian. With regard to #5 below I think you mentioned several examples of the events that you'd like Moody's to be sent notice on. Could you summarize those as well?

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Rogow, Ian [mailto:Ian.Rogow@moody's.com]
Sent: Thursday, May 24, 2012 9:21 AM
To: Sarti, Daniel
Subject: APSC Ser 2009B

Dan,

As per our phone conversation, a summary of the issues addressed include:

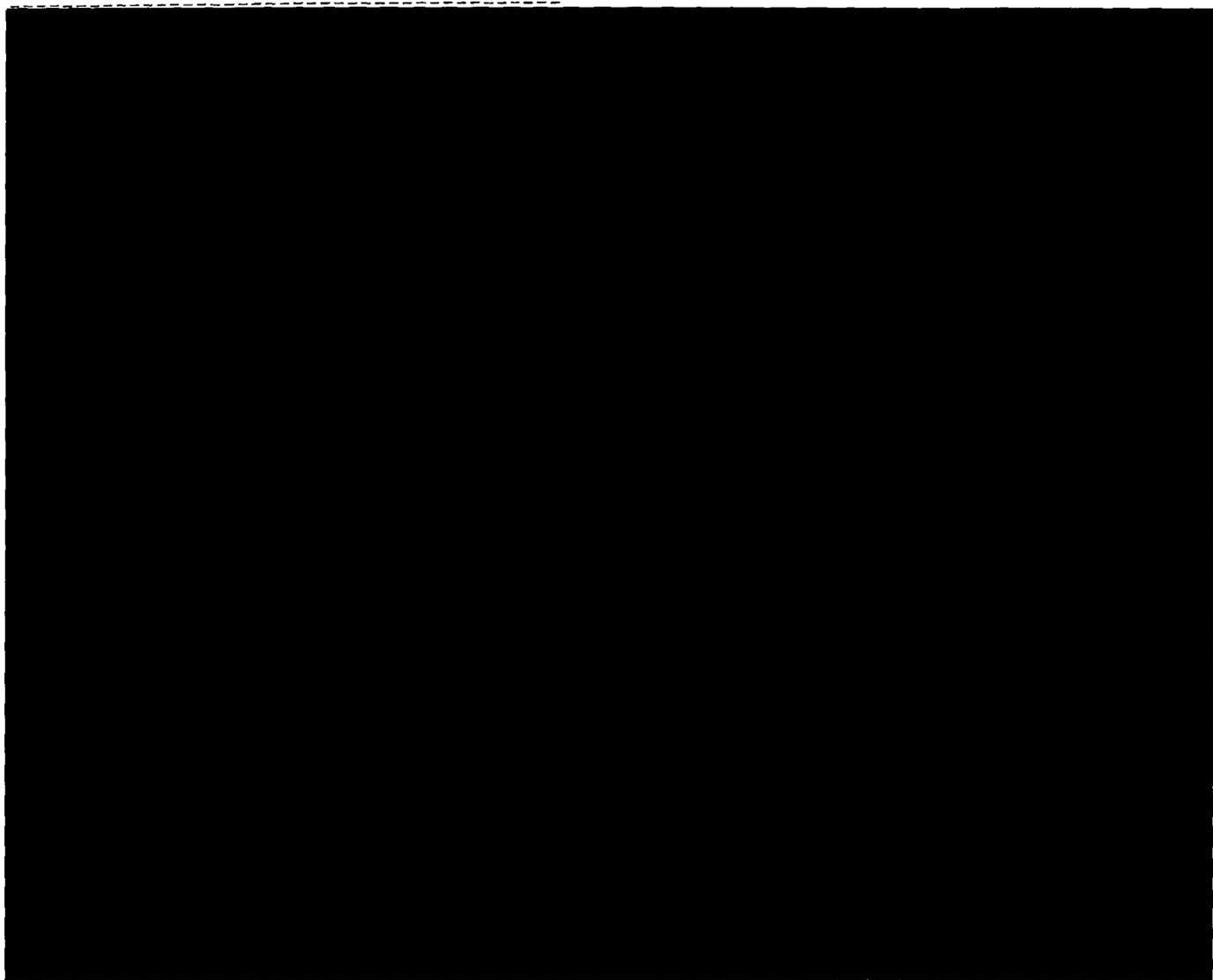
- 1) Lack of language directing the trustee to draw on the existing, rather than the substitute LOC
- 2) Lack of prohibition of remarketing to the issuer, borrower, or insider
- 3) Lack of explicit language stating when interest ceases to accrue following a declaration of acceleration
- 4) Lack of a requirement that the LOC be reinstated following a draw in order to waive an event of default
- 5) Lack of notices to Moody's for certain events

Best,

Ian M. Rogow, Esq.
Associate Analyst
Municipal Supported Products Group
212.553.1742 tel
212.298.7181 fax
ian.rogow@moody's.com

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9. Remarketing Agent's Responsibilities.

(a) The Remarketing Agent is not acting in an agency capacity with respect to the Company in establishing interest rates and Rate Periods as described in Section 2.01 of the Indenture, but is acting as an agent of the Issuer pursuant to the Act with respect to such functions. The Remarketing Agent's responsibility with respect to remarketing is limited to the use of its best efforts to solicit offers to purchase the Bonds; provided, however, that, unless otherwise agreed to by the Company, the Remarketing Agent shall not knowingly remarket any Bond pursuant to this Section 9 to the Issuer, ~~or the Company~~ or any affiliate of the Company.

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:30 AM
To: Dolyniuk, Karen E
Subject: FW: APSC Ser 2009B

From: Sarti, Daniel
Sent: Thursday, May 24, 2012 11:30 AM
To: 'Rogow, Ian'
Subject: RE: APSC Ser 2009B

Hi Ian,

I received your follow up information request as well as your question on the timing of the side letter and will get back to you on those very shortly. I did speak with counsel on your item #1 below and they believe the risk is addressed as follows:

The definition of Substitution Date clearly states that, on that date, the initial Credit Facility is still in effect. So, that would be the only LOC that could be drawn upon on that date.

Let me know if that explanation satisfies your first bullet point and I will be back to you on the rest.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Rogow, Ian [<mailto:Ian.Rogow@moodys.com>]
Sent: Thursday, May 24, 2012 9:21 AM
To: Sarti, Daniel
Subject: APSC Ser 2009B

Dan,

As per our phone conversation, a summary of the issues addressed include:

- 1) Lack of language directing the trustee to draw on the existing, rather than the substitute LOC
- 2) Lack of prohibition of remarketing to the issuer, borrower, or insider
- 3) Lack of explicit language stating when interest ceases to accrue following a declaration of acceleration
- 4) Lack of a requirement that the LOC be reinstated following a draw in order to waive an event of default
- 5) Lack of notices to Moody's for certain events

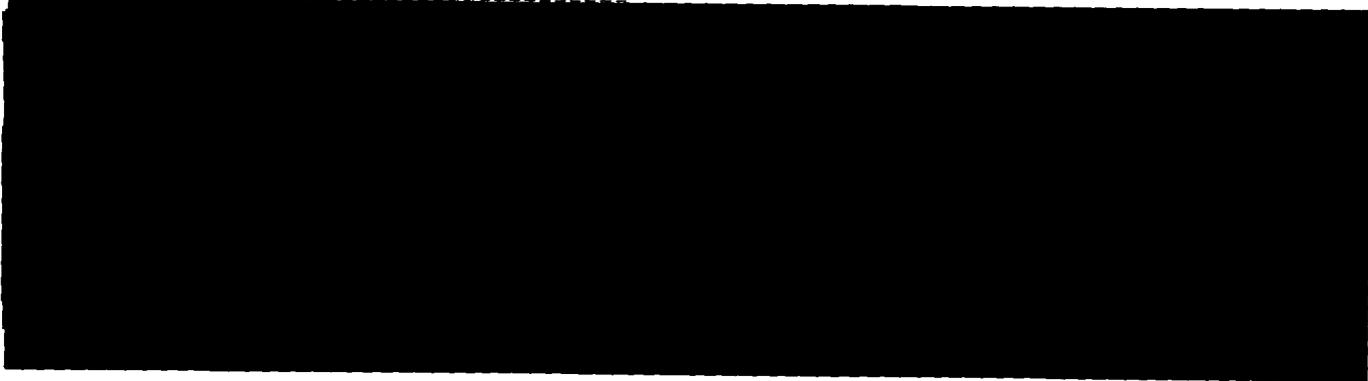
Best,

Ian M. Rogow, Esq.

Associate Analyst
Municipal Supported Products Group
212.553.1742 tel
212.298.7181 fax
ian.rogow@moodys.com

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Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:31 AM
To: Dolyniuk, Karen E
Subject: FW: Moody's information request

From: Sarti, Daniel
Sent: Thursday, May 24, 2012 11:42 AM
To: 'Nemeroff, Stacy'
Cc: Moss, Mitchell
Subject: RE: Moody's information request

No problem. And just to confirm, you're looking for the information as it relates to Arizona Public Service Company and not Pinnacle West Capital Corporation?

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

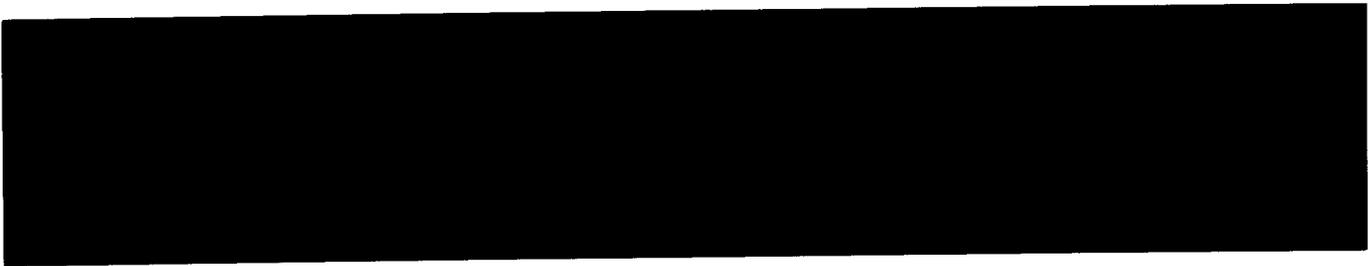
From: Nemeroff, Stacy [<mailto:Stacy.Nemeroff@moodys.com>]
Sent: Thursday, May 24, 2012 11:32 AM
To: Sarti, Daniel
Cc: Moss, Mitchell
Subject: Moody's information request

Hi, Dan. Thanks in advance for your help. We need the following amounts, all as of today. Best, Stacy

1. Amount Bank Supported Puttable Variable Rate Debt (exclude CP) + Accounts Receivables Securitizations]
2. Cash balance
3. Amount of Undrawn Term Revolvers

Stacy Nemeroff
Global Infrastructure Group - Power/Utilities Americas
212.553.1775 tel
212-298-7320 fax
stacy.nemeroff@moodys.com

Moody's Investors Service
7 World Trade Center / 250 Greenwich Street
New York, NY 10007
www.moodys.com



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:31 AM
To: Dolyniuk, Karen E
Subject: FW: Moody's information request

From: Sarti, Daniel
Sent: Thursday, May 24, 2012 12:18 PM
To: 'Nemeroff, Stacy'
Cc: Moss, Mitchell
Subject: RE: Moody's information request

Hi Stacy,

See answers below...

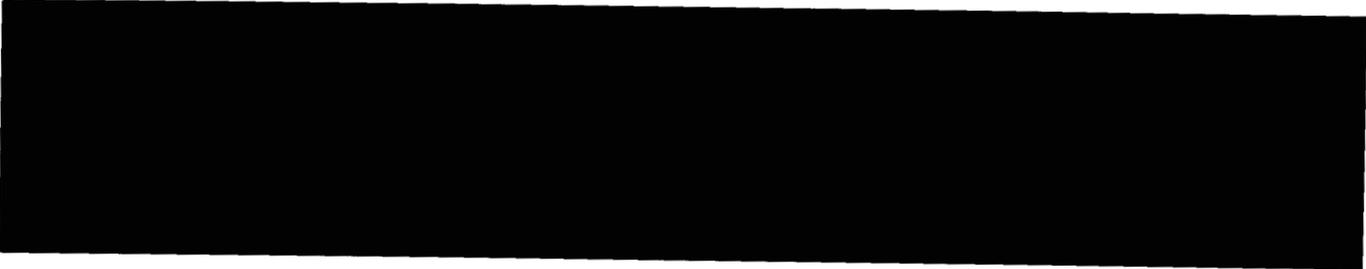
From: Nemeroff, Stacy [<mailto:Stacy.Nemeroff@moodys.com>]
Sent: Thursday, May 24, 2012 11:32 AM
To: Sarti, Daniel
Cc: Moss, Mitchell
Subject: Moody's information request

Hi, Dan. Thanks in advance for your help. We need the following amounts, all as of today. Best, Stacy

1. Amount Bank Supported Puttable Variable Rate Debt (exclude CP) + Accounts Receivables Securitizations] - \$43.58 million (Coconino 1998 and Coconino 2009B Pollution Control Bonds) at APS
2. Cash balance – APS has approximately \$2.4M in cash.
3. Amount of Undrawn Term Revolvers - Two revolvers totaling \$1.0B. Nothing is drawn on either revolver at this time.
4. Total Long-Term Debt including Current Maturities- (As of March 31, 2012) - \$3,317,906,735 at APS

Stacy Nemeroff
Global Infrastructure Group - Power/Utilities Americas
212.553.1775 tel
212-298-7320 fax
stacy.nemeroff@moodys.com

Moody's Investors Service
7 World Trade Center / 250 Greenwich Street
New York, NY 10007
www.moodys.com



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 11:01 AM
To: Dolyniuk, Karen E
Subject: FW: APSC Ser 2009B

From: Rogow, Ian [mailto:Ian.Rogow@moodys.com]
Sent: Thursday, May 24, 2012 9:59 AM
To: Sarti, Daniel
Subject: RE: APSC Ser 2009B

Dan,

Those events include:

1. Change in trustee, remarketing agent, paying agent or tender agent, if applicable;
2. Material changes to the governing documents;
3. Expiration, termination, substitution or extension of LOC;
4. Conversion of the interest rate mode;
5. Redemption or defeasance of the bonds;
6. Any mandatory tenders;
7. Any acceleration; and
8. Any other information that Moody's may reasonably request in order to maintain the rating on the bonds

Ian M. Rogow, Esq.

Associate Analyst
Municipal Supported Products Group
212.553.1742 tel
212.298.7181 fax
ian.rogow@moodys.com

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From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Thursday, May 24, 2012 12:23 PM
To: Rogow, Ian
Subject: RE: APSC Ser 2009B

Thanks Ian. With regard to #5 below I think you mentioned several examples of the events that you'd like Moody's to be sent notice on. Could you summarize those as well?

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Rogow, Ian [mailto:Ian.Rogow@moodys.com]
Sent: Thursday, May 24, 2012 9:21 AM
To: Sarti, Daniel
Subject: APSC Ser 2009B

Dan,

As per our phone conversation, a summary of the issues addressed include:

- 1) Lack of language directing the trustee to draw on the existing, rather than the substitute LOC
- 2) Lack of prohibition of remarketing to the issuer, borrower, or insider
- 3) Lack of explicit language stating when interest ceases to accrue following a declaration of acceleration
- 4) Lack of a requirement that the LOC be reinstated following a draw in order to waive an event of default
- 5) Lack of notices to Moody's for certain events

Best,

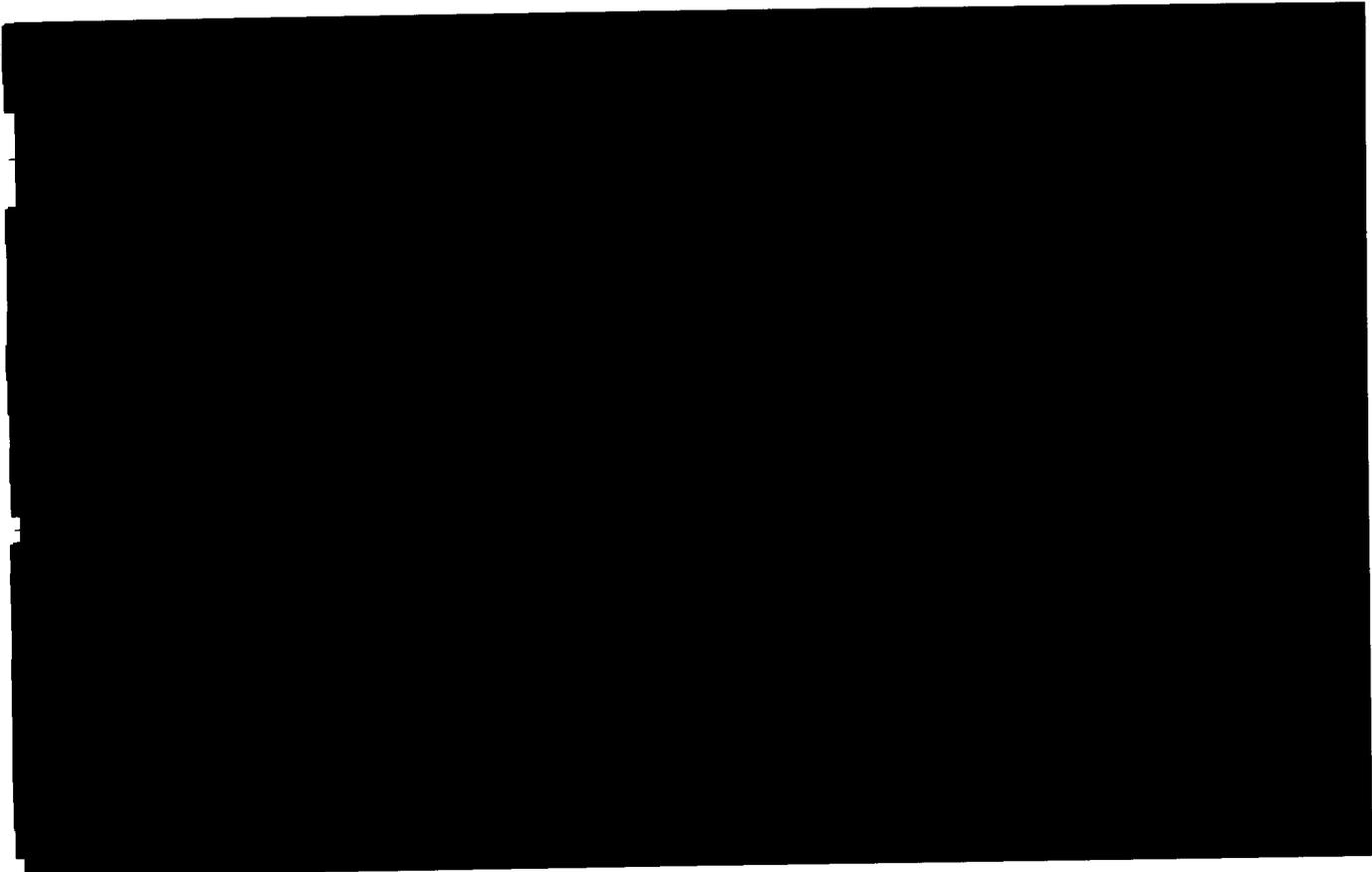
Ian M. Rogow, Esq.

Associate Analyst
Municipal Supported Products Group
212.553.1742 tel
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ian.rogow@moodys.com

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Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 11:02 AM
To: Dolyniuk, Karen E
Subject: FW: APSC Ser 2009B

From: Rogow, Ian [mailto:Ian.Rogow@moodys.com]
Sent: Thursday, May 24, 2012 11:52 AM
To: Sarti, Daniel
Subject: RE: APSC Ser 2009B

That should be fine (for both, remarketing and substitution)

Ian M. Rogow, Esq.

Associate Analyst
Municipal Supported Products Group
212.553.1742 tel
212.298.7181 fax
ian.rogow@moodys.com

Moody's Investor Services
7 World Trade Center
250 Greenwich Street
New York, NY 10007
www.moodys.com

Please note that Moody's analysts are not permitted to engage in any fee discussions or be privy to any rating fee information. Please do not include analysts in any fee related correspondence. If you have any questions or comments regarding the application or the fees, please contact Moody's Issuer Relations Team at 212.553.4055.

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Thursday, May 24, 2012 2:51 PM
To: Rogow, Ian
Subject: RE: APSC Ser 2009B

Hi Ian,

Regarding the preference issue, does the attached change to the Remarketing Agreement help to get you more comfortable?

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Rogow, Ian [mailto:Ian.Rogow@moodys.com]
Sent: Thursday, May 24, 2012 11:02 AM
To: Sarti, Daniel
Subject: RE: APSC Ser 2009B

Dan,

I am scheduled to go to committee tomorrow morning at 11:00 a.m. (NYC time). I will not be able to do so without a draft of the side letter. If possible, please send that to me prior to 11:00 a.m. tomorrow.

Best,

Ian M. Rogow, Esq.
Associate Analyst
Municipal Supported Products Group
212.553.1742 tel
212.298.7181 fax
ian.rogow@moodys.com

Moody's Investor Services
7 World Trade Center
250 Greenwich Street
New York, NY 10007
www.moodys.com

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From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Thursday, May 24, 2012 12:23 PM
To: Rogow, Ian
Subject: RE: APSC Ser 2009B

Thanks Ian. With regard to #5 below I think you mentioned several examples of the events that you'd like Moody's to be sent notice on. Could you summarize those as well?

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Rogow, Ian [mailto:Ian.Rogow@moodys.com]
Sent: Thursday, May 24, 2012 9:21 AM
To: Sarti, Daniel
Subject: APSC Ser 2009B

Dan,

As per our phone conversation, a summary of the issues addressed include:

- 1) Lack of language directing the trustee to draw on the existing, rather than the substitute LOC
- 2) Lack of prohibition of remarketing to the issuer, borrower, or insider
- 3) Lack of explicit language stating when interest ceases to accrue following a declaration of acceleration
- 4) Lack of a requirement that the LOC be reinstated following a draw in order to waive an event of default
- 5) Lack of notices to Moody's for certain events

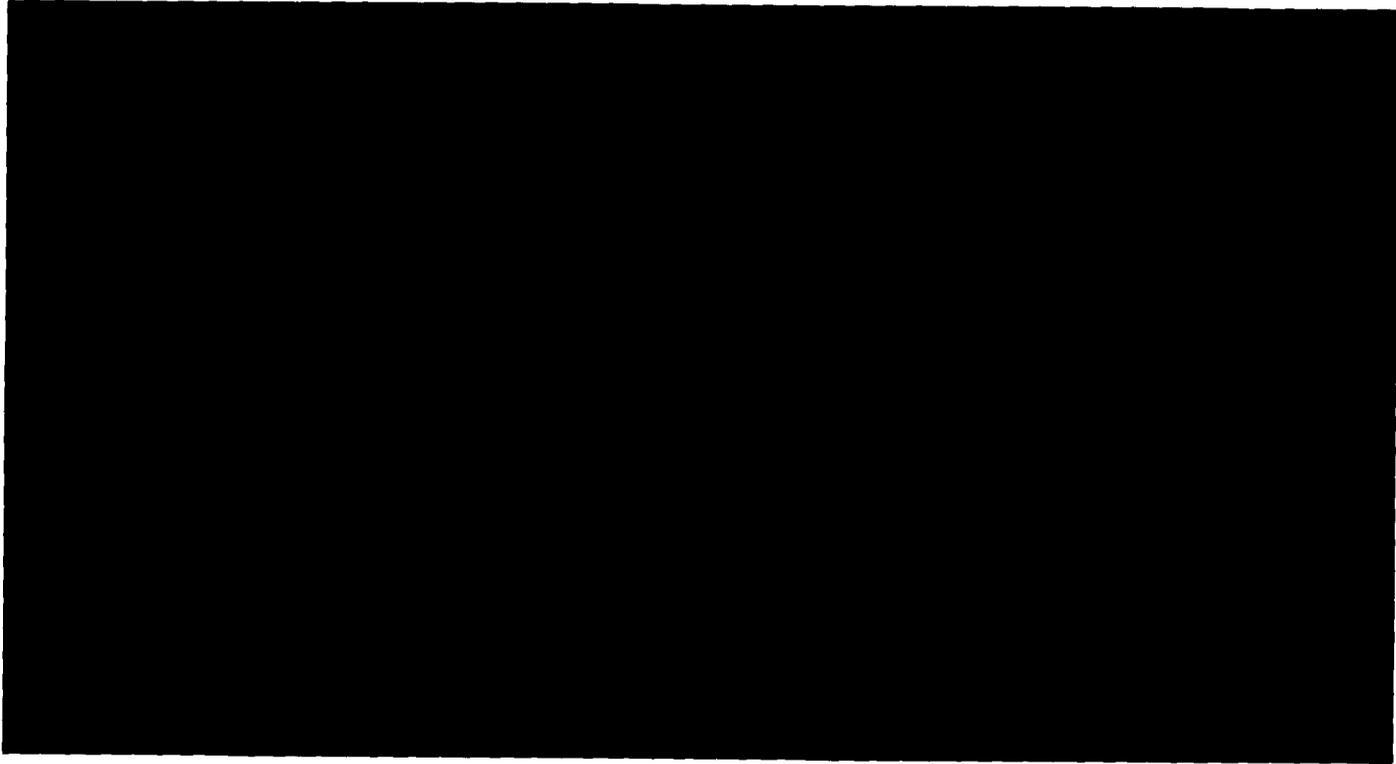
Best,

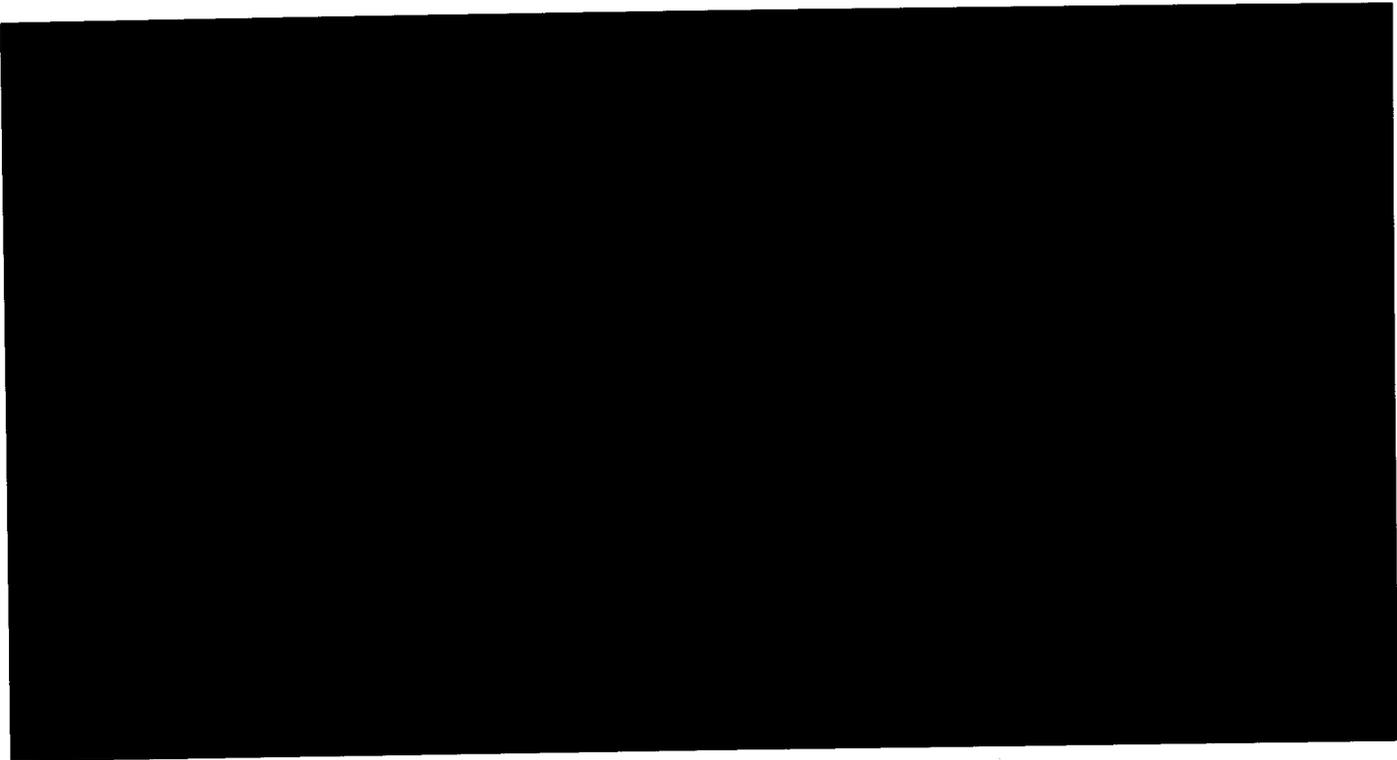
Ian M. Rogow, Esq.

Associate Analyst
Municipal Supported Products Group
212.553.1742 tel
212.298.7181 fax
ian.rogow@moodys.com

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Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 11:03 AM
To: Dolyniuk, Karen E
Subject: FW: Draft Side Letter

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Friday, May 25, 2012 7:03 AM
To: Sarti, Daniel
Subject: RE: Draft Side Letter

Dear Dan,

I will check with my committee members if they are comfortable with the obligor giving us rating agency notice because from a surveillance standpoint we typically deal directly with trustees. However, if APS feels strongly that they are in the best position to give that notice, then I think we should be ok with that.

The only issue I see with the side letter is that it is a letter addressed directly to the rating agencies, which we believe may give the unintended impression that we are somehow party to the transaction. Side letters that we see are typically addressed to a transaction entity like the Issuer.

Thanks,
Tobin

Tobin Joseph
Standard & Poor's
55 Water Street, 41st Fl
New York, NY 10041
212-438-4960 tel

SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site.

From: Daniel.Sarti@pinnaclewest.com [<mailto:Daniel.Sarti@pinnaclewest.com>]
Sent: Friday, May 25, 2012 12:30 AM
To: Joseph, Tobin
Subject: FW: Draft Side Letter
Importance: High

-----Original Message-----

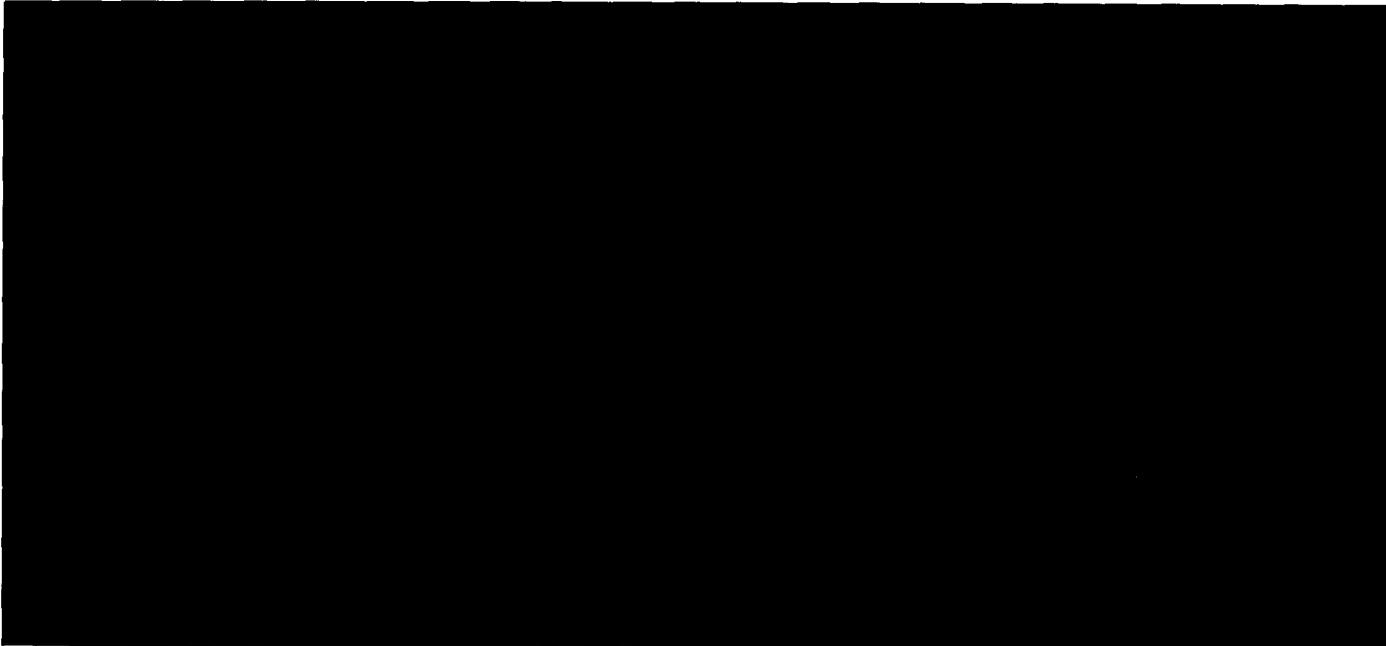
From: Baum, Shirley A
Sent: Thursday, May 24, 2012 08:56 PM US Mountain Standard Time

To: Sarti, Daniel
Subject: Draft Side Letter

Dan, feel free to share this directly with your contacts at all three of the rating agencies for the Maricopa bonds. To address concerns that were raised about the agencies receiving certain notices, APS is prepared to undertake the obligation to provide the notices listed on the attached to the rating agencies. We, more so than the Issuer or the Trustee, would be in the best position to provide these notices to the agencies. Please let me know if this satisfies your contacts at the agencies. Thank you.

Shirley A. Baum
Associate General Counsel
Pinnacle West Capital Corporation, Law Department
400 North Fifth Street, Station 8695
Phoenix, Arizona 85004

phone 602.250.3706
fax 602.250.3393



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:36 AM
To: Dolyniuk, Karen E
Subject: FW: remarketing.doc

From: Sarti, Daniel
Sent: Friday, May 25, 2012 11:32 AM
To: 'Joseph, Tobin'
Subject: RE: remarketing.doc

That's great news. Thanks Tobin.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Friday, May 25, 2012 11:19 AM
To: Sarti, Daniel
Subject: RE: remarketing.doc

Dan,

Committee is comfortable with the proposed language in the remarketing agreement.

Also, committee is comfortable with the proposed side letter addressed to the Issuer where APS will give the rating agencies notice of amendments, etc.

Thanks,
Tobin

Tobin Joseph
Standard & Poor's
55 Water Street, 41st Fl
New York, NY 10041
212-438-4960 tel

SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site.

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Friday, May 25, 2012 1:21 PM
To: Joseph, Tobin
Subject: FW: remarketing.doc
Importance: High

Hi Tobin,

Let us know if this language works for you...

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Baum, Shirley A
Sent: Friday, May 25, 2012 10:19 AM
To: Sarti, Daniel
Subject: remarketing.doc
Importance: High

Dan, can you please send this proposed revised language to the Remarketing Agreement to Tobin at S&P. I'd like to make sure he is comfortable with this before we include it in the Remarketing Agreement. Thanks.

Shirley



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:37 AM
To: Dolyniuk, Karen E
Subject: FW: Final Side Letter

From: Sarti, Daniel
Sent: Friday, May 25, 2012 11:41 AM
To: 'Nicole.Wood@fitchratings.com'
Subject: FW: Final Side Letter

Final side letter...

From: Baum, Shirley A
Sent: Friday, May 25, 2012 11:40 AM
To: Sarti, Daniel
Subject: Final Side Letter



DOC052512.pdf

Here you go. Please send to the rating agencies as our final form. Thanks.

Shirley A. Baum
Associate General Counsel
Pinnacle West Capital Corporation, Law Department
400 North Fifth Street, Station 8695
Phoenix, Arizona 85004

phone 602.250.3706
fax 602.250.3393

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Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:37 AM
To: Dolyniuk, Karen E
Subject: FW: Final Side Letter

From: Sarti, Daniel
Sent: Friday, May 25, 2012 11:41 AM
To: 'Rogow, Ian'
Subject: FW: Final Side Letter

Final side letter...

From: Baum, Shirley A
Sent: Friday, May 25, 2012 11:40 AM
To: Sarti, Daniel
Subject: Final Side Letter



DOC052512.pdf

Here you go. Please send to the rating agencies as our final form. Thanks.

Shirley A. Baum
Associate General Counsel
Pinnacle West Capital Corporation, Law Department
400 North Fifth Street, Station 8695
Phoenix, Arizona 85004

phone 602.250.3706
fax 602.250.3393

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Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:37 AM
To: Dolyniuk, Karen E
Subject: FW: Final Side Letter

From: Sarti, Daniel
Sent: Friday, May 25, 2012 11:42 AM
To: 'Joseph, Tobin'
Subject: FW: Final Side Letter

Final side letter...

From: Baum, Shirley A
Sent: Friday, May 25, 2012 11:40 AM
To: Sarti, Daniel
Subject: Final Side Letter



DOC052512.pdf

Here you go. Please send to the rating agencies as our final form. Thanks.

Shirley A. Baum
Associate General Counsel
Pinnacle West Capital Corporation, Law Department
400 North Fifth Street, Station 8695
Phoenix, Arizona 85004

phone 602.250.3706
fax 602.250.3393

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Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 11:03 AM
To: Dolyniuk, Karen E
Subject: FW: Final Side Letter

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Friday, May 25, 2012 11:56 AM
To: Sarti, Daniel
Subject: RE: Final Side Letter

You've addressed all the open items from committee, and we have no further questions. We can send bond counsel a rating letter to be held in escrow the night before the transaction closes.

Tobin Joseph
Standard & Poor's
55 Water Street, 41st Fl
New York, NY 10041
212-438-4960 tel

SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site.

From: Daniel.Sarti@pinnaclewest.com [<mailto:Daniel.Sarti@pinnaclewest.com>]
Sent: Friday, May 25, 2012 2:42 PM
To: Joseph, Tobin
Subject: FW: Final Side Letter

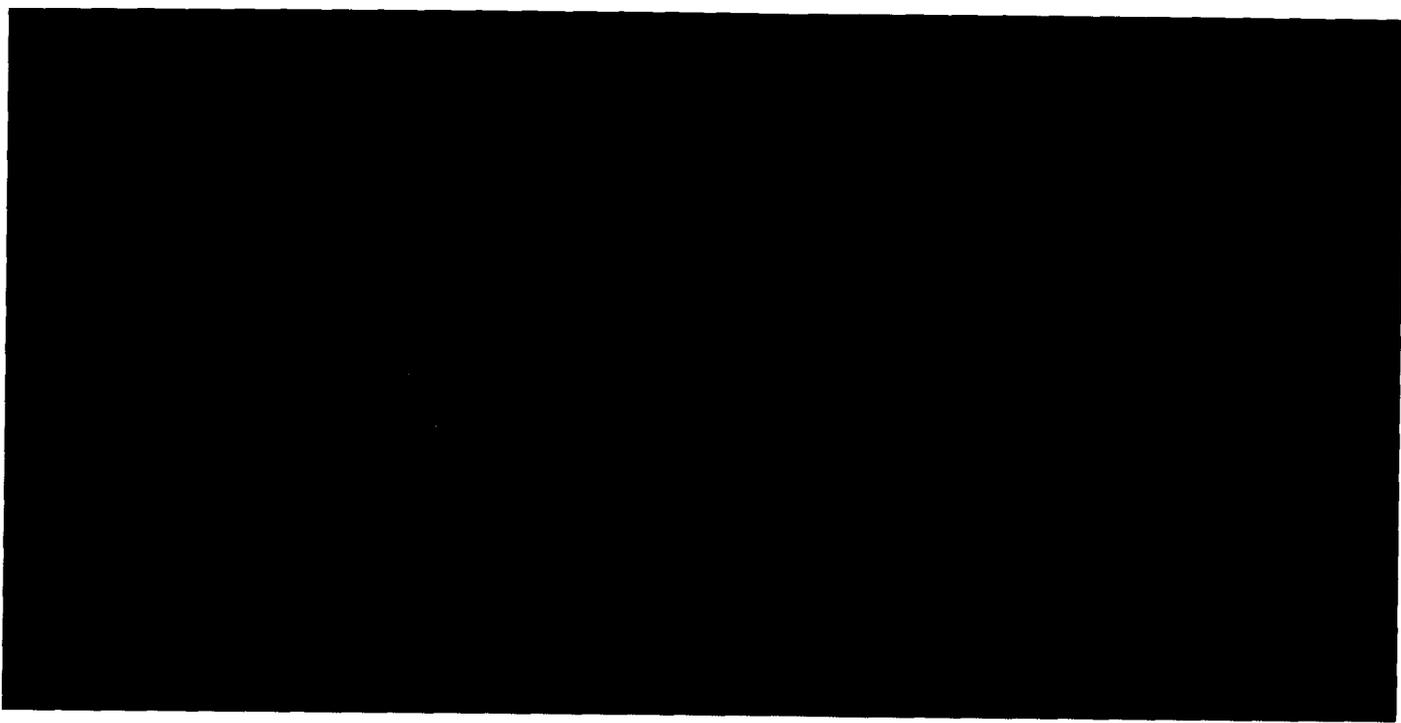
Final side letter...

From: Baum, Shirley A
Sent: Friday, May 25, 2012 11:40 AM
To: Sarti, Daniel
Subject: Final Side Letter

Here you go. Please send to the rating agencies as our final form. Thanks.

Shirley A. Baum
Associate General Counsel
Pinnacle West Capital Corporation, Law Department

400 North Fifth Street, Station 8695
Phoenix, Arizona 85004
phone 602.250.3706
fax 602.250.3393



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 11:04 AM
To: Dolyniuk, Karen E
Subject: FW: FW: Final Side Letter

From: Nicole.Wood@fitchratings.com [<mailto:Nicole.Wood@fitchratings.com>]
Sent: Tuesday, May 29, 2012 6:28 AM
To: Sarti, Daniel
Subject: Re: FW: Final Side Letter

Dan, if it's possible, could you please arrange for the letter to be changed from Fitch, Inc. to Fitch Ratings? Thank you.

Nicole Markou Wood
Fitch Ratings
Municipal Structured Finance
One State Street Plaza
New York, NY 10004
Tel: (212) 908-0500 Ext. 1930
Email: nicole.wood@fitchratings.com

From: <Daniel.Sarti@pinnaclewest.com>
To: <Nicole.Wood@fitchratings.com>
Date: 05/25/2012 02:41 PM
Subject: FW: Final Side Letter

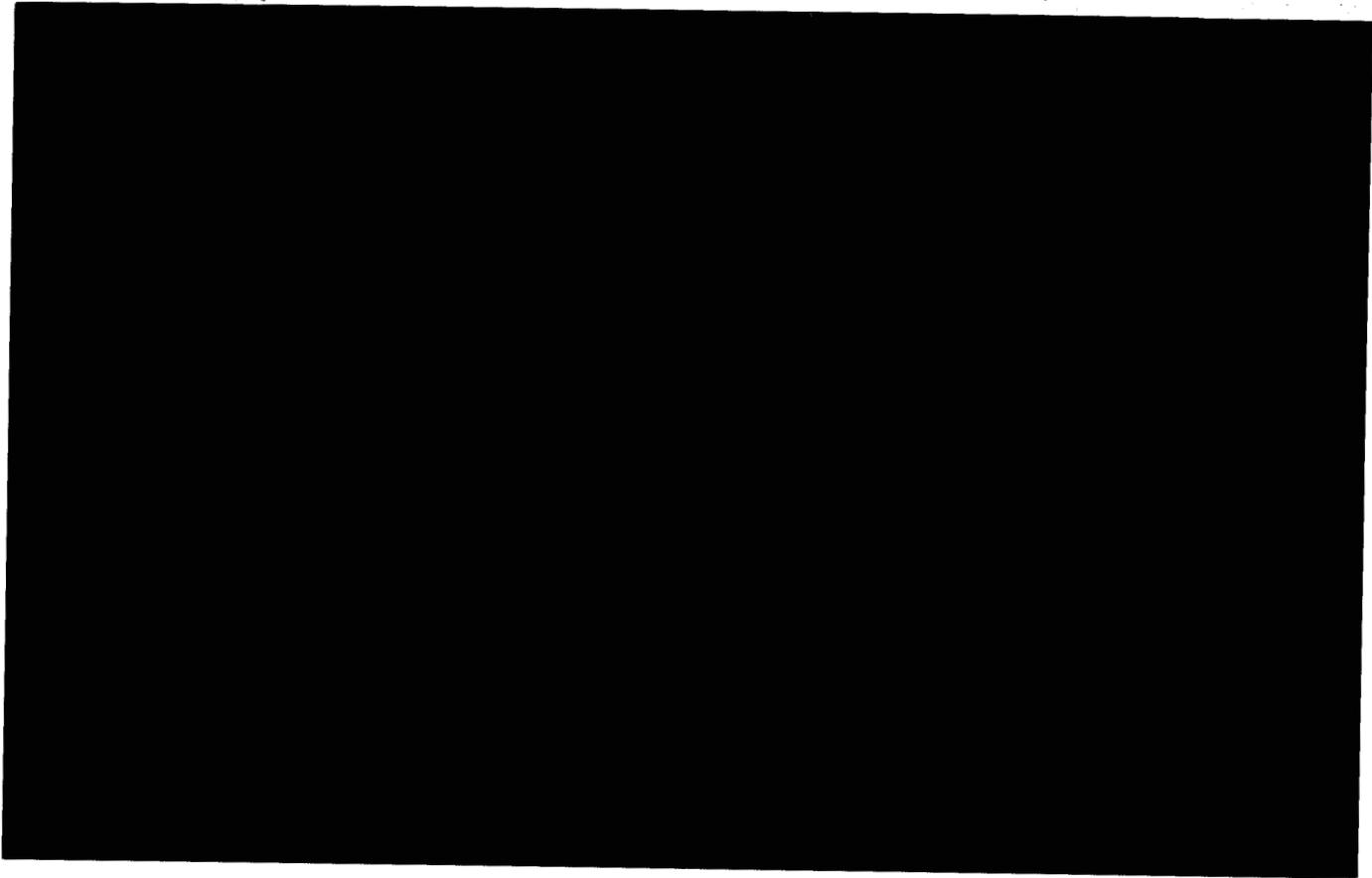
Final side letter...

From: Baum, Shirley A
Sent: Friday, May 25, 2012 11:40 AM
To: Sarti, Daniel
Subject: Final Side Letter

Here you go. Please send to the rating agencies as our final form. Thanks.

Shirley A. Baum
Associate General Counsel
Pinnacle West Capital Corporation, Law Department
400 North Fifth Street, Station 8695
Phoenix, Arizona 85004
phone 602.250.3706
fax 602.250.3393

--- NOTICE ---



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 11:04 AM
To: Dolyniuk, Karen E
Subject: FW: Maricopa Cnty, AZ Series 2009B Committee

From: Nicole.Wood@fitchratings.com [<mailto:Nicole.Wood@fitchratings.com>]
Sent: Tuesday, May 29, 2012 9:10 AM
To: Sarti, Daniel
Subject: RE: Maricopa Cnty, AZ Series 2009B Committee

Yes, give me a call when you can.

Nicole Markou Wood
Fitch Ratings
Municipal Structured Finance
One State Street Plaza
New York, NY 10004
Tel: (212) 908-0500 Ext. 1930
Email: nicole.wood@fitchratings.com

From: <Daniel.Sarti@pinnaclewest.com>
To: <Nicole.Wood@fitchratings.com>
Date: 05/29/2012 12:07 PM
Subject: RE: Maricopa Cnty, AZ Series 2009B Committee

Hi Nicole,

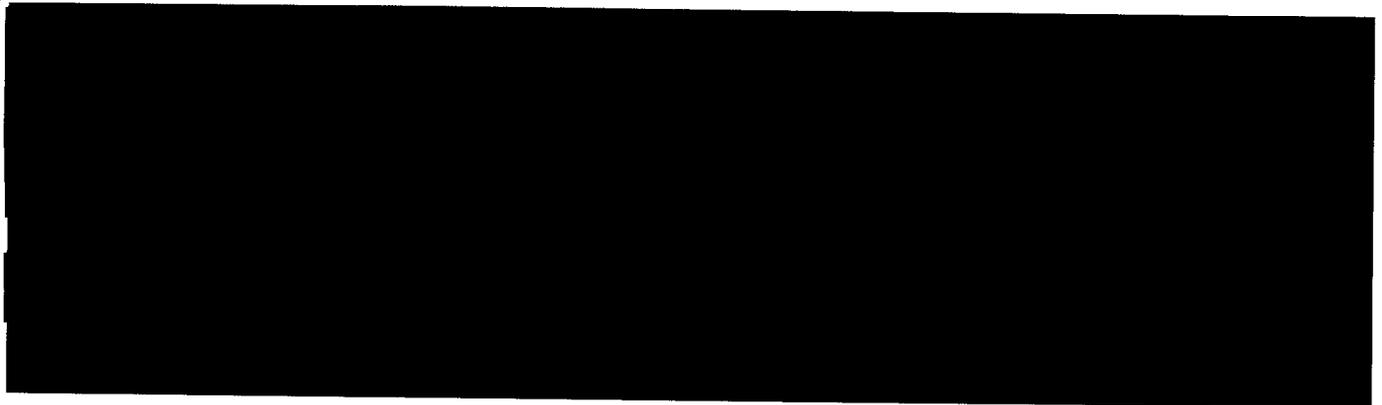
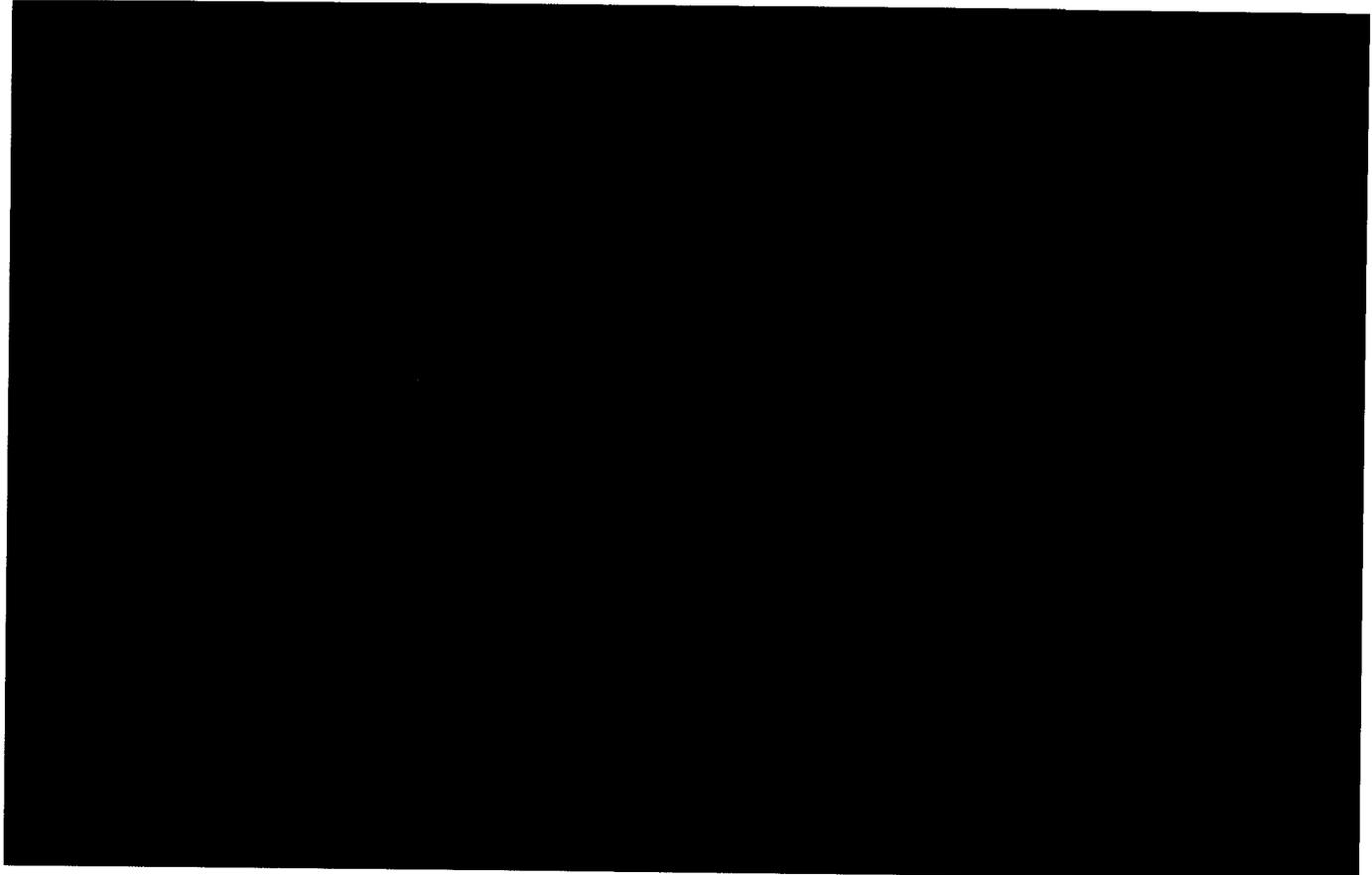
We just got confirmation from our bank that if we can get this rating by tonight we would not be delayed in our issuance. Let us give you a call in a few minutes and try to get you what you need asap. Does that work?

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Nicole.Wood@fitchratings.com [<mailto:Nicole.Wood@fitchratings.com>]
Sent: Tuesday, May 29, 2012 9:05 AM
To: Sarti, Daniel
Subject: Maricopa Cnty, AZ Series 2009B Committee

Dan, given I still need the LOC expiration date for committee and our draft press release, a committee for this afternoon may not be feasible as I would need that information as soon as possible in order to process in our system prior to a committee this afternoon. I've therefore scheduled a committee for tomorrow at 10:00 AM and will send you the draft press release for review immediately following the meeting. Will this work?

Nicole Markou Wood
Fitch Ratings
Municipal Structured Finance
One State Street Plaza
New York, NY 10004
Tel: (212) 908-0500 Ext. 1930
Email: nicole.wood@fitchratings.com



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Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 10:39 AM
To: Dolyniuk, Karen E
Subject: FW: APS

From: Sarti, Daniel
Sent: Tuesday, May 29, 2012 1:26 PM
To: 'Rogow, Ian'
Subject: RE: APS

Hi Ian,

I will be a new CUSIP as follows:

566854DY8

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Rogow, Ian [<mailto:Ian.Rogow@moodys.com>]
Sent: Tuesday, May 29, 2012 11:56 AM
To: Sarti, Daniel
Subject: APS

Dan,

Will you be getting a new CUSIP?

Best,

Ian M. Rogow, Esq.

Associate Analyst
Municipal Supported Products Group
212.553.1742 tel
212.298.7181 fax
ian.rogow@moodys.com

Moody's Investor Services
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From: Daniel.Sarti@pinnaclewest.com [<mailto:Daniel.Sarti@pinnaclewest.com>]
Sent: Friday, May 25, 2012 2:41 PM
To: Rogow, Ian
Subject: FW: Final Side Letter

Final side letter...

From: Baum, Shirley A
Sent: Friday, May 25, 2012 11:40 AM
To: Sarti, Daniel
Subject: Final Side Letter

Here you go. Please send to the rating agencies as our final form. Thanks.

Shirley A. Baum
Associate General Counsel
Pinnacle West Capital Corporation, Law Department
400 North Fifth Street, Station 8695
Phoenix, Arizona 85004
phone 602.250.3706
fax 602.250.3393



Attachment(s) Intentionally Omitted – Contains Confidential Information

Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Wednesday, June 20, 2012 10:52 AM
To: Dolyniuk, Karen E
Subject: RE: Rating Agency Communication

All responses and e-mails confidential unless otherwise indicated.

- ✓ 6/4/12 – update conference call with S&P (presentation included in e-mails to be provided)
- ✓ 6/18/12 – call from Mike Ferguson at S&P letting us they have met to discuss the rating and will be maintaining the current BBB with positive outlook
- ✓ 6/12/12 – call with Fitch on F3 C/P rating at APS, no change to F2 anticipated until their internal methodology is formalized, any change will be later in the year

e-mails to follow

From: Dolyniuk, Karen E
Sent: Monday, June 18, 2012 1:52 PM
To: Hatfield, James R; Nickloy, Lee R; Ewen, Peter M; Sarti, Daniel
Subject: Rating Agency Communication
Importance: High

Gentlemen, please send me all communications you have had with the rating agencies since **May 29th**. This includes emails and phone conversations as well as any information we have provided them. Also, let me know if anything should be considered **Confidential**.

I would like to have all communications by Wednesday, **June 20th**.

I have been assured by the Regulatory group that this truly will be the last one.

Thank you.

Karen E. Dolyniuk, CTP
Manager Treasury Operations
Pinnacle West Capital Corporation
602-250-5630

Dolyniuk, Karen E

From: Ewen, Peter M
Sent: Monday, June 18, 2012 10:58 PM
To: Dolyniuk, Karen E
Subject: RE: Rating Agency Communication

Karen,

I was on a conference call with Mike Ferguson of S&P on June 4. We presented some highlights of the Company's performance and financial outlook. Lee has the presentation.

Lee and I had a call with Phil Smyth of Fitch Ratings on June 12 to discuss their rationale for our commercial paper rating.

That's it.

Thanks.

From: Dolyniuk, Karen E
Sent: Monday, June 18, 2012 1:52 PM
To: Hatfield, James R; Nickloy, Lee R; Ewen, Peter M; Sarti, Daniel
Subject: Rating Agency Communication
Importance: High

Gentlemen, please send me all communications you have had with the rating agencies since **May 29th**. This includes emails and phone conversations as well as any information we have provided them. Also, let me know if anything should be considered **Confidential**.

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Thank you.

Karen E. Dolyniuk, CTP
Manager Treasury Operations
Pinnacle West Capital Corporation
602-250-5630

Dolyniuk, Karen E

From: Hatfield, James R
Sent: Monday, June 18, 2012 6:05 PM
To: Dolyniuk, Karen E; Nickloy, Lee R; Ewen, Peter M; Sarti, Daniel
Subject: RE: Rating Agency Communication

Karen:

Lee can confirm the date but I participated on a conference call with S&P on June 4. Other than that I have had no communication with the agencies.

Jim

From: Dolyniuk, Karen E
Sent: Monday, June 18, 2012 1:52 PM
To: Hatfield, James R; Nickloy, Lee R; Ewen, Peter M; Sarti, Daniel
Subject: Rating Agency Communication
Importance: High

Gentlemen, please send me all communications you have had with the rating agencies since **May 29th**. This includes emails and phone conversations as well as any information we have provided them. Also, let me know if anything should be considered **Confidential**.

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I have been assured by the Regulatory group that this truly will be the last one.

Thank you.

Karen E. Dolyniuk, CTP
Manager Treasury Operations
Pinnacle West Capital Corporation
602-250-5630

Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Monday, June 18, 2012 6:40 PM
To: Hatfield, James R; Dolyniuk, Karen E; Ewen, Peter M; Sarti, Daniel
Subject: Re: Rating Agency Communication

Correct, conf call with S and P on June 4. I will provide the materials with my response.

Thanks

From: Hatfield, James R
Sent: Monday, June 18, 2012 06:04 PM
To: Dolyniuk, Karen E; Nickloy, Lee R; Ewen, Peter M; Sarti, Daniel
Subject: RE: Rating Agency Communication

Karen:

Lee can confirm the date but I participated on a conference call with S&P on June 4. Other than that I have had no communication with the agencies.

Jim

From: Dolyniuk, Karen E
Sent: Monday, June 18, 2012 1:52 PM
To: Hatfield, James R; Nickloy, Lee R; Ewen, Peter M; Sarti, Daniel
Subject: Rating Agency Communication
Importance: High

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I would like to have all communications by Wednesday, **June 20th**.

I have been assured by the Regulatory group that this truly will be the last one.

Thank you.

Karen E. Dolyniuk, CTP

Manager Treasury Operations

Pinnacle West Capital Corporation

602-250-5630

Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Wednesday, June 20, 2012 10:53 AM
To: Dolyniuk, Karen E
Subject: FW: Discussion Topics

From: Nickloy, Lee R
Sent: Tuesday, May 29, 2012 7:14 AM
To: 'michael_ferguson@standardandpoors.com'
Subject: Re: Discussion Topics

Thanks Mike. We can also provide an update for you on the planned acquisition of the incremental ownership interests in Four Corners units 4 and 5 from So Cal Ed.

Lee

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Tuesday, May 29, 2012 05:50 AM
To: Nickloy, Lee R
Subject: Discussion Topics

Lee,

Please find attached a brief list of topics we'd like to discuss during our upcoming meeting. This is not intended to be an exhaustive list, so if there are any issues we don't address, please feel free to do so. Myself and Gerrit Jepsen, the secondary analyst, will be present on the call; let me know if anyone will be dialing in remotely, as I can arrange a conference call if need be.

It was a pleasure meeting you last week.

Regards,

Michael Ferguson, CFA, CPA
Associate
U.S. Utility & Infrastructure Ratings
Standard & Poor's
55 Water Street, 39th Floor
New York, NY 10041
(t) 212-438-7670 | (m) 917-562-9254

**STANDARD
& POOR'S
RATINGS SERVICES**
www.standardandpoors.com



Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Wednesday, June 20, 2012 10:53 AM
To: Dolyniuk, Karen E
Subject: FW: Discussion Topics

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Tuesday, May 29, 2012 8:31 AM
To: Nickloy, Lee R
Subject: RE: Discussion Topics

Lee,

That sounds good, that will be an important discussion topic.

Regards,
Mike

From: Lee.Nickloy@PinnacleWest.com [<mailto:Lee.Nickloy@PinnacleWest.com>]
Sent: Tuesday, May 29, 2012 10:14 AM
To: Ferguson, Michael
Subject: Re: Discussion Topics

Thanks Mike. We can also provide an update for you on the planned acquisition of the incremental ownership interests in Four Corners units 4 and 5 from So Cal Ed.

Lee

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Tuesday, May 29, 2012 05:50 AM
To: Nickloy, Lee R
Subject: Discussion Topics

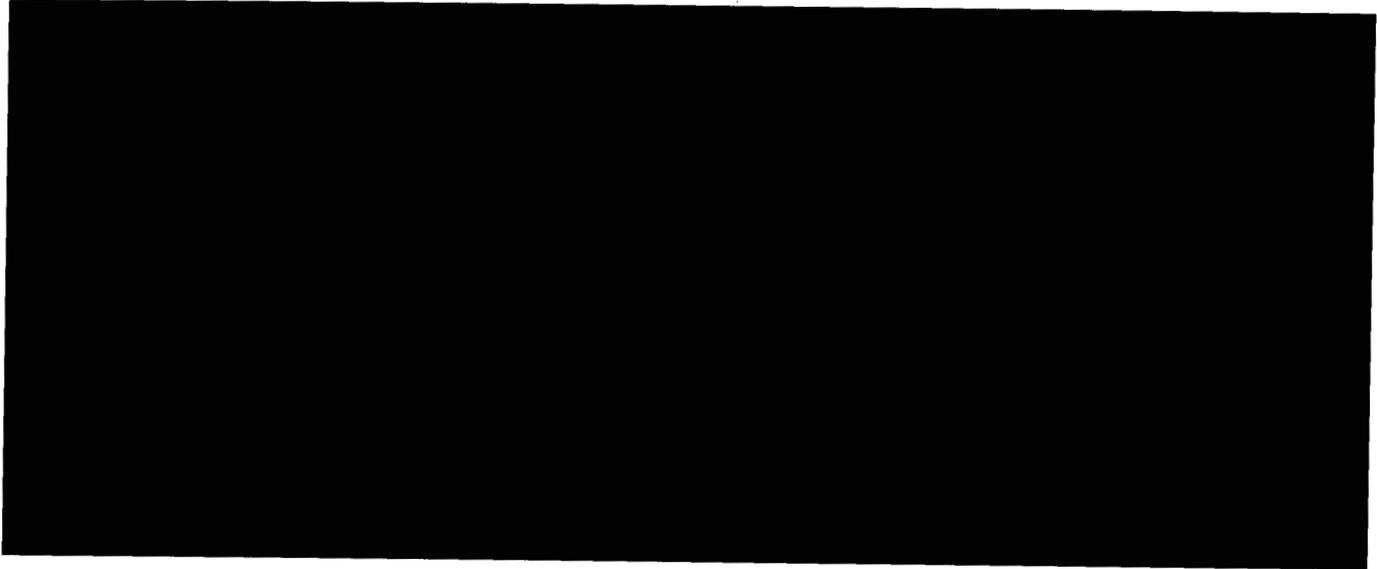
Lee,

Please find attached a brief list of topics we'd like to discuss during our upcoming meeting. This is not intended to be an exhaustive list, so if there are any issues we don't address, please feel free to do so. Myself and Gerrit Jepsen, the secondary analyst, will be present on the call; let me know if anyone will be dialing in remotely, as I can arrange a conference call if need be.

It was a pleasure meeting you last week.

Regards,

Michael Ferguson, CFA, CPA
Associate
U.S. Utility & Infrastructure Ratings
Standard & Poor's
55 Water Street, 39th Floor
New York, NY 10041
(t) 212-438-7670 | (m) 917-562-9254



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, June 20, 2012 2:06 PM
To: Dolyniuk, Karen E
Subject: FW: FW: Draft of Fitch Press Release Maricopa County, AZ 2009 Series B

From: Nicole.Wood@fitchratings.com [mailto:Nicole.Wood@fitchratings.com]
Sent: Wednesday, May 30, 2012 6:24 AM
To: Sarti, Daniel
Subject: Re: FW: Draft of Fitch Press Release Maricopa County, AZ 2009 Series B

Thank you Daniel. I will incorporate those changes in the press release.

Nicole Markou Wood
Fitch Ratings
Municipal Structured Finance
One State Street Plaza
New York, NY 10004
Tel: (212) 908-0500 Ext. 1930
Email: nicole.wood@fitchratings.com

From: <Daniel.Sarti@pinnaclewest.com>
To: <Nicole.Wood@fitchratings.com>
Date: 05/29/2012 05:31 PM
Subject: FW: Draft of Fitch Press Release Maricopa County, AZ 2009 Series B

Hi Nicole,

The attached edits reflect all of our comments.

Last log

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Baum, Shirley A
Sent: Tuesday, May 29, 2012 2:17 PM
To: Sarti, Daniel
Subject: FW: Draft of Fitch Press Release Maricopa County, AZ 2009 Series B

One comment from Sidley on the press release (in addition to the 34 days).

Please pass these on to Fitch. Thanks.

From: Chae, Svetlana [<mailto:schae@Sidley.com>]
Sent: Tuesday, May 29, 2012 2:14 PM
To: Baum, Shirley A
Cc: Lewis, Robert J.
Subject: RE: Draft of Fitch Press Release Maricopa County, AZ 2009 Series B

Shirley,
In addition to correcting the days of interest, I suggest replacing a reference to "credit agreement" by a reference to a "reimbursement agreement".

Thanks,
Lana

Svetlana Chae
Sidley Austin LLP
1 South Dearborn Street
Chicago, Illinois 60603
Phone: (312) 853-7721
Fax: (312) 853-7036
E-mail: schae@sidley.com
From: Shirley.Baum@pinnaclewest.com [<mailto:Shirley.Baum@pinnaclewest.com>]
Sent: Tuesday, May 29, 2012 3:32 PM
To: Chae, Svetlana
Subject: FW: Draft of Fitch Press Release Maricopa County, AZ 2009 Series B

Lana- normally I don't think we review these releases, but Fitch sent this to us to review for factual accuracy. But for the 35 days being wrong (I've asked them to change it to 34 days), do you have any other concerns with this ? Thank you. If you could take a quick look at this I would appreciate it, since I assume they want to issue it in the near term.

From: Sarti, Daniel
Sent: Tuesday, May 29, 2012 1:16 PM
To: Nickloy, Lee R; Baum, Shirley A
Subject: FW: Draft of Fitch Press Release Maricopa County, AZ 2009 Series B

For our review..

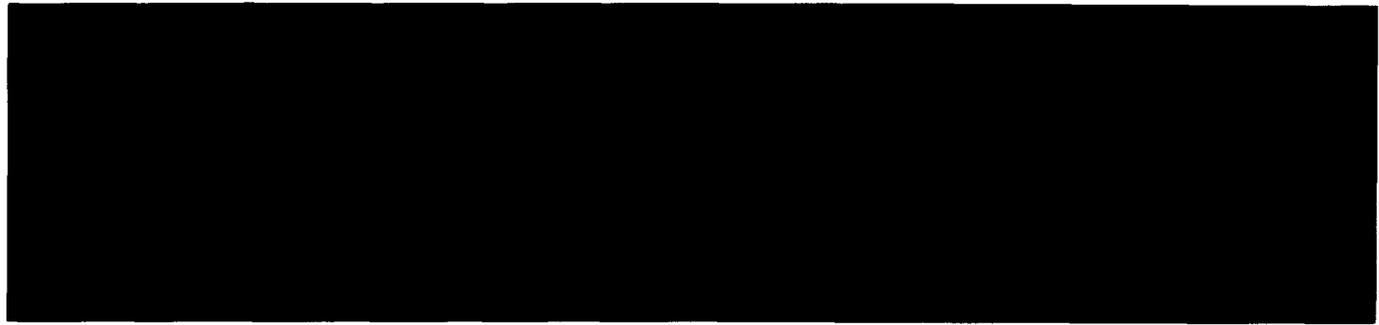
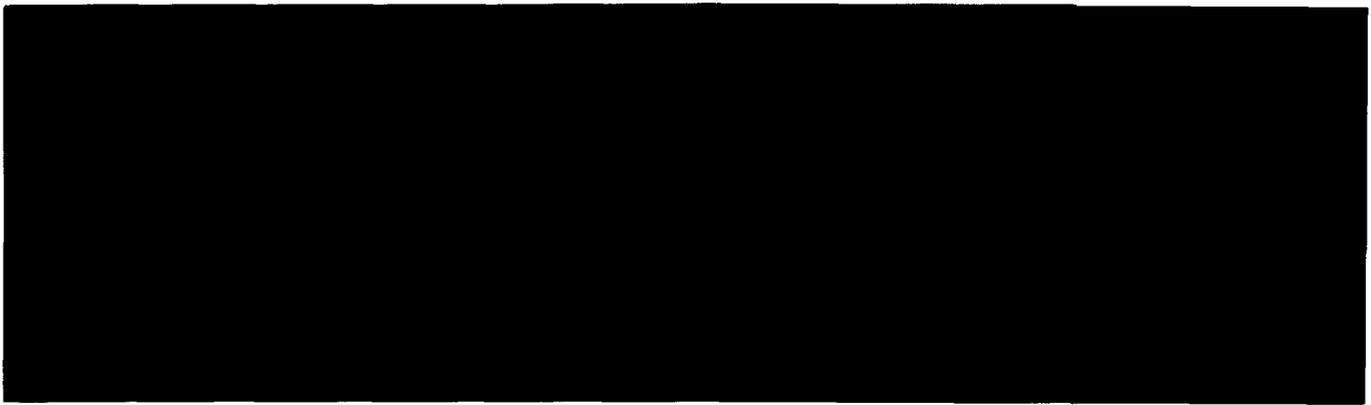
From: Nicole.Wood@fitchratings.com [<mailto:Nicole.Wood@fitchratings.com>]
Sent: Tuesday, May 29, 2012 12:28 PM
To: Sarti, Daniel
Subject: Draft of Fitch Press Release Maricopa County, AZ 2009 Series B

Dan,

Attached please find a draft of the press release relating to Fitch's rating of subject issue which I am sending out for you to review for factual accuracy only. Please get back to me as soon as possible with any corrections or final sign off. As soon as I receive final sign off from you I will get this sent out.

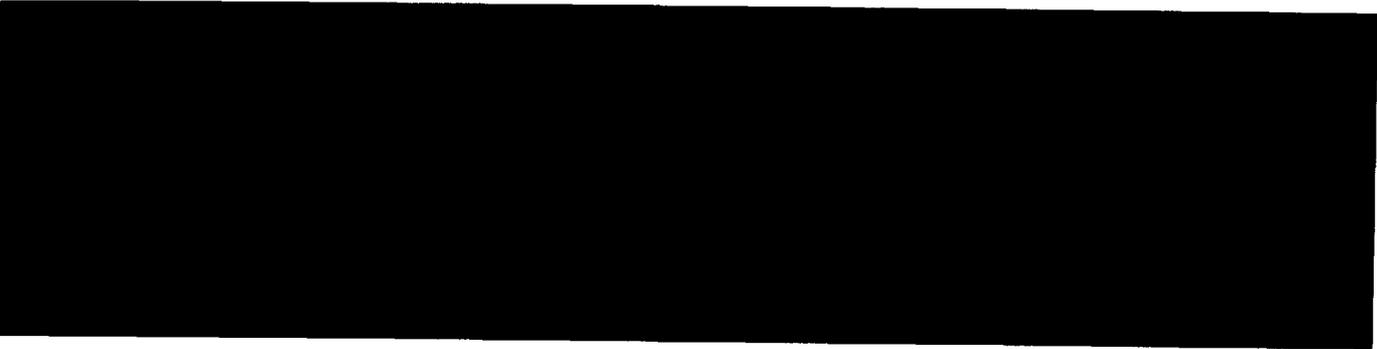
Kind regards,
Nicole

Nicole Markou Wood
Fitch Ratings
Municipal Structured Finance
One State Street Plaza
New York, NY 10004
Tel: (212) 908-0500 Ext. 1930
Email: nicole.wood@fitchratings.com









Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, June 20, 2012 2:07 PM
To: Dolyniuk, Karen E
Subject: FW: Fitch Rating Letter Maricopa Cnty, AZ 2009 Series B
Attachments: 2012-05-30 Maricopa County, AZ 2009B Rating Letter.pdf; 2012-05-30 Final Published RAC.pdf

From: Nicole.Wood@fitchratings.com [<mailto:Nicole.Wood@fitchratings.com>]
Sent: Wednesday, May 30, 2012 9:42 AM
To: Sarti, Daniel
Cc: schae@sidley.com; rlewis@Sidley.com
Subject: Fitch Rating Letter Maricopa Cnty, AZ 2009 Series B

Dan,

Attached please find our rating letter pertaining to Maricopa County, Arizona Pollution Control Corporation Pollution Control Revenue Refunding Bonds Series 2009B (Arizona Public Service Company). I have also attached a PDF of the final press release.

Could you please ensure final executed documents are sent to me on the closing date.

Thank you for your assistance in the rating process.

Kind regards,
Nicole

Nicole Markou Wood
Fitch Ratings
Municipal Structured Finance
One State Street Plaza
New York, NY 10004
Tel: (212) 908-0500 Ext. 1930
Email: nicole.wood@fitchratings.com

Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Wednesday, June 20, 2012 10:53 AM
To: Dolyniuk, Karen E
Subject: FW: APS F3 Commercial Paper Rating

-----Original Message-----

From: Philip.Smyth@fitchratings.com [mailto:Philip.Smyth@fitchratings.com]
Sent: Wednesday, May 30, 2012 11:33 AM
To: Nickloy, Lee R
Subject: Re: APS F3 Commercial Paper Rating

Hi Lee,

That would be great. Please feel free to give me a call any time, at your convenience.

Sincerely,

Phil

|----->
| From: |
|----->

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|<Lee.Nickloy@PinnacleWest.com>
|

>-----
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|----->
| To: |
|----->

>-----
-----|
|<philip.smyth@fitchratings.com>
|

>-----
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|----->
| Date: |
|----->

>-----
-----|
|05/30/2012 01:54 PM
|

>-----
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|----->
| Subject: |
|----->

>-----
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|Re: APS F3 Commercial Paper Rating
|

>-----
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Thanks for the color, Phil. My travel/meeting schedule this week is turning out to be a bit busier than I thought. Would it be OK just to give you a call to discuss rather than setting up something more formal?

Lee

From: Philip.Smyth@fitchratings.com [mailto:Philip.Smyth@fitchratings.com]
Sent: Friday, May 25, 2012 02:52 PM
To: Nickloy, Lee R
Cc: Daniel.Neama@fitchratings.com <Daniel.Neama@fitchratings.com>
Subject: Re: APS F3 Commercial Paper Rating

Hi Nick,

Under Fitch's long-term/short-term notching criteria, APS's short term 'F3'

issuer default and commercial paper (CP) ratings are linked to the long-term issuer default rating (IDR) of 'BBB' not the senior unsecured rating of 'BBB+'. A future upgrade to the short-term IDR/CP rating to 'F2'

would require a one notch upgrade in APS's long-term IDR to 'BBB+'. We will be happy to discuss the matter further with you and your colleagues at your convenience next week.

Best Regards,

Phil

Philip W. Smyth, CFA

Senior Director

Fitch Ratings

212 908 0531

-----<Lee.Nickloy@PinnacleWest.com> wrote: -----

To: <Daniel.Neama@fitchratings.com>, <Philip.Smyth@fitchratings.com>

From: <Lee.Nickloy@PinnacleWest.com>

Date: 05/25/2012 04:09PM

Subject: APS F3 Commercial Paper Rating

Dan/Phil,

We were a bit surprised that we didn't see the F3 short-term/commercial paper rating at APS get raised in connection with the increase in the IDR and senior unsecured ratings. Could we discuss? It would be helpful for us if we could get some color from you on what factors led to keeping APS at F3, and of course giving you some feedback on those or how we would propose to mitigate any concerns you have. I am travelling next week, but could do a call sometime during the week if you have some times that work for you. Wednesday or Thursday would work best for me, but can work around your schedules.

Thanks,

Lee

Lee R. Nickloy

Vice President and Treasurer

PINNACLE WEST CAPITAL CORPORATION

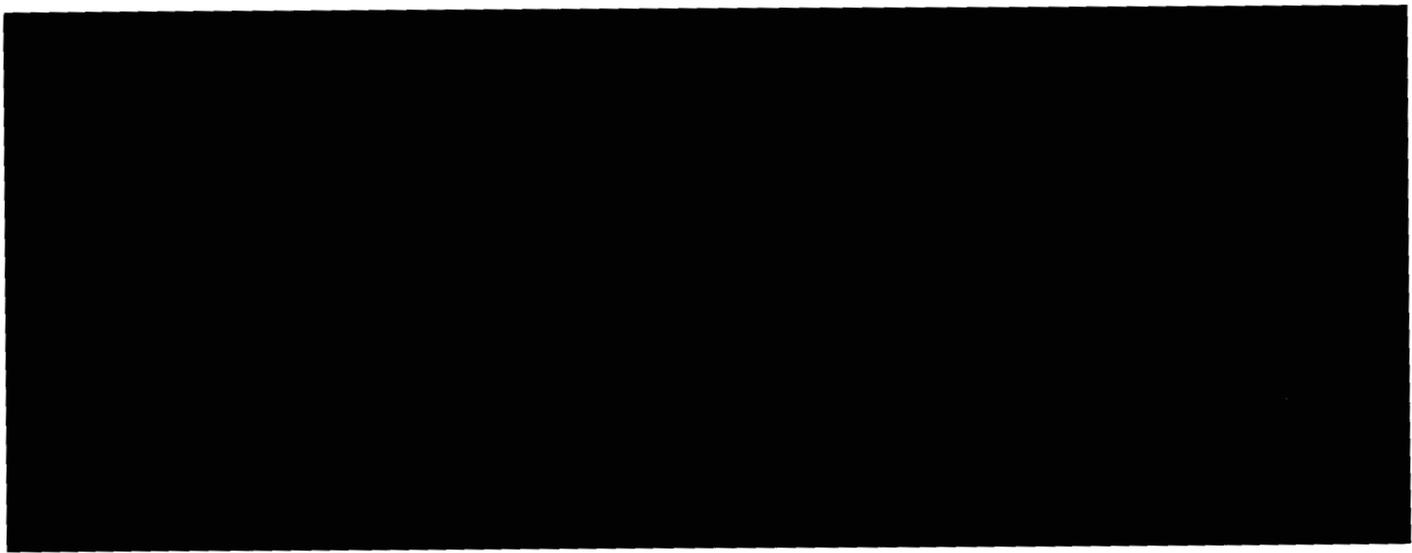
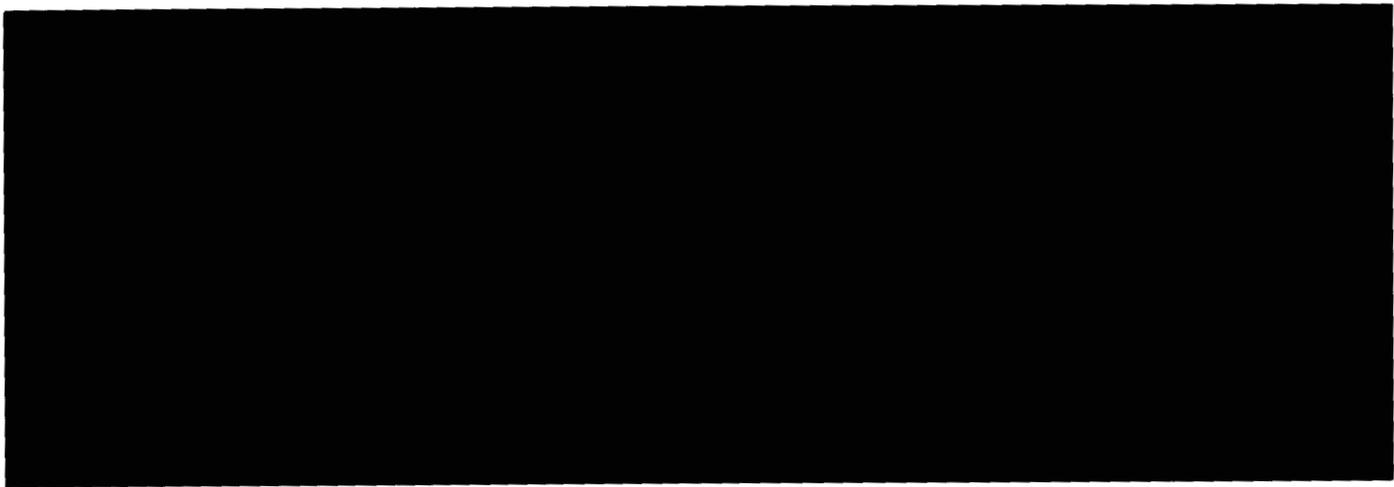
ARIZONA PUBLIC SERVICE COMPANY

400 North 5th Street, MS 9040

Phoenix, AZ 85004

ph: 602-250-3300

Lee.Nickloy@pinnaclewest.com



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, June 20, 2012 2:20 PM
To: Dolyniuk, Karen E
Subject: FW: Fitch Rating Letter Maricopa Cnty, AZ 2009 Series B

From: Sarti, Daniel
Sent: Wednesday, May 30, 2012 11:36 AM
To: 'Nicole.Wood@fitchratings.com'
Subject: RE: Fitch Rating Letter Maricopa Cnty, AZ 2009 Series B

Thank you Nicole. We really appreciate you working so hard to expedite this. It looks like the bonds will be remarketed on schedule.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Nicole.Wood@fitchratings.com [<mailto:Nicole.Wood@fitchratings.com>]
Sent: Wednesday, May 30, 2012 9:42 AM
To: Sarti, Daniel
Cc: schae@sidley.com; rlewis@sidley.com
Subject: Fitch Rating Letter Maricopa Cnty, AZ 2009 Series B

Dan,

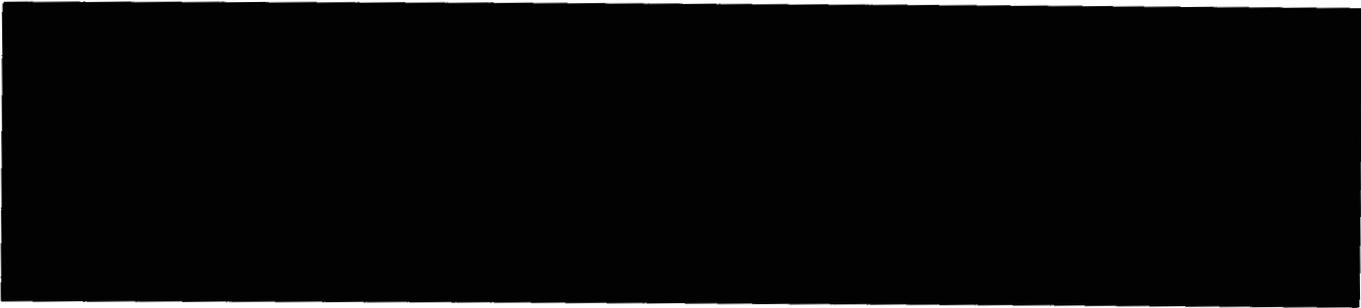
Attached please find our rating letter pertaining to Maricopa County, Arizona Pollution Control Corporation Pollution Control Revenue Refunding Bonds Series 2009B (Arizona Public Service Company). I have also attached a PDF of the final press release.

Could you please ensure final executed documents are sent to me on the closing date.

Thank you for your assistance in the rating process.

Kind regards,
Nicole

Nicole Markou Wood
Fitch Ratings
Municipal Structured Finance
One State Street Plaza
New York, NY 10004
Tel: (212) 908-0500 Ext. 1930
Email: nicole.wood@fitchratings.com



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, June 20, 2012 2:07 PM
To: Dolyniuk, Karen E
Subject: FW: remarketing.doc

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Wednesday, May 30, 2012 12:12 PM
To: Sarti, Daniel
Subject: RE: remarketing.doc

Dear Dan,

Sorry if I haven't been clear at all: we can only send the rating letter to bond counsel after 5PM one business day before closing. So, I won't be sending a rating letter to bond counsel until after 5PM tomorrow.

Thanks,
Tobin

Tobin Joseph
Standard & Poor's
55 Water Street, 41st Fl
New York, NY 10041
212-438-4960 tel

SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site.

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Wednesday, May 30, 2012 2:09 PM
To: Joseph, Tobin
Subject: RE: remarketing.doc

Hi Tobin,

Do you know when the rating letter might be sent for the Maricopa 2009B bond series? Bond counsel has not received it yet.

Thanks,

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Friday, May 25, 2012 11:19 AM
To: Sarti, Daniel
Subject: RE: remarketing.doc

Dan,

Committee is comfortable with the proposed language in the remarketing agreement.

Also, committee is comfortable with the proposed side letter addressed to the Issuer where APS will give the rating agencies notice of amendments, etc.

Thanks,
Tobin

Tobin Joseph
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From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Friday, May 25, 2012 1:21 PM
To: Joseph, Tobin
Subject: FW: remarketing.doc
Importance: High

Hi Tobin,

Let us know if this language works for you...

Dan Sarti

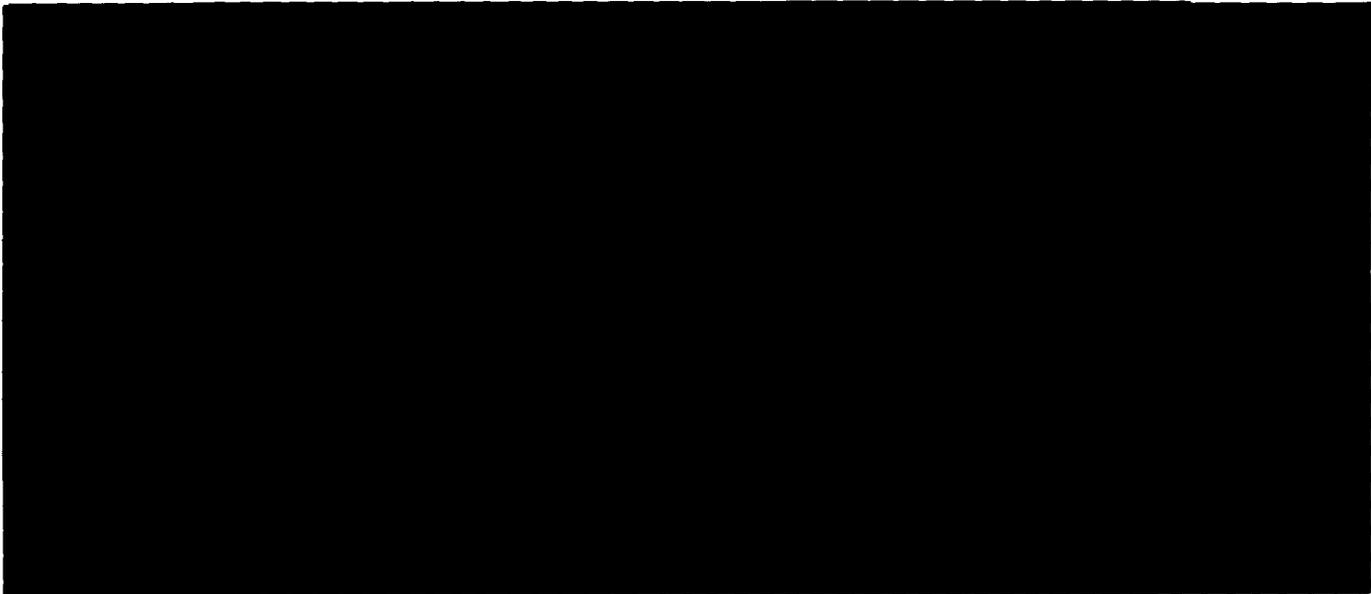
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Baum, Shirley A
Sent: Friday, May 25, 2012 10:19 AM
To: Sarti, Daniel
Subject: remarketing.doc
Importance: High

Dan, can you please send this proposed revised language to the Remarketing Agreement to Tobin at S&P. I'd like to make sure he is comfortable with this before we include it in the Remarketing Agreement. Thanks.

Shirley

 ----



Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, June 20, 2012 2:08 PM
To: Dolyniuk, Karen E
Subject: FW: remarketing.doc

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Wednesday, May 30, 2012 3:07 PM
To: Sarti, Daniel
Subject: RE: remarketing.doc

Hey Dan,

Can you give me a call when you get a chance? I should be in for a while tonight.

In our systems, it now looks like the same bond is carrying two different ratings. Was your intention to take the BBB rating off the bond when asking for this LOC-enhanced rating? If so, you will have to put in a request to withdraw the BBB rating. I'm more than happy to find the appropriate corporate analyst to help you do that.

Thanks,
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Sent: Friday, May 25, 2012 1:21 PM
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Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

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Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, June 20, 2012 2:20 PM
To: Dolyniuk, Karen E
Subject: FW: remarketing.doc

From: Sarti, Daniel
Sent: ~~Wednesday, May 30, 2012 3:45 PM~~
To: 'Joseph, Tobin'
Subject: RE: remarketing.doc

Hi Tobin,

①

Arizona Public Service Company requests that Standard & Poor's withdraw the existing "BBB" rating on the \$32,000,000 Maricopa County Arizona Pollution Control Corporation 2009 Series B bonds once the remarketing of those bonds is completed into the new variable rate mode backed by a letter of credit from JPMorgan Chase Bank, N.A. That remarketing will occur on June 1, 2012 and will carry a new rating from Standard & Poor's at that time.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
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Subject: RE: remarketing.doc

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Dolyniuk, Karen E

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Sent: Wednesday, June 20, 2012 2:09 PM
To: Dolyniuk, Karen E
Subject: FW: Fitch Rating Letter Maricopa Cnty, AZ 2009 Series B

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Sent: ~~Thursday, May 31, 2012 6:17 AM~~
To: Chae, Svetlana
Cc: Sarti, Daniel; Lewis, Robert J.
Subject: RE: Fitch Rating Letter Maricopa Cnty, AZ 2009 Series B

Lana,

I'll also need a copy of the executed Side Letter, bond counsel opinion, the Remarketing Agreement and the final reoffering circular.

Kind regards,
Nicole

Nicole Markou Wood
Fitch Ratings
Municipal Structured Finance
One State Street Plaza
New York, NY 10004
Tel: (212) 908-0500 Ext. 1930
Email: nicole.wood@fitchratings.com

From: "Chae, Svetlana" <schae@Sidley.com>
To: <Nicole.Wood@fitchratings.com>
Cc: "Lewis, Robert J." <rlewis@Sidley.com>, <Daniel.Sarti@pinnaclewest.com>
Date: 05/30/2012 06:26 PM
Subject: RE: Fitch Rating Letter Maricopa Cnty, AZ 2009 Series B

Nicole,

Will you anything other than copies of fully executed Reimbursement Agreement, Letter of Credit and our Reliance Letter?

Thank you,

Lana

Svetlana Chae:
Sidley Austin LLP
1 South Dearborn Street
Chicago, Illinois 60603
Phone: (312) 853-7721
Fax: (312) 853-7036
E-mail: schae@sidley.com

From: Nicole.Wood@fitchratings.com [mailto:Nicole.Wood@fitchratings.com]
Sent: Wednesday, May 30, 2012 11:42 AM
To: Daniel.Sarti@pinnaclewest.com
Cc: Chae, Svetlana; Lewis, Robert J.
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Nicole

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One State Street Plaza
New York, NY 10004
Tel: (212) 908-0500 Ext. 1930
Email: nicole.wood@fitchratings.com



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, June 20, 2012 2:09 PM
To: Dolyniuk, Karen E
Subject: FW: Maricopa County, AZ, Pollution Control Corporation Pollution Control Revenue Refunding Bonds (Arizona Public Service Company Palo Verde Project), Series 2009B

From: Rogow, Ian [<mailto:Ian.Rogow@moodys.com>]
Sent: Thursday, May 31, 2012 11:20 AM
To: Sarti, Daniel; Nickloy, Lee R; scott.j.robinson@jpmorgan.com
Subject: Maricopa County, AZ, Pollution Control Corporation Pollution Control Revenue Refunding Bonds (Arizona Public Service Company Palo Verde Project), Series 2009B

Mr. Sarti,

At 12:30 a.m. tomorrow, June 1, I will circulate Moody's draft report for the above. Please have someone available to review the report at that time. Moody's policy provides for a two-hour review period. As such, I will request all comments, if any, be provided to me by no later than 2:30 p.m. (New York City time) tomorrow.

Best,

Ian M. Rogow, Esq.
Associate Analyst
Municipal Supported Products Group
212.553.1742 tel
212.298.7181 fax
ian.rogow@moodys.com

Moody's Investor Services
7 World Trade Center
250 Greenwich Street
New York, NY 10007
www.moodys.com

Please note that Moody's analysts are not permitted to engage in any fee discussions or be privy to any rating fee information. Please do not include analysts in any fee related correspondence. If you have any questions or comments regarding the application or the fees, please contact Moody's Issuer Relations Team at 212.553.4055.





Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, June 20, 2012 2:10 PM
To: Dolyniuk, Karen E
Subject: FW: Maricopa County, AZ, Pollution Control Corporation Pollution Control Revenue Refunding Bonds (Arizona Public Service Company Palo Verde Project), Series 2009B

From: Rogow, Ian [mailto:Ian.Rogow@moodys.com]
Sent: Thursday, May 31, 2012 11:25 AM
To: Sarti, Daniel
Subject: RE: Maricopa County, AZ, Pollution Control Corporation Pollution Control Revenue Refunding Bonds (Arizona Public Service Company Palo Verde Project), Series 2009B

Dan,

Did I send a report to you previously? I believe it was only the Rating Letter which I sent.

Best,

Ian M. Rogow, Esq.
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Sent: Thursday, May 31, 2012 2:23 PM
To: Rogow, Ian
Subject: RE: Maricopa County, AZ, Pollution Control Corporation Pollution Control Revenue Refunding Bonds (Arizona Public Service Company Palo Verde Project), Series 2009B

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Dan Sarti
Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

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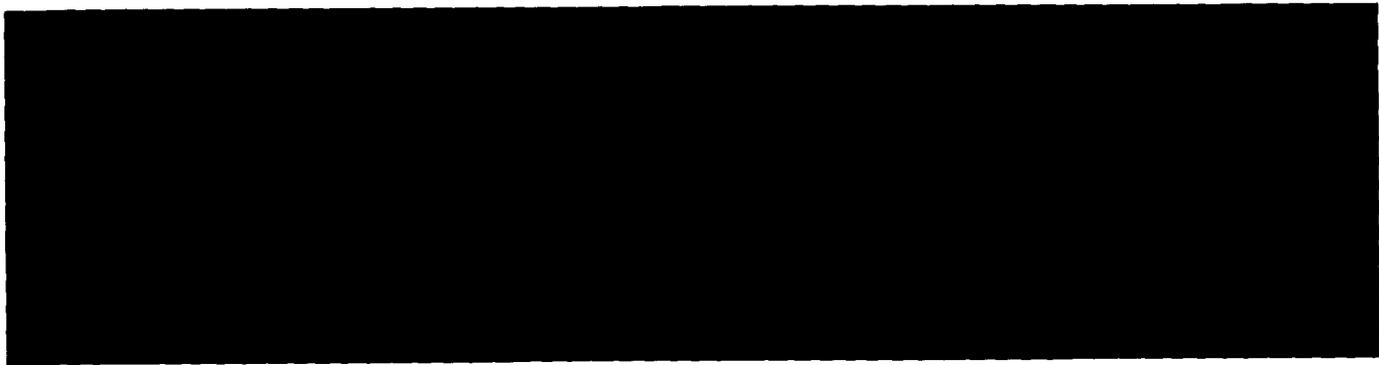
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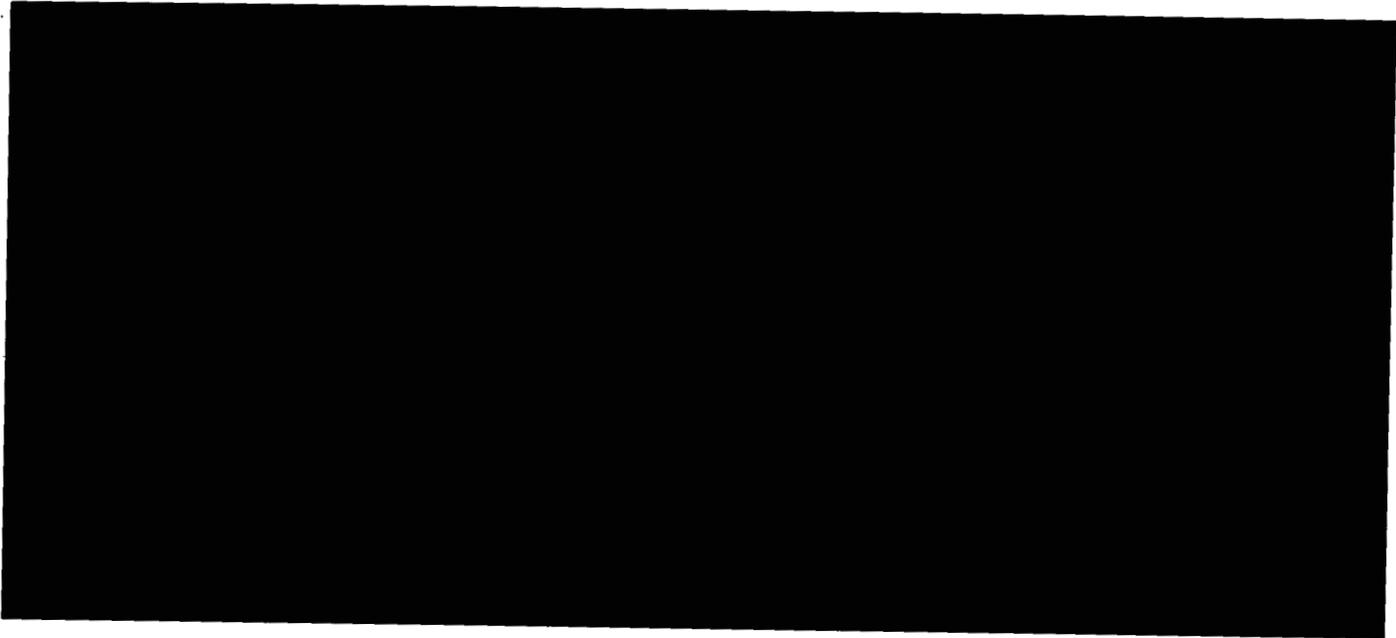
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Dolyniuk, Karen E

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To: Dolyniuk, Karen E
Subject: FW: Maricopa County, AZ, Pollution Control Corporation Pollution Control Revenue Refunding Bonds (Arizona Public Service Company Palo Verde Project), Series 2009B

From: Sarti, Daniel
Sent: Thursday, May 31, 2012 11:26 AM
To: 'Rogow, Ian'
Subject: RE: Maricopa County, AZ, Pollution Control Corporation Pollution Control Revenue Refunding Bonds (Arizona Public Service Company Palo Verde Project), Series 2009B

① Sorry. Yes, you are correct.

From: Rogow, Ian [mailto:Ian.Rogow@moodys.com]
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To: Sarti, Daniel
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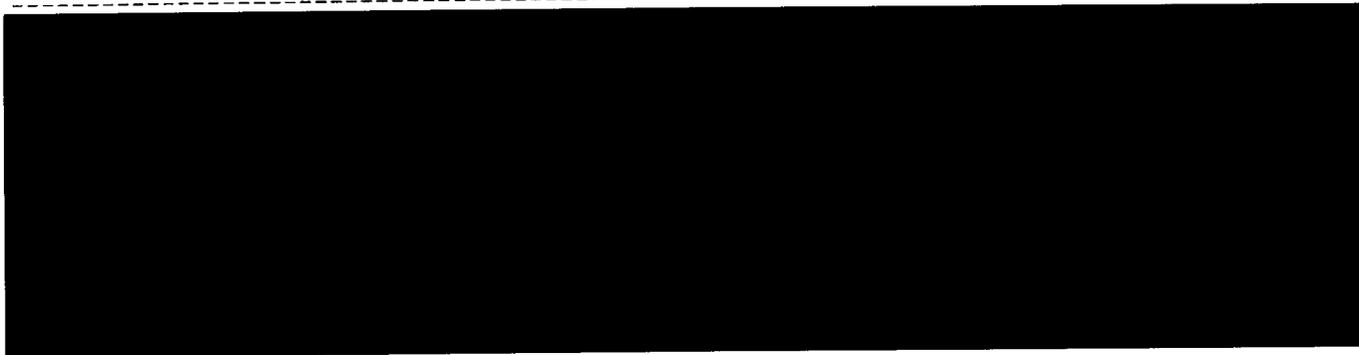
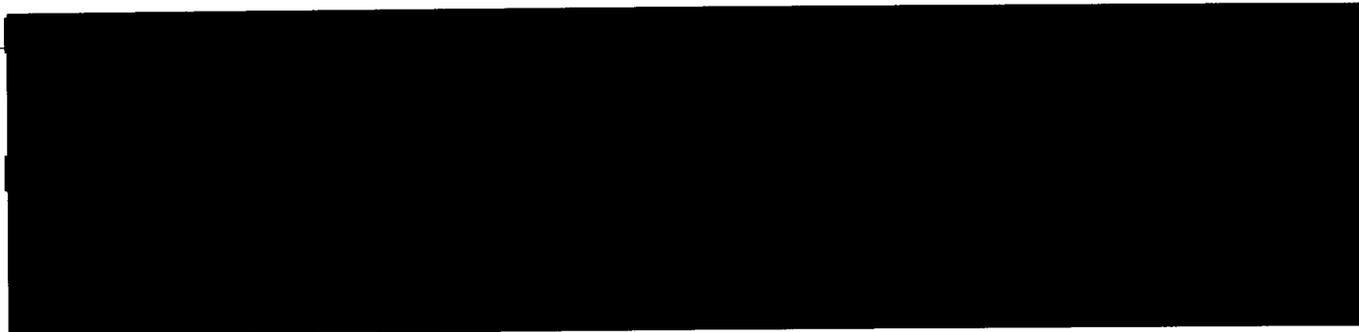
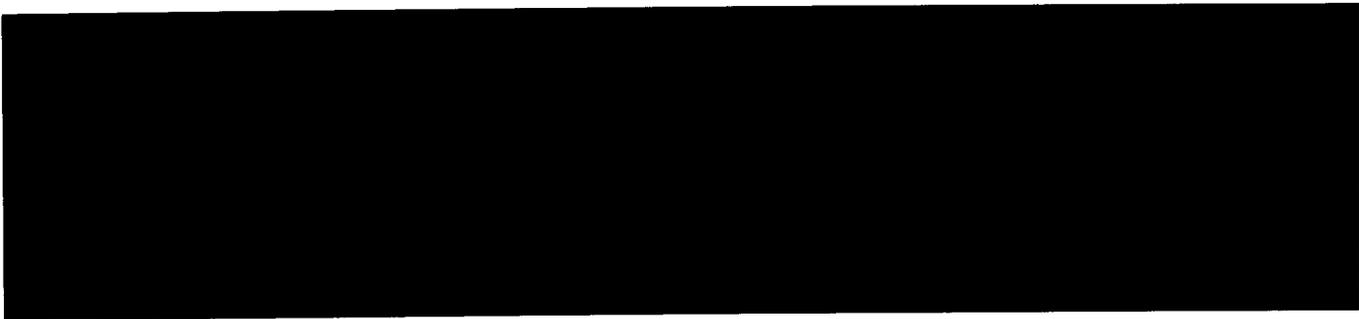
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Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, June 20, 2012 2:11 PM
To: Dolyniuk, Karen E
Subject: FW: R. Letter in Escrow-release needs to be as early as it can be

-----Original Message-----

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Thursday, May 31, 2012 6:28 PM
To: Sarti, Daniel
Subject: RE: R. Letter in Escrow-release needs to be as early as it can be

Let me talk to the IT folks in the morning to try and get the rating public ASAP.

That said, from our perspective, since the rating letter is in escrow, that is the same as us delivering our rating. So, the rating is effective as of the date of the letter (i.e., 12:00AM on June 1st).

Tobin Joseph
212-438-4960 tel

-----Original Message-----

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Thursday, May 31, 2012 8:42 PM
To: Joseph, Tobin
Subject: FW: R. Letter in Escrow-release needs to be as early as it can be

Hi Tobin,

To: Leak, Kathleen A.

Subject: FW: R. Letter in Escrow

-----Original Message-----

From: Joseph, Tobin
[tobin_joseph@standardandpoors.com<mailto:tobin_joseph@standardandpoors.com>]

Sent: Thursday, May 31, 2012 05:04 PM US Mountain Standard Time

To: Sarti, Daniel

Subject: R. Letter in Escrow

Dear Dan,

I placed the rating letter in escrow with bond counsel (specifically, Kathleen Leak as you requested) with instructions to release the letter once the ratings become public tomorrow around 12 noon (EST)/9AM AZ time. Please let me know if you come across any issues.

Thanks,

Tobin

Tobin Joseph

Standard & Poor's

55 Water Street, 41st Fl

New York, NY 10041

212-438-4960 tel

SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The

Does this timing work?...

-----Original Message-----

From: Leak, Kathleen A. [kleak@orrick.com<mailto:kleak@orrick.com>]

Sent: Thursday, May 31, 2012 05:19 PM US Mountain Standard Time

To: Sarti, Daniel

Cc: Baum, Shirley A

Subject: Re: R. Letter in Escrow-release needs to be as early as it can be

Received. Thank you.

The rating letter need to be released from escrow as early as possible on Friday morning.

Noon NY time is pushing it in terms of a DTC closing.

Could you reach out on this point?

Thanks.

Kathleen A. Leak

----- Original Message -----

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]

Sent: Thursday, May 31, 2012 07:07 PM

Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site.

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]

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Subject: FW: Side Letter

Attached is the executed side letter for your records...

Dan Sarti

Manager - Corporate Finance

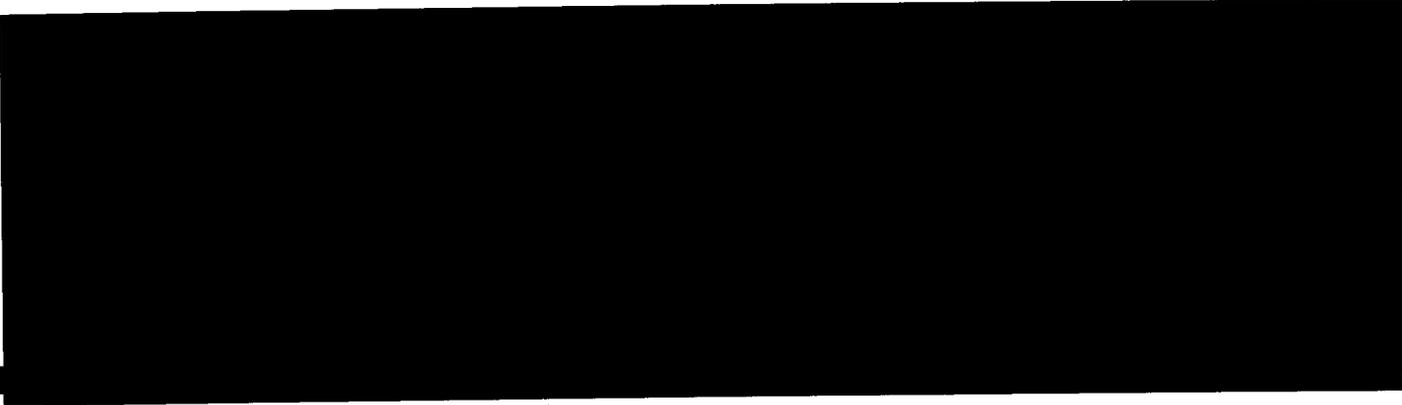
Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

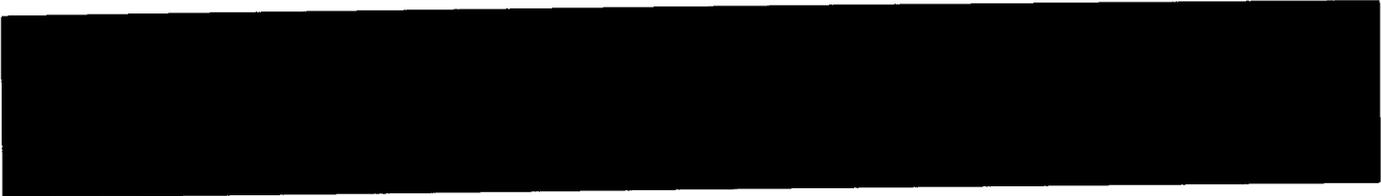
Fax: 602-250-5640

[REDACTED]

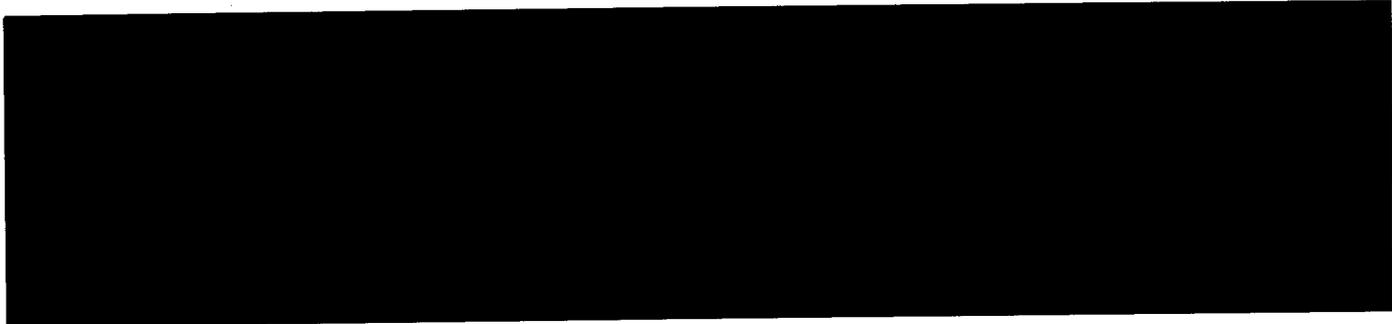
[REDACTED]



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Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, June 20, 2012 2:11 PM
To: Dolyniuk, Karen E
Subject: FW: R. Letter in Escrow-release needs to be as early as it can be

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From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Friday, June 01, 2012 4:34 AM
To: Sarti, Daniel
Subject: RE: R. Letter in Escrow-release needs to be as early as it can be

②

Will do. Sorry, no one else is in work yet, but I sent our IT and publishing groups emails last night asking to have the rating released as soon as possible.

Also, when you get a chance, can you forward us the executed LOC, Loan Agreement and Remarketing Agreement? Can you also send me the new CUSIP for the bond (that way I can make sure the IT folks link the CUSIP to the rating right away).

Thanks,

Tobin

Tobin Joseph

212-438-4960 tel

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① **From:** Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Friday, June 01, 2012 7:31 AM

To: Joseph, Tobin

Subject: RE: R. Letter in Escrow-release needs to be as early as it can be

Thanks Tobin. Let me know as soon as you think it's public. We'll be in early this morning to launch the remarketing.

-----Original Message-----

From: Joseph, Tobin
[tobin_joseph@standardandpoors.com<mailto:tobin_joseph@standardandpoors.com>]

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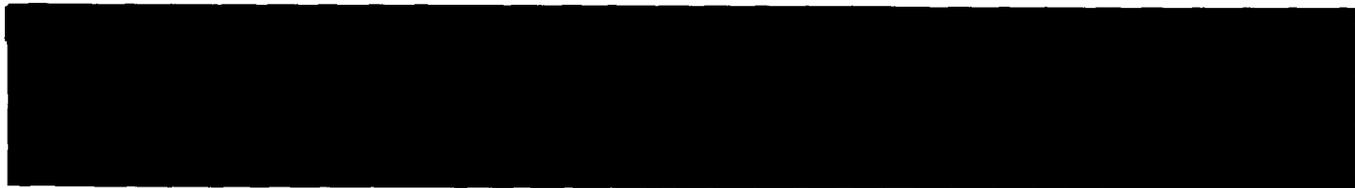
Manager - Corporate Finance

Pinnacle West Capital Corporation/Arizona Public Service Company

Ph: 602-250-3315

Fax: 602-250-5640

--- NOTICE ---



[Redacted]

[Redacted]

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[Redacted]

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[Redacted]

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Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, June 20, 2012 2:22 PM
To: Dolyniuk, Karen E
Subject: FW: R. Letter in Escrow-release needs to be as early as it can be
Attachments: Maricopa - Letter of Credit.pdf; Maricopa - Remarketing Agreement.pdf; Loan Agreement A-E.pdf

-----Original Message-----

From: Sarti, Daniel
Sent: Friday, June 01, 2012 5:29 AM
To: 'Joseph, Tobin'
Subject: RE: R. Letter in Escrow-release needs to be as early as it can be

①

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
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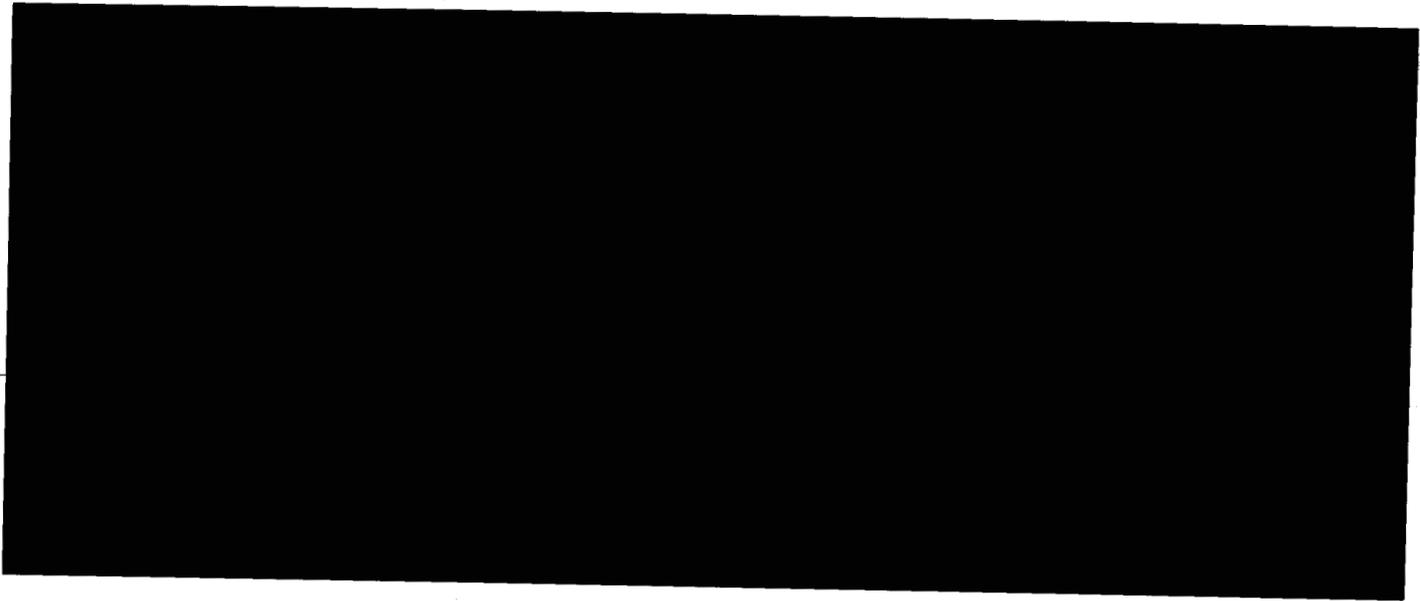
[REDACTED]

[REDACTED]

[REDACTED]

=====

[REDACTED]



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Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, June 20, 2012 2:11 PM
To: Dolyniuk, Karen E
Subject: FW: S&P

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Friday, June 01, 2012 6:12 AM
To: Sarti, Daniel
Subject: RE: S&P

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Tobin Joseph
212-438-4960 tel

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From: Daniel.Sarti@pinnaclewest.com [<mailto:Daniel.Sarti@pinnaclewest.com>]
Sent: Friday, June 01, 2012 9:09 AM
To: Joseph, Tobin
Subject: FW: S&P
Importance: High

Hi Tobin,

Would this be possible if the ratings letter is not published by 10 am EST?...

From: Baum, Shirley A
Sent: Friday, June 01, 2012 5:56 AM
To: Sarti, Daniel
Subject: S&P
Importance: High

Dan, I just spoke to Kathleen. We have the closing call for Maricopa at 7am our time (10 EST) and we need to have the sign off from Tobin by then. Specifically, we need him to send an email to Kathleen

authorizing her to release his ratings letter (which he previously told her he could not do until the public release of the rating).

Thanks. I have to go decorate someone's office for a birthday, so please call me on my cell if you need me 602-653-0238.

Shirley A. Baum
Associate General Counsel
Pinnacle West Capital Corporation, Law Department
400 North Fifth Street, Station 8695
Phoenix, Arizona 85004
phone 602.250.3706
fax 602.250.3393

[REDACTED]

[REDACTED]

[REDACTED]

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, June 20, 2012 2:22 PM
To: Dolyniuk, Karen E
Subject: FW: S&P

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To: 'Joseph, Tobin'
Subject: RE: S&P

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Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
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Tobin Joseph
212-438-4960 tel

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From: Daniel.Sarti@pinnaclewest.com [<mailto:Daniel.Sarti@pinnaclewest.com>]
Sent: Friday, June 01, 2012 9:09 AM
To: Joseph, Tobin
Subject: FW: S&P
Importance: High

Hi Tobin,

Would this be possible if the ratings letter is not published by 10 am EST?...

From: Baum, Shirley A
Sent: Friday, June 01, 2012 5:56 AM
To: Sarti, Daniel
Subject: S&P
Importance: High

Dan, I just spoke to Kathleen. We have the closing call for Maricopa at 7am our time (10 EST) and we need to have the sign off from Tobin by then. Specifically, we need him to send an email to Kathleen authorizing her to release his ratings letter (which he previously told her he could not do until the public release of the rating).

Thanks. I have to go decorate someone's office for a birthday, so please call me on my cell if you need me 602-653-0238.

Shirley A. Baum
Associate General Counsel
Pinnacle West Capital Corporation, Law Department
400 North Fifth Street, Station 8695
Phoenix, Arizona 85004
phone 602.250.3706
fax 602.250.3393

[REDACTED]

[REDACTED]

[REDACTED]

Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Wednesday, June 20, 2012 10:53 AM
To: Dolyniuk, Karen E
Subject: FW: Discussion Topics

From: Nickloy, Lee R
Sent: Friday, June 01, 2012 7:45 AM
To: 'michael_ferguson@standardandpoors.com'
Subject: Re: Discussion Topics

Mike,

I will have Jim Hatfield, our CFO, and Pete Ewewn who you met last week on the call with me on Monday. We will all be together. Should we just call you at your number?

Lee

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Tuesday, May 29, 2012 05:50 AM
To: Nickloy, Lee R
Subject: Discussion Topics

Lee,

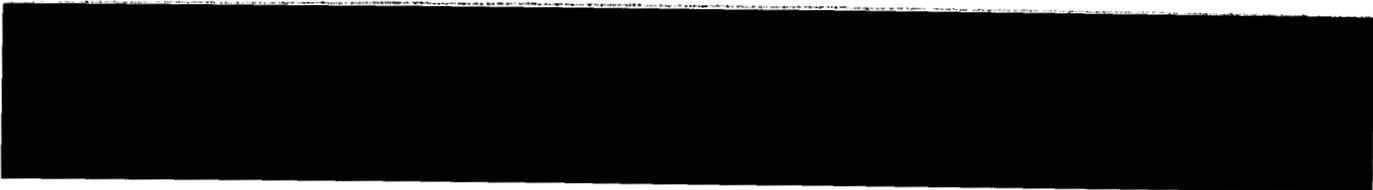
Please find attached a brief list of topics we'd like to discuss during our upcoming meeting. This is not intended to be an exhaustive list, so if there are any issues we don't address, please feel free to do so. Myself and Gerrit Jepsen, the secondary analyst, will be present on the call; let me know if anyone will be dialing in remotely, as I can arrange a conference call if need be.

It was a pleasure meeting you last week.

Regards,

Michael Ferguson, CFA, CPA
Associate
U.S. Utility & Infrastructure Ratings
Standard & Poor's
55 Water Street, 39th Floor
New York, NY 10041
(t) 212-438-7670 | (m) 917-562-9254

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& POOR'S
RATINGS SERVICES**
www.standardandpoors.com



Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Wednesday, June 20, 2012 10:54 AM
To: Dolyniuk, Karen E
Subject: FW: Discussion Topics

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Friday, June 01, 2012 7:47 AM
To: Nickloy, Lee R
Subject: RE: Discussion Topics

Lee,

That sounds good, you can call me at 212-438-7670. I'll be conferencing in Gerrit Jepsen, who is the backup analyst.

Have a fine weekend,
Mike

From: Lee.Nickloy@PinnacleWest.com [<mailto:Lee.Nickloy@PinnacleWest.com>]
Sent: Friday, June 01, 2012 10:45 AM
To: Ferguson, Michael
Subject: Re: Discussion Topics

Mike,

I will have Jim Hatfield, our CFO, and Pete Ewewn who you met last week on the call with me on Monday. We will all be together. Should we just call you at your number?

Lee

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Tuesday, May 29, 2012 05:50 AM
To: Nickloy, Lee R
Subject: Discussion Topics

Lee,

Please find attached a brief list of topics we'd like to discuss during our upcoming meeting. This is not intended to be an exhaustive list, so if there are any issues we don't address, please feel free to do so. Myself and Gerrit Jepsen, the secondary analyst, will be present on the call; let me know if anyone will be dialing in remotely, as I can arrange a conference call if need be.

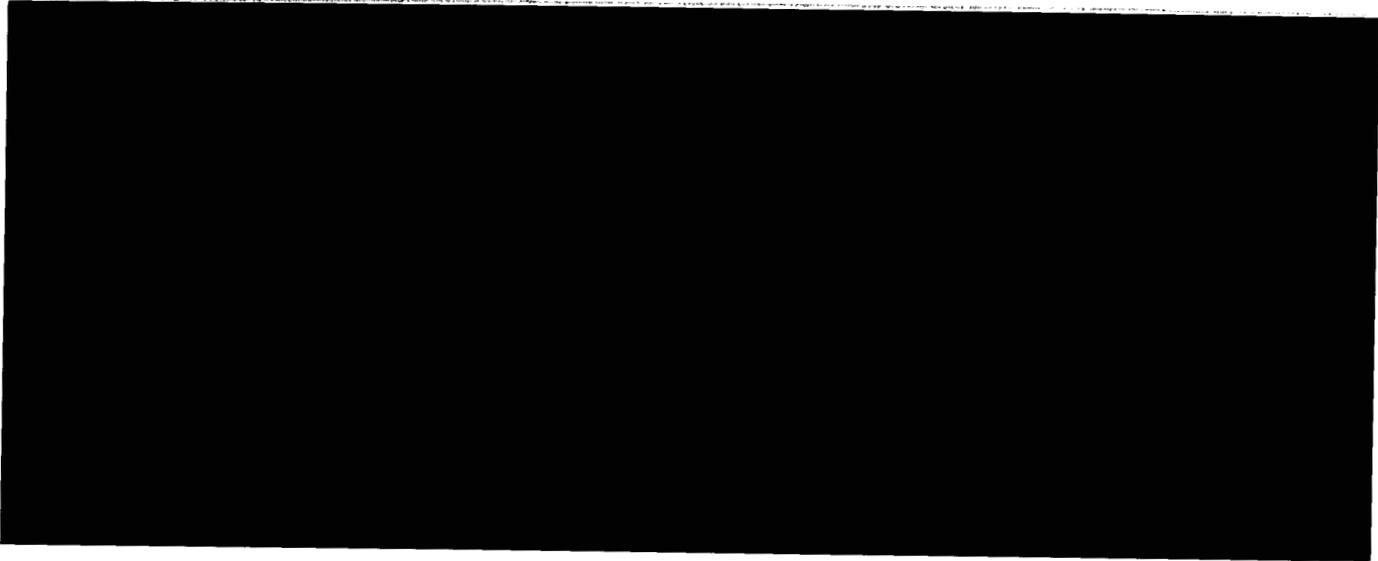
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Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Wednesday, June 20, 2012 10:54 AM
To: Dolyniuk, Karen E
Subject: FW: Discussion Topics

From: Nickloy, Lee R
Sent: Friday, June 01, 2012 7:52 AM
To: 'michael_ferguson@standardandpoors.com'
Subject: Re: Discussion Topics

Great, thanks Mike.

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Friday, June 01, 2012 07:47 AM
To: Nickloy, Lee R
Subject: RE: Discussion Topics

Lee,

That sounds good, you can call me at 212-438-7670. I'll be conferencing in Gerrit Jepsen, who is the backup analyst.

Have a fine weekend,
Mike

From: Lee.Nickloy@PinnacleWest.com [<mailto:Lee.Nickloy@PinnacleWest.com>]
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To: Ferguson, Michael
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Regards,

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Associate

U.S. Utility & Infrastructure Ratings

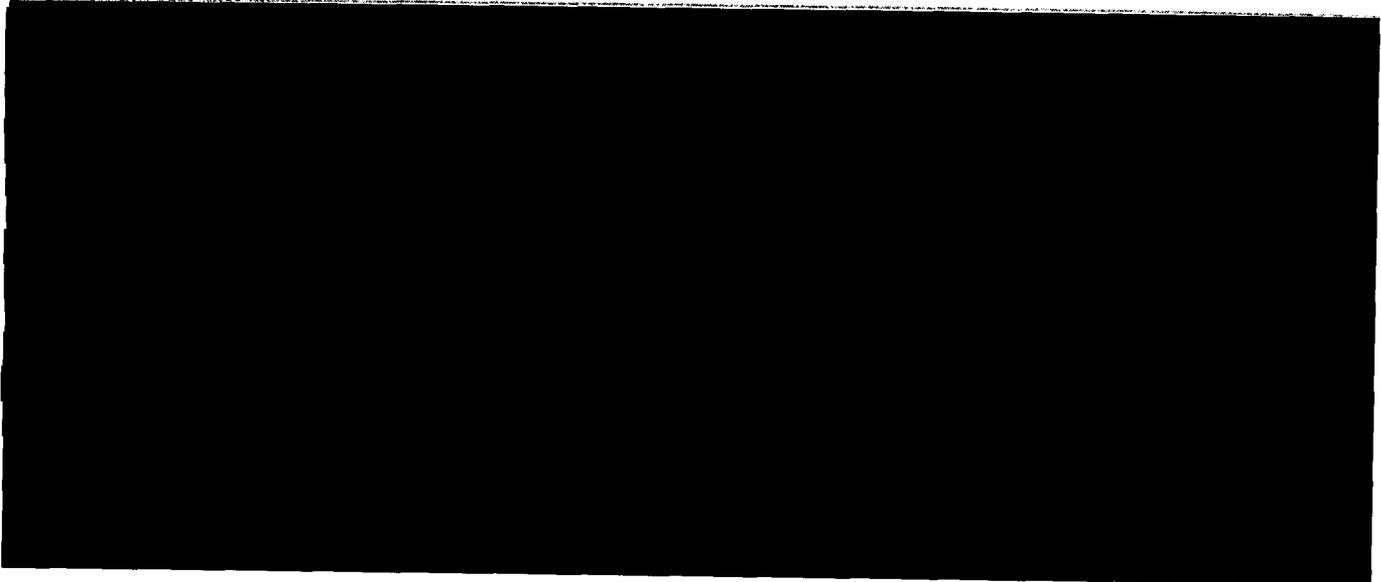
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Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, June 20, 2012 2:12 PM
To: Dolyniuk, Karen E
Subject: FW: Please Release R. Letter from Escrow

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Friday, June 01, 2012 8:03 AM
To: Leak, Kathleen A.
Cc: Sarti, Daniel
Subject: RE: Please Release R. Letter from Escrow

As an FYI – the ratings were just published on our website a couple minutes ago. I will be sure to have them update the CUSIP as soon as possible.

Tobin Joseph
Standard & Poor's
55 Water Street, 41st Fl
New York, NY 10041
212-438-4960 tel

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From: Leak, Kathleen A. [mailto:kleak@orrick.com]
Sent: Friday, June 01, 2012 9:49 AM
To: Joseph, Tobin
Cc: 'Daniel.Sarti@pinnaclewest.com' (Daniel.Sarti@pinnaclewest.com)
Subject: RE: Please Release R. Letter from Escrow

Thank you

I will release to the finance team immediately.

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Friday, June 01, 2012 6:47 AM
To: Leak, Kathleen A.
Cc: 'Daniel.Sarti@pinnaclewest.com' (Daniel.Sarti@pinnaclewest.com)
Subject: Please Release R. Letter from Escrow

Dear Ms. Leak,

The ratings should be published on our website shortly. However, since the appropriate sign-offs have already taken place to make the rating decision final and publishing is only being delayed due to processing reasons, please feel free to release the rating letter from escrow.

Thanks,
Tobin

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From: Joseph, Tobin
Sent: Thursday, May 31, 2012 8:03 PM
To: 'kleak@orrick.com'
Subject: R. Letter to be Held in Escrow

Dear Ms. Leak,

Attached please find the rating letter for the June 1, 2012, remarketing re:

- \$32mil Maricopa County, Arizona Pollution Control Corporation Pollution Control Revenue Refunding Bonds (Arizona Public Service Company Palo Verde Project), 2009 Series B, Due May 1, 2029.

Please hold this letter in escrow and release it to the appropriate parties once our rating is published. I will let you know as soon as that happens (which should be sometime around 12 noon (EST)/9AM Arizona time).

Additionally, please note that this rating letter is transmitted to you confidentially in advance of the public release of the rating, subject to your understanding and agreement that the rating must remain confidential until it is published on standardandpoors.com.

Please feel free to call or email with any questions.

Sincerely,
Tobin

Tobin Joseph
Standard & Poor's
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[REDACTED]

[REDACTED]

[REDACTED]

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, June 20, 2012 2:22 PM
To: Dolyniuk, Karen E
Subject: FW: Please Release R. Letter from Escrow

From: Sarti, Daniel
Sent: Friday, June 01, 2012 8:05 AM
To: 'Joseph, Tobin'; Leak, Kathleen A.
Subject: RE: Please Release R. Letter from Escrow

Thank you Tobin for the quick turnaround.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Friday, June 01, 2012 8:03 AM
To: Leak, Kathleen A.
Cc: Sarti, Daniel
Subject: RE: Please Release R. Letter from Escrow

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From: Leak, Kathleen A. [mailto:kleak@orrick.com]
Sent: Friday, June 01, 2012 9:49 AM

To: Joseph, Tobin
Cc: 'Daniel.Sarti@pinnaclewest.com' (Daniel.Sarti@pinnaclewest.com)
Subject: RE: Please Release R. Letter from Escrow

Thank you

I will release to the finance team immediately.

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Friday, June 01, 2012 6:47 AM
To: Leak, Kathleen A.
Cc: 'Daniel.Sarti@pinnaclewest.com' (Daniel.Sarti@pinnaclewest.com)
Subject: Please Release R. Letter from Escrow

Dear Ms. Leak,

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Thanks,
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From: Joseph, Tobin
Sent: Thursday, May 31, 2012 8:03 PM
To: 'kleak@orrick.com'
Subject: R. Letter to be Held in Escrow

Dear Ms. Leak,

Attached please find the rating letter for the June 1, 2012, remarketing re:

- \$32mil Maricopa County, Arizona Pollution Control Corporation Pollution Control Revenue Refunding Bonds (Arizona Public Service Company Palo Verde Project), 2009 Series B, Due May 1, 2029.

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Please feel free to call or email with any questions.

Sincerely,
Tobin

Tobin Joseph
Standard & Poor's
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New York, NY 10041
212-438-4960 tel

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Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, June 20, 2012 2:12 PM
To: Dolyniuk, Karen E
Subject: FW: Moody's Invoice - C1817797-000

From: Brigantino, John [mailto:John.Brigantino@moodys.com]
Sent: Friday, June 01, 2012 9:19 AM
To: Sarti, Daniel
Subject: RE: Moody's Invoice - C1817797-000

Hi Daniel,

⑤ I forwarded your request along to our Account Management team for response.

Thank you,

John

.....
John Brigantino

Global Middle Office
Public Finance Group
Moody's Investors Service
Telephone: 212.553.6870
Fax: 212.298.7059
John.brigantino@moodys.com

.....
MOODY'S INVESTORS SERVICE
7 World Trade Center
250 Greenwich Street
New York, NY 10007
www.moodys.com

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Friday, June 01, 2012 12:11 PM
To: Brigantino, John
Subject: FW: Moody's Invoice - C1817797-000

④ Hi John,

I'm in the process of approving the attached invoice from Moody's but want to verify the amount. Is there a schedule for municipal structured finance fees? I can't seem to match up this fee with anything on the Moody's Summary of Frequent Issuer Pricing.

Any help you can give would be greatly appreciated.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Brigantino, John [mailto:John.Brigantino@moodys.com]
Sent: Tuesday, May 29, 2012 12:19 PM
To: Nickloy, Lee R
Subject: FW: Moody's Invoice - C1817797-000

Hi Lee,

Ms. Gomez advised me to forward this invoice to you. Might you be able to assist in processing for payment?

Should you have any questions, please do not hesitate to contact me.

Thank you,

John

.....
John Brigantino
Global Middle Office
Public Finance Group
Moody's Investors Service
Telephone: 212.553.6870
Fax: 212.298.7059
John.brigantino@moodys.com

.....
MOODY'S INVESTORS SERVICE
7 World Trade Center
250 Greenwich Street
New York, NY 10007
www.moodys.com

From: Barbara.Gomez@aps.com [mailto:Barbara.Gomez@aps.com]
Sent: Tuesday, May 29, 2012 12:45 PM
To: Brigantino, John
Cc: Lee.Nickloy@PinnacleWest.com
Subject: FW: Moody's Invoice - C1817797-000

I assume that the attached invoice relates to Public Finance services. I am now the Vice President of Supply Chain for APS. The company's Treasurer is Lee Nickloy. His contact information is below:

Lee Nickloy
Vice President and Treasurer
Phone: 602-250-3300
e-mail: lee.nickloy@aps.com or lee.nickloy@pinnaclewest.com

I'm am cc'ing Lee on this note so the invoice can be processed.

From: Esquivel, Robert D
Sent: Tuesday, May 29, 2012 8:45 AM
To: Gomez, Barbara M
Cc: Nixon, Petra E
Subject: FW: Moody's Invoice - C1817797-000

Barbara,

As Mr. Brigantino requested, I am forwarding this to you.

Robert D. Esquivel
Manager
Supplier Diversity & Development



From: Brigantino, John [mailto:John.Brigantino@moodys.com]
Sent: Friday, May 25, 2012 8:06 AM
To: Esquivel, Robert D
Subject: Moody's Invoice - C1817797-000

Hi Robert,

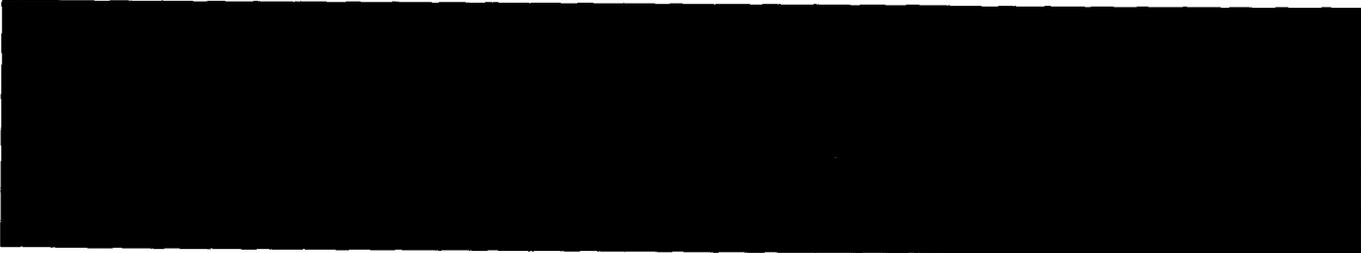
Might you be able to assist by internally forwarding the attached invoice to Ms. Gomez. Our existing contact information may not be accurate.

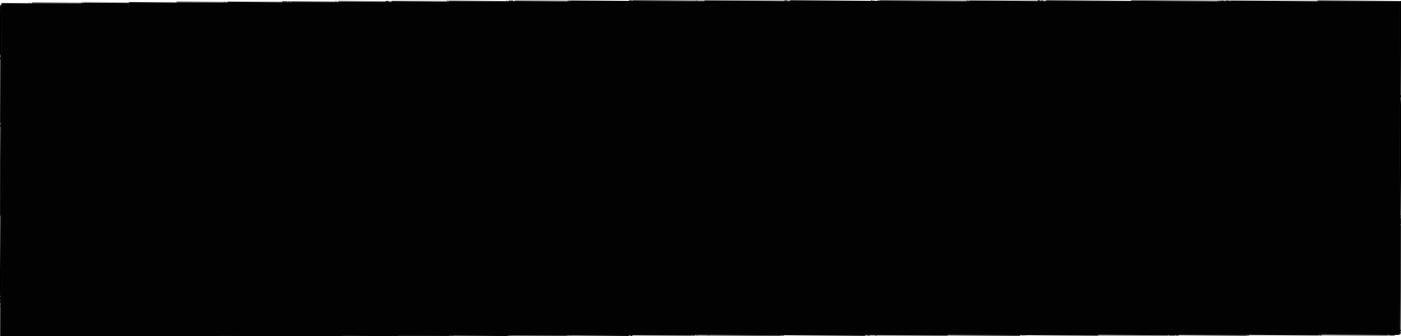
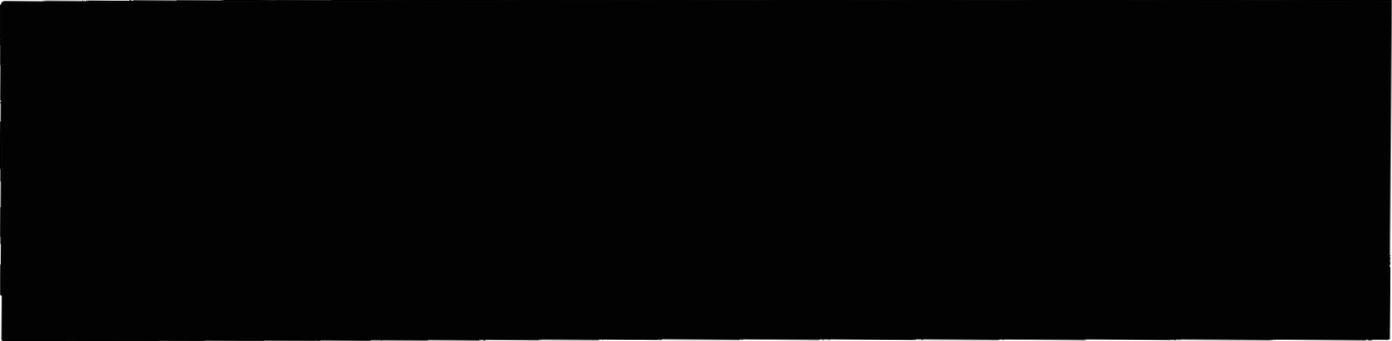
Thanks very much for your assistance.

John

.....
John Brigantino
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Public Finance Group
Moody's Investors Service
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Fax: 212.298.7059
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Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, June 20, 2012 2:13 PM
To: Dolyniuk, Karen E
Subject: FW: Please Release R. Letter from Escrow

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Friday, June 01, 2012 10:05 AM
To: Sarti, Daniel
Subject: RE: Please Release R. Letter from Escrow

Also, the new remarketed CUSIP has been added to our systems as of a few minutes ago, so you should be able to look up the rating in our systems now using that CUSIP.

Tobin Joseph
Standard & Poor's
55 Water Street, 41st Fl
New York, NY 10041
212-438-4960 tel

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From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Friday, June 01, 2012 11:05 AM
To: Joseph, Tobin; kleak@orrick.com
Subject: RE: Please Release R. Letter from Escrow

Thank you Tobin for the quick turnaround.

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Friday, June 01, 2012 8:03 AM
To: Leak, Kathleen A.
Cc: Sarti, Daniel
Subject: RE: Please Release R. Letter from Escrow

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From: Leak, Kathleen A. [mailto:kleak@orrick.com]
Sent: Friday, June 01, 2012 9:49 AM
To: Joseph, Tobin
Cc: 'Daniel.Sarti@pinnaclewest.com' (Daniel.Sarti@pinnaclewest.com)
Subject: RE: Please Release R. Letter from Escrow

Thank you

I will release to the finance team immediately.

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Friday, June 01, 2012 6:47 AM
To: Leak, Kathleen A.
Cc: 'Daniel.Sarti@pinnaclewest.com' (Daniel.Sarti@pinnaclewest.com)
Subject: Please Release R. Letter from Escrow

Dear Ms. Leak,

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Tobin

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From: Joseph, Tobin
Sent: Thursday, May 31, 2012 8:03 PM
To: 'kleak@orrick.com'
Subject: R. Letter to be Held in Escrow

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Please feel free to call or email with any questions.

Sincerely,
Tobin

Tobin Joseph
Standard & Poor's
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New York, NY 10041
212-438-4960 tel

SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site.





Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, June 20, 2012 2:23 PM
To: Dolyniuk, Karen E
Subject: FW: Please Release R. Letter from Escrow

From: Sarti, Daniel
Sent: Friday, June 01, 2012 10:06 AM
To: 'Joseph, Tobin'
Subject: RE: Please Release R. Letter from Escrow

① Excellent. Thanks again.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Friday, June 01, 2012 10:05 AM
To: Sarti, Daniel
Subject: RE: Please Release R. Letter from Escrow

Also, the new remarketed CUSIP has been added to our systems as of a few minutes ago, so you should be able to look up the rating in our systems now using that CUSIP.

Tobin Joseph
Standard & Poor's
55 Water Street, 41st Fl
New York, NY 10041
212-438-4960 tel

SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site.

From: Daniel.Sarti@pinnaclewest.com [mailto:Daniel.Sarti@pinnaclewest.com]
Sent: Friday, June 01, 2012 11:05 AM
To: Joseph, Tobin; kleak@orrick.com
Subject: RE: Please Release R. Letter from Escrow

Thank you Tobin for the quick turnaround.

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Friday, June 01, 2012 8:03 AM
To: Leak, Kathleen A.
Cc: Sarti, Daniel
Subject: RE: Please Release R. Letter from Escrow

As an FYI – the ratings were just published on our website a couple minutes ago. I will be sure to have them update the CUSIP as soon as possible.

Tobin Joseph
Standard & Poor's
55 Water Street, 41st Fl
New York, NY 10041
212-438-4960 tel

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From: Leak, Kathleen A. [mailto:kleak@orrick.com]
Sent: Friday, June 01, 2012 9:49 AM
To: Joseph, Tobin
Cc: 'Daniel.Sarti@pinnaclewest.com' (Daniel.Sarti@pinnaclewest.com)
Subject: RE: Please Release R. Letter from Escrow

Thank you

I will release to the finance team immediately.

From: Joseph, Tobin [mailto:tobin_joseph@standardandpoors.com]
Sent: Friday, June 01, 2012 6:47 AM
To: Leak, Kathleen A.
Cc: 'Daniel.Sarti@pinnaclewest.com' (Daniel.Sarti@pinnaclewest.com)
Subject: Please Release R. Letter from Escrow

Dear Ms. Leak,

The ratings should be published on our website shortly. However, since the appropriate sign-offs have already taken place to make the rating decision final and publishing is only being delayed due to processing reasons, please feel free to release the rating letter from escrow.

Thanks,
Tobin

Tobin Joseph
Standard & Poor's
55 Water Street, 41st Fl
New York, NY 10041
212-438-4960 tel

SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post information provided by S&P. S&P expects that, because information provided by S&P is proprietary and confidential, such information will not be posted on an Arranger's Web site without S&P's express written consent, unless the Arranger believes that such information is required for a nonhired NRSRO to understand or evaluate the information that the Arranger provided to S&P and posted on the Arranger's Web site.

From: Joseph, Tobin
Sent: Thursday, May 31, 2012 8:03 PM
To: 'kleak@orrick.com'
Subject: R. Letter to be Held in Escrow

Dear Ms. Leak,

Attached please find the rating letter for the June 1, 2012, remarketing re:

- \$32mil Maricopa County, Arizona Pollution Control Corporation Pollution Control Revenue Refunding Bonds (Arizona Public Service Company Palo Verde Project), 2009 Series B, Due May 1, 2029.

Please hold this letter in escrow and release it to the appropriate parties once our rating is published. I will let you know as soon as that happens (which should be sometime around 12 noon (EST)/9AM Arizona time).

Additionally, please note that this rating letter is transmitted to you confidentially in advance of the public release of the rating, subject to your understanding and agreement that the rating must remain confidential until it is published on standardandpoors.com.

Please feel free to call or email with any questions.

Sincerely,
Tobin

Tobin Joseph
Standard & Poor's
55 Water Street, 41st Fl
New York, NY 10041
212-438-4960 tel

SEC Rule 17g-5(a)(3) requires issuers, sponsors or underwriters (Arrangers) to post on a password protected Web site all information they provide, or contract with a third party to provide, to S&P for determining an initial Credit Rating or for conducting surveillance. The Rule does not contemplate that Arrangers will post

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[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, June 20, 2012 2:13 PM
To: Dolyniuk, Karen E
Subject: FW: Maricopa County, AZ, Pollution Control Corporation Pollution Control Revenue Refunding Bonds (Arizona Public Service Company Palo Verde Project), Series 2009B
Attachments: APSC_RUR (FC).doc

From: Rogow, Ian [<mailto:Ian.Rogow@moodys.com>]
Sent: Friday, June 01, 2012 9:32 AM
To: Sarti, Daniel; Nickloy, Lee R; scott.j.robinson@jpmorgan.com
Subject: Maricopa County, AZ, Pollution Control Corporation Pollution Control Revenue Refunding Bonds (Arizona Public Service Company Palo Verde Project), Series 2009B

All,

I am sending the attached draft press release for your review, to give you the opportunity to draw attention to any factual errors and/or inadvertent disclosure of confidential information. However, please note that under our policies, Moody's Investors Service ("MIS") retains ultimate editorial control over the form and content of all its publications. MIS will not accept other changes from an issuer that would alter the meaning or tone of our opinions or credit rating announcements. Please note that this draft press release is strictly confidential and you may not disclose it to any other person except: (i) to your legal counsel acting in their capacity as such; (ii) to your other authorized agents acting in their capacity as such; and (iii) as required by law or regulation.

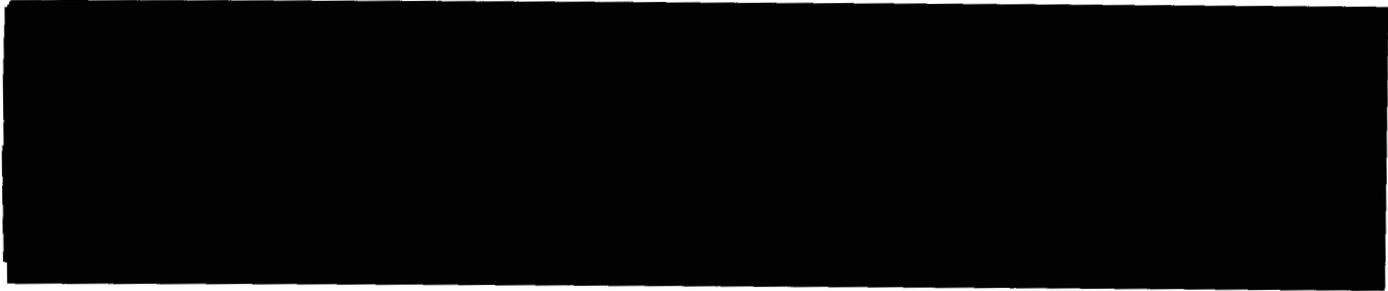
Please provide any feedback on these issues to me by **2:30 p.m. (New York City time) today, June 1, 2012**, as we plan on publishing the report by the close of business today.

Sincerely,

Ian M. Rogow, Esq.
Associate Analyst
Municipal Supported Products Group
212.553.1742 tel
212.298.7181 fax
ian.rogow@moodys.com

Moody's Investor Services
7 World Trade Center
250 Greenwich Street
New York, NY 10007
www.moodys.com

Please note that Moody's analysts are not permitted to engage in any fee discussions or be privy to any rating fee information. Please do not include analysts in any fee related correspondence. If you have any questions or comments regarding the application or the fees, please contact Moody's Issuer Relations Team at 212.553.4055.



Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, June 20, 2012 2:13 PM
To: Dolyniuk, Karen E
Subject: FW: Arizona Public Service Co.

From: Rogow, Ian [<mailto:Ian.Rogow@moodys.com>]
Sent: Friday, June 01, 2012 11:43 AM
To: Sarti, Daniel
Subject: Arizona Public Service Co.

Dan,

Were there any comments to the report?

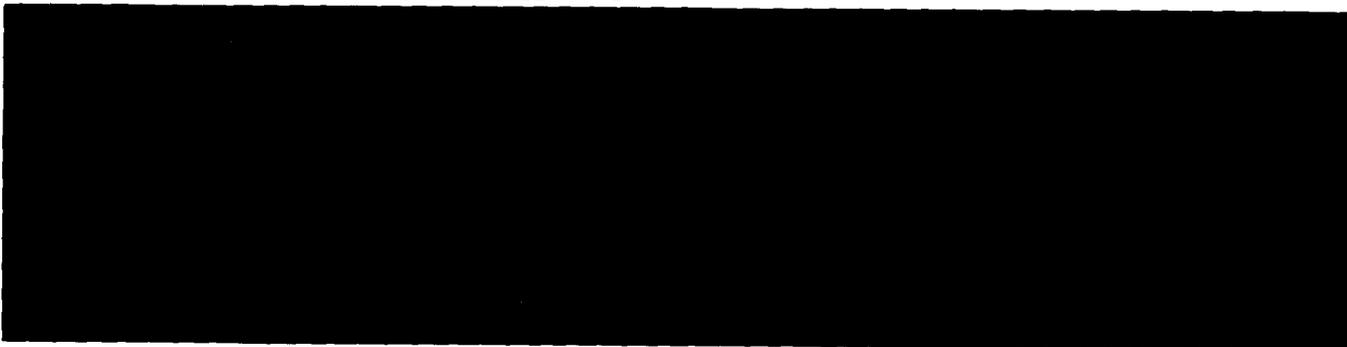
Best,

Ian M. Rogow, Esq.

Associate Analyst
Municipal Supported Products Group
212.553.1742 tel
212.298.7181 fax
ian.rogow@moodys.com

Moody's Investor Services
7 World Trade Center
250 Greenwich Street
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Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, June 20, 2012 2:24 PM
To: Dolyniuk, Karen E
Subject: FW: Maricopa County, AZ, Pollution Control Corporation Pollution Control Revenue Refunding Bonds (Arizona Public Service Company Palo Verde Project), Series 2009B
Attachments: APSC_RUR (FC).doc

From: Sarti, Daniel
Sent: Friday, June 01, 2012 12:19 PM
To: 'Rogow, Ian'
Subject: RE: Maricopa County, AZ, Pollution Control Corporation Pollution Control Revenue Refunding Bonds (Arizona Public Service Company Palo Verde Project), Series 2009B

Hi Ian,

If not too late, here's one nit...

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Rogow, Ian [<mailto:Ian.Rogow@moodys.com>]
Sent: Friday, June 01, 2012 9:32 AM
To: Sarti, Daniel; Nickloy, Lee R; scott.j.robinson@jpmorgan.com
Subject: Maricopa County, AZ, Pollution Control Corporation Pollution Control Revenue Refunding Bonds (Arizona Public Service Company Palo Verde Project), Series 2009B

All,

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Please provide any feedback on these issues to me by **2:30 p.m. (New York City time) today, June 1, 2012**, as we plan on publishing the report by the close of business today.

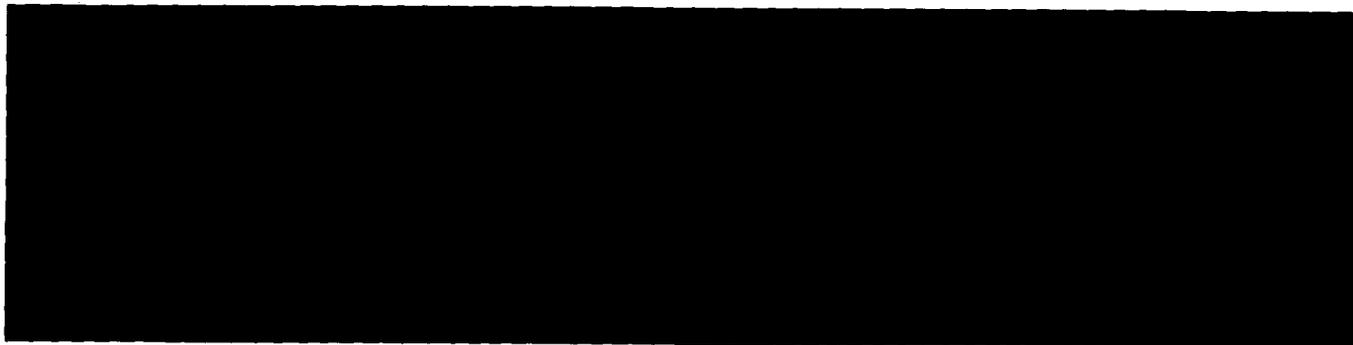
Sincerely,

Ian M. Rogow, Esq.
Associate Analyst

Municipal Supported Products Group
212.553.1742 tel
212.298.7181 fax
ian.rogow@moodys.com

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Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Wednesday, June 20, 2012 10:54 AM
To: Dolyniuk, Karen E
Subject: FW: Discussion Materials

From: Nickloy, Lee R
Sent: Monday, June 04, 2012 8:11 AM
To: 'Ferguson, Michael'
Subject: Discussion Materials

Mike,

We put the attached pages together to talk from during our call this morning. We will certainly also cover the agenda topics you provided earlier.

Lee



June 2012
SP_FINAL (2).pptx

Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Nickloy, Lee R
Sent: Wednesday, June 20, 2012 10:54 AM
To: Dolyniuk, Karen E
Subject: FW: Discussion Materials

From: Ferguson, Michael [mailto:michael_ferguson@standardandpoors.com]
Sent: Monday, June 04, 2012 8:51 AM
To: Nickloy, Lee R
Subject: RE: Discussion Materials

Thanks Lee.

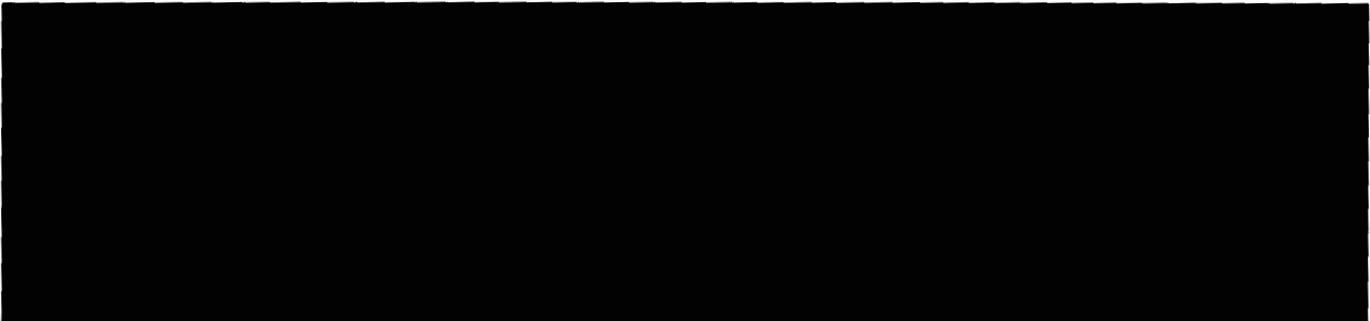
From: Lee.Nickloy@PinnacleWest.com [<mailto:Lee.Nickloy@PinnacleWest.com>]
Sent: Monday, June 04, 2012 11:11 AM
To: Ferguson, Michael
Subject: Discussion Materials

Mike,

We put the attached pages together to talk from during our call this morning. We will certainly also cover the agenda topics you provided earlier.

Lee

 ---





Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, June 20, 2012 2:18 PM
To: Dolyniuk, Karen E
Subject: FW: Fee Quote: Arizona Public Service Company, Maricopa, Series 2009B
Attachments: S&P Asset Backed 2012 Fee Schedule.pdf

From: Boccanfuso, Francesca [mailto:francesca_boccanfuso@standardandpoors.com]
Sent: Wednesday, June 20, 2012 8:49 AM
To: Sarti, Daniel
Cc: Hsiao, Eric
Subject: RE: Fee Quote: Arizona Public Service Company, Maricopa, Series 2009B

Sure Dan. I have attached the ABS fee schedule. Fees for LOC deals are found on page 12.

Thank you,
Francesca

From: Daniel.Sarti@pinnaclewest.com [<mailto:Daniel.Sarti@pinnaclewest.com>]
Sent: Tuesday, June 19, 2012 4:18 PM
To: Boccanfuso, Francesca
Subject: RE: Fee Quote: Arizona Public Service Company, Maricopa, Series 2009B

Hi Francesca,

We are paying the fee referenced in the email below today. I was wondering if you have a fee schedule for these types of LC-backed transactions for future reference?

Dan Sarti
Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Boccanfuso, Francesca [mailto:francesca_boccanfuso@standardandpoors.com]
Sent: Thursday, May 10, 2012 1:17 PM
To: Sarti, Daniel
Cc: Mcshane, Kieran
Subject: Fee Quote: Arizona Public Service Company, Maricopa, Series 2009B

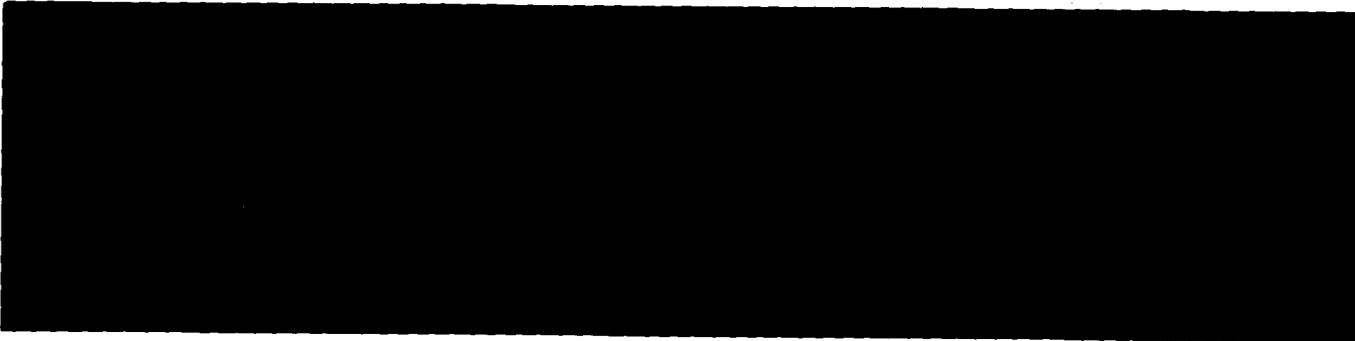
Dan,

Please be advised that the fee for Standard and Poor's review of the new LOC deal '**Arizona Public Service Company, Maricopa, Series 2009B**' (PAR: \$32 MM) will be 5 bps or \$16,000 upfront and \$3,500 for surveillance. Please note that during the life of this deal there may also be extension fees incurred when the LOC provider expires. Those fees, if incurred are \$1,000. If you have any questions or concerns regarding the fees in connection with this request, please feel free to contact me.

Please note, to maintain separation between our analytical team and commercial relationships, please do not include this email in any future emails with our analytical staff at S&P.

Thank you,
Francesca

Francesca Boccanfuso
Production Specialist
Global Market Development
Standard & Poor's
55 Water Street, 40th Floor
New York, NY 10041
Tel: (212) 438-5045
Email: Francesca_Boccanfuso@standardandpoors.com



Attachment(s) Intentionally Omitted – Contains Confidential Information

Dolyniuk, Karen E

From: Sarti, Daniel
Sent: Wednesday, June 20, 2012 2:27 PM
To: Dolyniuk, Karen E
Subject: FW: Fee Quote: Arizona Public Service Company, Maricopa, Series 2009B

From: Sarti, Daniel
Sent: Wednesday, June 20, 2012 9:25 AM
To: 'Boccanfuso, Francesca'
Subject: RE: Fee Quote: Arizona Public Service Company, Maricopa, Series 2009B

Thank you very much!

Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Boccanfuso, Francesca [mailto:francesca_boccanfuso@standardandpoors.com]
Sent: Wednesday, June 20, 2012 8:49 AM
To: Sarti, Daniel
Cc: Hsiao, Eric
Subject: RE: Fee Quote: Arizona Public Service Company, Maricopa, Series 2009B

Sure Dan. I have attached the ABS fee schedule. Fees for LOC deals are found on page 12.

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Francesca

From: Daniel.Sarti@pinnaclewest.com [<mailto:Daniel.Sarti@pinnaclewest.com>]
Sent: Tuesday, June 19, 2012 4:18 PM
To: Boccanfuso, Francesca
Subject: RE: Fee Quote: Arizona Public Service Company, Maricopa, Series 2009B

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Dan Sarti

Manager - Corporate Finance
Pinnacle West Capital Corporation/Arizona Public Service Company
Ph: 602-250-3315
Fax: 602-250-5640

From: Boccanfuso, Francesca [mailto:francesca_boccanfuso@standardandpoors.com]
Sent: Thursday, May 10, 2012 1:17 PM
To: Sarti, Daniel

Cc: Mcshane, Kieran

Subject: Fee Quote: Arizona Public Service Company, Maricopa, Series 2009B

Dan,

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Thank you,
Francesca

Francesca Boccanfuso
Production Specialist
Global Market Development
Standard & Poor's
55 Water Street, 40th Floor
New York, NY 10041
Tel: (212) 438-5045
Email: Francesca_Boccanfuso@standardandpoors.com



Dolyniuk, Karen E

From: Higuchi, Dene C on behalf of Hickman, Rebecca L
Sent: Wednesday, June 20, 2012 2:21 PM
Subject: PNW: Dividend Declaration

Today, we issued a press release announcing our latest dividend declaration. The text of the release is included below in this message.

As always, please contact me if you need any information about our company.

Sincerely ~

Becky

Rebecca L. Hickman

Director of Investor Relations | Pinnacle West Capital Corporation

Two Arizona Center | 400 North 5th Street | Station 9998 | Phoenix, AZ 85004

Office 602-250-5668 | Mobile 602-418-4519 | Fax 602-250-2789 | E-mail rhickman@pinnaclewest.com

PINNACLE WEST DECLARES QUARTERLY DIVIDEND

PHOENIX – Pinnacle West Capital Corporation’s (NYSE: PNW) Board of Directors today declared a quarterly dividend of \$0.525 per share of common stock, payable on September 4, 2012, to shareholders of record on August 1, 2012.

Pinnacle West Capital, an energy holding company based in Phoenix, has consolidated assets of about \$13.2 billion, more than 6,300 megawatts of generating capacity and about 6,700 employees in Arizona and New Mexico. Through its principal subsidiary, Arizona Public Service, the Company provides retail electricity service to more than 1.1 million Arizona homes and businesses. For more information about Pinnacle West, visit the Company’s website at pinnaclewest.com.

-30-