

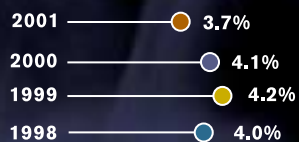
Serve

APS CUSTOMER GROWTH (Over Prior Year)



DIFFERENTIATING FACTOR:

We serve a steadily expanding customer base. In 2001, APS experienced 3.7 percent customer growth – roughly three times the national average.





Customers count on us for reliable energy and fair prices.

Our region of the country continues to expand, and each year more customers count on us for reliable energy and fair prices. This responsibility is familiar – we’ve served this part of the country for more than 116 years.

While other Western utilities were raising customer prices, APS lowered retail rates for the seventh time since 1993. During that time, we’ve reduced electric prices by 13 percent and saved our customers more than \$800 million – the largest cumulative rate decrease among all investor-owned electric companies in the nation.

Such price reductions are possible, in part, through the efficient performance of our power plants. Last year, the Palo Verde Nuclear Generating Station was the nation’s number one power producer for the 10th consecutive year – generating nearly 29 billion kilowatt-hours of electricity at a cost of 1.30 cents per kilowatt-hour – 30 percent below the estimated industry average of 1.86 cents per kilowatt-hour.

In 2001, our Cholla, West Phoenix, Ocotillo and Saguaro fossil-fueled plants each set records for total site generation – increasing production by a combined 7.2 percent.

This focus on performance resonates throughout all parts of our company and is reflected in our recent customer satisfaction scores. In a 2001 survey, 85 percent of APS residential customers rated themselves as satisfied or very satisfied with their service from APS. In the same survey, 94 percent rated the reliability of our electricity as good, very good or excellent.

These numbers reflect our ongoing efforts to take care of our customers. For example:

- The APS Call Center set a performance record in 2001 by handling 84 percent of customer calls within 20 seconds.
- Our focus on reliability was underlined when we restored power within 24 hours after a storm knocked out more than 100 transmission poles in Gila Bend, an Arizona town southwest of Phoenix.
- In 2001, we spent more than \$140 million to ensure we could continue to meet the energy needs of our customers.

The Better Business Bureau of Central and Northern Arizona recently presented us with its Business Ethics Award. We’re proud of this honor. It underscores our philosophy that areas such as financial integrity, business practices, safety, community involvement and environmental stewardship are not afterthoughts – they’re key ingredients in delivering value and defining who we are.