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March 1, 2005

Mr. Ernest Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007

RE: DOCKET NO. E-01345A-97-0544, DECISION NO. 60481 and DECISION NO. 61708
SEMI-ANNUAL REPORT ON TRANSFERS OF UTILITY PROPERTY

Dear Mr. Johnson:

In accordance with Decision No. 61708, Arizona Public Service Company ("APS") submits its semi-annual report summarizing sales, transfers or mortgages entered into under Decision 60481. This report reflects the balance of these transactions, including accrued interest through December 31, 2004. There have been no transactions since the last reporting period.

The original and thirteen copies are being filed in Docket Control. If you have any questions, please contact me at 250-2310.

Sincerely,

Jana Van Ness
Manager
Regulatory Compliance

JVN/jd

Attachments

CC: Docket Control (Original plus 13 Copies)

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ARIZONA PUBLIC SERVICE COMPANY
 CALCULATION OF GAINS ON UTILITY PROPERTY
 As of December 31, 2004

DATE OF TRANSFER	DESCRIPTION OF PROPERTY	SALES PRICE	OCLD	BOOK GAIN ON SALE	TAX BASIS OF PROPERTIES	TAXES (1,2)	NET GAIN (3)	AMOUNT ALLOCATED FOR RATEPAYERS (4)	INTEREST TO DATE (5)	BALANCE TO BE REFUNDED
08/19/2002	City of Eloy	\$347,000	\$137,325	\$209,675	\$71,666	\$84,646	\$125,029	\$62,515	\$2,237	\$64,752
03/05/2003	City of Florence	\$207,000	\$131,517	\$75,483	\$68,571	\$29,899	\$45,584	\$22,792	\$569	\$23,361
							\$170,613	\$85,307	\$2,806	\$88,113

Current Balance for Transfer of Property
 Less: Customer Education Program
 Total Balance as of December 31, 2004

- (1) [(Sales Price less Tax Basis)*Tax Rate]-(ADIT Net Book Basis-Tax Basis)* Tax Rate]
- (2) Tax Rate: City of Eloy = 0.4037; City of Florence = 0.3961
- (3) Jurisdictional allocation of Net Gain
- (4) Amount Allocated for Ratepayers based on 50% of jurisdictional split.
- (5) Interest from Date of Transfer through December 31, 2004

\$0
\$88,113