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Thomas L. Mumaw
Senior Attorney
(602) 250-2052
Direct Line

November 8, 2005

Lyn Farmer
Chief Administrative Law Judge
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007-2996

Re: Docket Nos. E-1345A-03-0437 and E-01345A-05-0526; Late-Filed Exhibits

Dear Judge Farmer:

Enclosed please find the following late-filed exhibits requested by one or more Commissioners during the evidentiary hearing in this matter:

APS Exhibit 10 – Internal memoranda or e-mails discussing the eventual decision to seek a "waiver" or other modification of the $776.2 million cap; and also workpapers utilized by APS witness Pete Ewen in preparation of his testimony in the PSA surcharge proceeding. A portion of the latter are considered confidential and will be provided to Staff, the Presiding Officer and the Commissioners pursuant to the Protective Agreement in Docket No. E-01345A-05-0526.

APS Exhibit 11 – Cumulative impact on typical E-12 customers of April 2005 rate increase, the present surcharge request, the April 2006 PSA adjustment, and second surcharge request in 2006 (both with and without 2005 PSA surcharge).

APS Exhibit 12 – Number of planned outage days at Palo Verde since April 2005 through balance of 2005.

APS Exhibit 13 – Instances since April 2005 through September 2005 in which APS had to liquidate excess purchased power and/or natural gas and margins (profitability) from such transactions.

I apologize for not getting these to you earlier, but they took more time to assemble and verify their accuracy than I had anticipated during the hearing.

Sincerely,

Thomas L. Mumaw
Attorney for Arizona Public Service Company

TLM/
Enclosures

cc: Commissioner Jeff Hatch-Miller, Chairman
Commissioner William A. Mundell
Commissioner Marc Spitzer
Commissioner Mike Gleason
Commissioner Kristin K. Mayes
Parties to the Dockets

A

APS Exhibit 10
Part I

E-mail or Internal Memorandum on Decision to seek Waiver on Lifting of $776.2 Million Cap

(See attached)

Stoick, Carolyn S(Z03432)

From: Crowell, Mary E(Z02811)
Sent: Thursday, November 03, 2005 4:58 PM
To: Records-Mgmt, Aps (RECORDS)
Subject: PSA Surcharge Request

-----Original Message-----
From: Crowell, Mary E(Z02811)
Sent: Tuesday, November 01, 2005 8:38 AM
To: Ewen, Peter M(F34917)
Subject: RE: DRAFT 8-K ON RATE CASE AND GUIDANCE (vis-a-vis 776 cap)

Pete..anything you'd like to add/change:

Fuel and PP for 2006 affected by the 776 cap:

- 7/27/05, 2nd quarter earnings conference call (6/30/05 run used) -- **$822.507 million**
- 8/30/05-9/1/05, analyst presentations (7/29/05 run used) -- **$812.486 million**
- 10/27/05, 3rd quarter earnings conference call (9/30/05 run used) -- **$831.996 million**

For each of these time periods, the following gas price changes would have been necc. to put us under the 776 cap:

- 7/27/05, 2nd quarter earnings conference call -- **~$1.50 price decline (delivered cost of gas for 2006 at the time was $8.06)**
- 8/30/05-9/1/05, analyst presentations -- **~$2.00 price decline (delivered cost of gas for 2006 at the time was $8.12)**
- 10/27/05, 3rd quarter earnings conference call -- **~$4.50 price decline (delivered cost of gas for 2006 at the time was $10.80)**

-----Original Message-----
From: Hickman, Rebecca (Z46875)
Sent: Monday, October 31, 2005 11:56 AM
To: Ewen, Peter M(F34917)
Cc: Volkenant, Gary J; Rusert, Timothy B(Z80899); Crowell, Mary E(Z02811)
Subject: FW: DRAFT 8-K ON RATE CASE AND GUIDANCE (vis-a-vis 776 cap)

Pete, I left a couple of copies of the note that follows with Tim about 10:15 this morning. Thought I had forwarded it to you over the weekend, but I couldn't see evidence of that this morning on my computer.

Also, Don B has asked specifically for what our best estimate for 2006 net fuel and purchased power that would have been affected by the 776 cap was (or would have been) within a few days prior to each of the following events:
- 7/27/05, 2nd quarter earnings conference call
- 8/30/05-9/1/05, analyst presentations in Boston and New York
- 10/27/05, 3rd quarter earnings conference call

Also, Don B would like to know when Mary estimated that the amount in 2006 subject to the 776 cap would be $830 million, what did the calculation actually come to that was then rounded to $830 million?

Thanks!

-----Original Message-----
From: Hickman, Rebecca (Z46875)
Sent: Saturday, October 29, 2005 2:13 PM
To: Brandt, Donald E(Z03689)
Subject: Re: DRAFT 8-K ON RATE CASE AND GUIDANCE

Noted.

Becky

-----Original Message-----
From: Brandt, Donald E(Z03689) <Donald.Brandt@pinnaclewest.com>
To: Hickman, Rebecca (Z46875) <Rebecca.Hickman@pinnaclewest.com>
Sent: Sat Oct 29 12:06:55 2005
Subject: RE: DRAFT 8-K ON RATE CASE AND GUIDANCE

I'm starting to think along the lines that we will need to give some numbers related to the 776 cap..what happens if it is now lifted, when do we hit it, etc. Otherwise the breakfast will turn into a pummeling on the cap.....

Can you get going with pete and mary to get a very good number and how we hit it by month. Also, It would be good to have handy comparable info as of the date of our 2nd qtr conf call. Above all else...we have to make sure we have apples to apples comparison.....we can't go with a number and then find out it had 30M +/- of mtm buried in it.

You will need to get pete going and keep him focused on monday

-----Original Message-----
From: Hickman, Rebecca (Z46875)
Sent: Saturday, October 29, 2005 12:00 PM
To: Brandt, Donald E(Z03689); Wheeler, Steve (F02956); Robinson, Donald G(Z79358); Loftin, Nancy C(F61123); Kearns, Daniel A (F55192); Volkenant, Gary J; Ewen, Peter M(F34917); Mumaw, Thomas L(Z03513); Pregulman, Betsy A(F00701); 'bap456@aol.com'; 'mfeeney@swlaw.com'; Bunnell, Alan (Z18000); McDonald Jr, James E(Z70957); Reynolds, Paul (Z78366); Klemstine, Barbara A(F56661); Malagon, Elisa M(F62372)
Subject: Fw: DRAFT 8-K ON RATE CASE AND GUIDANCE

Erwirsted: Comments or clearsnce nt 12 noon, Monday, Oct 31.

A draft of the 8-K on the rate case filing and earnings guidance is stysched for your review. We need to get this 8-K finalized very quickly so it can be erviewed by the Board prior to the rate case being filed.

Thanks for your quick turnaround.

Work: 602-250-5668
Work fax: 602-250-2789
Cellular: 602-418-4519

Becky

-----Original Message-----
From: rlh@pinn.com <rlh@pinn.com>
To: Hickman, Rebecca (Z46875) <Rebecca.Hickman@pinnaclewest.com>
Sent: Sat Oct 29 09:00:43 2005
Subject: DRAFT 8-K ON RATE CASE AND GUIDANCE

Fox, Doreen (H35862)

From: La Benz, Jason C(F58125)
Sent: Wednesday, November 02, 2005 11:59 AM
To: Records-Mgmt, Aps (RECORDS)
Subject: PSA Surcharge Request

-----Original Message-----
From: Hickman, Rebecca (Z46875)
Sent: Monday, October 31, 2005 5:42 PM
To: Pregulman, Betsy A(F00701); La Benz, Jason C(F58125); Bruni, Lisabeth W(Z17426)
Subject: 10-Q COMMENT

Referencing the 10/26/05 draft of the third quarter 10-Q at the first bullet point on page 13:

- "the recoverable amount of net fuel and purchased power costs through base rates and the $0.004 per kWh adjustment is capped at $776.2 million per year -- PSA surcharge amounts are not included in the $776.2 million annual limits on fuel and purchased power recovery (APS does not expect such costs to exceed $776.2 million in 2005);"

I suggest it be changed to read:

- "the amount of net fuel and purchased power costs recoverable through the PSA is limited to $776.2 million (APS does not expect such costs to exceed $776.2 million in 2005);"

Have Tom Mumaw and Pete Ewen really focused on the bullet point as currently drafted?

I don't think the point as currently drafted is accurate -- and I said so in the comments I gave Lisa Bruni at the first limited review group meeting. I think the limit applies to amounts recoverable through the base fuel rate, annual PSA adjustor rates and PSA surcharges. Otherwise, I don't think we would have needed to tell investors on the conference call that we believe our costs in 2006 will exceed $800 million in 2006 and we will ask for a waiver of the limit if it appears that the ACC will not make a decision on the rate case to be filed in 2005 before we hit the limit. I've excerpted the relevant paragraphs from Jack's conference call script for your reference.

I believe the 2004 settlement, as approved, capped the amount of net fuel and purchased power costs (subject to specified parameters such as ACC jurisdictionalization and offsets for gross margin on off-system sales) that can be recovered through the PSA, with the first $0.020743 per kWh being covered in base rates as a provision of the existing PSA. We defer 90% of the difference between net actual costs and the amount included in base rates (base fuel rate x retail kWh sales). The deferrals are recovered through the annual PSA adjustor rates and/or PSA surcharges.

Becky
Telephone: 81-5668
Fax: 81-2789
Mail Station: 9998

The following paragraphs were excerpted from Jack's script for our earnings conference call last week.

"The PSA is the power supply adjustor under our retail rate settlement that was approved by the Arizona Corporation Commission last spring. In accordance with the PSA, we defer 90% of the difference between our actual [net] fuel and purchased power costs and the base fuel rate of 2.0743 cents per kilowatt-hour included in our base rates. The current base fuel rate approximates our 2003 costs. We will make filings with the ACC each spring to establish an annual PSA adjustor rate; however, we are required to request a PS surcharge before the accumulated deferred balance exceeds 100 million dollars."

"Our rate case settlement includes a provision that would appear to impose a 776 million-dollar limit on the annual amount of net fuel and purchased power costs recoverable through the PSA. On our last conference call, we indicated that we did not expect such costs to exceed the limit in 2005 or 2006. At the time, our forecasts had not contemplated two major

hurricanes ravaging the oil and gas infrastructure along the Gulf Coast and the subsequent dramatic escalation in natural gas prices. We remain confident that 2005 costs will not exceed 776 collars. However, based on current forward gas prices, it is likely that our costs in 2006 will exceed 800 million dollars."

"On our last call, I said the 776 million-dollar limit was added by the ACC as an incentive for us to file a general rate case, a task we will complete before the end of this year. Having been a participant in the hearing process that generated the limit terminology, I am confident that, in adding such a provision, it was never the intent of the ACC to deny APS recovery of prudently incurred fuel costs that otherwise would have been recovered through the PSA. Again, as I have said in the past, we will pursue a waiver of the limit through the upcoming regulatory process if it appears that we will exceed the limit before the general rate case is fully adjudicated."

Stoick, Carolyn S(Z03432)

From: Holbrook, James (Z48861)
Sent: Tuesday, October 25, 2005 7:18 PM
To: Mumaw, Thomas L(Z03513)
Cc: Rumolo, David J(Z80729)
Subject: RE: Testimony/transcripts

I did not find anything directly on point. You mentioned a few times that we would exceed the annual cap on gas costs (776 million) within five years and that this cap would only speed up the need to file a rate case. On Pg. 359 of the open meeting transcript you were talking about Gleason's proposed change to the April 1 implementation date to later in the year and said "... it's just a fact that if we delay implementation of the PSA, especially till after the season where we make most of the sales, you recall it's on the flip side of the gas company situation, you're going to have a problem with the bank balance escalating significantly this year." I read everything you said in the open meeting and this is all that I found. I have a copy of the page 359 if you are interested.

-----Original Message-----
From: Rumolo, David J(Z80729)
Sent: Tuesday, October 25, 2005 11:40 AM
To: Holbrook, James (Z48861)
Subject: Testimony/transcripts

Tom Mumaw was wondering if you had scanned the transcripts for anything that he said regarding the timing of surcharges. He thought he might have said something in the open meeting.

David Rumolo
Manager, Regulation and Pricing
Arizona Public Service Company
P.O. Box 53999, Mail Station 9708
Phoenix, AZ 85072-3999
Phone: 602-250-3933
David_Rumolo@aps.com

Stoick, Carolyn S(Z03432)

From: Crowell, Mary E(Z02811)
Sent: Thursday, November 03, 2005 4:57 PM
To: Records-Mgmt, Aps (RECORDS)
Subject: PSA Surcharge Request

-----Original Message-----
From: Crowell, Mary E(Z02811)
Sent: Tuesday, October 25, 2005 2:17 PM
To: Hickman, Rebecca (Z46875)
Subject: RE: 2006 Retail Expense

I think I meant to leave it up to Don...Pete just made it sound like it was not important for me to specifically note the exact $/mmbtu change in order to get to exactly $776 (but I probably could have).

As for your next question...very good and important question:

Embedded in our 9/30 forecast and the value of the hedges is:

-- average current delivered APS fuel price for 2006 of: $11.46/mmbtu
-- on-peak price for 2006 of: $97.25/mwh
-- on-peak price for 2006 of: $70.50/mwh

-----Original Message-----
From: Hickman, Rebecca (Z46875)
Sent: Tuesday, October 25, 2005 2:04 PM
To: Crowell, Mary E(Z02811)
Subject: RE: 2006 Retail Expense

You're saying you wanted to leave it up to Don -- or to Pete -- to decide whether he wanted it to go to exactly $776?

By the way, based on the 9/30/05 forward curve, what's the % decrease represented by a decrease of $4.50/mmbtu? Want to make sure I get the right number so I'm asking instead of calculating myself.

Thx
B

-----Original Message-----
From: Crowell, Mary E(Z02811)
Sent: Tuesday, October 25, 2005 1:58 PM
To: Hickman, Rebecca (Z46875)
Subject: RE: 2006 Retail Expense

I would agree with your assessment/outcome. I think Pete just didn't specifically want to say the exact amount necc. To get to $776 in case Don was just wanting to know what would get us close (in other words...$800 million may have been 'close' enough...I just wanted to leave it up to him to decide whether he wanted it to go exactly to $776...or if perhaps he was just interested in seeing what it would take to get 'close'.) Does that make sense?

-----Original Message-----
From: Hickman, Rebecca (Z46875)
Sent: Tuesday, October 25, 2005 12:48 PM
To: Crowell, Mary E(Z02811)
Subject: RE: 2006 Retail Expense

Mary ~

Is there any more work you're doing in this regard?

Is the answer to the question "what changes in prices would be necessary to get our expected fuel and purchased power expense to the $776.2 million cap," gas prices would need to go down $4.50/mmbtu? I calculated the

$4.50/mmbtu as follows: ($830 million minus $776 million) divided by $12 million.

Thx
Becky

-----Original Message-----
From: Crowell, Mary E(Z02811)
Sent: Tuesday, October 25, 2005 9:51 AM
To: Brandt, Donald E(Z03689); Hickman, Rebecca (Z46875)
Cc: Ewen, Peter M(F34917)
Subject: 2006 Retail Expense

Don and Becky,

Yesterday we displayed $853.7 million of expected net retail fuel and purchased power expense for 2006. Pete asked that I look at what changes in prices would be necessary to get that somewhere closer to the $776.2 million cap.

If we remove the items that we will not be seeking recovery of (such as mtm reversals and ISFSI expense) from the $853.7 million, the fuel balance becomes approx. $830 million. Given that we are 85% hedged in 2006, for every $1/mmbtu change to gas prices (approx. $8.50/mwh corresponding change to power prices), our expected fuel and purchased power expense changes by approx. $12 million.

Please let us know if you have any questions or need more information. Thanks! - Mary

Mary E. Crowell
Arizona Public Service
Forecast Department
PO Box 53999
Phoenix, AZ 85072-3999
602-250-5834 (tel)
602-250-3399 (fax)

Stoick, Carolyn S(Z03432)

From: Crowell, Mary E(Z02811)
Sent: Thursday, November 03, 2005 4:57 PM
To: Records-Mgmt, Aps (RECORDS)
Subject: PSA Surcharge Request

-----Original Message-----
From: Crowell, Mary E(Z02811)
Sent: Monday, October 17, 2005 2:35 PM
To: McGill, James T(Z71171); Omanovic, Rufad (Z72366)
Subject: 776.2 cap and off-system revenues

Jim,

I lied :(Dan is correct, we did not let the 776.2 cap effect the deferral in the case you had. I forgot that this case was done in my old format, which did not limit the deferral by the cap. The new format does allow that cap listed at the top of the sheet to implicate the deferral.

One way to get out how the deferral would be effected if the cap was in place is to look at the retail fuel and purchased power less exclusions. In 2006 the total is 799,685. If the cap were in place, the deferral for 2006 on Dan's sheet would have been $23.485 million smaller (just the difference between the 799.7 and the 776.2).

The case that you have assumes off-system revenues for Q4 2005 of $20.785 million; for 2006, $169.628 million and; for 2007, $160.649 million.

Let me know if this isn't clear or if you have any more questions. -Mary

Mary E. Crowell
Arizona Public Service
Forecast Department
PO Box 53999
Phoenix, AZ 85072-3999
602-250-5834 (tel)
602-250-3399 (fax)

Stoick, Carolyn S(Z03432)

From: Brumfield, Brian (Z17397)
Sent: Thursday, August 25, 2005 10:20 AM
To: Ewen, Peter M(F34917)
Cc: Kearns, Daniel A(F55192)
Subject: RE:

Okay, I talked to Barbara who had talked with Don...
Yes, we WILL be asking for the $776 cap to be lifted prior to the 1/1/07 date; in both the base case and alternative case.
So you are good to run it that way. Thanks for bringing that to our attention Pete.
Brian

-----Original Message-----
From: Ewen, Peter M(F34917)
Sent: Thursday, August 25, 2005 9:50 AM
To: Klemstine, Barbara A(F56661); Brumfield, Brian (Z17397)
Subject: FW:

Could you guys have a discussion with Don R. on the waiver of the $776 in 2006? I re-confirmed with him this morning that he is of that opinion . . . . . Do you know any other path to resolution?

Thanks.

-----Original Message-----
From: Brumfield, Brian (Z17397)
Sent: Wednesday, August 24, 2005 1:03 PM
To: Ewen, Peter M(F34917)
Cc: Kearns, Daniel A(F55192)
Subject: RE:

Pete, I think you are right on the PSAs, we more or less left it to you to tell us when and how much we need to file on those given the particular circumstances.

I am not sure I agree with you on the early lifting of the $776 in the base case. I don't think in the base case we are assuming htat the commission will do anything until the whole thing is final.

-----Original Message-----
From: Ewen, Peter M(F34917)
Sent: Wednesday, August 24, 2005 12:09 PM
To: Brumfield, Brian (Z17397)
Subject: RE:

Brian,

I have a couple of questions on this . . . .

In the base case, you have a 4 mill PSA surcharge on 4/1/07, but you also have the 4 mill lifetime cap removed 1/1/07. If the cap is lifted, then the charge in 4/1/07 is likely to exceed 4 mills . . . . And I think that is what you want.

Also in the base case, you show the $776M cap being lifted 1/1/07 . . . . That needs to be earlier if we are to avoid stopping our deferrals in late 2006. I think as part of our filing, we are expecting to tell the Commission that we have met their objective of having us come in for a general rate case and therefore the cap should be removed (at least temporarily).

In Scenario 1, I thought we were going to forego the 4 mill charge in 4/1/06 . . . . Also, I have the same comment on the $776M cap as in the base case.

I am proceeding as if these items get revised. If that is not the latest thinking, please let me know as soon as possible so that I can adjust our work.

Thanks.

Stoick, Carolyn S(Z03432)

From: Ewen, Peter M(F34917)
Sent: Thursday, August 25, 2005 12:11 PM
To: Kearns, Daniel A(F55192); Volkenant, Gary J
Subject: RE: 2006 and 2007 assumptions

I think this looks OK. I don't think it is a bad idea to spell out that the $776 cap is waived and that the 4 mill adjustment is an annual cap instead of a lifetime cap.

Stoick, Carolyn S(Z03432)

From: Ewen, Peter M(F34917)
Sent: Wednesday, August 24, 2005 12:09 PM
To: Brumfield, Brian (Z17397)
Subject: RE:

Brian,

I have a couple of questions on this . . . .

In the base case, you have a 4 mill PSA surcharge on 4/1/07, but you also have the 4 mill lifetime cap removed 1/1/07. If the cap is lifted, then the charge in 4/1/07 is likely to exceed 4 mills . . . . And I think that is what you want.

Also in the base case, you show the $776M cap being lifted 1/1/07 . . . . That needs to be earlier if we are to avoid stopping our deferrals in late 2006. I think as part of our filing, we are expecting to tell the Commission that we have met their objective of having us come in for a general rate case and therefore the cap should be removed (at least temporarily).

In Scenario 1, I thought we were going to forego the 4 mill charge in 4/1/06 . . . . Also, I have the same comment on the $776M cap as in the base case.

I am proceeding as if these items get revised. If that is not the latest thinking, please let me know as soon as possible so that I can adjust our work.

Thanks.

Stoick, Carolyn S(Z03432)

From: Ewen, Peter M(F34917)
Sent: Friday, July 29, 2005 6:33 PM
To: Ortega, Samuel J(Z99822); Crowell, Mary E(Z02811)
Cc: Wontor, James M(F96809)
Subject: New Fuel and Deferral Cases

Mary,

We need to provide updated revenue-net-of-fuel cases to Dan at the end of the week showing the financial impacts to the Company of staying at present rates through 2007 or getting the rate treatment we will be asking for in the fall rate filing. I have discussed this with Jim and Sam, so they already have a sense for this, but let me lay out the assumptions for the different cases here so that it can be as clear as possible.

Present Rates Forecast

We don't get anything we are requesting in the rate case, so the status quo continues. That means:

- Time horizon is 2005-2008
- Use 2005 LRF with forward curves and hedge values updated to 6/30/05 market prices
- Palo Verde fuel prices don't increase by the additional 9¢/mwh for the updated on-going ISFSI
- ISFSI amortization does not increase beyond $688/month
- No new coal reclamation amortization
- Deferrals continue under the current arrangement
- Base fuel rate remains at 2.0743¢/kwh throughout
- $776 million cap still applies
- A 0.1770¢/kwh surcharge becomes effective January 1 2006 and expires in December 2007
- The routine PSA charge calculation applies, complete with 4 mill lifetime cap
- The $100 million bank balance cap remains, so assume that we request another surcharge the month prior to hitting $100 million again (presumably July or August 2006?) and that it takes 6 months to implement -- and assume a 2-year amortization period again. Do this as many times as necessary.
- Anything else? I can't think of anything else here.

Proposed Rates Forecast

We get what we are asking for. That means the following:

- New rates are effective 1/1/2007
- ISFSI, coal reclamation amortization increase to new levels with new rates
- Palo Verde fuel price increases by 9¢/kwh with new rates
- New base fuel rate is 2.576¢/kwh, effective 1/1/2007 (but deferrals exclude all ISFSI and coal reclamation amortizations -- they're in the fuel forecast, but we are not including them in the base fuel rate for purposes of recovering them through the PSA mechanism)
- $776 million cap is removed from 2007 on (still applies in 2006)
- Same surcharges in 2005 and 2006 as in the present rates forecast -- I am assuming that we don't need any additional surcharges after the 2006 request
- Same PSA charge calculation as in the present rates forecast

Interim Rates Forecast

Oh, yeah. There's a third case, but I think it affects the deferrals and PSA revenues only:

- Same as proposed rates forecast except:
- New base fuel rate becomes effective 1/1/2006
- We forego the April 2006 4 mill adjustor charge
- $776 million cap removed in 2006
- Otherwise, deferrals and surcharges are calculated just like normal (continuing to exclude ISFSI and coal reclamation

costs)

I think that's it on the key assumptions. Sam will have to let you know when the cases are ready for you to pick up. I imagine that I will call to check in some time, but if something isn't clear, please don't hesitate to call me on my cell. I've set up a meeting for Friday so that we can all sit down and review the various cases before we send them off to Dan.

Thanks much.

B

APS Exhibit 10
Part II

Pete Ewen's Work Papers

(See attached)

Portions of the workpapers contain confidential information and will be provided to parties in accordance with the protective agreement.

ARIZONA PUBLIC SERVICE COMPANY
STATEMENTS OF INCOME *(dollars in thousands)*

	Year Ended December 31,		
	2004	2003	2002
ELECTRIC OPERATING REVENUES			
Regulated electricity segment	**$ 2,051,602**	$ 1,999,390	$ 1,902,112
Marketing and trading segment	**145,519**	105,541	34,054
Total	**2,197,121**	2,104,931	1,936,166
PURCHASED POWER AND FUEL COSTS			
Regulated electricity segment	**612,300**	606,251	438,141
Marketing and trading segment	**150,954**	97,180	32,662
Total	**763,254**	703,431	470,803
OPERATING REVENUES LESS PURCHASED POWER AND FUEL COSTS	**1,433,867**	1,401,500	1,465,363
OTHER OPERATING EXPENSES			
Operations and maintenance	**540,277**	513,604	495,845
Depreciation and amortization	**336,648**	389,240	399,640
Income taxes	**113,696**	91,646	132,953
Other taxes	**114,265**	108,852	107,925
Total	**1,104,886**	1,103,342	1,136,363
OPERATING INCOME	**328,981**	298,158	329,000
OTHER INCOME (DEDUCTIONS)			
Income taxes	**(6,334)**	4,792	6,148
Allowance for equity funds used during construction	**4,885**	14,240	-
Other income	**30,593**	20,277	5,149
Other expense	**(13,816)**	(12,962)	(19,338)
Total	**15,328**	26,347	(8,041)
INCOME BEFORE INTEREST DEDUCTIONS	**344,309**	324,505	320,959
INTEREST DEDUCTIONS			
Interest on long-term debt	**140,556**	142,706	128,462
Interest on short-term borrowings	**6,427**	4,904	5,416
Debt discount, premium and expense	**4,854**	3,337	2,888
Capitalized interest	**(7,155)**	(7,379)	(15,150)
Total	**144,682**	143,568	121,616
INCOME BEFORE EXTRAORDINARY CHARGE AND CUMULATIVE EFFECT ADJUSTMENT	**199,627**	180,937	199,343
Extraordinary charge - net of income taxes of $94,115	-	-	-
Cumulative effect of change in accounting for derivatives - net of income taxes of $9,892	-	-	-
NET INCOME	**199,627**	180,937	199,343
Preferred stock dividend requirements	-	-	-
EARNINGS FOR COMMON STOCK	**$ 199,627**	$ 180,937	$ 199,343

ARIZONA PUBLIC SERVICE COMPANY
Schedule 1 (4 Mill Charge in Apr. 06, No Surcharge)
Projected 2005 Monthly Energy Sales and Costs

Line No.	Month	(a) PSA Retail [1] Energy Sales (kWh)	(b) Native Load [2] Wholesale Energy Sales (kWh)	(c) Native Load Energy Sales (kWh)	(d) System [3] Book Fuel and Purchased Power Costs	(e) System Book [4] Off-System Sales Revenue	(f) Net Native Load Power Supply Cost	(g) PSA Retail Power Supply Cost	(h) Base Rate Power Supply Cost	(i) Pre-Sharing (Over)/Under Collection	(j) Post-Sharing (Over)/Under Collection
				(a + b)			(d - e)	(a/c * f)	(a * 0.020743)	(g - h)	(i * 0.9)
1	January	-	-	-	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	February	-	-	-	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	March	-	-	-	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4	April (Actual)	1,740,332,253	66,132,000	1,806,464,253	$ 43,121,614	$ 3,912,992	$ 39,208,622	$ 37,773,252	$ 36,099,712	$ 1,673,540	$ 1,506,186
5	May (Actual)	2,235,997,989	74,575,395	2,310,573,384	$ 68,036,346	$ 4,071,192	$ 63,965,154	$ 61,900,633	$ 46,381,306	$ 15,519,327	$ 13,967,394
6	June (Actual)	2,565,383,692	59,137,886	2,624,521,578	$ 82,638,364	$ 3,805,618	$ 78,832,746	$ 77,056,422	$ 53,213,754	$ 23,842,668	$ 21,458,401
7	July (Actual)	3,075,187,048	98,176,607	3,173,363,655	$ 117,004,560	$ 3,172,422	$ 113,832,138	$ 110,310,432	$ 63,788,605	$ 46,521,827	$ 41,869,644
8	August (Actual)	2,932,462,804	95,743,670	3,028,206,474	$ 108,099,009	$ 3,857,282	$ 104,241,727	$ 100,945,887	$ 60,828,076	$ 40,117,811	$ 36,106,030
9	September (Projected)	2,555,224,000	82,911,000	2,638,135,000	$ 90,952,301	$ 10,694,000	$ 80,258,301	$ 77,735,952	$ 53,003,011	$ 24,732,941	$ 22,259,647
10	October (Projected)	2,009,126,000	94,483,000	2,103,609,000	$ 60,970,301	$ 15,395,000	$ 45,575,301	$ 43,528,299	$ 41,675,301	$ 1,852,998	$ 1,667,698
11	November (Projected)	1,916,798,000	85,691,000	2,002,489,000	$ 48,598,301	$ 8,875,000	$ 39,723,301	$ 38,023,452	$ 39,760,141	$ (1,736,689)	$ (1,563,020)
12	December (Projected)	2,057,705,000	86,296,000	2,144,001,000	$ 58,249,942	$ 8,788,000	$ 49,461,942	$ 47,471,100	$ 42,682,975	$ 4,788,125	$ 4,309,313
13	Total	21,088,216,786	743,146,558	21,831,363,344	$ 677,670,738	$ 62,571,506	$ 615,099,232	$ 594,745,429	$ 437,432,881	$ 157,312,548	
14										Move forward to Schedule 3, Line 1	$ 141,581,293

[1] PSA Retail Energy Sales are the calendar month's kWh sales. Cumulative Retail Energy Sales of an estimated 23,254 MWhs under rate schedule E-36 were excluded from the PSA Calculations.

[2] Includes traditional sales-for-resale and Pacificorp supplemental sales.

[3] Includes native load and off-system fuel and purchased power costs less those costs associated with E-36 (est. 3,322,444), the non-fuel Bridge PPA, ISFSI and mark-to-market accounting adjustments. The estimated Wheeling costs included this year are $14 million. The estimated Broker Fees EXCLUDED this year are $171,359. The annual total for the Broker Fees were removed in December.

[4] Includes off-system revenue less mark-to-market accounting adjustments.

Definitions of commonly used terms for this filing are included in the PSA Plan for Administration. Any new terms will be defined on this page.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 2 (4 Mill Charge in Apr. 06, No Surcharge)
Projected 2005 Annual Balancing Account Interest

Line No.	Month		Balancing Account Monthly Interest
			(Schedule 4, Line 15)
1	January	$	-
2	February	$	-
3	March	$	-
4	April [1]	$	-
5	May	$	3,502
6	June	$	35,984
7	July	$	85,959
8	August	$	183,505
9	September	$	267,879
10	October	$	320,255
11	November	$	324,877
12	December	$	321,998
13	Total	$	1,543,959

Move Forward to Schedule 3, Line 2 $ 1,543,959

[1] No interest was accrued in April since it is the first month for the PSA.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 3 (4 Mill Charge in Apr. 06, No Surcharge)
Projected 2005 Year End PSA Adjustor Rate Calculation

Line No.				
	PSA Adjustor Rate Calculation			
1	Post-Sharing (Over)/Under Collection Amount (From Sch. 1)		$ 141,581,293	
2	Annual Balancing Account Interest (From Sch. 2)		$ 1,543,959	
3	Approved Amortization Surcharge Balance		$ -	
4	Bandwidth Carry Forward from Prior Period		$ -	
5	Total (Credit)/Charge Amount (Line 1 + Line 2 + Line 3 + Line 4)			$ 143,125,252
6	Total (Credit)/Charge Amount	$ 143,125,252		
7	Actual Energy Sales without E-3, E-4 and E-36 (kWh)	20,872,900,215		
8	Computed Adjustor Rate per kWh (Line 6 / Line 7)		$ 0.006857	
	Adjustor Rate Bandwidth			
9	Adjustor Rate Bandwidth Upper Limit		$ 0.004000	
10	Adjustor Rate Bandwidth Lower Limit		$ (0.004000)	
11	Applicable Adjustor Rate per kWh			**$ 0.004000**
12	Total (Credit)/Charge Carried Forward Due to Adjustor Rate Bandwidth			**$ 59,633,651**

Note: This calculation is done once a year for the change to the PSA Adjustor Rate in April.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 4 (4 Mill Charge in Apr. 06, No Surcharge)
Projected 2005 Monthly Balancing Account Calculations

Line No.		January	February	March	April Begins	May	June	July	August	September	October	November	December
1	Beginning Balance	$ -	$ -	$ -	$ -	$ 1,506,186	$ 15,477,082	$ 36,971,467	$ 78,927,070	$ 115,216,605	$ 137,744,131	$ 139,732,084	$ 138,493,941
2	Approved Balance for Amortization Surcharge (if any)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	Balance After Amortization (Ln. 1 - Ln. 2)	$ -	$ -	$ -	$ -	$ 1,506,186	$ 15,477,082	$ 36,971,467	$ 78,927,070	$ 115,216,605	$ 137,744,131	$ 139,732,084	$ 138,493,941
4	Monthly Interest ((Ln. 3 * (2.79%/12)) 1yr. Const. Mat. Rate)	$ -	$ -	$ -	$ -	$ 3,502	$ 35,984	$ 85,959	$ 183,505	$ 267,879	$ 320,255	$ 324,877	$ 321,998
5	Post-Sharing (Over)/Under Collection (From Sch. 1)	$ -	$ -	$ -	$ 1,506,186	$ 13,967,394	$ 21,458,401	$ 41,869,644	$ 36,106,030	$ 22,259,647	$ 1,667,698	$ (1,563,020)	$ 4,309,313
6	Less Revenue from Applicable Adjustor Rate	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
7	Residual (Over)/Under Collection (Ln. 5 - Ln. 6)	$ -	$ -	$ -	$ 1,506,186	$ 13,967,394	$ 21,458,401	$ 41,869,644	$ 36,106,030	$ 22,259,647	$ 1,667,698	$ (1,563,020)	$ 4,309,313
8	End of Month Balance with Interest (Ln. 3 + Ln. 4 + Ln. 7)	$ -	$ -	$ -	$ 1,506,186	$ 15,477,082	$ 36,971,467	$ 78,927,070	$ 115,216,605	$ 137,744,131	$ 139,732,084	$ 138,493,941	$ 143,125,252
	AMORTIZATION SURCHARGE												
9	Balancing Account Amort. Surcharge per kWh	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
10	Beginning Amortiztion Surcharge Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11	Amort. Monthly Int. ((Ln. 10 * (2.79%/12)) 1yr. Const. Mat. Rate)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
12	Less Revenue from Applicable Amortization Surcharge(s)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
13	Ending Amortization Surchage Balance (Ln. 10 + Ln. 11 - Ln. 12)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
14	Combined Balance (Ln. 8 + Ln. 13)	$ -	$ -	$ -	$ 1,506,186	$ 15,477,082	$ 36,971,467	$ 78,927,070	$ 115,216,605	$ 137,744,131	$ 139,732,084	$ 138,493,941	$ 143,125,252
15	Combined Interest (Ln. 4 + Ln. 11)	$ -	$ -	$ -	$ -	$ 3,502	$ 35,984	$ 85,959	$ 183,505	$ 267,879	$ 320,255	$ 324,877	$ 321,998

ARIZONA PUBLIC SERVICE COMPANY
Calculation of the November 2005 PSA Surcharge

Line No.	Mth	Projected Retail Calendar MWhs	Less E-3/E-4[1] Projected MWhs	Less E-36[2] Projected MWhs	Total MWhs
1	Nov 05	1,921,888	(17,765)	(5,090)	1,899,033
2	Dec 05	2,062,795	(20,996)	(5,090)	2,036,709
3	Jan 06	2,109,012	(23,186)	(5,090)	2,080,736
4	Feb 06	1,821,752	(19,440)	(5,090)	1,797,222
5	Mar 06	1,929,711	(16,764)	(5,090)	1,907,857
6	Apr 06	2,025,386	(15,933)	(5,090)	2,004,363
7	May 06	2,374,205	(17,161)	(5,090)	2,351,954
8	Jun 06	2,704,478	(23,573)	(5,090)	2,675,815
9	Jul 06	3,041,028	(29,271)	(5,090)	3,006,667
10	Aug 06	3,253,145	(34,101)	(5,090)	3,213,954
11	Sep 06	2,670,087	(32,227)	(5,090)	2,632,770
12	Oct 06	2,096,903	(23,721)	(5,090)	2,068,092
13	Nov 06	1,998,967	(18,476)	(5,090)	1,975,401
14	Dec 06	2,146,316	(21,836)	(5,090)	2,119,390
15	Jan 07	2,192,234	(24,113)	(5,090)	2,163,031
16	Feb 07	1,893,694	(20,218)	(5,090)	1,868,386
17	Mar 07	2,006,883	(17,435)	(5,090)	1,984,358
18	Apr 07	2,105,708	(16,570)	(5,090)	2,084,048
19	May 07	2,469,635	(17,848)	(5,090)	2,446,697
20	Jun 07	2,818,195	(24,516)	(5,090)	2,788,589
21	Jul 07	3,169,580	(30,442)	(5,090)	3,134,048
22	Aug 07	3,390,383	(35,465)	(5,090)	3,349,828
23	Sep 07	2,781,625	(33,516)	(5,090)	2,743,019
24	Oct 07	2,182,782	(24,670)	(5,090)	2,153,022
		57,166,392	(559,241)	(122,160)	56,484,991

Amortized Amount	$ 80,000,000
Total kWhs	56,484,991,000
PSA Surcharge per kWh	**$ 0.001416**

[1] E-3 and E-4 customers will not have to pay PSA charges per Decision No. 67744.

[2] E-36 customer are directly assigned incremental fuel and purchased power per the terms of the rate schedule. Therefore, both the incremental cost and the associated MWh usage are excluded from the PSA calculations. The PWEC Units are excluded from the E-36 projections because they are being transferred to APS.

Note: The PSA Surcharge will expire at the end of the 24 month period. Any over/under collection remaining at the end of the period will be credited/debited to the PSA balancing account.

ARIZONA PUBLIC SERVICE COMPANY
Calculation of Nov. 1, 2005 PSA Surcharge

Line No.	Mth	Projected Retail Calendar MWhs	Less E-3/E-4 Projected 4% Growth MWhs	Less E-36 No PWEC Units Avg. Mthly MWhs	Total MWhs	Sch. 1 Projected Retail Less- E-36 Calendar kWhs	Projected Native Load Wholesale Sales kWhs
1	Sep 05	2,560,314	(30,987)	(5,090)	2,524,237	2,555,224,000	82,911,000
2	Oct 05	2,014,216	(22,809)	(5,090)	1,986,317	2,009,126,000	94,483,000
3	Nov 05	1,921,888	(17,765)	(5,090)	1,899,033	1,916,798,000	85,691,000
4	Dec 05	2,062,795	(20,996)	(5,090)	2,036,709	2,057,705,000	86,296,000
5	Jan 06	2,109,012	(23,186)	(5,090)	2,080,736	2,103,922,000	92,023,000
6	Feb 06	1,821,752	(19,440)	(5,090)	1,797,222	1,816,662,000	80,630,000
7	Mar 06	1,929,711	(16,764)	(5,090)	1,907,857	1,924,621,000	96,485,000
8	Apr 06	2,025,386	(15,933)	(5,090)	2,004,363	2,020,296,000	86,852,000
9	May 06	2,374,205	(17,161)	(5,090)	2,351,954	2,369,115,000	99,815,000
10	Jun 06	2,704,478	(23,573)	(5,090)	2,675,815	2,699,388,000	102,513,000
11	Jul 06	3,041,028	(29,271)	(5,090)	3,006,667	3,035,938,000	118,548,000
12	Aug 06	3,253,145	(34,101)	(5,090)	3,213,954	3,248,055,000	100,297,000
13	Sep 06	2,670,087	(32,227)	(5,090)	2,632,770	2,664,997,000	84,849,000
14	Oct 06	2,096,903	(23,721)	(5,090)	2,068,092	2,091,813,000	94,869,000
15	Nov 06	1,998,967	(18,476)	(5,090)	1,975,401	1,993,877,000	80,061,000
16	Dec 06	2,146,316	(21,836)	(5,090)	2,119,390	2,141,226,000	86,598,000
17	Jan 07	2,192,234	(24,113)	(5,090)	2,163,031	2,187,144,000	
18	Feb 07	1,893,694	(20,218)	(5,090)	1,868,386	1,888,604,000	
19	Mar 07	2,006,883	(17,435)	(5,090)	1,984,358	2,001,793,000	
20	Apr 07	2,105,708	(16,570)	(5,090)	2,084,048	2,100,618,000	
21	May 07	2,469,635	(17,848)	(5,090)	2,446,697	2,464,545,000	
22	Jun 07	2,818,195	(24,516)	(5,090)	2,788,589	2,813,105,000	
23	Jul 07	3,169,580	(30,442)	(5,090)	3,134,048	3,164,490,000	
24	Aug 07	3,390,383	(35,465)	(5,090)	3,349,828	3,385,293,000	
25	Sep 07	2,781,625	(33,516)	(5,090)	2,743,019	2,776,535,000	
26	Oct 07	2,182,782	(24,670)	(5,090)	2,153,022	2,177,692,000	
27	Nov 07	2,080,350	(19,215)	(5,090)	2,056,045		
28	Dec 07	2,233,388	(22,709)	(5,090)	2,205,589		
Sep 05 - Oct 07		57,166,392	(559,241)	(122,160)	56,484,991		

Amortization Amount	$	**80,000,000**
Total kWhs		56,484,991,000
PSA Surcharge per kWh	$	**0.001416**

		E-3/E-4 MWhs	E-36 MWhs	E-36 Costs	Broker Fees	Wheeling Costs	
Actual	Apr	(15,320)	(6,385)	$ (327,746)	$ 17,554	$ 574,240	x
Actual	May	(16,501)	570	$ (292,739)	$ 14,787	$ 1,015,101	x
Actual	Jun	(24,206)	(7,219)	$ (599,126)	$ 14,874	$ 2,084,477	x
Actual	Jul	(32,723)	8,726	$ (621,600)	$ 22,961	$ 1,754,369	x
Actual	Aug	(34,010)	1,414	$ (518,437)	$ 34,515	$ 2,087,952	x
Projection	Sep	(30,987)	(5,090)	$ (240,699)	$ 16,667	$ 2,302,916	
Projection	Oct	(22,809)	(5,090)	$ (240,699)	$ 16,667	$ 1,755,116	
Projection	Nov	(17,765)	(5,090)	$ (240,699)	$ 16,667	$ 1,110,607	
Projection	Dec	(20,996)	(5,090)	$ (240,699)	$ 16,667	$ 1,113,607	
		(215,316.571)	(23,254)	$ (3,322,444)	$ 171,359	$ 13,798,385	

We told B. Keene that the 2004 Broker Fees were 200K. 200,000/12 = 16,667
E-3/E-4 projections are from the surcharge calculation file

E-3 / E-4
CDW, with Accruals

Metrics Revenue Month	Revn Billed Usage	Serv Bill Amt	Billing Count
AUGUST 2005	34,010,136.00	$2,968,387.79	27,471
JULY 2005	32,722,561.00	$2,880,918.86	26,749
JUNE 2005	24,205,831.0	$ 2,031,394.73	26,413
MAY 2005	16,501,156.0	$ 1,279,488.35	26,385
APRIL 2005	15,320,341.4	$ 1,061,043.65	26,730
Total	122,760,025.4	$ 10,221,233.38	133,748

Projected 2005 Costs						
Mth	From Mary Projected Sys. Book Fuel and Pur. Power	Natural Gas Hedge Reversal	Pur. Power Hedge Reversal	Remove E-36 Costs	System [3] Book Fuel and Purchased Power Costs	System Book [4] Off-System Sales Revenue
Jul	$ 117,004,560	$ -	$ -	$ -	$ 117,004,560	$ 3,172,422
Aug	$ 108,099,009	$ -	$ -	$ -	$ 108,099,009	$ 3,857,282
Sep	$ 91,193,000	$ -	$ -	$ (240,699)	$ 90,952,301	$ 10,694,000
Oct	$ 61,211,000	$ -	$ -	$ (240,699)	$ 60,970,301	$ 15,395,000
Nov	$ 48,839,000	$ -	$ -	$ (240,699)	$ 48,598,301	$ 8,875,000
Dec	$ 58,662,000	$ -	$ -	$ (240,699)	$ 58,421,301	$ 8,788,000
					$ 484,045,773	$ 50,781,704

ARIZONA PUBLIC SERVICE COMPANY
Schedule 1 (4 Mill Charge in Apr. 06, No Surcharge)
Projected 2006 Monthly Energy Sales and Costs

Line No.	Month	(a) PSA Retail [1] Energy Sales (kWh)	(b) Native Load [2] Wholesale Energy Sales (kWh)	(c) Native Load Energy Sales (kWh) (a + b)	(d) System [3] Book Fuel and Purchased Power Costs	(e) System Book [4] Off-System Sales Revenue	(f) Net Native Load Power Supply Cost (d - e)	(g) PSA Retail Power Supply Cost (a/c * f)	(h) Base Rate Power Supply Cost (a * 0.020743)	(i) Pre-Sharing (Over)/Under Collection (g - h)	(j) Post-Sharing (Over)/Under Collection (i * 0.9)
1	January	2,103,922,000	92,023,000	2,195,945,000	$ 70,394,634	$ 28,855,000	$ 41,539,634	$ 39,798,879	$ 43,641,654	$ (3,842,775)	$ (3,458,498)
2	February	1,816,662,000	80,630,000	1,897,292,000	$ 58,368,634	$ 12,202,000	$ 46,166,634	$ 44,204,672	$ 37,683,020	$ 6,521,652	$ 5,869,487
3	March	1,924,621,000	96,485,000	2,021,106,000	$ 71,884,634	$ 40,491,000	$ 31,393,634	$ 29,894,942	$ 39,922,413	$ (10,027,471)	$ (9,024,724)
4	April	2,020,296,000	86,852,000	2,107,148,000	$ 64,108,634	$ 4,817,000	$ 59,291,634	$ 56,847,763	$ 41,907,000	$ 14,940,763	$ 13,446,687
5	May	2,369,115,000	99,815,000	2,468,930,000	$ 80,095,634	$ 10,132,000	$ 69,963,634	$ 67,135,113	$ 49,142,552	$ 17,992,561	$ 16,193,305
6	June	2,699,388,000	102,513,000	2,801,901,000	$ 102,422,634	$ 7,248,000	$ 95,174,634	$ 91,692,485	$ 55,993,405	$ 35,699,080	$ 32,129,172
7	July	3,035,938,000	118,548,000	3,154,486,000	$ 143,020,634	$ 9,874,000	$ 133,146,634	$ 128,142,882	$ 62,974,462	$ 65,168,420	$ 58,651,578
8	August	3,248,055,000	100,297,000	3,348,352,000	$ 140,351,634	$ 12,877,000	$ 127,474,634	$ 123,656,241	$ 67,374,405	$ 56,281,836	$ 50,653,652
9	September	2,664,997,000	84,849,000	2,749,846,000	$ 105,011,634	$ 9,744,000	$ 95,267,634	$ 92,328,064	$ 55,280,033	$ 37,048,031	$ 33,343,228
10	October	2,091,813,000	94,869,000	2,186,682,000	$ 73,090,634	$ 10,160,000	$ 62,930,634	$ 60,200,394	$ 43,390,477	$ 16,809,917	$ 15,128,925
11	November	1,993,877,000	80,061,000	2,073,938,000	$ 66,358,634	$ 28,255,000	$ 38,103,634	$ 36,632,705	$ 41,358,991	$ (4,726,286)	$ (4,253,657)
12	December	2,141,226,000	86,598,000	2,227,824,000	$ 73,957,634	$ 21,557,000	$ 52,400,634	$ 50,363,763	$ 44,415,451	$ 5,948,312	$ 5,353,481
13	Total	28,109,910,000	1,123,540,000	29,233,450,000	$1,049,065,608	$ 196,212,000	$ 852,853,608	$ 820,897,903	$ 583,083,863	$ 237,814,040	
										Move forward to Schedule 3, Line 1	$ 214,032,636
14											

[1] PSA Retail Energy Sales are the calendar month's kWh sales. Cumulative Retail Energy Sales of an estimated 61,080 MWhs under rate schedule E-36 were excluded from the PSA Calculations.

[2] Includes traditional sales-for-resale and Pacificorp supplemental sales.

[3] Includes native load and off-system fuel and purchased power costs less those costs associated with E-36 (Est. $2.9 Million), the non-fuel Bridge PPA, ISFSI and mark-to-market accounting adjustments. The estimated Wheeling costs included this year are $18.4 million. The estimated Broker Fees EXCLUDED this year are $200,004.

[4] Includes off-system revenue less mark-to-market accounting adjustments.

Definitions of commonly used terms for this filing are included in the PSA Plan for Administration. Any new terms will be defined on this page.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 2 (4 Mill Charge in Apr. 06, No Surcharge)
Projected 2006 Annual Balancing Account Interest

Line No.	Month		Balancing Account Monthly Interest
			(Schedule 4, Line 15)
1	January		332,766
2	February		325,499
3	March		339,902
4	April		319,710
5	May		332,928
6	June		349,319
7	July		399,727
8	August		508,787
9	September		597,533
10	October		651,661
11	November		668,897
12	December		642,019
13	Total	$	5,468,748

Move Forward to Schedule 3, Line 2 $ 5,468,748

ARIZONA PUBLIC SERVICE COMPANY
Schedule 3 (4 Mill Charge in Apr. 06, No Surcharge)
Projected 2006 Year End PSA Adjustor Rate Calculation

Line No.				
	PSA Adjustor Rate Calculation			
1	Post-Sharing (Over)/Under Collection Amount (From Sch. 1)		$ 214,032,636	
2	Annual Balancing Account Interest (From Sch. 2)		$ 5,468,748	
3	Approved Amortization Surcharge Balance		$ -	
4	Bandwidth Carry Forward from Prior Period		$ 59,633,651	
5	Total (Credit)/Charge Amount (Line 1 + Line 2 + Line 3 + Line 4)			$ 279,135,035
6	Total (Credit)/Charge Amount	$ 279,135,035		
7	Actual Energy Sales without E-3, E-4 and E-36 (kWh)	27,834,221,630		
8	Computed Adjustor Rate per kWh (Line 6 / Line 7)		$ 0.010028	
	Adjustor Rate Bandwidth			
9	Adjustor Rate Bandwidth Upper Limit		$ 0.004000	
10	Adjustor Rate Bandwidth Lower Limit		$ (0.004000)	
11	Applicable Adjustor Rate per kWh			**$ 0.004000**
12	Total (Credit)/Charge Carried Forward Due to Adjustor Rate Bandwidth			**$ 167,798,149**

Note: This calculation is done once a year for the change to the PSA Adjustor Rate in April.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 4 (4 Mill Charge in Apr. 06. No Surcharge)
Projected 2006 Monthly Balancing Account Calculations

Line No.		January	February	March	April 4 mill chg	May	June	July	August	September	October	November	December
1	Beginning Balance	$ 143,125,252	$ 139,999,520	$ 146,194,506	$ 137,509,684	$ 143,194,897	$ 150,244,670	$ 171,925,609	$ 218,833,162	$ 257,003,381	$ 280,284,154	$ 287,697,488	$ 276,137,220
2	Approved Balance for Amortization Surcharge (if any)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	Balance After Amortization (Ln. 1 - Ln. 2)	$ 143,125,252	$ 139,999,520	$ 146,194,506	$ 137,509,684	$ 143,194,897	$ 150,244,670	$ 171,925,609	$ 218,833,162	$ 257,003,381	$ 280,284,154	$ 287,697,488	$ 276,137,220
4	Monthly Interest ((Ln. 3 * (2.79%/12)) 1yr. Const. Mat. Rate)	$ 332,766	$ 325,499	$ 339,902	$ 319,710	$ 332,928	$ 349,319	$ 399,727	$ 508,787	$ 597,533	$ 651,661	$ 668,897	$ 642,019
5	Post-Sharing (Over)/Under Collection (From Sch. 1)	$ (3,458,498)	$ 5,869,487	$ (9,024,724)	$ 13,446,687	$ 16,193,305	$ 32,129,172	$ 58,651,578	$ 50,653,652	$ 33,343,228	$ 15,128,925	$ (4,253,657)	$ 5,353,481
6	Less Revenue from Applicable Adjustor Rate	$ -	$ -	$ -	$ 8,081,184	$ 9,476,460	$ 10,797,552	$ 12,143,752	$ 12,992,220	$ 10,659,988	$ 8,367,252	$ 7,975,508	$ 8,564,904
7	Residual (Over)/Under Collection (Ln. 5 - Ln. 6)	$ (3,458,498)	$ 5,869,487	$ (9,024,724)	$ 5,365,503	$ 6,716,845	$ 21,331,620	$ 46,507,826	$ 37,661,432	$ 22,683,240	$ 6,761,673	$ (12,229,165)	$ (3,211,423)
8	End of Month Balance with Interest (Ln. 3 + Ln. 4 + Ln. 7)	$ 139,999,520	$ 146,194,506	$ 137,509,684	$ 143,194,897	$ 150,244,670	$ 171,925,609	$ 218,833,162	$ 257,003,381	$ 280,284,154	$ 287,697,488	$ 276,137,220	$ 273,567,816
	AMORTIZATION SURCHARGE												
9	Balancing Account Amort. Surcharge per kWh	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
10	Beginning Amortiztion Surcharge Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11	Amort. Monthly Int. ((Ln. 10 * (2.79%/12)) 1yr. Const. Mat. Rate)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
12	Less Revenue from Applicable Amortization Surcharge(s)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
13	Ending Amortization Surchage Balance (Ln. 10 + Ln. 11 - Ln. 12)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
14	Combined Balance (Ln. 8 + Ln. 13)	$ 139,999,520	$ 146,194,506	$ 137,509,684	$ 143,194,897	$ 150,244,670	$ 171,925,609	$ 218,833,162	$ 257,003,381	$ 280,284,154	$ 287,697,488	$ 276,137,220	$ 273,567,816
15	Combined Interest (Ln. 4 + Ln. 11)	$ 332,766	$ 325,499	$ 339,902	$ 319,710	$ 332,928	$ 349,319	$ 399,727	$ 508,787	$ 597,533	$ 651,661	$ 668,897	$ 642,019

ARIZONA PUBLIC SERVICE COMPANY
Calculation of Nov. 1, 2005 PSA Surcharge

Line No.	Mth	Projected Retail Calendar MWhs	Less E-3/E-4 Projected 4% Growth MWhs	Less E-36 No PWEC Units Avg. Mthly MWhs	Total MWhs	Sch. 1 Projected Retail Less- E-36 Calendar kWhs	Projected Native Load Wholesale Sales kWhs
1	Sep 05	2,560,314	(30,987)	(5,090)	2,524,237	2,555,224,000	82,911,000
2	Oct 05	2,014,216	(22,809)	(5,090)	1,986,317	2,009,126,000	94,483,000
3	Nov 05	1,921,888	(17,765)	(5,090)	1,899,033	1,916,798,000	85,691,000
4	Dec 05	2,062,795	(20,996)	(5,090)	2,036,709	2,057,705,000	86,296,000
5	Jan 06	2,109,012	(23,186)	(5,090)	2,080,736	2,103,922,000	92,023,000
6	Feb 06	1,821,752	(19,440)	(5,090)	1,797,222	1,816,662,000	80,630,000
7	Mar 06	1,929,711	(16,764)	(5,090)	1,907,857	1,924,621,000	96,485,000
8	Apr 06	2,025,386	(15,933)	(5,090)	2,004,363	2,020,296,000	86,852,000
9	May 06	2,374,205	(17,161)	(5,090)	2,351,954	2,369,115,000	99,815,000
10	Jun 06	2,704,478	(23,573)	(5,090)	2,675,815	2,699,388,000	102,513,000
11	Jul 06	3,041,028	(29,271)	(5,090)	3,006,667	3,035,938,000	118,548,000
12	Aug 06	3,253,145	(34,101)	(5,090)	3,213,954	3,248,055,000	100,297,000
13	Sep 06	2,670,087	(32,227)	(5,090)	2,632,770	2,664,997,000	84,849,000
14	Oct 06	2,096,903	(23,721)	(5,090)	2,068,092	2,091,813,000	94,869,000
15	Nov 06	1,998,967	(18,476)	(5,090)	1,975,401	1,993,877,000	80,061,000
16	Dec 06	2,146,316	(21,836)	(5,090)	2,119,390	2,141,226,000	86,598,000
17	Jan 07	2,192,234	(24,113)	(5,090)	2,163,031	2,187,144,000	
18	Feb 07	1,893,694	(20,218)	(5,090)	1,868,386	1,888,604,000	
19	Mar 07	2,006,883	(17,435)	(5,090)	1,984,358	2,001,793,000	
20	Apr 07	2,105,708	(16,570)	(5,090)	2,084,048	2,100,618,000	
21	May 07	2,469,635	(17,848)	(5,090)	2,446,697	2,464,545,000	
22	Jun 07	2,818,195	(24,516)	(5,090)	2,788,589	2,813,105,000	
23	Jul 07	3,169,580	(30,442)	(5,090)	3,134,048	3,164,490,000	
24	Aug 07	3,390,383	(35,465)	(5,090)	3,349,828	3,385,293,000	
25	Sep 07	2,781,625	(33,516)	(5,090)	2,743,019	2,776,535,000	
26	Oct 07	2,182,782	(24,670)	(5,090)	2,153,022	2,177,692,000	
27	Nov 07	2,080,350	(19,215)	(5,090)	2,056,045		
28	Dec 07	2,233,388	(22,709)	(5,090)	2,205,589		
Sep 05 - Oct 07		57,166,392	(559,241)	(122,160)	56,484,991		

Amortization Amount	$	**80,000,000**
Total kWhs		56,484,991,000
PSA Surcharge per kWh	$	**0.001416**

Projected 2006 Costs							
Mth	Projected Sys. Book Fuel and Pur. Power	Natural Gas Hedge Reversal	Pur. Power Hedge Reversal	Remove E-36 Costs	Remove Broker Fees	System [3] Book Fuel and Purchased Power Costs	System Book [4] Off-System Sales Revenue
Jan	$ 70,652,000	$ -	$ -	$ (240,699)	$ (16,667)	$ 70,394,634	$ 28,855,000
Feb	$ 58,626,000	$ -	$ -	$ (240,699)	$ (16,667)	$ 58,368,634	$ 12,202,000
Mar	$ 72,142,000	$ -	$ -	$ (240,699)	$ (16,667)	$ 71,884,634	$ 40,491,000
Apr	$ 64,366,000	$ -	$ -	$ (240,699)	$ (16,667)	$ 64,108,634	$ 4,817,000
May	$ 80,353,000	$ -	$ -	$ (240,699)	$ (16,667)	$ 80,095,634	$ 10,132,000
Jun	$ 102,680,000	$ -	$ -	$ (240,699)	$ (16,667)	$ 102,422,634	$ 7,248,000
Jul	$ 143,278,000	$ -	$ -	$ (240,699)	$ (16,667)	$ 143,020,634	$ 9,874,000
Aug	$ 140,609,000	$ -	$ -	$ (240,699)	$ (16,667)	$ 140,351,634	$ 12,877,000
Sep	$ 105,269,000	$ -	$ -	$ (240,699)	$ (16,667)	$ 105,011,634	$ 9,744,000
Oct	$ 73,348,000	$ -	$ -	$ (240,699)	$ (16,667)	$ 73,090,634	$ 10,160,000
Nov	$ 66,616,000	$ -	$ -	$ (240,699)	$ (16,667)	$ 66,358,634	$ 28,255,000
Dec	$ 74,215,000	$ -	$ -	$ (240,699)	$ (16,667)	$ 73,957,634	$ 21,557,000
						$ 1,049,065,608	$196,212,000

2006

		E-3/E-4 MWhs	E-36 MWhs	E-36 Costs	Broker Fees	Wheeling Costs
Projected	Jan	(23,186)	(5,090)	$ (240,699)	$ 16,667	$ 1,095,392
Projected	Feb	(19,440)	(5,090)	$ (240,699)	$ 16,667	$ 1,089,392
Projected	Mar	(16,764)	(5,090)	$ (240,699)	$ 16,667	$ 1,106,392
Projected	Apr	(15,933)	(5,090)	$ (240,699)	$ 16,667	$ 1,169,077
Projected	May	(17,161)	(5,090)	$ (240,699)	$ 16,667	$ 1,774,661
Projected	Jun	(23,573)	(5,090)	$ (240,699)	$ 16,667	$ 2,170,111
Projected	Jul	(29,271)	(5,090)	$ (240,699)	$ 16,667	$ 2,246,076
Projected	Aug	(34,101)	(5,090)	$ (240,699)	$ 16,667	$ 2,243,176
Projected	Sep	(32,227)	(5,090)	$ (240,699)	$ 16,667	$ 2,237,876
Projected	Oct	(23,721)	(5,090)	$ (240,699)	$ 16,667	$ 1,532,276
Projected	Nov	(18,476)	(5,090)	$ (240,699)	$ 16,667	$ 886,147
Projected	Dec	(21,836)	(5,090)	$ (240,699)	$ 16,667	$ 889,147
		(275,688)	(61,080)	$ (2,888,388)	$ 200,004	18,439,722

We told B. Keene that the 2004 Broker Fees were 200K. 200,000/12 = 16,667
E-3/E-4 projections are from the surcharge calculation file

ARIZONA PUBLIC SERVICE COMPANY
Schedule 1 (Jan. 1, 2006 Surcharge and 3.024 Mill Charge in Apr 06)
Projected 2005 Monthly Energy Sales and Costs

Line No.	Month	(a) PSA Retail [1] Energy Sales (kWh)	(b) Native Load [2] Wholesale Energy Sales (kWh)	(c) Native Load Energy Sales (kWh) (a + b)	(d) System [3] Book Fuel and Purchased Power Costs	(e) System Book [4] Off-System Sales Revenue	(f) Net Native Load Power Supply Cost (d - e)	(g) PSA Retail Power Supply Cost (a/c * f)	(h) Base Rate Power Supply Cost (a * 0.020743)	(i) Pre-Sharing (Over)/Under Collection (g - h)	(j) Post-Sharing (Over)/Under Collection (i * 0.9)
1	January	-	-	-	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	February	-	-	-	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	March	-	-	-	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4	April (Actual)	1,740,332,253	66,132,000	1,806,464,253	$ 43,121,614	$ 3,912,992	$ 39,208,622	$ 37,773,252	$ 36,099,712	$ 1,673,540	$ 1,506,186
5	May (Actual)	2,235,997,989	74,575,395	2,310,573,384	$ 68,036,346	$ 4,071,192	$ 63,965,154	$ 61,900,633	$ 46,381,306	$ 15,519,327	$ 13,967,394
6	June (Actual)	2,565,383,692	59,137,886	2,624,521,578	$ 82,638,364	$ 3,805,618	$ 78,832,746	$ 77,056,422	$ 53,213,754	$ 23,842,668	$ 21,458,401
7	July (Actual)	3,075,187,048	98,176,607	3,173,363,655	$ 117,004,560	$ 3,172,422	$ 113,832,138	$ 110,310,432	$ 63,788,605	$ 46,521,827	$ 41,869,644
8	August (Actual)	2,932,462,804	95,743,670	3,028,206,474	$ 108,099,009	$ 3,857,282	$ 104,241,727	$ 100,945,887	$ 60,828,076	$ 40,117,811	$ 36,106,030
9	September (Projected)	2,555,224,000	82,911,000	2,638,135,000	$ 90,952,301	$ 10,694,000	$ 80,258,301	$ 77,735,952	$ 53,003,011	$ 24,732,941	$ 22,259,647
10	October (Projected)	2,009,126,000	94,483,000	2,103,609,000	$ 60,970,301	$ 15,395,000	$ 45,575,301	$ 43,528,299	$ 41,675,301	$ 1,852,998	$ 1,667,698
11	November (Projected)	1,916,798,000	85,691,000	2,002,489,000	$ 48,598,301	$ 8,875,000	$ 39,723,301	$ 38,023,452	$ 39,760,141	$ (1,736,689)	$ (1,563,020)
12	December (Projected)	2,057,705,000	86,296,000	2,144,001,000	$ 58,249,942	$ 8,788,000	$ 49,461,942	$ 47,471,100	$ 42,682,975	$ 4,788,125	$ 4,309,313
13	Total	21,088,216,786	743,146,558	21,831,363,344	$ 677,670,738	$ 62,571,506	$ 615,099,232	$ 594,745,429	$ 437,432,881	$ 157,312,548	
14										Move forward to Schedule 3, Line 1	$ 141,581,293

[1] PSA Retail Energy Sales are the calendar month's kWh sales. Cumulative Retail Energy Sales of an estimated 23,254 MWhs under rate schedule E-36 were excluded from the PSA Calculations.

[2] Includes traditional sales-for-resale and Pacificorp supplemental sales.

[3] Includes native load and off-system fuel and purchased power costs less those costs associated with E-36 (est. 3,322,444), the non-fuel Bridge PPA, ISFSI and mark-to-market accounting adjustments. The estimated Wheeling costs included this year are $14 million. The estimated Broker Fees EXCLUDED this year are $171,359. The annual total for the Broker Fees were removed in December.

[4] Includes off-system revenue less mark-to-market accounting adjustments.

Definitions of commonly used terms for this filing are included in the PSA Plan for Administration. Any new terms will be defined on this page.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 2 (Jan. 1, 2006 Surcharge and 3.024 Mill Charge in Apr 06)
Projected 2005 Annual Balancing Account Interest

Line No.	Month		Balancing Account Monthly Interest
			(Schedule 4, Line 15)
1	January	$	-
2	February	$	-
3	March	$	-
4	April [1]	$	-
5	May	$	3,502
6	June	$	35,984
7	July	$	85,959
8	August	$	183,505
9	September	$	267,879
10	October	$	320,255
11	November	$	324,877
12	December	$	321,998
13	Total	$	1,543,959

Move Forward to Schedule 3, Line 2 $ 1,543,959

[1] No interest was accrued in April since it is the first month for the PSA.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 3 (Jan. 1, 2006 Surcharge and 3.024 Mill Charge in Apr 06)
Projected 2005 Year End PSA Adjustor Rate Calculation

Line No.				
	PSA Adjustor Rate Calculation			
1	Post-Sharing (Over)/Under Collection Amount (From Sch. 1)		$ 141,581,293	
2	Annual Balancing Account Interest (From Sch. 2)		$ 1,543,959	
3	Approved Amortization Surcharge Balance		$ (80,000,000)	
4	Bandwidth Carry Forward from Prior Period		$ -	
5	Total (Credit)/Charge Amount (Line 1 + Line 2 + Line 3 + Line 4)			$ 63,125,252
6	Total (Credit)/Charge Amount	$ 63,125,252		
7	Actual Energy Sales without E-3, E-4 and E-36 (kWh)	20,872,900,215		
8	Computed Adjustor Rate per kWh (Line 6 / Line 7)		$ 0.003024	
	Adjustor Rate Bandwidth			
9	Adjustor Rate Bandwidth Upper Limit		$ 0.004000	
10	Adjustor Rate Bandwidth Lower Limit		$ (0.004000)	
11	Applicable Adjustor Rate per kWh			**$ 0.003024**
12	Total (Credit)/Charge Carried Forward Due to Adjustor Rate Bandwidth			$ -

Note: This calculation is done once a year for the change to the PSA Adjustor Rate in April.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 4 (Jan. 1, 2006 Surcharge and 3.024 Mill Charge in Apr 06)
Projected 2005 Monthly Balancing Account Calculations

Line No.		January	February	March	April Begins	May	June	July	August	September	October	November	December
1	Beginning Balance	$ -	$ -	$ -	$ -	$ 1,506,186	$ 15,477,082	$ 36,971,467	$ 78,927,070	$ 115,216,605	$ 137,744,131	$ 139,732,084	$ 138,493,941
2	Approved Balance for Amortization Surcharge (if any)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	Balance After Amortization (Ln. 1 - Ln. 2)	$ -	$ -	$ -	$ -	$ 1,506,186	$ 15,477,082	$ 36,971,467	$ 78,927,070	$ 115,216,605	$ 137,744,131	$ 139,732,084	$ 138,493,941
4	Monthly Interest ((Ln. 3 * (2.79%/12)) 1yr. Const. Mat. Rate)	$ -	$ -	$ -	$ -	$ 3,502	$ 35,984	$ 85,959	$ 183,505	$ 267,879	$ 320,255	$ 324,877	$ 321,998
5	Post-Sharing (Over)/Under Collection (From Sch. 1)	$ -	$ -	$ -	$ 1,506,186	$ 13,967,394	$ 21,458,401	$ 41,869,644	$ 36,106,030	$ 22,259,647	$ 1,667,698	$ (1,563,020)	$ 4,309,313
6	Less Revenue from Applicable Adjustor Rate	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
7	Residual (Over)/Under Collection (Ln. 5 - Ln. 6)	$ -	$ -	$ -	$ 1,506,186	$ 13,967,394	$ 21,458,401	$ 41,869,644	$ 36,106,030	$ 22,259,647	$ 1,667,698	$ (1,563,020)	$ 4,309,313
8	End of Month Balance with Interest (Ln. 3 + Ln. 4 + Ln. 7)	$ -	$ -	$ -	$ 1,506,186	$ 15,477,082	$ 36,971,467	$ 78,927,070	$ 115,216,605	$ 137,744,131	$ 139,732,084	$ 138,493,941	$ 143,125,252
	AMORTIZATION SURCHARGE												
9	Balancing Account Amort. Surcharge per kWh	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
10	Beginning Amortiztion Surcharge Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11	Amort. Monthly Int. ((Ln. 10 * (2.79%/12)) 1yr. Const. Mat. Rate)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
12	Less Revenue from Applicable Amortization Surcharge(s)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
13	Ending Amortization Surchage Balance (Ln. 10 + Ln. 11 - Ln. 12)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
14	Combined Balance (Ln. 8 + Ln. 13)	$ -	$ -	$ -	$ 1,506,186	$ 15,477,082	$ 36,971,467	$ 78,927,070	$ 115,216,605	$ 137,744,131	$ 139,732,084	$ 138,493,941	$ 143,125,252
15	Combined Interest (Ln. 4 + Ln. 11)	$ -	$ -	$ -	$ -	$ 3,502	$ 35,984	$ 85,959	$ 183,505	$ 267,879	$ 320,255	$ 324,877	$ 321,998

ARIZONA PUBLIC SERVICE COMPANY
Calculation of the November 2005 PSA Surcharge

Line No.	Mth	Projected Retail Calendar MWhs	Less E-3/E-4[1] Projected MWhs	Less E-36[2] Projected MWhs	Total MWhs
1	Nov 05	1,921,888	(17,765)	(5,090)	1,899,033
2	Dec 05	2,062,795	(20,996)	(5,090)	2,036,709
3	Jan 06	2,109,012	(23,186)	(5,090)	2,080,736
4	Feb 06	1,821,752	(19,440)	(5,090)	1,797,222
5	Mar 06	1,929,711	(16,764)	(5,090)	1,907,857
6	Apr 06	2,025,386	(15,933)	(5,090)	2,004,363
7	May 06	2,374,205	(17,161)	(5,090)	2,351,954
8	Jun 06	2,704,478	(23,573)	(5,090)	2,675,815
9	Jul 06	3,041,028	(29,271)	(5,090)	3,006,667
10	Aug 06	3,253,145	(34,101)	(5,090)	3,213,954
11	Sep 06	2,670,087	(32,227)	(5,090)	2,632,770
12	Oct 06	2,096,903	(23,721)	(5,090)	2,068,092
13	Nov 06	1,998,967	(18,476)	(5,090)	1,975,401
14	Dec 06	2,146,316	(21,836)	(5,090)	2,119,390
15	Jan 07	2,192,234	(24,113)	(5,090)	2,163,031
16	Feb 07	1,893,694	(20,218)	(5,090)	1,868,386
17	Mar 07	2,006,883	(17,435)	(5,090)	1,984,358
18	Apr 07	2,105,708	(16,570)	(5,090)	2,084,048
19	May 07	2,469,635	(17,848)	(5,090)	2,446,697
20	Jun 07	2,818,195	(24,516)	(5,090)	2,788,589
21	Jul 07	3,169,580	(30,442)	(5,090)	3,134,048
22	Aug 07	3,390,383	(35,465)	(5,090)	3,349,828
23	Sep 07	2,781,625	(33,516)	(5,090)	2,743,019
24	Oct 07	2,182,782	(24,670)	(5,090)	2,153,022
		57,166,392	(559,241)	(122,160)	56,484,991

Amortized Amount	$	80,000,000
Total kWhs		56,484,991,000
PSA Surcharge per kWh	**$**	**0.001416**

[1] E-3 and E-4 customers will not have to pay PSA charges per Decision No. 67744.

[2] E-36 customer are directly assigned incremental fuel and purchased power per the terms of the rate schedule. Therefore, both the incremental cost and the associated MWh usage are excluded from the PSA calculations. The PWEC Units are excluded from the E-36 projections because they are being transferred to APS.

Note: The PSA Surcharge will expire at the end of the 24 month period. Any over/under collection remaining at the end of the period will be credited/debited to the PSA balancing account.

ARIZONA PUBLIC SERVICE COMPANY
Calculation of Nov. 1, 2005 PSA Surcharge

Line No.	Mth	Projected Retail Calendar MWhs	Less E-3/E-4 Projected 4% Growth MWhs	Less E-36 No PWEC Units Avg. Mthly MWhs	Total MWhs	Sch. 1 Projected Retail Less- E-36 Calendar kWhs	Projected Native Load Wholesale Sales kWhs
1	Sep 05	2,560,314	(30,987)	(5,090)	2,524,237	2,555,224,000	82,911,000
2	Oct 05	2,014,216	(22,809)	(5,090)	1,986,317	2,009,126,000	94,483,000
3	Nov 05	1,921,888	(17,765)	(5,090)	1,899,033	1,916,798,000	85,691,000
4	Dec 05	2,062,795	(20,996)	(5,090)	2,036,709	2,057,705,000	86,296,000
5	Jan 06	2,109,012	(23,186)	(5,090)	2,080,736	2,103,922,000	92,023,000
6	Feb 06	1,821,752	(19,440)	(5,090)	1,797,222	1,816,662,000	80,630,000
7	Mar 06	1,929,711	(16,764)	(5,090)	1,907,857	1,924,621,000	96,485,000
8	Apr 06	2,025,386	(15,933)	(5,090)	2,004,363	2,020,296,000	86,852,000
9	May 06	2,374,205	(17,161)	(5,090)	2,351,954	2,369,115,000	99,815,000
10	Jun 06	2,704,478	(23,573)	(5,090)	2,675,815	2,699,388,000	102,513,000
11	Jul 06	3,041,028	(29,271)	(5,090)	3,006,667	3,035,938,000	118,548,000
12	Aug 06	3,253,145	(34,101)	(5,090)	3,213,954	3,248,055,000	100,297,000
13	Sep 06	2,670,087	(32,227)	(5,090)	2,632,770	2,664,997,000	84,849,000
14	Oct 06	2,096,903	(23,721)	(5,090)	2,068,092	2,091,813,000	94,869,000
15	Nov 06	1,998,967	(18,476)	(5,090)	1,975,401	1,993,877,000	80,061,000
16	Dec 06	2,146,316	(21,836)	(5,090)	2,119,390	2,141,226,000	86,598,000
17	Jan 07	2,192,234	(24,113)	(5,090)	2,163,031	2,187,144,000	
18	Feb 07	1,893,694	(20,218)	(5,090)	1,868,386	1,888,604,000	
19	Mar 07	2,006,883	(17,435)	(5,090)	1,984,358	2,001,793,000	
20	Apr 07	2,105,708	(16,570)	(5,090)	2,084,048	2,100,618,000	
21	May 07	2,469,635	(17,848)	(5,090)	2,446,697	2,464,545,000	
22	Jun 07	2,818,195	(24,516)	(5,090)	2,788,589	2,813,105,000	
23	Jul 07	3,169,580	(30,442)	(5,090)	3,134,048	3,164,490,000	
24	Aug 07	3,390,383	(35,465)	(5,090)	3,349,828	3,385,293,000	
25	Sep 07	2,781,625	(33,516)	(5,090)	2,743,019	2,776,535,000	
26	Oct 07	2,182,782	(24,670)	(5,090)	2,153,022	2,177,692,000	
27	Nov 07	2,080,350	(19,215)	(5,090)	2,056,045		
28	Dec 07	2,233,388	(22,709)	(5,090)	2,205,589		
Sep 05 - Oct 07		57,166,392	(559,241)	(122,160)	56,484,991		

Amortization Amount	$	**80,000,000**
Total kWhs		56,484,991,000
PSA Surcharge per kWh	$	**0.001416**

		E-3/E-4 MWhs	E-36 MWhs	E-36 Costs	Broker Fees	Wheeling Costs	
Actual	Apr	(15,320)	(6,385)	$ (327,746)	$ 17,554	$ 574,240	x
Actual	May	(16,501)	570	$ (292,739)	$ 14,787	$ 1,015,101	x
Actual	Jun	(24,206)	(7,219)	$ (599,126)	$ 14,874	$ 2,084,477	x
Actual	Jul	(32,723)	8,726	$ (621,600)	$ 22,961	$ 1,754,369	x
Actual	Aug	(34,010)	1,414	$ (518,437)	$ 34,515	$ 2,087,952	x
Projection	Sep	(30,987)	(5,090)	$ (240,699)	$ 16,667	$ 2,302,916	
Projection	Oct	(22,809)	(5,090)	$ (240,699)	$ 16,667	$ 1,755,116	
Projection	Nov	(17,765)	(5,090)	$ (240,699)	$ 16,667	$ 1,110,607	
Projection	Dec	(20,996)	(5,090)	$ (240,699)	$ 16,667	$ 1,113,607	
		(215,316.571)	(23,254)	$ (3,322,444)	$ 171,359	$ 13,798,385	

We told B. Keene that the 2004 Broker Fees were 200K. 200,000/12 = 16,667
E-3/E-4 projections are from the surcharge calculation file

E-3 / E-4
CDW, with Accruals

Metrics Revenue Month	Revn Billed Usage	Serv Bill Amt	Billing Count
AUGUST 2005	34,010,136.00	$2,968,387.79	27,471
JULY 2005	32,722,561.00	$2,880,918.86	26,749
JUNE 2005	24,205,831.0	$ 2,031,394.73	26,413
MAY 2005	16,501,156.0	$ 1,279,488.35	26,385
APRIL 2005	15,320,341.4	$ 1,061,043.65	26,730
Total	122,760,025.4	$ 10,221,233.38	133,748

Projected 2005 Costs						
Mth	From Mary Projected Sys. Book Fuel and Pur. Power	Natural Gas Hedge Reversal	Pur. Power Hedge Reversal	Remove E-36 Costs	System [3] Book Fuel and Purchased Power Costs	System Book [4] Off-System Sales Revenue
Jul	$ 117,004,560	$ -	$ -	$ -	$ 117,004,560	$ 3,172,422
Aug	$ 108,099,009	$ -	$ -	$ -	$ 108,099,009	$ 3,857,282
Sep	$ 91,193,000	$ -	$ -	$ (240,699)	$ 90,952,301	$ 10,694,000
Oct	$ 61,211,000	$ -	$ -	$ (240,699)	$ 60,970,301	$ 15,395,000
Nov	$ 48,839,000	$ -	$ -	$ (240,699)	$ 48,598,301	$ 8,875,000
Dec	$ 58,662,000	$ -	$ -	$ (240,699)	$ 58,421,301	$ 8,788,000
					$ 484,045,773	$ 50,781,704

ARIZONA PUBLIC SERVICE COMPANY
Schedule 1 (Jan. 1 2006 Surcharge and 3.024 Mill Charge in Apr 06)
Projected 2006 Monthly Energy Sales and Costs

Line No.	Month	(a) PSA Retail [1] Energy Sales (kWh)	(b) Native Load [2] Wholesale Energy Sales (kWh)	(c) Native Load Energy Sales (kWh) (a + b)	(d) System [3] Book Fuel and Purchased Power Costs	(e) System Book [4] Off-System Sales Revenue	(f) Net Native Load Power Supply Cost (d - e)	(g) PSA Retail Power Supply Cost (a/c * f)	(h) Base Rate Power Supply Cost (a * 0.020743)	(i) Pre-Sharing (Over)/Under Collection (g - h)	(j) Post-Sharing (Over)/Under Collection (i * 0.9)
1	January	2,103,922,000	92,023,000	2,195,945,000	$ 70,394,634	$ 28,855,000	$ 41,539,634	$ 39,798,879	$ 43,641,654	$ (3,842,775)	$ (3,458,498)
2	February	1,816,662,000	80,630,000	1,897,292,000	$ 58,368,634	$ 12,202,000	$ 46,166,634	$ 44,204,672	$ 37,683,020	$ 6,521,652	$ 5,869,487
3	March	1,924,621,000	96,485,000	2,021,106,000	$ 71,884,634	$ 40,491,000	$ 31,393,634	$ 29,894,942	$ 39,922,413	$ (10,027,471)	$ (9,024,724)
4	April	2,020,296,000	86,852,000	2,107,148,000	$ 64,108,634	$ 4,817,000	$ 59,291,634	$ 56,847,763	$ 41,907,000	$ 14,940,763	$ 13,446,687
5	May	2,369,115,000	99,815,000	2,468,930,000	$ 80,095,634	$ 10,132,000	$ 69,963,634	$ 67,135,113	$ 49,142,552	$ 17,992,561	$ 16,193,305
6	June	2,699,388,000	102,513,000	2,801,901,000	$ 102,422,634	$ 7,248,000	$ 95,174,634	$ 91,692,485	$ 55,993,405	$ 35,699,080	$ 32,129,172
7	July	3,035,938,000	118,548,000	3,154,486,000	$ 143,020,634	$ 9,874,000	$ 133,146,634	$ 128,142,882	$ 62,974,462	$ 65,168,420	$ 58,651,578
8	August	3,248,055,000	100,297,000	3,348,352,000	$ 140,351,634	$ 12,877,000	$ 127,474,634	$ 123,656,241	$ 67,374,405	$ 56,281,836	$ 50,653,652
9	September	2,664,997,000	84,849,000	2,749,846,000	$ 105,011,634	$ 9,744,000	$ 95,267,634	$ 92,328,064	$ 55,280,033	$ 37,048,031	$ 33,343,228
10	October	2,091,813,000	94,869,000	2,186,682,000	$ 73,090,634	$ 10,160,000	$ 62,930,634	$ 60,200,394	$ 43,390,477	$ 16,809,917	$ 15,128,925
11	November	1,993,877,000	80,061,000	2,073,938,000	$ 66,358,634	$ 28,255,000	$ 38,103,634	$ 36,632,705	$ 41,358,991	$ (4,726,286)	$ (4,253,657)
12	December	2,141,226,000	86,598,000	2,227,824,000	$ 73,957,634	$ 21,557,000	$ 52,400,634	$ 50,363,763	$ 44,415,451	$ 5,948,312	$ 5,353,481
13	Total	28,109,910,000	1,123,540,000	29,233,450,000	$1,049,065,608	$ 196,212,000	$ 852,853,608	$ 820,897,903	$ 583,083,863	$ 237,814,040	
										Move forward to Schedule 3, Line 1	$ 214,032,636
14											

[1] PSA Retail Energy Sales are the calendar month's kWh sales. Cumulative Retail Energy Sales of an estimated 61,080 MWhs under rate schedule E-36 were excluded from the PSA Calculations.

[2] Includes traditional sales-for-resale and Pacificorp supplemental sales.

[3] Includes native load and off-system fuel and purchased power costs less those costs associated with E-36 (Est. $2.9 Million), the non-fuel Bridge PPA, ISFSI and mark-to-market accounting adjustments. The estimated Wheeling costs included this year are $18.4 million. The estimated Broker Fees EXCLUDED this year are $200,004.

[4] Includes off-system revenue less mark-to-market accounting adjustments.

Definitions of commonly used terms for this filing are included in the PSA Plan for Administration. Any new terms will be defined on this page.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 2 (Jan. 1 2006 Surcharge and 3.024 Mill Charge in Apr 06)
Projected 2006 Annual Balancing Account Interest

Line No.	Month		Balancing Account Monthly Interest
			(Schedule 4, Line 15)
1	January		332,766
2	February		318,572
3	March		326,978
4	April		300,421
5	May		311,525
6	June		325,442
7	July		373,031
8	August		478,921
9	September		564,273
10	October		615,595
11	November		630,606
12	December		601,599
13	Total	$	5,179,729

Move Forward to Schedule 3, Line 2 $ 5,179,729

ARIZONA PUBLIC SERVICE COMPANY
Schedule 3 (Jan. 1 2006 Surcharge and 3.024 Mill Charge in Apr 06)
Projected 2006 Year End PSA Adjustor Rate Calculation

Line No.				
	PSA Adjustor Rate Calculation			
1	Post-Sharing (Over)/Under Collection Amount (From Sch. 1)		$ 214,032,636	
2	Annual Balancing Account Interest (From Sch. 2)		$ 5,179,729	
3	Approved Amortization Surcharge Balance		$ -	
4	Bandwidth Carry Forward from Prior Period		$ -	
5	Total (Credit)/Charge Amount (Line 1 + Line 2 + Line 3 + Line 4)			$ 219,212,365
6	Total (Credit)/Charge Amount	$ 219,212,365		
7	Actual Energy Sales without E-3, E-4 and E-36 (kWh)	27,834,221,630		
8	Computed Adjustor Rate per kWh (Line 6 / Line 7)		$ 0.007876	
	Adjustor Rate Bandwidth			
9	Adjustor Rate Bandwidth Upper Limit		$ 0.004000	
10	Adjustor Rate Bandwidth Lower Limit		$ (0.004000)	
11	Applicable Adjustor Rate per kWh			**$ 0.004000**
12	Total (Credit)/Charge Carried Forward Due to Adjustor Rate Bandwidth			**$ 107,875,478**

Note: This calculation is done once a year for the change to the PSA Adjustor Rate in April.

ARIZONA PUBLIC SERVICE COMPANY
Schedule 4 (Jan. 1 2006 Surcharge and 3.024 Mill Charge in Apr 06)
Projected 2006 Monthly Balancing Account Calculations

Line No.		January	February	March	April	May	June	July	August	September	October	November	December
		Amort. Surc. Begins			3.024 mill chg								
1	Beginning Balance	$ 143,125,252	$ 59,813,520	$ 65,822,073	$ 56,950,385	$ 64,419,565	$ 73,597,805	$ 97,734,418	$ 147,431,738	$ 188,605,179	$ 214,327,248	$ 223,628,280	$ 213,864,540
2	Approved Balance for Amortization Surcharge (if any)	$ 80,000,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	Balance After Amortization (Ln. 1 - Ln. 2)	$ 63,125,252	$ 59,813,520	$ 65,822,073	$ 56,950,385	$ 64,419,565	$ 73,597,805	$ 97,734,418	$ 147,431,738	$ 188,605,179	$ 214,327,248	$ 223,628,280	$ 213,864,540
4	Monthly Interest ((Ln. 3 * (2.79%/12)) 1yr. Const. Mat. Rate)	$ 146,766	$ 139,066	$ 153,036	$ 132,410	$ 149,775	$ 171,115	$ 227,233	$ 342,779	$ 438,507	$ 498,311	$ 519,936	$ 497,235
5	Post-Sharing (Over)/Under Collection (From Sch. 1)	$ (3,458,498)	$ 5,869,487	$ (9,024,724)	$ 13,446,687	$ 16,193,305	$ 32,129,172	$ 58,651,578	$ 50,653,652	$ 33,343,228	$ 15,128,925	$ (4,253,657)	$ 5,353,481
6	Less Revenue from Applicable Adjustor Rate	$ -	$ -	$ -	$ 6,109,917	$ 7,164,840	$ 8,163,674	$ 9,181,491	$ 9,822,990	$ 8,059,666	$ 6,326,204	$ 6,030,019	$ 6,475,642
7	Residual (Over)/Under Collection (Ln. 5 - Ln. 6)	$ (3,458,498)	$ 5,869,487	$ (9,024,724)	$ 7,336,770	$ 9,028,465	$ 23,965,498	$ 49,470,087	$ 40,830,662	$ 25,283,562	$ 8,802,721	$ (10,283,676)	$ (1,122,161)
8	End of Month Balance with Interest (Ln. 3 + Ln. 4 + Ln. 7)	$ 59,813,520	$ 65,822,073	$ 56,950,385	$ 64,419,565	$ 73,597,805	$ 97,734,418	$ 147,431,738	$ 188,605,179	$ 214,327,248	$ 223,628,280	$ 213,864,540	$ 213,239,614
	AMORTIZATION SURCHARGE												
9	Balancing Account Amort. Surcharge per kWh	$ 0.001416	$ 0.001416	$ 0.001416	$ 0.001416	$ 0.001416	$ 0.001416	$ 0.001416	$ 0.001416	$ 0.001416	$ 0.001416	$ 0.001416	$ 0.001416
10	Beginning Amortiztion Surcharge Balance	$ 80,000,000	$ 77,206,846	$ 74,813,959	$ 72,262,638	$ 69,569,910	$ 66,376,993	$ 62,708,987	$ 58,555,897	$ 54,092,793	$ 50,444,923	$ 47,600,200	$ 44,887,540
11	Amort. Monthly Int. ((Ln. 10 * (2.79%/12)) 1yr. Const. Mat. Rate)	$ 186,000	$ 179,506	$ 173,942	$ 168,011	$ 161,750	$ 154,327	$ 145,798	$ 136,142	$ 125,766	$ 117,284	$ 110,670	$ 104,364
12	Less Revenue from Applicable Amortization Surcharge(s)	$ 2,979,154	$ 2,572,393	$ 2,725,263	$ 2,860,739	$ 3,354,667	$ 3,822,333	$ 4,298,888	$ 4,599,246	$ 3,773,636	$ 2,962,007	$ 2,823,330	$ 3,031,976
13	Ending Amortization Surchage Balance (Ln. 10 + Ln. 11 - Ln. 12)	$ 77,206,846	$ 74,813,959	$ 72,262,638	$ 69,569,910	$ 66,376,993	$ 62,708,987	$ 58,555,897	$ 54,092,793	$ 50,444,923	$ 47,600,200	$ 44,887,540	$ 41,959,928
14	Combined Balance (Ln. 8 + Ln. 13)	$ 137,020,366	$ 140,636,032	$ 129,213,023	$ 133,989,475	$ 139,974,798	$ 160,443,405	$ 205,987,635	$ 242,697,972	$ 264,772,171	$ 271,228,480	$ 258,752,080	$ 255,199,542
15	Combined Interest (Ln. 4 + Ln. 11)	$ 332,766	$ 318,572	$ 326,978	$ 300,421	$ 311,525	$ 325,442	$ 373,031	$ 478,921	$ 564,273	$ 615,595	$ 630,606	$ 601,599

ARIZONA PUBLIC SERVICE COMPANY
Calculation of Nov. 1, 2005 PSA Surcharge

Line No.	Mth	Projected Retail Calendar MWhs	Less E-3/E-4 Projected 4% Growth MWhs	Less E-36 No PWEC Units Avg. Mthly MWhs	Total MWhs	Sch. 1 Projected Retail Less- E-36 Calendar kWhs	Projected Native Load Wholesale Sales kWhs
1	Sep 05	2,560,314	(30,987)	(5,090)	2,524,237	2,555,224,000	82,911,000
2	Oct 05	2,014,216	(22,809)	(5,090)	1,986,317	2,009,126,000	94,483,000
3	Nov 05	1,921,888	(17,765)	(5,090)	1,899,033	1,916,798,000	85,691,000
4	Dec 05	2,062,795	(20,996)	(5,090)	2,036,709	2,057,705,000	86,296,000
5	Jan 06	2,109,012	(23,186)	(5,090)	2,080,736	2,103,922,000	92,023,000
6	Feb 06	1,821,752	(19,440)	(5,090)	1,797,222	1,816,662,000	80,630,000
7	Mar 06	1,929,711	(16,764)	(5,090)	1,907,857	1,924,621,000	96,485,000
8	Apr 06	2,025,386	(15,933)	(5,090)	2,004,363	2,020,296,000	86,852,000
9	May 06	2,374,205	(17,161)	(5,090)	2,351,954	2,369,115,000	99,815,000
10	Jun 06	2,704,478	(23,573)	(5,090)	2,675,815	2,699,388,000	102,513,000
11	Jul 06	3,041,028	(29,271)	(5,090)	3,006,667	3,035,938,000	118,548,000
12	Aug 06	3,253,145	(34,101)	(5,090)	3,213,954	3,248,055,000	100,297,000
13	Sep 06	2,670,087	(32,227)	(5,090)	2,632,770	2,664,997,000	84,849,000
14	Oct 06	2,096,903	(23,721)	(5,090)	2,068,092	2,091,813,000	94,869,000
15	Nov 06	1,998,967	(18,476)	(5,090)	1,975,401	1,993,877,000	80,061,000
16	Dec 06	2,146,316	(21,836)	(5,090)	2,119,390	2,141,226,000	86,598,000
17	Jan 07	2,192,234	(24,113)	(5,090)	2,163,031	2,187,144,000	
18	Feb 07	1,893,694	(20,218)	(5,090)	1,868,386	1,888,604,000	
19	Mar 07	2,006,883	(17,435)	(5,090)	1,984,358	2,001,793,000	
20	Apr 07	2,105,708	(16,570)	(5,090)	2,084,048	2,100,618,000	
21	May 07	2,469,635	(17,848)	(5,090)	2,446,697	2,464,545,000	
22	Jun 07	2,818,195	(24,516)	(5,090)	2,788,589	2,813,105,000	
23	Jul 07	3,169,580	(30,442)	(5,090)	3,134,048	3,164,490,000	
24	Aug 07	3,390,383	(35,465)	(5,090)	3,349,828	3,385,293,000	
25	Sep 07	2,781,625	(33,516)	(5,090)	2,743,019	2,776,535,000	
26	Oct 07	2,182,782	(24,670)	(5,090)	2,153,022	2,177,692,000	
27	Nov 07	2,080,350	(19,215)	(5,090)	2,056,045		
28	Dec 07	2,233,388	(22,709)	(5,090)	2,205,589		
Sep 05 - Oct 07		57,166,392	(559,241)	(122,160)	56,484,991		

Amortization Amount	$	**80,000,000**
Total kWhs		56,484,991,000
PSA Surcharge per kWh	$	**0.001416**

Projected 2006 Costs							
Mth	Projected Sys. Book Fuel and Pur. Power	Natural Gas Hedge Reversal	Pur. Power Hedge Reversal	Remove E-36 Costs	Remove Broker Fees	System [3] Book Fuel and Purchased Power Costs	System Book [4] Off-System Sales Revenue
Jan	$ 70,652,000	$ -	$ -	$ (240,699)	$ (16,667)	$ 70,394,634	$ 28,855,000
Feb	$ 58,626,000	$ -	$ -	$ (240,699)	$ (16,667)	$ 58,368,634	$ 12,202,000
Mar	$ 72,142,000	$ -	$ -	$ (240,699)	$ (16,667)	$ 71,884,634	$ 40,491,000
Apr	$ 64,366,000	$ -	$ -	$ (240,699)	$ (16,667)	$ 64,108,634	$ 4,817,000
May	$ 80,353,000	$ -	$ -	$ (240,699)	$ (16,667)	$ 80,095,634	$ 10,132,000
Jun	$ 102,680,000	$ -	$ -	$ (240,699)	$ (16,667)	$ 102,422,634	$ 7,248,000
Jul	$ 143,278,000	$ -	$ -	$ (240,699)	$ (16,667)	$ 143,020,634	$ 9,874,000
Aug	$ 140,609,000	$ -	$ -	$ (240,699)	$ (16,667)	$ 140,351,634	$ 12,877,000
Sep	$ 105,269,000	$ -	$ -	$ (240,699)	$ (16,667)	$ 105,011,634	$ 9,744,000
Oct	$ 73,348,000	$ -	$ -	$ (240,699)	$ (16,667)	$ 73,090,634	$ 10,160,000
Nov	$ 66,616,000	$ -	$ -	$ (240,699)	$ (16,667)	$ 66,358,634	$ 28,255,000
Dec	$ 74,215,000	$ -	$ -	$ (240,699)	$ (16,667)	$ 73,957,634	$ 21,557,000
						$ 1,049,065,608	$196,212,000

2006

		E-3/E-4 MWhs	E-36 MWhs	E-36 Costs	Broker Fees	Wheeling Costs
Projected	Jan	(23,186)	(5,090)	$ (240,699)	$ 16,667	$ 1,095,392
Projected	Feb	(19,440)	(5,090)	$ (240,699)	$ 16,667	$ 1,089,392
Projected	Mar	(16,764)	(5,090)	$ (240,699)	$ 16,667	$ 1,106,392
Projected	Apr	(15,933)	(5,090)	$ (240,699)	$ 16,667	$ 1,169,077
Projected	May	(17,161)	(5,090)	$ (240,699)	$ 16,667	$ 1,774,661
Projected	Jun	(23,573)	(5,090)	$ (240,699)	$ 16,667	$ 2,170,111
Projected	Jul	(29,271)	(5,090)	$ (240,699)	$ 16,667	$ 2,246,076
Projected	Aug	(34,101)	(5,090)	$ (240,699)	$ 16,667	$ 2,243,176
Projected	Sep	(32,227)	(5,090)	$ (240,699)	$ 16,667	$ 2,237,876
Projected	Oct	(23,721)	(5,090)	$ (240,699)	$ 16,667	$ 1,532,276
Projected	Nov	(18,476)	(5,090)	$ (240,699)	$ 16,667	$ 886,147
Projected	Dec	(21,836)	(5,090)	$ (240,699)	$ 16,667	$ 889,147
		(275,688)	(61,080)	$ (2,888,388)	$ 200,004	18,439,722

We told B. Keene that the 2004 Broker Fees were 200K. 200,000/12 = 16,667
E-3/E-4 projections are from the surcharge calculation file

C

Late filed exhibit #11
Please provide a spreadsheet depicting the impacts on an E12 customer bill of the rate increase approved in April 2005, the proposed PSA surcharge, the PSA Adjuster and a second PSA surcharge.

ARIZONA PUBLIC SERVICE COMPANY
Bill Impacts for an E-12 Customer

	Summer				Winter			
	Low Use	Median Use	Average Use	High Use	Low Use	Median Use	Average Use	High Use
E-12 Customer kWh	785	818	1,047	1,309	508	531	677	846
Monthly Bill at 7/1/03 Rates[1]	$ 76.93	$ 80.63	$ 108.09	$ 139.50	$ 45.41	$ 47.11	$ 57.91	$ 70.40
Monthly Bill at Settlement (4/1/05) Rates[2]	$ 80.27	$ 84.13	$ 112.81	$ 145.63	$ 46.16	$ 47.89	$ 58.84	$ 71.52
.001416 ($80M) Surcharge Approved Scenario								
Increase from 7/1/03 Rates	$ 3.34	$ 3.50	$ 4.72	$ 6.13	$ 0.75	$ 0.78	$ 0.93	$ 1.12
$.001416 Surcharge[3]	$ 1.11	$ 1.16	$ 1.48	$ 1.85	$ 0.72	$ 0.75	$ 0.96	$ 1.20
$.003024 April 2006 PSA Adjustor Rate[4]	$ 2.37	$ 2.47	$ 3.17	$ 3.96	$ 1.54	$ 1.61	$ 2.05	$ 2.56
$.002151 Surcharge ($126M over 2 Yrs) request in July 2006[5]	$ 1.69	$ 1.76	$ 2.25	$ 2.82	$ 1.09	$ 1.14	$ 1.46	$ 1.82
Total Monthly Bill Increase from 7/1/03 Rates	$ 8.51	$ 8.89	$ 11.62	$ 14.76	$ 4.10	$ 4.28	$ 5.39	$ 6.70
Total Monthly Bill Increase Percentage from 7/1/03 Rates	11.1%	11.0%	10.8%	10.6%	9.0%	9.1%	9.3%	9.5%
.001416 ($80M) Surcharge Denied Scenario								
Increase from 7/1/03 Rates	$ 3.34	$ 3.50	$ 4.72	$ 6.13	$ 0.75	$ 0.78	$ 0.93	$ 1.12
$.004 April 2006 PSA Adjustor Rate[6]	$ 3.14	$ 3.27	$ 4.19	$ 5.24	$ 2.03	$ 2.12	$ 2.71	$ 3.38
$.003738 Surcharge ($219M over 2 Yrs) request in July 2006[7]	$ 2.93	$ 3.06	$ 3.91	$ 4.89	$ 1.90	$ 1.98	$ 2.53	$ 3.16
Total Monthly Bill Increase from 7/1/03 Rates	$ 9.41	$ 9.83	$ 12.82	$ 16.26	$ 4.68	$ 4.89	$ 6.17	$ 7.67
Total Monthly Bill Increase Percentage from 7/1/03 Rates	12.2%	12.2%	11.9%	11.7%	10.3%	10.4%	10.7%	10.9%

[1] Taxes and Reg. Assessment are not included.
[2] The Average Test Year Franchise Fee of 1.44% from the Test Year was used for this calculation. The fee will vary among the cities.
[3] July 2005 Surcharge request of $80M amortized over 2 Yrs, assuming it is effective in January 2006.
[4] April 2006 Adjustor Rate at $.003024 Mills assumes of $.001416 Surcharge effective in January 2006.
[5] July 2006 Balance exceeds $100M limit so $.002151 Surcharge ($126M amortized over 2 yrs.) is requested for Oct. 2006.
[6] April 2006 Adjustor Rate at $.004 Mills assumes of $.001416 Surcharge was denied.
[7] July 2006 Balance exceeds $100M again even taking out the $80M for calculation of the cap. Assuming a request for the entire $219M balance as a $.003738 Surcharge (amortized over 2 yrs.) effective Oct. 2006.

ARIZONA PUBLIC SERVICE COMPANY
Calculation of the Revised PSA Surcharges for Bill Impacts

Line No.	Mth	Projected Retail Calendar MWhs	Less E-3/E-4[1] Projected MWhs	Less E-36[2] Projected MWhs	Total MWhs
12	Oct 06	2,096,903	(23,721)	(5,090)	2,068,092
13	Nov 06	1,998,967	(18,476)	(5,090)	1,975,401
14	Dec 06	2,146,316	(21,836)	(5,090)	2,119,390
15	Jan 07	2,192,234	(24,113)	(5,090)	2,163,031
16	Feb 07	1,893,694	(20,218)	(5,090)	1,868,386
17	Mar 07	2,006,883	(17,435)	(5,090)	1,984,358
18	Apr 07	2,105,708	(16,570)	(5,090)	2,084,048
19	May 07	2,469,635	(17,848)	(5,090)	2,446,697
20	Jun 07	2,818,195	(24,516)	(5,090)	2,788,589
21	Jul 07	3,169,580	(30,442)	(5,090)	3,134,048
22	Aug 07	3,390,383	(35,465)	(5,090)	3,349,828
23	Sep 07	2,781,625	(33,516)	(5,090)	2,743,019
24	Oct 07	2,182,782	(24,670)	(5,090)	2,153,022
25	Nov 07	2,080,350	(19,215)	(5,090)	2,056,045
26	Dec 07	2,233,388	(22,709)	(5,090)	2,205,589
27	Jan 08	2,278,389	(25,078)	(5,090)	2,248,221
28	Feb 08	1,968,116	(21,026)	(5,090)	1,942,000
29	Mar 08	2,085,754	(18,132)	(5,090)	2,062,531
30	Apr 08	2,188,462	(17,233)	(5,090)	2,166,139
31	May 08	2,566,692	(18,562)	(5,090)	2,543,040
32	Jun 08	2,928,950	(25,497)	(5,090)	2,898,364
33	Jul 08	3,294,144	(31,659)	(5,090)	3,257,395
34	Aug 08	3,523,625	(36,884)	(5,090)	3,481,651
35	Sep 08	2,890,943	(34,856)	(5,090)	2,850,997
		59,291,718	(579,675)	(122,160)	58,589,883

	.004 Mill No Amort. Surc. Scenario	.3024 Mill With $80M Amort. Scenario
Projected July 2006 Balance	$ 218,833,162	$ 205,987,635
Less $80 Surcharge Request	Request Denied	$ (80,000,000)
	$ 218,833,162	$ 125,987,635
Amortized Amount	**$ 219,000,000**	**$ 126,000,000**
Total kWhs	58,589,883,000	58,589,883,000
PSA Surcharge per kWh	**$ 0.003738**	**$ 0.002151**

[1] E-3 and E-4 customers will not have to pay PSA charges per Decision No. 67744.

[2] E-36 customers are directly assigned incremental fuel and purchased power per the terms of the rate schedule. Therefore, both the incremental cost and the associated MWh usage are excluded from the PSA calculations. The PWEC Units are excluded from the E-36 projections because they are being transferred to APS.

Note: The PSA Surcharge will expire at the end of the 24 month period. Any over/under collection remaining at the end of the period will be credited/debited to the PSA balancing account.

D

APS Exhibit #12

Number of planned Palo Verde Outage days from April 1 to the end of year.

126 days – 77 for unit 1 (steam generator replacement and refueling) and 49 for unit 2 (refueling)

E

Surplus Native Load Gas Sales (April through September 2005)

mmbtu	1.9 million
Margin	$942,124
Number of transactions	264
Number of days gas sales liquidated	91

Surplus Native Load Power Sales (April through September 2005)

mwh	664,786
Margin	$1,360,941
Number of transactions	286
Number of days hedged power liquidated	86