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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JEFF HATCH-MILLER, Chairman
MARC SPITZER
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES

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IN THE MATTER OF THE GENERIC PROCEEDING CONCERNING ELECTRIC RESTRUCTURING ISSUES.	DOCKET NO. E-00000A-02-0051
IN THE MATTER OF THE GENERIC PROCEEDING CONCERNING THE ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR.	DOCKET NO. E-00000A-01-0630

POST-HEARING REPLY BRIEF OF

ARIZONA PUBLIC SERVICE COMPANY

Pursuant to the direction of the Administrative Law Judge in the above-captioned matter, Arizona Public Service Company ("APS" or "Company") hereby submits its Post-Hearing Reply Brief to Staff's Closing Brief. In this Reply Brief, APS addresses two items that APS believes are not opposed by any party to this matter, but which were not specifically discussed in Staff's Closing Brief or Staff's Proposed Code of Conduct.[1]

A. The Proposed Code of Conduct Should Allow for Electronic Affidavits from Shared Employees.

APS did not oppose Staff's recommendation that Shared Employees acknowledge that they cannot act as a conduit of Confidential Information. To allow for such

[1] By not addressing an issue in its Reply Brief, APS does not waive the arguments made in its Initial Post-Hearing Brief.

acknowledgements to occur as part of APS' training plan for the Code of Conduct, however, APS requested and Staff agreed that the "affidavits" could be either in writing or made electronically. [Tr. at p.62, ll. 18-25, (B. Keene)] This approach is consistent with how the Federal Energy Regulatory Commission addressed a similar issue in its Standards of Conduct rulemaking. *See* Order 2004-A, 101 FERC ¶61, 032 at 185. As requested by Staff, APS will provide Staff the opportunity to review APS' proposed electronic acknowledgement. [Tr. at p.33, ll. 5-8 (J. Guldner)]

Accordingly, APS requests that the clause "in writing or electronically in a form acceptable to Staff" be inserted between the words "affidavit" and "stating" in Part Two, Section IV (G) of Staff's Proposed Code of Conduct or otherwise included in the Proposed Code of Conduct adopted by the Administrative Law Judge.

B. The Term "Corporate Governance" Should Be Added to the Definition of Shared Services in the Proposed Code of Conduct.

Pinnacle West Capital Corporation provides corporate governance to APS and its affiliates—a function that is both required by laws such as Sarbanes-Oxley and wholly consistent with the concept of "shared services" in prior Codes of Conduct approved by the Commission. To ensure clarity, APS recommended that the term "corporate governance" be explicitly identified in the definition of "Shared Services" in the Proposed Code of Conduct. [Tr. at p. 23, ll. 13-19 (J. Guldner)] No party opposed this recommendation. [Tr. at p.63, ll. 17-20 (B. Keene)]

Accordingly, APS requests that the words "corporate governance" be inserted in the definition of "Shared Services" in Part One of Staff's Proposed Code of Conduct or the Proposed Code of Conduct adopted by the Administrative Law Judge.

RESPECTFULLY SUBMITTED this 30th day of December, 2005.

PINNACLE WEST CAPITAL
CORPORATION LAW DEPARTMENT

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The original and 15 copies of the foregoing were filed this 30th day of December, 2005 with:

Docket Control
Arizona Corporation Commission
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Copies of the foregoing mailed, faxed or transmitted electronically this 30th day of December, 2005 to:

All parties of record.

Vicki DiCola
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