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BEFORE THE ARIZONA CORPORATION COMMISSION

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JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
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AZ CORP COMMISSION
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2006 MAR -8 A 11: 04

IN THE MATTER OF THE APPLICATION OF
ARIZONA PUBLIC SERVICE COMPANY
FOR AN EMERGENCY INTERIM RATE
INCREASE AND FOR AN INTERIM
AMENDMENT TO DECISION NO. 67744

DOCKET NO. E-01345A-06-0009

STAFF'S SECOND NOTICE OF ERRATA

NOTICE IS HEREBY GIVEN by Staff of the Arizona Corporation Commission that the testimony of its witness Ralph C. Smith incorrectly identified the attachment at page 14, lines 25-26. Lines 25-27 should read as follows:

As noted above, a subsequent S&P report dated January 26, 2006 (see Attachment RCS-3), has nevertheless stated that the agency's outlook for APS and PNW is "stable."

The correction is being provided in both red-lined and final versions.

RESPECTFULLY SUBMITTED this 8th day of March 2006.

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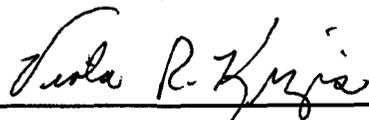
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1 The basis for the amount of the emergency increase requested by APS is the Company's
2 projected higher annual fuel and purchased power costs the Company expects to incur in
3 2006.

4

5 **Q. Have any of the rating agencies discussed their outlook for APS's emergency interim**
6 **filing?**

7 A. Yes. S&P discussed its outlook and expectations for APS's emergency interim filing in a
8 report issued January 24, 2006. See Attachment RCS-5. On the second page of that
9 report, S&P stated that:

10

11 **“What is the status with APS' emergency interim filing?”**

12

13 On Jan. 6, 2006, APS filed a \$299 million request for emergency fuel and
14 purchased power-related rate relief. Any amounts, if granted, would be
15 subject to future prudency review. As part of a procedural conference on
16 Jan.12, four of the five commissioners questioned the definition of an
17 emergency and whether relief is justified. Based on the strong views
18 expressed, it appears unlikely that the filing has support. On Jan. 19, a
19 procedural schedule was set that should allow for a decision in April 2006.
20 Standard & Poor's forecast estimates do not assume emergency relief is
21 granted.”

22

23 S&P's January 24, 2006 report has stated that it appears unlikely that APS's emergency
24 interim filing has support at the Commission, and S&P's forecast estimates do not assume
25 emergency relief is granted. As noted above, a subsequent S&P report dated January 30
26 26, 2006 (see Attachment RCS-6 RCS-3), has nevertheless stated that the agency's
27 outlook for APS and PNW is “stable.”

28

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