

**ORIGINAL** THIS AMENDMENT:

\_\_\_\_\_ Passed \_\_\_\_\_ Passed as amended by \_\_\_\_\_

\_\_\_\_\_ Failed \_\_\_\_\_ Not Offered \_\_\_\_\_



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**MAYES PROPOSED AMENDMENT # 2**

TIME/DATE PREPARED: April 20, 2006

COMPANY: Arizona Public Service Company

AGENDA ITEM NO.

DOCKET NO. E-01345A-06-0009

OPEN MEETING DATE: May 2, 2006

Page 35, Line 5, INSERT NEW FINDING OF FACT:

“In response to the need for additional operating funds, the Company’s Board of Directors voted to eliminate bonuses for APS executive managers (“officers”) in 2006, resulting in a savings of between \$4 million and \$6 million. However, APS paid out approximately \$29.9 million in incentives to other employees in 2006, including \$1.9 million to more than 50 senior managers. The Commission believes that at a time when APS is asking for multiple rate increases, funds that might be used for such bonuses could be better directed toward mitigating the impact of rate increases on the Company’s customers. We believe that APS in 2007 should continue to disallow bonuses for its executive managers (“officers”), as well as the Company’s 50 senior managers. The resulting savings could be put to better use for both shareholders and ratepayers if APS used the savings to fund a Rate Stabilization fund, as established herein.”

Make all conforming changes.

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