



ORIGINAL

A subsidiary of Pinnacle West Capital Corporation



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May 17, 2006

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

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AZ CORP COMMISSION
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RE: DOCKET NO. E-01345A-05-0816, SUNDANCE GENERATING STATION DEBITS TO DEFERRED COSTS

Dear Mr. Johnson:

Decision No. 67504 from Docket No. E-01345A-04-0407 states at Pg. 49, Lines 22-28 that Arizona Public Service's ("APS") next rate case shall address the deferred amounts recorded as of ninety days before the due date for filing Staff's Direct Testimony and that any additional properly deferred amounts recorded after that date may be considered in subsequent rate cases. APS witness Laura Rockenberger's Direct Testimony in Docket No. E-01345A-05-0816, Pg. 17, Lines 17-23 states that APS did not defer costs under the accounting order authorized in Decision No. 67504. That testimony was filed on Jan. 31, 2006. Since that time APS has not deferred any costs in accordance Decision No. 67504 and does not anticipate that it will have any Sundance Generation Station deferred costs as a result of that Decision.

I am the contact person for this filing. If you should have any questions regarding the information contained herein, please call me at 602-250-3933.

Sincerely,

David J. Rumolo
Manager
Regulation and Pricing

DJR/jah

Cc: Brian Bozzo (Compliance and Enforcement)
Docket (Original +13)