

ORIGINAL



0000057585

COMMISSIONERS

JEFF HATCH-MILLER- Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
BARRY WONG



ARIZONA CORPORATION COMMISSION

Executive Director

OGCC

Direct Line: 602-542-3682
Fax: 602-542-3708
E-mail: MGLEASON@AZCC.GOV

August 3, 2006 Arizona Corporation Commission

DOCKETED

AUG - 3 2006

Chairman Jeff Hatch-Miller
Commissioner William A. Mundell
Commissioner Kristin K. Mayes
Commissioner Barry Wong

DOCKETED BY	<i>ME</i>
-------------	-----------

RE: Possible Special Open Meeting to address APS' improved financial condition;
Docket No. E-01345A-05-0816

Dear Colleagues:

In response to a recent newspaper account of Pinnacle West Capital Corporation's second quarter earnings, it has been suggested that the Commission should hold a Special Open Meeting to scrutinize APS' improved financial condition. The rationale offered for such a meeting is that the resulting information would be valuable to consider as we move toward evaluating APS' pending permanent rate case.

Regardless of the media coverage and its questionable accuracy, I must oppose a Special Open Meeting to address APS' current financial condition for the simple reason that APS' 2006 second quarter earnings fall outside of the test year that is the basis for the pending rate case.

The Commission has a well established process for determining just and reasonable rates based on a company's financial condition during a test year. Any data about APS' finances that falls outside the test year would be irrelevant to the rate case and would only invite the potential for a prejudiced outcome of the proceedings.

For these reasons, it would be unwise for the Commission to hold a Special Open Meeting on APS' current financial condition.

Sincerely,

Mike Gleason
Commissioner

AZ CORP COMMISSION
DOCUMENT CONTROL

2006 AUG - 3 P 3:35

RECEIVED