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MAYES PROPOSED AMENDMENT # 8

AZ CORP COMMISSION
DOCKET CONTROL

DATE PREPARED: June 12, 2007

COMPANY: Arizona Public Service Company

AGENDA ITEM NO. U-1

DOCKET NO. E-01345A-05-0816 et al.
E-01345A-05-0826

OPEN MEETING DATE: June 13, 2007

E-01345A-05-0827

Page 33, Lines 8 through 11, DELETE: "We agree with Staff . . . fuel and purchased power."

Page 33, Line 22, DELETE: "3.1202¢kWh" INSERT: "3.2491¢kWh"

Page 63, Lines 11 through 12, DELETE: "it does not have an annual or lifetime 4 mil bandwidth limit," INSERT: "it does have an annual 4 mil bandwidth limit,"

Arizona Corporation Commission

DOCKETED

JUN 12 2007

Page 68, Line 2, between "the" and "bandwidth", INSERT: "lifetime"

Page 109, Line 21, INSERT:

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"APS proposed to modify the PSA by eliminating the four mil cumulative "lifetime" cap on the Annual PSA Adjustor and replace it with a four mil annual cap. Staff's proposal was to eliminate the cap entirely. The Commission finds that the four mil cap should be an annual, not a lifetime, cap. This level, combined with the higher base cost of fuel we are adopting in this Order, and the other changes to the PSA as described above, will significantly improve APS' cash flow, while at the same time protecting ratepayers from potential large spikes in the PSA."

Page 109, Line 22, DELETE: "we will adopt Staff's proposed PSA as modified to include the sharing mechanism above." INSERT: "we will adopt Staff's proposed PSA as modified to include a four mil annual cap and the sharing mechanism as described above."

Page 109, Line 23, DELETE: "Staff has agreed to APS' calculation of the "Forward Component" for 2007, and accordingly, we will adopt a "Forward Component" that is the difference between the 3.1202¢ base cost of fuel and purchased power adopted herein, and the 2007 forecast cost of 3.2491¢."

Page 109, Line 23, after "...mechanism above." INSERT: "The base cost of fuel adopted herein of 3.2491¢ is equal to the 2007 forecast cost of power of 3.2491¢, therefore, the Commission will adopt a current "Forward Component" of zero."

Page 109, Line 28, DELETE Footnote 65.

Page 143, Line 10, INSERT NEW FINDING OF FACT:

"APS proposed to modify the PSA by eliminating the four mil cumulative "lifetime" cap on the

Annual PSA Adjustor and replace it with a four mil annual cap. Staff's proposal was to eliminate the cap entirely. The Commission finds that the four mil cap should be an annual, not a lifetime, cap. This level, combined with the higher base cost of fuel we are adopting in this Order, and the other changes to the PSA as described above, will significantly improve APS' cash flow, while at the same time protecting ratepayers from potential large spikes in the PSA."

Page 143, Line 12, after "as modified to include" INSERT: "the four mil annual cap and"

Page 143, DELETE Lines 14 through 16, INSERT NEW FINDING OF FACT:

"The base cost of fuel adopted herein of 3.2491¢ is equal to the 2007 forecast cost of power of 3.2491¢, therefore, the Commission will adopt a current "Forward Component" of zero."

Make all conforming changes as necessary.