ORIGINAL THIS AMENDMENT:

_____ Passed _____ Passed as amended by _____

_____ Failed _____ Not Offered _____ Withdrawn

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MUNDELL PROPOSED AMENDMENT #3

TIME/DATE PREPARED: Wednesday, June 06, 2007

COMPANY: Arizona Public Service Co. AGENDA ITEM NO. U-1

DOCKET NO. E-01345A-05-0816 et al. OPEN MEETING DATE: June 13, 2007
E-01345A-05-0826
E-01345A-05-0827

Page 82, Line 5 INSERT new paragraph to read:

"While we find it appropriate to allow APS to true-up the $4.25 million by increasing the EPS adjustor rate and caps, we are unable to determine at this time whether the proportionality requirement in Paragraph 63 of the 2005 Settlement Agreement as approved by Decision No. 67744 is still appropriate. This issue was not addressed in the record in this case. Accordingly, we will allow APS to propose a tariff that deviates from that requirement. When the Commission considers the Company's request, we shall reevaluate the proportionality requirement in Paragraph 63 of the 2005 Settlement Agreement and determine in that proceeding if such a requirement is still appropriate."

Page 139, Line 28 after "2006." INSERT:

"Because the proportionality requirement in Paragraph 63 of the 2005 Settlement Agreement as approved by Decision No. 67744 may no longer be appropriate, APS should be allowed to propose a tariff that deviates from that requirement. When the Commission considers the Company's request, we shall reevaluate the proportionality requirement and determine in that proceeding if such a restriction is still appropriate."

Make all conforming changes.

Arizona Corporation Commission
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