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BEFORE THE ARIZONA CORPORATION COMMISSION
RECEIVED

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COMMISSIONERS

MIKE GLEASON, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

2007 JUN 11 P 4: 01

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY FOR A HEARING TO DETERMINE THE FAIR VALUE OF THE UTILITY PROPERTY OF THE COMPANY FOR RATEMAKING PURPOSES, TO FIX A JUST AND REASONABLE RATE OF RETURN THEREON, TO APPROVE RATE SCHEDULES DESIGNED TO DEVELOP SUCH RETURN, AND TO AMEND DECISION NO. 67744.

DOCKET NO. E-01345A-05-0816

Arizona Corporation Commission
DOCKETED

JUN 11 2007

DOCKETED BY

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IN THE MATTER OF THE INQUIRY INTO THE FREQUENCY OF UNPLANNED OUTAGES DURING 2005 AT PALO VERDE NUCLEAR GENERATING STATION, THE CAUSES OF THE OUTAGES, THE PROCUREMENT OF REPLACEMENT POWER AND THE IMPACT OF THE OUTAGES ON ARIZONA PUBLIC SERVICE COMPANY'S CUSTOMERS.

DOCKET NO. E-01345A-05-0826

IN THE MATTER OF THE AUDIT OF THE FUEL AND PURCHASED POWER PRACTICES AND COSTS OF THE ARIZONA PUBLIC SERVICE COMPANY.

DOCKET NO. E-01345A-05-0827

NOTICE OF FILING SCHEDULES

Arizona Corporation Commission Staff ("Staff") hereby provides the attached schedules, which in some instances provide corrections to adjustments contained within the spreadsheet and schedules filed by the ALJ on May 2, 2007, that summarize numerically the findings set forth in the Recommended Opinion and Order issued in Docket Nos. E-01345A-05-0816 et al. Representatives from Staff, RUCO, and APS have reviewed and discussed the attached schedules, and all agree that they represent a mathematically correct application of the resolutions presented by the proposed order.

Staff notes that, within its Exceptions to the Recommended Opinion and Order filed with the Commission on May 14, 2007, it recommended that the amount of "base" versus "2007 PSA"

1 increases be clarified. Further, Staff asserted that it believed the increase of \$286,147,000 cited at
2 page 68 of the ROO included the “base” as well as “2007 PSA” increase. However, the subsequent
3 exercise of analyzing as well as rechecking all inputs in the ALJ’s spreadsheet have demonstrated
4 that the noted \$286,147,000 does not include the “2007 PSA” increase of approximately \$34 million.
5 In other words, Staff has now determined that the authorized increase set forth in the proposed Order
6 does not contain the “forward component” of the 2007 PSA.

7 However, representatives from Staff, RUCO, and APS have identified the following as probable
8 minor errors included within the ALJ’s spreadsheet that supports numbers cited within the proposed
9 Order:

- 10 1. The bark beetle amortization adjustment reflected on line 1 did not include a \$110,000
11 suggested increase that was offered in APS rebuttal testimony that no party appears to have
12 contested. This uncontested amount has been added to the original amount reflected on the
13 ALJ’s schedule, line 1.
- 14 2. The impact of the adoption of RUCO’s proposed base PSA roll-in amount appears to have
15 been slightly miscalculated on line 9 of the ALJ’s schedule. The attached schedule reflects
16 the corrected adjustments to off-system sales revenues, fuel, and purchased power expense
17 that representatives of APS, Staff, and RUCO agree correctly reflect RUCO’s PSA roll-in
18 position that appears to have been adopted within the ROO.
- 19 3. The ALJ’s spreadsheet attempted interest synchronization for cost-of-service income tax
20 development on an adjustment-by-adjustment basis that appears to have resulted in a small
21 cumulative error. Interest synchronization for cost-of-service income tax expense has been
22 corrected on line 38 of the attached schedule.
- 23 4. It does not appear that the “Administrative and General” portion of the PWEC Units’
24 adjustment found on line 3 of the ALJ’s schedule has been jurisdictionalized. Accordingly,
25 the attached schedule has applied the appropriate jurisdictional factor to the A&G portion of
26 the PWEC adjustment adopted within the ROO.
- 27 5. The SERP adjustment at page 27 of the ROO has a transposed number. The correct amount of
28 the adjustment is \$3,931,000.

1 On June 1, 2007, the Hearing Division filed a proposed amendment to the ROO. Such
2 amendment addresses items 1, 3, and 5 above. It does not reflect corrections 2 and 4.
3 The corrections discussed above are set forth in the attached schedules.

4 RESPECTFULLY SUBMITTED this 11th day of June, 2007.

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Corrected Fuel & PP Adjustments Believed to be Appropriately Posted to ALJ's Income Statement

Spreadsheet Based upon Ordered PPFAC Base of 3.1202 c/kWh

1	ROO Targeted Roll-in	3,2156	Per ROO P.33 targeted roll-in amount is 3.1202 c/kWh;
2			comparable roll-in amount before OSS impact is 3.2156
3	PPFAC in current base	2,6983	per RUCO Surrebutal Exhibit __ (JRH-R1)
4	Increase in PPFAC in Base	0,5173	PME_WP6, Line 4
5			Line 1 minus Line 4
6			
7	Retail Annualized MWH sales	26,759,478	PME_WP6, Line 10
8			
9	Proforma Juris Increase in Fuel & PP to		
10	Serve AZ retail load	138,427	Line 5 times Line 7
11			
12	Add Test Year Total PSA Fuel Deferrals	112,844	PME_WP6, Line 15
13			
14	Plus Increase in Juris Fuel & PP to serve		
15	Increased OSS	50,956	Total Co. amount of \$51,790 times Juris Factor of 98.39
16			
17	Corrected Increase in AZ Juris Fuel & PP Costs	302,227	Lines 10 + 12 + 15
18			
19	Corrected Increase in Retail Revenues (Juris portion of increased		Company's original request
20	OSS Revenues included within Co's Original Adjustment)	77,215	(APS Sch. C-2, page 4, Col VV)
21			
22	Before-tax impact of Fuel, Purchased Power and OSS roll-in	(225,011)	Line 20 minus Line 17
23			
24	Corrected After-tax impact of Fuel, PP and OSS roll-in	(137,144)	Line 22 times 60.95% (after tax rate)