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THIS AMENDMENT:  
 Passed **ORIGINAL** Passed as amended by \_\_\_\_\_  
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2007 JUN 15 P 1:07

**MAYES PROPOSED AMENDMENT # 8 REVISED**

DATE PREPARED: June 15, 2007 12:30 PM

AZ CORP COMMISSION  
DOCKET CONTROL

COMPANY: Arizona Public Service Company

AGENDA ITEM NO. U-1

DOCKET NO. ~~E-01345A-05-0816~~ et al.  
E-01345A-05-0826  
~~E-01345A-05-0827~~

OPEN MEETING DATE: June 13, 2007

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,"

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

Page 109, Line 21, INSERT:

"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. In other words, the PSA adjustor rate could not increase, or decrease, more than four mills from the existing PSA adjustor rate. 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.

Arizona Corporation Commission  
**DOCKETED**  
JUN 15 2007

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Page 110, Line 2, after "set" INSERT: ", except the 2007 annual adjustor rate of .003987 shall remain in effect as long as necessary to collect the purchased power and fuel costs incurred in 2007."

Page 110, after "2008" INSERT: "or 2009."

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. In other words, the PSA adjustor rate could not increase, or decrease, more than four mills from the existing PSA adjustor rate. 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."

Page 143, Line 18, after "set" INSERT: ", except the 2007 annual adjustor rate of .003987 shall remain in effect as long as necessary to collect the purchased power and fuel costs incurred in 2007,"

Page 143, Line 19, after "2008" INSERT: "or 2009"

Make all conforming changes as necessary.