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AT CORP COMMISSION
DOCKET CONTROL

November 30, 2007

Mr. Ernest Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007

RE: Docket No. E-1345A-06-0770, Decision No. 69670
(Replaces and Supersedes Decision No. 60481 as amended by Decision No. 61708)
Quarterly Report on Transfers of Utility Property

Dear Mr. Johnson:

In accordance with Decision No. 69670 (June 28, 2007), Arizona Public Service Company ("APS") submits its quarterly report summarizing transfers, sales, mortgages, leases or assignments entered into from July 1, 2007 through September 30, 2007. The balance of the account, including accrued interest through September 30, 2007 as well as a summary of the transactions are included in this report.

If you or your staff have any questions, please contact Jeff Johnson at 602-250-2661.

Sincerely,

Barbara Klemstine

Attachment

CC: Compliance & Enforcement
Docket Control (Original plus 13 Copies)

Arizona Corporation Commission
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ARIZONA PUBLIC SERVICE COMPANY
CALCULATION OF NET GAINS ON UTILITY PROPERTY
 As of September 30, 2007

TRANSACTION DATE	PROPERTY DESCRIPTION	SALES PRICE	OCLD	BOOK GAIN ON SALE	TAX BASIS OF PROPERTIES	TAXES (1,2)	NET GAIN (3)	AMOUNT ALLOCATED TO CUSTOMERS (4)	INTEREST TO DATE (5)	CUSTOMER BALANCE
07/01/2007	Redhawk Power Plant Easement	\$280,000	\$36,620	\$243,380	\$36,620	\$95,794	\$147,586	\$73,793	\$930	\$74,723
Leases										
09/15/2007	Southwest 4 Substation Site Agricultural Lease	\$1,610	N/A	\$0	\$1,610					
Account Balance as of June 30, 2007										
Interest on June 30, 2007 Account Balance										
Total Account Balance as of September 30, 2007										

(1) [(Sales Price less Tax Basis) * Tax Rate] - [(ADIT Net Book Basis - Tax Basis) * Tax Rate]
 (2) APS Composite Income Tax Rate: 2002 = 0.4037; 2003 = 0.3961; 2005 = 39.37%; 2006 = 39.05%; 2007 = 39.36%
 (3) Jurisdictional allocation of Net Gain
 (4) Amount Allocated for Customers based on 50% of jurisdictional split.
 (5) Interest from Date of Transfer through September 30, 2007
 (6) Revenue Credit - lease payments are credited to Rent from Utility Property where customers receive the full benefit

SUMMARY OF TRANSACTIONS –Third Quarter, July 1, 2007 – September 30, 2007

Redhawk Power Plant Easement – APS granted an easement to Salt River Project (SRP) encumbering 30.06 acres of land adjacent to the Redhawk Power Plant. The easement is needed by SRP for construction of their Palo Verde-Pinal West-Browning 500kV Project approved on 12/8/06 in ACC Decision No. 69183 (Docket No. L-00000B-04-0126). APS and SRP have a long standing relationship of cooperation around the granting of easements. The transmission line SRP is building will benefit APS customers by strengthening the interconnected grid and will not negatively impact the safety, quality, reliability and economy of APS customer's service.

Southwest 4 Substation Site - Agricultural Lease – This 2 acre parcel is the future site of a substation and is currently vacant. The lease mitigates APS' need to provide dust and weed control and will end on March 15, 2008. Lease payments are credited to Rent from Utility Property where customers receive the full benefit.