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May 29, 2008

Ms. Janet Wagner
Legal Division
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

RE: APS' 2007 Bill Estimation Benchmarking Study
Docket Nos. E-01345A-03-0775 and E-01345A-04-06⁵⁷~~6~~
Decision No. 68112

Dear Ms. Wagner:

Pursuant to Decision No. 68112, Attachment A, Section II, Paragraph 32 h, attached is Arizona Public Service Company's 2007 Bill Estimation Benchmarking Study. That paragraph reads as follows:

"APS shall continue to participate in benchmarking studies that compare its practices to other utilities in the industry. APS shall provide such benchmarking analysis to the commission and staff on a confidential basis within ninety days of the completion of such studies."

This report is being provided on a confidential basis to you pursuant to the above Decision and the Protective Agreement in the above dockets. A copy of the cover letter is being filed in Docket Control as notification of this filing.

The benchmarking methodology used by UMS addresses all aspects of comparative performance at the process level. Moreover, it is premised on the basis of not just comparing cost, but also contrasting cost with service quality.

APS results are placed upon a matrix (pages 4 and 8) where the bottom right-hand corner is a cost-focused quadrant and the top half of the matrix is where utilities that are more service-based typically fall. Within the box titled "Drivers", the individual metrics that have gone into the composite service level or composite cost scores are listed.

Charts on pages 6 and 10 compare APS' performance in 2006 to that of 1997 as well as the BP Average (best performer as identified by UMS), the PACE Average (average of all utilities in the study), and the NA Average (average of North American utilities in the study).

If you or your staff have any questions regarding the enclosed information, please feel free to call David Rumolo at 602/250-3933.

Sincerely,

Barbara Klemstine

BAK/scc

Attachments

Cc: Docket Control w/o attachments
Brian Bozzo w/o attachments

Arizona Corporation Commission

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