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April 15, 2009

AZ CORP COMMISSION
DOCKET CONTROL

Docket Control
Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007

RE: ANNUAL REPORTING REQUIREMENTS UNDER APS CODE OF CONDUCT DECISION NO. 68741
DOCKET NO.s: E-00000A-02-0051 and E-00000A-01-0630

Dear Sir or Madame:

Pursuant to Decision No. 68741 (June 5, 2006), Part II, Section VIII of the APS Code of Conduct, attached is Arizona Public Service Company's ("APS") Annual Report for the time period of January 1, 2008 through December 31, 2008.

If you should have any questions regarding the information contained herein, please call me at 602-250-2366.

Sincerely,

Linda A. Thompson

LAT/jms

CC: Docket Control (Original, plus 14 copies)
Brian Bozzo, Compliance and Enforcement

Arizona Corporation Commission
DOCKETED
APR 15 2009

DOCKETED BY

ARIZONA PUBLIC SERVICE COMPANY
DECISION NO. 68741
ANNUAL REPORT FOR THE PERIOD OF
JANUARY 1, 2008 THROUGH DECEMBER 31, 2008

Reporting Requirements under Part II, Section VIII of Arizona Public Service Company's ("APS") Code of Conduct filed June 5, 2006.

APS shall submit the following information to the Commission on an annual basis each April 15th, which shall be available to the public:

- A. *A list of all Extraordinary Circumstances that explains the nature, cause, and duration of each incident.*

APS did not experience any Extraordinary Circumstances that required APS to act in a manner contrary to the Code of Conduct.

- B. *A report summarizing the charges associated with all non-tariffed transactions between APS and its Competitive Electric Affiliates, with the associated charges reported separately for each Competitive Electric Affiliate and for each category of service.*

Attached are the summaries for non-tariff transactions between APS and APS Energy Services and Pinnacle West Marketing and Trading LLC. (Attachments 1-2)

- C. *A report detailing (i) how many non-Standard Offer Service customers were provided metering services or meter reading services and (ii) how many Electric Service Providers received consolidated billing services from APS.*

(i) APS did not provide any non-Standard Offer Service customers metering or meter reading services for the reporting period of January 1, 2008 through December 31, 2008.

(ii) APS did not provide any consolidated billing services to any electric service provider for the reporting period of January 1, 2008 through December 31, 2008.

- D. *A report identifying all transfers between APS and its Competitive Electric Affiliates of employees at the manager level or above. In addition, this report shall identify all transfers between APS and its Competitive Electric Affiliates of all trading desk employees.*

There were two transfers of employees, at the manager level or above, between APS and its Competitive Electric Affiliates, during 2008. (See Attachment 3)

There was one transfer of a trading desk employee during 2008. (See Attachment 4)

- E. *An attestation, signed by the chief executive officer or an executive vice president of APS, that APS has complied with the Code of Conduct.*

A copy of the signed attestation by Steve Wheeler, Executive Vice President, Customer Service and Regulation is attached. (See Attachment 5)

**Arizona Public Service Company ("APS") and Pinnacle West Capital Corporation ("PWCC")
Non-Tariffed Affiliate Charges - Year Ending 2008**

Charges to APSES by APS

Category of Service	FN	Amount
Wholesale Power Sales to APSES for California Load		\$11,855,178
Shared Services	(a) (b)	3,777,817
Energy Risk Management		133,254

Charges to APS by APSES

Category of Service	FN	Amount
CHQ 16th Floor Lighting Retrofit	(c)	\$21,025

(a) APS Shared Services include tax services, accounting and finance, corporate communications, real estate management, environmental services, human resources, information technology, and regulatory.

(b) \$9,479 of Shared Services are below the line dollars

(c) Construction work in progress

**Arizona Public Service Company ("APS") and Pinnacle West Capital Corporation ("PWCC")
Non-Tariffed Affiliate Charges - Year Ending 2008**

Charges to PWMT by APS

Category of Service	FN	Amount
Intercompany Purchases and Sales of Power		\$8,159,423
Transmission Services		3,654,497
Shared Services	(a) (b)	1,091,417
Energy Risk Management		205,138

There were no charges by APS to PWMT

(a) APS Shared Services include tax services, accounting and finance, corporate communications, real estate management, environmental services, human resources, information technology, and regulatory.

(b) \$2,788 of Shared Services are below the line dollars

APS Code of Conduct

Affiliate Transfers - Management Level & Above - 2008

Employee Name
Don Stoneberger

Transfer to:
Company
APS

Susie Derbes

APS

Position
Fuel Forecasting Group Leader

Business Technology Integrator
III

Department Name
Revenue/Fuel Analysis
Forecasting
Customer Service Operations
Support

Transfer From:
Company
APS ES

APS ES

Position
Technical Services Manager

Direct Access Retail Operations
Manager

Department Name
ES Regulatory Pricing
Operations
Commodities

Effective Date
03/08/08

04/08/08

APS Code of Conduct					
Transfers - Trading Desk Employees 2008					
Employee Name	Transfer to: Company	Position	Transfer from: Company	Effective Date	
Dudley Myers	APS	Trader Senior	PNW M&T	05/07/08	

ARIZONA PUBLIC SERVICE COMPANY
CODE OF CONDUCT
ATTESTATION STATEMENT

Pursuant to Arizona Public Service Company's ("APS") Code of Conduct [Part Two – Basic Principles Section VIII – Reporting Requirement], the undersigned Executive Vice President of Arizona Public Service Company submits this attestation for the period of January 1, 2008 through December 31, 2008.

I, Steve Wheeler, Executive Vice President, Customer Service/Regulation, Arizona Public Service Company, based on due inquiry and the personal attestations of personnel responsible for Code of Conduct administration, attest that to the best of my knowledge, information, and belief, APS has complied with the Arizona Corporation Code of Conduct effective on June 5, 2006.



Steve Wheeler
Executive Vice President,
Customer Service/Regulation



Date