

ORIGINAL



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May 29, 2009

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

RE: Quarterly Report on Calculation of Gains on Utility Property (Transfers of Utility Property)
Docket No. E-01345A-06-0770, Decision No. 69670

Dear Mr. Johnson:

In accordance with Decision No. 69670 (June 28, 2007),

“The Company shall file in Docket Control, quarterly reports summarizing each transfer, sale, mortgage, lease, or assignment entered into pursuant to the order and further shall state how each transaction complies with condition/limitation (f) immediately above. This reporting requirement shall be met by continuing the reporting currently being submitted by APS in compliance with Decision No. 60481, as amended by Decision No. 61708, replacing and superseding that requirement, and increasing the frequency of the report to quarterly. The quarterly report shall also summarize APS’ use of any funds expended for programs to directly benefit customers pursuant to the condition limitation (e.) above. These quarterly reports, “Calculation of Gains on Utility Property,” shall be filed with Docket Control on or before March 1, June 1, September 1, and December 1 of each year.

Arizona Public Service Company submits its quarterly report summarizing transfers, sales, mortgages, leases or assignments entered into from January 1, 2009 through March 31, 2009.

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

Sincerely,

Leland R. Snook

Arizona Corporation Commission
DOCKETED

MAY 29 2009

DOCKETED BY

Attachment

CC: Brian Bozzo
Terri Ford
Docket Control (Original plus 13 Copies)

AZ CORP COMMISSION
DOCKET CONTROL

2009 MAY 29 P 4: 33

RECEIVED

ARIZONA PUBLIC SERVICE COMPANY
 CALCULATION OF NET GAINS ON UTILITY PROPERTY
 As of March 31, 2009

SALES TRANSACTION DATE	PROPERTY DESCRIPTION	SALES PRICE	OCLE	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
2/12/2009	Santa Rosa Substation Easement	\$16,515	\$2,606	\$13,909	\$2,606	\$5,500	\$8,410	\$4,205	\$2	\$4,207
LEASES										
LEASES TRANSACTION DATE	PROPERTY DESCRIPTION	VALUE OF LEASE PAYMENT (6)	ORIGINAL COST	NET GAIN	REVENUE CREDIT (7)					
There were no lease transactions during this period										
Account Balance as of December 31, 2008										
New additions										
Interest from December 31, 2008 to March 31, 2009										
Total Account Balance as of March 31, 2009										
										\$120,346
										\$4,207
										\$119
										\$124,672

(1) [(Sales Price less Tax Basis)*(Tax Rate)]/[ADIT Net Book Basis-Tax Basis]* Tax Rate
 (2) APS Composite Income Tax Rate: 2007= 39.36%; 2008 = 39.36%; 2009 = 39.54%
 (3) Jurisdictional allocation of Net Gain
 (4) Amount Allocated for Customers based on 50% of jurisdictional split.
 (5) Interest from Date of Transfer through March 31, 2009

SUMMARY OF TRANSACTIONS
First Quarter 2009

Santa Rosa Substation Easement – APS granted an easement to Salt River Project encumbering 0.85 acres of land adjacent to the Santa Rosa substation for use in an electric transmission line project.