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June 9, 2009

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

RE: 2009 Compliance Audit of Estimation, Meter reading and Billing Practices  
Docket Nos. E-01345A-04-0657 and E-01345A-03-0775

Dear Mr. Johnson:

Pursuant to Decision No 68112, Section IV, ¶ 39 (Dated September 9, 2005):

"APS' Regulatory Compliance Department shall conduct an audit of APS' kW and kWh estimation, meter reading, and billing practices after the Commission issues a final order in this matter and at least once every three years thereafter. These audits shall also address APS' compliance with the provisions set forth in this Agreement, any Commission order resulting therefrom, and Commission tariffs, rules, and regulations regarding estimation, meter reading, and billing. The results of the audit shall be certified by APS' Director of Regulatory Compliance. The results of the audit along with any management response shall be provided on a confidential basis to the Commission and Staff. APS shall either implement the audit's recommendations or provide the Commission with a written explanation as to why any recommendations were not implemented. APS shall complete the initial audit required by this paragraph and file a copy of the audit report, along with any management response, with the Commission no later than nine months after Commission approval of this Agreement. Subsequent audit reports conducted pursuant to this paragraph shall be filed within thirty days of the completion of the audit."

Attached is Arizona Public Service Company's ("APS" or "Company") 2009 Compliance Audit of Estimation, Meter Reading and Billing Practices. This report is being provided on a confidential basis to the Utilities Division 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.

If you or your staff has any questions, please call Jennie Vega at 602-250-2038.

Sincerely,

Leland R. Snook

LS/dst

Attachments

CC: Docket Control w/o Attachment  
Brian Bozzo w/o Attachment

Arizona Corporation Commission  
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