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AZ CORP COMMISSION
DOCKET CONTROL

Mail Station 9708
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December 1, 2009

Mr. Steve Olea, Director
Utilities Division
Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007

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

Dear Mr. Olea:

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. 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.”

Arizona Public Service Company (“APS”) submits its quarterly report summarizing transfers, sales, mortgages, leases or assignments entered into from June 30, 2009 through September 30, 2009.

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

Sincerely,

Leland R. Snook

LS/dst

Attachment

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

Arizona Corporation Commission
DOCKETED

DEC - 1 2009

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ARIZONA PUBLIC SERVICE COMPANY
CALCULATION OF NET GAINS ON UTILITY PROPERTY
 As of September 30, 2009

SALES 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
LEASES TRANSACTION DATE	PROPERTY DESCRIPTION	VALUE OF LEASE PAYMENT	ORIGINAL COST	NET GAIN	REVENUE CREDIT (6)					
9/1/2009	Valley Farms Control House Sale	\$36,704.91	\$36,704.91	\$0	\$36,704.91	\$0	\$0	\$0	\$0	\$0
<p>Account Balance as of June 30, 2009 <u>\$117,847</u></p> <p>Interest on Account Balance from June 30, 2009 Through September 30, 2009 <u>\$116</u></p> <p>Total Transactions with Interest from June 30, 2009 Through September 30, 2009 <u>\$0</u></p> <p>Total Account Balance as of September 30, 2009 <u>\$117,963</u></p>										

(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 September 30, 2009

(6) Revenue Credit - lease payments are credited to Rent from Utility Property where customers receive the full benefit

SUMMARY OF TRANSACTIONS
Third Quarter 2009

Valley Farms Substation Control House Sale (2009) – APS and Western Area Power Authority (WAPA) expanded the Valley Farms Substation (69 kV to 12 kV) to meet expected load growth and to increase reliability. To meet the needs of the expanded Substation, APS built a new control house. As a result, the existing smaller control house was no longer needed by APS. WAPA had a need for a control for the new connections of their lines to Coolidge and Hayden. The old control house would meet their needs so APS sold it to WAPA at net book value. This sale saved APS the cost of removing the old control house.