

ORIGINAL

THIS AMENDMENT:
____ Passed _____ Passed as amended by _____
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AZ CORP COMMISSION
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PIERCE PROPOSED AMENDMENT # 4

DATE PREPARED: December 4, 2009

Arizona Corporation Commission
DOCKETED

DEC - 4 2009

COMPANY: Arizona Public Service Company

DOCKET NOS: E-01345A-08-0172

DOCKETED BY

OPEN MEETING DATES: December 7-9, 2009

AGENDA ITEM: U-2

Page 41, Line 20

DELETE sentence beginning "However, it is clear . . ." through Page 42, Line 14.

INSERT the following after "not particularly convincing.":

"Almost all of the non-APS signatories to the settlement agreement have conceded that the proposal to treat Schedule 3 proceeds as revenue is "uncommon," "unique" and/or "unusual." These parties have been somewhat circumspect in their descriptions of the revenue-treatment proposal. In contrast, Ms. Pecora, who opposes the settlement agreement for other policy reasons,^{fn1} has been more direct. Ms. Pecora believes that the revenue treatment of Schedule 3 proceeds is beneficial to current ratepayers only because it borrows detrimentally from future ratepayers. Her assessment of the proposal is consistent with Staff's and RUCO's opposition when APS first proposed to treat Schedule 3 proceeds as revenue in 2007. The Commission agreed with Staff and RUCO when it rejected in a 5 to 0 vote APS' proposal in Decision No. 70185 (February 27, 2008). We continue to believe that it is not in the public interest to deviate from the standard accounting practice of treating Schedule 3 proceeds as Contributions in Aid of Construction."

Page 53, Line 27

INSERT after "approved":

"except that Schedule 3 proceeds shall continue to be treated as Contributions in Aid of Construction, not as revenue."

^{fn1} APS notes in its Reply Brief that it is "odd" for Ms. Pecora to begin her initial brief critiquing its proposal to treat Schedule 3 proceeds as revenue because new service applicants will pay the same amount under either approach and should be indifferent to the accounting treatment given to Schedule 3 proceeds.

Page 55, Line 1

INSERT:

“IT IS FURTHER ORDERED that Schedule 3 proceeds shall continue to be treated as Contributions in Aid of Construction, not as revenue.”

Conforming changes.