THIS AMENDMENT:

_____ Passed _____ Passed as amended by _____

_____ Failed _____ Not Offered _____ Withdrawn

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AZ CORP COMMISSION
DOCKET CONTROL

REVISED MAYES PROPOSED AMENDMENT # 9

DATE PREPARED: December 8, 2009

COMPANY: Arizona Public Service

AGENDA ITEM NO. U-2

DOCKET NO. E-01345A-08-0172

OPEN MEETING DATE: 12-7-09

Page 53, line 18, INSERT New Finding of Fact: "During the hearings in this case, Chairman Mayes asked the Company about its plans to track and bank carbon credits that are created by the Company's proposed renewable energy and energy efficiency initiatives, in this case, and pursuant to other Commission Orders and Rules. The Company responded that it does not believe such a carbon credit tracking mechanism is necessary, particularly in view of the most recent cap and trade legislation passed in the U.S. House of Representatives. In light of the possibility that a national carbon pricing policy could be approved in the near future – either through a federal cap and trade or carbon tax program – we believe that the Company should be closely tracking and setting aside for the benefit of future ratepayers all credits it is accruing associated with ratepayer-financed non-carbon generation. Therefore, we will require the Company to establish a carbon credit tracking mechanism that will allow the Company to set aside all carbon and other environmental credits generated from its non-carbon emitting generation fleet, including all renewable energy and energy efficiency projects identified in this Settlement Agreement, for the benefit of future ratepayers. We also will prohibit APS from trading any of the carbon or other environmental credits related to its non-carbon generation fleet without first seeking the approval of the Commission."

Page 55, line 5, INSERT New Ordering Paragraph: "IT IS FURTHER ORDERED that Arizona Public Service Company shall establish a carbon credit tracking mechanism designed to track and set aside all carbon credits generated from its non-carbon emitting generation fleet, including all renewable energy and energy efficiency projects identified in this Settlement Agreement. The Company shall file a report on the tracking mechanism, and any potential for trading of the credits contained within it, with Docket Control, annually, on or before January 31 of each year, beginning in 2011."

Page 55, line 5, INSERT Ordering Paragraph: "IT IS FURTHER ORDERED that Arizona Public Service Company is prohibited from trading any of the environmental or other credits related to its non-carbon generation fleet without first seeking the approval of the Commission."

Make all conforming changes.

Arizona Corporation Commission
DOCKETED

DEC - 8 2009

DOCKETED BY