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ARIZONA PUBLIC SERVICE

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May 27, 2010

ORIGINAL

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

Arizona Corporation Commission
DOCKETED

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

MAY 27 2010

Dear Mr. Olea:

DOCKETED BY *MM*

Pursuant to Decision No. 69670:

"The Company shall file in Docket control, quarterly reports summarizing each transfer, sale, mortgage, lease, or assignment entered into pursuant to this 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 submits its quarterly report summarizing transfers, sales, mortgages, leases or assignments entered into from January 1, 2010 to March 31, 2010. Please note that there were no transfers, sales, mortgages, leases or assignments during this period.

If you have any questions regarding this report please contact Jeff Creedon at (602)250-2214.

Sincerely,

Susan Casady

SC/sl
Attachment

cc: Brian Bozzo
Terri Ford
Docket Control

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2010 MAY 27 P 4: 17
AZ CORP COMMISSION
DOCKET CONTROL

ARIZONA PUBLIC SERVICE COMPANY
CALCULATION OF NET GAINS ON UTILITY PROPERTY
 As of March 31, 2010

SALES TRANSACTION DATE	PROPERTY DESCRIPTION	SALES PRICE	OCID	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
1/20/2010	Saguaro Switchyard land sale	\$93,092.66	\$753.35	\$92,339.30	\$753.35	\$36,455.56	\$55,883.74	\$27,941.87	\$24	\$27,966
3/31/2010	Rio Vista Right of Way	\$0.00	\$32,209.78	-\$32,209.78	\$32,209.78	-\$12,716.42	-\$19,493.36	-\$9,746.68	-\$11	-\$9,758
1/31/2010	Pinnacle Peak Substation land	\$649,518.80	\$29,946.32	\$619,572.48	\$29,946.32	\$244,607	\$374,965.26	\$187,482.63	\$138	\$187,621
LEASES TRANSACTION DATE	PROPERTY DESCRIPTION	VALUE OF LEASE PAYMENT	ORIGINAL COST	NET GAIN	REVENUE CREDIT (6)					
	Account Balance as of March 31, 2010									\$169,231
	Interest on Account Balance from January 1, 2010 through March 31, 2010									\$190
	Total Transactions with Interest from January 1, 2010 through March 31, 2010									\$205,830
	Total Account Balance as of March 2010									\$376,261

(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 = 39.48%
 (3) Net Gain is after tax but has not been jurisdictionalized
 (4) Amount Allocated for Customers based on 50% of net gains prior to jurisdictional split
 (5) Interest from Date of Transfer through March 31, 2010
 (6) Revenue Credit - lease payments are credited to Rent from Utility Property where customers receive the full benefit

SUMMARY OF TRANSACTIONS

First Quarter 2010

Saguaro Switchyard Land Sale

APS sold 13.66 acres of vacant land along the south side of the APS Saguaro Power Plant to Tucson Electric Power for the expansion of TEP Tortolita Substation which is adjacent to the plant. The property holds easements for gas line and transmission line corridors which remain in effect.

Rio Vista Right of Way

APS donated a .165 acre strip of land along Union Hills Drive to the City of Surprise in lieu of condemnation action to allow for a municipal road expansion project.

Pinnacle Peak Substation Land:

APS sold 16.21 acres of substation land to SRP as part of the joint Transmission agreement for ownership at the Pinnacle Peak Substation.