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ARIZONA CORPORATION COMMISSION

September 20, 1999

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Mr. Patrick Black
Executive Assistant
Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007

Dear Mr. Black:

On September 16, 1999, I responded to a request for information on financial savings residential consumers will receive if the Commission approves the proposed order on the Arizona Public Service Company's Proposed Settlement.

To properly reflect the effect of the five annual rate reductions applicable to residential customers, the first year's reduction should be accumulated for five years. (\$11,496,000 for five years). The second year's reduction should be accumulated for four years. (\$11,550,000 for four years). The third year's reduction should be accumulated for three years (\$11,604,000 for three years). The fourth year's reduction should be accumulated over two years. (\$11,659,000 for two years). The fifth year's reduction would be in effect for one year or an additional \$11,713,000 of savings. The cumulative total of the residential reductions over the five-year period commencing July 1, 1999 and ending June 30, 2004 approximates \$174 million instead of the \$58 million reflected in my response. The \$58 million figure reflects the incremental annual savings versus cumulative savings which result from the annual reductions.

The figures provided in the September 16, 1999 letter are misleading and I apologize for any inconvenience this has caused.

Sincerely yours,

Sheryl L. Hubbard
Chief, Accounting & Rates

SLH:mi