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ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

DOCKETED

SEP 20 1999

Chairman Carl J. Kunasek  
Arizona Corporation Commission  
1200 W. Washington  
Phoenix, Arizona 85007

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Dear Chairman Kunasek:

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

To properly reflect the effect of the five annual rate reductions applicable to customers of APS, the first year's reduction should be accumulated for five years. (\$23,859,000 for five years). The second year's reduction should be accumulated for four years. (\$23,971,000 for four years). The third year's reduction should be accumulated for three years (\$22,048,000 for three years). The fourth year's reduction should be accumulated over two years. (\$18,078,000 for two years). The fifth year's reduction would be in effect for one year or an additional \$11,984,000 of savings. The cumulative reductions for all classes of customers over the five-year period commencing July 1, 1999 and ending June 30, 2004 approximate \$329 million instead of the \$100 million reflected in my response. The \$100 million figure represented the total incremental annual reductions and not the cumulative savings for the same period.

The five-year cumulative savings for residential customers approximate \$173 million versus the \$58 million figure referred to in my letter. The \$58 million figure reflects the incremental annual savings versus cumulative savings that result from the annual reductions for the residential class.

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