



ORIGINAL



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RECEIVED

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February 2, 2011

AZ CORP COMMISSION
DOCKET CONTROL

Steve Olea
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission
DOCKETED

FEB 2 2011

RE: Quarterly Report on Transfers of Utility Property
Docket No. E-01345A06-0770, Decision No. 69670

DOCKETED BY

Dear Mr. Olea:

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 ("APS") submits its quarterly report summarizing transfers, sales, mortgages, leases or assignments entered into from October 1, 2010 to December 31, 2010.

If you have any questions regarding this report please contact me at (602)250-2709.

Sincerely,

Susan Casady

Attachment
SC/kc

cc: Brian Bozzo
Terri Ford
Docket Control

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

SALES TRANSACTION DATE	PROPERTY DESCRIPTION	SALES PRICE	OCCLD	BOOK GAIN/(LOSS) ON SALE	TAX BASIS OF PROPERTIES	TAXES (1,2)	NET GAIN (3)	AMOUNT ALLOCATED TO CUSTOMERS (4)	INTEREST TO DATE (5)	CUSTOMER BALANCE
10/1/2010	Pinjal Substation 400' x 60' ft land strip	\$0	\$1,301	(\$1,301)	\$1,301	(\$614)	(\$786)	(\$393)	(\$0.44)	(\$394)
10/7/2010	Gray Wolf Solar	\$0	\$76,321	(\$76,321)	\$76,321	(\$30,177)	(\$46,144)	(\$23,072)	(\$24.23)	(\$23,096)
11/18/2010	Frito Lay Distribution Assets	\$60,025	\$52,196	\$7,829	\$52,196	\$3,096	\$4,734	\$2,367	\$1.27	\$2,368
11/19/2010	9KV Arrester sale from inventory	\$266	\$260	(\$6)	\$260	(\$1)	(\$2)	(\$1)	(\$0.00)	(\$1)
11/1/2010	Varimax Control Valve Sale from inventory	\$223	\$31	\$192	\$31	\$76	\$116	\$68	\$0.04	\$68
11/1/2010	230KV CCVT Sale from inventory	\$10,900	\$9,413	\$1,487	\$9,413	\$688	\$999	\$460	\$0.34	\$460
12/30/2010	Valley Farms land sale to WAPA	\$34,480	\$34,460	(\$0)	\$34,460	(\$0)	(\$0)	(\$0)	(\$0.00)	(\$0)
Account Balance as of September 30, 2010										
Interest on Account Balance from September 30, 2010 through December 31, 2010										
<u>Total Transactions with Interest from September 30, 2010 through December 31, 2010</u>										
<u>Total Account Balance as of December 31, 2010</u>										
										\$376,895
										\$424
										-\$20,615
										\$356,704

(1) [(Sales Price less Tax Basis) * Tax Rate] - [(ADIT Net Book Basis - Tax Basis) * Tax Rate]

(2) APS Composite Income Tax Rate: 2008 = 39.36%; 2009 = 39.54%

(3) Jurisdictional allocation of Net Gain

(4) Amount Allocated for Customers based on 50% of jurisdictional split.

(5) Interest from Date of Transfer through September 30, 2010

SUMMARY OF TRANSACTIONS

Fourth Quarter 2010

Pinal Substation

Little Acres Mobile Home was discovered to be on APS property. The mobile home park is on a septic system which had leached sewage onto additional APS property. It was determined that APS would quit claim the property to the mobile home park owner. The reasons being the high cost of cleaning up the sewage with no guarantee that it would cease and APS has no future plans to expand the substation.

Grey Wolf Solar

This is an APS solar project provided to Waste Management under contract. Contract has expired and per terms of contract Waste Management had option to take possession of assets. APS will continue to provide maintenance under a separate maintenance contract.

Frito-Lay Distribution Assets

Frito-Lay converted part of their Casa Grande facilities to solar so APS sold them existing distribution equipment. For example wire, conduit, transformers, transitions and pads.

Inventory Sales

APS sold to other utilities a Coupling Capacitor Voltage Transformer (CCVT), control valve and arrester per their request.

Valley Farms Land

During the 3rd quarter of 2009, WAPA purchased an unused control house from APS at the Valley Farms Substation. Since WAPA is part of the Federal Administration they are required to own the land along with the control house.