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PIERCE PROPOSED AMENDMENT # 1

Arizona Corporation Commission

2011 JUN 17 A 10: 29

DATE PREPARED: June 9, 2011

DOCKETED

JUN 17 2011

AZ CORP COMMISSION  
COMPANY CONTROL

Arizona Public Service Company

DOCKETED BY

DOCKET NOS:

E-01345A-11-0175

OPEN MEETING DATES: June 21 and 22, 2011

AGENDA ITEM: U-15

**Page 5, Line 16**

INSERT new Finding of Fact:

“22. Given the constraints on Commission resources, we do not believe that it is an efficient use of those resources to require a Commission order to establish the new TCA rate, after the transmission rates have been established by FERC. As described above, FERC adjusts transmission rates for APS yearly using the formula method. The cost allocation method used by FERC assigns transmission costs to the various customer classes. We believe it may be more efficient to require APS to file notice with Docket Control setting forth the results of FERC’s formula rate calculation. Within a set time period after that notice filing, APS could automatically adjust its transmission rates unless Staff requests Commission review. We believe such an approach will also enhance transparency by accurately conveying to customers that it is FERC, not the Commission, that sets APS’ transmission rates. Accordingly, we direct APS to propose a modification to its TCA to include provisions consistent with this discussion in its next rate case. Further, Staff is directed to continue its participation in APS’ FERC Open Access Transmission Tariff applications which establish APS’ transmission rates.”

**Page 6, Line 7**

INSERT new Ordering Paragraph:

“IT IS FURTHER ORDERED that Arizona Public Service Company shall propose a modification to its Transmission Cost Adjustor in its next rate case that is consistent with the discussion in Finding of Fact 22.”

Conforming changes.

<b>THIS AMENDMENT:</b>		
_____ Passed _____	Passed as amended by _____	
_____ Failed _____	_____ Not Offered _____	_____ Withdrawn _____