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Regulatory Affairs Supervisor  
State Regulation

Mail Station 9708  
PO Box 53999  
Phoenix, Arizona 85072-3999  
Tel 602-250-2661  
Jeffrey.Johnson@aps.com

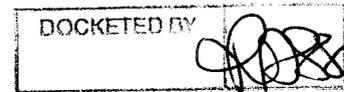
November 17, 2011

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

Arizona Corporation Commission

DOCKETED

NOV 17 2011



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

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 submits its quarterly report summarizing transfers, sales, mortgages, leases or assignments entered into from July 1, 2011 through September 30, 2011. This report reflects the balance of these transactions, including accrued interest through September 30, 2011.

If you have any questions regarding this information, please contact me at (602)250-2661.

Sincerely,

Jeffrey W. Johnson

JJ/cd  
Attachment

cc: Brian Bozzo  
Terri Ford  
Docket Control

ARIZONA PUBLIC SERVICE COMPANY  
 CALCULATION OF NET GAINS ON UTILITY PROPERTY  
 As of September 30, 2011

SALES TRANSACTION DATE	PROPERTY DESCRIPTION	SALES PRICE	OCLD	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
7/6/2011	Quechan Substation land strip sale to City of Yuma	\$37,199	\$84	\$37,115	\$84	\$14,664	\$22,451	\$11,226	\$5.61	\$11,231
7/28/2011	Vista Substation land strip sale to City of Casa Grande	(\$510)	\$1,166	(\$1,676)	\$1,166	(\$662)	(\$1,014)	(\$507)	(\$0.20)	(\$507)
Account Balance as of June 30, 2011.										\$420,408
Interest on Account Balance from June 30, 2011 through September 30, 2011.										\$305
Total Transactions with Interest from June 30, 2011 through September 30, 2011.										\$10,724
Total Account Balance as of September 30, 2011.										\$431,437

- (1) [(Sales Price less Tax Basis)\*Tax Rate]; [(ADIT Net Book Basis-Tax Basis)\* Tax Rate].
- (2) APS Composite Income Tax Rate: 2010 = 39.51%; 2011 = 39.51%.
- (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, 2011.

**SUMMARY OF TRANSACTIONS**  
**Third Quarter 2011**

**Quechan Substation land strip sale to the City of Yuma**

2,150 sq. feet of land at the Quechan Substation were sold to the City of Yuma for street widening.

**Vista Substation land strip sale to the City of Casa Grande**

0.368 acres at the Vista Substation were sold to the City of Casa Grande for road improvements. Sale was done in lieu of condemnation. The property should have been conveyed to the City of Casa Grande in 1975 as part of the original purchase agreement. APS paid for the closing costs in this transaction which created the negative sales price.