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BEFORE THE ARIZONA CORPORATION C

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AZ CORP COMMISSION
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COMMISSIONERS

GARY PIERCE- Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

IN THE MATTER OF THE APPLICATION OF
ARIZONA PUBLIC SERVICE COMPANY
FOR A HEARING TO DETERMINE THE
FAIR VALUE OF THE UTILITY PROPERTY
OF THE COMPANY FOR RATEMAKING
PURPOSES, TO FIX A JUST AND
REASONABLE RATE OF RETURN
THEREON, TO APPROVE RATE
SCHEDULES DESIGNED TO DEVELOP
SUCH RETURN.

DOCKET NO. E-01345A-11-0224

**STAFF'S NOTICE OF FILING: NOTICE
OF RATE CASE HEARING**

Attached is a Notice of Rate Case Hearing which Staff is simultaneously filing in Docket

No. E-01345A-10-0474.¹ The attached Notice is provided to ensure that the Parties to Docket

No. E-01345A-10-0474 are aware of APS' pending rate case and the proposed settlement.

Staff further respectfully requests that any Open Meeting Notices included with APS Hearing

Notices list both Docket Nos. E-01345A-11-0224 and E-01345A-10-0474, so as to allow the

Commission's full consideration of the proposed rate case settlement in the upcoming rate case

hearing.

RESPECTFULLY SUBMITTED this 20th day of January 2012.

Arizona Corporation Commission
DOCKETED

JAN 20 2012

DOCKETED BY

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¹ In the Matter of the Application of Arizona Public Service Company for Authorization for the Purchase of Generating Assets from Southern California Edison and for an Accounting Order.

1 Original and thirteen (13) copies
2 of the foregoing filed this
20th day of January 2012 with:

3 Docket Control
4 Arizona Corporation Commission
1200 West Washington Street
5 Phoenix, Arizona 85007

6 Copies of the foregoing mailed this
20th day of January 2012 to:

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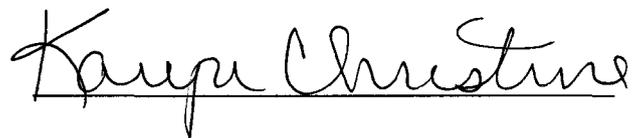
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NOTICE OF APS RATE CASE HEARING

Staff hereby files this Notice in Docket Nos. E-01345A-11-0224¹ and E-01345A-10-0474.² This Notice is provided to ensure that the Parties to Docket No. E-01345A-10-0474 are aware of APS' pending rate case and the proposed settlement thereto. Hearings on the proposed rate case settlement are scheduled to begin on January 26, 2012, and are anticipated at this time to continue through the first week of February 2012.

Specifically, the proposed settlement contains a provision that would allow APS to seek recovery in rates of costs related to its acquisition of Four Corners, Units 4 and 5; its proposed retirement of Units 1, 2 and 3; and its recovery of any potential deferrals if and only if the Commission authorizes the proposed acquisition in Docket No. E-01345A-10-0474. A copy of these provisions is attached to this Notice. A full copy of the proposed settlement is available in the Commission's eDocket under Docket No. E-01345A-11-0224.

These settlement provisions are proposed by the Parties to the rate case to apply only if the Four Corners transaction described in Docket No. E-01345A-10-0474 is approved by the Commission as part of that Docket and is thereafter consummated. These rate case settlement provisions are not intended to address the merits of Docket No. E-01345A-10-0474. Nor is this Notice intended to seek consolidation of these matters. It is intended to provide notice to the Parties in Docket No. E-01345A-10-0474 of the proceedings related to the APS rate case proposed settlement, which contains provisions that address APS' potential rate recovery of costs related to Four Corners, should that transaction be consummated, and the costs are found to be prudent. The Parties to Docket No. E-01345A-10-0474 are hereby notified that these rate case provisions are the subject of written testimony and may be discussed at the hearing on the proposed settlement in Docket No. E-01345A-11-0224.

Staff further respectfully requests that any Open Meeting Notices included with APS hearing notices should list both Docket Nos. E-01345A-11-0224 and E-01345A-10-0474. This request is made to provide an opportunity for the Commission's full consideration of the proposed rate case settlement.

¹ In the Matter of the Application of Arizona Public Service Company for a Hearing to Determine the Fair Value of the Utility Property of the Company for Ratemaking Purposes, to Fix a Just and Reasonable Rate of Return Thereon, to Approve Rate Schedules Designed to Develop Such Return.

² In the Matter of the Application of Arizona Public Service Company for Authorization for the Purchase of Generating Assets from Southern California Edison and for an Accounting Order.