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

March 1, 2013

CORP COMMISSION
DOCKET CONTROL

Docket Control
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

RE: Arizona Public Service Company's (APS) 2010 Test Year Rate Case
Docket No. E-01345A-11-0224

Pursuant to Decision No. 73183, Plan of Administration EIS, Section 6, dated May 24, 2012:

APS will file the calculated EIS rate including all supporting data, with the Commission for the previous year on or before February 1st.

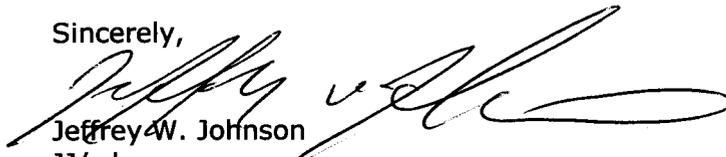
On February 1, 2013, APS filed with Docket Control the updated EIS Calculations including Schedule 1: Qualified Investments for EIS Electric Plant In Service for Calendar Year 2012 and Schedule 2 Capital Carrying Costs and Adjustor Calculation Plant In Service for Calendar Year 2012. Schedule 2 was redacted to exclude confidential information until such time APS filed its Form 10K with the Security and Exchange Commission (SEC). On February 22, 2013, APS filed its 2012 Form 10K Annual Report with the SEC.

In accordance with APS's February 1, 2013 letter previously filed with Docket Control, attached is a complete copy of Schedule 2 Capital Carrying Costs and Adjustor Calculation Plant In Service for Calendar Year 2012.

In accordance with the EIS Plan of Administration approved in Decision No. 73138, the EIS Rate is calculated to be \$0.000006/kWh. Because this change is so di minimis and would not register on some customer bills, APS is requesting that the charge remain at zero effective April 1, 2013.

If you have any questions regarding this information, please contact Zachary Fryer at (602)250-4167.

Sincerely,


Jeffrey W. Johnson

JJ/cd
Attachments

Cc: Brian Bozzo
Parties of Record

Arizona Corporation Commission
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Schedule 2: Capital Carrying Costs and Adjustor Calculation

Plant in Service for Calendar Year 2012
Billing Period 4/1/2013-3/30/2014

| Line No. | EIS Calculation | | |
|------------------------------|--|----|----------------|
| Qualified Plant | | | |
| 1. | Environmental Improvement Projects (Schedule 1, Total Line Column F) | | \$1,135,790 |
| 2. | Accumulated Depreciation | | 42,203 |
| 3. | Cumulative Deferred Tax/Tax Credits | | 194,290 |
| 4. | Qualified Net Plant (Line 1 - Line 2 - Line 3) | \$ | 899,297 |
| 5. | Pre-tax Weighted Average Cost of Capital | | 11.8560% |
| Capital Carrying Cost | | | |
| 6. | Composite Return on EIS Net Plant (Line 4 * Line 5) ¹ | \$ | 106,621 |
| 7. | Annual Depreciation of Plant In Service ¹ | | 42,203 |
| 8. | Applicable Property Tax ¹ | | 7,385 |
| 9. | Associated O&M Expense ¹ | | - |
| 10. | Total EIS Revenue Requirement (Line 6 + Line 7 + Line 8 + Line 9) ¹ | \$ | 156,208 |
| 11. | Total Company Sales ¹ | | 28,131,329,000 |
| 12. | Calculated EIS Adjustment (\$/kWh) (line 10/Line 11) ¹ | \$ | 0.000006 |
| 13. | EIS Rate Cap (\$/kWh) | \$ | 0.000160 |
| 14. | EIS Rate (\$/kWh) (Lesser of Line 12 and Line 13) ¹ | \$ | 0.000006 |

Note: ¹ The information provided on lines 6 through 12 and 14 in this document is confidential until such time APS files its Form 10K (no later than end of February 2013), at which time the information will be made public.

Copies of the foregoing delivered
This 1st day of March, 2013 to:

Janice Alward
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

Stephen Baron
J. Kennedy & Associates
570 Colonial Park Drive, Suite 305
Roswell, GA 30075

David Berry
Western Resource Advocates
P.O. Box 1064
Scottsdale, AZ 85252

Kurt Boehm
BOEHM, KURTZ & LOWRY
36 East Seventh Street, Suite 1510
Cincinnati, OH 45202

Bradley Carroll
Tucson Electric Power Company
88 East Broadway Blvd. □ Mail Stop
HQE910
Tucson, AZ 85701

Steve Chriss
Walmart Stores
2011 S.E. 10th Street
Bentonville, AR 72716-0550

C. Webb Crockett
Fennemore Craig
3003 N. Central Avenue, Suite 2600
Phoenix, AZ 85012-2319

Jeffrey Crockett
Brownstein Hyatt Farber Schreck LLP
One East Washington Street, Suite
2400
Phoenix, AZ 85004

Michael Curtis
Curtis, Goodwin, Sullivan, Udall &
Schwab, P.L.C.
501 E Thomas Road
Phoenix, AZ 85012

Natisha Demko
NRDC
P.O. Box 65623
Albuquerque, NM 65623

Nicholas Enoch
Lubin & Enoch, P.C.
349 North Fourth Ave.
Phoenix, AZ 85003

Douglas Fant
Law Offices of Douglas V. Fant
3655 W. Anthem Way, Suite A-109,
PMB 411
Anthem, AZ 87193

Lyn Farmer
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

Michael Grant
Gallagher & Kennedy, P.A.
2575 E. Camelback Road
Phoenix, AZ 85016

Timothy Hogan
Arizona Center for Law in the Public
Interest
202 E. McDowell Road, Suite 153
Phoenix, AZ 85004

Jody Kyler
BOEHM, KURTZ & LOWRY
36 East Seventh Street, Suite 1510
Cincinnati, OH 45202

Craig Marks
10645 N. Tatum Blvd. Ste. 200-676
Phoenix, AZ 85028

Samuel Miller
139 Barnes Ave., Ste. 1
Tyndall AFB, FL 32403

John William Moore
7321 North 16th Street
Phoenix, AZ 85020

Jay Moyes
Moyes Sellers & Hendricks
1850 N. Central Ave., Suite 1100
Phoenix, AZ 85004

Steve Olea
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

Amanda Ormond
Interwest Energy Alliance
7650 S. McClintock Dr., Suite 103-282
Tempe, AZ 85284

Michael Patten
Roshka DeWulf & Patten, PLC
One Arizona Center, 400 E. Van Buren
Street, Suite 800
Phoenix, AZ 85004

Greg Patterson
Munger Chadwick
2398 E. Camelback Road, Suite 240
Phoenix, AZ 85016

Daniel Pozefsky
RUCO
1110 W. Washington
Phoenix, AZ 85007

Lawrence Robertson, Jr.
P.O. Box 1448
Tubac, AZ 85646

Jeff Schlegel
SWEEP
1167 W. Samalayuca Dr.
Tucson, AZ 85704

William Sullivan
Curtis, Goodwin, Sullivan, Udall &
Schwab, P.L.C.
501 E Thomas Road
Phoenix, AZ 85012

Scott Wakefiled
Ridenour Hinton & Lewis, P.L.L.C.
201 N. Central Avenue, Suite 3300
Phoenix, AZ 85004-1052

Karen White
Air Force Utility Law Field Support
Center
AFLOA/JACL-ULFSC, 139 Barnes Drive
Tyndall AFB, FL 32403

Jeffrey Woner
K.R. Saline & Associates, PLC
160 N. Pasadena, Suite 101
Mesa, AZ 85201

Barbara Wyllie - Pecora
14410 W. Gunsight Dr.
Sun City West, AZ 85375

Gary Yaquinto
Arizona Investment Council
2100 N. Central Avenue, Suite 210
Phoenix, AZ 85004

Cynthia Zwick
1940 E. Luke Avenue
Phoenix, AZ 85016