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

May 15, 2013

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

RE: Arizona Public Service Company Transmission Cost Adjustor  
Docket No. E-01345A-09-0255

Pursuant to Decision No. 71244, dated August 6, 2009, Arizona Public Service Company ("APS") was ordered as follows:

Arizona Public Service Company shall prepare a report each year detailing the transmission plant or other costs underlying the TCA reset and docket the report with Arizona Public Service Company's Application for a TCA reset.

Although such an "Application for a TCA reset" is no longer required (see Decision No. 73183), attached is a copy of APS's Transmission Cost Adjustor compliance filing dated May 15, 2013 for Docket Nos. E-01345A-12-0175 and E-01345A-11-0224 which included the above-mentioned report.

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

Sincerely,

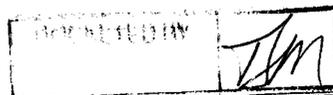
Jeffrey W. Johnson

JJ/cd  
Attachment

cc: Brian Bozzo

Arizona Corporation Commission  
DOCKETED

MAY 15 2013





**JEFFREY W. JOHNSON**  
Regulatory Affairs Manager  
State Regulation

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

May 15, 2013

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

RE: Arizona Public Service Company Transmission Cost Adjustor ("TCA") Charges  
Docket No. E-01345A-11-0224

Pursuant to Decision Nos. 73262 and 73183, Arizona Public Service Company submits its calculated TCA rates, including all supporting data. This rate will go into effect with the first billing cycle in June 2013 (without proration), unless otherwise ordered by the Commission. The TCA rates will remain in effect for the subsequent 12-month period. APS estimates that the new TCA rates would increase overall retail revenues by \$20.7 million annually.

The Open Access Transmission Tariff ("OATT") rates are approved by the Federal Energy Regulatory Commission ("FERC") and are designed to recover transmission costs from users of APS transmission facilities. The OATT rates are calculated and reset annually through use of a FERC approved formula. APS recovers its transmission costs, reflected by the FERC approved OATT rate, through the sum of two distinct rate components; (1) a transmission charge embedded in base rates established in APS's last rate case and (2) the TCA charge which accounts for changes in the OATT rate between APS rate cases.

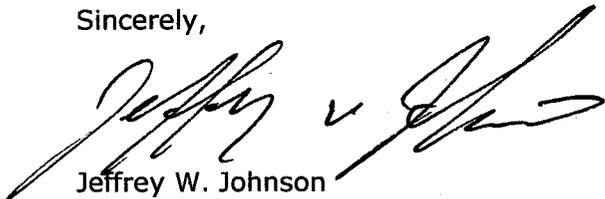
Included within this compliance filing are the following attachments:

1. Attachment A - a non-redlined version of the new Adjustment Schedule TCA-1 Revision No. 9.
2. Attachment B - a redlined version of the new Adjustment Schedule TCA-1 Revision No. 9.
3. Attachment C - the numerical inputs used to develop the new TCA-1 rates.
4. Attachment D - the estimated monthly bill impacts of the new TCA-1 rates.

5. Attachment E – a table illustrating the percentage demand of each of the classes for the 2011 OATT and 2012 OATT as filed with FERC.
6. Attachment F – a table illustrating the transmission cost embedded in base rates, the current and proposed TCA rates, and the differences in the current and new rates.
7. Attachment G - actual and estimated transmission additions, dollars and estimated O&M for calendar years 2012 through 2014.
8. Attachment H – APS's Annual Update of transmission service rates pursuant to the APS OATT as filed with FERC.

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

Sincerely,



Jeffrey W. Johnson

JJ/gad

cc: Steve Olea, Arizona Corporation Commission  
Maureen Scott, Arizona Corporation Commission  
Patrick Lowe, Arizona Corporation Commission



**ADJUSTMENT SCHEDULE TCA-1  
TRANSMISSION COST ADJUSTMENT**

**APPLICATION**

The Transmission Cost Adjustment ("TCA") charge shall apply to all Standard Offer retail electric schedules, with the exception of Solar-2. All provisions of the customer's current applicable rate schedule will apply in addition to this charge.

**ANNUAL ADJUSTMENT**

Standard Offer rate schedules covered by this charge include a transmission component of base rates that was originally established at \$0.00476 per kilowatt-hour in accordance with A.C.C. Decision No. 67744. Decision No. 67744 also established the TCA. Decision No. 69663 modified the collection of transmission costs in retail rates to tie to the costs found in the FERC approved Open Access Transmission Tariff.

**RATE**

The charge shall be applied as follows:

<b>Customer Class</b>	<b>TCA Charge</b>
Residential	\$0.006471/kWh
General Service 20 kW or less	\$0.002503/kWh
General Service over 20 kW, under 3,000 kW	\$0.848/kW
General Service 3,000 kW and over	\$1.305/kW



ADJUSTMENT SCHEDULE TCA-1  
TRANSMISSION COST ADJUSTMENT

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RATE

The charge shall be applied as follows:

Customer Class	TCA Charge
Residential	\$0.0054036471/kWh
General Service 20 kW or less	\$0.00255903/kWh
General Service over 20 kW, under 3,000 kW	\$0.8+248/kW
General Service 3,000 kW and over	\$0.748+1.305/kW

## TCA Rate Calculation - Plan of Administration

Line	Service Type	Residential \$/kWh (A)	GS $\leq$ 20 kW \$/kWh (B)	GS > 20 kW and < 3MW \$/kW (C)	GS $\geq$ 3 MW \$/kW (D)
1.	NITS	0.010641	0.005903	2.119	2.726
2.	Scheduling	0.000069	0.000056	0.0208	0.0236
3.	Regulation & Frequency	0.000267	0.000217	0.0813	0.0919
4.	Spinning Reserve	0.000618	0.000502	0.1879	0.2124
5.	Operating Reserve	0.000078	0.000064	0.0238	0.0269
6.	Energy Imbalance	0.000000	0.000000	0	0
7.	Total (Lines 1 thru 7)	0.011673	0.006742	2.4328	3.0808
8.	Included In Retail Base Rates	0.005202	0.004239	1.5848	1.7758
9.	TCA (Line 7) - (Line 8)	0.006471	0.002503	0.848	1.305

ARIZONA PUBLIC SERVICE COMPANY  
Estimated Monthly Bill Impacts of 2013 TCA Reset

	Current	Proposed
	Annual Average Monthly Bill <sup>1</sup>	Annual Average Monthly Bill <sup>2</sup>
<b>Residential (Average - All Rates)</b>		
Average kWh per Month	1,100	1,100
Base Rates	\$ 123.90	\$ 123.90
PSA- Forward Component	(1.11)	(1.11)
PSA - Historical Component	2.57	2.57
TCA	5.94	7.12
RES	3.83	3.83
DSMAC	2.99	2.99
Sub Total	\$ 138.12	\$ 139.30
LFCR	\$ 0.28	\$ 0.28
Total	\$ 138.40	\$ 139.58
Bill Impact	\$	\$ 1.18
Percent Bill Impact		0.85%

	Annual Average Monthly Bill <sup>1</sup>	Annual Average Monthly Bill <sup>2</sup>
<b>Residential (Rate E-12)</b>		
Average kWh per Month	691	691
Base Rates	\$ 86.40	\$ 86.40
PSA- Forward Component	(0.69)	(0.69)
PSA - Historical Component	1.61	1.61
TCA	3.73	4.48
RES	3.83	3.83
DSMAC	1.88	1.88
Sub Total	\$ 96.76	\$ 97.51
LFCR	0.20	0.20
Total	\$ 96.96	\$ 97.71
Bill Impact	\$	\$ 0.75
Percent Bill Impact		0.77%

	Annual Average Monthly Bill <sup>1</sup>	Annual Average Monthly Bill <sup>2</sup>
<b>Commercial (Rate E-32, 0-20 kW)</b>		
Average kWh per Month	1,430	1,430
Base Rates	\$ 202.30	\$ 202.30
PSA- Forward Component	(1.44)	(1.44)
PSA - Historical Component	3.34	3.34
TCA	3.65	3.58
RES	13.69	13.69
DSMAC	3.89	3.89
Sub Total	\$ 225.43	\$ 225.36
LFCR	0.46	0.45
Total	\$ 225.89	\$ 225.81
Bill Impact	\$	\$ (0.08)
Percent Bill Impact		-0.04%

ARIZONA PUBLIC SERVICE COMPANY  
Estimated Monthly Bill Impacts of 2013 TCA Reset

	Current	Proposed
	Annual Average Monthly Bill *	Annual Average Monthly Bill *
<b>Commercial (Rate E-32, &gt; 20 kW)</b>		
Average kWh per Month	62,238	62,238
Base Rates	\$ 5,977.26	\$ 5,977.26
PSA- Forward Component	(62.49)	(62.49)
PSA - Historical Component	145.20	145.20
TCA	158.90	165.94
RES	142.25	142.25
DSMAC	189.52	189.52
Sub Total	\$ 6,550.64	\$ 6,557.68
LFCR	13.10	13.12
Total	\$ 6,563.74	\$ 6,570.80
Bill Impact		\$ 7.06
Percent Bill Impact		0.11%

	Annual Average Monthly Bill *	Annual Average Monthly Bill *
<b>Industrial (Rate E34/35)</b>		
Average kWh per Month	3,581,412	3,581,412
Base Rates	\$ 249,125.86	\$ 249,125.86
PSA- Forward Component	(3,595.74)	(3,595.74)
PSA - Historical Component	8,355.44	8,355.44
TCA	4,939.80	8,618.22
RES	1,500.00	1,500.00
DSMAC	6,395.98	6,395.98
Total	\$ 266,721.34	\$ 270,399.76
Bill Impact		\$ 3,678.42
Percent Bill Impact		1.38%

Notes:

- (1) Bill excludes regulatory assessment charge, taxes and fees. Includes current TCA charges. Other adjustor levels in effect as of March 1, 2013.
- (2) Bill includes TCA charges effective June 1, 2013. Other adjustor levels in effect as of March 1, 2013.

Class Coincident Peak Demand

Class	2011		2012	
	MW	% of Coincident Demand	MW	% of Coincident Demand
Residential	3646.2	60.56%	3545.2	62.03%
General Service < 3MW	1996.3	33.16%	1784.7	31.23%
General Service > 3 MW	378.5	6.29%	385.7	6.75%
Total	6021.0	100.00%	5715.6	100.00%

Transmission Rates Embedded in Base Rates and TCA

Customer Group	Embedded Base Rate		Current TCA Rate		Proposed TCA Rate		Difference		Percentage Difference	
	(A)		(B)		(C)		(D) = (C) - (B)		TCA Rate (E) = (D)/(B)	Total (F) = (D)/[(A)+(B)]
Residential	\$ 0.005200 /kWh		\$ 0.005403 /kWh		\$ 0.006471 /kWh		\$ 0.001068 /kWh		20%	10%
General Service 20 kW or less	\$ 0.004240 /kWh		\$ 0.002550 /kWh		\$ 0.002503 /kWh		\$ (0.000047) /kWh		-2%	-1%
General Service over 20 kW and under 3,000 kW	\$ 1.585 /kW		\$ 0.812 /kW		\$ 0.848 /kW		\$ 0.036 /kW		4%	2%
General Service 3,000 kW and over	\$ 1.776 /kW		\$ 0.748 /kW		\$ 1.305 /kW		\$ 0.557 /kW		74%	22%

Arizona Public Service Company  
2012 Transmission Actual Addition Dollars and Estimated O&M

Line No.	WAF	Description	Actual Cost	Purpose	Renewables Impact	Miles	Estimated O&M	In-Service Date
1	WA54513	Kyrene 3rd Transformer	12,046,378	The addition of a 3rd 500/230 kV transformer at the Kyrene yard is required to address overload conditions on the existing 500/230 kV transformers due to load growth issues. The existing bank 7 - 500/230 kV transformer will be replaced if there is an outage on the existing bank 6 - 500/230 kV transformer during high load demands and generation at the Hassayampa / PV yards. The addition of the 3rd transformer increase the 230 kV fault current to 57 kA which requires replacement & upgrade of several 230 kV breakers. Keeping the two Kyrene 230kV yards tied together reduces the construction outages on the lines and prevents a reduction in Valley Maximum Load Serving Capability (MLSC)	N/A	N/A	\$46,378	11/1/2012
2	WF12RWTR	Transmission RW Capital Leases	9,131,581	Transmission RW Capital Leases				
3	WA63704	Cedar Min (Q113) New 500kV Switchyard	7,521,033	Provide an interconnection from the Perrin Ranch Substation to the APS transmission system. This consists of the construction of the following items, a new 500kV switchyard, named Cedar Mountain, a tie to the Meekopi - Yavapai 500 line and upgrade the relaying at Meekopi and Yavapai Substations and communications upgrades at Bill Williams Mountain. In addition, a 21kv line will be constructed from Red Lake Substation. This line will provide station power to the APS switchyard and Nortexa substation. This line will also provide an interim communications path to Red Lake substation. Upgrades at Red Lake substation include the upgrading of the transformer to accommodate the added load that this project requires. We will also construct a new feeder bay to support the new 21 kV line. We will also install an Interim microwave path to Bill Williams Mountain	N/A	N/A	\$210,940 \$173,736	1/1/2012 1/1/2012
4	60-0609	Gen Step-Up Transformer Replacement	5,060,517	APS step-up transformers fail under FERC account 353, which is a component of Plant in Service (FERC Form 1 page 204-207). Note: there is a separate adjustment as part of the annual FERC Formula rate that backs the step-up transformers out.	N/A	N/A	\$97,415	3/1/2012
5	W421823	Duges-Morgan 500kV Line	3,872,848	This project will install fiber optic cable on the 500kv power line from Morgan Sub to Dugas Sub. This work will have the immediate effect of increasing the communications bandwidth and reliability to Dugas, Yavapai, Willow Lake, and Verde subs plus greatly enhance the communications at the Prescott and Cottonwood service centers. Currently, the microwave system is at its communications carrying limits, and without fiber optic cable to the north part of the state of Arizona, the data needs of APS cannot be reliably and economically met. This fiber addition is a small piece of a much larger fiber optic cable plan to install fiber to the northern part of the APS service territory as well as critical substations. Applications such as new substations, SmartGrid, Critical Infrastructure Protection (CIP), physical security, and ADC reliability requirements are a few of the drivers increasing the need for communications and data. Fiber has a virtual unlimited bandwidth, and without it, the long-term needs of APS cannot be met.	N/A	N/A	\$7,455	12/1/2012
6	W466918	Youngs Canyon-Sandvlg 69kV Line	3,702,893	Replace Youngs Canyon-Sandvlg 69kV line				
7	W463050	Eagle Eye To Black Peak Phase 2	3,165,760	The Black Peak - Utting 69kV line will be loaded to 112.5% for less of the Eagle Eye - Salome 69kV line. To prevent shedding of up to 5 MW and voltage deviations of 15.6%, the Black Peak - Salome 69kV line will be rebuilt to 795ACSS.	N/A	9.3	\$35,640	8/20/2012
8	W466905	Utting - Black Peak Phase 4 69kV Rebuild	3,152,775	This job is Phase 4 of 5, which consist of rebuilding 11 miles of SW2 - Utting 69kV line to 795ACSS.	N/A	5	\$60,841	3/1/2012
9	W466913	Black Peak; Utting 69kV Line Rebuild	2,982,186	Rebuild Utting - McVay Tap 69kV line to 795ACSS (5.4 miles). Phase 3 of 5 of the Black Peak-Salome 69kV line rebuilt.	N/A	13.3	\$72,829	1/1/2012
10	WA22500	Westwing Substation: Add 500kV Reactor	2,266,577	170 MVAR reactor needed for light load conditions. EHV system and western Phoenix 230kV network exhibit high voltages during light load conditions, often above the operating limit. Palo Verde generation units are typically at full loading during light load, and Redhawk generating units are run "out of merit" to back additional VARs off the system (e.g. reducing system voltages). Addition of SR270 will allow for more operational flexibility of voltage control, and partially mitigate the need for Redhawk to run "out of merit" during light load conditions.	N/A	5.4	\$22,963	9/1/2012
11	WA81120	Rebuild Section Bay 3, Zone 4 Phase	2,088,277	Abergea Solar Network Upgrades 69kV improvements Phase 2 of 2 P&N: The Gila Bend - Cotton Center 69kV is currently a 338V wire and cannot handle load that will be delivered from Solana Solar Field through the APS 230kV Transmission system (Q44 WA4663	This project is needed to accommodate the interconnection of the Abergea Solar plant, which is 280MW of solar power.	N/A	\$9,811	11/1/2012
12	CF4PE	Power Expansion Plant West	1,911,595	The purpose of this project is to provide additional funding to allow completion of a power tie-in from the Switchyard to the OSF, including a 100 MVA transformer. The infrastructure will provide extra capacity for future buildings.	N/A	NA	\$4,020	12/1/2012
13	WA77308	Baja To Waldrup 69kV Line-Phase 5	1,871,821	This work order to account for the labor and materials that were needed to build 3 miles of new 69kV (E795X) line from County 16th St. & Ave. A-1/2 St. to County 14-1/2 St. & east of the 4th Ave. Extension alignment. The 69kV then follows the YCWUA 34.5kV alignment or 1.5 miles. The project will also include transferring an existing 12kV line as underbuild onto the newly installed 69kV poles for .5 miles.	N/A	3	\$7,207	11/1/2012
14	W375145	North Gila: Upgrade 69kV & 500kV Relaying	1,740,353	North Gila: Upgrade 69kV & 500kV Relaying			\$33,502	3/1/2012

Line No.	WAF	Description	Actual Cost	Purpose	Miles	Estimated O&M	In-Service Date
15	WA97846	Cedar Mountain: Cut In Of Moankopi-Yavapai 500 line	1,501,050	This work will install four new lattice Double Dead end towers. These four towers will make up the 500 line and a second tower set just outside the switchyard. This project also includes installing the conductor on these line segments. This is a project to interconnect a new Wind Generating Plant near Williams, Arizona to the APS transmission system. The project was initiated by Nextera Energy Resources, LLC as the Perrin Ranch Power Project. Nextera submitted an interconnection request with APS. The facilities required to interconnect the Q162 Chino Valley Solar project consist of a new APS 69kV 3 breaker ring bus switching station (Granite Creek) along with 200' double circuit 69kV line in & out of the Old Home Manor-Willow Lake 69kV line (WA 113016). These network upgrades are required to support the interconnection to Chino Valley Solar Station. Included in Granite Creek Switchyard is site prep & foundations required to support customer, Sun Edison, LLC. APS network upgrades costs noted below and included SGIA. SGIA has been signed by Sun Edison, LLC, funded and is waiting for APS signature for execution.	N/A	\$5,779	11/27/2011
16	WA116866	Granite Creek Switchyard 162: Network Upgrades	1,434,452	The Granite Creek switchyard is needed to accommodate the interconnection of the Chino Valley Solar project, which is about 100 MW of wind generation.	N/A	\$8,284	10/6/2012
17	WA89748	Pinnacle Peak Sub: Add 500kV Reactor	1,340,544	170 MVAR reactor is necessary for the project to control high voltages in Phoenix area due to Valley wide light load conditions. The reactor is required to prevent High Voltage Open End conditions in case of the Pinnacle Peak Morgan 500kV line outages. Addition of SR280 will allow for more operational flexibility of voltage control, and partially mitigate the need for generation to run 'out of merit' during light load conditions.	N/A	\$2,561	12/1/2012
18	WA32700	Cholla Sub-500kV 2011 SFA Breaker Replacement (CH652)	1,322,403	500kV 2 pressure, live tank breakers (model #500SF440) are obsolete, require high maintenance, and are expensive to overhaul. The pneumatic mechanisms, mechanical linkages and interrupters are complex, difficult, troublesome and would now require a vendor presence to overhaul.	N/A	\$25,456	3/1/2012
19	WA95686	Waldrip Substation: Build 69kV Switching Station	1,316,698	This work order to account for the cost in building a new 69kV Switching Station in Yuma, AZ. This switchyard is needed to loop in the San Luis and Baja substations into the APS transmission system in southern Yuma. The new 69kV line configuration will prevent load shedding of installation of (3) 69kV breakers, switches, associated bus, control house, relaying, and PTs at the Waldrip substation site in Q1 of 2012.	N/A	\$2,535	12/1/2012
20	WA110438	Pinnacle Peak Sub: Replace 230/500kV Transformer - T1712	1,246,363	The spare Hyundai 500/230kV transformer T1712 located at Morgan Substation will be relocated to Pinnacle Peak substation due to the loss of the existing Hyundai 500/230kV T1705 transformer caused by a fire. Costs will be collected on this work order and billed at 100% by accounting to Hyundai.	N/A	\$16,795	6/6/2012
21	WA64068	At Meadowbrook sub, rebuild Section Bay 3, Zone 4 Phase 3 and perform major maintenance	1,209,112	The Meadowbrook GIS was installed in 1990 and has not had any real maintenance performed on it since its installation. In 2010, one of the sections of pressurized gas pipes developed a leak (cracked weld) and a temporary repair patch was implemented to control the leak. The original manufacturer (Merlin Gerni) conducted a site inspection to determine the over-all condition of the system and provided recommended corrective actions to bring the system up-to-date on its maintenance and replace the section of pipe with the leak. If the section of pipe was not replaced the cracked weld could propagate to the point of failure which could potentially lead to an internal flash in the GIS enclosure. Any type of GIS failure would cause a very long repair timeframe. The OEM is a French company and getting parts is a six month process. Losing the ME GIS for extended periods of time would greatly challenge the APS 230kV system. The ME GIS connects SS to CC.	N/A	\$18,620	5/1/2012
22	WA128970	Q205 (Net Upg.) - Desert Sands 69kV	1,167,427	This work order is to account for the labor & materials needed to build a new 69kV, 3 breaker ring bus switchyard at the Foothills Solar site (Q205 - AZ Sun). APS-Generation has hired a developer to construct a 35MW photovoltaic generation facility in the Yuma area under the AZ Sun initiative. The Foothills Solar project, which is needed to interconnect the APS transmission system.	N/A	\$2,247	12/1/2012
23	W502972	Waldrip To Marine Air/32nd Street D	1,065,873	This work order to account for the labor and materials that were needed to build 4 miles of new 69kV (R2769X) line from the County 14-1/2 St. alignment & west of Ave. 1E to County 14th St. & installed 69kV poles for .5 miles.	N/A	\$12,311	7/1/2012
24	WA54329	Weslking Substation: Add 500kV Reactor	1,048,968	Spare 170 MVAR reactor needed for light load conditions. EHV system and western Phoenix 230kV network exhibit high voltages during light load conditions, often above the operating limit. Palo Verde generation units are typically at full loading during light load, and Redhawk generating units are run 'out of merit' to buck additional VARS off the system (e.g. reducing system voltages). Addition of SR298 will allow for more operational flexibility of voltage control, and partially mitigate the need for Redhawk to run 'out of merit' during light load conditions.	N/A	\$24,231	1/1/2012
25	W493286B	Hoodoo Wash Phase 1 Network Upgrade	823,550	The Hoodoo Wash switchyard was needed to interconnect the Agua Caliente Solar project. Phase 1 of the project is projected to max out at 290MW of solar power.	N/A	\$19,024	1/1/2012

Arizona Public Service Company  
2012 Transmission Actual Addition Dollars and Estimated O&M

Line No.	WAF	Description	Actual Cost	Purpose	Renewables Impact	Miles	Estimated O&M	In-Service Date
26	WA82400	Cholla Sub: 500KV 2012 SFA Breaker	745,455	500KV pressure, live tank breaker (model #550SFA40) is obsolete, requires high maintenance, and is expensive to overhaul. The pneumatic mechanisms, mechanical linkages and interrupters are complex, difficult, troublesome and would now require a vendor presence to overhaul. Replacement parts are difficult to obtain and parts are salvaged from removed units and these parts are not reliable.	N/A	N/A	\$1,435	12/1/2012
27	WA82413	Saguaro Sub: 500KV 2012 SFA Breaker	713,670	500KV pressure, live tank breakers (model #550SFA40) are obsolete, requires high maintenance, and are expensive to overhaul. The pneumatic mechanisms, mechanical linkages and interrupters are complex, difficult, troublesome and would now require a vendor presence to overhaul. Replacement parts are difficult to obtain and parts are salvaged from removed units and these parts are not reliable.	N/A	N/A	\$12,364	4/1/2012
28	WA124834	At Double Tree sub - Transformer 69/12kV Replace #51	689,499	At Double Tree sub - Transformer 69/12kV Replace #51 XFMR (T1001out T11706 in)	N/A	N/A	\$11,946	4/1/2012
29	W542410	Willow Lake To Prescott City: Rebuild 1.2MI	651,774	The scope of this project changed to include the replacement of 12kv conductor from A47TV to A785V for the full length of the project (2 Miles). It was decided to do this due to the fact that there is no easy way to transfer the existing 12kv conductor to the new pole line without causing an extensive outage to several customers or needing to install a shunt for the length of the project. With this upgrade we are also able to eliminate a stretch of parallel 477 with a single 795.	N/A	1.2	\$1,255	12/1/2012
30	W441712	Chollas: Replace345KV Ch1032 (B1213)	624,739	Work order to replace 345KV Breaker CH1032	N/A	N/A	\$14,431	11/1/2012
31	WA124092	McDowell Tap: 69KV In And Out Conversion	615,385	McDowell Tap: 69KV In and Out Conversion: This will require the removal of 7 wooden poles, and the installation of 6 new steel poles, including 2-DCDEs. The new design of the line within the substation boundaries, requires that a switch	N/A	N/A	\$2,369	11/1/2012
32	WA40971	Replace The HPOF Pressurization Pump	598,104	The Indiana HPOF Pressure Plant (PP) installation removed and replaced the old plant and old isolation valve assemblies/controls.	N/A	N/A	\$2,307	11/1/2012
33	W498102	Pinnacle Peak: Engineer, Design & Procure Communication/Info Infrastructure	596,038	IS will design, engineer, implement and support, a communication/information infrastructure that overviews the Pinnacle Peak Substation. This system is a collaboration of multiple disciplines and technologies based on ED overall strategic communication needs and requirements.	N/A	N/A	\$10,326	4/1/2012
34	WA125688	At Meadowbrook sub - Transformer 69/12kV Replace #11	576,794	At Meadowbrook sub - 69/12 kV distribution substation transformer changeout	N/A	N/A	\$2,221	11/1/2012
35	W427281	Mcvey To Ulling (Eagle Eye To Black)	556,026	This job is the Phase 1 of 5, which consist of relocating the 69KV with 12KV underbuilt. APS will be replacing the existing 633KV to R795X from Black Peak to Eagle Eye substation.	N/A	N/A	\$10,704	3/1/2012
36	WA113016	Granite Creek 69KV OH Q162: 69KV OH In & Out Incl Fiber Network Upgrades	553,500	Manor Substation 5 miles to the new Granite Creek Switchyard. OH network upgrades also include installing 200' of double circuit 69KV for the in & out into Granite Creek Switchyard from the Old Home Manor to Willow Lake 69KV line.	The Granite Creek switchyard is needed to accommodate the interconnection of the Chino Valley Solar project, which is 20MW of solar power.	0.03	\$3,196	10/5/2012
37	W462706	Pinal Sub: Upgrade Transformer To 41MVA (T1696 IN, T1354 OUT)	549,063	Phelps Dodge is re-opening Miami mine. SRP will serve the mine. However, APS will experience the ripple effect from the new job growth in the Globe area. Load is forecasted to reach greater than 20.3MW on the transformer. This project is necessary to mitigate thermal overload on the transformer and to serve future residential/commercial load in the area. Through engineering field checks, it was also determined that existing secondary oil containments were not compliant with the new APS standards. Therefore secondary oil containments will need to be retro fitted to meet current standards.	N/A	N/A	\$12,683	1/1/2012
38	W122074	Biscuit Flats To Gateway: 69kv Oh Line	517,724	Install, 5 miles of DC 69KV from the Biscuit Flats- Pioneer Line to the new Gateway Switchyard. This includes 10 75H6 Steel Poles and 3 DCDE Steel Poles. The wire will be R795X.	N/A	0.5	\$9,966	3/2/2012
39	FBC90403	Xfmr T-1714 Purchase And Install	492,432	Replace T 625 Xfmr with new T-1714 Xfmr Purchase and Installation - 500/345KV transformer at Four Corners	N/A	N/A	\$9,479	3/1/2012
40	W454364	Installing And Upgrading Security/Alarm system	480,208	Installing and Upgrading Security/Alarm system.	N/A	N/A	\$2,773	10/1/2012
41	WA94308	Winslow - Bluebridge Final Phase 3 O	479,317	APS construction crew to re-insulate approximately 12 miles of 69KV line on the Bluebridge to Winslow 69KV Line. Crews will also string and sag a common neutral where necessary (K cable). No Ground rods are necessary on Phase 3. The construction of this line will be done by HOT STICK group as it is a radial line.	N/A	N/A	\$11,072	1/1/2012
42	W475949	Country Club Substation: 230/69/12K	475,623	Country Club Substation: 230/69/12K - upgrade transformer and feeder relays	N/A	N/A	\$4,578	8/1/2012
43	WA40633	W12 & W14 (Well Field) Install New	444,862	Install 2 feeders out of the new Wellfield Substation. Tie on to the 8 hole ductbank stubbed outside the substation gate, install 2 octagon manholes connected by 130' of 6 hole ductbank. Establish WF02 with 524' of 6-750A to a new switching cabinet & tie into existing cable to SC530844. Establish WF04 with 2,101' of 6-750A through 252' of new 2-5' conduit & 1,761' of existing conduit to SC660766.	N/A	N/A	\$1,712	11/1/2012
44	WA138593	Sw4-1 - Nglia Foothills - 26 Poles	430,230	This WA will fund all costs associated with replacement of 26 poles that failed during a storm. The poles are located in BLM territory and they supply the poles, APS supplies the labor, framing and other accessories	N/A	N/A	\$9,938	1/1/2012
45	FCC90364	Xfmr T628 Repl (Altec 7)	419,814	Replace 4C T1XA T62T with new T11710 xfmr.	N/A	N/A	\$8,081	3/1/2012
46	WA27516	Pinnacle Peak 500KV Build New Subst	384,893	This WA is part of the Morgan-Pinnacle Peak Project for the 230KV portion of the yard.	N/A	N/A	\$8,891	1/1/2012
47	WA98051	2011 Yavepai Substation - Rebuild Interior roads	366,983	Upgrade protection scheme at DG. Estimate 13 relays.	N/A	N/A	\$4,945	6/1/2012

Line No.	WAP	Description	Actual Cost	Purpose	Renewables Impact	Miles	Estimated O&M	In-Service Date
48	WA114787	Buckeye Fire Mitigation	365,248	It is an APS commitment to address the Fire Mitigation recommendations for substations that were identified in a consultant report (WA). This project will utilize the TruFire Wall system that is rated for a 4hr fire. The scope of this civil work is for Engineering, material procurement and installation of a new fire wall and the improvement of existing concrete containment berms to meet NFPA 850. This project also includes the excavation and haul off of spoils.	N/A	N/A	\$703	12/1/2012
49	WA100988	69Kv And 12kv Ohmiller Rd I-10 To Hess Ave.	361,618	Relocate 89 and 12kV OH facilities in conflict with a new Town of Buckeye Rd improvement.	N/A	N/A	\$5,569	5/1/2012
50	WA82726	Perimeter And Control House Securit	343,326	Perimeter And Control House Security	N/A	N/A	\$5,287	5/1/2012
51	WA139119	SW-4-3 - Araby Tap To Redondo - 10	335,744	This WA will fund all labor and material costs associated with replacement of eight (8) poles that were damaged during a storm. The WA includes costs for dry ice, dust control, barricades, security and logging.	N/A	3	\$4,524	6/1/2016
52	WA30305	Upgrade Protection Scheme At Desert Ridge	312,428	Upgrade protection scheme at Desert Ridge sub.	N/A	N/A	\$8,616	2/1/2012
53	WA121318	Rio Salado 69Kv Ug Fault Repair	303,665	Emergency work to fix 69kV underground fault on line between Hohokam and Tempe Substations. This work involved the replacing of 3-6" conduit sweeps at the base of the west transition poles and 3408' of 2500 kcmil cable. Six splices and four terminations (potheads) were also replaced. One phase was also replaced between east transition and east most manhole.	N/A	N/A	\$4,092	6/1/2012
54	WA14653	South O'Neil Substation: New 69Kv, Right-of-Way	297,156	This WA to account for the labor and materials needed to construct a 4 breaker, 69kV ring bus switchyard on the Yuma Marina Corp. Air Station property. This switchyard will be owned and maintained by APS. The switchyard will feed a step down substation via 69kV bus. This step down substation will be owned and maintained by the Yuma MCAS. APS will meter at the 69kV level. This 100% billable, customer requested project. The overhead lines feeding the switchyard is a under work order WA20548.	N/A	N/A	\$572	12/1/2012
55	RHC06831	2B Transformer Bushing Replacement	296,864	Xlmr T574 was pulled from West Phoenix to replace failed T1150 at Four Corners.	N/A	N/A	\$6,858	1/1/2012
56	W362501	Ts9 To Pinnacle Peak 230/500 Kv Right-of-Way	290,409	Acquire 26 miles of 230/500 kv Right-of-Way between TS9 and Pinnacle Peak Substations. APS will own 100% of the 230kV circuit and 50% of the 500kV circuit. SRP will own the other 50%. SRP will contribute the vacant position in its Westing to Pinnacle Peak 230kV corridor lying east of I-17. APS will contribute space in its Pinnacle Peak Substation.	N/A	26	\$6,708	1/1/2012
57	WA106045	At Four Corners - Replace 230/69/12Kv transformer T1150	277,517	This transformer change out is needed following switchgear fault. Resulting damage from repeated closing into the fault produced arcing gas Acetylene in excess of 350ppm. Double testing could not be performed on some failed winding.	N/A	N/A	\$5,342	3/1/2012
58	WA85986	Ash Fork Sub: Construct 4 miles of lines	277,348	Rebuild single-phase line to 3-R3/0V+N between poles 219722 and 536672 (300 ft). Build new 3-R3/0V+N line between poles 384049 and 384056 (1900 feet). Rebuild single-phase line to 3-384056 and 381690 (12000 feet). Add new three-phase recloser at or near pole 536672. Replace single-phase reclosers R381692 and R381699. Replace voltage regulator bank B219721	N/A	4	\$6,407	1/1/2012
59	W446411	Switch 500kv Replace 1 - Mk45-13X	276,198	Switch 500KV Replace 1 - Mk45-13X. Remove existing switch jumpers, Remove existing 500KV switch, control linkage, and wormgear operator from existing structure. Install new 500KV Pasacor 3.	N/A	N/A	\$4,785	4/1/2012
60	W411716	Switch 500KV Replace 1 - Mk95-12X	265,302	Work order to replace switch at At Moenkopi - Switch 500KV Replace 1 - Mk95-12X 3000A. Replace due to poor operation.	N/A	N/A	\$5,107	3/1/2012
			89,978,790 (4,385,438)	Work Orders > \$250K Work Orders < \$250K FERC Form 1				
			<u>65,593,352</u>					

Line No.	WAF#	Description	CWIP Amount	Purpose	Renewables Impact	Miles	Estimated O&M	In-Service Date
1	W452108	(Sun Valley) TS-5 to (Morgan) TS-9	5,103,634	This work order will complete the associated work following the granting of the State Commission for Environmental Cooperation (CEC) for the project. This work order will address the mandated CEC compliance work, the processing of the federal BLM permit, and Arizona	Helps schedule renewables to Phoenix Valley by increasing the scheduling capability from PV Hub and Navajo system.	N/A	\$9,836	12/31/2013
2	WA147337	Moves 500/230KV Transformer 8A into the 6A Position	373,653	A new Kyrene 500/230KV Bank 8 transformer is under construction and also uses three single phase transformers. The unit located in the 8A position is currently assembled and on schedule to be oil filled next week. SRP believes this unit can be moved, fully assembled, and is an ideal candidate to replace the failed transformer. This CBI is intended to cover only those costs associated with moving the failed unit out of the 8A position and moving 8A into the 6A position. An additional CBI will be submitted for the capital replacement of the failed unit once those costs are known. Replacement costs will be net of any insurance adjustments but will include applicable deductibles.	N/A	N/A	\$719	12/31/2013
3	W495430	69KV And 12 Kv Oh Conflict Relocation/I-10 And Loop 303	1,975,773	Provide an interconnection from the Perrin Ranch Substation to the APS transmission system. This consists of the construction of the following items; a new 500KV switchyard, named Cedar Mountain, a tie to the Moenkopi - Tavapai 500 line and upgrade the relaying at Moenkopi and Yavapai Substations and communications upgrades at Bill Williams Mountain. In addition, a 21kv switchyard and Nextera substation. This line will provide station power to the APS Red Lake substation. Upgrades at Red Lake substation include the upgrading of the transformer to accommodate the added load that this project requires. We will also construct a new feeder bay to support the new 21 kv line. We will also install an Interim microwave path to Bill Williams Mountain.	N/A	2.4	\$38,034	3/15/2013
4	W493449	2010 Capital Repairs 230-2	1,286,327	Change out arms on several structures near Verde substation. Crews have replaced 226 arms including 7 complete fixtures, 9 knee-braces, 18 x-braces, 12 wood guy/insulators, three poles, multiple bells, misc. hardware, and subbed 5 poles on the 65 mile Cholla-Willow Lake 230kv line (230-2).	N/A	N/A	\$29,714	1/31/2013
5	W494239	Moenkopi 500KV Capacitor Bank C4 replacement project (PCB)	8,575,353	Existing 525KV capacitor bank is over 40 years old and has reached end of its life. There are no more spare parts available. Without spare parts it will be difficult to maintain the existing bank. The bank is essential to maintain reliability and capacity of the EHV transmission system. The existing Westinghouse CBSE27 shall be removed. The existing CBSE27 foundations shall be removed. New foundation shall be constructed as required. The new General Electric CBSE27 shall be constructed.	N/A	N/A	\$115,553	6/7/2013
6	W408942	119 St-Lone Mountain To Dixielta Dr/Loop 69 Kv Conv	2,101,335	Install two (2) separate 69KV trenches totaling 10,920 trench feet for the Via Dona Sub 69KV in and out design for the future installation (to be completed on WA28799) of 6-2500g KCMIL AL Lone Mountain Road along the 118th St alignment to meet the City of Scottsdale Requirements for the Via Dona to Dale 69KV installation and the Via Dona to Stage Coach 69KV installation. APS will pay the cost of this underground installation under this W#.	N/A	2.1	\$18,180	9/22/2013
7	W392161	At Coconino - Installing and Upgrading Security/Alarm systems	719,487	Installing and Upgrading Security/Alarm systems At Coconino sub.	N/A	N/A	\$16,620	1/31/2013
8	W485005	Black Peak - Eagle Eye: Rebuild to 795 ACSS Ph 5 of 5 (12.3mi)	4,962,592	Rebuild Vicksburg Tap-Salome 69KV line to 795ACSS (12.25 miles)	N/A	N/A	\$66,871	6/1/2013
9	WA28449	Relocate 69 Kv/Loop 303 And Olive	685,407	Relocate existing 69KV OH facilities in conflict with new Loop 303 & Olive freeway bridge improvements.	N/A	N/A	\$15,833	1/31/2013
10	W490387	Black Peak: Substation Expansion	4,962,592	Replace the 18/69KV, 35 MVA transformer at Black Peak with 100 MVA transformer. The transformer will be capable of operating with a 230KV high side. Additional work will include the installation of a breaker to support the new transformer. The transformer will be placed in the location to support the future re-build of the sub. That re-build is needed to accommodate WAPA's plans to upgrade to 230KV.	N/A	N/A	\$9,553	12/31/2013
11	WAS4186	Moenkopi 500KV: Upgrade Moenkopi-EI Donado Line Protection and Communication	619,178	SCE Company has requested APS to coordinate with them to replace the relaying on the Moenkopi El Dorado 525kv line. The relays are over 20 years old and the manufacturer no longer supports them. Spare parts are in short supply. For the same reasons, the Moenkopi Four Corners 525kv line relays need also be replaced. These two lines are the only 525kv lines in the APS system to have the original relays still in service. In addition, the relaying communications equipment should be replaced. The communications equipment is the same age as the relays and is no longer supported by the manufacturer and the only spare parts we have on hand are from a few units that have been removed from service and salvaged for parts.	N/A	N/A	\$7,152	7/31/2013
12	W394163	Cholla-Coconino 230KV line - Change Out Multiple Fixtures And Arms - Capital 2008 230-1	908,484	This line was found to have an insufficient ground clearance of 19' - 7" between poles #651 and #652. The conductors were re-secured and brought up to the correct Ruling Span tension. This increased the ground clearance for the span to 27' - 0".	N/A	N/A	\$20,986	1/31/2013
13	W213771	Young's Canyon Sub: 345/69KV Build New Substation	7,620,178	This project is to construct a new 345/69KV substation in Winona, Arizona. This substation will support the load in the Northern Arizona area. The feed for the substation will come from WAPA's Flagstaff Substation at 345KV. The power will be transformed to 69 kv and will be fed in to the existing Coconino - Winslow 69 line. In addition, a new 69 line constructed from Sandvlg Sub will terminate at Young's canyon. The sub will also be the site for storage of an additional 345/69 transformer.	N/A	N/A	\$14,669	12/31/2013

Arizona Public Service Company  
2013 Transmission Estimated Additional Dollars and O&M

Line No.	WAF#	Description	CWIP Amount	Purpose	Renewables Impact	Miles	Estimated O&M	In-Service Date
14	W335853	Delaney Substation - 500KV Switchyard	8,220,604	This project is to construct a new 500KV switchyard near Tonopah, Arizona. This project is part of the first step to the plan to construct a link from the Palo Verde Hub to the Pinnacle Peak Bus. When completed this link will create a new 500KV path between the Palo Verde Transmission system, The Navajo transmission system and the Four Corners/Chinle Transmission system. This link will help APS to support our customers and comply with NERC reliability standards and federal regulations. This project is also identified in APS's Renewable Transmission Action Plan (RTAP) filing at the Arizona Corporation Commission (ACC). This project was identified as a project that has the potential to increase the renewable energy development in Arizona and is also one of the Top 3' renewable Transmission projects in an October filing at the ACC.	N/A	N/A	\$110,773	6/1/2013
15	WA115147	Young's Canyon - Sandvig 69 line Phase 2	4,446,071	This WA provides the materials and manhour costs to build 5.3 miles of 69kv (3-A795X-F656V NS) with 12kv underground (3-A795V-R20V NC) from pole 9/12 to Sandvig Sub In Flagstaff. This estimate includes costs for installation of steel weathered poles, hole digging under energized lines, environmental assessment and monitoring, tree trimming, aerial equipment to mobilize the poles, security, cranes, flyover construction, helicopter costs, traffic control and police, materials labor and trenching for underground cutovers, operational switching, replacement of existing transformer banks on poles, and permitting costs, etc. Costs for spreading the 12kv lines energized (hot) to set the new poles in place are also included.	N/A	5.2	\$77,028	4/15/2013
16	WA102875	2012 Climbing Inspection - 115-1 - 1-Capital	527,909	This WA will capture Time and Material associated with items that are found during climbing inspections and are eligible for capitalization under our current retirement unit process.	N/A	N/A	\$3,049	10/10/2013
17	WA54382	2011 Climbing Inspection - NW -3 - C	283,753	This WA will capture Time and material associated with items that are found during climbing inspections and are eligible for capitalization under our current retirement unit process.	N/A	N/A	\$3,958	6/30/2013
18	W497059	Cave Creek - Gavilan Pk 69KV Line Sling	457,709	This work order is for the work tasks and costs associated with the Sling efforts and public outreach in support of the Cave Creek to Gavilan Peak 69KV Line Project. This Project will bring a second 69KV source into the Cave Creek substation from the Gavilan Peak substation to eliminate the radial nature of the Cave Creek substation. This work tasks and costs include hiring of an environmental consultant to assist in the evaluation of potential routes along with public and stakeholder outreach.	N/A	N/A	\$4,405	8/31/2013
19	WA131711	Adams Tap MOI & Communication	1,339,788	WAPA is requesting to replace the Motor Operated Interrupters. When work is performed at Adams Tap, WAPA has to de-energize the line at Nogales and Apache and an outage has to be coordinated with APS's customers (Cochise County area). The interrupters need replacement because WAPA can no longer find parts for them because they are approximately 30 years old. The old MOIs are mechanical and the last one stopped working 6-months ago. The root of the problem is when opened, they won't open together, causing the line to trip. Additionally, the Communications Building roof is not holding up. It is leaky and the rain and moisture have rusted the relay panels. This construction agreement proposes to replace the communications building and the associated relays, panels and equipment to serve Adams Tap.	N/A	0	\$2,579	12/1/2013
20	WA118945	Breaker Replace 69KV WAPA - Oracle	291,417	At Oracle sub - WAPA to replace Breaker 502.	N/A	N/A	\$5,610	3/1/2013
21	W468919	Youngs Canyon Sub 345/69KV Sub- 69kv in & out	874,035	Youngs Canyon Sub 345/69KV Sub- 69KV In & Out	N/A	0.25	\$18,508	2/7/2013
22	W420700	Hasasayampa to North Gila 500kv #2 - Land Acquisition	5,687,444	Palo Verde Hub to North Gila Substation 500kv land acquisition.	N/A	58	\$10,948	12/31/2013

Arizona Public Service Company  
2013 Transmission Estimated Addition Dollars and O&M

Line No.	WA#	Description	CWIP Amount	Purpose	Renewables Impact	Miles	Estimated O&M	In-Service Date
23	T27054H	1108007 EMS Technology Upgrade - Phase 1	5,531,467	EMS Technology Upgrade	<p>This project is identified in APS's Renewable Transmission Action Plan (RTAP) filing at the Arizona Corporation Commission (ACC). This project was identified as a project that has the potential to increase the renewable energy development in Arizona and is also one of the 'Top 3' renewable Transmission projects in a filing at the ACC. The Palo Verde to North Gila 500kV #2 line provides the interconnection point for multiple solar generation projects in APS's and CAISO's interconnection queues. The project will increase the ability to schedule renewable resources, both into AZ from CA, and into CA from AZ.</p>	N/A	\$42,592	9/20/2013
24	W393890	Capital 2009 For Verde - Coco NW-5	318,419	Capital 2009 For Verde - Coco NW-5		N/A	N/A	\$7,355
25	WA71948	DFR Replacement - 5 Cholla 345kv Control House	257,841	DFR Replacement - 5 Cholla 345kv Control House	N/A	N/A	\$3,474	6/7/2013
		Work Orders > \$250k	68,146,461					
		Work Orders < \$250K	5,761,616					
		<b>CWIP 2013</b>	<u><b>73,908,077</b></u>					

Arizona Public Service Company  
2014 Transmission Estimated Addition Dollars and O&M

Line No.	WA#	Description	CHWP Amount	Purpose	Renewables Impact	Miles	Estimated O&M	In-Service Date
1	W403500	Sun Valley - Morgan 500/230KV Land	2,175,238	Approximately 38 miles of land acquisition through State, BLM and private lands for the Morgan (TS9) to Sun Valley (TS6) 500/230 KV Transmission Line Project. This line will complete a 500KV loop from PV to the NE valley and supply additional reliability for the metro transmission system.	Helps schedule Valley by increasing the scheduling capability from PV Hub and Navajo system.	N/A	\$4,187	12/31/2014
2	WA118394	North Gila - TS8 Project 230KV Right of Way Land Acquisition	1,400,961	This work order is to capture the land acquisition, survey and right of way costs associated with the new transmission line between the existing North Gila Substation and the new TS-8 Substation. The project includes a double circuit 230KV transmission line approximately 13 miles in length and begins at the existing North Gila Substation northeast of the City of Yuma and terminates at a future TS-8 Substation to the southwest. This work order is associated with WA121351 for the TS8 Substation property acquired.	N/A	13	\$18,078	6/16/2014
3	W371913	Sundance to Pinal Central 230KV Transmission Line	1,327,926	Provide an interconnection from the Perrin Ranch Substation to the APS transmission system. This consists of the construction of the following items: a new 500KV switchyard, named Cedar Mountain, a tie to the Moenkopi-Yavapai 500 line and upgrade the relaying at Moenkopi and Yavapai Substations and communications upgrades at Bill Williams Mountain. In addition, a 21kv line will be constructed from Red Lake Substation. This line will provide station power to the APS switchyard and Nektara substation. This line will also provide an interim communications path to Red Lake substation. Upgrades at Red Lake substation include the upgrading of the transformer to accommodate the added load that this project requires. We will also construct a new feeder bay to support the new 21 KV line. We will also install an interim microwave path to Bill Williams Mountain.	N/A	N/A	\$17,894	6/1/2014
4	WA121951	TS8 Substation Property Acquisition	617,034	This work order is to capture the land acquisition, survey and right of way costs associated with the new Substation - TS-8 Substation. The project includes a double circuit 230KV transmission line approximately 13 miles in length and begins at the existing North Gila Substation northeast of the City of Yuma and terminates at a future TS-8 Substation to the southwest.	N/A	N/A	\$11,010	6/13/2014
5	WA1779	Scatter Wash Sub(TS6);230/69KV Siten Prep	1,472,000	Scatter wash substation formerly known as TS6 site prep located on SW corner of Happy Valley Road & Central Ave. Partial site prep only to install wall and do ofsite improvements. Sub site foundation will be installed 2020 before substation is req'd in 2021. Land has purchased 24 acres for 230/69KV substation.	N/A	N/A	\$2,834	12/31/2020
		Work Orders > \$250k	7,193,159					
		Work Orders < \$250k	687,096					
		<b>CHWP 2014</b>	<u>7,880,255</u>					

**Arizona Public Service Company**

**Formula Rate – Appendix A**

Shaded cells are input cells

Notes

FERC Form 1 Page # or  
Instruction

2012

<b>Wages &amp; Salary Allocation Factor</b>			
1	Transmission Wages Expense	p354.21.b	17,301,114
2	Total Wages Expense	p354.28b	375,661,774
3	Less A&G Wages Expense	p354.27b	93,904,522
4	Total	(Line 2 - 3)	281,757,252
5	<b>Wages &amp; Salary Allocator</b>	(Line 1 / 4)	<b>6.1404%</b>
<b>Plant Allocation Factors</b>			
6	Electric Plant in Service	(Note B) Attachment 5	14,861,023,177
7	Total Plant in Service	(Sum Line 6)	14,861,023,177
8	Accumulated Depreciation (Total Electric Plant)	Attachment 5	5,683,978,497
9	Total Accumulated Depreciation	(Line 8)	5,683,978,497
10	Net Plant	(Line 7 - 9)	9,177,044,680
11	Transmission Gross Plant	(Line 22 - Line 38)	2,146,221,138
12	<b>Gross Plant Allocator</b>	(Line 11 / 7)	<b>14.4419%</b>
13	Transmission Net Plant	(Line 32 - Line 38)	1,478,784,507
14	<b>Net Plant Allocator</b>	(Line 13 / 10)	<b>16.1140%</b>
<b>Plant in Service (Note O)</b>			
15	Transmission Plant in Service	(Note B) Attachment 5	2,093,610,284
16	New Transmission Plant Additions for Current Calendar Year (weighted by months in service)	Attachment 6	26,497,153
17	Total Transmission Plant in Service	(Line 15 + 16)	2,120,107,437
18	General & Intangible	Attachment 5	1,216,588,829
19	Total General	(Line 18)	1,216,588,829
20	Wage & Salary Allocation Factor	(Line 5)	6.14043%
21	General Plant Allocated to Transmission	(19 * 20)	74,703,816
22	<b>TOTAL Plant in Service</b>	(Line 17 + 21)	<b>2,194,811,253</b>
<b>Accumulated Depreciation</b>			
23	Transmission Accumulated Depreciation	(Note B) Attachment 5	624,798,831
24	Accumulated Depreciation for Transmission Plant Additions for Current Rate Year	Attachment 6	185,341
25	Total Transmission Accumulated Depreciation	(Line 23 + Line 24)	624,984,172
26	Accumulated General Depreciation	Attachment 5	143,718,662
27	Accumulated Intangible Depreciation	Attachment 5	547,640,751
28	Total Accumulated Depreciation	(Sum Lines 26 to 27)	691,359,413
29	Wage & Salary Allocation Factor	(Line 5)	6.1404%
30	General Allocated to Transmission	(Line 28 * 29)	42,452,458
31	<b>TOTAL Accumulated Depreciation</b>	(Line 25 + 30)	<b>667,436,630</b>
32	<b>TOTAL Net Property, Plant &amp; Equipment</b>	(Line 22 - 31)	<b>1,527,374,623</b>

**Adjustment To Rate Base**

<b>Accumulated Deferred Income Taxes</b>			
33	ADIT net of FASB 106 and 109	Attachment 1	-364,015,976
34	Accumulated Deferred Income Taxes Allocated To Transmission	(Line 33)	-364,015,976
<b>Transmission O&amp;M Reserves</b>			
35	Total Balance Transmission Related Account 242 Reserves	Enter Negative Attachment 5	-12,265,218
<b>Prepayments</b>			
36	Prepayments	(Note A) Attachment 5	12,863,485
37	Total Prepayments Allocated to Transmission	(Line 36)	12,863,485
38	Land Held for Future Use	(Note C) p214	48,590,116
<b>Materials and Supplies</b>			
39	Undistributed Stores Exp	(Note A) p227.6c & 16.c	0
40	Wage & Salary Allocation Factor	(Line 5)	6.1404%
41	Total Transmission Allocated	(Line 39 * 40)	0
42	Transmission Materials & Supplies	p227.8c	30,666,214
43	Total Materials & Supplies Allocated to Transmission	(Line 41 + 42)	30,666,214
<b>Cash Working Capital</b>			
44	Operation & Maintenance Expense	(Line 72)	64,092,780
45	Zero Cash Working Capital	Zero	0.0%
46	Total Cash Working Capital Allocated to Transmission	(Line 44 * 45)	0
<b>Network Credits</b>			
47	Outstanding Network Credits	(Note N) Attachment 5	15,142,491
48	Less Accumulated Depreciation Associated with Facilities with Outstanding Network Credits	(Note N) Attachment 5	268,696
49	Net Outstanding Credits	(Line 47 - 48)	14,873,795
50	<b>TOTAL Adjustment to Rate Base</b>	(Line 34 + 35 + 37 + 38 + 43 + 46 - 49)	-299,035,174
51	<b>Rate Base</b>	(Line 32 + 50)	1,228,339,449

**O&M**

<b>Transmission O&amp;M</b>			
52	Transmission O&M	p321.112.b	67,246,545
53	Less Account 565	p321.96.b	18,927,481
54	Transmission O&M	(Line 52 - 53)	48,419,064
<b>Allocated General Expenses</b>			
55	Total A&G	p323.197.b	212,485,929
56	Less PBOP Adjustment	Attachment 5	6,618,653
57	Less Property Insurance Account 924	p323.185b	5,723,043
58	Less Regulatory Commission Exp Account 928	(Note E) p323.189b	16,886,150
59	Less General Advertising Exp Account 930.1	p323.191b	2,759,086
60	Less EPRI Dues	(Note D) p352-353	0
61	General Expenses	(Line 55) - Sum (56 to 60)	180,498,986
62	Wage & Salary Allocation Factor	(Line 5)	6.1404%
63	General Expenses Allocated to Transmission	(Line 61 * 62)	11,083,419
<b>Directly Assigned A&amp;G</b>			
64	Regulatory Commission Exp Account 928	(Note G) Attachment 5	3,668,088
65	General Advertising Exp Account 930.1	(Note K) Attachment 5	0
66	Subtotal - Transmission Related	(Line 64 + 65)	3,668,088
67	Property Insurance Account 924	p323.185b	5,723,043
68	General Advertising Exp Account 930.1	(Note F) Attachment 5	0
69	Total	(Line 67 + 68)	5,723,043
70	Net Plant Allocation Factor	(Line 14)	16.1140%
71	A&G Directly Assigned to Transmission	(Line 69 * 70)	922,208
72	<b>Total Transmission O&amp;M</b>	(Line 54 + 63 + 66 + 71)	64,092,780

**Depreciation & Amortization Expense**

<b>Depreciation Expense (Note P)</b>			
73	Transmission Depreciation Expense	p336.7f	40,629,643
74	New plant Depreciation Expense	Attachment 6	575,174
75	Total Transmission Depreciation Expense	(Line 73 + Line 74)	41,204,816
76	General Depreciation	p336.10f	34,523,507
77	Intangible Amortization	(Note A) p336.1f	49,960,802
78	Total	(Line 76 + 77)	84,484,309
79	Wage & Salary Allocation Factor	(Line 5)	6.1404%
80	General Depreciation Allocated to Transmission	(Line 78 * 79)	5,187,702
81	<b>Total Transmission Depreciation &amp; Amortization</b>	(Line 75 + 80)	46,392,518

Taxes Other than Income			
82	Taxes Other than Income	Attachment 2	28,498,442
83	<b>Total Taxes Other than Income</b>	<b>(Line 82)</b>	<b>28,498,442</b>

Return on Investment			
<b>Long Term Interest</b>			
84	Long Term Interest	p117.62c through 67c	195,415,263
85	<b>Long Term Interest</b>	<b>(Line 84)</b>	<b>195,415,263</b>
86	Preferred Dividends	enter positive p118.29c	0
<b>Common Stock</b>			
87	Proprietary Capital	p112.16c	4,093,000,849
88	Less Preferred Stock	(Line 96) enter negative	0
89	Less Accumulated Other Comprehensive Income Account 219	p112.15c enter negative	89,095,286
90	Less Account 216.1	p112.12c enter negative	-7,745
91	<b>Common Stock</b>	<b>(Sum Lines 87 to 90)</b>	<b>4,182,088,389</b>
<b>Capitalization</b>			
92	Long Term Debt	p112.18c through 23c	3,156,099,380
93	Less Loss on Reacquired Debt	p111.81c enter negative	-19,561,430
94	Plus Gain on Reacquired Debt	p113.61c enter positive	458,291
95	<b>Total Long Term Debt</b>	<b>(Sum Lines 92 to 94)</b>	<b>3,136,996,241</b>
96	Preferred Stock	p112.3c	0
97	Common Stock	(Line 91)	4,182,088,389
98	<b>Total Capitalization</b>	<b>(Sum Lines 95 to 97)</b>	<b>7,319,084,630</b>
99	Debt %	(Line 95 / 98)	43%
100	Preferred %	(Line 96 / 98)	0%
101	Common %	(Line 97 / 98)	57%
102	Debt Cost	(Line 85 / 95)	0.0623
103	Preferred Cost	(Line 86 / 96)	0.0000
104	Common Cost	(Note J) Fixed	0.1075
105	Weighted Cost of Debt	(Line 99 * 102)	0.0267
106	Weighted Cost of Preferred	(Line 100 * 103)	0.0000
107	Weighted Cost of Common	(Line 101 * 104)	0.0614
108	<b>Total Return ( R )</b>	<b>(Sum Lines 105 to 107)</b>	<b>0.0881</b>
109	<b>Investment Return = Rate Base * Rate of Return</b>	<b>(Line 51 * 108)</b>	<b>168,246,647</b>

Complete Income Tax			
<b>Income Tax Rates</b>			
110	FIT=Federal Income Tax Rate		35.00%
111	SIT=State Income Tax Rate or Composite	(Note I)	6.94%
112	p	FIT deductible for SIT	0.00%
113	$T = 1 - \frac{p}{1 - (1 - SIT) * (1 - FIT)}$		39.51%
114	$T / (1 - T)$		65.32%
<b>ITC Adjustment</b>			
115	Amortized Investment Tax Credit	(Note I) enter negative p266.8f	0
116	T/(1-T)	(Line 114)	65.32%
117	Net Plant Allocation Factor	(Line 14)	16.1140%
118	<b>ITC Adjustment Allocated to Transmission</b>	<b>(Line 115 * (1 + 116) * 117)</b>	<b>0</b>
119	<b>Income Tax Component =</b>	<b>(Line 114 * 109 * (1 - (105 / 108)))</b>	<b>49,285,387</b>
120	<b>Total Income Taxes</b>	<b>(Line 118 + 119)</b>	<b>49,285,387</b>

REVENUE REQUIREMENT			
<b>Summary</b>			
121	Net Property, Plant & Equipment	(Line 32)	1,527,374,623
122	Adjustment to Rate Base	(Line 60)	-299,035,174
123	<b>Rate Base</b>	<b>(Line 51)</b>	<b>1,228,339,449</b>
124	O&M	(Line 72)	64,092,780
125	Depreciation & Amortization	(Line 81)	46,392,518
126	Taxes Other than Income	(Line 83)	28,498,442
127	Investment Return	(Line 109)	108,246,647
128	Income Taxes	(Line 120)	49,285,387
129	<b>Gross Revenue Requirement</b>	<b>(Sum Lines 124 to 128)</b>	<b>296,515,775</b>

<b>Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities</b>			
130	Transmission Plant In Service	(Line 15)	2,093,610,284
131	Excluded Transmission Facilities	(Note N) Attachment 5	109,258,345
132	Included Transmission Facilities	(Line 130 - 131)	1,984,351,939
133	Inclusion Ratio	(Line 132 / 130)	94.78%
134	Gross Revenue Requirement	(Line 129)	296,515,775
135	<b>Adjusted Gross Revenue Requirement</b>	(Line 133 * 134)	<b>261,041,633</b>
<b>Revenue Credits &amp; Interest on Network Credits</b>			
136	Revenue Credits	Attachment 3	17,418,392
137	Interest on Network Credits	(Note N) Attachment 5	167,816
<b>138</b>	<b>Net Revenue Requirement</b>	<b>(Line 135 - 136 + 137)</b>	<b>263,791,057</b>
<b>Net Plant Carrying Charge</b>			
139	Net Revenue Requirement	(Line 138)	263,791,057
140	Net Transmission Plant	(Line 15 - 23)	1,468,811,453
141	Net Plant Carrying Charge	(Line 139 / 140)	17.9595%
142	Net Plant Carrying Charge without Depreciation	(Line 139 - 73) / 140	15.1933%
143	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes	(Line 139 - 73 - 109 - 120) / 140	4.4682%
<b>Net Plant Carrying Charge Calculation per 100 Basis Point increase in ROE</b>			
144	Net Revenue Requirement Less Return and Taxes	(Line 138 - 127 - 128)	106,259,023
145	Increased Return and Taxes	Attachment 4	169,135,391
146	Net Revenue Requirement per 100 Basis Point increase in ROE	(Line 144 + 145)	275,394,415
147	Net Transmission Plant	(Line 15 - 23)	1,468,811,453
148	Net Plant Carrying Charge per 100 Basis Point increase in ROE	(Line 146 / 147)	18.7495%
149	Net Plant Carrying Charge per 100 Basis Point in ROE without Depreciation	(Line 146 - 73) / 147	15.9833%
150	<b>Net Revenue Requirement</b>	(Line 138)	<b>263,791,057</b>
151	True-up amount	Attachment 6	13,221,250
152	Plus any increased ROE calculated on Attachment 7	Attachment 7	-
153	Facility Credits under Section 30.9 of the APS OATT	Attachment 5	-
154	<b>Net Adjusted Revenue Requirement</b>	<b>(Line 150 - 151 + 153)</b>	<b>277,012,307</b>
<b>Annual Point-to-Point Transmission Rate</b>			
155	Average of the 4 Summer CP	(Note L) Network Transmission Peak Report	7,855,545
156	Annual Point-to-Point Transmission Rate	(Line 154 / 155)	35.26
157	Average of the 8 Non-Summer CP	(Note L) Network Transmission Peak Report	5,340,350
158	Implied Non-Summer Revenue Requirement	((Line 156/12)*8* Line 157)	125,545,519
159	Implied Summer Revenue Requirement	(Line 138 - Line 158)	138,245,539
160	Implied Annualized Summer Point-to-Point Transmission Rate	((Line 154- line 158/Line 155/4)*12)	57.84

Retail Transmission Rates			
161	Residential (kWh)	Rate Design Worksheet	0.01064
162	Gen Serv < 3MW Without Demand Meters -Includes All Customers 20 kW and less (kWh)	Rate Design Worksheet	0.00590
163	Gen Serv < 3MW (kW)	Rate Design Worksheet	2.119
164	Gen Serv > 3MW (kW)	Rate Design Worksheet	2.726

Notes

- A Electric portion only
- B Exclude Construction Work In Progress expensed as O&M (rather than amortized). New Transmission plant that is expected to be placed in service in the current calendar year weighted by number of months it is expected to be in-service. New Transmission plant expected to be placed in service in the current calendar year that is not included in the Transmission Plan must be separately detailed on Attachment 5. For the Reconciliation, new transmission plant that was actually placed in service weighted by the number of months it was actually in service
- C Transmission Portion Only
- D All EPRI Annual Membership Dues
- E All Regulatory Commission Expenses
- F Safety related advertising included in Account 930.1
- G Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting itemized in Form 1 at 351.h.
- I The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and  $p = \frac{\text{the percentage of federal income tax deductible for state income taxes}}{\text{Attachment 5 the name of each state and how the blend or composite SIT was developed}}$ . Furthermore, a utility that elected to use amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by  $(1-T)$ . A utility must not include tax credits as a reduction to rate base and as an amortization against taxable income. If the tax rates change during a calendar year, an average tax rate will be used - calculated based on the number of days each was effective in the calendar year.
- J ROE of 10.75%
- K Education and outreach expenses relating to transmission, for example siting or billing
- L Based on APS Network Transmission Peak Report
- M Amount of transmission plant excluded from rates per Attachment 5.
- N Outstanding Network Credits is the balance of Network Facilities Upgrades Credits due Transmission Customers who have made lump-sum payments (net of accumulated depreciation) towards the construction of Network Transmission Facilities consistent with Paragraph 657 of Order 2003-A. Interest on the Network Credits as booked each year is added to the revenue requirement to make the Transmission Owner whole on Line 137.
- O AFUDC shall not be applied to the portion of a Network Upgrade for which the customer has provided the funds.
- P Changes in depreciation or amortization rates must be filed with the Commission, as well as any new depreciation or amortization rates.

END

Arizona Public Service Company

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet

	Transmission Related	Plant Related	Labor Related	Total ADIT
ADIT-282	0	(2,570,393,448)	0	(2,570,393,448)
ADIT-283	0	(8,966,473)	0	(8,966,473)
ADIT-190	0	52,621,916	14,562,426	67,184,342
Subtotal	0	(2,526,738,005)	14,562,426	(2,512,175,579)
Wages & Salary Allocator			6,140,04%	
Gross Plant Allocator				
ADIT	0	(364,910,171)	894,196	(364,015,976)

In filling out this attachment, a full and complete description of each item and justification for the allocation to Columns B-E and each separate ADIT item will be listed, dissimilar items with amounts exceeding \$100,000 will be listed separately.

A	B	C	D	E	F	Justification
ADIT-190	Total	Gas, Prod Or Other Related	Only Transmission Related	Plant Related	Labor Related	
Deferred Credits - Injury Reserve	721,782					Book liability for injuries recorded in FEREC account(s) 228. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Deferred Credits - SFAS 112	4,180,341	2,902,927			1,277,414	Book liability for SFAS 112 is recorded in FEREC account(s) 228 and 242. Only the amount included in account 242 is included in rate base (see Attachment 5). As such, only the ADIT associated with book liability recorded in account 242 is included in rate base.
Deferred Credits - Legal Reserves	2,129,642	2,129,642				Book liability for legal reserves recorded in FEREC account(s) 253. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Deferred Credits - Palo Verde Rent	5,627,551	5,627,551				Book liability for Palo Verde rent recorded in FEREC account(s) 253. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Deferred Credits - Coal Reclamation	46,963,565	46,963,565				Book liability for coal reclamation recorded in FEREC account(s) 253. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Deferred Credits - Unamortized Gain on PV Sale/Leaseback	0	0				Book liability for unamortized gain on PV sale/lease back recorded in FEREC account(s) 256. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Deferred Credits - Def Comp	10,141,842	8,788,367			1,353,475	Book liability for Deferred Compensation recorded in FEREC account(s) 228 and 242. Only the amount included in account 242 is included in rate base (see Attachment 5). As such, only the ADIT associated with book liability recorded in account 242 is included in rate base.
Deferred Credits - Medical Reserve	2,973,268	0			2,973,268	Book liability for medical reserve recorded in FEREC account(s) 242. The underlying book account is included in rate base, as such ADIT is included in rate base.
Deferred Credits - Option II	3,716,537	3,716,537				Book liability for Option II recorded in FEREC account(s) 253. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Deferred Credits - Retention Units	21,350,224	21,350,224				Book liability for retention units recorded in FEREC account(s) 253. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Deferred Credits - Transmission ROW Reserve	2,491,307	2,491,307				Book liability for transmission ROW reserve is recorded in FEREC account(s) 253. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Reg Liab - ARO	101,334,237	101,334,237				Book liability for ARO regulatory liability recorded in FEREC account(s) 254. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Reg Liab - PacifiCorp	5,531,642	5,651,642				Book liability for PacifiCorp regulatory liability recorded in FEREC account(s) 254. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Reg Liab - Gain on Sale of Property	39,572	39,572				Book liability for Gain on Sale of Property regulatory liability recorded in FEREC account(s) 254. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Reg Liab - PV ISFS	16,353,627	16,353,627				Book liability for PV ISFS regulatory liability recorded in FEREC account(s) 254. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Reg Liab - Power Supply Adjustor	0	0				Book liability for Power Supply Adjustor regulatory liability recorded in FEREC account(s) 254. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Reg Liab - Unamortized Gain on Reacquired Debt	181,079			181,079		Book components of unamortized gain/loss on reacquired debt are recovered over the cost of capital calculation. As such, rate base is reduced for the ADIT associated with these regulatory accounts by designating such ADIT as plant related.
Reg Liab - Deferred ITC	53,636,684	53,636,684				Book liability for Deferred ITC regulatory liability recorded in FEREC account(s) 254/255. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Reg Liab - Sundance Maintenance	3,497,025	3,497,025				Book liability for Sundance Maintenance regulatory liability recorded in FEREC account(s) 254. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Reg Liability - Amonix	2,434,685	2,434,685				Book liability for Amonix regulatory liability recorded in FEREC account(s) 254. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Reg Liab-Renewable Energy Standard	0	0				Book liability for Renewable Energy Standard regulatory liability recorded in FEREC account(s) 254. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Reg Liab-Star Center Patent Rights	444,662	444,662				Book liability for Star Center Patent Rights regulatory liability recorded in FEREC account(s) 254. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Reg Liab - SFAS 109 - Az Rate Change	2,928,396	2,928,396				Book liability for SFAS 109 Az Rate Change regulatory liability recorded in FEREC account(s) 254. The underlying book account is not included in rate base, as such ADIT is not included in rate base.

Reg Liab - Arizona Sun Program	2,019,116	2,019,116				Book liability for AZ Sun Program regulatory liability recorded in FEREC account(s) 254. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Reg Liab - Demand Side Management Program	1,586,838	1,586,838				Book liability for Demand Side Management Program regulatory liability recorded in FEREC account(s) 254. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Reg Liab - Environmental Improvement Surcharges	(2,883)	(2,883)				Book liability for Environmental Improvement Surcharges regulatory liability recorded in FEREC account(s) 254. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
NOL Carryforward	52,440,837		52,440,837			Deferred Taxes associated with book liability for NOL carryforward are related to bonus depreciation on plant additions. The plant additions, and associated ADIT (FEREC 282) are included in rate base, as such NOL Carryforward ADIT is included in rate base.
Pension and other Postretirement Benefits	382,486,084	385,020,288			7,465,008	Book liability for Pension, OPEB, and SERP recorded in FEREC account(s) 228 and 242. Only the amount included in account 242 is included in rate base (see Attachment 5). As such, only the ADIT associated with book liability recorded in account 242 is included in rate base.
Low Income Bill Assistance	1,580,489	1,580,489				Book liability for low income bill assistance recorded in FEREC account(s) 242. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Mark to market	81,515,171	81,515,171				Book liability for mark to market recorded in FEREC account(s) 175, 176, 244, and 245. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Suncoor Deferred Tax Gain	0	0				Deferred taxes associated with the tax only asset for Suncoor deferred tax gain is not included in rate base, as such ADIT is not included in rate base.
Sales/Use tax and Other Tax Accruals	6,411,392	6,411,392				Book liability for sales and use and other tax accruals recorded in FEREC account(s) 235/242. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Interest on Tax Reserve	(155,215)	(155,215)				Book liability for interest on tax reserve recorded in FEREC account(s) 237. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Severance Reserve	231,259	0			231,259	Book liability for severance reserve recorded in FEREC account(s) 228 and 242. Only the amount included in account 242 is included in rate base (see Attachment 5). As such, only the ADIT associated with book liability recorded in account 242 is included in rate base.
Workers' Compensation	2,983,139	1,701,925			1,281,214	Book liability for workers' compensation recorded in FEREC account(s) 228 and 242. Only the amount included in account 242 is included in rate base (see Attachment 5). As such, only the ADIT associated with book liability recorded in account 242 is included in rate base.
Vehicle Capital Leases	0	0				Book liability for vehicle capital leases recorded in FEREC account(s) 227. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Renewable Energy Incentives	66,940,702	66,940,702				Deferred taxes associated with the tax only liability for renewable energy incentives is not included in rate base, as such ADIT is not included in rate base.
Subtotal - 6234	894,884,657	837,710,235	0	52,621,916	14,562,426	
Less FASB 109 Above if not separately removed	2,928,386	2,928,386	0	0	0	
Less FASB 106 Above if not separately removed	120,710,000	120,710,000	0	0	0	
Total	771,256,171	704,071,859	0	52,621,916	14,562,426	

Instructions for Account 190:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C.
- ADIT items related only to Transmission are directly assigned to Column D.
- ADIT items related to Plant and not in Columns C & D are included in Column E.
- ADIT items related to labor and not in Columns C & D are included in Column F.
- Deferred income taxes arise when items are included in such income in different periods than they are included in rates. In those cases, the amount of the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded.

6. Re: Form 1-F filer: Sum of subtotals for Accounts 282 and 283 should tie to Form No. 1-F, p.113.57.

72,790,306

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet

A	B	C	D	E	F	G
ADIT-282	Total	Gas, Prod Or Other Related	Only Transmission Related	Plant Related	Labor Related	Justification
Net Plant Book/Tax Differences	(2,707,728,280)			(2,707,728,280)		Book assets for plant recorded in FERC account(s) 101, 106, 107 are included in rate base, as such ADIT is included in rate base.
Reg Liab - Removal Costs	137,334,832			137,334,832		Book liability for removal costs recorded in FERC account(s) 108. The underlying book account is included in rate base, as such ADIT is included in rate base.
Subtotal - 2275 (Form 1-F filer: see note 8 below)	(2,570,393,448)	0	0	(2,570,393,448)	0	
Less FASB 109 Above if not separately removed	0	0	0	0	0	
Less FASB 106 Above if not separately removed	0	0	0	0	0	
Total	(2,570,393,448)	0	0	(2,570,393,448)	0	

- Instructions for Account 282:
- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C.
  - ADIT items related only to Transmission are directly assigned to Column D.
  - ADIT items related to Plant and not in Columns C & D are included in Column E.
  - ADIT items related to labor and not in Columns C & D are included in Column F.
  - Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded.
5. Re: Form 1-F filer: Sum of subtotals for Accounts 282 and 283 should tie to Form No. 1-F, p. 13.57.

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet

A	B	C	D	E	F	G
ADIT-283	Total	Gas, Prod Or Other Related	Only Transmission Related	Plant Related	Labor Related	Justification
Reg Asset - Transmission Vegetation Management	(12,565,579)	(12,565,579)				Book asset for Transmission Vegetation Management regulatory asset recorded in FERC account(s) 18. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Reg Asset - AFUDC	(37,898,804)	(37,898,804)				Book asset for AFUDC regulatory asset recorded in FERC account(s) 182. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Reg Asset - Mead Phx Line	(4,887,017)	(4,887,017)				Book asset for Mead Phx Line regulatory asset recorded in FERC account(s) 182. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Reg Asset - Decontamination	(67,337)	(67,337)				Book asset for Decontamination regulatory asset recorded in FERC account(s) 182. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Reg Asset - Unamortized loss on Reacquired Debt	(7,729,080)			(7,729,080)		Book components of unamortized gains/loss on reacquired debt are recovered via the cost of capital calculation. As such, rate base is reduced for the ADIT associated with these regulatory accounts by designating such ADIT as plant related.
Reg Asset - Power Supply Adjustor MTM	(15,796,000)	(15,796,000)				Book asset for Power Supply Adjustor MTM regulatory asset recorded in FERC account(s) 182. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Reg Asset - Power Supply Adjustor	(28,898,000)	(28,898,000)				Book asset for Power Supply Adjustor regulatory asset recorded in FERC account(s) 182. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Reg Asset - Coal Reclamation	(12,532,857)	(12,532,857)				Book asset for Coal Reclamation regulatory asset recorded in FERC account(s) 182. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Reg Asset - Pension and Other Postretirement benefits	(316,756,845)	(316,756,845)				Book asset for Pension and Other Postretirement benefits regulatory asset recorded in FERC account(s) 182. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Reg Asset - Option II	(13,348,082)	(13,348,082)				Book asset for Option II regulatory asset recorded in FERC account(s) 182. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Reg Asset - Demand Side Management	0	0				Book asset for Demand Side Management regulatory asset recorded in FERC account(s) 182. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Reg Asset - SFAS 109	(1,249,983)	(1,249,983)				Book asset for SFAS 109 regulatory asset recorded in FERC account(s) 182. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Reg Asset - OPEB Subsidy PPACA	(7,285,424)	(7,285,424)				Book asset for OPEB Subsidy PPACA regulatory asset recorded in FERC account(s) 182. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Reg Asset - ITC Basis Adjustment	(9,324,752)	(9,324,752)				Book asset for Deferred ITC Basis Adjustment regulatory asset recorded in FERC account(s) 182. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Reg Asset - Property Tax Deferral	(430,009)	(430,009)				Book asset for Property Tax Deferral regulatory asset recorded in FERC account(s) 182. The underlying book account is not included in rate base, as such ADIT is not included in rate base.

Other Accruals	2,398,909	2,398,909				Book liability for Sales and Use and other tax accruals recorded in FERC account(s) 236/242. The underlying book accounts are not included in rate base, as such ADIT is not included in rate base.
Bad Debt Allowance	0	0				Book liability for bad debt allowance recorded in FERC account(s) 144. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Mark to market	(33,212,000)	(33,212,000)				Book asset for mark to market recorded in FERC account(s) 175, 244, and 245. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Deferred Debit - Option II	(6,839,264)	(6,839,264)				Book asset for Option II recorded in FERC account(s) 224. The underlying book account is not included in rate base, as such ADIT is not included in rate base.
Prepays	(1,237,413)			(1,237,413)		Book asset for prepays is recorded in FERC account(s) 165. The full amount included in account 165 is included in rate base (see Attachment 5). As such, the ADIT associated with book liability recorded in
Subtotal - p277, Form 1-F filer - see note 6, below	(507,619,517)	(486,653,044)	0	(8,966,473)	0	
Less FASB 109 Above if not separately removed	(39,148,787)	(39,148,787)				
Less FASB 106 Above if not separately removed						
Total	(488,470,730)	(459,504,257)		(8,966,473)		

Instructions for Account 283:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C.
- ADIT items related to Transmission are directly assigned to Column D.
- ADIT items related to Plant and not in Columns C & D are included in Column E.
- ADIT items related to labor and not in Columns C & D are included in Column F.
- Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded.
- Re. Form 1-F filer: Sum of subtotals for Accounts 282 and 283 should tie to Form No. 1-F, p.13.57.

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet

ADITC-255

	Balance	Amortization
1		
2	99,819,092	
3		
4		
5	99,819,092	
6	99,819,092	
7		

One or the other but not both.

/1 Difference must be zero

**Arizona Public Service Company**  
**Attachment 2 - Taxes Other Than Income Worksheet**

<i>Other Taxes</i>	<i>Page 263 Col (i)</i>	<i>Allocator</i>	<i>Allocated Amount</i>
<b>Plant Related</b>			
		<b>Gross Plant Allocator</b>	
1 Transmission Personal Property Tax (directly assigned to Transmission)	\$ 26,921,792	100%	\$ 26,921,792
2 Capital Stock Tax		14.4419%	\$ -
3 Gross Premium (insurance) Tax		14.4419%	\$ -
4 PURTA		14.4419%	\$ -
5 Corp License		14.4419%	\$ -
<b>Total Plant Related</b>	26,921,792		26,921,792
<b>Labor Related</b>			
		<b>Wages &amp; Salary Allocator</b>	
6 Federal FICA & Unemployment & state unemployment	25,676,539		
<b>Total Labor Related</b>	25,676,539	6.1404%	1,576,651
<b>Other Included</b>			
		<b>Gross Plant Allocator</b>	
7 Miscellaneous	0		
<b>Total Other Included</b>	0	14.4419%	0
<b>Total Included</b>			<b>28,498,442</b>
<b>Currently Excluded</b>			
8 Use & Sales Tax	0		
9 Palo Verde Sales/Leaseback Sales Tax	(2,026,355)		
10 Other Sales & Use Tax	0		
11 Other Personal Property Tax (excluded)	133,516,606		
12			
13			
14			
15			
16			
17			
18			
19			
20			
21 Total "Other" Taxes (included on p. 263)	<u>184,088,582</u>		
22 Total "Taxes Other Than Income Taxes" - acct 408.10 (p. 114.14)	<u>184,088,582</u>		
23 Difference	(0)		

- Criteria for Allocation:
- A Other taxes that are incurred through ownership of plant including transmission plant will be allocated based on the Gross Plant Allocator. If the taxes are 100% recovered at retail they will not be included
  - B Other taxes that are incurred through ownership of only general or intangible plant will be allocated based on the Wages and Salary Allocator. If the taxes are 100% recovered at retail they will not be included
  - C Other taxes that are assessed based on labor will be allocated based on the Wages and Salary Allocator
  - D Other taxes except as provided for in A, B and C above, that are incurred and (1) are not fully recovered at retail or (2) are directly or indirectly related to transmission service will be allocated based on the Gross Plant Allocator; provided, however, that overheads shall be treated as in footnote B above
  - E Excludes prior period adjustments in the first year of the formula's operation and reconciliation for the first year

**Arizona Public Service Company**  
**Attachment 3 - Revenue Credit Workpaper**

<b>Account 454 - Rent from Electric Property</b>		
1 Rent from Electric Property - Transmission Related (Note 3)		7,379,513
2 Total Rent Revenues	(Sum Lines 1)	7,379,513
<b>Account 456 - Other Electric Revenues (Note 1)</b>		
3 Scheduling, System Control & Dispatch (Ancillary Service)		\$ 2,063,701
4 Net revenues associated with Network Integration Transmission Service (NITS) for which the load is not included in the divisor (Note 4)		p398 line 1 column g
5 Point to Point Service revenues for which the load is not included in the divisor received by Transmission Owner (Note 4)		7,488,383
6 Transitional Revenue Neutrality (Note 1)		
7 Transitional Market Expansion (Note 1)		
8 Professional Services (Note 3)		-
9 Revenues from Directly Assigned Transmission Facility Charges (Note 2)		183,806
10 Rent or Attachment Fees associated with Transmission Facilities (Note 3)		1,001,810
11 Gross Revenue Credits	(Sum Lines 2-10)	18,117,213
12 Line 17g		(698,821)
13 Total Revenue Credits		17,418,392
<b><u>Revenue Adjustment to determine Revenue Credit</u></b>		
14	Note 1: All revenues related to transmission that are received as a transmission owner (i.e., not received as a LSE), for which the cost of the service is recovered under this formula, except as specifically provided for elsewhere in this Attachment or elsewhere in the formula will be included as a revenue credit or included in the peak on line 171 of Appendix A.	
15	Note 2: If the costs associated with the Directly Assigned Transmission Facility Charges are included in the Rates, the associated revenues are included in the Rates. If the costs associated with the Directly Assigned Transmission Facility Charges are not included in the Rates, the associated revenues are not included in the Rates.	
16	Note 3: Ratemaking treatment for the following specified secondary uses of transmission assets: (1) right-of-way leases and leases for space on transmission facilities for telecommunications; (2) transmission tower licenses for wireless antennas; (3) right-of-way property leases for farming, grazing or nurseries; (4) licenses of intellectual property (including a portable oil degasification process and scheduling software); and (5) transmission maintenance and consulting services (including energized circuit maintenance, high-voltage substation maintenance, safety training, transformer oil testing, and circuit breaker testing) to other utilities and large customers (collectively, products). Company will retain 50% of net revenues consistent with Pacific Gas and Electric Company, 90 FERC ¶ 61,314. Note: in order to use lines 17a - 17g, the utility must track in separate subaccounts the revenues and costs associated with each secondary use (except for the cost of the associated income taxes).	
17a	Revenues included in lines 1-11 which are subject to 50/50 sharing.	1,001,810
17b	Costs associated with revenues in line 17a	395,832
17c	Net Revenues (17a - 17b)	605,978
17d	50% Share of Net Revenues (17c / 2)	302,989
17e	Costs associated with revenues in line 17a that are included in FERC accounts recovered through the formula times the allocator used to functionalize the amounts in the FERC account to the transmission service at issue.	-
17f	Net Revenue Credit (17d + 17e)	302,989
17g	Line 17f less line 17a	(698,821)
18	Note 4: If the facilities associated with the revenues are not included in the formula, the revenue is shown here but not included in the total above and is explained in the Cost Support; for example revenues associated with distribution facilities.	
19	Amount offset in line 4 above	
20	Total Account 454 and 456	18,117,213
	Composite Tax Rate	39.51%

Arizona Public Service Company

Attachment 4 - Calculation of 100 Basis Point Increase in ROE

A	100 Basis Point increase in ROE and Income Taxes	Line 12 + Line 23	169,135,391
B	100 Basis Point increase in ROE		1.00%
<b>Return Calculation</b>			
1	Rate Base	Appendix A, Line 51	1,228,339,449
2	Debt %	Appendix A, Line 99	42.9%
3	Preferred %	Appendix A, Line 100	0.0%
4	Common %	Appendix A, Line 101	57.1%
5	Debt Cost	Appendix A, Line 102	6.23%
6	Preferred Cost	Appendix A, Line 103	0.00%
7	Common Cost	Appendix A % plus 100 Basis Pts Appendix A, Line 104 + 1%	11.75%
8	Weighted Cost of Debt	Appendix A, Line 105	0.0267
9	Weighted Cost of Preferred	Appendix A, Line 106	-
10	Weighted Cost of Common	Line 4 * Line 7	0.0671
11	<b>Total Return ( R )</b>	Sum Lines 8 to 10	<b>0.0938</b>
12	<b>Investment Return = Rate Base * Rate of Return</b>	Line 11 * Line 1	<b>115,265,317</b>
<b>Composite Income Taxes</b>			
<b>Income Tax Rates</b>			
13	FIT=Federal Income Tax Rate	Appendix A, Line 110	35.00%
14	SIT=State Income Tax Rate or Composite	Appendix A, Line 111	6.94%
15	p (percent of federal income tax deductible for state purposes)	Appendix A, Line 112	0.00%
16	$T = 1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$	Appendix A, Line 113	39.51%
17	$T / (1 - T)$	Appendix A, Line 114	65.32%
<b>ITC Adjustment</b>			
18	Amortized Investment Tax Credit	Appendix A, Line 115	-
19	$1 / (1 - T)$	Appendix A, Line 116	65.3213%
20	Net Plant Allocation Factor	Appendix A, Line 117	16.1140%
21	<b>ITC Adjustment Allocated to Transmission</b>	Appendix A, Line 118	<b>0</b>
22	<b>Income Tax Component = CIT=(T/1-T) * Investment Return * (1-(WCLTD/R)) =</b>	Line 17*Line 12*(1-(Line 8/Line 11))	<b>53,870,074</b>
23	<b>Total Income Taxes</b>	<b>Line 21 + 22"</b>	<b>53,870,074</b>

Arizona Public Service Company  
Attachment 5 - Cost Support

Plant in Service Worksheet		Attachment A Line #s, Descriptions, Notes, Form # Page #s and Instructions		Details	
Calculation of Transmission Plant in Service		Source		Balance For True up	Balance for Estimate
December		2010	2,013,893,026		
January	p206.55.b	2011	2,034,258,726		
February	company records	2011	2,035,662,745		
March	company records	2011	2,041,138,512		
April	company records	2011	2,046,380,725		
May	company records	2011	2,051,241,404		
June	company records	2011	2,055,016,266		
July	company records	2011	2,058,295,597		
August	company records	2011	2,058,423,814		
September	company records	2011	2,067,553,364		
October	company records	2011	2,071,039,008		
November	company records	2011	2,067,399,062		
December	p207.58.g	2011	2,093,610,284		2,093,610,284
Transmission Plant in Service			2,093,610,284		2,093,610,284
Calculation of Distribution Plant in Service		Source			
December	p206.75.b	2010	4,846,528,025		
January	company records	2011	4,860,556,566		
February	company records	2011	4,878,363,198		
March	company records	2011	4,902,827,224		
April	company records	2011	4,917,021,866		
May	company records	2011	4,934,686,009		
June	company records	2011	4,955,013,235		
July	company records	2011	4,962,241,388		
August	company records	2011	4,969,594,013		
September	company records	2011	4,982,419,364		
October	company records	2011	4,998,618,466		
November	company records	2011	5,008,696,408		
December	p207.75.g	2011	5,016,556,987		5,016,556,987
Distribution Plant in Service			4,940,763,648		5,016,556,987
Calculation of Intangible Plant in Service		Source			
December	p204.5.b	2010	588,348,390		
January	company records	2011	588,807,614		
February	company records	2011	588,807,614		
March	company records	2011	588,807,614		
April	company records	2011	588,807,614		
May	company records	2011	588,807,614		
June	company records	2011	588,807,614		
July	company records	2011	588,807,614		
August	company records	2011	588,807,614		
September	company records	2011	588,807,614		
October	company records	2011	588,807,614		
November	company records	2011	588,807,614		
December	p205.5.g	2011	573,576,002		
Intangible Plant in Service			573,576,002		588,807,614
Calculation of General Plant in Service		Source			
December	p206.96.b	2010	580,700,637		
January	company records	2011	627,781,215		
February	company records	2011	627,781,215		
March	company records	2011	627,781,215		
April	company records	2011	627,781,215		
May	company records	2011	627,781,215		
June	company records	2011	627,781,215		
July	company records	2011	627,781,215		
August	company records	2011	627,781,215		
September	company records	2011	627,781,215		
October	company records	2011	627,781,215		
November	company records	2011	627,781,215		
December	p207.96.g	2011	609,240,926		
General Plant in Service			609,240,926		627,781,215
Calculation of Production Plant in Service		Source			
December	p204.46b	2010	6,225,794,428		
January	company records	2011	6,233,844,324		
February	company records	2011	6,251,607,863		
March	company records	2011	6,277,564,682		
April	company records	2011	6,278,661,855		
May	company records	2011	6,279,741,013		
June	company records	2011	6,307,388,666		
July	company records	2011	6,325,263,408		
August	company records	2011	6,340,890,188		
September	company records	2011	6,341,690,584		
October	company records	2011	6,350,358,067		
November	company records	2011	6,451,231,808		
December	p205.46.g	2011	6,534,267,077		6,534,267,077
Production Plant in Service			6,324,484,985		6,534,267,077
<b>Total Plant in Service</b>			<b>14,502,974,781</b>		<b>14,861,023,177</b>
			Sum of averages above		

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Balance For True up	Balance for Estimate	Details
<b>Accumulated Depreciation Worksheet</b>				
<b>Calculation of Transmission Accumulated Depreciation</b>				
December	Source			
January	Prior year p219.25	591,986,997		
February	company records	599,218,493		
March	company records	602,006,228		
April	company records	605,145,379		
May	company records	606,410,619		
June	company records	609,077,876		
July	company records	611,777,108		
August	company records	613,972,485		
September	company records	617,689,738		
October	company records	620,594,940		
November	company records	623,342,680		
December	company records	625,775,257		
Transmission Accumulated Depreciation	p219.25	624,798,831	624,798,831	
<b>Calculation of Distribution Accumulated Depreciation</b>				
December	Source			
January	Prior year p219.26	1,266,229,281		
February	company records	1,266,048,664		
March	company records	1,270,701,273		
April	company records	1,275,230,309		
May	company records	1,276,744,145		
June	company records	1,283,442,444		
July	company records	1,288,559,213		
August	company records	1,292,888,469		
September	company records	1,295,908,876		
October	company records	1,303,041,988		
November	company records	1,306,685,726		
December	company records	1,311,792,474		
Distribution Accumulated Depreciation	p219.26	1,318,599,421	1,318,599,421	
<b>Calculation of Intangible Accumulated Depreciation</b>				
December	Source			
December	Prior year p200.21 c	497,659,744		
Accumulated Intangible Depreciation	p200.21c	547,640,751	547,640,751	
<b>Calculation of General Accumulated Depreciation</b>				
December	Source			
December	Prior year p219.28	146,378,713		
Accumulated General Depreciation	p219.28	143,718,662	143,718,662	
<b>Calculation of Production Accumulated Depreciation</b>				
December	Source			
January	Prior year p219.20 thru 219.24	2,948,316,457		
February	company records	2,959,080,514		
March	company records	2,967,283,630		
April	company records	2,978,550,363		
May	company records	2,985,626,588		
June	company records	2,994,387,484		
July	company records	3,012,154,104		
August	company records	3,016,842,597		
September	company records	3,024,293,364		
October	company records	3,034,376,273		
November	company records	3,044,459,053		
December	company records	3,055,194,285		
Production Accumulated Depreciation	p219.20 thru 219.24	3,049,220,832	3,049,220,832	
<b>Total Accumulated Depreciation</b>				
		5,573,801,660	5,693,976,497	
		Sum of averages above		

Electric / Non-electric Cost Support		Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Form 1 Amount	Electric Portion	Non-electric Portion	Details
Plant Allocation Factors				547,640,751	547,640,751	0	
Accumulated Intangible Depreciation			p200.21.c	0	0	0	
Materials and Supplies			p227.6c & 15.c	0	0	0	
Undistributed Stones Exp				49,990,802	49,990,802	0	
Depreciation Expense							
Intangible Amortization			p336.1d8e				

Transmission / Non-transmission Cost Support		Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Form 1 Amount	Electric Portion	Non-electric Portion	Details
38	Plant Held for Future Use		p214	52,444,653	53,982,057	53,163,355	
		Total		5,419,011	5,291,942		
		Non-transmission Related		47,025,642	48,590,116	47,807,879	
		Transmission Related					

PBOPs Cost Support		Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Form 1 Amount	PBOBs	All other	Details
56	Allocated General Expenses			77,941,202	12,427,757	65,513,445	Base year
	Account 926 (2006)			101,437,361	19,045,410	82,390,971	Current Year
	Account 926 (Current Year)		p323.187b		6,618,653		
	Change in PBOP Expense						

EPRI Dues Cost Support		Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Form 1 Amount	EPRI Dues	Details	
60	Allocated General Expenses			-	0		
	Less: EPRI Dues		p352-353				

Regulatory Expense Related to Transmission Cost Support		Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Form 1 Amount	Transmission Related	Non-transmission Related	Details
64	Directly Assigned A&G			16,686,150	3,668,088	13,218,062	
	Regulatory Commission Exp Account 928		p350.1 thru 350.21				

Safety Related Advertising Cost Support		Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Form 1 Amount	Safety Related	Non-safety Related	Details
68	Directly Assigned A&G			2,759,086	-	2,759,086	None
	General Advertising Exp Account 930.1		p323.191.b				

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		State 1	State 2	State 3	State 4	State 5	Composite
111	SIT=State Income Tax Rate or Composite	AZ 6.866%	NM 0.2417%	CA 0.007%	TX 0.00%	UT 0.00%	6.94%
Education and Out Reach Cost Support		Education & Outreach		Other		Details	
65	Directly Assigned A&G General Advertising Exp Account 930.1	Form 1 Amount 2,759,086	0	2,759,086		None	
Excluded Gross Plant Cost Support		p323.191.b					

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions	Excluded Gross Transmission Facilities	Description of the Facilities
131	109,256,345 Enter \$	None
131	109,256,345 Or Enter \$	Put description here Step Up Xfms

Transmission Related Account 242 Reserves

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions	Beg of year	End of Year Enter \$	End of Year for Est. Average for Final Allocation	Trans Related	Details
35	Transmission Related Account 242 Reserves (exclude current year environmental site related reserves)	1,309,085	352,160		
	Directly Assignable to Transmission	4,818,118	797,834		
	Total Not Directly Assignable to Transmission	1,309,085	5,988,113	100%	5,988,113
	Labor Related, or General plant related	130,454,634	150,304,052		
	Deposits	5,434,326	5,051,681		
	FERC Provision for Rate Refund	21,119,045	18,176,041		
	Land Rights	9,726,000	7,525,000		
	Vacation Accrual - Old Plan	73,991	73,991		
	Accrued Payroll	3,560,333	3,192,000		
	Medical - Dental	7,469,626	6,357,917		
	Short Term Software License	1,246,324	1,080,883		
	Workmen's Compensation Liability	2,702,000	3,233,000		
	Vacation Accrual	27,246,115	34,955,328		
	SFAS 112	297,976	565,290		
	Incentive Accrual	17,788,273	18,895,164		
	Severance		3,425,501		
	SERBP		1,712,751		
	Deferred Compensation		99,601,754	6.1404%	6,297,105
Other		96,652,011	102,551,496		
	(A) - (B)	33,802,623	47,752,556	40,777,889.56	0.00%
Total Transmission Related Reserves		131,763,719	156,272,165		12,265,218

Prepayments		Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		End of Year for Est. Average for Final		Allocation		Train Related		Details	
38 Prepayments		Worksheet 5		8,622,241		6.140%		633,930		529,443	
Plant Related		Worksheet 5		5,211,016		16.114%		667,823		899,701	
100% Transmission Related		Worksheet 5		10,176,612		100.000%		11,961,731		10,176,612	
Other (Excluded)		Worksheet 5		6,215,571		0.000%					
Materials & Supplies				6,117,476							
				12,883,485				12,883,485		11,545,756	
Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions											
39	Assigned to O&M	p227.6		End of Year	End of Year for Est. Average for Final						
	Stores Expense Undistributed	p227.15									
	Undistributed Stores Exp										
42	Transmission Materials & Supplies	p227.8									
Outstanding Network Credits Cost Support				28,883,524	30,666,214	29,774,869					
Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions											
47	Network Credits	Account 253		End of Year	End of Year for Est. Average for Final	Description of the Credits					
	Outstanding Network Credits	Account 253				General Description of the Credits					
	December		For 2011	6,259,660	15,142,491	10,701,075					
	December		For 2012	15,142,491							
	Average Beginning and End of Year			6,259,660	15,142,491	10,701,075					
48	Accumulated Depreciation Associated with Facilities with Outstanding Network Credits	Account 253		End of Year	End of Year for Est. Average for Final	Description of the Credits					
	December	Account 253				General Description of the Credits					
	December		For 2011	35,338	269,696	152,017					
	Average Beginning and End of Year		For 2012	35,338	269,696	152,017					
Interest on Outstanding Network Credits Cost Support											
Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions											
137	Interest on Network Credits			Interest on Network Credits	167,816	Description of the Interest on the Credits					
						General Description of the Credits					
						Add more lines if necessary					

**Arizona Public Service Company**  
**Attachment 6 - Estimate and Reconciliation Worksheet**

- Exec Summary**
- 1 April Year 2 TO populates the formula with Year 1 data from FERC Form 1.
  - 2 April Year 2 TO estimates all transmission Cap Adds, Retirements, and associated depreciation for Year 2 based on Months expected to be in service in Year 2.
  - 3 April Year 2 TO adds estimates from Step 2 to Appendix A.
  - 4 May Year 2 Post results of Step 3 on APS web site.
  - 5 June Year 2 Results of Step 3 go into effect.
  - 6 April Year 3 TO populates the formula with Year 2 data from FERC Form 1.
  - 7 April Year 3 Reconciliation - TO calculates the true up amount by subtracting the results of Step 6 by Step 3.
  - 8 April Year 3 Reconciliation - TO calculates interest and amortization associated with the true up calculated in Step 7 and applies that amount to line 151 of the formula.
  - 9 April Year 3 TO estimates all transmission Cap Adds, Retirements, CWIP and associated depreciation for Year 3 based on Months expected to be in service and monthly CWIP balances in Year 3.
  - 10 April Year 3 TO adds 13 month average Cap Adds and retirements (line 16 and 24) to the Formula.
  - 11 May Year 3 Post results of Step 10 on APS web site.
  - 12 June Year 3 Results of Step 9 go into effect for the Rate Year 2.

**Reconciliation details**

Step	Month	Year	Action	(A)		(B)	(C)	(D)	(E)	(F)		(G)	
				Other Project PIS	other retirements					Project X PIS	Project X PIS	Accumulated Balance	Project X PIS
1	April	Year 2	TO populates the formula with Year 1 data from FERC Form 1. 245,701,623 Rev Req based on Year 1 data										
2	April	Year 2	TO estimates all transmission Cap Adds, Retirements, and associated depreciation for Year 2 based on Months expected to be in service in Year 2. Must run Appendix A to get this number (without estimated cap adds) from Appendix A										
	Dec			4,000,223	(42,442)				0	4,757,781	0	4,757,781	0
	Jan			4,670,291	(162,078)				0	9,265,994	0	9,265,994	0
	Feb			13,661,128					0	22,927,122	0	22,927,122	0
	Mar			6,557,115					0	31,484,237	0	31,484,237	0
	Apr			292,813					0	31,746,850	0	31,746,850	0
	May			7,465,582					0	39,192,412	0	39,192,412	0
	Jun			487,401					0	39,689,812	0	39,689,812	0
	Jul			1,080,762					0	40,778,575	0	40,778,575	0
	Aug			91,506					0	40,870,081	0	40,870,081	0
	Sep			196,454					0	41,066,535	0	41,066,535	0
	Oct			906,728					0	41,973,261	0	41,973,261	0
	Nov			35,526,098					0	77,499,359	0	77,499,359	0
	Dec			77,703,879	(204,521)				0	32,404,001	0	32,404,001	0
	Total												

13 month avg of new plant additions = Col F + Col H      32,404,001 goes to line 16 of the formula

	(I) = F Total Other Project PIS	(J) Composite Trans Deprec Rate	(K) = I * J Depreciation Expense	(L) Accum Deprec	(M) = H Total Project X PIS	(N) Composite Trans Deprec Rate	(O) = L * M Depreciation Expense	(P) Accum Deprec
Jan	4,757,761	0.18%	8,670	8,670	-	0.18%	-	-
Feb	9,265,994	0.18%	16,885	25,555	-	0.18%	-	-
Mar	22,927,122	0.18%	41,779	67,335	-	0.18%	-	-
Apr	31,484,237	0.18%	57,373	124,707	-	0.18%	-	-
May	31,746,850	0.18%	57,851	182,558	-	0.18%	-	-
Jun	39,192,412	0.18%	71,419	253,978	-	0.18%	-	-
Jul	39,689,812	0.18%	72,328	326,303	-	0.18%	-	-
Aug	40,778,575	0.18%	74,310	400,613	-	0.18%	-	-
Sep	40,870,081	0.18%	74,476	475,089	-	0.18%	-	-
Oct	41,066,535	0.18%	74,834	549,924	-	0.18%	-	-
Nov	41,973,261	0.18%	76,487	626,410	-	0.18%	-	-
Dec	77,489,358	0.18%	141,223	767,635	-	0.18%	-	-
Total			<u>767,635</u>	<u>292,983</u>				

13 mo. Avg accumulated depreciation = Col L \* Col P:  
 Depreciation Expense = Col K + Col O  
 292,983 goes to line 24 of the formula  
 767,635 goes to line 74 of the formula

3 April Year 2 TO adds estimates from Step 2 to Appendix A  
 249,653,056 Include inputs to Appendix A Lines 16, 24, and 74

4 May Year 2 Post results of Step 3 on AFS web site.  
 \$ 249,653,056 Must run Appendix A to get this number (with results of step 2)

5 June Year 2 Results of Step 3 go into effect.  
 249,653,056

6 April Year 3 TO populates the formula with Year 2 data from FERC Form 1.  
 259,863,304 Rev Req based on Prior Year data step 6 file

7 April Year 3 Reconciliation - TO calculates the true up amount by subtracting the results of Step 6 by Step 3.  
 Prior Year True Up - First Year True up  
 \$ 259,863,304  
 \$ 249,653,058  
 Total True Up \$ 10,210,246

Results of Step 6  
 Results of Step 5  
 True up w/o interest  
 PBOP Repose  
 Misc Fossil Prepaid Repose  
 \$ 2,679,019  
 (17,501)

True Up to be recovered \$ 10,210,246  
 Divide True up w/o interest by the number of months the rate was in effect and place that result in the month that the rate went in effect in the interest calculation below

8 April Year 3

Reconciliation - TO calculates interest and amortization associated with the true up calculated in Step 7 and applies that amount to line 151 of the formula.  
Interest on Amount of Refunds or Surcharges  
Interest 35.19a for 1st quarter Current Yr

Month	Yr	1/12 of Step 7	Interest 35.19a for and March Current Yr	Months	Interest	Refunds Owed
Jun	Year 1	850,854	0.2708%	11.5	26,501	877,354
Jul	Year 1	850,854	0.2708%	10.5	24,196	875,050
Aug	Year 1	850,854	0.2708%	9.5	21,892	872,746
Sep	Year 1	850,854	0.2708%	8.5	19,587	870,441
Oct	Year 1	850,854	0.2708%	7.5	17,283	868,137
Nov	Year 1	850,854	0.2708%	6.5	14,979	865,832
Dec	Year 1	850,854	0.2708%	5.5	12,674	863,528
Jan	Year 2	850,854	0.2708%	4.5	10,370	861,224
Feb	Year 2	850,854	0.2708%	3.5	8,065	858,919
Mar	Year 2	850,854	0.2708%	2.5	5,761	856,615
Apr	Year 2	850,854	0.2708%	1.5	3,457	854,310
May	Year 2	850,854	0.2708%	0.5	1,152	852,006
Total		10,210,246				10,376,162

Month	Yr	Balance	Interest	Amort	Balance
Jun	Year 2	10,376,162	0.2708%	879,978	9,524,287
Jul	Year 2	9,524,287	0.2708%	879,978	8,670,104
Aug	Year 2	8,670,104	0.2708%	879,978	7,813,908
Sep	Year 2	7,813,908	0.2708%	879,978	6,954,792
Oct	Year 2	6,954,792	0.2708%	879,978	6,093,650
Nov	Year 2	6,093,650	0.2708%	879,978	5,230,176
Dec	Year 2	5,230,176	0.2708%	879,978	4,364,364
Jan	Year 3	4,364,364	0.2708%	879,978	3,496,206
Feb	Year 3	3,496,206	0.2708%	879,978	2,625,699
Mar	Year 3	2,625,699	0.2708%	879,978	1,752,831
Apr	Year 3	1,752,831	0.2708%	879,978	877,601
May	Year 3	877,601	0.2708%	879,978	0
Total With Interest				10,559,732	

The difference between the Reconciliation in Step 6 and the forecast in Prior Year with interest 10,559,732

9 April Year 3 TO estimates all transmission Cap Adds, Retirements, CWIP and associated depreciation for Year 3 based on Months expected to be in service and monthly CWIP balances in Year 3. Note: Jan and Feb are actuals, Mar-Dec forecasted. Retirements are not forecasted.

	(A) Other Project PIS		(B) other retirements		(C) Project X PIS		(D) Project X PIS retirements		(E) Other Project PIS		(F) Accumulated Balance		(G) Total	
	Project PIS	Other Project PIS	Project PIS	Other Project PIS	Project X PIS	Other Project X PIS	Project X PIS	Other Project X PIS	Project PIS	Other Project PIS	Project X PIS	Other Project X PIS	Project PIS	Other Project PIS
Dec														
Jan	3,918,134						0	0	3,918,134		3,918,134		0	3,918,134
Feb	84,035						0	0	4,792,169		4,792,169		0	4,792,169
Mar	2,267,190						0	0	7,059,359		7,059,359		0	7,059,359
Apr	4,446,071						0	0	11,505,430		11,505,430		0	11,505,430
May							0	0	11,505,430		11,505,430		0	11,505,430
Jun	22,310,143						0	0	33,815,573		33,815,573		0	33,815,573
Jul	619,178						0	0	34,434,751		34,434,751		0	34,434,751
Aug	457,709						0	0	34,892,460		34,892,460		0	34,892,460
Sep	7,632,802						0	0	42,525,262		42,525,262		0	42,525,262
Oct	527,909						0	0	43,053,171		43,053,171		0	43,053,171
Nov							0	0	73,908,077		73,908,077		0	73,908,077
Dec	30,854,098						0	0	26,497,153		26,497,153		0	26,497,153
Total	73,908,077						0	0	165,341		165,341		0	165,341

13 month avg of new plant additions = Col F + Col H **26,497,153** goes to line 16 of the formula

	(I) Total Other Project PIS		(J) Composite Trans Deprec Rate		(K) = I * J Depreciation Expense		(L) Accum Deprec		(M) = H Total Project X PIS		(N) Composite Trans Deprec Rate		(O) = L * M Depreciation Expense		(P) Accum Deprec	
	Jan	3,918,134		0.17%		6,542		6,542				0.17%				
Feb	4,792,169		0.17%		8,002		14,544				0.17%					
Mar	7,059,359		0.17%		11,788		26,332				0.17%					
Apr	11,505,430		0.17%		19,211		45,543				0.17%					
May	11,505,430		0.17%		19,211		64,755				0.17%					
Jun	33,815,573		0.17%		56,464		121,219				0.17%					
Jul	34,434,751		0.17%		57,498		178,717				0.17%					
Aug	34,892,460		0.17%		58,282		236,979				0.17%					
Sep	42,525,262		0.17%		71,007		307,987				0.17%					
Oct	43,053,171		0.17%		71,889		379,876				0.17%					
Nov	43,053,171		0.17%		71,889		451,794				0.17%					
Dec	73,908,077		0.17%		123,409		575,174				0.17%					
Total					575,174		165,341				0.17%					

13 mo. Avg accumulated depreciation = Col L + Col P: **165,341** goes to line 24 of the formula  
 Depreciation Expense = Col K + Col O **575,174** goes to line 24 of the formula

10 April Year 3 TO adds 13 month average Cap Adds and retirements (line 110 and 120) to the Formula Rev Req based on Year 2 data with estimated Cap Adds, Ret, and Deprec for Year 3. Cap Adds (Step 9) and True up of Year 1 data (Step 8) Must run App A to get this # (with 13 mo. avg cap adds, depreciation for Year 3 cap adds)

11 May Year 3 Post results of Step 10 on AFS web site.  
 \$ 263,791,057

12 June Year 3 Results of Step 9 go into effect for the Rate Year 2.  
 274,350,789 Step 11 plus the difference between the Reconciliation in Step 6 and the forecast in Prior Year with interest





WORKSHEET - 2 Retail Allocation

CLASS	2012				4CP	Retail Revenues	
	June	July	August	September			
	ADJ. PEAK CONTRIB (MW)						
E-12	1028.8	1003.0	1102.5	886.4			
ET-1	861.1	866.1	894.6	783.4			
ECT-1	217.8	221.0	236.2	211.6			
ET-2	1013.6	1019.0	1149.1	1081.1			
ECT-2	374.2	379.9	414.6	431.1			
ET-SP	1.2	1.3	1.4	1.8			
TOTAL	3496.7	3490.3	3798.4	3395.4			
E-20	6.8	5.4	7.9	6.4			
E-221(Water Pumping Service)	36.7	26.2	34.5	29.8			
E-32TOU (0-100 kW)	3.4	3.0	3.6	3.1			
E-32TOU (101-400 kW)	8.1	7.1	9.0	8.0			
E-32TOU (401+ kW)	33.5	33.6	40.3	30.4			
E-32 (0-100 kW)	712.5	715.2	710.3	522.1			
E-32(101-400 kW)	514.5	506.8	572.4	406.1			
E-32(401+ kW)	537.8	545.8	598.0	446.2			
E-34	144.2	146.2	148.9	113.9			
E-35	237.2	254.2	245.2	236.6			
E-36	3.8	4.1	4.3	4.3			
GSSSCHTOU	3.5	3.4	4.7	2.5			
2 SPECIALS	1.2	9.6	10.7	8.0			
STREETLIGHTS	0.0	0.0	0.0	0.0			
DUSK TO DAWN	0.0	0.0	0.0	0.0			
RESALE	186.5	114.4	132.0	111.0			
LOSSES	823.5	830.2	886.4	712.3			
Total System Load	6749.9	6695.5	7206.6	6036.1			
System Load Check	6749.9	6695.5	7206.6	6036.1	6,672.0		
<b>RESIDENTIAL</b>	<b>3496.7</b>	<b>3490.3</b>	<b>3798.4</b>	<b>3395.4</b>	<b>3,545.2</b>	<b>\$142,495,712</b>	<b>62.03%</b>
<b>3 MW &amp; GREATER</b>							
E-34	144.2	146.2	148.9	113.9			
E-35	237.2	254.2	245.2	236.6			
E-36	3.8	4.1	4.3	4.3			
<b>3 MW &amp; GREATER TOTAL</b>	<b>385.2</b>	<b>404.5</b>	<b>398.4</b>	<b>354.8</b>	<b>385.7</b>	<b>\$15,503,825</b>	<b>6.75%</b>
<b>LESS THAN 3 MW</b>							
RETAIL TARIFFS	1856.8	1846.5	1980.7	1454.6			
Special #1	0.0	0.0	0.0	0.0			
<b>LESS THAN 3 MW TOTAL</b>	<b>1856.8</b>	<b>1846.5</b>	<b>1980.7</b>	<b>1454.6</b>	<b>1,784.7</b>	<b>\$71,732,194</b>	<b>31.22%</b>
<b>Total</b>	<b>5738.7</b>	<b>5741.3</b>	<b>6177.5</b>	<b>5204.8</b>	<b>5,715.6</b>	<b>\$229,731,731</b>	<b>100.00%</b>

WORKSHEET - 3 Rate Design

TY 2012 OATT COSTS FOR RETAIL SERVICE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
<b>Billing Determinants</b>													
Gen Serv und 3MW NDM (KWh)	983,733,434	857,74,077	817,321,444	770,612,385	960,172,212	1,328,538,330	1,672,922,459	1,657,472,954	1,593,541,940	1,096,817,096	791,556,409	852,816,935	13,390,877,714
Gen Serv und 3MW DM (KWh)	130,360,785	132,796,691	125,555,214	124,255,442	120,980,954	138,431,930	167,118,487	178,056,851	141,832,897	123,741,457	202,504,750	200,288,133	1,785,952,411
Gen Serv und 3MW DM (billed KW)	2,094,770	2,059,705	2,081,374	2,244,493	2,443,012	2,872,872	2,722,853	2,827,870	2,749,710	2,544,228	2,320,997	2,218,305	28,880,949
Gen Serv ovr 3MW DM (KWh)	751,679,882	729,699,668	797,141,675	730,835,662	846,189,962	985,052,213	1,039,406,862	1,046,860,123	1,061,872,173	864,952,388	774,900,853	766,795,120	10,366,655,662
Gen Serv ovr 3MW (billed KW)	421,689	424,160	435,655	454,196	478,076	495,589	534,014	535,655	521,900	478,989	450,238	445,229	5,687,372
Gen Serv ovr 3MW (KWh)	199,889,695	197,467,692	211,577,682	215,853,271	238,916,929	247,163,570	271,359,910	268,163,570	263,163,570	241,163,570	236,163,570	230,163,570	2,714,714,714
Total KWh sales	2,075,670,697	1,976,356,328	1,951,775,965	1,841,866,616	2,166,193,797	2,687,356,932	3,153,094,710	3,150,653,268	3,056,155,931	2,328,666,942	1,596,254,437	2,440,633,054	26,340,444,164

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
<b>NITE</b>													
Residential (KWh)	10,574,317	9,121,189	8,697,117	8,200,866	10,217,193	14,115,673	17,801,568	17,637,170	16,956,880	11,871,231	8,422,552	9,074,825	142,485,712
Gen Serv < 3MW Without Demand Meters -includes	766,697	783,889	741,152	733,480	714,151	817,164	966,500	1,051,064	837,238	730,446	1,195,386	1,182,301	10,541,880
All Customers 20 KW and less (KWh)	4,436,208	4,363,916	4,409,626	4,795,428	5,176,032	5,451,167	5,798,699	5,991,349	5,625,635	5,390,479	4,917,517	4,702,061	61,790,313
Gen Serv < 3MW (KW)	1,146,382	1,156,237	1,187,599	1,236,142	1,305,971	1,350,898	1,455,727	1,460,746	1,422,704	1,306,100	1,254,613	1,213,659	15,503,625
Gen Serv > 3MW (KW)	16,937,614	15,425,240	15,035,695	14,927,136	17,413,346	21,734,902	26,072,365	26,140,326	25,042,666	19,100,265	15,790,468	16,172,866	228,713,131
Total OATT Cost by Month													

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
<b>Total OATT Costs by Class</b>													
Residential	10,574,317	9,121,189	8,697,117	8,200,866	10,217,193	14,115,673	17,801,568	17,637,170	16,956,880	11,871,231	8,422,552	9,074,825	142,485,712
Gen Serv < 3MW	5,207,905	5,147,814	5,150,978	5,488,907	5,890,182	6,288,331	6,755,010	7,042,413	6,663,074	6,120,925	6,112,803	5,894,362	71,732,804
Gen Serv > 3MW	1,146,382	1,156,237	1,187,599	1,236,142	1,305,971	1,350,898	1,455,727	1,460,746	1,422,704	1,306,100	1,254,613	1,213,659	15,503,625
Total	16,937,614	15,425,240	15,035,695	14,927,136	17,413,346	21,734,902	26,072,365	26,140,326	25,042,666	19,100,265	15,790,468	16,172,866	228,713,131

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
<b>Cost per kWh</b>													
Residential	0.01064	0.01064	0.01064	0.01064	0.01064	0.01064	0.01064	0.01064	0.01064	0.01064	0.01064	0.01064	0.01064
Gen Serv < 3MW	0.00503	0.00507	0.00508	0.00512	0.00516	0.00520	0.00524	0.00528	0.00532	0.00536	0.00540	0.00544	0.00548
Gen Serv > 3MW	0.00875	0.00868	0.00861	0.00854	0.00847	0.00840	0.00833	0.00826	0.00819	0.00812	0.00805	0.00798	0.00791
Total	0.00816	0.00805	0.00797	0.00790	0.00783	0.00776	0.00769	0.00762	0.00755	0.00748	0.00741	0.00734	0.00727

Test Year Avg. OATT Expense per kWh

2011 \$ 0.00754  
% Increase 7.93%

Worksheet 4 - Revenue Credits

Account 454 - Rent from Electric Property

Description	Amount	\$ Included on Attachment 3
SCE 500kv Line	7,379,513	7,379,513
Attachment Fees for Joint Pole Use	729,713	
Land and miscellaneous	141,254	
Other	909,808	
Total	9,160,288	
Total 12ME Account 454	9,160,288	
Difference (must be zero)	0	

Account 456 - Other Electric Revenues

Description	Amount	\$ Included on Attachment 3
PCS project	2,371,976	1,001,810
Revenue from Terminated Contract - PacifiCorp	2,000,000	
Facility Charges	984,488	
Fuel oil loading	879,551	
Yucca Management Fee	1,090,028	
Participant Station Power Revenue	148,808	
Installation of Photovoltaic Facilities	299,852	
Gila River Admin Fee	100,000	100,000
Salt River Project	68,080	68,080
Mead-Phoenix O&M	15,726	15,726
Sales for Resale	(1,379,400)	
Surepay and Autopay Discount	(2,251,029)	
Other	152,194	
Total	4,480,274	
Total Account 456 (p300,21.b.)	4,480,274	
Difference (must be zero)	0	

Account 456.1 - Revenues from Transmission of Electricity of Others

Sum of Amount		Type				Included in Divisor (Y or N)	\$ Included on Attachment 3
Description	Customer Name	BD	TE	Other	Grand Total		
FNO	Ajo Improvement	\$ -	\$ 127,942	\$ -	\$ 127,942	Y	\$ -
	Central Arizona Project	\$ -	\$ 888,442	\$ -	\$ 888,442	Y	\$ -
	Navajo Tribal Utility Authority	\$ -	\$ 121,182	\$ -	\$ 121,182	Y	\$ -
	Public Service of New Mexico	\$ -	\$ 1,625,131	\$ -	\$ 1,625,131	Y	\$ -
	Southwest Transmission Cooperative	\$ -	\$ 218,344	\$ -	\$ 218,344	Y	\$ -
LFP	AKChn	\$ -	\$ (100,439)	\$ -	\$ (100,439)	Y	\$ (100,439)
	PacifiCorp	\$ 217,079	\$ -	\$ -	\$ 217,079	Y	\$ -
	Public Service of New Mexico	\$ 310,113	\$ -	\$ -	\$ 310,113	Y	\$ -
	Salt River Project	\$ 12,081,683	\$ -	\$ 3,368	\$ 12,085,051	Y	\$ 3,368
	Shell Energy North America	\$ 3,101,133	\$ -	\$ -	\$ 3,101,133	Y	\$ -
	Snowflake White Mountain Power	\$ 434,159	\$ -	\$ -	\$ 434,159	Y	\$ -
OLF	Luke AFB Main Base	\$ 174,005	\$ -	\$ -	\$ 174,005	Y	\$ -
	Marine Corp	\$ 77,852	\$ -	\$ -	\$ 77,852	Y	\$ -
	PacifiCorp	\$ 547,200	\$ -	\$ -	\$ 547,200	Y	\$ -
	Public Service of New Mexico	\$ 1,415,030	\$ -	\$ 1,860	\$ 1,416,890	Y	\$ 1,860
	Salt River Project Fringe	\$ -	\$ 14,595	\$ -	\$ 14,595	Y	\$ 14,595
	San Carlos Indian Irrigation	\$ 2,160	\$ -	\$ -	\$ 2,160	Y	\$ -
	Tucson Electric Power Company	\$ 1,824,000	\$ -	\$ -	\$ 1,824,000	Y	\$ -
	Unit B Irrigation & Drain	\$ 540	\$ -	\$ -	\$ 540	Y	\$ -
	Yuma Cogeneration - Firm	\$ 927,504	\$ -	\$ -	\$ 927,504	Y	\$ -
Yuma-Mesa	\$ 4,500	\$ -	\$ -	\$ 4,500	Y	\$ -	
SFP	AZPS for APS Merchant P-T-P	\$ -	\$ 2,174,531	\$ -	\$ 2,174,531	Y	\$ 2,174,531
	Brookfield energy Marketing L.P.	\$ -	\$ 9,937	\$ -	\$ 9,937	Y	\$ 9,937
	Citigroup Energy, Inc.	\$ -	\$ 6,490	\$ -	\$ 6,490	Y	\$ 6,490
	Central Arizona Water Conservation District	\$ -	\$ 7,756	\$ -	\$ 7,756	Y	\$ 7,756
	EDF Trading North America, LLC	\$ 1,705	\$ 26,744	\$ -	\$ 28,449	Y	\$ 28,449
	El Paso Electric Company	\$ -	\$ 18,009	\$ -	\$ 18,009	Y	\$ 18,009
	Florida Power & Light	\$ -	\$ 8,307	\$ -	\$ 8,307	Y	\$ 8,307
	Gila River Power	\$ -	\$ 18,201	\$ -	\$ 18,201	Y	\$ 18,201
	JP Morgan Ventures Energy Corp.	\$ -	\$ 4,227	\$ -	\$ 4,227	Y	\$ 4,227
	Macquarie Cook Power Inc.	\$ -	\$ 7,555	\$ -	\$ 7,555	Y	\$ 7,555
	Morgan Stanley	\$ -	\$ 9,928	\$ -	\$ 9,928	Y	\$ 9,928
	PacifiCorp	\$ -	\$ 57,451	\$ -	\$ 57,451	Y	\$ 57,451
	PacifiCorp Power Marketing (Iberdrola)	\$ -	\$ 267	\$ -	\$ 267	Y	\$ 267
	Panda Gila River	\$ 59,348	\$ 55,278	\$ -	\$ 114,626	Y	\$ 114,626
	Powerex	\$ -	\$ 76,418	\$ -	\$ 76,418	Y	\$ 76,418
	Public Service of New Mexico	\$ -	\$ 31,695	\$ -	\$ 31,695	Y	\$ 31,695
	Salt River Project	\$ -	\$ 668,623	\$ -	\$ 668,623	Y	\$ 668,623
	Shell Energy North America	\$ -	\$ 1,285	\$ -	\$ 1,285	Y	\$ 1,285
	Southern California Edison Co.	\$ -	\$ 31,831	\$ -	\$ 31,831	Y	\$ 31,831
	Sun Devil Power Holdings, LLC (Wheelback)	\$ -	\$ 13,343	\$ -	\$ 13,343	Y	\$ 13,343
TransAlta Energy Marketing	\$ -	\$ 2,692	\$ -	\$ 2,692	Y	\$ 2,692	
Tri-State G&T	\$ 15,387	\$ 728	\$ -	\$ 16,115	Y	\$ 16,115	
Tucson Electric Power Company	\$ 9,552	\$ 180,604	\$ -	\$ 190,156	Y	\$ 190,156	
Western Area Power Admin.	\$ -	\$ 1,669	\$ -	\$ 1,669	Y	\$ 1,669	
NF	AZPS for APS Merchant P-T-P	\$ -	\$ 4,689	\$ -	\$ 4,689	Y	\$ 4,689
	Cargill-Alliant, LLC	\$ -	\$ 8,191	\$ -	\$ 8,191	Y	\$ 8,191
	Central Arizona Water Conservation District	\$ -	\$ 385	\$ -	\$ 385	Y	\$ 385
	Citigroup Energy, Inc.	\$ -	\$ 7,578	\$ -	\$ 7,578	Y	\$ 7,578
	EDF Trading North America, LLC	\$ -	\$ 4,980	\$ -	\$ 4,980	Y	\$ 4,980
	El Paso Electric Company	\$ -	\$ 14,728	\$ -	\$ 14,728	Y	\$ 14,728
	Florida Power & Light	\$ -	\$ 2,262	\$ -	\$ 2,262	Y	\$ 2,262
	JP Morgan Ventures Energy Corp.	\$ -	\$ 3,878	\$ -	\$ 3,878	Y	\$ 3,878
	Macquarie Cook Power, L.P.	\$ -	\$ 3,782	\$ -	\$ 3,782	Y	\$ 3,782
	Morgan Stanley	\$ 18,258	\$ 60,445	\$ -	\$ 78,703	Y	\$ 78,703
	Nevada Power Company	\$ -	\$ 1,770	\$ -	\$ 1,770	Y	\$ 1,770
	Noble Americas Gas & Power Corp.	\$ -	\$ 947	\$ -	\$ 947	Y	\$ 947
	Open Access Technology Int'l	\$ -	\$ 8,456	\$ -	\$ 8,456	Y	\$ 8,456
	PacifiCorp	\$ -	\$ 365,782	\$ -	\$ 365,782	Y	\$ 365,782
	PacifiCorp Power Marketing (Iberdrola)	\$ -	\$ 8,903	\$ -	\$ 8,903	Y	\$ 8,903
	Panda Gila River	\$ -	\$ 32,057	\$ -	\$ 32,057	Y	\$ 32,057
	Powerex	\$ -	\$ 67,923	\$ -	\$ 67,923	Y	\$ 67,923
	Public Service of New Mexico	\$ -	\$ 27,529	\$ -	\$ 27,529	Y	\$ 27,529
	Salt River Project Merchant	\$ 108,478	\$ 1,245,547	\$ -	\$ 1,354,025	Y	\$ 1,354,025
	Sempra Trading Corp	\$ -	\$ 978	\$ -	\$ 978	Y	\$ 978
	Shell Energy North America	\$ -	\$ 1,019	\$ -	\$ 1,019	Y	\$ 1,019
	Southern California Edison Co.	\$ -	\$ 29,009	\$ -	\$ 29,009	Y	\$ 29,009
	Tenaska Power Services Co.	\$ -	\$ 1,054	\$ -	\$ 1,054	Y	\$ 1,054
	TransAlta Energy Marketing	\$ -	\$ 128,466	\$ -	\$ 128,466	Y	\$ 128,466
	Tri-State G&T (was Plains G&T)	\$ 5,217	\$ 73,381	\$ -	\$ 78,598	Y	\$ 78,598
	Tucson Electric Power Company	\$ 26,187	\$ 565,376	\$ -	\$ 591,563	Y	\$ 591,563
	Western Area Power Admin. (CRSP)	\$ -	\$ 2,021	\$ -	\$ 2,021	Y	\$ 2,021
Yuma Cogeneration Association	\$ -	\$ 13,341	\$ -	\$ 13,341	Y	\$ 13,341	
OS	Imperial Irrigation District	\$ -	\$ -	\$ 52,997	\$ 52,997	Y	\$ 52,997
	Salt River Project Schedule Q	\$ -	\$ -	\$ 772,910	\$ 772,910	Y	\$ 772,910
AD	Other	\$ -	\$ -	\$ 451,189	\$ 451,189	Y	\$ 451,189
		\$ -	\$ -	\$ -	\$ -	Y	\$ -
<b>Grand Total</b>		<b>\$ 21,360,890</b>	<b>\$ 8,993,243</b>	<b>\$ 1,282,324</b>	<b>\$ 31,636,457</b>		
Difference (must be zero)							

Total 7,538,658  
Exclude PTP Scheduling from Ancillary Services 50,275  
Total Revenue Credits 7,488,383

## Worksheet 5 - Prepaid Items

Component (5)	BOY	EOY	AVG	100% Non-Transmission Related (1)	100% Transmission Related (2)	Gross Plant Related (3)	Labor Related (4)
PREPAID INSURANCE	2,773,966	2,674,114	2,724,040			2,674,114	
Federal Tax Receivable	2,869,083	589,027	1,729,055			589,027	
PREPAID INSURANCE	463,271	457,647	460,459			457,647	
PPD POSTAGE-PERMITS/METERS	72,703	334,609	203,656			334,609	
MISC FOSSIL PREPAIDS	0	19,124	9,562			19,124	
MISC PREPAIDS	98,629	69,860	84,244			69,860	
<b>Total Plant Related</b>	<b>6,277,652</b>	<b>4,144,380</b>	<b>5,211,016</b>			<b>4,144,380</b>	
PREPAID POSTAGE	291,909	628,536	460,223				628,536
Vehicle Licenses	378,753	338,123	358,438				338,123
Prepaid Travel	0	82,241	41,121				82,241
PPD SOFTWARE MAINT CONTRACTS	6,249,947	9,274,973	7,762,460				9,274,973
<b>Total Labor Related</b>	<b>6,920,609</b>	<b>10,323,873</b>	<b>8,622,241</b>				<b>10,323,873</b>
POWER MARKETING PREPAIDS	1,147,928	4,700	576,314	4,700			
PREPAYMENTS-MISC BUSINESS LICE	495	968	732	968			
REGULATORY COMMISSION EXP-ACC	2,332,875	2,806,231	2,569,553	2,806,231			
REGULATORY COMMISSION EXP-RUCO	477,105	460,551	468,828	460,551			
NAVAJO PLANT LEASE	85,176	85,176	85,176	85,176			
Foothills Lease	0	34,688	17,344	34,688			
Distribution Right Of Way	111,016	86,065	98,541	86,065			
Barclay's Line of Credit	28,750	28,750	28,750	28,750			
32M March Line of Credit Arrangement Fees	0	33,945	16,973	33,945			
Legends Entertainment Dist	1,085,148	875,572	980,360	875,572			
HR Prepaids	13,442	0	6,721	0			
Acquired Coal Bonuses	1,038,752	1,674,860	1,356,806	1,674,860			
27M COC Loc Annual Fees	(33,011)	0	(16,505)	0			
ACC DOCUMENT FEES	7,700	7,700	7,700	7,700			
SROG Water Payment	18,288	18,270	18,279	18,270			
<b>Total Non-Transmission Related</b>	<b>6,313,666</b>	<b>6,117,476</b>	<b>6,215,571</b>	<b>6,117,476</b>			
500 KV Capacitor Bank	0	9,104,049	4,552,025		9,104,049		
Transmission Right of Way	8,551,493	2,117,682	5,334,588		2,117,682		
Forest Service Agreement	140,000	240,000	190,000		240,000		
Wheeling Prepaid Expense	100,000	100,000	100,000		100,000		
<b>Total Transmission Related</b>	<b>8,791,493</b>	<b>11,561,731</b>	<b>10,176,612</b>		<b>11,561,731</b>		
<b>Grand Total</b>	<b>28,303,420</b>	<b>32,147,460</b>	<b>30,225,440</b>	<b>6,117,476</b>	<b>11,561,731</b>	<b>4,144,380</b>	<b>10,323,873</b>

ARIZONA PUBLIC SERVICE COMPANY  
WORKSHEET - 6 Depreciation Rates  
TRANSMISSION DEPRECIATION COMPOSITE RATE AS OF 12-31-2012

Company	Functional Class	Depr Group	Jurisdiction	Cost of Removal Rate	(B) Depr Rate	(A)+(B)-(C) Total Rate	(D) Balance EOY 2011	(C)*(D) Rate * Bal.	Comp. Rate
Arizona Public Service	Transmission Plant - Electric	00 35200 Sitec & Improvements	FERC	-0.01%	1.85%	1.84%	83,657,970.11	1,539,306.65	
Arizona Public Service	Transmission Plant - Electric	00 35300 Substation Eq, FERC Jur	FERC	0.04%	2.10%	2.14%	774,172,278.71	16,567,286.76	
Arizona Public Service	Transmission Plant - Electric	00 35400 Towers & Pdn, FERC Jur	FERC	-0.03%	1.37%	1.34%	80,689,388.94	1,215,371.81	
Arizona Public Service	Transmission Plant - Electric	00 35501 Wood & Oh Poles & Fxt	FERC	0.34%	1.87%	2.21%	63,966,989.41	1,413,669.80	
Arizona Public Service	Transmission Plant - Electric	00 35502 Steel Poles & Fixtures	FERC	0.35%	1.75%	2.10%	355,901,138.81	7,473,923.92	
Arizona Public Service	Transmission Plant - Electric	00 35600 OH Cond & Dev, FERC Jur	FERC	0.31%	1.56%	1.87%	356,497,661.10	6,666,506.26	
Arizona Public Service	Transmission Plant - Electric	00 35700 UG Conduits	FERC	-0.02%	1.57%	1.55%	20,656,837.43	320,180.98	
Arizona Public Service	Transmission Plant - Electric	00 35800 UG Conductors	FERC	-0.24%	1.57%	1.33%	32,684,252.79	434,700.56	
					FERC Jurisdiction EOY 2012 Balance		1,778,236,487.30		2.00% Annual
					Worksheet 6 Totals		2,093,610,284.00	35,630,946.75	0.17% Monthly
					FF1 Page 204-207 Transmission Ending Balance		2,093,610,284.00		

\* All Non-FERC Jurisdictional assets are excluded from the Depreciation Rate Calculation