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DOCKET CONTROL

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Mail Station 9712
PO Box 53999
Phoenix, Arizona 85072-3999
Tel 602-250-5671
Elisa.Malagon@aps.com

February 23, 2015

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

RE: Arizona Public Service Company's 2011 Rate Case
Docket No. E-01345A-11-0224

As required by the EIS Plan of Administration in Decision No. 73183, Arizona Public Service Company (APS) filed its EIS rate calculation, including all supporting data for calendar year 2014 on January 30, 2015.

The calculations included Schedule 2 Capital Carrying Costs and Adjustor Calculation Plant In Service Calendar Year 2012-2014. At that time, this Schedule was redacted to exclude certain confidential information until APS filed its Form 10K Annual Report with the Security and Exchange Commission (SEC). On February 20, 2015, APS completed its 2014 Form 10K filing with the SEC, and as a result, is filing this letter and a complete Schedule 2 with Docket Control.

In accordance with the EIS Plan of Administration approved in Decision No. 73183, the EIS Rate of \$0.000109/kWh will go into effect on April 1, 2015.

If you have any questions regarding this information, please contact Stefanie Layton at (602)250-4541.

Sincerely,


Lisa Malagon
LM/sb
Attachment

cc: Brian Bozzo
Parties of Record

Arizona Corporation Commission

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FEB 23 2015

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Copies of the foregoing delivered/mailed this 23rd
day of February, 2015, to:

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

Cynthia Zwick
1940 E. Luke Avenue
Phoenix, AZ 85016

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

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

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

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

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

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

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

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

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

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

Copies of the foregoing delivered/mailed this 23rd
day of February, 2015, to:

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

Laura Sanchez
P.O. Box 65623
Albuquerque, NM 87103

Kevin Higgins
215 South State Street
Suite 200
Salt Lake, UT 84111

Schedule 2: Capital Carrying Costs and Adjustor Calculation
 Plant in Service Calendar Year 2012 - 2014
 Billing Period 4/1/2015 - 3/31/2016

Line No.	EIS Calculation		
Qualified Plant			
1.	Environmental Improvement Projects (Schedule 1, Total Line Column F)		\$25,134,733
2.	Accumulated Depreciation ¹		338,004
3.	Cumulative Deferred Tax/Tax Credits ¹		4,660,840
4.	Qualified Net Plant (Line 1 - Line 2 - Line 3) ¹	\$	20,135,889
5.	Pre-tax Weighted Average Cost of Capital		11.8560%
Capital Carrying Cost			
6.	Composite Return on EIS Net Plant (Line 4 * Line 5) ¹	\$	2,387,311
7.	Annual Depreciation of Plant In Service ¹		293,527
8.	Applicable Property Tax ¹		185,181
9.	Associated O&M Expense ¹		-
10.	Total EIS Revenue Requirement (Line 6 + Line 7 + Line 8 + Line 9) ¹	\$	2,866,019
11.	Total Company Sales ^{1,2}		26,266,184,093
12.	Calculated EIS Adjustment (\$/kWh) (line 10/Line 11)	\$	0.000109
13.	EIS Rate Cap (\$/kWh)	\$	0.000160
14.	EIS Rate (\$/kWh) (Lesser of Line 12 and Line 13)	\$	0.000109

Note: ¹ The information provided on lines 2 through 4 and lines 6 through 11 in this document is confidential until APS files its Form 10K for the year ending on December 31, 2014 (no later than end of first quarter 2015), at which time the information will be made public.

² Calendar year 2014 actual retail sales less kWh sales for Rate Schedule E-36-XL and Rate Rider AG-1.