

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

July 9, 2003

In Reply Refer To:  
Arizona Public Service Company  
Docket No. ER03-347-000

Morgan, Lewis & Bockius, LLP  
Attention: John D. McGrane  
Attorney for Arizona Public Service Company  
1111 Pennsylvania Avenue, N.W.  
Washington, DC 20004

Dear Mr. McGrane:

1. You filed an offer of settlement in the above-referenced proceeding on May 12, 2003, on behalf of Arizona Public Service Company (APS), which includes an Explanatory Statement, between APS and PacifiCorp. This settlement resulted from a settlement process commenced by a settlement judge designated to work with the parties to resolve the issues in this proceeding. No comments were filed. The presiding judge certified the offer of settlement to the Commission as uncontested on June 4, 2003.
2. The subject settlement is in the public interest and is hereby approved. The Commission's approval of this settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding. The Commission retains the right to investigate the rates, terms, and conditions under the just and reasonable and not unduly discriminatory or preferential standard of Section 206 of the Federal Power Act, 16 U.S.C. § 824(e) (2000).
3. Any amounts collected in excess of the settlement rates for O&M charges shall be refunded together with interest computed under Section 35.19(a) of the Commission's regulations. 18 C.F.R. § 35.19(a) (2003). Within fifteen days after making such refunds, APS shall file with this Commission a compliance report showing monthly billing determinants, revenue receipt dates, revenues under the prior, present and settlement rates, the monthly revenue refund, and the monthly interest computed, together with a summary of such information for the total refund period. APS shall furnish copies of the report to the affected wholesale customers and to each state commission within whose jurisdiction the wholesale customers distribute and sell electric energy at retail.

4. This letter order terminates Docket No. ER03-347-000. A new subdocket will be assigned in Docket No. ER03-347 upon receipt of the required compliance refund report.

By direction of the Commission.

Linda Mitry,  
Acting Secretary.

cc: All Parties

Arizona Public Service Commission  
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