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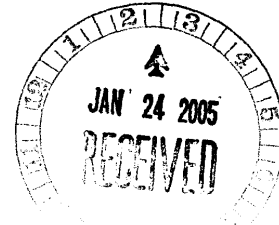
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August 6, 2004

BY HAND DELIVERY

David M. Konschnik
Director
Office of Proceedings
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423



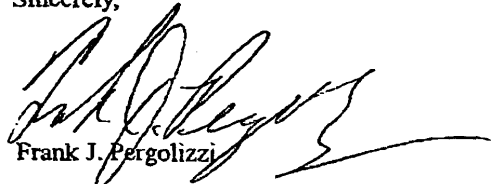
Re: STB Docket No. 41185, *Arizona Public Service Company and
PacifiCorp v. The Burlington Northern and Santa Fe Railway Company*

Dear Mr. Konschnik:

It has come to our attention that Attachment 2 of the letter that APS/PacifiCorp submitted to the Board on July 20, 2004 contained several errors. Accordingly, we submit here with a revised Attachment 2. We have consulted with counsel for BNSF and have been authorized to represent that BNSF does not oppose the submission of the revised Attachment.

We also enclose a CD containing the electronic workpapers relating to the revised Attachment 2. These workpapers contain Highly Confidential Information and are, accordingly, filed under seal.

Sincerely,


Frank J. Pergolizzi

FJP/mjb
Enclosures

cc: Linda S. Stein, Esq.

**Proposed Rates Based On STB
Request Of Arizona Dated July 2, 2004**

<u>Year</u> (1)	<u>STB Request No. 1</u>	
	<u>Arizona Rebuttal 1/</u> (2)	<u>Arizona Rebuttal Plus Capital Allocation 2/</u> (3)
2003	\$4.10	\$5.40
2004	\$4.18	\$5.51
2005	\$4.60	\$6.06
2006	\$4.49	\$5.91
2007	\$4.38	\$5.77
2008	\$4.27	\$5.63

1/ APS Rebuttal Exhibit_(TDC-9)

2/ APS Rebuttal Exhibit_(TDC-9) and BNSF Proposed Capital
Allocation Method.

**Proposed Rates Based On STB
Request Of Arizona Dated July 2, 2004**

STB Request No. 2 Global Insight Inflation		
Year (1)	Arizona Rebuttal 1/ (2)	Arizona Rebuttal Plus Capital Allocation 2/ (3)
2003	\$4.16	\$5.61
2004	\$4.27	\$5.76
2005	\$4.72	\$6.37
2006	\$4.70	\$6.35
2007	\$4.69	\$6.33
2008	\$4.69	\$6.34

1/ APS Rebuttal Exhibit_(TDC-9) adjusted to use Global Insight inflation for revenues, assets and expenses from 2Q04 through 4Q13.

2/ APS Rebuttal Exhibit_(TDC-9) adjusted to use Global Insight inflation for revenues, assets and expenses from 2Q04 through 4Q13 and BNSF proposed Capital Allocation method.

**Proposed Rates Based On STB
Request Of Arizona Dated July 2, 2004**

**STB Request No. 3
Global Insight Inflation Plus Non-
McKinley Tons And Investment 2007**

Year (1)	Arizona Rebuttal	
	Rebuttal 1/ (2)	Plus Capital Allocation 2/ (3)
2003	\$4.09	\$5.89
2004	\$4.18	\$6.02
2005	\$4.51	\$6.50
2006	\$4.31	\$6.21
2007	\$4.69	\$6.75
2008	\$4.69	\$6.76

- 1/ APS Rebuttal Exhibit_(TDC-9) adjusted to use Global Insight inflation for revenues, assets and expenses from 2Q04 through 4Q13 and excluding non-McKinley tonnages and investment until 2007.
- 2/ APS Rebuttal Exhibit_(TDC-9) adjusted to use Global Insight inflation for revenues, assets and expenses from 2Q04 through 4Q13 and excluding non-McKinley tonnages and investment until 2007 and BNSF proposed Capital Allocation method.