

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 WILLIAM A. MUNDELL
CHAIRMAN
3 JIM IRVIN
COMMISSIONER
4 MARC SPITZER
COMMISSIONER
5

DOCKET NO. E-01345A-02-0707

6 IN THE MATTER OF THE APPLICATION OF
ARIZONA PUBLIC SERVICE COMPANY FOR
7 AN ORDER OR ORDERS AUTHORIZING IT TO
ISSUE, INCUR, OR ASSUME EVIDENCES OF
8 LONG-TERM INDEBTEDNESS; TO ACQUIRE A
FINANCIAL INTEREST OR INTERESTS IN AN
9 AFFILIATE OR AFFILIATES; TO LEND MONEY
TO AN AFFILIATE OR AFFILIATES; AND TO
10 GUARANTEE THE OBLIGATIONS OF AN
AFFILIATE OR AFFILIATES.

PROCEDURAL ORDER

11 **BY THE COMMISSION:**

12
13 On September 16, 2002, Arizona Public Service Company (“APS”) filed with Corporation
14 Commission (“Commission”) the above-captioned application for financing approval
15 (“Application”).

16 On September 23, 2002, the Residential Utility Consumer Office (“RUCO”) filed an
17 Application to Intervene which was granted at the September 23, 2002, Procedural Conference.

18 By Procedural Order issued September 23, 2002, a Procedural Conference was held on
19 September 24, 2002 to discuss the procedural schedule for this matter.

20 On October 4, 2002, a second Procedural Conference was held to establish procedural dates
21 for the preparation and conduct of this matter and to consider the Motions to Intervene by Panda Gila
22 River, L.P. (“Panda”); Reliant Resources, Inc. (“Reliant”); the Harquahala Generating Company,
23 LLC (“Harquahala”); PPL Southwest Generation Holdings, LLC; PPL Energy Plus, LLC; and PPL
24 Sundance Energy, LLC (collectively “PPL entities”); the Arizona Utility Investors Association, Inc.
25 (“AUIA”); Southwestern Power Group II, LLC and Bowie Power Station (collectively
26 “SWPG/Bowie”); Sempra Energy Resources (“Sempra”); Arizona Competitive Power Alliance
27 (“ACPA”); Tucson Electric Power Company (“TEP”) and Panda Gila River, L.P. (“Panda”).

28 At the Procedural Conference, oral arguments were heard on the motions to intervene and the

1 parties discussed their proposed procedural schedule for this matter. The motions to intervene were
2 granted, and it was noted that the scope of the hearing would not be broadened by their participation.

3 IT IS THEREFORE ORDERED that the hearing in the above-captioned matter shall
4 commence on January 8, 2003, at 10:00 a.m. or as soon thereafter as is practical, at the Commission's
5 offices, 1200 West Washington Street, Arizona 85007.

6 IT IS FURTHER ORDERED that APS shall file initial testimony and associated exhibits on
7 the application on or before **noon on October 15, 2002.**

8 IT IS FURTHER ORDERED that Staff and Intervenors shall file testimony and associated
9 exhibits on or before **noon on December 13, 2002.**

10 IT IS FURTHER ORDERED that APS shall file its rebuttal testimony and associated exhibits
11 on or before **noon on December 30, 2002.**

12 IT IS FURTHER ORDERED that a pre-hearing conference shall be held on January 3, 2003,
13 at 10:00 a.m. for the purpose of scheduling witnesses and the conduct of the hearing.

14 IT IS FURTHER ORDERED that any objections to any testimony or exhibits which have
15 been pre-filed as December 30, 2002, shall be made before or at the January 3, 2003 pre-hearing
16 conference.

17 IT IS FURTHER ORDERED that any substantive corrections, revisions, or supplements to
18 pre-filed testimony shall be reduced to writing and filed no later than five days before the witness is
19 scheduled to testify.

20 IT IS FURTHER ORDERED that the parties shall prepare a brief, written summary of the
21 pre-filed testimony of each of their witnesses and shall file each summary at least two working days
22 before the witness is scheduled to testify.

23 IT IS FURTHER ORDERED that copies of summaries should be served upon the Presiding
24 Officer, the Commissioners, and the Commissioners' aides as well as the parties of record.

25 IT IS FURTHER ORDERED that the parties shall enter into protective agreements in order to
26 facilitate the orderly discovery process.
27
28

1 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and
2 regulations of the Commission, except that any objection to discovery requests shall be made within
3 3 days of receipt and responses to discovery requests shall be made within 5 days of receipt; the
4 response time may be extended by mutual agreement of the parties involved if the request requires an
5 extensive compilation effort. The parties should make arrangements to provide responses to data
6 requests to all other parties.

7 IT IS FURTHER ORDERED that, in the alternative to filing a written motion to compel
8 discovery, any party seeking discovery may telephonically contact the Commission's Hearing
9 Division to request a date for a procedural hearing to resolve the discovery dispute; that upon such a
10 request, a procedural hearing will be convened as soon as practicable; and that the party making such
11 a request shall forthwith contact all other parties to advise them of the hearing date and shall at the
12 hearing provide a statement confirming that the other parties were contacted.¹

13 IT IS FURTHER ORDERED that any motions which are filed in this matter and which are
14 not ruled upon by the Commission within 10 days of the filing date of the motion shall be deemed
15 denied.

16 IT IS FURTHER ORDERED that any responses to motions shall be filed within five days of
17 the filing date of the motion.

18 IT IS FURTHER ORDERED that any replies shall be filed within five days of the filing date
19 of the response.

20 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105,
21 except that all motions to intervene must be filed on or before December 6, 2002.

22 IT IS FURTHER ORDERED that APS shall provide public notice of the hearing in this
23 matter, in the following form and style, with the heading in no less than 24 point bold type and the
24 body in no less than 10 point regular type:

25

26

27 _____
28 ¹ The parties are encouraged to attempt to settle discovery disputes through informal, good-faith negotiations before seeking Commission resolution of the controversy.

**PUBLIC NOTICE OF ARIZONA PUBLIC SERVICE COMPANY'S
FINANCING APPLICATION.
DOCKET NO. E-01345A-02-0707.**

On September 16, 2002 Arizona Public Service Company ("APS" or "Company") filed an application with the Arizona Corporation Commission ("Commission") for approval of a long-term debt; to acquire a financial interest, lend money, and guarantee the obligations of its affiliates Pinnacle West Capital Corporation and Pinnacle West Energy Corporation ("PWEC") in connection with the refinancing of PWEC's construction of its generation plants West Phoenix CC Units 4 and 5, Redhawk Units 1 and 2, and Saguaro CT Unit 3. The Commission will hold a hearing on this matter beginning at 10:00 a.m. on January 8, 2003 at the Commission's offices, 1200 West Washington Street, Phoenix, Arizona 85007. Public Comments will be taken in Phoenix on the first day of hearing.

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Intervention shall be permitted to any person entitled by law to intervene and having a direct and substantial interest in the matter. Persons desiring to intervene must file a written motion to intervene with the Commission, which motion should be sent to the Company or its counsel and to all parties of record, and which, at the minimum, shall contain the following:

1. The name, address, and telephone number of the proposed intervenor and of any party upon whom service of documents is to be made if different than the intervenor.
2. A short statement of the proposed intervenor's interest in the proceeding (e.g., a customer of the Company, a shareholder of the Company, etc.)
3. A statement certifying that a copy of the motion to intervene has been mailed to the Company or its counsel and to all parties of record in the case.

The granting of motions to intervene shall be governed by A.A.C.R14-3-105, except that all motions to intervene must be filed on or before December 6, 2002. The granting of intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any customer from appearing at the hearing and making a statement on such customer's own behalf.

If you have any questions about this application, or want information on intervention, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000.

1 The Commission does not discriminate on the basis of disability in
2 admission to its public meetings. Persons with a disability may request a
3 reasonable accommodation such as a sign language interpreter, as well as
4 request this document in an alternative format, by contacting Shelly Hood,
5 ADA Coordinator, voice phone number 602/542-3931, E-mail
6 shood@cc.state.az.us. Requests should be made as early as possible to
7 allow time to arrange the accommodation.

8 IT IS FURTHER ORDERED that the Company shall cause the above notice to be published
9 at least two days in a daily newspaper of general circulation in its service territory, with publication to
10 be completed as soon as possible but no later than October 28, 2002.

11 IT IS FURTHER ORDERED that the Company shall cause the above notice to be posted on
12 its website as soon as possible, but no later than October 21, 2002.

13 IT IS FURTHER ORDERED that the Company shall file certification of publishing/posting
14 as soon as practicable after the publication/posting has been completed.

15 IT IS FURTHER ORDERED that notice shall be deemed complete upon publication/posting
16 of same, notwithstanding the failure of an individual customer to read or receive the notice.

17 IT IS FURTHER ORDERED that Reliant, Harquahala, the PPLs; AUIA, SWPG/Bowie;
18 Sempra; ACPA, TEP and Panda are hereby granted intervention.

19 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized
20 Communications) applies to this proceeding as the matter is now set for public hearing.

21 IT IS FURTHER ORDERED that the time periods specified herein shall not be extended
22 pursuant to Rule 6(a) or (e) of the Rules of Civil Procedure.

23 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive
24 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

25 DATED this _____ day of October, 2002.

26 _____
27 LYN FARMER
28 CHIEF ADMINISTRATIVE LAW JUDGE

1 Copies of the foregoing mailed/delivered/faxed
2 This ____ day of October, 2002 to:

3 Jeffrey B. Guldner
4 SNELL & WILMER
5 One Arizona Center
400 E. Van Buren
Phoenix, Arizona 85004

6 Thomas L. Mumaw
7 PINNACLE WEST CAPITAL CORP
LAW DEPARTMENT
8 P.O. Box 53999, MS 8695
Phoenix, Arizona 85004-3999

9 Jay L. Shapiro
10 FENNEMORE CRAIG
3003 N. Central Avenue, Suite 2600
Phoenix, Arizona 85012
Attorney for Panda Gila River, L.P.

11 Larry F. Eisenstate
12 Michael R. Engleman
13 DICKSTEIN SHAPIRO MORIN &
14 OSHINSKY LLP
2101 L Street, NW
Washington, DC 20037
Attorneys for Panda Gila River, L.P.

15 Lindy Funkhouse
16 Scott Wakefield
17 RUCO
1110 W. Washington, Suite 200
Phoenix, Arizona 85007

18 William P. Sullivan
19 Michael A. Curtis
20 2712 N. 7th Street
Phoenix, Arizona 85006-1090
Attorneys for Reliant Resources, Inc.

21 Roger K. Ferland
22 QUARLES & BRADY STREICH LANG, LLP
Renaissance One
Two North Central Avenue
Phoenix, Arizona 85004-2391
23 Attorneys for Harquahala Generating Company,
24 LLC

25 Jay I. Moyes
26 MOYES STOREY
3003 N. Central Ave., Suite 1250
Phoenix, Arizona 85012
Attorneys for PPL Southwest Generation
27 Holdings, LLC: PPL Energy Plus, LLC; and PPL
Sundance Energy, LLC
28

Jesse A. Dillon
PPL
2 North Ninth Street
Allentown, Pennsylvania 18101

Walter W. Meek
AUIA
2100 N. Central Ave., Suite 210
Phoenix, Arizona 85004

Lawrence V. Robertson, Jr.
MUNGER CHADWICK
National Bank Plaza
333 N. Wilmot, Suite 300
Tucson, Arizona 85711
Attorneys for Southwestern Power Group II, LLC;
Bowie Power Station; and Sempra Energy Resources

Greg Patterson
ACPA
5432 E. Avalon
Phoenix, Arizona 85018

Raymond S. Heyman
Michael W. Pattern
ROSHKA, HEYMAN & DeWULF
One Arizona Center
400 E. Van Buren, Suite 800
Phoenix, Arizona 85004
Attorneys for Tucson Electric Power Co.

Christopher Kemp ley, Chief Counsel
ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, Arizona 85007

Ernest G. Johnson, Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

ARIZONA REPORTING SERVICE, INC.
2627 N. Third Street, Suite Three
Phoenix, Arizona 85004-1104

By: _____
Molly Johnson
Secretary for Lyn Farmer