

INTERVENTION



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October 31, 2003

Colleen Ryan, Supervisor
Document Control
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

Re: Docket No. E-01345A-02-0437
In the matter of the Arizona Public Service Company's Application to determine fair value, fix rate of return, determine rates, and approve purchase power contract.

Dear Ms. Ryan:

Enclosed for filing in the above-captioned proceeding are the original and nineteen (13) copies of the Mesquite Power, L.L.C's Application for Leave to Intervene which is the subject of the above-referenced proceeding. Also enclosed are two additional copies to be conformed and returned to our office via EZ Messenger.

Please let me know if you have any questions, and thank you for your assistance.

Sincerely,

Lawrence V. Robertson, Jr.

enclosures

Arizona Corporation Commission

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INTERVENTION ORIGINAL

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Attorneys for Mesquite Power, L.L.C.

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

MARC SPITZER, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON
KRISTIN K. MAYES

Arizona Corporation Commission
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IN THE MATTER OF THE APPLICATION
OF ARIZONA PUBLIC SERVICE
COMPANY FOR A HEARING TO
DETERMINE THE FAIR VALUE OF THE
UTILITY PROPERTY OF THE COMPANY
FOR RATEMAKING PURPOSES, TO FIX
A JUST AND REASONABLE RATE OF
RETURN THEREON, TO APPROVE RATE
SCHEDULES DESIGNED TO DEVELOP
SUCH RETURN, AND FOR APPROVAL
OF PURCHASED POWER CONTRACT

DOCKET NO. E-01345A-03-0437

**APPLICATION FOR LEAVE TO
INTERVENE**

**APPLICATION OF MESQUITE POWER, L.L.C.
FOR LEAVE TO INTERVENE**

Pursuant to A.A.C. R14-3-105 and the Fourteenth Ordering Paragraph of the August 15, 2003 Procedural Order issued by the Administrative Law Judge in the above-captioned proceeding, Mesquite Power, L.L.C. ("Mesquite") makes this Application for Leave to Intervene ("Application") in the above-captioned proceeding. In support of the Application, Mesquite submits the following information.

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I.

BACKGROUND INFORMATION ON APPLICANT

Mesquite is a Delaware limited liability company, and is qualified to do business in the State of Arizona.

On December 5, 2000, in its Decision No. 63232, the Commission granted Mesquite and its assignees a Certificate of Environmental Compatibility ("CEC") to site and construct the following facilities:

“ . . . a natural gas fired, combined cycle generating facility, together with related infrastructure, which shall be located in Maricopa County, Arizona, South of Elliott Road, approximately one (1) mile east of Wintersburg Road, and approximately 37 miles west of the Phoenix metropolitan area. This facility shall consist of two power blocks as described in the application, each capable of producing 625 megawatts at peak production. The related infrastructure includes facilities necessary for the interconnection of the Mesquite generating station to the Hassayampa Switchyard, as described in the application. [Decision No. 63232 at (physical) page 5, line 27-page 6, line 6]

In March, 2003, the first 625 megawatt power block was placed in service at the Mesquite generating station. The second 625 megawatt power block is scheduled to be placed in service in November, 2003.

As a consequence of the above-described activities, Mesquite has become a member of Arizona's independent power producer community. As such, Mesquite has a direct and substantial interest in any Commission proceeding or decision which may have an effect upon the Commission's ongoing effort to facilitate the development and growth of a robust competitive wholesale electric market in Arizona. The instant proceeding is of such a nature.

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II.

NATURE OF APPLICANT'S INTEREST IN INSTANT PROCEEDING

In its application, Arizona Public Service Company ("APS") is seeking to acquire and add to its rate base certain electric generation resources constructed, owned and operated by its affiliated company, Pinnacle West Energy Corporation ("PWEC"). Alternatively, APS is requesting Commission approval of a proposed long-term Purchased Power Agreement between APS and PWEC for the output from these same resources. Under either scenario, the ultimate effect of the relief sought by APS would be the long-term removal from APS' "contestable load" under the Track "B" solicitation process of an amount of capacity and energy equivalent to that which can be produced by the PWEC generation assets. Such removal would substantially, if not virtually, eliminate the need for APS to acquire capacity and/or energy from the competitive wholesale electric market in Arizona to serve its end-use load, and thus would be directly contrary to realization of the Commission's often-stated goal of a robust competitive market.

Such a reduction in the size of APS' "contestable load" would have a direct and substantial effect on the members of Arizona's independent power producer community, including Mesquite, for many years into the future. More specifically, it would foreclose the opportunity for generating plants located in the State of Arizona to provide power for customers who are located in Arizona. Thus, Mesquite has a direct and substantial interest in the instant proceeding and any Commission decision resulting therefrom.

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III.

REQUESTED INTERVENTION WILL NOT UNDULY BROADEN ISSUES

The Arizona Competitive Power Alliance (“ACPA”) is seeking leave to intervene in the instant proceeding on behalf of its members. Mesquite’s corporate parent, Sempra Energy Resources (“SER”) is an active member of ACPA, and SER is among those members sponsoring the evidentiary case that ACPA intends to present. However, because it is possible that during the course of the proceeding developments could occur which would require Mesquite to express a view or argument as to its particular interests, which might differ from that viewpoint or argument being expressed by ACPA, Mesquite is hereby requesting leave to intervene in its own name and stead. However, as a general rule, Mesquite will defer to ACPA to take the lead in representing the interests and views of the independent power producer community in Arizona.

Accordingly, intervention and participation by Mesquite would not have the effect of unduly broadening the issues presented in the above-captioned proceeding.

IV.

CONCLUSION

Wherefore, Mesquite hereby requests that the Commission or Administrative Law Judge assigned to the above-captioned proceeding, issue an order granting this Application, thereby according to Mesquite all rights and privileges as an intervening party of record.

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DATED: October 31, 2003

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By: Lawrence V. Robertson, Jr.
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Original and 19 copies of the
foregoing Application for Leave
to Intervene were filed this 3rd
day of November, 2003 with:

Colleen Ryan, Supervisor
Docket Control
Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007

Copy of the foregoing mailed/mailed
this 3rd day of November, 2003 to:

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