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BEFORE THE ARIZONA CORPORATION COMMISSION

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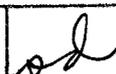
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IN THE MATTER OF THE APPLICATION OF
PDM ENERGY, L.L.C. FOR A CERTIFICATE
OF CONVENIENCE AND NECESSITY TO
PROVIDE COMPETITIVE RETAIL ELECTRIC
SERVICES AS AN ELECTRIC SERVICE
PROVIDER PURSUANT TO A.A.C. R14-2-
1601 *ET SEQ.*

Docket No. E-03869A-00-0268

Arizona Corporation Commission
DOCKETED

JUL 05 2001

DOCKETED BY 

NOTICE OF FILING PERFORMANCE BOND

At the hearing in this docket on PDM Energy's application, Commission Staff recommended that PDM Energy file a letter of financial support from its ultimate parent, Phelps Dodge Corp., that set forth a specific dollar amount of support. However, Commission Staff did not request any particular amount to be included in such a letter. Phelps Dodge had previously submitted a general letter of financial support. *See Exhibit A.*

Subsequent to the hearing - in response to an inquiry by PDM Energy - Commission Staff indicated that the existing letter of financial support in combination with a \$100,000 performance bond would meet Staff's concerns. Attached as Exhibit B is a \$100,000 bond insuring PDM Energy's performance. PDM Energy is in the process of obtaining the signature of PDM Energy's Manager, David Ogonowski (who is currently out-of-state), and will submit a fully-executed bond in the near future.

...

ROSHKA HEYMAN & DEWULF, PLC
TWO ARIZONA CENTER
400 NORTH 5TH STREET - SUITE 1000
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

1 With this filing, PDM Energy understands that it has satisfied Commission Staff's
2 requirements and respectfully requests that a proposed order on PDM Energy's application
3 be issued.

4 July 5, 2001.

6 **PDM ENERGY, L.L.C.**

7
8 By 

9 Michael W. Patten
10 ROSHKA HEYMAN & DEWULF, PLC
11 Two Arizona Center
12 400 North 5th Street, Suite 1000
13 Phoenix, Arizona 85004
14 phone 602/256-6100

15 **ORIGINAL and 10 COPIES** filed
16 July 5, 2001, with:

17 Docket Control
18 ARIZONA CORPORATION COMMISSION
19 1200 West Washington Street
20 Phoenix, Arizona 85007

21 **COPIES** hand-delivered July 5, 2001, to:

22 Lyn A. Farmer, Esq.
23 Chief Administrative Law Judge
24 Hearing Division
25 ARIZONA CORPORATION COMMISSION
26 1200 West Washington Street
27 Phoenix, Arizona 85007

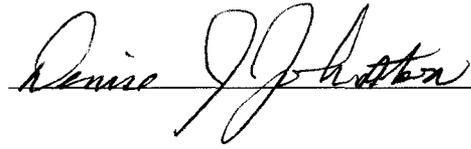
ROSHKA HEYMAN & DEWULF, PLC

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Janet Wagner, Esq.
Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

Erinn Andreasen
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007





2600 N. Central Avenue, Phoenix, AZ 85004-3014 • (602) 234-8178
Fax: (602) 234-4818

Ramiro G. "Ramey" Peru
Senior Vice President
and Chief Financial Officer

August 23, 2000

Deborah R. Scott, Esq.
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

RE: PDM Energy, L.L.C.
Docket No. E-03869A-00-0268

Dear Ms. Scott:

Phelps Dodge Corporation is the ultimate parent company of PDM Energy, L.L.C. Phelps Dodge Corporation intends to provide financial support to PDM Energy, L.L.C to allow it to provide the competitive services set forth in PDM Energy, L.L.C.'s application for a Certificate of Convenience and Necessity in Docket No. E-03869A-00-0268.

This letter is being provided in response to your request only, and does not confer any rights on any third party.

Please call me if you have any questions.

Sincerely,

Ramiro G. Peru
Senior Vice President
Phelps Dodge Corporation

____/dj

100259_1

EXHIBIT A

BOND FOR UTILITY USERS

KNOW ALL MEN BY THESE PRESENTS: That we, PDM Energy, LLC as Principal, and American Home Assurance Company as Surety are jointly and severally bound unto the users of Principal in the sum of One Hundred Thousand and no/100 Dollars (\$100,000.00), lawful money of the United States of America, to be paid as hereinafter provided for which payment will and truly to be made, we bind ourselves, and each of our successors and assigns, jointly and severally be these presents.

THE CONDITIONS OF THIS OBLIGATION ARE THAT: Whereas, the above bounden Principal has contracted with the users of the Principal for the furnishing of competitive retail electric service.

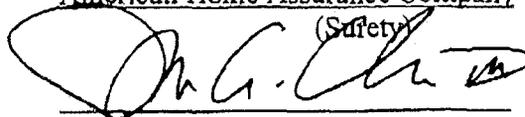
NOW THEREFORE, if the said Principal, or any assigns of his fails to provide competitive retail electric services so furnished, the said Surety will pay the same to the users of the Principal with the consent of the Arizona Corporation Commission as Trustee, an amount not exceeding the sum hereinabove specified.

THE BOND SHALL REMAIN IN FULL FORCE and effect until cancelled by mutual agreement of the Arizona Corporation Commission, the Principal and the Surety. The Surety's liability shall be terminated and bond cancelled upon written notice of the cancellation by the Surety to the Principal with a copy to the Arizona Corporation Commission no less than thirty days prior to the cancellation date. Notice to the Principal shall be by certified mail in a sealed envelope with the postage prepaid. Proof of notice to the Principal shall be made available to the Arizona Corporation Commission upon request. IN WITNESS Whereof, we have caused these presents to be executed this 29th day of June, 2001.

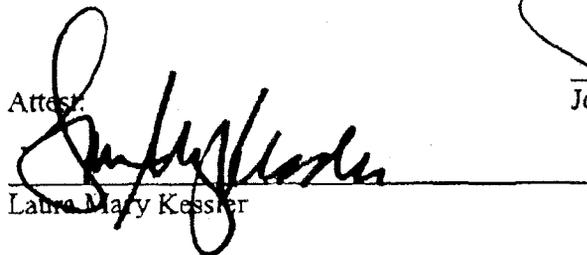
PDM Energy, LLC
(Principal)

BY: _____

American Home Assurance Company
(Surety)



Joseph A. Clarken, III, Attorney-In-Fact

Attest:

Laura Mary Kessler

**American Home Assurance Company
National Union Fire Insurance Company of Pittsburgh, Pa.**

Principal Bond Office: 70 Pine Street, New York, N.Y. 10270

POWER OF ATTORNEY

No. 52-B-05404

KNOW ALL MEN BY THESE PRESENTS:

That American Home Assurance Company, a New York corporation, and National Union Fire Insurance Company of Pittsburgh, Pa., a Pennsylvania corporation, does each hereby appoint

---Joseph A. Clarken, III, Darlene R. Ames, Rose M. Unruh, Laura Mary Kessler,
Cindy K. Juharos, Michael L. Goss: of Phoenix, Arizona---

its true and lawful Attorney(s)-in-Fact, with full authority to execute on its behalf bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, issued in the course of its business, and to bind the respective company thereby.

IN WITNESS WHEREOF American Home Assurance Company and National Union Fire Insurance Company of Pittsburgh, Pa. have each executed these presents

this 30th day of January, 2001.



[Signature]
Mark A. Mallonee, Vice President

STATE OF NEW YORK }
COUNTY OF NEW YORK }ss.

On this 30th day of January, 2001 before me came the above named officer of American Home Assurance Company and National Union Fire Insurance Company of Pittsburgh, Pa., to me personally known to be the individual and officer described herein, and acknowledged that he executed the foregoing instrument and affixed the seals of said corporations thereto by authority of his office.

[Signature]
LARA A. CARMILANI
Notary Public, State of New York
No. 01CA5021384
Qualified in Richmond County
Certificate filed in New York County
Commission Expires Dec. 13, 2001

CERTIFICATE

Excerpts of Resolutions adopted by the Boards of Directors of American Home Assurance Company and National Union Fire Insurance Company of Pittsburgh, Pa. on May 18, 1976:

"RESOLVED, that the Chairman of the Board, the President, or any Vice President be, and hereby is, authorized to appoint Attorneys-in-Fact to represent and act for and on behalf of the Company to execute bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, and to attach thereto the corporate seal of the Company, in the transaction of its surety business;

"RESOLVED, that the signatures and attestations of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company when so affixed with respect to any bond, undertaking, recognizance or other contract of indemnity or writing obligatory in the nature thereof;

"RESOLVED, that any such Attorney-in-Fact delivering a secretarial certification that the foregoing resolutions still be in effect may insert in such certification the date thereof, said date to be not later than the date of delivery thereof by such Attorney-in-Fact."

I, Elizabeth M. Tuck, Secretary of American Home Assurance Company and of National Union Fire Insurance Company of Pittsburgh, Pa. do hereby certify that the foregoing excerpts of Resolutions adopted by the Boards of Directors of these corporations, and the Powers of Attorney issued pursuant thereto, are true and correct, and that both the Resolutions and the Powers of Attorney are in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of each corporation

this 29th day of June, 2001



[Signature]
Elizabeth M. Tuck, Secretary