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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

2005 SEP 23 P 2: 58

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

AZ CORP COMMISSION
DOCUMENT CONTROL

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

IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY FOR APPROVAL OF A POWER SUPPLY ADJUSTOR SURCHARGE.

DOCKET NO. E-01345A-05-0526

PROCEDURAL ORDER

BY THE COMMISSION:

On June 27, 2003, the Arizona Public Service Company ("APS") filed with the Arizona Corporation Commission ("Commission"), an application for a rate increase and for approval of purchased power contract. In Decision No. 67744 (April 7, 2005), the Commission approved, with modifications, the Power Supply Adjustor ("PSA") contained in the Settlement Agreement and ordered the parties to "submit a PSA Plan of Administration that reflects the determinations in this Decision for Commission approval within 60 days of the effective date of this Decision."¹ On June 6, 2005, the Commission's Utilities Division ("Staff") filed a Notice of Filing Plan of Administration.

On July 22, 2005, APS filed with the Commission an application for approval of a PSA surcharge.

On September 14, 2005, the matters were consolidated for purposes of hearing.

On September 14, 2005, Staff filed a proposed procedural schedule. The filing also indicated that Staff, APS, and the Residential Utility Consumers Office ("RUCO") have discussed limiting

¹ Decision No. 67744 at p. 42.

1 issues so that the proceeding may occur in a timely manner. APS has agreed to withdraw \$20 million
2 of increased costs associated with Palo Verde outages from consideration in this surcharge
3 application, but those costs will remain as deferred costs to be considered by the Commission in a
4 later proceeding. Further, Staff and APS agreed that any approval of recovery of costs in this
5 proceeding would not impair the Commission's ability to consider whether those costs are imprudent
6 or otherwise subject to disallowance in a later rate case or other proceeding specifically intended to
7 consider the reasonableness of the costs.

8 IT IS THEREFORE ORDERED that the **hearing** in the above-captioned matter shall
9 commence on **October 26, 2005 at 10:00 a.m.**, or as soon thereafter as is practical, at the
10 Commission's offices, 1200 West Washington Street, Arizona 85007.

11 IT IS FURTHER ORDERED that a **pre-hearing conference** shall be held on **October 25,**
12 **2005, at 1:30 p.m.**, at the Commission's Phoenix offices, for the purpose of scheduling witnesses and
13 the conduct of the hearing.

14 IT IS FURTHER ORDERED that **APS' direct testimony and associated exhibits in**
15 **support of its surcharge application** shall be reduced to writing and filed on or before **September**
16 **30, 2005.**

17 IT IS FURTHER ORDERED that **Staff and intervenor testimony and associated exhibits in**
18 **response to APS' surcharge testimony** shall be reduced to writing and filed on or before **October**
19 **17, 2005.**

20 IT IS FURTHER ORDERED that **APS' rebuttal testimony and associated exhibits** shall be
21 reduced to writing and filed on or before **noon on October 24, 2005.**

22 IT IS FURTHER ORDERED that **parties shall file testimony and associated exhibits on**
23 **the Plan of Administration** on or before **October 17, 2005.²**

24 IT IS FURTHER ORDERED that **all filings shall be made by 4:00 p.m. on the date the**
25 **filing is due, unless otherwise indicated above.**

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27
28 ² APS, Staff and RUCO should each have a witness to testify at the hearing on this issue.

1 IT IS FURTHER ORDERED that any objections to any testimony or exhibits which have
2 been prefiled as of October 24, 2005 shall be made before the pre-hearing conference held on
3 October 25, 2005.

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

7 IT IS FURTHER ORDERED that **intervention** shall be in accordance with A.A.C. R14-3-
8 105, except that all motions to intervene must be **filed on or before October 14, 2005**.³

9
10 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and
11 regulations of the Commission, except that: any objection to discovery requests shall be made within
12 5 days⁴ of receipt and responses to discovery requests shall be made within 7 days of receipt; the
13 response time may be extended by mutual agreement of the parties involved if the request requires an
14 extensive compilation effort.

15 IT IS FURTHER ORDERED that discovery requests, objections, and answers may be served
16 electronically.⁵

17 IT IS FURTHER ORDERED that, in the alternative to filing a written motion to compel
18 discovery, any party seeking resolution of a discovery dispute may telephonically contact the
19 Commission's Hearing Division to request a date for a procedural hearing to resolve the discovery
20 dispute; that upon such a request, a procedural hearing will be convened as soon as practicable; and
21 that the party making such a request shall forthwith contact all other parties to advise them of the
22 hearing date and shall at the hearing provide a statement confirming that the other parties were
23 contacted.⁶

24 ³ These two dockets have been consolidated for purposes of hearing, and accordingly, parties that intervened in the rate
25 case proceeding will remain parties to the Plan of Administration portion of the hearing, but must file to intervene in the
26 PSA surcharge proceeding to become a party in that docket.

27 ⁴ "Days" means calendar days. The date of receipt of discovery requests is not counted as a day, and requests received
28 after 4:00 p.m. MST will be considered as received the next business day.

⁵ If requested by the receiving party, and the sending party has the technical capability, service electronically is
mandatory.

⁶ The parties are encouraged to attempt to settle discovery disputes through informal, good-faith negotiations before
seeking Commission resolution of the controversy.

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

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

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

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

11
12 **PUBLIC NOTICE OF HEARING ON ARIZONA PUBLIC SERVICE CORPORATION'S**
13 **APPLICATION FOR A POWER SUPPLY ADJUSTOR ("PSA") SURCHARGE**
14 **AND ON THE PSA PLAN OF ADMINISTRATION**
DOCKET NUMBERS E-01345A-03-0437 and E-01345A-05-0526

15 On July 22, 2005, Arizona Public Service Company ("APS") filed an application with
16 the Arizona Corporation Commission for approval of a power supply adjustor ("PSA")
17 surcharge of \$.001770 per kWh. According to the application, the PSA surcharge is
18 necessary to collect \$100 million of unrecovered fuel and purchased power costs. The
19 Commission has determined that a hearing on this application, as well as on the PSA
20 Plan of Administration submitted as a result of the Commission's Decision in APS'
21 recent rate case, should be held.

22 The Commission will hold a hearing on this matter beginning **October 26, 2005** at
23 10:00 a.m. at the Commission's offices, 1200 West Washington, Phoenix, Arizona.
24 Public comments will be taken on the first day of the hearing. Written public
25 comments may be submitted via email (visit
26 <http://www.cc.state.az.us/utility/cons/index.htm> for instructions), or by mailing a letter
27 referencing Docket Numbers E-01345A-03-0437 and E-01345A-05-0526 to: Arizona
28 Corporation Commission, Consumer Services Section, 1200 West Washington,
Phoenix, AZ 85007.

29 Copies of APS' surcharge application and the proposed PSA Plan of Administration
30 are available at its office [insert address and telephone number] and the Commission's
31 offices at 1200 West Washington, Phoenix, Arizona, for public inspection during
32 regular business hours. Information about these dockets is also available at the
33 Commission's website <http://www.cc.state.az.us/> and at APS' website [insert URL].

34 The law provides for an open public hearing at which, under appropriate
35 circumstances, interested parties may intervene. Intervention shall be permitted to any
36 person entitled by law to intervene and having a direct and substantial interest in the

1 matter. Persons desiring to intervene must file a written motion to intervene with the
2 Commission, which motion should be sent to APS or its counsel and to all parties of
3 record, and which, at the minimum, shall contain the following:

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

11 The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except
12 that all motions to intervene must be filed on or before **October 14, 2005**. For
13 information about requesting intervention, visit the Arizona Corporation
14 Commission's webpage at <http://www.cc.state.az.us/utility/forms/index.htm>. The
15 granting of intervention, among other things, entitles a party to present sworn evidence
16 at hearing and to cross-examine other witnesses. However, failure to intervene will
17 not preclude any customer from appearing at the hearing and making a statement on
18 such customer's own behalf.

19 The Commission does not discriminate on the basis of disability in admission to its
20 public meetings. Persons with a disability may request a reasonable accommodation
21 such as a sign language interpreter, as well as request this document in an alternative
22 format, by contacting the ADA Coordinator, voice phone number 602/542-3931.
23 Requests should be made as early as possible to allow time to arrange the
24 accommodation.

25 IT IS FURTHER ORDERED that APS shall cause the above notice to be published at least
26 twice in a newspaper of general circulation in all its service territories, with **publication** to be
27 completed no later than **October 3, 2005**.

28 IT IS FURTHER ORDERED that APS shall file certification of publication as soon as
practicable after the publication has been completed.

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

IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized
Communications) continues to apply to this proceeding.

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

IT IS FURTHER ORDERED that all parties must comply with Rule 33 (c) of and (d) of the
Rules of the Arizona Supreme Court with respect to practice of law and admission *pro hac vice*.

1 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance
2 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the
3 Rules of the Arizona Supreme Court). Representation before the Commission includes the obligation
4 to appear at all hearings and procedural conferences, as well as all Open Meetings for which the
5 matter is scheduled for discussion, unless counsel has previously been granted permission to
6 withdraw by the Administrative Law Judge or the Commission.

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

9 Dated this 23 day of September, 2005

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12 
13 LYN FARMER
CHIEF ADMINISTRATIVE LAW JUDGE

14 Copies of the foregoing mailed/delivered
15 this 23 day of September, 2005 to:

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By:


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