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FENNEMORE CRAIG, P.C.
A Professional Corporation
C. Webb Crockett (No. 001361)
3003 North Central Avenue, Ste. 2600
Phoenix, Arizona 85012-2913
Telephone: (602) 916-5333
Facsimile: (602) 916-5533
Email: wcrocket@fclaw.com

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AZ CORP COMMISSION
DOCUMENT CONTROL

Attorneys for Phelps Dodge Mining Company
and Arizonans for Electric Choice and Competition

BEFORE THE ARIZONA CORPORATION COMMISSION

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

**POST-HEARING BRIEF OF
PHELPS DODGE MINING
COMPANY AND ARIZONANS
FOR ELECTRIC CHOICE AND
COMPETITION**

Phelps Dodge Mining Company and Arizonans for Electric Choice and
Competition (hereafter collectively "AECC") hereby submit their Post-Hearing Brief in
connection with the above-referenced matter.

I. Introduction

AECC participated in the above-captioned proceeding in which the Arizona
Corporation Commission ("Commission") approved, in Decision No. 67744 (April 7,
2005), with modifications, the Power Supply Adjustor ("PSA") contained in the
Settlement Agreement that had been entered into among the parties to the proceeding.

1 The Commission ordered the parties to submit a PSA Plan of Administration. On June 6,
2 2005, the Commission's Utilities Division ("Staff") filed a Notice of Filing Plan of
3 Administration.

4 On July 22, 2005, Arizona Public Service Company ("APS") filed with the
5 Commission an Application for Approval of a PSA Surcharge. On September 14, 2005,
6 the above captioned matters were consolidated for purposes of hearing. AECC's
7 Application to Intervene in the consolidated hearing was granted on October 19, 2005.

8 AECC moved to intervene in the consolidated hearing because it is a party to the
9 Settlement Agreement and participated in the hearing before the Commission which
10 resulted in the Commission issuing Decision No. 67744. AECC monitored the
11 consolidated proceeding out of concern that the balance of the equities that were arrived at
12 in the Settlement Agreement be maintained.

13 **II PSA Plan of Administration**

14 The PSA was a part of the negotiations of the Settlement Agreement, which
15 enabled APS to recover increases in costs of fuel and purchase power above the base cost
16 estimated in the Settlement Agreement. AECC's review of the draft of the Plan of
17 Administration, which was filed with the Commission by Staff to implement the PSA, did
18 not indicate a need for AECC to comment on the Plan. It is AECC's position that APS
19 should be able to recover PSA-related costs to which it is entitled to under the terms of the
20 Plan of Administration.

21 **III. PSA Surcharge**

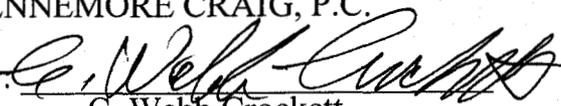
22 Although the Commission made modifications to the Settlement Agreement, with
23 reference to the PSA, AECC does not believe the modifications change the essential
24 purpose of the PSA to permit APS to recover its prudent fuel and purchase power costs
25 through the PSA and associated surcharges. PSA surcharges collected from customers
26 which are later found to be imprudent would be subject to refund under the PSA.

1 **IV Conclusion**

2 AECC believes the construction of the Settlement Agreement, as urged by APS,
3 Staff and RUCO, preserves the balance of the equities which were agreed to among the
4 parties in arriving at the Settlement Agreement.

5 RESPECTFULLY SUBMITTED this 15th day of November 2005

6 FENNEMORE CRAIG, P.C.

7 By: 
8 C. Webb Crockett

9 3003 N. Central Avenue, Ste. 2600
10 Phoenix, AZ 85012-2913
11 Attorneys for Phelps Dodge Mining Company and
12 Arizonans for Electric Choice and Competition

13 **ORIGINAL and 15 COPIES** of the foregoing
14 **FILED** this 15th day of November 2005 to:

15 Docket Control
16 ARIZONA CORPORATION COMMISSION
17 1200 West Washington
18 Phoenix, Arizona 85007

19 **COPY** of the foregoing was **HAND-DELIVERED/**
20 **MAILED** this 15th day of November 2005 to:

21 Lyn Farmer
22 Chief Administrative Law Judge
23 Hearing Division
24 Arizona Corporation Commission
25 1200 West Washington
26 Phoenix, Arizona 85007

Thomas L. Mumaw
Karilee S. Ramaley
Pinnacle West Capital Corporation
P. O. Box 53999, MS 8695
Phoenix, Arizona 85072-3999

Kimberly Grouse
Snell & Wilmer
One Arizona Center
400 E. Van Buren Street
Phoenix, Arizona 85004-2202
Attorneys for Arizona Public Service Company

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15
16
17
18
19
20
21
22
23
24
25
26

Major Allen G. Erickson
AFCES A/ULT
139 Barnes Drive, Suite 1
Tyndall AFB, Florida 32403-5319
Attorney for FEA

Michael L. Kurtz
Boehm, Kurtz & Lowry
36 East 7th Street, Ste. 2110
Cincinnati, Ohio 45202
Attorneys for Kroger Company

Scott Wakefield
RUCO
1110 West Washington St., Ste. 220
Phoenix, Arizona 85007

Walter W. Meek
AUIA
2100 North Central Ave., Ste. 210
Phoenix, Arizona 85067

Nicholas J. Enoch
Lubin & Enoch
349 North 4th Ave.
Phoenix, Arizona 85003
Attorneys for IBEW

Bill Murphy
Murphy Consulting
2422 East Palo Verde Drive
Phoenix, Arizona 85016
Consultant for AZ Cogeneration Assn.

Jay L. Shapiro
Patrick J. Black
Fennemore Craig
3003 North Central Ave., Ste. 2600
Phoenix, Arizona 85012
Attorneys for Panda Gila River

Robert W. Geake
Arizona Water Company
P. O. Box 29006
Phoenix, Arizona 85038-9006

- 1 Andrew W. Bettwy
Bridget A. Branigan
2 Southwest Gas Corporation
5241 Spring Mountain Road
3 Las Vegas, Nevada 89150
- 4 Timothy M. Hogan
Arizona Center for Law in the
5 Public Interest
202 East McDowell Rd., Ste 153
6 Phoenix, Arizona 85004
*Attorneys for Western Resource Advocates and
7 Southwest Energy Efficiency Project*
- 8 Paul R. Michaud
Michaud Law Firm
9 46 Eastham Bridge Road
East Hampton, CT 06424-1375
10 *Attorneys for Dome Valley Energy Partners, LLC*
- 11 Marvin S. Cohen
Sacks Tierney, P.A.
12 4250 North Drinkwater Blvd.
4th Floor
13 Scottsdale, Arizona 85251-3693
Attorneys for Constellation Newenergy, Inc., Strategic Energy
- 14 Jeff Schlegel
15 SWEEP Arizona Representative
1167 West Samalayuca Drive
16 Tucson, Arizona 85704
- 17 Michael Patten
Laura Schoeler
18 Roshka, DeWulf & Patten
400 East Van Buren, Ste. 800
19 Phoenix, Arizona 85004
Attorneys for Unisource Energy Services
- 20 Unisource Energy Services
21 One South Church Street, Ste. 200
Tucson, Arizona 85702
- 22
- 23 J. William Moore
1144 South Jefferson
24 Phoenix, Arizona 85034
Attorney for Kroger Co.
- 25
- 26

- 1 Cynthia Zwick
Arizona Community Action Assn.
2 2627 North 3rd St., Ste. 2
Phoenix, Arizona 85004
- 3
4 S. David Childers
Low & Childers
2999 North 44th Street, Ste. 250
5 Phoenix, Arizona 85018
Attorney for Arizona Competitive Power Alliance
- 6
7 James M. Van Nostrand
Katherine McDowell
George M. Galloway
8 Stoek Rives
900 SW 5th Ave., Ste. 2600
9 Portland, Oregon 97204
Attorneys for Arizona Competitive Power Alliance
- 10
11 Greg Patterson, Executive Director
Arizona Competitive Power Alliance
916 West Adams, Ste. 3
12 Phoenix, Arizona 85007
- 13
14 Michael A. Curtis
Martinez & Curtis, P.C.
2712 North 7th Street
Phoenix, Arizona 85006-1090
15 *Attorneys for Town of Wickenburg*
- 16
17 Rebecca C. Salisbury
56th Fighter Wing JA
7383 North Litchfield Road
Luke AFB, Arizona 85309-1540
18 *Attorney for Federal Executive Agencies*
- 19
20 Jon Poston
AARP Electric Rate Project
6733 East Dale Lane
Cave Creek, Arizona 85331
- 21
22 Coralette Hannon
AARP Department of State Affairs
6705 Reedy Creek Road
23 Charlotte, NC 28215
- 24
25
26

1 Lawrence V. Robertson
Munger Chadwick
2 333 North Wilmot, Ste. 300
Tucson, Arizona 85711
3 *Attorneys for Southwestern Power Group II, LLC,*
Mesquite Power and Bowie Power Station

4 Jay I. Moyes
5 Moyes Storey
1850 North Central Ave., Ste. 1100
6 Phoenix, Arizona 85004
Attorneys for PPL Sundance, LLC and
7 *PPL Southwest Generation Holdings, LLC*

8 Jesse A. Dillon
PPL Services Corporation
9 2 North 9th Street
Allentown, Pennsylvania 18101

10 Sean Seitz
11 ARISEIA
5056 South 40th Street, Suite C
12 Phoenix, Arizona 85040

13 Robert Annan
Annan Group
14 6605 East Evening Glow Drive
Phoenix, Arizona 85262

15 Douglas V. Fant
16 AZCOGEN Association
80 East Columbus
17 Phoenix, Arizona 85012

18 Christopher Kempsey, Chief Counsel
Legal Division
19 Arizona Corporation Commission
1200 West Washington Street
20 Phoenix, Arizona 85007

21 Ernest G. Johnson, Director
Utilities Division
22 Arizona Corporation Commission
1200 West Washington Street
23 Phoenix, Arizona 85007

24 By: 
25 _____
26