



BEFORE THE ARIZONA CORPORATION COMMISSION  
RECEIVED

SOB

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

COMMISSIONERS

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

2005 NOV 21 P 4: 25  
AZ CORP COMMISSION  
DOCUMENT CONTROL

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

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  
TEHREON, TO APROVE RATE SCHEDULES  
DESIGNED TO DEVELOP SUCH RETURN,  
AND FOR APPROVAL OF PURCHASED  
POWER CONTRACT.

DOCKET NO. E-01345A-03-0437

**STAFF'S POST-HEARING BRIEF**

**I. INTRODUCTION**

**A. PSA Plan of Administration, Docket No. E-01345A-05-0437.**

On April 7, 2005, the Commission adopted Decision No. 67744, which approves a Power Supply Adjustor ("PSA") for Arizona Public Service Company ("APS"). Although the terms of the PSA were primarily based upon a settlement agreement proposed by the parties, the Commission adopted several amendments to that proposal. The Commission also ordered the parties to file a joint plan of administration for the PSA by June 6, 2005.<sup>1</sup>

Although the parties subsequently provided a joint plan of administration for the Commission's review, the parties also indicated that some aspects of the plan remained in dispute. Specifically, Staff did not agree with the Company's proposals regarding wheeling costs, broker fees,

<sup>1</sup> In the original settlement agreement, the parties had contemplated that APS would develop and file the plan for administration for Staff approval. Decision No. 67744, Attachment A at 7. The Commission changed this provision, requiring the parties to submit a joint filing for Commission approval *Id.* at 42.

1 and the balancing account's \$100 million cap. On June 6, 2005, Staff filed a memorandum that  
2 discussed the disputed issues. Although the matter was subsequently scheduled for an open meeting,  
3 it was removed from the open meeting agenda on August 9, 2005.

4 On September 12, 2005, the presiding ALJ held a procedural conference, which consolidated  
5 this matter with Docket No. E-01345A-05-0526 for purposes of hearing. On September 14, 2005, the  
6 parties filed a stipulated procedural schedule, which the ALJ accepted. A hearing was convened on  
7 October 26, 2005, and Staff now files this Post-Hearing Brief in lieu of a closing statement.

8 **B. Application for Surcharge, Docket No. E-01345A-05-0526.**

9 On July 22, 2005, APS filed an application asking the Commission to approve a PSA  
10 surcharge to amortize a projected under-collection of fuel and purchased power expenses. On  
11 September 12, 2005, the presiding ALJ held a procedural conference, which consolidated this matter  
12 with Docket No. E-01345A-03-0437 for purposes of hearing. On September 14, 2005, the parties  
13 filed a stipulated procedural schedule, which the ALJ accepted. A hearing was convened on October  
14 26, 2005, and Staff now files this Post-Hearing Brief in lieu of a closing statement.

15 **II. IS THE PLAN OF ADMINISTRATION PROPOSED BY THE PARTIES**  
16 **CONSISTENT WITH THE TERMS OF DECISION NO. 67744?**

17 Staff believes that the Plan of Administration attached to Staff witness Keene's testimony is  
18 consistent not only with the terms of Decision No. 67744 but also with the terms of the settlement  
19 agreement proposed by the parties. Nonetheless, the record in this proceeding demonstrates that  
20 questions remain as to how the PSA was intended to operate. Specifically, it is unclear whether the  
21 Commission intended to create a single balancing account for recording the various PSA deferrals or  
22 whether the term "balancing account" refers solely to the deferrals associated with any "carryover"  
23 amounts remaining after the application of the various bandwidths.<sup>2</sup> The issue is succinctly  
24 summarized in the following exchange between CALJ Farmer and APS Witness Rumolo:

25 Q. (By Judge Farmer) I think the question is whether there is a balancing  
26 account yet or not, under the terms of the settlement agreement.

27  
28 <sup>2</sup> The operation of the two bandwidths is described in the prefiled testimony of Staff Witness Keene. See Keene Direct, Ex. S-1, Appendix 2 at 2-3.

1 A. (By Mr. Rumolo) Yeah. And I think there has to be. There is, I don't  
2 think that's even—

3 Q. I'm not disagreeing with you that there doesn't need to be a mechanism to  
4 track the differences in the actual costs versus the base costs. I'm not  
5 arguing with you about whether or not there needs to be a mechanism to  
6 do that. I'm just saying that I think there may be a difference in the  
7 definition of what we're calling a balancing account.

8 (POA/PSA Tr. at 98 (emphasis is added); *see also id.* at 42-43).

9 To summarize, the parties believe that the express terms of Decision No. 67744 and the  
10 settlement agreement contemplate a single balancing account. (POA/PSA Tr. at 27-29, 138-40, 153-  
11 54). By contrast, it appears possible that the Commission may have intended a separate and distinct  
12 balancing account for purposes of the "carryover" amount remaining after the application of the  
13 bandwidths. *See* POA/PSA Tr. at 42-43, 98. This section of the brief will describe these contrasting  
14 positions and will discuss the consequences of adopting each.

15 **A. Arguments in favor of a single balancing account.**

16 The Commission's discussion of the PSA in Decision No. 67744 provides the best starting  
17 point:

18 Therefore, we will adopt an adjustor that collects or refunds the annual fuel costs  
19 that differ from the base year level. However, we will limit the adjustor to 4 mil  
20 from the base level over the entire term of the PSA and will cap the **balancing  
21 account** to an aggregate amount of \$100 million. Should the Company seek to  
22 recover or refund a **bank balance** pursuant to Paragraph 19E of the Settlement  
23 Agreement, the timing and manner of recovery or refund of that existing **bank  
24 balance** will be addressed at such time. In no event shall the Company allow the  
25 **bank balance** to reach \$100 million prior to seeking recovery or refund.  
26 Following a proceeding to recover or refund a **bank balance** between \$50 million  
27 and \$100 million, the **bank balance** shall be reset to zero unless otherwise  
28 ordered by the Commission.

Decision No. 67744 at 17 (emphasis added). This language uses the terms "balancing account" and  
"bank balance" interchangeably, thereby implying that they represent the same concept.

**1. Testimony from the current proceeding.**

This view is bolstered by the parties' testimony in the current proceeding. (POA/PSA Tr. at  
138-40, 153-54). This testimony demonstrates that the parties believe that Decision No. 67744 and  
the underlying settlement agreement create a single balancing account, which is used to record all  
ongoing deferrals, including all inputs and all outputs that impact the resulting PSA bank balance.

1 (POA/PSA Tr. at 27-29, 151-52, 154). RUCO witness Diaz-Cortez's statements support this  
2 conclusion:

3 "[G]iven the term 'bank balance' and 'balancing account,' these are pretty common terms in  
4 regulation. Their interchangeability I think is comparable to the fact--or at least we saw it this way--  
5 of the fact--I mean, you could call a taxi or you could call a cab . . . ." (POA/PSA Tr. at 198-199).  
6 APS witness Rumolo also testified that the terms are interchangeable. (POA/PSA Tr. at 27-29).

7 Staff witnesses Gray and Keene compared the PSA balancing account to a bank account,  
8 which reflects deposits and withdrawals. (POA/PSA Tr. at 231-32, 251-53). In this analogy, the  
9 "bank balance" represents the total amount of dollars in the bank account at any point in time. These  
10 witnesses explained that the terms "balancing account" and "bank balance" reflect different aspects  
11 of the same concept. RUCO witness Diaz-Cortez provided a similar analogy when she compared the  
12 overall balancing account to a file cabinet and the bank balance to a file folder within that file  
13 cabinet. (POA/PSA Tr. at 149).

## 14 2. Testimony from the rate case.

15 Testimony from the rate case proceeding also supports the conclusion that Decision No.  
16 67744 creates a single balancing account. APS witness Wheeler, while describing the operation of  
17 the PSA, made the following statements:

18 A. (By Mr. Wheeler): [Y]ou actually use a base number. The number was  
19 derived from 2002 with some adjustments to it, but you start with a base  
20 number that is specified in the settlement. It's 2.07 cents. The number is  
21 in the settlement. And you use that as the base against which to compare a  
22 similar amount computed for fuel and purchased power costs in  
23 subsequent periods.

22 Then with that difference, either plus or minus after dealing with the 90/10  
23 split, requires an adjustment. And assuming it doesn't exceed four mils,  
24 then you make the adjustment the following year, and if it exceeds the four  
25 mil threshold or bandwidth, then the balance above the four mils is put in  
26 the bank balance and recovered later. **And there's also a trigger point of  
27 \$50 million, so if things get out of hand one way or another, there's  
28 the opportunity for that to be addressed on something less than an  
annual basis.**

26 Q. (By Commr. Mundell): I want to understand the adjuster rates will be as  
27 you just described. Then once a year on April 1<sup>st</sup> you guys are going to  
28 look at it and it's going to be adjusted up or down?

1 A. (By Mr. Wheeler): Yes Commissioner. We will be making a filing that  
2 will allow you to determine the appropriate adjustment. The first  
adjustment wouldn't be made until April, '06.

3 Q. That was my next question. The first adjustment would be April, '06?

4 A. **Unless the \$50 million trigger was exceeded, in which case we could**  
5 **make a filing and we could determine whether to make an interim**  
6 **adjustment, assuming it isn't reached, then it would be '06 for the**  
7 **first adjustment.**

8 (Rate Case Tr. at 160-62 (emphasis added)).

9 Staff witness Johnson's rate case testimony echoes this theme:

10 Certainly, there is a provision in the PSA component of [the] settlement  
11 agreement which identifies a what-if scenario. And under that what-if scenario,  
12 there is an opportunity for dollars in the range of \$50 million that those dollars  
13 will have to be addressed. Let me tell you why I think that's important.

14 You have had gas cases where, and this Commission, prior members of this  
15 Commission issued orders. What you have said is companies, when you reach a  
16 certain level of unrecovered costs, you need to come in. And the reason you  
17 come in is because as we're growing liability, right, owed by ratepayers, and at  
18 some point that balloon payment is going to come due, and **is it more responsible**  
19 **to mitigate or to deal with that balloon payment in increments that are more**  
20 **manageable as opposed to wait until it is not manageable.** So we think that  
21 this provision addresses this issue.

22 (Rate Case Tr. at 383-84 (emphasis added)). Both Mr. Johnson's and Mr. Wheeler's statements  
23 recognize that the settlement agreement allowed for the bank balance to be adjusted more frequently  
24 than once a year, if more frequent adjustments were necessary. This option was intended to serve as  
25 a sort of "safety valve" to provide the Commission with a ready means to address an escalating bank  
26 balance. This concept is also apparent in the following testimony from Mr. Wheeler:

27 Mr. Chairman, the question of volatility is addressed at least to, we think in large  
28 degree from our customers' standpoint from having the collar around the level of  
adjustments that can be made in any particular year, a four mil bandwidth, if you  
will, that ensures there will not be great changes and spikes in terms of the fuel  
adjustment rate. **And we also have that combined with the \$50 million trigger**  
**which gives you an opportunity to decide outside of the regular yearly review**  
**in your four mil bandwidth whether or not you want to make any other**  
**adjustments if the bank balance gets seriously out of whack.**

(Rate Case Tr. at 388 (emphasis added); *see also id.* at 391-93).

Finally, certain evidence suggests that APS' PSA was modeled after the adjustor mechanisms  
used for gas companies. (POA/PSA Tr. at 140-41,153; *see also* Rate Case Op. Mtg. Tr. at 301).

1 These other mechanisms commonly use a single balancing account. *See* Ex. APS-2; *see also*  
2 POA/PSA Tr. at 287-89.

3 **3. Comments from the Commission's Open Meeting.**

4 Certain comments offered at the Commission's open meeting suggest that the Commission  
5 intended to create a PSA mechanism that would require APS to seek prompt recovery of an  
6 escalating bank balance or risk disallowance. While addressing the amendment that proposed the  
7 \$100 million cap, the discussion appears to focus upon preventing the accumulation of large bank  
8 balances:

9 Chm. Hatch-Miller: And the intent of the language is to?

10 Mr. Kempley: The intent of the language is to clarify what I think we all believe  
11 is the purpose of your amendment, and that is not to disallow costs, **but to ensure**  
12 **that a proceeding to examine the bank balance takes place both after the**  
**bank balance reaches \$50 million, but before it could reach \$100 million.**

13 (Rate Case Op. Mtg. Tr. at 313 (emphasis added). Others suggested that the proposed amendment  
14 would encourage APS to "bring an escalating bank balance" to the Commission's attention "well  
15 before it reaches \$100 million . . . ." *Id.* at 314.

16 These statements suggest that the Commission viewed both the balancing account  
17 maintenance provisions set forth in Paragraph 19 and the Hatch-Miller amendment<sup>3</sup> as means to  
18 monitor the operation of the PSA as a whole and the status of the overall PSA deferrals in particular.  
19 To suggest that the triggers in Decision No. 67744 apply only when the carryover amount following  
20 an April reset reaches \$100 million but not before the overall bank balance reaches \$100 million is  
21 somewhat inconsistent with the Commission's discussion, which in several places suggests that the  
22 triggers are designed to ensure that APS will promptly bring an escalating under- or over-collection  
23 to the Commission's attention. (Rate Case Op. Mtg. Tr. at 264, 274-76, 281, 284, 294).

24 **B. Arguments in favor of a separate and distinct balancing account.**

25 Although Decision No. 67744 appears to use the terms "balancing account" and "bank  
26 balance" interchangeably, that result may merely reflect the parties' understanding of the terms,  
27

28 <sup>3</sup> Chairman Hatch-Miller's amendment to the recommended order appears on page 16, line 28 – page 17, line 11 of  
Decision No. 67744.

1 rather than the Commission's express intent. The portion of the order at issue was originally an  
2 amendment to the ALJ's recommended order. (Rate Case Op. Mtg. Tr. at 308-315). This part of the  
3 amendment was actually drafted by the parties. *Id.*; *see also* POA/PSA Tr. at 43. In these  
4 circumstances, one could argue that the Commission's use of these terms was not deliberate.

5 In addition, the record in APS' recent rate case clearly shows that the parties expected the  
6 April reset to occur before the initiation of a surcharge application. Often, the testimony in the rate  
7 case described the PSA in terms of a sequence of events, beginning with the April reset and then  
8 proceeding to the amortization of the balancing account through a surcharge. *See, e.g.*, Rate Case Tr.  
9 at 1180-82; Rate Case Op. Mtg. Tr. at 295; POA/PSA Ex. S-4, S-5. This theme is also mirrored in  
10 the settlement agreement itself, which describes these steps in a particular sequence. *See* Decision  
11 No. 67744, Attachment A at 4-5. These comments could be interpreted as describing a **required**  
12 sequence of events, instead of an **expected** sequence of events.

13 **C. What are the practical consequences associated with this issue?**

14 Clearly, some sort of "balancing" or "tracking" account is necessary in order to implement  
15 both Paragraph 20 specifically and the PSA mechanism generally. (POA/PSA Tr. at 98). The issue,  
16 then, is not whether Paragraph 20 of the settlement agreement creates a "balancing account"--it  
17 clearly does--but whether the Paragraph 20 balancing account is necessarily separate and distinct  
18 from the balancing account created by Paragraph 19.

19 As the preceding sections were intended to illustrate, there is evidence to support both  
20 interpretations of Paragraphs 19 and 20. Specifically, one may reasonably conclude that these  
21 paragraphs create a single balancing account; however, it is not unreasonable to conclude that they  
22 create entirely separate accounts: a Paragraph 19 "balancing account" to record the "carryover"  
23 amounts resulting from the application of the bandwidths and an entirely separate Paragraph 20  
24 account to comprehensively track the ongoing inputs and outputs that are used to calculate the PSA  
25 "bank balance." Perhaps the most reasonable inquiry in these circumstances is to focus less on what  
26 the parties intended and more on the varying consequences of the alternative interpretations.



1 In the pending proceeding, however, APS has not addressed this concept. Furthermore, this  
2 idea appears to be at odds with the ALJ's description of the \$776 million cap on APS' potential  
3 recovery of fuel and purchased power costs:

4 If you compare the costs that were incurred through base rates the year before,  
5 and to the cap, it seems to me the maximum spread of that is going to be almost  
6 that \$200 million. Under the recommended order, what happens is that if this  
7 were to happen in one year, if they were to reach that top the first year, and  
8 you've got the 200 million to put into the PSA, a 4 mil bandwidth collects, this is  
9 real big picture, but approximately \$100 million, that translates approximately  
10 into \$3 on a customer's bill. So a 4 mil equals 100 million, equals \$3. So you can  
11 put 100 million of that, almost 200 million through the 4 mil bandwidth, then  
12 you're left with the 99 million which would go into the surcharge.

13 (Rate Case Op. Mtg. at 249; *see also id.* at 250-51).

14 Decision No. 67744 limits APS' annual recovery of fuel and purchased power costs to  
15 approximately \$776 million. According to Judge Farmer's comments, approximately \$100 million of  
16 these costs may be recovered through the four mil adjustor, leaving approximately \$100 million to be  
17 recovered through the surcharge. The difference between the \$776 million cap and the amount that  
18 APS recovers in base rates may be sufficiently narrow to eliminate any potential for a disallowance  
19 occasioned by the operation of the balancing account's \$100 million cap. *See* POA/PSA Tr. at 197-  
20 98. Of course, Judge Farmer's comments reflect her perspectives on the evidence of record; it is  
21 possible that actual experience may differ.

22 **3. The resulting differences between these competing interpretations affect  
23 the accumulation of interest.**

24 Paragraph 19(h) of the Settlement Agreement provides that "[t]he balancing account shall  
25 accrue interest . . . ." (Decision No. 67744, Attachment A at 5; *see also* POA/PSA Tr. at 158). If the  
26 Commission's order is construed as creating two separate balancing accounts--one for Paragraph 19  
27 and another for Paragraph 20--and if the provisions of Paragraph 19 do not apply to Paragraph 20,  
28 then the Paragraph 20 balancing account is non-interest bearing. If, by contrast, the Commission's  
order creates a single balancing account, then that single account will accrue interest pursuant to  
Paragraph 19(h).

1 **III. DOES THE PLAN OF ADMINISTRATION APPROPRIATELY INCORPORATE**  
2 **THE \$776 MILLION CAP IMPOSED BY DECISION NO. 67744?**

3 Staff believes that the \$776 million cap limits the fuel and purchased power costs, attributable  
4 to any one year, that APS may recover. The amounts eligible for recovery may be collected by both  
5 the adjustor rate and the surcharge, and Staff believes that the proposed Plan of Administration  
6 appropriately reflects that conclusion. To the extent that APS' proposed PSA rate schedule is  
7 inconsistent with that conclusion, it should be rejected. *See* POA/PSA Tr. at 182-85.

8  
9 **IV. DOES THE PLAN OF ADMINISTRATION APPROPRIATELY IMPLEMENT THE**  
10 **\$100 MILLION CAP ADOPTED BY DECISION NO. 67744?**

11 Decision No. 67744 caps the balancing account at \$100 million. That decision specifically  
12 states, "In no event shall the Company allow the bank balance to reach \$100 million prior to seeking  
13 recovery or refund." Decision No. 67744 at 17. Questions have been raised as to whether this cap is  
14 intended to disallow PSA deferrals in excess of \$100 million or to merely ensure a timely application  
15 to amortize an escalating bank balance. (Keene Direct, Ex. S-1 at 9). The proposed Plan of  
16 Administration resolves this question in favor of the latter view. *Id.* at 9-10. Staff believes that this  
17 interpretation provides a reasonable resolution of this issue. *Id.* at 10; *see also* Op. Mtg. Tr. at 270-71,  
18 274-76, 284.

19 **V. STAFF RECOMMENDS APPROVAL OF APS' REQUESTED \$0.001416 PER KWH**  
20 **SURCHARGE.**

21 On July 22, 2005, APS filed an application asking the Commission to approve a PSA  
22 amortization surcharge due to a **projected** under-collection of fuel and purchased power expenses.  
23 APS predicted that this under-collection would reach \$100 million by August 31, 2005. (Gehlen  
24 Direct, Ex. S-2 at 3). According to APS, its **actual** under-collected fuel and purchased power  
25 expenses total \$127.7 million for the period April 1, 2005-August 31, 2005. *Id.* at 8. APS has  
26 deferred \$115.2 million of this amount in compliance with the 90/10 sharing mechanism adopted in  
27 Decision No. 67744.

28 APS subsequently agreed to remove \$20 million related to Palo Verde outages from its  
surcharge request. *Id.* at 3. As a result, APS is now requesting a surcharge that will amortize \$80

1 million over a recovery period of twenty-four months. *Id.* If approved, the resulting surcharge will  
2 amount to \$0.001416 per kWh, an approximate 1.7 percent revenue increase relative to the cost of  
3 fuel and purchased power recovered in base rates (\$0.0220743). *Id.* APS has asked for the surcharge  
4 to become effective for the first billing cycle in November. *Id.*

5 In its evaluation of APS' request, Staff examined APS' load growth, generation mix, and fuel  
6 and purchased power costs. *Id.* at 10. Staff's analysis indicates that the costs of natural gas and  
7 purchased power are increasing, and APS' base cost of fuel and purchased power, which is based  
8 upon 2003 data, is not sufficient to keep pace with these increasing costs. *Id.* at 10-11. Staff also  
9 determined that the under-collected balance is unlikely to self-correct. (POA/PSA Tr. At 664).  
10 Although additions to APS' under-collected balance should slow during the last quarter of the year,  
11 this phenomenon will not be sufficient to offset the existing under-collection. (Gehlen Direct, Ex. S-  
12 2 at 8).

13 Staff therefore recommends approval of APS' requested \$0.001416 per kWh surcharge. *Id.* at  
14 12. In testimony, Staff specifically acknowledged the burden that this surcharge will place on APS'  
15 customers. *Id.* at 9-11. Staff concluded, however, that "rejecting or delaying the Company's  
16 application" will not result in "any long-term benefits" for customers. *Id.* at 11. Staff believes that  
17 addressing the current under-collection now will allow the effects of increased fuel and purchased  
18 power costs to be spread over time, thereby easing the impact on ratepayers. *Id.*

19 Staff has not reviewed the prudence of the costs associated with APS' requested surcharge.  
20 (*Id.* at 11-12; POA/PSA Tr. At 657). Prudence reviews are complex and time consuming, and the  
21 aggressive procedural schedule adopted for this proceeding left insufficient time to review APS'  
22 operations with the level of scrutiny that a prudence review requires. (Gehlen Direct, Ex. S-2 at 4).  
23 In the coming year, Staff plans to conduct prudence reviews of APS' operations in general and its  
24 nuclear operations in particular. (POA/PSA Tr. at 655-56). This review will include--but not be  
25 limited to--an examination of the \$80 million embodied in APS' surcharge request and the \$20  
26 million associated with the Palo Verde outages that were withdrawn from this proceeding.

27 Finally, Staff witness Gehlen recommended certain modifications to APS' monthly PSA  
28 reports to enable Staff to evaluate the reports more quickly and comprehensively. (Gehlen Direct,

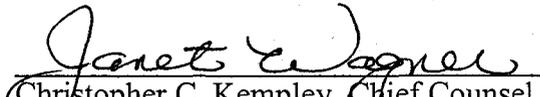
1 Ex. S-2 at 12. APS witness Ewen generally accepted those modifications but also offered certain  
2 clarifications. (Ewen Rebuttal, Ex. APS-7 at 1-4). Staff does not object to those clarifications.

3 **VI. CONCLUSION**

4 Regarding Docket No. E-01345A-03-0437, Staff recommends that the Commission approve  
5 the Plan of Administration that appears as Appendix 2 to the testimony of Staff witness Keene.

6 Regarding Docket No. E-01345A-05-0526, Staff offers the following recommendations: the  
7 Commission should approve APS' requested \$0.001416 per kWh surcharge in order to amortize \$80  
8 million of its deferred fuel and purchased power costs over a twenty-four month period, the  
9 Commission should require APS to modify its PSA reports as described in the testimony of Staff  
10 witness Gehlen and APS witness Ewen, and the Commission should specifically reserve the right to  
11 subsequently review the prudence of any matter raised in this proceeding.

12 RESPECTFULLY SUBMITTED this 21<sup>st</sup> day of November, 2005.

13  
14  
15   
16 Christopher C. Kempley, Chief Counsel  
17 Janet Wagner, Attorney  
18 Jason Gellman, Attorney  
19 Arizona Corporation Commission  
20 1200 West Washington Street  
21 Phoenix, Arizona 85007  
22 (602) 542-3402  
23  
24  
25  
26  
27  
28

1 Original and 15 copies of the foregoing  
2 filed this 21<sup>st</sup> day of November, 2005, with:

3 Docket Control  
4 Arizona Corporation Commission  
5 1200 West Washington  
6 Phoenix, AZ 85007

7 Copy of the foregoing mailed this  
8 21<sup>st</sup> day of November, 2005 to:

9 Thomas L. Mumaw  
10 Karilee S. Ramaley  
11 Pinnacle West Capital Corporation  
12 P. O. Box 53999, MS 8695  
13 Phoenix, AZ 85072-3999

14 Kimberly Grouse  
15 Snell & Wilmer  
16 One Arizona Center  
17 400 East Van Buren  
18 Phoenix, AZ 85004-0001

19 Jana VanNess  
20 Manager, Regulatory Compliance  
21 Arizona Public Service  
22 Mail Station 9905  
23 P. O. Box 53999  
24 Phoenix, AZ 85072

25 Jay L. Shapiro  
26 Patrick J. Black  
27 Fennemore Craig, P.C.  
28 3003 N. Central, Suite 2600  
Phoenix, AZ 85012  
Attorneys for Panda Gila River

Michael W. Patten  
Laura Sixkiller  
Roshka DeWulf & Patten, PLC  
One Arizona Center  
400 E. Van Buren, Suite 800  
Phoenix, AZ 85004  
Attorneys for UniSource Energy Services

Lawrence V. Robertson, Jr.  
P. O. Box 1448  
Tubac, AZ 85646  
Attorneys for Southwestern Power Group II,  
Bowie Power Station and Mesquite Power

Walter W. Meek, President  
Arizona Utility Investors Association  
2100 N. Central, Suite 210  
Phoenix, AZ 85004

Scott S. Wakefield  
Chief Counsel  
RUCO  
1110 W. Washington, Suite 220  
Phoenix, AZ 85007

C. Webb Crockett  
Fennemore Craig, P.C.  
3003 N. Central, Suite 2600  
Phoenix, AZ 85012  
Attorneys for AECC and Phelps Dodge

Theodore E. Roberts  
Sempra Energy Resources  
101 Ash Street, HQ 12-B  
San Diego, CA 92101-3017

Greg Patterson  
Arizona Competitive Power Alliance  
5432 East Avalon  
Phoenix, AZ 85018

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 E. Seventh Street, Suite 1510  
Cincinnati, OH 45202-4454  
Attorneys for Kroger Company

1	Michael A. Curtis William P. Sullivan	Bill Murphy Murphy Consulting 2422 E. Palo Verde Drive Phoenix, AZ 85016
2	Larry Udall Curtis, Goodwin, Sullivan, Udall & Schwab PLC	2712 North Seventh Street Phoenix, AZ 85006
3	2712 North Seventh Street Phoenix, AZ 85006	Consultant for Arizona Cogeneration Assn.
4	Attorneys for Town of Wickenburg	Robert W. Geake Arizona Water Company P. O. Box 29006 Phoenix, AZ 85038-9006
5	Timothy M. Hogan Arizona Center for Law in the Public Interest	Andrew W. Bettwy Bridget A. Branigan Southwest Gas Corporation 5241 Spring Mountain Road Las Vegas, NV 89150
6	202 E. McDowell Road, Suite 153 Phoenix, AZ 85004	
7	Attorneys for Western Resource Advocates and Southwest Energy Efficiency Project	
8	S. David Childers Low & Childers, P.C.	J. William Moore Attorney at Law 1144 East Jefferson Phoenix, AZ 85034
9	2999 North 44 <sup>th</sup> Street, Suite 250 Phoenix, AZ 85018	
10	Cynthia Zwick Executive Director	David Berry Western Resource Advocates P. O. Box 1064 Scottsdale, AZ 85252-1064
11	Arizona Community Action Association 2627 North Third Street, Suite 2 Phoenix, AZ 85004	
12	Coralette Hannon AARP Department of State Affairs	James M. Van Nostrand Stoel Rives, LLP 900 SW Fifth Avenue, Suite 2600 Portland, OR 97204
13	6705 Reedy Creek Road Charlotte, NC 28215	
14	Rebecca C. Salisbury 56 <sup>th</sup> Fighter Wing JA 7383 N. Litchfield Road Luke AFB, AZ 85309-1540	Jon Poston AARP Electric Rate Project 6733 East Dale Lane Cave Creek, AZ 85331
15	Attorney for Federal Executive Agencies	
16	Eric C. Guidry Western Resource Advocates 2260 Baseline Road, Suite 200 Boulder, CO 80302	Katherine McDowell Stoel Rives, LLP 900 SW Fifth Avenue, Suite 2600 Portland, OR 97204
17	Jeff Schlegel SWEEP Arizona Representative 1167 West Samalayuca Drive Tucson, AZ 85704-3224	George M. Galloway Arizona Competitive Power Alliance 900 SW Fifth Avenue, Suite 2600 Portland, OR 97204
18	Jay I. Moyes Moyes Storey, Ltd. 1850 North Central, #1100 Phoenix, AZ 85004	Nicholas J. Enoch Lubin & Enoch, P.C. 349 North Fourth Avenue Phoenix, AZ 85003
19	Attorneys for PPL Sundance and PPL Southwest Generation Holdings and AZAG	Attorneys for IBEW Locals 387, 640 and 769
20		
21		
22		
23		
24		
25		
26		
27		
28		

1 Jesse A. Dillon  
PPL Services Corporation  
2 Two North Ninth Street  
Allentown, PA 18101  
3  
4 Paul R. Michaud  
Michaud Law Firm, P.L.C.  
46 Eastham Bridge Road  
5 East Hampton, CT 06424-1374  
Dome Valley Energy Partners  
6  
7 Robert Annan  
Annan Group  
6605 E. Evening Glow Drive  
8 Phoenix, AZ 85262  
9  
10 Kenneth R. Saline, P.E.  
K.R. Saline & Assoc., PLC  
160 North Pasadena, Suite 101  
11 Mesa, AZ 85201  
12 Donna M. Bronski  
Deputy City Attorney  
13 City Attorney's Office  
3939 Drinkwater Blvd.  
14 Scottsdale, AZ 85251

Marvin S. Cohen  
Sacks Tierney, P.A.  
4250 N. Drinkwater Blvd., 4<sup>th</sup> Floor  
Scottsdale, AZ 85251-3693  
Attorneys for Contellation NewEnergy, Inc.  
And Strategic Energy, LLC

Sean Seitz  
President  
Arizona Solar Energy Industries Association  
5056 South 40<sup>th</sup> Street, Suite C  
Phoenix, AZ 85040

David Crabtree  
Teco Power Services  
P. O. Box 111  
Tampa, FL 33601-0111

Raymond S. Heyman  
Senior Vice President and General Counsel  
UniSource Energy Services  
One South Church Street, Suite 1820  
Tucson, AZ 85701

15  
16  
17 Nancy Roe  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28