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BEFORE THE ARIZONA CORPORATION COMMISSION PHOENIX, ARIZONA 9: 22

WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

Arizona Corporation Commission
DOCKETED
NOV 26 2002

AZ CORP COMMISSION
DOCUMENT CONTROL

DOCKETED BY *CAF*

IN THE MATTER OF THE GENERIC) DOCKET NO. E-00000A-02-0051
PROCEEDING CONCERNING ELECTRIC)
RESTRUCTURING ISSUES)

IN THE MATTER OF ARIZONA PUBLIC) DOCKET NO. E-01345A-01-0822
SERVICE COMPANY'S REQUEST FOR)
VARIANCE OF CERTAIN REQUIREMENTS)
OF A.A.C. R14-2-1606)

IN THE MATTER OF THE GENERIC) DOCKET NO. E-00000A-01-0630
PROCEEDING CONCERNING THE ARIZONA)
INDEPENDENT SCHEDULING)
ADMINISTRATOR)

IN THE MATTER OF TUCSON ELECTRIC) DOCKET NO. E-01933A-02-0069
POWER COMPANY'S APPLICATION FOR A)
VARIANCE OF CERTAIN ELECTRIC)
COMPETITION RULES COMPLIANCE)
DATES)

**NOTICE OF FILING SUMMARY OF
ROBERT W. KENDALL TESTIMONY**

Wellton-Mohawk Generating Facility, ("WMGF") hereby files a
summary of Robert W. Kendall's prefiled Direct and Rebuttal Testimony submitted in
the Track B proceeding.

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RESPECTFULLY submitted this 25th day of November, 2002.

MARTINEZ & CURTIS, P.C.

By Paul R. Michaud

Paul R. Michaud
2712 North Seventh Street
Phoenix, Arizona 85006-1090
Attorneys for Wellton-Mohawk
Generating Facility

1752/Track B/Testimony/notice of filing Kendall Summary(Track B).112202

1 Original and nineteen (19) copies of the foregoing document filed with service list this 25th
2 day of November, 2002 with:

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

7 Copies of the foregoing hand-delivered without a copy of the service list this 25th day of
8 November, 2002 to:

9 William A. Mundell, Chairman
10 Arizona Corporation Commission
11 1200 West Washington Street
12 Phoenix, Arizona 85007

Ernest Johnson, Director
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

13 Jim Irvin, Commissioner
14 Arizona Corporation Commission
15 1200 West Washington Street
16 Phoenix, Arizona 85007

Lyn Farmer
Chief Administrative Law Judge
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

17 Marc Spitzer, Commissioner
18 Arizona Corporation Commission
19 1200 West Washington Street
20 Phoenix, Arizona 85007

Christopher Kempley, Chief Counsel
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1200 West Washington Street
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21 Hercules Dellas
22 Aide to Chairman Mundell
23 Arizona Corporation Commission
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25 Phoenix, Arizona 85007

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Copies of the foregoing mailed without copy of service list this 25th day of November, 2002 to:

All parties listed on Docket Nos. E-00000A-02-0051, et al. (Track B Proceeding).

SUMMARY
TRACK B DIRECT TESTIMONY
ROBERT W. KENDALL
ON BEHALF OF
WELLTON-MOHAWK GENERATING FACILITY
DOCKET NO. E-00000A-02-0051, ET. AL.

Mr. Kendall's direct testimony recommends that the Commission include the following three items in its order on the Track B Competitive Solicitation process:

1. Bids proposing long-term contracts with terms of up to 15 to 20 years should be specifically allowed in the Track B Competitive Solicitation Process ("Track B"), that APS be required to evaluate all bids on an equal basis, and that APS be assured of full rate recovery for its prudent actions.
2. The procurement of at least a portion of each utility's renewable resource requirement under Arizona's Environmental Portfolio Standard ("EPS") should be a specific objective of Track B and be included in each utility's unmet needs calculation, and that the bid evaluation method used by each utility should give appropriate credit to bids containing such resources in recognition of the additional value they provide to the utility. I also recommended a specific method to use for calculating this additional value.
3. The procurement of generation resources to help mitigate or resolve the Reliability Must Run ("RMR") issue should be an objective of the Track B and be included in each utility's unmet needs calculation, and that as a matter of public policy all loads in RMR areas should be contestable.

SUMMARY
TRACK B REBUTTAL TESTIMONY
ROBERT W. KENDALL
ON BEHALF OF
WELLTON-MOHAWK GENERATING FACILITY
DOCKET NO. E-00000A-02-0051, ET. AL.

Mr. Kendall's Rebuttal Testimony discusses the benefits of Least Cost Planning as a bid evaluation tool to achieve the Commission's objectives of facilitating the establishment of a competitive wholesale market and procuring from this market resources providing the lowest overall costs to the consumer. He further discusses how the use of Least Cost Planning is consistent with Wellton-Mohawk Generating Facility's ("WMGF") recommendations that the Commission:

1. Allow long-term contracts to be bid into the Track B solicitation and be evaluated on a non-discriminatory basis.
2. Provide that all RMR capacity and energy be contestable.
3. Provide that the procurement of renewable energy to meet each utility's Environmental Portfolio Standard ("EPS") be a specific objective of Track B and that the additional benefits of renewable energy be reflected in the bid evaluations

Mr. Kendall then discusses two issues—RMR and the procurement of renewable energy to meet Arizona Public Service's ("APS") EPS—contained in APS' Prefiled Direct Testimony and its response to WMGF's First Set of Data Requests. On the RMR issue, Mr. Kendall points out that APS failed to address the Yuma Load Pocket in its Prefiled Direct Testimony; and, in a response to a WMGF data request, calculated the unmet need for the Yuma Load Pocket in a manner that was inconsistent with its calculation of the unmet need for the Phoenix Load Pocket. Mr. Kendall offers a table showing the unmet need for the Yuma Load Pocket using APS' method for its Phoenix Load Pocket unmet needs calculation. Mr. Kendall concludes his discussion of the RMR issue by recommending that all RMR capacity and energy be contestable in the Track B solicitation and that a separate solicitation be held for each of the state's three load pockets.

On the procurement of renewable energy to meet APS' EPS issue, Mr. Kendall provides an APS response to a WMGF data request showing that APS expects to have a shortfall in meeting its need for solar electric renewable energy under the EPS and indicates a reason for this shortfall is due to the unexpected high cost of photovoltaic technologies, which were expected to provide a large part of this need. Mr. Kendall indicates that other solar technologies, such as solar troughs, are available to meet this need and should be solicited in the Track B solicitation.