

WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER



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Chairman William A. Mundell
Commissioner Jim Irvin
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

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In Re: Procedural Schedule, APS Financing Approval Application
Docket No. E-01345A-02-0707

My Fellow Commissioners:

I take this opportunity to urge my colleagues to join me in directing the Hearing Division to issue a new procedural order in this Docket, one allowing this Commission to make a final determination on the APS Financing Application by the end of this calendar year. At the September 10, 2002 Open Meeting on Track A, the Commission determined that this matter should be resolved this year. The transcript of that Meeting included the following discussions:

Beginning at transcript page 148, line 12; I stated that, "the way I see this is really in the nature of a financing application of a private water utility where the matter at issue is how the assets are to be financed. We're not making a determination on used and useful or reasonable or for rate purposes. But the financing application is designed to deal with potential credit issues...And to protect the ratepayers; I think it's appropriate to proceed in a narrow context with respect to the application...not how we can finagle in the proceeding for advantages or disadvantages with regard to Track B or competitive solicitation."

Chairman Mundell's response was: "I was going to say it a little different than that, and I wrote down, treat like any other utility financing application. So we're on the same wavelength there. And so I would agree with you."

At Page 101 of the transcript, Chairman Mundell asked, "Ms. Farmer, you heard the discussion on the transfer of the generation assets...How quickly could you conduct a hearing to determine whether it's in the public interest to allow the transfer of those assets?" Her response: "I would be available if you wanted to have a hearing as quickly as possible on this issue...depending on the parties' abilities to conduct expedited discovery, I think we would need at least one round of prefiled testimony. I would imagine we could have a hearing sometime in early October."

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The Chairman stated that he "was trying to get a feel up front how long it would take to have that type of proceeding." Ms. Farmer responded, "I think it could be accomplished definitely before the end of this year."

I believe we made the correct decision in that Meeting and I believe we were right to expect the Commission to complete the financing application proceeding by the end of the year.

I urge my colleagues to join me in requesting that the Hearing Division issue a procedural order that comports with our intent.

Very truly yours,

A handwritten signature in black ink, appearing to read "Marc Spitzer", with a long, sweeping horizontal stroke extending to the right.

Marc Spitzer
Commissioner

CC: All Parties in the Docket