



Arizona Utility  
Investors Association

2100 N. Central, Ste. 210  
P. O. Box 34805  
Phoenix, AZ 85067

Tel: (602) 257-9200  
Fax: (602) 254-4300

Email: info@auia.org  
Web Site: www.auia.org

BEFORE THE ARIZONA CORPORATION

WILLIAM A. MUNDELL  
CHAIRMAN  
JIM IRVIN  
COMMISSIONER  
MARC SPITZER  
COMMISSIONER



0000047183

ORIGINAL RECEIVED

2003 JAN -6 P 4: 32

IN THE MATTER OF THE APPLICATION OF )  
ARIZONA PUBLIC SERVICE COMPANY FOR AN )  
ORDER OR ORDERS AUTHORIZING IT TO ISSUE, )  
INCUR, OR ASSUME EVIDENCES OF LONG-TERM )  
INDEBTEDNESS; TO ACQUIRE A FINANCIAL )  
INTEREST OR INTERESTS IN AN AFFILIATE OR )  
AFFILIATES; TO LEND MONEY TO AN AFFILIATE )  
OR AFFILIATES; AND TO GUARANTEE THE )  
OBLIGATIONS OF AN AFFILIATE OR AFFILIATES. )

AZ CORP COMMISSION  
DOCUMENT CONTROL  
DOCKET NO.  
E-01345A-02-0707

NOTICE OF FILING

Pursuant to the Procedural Order dated October 9, 2002, the Arizona Utility Investors Association hereby provides notice of filing its summary of the direct testimony of Walter W. Meek in the above captioned proceeding.

Respectfully submitted, this 6th day of January, 2003.

Walter W. Meek, President

Arizona Corporation Commission  
DOCKETED

JAN 06 2003

DOCKETED BY

## CERTIFICATE OF SERVICE

An original and ten copies  
of the referenced summary  
were filed this 6th day of  
January, 2003, with:

Docket Control  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

Copies of the referenced summary  
were delivered this 6<sup>th</sup> day of  
January, 2003, to:

Hercules Dellas, Esq., Commissioner Wing  
Kevin Barlay, Esq., Commissioner Wing  
Paul Walker, Esq., Commissioner Wing  
Christopher Kempley, Esq., Legal Division  
Lyn Farmer, Esq., Hearing Division  
Ernest Johnson, Esq., Utilities Division  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

A copy of the referenced summary provided  
this 6<sup>th</sup> day of January, 2003, to:

Thomas L. Mumaw, Esq.  
Pinnacle West Capital Corporation  
P.O. Box 52132  
Phoenix, AZ 85072-2132

All Parties of Record



Walter W. Meek

**SUMMARY  
OF THE DIRECT TESTIMONY  
OF WALTER W. MEEK**

**Docket No. E-01345A-02-0707**

Mr. Meek supports Arizona Public Service Company's application for authority to extend its credit to its parent, Pinnacle West Capital Corporation (PWCC), or its affiliate, Pinnacle West Energy Corporation (PWEC), to assure permanent financing for the Redhawk and West Phoenix power plants built by PWEC. He recounts the unique sequence of events that led to their partitioned status outside the portfolio of generation assets constructed to serve APS retail customers.

Mr. Meek asserts that the construction of these assets was prudent and that it is in the public interest for the Commission to approve APS's financial participation in financing the PWEC units in order to preserve the financial integrity and credit quality of both Pinnacle West and APS. He discusses the alternative of issuing new common equity to dispose of the refinancing obligation and recommends that it should be the last resort.

Mr. Meek also discusses the opposing positions taken by the merchant intervenors and explains the significant differences between the evolution of the merchant generating facilities in Arizona and the PWEC units, which should be recognized by the Commission in reaching its decision on the APS application.