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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
BARRY WONG

IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY FOR AUTHORIZATION TO ACQUIRE POWER PLANT.

DOCKET NO. E-01345A-06-0464

PROCEDURAL ORDER

BY THE COMMISSION:

On July 13, 2006, Arizona Public Service Company ("APS") filed with the Arizona Corporation Commission ("Commission") an application for approval to purchase a new generation resource within APS' Yuma load pocket either through direct contracts with vendors and contractors or through a contract with a developer.

On July 28, 2006, Mesquite Power, LLC, Southwestern Power Group II, LLC and Bowie Power Station, LLC ("Mesquite/SWPG/Bowie") filed a joint application to intervene.

On July 28, 2006, Mesquite/SWPG/Bowie also filed a Motion to Dismiss Application, or, in the Alternative, Schedule Procedural Conference; and, Supporting Memorandum of Points and Authorities.

On August 10, 2006, APS filed its Response in Opposition to Application for Leave to Intervene.

On August 10, 2006, Arizona Competitive Power Alliance ("Alliance") filed its Application for Leave to Intervene and Joinder in Motion to Dismiss.

On August 14, 2006, Mesquite/SWPG/Bowie filed their Reply to APS's Response in Opposition to Application For Leave to Intervene and Request For Oral Argument.

On August 17, 2006, APS filed its Response in Opposition to the Application of Arizona Competitive Power Alliance for Leave to Intervene.

By Procedural Order issued August 22, 2006, a Procedural Conference was scheduled to hear argument on the Motions and to discuss the appropriate procedure for processing this application.

The Procedural Conference was held as scheduled and oral arguments were heard on the motions to intervene and limited oral argument was heard on the Motion to Dismiss/Set Procedural Conference. At the procedural conference, the Motions to Intervene by Mesquite/SWPG/Bowie and by the Alliance were granted, APS was given until September 1, 2006, to file a written response to the Motion to Dismiss/Set Procedural Conference, and the Intervenors and Staff were given until September 8, 2006 to file any reply to APS' response.

On August 29, 2006, a Procedural Order was issued incorporating the determinations made during the Procedural Conference and directing the parties to work together to try to develop a recommended process for handling this matter.

On August 31, 2006, Mesquite/SWPG/Bowie filed a Motion to Withdraw the Motion to Dismiss Application.

On September 1, 2006, APS filed its Response to the Procedural Order. APS indicated that given the Intervenors' August 31, 2006 filing to withdraw their Motion to Dismiss, it would not be responding to the Motion at that time. APS also indicated that it was meeting with the Intervenors to try and develop a timely and mutually acceptable process. APS requested that the matter not be set for hearing while the parties are attempting to negotiate a streamlined process and Staff is completing its analysis and recommendation. APS proposed to file an update by September 15, 2006, and indicated that the Intervenors concurred with APS' request that a decision on an evidentiary process not be made pending further discussion by the parties.

On September 18, 2006, APS filed a Request for Extension to September 21, 2006 to file either an agreed-upon process for addressing the Intervenors' questions or to file its response to the Intervenors' procedural proposals. APS indicated that the Intervenors concurred with the requested extension.

On September 19, 2006, by Procedural Order, APS' Request for Extension was granted and APS was ordered to file either an agreed-upon process of addressing the Intervenors' questions or APS' response to the Intervenors' procedural proposals.

On September 22, 2006, APS filed its Response in Opposition to Motion to Dismiss Application, or in the Alternative, Schedule a Procedural Conference. APS indicated that the parties

have met to discuss the issues but continue to have fundamental differences regarding the appropriate scope and process for this proceeding. APS responded to the portion of the Motion to Dismiss/Set Procedural Conference that requested an evidentiary hearing in this matter, and to the proposal made verbally by Mesquite/SWPG/Bowie and joined by the Alliance at the August 29, 2006 Procedural Conference.

On September 22, 2006, Mesquite/SWPG/Bowie and the Alliance filed a Request for Opportunity to Submit Comments on APS' Response.

On September 22, 2006, Distributed Energy Association of Arizona ("DEAA") filed an application to intervene.

On September 27, 2006, APS filed its Response in Opposition to Application of DEAA for Leave to Intervene.

DEAA should be granted intervention, but the grant of intervention should not cause any delay or broadening of the issues currently existing in this proceeding.

Intervenors should be allowed an opportunity to submit comments on APS' Response filed on September 22, 2006.

IT IS THEREFORE ORDERED that the Motion to Intervene by Distributed Energy Association of Arizona is hereby granted, but that this grant of intervention shall not allow the Intervenor to cause any delay or to broaden the issues currently existing in this proceeding.

IT IS FURTHER OREDERED that Intervenors and the Commission's Utilities Division Staff shall file a reply to Arizona Public Service Company's September 22, 2006 Response by October 25, 2006.

IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

Dated this 17th day of October, 2006

TEENA WOLFE
ADMINISTRATIVE LAW JUDGE

Copies of the foregoing mailed/delivered this 17th day of October, 2006 to:

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By: _____
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