



BEFORE THE ARIZONA CORPORATION COMMISSION

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WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

2002 NOV 20 P 4: 14

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE GENERIC
PROCEEDINGS CONCERNING ELECTRIC
RESTRUCTURING ISSUES.

Docket No. E-00000A-02-0051

IN THE MATTER OF ARIZONA PUBLIC
SERVICE COMPANY'S REQUEST FOR
VARIANCE OF CERTAIN REQUIREMENTS
OF A.A.C. 4-14-2-1606

Docket No. E-01345A-01-0822

IN THE MATTER OF THE GENERIC
PROCEEDINGS CONCERNING THE
ARIZONA INDEPENDENT SCHEDULING
ADMINISTRATOR

Docket No. E-00000A-01-0630

ISSUES IN THE MATTER OF TUCSON
ELECTRIC POWER COMPANY'S
APPLICATION FOR A VARIANCE OF
CERTAIN ELECTRIC COMPETITION RULES
COMPLIANCE DATES

Docket No. E-01933A-02-0069

NOTICE OF FILING SUMMARY OF TESTIMONY

Pursuant to Third Procedural Order on Track B (dated October 9, 2002), Tucson Electric Power Company ("TEP"), through undersigned counsel, provides notice that it has filed the Summary of Testimony of David Hutchens, a copy of which is attached.

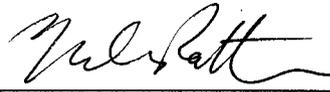
Arizona Corporation Commission
DOCKETED

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DOCKETED BY *CA*

RESPECTFULLY SUBMITTED this 20th day of November, 2002.

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ORIGINAL and 19 COPIES of the foregoing
filed November 20, 2002, with:

Docket Control
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COPIES of the foregoing hand-delivered
November 20, 2002, to:

The Honorable William A. Mundell
Chairman
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Phoenix, Arizona 85007

The Honorable Jim Irvin
Commissioner
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The Honorable Marc Spitzer
Commissioner
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11 **COPIES** of the foregoing sent via mail/electronic mail
12 on November 20, 2002, to the attached Service List

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1 **SUMMARY OF TESTIMONY OF DAVID HUTCHENS ON BEHALF OF TEP**

2 **NEEDS ASSESSMENT AND PROCUREMENT PROPOSAL**

3 TEP's Contestable Load for purposes of the upcoming competitive solicitation includes
4 TEP's wholesale load and all of TEP's existing reliability must-run generation units. In the
5 upcoming solicitation, TEP intends to issue requests for bids on a variety of energy products and
6 ancillary services and will use the process generally described in the Commission Staff's
7 October 25, 2002 Report.

8 **TRACK B ISSUES**

9 TEP's position on the proposed competitive solicitation process is driven by unique
10 circumstances that TEP believes deserve consideration in the solicitation process. The two key
11 facts underlying TEP's positions are: (a) TEP does not have any competitive affiliates that will
12 participate in the solicitation process and (b) the TEP retail service area faces significant
13 transmission limitations that may affect TEP's competitive solicitation. However, the
14 Commission Staff's October 25, 2002 Report fails to recognize TEP's unique position and places
15 uneconomic and unnecessary requirements on TEP. Moreover, those detrimental requirements
16 provide no benefit to other parties. TEP proposes two key modifications to Staff's October 25,
17 2002 solicitation proposal to remedy TEP's concerns: (i) allowing TEP's wholesale marketing
18 department to conduct the competitive solicitation, thus avoiding the need to create a duplicate,
19 parallel department and (ii) allowing TEP to include all TEP generation assets existing as of
20 September 1, 2002 in the determination of TEP's Contestable Load, not just assets "included in
21 rate base."

22 With respect to other parties' positions on Track B issues, several parties have
23 suggested eleventh-hour modifications or additions to the initial competitive solicitation
24 process. Some of those suggestions make sense, such as using standard industry
25 contracts, and should be incorporated into the process as appropriate. Other suggestions
26 would unduly complicate and prolong this initial solicitation process, such as including
27 RMR or Environmental Portfolio needs as a part of the energy put out for bid in the 2003
28 solicitation. Further, nothing in the testimony of the other parties changes TEP's

1 recommendations concerning the process, as set forth in my direct testimony. In fact,
2 certain other parties' testimony supports the two key TEP recommendations set forth
3 above.