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BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL
Chairman
JIM IRVIN
Commissioner
MARC SPITZER
Commissioner

Arizona Corporation Commission

DOCKETED

JUN 21 2002

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AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE GENERIC
PROCEEDINGS CONCERNING
ELECTRIC RESTRUCTURING

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

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

DOCKET NO. E-01933A-98-0471

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 OF DECLARATION
OF DAVID A. CRABTREE -- TRACK "A"
PROCEEDINGS**

Intervenor Panda Gila River, L.P. hereby provides Notice of Filing the Declaration of David A. Crabtree in the Track "A" Proceedings for the above-captioned dockets.

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RESPECTFULLY SUBMITTED this 21st day of June, 2002.

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See attached for filing and service list.

1313914.1/73262.005

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WILLIAM A. MUNDELL JUN 21 2002
Chairman
JIM IRVIN
Commissioner
MARC SPITZER
Commissioner

AZ CORP COMMISSION
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IN THE MATTER OF THE GENERIC PROCEEDINGS CONCERNING ELECTRIC RESTRUCTURING
IN THE MATTER OF ARIZONA PUBLIC SERVICE COMPANY'S REQUEST FOR VARIANCE OF CERTAIN REQUIREMENTS OF A.A.C. 4-14-2-1606
IN THE MATTER OF THE GENERIC PROCEEDINGS CONCERNING THE ARIZONA INDEPENDENT SCHEDULING ADMINISTRATOR
IN THE MATTER OF TUCSON ELECTRIC COMPANY'S APPLICATION FOR A VARIANCE OF CERTAIN ELECTRIC POWER COMPETITION RULES COMPLIANCE DATES
ISSUES IN THE MATTER OF TUCSON ELECTRIC POWER COMPANY'S APPLICATION FOR A VARIANCE OF CERTAIN ELECTRIC COMPETITION RULES COMPLIANCE DATES

DOCKET NO. [REDACTED] 00-0051

DOCKET NO. E-01345A-01-0822

DOCKET NO. E-00000A-01-0630

DOCKET NO. E-01933A-98-0471

DOCKET NO. E-01933A-02-0069

DECLARATION OF DAVID A. CRABTREE

TRACK "A" PROCEEDINGS

ON BEHALF OF
PANDA GILA RIVER, L.P.

June 21, 2002

Arizona Corporation Commission

DOCKETED

JUN 21 2002

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1 **Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.**

2 A. My name is David A. Crabtree and I am currently Director of Market Design and
3 Regulatory Analysis for TECO Power Services Corporation ("TPS"). My business
4 address is 702 North Franklin Street, Tampa, FL 33602.

5 **Q. ON WHOSE BEHALF ARE YOU PRESENTING THIS DECLARATION?**

6 A. On behalf of Panda Gila River, L.P. ("Panda")

7 **Q. WHAT IS THE PURPOSE OF THIS DECLARATION?**

8 A. To answer certain questions asked in this proceeding by Chairman William A.
9 Mundell and by Commission Staff.

10 **Q. PLEASE DESCRIBE PANDA'S STRUCTURE AND ORGANIZATION.**

11 A. Panda is structured as a limited partnership. The limited partner is Panda Gila
12 River II, LLC, and the general partner is Panda Gila River I, LLC. Each of these is
13 wholly-owned by TECO-PANDA Generating Company, L.P. ("TPGC"). TPGC
14 has two general partners, TPS GP, Inc. and Panda GS I, Inc., and two limited
15 partners, TPS LP, Inc. and Panda GS II, Inc. Each of the general partners has equal
16 representation on the Project Management Committee, which makes all managerial
17 decisions for the Project. TPS GP, Inc. and TPS LP, Inc. are wholly-owned
18 subsidiaries of TPS. Panda GS I, LLC and Panda GS II, LLC are wholly-owned
19 subsidiaries of PLC II, LLC. PLC II, LLC is in turn a wholly-owned subsidiary of
20 Panda Energy International, Inc. ("PEI"). In addition to the Panda Gila River
21 facility, TPGC is also constructing a 2,200 MW facility located near El Dorado,
22 Arkansas.

23 **Q. PLEASE DESCRIBE TPS.**

24 A. TPS develops, owns and operates electricity generation projects in North America.
25 TPS has economic interests in excess of 10,000 MW of announced or operating
26 generating projects, with a net ownership totaling approximately 7,000 MW.

1 Domestically, TPS has announced projects with the potential to serve customers in
2 18 states, spanning the southern half of the United States. TPS owns or is
3 constructing generation facilities in Arizona, Texas, Louisiana, Mississippi,
4 Arkansas, Florida, Virginia and Hawaii. In addition, TPS owns facilities outside
5 the U.S. in Guatemala and the Czech Republic.

6 **Q. PLEASE DESCRIBE PEI.**

7 A. Headquartered in Dallas, Texas, Panda Energy International, Inc. is a privately
8 held, non-regulated electric generation company whose primary focus is the
9 development, ownership and operation of state-of-the-art, environmentally clean,
10 low-cost power plants. The company owns and operates plants in Roanoke Rapids,
11 North Carolina; Brandywine, Maryland and Nepal, and it has an ownership in four
12 1,000 megawatt plants it developed in Guadalupe County, Paris and Odessa, Texas
13 and Oneta, Oklahoma. Panda has developed 9,000 megawatts that are either under
14 construction or in commercial operation. Panda also has 10,000 megawatts of
15 electric generating capacity currently in advanced development.

16 **Q. PLEASE DESCRIBE THE PROJECT.**

17 A. Panda's Arizona facility will be a state-of-the-art gas-fired, combined-cycle
18 generating facility with a nominal capacity of over 2,000 megawatts. The Project
19 is configured with eight GE combustion turbines, eight heat recovery steam
20 generators with selective catalytic reduction for lowering NOx emissions, and four
21 single-flow, axial exhaust condensing steam turbines, in four two-on-one power
22 blocks. The Project is expected to cost approximately \$ 1.4 billion.

23 **Q. WHERE WILL THE PROJECT BE LOCATED?**

24 A. The Project is physically located in the Town of Gila Bend, Arizona,
25 approximately sixty miles southwest of Phoenix.

1 **Q. HOW WILL THE PROJECT BE INTERCONNECTED WITH THE APS**
2 **TRANSMISSION AND DISTRIBUTION SYSTEM?**

3 A. The Project will be interconnected to the APS grid at the newly-constructed Jojoba
4 Substation. The Jojoba Substation will be interconnected with the Palo Verde –
5 Kyrene transmission line jointly owned by APS, the Salt River Project (“SRP”),
6 Public Service Company of New Mexico and El Paso Electric Company. The
7 interconnection agreement was accepted for filing, with an effective date of
8 February 20, 2001, by the Federal Energy Regulatory Commission (“FERC”) in a
9 letter order issued on February 28, 2001, in Docket Nos. ER01-770-000 and ER01-
10 917-000. Necessary amendments to the documents governing ownership and
11 operation of the new Jojoba substation on the Kyrene line were filed with the
12 FERC on December 21, 2001, and accepted for filing by the FERC on March 27,
13 2002. There is also a 230 kV interconnection on the Gila Bend – Liberty 230 kV
14 transmission line. APS recognized this alternate interconnection in its Facilities
15 Study dated April 2000.

16 **Q. WHEN WILL THE PROJECT BE COMMERCIALY OPERATIONAL?**

17 A. The Project is being constructed in four phases. The first phase will be
18 commercially operational in March 2003, with the facility being fully operational
19 in August 2003.

20 **Q. WHAT MARKETS WILL PANDA SERVE WHEN THE PROJECT IS**
21 **COMPLETE?**

22 A. When Panda’s project is in commercial operation Panda will be willing to sell
23 power to all states within the WECC. The Project, with its unique dual
24 interconnection, is capable of delivering power into both the Phoenix metropolitan
25 area and the Tucson Electric service area. Panda is also willing to sell power for
26 delivery to wholesale customers in New Mexico, Colorado, Utah, Nevada, Mexico

1 and California.

2 **Q. WILL PANDA BE WILLING TO ALLOW COMMISSION STAFF TO**
3 **INSPECT THE PLANT DURING SCHEDULED MAINTENANCE OR AS A**
4 **RESULT OF UNSCHEDULED OUTAGES?**

5 A. Panda assumes that reasonable inspection of its facility would be a condition of any
6 agreement concerning the sale of power generated at the Project. As Mr. Davis
7 testified, certainly APS would expect the right to inspect facilities operated by any
8 entity selling power to APS for Standard Offer Service. Likewise, Panda would
9 expect the issue of inspection rights to be addressed as part of the issues in Track B
10 of the Generic Proceeding and would expect the final rules governing competitive
11 procurement will include inspection requirements for all successful respondents to
12 the competitive solicitation. If the Commission feels it necessary for its Staff to
13 have inspection opportunities similar to that of the power purchaser, Panda would
14 not oppose such an arrangement.

15 **Q. IS PANDA WILLING TO SECURE ITS OBLIGATIONS UNDER**
16 **CONTRACTS WITH UDCs THROUGH BONDING OR SOME OTHER**
17 **FORM OF SECURITY?**

18 A. Panda fully expects that any party with whom it enters into a contract to sell power,
19 including UDCs such as APS or TEP, would require Panda to provide some form
20 of security, whether it be bonding or otherwise, to secure Panda's performance
21 under that agreement. Panda certainly has no issue with such a requirement and
22 would support such a requirement being incorporated in the rules governing
23 competitive procurement.

24 **Q. HAS PANDA BOUGHT AND/OR SOLD POWER IN CALIFORNIA?**

25 A. Neither Panda nor any of its affiliates have bought or sold power in California.

26 **Q. HAS PANDA OR ANY OF ITS AFFLIATES ENGAGED IN ANY GAMING**

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OR SIMILAR ACTIVITIES IN CALIFORNIA AND/OR THE WSCC?

A. Absolutely not.

Q. HAS PANDA PROVIDED FERC WITH INFORMATION CONCERNING ITS ACTIVITIES IN CALIFORNIA AND/OR THE WSCC?

A. An upstream affiliate of one of the Panda Partners provided information to FERC and a copy of that information has been filed with the Commission in response to the Chairman's request.

Q. WAS FERC SATISFIED WITH THIS INFORMATION?

A. To the best of our knowledge, yes. FERC has not questioned such information and has no specific concerns regarding Panda or any of its affiliates.

I declare under penalty of perjury that the foregoing is true and correct.

EXECUTED on June 21, 2002, in Phoenix, Arizona.



David A. Crabtree

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