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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

MIKE GLEASON - Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

2007 JUN 22 P 3:09

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY FOR AN ORDER OR ORDERS AUTHORIZING IT TO ISSUE, INCUR, AND AMEND EVIDENCES OF LONG-TERM INDEBTEDNESS AND SHORT-TERM INDEBTEDNESS, TO EXECUTE NEW SECURITY INSTRUMENTS TO SECURE ANY SUCH INDEBTEDNESS, TO REPAY AMOUNTS PAID UNDER ANY PINNACLE WEST CAPITAL CORPORATION GUARANTEE OF ARIZONA PUBLIC SERVICE COMPANY INDEBTEDNESS AND FOR DECLARATORY ORDER.

DOCKET NO. E-01345A-06-0779

Arizona Corporation Commission
DOCKETED

JUN 22 2007

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF PINNACLE WEST CAPITAL COPORATION FOR AN ORDER OR ORDERS AUTHORIZING IT TO GUARANTEE THE INDEBTEDNESS OF ARIZONA PUBLIC SERVICE COMPANY.

PROCEDURAL ORDER

BY THE COMMISSION:

On December 15, 2006, Arizona Public Service Company ("APS") filed an application with the Arizona Corporation Commission ("Commission") for authorization to: 1) incur the Continuing Long-Term Debt; 2) redeem, refinance, refund, renew, reissue, roll-over, repay and re-borrow from time to time such Continuing Long-Term Debt, and establish and amend the terms and provisions of Continuing Long-Term Debt from time to time; 3) incur the Continuing Short-Term Debt; 4) redeem, refinance, refund, renew, reissue, roll-over, repay, and re-borrow from time to time such Continuing Short-Term Debt, and establish and amend the terms and provisions of Continuing Short-Term Debt from time to time; 5) determine the form of security, if any, for the Continuing Long-Term Debt and the Continuing Short-Term Debt, execute and deliver one or more Security Instruments in connection with the Continuing Long-Term Debt and the Continuing Short-Term Debt, and establish and amend the terms and provisions of any such Security Instruments from time to time; and 6) reimburse any

1 amounts paid by Pinnacle West Capital Corporation ("PWCC") under any Guarantee. PWCC also
2 filed an application (together, "Joint Application") requesting an ongoing waiver for PWCC to
3 guarantee the indebtedness of APS from time to time.

4 On January 11, 2007, APS and PWCC filed a letter waiving the requirements of A.A.C. R14-
5 2-806's thirty day "time clock" for ruling on requests for waivers of the Commission's affiliate rules.

6 On March 6, 2007, APS and PWCC filed a Notice of Publication.

7 On May 18, 2007, the Commission's Utilities Division ("Staff") filed its Staff Report. In its
8 report, Staff recommended conditional approval of the various financing transactions and denial of
9 the request for a declaratory order and set a deadline of May 28, 2007 for comments to be filed.

10 On May 29, 2007, APS and PWCC filed their comments to the Staff Report.

11 Accordingly, a hearing should be scheduled in this matter.

12 IT IS THEREFORE ORDERED that the **hearing in the above-captioned matter shall**
13 **commence on July 23, 2007, at 10:00 a.m. or as soon thereafter as is practical, at the**
14 **Commission's offices, 1200 West Washington Street, Arizona 85007.**

15 IT IS FURTHER ORDERED that Arizona Public Service Company, Staff, and any intervenor
16 shall file with Docket Control, all exhibits to be used at hearing and shall indicate the names of
17 witnesses that will be testifying at the hearing, no later than July 18, 2007.

18 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105,
19 except that all motions to intervene must be filed on or before July 11, 2007.

20 IT IS FURTHER ORDERED that APS and PWCC shall publish notice of the hearing in a
21 newspaper of general circulation in the APS service territory, in the following form and style with the
22 heading in no less than 18 point bold type and the body in no less than 10 point regular type, no later
23 than July 1, 2007, in the following form:

24 **PUBLIC NOTICE OF HEARING ON ARIZONA PUBLIC SERVICE COMPANY AND**
25 **PINNACLE WEST CAPITAL CORPORATION'S FINANCING APPLICATION**
DOCKET NO. E-01345A-06-0779

26 On December 15, 2006, Arizona Public Service Company ("APS") and Pinnacle West
27 Capital Corporation ("PWCC") filed a joint application ("Application") with the
28 Arizona Corporation Commission ("Commission") for authorization to issue long-
term debt up to a cap of \$4.2 billion and short-term debt up to a cap equaling the sum
of 7 percent of the Company's capitalization plus \$500 million. The Application also

1 requested an ongoing waiver for PWCC to guarantee the indebtedness of APS from
2 time to time. The Commission's Staff has filed a Staff Report with its
3 recommendations on the Application.

4 The Commission will hold a hearing on this matter beginning at 10:00 a.m. on July 23,
5 2007 at the Commission's offices, 1200 West Washington Street, Phoenix, Arizona
6 85007. Public Comments will be taken in Phoenix at the beginning of hearing. Copies
7 of APS and PWCC's application are available at its office [insert address], on the
8 internet via the Commission website (www.azcc.gov) using the e-docket function, and
9 at the Commission's offices for public inspection during regular business hours.

10 The law provides for intervention in the Commission's proceedings on the application
11 by any person having a direct and substantial interest in the matter. Persons desiring
12 to intervene must file a written motion to intervene with the Commission, which
13 motion should be sent to the Company or its counsel and to all parties of record, and
14 which, at the minimum, shall contain the following:

- 15 1. The name, address, and telephone number of the proposed intervenor
16 and of any party upon whom service of documents is to be made if
17 different than the intervenor.
- 18 2. A short statement of the proposed intervenor's interest in the
19 proceeding (e.g., a customer of the Company, a stockholder of the
20 Company, etc.).
- 21 3. A statement certifying that a copy of the motion to intervene has been
22 mailed to the Cooperative or its counsel and to all parties of record in
23 the case.

24 The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except
25 that all motions to intervene must be filed on or before July 11, 2007. The granting of
26 intervention, among other things, entitles a party to present sworn evidence at hearing
27 and to cross-examine other witnesses. However, failure to intervene will not preclude
28 any customer from appearing at the hearing and making a statement on such
customer's own behalf.

For information about requesting intervention, visit the Arizona Corporation
Commission's webpage at <http://www.azcc.gov/utility/forms/index.htm>. Any person
may file written comments on the application, without seeking intervention, by
mailing copies to the Commission, APS and PWCC. Requests to intervene and
written comments should include the docket number E-01345A-06-0079.

**If you have any substantive questions about this application you may contact the
Company at: [COMPANY SHOULD INSERT NAME, ADDRESS,
TELEPHONE NUMBER, AND E-MAIL ADDRESS FOR CUSTOMER
CONTACTS CONCERNING THE APPLICATION].**

If you wish to file written comments regarding the application, or want further
information on intervention, you may contact the Consumer Services Section of the
Commission at 1200 West Washington Street, Phoenix, Arizona 85007, or call 1-800-
222-7000.

The Commission does not discriminate on the basis of disability in admission to its
public meetings. Persons with a disability may request a reasonable accommodation
such as a sign language interpreter, as well as request this document in an alternative
format, by contacting the ADA Coordinator Linda Hogan, E-mail Lhogan@azcc.gov,

1 voice phone number 602/542-3931. Requests should be made as early as possible to
2 allow time to arrange the accommodation.

3 IT IS FURTHER ORDERED that APS and PWCC shall file certification of publication as
4 soon as practicable after the publication has been completed.

5 IT IS FURTHER ORDERED that notice shall be deemed complete upon publication of same,
6 notwithstanding the failure of an individual customer to read or receive the notice.

7 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113, Unauthorized
8 Communications) applies to this proceeding and shall remain in effect until the Commission's
9 Decision in this matter is final and non-appealable.

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

12 DATED this 22nd day of June, 2007.

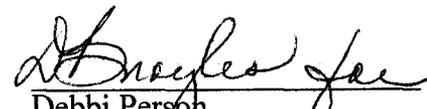
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14 
15 _____
16 LYN FARMER
17 CHIEF ADMINISTRATIVE LAW JUDGE

18 Copies of the foregoing mailed/delivered
19 this 22nd day of June, 2007, to:

20 Thomas L. Mumaw
21 Barbara M. Gomez
22 ARIZONA PUBLIC SERVICE CO.
23 PINNACLE WEST CAPITAL CORP.
24 400 N. 5th Street, Mail Station 8695
25 Phoenix, AZ 85004-3992

ARIZONA REPORTING SERVICE, INC.
2627 N. Third Street, Ste. Three
Phoenix, Arizona 85004-1104

26 Christopher Kempsey, Chief Counsel
27 Legal Division
28 ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, Arizona 85007

By: 
Debbi Person
Secretary to Lyn Farmer

Ernest Johnson, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, Arizona 85007