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IN THE MATTER OF THE APPLICATION OF)
 TUCSON ELECTRIC POWER COMPANY FOR)
 THE ESTABLISHMENT OF JUST AND)
 REASONABLE RATES AND CHARGES)
 DESIGNED TO REALIZE A REASONABLE)
 RATE OF RETURN ON THE FAIR VALUE OF)
 ITS OPERATIONS THROUGHOUT THE STATE)
 OF ARIZONA.)

DOCKET NO. E-01933A-07-0402
 APPLICATION FOR LEAVE TO
 INTERVENE

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Pursuant to A.A.C. R14-3-105, Mesquite Power, L.L.C., Southwestern Power Group II, L.L.C., Bowie Power Station, L.L.C. ("Mesquite/SWPG/Bowie") and Sempra Energy Solutions LLC ("SES") submit this joint Application for Leave to Intervene in the above-captioned proceeding. In support of their joint Application, Mesquite/SWPG/Bowie and SES submit the following information.

I.

IDENTITY OF APPLICANTS

Mesquite/SWPG/Bowie have actively participated in a number of proceedings before the Commission in recent years relating to the development and maintenance of a viable competitive wholesale power market within the State of Arizona. Several of those proceedings related directly to the desire and ability of Mesquite/SWPG/Bowie to compete for current and future opportunities to provide capacity and energy at wholesale to Tucson Electric Power Company ("TEP") incident to the conduct of its operations as an electric public service corporation. Included among those proceedings were (i) the Track "A" proceeding, (ii) the Track "B" proceeding and (iii) TEP's Request to Amend Decision No. 62103.

1 SES is a retail energy service provider which has served retail end-use electric
2 commercial and industrial customers in the United States and Mexico since 1999. In Decision
3 No. 61742, dated June 4, 1999, the Commission granted Sempra Energy Trading ("SET") a
4 certificate of convenience and necessity ("CC&N") to provide retail electric services as an
5 Electric Service Provider in all areas of the State of Arizona which the Commission had
6 designated as open to retail electric competition. Such areas included, and continue to include,
7 TEP's currently certificated electric service area. In Decision No. 65123, dated August 23, 2002,
8 the Commission transferred the Electric Service Provider CC&N previously granted to SET to
9 SES. Subsequently, the viability of that CC&N was called into question by the Phelps Dodge
10 decision. Accordingly, on March 16, 2006, SES filed an Application with the Commission for a
11 new Electric Service Provider CC&N which would, inter alia, authorize SES to offer competitive
12 retail electric services within TEP's electric service area.¹ That Application is now the subject of
13 Docket No. E-03964A-06-0168, TEP has been granted Intervenor status therein, and a hearing
14 has been scheduled to commence on October 2, 2007.

15 II.

16 **NATURE OF APPLICANTS' INTEREST**
17 **IN ABOVE-CAPTIONED PROCEEDING**

18 In the Track "A" and Track "B" proceedings, the Commission clearly indicated that one
19 of its policy goals was to foster the development and maintenance of a viable competitive
20 wholesale power market within the State of Arizona. That policy goal has been reiterated by the
21 Commission in subsequent proceedings in recent years in which TEP and
22 Mesquite/SWPG/Bowie were parties.

23 In its July 2, 2007 Application and the contemporaneously filed prepared testimony and
24 exhibits, TEP has offered three (3) alternative methodologies for setting TEP's post-January 1,
25 2009 rates for electric service. TEP has characterized these as the (i) Market Methodology, (ii)
26 Cost-of-Service Methodology and (iii) Hybrid Methodology, respectively. Each of these
27 methodologies, if adopted by the Commission, could have a direct and substantial influence on
28

¹ In this regard, SES also participated in the TEP Request To Amend Decision No. 62103 proceeding.

1 the extent to which, and the manner in which, TEP looks to the competitive wholesale power
2 market in Arizona to assist it in satisfying its needs for capacity and energy. In their respective
3 prepared testimony, TEP witnesses James S. Pignatelli and David G. Hutchens each state that
4 purchased power will represent an important part of TEP's power resource arrangements in 2009
5 and beyond. But left unsaid as of this juncture are the details as to how, and to what extent, each
6 methodology could specifically impact the future competitive electric wholesale market in
7 Arizona, and participants such as Mesquite/SWPG/Bowie.²

8 Similarly, each of TEP's alternative methodologies would have a direct impact on the
9 future prospects for electric retail competition in TEP's service area. Thus, each could have a
10 direct and substantial impact upon SES. Under TEP's Market Methodology proposal, the status
11 quo would continue, and TEP's CC&N area would remain open to retail electric competition.
12 Under the Cost-of Service Methodology proposal, TEP's CC&N area would be closed to electric
13 retail competition of any kind and TEP thereafter would possess the exclusive right to offer
14 electric service. Under the Hybrid Methodology proposal, "direct access" or retail electric
15 choice would be available only to customers whose demand was 3 MW or more; and, TEP
16 would become the exclusive electric service provider as to all other customers in its CC&N area.

17 In view of the above, it is clear that Mesquite/SWPG/Bowie and SES, respectively, will
18 each be "directly and substantially affected" by a Commission decision in the instant proceeding
19 adopting, in whole or in part, any one of the three (3) rate setting methodologies submitted by
20 TEP. Thus, the requirements of A.A.C. R14-3-105 (A) have been satisfied.

21 **III.**

22 **APPLICANTS' INTERVENTION WILL**

23 **NOT UNDULY BROADEN THE ISSUES**

24 **TO BE CONSIDERED**

25 As of this juncture, Mesquite/SWPG/Bowie and SES do not anticipate a need to raise any
26 new issues of their own. Rather, they believe that the issues they wish to address have either

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28 ² In the past, individually, Mesquite/SWPG/Bowie have submitted responses to one or more competitive power procurements conducted by TEP.

1 already been raised by TEP's July 2, 2007 Application and contemporaneously filed prepared
2 testimony and exhibits, or they will be encompassed within TEP's responses to data requests and
3 cross-examination from the parties as the instant proceeding progresses. As a consequence,
4 Applicants' intervention therein will not unduly broaden the issues to be considered.
5 Accordingly, the requirements of A.A.C. R14-3-105 (B) have been satisfied.

6
7 **IV.**

8 **CONCLUSION**

9 WHEREFORE, for the reasons discussed above, Mesquite/SWPG/Bowie and SES
10 hereby request that the Commission issue a Procedural Order in the above-captioned proceeding
11 (i) granting their joint request for intervention, and (ii) according them status and full rights as
12 parties of record.

13 Dated this 27th day of July 2007.

14 Respectfully submitted,
15 Lawrence V. Robertson, Jr.
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17 Group, II, L.L.C and Bowie
18 Power Station, L.L.C

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A copy of the same served by e-mail or first
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