

ORIGINAL

INTERVENTION



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ARIZONA, COLORADO, MONTANA,
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DISTRICT OF COLUMBIA

OF COUNSEL TO
MUNGER CHADWICK, P.L.C.

April 11, 2008

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Re: Arizona Public Service Company
Docket No. E-01345A-08-0172

To Whom It May Concern:

Enclosed for filing in the above-referenced proceeding are the original and thirteen (13) copies of an Application For Leave To Intervene ("Application") on behalf of Mesquite Power, L.L.C., Southwestern Power Group II, L.L.C. and Bowie Power Station, L.L.C.

Also enclosed are two (2) additional copies of the aforesaid Application. I would appreciate it if you would "filed" stamp the same and return them to me in the enclosed stamped and addressed envelope.

Thank you for your assistance with regard to this matter.

Sincerely,

Angela R. Trujillo
Secretary
Lawrence V. Robertson, Jr.

Arizona Corporation Commission
DOCKETED

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INTERVENTION

BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

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

2008 APR 14 A 11:52
AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF)
ARIZONA PUBLIC SERVICE COMPANY FOR)
A HEARING TO DETERMINE THE FAIR)
VALUE OF THE UTILITY PROPERTY OF THE)
COMPANY FOR RATEMAKING PURPOSES,)
TO FIX A JUST AND REASONABLE RATE OF)
RETURN THEREON, TO APPROVE RATE)
SCHEDULES DESIGNED TO DEVELOP SUCH)
RETURN)

DOCKET NO. E-01345A-08-0172

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. and Bowie Power Station, L.L.C. ("Mesquite/SWPG/Bowie") submit this Application for Leave to Intervene in the above-captioned proceeding. In support of their joint Application, Mesquite/SWPG/Bowie 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 Arizona Public Service Company ("APS") incident to the conduct of its operations as an electric public service corporation. Other proceedings involved issues bearing directly upon APS' financial integrity and creditworthiness, and thus its ability to viably participate as a purchaser in the competitive wholesale electric market in the State of Arizona.

1 Included among those proceedings were (i) the Track "A" proceeding, (ii) the Track "B"
2 proceeding, (iii) APS's \$500 million financing proceeding, (iv) APS's acquisition of the
3 Sundance Generating Station assets, (v) APS's 2003 rate case, (vi) the 2005 Power Supply
4 Adjuster/Surcharge proceeding, (vii) APS's request for an emergency interim rate increase, (viii)
5 APS' 2005 rate case, (ix) APS' Yuma RFP proceeding and (x) the APS "self-build" moratorium
6 40-252 proceeding.

7
8 **II.**

9 **NATURE OF APPLICANTS' INTEREST**
10 **IN THE INSTANT PROCEEDING**

11 The Application filed with the Commission by APS on March 24, 2008 in the above-
12 captioned and docketed proceeding raises issues in each of the aforementioned areas. First, the
13 Application states that "the rate increase sought is required to enable the Company to maintain
14 its credit ratings, attract new capital on reasonable terms and recover its costs of
15 service." [Application, page 6, lines 3-4] [emphasis added] In addition, the Application refers to
16 the requested increase as being necessary "for preservation of the Company's financial
17 integrity." [Application, page 10, lines 6-7] [emphasis added] Assuming for purposes of this
18 Application For Leave To Intervene that APS' statements are correct, Mesquite/SWPG/Bowie
19 clearly could be substantially and directly affected by any decision issued by the Commission in
20 the instant proceeding in response to APS' Application, inasmuch as such decision could affect
21 APS' financial solvency and creditworthiness.

22 Second, the Application requests that "the Commission allow APS to include in rates at
23 cost of service the Yucca generation assets, the construction of which was specifically authorized
24 by Decision No. 69400 (March 30, 2007)." [Application, page 6, lines 20-21] [emphasis
25 added] In that regard, the Application asserts that "APS prudently acquired the Yucca Units, and
26 such Units are used and useful." [Application, page 10, lines 15-16] [emphasis added] Thus, it
27 would appear that this rate case will represent that proceeding in which the prudence
28 determination discussed in the Yuma RFP proceeding will now occur. In addition, it is quite
conceivable that such prudence determination may have some precedential effect in connection

1 with the future interpretation and administration of the Recommended Best Practices For
2 Competitive Procurement ("Best Practices") adopted by the Commission on December 4, 2007
3 in Decision No. 70032. Thus, as active participants in the Yuma RFP proceeding, and as
4 members of the competitive wholesale electric market with a substantial interest in how the Best
5 Practices are interpreted and applied, Mesquite/SWPG/Bowie clearly may also be substantially
6 and directly affected by a decision issued by the Commission in the instant proceeding
7 addressing the prudency issue as it relates to APS' acquisition of the Yucca generating units.

8 **III.**

9 **APPLICANTS' INTERVENTION WILL**
10 **NOT UNDULLY BROADEN THE ISSUES**
11 **TO BE CONSIDERED**

12 As of this juncture, Mesquite/SWPG/Bowie do not anticipate a need to raise any new
13 issues of their own. Rather, they contemplate participating in the proceeding and addressing
14 those issues which may exist at this time, or which may hereafter be raised by the Commission's
15 Staff and/or other parties. Thus, their intervention will not unduly broaden the issues to be
16 considered.

17 **IV.**

18 **CONCLUSION**

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

23 Dated this 11th day of April 2008.

24 Respectfully submitted,

25 Lawrence V. Robertson, Jr.
26 Attorney for Southwestern Power
27 Group, II, L.L.C and Bowie
28 Power Station, L.L.C.

and

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Theodore Roberts
Lawrence V. Robertson, Jr.
Attorneys for Mesquite
Power, L.L.C.

By: Lawrence V. Robertson, Jr.
Lawrence V. Robertson, Jr.

Original and thirteen (13) copies of the
foregoing mailed this 11th day of April 2008 to:

Docket Control Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

A copy of the same served by e-mail or first
Class mail this same date to:

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