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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

- KRISTIN K. MAYES, Chairman
- GARY PIERCE
- PAUL NEWMAN
- SANDRA D. KENNEDY
- BOB STUMP

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AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

JUN 17 2009

DOCKETED BY	
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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, AND TO APPROVE RATE SCHEDULES DESIGNED TO DEVELOP SUCH RETURN.

DOCKET NO. E-01345A-08-0172

PROCEDURAL ORDER

BY THE COMMISSION:

On March 24, 2008, Arizona Public Service Company ("APS") filed with the Arizona Corporation Commission ("Commission") an application for a rate increase.

By Procedural Order issued July 29, 2008, the hearing on the permanent rate application was scheduled to commence on April 2, 2009.

On January 23, 2009, APS filed a Notice of Settlement Discussions.

On January 30, 2009, APS filed a Motion to Suspend Procedural Schedule.

On February 4, 2009, a Procedural Order was issued which granted a 30 day extension and ordered that the parties make a filing prior to the end of the 30 day suspension period.

On March 5, 2009, APS filed a Motion to Further Suspend the Procedural Schedule and by Procedural Order dated March 9, 2009, the procedural schedule was suspended.

By Procedural Order issued March 19, 2009, the March 25, 2009 procedural conference and the April 2, 2009 hearing date were vacated, and a procedural conference was scheduled for April 7, 2009 to discuss the status of the settlement discussions and the procedural schedule in this matter.

The April 7, 2009 procedural conference was held as scheduled and the parties reported that discussions were continuing and requested another procedural conference in two weeks.

On April 21, 2009, a procedural conference was held to update the Commission as to the

1 status of settlement discussions in this matter. During the procedural conference, the Settling Parties¹
2 indicated that there was an agreement in principle on revenue requirement issues and that substantial
3 agreement had been reached on other issues. The Settling Parties agreed to file a Term Sheet
4 containing the major provisions of the Settlement Agreement on May 4, 2009.

5 On May 4, 2009, the Term Sheet containing the major provisions of the Settlement
6 Agreement was filed along with a Request for Procedural Order (“Request”). The Request proposed
7 a procedural schedule for filing testimony and a hearing date on the contemplated Settlement
8 Agreement.

9 On May 11, 2009, a Procedural Order was issued establishing procedural dates and setting the
10 matter for hearing to commence on August 19, 2009. The Procedural Order also directed the settling
11 parties to file a joint proposed form of notice.

12 On May 29, 2009, SCA Tissue North America (“SCA”) filed a Motion to Intervene.

13 On June 12, 2009, the Proposed Settlement Agreement and the Joint Form of Proposed Notice
14 were docketed.

15 On June 16, 2009, APS filed its Response to Late-Filed Intervention of SCA. In its Response,
16 APS had no objection and therefore, SCA should be granted intervention.

17 Accordingly, APS should be directed to provide notice of the Proposed Settlement Agreement
18 and hearing.

19 IT IS THEREFORE ORDERED that that APS **shall provide public notice** of the hearing in
20 this matter, in the following form and style, with the heading no less than 24 point bold type and the
21 body no less than 10 point regular type:

22 ...
23 ...
24 ...
25 ...

26 ¹ Settling Parties include: Arizona Corporation Commission Utilities Division Staff, APS, RUCO, SWEEP, AECC, AIC,
27 Az-Ag Group, Cynthia Zwick, IBEW Locals 387, 640 and 769, Bowie Power Station, L.L.C., Freeport-McMoRan
28 Copper & Gold, Inc., Mesquite Power, L.L.C., Southwestern Power Group II, Western Resources Advocates, Kroger
Company, Arizona Association of School Business Officials, Arizona School Boards Association, the Federal Executive
Agencies, Interwest Energy Alliance, and the Town of Wickenburg.

**PUBLIC NOTICE OF HEARING ON ARIZONA PUBLIC SERVICE COMPANY'S
APPLICATION FOR A PERMANENT BASE RATE INCREASE
(DOCKET NO. E-01345A-08-0172)**

On March 24, 2008, Arizona Public Service Company ("APS" or "Company") filed an application with the Arizona Corporation Commission ("Commission") for a permanent base rate increase. On June 2, 2008, the Company filed an amended application. On June 12, 2009, the Joint Parties filed a Settlement Agreement. In the Settlement Agreement, the Joint Parties requested that the Commission approve a net increase in base rates of approximately \$207.5 million (7.87 percent on average). This net increase reflects the reclassification as base rates of certain fuel and purchased power costs that are already being collected through a power supply adjustment mechanism. The total base rate increase is \$344.7 million (13.07 percent on average). This base rate includes the interim rate increase of \$65.2 million that became effective January 1, 2009.

Copies of the Joint Parties Settlement Agreement and APS' application and amended application are available at the Company's office at 400 N. 5th Street, Phoenix, AZ (602-250-2767) and the Commission's offices at 1200 West Washington, Phoenix, AZ, for public inspection during regular business hours and on the internet via the Commission website (www.azcc.gov) using the eDocket function.

The Commission will hold a hearing on this matter beginning August 19, 2009, at 10:00 a.m., at the Commission's offices, 1200 West Washington, Phoenix, Arizona. A public comment session will be held on August 12, 2009, beginning at 5:30 p.m., at the Commission's offices, 1200 West Washington, Hearing Room 1, Phoenix, AZ 85007. Public comments will also be taken on the first day of the hearing. Additional public comment sessions may be scheduled.

Written public comments may be submitted via email (visit http://www.azcc.gov/divisions/utilities/forms/public_comment.pdf for instructions), or by mailing a letter referencing Docket No. E-01345A-08-0172 to: Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with disability may request a reasonable accommodation such as a sign language interpreter, as well as request this documentation in an alternative format, by contacting the ADA Coordinator, Guadalupe Ortiz, voice phone number 602-542-3931, Email: gortiz@azcc.gov. Requests should be made as early as possible to allow time to arrange the accommodation.

IT IS FURTHER ORDERED that APS shall mail to each of its customers a copy of the above notice either as a bill insert or by special mailing, with the **mailing completed no later than August 1, 2009**, and shall cause the above notice to be published at least twice in a newspaper of general

1 circulation in its service territories, with **publications to be completed no later than August 1,**
2 **2009.**

3 IT IS FURTHER ORDERED that APS shall **file certification of mailing and publication** as
4 soon as practicable after the mailing/publication has been completed, but **not later than August 6,**
5 **2009.**

6 IT IS FURTHER ORDERED that notice shall be deemed complete upon mailing and
7 publication of same, notwithstanding the failure of a customer to read or receive the notice.

8 IT IS FURTHER ORDERED that **SCA is granted intervention.**

9 IT IS FURTHER ORDERED that the Commission will conduct a **public comment session**
10 **on August 12, 2009, at 5:30 p.m., at the Commission's offices, 1200 West Washington, Hearing**
11 **Room 1, Phoenix, AZ 85007.**

12 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized
13 Communications) continues to apply to this proceeding and shall remain in effect until the
14 Commission's Decision in this matter is final and non-appealable.

15 IT IS FURTHER ORDERED that the time periods specified herein shall not be extended
16 pursuant to Rule 6(a) or (e) of the Rules of Civil Procedure.

17 IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the Rules
18 of the Arizona Supreme Court and A.R.S. § 40-243 with respect to practice of law and admission *pro*
19 *hac vice.*

20 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance
21 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the
22 Rules of Arizona Supreme Court). Representation before the Commission includes the obligation to
23 appear at all hearings and procedural conferences, as well as all Open Meetings for which the matter
24 is scheduled for discussion, unless counsel has previously been granted permission to withdraw by
25 the Administrative Law Judge or the Commission.

26 ...

27 ...

28 ...

1 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend,
2 or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at
3 hearing.

4 DATED this 17th day of June, 2009.

5
6 
7 LYN FARMER
8 CHIEF ADMINISTRATIVE LAW JUDGE

9 Copies of the foregoing mailed/delivered
10 This 17th day of June, 2009 to:

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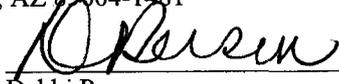
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