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June 17, 2002

VIA HAND-DELIVERY

Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington
Phoenix, Arizona 85007

**RE: Witness Summary Of Prefiled Testimony Under Docket Numbers
E-00000A-02-0051, E-01345A-01-0822; E-00000A-01-0630;
E01933A-02-0069; E-1933A-98-0471**

Dear Sir or Madam:

Pursuant to the Procedural Order dated May 2, 2002, for the above-referenced Docket Numbers, Harquahala Generating Company, LLC is hereby filing the written summary of the rebuttal testimony of Thomas Broderick.

If you or your staff have any questions, please call me.

Sincerely,

Roger K. Ferland

RKF:slm
Enclosure

cc: Docket Control (Original + 18 copies)

Arizona Corporation Commission
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SUMMARY OF THE REBUTTAL TESTIMONY OF
THOMAS BRODERICK

Harquahala Generating Company, LLC supports the implementation of the existing competitive procurement structure required by Electric Competition Rules and the Settlement. In the context of this Track A proceeding, we would specifically comment that:

- Contracting for competitive procured power should occur prior to divestiture and that procurement should be for virtually all of the UDC's Standard Offer requirements.
- When divestiture does occur, it should not include existing network transmission service rights. These rights should be designated for use by the UDCs in securing power from the successful bidders for Standard Offer services until they are transferred to the RTO.
- Must run generation should be a component of the comprehensive RFP for all Standard Offer service. By doing so, bids for generation inside load pockets can be compared to bids from outside the load pocket.
- While each state has unique legal and factual circumstances that make its experience different from those of other states, there are also elements of common experience in Colorado and Texas that can be instructive. Specifically, the experience in states like Colorado demonstrates that a competitive procurement process absent divestiture is not only workable but, in today's market, will assure a low cost for power for Arizona electric rate payers.
- A number of parties to this proceeding have proposed creative mechanisms and structure for the competitive procurement process. These include a slice of system auction, a competitive auction for generation capacity and a price to beat bidding structure for existing generation assets. While we are supportive of several of these mechanisms and structures, their implementation at this time, without a functioning RTO or ISO and an accurate cost of service study, would be premature.
- We would support the formation of an Electric Competition Advisory Group.