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In the Matter of the Competition)
in the Provision of Electric) Docket No.
Services Throughout the State) RE - 00000C-94-0165
of Arizona)

DOCKETED BY

**APPLICATION FOR
LEAVE TO INTERVENE OF
PSEG RESOURCES INC.**

Pursuant to Rule 14-3-105 of the Rules of Practice and Procedure of the Arizona Corporation Commission, PSEG Resources, Inc. ("Resources"), through its attorneys, respectfully makes application for leave to intervene out-of-time in the above-captioned proceeding. In support thereof, Resources states as follows:

I.

All correspondence and communication in regard to this application to intervene (this "Application") should be addressed to the following:

John T. Travers and William H. Nau
272 Market Square, Suite 2724
Lake Forest, Illinois 60045
Phone: 847-482-1315
Facsimile: 847-482-1320

Arizona Corporation Commission

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and to

DOCKETED BY *Jmh*

Timothy Michael Toy, Esq.
Winthrop, Stimson, Putnam & Roberts
One Battery Park Plaza
New York, New York 10004-1490
Phone: 212-858-1344
Facsimile: 212-858-1500

II.

Resources is an indirect, wholly-owned subsidiary of Public Service Enterprise Group Incorporated ("Group"). Group is headquartered in Newark, New Jersey. The principal subsidiary of Group is Public Service Electric & Gas Company which serves more than 5.5 million New Jersey residents with electricity, gas and energy alternatives.

III.

This docket involves matters related to the comprehensive restructuring of the electric service marketplace in Arizona. Resources is a direct stakeholder in the outcome of this restructuring process.

Through an intermediary trust, Resources owns the West Phoenix Power Plant (the "West Phoenix Plant"). The West Phoenix Plant is comprised of three combined cycle generating units. The West Phoenix Plant is presently under lease to Arizona Public Service Company ("APS") through June 24, 2001, with certain fair market rental and fair market purchase options thereafter. The West Phoenix Plant would be subject to divestment by APS in the event that APS were to elect Option No. 1 – Divestiture/Auction Methodology ("Option No. 1") – under Decision No. 60977 in this docket (the "June 22 Order"). Accordingly, Resources has a direct and substantial legal interest in these proceedings.

IV.

This application is being made out-of-time in these proceedings in that hearings have already occurred. Resources has been monitoring the proceedings but did not feel the need to intervene to protect its interests until the Arizona Corporation Commission vote on June 3 (as reported in the Global Power Report for June 12, 1998) to require APS, among others, to sell its generating stations if it wants 100% stranded cost recovery. The June 22 Order was docketed on June 22, 1998; Resources' counsel first received a copy of the June 22 Order on June 29, 1998. Preparation of this Application began immediately upon such receipt. Given the ramifications of Option No. 1 in particular, Resources has determined that only it can adequately represent its interests. Furthermore, unless Resources is permitted to intervene and participate fully, Resources may be bound or adversely affected by further orders in this docket without an opportunity to have its views heard and considered.

V.

Resources agrees to accept the record as it has developed to date in this docket. Resources has no reason to believe that its intervention will disrupt or delay these proceedings. Resources has good reasons for its delay in intervention in that Option No. 1 was, for it, an unexpected development in these proceedings. Resources agrees to limit its participation in these proceedings to matters affecting its interests as described in this Application.

VI.

WHEREFORE, for the foregoing reasons, Resources respectfully requests that the Arizona Corporation Commission permit it to intervene in this proceeding with full rights as a party in all stages of the proceeding as might be ordered by the Commission.

Respectfully submitted

PSEG RESOURCES INC.


Timothy Michael Toy

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One Battery Park Plaza
New York, NY 10004-1490
Phone (212) 858-1000
Facsimile: 212-858-1500

Its Attorneys

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on official service list for RE-00000C-94-165.

Dated at New York City
this 7th day of July, 1998

Timothy Michael Toy
Timothy Michael Toy
Winthrop, Stimson, Putnam & Roberts
One Battery Park Plaza
New York, NY 10004-1490