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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

COMMISSIONERS

DOCKETED

GARY PIERCE - Chairman  
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SANDRA D. KENNEDY  
PAUL NEWMAN  
BRENDA BURNS

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AZ CORP COMMISSION  
DOCKET CONTROL

DOCKETED BY [Signature]

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-11-0224

RATE CASE  
PROCEDURAL ORDER

BY THE COMMISSION:

On June 1, 2011, Arizona Public Service Company ("APS" or "Company") filed with the Arizona Corporation Commission ("Commission") an application 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.

On June 2, 2011, Freeport-McMoRan Copper & Gold, Inc. and Arizonans for Electric Choice and Competition (together, "AECC") filed an Application to Intervene.

On June 7, 2011, the Residential Utility Consumer Office ("RUCO") filed a Motion to Intervene.

On June 14, 2011, the Town of Wickenburg ("Wickenburg") filed a Motion to Intervene.

On June 17, 2011, Barbara Wyllie-Pecora filed a Motion to Intervene.

On June 20, 2011, Western Resource Advocates ("WRA") filed a Motion to Intervene.

On June 28, 2011, APS filed an amendment to its application.

By Procedural Orders, intervention has been granted to AECC, RUCO, Wickenburg, Ms. Wyllie-Pecora, and WRA.

On July 1, 2011, the Commission's Utilities Division ("Staff") filed its Letter of Sufficiency indicating that APS satisfied the requirements of Arizona Administrative Code ("A.A.C.") R14-2-103

1 and classifying the Company as a Class A utility.

2 On July 1, 2011, a Procedural Order was issued setting a procedural conference for July 18,  
3 2011.

4 On July 6, 2011, Staff filed a Request for Procedural Schedule.

5 On July 8, 2011, Southwest Energy Efficient Project ("SWEEP") filed a Motion to Intervene.

6 On July 13, 2011, the Kroger Company ("Kroger") filed a Motion to Intervene and pursuant  
7 to Arizona Supreme Court Rule 38(a), John William Moore, Jr., Esq., filed a Motion to Associate  
8 Kurt J. Boehm, Esq. as Counsel *Pro Hac Vice*. The Motion lists Mr. Moore as the designated member  
9 of the Arizona State Bar with whom communications may be made and upon whom papers should be  
10 served. Attached to the Motion is the Verified Application to Appear *Pro Hac Vice*; a copy of Mr.  
11 Boehm's certificates of good standing from the jurisdictions in which he has been admitted to  
12 practice law; and a copy of the Notice of Receipt of Complete Application from the State Bar of  
13 Arizona.

14 On July 15, 2011, the Arizona Association of Realtors ("AAR") filed a Motion to Intervene.

15 On July 18, 2011, the procedural conference was held to discuss hearing and procedural dates.  
16 No objections were made to the intervention of SWEEP, Kroger, or AAR, and accordingly, those  
17 motions to intervene were granted at the procedural conference. No objection was made to the  
18 admission of Mr. Boehm *pro hac vice* and accordingly, that motion was also granted.

19 IT IS THEREFORE ORDERED that the **hearing** in the above-captioned matter is hereby  
20 scheduled to commence on **January 19, 2012, at 10:00 a.m.**, at the Commission's offices, 1200  
21 West Washington Street, Hearing Room No. 1, Phoenix, Arizona 85007.

22 IT IS FURTHER ORDERED that a pre-hearing conference shall be held on **January 13,**  
23 **2012**, for the purpose of scheduling witnesses and the conduct of the hearing.

24 IT IS FURTHER ORDERED that the **Staff Report and/or direct testimony, except cost of**  
25 **service and rate design testimony,**<sup>1</sup> and associated exhibits to be presented at hearing on behalf of  
26 Staff shall be reduced to writing and filed on or before **November 18, 2011.**

27  
28 <sup>1</sup> Testimony on decoupling is to be included in the November 18, 2011 filings of Staff and intervenors.

1 IT IS FURTHER ORDERED that **direct testimony, except cost of service and rate design**  
2 **testimony, and associated exhibits to be presented at hearing on behalf of intervenors shall be**  
3 **reduced to writing and filed on or before November 18, 2011.**

4 IT IS FURTHER ORDERED that any **settlement discussions** by the parties shall commence **on**  
5 **or after November 30, 2011.**

6 IT IS FURTHER ORDERED that **cost of service and rate design direct testimony and**  
7 **associated exhibits to be presented at hearing on behalf of Staff or intervenors shall be reduced to**  
8 **writing and filed on or before December 2, 2011.**

9 IT IS FURTHER ORDERED that **any settlement agreement** reached by the parties shall be  
10 **filed by December 23, 2011.**

11 IT IS FURTHER ORDERED that **in the event that no settlement agreement is reached,**  
12 **rebuttal testimony and associated exhibits to be presented at hearing by APS shall be reduced**  
13 **to writing and filed on or before December 23, 2011.**

14 IT IS FURTHER ORDERED that **in the event that no settlement agreement is reached,**  
15 **surrebuttal testimony and associated exhibits to be presented by Staff or intervenors shall be**  
16 **reduced to writing and filed on or before on January 11, 2012.**

17 IT IS FURTHER ORDERED that **in the event that a settlement agreement is reached, all**  
18 **parties shall file testimony either in support or in opposition to the settlement agreement, on or**  
19 **before January 11, 2012.**

20 IT IS FURTHER ORDERED that **in the event that no settlement agreement is reached,**  
21 **any rejoinder testimony and associated exhibits to be presented at the hearing on behalf of APS**  
22 **shall be reduced to writing and filed no later than January 17, 2012.**

23 IT IS FURTHER ORDERED that **all filings shall be made by 4:00 p.m. on the date the**  
24 **filing is due, unless otherwise indicated above.**

25 IT IS FURTHER ORDERED that **any objections to testimony or exhibits that have been**  
26 **prefiled as of January 11, 2012, shall be made before or at the January 13, 2102, pre-hearing**  
27 **conference.**

28 IT IS FURTHER ORDERED that **each party shall individually prepare, and bring to the**

1 **pre-hearing conference, copies of an issues matrix setting forth all disputed issues in the case.**  
2 **Each party's matrix shall indicate the position of each party on each disputed issue and shall**  
3 **indicate whether the disputed issue remains in dispute or has been resolved, in prefiled**  
4 **testimony or otherwise.**

5 IT IS FURTHER ORDERED that **all testimony filed shall include a table of contents** which  
6 lists the issues discussed.

7 IT IS FURTHER ORDERED that any substantive corrections, revisions, or supplements to  
8 prefiled testimony, with the exception of rejoinder testimony, shall be reduced to writing and filed no  
9 later than five calendar days before the witness is scheduled to testify. Substantive corrections,  
10 revisions, or supplements to prefiled rejoinder testimony shall be reduced to writing and presented on  
11 the first day of hearing.

12 IT IS FURTHER ORDERED that the parties shall prepare a brief, written summary of the  
13 prefiled testimony of each of their witnesses and **shall file each summary at least two working**  
14 **days before the witness is scheduled to testify.**

15 IT IS FURTHER ORDERED that copies of summaries shall be served upon the  
16 Administrative Law Judge, the Commissioners, and the Commissioners' aides as well as the parties  
17 of record.

18 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105,  
19 except that **all motions to intervene must be filed on or before October 10, 2011.**

20 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and  
21 regulations of the Commission, except that until **November 18, 2011**, any objection to discovery  
22 requests shall be made within 7 calendar days of receipt<sup>2</sup> and responses to discovery requests shall be  
23 made within 10 calendar days of receipt. Thereafter, objections to discovery requests shall be made  
24 within 5 calendar days and responses shall be made within 7 calendar days. The response time may  
25 be extended by mutual agreement of the parties involved if the request requires an extensive  
26 compilation effort.

27 \_\_\_\_\_  
28 <sup>2</sup> The date of receipt of discovery requests is not counted as a calendar day, and requests received after 4:00 p.m. MST will be considered as received the next business day.

1 IT IS FURTHER ORDERED that for discovery requests, objections, and answers, if a  
2 receiving party requests service to be made electronically, and the sending party has the technical  
3 capability to provide service electronically, service to that party shall be made electronically.

4 IT IS FURTHER ORDERED that, in the alternative to filing a written motion to compel  
5 discovery, any party seeking resolution of a discovery dispute may telephonically contact the  
6 Commission's Hearing Division to request a date for a procedural hearing to resolve the discovery  
7 dispute; that upon such a request, a procedural hearing will be convened as soon as practicable; and  
8 that the party making such a request shall forthwith contact all other parties to advise them of the  
9 hearing date and shall at the hearing provide a statement confirming that the other parties were  
10 contacted.<sup>3</sup>

11 IT IS FURTHER ORDERED that any motions which are filed in this matter and which are  
12 not ruled upon by the Commission within 20 calendar days of the filing date of the motion shall be  
13 deemed denied.

14 IT IS FURTHER ORDERED that any responses to motions shall be filed within five calendar  
15 days of the filing date of the motion.

16 IT IS FURTHER ORDERED that any replies shall be filed within five calendar days of the  
17 filing date of the response.

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

21 ...  
22 ...  
23 ...  
24 ...

25  
26  
27  
28 <sup>3</sup> The parties are encouraged to attempt to settle discovery disputes through informal, good-faith negotiations before seeking Commission resolution of the controversy.

**PUBLIC NOTICE OF HEARING**  
**ON ARIZONA PUBLIC SERVICE COMPANY'S APPLICATION**  
**FOR A PERMANENT BASE RATE INCREASE**  
**(DOCKET NO. E-01345A-11-0224)**

**Summary**

On June 1, 2011, Arizona Public Service Company ("APS") filed an application with the Arizona Corporation Commission ("Commission") for a permanent base rate increase. The application seeks a \$95.5 million net increase in base rates. In addition, APS' application seeks to establish a decoupling mechanism to remove utility disincentives for energy efficiency and distributed generation and improve the recovery of costs that do not vary with electric usage.

The base rate increase is the sum of three parts: (1) a non-fuel increase of \$194.1 million; (2) the transfer into base rates of \$44.9 million in revenue requirement related to certain assets now being recovered, or which the Company expects to recover through the Renewable Energy Surcharge; and (3) the transfer of a customer credit (a negative charge per kWh of usage) related to the Power Supply Adjustor ("PSA") into base rates in the amount of (-)\$143.5 million. The PSA rate credit would then revert to zero. The net percentage impact of the Company's request on customer bills will be an increase of approximately 6.6% on average. The actual percentage rate increase for individual customers that would result from the application will vary depending upon the type and quantity of service provided.

The Commission's Utilities Division ("Staff") is in the process of reviewing and analyzing the application and has not yet made a recommendation regarding APS' request. The Commission will issue a Decision regarding APS' application following consideration of testimony and evidence presented at an evidentiary hearing. **THE COMMISSION IS NOT BOUND BY THE PROPOSALS MADE BY APS, STAFF, OR ANY INTERVENORS, AND THE FINAL RATES APPROVED BY THE COMMISSION MAY DIFFER FROM THE RATES REQUESTED BY APS OR OTHER PARTIES.**

**How You Can View or Obtain a Copy of the Rate Proposal**

Copies of the application and the proposed rates and tariffs are available from APS at its office, 400 N. 5<sup>th</sup> Street, Phoenix, Arizona, (602-250-2767) and at the Commission's Docket Control Center at 1200 West Washington, Phoenix, Arizona, for public inspection during regular business hours and on the Internet via the Commission's website ([www.azcc.gov](http://www.azcc.gov)) using the e-Docket function.

**Arizona Corporation Commission Public Hearing Information**

The Commission will hold a hearing on this matter beginning on **January 19, 2012**, at **10:00 a.m.**, in the Commission's offices, Hearing Room No. 1, 1200 West Washington Street, Phoenix, Arizona. Public comments will be taken on the first day of the hearing. Written public comments may also be submitted by mailing a letter referencing Docket No. E-01345A-11-0224 to Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007, or by e-mail. For a form to use and instructions on how to e-mail comments to the Commission, go to [http://www.azcc.gov/divisions/utilities/forms/public\\_comment.pdf](http://www.azcc.gov/divisions/utilities/forms/public_comment.pdf).

**About Intervention**

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene. If you wish to intervene, you must file an original and 13 copies of a written motion to intervene with the Commission no later than **October 10, 2011**, and send a copy of the motion to APS or its counsel and to all parties of record. Your motion to intervene must contain the following:

1. Your name, address, and telephone number, and the name, address, and telephone number of any party upon whom service of documents is to be made, if not yourself;
2. A short statement of your interest in the proceeding (e.g., a customer of APS, a shareholder of APS, etc.); and
3. A statement certifying that you have mailed a copy of the motion to intervene to APS or its counsel and to all parties of record in the case.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that all motions to intervene must be filed on or before **October 10, 2011**. All parties must comply with Arizona Supreme Court Rules 31 and 38 and A.R.S. § 40-243 with respect to the practice of law. For information about requesting intervention, visit the Commission's website at <http://www.azcc.gov/divisions/utilities/forms/interven.pdf>. The granting of intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and providing public comment on the application or from filing written comments in the record of the case.

**ADA/Equal Access Information**

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator, Shaylin Bernal, E-mail [Sbernal@azcc.gov](mailto:Sbernal@azcc.gov), voice phone number 602-542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.

**Who to Contact if you have Questions**

For further information on the APS rate increase request and procedural schedule, please contact APS at 602-250-2767 or the Commission's Consumer Services Section at 602-542-4251, or 1-800-222-7000 (outside the metro Phoenix area). For further information or assistance with intervention or how to make public comment, please contact the Commission's Consumer Services Section at 602-542-4251, or 1-800-222-7000 (outside the metro Phoenix area).

IT IS FURTHER ORDERED that APS shall mail to each of its customers a copy of the above notice as a bill insert beginning with the first available billing cycle, and shall cause a copy of such notice to be published at least twice in a newspaper of general circulation in the Company's service territory, with publication to be completed no later than **August 30, 2011**.

1 IT IS FURTHER ORDERED that **APS shall file certification of mailing/publication** as  
2 soon as possible after the mailing/publication has been completed, but **no later than September 30,**  
3 **2011.**

4 IT IS FURTHER ORDERED that notice shall be deemed complete upon mailing/publication  
5 of same, notwithstanding the failure of an individual customer to read or receive the notice.

6 IT IS FURTHER ORDERED that a **Public Comment hearing** shall be held on **October 7,**  
7 **2011, at 10:00 a.m., at Sundial Auditorium, 14801 N. 103<sup>rd</sup> Ave., Sun City, Arizona 85351.**

8 IT IS FURTHER ORDERED that intervention is granted to SWEEP, Kroger and AAR.

9 IT IS FURTHER ORDERED that Kurt J. Boehm shall be admitted *pro hac vice* in the above-  
10 captioned matter.

11 IT IS FURTHER ORDERED that Kurt J. Boehm's address for service of papers and other  
12 communication shall be:

13  
14 Kurt J. Boehm  
15 BOEHM, KURTZ & LOWRY  
16 36 E. Seventh St., Suite 1510  
17 Cincinnati, OH 45202

18 IT IS FURTHER ORDERED that the address for service of papers and other communication  
19 for the Arizona-licensed attorney designated as local counsel shall be:

20  
21 John William Moore, Jr.  
22 7321 N. 16<sup>th</sup> Street  
23 Phoenix, AZ 85020

24 IT IS FURTHER ORDERED that all parties must comply with Arizona Supreme Court Rules  
25 31, 38, and 42 and A.R.S. § 40-243 with respect to the practice of law and admission *pro hac vice*.

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

1 Administrative Law Judge or the Commission.

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

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

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

10 DATED this 27th day of July, 2011.

11  
12  
13  
14   
15 LYN FARMER  
CHIEF ADMINISTRATIVE LAW JUDGE

16 Copies of the following mailed/delivered  
17 This 27th day of July, 2011 to:

18 Meghan H. Grabel  
19 Thomas L. Mumaw  
20 PINNACLE WEST CAPITAL  
CORPORATION  
P.O. Box 53999, MS 8695  
Phoenix, AZ 85072-3999

21 C. Webb Crockett  
22 Patrick J. Black  
23 FENNEMORE CRAIG  
3003 N. Central Ave., Suite 2600  
24 Phoenix, AZ 85012-2913  
Attorneys for Freeport-McMoRan and AECC

25 Daniel W. Pozefksy  
26 RUCO  
1110 W. Washington St., Suite 220  
Phoenix, AZ 85007

Michael A. Curtis  
William P. Sullivan  
CURTIS, GOODWIN, SULLIVAN  
UDALL & SCHWAB, P.L.C  
501 E. Thomas Rd.  
Phoenix, AZ 85012-3205  
Attorneys for the Town of Wickenburg and  
Town of Gilbert

Barbara Wyllie-Pecora  
14410 W. Gunsight Dr.  
Sun City West, AZ 85375

Timothy M. Hogan  
ARIZONA CENTER FOR LAW  
IN THE PUBLIC INTEREST  
202 E. McDowell, Suite 153  
Phoenix, AZ 85004  
Attorney for Western Resource Advocates and  
Southwest Energy Efficiency Project

27 David Berry  
WESTERN RESOURCE ADVOCATES  
28 P.O. Box 1064  
Scottsdale, AZ 85252-1064

1 Kurt J. Boehm  
2 BOEHM, KURTZ & LOWRY  
3 35 E. 7<sup>th</sup> Street, Suite 1510  
4 Cincinnati, OH 45202  
5 Attorneys for Kroger Co.

6 Jeffrey W. Crockett  
7 BROWNSTEIN, HYATT, FARBER  
8 SCHRECK, LLP  
9 40 N. Central Ave., 14<sup>th</sup> Floor  
10 Phoenix, AZ 85004  
11 Attorney for Arizona Association of Realtors

12 John William Moore, Jr.  
13 7321 N. 16<sup>th</sup> Street  
14 Phoenix, AZ 85020

15 Cynthia Zwick  
16 1940 E. Luke Ave  
17 Phoenix, AZ 85016

18 Michael W. Patten  
19 ROSHKA DEWULF & PATTEN PLC  
20 One Arizona Center  
21 400 E. Van Buren, Suite 800  
22 Phoenix, AZ 85004

23 Bradley Carroll  
24 TUCSON ELECTRIC POWER CO.  
25 One South Church Ave., Suite UE 201  
26 Tucson, AZ 85701

27 Janice Alward, Chief Counsel, Legal Division  
28 ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, Arizona 85007-2927

Steve Olea, Director, Utilities Division  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, Arizona 85007-2927

ARIZONA REPORTING SERVICE INC.  
2200 N. Central Ave., Suite 502  
Phoenix, AZ 85004

25 By:   
26 Debbi Person  
27 Assistant to Lyn Farmer  
28