
ACC Update

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**Analyst Conference
October 18, 2002**



PINNACLE WEST
CAPITAL CORPORATION

Current ACC Landscape

- **Track A Order**
- **Track B proceedings**
- **PWEC Financing Application**
- **ACC Biennial Transmission Assessment**
- **Generic Review of Electric Competition Rules**
- **PPAC filing**
- **APS Rate Case filing**

The Track A Order

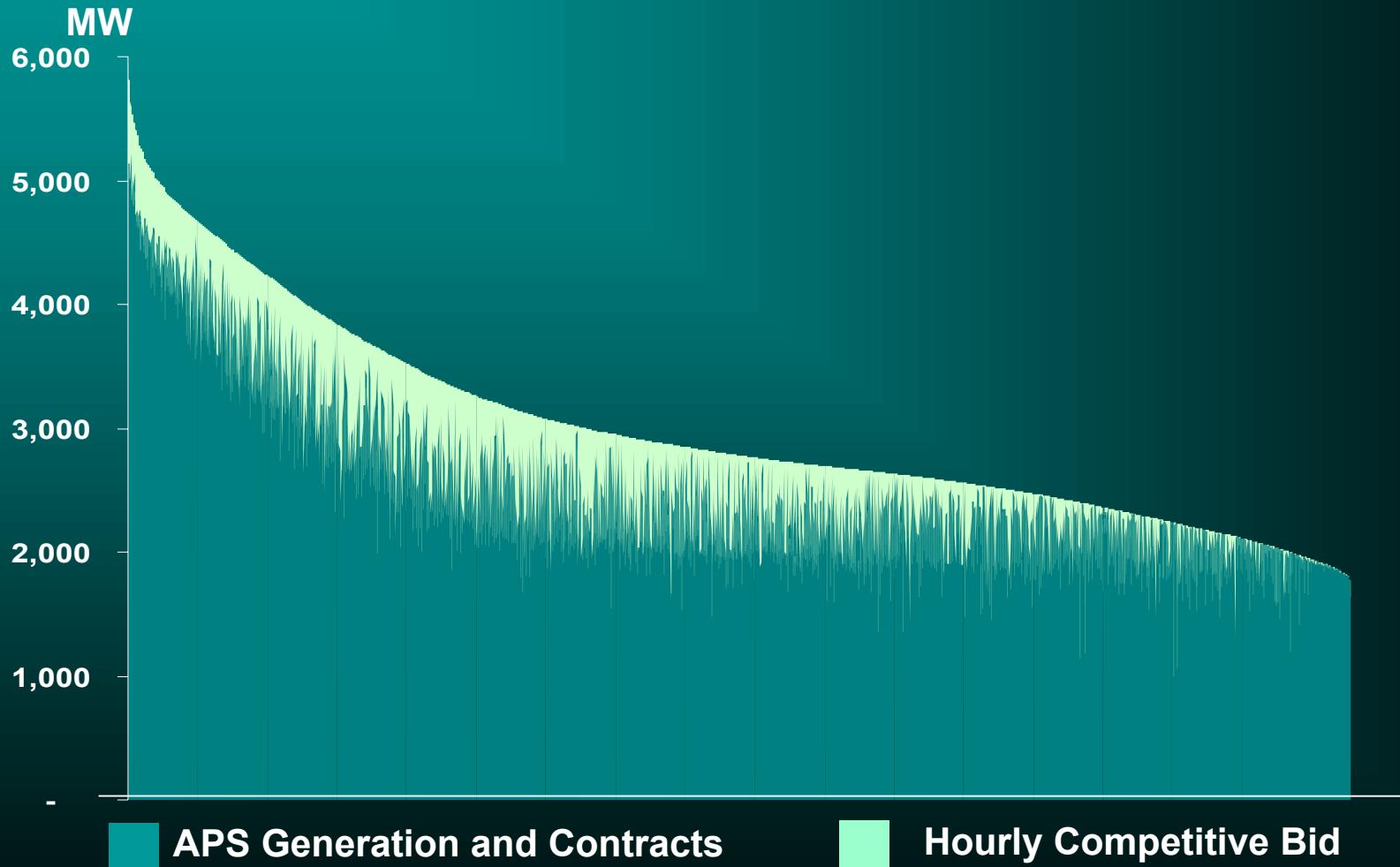
- **APS generation divestiture prohibited**
- **Competitive bidding rules stayed – will be modified in Track B**
- **Competitive procurement to “begin” March 1, 2003, for – at a minimum – power that can’t be produced from existing APS assets and long term purchased power contracts**
- **New Code of Conduct filing required**
- **Future rate-basing of PWEC assets**

September 13, 2003 Staff Track B Report

Key Elements

- **Solicitation “commences” March 1, 2003**
- **“Contestable” load above APS existing resources**
- **Process (auction or RFP) at APS discretion**
- **Products (block or slice of system) at APS discretion**
- **Contract duration at APS discretion**
- **PWEC able to bid without restriction**
- **Staff and independent monitor involvement**
- **Cost recovery to be determined later**
- **Commission role unclear**

2003 Contestable Load



APS/PWEC Financing Application

- **APS was prohibited from building generation**
- **PWEC built to meet APS needs**
- **PWEC obtained investment grade rating contingent on asset move**
- **ACC prohibited generation move**
- **APS seeks to mitigate damage from ACC Order**
- **APS loan / guaranty**
- **Testimony filed October 11, 2002**

APS Next Steps

- **Track A application for reconsideration**
- **Appeal status**
- **ACC elections – three seats**
- **Inform and educate new commissioners**
- **2003 general rate filing**