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June 6, 2006

Chairman Jeff Hatch-Miller
Commissioner William A. Mundell
Commissioner Marc Spitzer
Commissioner Mike Gleason

Re: Devers-Palo Verde No. 2 (DPV2) Power Line; Docket No. L-00000A-06-0295-00130.

Dear Colleagues and Parties to the Docket:

As part of a recent filing in this matter, Staff asks the Line Siting Committee to take testimony from Robert Smith, Transmission Planning Manager for Arizona Public Service ("APS"), on, among other topics, transmission congestion between Arizona and California.

I am writing to express my concern with regard to the inclusion of Mr. Smith as an expert witness in this case. Though Staff undoubtedly chose Mr. Smith for his expertise in his respective field, I worry that his testimony could be unduly influenced by recent statements of support for the proposed power line by Mr. Smith's superiors. Bill Post, Chairman and CEO of Pinnacle West, recently expressed his support for the new Devers-Palo Verde transmission line. At Pinnacle West Capital Corporation's recent annual meeting, Mr. Post stated:

> *Existing transmission corridors must also grow. Last month, a new transmission line from southern California to Palo Verde was announced that has the potential to expand our wholesale power markets. I believe California's electric prices will always exceed ours and therefore, the California market offers important business opportunities. Greater access into those markets will give us the opportunity to reduce our customer's costs with additional sales while increasing our own profitability through higher margins.*[1]

As an APS employee,[2] it could be argued that Mr. Smith's opinions and testimony could be influenced by the statements made by the Chairman of his company. I realize Staff is seeking the most qualified individuals possible to provide evidence in this important case. However, under the present circumstances, I respectfully ask that Staff find another expert witness to testify on the issues identified for presentation by Mr. Smith.

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[1] Remarks of Bill Post at the Pinnacle West Capital Corporation Annual Meeting: May 17, 2006
[2] Pinnacle West Capital Corporation is the parent company of APS.

Sincerely,

Kris Mayes
Commissioner

Cc: Ernest Johnson
Chris Kempley
Brian McNeil
Heather Murphy
Laurie Woodall, Chairman, Arizona Power Plant and Line Siting Committee
Docket