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BEFORE THE ARIZONA CORPORATION COMMISSION

MARC SPITZER
Chairman
WILLIAM A. MUNDELL
Commissioner
JEFF HATCH-MILLER
Commissioner
MIKE GLEASON
Commissioner
KRISTIN K. MAYES
Commissioner

2004 AUG -4 P 4: 40

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE
ENVIRONMENTAL PORTFOLIO
STANDARD

DOCKET NO. RE-00000C-00-0377

Arizona Corporation Commission

DOCKETED

AUG 04 2004

DOCKETED BY [Signature]

CONSTELLATION NEWENERGY,
INC. AND STRATEGIC ENERGY,
L.L.C.'s PROPOSALS FOR
MODIFICATION OF R-14-1018 &
REQUEST FOR INCLUSION ON
SERVICE LIST

SACKS TIERNEY P.A., LAWYERS
4250 NORTH DRINKWATER BOULEVARD
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Constellation NewEnergy, Inc. ("CNE") and Strategic Energy, L.L.C. ("SE") hereby propose that R-14-1018 be modified with regard to Electric Service Providers ("ESPs") to assure that ESPs can participate pro rata in the portion of the base rates and surcharges attributable to Environmental Portfolio Standards.

Constellation is the nation's leading competitive retail electric service provider serving commercial and industrial customers in California, Texas, Illinois, Ohio, Pennsylvania, Maryland, Delaware, New Jersey, New York, Massachusetts, Rhode Island, New Hampshire, and Maine. Constellation is a wholly owned subsidiary of the Constellation Energy Group (NYSE: CEG), a leading global power company comprised of competitive generation, distribution, and retail businesses around the world.

Strategic Energy is an energy management company that provides electric load aggregation and power supply coordination services. Founded in 1986, Strategic Energy

1 has transformed itself from an energy-consulting firm into one of the largest competitive
2 retail energy service providers in the United States. Strategic Energy now has more than
3 42,000 commercial and industrial customers in states that have enacted retail choice,
4 including Pennsylvania, Ohio, New York, Massachusetts, Texas, and California—with many
5 more states expected to come online in the next few years. More than 170 full-time energy
6 professionals at its headquarters in Pittsburgh, Pennsylvania and in offices across the
7 country are devoted to objective electricity and natural gas management and consulting.
8 Strategic Energy procures and manages more than \$2 billion of electricity and natural gas
9 per year and has never had a customer interrupted.

10 Both CNE and SE plan to file applications for certificates of convenience and
11 necessity to provide electric service in Arizona as ESPs and as such will be obligated after
12 2004 to derive at least 1.0% of the total retail electricity they sell from new solar resources
13 or environmentally-friendly renewable electricity technologies. The rates their customers
14 will be paying will include an EPS component, either in the base rates or in non-bypassable
15 surcharges, or both. They should receive their pro-rata share of this EPS component. CNE
16 and SE propose that R14-2-1618.A.1. be revised to read as follows:

17 "Electric Service Providers that are not UDCs will receive a pro-rata share of funds
18 collected from the Environmental Portfolio component of the base rates and from
19 any Environmental Portfolio Surcharge delineated for portfolio purposes to acquire
20 portfolio systems or electricity generated from such systems."

21 CNE and SE request that the following persons be added to the service list in this
22 docket:

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DATED this 4 day of August, 2004

SACKS TIERNEY P.A.

By 

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1 THE ORIGINAL AND 13 COPIES OF
2 THE FOREGOING FILED
3 this 4th day of August, 2004, with:

4 Docket Control
5 Arizona Corporation Commission
6 1200 West Washington
7 Phoenix, Arizona 85007

8 COPIES OF THE FOREGOING
9 HAND-DELIVERED
10 this 4th day of August, 2004, to:

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12 Arizona Corporation Commission
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14 Phoenix, Arizona 85007

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Wendy Petersen