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BEFORE THE ARIZONA CORPORATION COMMISSION

2002 JUN 14 P 4: 32

WILLIAM A. MUNDELL  
Chairman  
JIM IRVIN  
Commissioner  
MARC SPITZER  
Commissioner

AZ CORP COMMISSION  
DOCUMENT CONTROL

IN THE MATTER OF THE GENERIC  
PROCEEDINGS CONCERNING ELECTRIC  
RESTRUCTURING ISSUES

Docket No. E-00000A-02-0051

IN THE MATTER OF ARIZONA PUBLIC  
SERVICE COMPANY'S REQUEST FOR A  
VARIANCE OF CERTAIN REQUIREMENTS OF  
A.A.C. R14-2-1606

Docket No. E-01345A-01-0822

IN THE MATTER OF THE GENERIC  
PROCEEDING CONCERNING THE ARIZONA  
INDEPENDENT SCHEDULING  
ADMINISTRATOR

Docket No. E-00000A-01-0630

IN THE MATTER OF TUCSON ELECTRIC  
POWER COMPANY'S APPLICATION FOR A  
VARIANCE OF CERTAIN ELECTRIC  
COMPETITION RULES COMPLIANCE DATES

Docket No. E-01933A-02-0069

IN THE MATTER OF THE APPLICATION OF  
TUCSON ELECTRIC POWER COMPANY FOR  
APPROVAL OF ITS STRANDED COST  
RECOVERY

Docket No. E-01933A-98-0471

STAFF'S NOTICE OF FILING  
SUPPLEMENTAL TESTIMONY

Staff hereby provides its Notice of Filing of the corrected testimony of Barbara Keene.

RESPECTFULLY SUBMITTED this 14th day of June, 2002.

Arizona Corporation Commission

DOCKETED

JUN 14 2002

DOCKETED BY *AR*

*Janet F. Wagner*  
Christopher C. Kempley, Chief Counsel  
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Arizona Corporation Commission  
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Phoenix, Arizona 85007  
(602) 542-3402

Original and ten copies of the foregoing

1 Original and ten copies of the foregoing  
2 filed this 14th day of June, 2002,  
3 with:

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

8 Copy of the foregoing mailed this 14th  
9 day of June, 2002, to:

10 All parties of record

11 Nancy Roe

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<u>RECOVERY.</u> )	

CORRECTIONS

TO

TESTIMONY

OF

BARBARA KEENE

PUBLIC UTILITIES ANALYST

UTILITIES DIVISION

JUNE 14, 2002

1 **Q. What entities should be covered by the proposed code of conduct?**

2 A. The code of conduct should cover an investor-owned electric utility regulated by the  
3 Commission and all affiliates from which the utility may purchase power or which are in  
4 energy-related fields.

5  
6 **Q. What items should be included in the proposed code of conduct?**

7 A. The code of conduct should address, at a minimum, arm's-length transactions; access to  
8 confidential information; cross-subsidization; preferential treatment to affiliates; joint  
9 employment and employee transfer issues; sharing of office space, equipment, and  
10 services; proprietary customer information; financing arrangements with affiliates; and  
11 conflict of interest.

12  
13 **Q. Do you have specific recommendations in regard to addressing arm's-length  
14 transactions in the code of conduct?**

15 A. Yes. Arm's-length transactions are defined as transactions negotiated by unrelated  
16 parties, each acting in his or her own self-interest. Therefore, Staff recommends that the  
17 same representative should not appear on both sides of a transaction. ~~Second, for~~  
18 ~~ratemaking purposes, sales or transfers from an affiliate to the utility should be priced at~~  
19 ~~the lower of cost or market. Third, for ratemaking purposes, sales or transfers from the~~  
20 ~~utility to an affiliate should be priced at the higher of cost or market.~~

21  
22 **Q. Does this conclude your testimony?**

23 A. Yes.  
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