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Arizona Corporation Commission
DOCKETED
JUN 20 2002
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June 19, 2002

Chairman William A. Mundell
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Re: Docket Nos. E-00000-02-0051, E-01345-01-0822, E-00000A-06-0630, E-01933A-02-0069 and E-01933A-98-0471
Generic Proceeding to Electric Restructuring

Dear Chairman Mundell,

The Arizona Competitive Power Alliance ("Alliance") read with interest, but some concern, your letter of June 11, 2002. The Alliance supports the Commissioners' ongoing efforts to ensure that Arizona consumers continue to benefit from electric industry restructuring. We certainly agree with your assertion that these issues need to be handled comprehensively. In this regard, we applaud the creation of the consolidated generic docket which will do just that: address in a comprehensive manner the issues surrounding divestiture and competitive procurement by building a record so the Commission can make an informed decision.

Your letter, however, while supporting Commissioner Spitzer's call for a Special Open Meeting on TEP's unique circumstances, goes on to suggest that a temporary suspension of both the divestiture timelines and the Electric Competition Rules may be in order. While we share your goal to "get it right," we believe that a suspension of the Electric Competition Rules and divestiture timelines is premature and may have an irreversible effect on the move to competition in Arizona.

We did not construe Commissioner Spitzer's letter to open the door for a suspension of the rules, but, instead, to merely address a procedural timing issue for TEP. While important details remain to be worked out, deregulation in Arizona has already commenced and, in reliance thereupon, billions of dollars have been invested in the State in preparation for competition.

We believe that a competitive bidding process in the time frame currently contemplated in the existing rules will best ensure that the current wholesale market rate benefits are passed on to Arizona consumers.

On May 22, 2002, Judge Farmer issued a procedural order that set out a mechanism to get it right in an efficient and timely manner. As you have not doubt witnessed during this week's hearing, a tremendous amount of work has taken has already taken place on the first phase dealing with divestiture (Track A). The second phase, dealing with competitive procurement and the Electric Competition Rules (Track B) is scheduled to be complete by October.

Precisely because we share your desire to get it right, members of the Alliance have proposed that the outcome of the divestiture proceeding be contingent on the outcome of the Track B proceeding on the Electric Competition Rules; i.e., the divestiture should not be allowed to take place until the Electric Competition Rules are fleshed out and substantially implemented. We continue to believe that these efforts can be completed on schedule, if all parties work together. For these reasons, we believe that any decision on whether or not a suspension of the rules is necessary should await the outcome of the currently scheduled hearings. The members of the Alliance will continue to work diligently to ensure that those hearings are successful and that a suspension of the rules is not necessary.

Sincerely,

Greg Patterson
AzCPA Director

cc: Commissioner Marc Spitzer
Commissioner Jim Irvin