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ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

1
2 WILLIAM A. MUNDELL Arizona Corporation Commission
Chairman
3 JIM IRVIN
Commissioner
4 MARC SPITZER
Commissioner

DOCKETED

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AZ CORP COMMISSION
DOCUMENT CONTROL

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6 IN THE MATTER OF THE APPLICATION) DOCKET NO. E-01032C-00-0751
7 OF THE ARIZONA ELECTRIC DIVISION OF)
8 CITIZENS COMMUNICATIONS COMPANY) **MOTION TO COMPEL RESPONSES**
9 TO CHANGE PURCHASED POWER AND) **TO STAFF'S THIRTEENTH SET OF**
10 FUEL ADJUSTMENT CLAUSE RATE, TO) **DATA REQUESTS**
11 ESTABLISH A NEW PURCHASED POWER)
12 AND FUEL ADJUSTMENT CLAUSE BANK,)
13 AND TO REQUEST APPROVED)
14 GUIDELINES FOR THE RECOVER OF)
15 COSTS INCURRED IN CONNECTION WITH)
16 ENERGY RISK MANAGEMENT)
17 INITIATIVES)
18)
19)
20)

15 Staff for the Utilities Division ("Staff") of the Arizona Corporation Commission
16 ("Commission") hereby respectfully requests that the Arizona Electric Division of Citizens
17 Communications Company ("Citizens") be compelled to provide answers to Staff's Thirteenth Set
18 of Data Requests sent on July 19, 2002 to Citizens. The information Staff is seeking is directly
19 related to the Purchase Power Fuel Adjustor Clause ("PPFAC") before the Commission under this
20 Docket Number. The information is relevant to this case and should be disclosed by Citizens.

21 Staff sent out the Thirteenth Set of Data Requests to seek further explanation regarding
22 monthly PPFAC bank balance reports Citizens is required to file pursuant to Commission Decision
23 No. 49576, attached as Exhibit A. That decision established a uniform method of reporting for all
24 adjustment mechanisms approved by the Commission. See Decision 49576 at 2. A copy of a Citizens
25 PPFAC bank balance report has been attached as Exhibit B. A copy of Staff's Thirteenth Set of Data
26 Requests has been attached as Exhibit C. Specifically, the data request seeks clarification including
27 information concerning a hedging credit to Citizens' January 2001 adjustor report, the Ford Proving
28 Grounds, and other aspects of the PPFAC.

1 On August 6, 2002, counsel for Citizens sent Staff a letter indicating it would not provide
2 answers to Staff's Thirteenth Set of Data Requests. Citizens justified its unresponsiveness by stating
3 that the deadline for discovery had passed and that the issues brought forth by Staff should have been
4 explored prior to now. A copy of Citizens' letter has been attached as Exhibit D. In addition,
5 Citizens' stated that it would provide an answer to Staff's Data Request LAJ 13.1, if such would not
6 be construed as a waiver to its above position.

7 In its original application, Citizens sought Commission approval of a change in the PPFAC
8 rate, to amortize the balance in the PPFAC bank over three years, to establish a new PPFAC Bank,
9 and accrual of carrying charges. See Citizens Application at 1. In its amended application, Citizens
10 is asking for a change in the PPFAC rate "to recover the under-collected PPFAC bank balance and
11 the incremental cost of generation as it is reflected in a new contract with Arizona Public Service
12 ('APS')", as well as accruing carrying charges and amortizing the period of recovery for a segment
13 of time over twelve months. See Citizens Amended Application at 1. As Citizens notes in its most
14 recent pleadings before this Commission, the under-collected bank balance continues to grow larger
15 daily. See Citizens Communications Company's Motion For Reconsideration at 3; Citizens
16 Objections for Procedural Order and Request for Full Commission Review at 3. Staff believes
17 Citizens intends to attempt to recover the full under-collected balance up until the point of the actual
18 hearing on this case from the ratepayers.

19 Citizens argues that further discovery is precluded by previous procedural orders. In the
20 procedural order issued January 11, 2002, the most recent procedural order with dates for the
21 hearing, due dates were set as to the deadlines to file testimony and related exhibits. However, no
22 deadline for issuing data requests was ever mandated in that most recent procedural order. In
23 addition, since the issuance of that procedural order, several procedural motions have come before
24 the Administrative Law Judge including two motions to disqualify and one motion for findings of
25 fact. Two of those motions are currently being litigated. This has resulted in the most recent hearing
26 date of March 25, 2002 being continued pending the outcome of the procedural pleadings.

27 No Arizona Administrative Code regulation applicable to the Commission specifically
28 pertains to discovery proceedings before an Administrative Law Judge. Under the Arizona Rules of

1 Civil Procedure, any information that is admissible or likely to lead to admissible evidence is
2 discoverable. See Ariz. R. Civ. P. 26(b)(1). The information being sought by Staff in its Thirteenth
3 Set of Data Requests is directly related to the PPFAC adjustor, since clarification is sought on the
4 monthly PPFAC reports Citizens files with Staff. The burden of showing the validity of an objection
5 rests upon the objecting party. Cornet Stores v. Superior Court, 108 Ariz. 84, 86, 492 P.2d 1191,
6 1193 (1972).

7 Clearly, the case is ongoing at this point. A hearing will not likely occur until the resolution
8 of the pending procedural motions. Citizens does not claim any undue or substantial hardship in
9 choosing not to answer Staff's data requests. Citizens does not claim that to provide the information
10 requested will be financially taxing or occupy an abundance of man-hours. Citizens has simply
11 decided not to answer the data requests based on its belief that the time for discovery has passed.

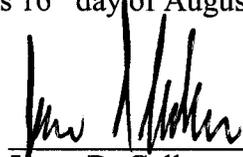
12 Yet, Citizens is requesting full collection of the carrying charges and has made explicit note of its
13 continuing accumulation. Does this mean that Citizens should be required to file a completely new
14 application seeking recovery of those under-collected charges accrued since "the discovery cut-off
15 date?" It is doubtful Citizens would agree with that position. In short, discovery is and has always
16 been an ongoing process up until the point of the hearing. The information requested by Staff is
17 directly relevant to the PPFAC since it is noted in Citizen's monthly PPFAC reports. Therefore,
18 Citizens should be compelled to respond to Staff's requests.

19 Furthermore, Article XV, section 4 of the Arizona Constitution gives the Commission the
20 "power to inspect and investigate the property, books, papers, business, methods and affairs . . . of
21 any public service corporation doing business within the State . . .". The Arizona Supreme Court
22 has further explained "the Commission may exercise all powers which may be necessary or essential
23 in connection with the performance of its duties." Garvey v. Trew, 64 Ariz. 342, 346, 170 P.2d 845,
24 848 (1946). Clearly the issue of Citizen's PPFAC is directly related to the Commission's
25 constitutional ratemaking authority under Article XV, section 3 of the Arizona Constitution. The
26 under-collected balance continues to grow daily. As stated above, the information requested in
27 Staff's Thirteenth Set of Data Requests could be requested independent of this proceeding under the
28 Commissions constitutional authority and pursuant to Commission Decision No. 49576. There can

1 be no doubt that Staff is entitled to answers to its Thirteenth Set of Data Requests under the
2 Commission's constitutional authority. Since this case directly involves Citizens' PPFAC,
3 requesting the information in this case is equally appropriate.

4 Staff would respectfully request that Citizens be compelled to provide answers to Staff's
5 Thirteenth Set of Data Requests within ten (10) days of a procedural order being issued.

6 RESPECTFULLY SUBMITTED this 16th day of August, 2002.

7
8 

9 Jason D. Gellman, Attorney
10 Legal Division
11 Arizona Corporation Commission
12 1200 West Washington Street
13 Phoenix, Arizona 85007
14 (602) 542-3402

15 The original and ten copies of the
16 foregoing filed this 16th day of
17 August, 2002, with:

18 Docket Control
19 Arizona Corporation Commission
20 1200 West Washington Street
21 Phoenix, Arizona 85007

22 COPIES of the foregoing
23 mailed this 19th day of
24 August, 2002 to:

25 Anthony L. Marks
26 Brown & Bain, P.A.
27 2901 North Central, Suite 2000
28 Phoenix, AZ 85012
Attorneys for Citizens Communications Company

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RUCO
2828 N. Central Ave., Suite 1200
Phoenix, Arizona 85004

John White
Christine L. Nelson
Deputy County Attorney
P.O. Box 7000
Kingman, Arizona 86402

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Attorneys for Mohave and Santa Cruz Counties

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Lucy Magruder
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Tubac, AC 85646-1267

Jose L. Machado
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Attorney for City of Nogales, AZ

L. Russell Mitten
Citizens Communications Company
3 High Ridge Park
Stamford, CT 06905


Angela L. Bennett

Exhibit A

BEFORE THE ARIZONA CORPORATION COMMISSION

ERNEST GARFIELD
Chairman
BUD TIMS
Commissioner
JIM WEEKS
Commissioner

IN THE MATTER OF THE COMMISSION ON ITS)
OWN MOTION INVESTIGATING ESCALATION)
CLAUSES AND/OR PURCHASED POWER FUEL)
ADJUSTMENT CLAUSES OF THE ELECTRIC)
UTILITIES OPERATING INTRASTATE IN)
ARIZONA.)

DECISION NO. **49576**

OPINION AND ORDER

DOCKET NOS.:

9955-E-1025	U-1703
U-1773	U-1891
U-1345	U-1749
U-1586	U-1750
9962-E-1032	9979-E-1049
U-1851	U-1787
U-1824	U-1575
U-2044	U-1461
	U-1933

DATES OF HEARING: November 2,3,4,21, December 5,6,20. & 21, 1977

PLACE OF HEARING: Phoenix, Arizona

HEARING OFFICER: David C. Kennedy

APPEARANCES: Evans, Kitchel & Jenckes, by Stephen W. Pogson, Attorneys for Ajo Improvement Company, California-Pacific Utilities Company, Citizens Utilities Company, and Morenci Water & Electric Company

Gentry, McNulty, Borowiec & Desens, by James F. McNulty, Jr., Attorneys for Arizona Electric Power Cooperative, Inc., Graham County Electric Cooperative, Inc. and Sulphur Springs Valley Electric Cooperative, Inc.

Arizona Corporation Commission

DEC 9 1977

DEC 9 1977 *mm*

Spell & Wilmer, by Jaron B. Norberg, and Richard L. Sallquist, Attorneys for Arizona Public Service Company

Paul J. Crowder and Rex A. Hall, Attorneys for Columbus Electric Cooperative, Inc.

Charles D. Wahl, Attorney for Continental Divide Electric Cooperative, Inc., Duncan Valley Electric Cooperative, Inc., Garkane Power Association, Mohave Electric Cooperative, Inc., and Trico Electric Cooperative, Inc., Navopache Electric Cooperative, Inc., and Sulphur Springs Valley Electric Cooperative, Inc.

Martinez and Curtis, by Michael A. Curtis, Attorneys for Navopache Electric Cooperative, Inc.

Lawrence V. Robertson, Jr., Attorney for Tucson Gas & Electric Company

Bruce E. Meyerson, Attorney for Arizona Community Action Association

Thomas M. Rogers, Attorney for the Arizona Corporation Commission

On October 25, 1978, this Commission issued its Decision No. 49438 regarding revised application of fuel and/or purchased power escalation clauses.

In that Decision, the Commission directed the Utilities Division, along with advisors approved by the Commission, (1) to formulate monthly reporting forms which include fuel costs, purchased power costs, and use of generating facilities; and (2) to determine appropriate filings and format in connection with the formal proceedings contemplated in that Decision. The approval of the format set forth herein does not constitute a new fuel and/or purchased power escalation clause. Each utility shall be governed by the provisions of the fuel and/or purchased power authority previously granted by this Commission and which were applicable when frozen by the Commission on November 13, 1978. This order establishes a uniform method of reporting, in most instances, and provides for limited hearings after which the Commission may authorize an increase or decrease in the escalator amount.

The Arizona Corporation Commission staff will audit those projections submitted which indicate an increase or decrease in fuel and/or purchased power of one mill or more. If upon completion of the audit the increase or decrease of the one mill or more as forecasted is determined to be realistic, the staff will recommend to the Commission that a hearing be held at which time a determination will be made by the Commission if the increase or decrease should be approved.

It is intended that the hearing referred to above shall be limited only to those items which affect the cost of fuel and/or purchased power.

Notice of such hearing will be made in the same manner as other hearings of utility matters. The regular mailing lists used by the Arizona Corporation Commission Utilities Division will be utilized. Separate notice to each consumer will not be required in these matters.

Decision No. 49438 also provided that "bank accounts" were to be treated by a subsequent order. "Bank accounts" have been an integral part of fuel and/or purchased power escalation clauses approved by this Commission for many years, and will continue uninterrupted by carrying forward any balances as of November 13, 1978, at which time all clauses were frozen. This account serves to insure that those costs properly recoverable from customers under the conditions prescribed in each clause are balanced to the amount actually recovered, thus protecting both the consumer and the utility against over or under collection of such costs. We have concluded that the "bank account" is a fair and essential part of properly designed and monitored fuel and/or purchased power adjustments and should be continued.

The staff has requested the actual "bank account" as of 11/30/78 from each of the electric utilities. This "bank account" shall be recomputed as of December 31, 1978, and again at January 31, 1979. It is intended that this system of permitting the use of fuel and/or purchased power adjustments shall begin as of 2/1/79. The "bank account" as of 1/31/79 shall be spread in equal increments over the forecast of the six month period, February 1, 1979 through July 31, 1979. The effect of spreading the "bank account" over six months will result in the recovery or the refund of any under-collection or over-collection as the case may be.

The "bank account" will be computed each month on form FA-2 as prepared by the Arizona Corporation Commission Utilities Division. It is intended that the "bank account" will be a continuing account and this balance eventually will be refunded or collected. The Commission may make an adjustment to the base cost of fuel and/or purchased power as a result of a formal proceeding which would permit the recovery or refunding of the "bank account".

ACCORDINGLY, IT IS ORDERED:

1. "Bank accounts" will remain an integral part of fuel and/or purchased power clauses and procedures and will be reported and adjusted as set out herein.

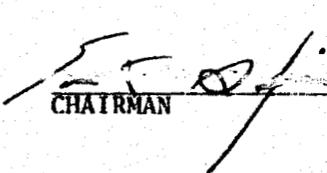
2. For the purposes of the computation of authorized adjustment clauses, the base rate shall be the base rate established in the last permanent rate proceeding or when the clause was authorized, as the case may be, and, if appropriate, plus or minus the escalator in effect on November 13, 1978 when frozen by order of this Commission. In future computations that portion of the increase or decrease from the above-defined base attributable to line losses and company use shall be excluded.

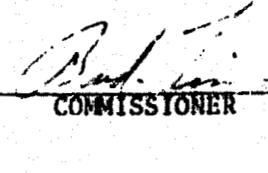
3. "Company use" does not include use at power plants for auxiliaries and other power plant station use.

4. Failure of a utility to submit the required monthly reports or the proper use of the forms of the Arizona Corporation Commission, Utilities Division, will result in the loss of the application of fuel and/or purchased power adjustments approved in this order.

IT IS FURTHER ORDERED that the format for hearings pertaining to these matters shall be as set forth herein.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.


CHAIRMAN


COMMISSIONER


COMMISSIONER

IN WITNESS WHEREOF, I, G. C. ANDERSON, JR., Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of this Commission to be affixed, at the Capitol in the City of Phoenix, this ~~29th~~ day of December, 1978.

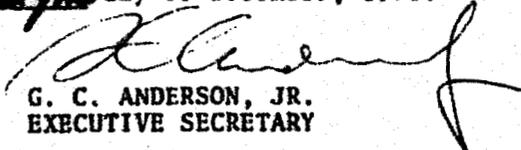

G. C. ANDERSON, JR.
EXECUTIVE SECRETARY

Exhibit B

C. Power

CITIZENS
communications



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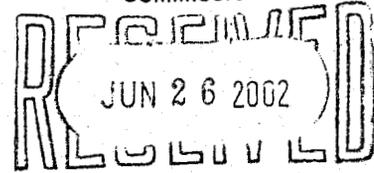
2901 N. Central Ave., Ste 1660
Phoenix, AZ 85012-2736
Direct Dial: (602) 532-4424
Fax: (602) 265-3415
Email: cdabelst@czn.com

Carl W. Dabelstein, CPA
Vice President, Regulatory Affairs
Public Service Sector

June 26, 2002

Ms Lori Miller
Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

ARIZONA CORPORATION
COMMISSION



Director of Utilities

Dear Ms. Miller:

Transmitted herewith are Schedule Nos. FA-1, FA-2, FA-3, and FA-4 comprising the monthly Purchased Power and Fuel Adjustment Clause report for April, 2002 filed by Citizens on behalf of its Arizona Electric Division, as required by Commission Decision No. 49576.

If you have any questions, please feel free to call me at the number indicated above.

Sincerely,

Carl W. Dabelstein

CC: Pat Williams ✓
Erinn Andreasen

CITIZENS COMMUNICATIONS COMPANY
ARIZONA ELECTRIC DIVISION
PURCHASED POWER AND FUEL ADJUSTOR
BANK BALANCE REPORT FA-1
For the Month of April 2002

Line No.

1	Ending Balance - Prior Month	Under Collected	\$ 103,868,650
2	Jurisdictional Sales	86,289,301	
3	Actual Cost of Generated and Purchased Power	6,557,598	
4	Unit Cost of Power (\$/kWh) (line 3 / line 2)		0.075995
5	Authorized Base Cost of Power (\$/kWh)	0.051940	
6	Authorized Purchased Power Adjustor (\$/kWh)	-	
7	Net Power Costs Billed Customers (\$/kWh) (line 5 + line 6)	<u> </u>	<u>0.051940</u>
8	(Over) / Under-recovery of Power Supply Costs (\$/kWh) (line 4 - line 7)		<u><u>0.024055</u></u>
9	Net Increase / (Decrease) in Bank Balance (line 2 X line 8)		2,075,732
10	Adjustments to Bank Balance:		
	Computational Roundings		43
	Credit from APS for Dec 2000 adjustment		<u>(23,492)</u>
11	Ending Bank Balance - Current Month (line 1 + line 9 + line 10)		<u><u>\$ 105,920,932</u></u>
			Under-collected

CITIZENS COMMUNICATIONS COMPANY
ARIZONA ELECTRIC DIVISION
PURCHASED POWER AND FUEL ADJUSTOR
GENERAL INFORMATION FA-2
For the Month of April 2002

Company Number: E-1032
 Company Name: Citizens Communications Company - Arizona Electric Division
 Mailing Address: 2901 North Avenue, Suite 1660
 Phoenix, Arizona 85012
 Contact Person: Carl Dabelstein
 Contact Telephone No: (602) 532-4424

Generation:

Gas-fired	\$	-	
Oil-fired	\$	5,653	
Coal-fired		-	
Other		-	
Total		<u> </u>	\$ 5,653

Purchased Power:

Base Meter Charge	-	
Demand Charge	469,717	
Energy Charge	6,082,228	

Total	<u> </u>	6,551,945
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Total Cost of Generation and Purchased Power	<u><u> </u></u>	\$6,557,598
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Purchased Power (KWh)	<u><u> </u></u>	- 103,456,853
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Unit Cost of Generated and Purchased Power (\$/kWh) (line 15/ line 16)	<u><u> </u></u>	\$ 0.063385
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**ARIZONA ELECTRIC DIVISION
 ADDITIONAL INFORMATION
 BANK BALANCE REPORT FA-3
 For the Month of April 2002**

I. Sales (kWh)

Residential	36,307,884
Commercial	26,910,648
Wholesale	-
Promotional	-
Industrial	14,496,869
Irrigation	28,623
Municipality	8,461,674
Street Lights	83,603
	<hr/>
Total Sales	<u><u>86,289,301</u></u>

II. Revenues (\$)

Residential	\$ 3,106,715
Commercial	2,308,943
Wholesale	-
Promotional	-
Industrial	912,632
Irrigation	3,686
Municipality	674,624
Street Lights	8,854
	<hr/>
Total Revenues (a)	<u><u>\$ 7,015,454</u></u>

III. Number of Customers

Residential	63,117
Commercial	11,036
Wholesale	-
Promotional	-
Industrial	34
Irrigation	30
Municipality	915
Street Lights	229
	<hr/>
Total Customers	<u><u>75,361</u></u>

(a) Revenue amounts include EFPS surcharges

Note: All amounts are actual; no estimates.

**CITIZENS COMMUNICATIONS COMPANY
ARIZONA ELECTRIC DIVISION
Fuel Adjustment Six-Month Forecast
Reporting Month - April 2002**

Line No.	Description	Units	May 2002	June 2002	July 2002	August 2002	September 2002	October 2002
1	Generated and Purchased Power	kWh	103,388,680	122,047,099	141,495,483	143,134,923	125,555,879	103,759,181
2	Sales	kWh	91,497,125	102,296,090	126,470,730	138,750,419	129,543,719	105,800,009
3	Generation Costs:							
4	Gas-fired	\$						
5	Oil-fired	\$	5,653	5,653	5,653	5,653	5,653	5,653
6	Coal-fired	\$						
7	Purchased Power Costs:							
8	Base Meter Charge	\$						
9	Demand Charge	\$	457,555	457,555	457,555	457,555	457,555	457,555
10	Energy Charge	\$	6,078,221	7,175,149	8,318,519	8,414,902	7,381,430	6,100,002
11	Total Cost of Generation and Purchased Power	\$	6,541,428	7,638,357	8,781,727	8,878,110	7,844,638	6,563,210
12	Less: Costs to Serve Exempt Customers	\$						
13	Net Cost of Generation and Purchased Power	\$	6,541,428	7,638,357	8,781,727	8,878,110	7,844,638	6,563,210
14	Net Unit Cost (line 13 / line 2)	\$/kWh	0.071493264	0.074669095	0.069436834	0.063986183	0.060555909	0.062034114
15	Power Cost in Base Rates	\$/kWh	0.051940	0.051940	0.051940	0.051940	0.051940	0.051940
16	PPFAC Adjustment Factor	\$/kWh						
17	Net Power Costs Billed	\$/kWh	0.051940	0.051940	0.051940	0.051940	0.051940	0.051940
18	Net Unit Cost (Over) / Under Recovery (line 14 - line 17)	\$/kWh	0.019553	0.022729	0.017497	0.012046	0.008616	0.010094
19	Net (Over)/Under Power Supply Cost Recovery (ln 2 X ln 18)	\$	1,789,067	2,325,098	2,212,837	1,671,413	1,116,137	1,067,957
20	Beginning PPFAC Bank Balance	\$	105,920,932	107,709,999	110,035,097	112,247,934	113,919,347	115,035,484
21	Ending PPFAC Bank Balance	\$	107,709,999	110,035,097	112,247,934	113,919,347	115,035,484	116,103,441

Exhibit C

WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER



BRIAN C. McNEIL
EXECUTIVE SECRETARY

ARIZONA CORPORATION COMMISSION

July 19, 2002

Mr. Carl Dabelstein
CITIZENS COMMUNICATIONS COMPANY
2901 North Central Avenue, Suite 1660
Phoenix, Arizona 85012

TELEFAXED AND MAILED

Fax No. (602) 265-3415

**RE: Citizens Communications Company
Docket No. E-01032C-00-0751**

Dear Mr. Dabelstein:

Please treat this as Staff's **thirteenth** set of data requests to Citizens Communications Company Amended Application in the above-referenced matter.

For purposes of this data request set, the word "Citizens" refers to Citizens Communications Company, and any representative, including every person and/or entity acting with, under the control of, or on behalf of Citizens Communications Company. For each answer, please identify by name, title, and address each person providing information that forms the basis for the response provided.

These data requests are continuing, and your answers, any documents supplied in response to these data requests should be supplemented with any additional information, or documents that come to your attention after you have provided your initial responses.

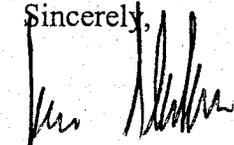
Please respond within **ten** calendar days of your receipt of the copy of this letter. **Please provide one hard copy (ONLY) of the requested data directly to each of the following addresses:**

1. Lee Smith, LaCapra Associates, 333 Washington St., Boston, MA 02108, e-mail address: lsmith@lacapra.com
2. Christopher C. Kempley, Legal Division, Arizona Corporation Commission, 1200 West Washington, Phoenix, AZ 85007

Mr. Carl Dabelstein
July 19, 2002
Page Two

3. Jason Gellman, Legal Division, Arizona Corporation Commission, 1200 West Washington, Phoenix, AZ 85007
4. Linda Jaress, Utilities Division, Arizona Corporation Commission, 1200 West Washington, Phoenix, AZ 85007
5. Jerry Smith, Utilities Engineering, Arizona Corporation Commission, 1200 West Washington, Phoenix, AZ 85007

Sincerely,



Jason Gellman
Attorney, Legal Division
(602) 542-3402

JDG:nrr
Attachment

cc: Deb Scott
Anthony Marks
Lee Smith
Linda A. Jaress
Jerry Smith

**ARIZONA CORPORATION COMMISSION STAFF'S
THIRTEENTH SET OF DATA REQUESTS TO
CITIZENS COMMUNICATIONS COMPANY
DOCKET NO. E-1032C-00-0751
July 19, 2002**

- LAJ 13.1 For the months of April 2001 and April 2002, Residential, industrial, irrigation and streetlight kWh reported were identical. Also, the number of residential customers was identical. Please explain.
- LAJ13.2 Footnote A to the January 2001 report shows adjustments of \$775,316 from APS as a hedging credit. It also shows an amount of negative \$565,002 as "Total revised billing for December 2000 adjusted on January 2001 bill". Please explain these adjustments.
- LAJ13.3 Regarding the hedging credit noted in Footnote A, by what method was the \$775,316 allocated to Citizens by APS (i.e. percent of demand, kWh, other?).
- LAJ13.4 Why are hedging credits only reflected in one month?
- LAJ13.5 If the hedging credits were accumulated and then reflected in one month, over what period were the hedging credits accumulated?
- LAJ13.6 Why is the January 2001 report the only report to include hedging credits? If hedging credits ended, why did they end?
- LAJ13.7 Footnote B to the January report indicates that "Application of Pre-paid demand amortization continues in 2000 despite the satisfaction of the amortization balance." Why did Citizens pre-pay demand charges? Was interest accrued on the prepayments? Please explain.
- LAJ13.8 Why is the amortization continuing after "the satisfaction of the amortization balance"?
- LAJ13.9 Why were sales to the Ford Proving Grounds not subject to the adjustor?
- LAJ13.10 How were the costs to serve the Ford Proving Grounds determined?
- LAJ13.11 For the May 2001 statement an adjustment is shown reflecting a credit for a refund from APS attributable to a settlement with Burlington-Northern, Santa Fe Railroad. How was Citizens' portion of the refund determined?
- LAJ13.12 Is there any way to calculate the number of kWh generated by Citizens' Valencia units from the contents of the monthly reports?
- LAJ13.13 What are EFPS surcharges mentioned on the April 2002 report?

Exhibit D

BROWN & BAIN, P.A.
Attorneys at Law

AN1
mark
W. Smith
Jerry Smith
Lee Smith

August 6, 2002

RECEIVED

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In re: Citizens Communications Company/PPFAC LEGAL DIV.
Docket No. E-01032C-00-0751 ARIZ CORPORATION COMMISSION

Dear Jason:

Citizens asked us to respond to the Staff's Thirteenth Set of Data Requests to Citizens.

So far as we are aware, there is not a procedural order in place that permits additional discovery. To the contrary, the procedural orders governing these proceedings required any discovery to have taken place several months ago. Citizens does not see any basis for reopening the entire pre-hearing proceedings, and is unwilling to do so. Citizens therefore objects to the Staff's latest requests and, with the possible exception noted below, will not be responding to them.

If there are matters upon which it would be appropriate for Citizens to update previous responses to reflect more recent information, Citizens would be willing to so, assuming the Staff is willing to reciprocate if any such situations arise from Citizens' point of view. However, in reviewing these particular requests, they seem largely to reflect the Staff's efforts to explore issues that, if appropriate, should have been explored before the hearing the last time in accordance with the procedural orders governing this matter.

The Staff's latest requests did, however, draw our attention to a mistake in earlier information Citizens provided, and we are therefore willing to respond to request LAJ 13.1 subject to and without waiving our position that additional data requests are inappropriate if they relate to matters upon which discovery could have been timely sought under the governing procedural orders (i.e., before last March), and upon which there have been no new developments warranting an exception to those deadlines. If we have your agreement that a response by Citizens is without prejudice to that position, we are willing to respond promptly to this particular request.

Very truly yours,

Anthony L. Marks
Anthony L. Marks

Mr. Jason Gellman

-2-

August 6, 2002

Mr. Jason Gellman
Legal Division
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ALM/lst