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Arizona Corporation Commission
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In accordance with the Request for Comments on Electric Industry Restructuring, we are providing eleven copies of our comments prepared for the Arizona Corporation Commission ("ACC") for Docket No. U-0000-94-165. The ACC investigation into industry restructuring along with federal efforts to restructure the entire electric industry will impact the services and contractual relationships among all electric utilities within Arizona.

K. R. Saline & Associates is an engineering services and consulting firm that provides a wide variety of scheduling, purchasing, contracting and related services to small Arizona nonprofit governmental entities that engage in electric and water utility services, primarily in rural areas. As such, we address the issues that face these entities on these subjects on a daily basis. Our experience provides us a technical and economic view of a portion of the electric utility industry in Arizona not regularly viewed by the ACC and its staff.

The following entities are ACC non-jurisdictional Arizona municipal corporations engaged in the electric utility industry. However, their operations will be impacted by the regulatory changes being promulgated by the ACC. Accordingly, the enclosed comments reflect our and their concerns to aid the ACC in developing a policy for Arizona which does not create any catastrophic impacts upon certain sectors or geographic regions of Arizona. We appreciate the opportunity to comment on these important issues within Arizona and the thoughtful approach used by the ACC staff to investigate and develop open access electric policy within the State. By each entity's name we have indicated the communities associated with the areas served by each entity.

- Aguila Irrigation District (Aguila, Arizona)
- Buckeye Water Conservation & Drainage District (Buckeye, Arizona)
- Electrical District No. 1 of Pinal County (Maricopa, Stanfield and Casa Grande areas)
- Electrical District No. 3 of Pinal County (Maricopa, Stanfield and Casa Grande areas)
- Electrical District No. 4 of Pinal County (Eloy area)
- Electrical District No. 5 of Pinal County (Eloy, Picacho Peak and Red Rock areas)
- Electrical District No. 6 of Pinal County (Queen Creek area)
- Electrical District No. 7 of Maricopa County (Litchfield Park, Waddell and Sun City areas)
- Electrical District No. 8 of Maricopa County (Gila Bend area)

- Harquahala Valley Power District (Harquahala area)
- Maricopa Water District (Litchfield, Waddell, Sun City and Lake Pleasant areas)
- McMullen Valley Water Conservation & Drainage District (Salome and Wendon areas)
- Ocotillo Water Conservation District (Chandler, Ocotillo, Sun Lakes area)
- Roosevelt Irrigation District (Buckeye and Goodyear areas)
- City of Safford (Safford Arizona)
- Tonopah Irrigation District (Tonopah area)

As indicated by the geographic regions, these entities provide electric service in rural communities of Arizona. Many of their service areas overlap other utilities including the Salt River Project and areas of the Arizona Public Service Company ("APS") who's Certificate of Convenience and Necessity ("CCN") was granted and is regulated by the ACC. To the extent the ACC promulgates regulatory changes which substantially change the competitive situation in these communities, the repayment obligations of these entities for substantial irrigation works, federal hydropower resources, and the agriculture industry and tax bases of the rural areas in general may be significantly impacted. These concerns are not driven by a fear of cheaper electricity to their community. Rather, their concerns are derived from the natural competitive instincts of the larger utilities to protect their turf, and in reaction to open-access, create new barriers, electric policy and rules of competition which tend to eliminate the ability of these entities to participate and fulfill their public purposes.

Technically, these entities are considered Wholesale Utilities and many of their agreements for transmission service and power supply service are regulated by the Federal Energy Regulatory Commission ("FERC"). However, their load and service territory restrictions are deeply impacted by actions of the Commission. The proposed ACC regulatory policy for industry restructuring must prohibit any utility in Arizona from restricting another utility to participate in the restructured industry. The State Statutes, regulations, and policy will continue to provide for the satisfaction of public purposes for these entities without additional concern of economic dislocation from electric policies which while intended to restructure the industry, creates additional barriers of competition.

The primary method to restructure the electric industry in Arizona is to require all utilities to unbundle the provision of wire services from power supply. The delivery of electricity should continue to be a monopoly which mandates the connection of all consumers to the electric system. All consumers should pay their direct costs for the facilities necessary to deliver electricity to their locations, and the provision of wire services should not preclude the consumers from choice of power supply. The uniform application and charging for wire services will maintain comparable access to electricity with comparable reliability of service for all consumers while providing that each consumer will pay the appropriate wire service charge to serve their location regardless of power suppliers. Since each and every potential power supplier will pay the same wire service charge, the unbundling of wire services and power supply will manifest competitive power supplies for all consumers and accomplish the goals of the ACC.

The historic relationships of these communities and technical arrangements with the overlying utilities demonstrates that competition has existed in many areas of Arizona for quite some time and the administrative and technical arrangements are already in place. The pilot project has existed in Arizona for many decades. Many of these entities utilize the wire services of the Wholesale wheeling utility, pay the appropriate wheeling charge, and the Wholesale utilities administer their services to the retail consumer level in a very efficient manner. As the natural barriers for defining each utility's business boundary are removed, the fear of competition from unknown areas creates an environment for anticompetitive actions by the larger utilities toward these utilities because of these historical relationships. Unrestricted and comparably charged provision of wire services, unbundled from power supply, should not be disrupted in the name of restructuring. The future actions of the ACC and reactions by the utilities in the name of competition, will determine whether the ultimate consumer and communities are better served. If the final outcome of deregulation is merely an economic dislocation from one entity to another, or one utility business to another, without benefit to the end user and without regard to social choices of each community, the changes to the electric industry will be a failure. Because of these concerns these public entities are inherently drawn into this process and submit the following specific comments to the ACC questions to help convey their concerns and the concerns of their communities.

On behalf of the above named entities, we provide the following comments in response to the questions raised by the ACC. While the ACC has requested specific comments on a pilot program, we believe a pilot program is premature until the form of unbundling is determined. Therefore, our comments are centered around restructuring in general, without regard to a specific pilot program. We believe the ACC should engage in a focused process of developing unbundling standards, with pilot programs to begin in the very near future. Since these entities have been operating in the very environment envisioned by retail wheeling for several decades, we look forward to a process of evolution of a state regulatory scheme which serves the consumers of Arizona without great disruption. We plan to be able to participate in any continuing discussions on these very important issues, and thank the staff for their efforts in reading and accumulating all of the comments.

Sincerely,



Kenneth R. Saline, P.E.
K. R. Saline & Associates

Cc: Client Representatives

Arizona Corporation Commission

Docket No. U-0000-94-165

Response of K. R. Saline & Associates

June 28, 1996

Commission Objectives

1. *Encourage the benefits of retail electric competition.*
2. *Limit the potential harm to utilities and utility investors.*
3. *Enable a wide range of consumers to participate in a competitive market.*
4. *Limit the potential for decreases in electric system reliability.*
5. *Limit the potential for market impediments such as:*
 - a) *exertion of market power by utilities which blunts competitive forces, and*
 - b) *high transaction costs for market participants.*
6. *Encourage a variety of market development.*
7. *Promote renewable resources.*
8. *Protect important public programs.*
9. *Shield consumers who do not or cannot participate in the competitive market from rate increases attributable to competition.*

Questions Regarding Electric Industry Restructuring

A1. Affected Utilities. Which utilities should open their markets to competition?

Ultimately, in order to avoid anti-competitive measures between utilities and promote consumer choice, all utilities should open their markets to competition. In order to open the markets (i.e., access to the customers), the Arizona Corporation Commission ("ACC") instrument of a Certificate of Convenience and Necessity ("CCN") should be redefined as a requirement to provide electric wire services to the consumers. The provision of wire services and market access (i.e. access to the customers or power supply) should be separated with appropriate assurances in place to assure the wire services are provided reliably to all customers, without discrimination to either consumer or power supplier, and with appropriate returns on investment for the wire service providers. Wheeling charges, ancillary service charges and connection charges should redefine the recovery of costs for wire services with the power supply offered as a competitive marketplace. All customers should be provided comparable wire services and all power suppliers should be provided equal access to the wire services at the same wire service cost for each portion of the electric system utilized to deliver power to the end-user. All wire service providers must ultimately open their wires to power supply competitors of all types and sources and the wire service cost to each customer, is, and should be the same regardless of the supplier of electrons.

The existing CCN conditions include from whom a customer must purchase power. These conditions inherently provide a guaranteed captive customer base to an electricity provider and create an environment conducive to providing inefficient and expensive service. Since higher costs correlate to higher revenues for the provider (based upon preset return ratios), there are no incentives other than regulation in a captive power supply situation to become more efficient or to lower the costs to the consumer. (In the case of many non-jurisdictional entities, they typically refund any surplus revenues above costs for the year back to the consumers.) Through unbundling of wire services and power services, all customers will be permitted the basic provision of electricity on a comparable basis with choices as it pertains to the level of service and associated cost for each customer.

The wire service providers will be regulated by the quality of service, and the power suppliers regulated based upon quantity of service (i.e. price). All customers should have comparable choices for power supplies in a manner which meets their individual tastes, pocket books and needs. Only through complete unbundling of services will the provision of

electricity not influence the consumers' selection of power sources. Under a pilot program, the services must be unbundled, and the pilot program developed such that the potential expansion of the pilot can uniformly be applied across all consumers and utilities. The unbundling of services would also permit measurement on an unbundled basis and cumulative basis to examine the full range of benefits to the end consumer, and would identify any areas where costs were under-recovered or over-recovered through individualized costs for each unbundled function or service.

A2. Scope of Restructuring.

a) How much of the utilities' markets should be opened to competition?

The entire power supply market should be opened to competition. While there may remain incentives to provide wire services in an overly expensive and overly profitable fashion, the ultimate consumer ends up paying for electrical facilities in service. Parallel systems do not make sense if the ultimate goal is to provide economically efficient service.

Wire service operators should be closely monitored and, if necessary, such services should be separated at the corporate level. The wire services to every consumer should be provided on a nondiscriminatory basis regardless of the power supplier. If discrimination in access or reliability cannot be eliminated from the provision of wire services, then the wire services should be considered for operation on a not-for-profit basis, to eliminate any unjust competitive situations and insure that uniform reliability is offered to all consumers.

b) Which consumers should be allowed to shop around for power and energy?

Consider both geographic areas and consumer classes.

All consumers should ultimately be allowed to shop around for power and energy. While the cost of individual access may be prohibitive for the smallest users, all consumers should be allowed to participate if they are willing to absorb the cost for access in their service.

c) Should utility customers served under existing contracts be eligible to participate in the competitive market prior to expiration of the existing contracts?

To the extent certain financial obligations were incurred to provide service to electric consumers under an existing contract, the consumers should have an obligation to repay such investments incurred on their behalf. To the extent they serve new loads or increase loads, such load additions should be allowed to participate in market pricing.

- d) **If divestiture were undertaken, how should it be accomplished?**
It should divide the provision of wire services from power supply services. To the extent that a current integrated jurisdictional utility demonstrates discriminatory pricing or actions toward the consumers, the utility should be mandated to divest itself of the discriminatory function.

A3. Term of Restructuring.

- a) **When should competition start?**
Competition should start now, from the standpoint of developing procedures, computer programs and pricing of wire services such that a seamless transition to open access can be offered to the consumer as soon as practicable. This process may be conducive to a phase in approach so the consumers know that ultimately open access will be provided without technical impediments on some date certain.
- b) **If competition is in the form of a pilot or phase-in, how long should the pilot or phases run? Please describe the phases of a phase-in. Please consider that many larger customers of utilities are currently under contract and may not be able to shop around until those contracts expire.**
A phase in approach where all contracts are brought back to a common maximum term should be evaluated (e.g., 5-years). To the extent that the utility can demonstrate that a portion of the costs under contract are related to stranded investments made by the utility which cannot be used or useful to serve other loads or derive revenue (i.e. facility investments or enhancements), then such stranded costs should be recoverable from the contractor. Caution should be employed in the process so the consumer is not put out of business, or the utility is not allowed to terminate a contract which was favorable to the consumer or was provided in lieu of other considerations (e.g., right-of-way exchanges for cheaper power).
- c) **If competition is in the form of a pilot, how can the term of the pilot be set so as to avoid discouraging long term contracts signed under the pilot?**
We believe that ultimately, consumer contracts may be the most efficient means to pass through price certainty (or risk) to the consumer and provide risk sharing for the utility which is providing resources to serve the consumer's load. A reinvented industry which provides no risk sharing by the consumer cannot provide low cost electricity since there will be a significant cost associated with risks for multiple suppliers of generation or for construction of sources which realize economies of scale. Without customer risk sharing, the ability to efficiently plan generation will be impacted, which will raise the cost to the consumer or strand investment.

With regard to the pilot program, any contracts should be synchronized with the program length such that pilot participants are neither harmed nor

gain greater advantage with respect to other consumers when the restructured services are made widely available to all consumers.

A4. Services on a Competitive Basis. Which services should be available in a competitive market?

- **Distributed energy services at market based rates (serving multiple consumers located in proximity, and not requiring transmission service from others); this is distinct from on-site self generation for just one consumer.**
Distributed energy sources may make a lot of sense with the potential for fuel cells or solar or wind source development. However, with the requirement to meet regional reliability standards on a utility basis, the local energy supplies may require some backup supplies from the grid. Therefore rates for certain wire services, even to distributed service areas may need to include some socialized services and costs which reflect reliability of electric service to the consumers. Otherwise, the quality of electric power services may differ significantly from street to street, a situation which the public has not had to consider in locating businesses and homes under current regulatory and reliability schemes. Load management metering and disconnects may allow consumers to choose price and power quality hand-in-hand but the consumer must be aware of the potential risks of choosing such service to avoid unintended power quality discrimination. Many consumers currently believe electric service is a right of citizenship, especially with regard to the quality of power they can expect to receive.
- **Central station generation services at market based rates (generation serving one or more consumers located at a distance from consumers and requiring transmission service).**
Central station generation may require large consumer aggregation or consumer contracting in order to fund and share risks of building and financing central stations.
- **Other services described in Sections A5, A6, A7, and A8.**
No Comment.
- **Other services (please describe).**
No Comment.

A5. Necessary Services. Utilities and perhaps other parties will have to address the services listed below. Please indicate how these services should be offered, measured (metered), and priced on an unbundled basis.

- **distribution service**
- **transmission service**
- **supplemental generation service**
- **imbalance service (deviations in actual schedules versus loads including losses)**
- **back-up (standby) service**

- **voltage control**
- **other ancillary services necessary for maintaining system reliability**
- **scheduling of supplies and demands**
- **repairs/consumer complaints**
- **other necessary services -- please describe**

In general these services need to be separately identified. While they may be packaged for common types of service, the pricing of these services should not be pancaked upon the consumer and should be consistent with FERC pricing for transmission and ancillary services. To the extent that the ACC allows any variations, the ability of a customer to demonstrate that the accumulation of costs is excessive should be protected. Furthermore, to the extent some utility prices the services individually, they should not prohibit a competitive supplier from using their services in conjunction with power offered to the consumers at the same price. The open access of these services to all users should assure comparability of service, encourage competition and efficiency, and avoid pancaking of charges or refusal of service where inappropriate.

A6. Market Center Services. The market may benefit from the services listed below. Please indicate how these services should be offered and priced.

- **title transfer**
- **transaction confirmation**
- **establishing credit standards**
- **invoicing**
- **dispatching of transmission/generation**
- **exchanges/swaps**
- **interruption notification**
- **imbalance trades**

The creation of markets for trading power supplies should be located in the most efficient location from a reliability, access and administrative cost standpoint. Most generating electric utilities have invested significant capital in control centers which are technically capable of handling Market Center Services. The same utilities have also set up billing, meter reading and accounting functions which already manage power purchasing, consumer credit and invoicing on a monthly basis. It appears that in order to avoid every home having to become a dynamic load (i.e. dispatched individually on a real-time basis), which would create great computer empires, many of the Market Center Services can be managed on a monthly basis with existing technology, or slightly modified technology and accounting practices.

The purchasing of power in the initial stages of a restructured industry should continue to be administered on a monthly basis. This period is consistent with the way utilities' currently conduct the accounting of power among themselves and to the consumer. Due to the changing cost of generation in each region, (i.e. summer peaking or winter peaking), it will most likely be beneficial for a consumer to purchase power over a long-enough period to integrate higher cost months with lower cost months in their region. While flexible accounting or hourly accounting may benefit large users, it can be cost prohibitive for the individual and smaller customers. For those customers who size permits the feasibility of dynamic metering and scheduling, the cost of accommodating their service requests should be commensurate with their service request and system inertia impacts. The remaining customers should be able to participate in market power pricing by being able to purchase power over monthly periods consistent with existing accounting and operating arrangements.

For accessing the markets for the monthly purchaser, the wire services provider should be required to provide market access to anyone who currently receives a power bill from them and should be required to account for their power purchase on their behalf. The more challenging issues of pooling or interchanging will develop as the process and procedures for purchasing power becomes more evolved. It is evident that technology exists today where each utility could create a bulletin board to allow each customer to access their electric account information including a screen for purchasing power. As long as the accounting period stays on a monthly basis, the accounting of the power to the consumer and accumulation of interchanges between utilities can be scheduled and accounted on their behalf.

It seems that under this approach, the utility and customer may have to differentiate between purchasing load following power, where the supplying utility must schedule to match the consumers dynamic load, or purchasing monthly power, where the control area utility provides load following service and integrates the outside supply on an economic dispatch basis with the customers sharing in any load following costs and benefits on a widely distributed basis (including a sharing of load diversity, among pooled consumers).

Currently, our clients schedule, purchase power and dispatch resources on a monthly basis, the control area utilities schedule on a dynamic basis. The contracts are in place, the technology is in place and the "understanding" of how to administer the process is well understood among utilities and is in place. Implementing a pilot project would require the control area utilities to allow customers to isolate their meters on a similar power purchasing arrangements similar to those already in place for small wholesale utilities.

Any pilot project initiated by the ACC should begin on a monthly basis and allow technology and time differentiation periods to evolve naturally.

The ultimate consolidation of control area operations into an independent system operator should involve accounting for ancillary services so the consumers all pay the same costs for controlling electricity. Otherwise, the differential in costs among utilities will cause certain customers to attempt to dynamically meter their loads while others will move their load following services to a utility which provides the same service at lower costs. After a time, competition and market forces will most likely determine which utility controls the entire reliability region. Consumers may not be assured of eliminating pancaked ancillary service charges by such a shake-out process.

A7. Spot Market Services. The market may benefit from the services listed below. Please indicate how these services should be offered and priced.

- **electronic bulletin boards for spot transactions/prices**
- **power pooling services**
- **coordination with futures/options markets**

See Above Comments. With regard to power pooling services, the control area utility should have some assurance for an orderly process for loads pooling and/or moving load control to other utilities. Otherwise, stranded investment could occur, or reliability could be sacrificed. Additionally, the control area utility should have some legitimate means for passing redispatch costs to the supply utility should their power schedule or power flows cause economic impacts upon the control area utility.

Bulletin boards make a very convenient technology at this time to exchange scheduling information, permit multiple period transactions and shop for power. Available Transmission Capacity or "OASIS" bulletin boards will permit multi-region transactions for the larger purchasers and Wholesale utilities. Finally, administrative, accounting and billing/banking bulletin boards will ultimately perform paper less power purchasing.

The communication costs, (e.g., Bulletin Board access fees or customer charges), and consumer sophistication will ultimately play a large role in the ability for the smaller customers to access power markets. Power pooling will also improve the ability for customers to accumulate loads and purchase power under economies of scale. The ultimate bulletin board which includes financial markets and purchasing may present technical risks as related to the amount of time for actual monies to be exchanged and obligations cleared. In essence, the unbundled services must evolve in step with technology and level of participation by the consumer. To the extent the natural levels of Wholesale competition provide affordable power

supplies to the consumers, the services and technological platforms may not be as desirable for the average consumer. In the interim, utilities should examine multiple rates for the consumers with price-risk sharing features and varying contract terms.

A8. Transmission Service. For a competitive market to work, utilities owning transmission facilities must provide transmission service. Please indicate how the following objectives would be met:

- **services must be provided consistent with FERC tariffs.**
- **utilities must accept power delivered to their transmission systems by other suppliers and offer wheeling services comparable to services they provide to themselves.**
- **all sellers supplying consumers must have interconnection agreements with owners of necessary transmission facilities.**

The transmission service must be provided within the FERC tariffs and guidelines. The federal program will insure that Arizona utilities are not discriminated against by other states and will insure that Arizona utilities and new power providers have equal access to sell power to the consumers. ACC regulations should be modified to be sure the businesses in Arizona have competitively priced power comparable to other regions and residences have access to markets so Arizonans have comparable access to other states. The FERC Rule 888 will help reduce the administrative and regulatory burden of the ACC by allowing FERC to regulate the transmission services and costs. The consistency of national regulation of the transmission system and transmission planning by operating utilities will assure that no discriminatory or unnecessary transmission services are promulgated in localities where large utilities operate. The ultimate threat of federal jurisdiction over all operating utilities will help protect against discriminatory actions by certain utilities versus other utilities or consumers. It will also help assure consistency with other regions so future "technical" arguments are overcome in a reasonable and timely fashion. The contracts for wheeling power over operating systems and to consumers within operating systems should assure proper cost reimbursement and nondiscriminatory access to assure the consumers in each region are well served.

A9. Recovery of Stranded Investment. Please indicate how the recovery (if any) of stranded investment should be accomplished. Address each of the following issues:

- a) **The definition of stranded investment.**
- b) **The fraction of stranded investment which should be recovered.**
- c) **How the Commission will determine the amount of stranded investment, taking into account: revenues under traditional tariffed rates (or existing**

special contracts); actual utility revenues from customers who obtain discounted rates or obtain service from others; increases in net revenues from wholesale sales and additional retail sales, including the effects of price elasticity of demand; increases in the value of assets due to new pricing or competition; mitigation of stranded investment; and other relevant factors.

- d) Preliminary estimates of the magnitude of stranded investment (please provide supporting analyses).
- e) The proper rate making treatment of negative stranded investment.
- f) From whom stranded investment should be recovered.
- g) The mechanism for recovery of stranded investment.
- h) The time period over which stranded investment is to be recovered.
- I) How utilities can mitigate stranded investment.

These issues need to be sorted out as the basis for unbundling is developed. While competition may ultimately impact utility survival, regulation should be administered such that the minimal negative impact upon all regulated and unregulated sectors of the electric industry occurs.

A10. Recovery of Costs of Commission-Mandated Utility Low Income, DSM, Environmental, Renewables, and Nuclear Power Plant Decommissioning Programs ("Mandated Programs").

- a) How shall costs of mandated programs be recovered from participants in the competitive market?
- b) How shall the magnitude of the costs of mandated programs be determined?

With the amount of consumer choice offered under unbundled electric services, the programs created to encourage social objectives may have to be socialized similar to stranded investment costs since many of the programs, such as renewable resources are not always cost effective.

Local decisions for renewables should be examined on a case-by-case basis, including reliability impacts upon the interconnecting utility. To the extent that specific consumers choose renewable resources by choice via a bulletin board or bilateral contract, certain long-term commitments by the consumer and resource developer can be accommodated and independently accounted under a system where each customer has choice. The levels of consumer choice will develop as technology, regulation and consumer sophistication evolve and need not be required under a pilot program.

A11. Encouragement of Renewables.

- a) How shall renewables be encouraged in a competitive environment? Please discuss such mechanisms as a requirement that x percent of energy sold in the competitive market must come from solar resources.

- b) **How could progress in encouraging renewables be measured?**
- c) **How could a renewables program be enforced by the Commission?**
See above comments.

A12. Pooling of Generation and Centralized Dispatch of Generation or Transmission.

- a) **Should pooling of generation or centralized dispatch of generation or transmission be mandated or voluntary?**
- b) **What technical requirements will be necessary to ensure reliable and efficient use of generation and transmission resources? Please provide specific requirements, if possible.**

The technicalities of multi-customer pooling should be evaluated closely in relation to how the wire services and generation are separated and unbundled. Initially, pooling may require transmission to be unbundled to prevent excessive reservation of transmission capacity. However, greater efficiencies have historically been accomplished by taking advantage of diversity, which ultimately promotes pooling, and by centralization of functions. Due to the inability of any control area operator to initially give up its dispatch functions, each utility may start by performing its own functions with centralization resulting as the restructured industry progresses.

A13. Non-Public Service Corporations. How shall non-public service corporations such as municipal utilities be involved in a competitive market? For example, the service territories of Arizona utilities not regulated by the Commission may not be open to competition and Arizona utilities not regulated by Commission may not be able to compete for sales in the service territories of the utilities identified in Section A1. Alternatively, an Arizona utility not regulated by the Commission may voluntarily participate in a competitive program if it makes its service territory available to competing sellers and if it agrees to all of the requirements of the Commission's competitive program.

In order for industry restructuring to be non-discriminatory, all electric users and providers must have open access on a comparable basis. Otherwise, non-electric resources may inadvertently become stranded like irrigation investment. As the Arizona industry opens access to retail consumers, the historic barriers may be removed. Municipals may become a more efficient means of pooling services and costs to the consumers in their communities. For example, the ability to integrate off-peak loads of municipal service, like street lights and treatment plants, with the on-peak loads of the businesses and residences of each community may provide a lower overall cost for the community.

A14. Conditions for Returning to Utility Service After the Conclusion of a Pilot Program. If a pilot were adopted, please indicate what conditions are appropriate for returning to utility service after the conclusion of the pilot.

No Comment.

A15. Conditions for Returning to Utility Service. Please indicate what conditions (if any) are appropriate for returning to utility service if a competitive market in on-going.

No Comment.

A16. Administrative Requirements.

a. **A utility may require consumers obtaining generation from another entity to adhere to reasonable scheduling notification requirements, accept reasonable delivery points, adhere to reasonable remote control requirements for interruptions or other purposes. Please specify what you consider to be reasonable.**

See above comments on maintaining monthly accounting basis and spreading all associated costs for load following, accounting etc. across all wire service customers.

b. **How should the utilities identified in Section A1 notify their customers of the adoption of a competitive program by the Commission?**

No Comment.

A17. Impacts on Other Utility Customers. Please indicate how adverse impacts on rates or service quality for utility customers not participating in the competitive market could be minimized.

No Comment.

A18. Reporting Requirements for All Sellers of Electricity to End Users. Please indicate what reporting requirements (to the Commission) are appropriate and who should file reports.

No Comment.

A19. Certificates of Convenience and Necessity. Please comment on whether competitive sellers who supply electricity to an end user must obtain a Certificate of Convenience and Necessity form the Commission (unless the seller already has an applicable Certificate). Please describe whether any conditions on the certificate would be necessary.

Certificates of Convenience and Necessity may need to apply only to the requirement of connecting customers to the electric grid and not to power suppliers. The provision of wire services and power supplies should be unbundled and separated. Market prices from the wholesale markets will easily adapt to the retail levels and traditional CCN's will only create a regulatory barrier to prevent participation or increase costs.