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ARIZONA CORPORATION COMMISSION

August 30, 1996

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Commissioner Carl J. Kunasek
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

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RE: Electric Industry Restructuring (Docket No. U-0000-94-165)

Dear Commissioner Kunasek:

I share your concern about the need to obtain adequate responses to a proposed rule on electric industry restructuring. To that end, we will follow the State's procedures for obtaining input in the rule-making process. If the Commission votes to proceed with formal rule-making, there will be a period of over 30 days for parties to provide written comments and an opportunity for the public to present oral comments before the Commission takes any formal action to adopt a rule.

The Staff proposal that was mailed on August 28, 1996 and referenced in your letter to me, was in anticipation of initiating a formal rule-making proceeding. Our August 28th request for informal comments was intended to provide all interested parties an additional opportunity for written comments, prior to the comment period specified in the State's procedures for promulgating rules.

Moreover, in preparing the staff proposal, we have obtained extensive public input. The Commission established Docket No. U-0000-94-165 to investigate the introduction of retail electric competition in Arizona and a number of activities have been undertaken, including:

- ◆ *An introductory workshop held on September 7, 1994. One hundred eighteen representatives from utilities, consumer organizations, other power suppliers, and others attended the workshop. The workshop was summarized in a Staff Report dated October 1994.*
- ◆ *A series of nine working group and task force meetings in 1995 which addressed restructuring options, implementation of the options, and advantages and disadvantages of the options. Fifty-one groups were represented on the task forces, which focused on systems and markets, regulatory issues, and energy efficiency and environmental issues. Members of the task forces included representatives from utilities, consumer organizations, other power suppliers, and others. This work was summarized in a "Report of the Working Group on Retail Electric Competition," dated October 5, 1995.*

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- ◆ *A request for comments on electric industry restructuring issued in February 1996. Comments were filed by 31 parties on June 28, 1996. Commenters included consumer groups, Arizona utilities, other suppliers, and other parties. Staff prepared a summary of the comments in July 1996.*
- ◆ *A workshop on August 12, 1996 to explore and obtain feedback on a small number of options for introducing retail electric competition. One hundred thirty workshop participants included representatives from utilities, consumer organizations, other power suppliers, and others. Staff summarized the workshop in a report dated August 19, 1996.*

The issues inherent in electric industry restructuring have been aired. In preparing a proposed rule for the Commission's consideration, we have taken the additional step of seeking informal comments on a draft rule. Although the turn-around time from August 28, 1996 to September 12, 1996 appears brief, interested parties have a good background in the issues. The input that will be provided will help us in revising the draft before bringing a formal proposal to the Commission.

Please let me know if I can be of further assistance.

Very truly yours,



Gary Yaquinto
Director
Utilities Division

GY:alw

cc: Chairman Renz D. Jennings
Commissioner Marcia Weeks
Docket Control