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ARIZONA CORP. COMM.  
TUCSON, AZ

Request for Comments

on

Proposed Rule - Retail

Electric Competition

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) Docket No. U-0000-94-165  
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COMMENTS

OF

TRICO ELECTRIC COOPERATIVE, INC.

Arizona Corporation Commission

DOCKETED

SEP 13 1996

DOCKETED BY

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September 11, 1996

REJ9/11/96

## I. Introduction

Trico Electric Cooperative, Inc., an Arizona nonprofit corporation ("Trico") joins in the Comments submitted to the Commission by Arizona Electric Power Cooperative, Inc. ("AEPSCO") except only as expressly revised as set forth herein and submits additional Comments with respect to the Proposed Rule dealing with retail electric competition in Arizona. Trico will not submit with its suggested Comments any arguments or briefing but will be happy to discuss the same with Staff members if they desire such discussion. All references to sections of the Proposed Rule will delete the portion in each Proposed Rule consisting of: "R14-2-xxx" so that, as an example, with respect to the first section it will be designated simply as Section 1.

## II. Comments

### 1. Definitions:

A. Section 1, item 1 pertaining to "Affected Utilities" should have deleted from the listing of the public service corporations set forth therein the following: "Arizona Electric Power Cooperative, Trico Electric Cooperative, Duncan Valley Electric Cooperative, Graham County Electric Cooperative, Mohave Electric Cooperative, Sulphur Springs Valley Electric Cooperative, and Navopache Electric Cooperative."

B. The definition of "Information Services" as that phrase is used in Section 6.C(5) should be set forth comprehensively and should be numbered item 4.

C. The phrase "Other Electric Utilities" should be defined as consisting of: Arizona Electric Power Cooperative, Inc., Trico Electric Cooperative, Inc., Duncan Valley Electric Cooperative, Inc., Graham County Electric Cooperative, Inc., Mohave Electric Cooperative, Inc., Sulphur Springs Valley Electric Cooperative, Inc., Navopache Electric Cooperative, Inc., all Special Taxing Districts governed by the applicable provisions of A.R.S. Title 48, cities, towns and other entities other than Affected Utilities who supply electricity at retail. This definition should be item 5.

D. The term "Standard Contracts" as set forth in Section 12.C should be comprehensively defined. This definition should be set forth as item 6. Items 4, 5, 6 and 7 should be renumbered to 8, 9 10 and 11, respectively.

E. Section 1. Item 5 should be renumbered item 7 and should provide that the definition of "Stranded Investment" will be determined by the Commission after a separate rule making proceeding has been held by the Commission to determine the nature, extent and definition of "Stranded

Investment" after an evidentiary hearing. In the event that Staff does not accept this Comment, then the definition of "Stranded Investment" should be changed to the following:

"Stranded Investment" means the value of all assets constituting the Affected Utility's rate base approved by the Commission at its last general rate hearing together with additions thereto which have been approved directly or indirectly by the Commission or are used and useful by the Affected Utility minus the market value of those assets which are used and useful by the Affected Utility after the Affected Utility has been subjected to complete retail competition as provided in this Article."

F. The term "Transmission System" should be clearly defined as item 12.

2. Strike Section 2 and substitute the following:

"Each Affected Utility shall file tariffs consistent with this Article within six (6) months after the last of the following events occur: (i) the Arizona Constitution and the statutes of Arizona have been duly amended to permit retail competition in the State of Arizona, or (ii) the Affected Utility has been compensated by the State of Arizona pursuant to Article II, Section 17 of the Arizona Constitution for the State of Arizona breaching the Contract between the State of Arizona and the Affected Utility by taking and/or damaging the Affected Utility's vested property rights in establishing an electric system to provide adequate service under reasonable rates in reliance upon such Contract ."

3. Section 4.

A. Subparagraph A. Change the date January 1, 1999 to January 1, 2000.

B. Subsection B. Change the date January 1, 2001 to January 1, 2004.

C. Subsection C. Change the date 2001 to 2004.

D. Subsection D. Change the date January 1, 2003 to 2006.

E. Subsection E. Change the date 2003 to 2006, and the date "January 1, 1997" to "the date contemplated by Section 2."

F. Subsection F. At the end of the subsection strike the period and add: "in writing which shall become effective when filed with the Commission."

G. Subsection G.2. Change "1998" to "2001".

4. Section 5.

A. Subsection B. Strike "company other than an Affected Utility" and substitute "Other Electric Utility".

5. Section 6.

A. Subsection C.4. Strike the period at the end of the Subsection and substitute ", if applicable."

B. Subsection E.1. At the end of the subsection strike the period and substitute ", if applicable."

C. Subsection G.2. Strike the period at the end of the subsection and substitute "together with a reasonable rate of return."

6. Section 7.

A. Strike subsection A and substitute the following:

"The Affected Utilities shall take reasonable feasible, cost effective measures to mitigate or offset Stranded Investment giving due consideration to the operation of the Affected Utility immediately prior to the effective date of this Rule."

B. In subsection B, strike the word "may" and substitute the word "shall".

C. In subsection C, strike the period at the end of the subsection and substitute "to the extent available."

D. Subsection D, 3rd and 4th lines. Strike the word "direct" in each of these lines.

E. Subsection E. Strike the second sentence through item 10 commencing "In making its determination ..." and substitute: "In making its determination, the Commission shall consider the impact of Stranded Investment on the Affected Utility and, if the Affected Utility is a profit corporation, on its shareholders and if a nonprofit corporation or not for profit corporation, upon its lienholders and customers."

- F. Strike subsections F and I.
- 7. Section 9.
  - A. In subsection A, strike "January 1, 1999" and substitute "on January 1 of the year following the date contemplated by Section 2" and strike "January 1, 1997" and substitute "on the date contemplated by Section 2".
  - B. Strike "January 1, 2002" and substitute "on January 1 of the third year following the date contemplated by Section 2" and strike "January 1, 1997" and substitute "the date contemplated by Section 2."
- 8. Section 11. Strike the phrase "Arizona electric utilities which are not Affected Utilities" in each of the places where such phrase appears and substitute "Other Electric Utilities".
- 9. Section 12.
  - A. Subsection C. Strike "standard contracts (that is, non-customized rates, terms and conditions)" and substitute: "Standard Contracts".
- 10. Section 13.
  - A. Subsection 13.N.3. Change "March 31, 1998" to "nine months following the date contemplated by Section 2."
  - B. Subsection 13.P. Strike "other certificated companies" and substitute "other companies certificated pursuant to Section 3."
- 11. Section 14.
  - A. Subsection 14.B.1. Change "January 1 through June 30, 1998" to "from January 1 or July 1, whichever is earlier, after the date contemplated by Section 2 through the following six full calendar months".
  - B. Subsection 14.D. Strike the period after the Subsection and insert: ", if permitted by applicable law."
- 12. Section 15.
  - A. Subsection 15.G. Strike the period at the end of the Subsection and insert ", if applicable."
- 13. Add a new Section 16 as follows:
  - "16. No duplication of existing electric facilities shall be permitted under this Article and no Certificate of

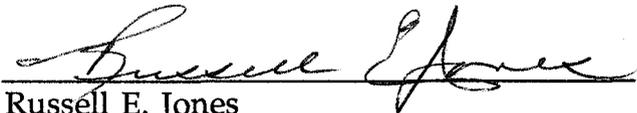
Convenience and Necessity shall be granted by the Commission to a retail electric public service corporation or other retail supplier of electricity that sets forth a geographical area which includes any portion of the certificated area previously granted to a retail electric public service corporation."

14. Add a new Section 17 as follows:

"17. Any provision of this Article which, if complied with by an Affected Utility, would constitute a breach of an existing contract by such Affected Utility, shall not apply to such Affected Utility."

Respectfully submitted,

O'CONNOR CAVANAGH MOLLOY JONES

By   
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Copy mailed this 11th day  
of September, 1996, to:

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