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BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL
Chairman
JIM IRVIN
Commissioner
MARC SPITZER
Commissioner

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AZ CORP COMMISSION
DOCUMENT CONTROL

Arizona Corporation Commission
DOCKETED
JAN 30 2002

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Docket No. E-00000A-02-0051

IN THE MATTER OF THE GENERIC
PROCEEDINGS CONCERNING ELECTRIC
RESTRUCTURING ISSUES

**STAFF'S RESPONSE TO
JANUARY 22, 2002
PROCEDURAL ORDER**

On January 22, 2002, the Hearing Division opened a generic docket to consider issues related to electric restructuring. Chairman Mundell had suggested opening such a docket in his January 14, 2002 letter, which included a list of questions for the parties to address. The letter also suggested that the generic docket be consolidated with other pending, related matters, such as APS' request for variance, Docket No. E-01345A-01-0822, and the Commission's inquiry into the status of the Arizona Independent Scheduling Administrator ("AISA"), Docket No. E-00000A-01-630. The Hearing Division's January 22, 2002 procedural order opened the generic docket, but declined to consolidate it with these other matters.

Since the opening of the generic docket, a number of other relevant events have occurred. On January 22, 2002 and January 29, 2002, Commissioner Spitzer and Chairman Mundell, respectively, issued additional questions for the parties to address. On December 4, 2001, Tucson Electric Power Company ("TEP") submitted a request to amend its market generation credit ("MGC"), Docket No. E-01933A-98-0471. Finally, on January 28, 2002, TEP submitted its own request for variance, Docket No. E-01933-02-0069.

These events are not mere coincidence. In Staff's view, they indicate a need for a concerted review of the status of electric restructuring. Staff has been suggesting such a review since at least

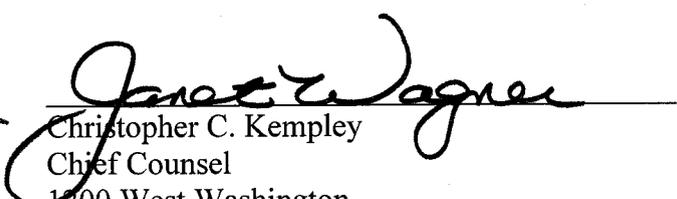
1 November 5, 2001, the time of our filing in the AISA matter. At this time, Staff would like to
2 suggest some procedural mechanisms for dealing with these matters.

3 First, Staff proposes that it be permitted to delay filing its responses to the commissioners'
4 various questions. Staff suggests instead that we be permitted to review the other parties' initial
5 responses and then submit a report. The report would summarize the positions taken by the various
6 parties, include discussion on any omitted issues, and develop policy recommendations. We believe
7 that this procedure will afford the Commission an objective summary and review of the responses, as
8 well as additional information and guidance. This procedure has been followed in the AISA matter,
9 Docket No. E-00000A-01-0630. Staff believes that such a procedure is similarly appropriate in this
10 case.

11 Second, Staff believes that consolidation of these various related matters is appropriate. In
12 addition to the AISA matter and the APS request for variance, there are now a growing number of
13 related filings, as detailed above. Both of the state's major electric utilities have now requested
14 variances to the electric competition rules, both of which include requests to delay the effective dates
15 of certain rules. The issues relating to the AISA remain unresolved, and the generic docket portends
16 a complex review of a wide range of issues. All of these matters are related to electric competition,
17 and they should be addressed in a comprehensive manner. Staff believes that the evaluation of these
18 matters would benefit from consolidation. We therefore request consolidation of all the related
19 dockets, i.e., the generic docket, the AISA inquiry, the APS variance request, the TEP variance
20 request, and the TEP MGC docket.

21 RESPECTFULLY SUBMITTED this 30th day of January, 2002.

22 ARIZONA CORPORATION COMMISSION

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