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Re: Electric Competition:	**Electric Competition Rules**	Docket No. RE-00000C-00-0275
	AISA	Docket No. E-00000A-01-0630
	APS Request for A Variance	Docket No. E-01345A-01-0822

Dear Commissioners:

The following are generic comments of the Arizona Consumers Council (Council) concerning the questions and comments posed by the Chairman and the Commissioners. The Council wishes to thank the Commission for the opportunity to comment both on the specific questions posed by the commissioners and to make some generic remarks concerning electric restructuring in the state of Arizona.

The fiasco of California's attempt at restructuring (deregulation) of the electric utility industry and to try to create a competitive market confirmed the worst fears of all consumers of electricity. The so-called competitive market did not exist and in fact conditions existed that probably encouraged the major suppliers to game the system, thereby driving up prices to astronomical levels. Additionally these same suppliers who controlled the amount of electricity available at any one time, apparently withdrew electricity from the market creating shortages, rolling brownouts and blackouts. Suppliers within and outside California were able to capitalize on this market to make obscene profits at the expense of consumers.

Within the space of weeks the public was informed of excesses in natural gas, shortages of that particular product used to run turbines to adequate supplies to shortages and back to an excess of product. Plants were shut down for "maintenance" at times and places which were "very unusual" for this industry. The fact that California utilities were required to sell off generation placed generation of electricity in the hands of a few outside suppliers whose only object was the highest possible return of investment (profits). Prices rose to extraordinary heights despite cool weather, and increased conservation to reduce usage. This was true not only in California but in other "deregulated" states.

Although Enron and several other energy marketers and producers have left the Arizona market, these marketers pose yet another problem for regulators. Is the Arizona Corporation Commission going to allow energy brokers and/or suppliers to sell electricity to Arizona consumers while their stability is at risk? How do we insure that issuing a CN&N to a company assures its stability? If

an energy supplier goes bankrupt or leaves the Arizona market, what assurances do Arizona consumers have that they will have an uninterrupted energy supply and at what price?
So far there has been no indication that residential or small business consumers have received any benefits, except Commission ordered price reductions, from restructuring (deregulation). This is true in other states that have gone to the competitive market. (See Electric Consumers Alliance newsletter, Current Connections, January, February 2002). Although we have numerous companies that applied for and have been granted CN&N's to supply energy to the Arizona market, residential and small business have seen no movement which indicates a willingness to serve that market.
Arizona Public Service and Tucson Electric Power have both asked for variances from the rules which would allow them to purchase additional power from their affiliates rather than the competitive market. Does that mean that the wholesale market is not efficient enough to have the benefits (if any) from competition? Are incumbent utilities able to generate cheaper electricity than competitors? Are incumbent utilities attempting to expand their control of the market by limiting competition? If the incumbent utility controls a substantial part of the market, how can real robust competition exist? Will this control enable the incumbent utility to raise prices at will after the phase in period?
Among the issues posed is what the market will look like in 6 months to 5 years. The volatility of natural gas, oil, etc.; the uncertainty of alternative energy sources as well as concentration of supply make it impossible to predict 5 weeks let alone 5 years into the future. If concentration of supply continues, there is no reason to believe that prices will not rise as few companies can exert pressure on prices or manipulate the market. Oligopoly left unregulated is no different than unregulated monopoly. Both will demand and receive monopoly rents. Allowing incumbent utilities to set prices without real regulation is an invitation to disaster. In both instances the drive to higher and higher profits becomes more important then the welfare of society.
The questions posed by the commissioners depend upon both a robust wholesale and retail market in which both sellers and purchasers of energy are on an equal footing. All parties must have the benefit of adequate, up to date information. There also must be many buyers and sellers in the market.

I. Identification of Retail Electric Products and Services for Which Competition Could Bring Benefits

A. **What are the possible goods and services traditionally provided by the electric utility for which retail competition is Possible? You may address the following categories of goods and services.**

1. Generation, including base load, intermediate and peaking power; green power; distribution generation; firm and nonfirm power; long- and short-term contracts; backup and coordination services:
   All such services are possible for a competitive market provided the market is robust and mature. Do all players have the information necessary to make adequate Decisions?

2. Distribution services, including ownership, construction, maintenance and repair of the physical lines; metering ownership, installation, reading and data analysis; and the process

of planning for and negotiating with distributed generators;

Again it is the maturity and robustness of the market as well as the willingness to see to All customers equally at different prices that will determine if competition exists.

2. Aggregation services, such as load profiling, load planning; customer services; data
3. analysis; filling; generation planning; power supply acquisition; demand side management, energy efficiency and other services relating to match supply and demand.

   See Above

B. For each good or service for which competition is possible, what are the possible benefits of competition for each good or service?

1. What are the potential price benefits?

   The benefits should be lower prices and an increased variety of services.
2. Do the potential price benefits differ in the short-term and long-term?

   From experience price benefits are possibly long-term unless mandated.
3. What are the potential non-price benefits?

   More and greater variety of services. Long-term contracts for stable prices. The opposite can also be true.
4. Are there any other potential benefits (e.g., environmental, energy security, etc.)

   If the market exists and the full price of the product is charged, alternative energy fuels could be a significant benefit. Stable companies with long-term reserves could insure stable price

II. **Determination of the Feasibility of Competition**

Are the product and geographic markets for the good or service conducive to effective competition or manipulation by a single entity? For example –

1. Are there economies of scale, which make it most efficient for service to be provided by a single company?

Only if that single utility has built and continues to build the most efficient supply and distribution system as well as utilizing the most technologically advanced system. But, in the electric utility system price can never be the overriding factor.

2. Are there economies of scope, which make it most efficient for the service to be provided in a bundle with certain other services? Scope and scale are parts of the same cloth. If certain services a high cost than it makes sense to bundle. Since electricity and its components are a single entity it is probably not feasible to bundle to obtain lower prices.

B. Are or will there be a sufficient number of competitors in each potentially competitive market?

1. Is the product or service one which viable competitors will actually be interested in providing? From the short historical prospective, it does not appear that all possible suppliers would be willing and able to serve all customers. Is the product or service one which viable competitors will actually be interested in providing?

1. Is the cost of aggregating customers sufficiently small, relative to likely revenues, which new suppliers will find it profitable to enter?

Only to the degree that suppliers can make a profit from that product or service but no a full range of services and not to everyone.

2. Are there technical, legal or other barriers to entry in the markets? For example:

When we started the process, we heard from numerous suppliers that if they got "postage stamp rates" we would have a market. That has not happened. Additionally there has been no movement to aggregate consumers. I do not believe that aggregation unless customers take the initiative will be feasible.

C. Is it necessary for the product or service to be provided by a single regulated company to assure reliability and safety, or can multiple companies that provide the service subject to reliability and safety rules?

It is theoretically possible for products and services to be supplied by multiple companies. To date it has not proven out. In Maine, Connecticut, and Ohio competition exists, but not for residential consumers. A robust market exists with many buyers and many sellers competing. The problem of reliability and safety to date has not been a problem, but there is no robust market. Will sellers want to sacrifice profits for system-wide reliability and safety?

D. For customers, is the cost associated with learning how to shop and actually shopping sufficiently small, relative to the expected benefit that customers will want to shop?

Choice alone if it exists is not sufficient to get consumers to shop for electricity. They must be assured of reasonably stable prices below the incumbent's price and reliability. New companies must show staying power. So far in states where there is some competition the market is not robust and either consumers refuse to switch or prices are not low enough to bother.

III Relationship of the Current Regulatory Regime to Competition

A. For each potentially competitive product or service, how does the current state and federal regulation foster or inhibit (a) retail competition and (b) Wholesale competition?

The Federal responsibility is in the wholesale market. If that market becomes truly competitive, we may have a situation in which the retail market can work. With fewer producers and sellers, the market is ogopolistic. This same situation is becoming true of the retail market. Transition from monopoly to competition has not worked.

B. How can the Commission protect customers from the risks of competition while promoting competition?

Here we are on the horns of a delema. Regulation inhibits competition, but in utilities, competition tends to savrifice safety, reliability as well as reserves. Rules must be such that the Commission and the companies assure reliability, safety and reserves involved. Each supplier must participate in this area.

C. How have the interim rate reductions for customers receiving standard service affected the ability or desire of generation suppliers to compete in Arizona retail markets?

It is unknown what market decisions any one company makes and why. Several have left the Arizona market. None so far has contacted consumers to switch service.

D. Do Commission policies or legal requirement ensuring that utilities recover investments from ratepayers affect the prospects for competition in any market for which competition would be possible.

If consumers only see increased prices due to stranded cost recovery, they will be less likely to move as real benefits will not be perceived. As utilities spin off their generation units and customers are forced to pay for any losses or stranded costs, they will be less likely to want to participate, especially if the remaining market is volatile.

E. Does continuing utility control of depreciated generation assets affect the ability of competing suppliers?

If the depreciated asset can produce energy cheaper than new suppliers, than prices charged by the utility would be less expensive. There would be no reason to switch.

F. How does the current Commission regulation promote or deter the ability of (1) renewables, (2) distributed generation, and (3) energy efficiency and demand side management to compete with tradition generation sources?

If there is not a critical mass with Commission assistance to encourage renewable, etc., those energy sources will not be able to compete with traditional sources that are already not paying their fair share. The Commission must work with these producers to insure that all new energy sources become part of the mix and pricing moves to cost.

G. What are the risks of moving to a regime of retail competition for each product or service and what methods for managing those risks?

Risks are higher prices, less reliability, safety concerns and dropping certain consumers from the market. We have no assurance that the suppliers and others will be in for the long term. Bankruptcy of certain companies will put the system and consumers at risk. Without regulated back up system, we could all be in trouble.

H. **If the current regime is not conducive to retail competition for a particular product or service, what actions should the Commission take to promote its success in the future? Specifically –**

1. Should the Commission require existing utilities to procure particular products or services from unaffiliated competitors?

If the Commission wants a competitive market it must be an active participant. It will require a number of steps and an ongoing monitoring system, to insure those products and services are purchased at the lowest possible price.

2. Are utilities taking steps that will make competition more difficult down the road (e.g., retail marketing, internal restructuring, entering into agreements to avoid customer self generation)? If so, identify those steps and how the Commission should respond.

Those answers are internal company decisions. The Commission in its oversight of the company in question must make that determination.

3. Are utilities entering into long-term contracts with existing customers? If so, how do they affect prospects for future retail competition? Should the Commission allow them?

See #2 above. The question revolves around the issue of the price paid under the long-term contracts and if those prices will rise or fall in the future. Unless there is a true robust and honest market, who knows? For the residential and small businesses no market exists. There has been no contact by suppliers.

4. Should the commission consider initiating competition for bulling and metering services even if retail generation competition is premature?

Only if consumers can be assured that such practices are beneficial to them. Choice is only one aspect of competition.

IV. **Retail Generation Competition**

I have no specific knowledge in this area.

B. 1-5, 7-8 See above

6. Will the transmission system be adequate prospectively (e.g., in the next, 5, 10, 15, 20 years? It will not unless a plan is put into place to build adequate new transmission facilities and/or to develop and integrate new technologies on an ongoing basis, we will not have an adequate system.

C. Regarding competitive bidding

1. Identify with particularity any adverse consequences that would result from Commission approval of a substantial variance to the electric competition rules that require competitive bidding for 50% of electric supply for standard offer customers starting in 2003. Specifically:

(a). How would retail customers be affected?

Again we would have to look into a crystal ball. If we have a truly robust market and new technology is available and in use, competition in selling to incumbents and others should keep prices down. But that is the big if. If we have a bottleneck transmission system and spot prices rise we will have the worst possible world. Higher prices, less reliability, less choice. If utilities purchase all or most of their energy from their affiliates, would they get the lowest price?

(b) How would retail generation competition be affected?

If there are fewer suppliers then we are back monopoly utilities charging monopoly rates with no regulation.

©. How would wholesale generation competition be affected?

See above

2. Are sufficient competitors available for an effective bidding process for 50% of standard offer service? A Higher or lower percentage?

I do not know the number or quality of competitors now. What the future will bring is highly debatable. Today no market exists.

3. Can retail competition develop if current rules are modified to allow a utility to procure all its generation for standard service from an affiliated company? No.

It is a chicken and egg dilemma. How many suppliers and how many buyers are necessary to create a market? If there are only captive customers then no market will ever exist.

4. How would retail competition be affect by other deviations to the competitive bid rules? Be specific about the changes in the rules and their consequence.

No comment.

5. Instead of entertaining individual requests for substantial variances to the competitive bid requirement, should the Commission proceed on a Generic basis to modify the rules for competitive bidding?

Competitive bidding does not seem to have worked in other markets and residential customers have seen no benefits. I do not think it matters to this class of customer.

D. Regarding the pricing of power supply contracts –

No comment

V. Industry Events External to Arizona

A. Describe in detail developments you believe will occur in both the wholesale and retail competitive electric generation markets nationally and in Arizona over the next 12 months, 24 months, 36 months, 48 months and 60 months.

I do not think that even Nostredomous could make such predictions, especially in this environment. Based on what the market has been for the last few years, predictions have no meaning; they would be guesses without foundation. We have been on an elevator concerning the availability of natural gas, oil, etc. going from shortages to overabundance and back. Whether the market is being manipulated is open to question. Looking at California, the Enrons of the nation as well as the transmission grid, what is predictable?

B. Is there anything the Commission should do to continue to avoid California's retail electric competition experience? Please be specific.

Without resorting to regulation, which may not be possible in a deregulated market, I do not think there is anything the Commission can do. Are we in a competitive environment with all the problems of supply, reliability, safety and reserves or is the Commission going to do its job under the Constitution – regulate utilities. I do not think we can have it both ways.

C. Does the Enron bankruptcy have any lesson for retail electric competition in Arizona? I think that the Pacific Gas and Electric situation has a greater lesson. Enron's failure apparently did not immediately affect customers. Other companies seemed to have picked up where Enron could not deliver or deliveries have so far not been disrupted. What the eventual price and reliability will be long term has not been determined? Pacific Gas & Electric's impact on price and reliability has been huge.

D. **How will FERC'S RTO initiative affect the realization of effective retail generation competition in Arizona.** Unknown

E. Do you anticipate changes in federal utility statutes to affect the jurisdiction of the Commission and its ability to foster retail competition in Arizona? Please detail.
Unknown

VI. System Security

A. Are there compelling reasons to be concerned about security for electric generation facilities since the September 11, 2001 tragedy? Please Include discussion of interconnection at a central location such as Palo Verde/Hassayampa

Any vulnerability to any part of the generating and/or transmission system can be a problem whether it is from persons deliberately disrupting the system, accidents or lack of maintenance. We have had disruptions and blackouts, brownouts and interruptions in service due to falling trees, fires, lack of maintenance or accidents. Central facilities pose more danger. Palo Verde, Hoover Dam, Roosevelt Dam, Four Corners Generating station, etc. all pose unique problems. Any large facility, which goes out of service, places a burden on the entire system. The same is true with interconnections to the grid. We need to try to secure these facilities as much as possible but the problems will always exist.

B. Does transferring ownership of generation facilities out from traditional Commission jurisdiction have any potential negative security consequences?

We will lose oversight and regulation. Companies may feel that the cost of security may not have a positive cost/benefit. Who will take the responsibility for security and make sure that the facility is not only secure but also makes sure those repairs, replacement, etc. are made.

C. What if ownership after transfer results in a foreign corporation eventually controlling Arizona's Generation?

It depends upon the law that allows foreign corporations to control such assets? Does Arizona or the Federal government now have jurisdiction over such assets?

D. Does such transfer to a non-Arizona entity potentially impact security issues for Arizona? Again it depends upon oversight and regulation.

E. Are there any positive security aspects to transferring electric generation out from Commission tradition regulation to a foreign corporation? No.

F. Provide specific examples to support your answers. I have none.

VII. Vision Please provide your vision for haw viable competitive wholesale and retail electric markets will (or will not) develop in Arizona. Please be specific regarding dates, The development process, and measures for determining at various stages how successful the process has been. To date for residential and small business customers there have been no discernable benefits, i.e., lower rates, better reliability, variety of choices, new products. In almost every instance these consumers have had either to bare the brunt of higher proves and/or lower reliability. There is now really no competitive market in the residential and small business area. Even in Pennsylvania the market that did exist has essentially dried up and the Commission is looking into irregularities. In other states that have restructured – Ohio, Connecticut, Maine to name a few, there has been no widespread consumer benefits. The California debacle showed how supplier could make millions and billions on the backs of consumers. Because of the situation in California and its proximity to Arizona, Utilities have benefited but Arizona Consumers have not.

In Arizona there has been no movement to service residential and small business consumers, and given what has happened over the nation, there will be no movement in the foreseeable future.

Chairman Mundell's Supplementary Questions

1. **If the U.S. Congress repeals the Public Utility Holding Company Act of 1955 ("PUHCA" or Act)) PUHCA –**
   a) **what regulatory protections would be lost for Arizona consumers?** Unknown
   b) **what would be the risks for Arizona Consumers?** If the Commission could not regulate those issues under the Act, Arizona consumers would be at the mercy of the market.
   c) **For any identifiable risks, are the risks reduced or increased under a competitive regime?** In general risks in a competitive environment are increased if there is little or no oversight.

2. **What is the extent of the Commission's authority to protect retail consumers from any potential adverse consequences resulting from multistate companies operating in either wholesale or retail markets in the state?** From my reading of the Constitution and laws creating the Commission, it powers are broad and sweeping. But the Courts would have to determine the extent of protection in both markets.
3. **How would the existence of effective retail competition in Arizona affect your responses to Questions 1 and 2 above?** It depends upon the meaning of the term effective. If the market exists in which you have many buyers and many sellers operating in an open dynamic market,

regulation of the type in the current electricity market will not be necessary. But electricity is not a toaster. We can do without a toaster, but not without electricity.

4. **What is the extent if any impact of effective federal or state regulation to protect Arizona wholesale and retail consumers, if a holding company is (a) registered or (b) "exempt" under PUHCA?** Unknown

Questions Specifically for Retail Suppliers as Defined Above

5-13 Not a retail supplier

Divestiture or Corporate Separation

14-18 In California divestiture probably went a long way in destroying the attempt to deregulate. The generation suppliers had a free hand in manipulating the market to reduce supply and drive up prices. Competitive entities became interested in profit over anything else. In such a market, a deregulated and independent generation company will sell to only the highest bidder or withhold generation if the price is not high enough. Without oversight and regulation, Arizona distribution companies would be at the mercy of generators, especially if the number of generators is limited or if any single generation company gains a significant share of the market.

Commissioner Irvin's Questions

1. **If the majority of market participants intend to market electricity *only* to industrial, large commercial and load serving ESP's entities, should retail markets be limited by load size to allow those entities with true bargaining power to negotiate Direct Access?** If the market is open only to large users of electricity as seems likely, residential and small business consumers that will be captive customers of the UDC will bare the brunt of the costs of paying stranded costs through higher prices. They will also be saddled with maintenance of the system as it expands to meet growing populations. Additionally will the UDC purchase electricity din the volatile spot market or through long-term contracts, which could force them to pay higher than future market rates, thereby driving up prices.

2. **What will be a UDC's primary function in a competitive market?** Distribute purchased electricity, maintain and expand the system to existing and new small customers.

3. **Is it important to first establish functional wholesale markets before creating robust retail markets in electric generation? If so, why? If not, why?** The wholesale market by definition pits large buyers of electricity against all suppliers of that product. Such a system can better keep the market on an even keel, creating a robust market with a level playing field. Whether this can also translate into a robust retail market including residential and small business interests is open to debate. We would have to create a demand for suppliers to want to sell to the residential and small business market.

4. **When price caps are lifted for the majority of Arizona consumers, what assurances do we have that volatility in the market (for both natural gas and electricity) will not result in unstable or inflated rates? Will the generation price**

of electricity fluctuate with the price of natural gas? None. Unless there is a real competitive market with many buyer and may sellers on a level playing field residential and small business customers are at the mercy of both the generators and the incumbent UDC. A regulated UDC purchasing in a competitive market may not be able to leverage is demand with power suppliers and brokers. The "invisible hand" does not always operate for the benefit of many consumers. As long as we are dependent upon natural gas or any product to produce electricity, it is safe to assume that the price of electricity will increase with the price of natural gas or any other necessary product.

5. **Should there be a provision added to R14-2-1606(B) which would allow/limit a UDC to contract for wholesale power in three or five year intervals? What would be a proper length for contracts?** This question assumes that we can be Claire voyant and predict the market into the future. If a UDC signed a long-term contract today, would it be at the high end, low end or middle of the price in the future? On the other hand would continually buying on the spot market insure the lowest price over the long run?

6. **What are the real benefits to residential consumers and small business in retail competition other than consumer choice? Will IPP's market their power directly to retail customers, are their efforts mainly focused on selling power to wholesale customers?** Up to the present, there does not appear to be even the benefit of choice. At the beginning of this process, we were told that if there were "postage stamp" rates, seller would abound. Latter we were told that what was needed as for the incumbent utilities to sell off their generation so that the market would have a level playing field. For the states that have deregulated, residential and small business customers have seen no benefits.

6. **Currently, is residential choice a real option? If not now, when?** No. Not for many years in the future, if ever. For many, never.
7. **What provisions, if any, are necessary to effectuate a gradual replacement of those existing plants in Arizona which are older, more polluting and less efficient than the newer combined cycle plants currently being built?** Older plants will stay in service as long as they are profitable or can be balanced under the law with other plants to achieve minimum pollution standards. Paying them off and closing them under stranded costs would place an additional burden upon ratepayers, but that is feasible. I think that the Commission must work with generators to increase technology and new generation products so that all pollution plants are closed. Additionally, it may be possible for the Commission to craft rules, which would encourage suppliers not to utilize high polluting assets.
8. **What are the long-term effects of divestiture for APS? How does the Commission guard against a PG&E situation, where the distribution company declares bankruptcy after profits have flowed to its parent holding company?** The Commission must set up rules and regulations that keep the profits from flowing to a parent until such time as there are reserves, which would handle similar situation.

Commissioner Spitzer's Questions

1. **In a vertically integrated utility model, what incentives (regulatory, financial and ratemaking) exist for the expanded use of renewable energies?** The Commission has broad powers to give all kinds of incentives for renewable energies. Today we have built in incentives to use other than renewable. We can do the same for renewable energy.
2. **In a competitive electric market model, what incentives exist for expanded use of renewable energies?** Only to the degree that renewable sources can compete monetarily with what is in place today. Incumbent utilities have a guaranteed rate of return on investment. Renewable energy can't compete with it. Technology for renewable energy has not yet reduced its cost sufficiently without incentives to compete.
3. **In a vertically integrated utility model, what disincentives (regulatory, financial and ratemaking exist for the expanded use of renewable energies?** The only disincentives are those which regulatory commission's place if requests are made to use higher than average costs. On site renewable energy does not bring to the utility income so that they are reluctant to utilize it.
4. **In a competitive electric market utility model, what disincentives exist for the expanded use of renewable energies?** Cost of producing renewable energy vs the existing cost of energy. New technologies must be able to produce energy cheaper to be useful in such a market.
5. **During Arizona's period of reliance on the vertically integrated utility model, what renewable energy programs were enacted in Arizona?** Recently APS put forth a solar renewable source but a higher cost to consumers. Some who could afford it did purchase it. Others unknown
6. **Since Arizona's adoption of a competitive electric market model, what renewable energy programs have be enacted in Arizona?** The rules call for a percentage of energy used by the utilities come from renewable sources. It is unknown if they have been implemented.
7. **Under the vertically integrated utility model, what incentives exist to build newer plants that are less damaging to the environment to replace older, dirtier plant?** Under the Constitution and Commission rules, the Commission has authority to insist on compliance with environmental programs and to start shifting use to other plants, which are cleaner and comply with environmental orders.
8. **Under the competitive electric market model, what incentives exist to build new plants that are less damaging to the environment to replace older, dirtier plants?** If newer plants can be build that are less damaging to the environment and produce energy for less than existing plants, they will sell energy as long as competition is on a level playing field.
9. **Under the vertically integrated utility model, what disincentives (regulatory, financial and ratemaking) exist to build newer plants that are less damaging to the environment to replace older, dirtier plants?** One is the ability to have ratepayers pay for such plants under rate of retune regulation.
10. **Under the completive electric market model, what disincentives exist to build newer plants that are less damaging to the environment to replace older, dirtier plants?** The ability of suppliers to sell such energy to the UDC's and the public. If new plants cannot produce energy at a lower cost then they could not sell it.
11. **During Arizona's period of reliance on the vertically integrated utility model, what emphasis did the Commission place on pollution control measures in Certificates of**

Environmental Compatibility? Unknown. I do not think any measures were taken outside possible compliance with federal laws. **(a) What is the most stringent pollution control measure placed on a CEC during Arizona's reliance on the vertically integrated utility model?** Unknown

12. **Since Arizona's adoption of a competitive electric market model, what emphasis has the Commission placed on pollution control measures in Certificates of Environmental Compatibility?** Unknown

    (a) What is the most stringent pollution control measure place on a CEC since Arizona's adoption of a de-regulated utility model? Unknown

    (b) **What is the likelihood that that measure would have been place on a similar CEC in a vertically integrated utility model?** Unknown

13. **During Arizona's reliance on the vertically integrated utility model, what amount of excess generating capacity existed in Arizona?** I do not know the specifics, but I think that excess capacity was generally within existing rules.

14. Since Arizona's adoption of a competitive electric market model, what amount of excess generating capacity existed in Arizona? Arizona utilities have been able to see into the California and other markets so I presume they control excess capacity. They are still under mandate to have excess peak power capability.

If I can be of any further help, please do not hesitate to contact me.

Very Truly Yours,

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