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Arizona Corporation Commission
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BEFORE THE ARIZONA CORPORATION COMMISSION

RENZ D. JENNINGS
Chairman
MARCIA WEEKS
Commissioner
CARL J. KUNASEK
Commissioner

IN THE MATTER OF COMPETITION) DOCKET NO. U-0000-94-165
IN THE PROVISION OF ELECTRIC)
SERVICES THROUGHOUT THE STATE) **SUPPLEMENTAL COMMENTS OF**
OF ARIZONA) **AEPCO, DUNCAN, GRAHAM AND**
_____) **SULPHUR SPRINGS**

The Cooperatives submit these Supplemental Comments in relation to the Proposed Rules.

In prior filings,¹ the Cooperatives have offered several reasons why they should be deleted from the list of Affected Utilities in R14-2-1601.1. Among them are loss of the Cooperatives' tax exemption, frustration by the Rules of the purposes of the Federal RE Act, Rules' triggered default of the Cooperatives' mortgages, impairment of the retail member/all requirements contracts and the costly burdens associated with Rules' compliance for small utilities like cooperatives. To this already impressive list should be added the following: Cooperatives are statutorily prohibited from participating in the competitive market.²

¹ The Comments of the Cooperatives filed on November 8, 1996 are incorporated herein by this reference.

² The Cooperatives only recently discovered the statutory sections discussed below. They apologize for not having called this problem to the Staff and Commission's attention earlier. However, this situation does highlight the difficulties in being thorough given the accelerated schedule the Commission has followed on this matter since August.

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The Cooperatives have no doubt that the Commission did not intend such a result. Deletion of cooperatives from the list of "Affected Utilities" will remedy this inequitable result. If the legislature removes these prohibitions, cooperatives may voluntarily participate under R14-2-1611.B.

RESPECTFULLY SUBMITTED this 25th day of November, 1996.

JOHNSTON MAYNARD GRANT AND PARKER, P.L.C.

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1 Original and 10 copies of the
2 foregoing were filed this 25th
day of November, 1996, with:

3 Docket Control
4 Arizona Corporation Commission
1200 West Washington
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5 Copy of the foregoing hand-delivered
6 this 25th day of November, 1996, to:

7 Chairman Renz D. Jennings
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