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REFER TO FILE NO. 109-80

August 18, 1997

Arizona Corporation Commission

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Mr. Carl Kunasek, Chairman
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

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AZ CORP COMMISSION
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Re: Navopache's Request For Additional Time Under the Rule

Dear Mr. Chairman:

Navopache Electric Cooperative (Navopache) has filed its request for up to an additional 12 months to comply with the Commission's Rule on Competition. Navopache seeks, as is characteristic, an administrative remedy to the adverse impact upon it of the Rule rather than proceeding straight to court to challenge the Rules. Navopache appreciates the careful consideration its request has received from the Utilities Division, the Legal Division and others at the Commission.

For the reasons stated in its request, Navopache does not believe it can realistically comply with the Rule on Competition within the time frame provided. The circumstances facing Navopache are unique to Navopache. It is the only Arizona distribution cooperative serving in both Arizona and New Mexico at retail with an interstate commerce All-Requirements Power Supply Contract with Plains Electric Generation and Transmission Cooperative in New Mexico. No other electric utility in Arizona will be directly affected by Plains' efforts to restructure or consolidate with Tri-State Generation and Transmission Cooperative in Colorado in order to avoid bankruptcy. No other utility in Arizona except Navopache has such a large percentage of its consumer/owners comprised of a sovereign nation - the White Mountain Apache Tribe. Also, to facilitate restructuring on consolidation, Navopache's Legal Counsel anticipates being required to issue legal opinions to federal and other lenders and RUS and Tri-State and Plains to the effect that Navopache is in compliance with Rules and Regulations of the Arizona Corporation Commission.

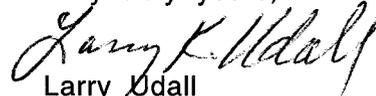
Navopache has brought this matter to the Commission now, rather than waiting for the 24th hour when compliance obligations are imminent; and it has done so to allow the Commission time to fully consider the request and to avoid jeopardizing the economic well-being of Navopache's consumer/owners while it and they enter the competitive market place contemplated by the Rule. The Commission is aware Navopache is working on solutions to customer choice, stranded costs, unbundling, power supply and dual jurisdiction regulatory problems. If these issues are not resolved, Navopache's consumers/owners will confront costly and restrictive barriers to lower rates which are opposite the intent of the Rule on Competition. The relief it has requested will also allow

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Navopache's Counsel to issue opinions to third parties that Navopache is in compliance with the Rule.

Again, Navopache would like to thank the Commission for consideration of its request. In the event the Commission determines to deny the request or to simply not act on the request at this time, Navopache respectfully requests that the Commission direct its staff to provide Navopache assistance in complying with the Rules in a timely manner and to provide direction on what administrative assistance or relief from the Commission Navopache can obtain.

Very truly yours,



Larry Odall
For the Firm, Counsel
Navopache Electric Cooperative

MAC/ck

cc Commissioner Irvin
Commissioner Jennings
Mr. Jack Rose
Mr. Carl Dabelstein, Director
Mr. Lindy Funkhouser, Chief Counsel
Management and Board of Navopache
Mr. Brad Carroll, Esq. c/o TEP