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BEFORE THE ARIZONA CORPORATION COMMISSION
Arizona Corporation Commission

DOCKETED

AUG 29 1997

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CARL J. KUNASEK
CHAIRMAN
JIM IRVIN
COMMISSIONER
RENZ D. JENNINGS
COMMISSIONER

IN THE MATTER OF THE COMPETITION IN)
THE PROVISION OF ELECTRIC SERVICES)
THROUGHOUT THE STATE OF ARIZONA.)
_____)

DOCKET NO. U-0000-94-165

DECISION NO. 60351

ORDER

Open Meeting
August 28, 1997
Phoenix, Arizona

By the Commission:

On December 26, 1996, The Commission issued Decision No. 59943, which approved the enactment of new rules, A.A.C. R14-2-1601 through -1616 ("Rules" or "Electric Competition Rules"). The Rules establish a framework by which Arizona's retail electric markets will transition to competition. The Rules contemplate additional analysis and study to assure a fair, equitable, and orderly transition to competition. The Rules also create working groups that are required to generate reports regarding various aspects of the transition to competition. The working groups are scheduled to complete their reports between about September and November, 1997.

The working groups reflect broad stakeholder participation, including representatives from investor-owned utilities, co-operatives, competitive power suppliers, consumer representatives, government agencies, and Commission Staff. While consensus on all issues has been difficult to achieve, Staff anticipates that the reports will be completed according to schedule and will identify issues for further consideration and direction by the Commission.

Based on the work done thus far, Staff believes that the Rules will require

1 certain additions and/or modifications. Because the Rules phase in competition according
2 to an established schedule, the Commission believes that the rule making process should
3 commence as early as possible to meet that schedule.

4 Staff requests the Commission to reopen Docket No. U-0000-94-165, the
5 electric restructuring rule making docket, so that the Commission may entertain
6 subsequent proceedings regarding the implementation of competition. Staff also suggests
7 that the Commission schedule meetings beginning in November, 1997 to begin hearing
8 presentations and recommendations regarding the reports completed by each working
9 group. Staff further requests the Commission to authorize Staff to begin drafting proposed
10 additions and modifications to the Rules. Finally, Staff requests that the Commission direct
11 the Hearing Division to produce procedural orders in order to establish hearings,
12 evidentiary or otherwise, regarding any aspect of electric competition that Staff deems
13 necessary and appropriate.

14 FINDINGS OF FACT

- 15 1. On December 26, 1996, the Commission issued Decision No. 59943,
16 which approved the enactment of rules ("Rules") that establish a framework by which
17 Arizona's retail electric markets may transition to competition.
- 18 2. The Rules create working groups that are required to generate reports
19 regarding various aspects of the transition to competition.
- 20 3. Most of the working group reports are scheduled to be completed
21 between September and November, 1997.
- 22 4. The working groups have been meeting and will continue to meet on
23 a regular basis. Staff anticipates that the reports will be completed according to schedule.
- 24 5. Based on the working group discussions completed thus far, Staff
25 believes that the Rules will require certain additions and/or modifications in order to ensure
26 an orderly and efficient transition to competition.
- 27 6. Because the Rules establish a schedule by which to phase in
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1 competition, additional rule making should begin as soon as possible in order to adhere
2 to the existing schedule.

3 7. Staff recommends that the Commission reopen the rule making
4 docket.

5 8. Staff further recommends that the Commission schedule a meeting
6 in November, 1997 in order to hear presentations and recommendations regarding the
7 reports completed by each working group.

8 9. Staff further requests Commission 1) Commission authorization to
9 begin drafting proposed additional and/or modifications to the Rules and 2) that the
10 Commission direct the Hearing Division to produce procedural orders in order to establish
11 hearings, evidentiary or otherwise, regarding any aspect of electric competition that is
12 necessary and appropriate.

13 CONCLUSIONS OF LAW

14 1. The Rules as approved contemplate additional analysis and study to
15 assure a fair, equitable, and orderly transition to competition.

16 2. The Commission has the authority to adopt the proposals set forth in
17 this matter pursuant to Article XV of the Arizona Constitution and Title 40 of the Arizona
18 Revised Statutes.

19 3. Staff's recommendations as set forth in Findings of Fact 7, 8, and 9
20 are reasonable and should be adopted.

21 ORDER

22 THEREFORE IT IS ORDERED that Docket No. U-0000-94-165 is hereby
23 reopened.

24 IT IS FURTHER ORDERED that the Commission shall meet in November,
25 1997 for the purpose of receiving presentations and recommendations from
26 representatives of each working group established by the Rules.

27 IT IS FURTHER ORDERED that the chairperson of each working group
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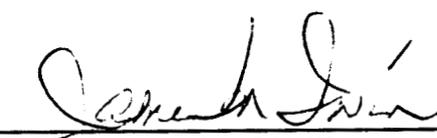
whose report has been completed as of October 15, 1997 shall (1) present the group's recommendations to the Commission and (2) file with the Commission a brief summary of the significant aspects of the representative's presentation by October 15, 1997. The Commission may order additional reports from the working groups as may be appropriate.

IT IS FURTHER ORDERED that Staff is hereby authorized to draft proposed additions and/or modifications to the Rules for the Commission's subsequent consideration.

IT IS FURTHER ORDERED that Staff is hereby authorized to request procedural orders from the Hearing Division in order to establish hearings, evidentiary or otherwise, regarding any aspect of electric competition.

IT IS FURTHER ORDERED that this decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

		
CHAIRMAN	COMMISSIONER	COMMISSIONER

IN WITNESS WHEREOF, I, JACK ROSE, Executive Secretary of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 29th day of August, 1997.



JACK ROSE
Executive Secretary

DISSENT _____