



BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission  
**DOCKETED**

AZ CORP COMMISSION

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JIM IRVIN  
Commissioner - Chairman  
RENZ D. JENNINGS  
Commissioner  
CARL J. KUNASEK  
Commissioner

IN THE MATTER OF THE COMPETITION IN ) DOCKET NO. U-0000-94-165  
THE PROVISION OF ELECTRIC SERVICES )  
THROUGHOUT THE STATE OF ARIZONA. ) **REQUEST FOR MODIFICATION**  
 ) **OF PROCEDURAL SCHEDULE**  
 )

On December 1, 1997, the Hearing Officer in the above-captioned matter issued a Procedural Order ("Order") outlining a procedural schedule for a generic hearing on stranded costs. Tucson Electric Power Company ("TEP" or "Company") hereby files this request for modification of the procedural schedule.

As indicated in the Order, on November 21, 1997, TEP filed a response in support of RUCO's request for evidentiary hearings. Prior to, and subsequent to the adoption of the Electric Competition Rules ("Rules"), TEP has been a proponent of evidentiary hearing with respect to the Rules. As an "Affected Utility" under the Rules, TEP believes that evidentiary hearings on matters such as stranded costs are essential (and legally required) to safeguard the Company's due process rights as Arizona moves from regulation to competition in the electric industry.

**BECAUSE OF THE NATURE OF THE PROCEEDING AND THE SHORT AMOUNT OF TIME, ALL PARTIES SHOULD FILE TESTIMONY SIMULTANEOUSLY**

The Order provides that Affected Utilities shall file direct testimony and exhibits on or before December 22, 1997. Thus, the current procedural schedule provides only three weeks for Affected Utilities, such as TEP, to identify witnesses (including potential expert witnesses) and prepare their testimony and related exhibits. As previously acknowledged by all stakeholders, including the Commission, the issue of stranded cost is one of the most important (and perhaps most complex) issues to the Affected Utilities and to the electric industry restructuring process. Given the nature of

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1 the issue of stranded costs and the potential financial implications thereof, Affected Utilities should  
2 be given sufficient time to prepare their evidence for the pending evidentiary hearing.

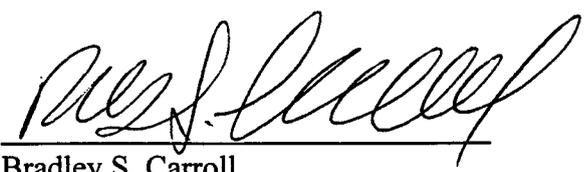
3 Moreover, TEP believes that it is not necessary for Affected Utilities to file direct testimony  
4 in advance of other participants in the proceeding. All parties have already made their respective  
5 positions known to the Commission during the workshop process. Despite the evidentiary nature of  
6 the hearing, in a generic issues proceeding, such as contemplated herein, it is unnecessary to put the  
7 parties in an adversarial position. The Company, therefore, suggests that all participants file their  
8 direct and rebuttal testimony on the same dates, respectively. This will provide Affected Utilities  
9 additional time to prepare testimony and exhibits without jeopardizing the February 9, 1998 hearing  
10 date. TEP, therefore, proposes that all participants file direct testimony on or before January 20th  
11 with rebuttal testimony to be filed on or before February 2nd.

12 **THE LIST OF ISSUES SHOULD BE EXPANDED TO INCLUDE MARKET PRICE**

13 The Order indicates that direct testimony should cover nine separate items related to stranded  
14 costs. TEP believes that a key component of stranded costs (as defined in the Rules) includes how a  
15 determination is made with respect to the market clearing price. It is unclear whether this issue is  
16 included as one of the nine separate items. As the Stranded Cost Working Group Report indicates,  
17 this is an area that requires further discussion. Further, TEP believes that this determination is  
18 necessary before a stranded cost methodology can be implemented. TEP, therefore, requests that this  
19 item be included in the list of issues for direct testimony.

20 RESPECTFULLY SUBMITTED this 3rd day of December, 1997.

21 TUCSON ELECTRIC POWER COMPANY

22  
23  
24 By: 

25 Bradley S. Carroll  
26 Counsel, Regulatory Affairs  
27 Legal Department - DB203  
28 220 West Sixth Street - P.O. Box 711  
29 Tucson, Arizona 85702  
30

1 **Original and ten copies sent via Federal**  
2 **Express this 3rd day of December, 1997, to:**

3 Docket Control  
4 ARIZONA CORPORATION COMMISSION  
5 1200 West Washington Street  
6 Phoenix, Arizona 85007

6 **Copies of the sent via Federal Express**  
7 **this 3rd day of December, 1997, to:**

8 Jerry L. Rudibaugh, Chief Hearing Officer  
9 ARIZONA CORPORATION COMMISSION  
10 1200 West Washington Street  
11 Phoenix, Arizona 85007

11 Paul Bullis, Chief Counsel  
12 Legal Division  
13 ARIZONA CORPORATION COMMISSION  
14 1200 West Washington Street  
15 Phoenix, Arizona 85007

15 Carl Dabelstein, Director  
16 Utilities Division  
17 ARIZONA CORPORATION COMMISSION  
18 1200 West Washington Street  
19 Phoenix, Arizona 85007

19 **Copies of the foregoing sent via U.S. Mail**  
20 **this 3rd day of December, 1997, to:**

21 Service List for Docket No. U-0000-94-165  
22

23

24  
25 By: Sandy Waters  
26 Sandy Waters  
27 Legal Secretary  
28

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