



R E S I D E N T I A L   U T I L I T Y   C



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Jane Dee Hull  
Governor

Greg Patterson  
Director

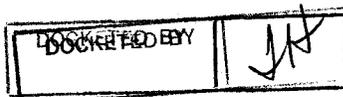
Arizona Corporation Commission  
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December 18, 1997



Janet Regner  
Arizona Community Action Association  
202 E. McDowell, #255  
Phoenix, Arizona 85004

Re:    Electric Restructuring - Generic Stranded Cost Hearing.  
      Docket No. RE-0000C-94-165.

Dear Janet:

It was a pleasure to meet with you to discuss the upcoming generic stranded cost proceedings. RUCO feels that the generic stranded cost hearings will provide the best mechanism for furnishing the Commission with an accurate and complete record of the viewpoints of all the various stakeholders in the electric industry restructuring process.

Because RUCO believes that an accurate record must necessarily reflect the interests of all stakeholders, regardless of their ability to obtain legal representation, RUCO offers to pose cross-examination questions of witnesses on behalf of ACAA at the generic stranded cost hearing. RUCO offers to do this so that ACAA may comply with the Commission's First Amended Procedural Order dated December 11, 1997, which states that "all parties should make a reasonable effort to align themselves with similar parties with an attorney."

Neither RUCO or ACAA have yet filed their direct testimony for this hearing. Therefore, RUCO and ACAA have not yet had the opportunity to fully develop their respective positions. However, based on experience over the past year in electric restructuring work groups in which RUCO and ACAA have both participated, RUCO believes that ACAA's and RUCO's interests are generally aligned; both entities represent residential customers. This general alignment of interest should allow RUCO to cross examine witnesses at the stranded cost hearing on behalf of ACAA, as we discussed.

December 18, 1997

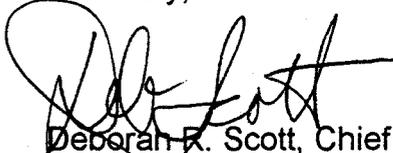
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As we also discussed, however, in the unlikely event that an issue may present itself on which RUCO and ACAA hold directly adverse positions, RUCO will not be available to cross-examine its own witness on that particular issue. RUCO does not anticipate that such a situation will arise, but wishes to apprise ACAA of this possibility and its implications. We can consult with the Hearing Officer to determine how ACAA should proceed under those circumstances.

As we discussed, RUCO agrees to act as a "mouthpiece" for ACAA at the hearings, and to that end ACAA will be responsible for developing the cross-examination questions for RUCO to pose at the hearing. For purposes of advance preparation, RUCO anticipates meeting with ACAA prior to the hearing to review the cross examination questions and issues.

We are happy to help assure that all residential electricity consumers are adequately represented at the upcoming generic stranded cost hearing. If you have any questions regarding anything we discussed, or anything in this letter, please feel free to call me at 279-5659 ext. 349 or Teena Wolfe at ext. 351.

Sincerely,



Deborah R. Scott, Chief Counsel  
Teena Ingram Wolfe, Staff Attorney

cc: Greg Patterson, Director  
Docket Control  
All Parties of Record in Stranded Cost Proceeding