

ORIGINAL



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BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

2001 JUN 10 PM 2:53

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IN THE MATTER OF THE APPLICATION OF
CITIZENS UTILITIES COMPANY FOR
APPROVAL OF ITS PLAN FOR STRANDED
COST RECOVERY

DOCKET NO. E-01032C-98-0474

IN THE MATTER OF THE FILING BY CITIZENS
UTILITIES COMPANY OF UNBUNDLED AND
STANDARD OFFER SERVICE TARIFFS
PURSUANT TO A.A.C. R14-2-1606.

DOCKET NO. E-01032C-97-0774

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

DOCKET NO. RE-0000C-94-0165

PROCEDURAL ORDER

BY THE COMMISSION:

On October 16, 2000, Citizens Communications Company ("Citizens") filed a Motion to Reopen Record regarding the Settlement Agreement by and among Citizens, the Residential Utility Consumer Office ("RUCO") and the Arizona Corporation Commission ("Commission") Utilities Division Staff ("Staff") that was filed in these dockets. At the same time Citizens filed a Request for Waiver of Certain Competition Rules related to the commencement of competition, specifically R14-2-1604(A)(4), R14-2-1604(D), R14-2-1606(B), R14-2-1606(C)(6), R14-2-1615(A) and R14-2-1615(B).

Pursuant to Procedural Order dated November 2, 2000, a Procedural Conference was held on November 20, 2000, to address Citizens' Motion. Citizens, RUCO and Staff participated in the November 20, 2000 Procedural Conference. The participating parties agreed that the Commission cannot efficiently consider the issues of Citizens' Stranded Costs until after the Commission has resolved the issues raised in Citizens' application for a Purchased Power and Fuel Adjustment Clause ("PPFAC") (Docket No. E-01032C-00-0751). The parties have proposed that within 30 days of the issuance of a Decision in the PPFAC docket, the parties will advise the Hearing Division of what

1 further steps are necessary to resolve the issues in the Stranded Cost dockets. The parties further
2 agreed that the requested waiver of the Retail Electric Competition Rules should be granted pending
3 resolution of the matters in both the PPFAC and Stranded Cost dockets.

4 Citizens has also requested authority "to defer for future regulatory consideration costs which
5 are being incurred in connection with the introduction of retail competition which are not included in
6 the revenue requirements underlying current service rates." Staff and RUCO agree that the request is
7 reasonable and should be approved.

8 Because the PPFAC mechanism significantly affects the calculation and recovery of Stranded
9 Costs, the Commission cannot make a final determination on the magnitude of Stranded Costs or the
10 most reasonable recovery thereof until the PPFAC matter is resolved. Consequently, the parties'
11 proposal to continue consideration of Citizens' Stranded Costs until the resolution of the PPFAC
12 matter is reasonable and should be adopted. Under R14-2-1602, retail electric competition is to begin
13 in an Affected Utility's service area on the date established in the utility's Stranded Cost proceeding.
14 Because the Commission has not yet entered a final decision concerning Citizens' Stranded Costs, the
15 rules do not permit competition in Citizen's service area. Thus, arguably, Citizens' request for a
16 waiver is not required. However, under the circumstances, such request is not unreasonable. There is
17 nothing in these dockets to suggest that Citizens has in any way been dilatory in proceeding toward a
18 resolution of its Stranded Costs.

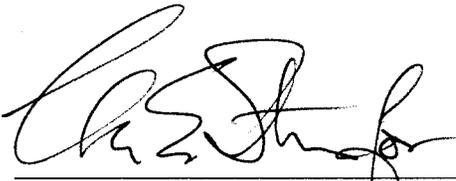
19 Finally, Citizens' request for authority to defer competition-related costs for future
20 consideration is reasonable. Such language was included in the Settlement Agreement the parties
21 filed in June 2000, and merely preserves Citizens' ability to raise the issue of possible recovery of
22 such costs at a future date and does not commit the Commission to approve recovery of such costs.

23 IT IS THEREFORE ORDERED that within 30 days of the issuance of the Decision in the
24 PPFAC docket (Docket No. E-01032C-00-0751), the parties will file proposed procedures for
25 resolving the issues related to Citizens' Stranded Costs.

26 IT IS FURTHER ORDERED that Citizens' request for a waiver of the Retail Electric
27 Competition Rules is granted pending resolution of the PPFAC docket and the Stranded Cost issues
28 in the above-captioned dockets.

1 IT IS FURTHER ORDERED Citizens shall have authority to defer for future regulatory
2 consideration costs which are being incurred in connection with the introduction of retail competition
3 which are not included in the revenue requirements underlying current service rates.

4 DATED this 18th of January, 2001.

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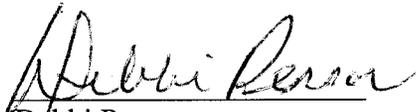
8 JANE L. RODDA
9 ADMINISTRATIVE LAW JUDGE

10 Copies of the foregoing delivered/mailed
11 this 18th day of January, 2001 to:

12 Service List for RE-00000C-94-0165

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