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INTERVENTION

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ARIZONA CORPORATION COMMISSION

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JIM IRVIN
VICE-CHAIRMAN
MARC SPITZER
COMMISSIONER

FEB 05 2002

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AZ CORP COMMISSION
DOCUMENT CONTROL

DOCKET NO. E-01032C-00-0751

COMMENTS
CONCERNING CITIZENS'
LETTER OF 31 JANUARY 2002
AND THE
REQUEST TO INTERVENE
BY
MARSHALL MAGRUDER

IN THE MATTER OF THE APPLICATION OF THE
ARIZONA ELECTRIC DIVISION OF CITIZENS
COMMUNICATIONS COMPANY
TO CHANGE THE CURRENT PURCHASED
POWER AND FUEL ADJUSTMENT CLAUSE RATE,
TO ESTABLISH A NEW PURCHASED POWER
AND FUEL ADJUSTMENT CAUSE BANK, AND
TO REQUEST APPROVED GUIDELINES FOR
THE RECOVERY OF COST INCURRED IN
CONNECTION WITH ENERGY RISK
MANAGEMENT INITIATIVES

Based on a news article, I submitted a Request to Intervene on ⁷8 January 2002. The article indicated a deadline of 11 January 2002. Without a Procedural Order for this Docket, the other parties were unknown, thus, I requested Docket Control provide copies to all parties. The Procedural Orders were provided in Judge Farmer's letter of 24 January 2002. It also requested Citizens review my request and I provide it to the parties.

These Comments:

- a. Provide a copy of my Request to Intervene to all parties and
 - b. Responds to Citizens' letter of 31 January 2002.
- a. A copy of my Request to Intervene of ⁷8 January 2002 is attached.
- b. I understand to intervene in rate cases, the request should to indicate a short expression, such as "I am a ratepayer" or "investor" and intervention status can be granted. I am a Citizens electricity utility ratepayer.

My letter of 8 January 2002 discussed rate factors, in particular, that will affect my rate many years in Santa Cruz County. I understand Citizens' is now proposing a seven-year recovery period (84 months). This new rate increase will continue well beyond the initial operational date of the new transmission line project of 31 December 2003 (ACC Case 111). About \$15.00 per-month, per-customer may result from an agreement between Citizens and Tucson Electric Power Company for that backup project.

During the recent Case 111 Power Plant and Transmission Line Siting hearings, I was not permitted to discuss the rate impact of that project on Santa Cruz County residents. The present docket concerns an estimated \$16.00 per-customer, per-year, rate increase.

Consideration of a second, nearly identical, simultaneous rate increase, this \$31.00 is of concern to Santa Cruz County ratepayers.

Recently (see *Nogales International*, 1 February 2002, page A1), Mr. Carl Dabelstein, Citizens Vice President of Regulatory Affairs, indicated the impact of this on an average ratepayer in Mohave County who consumed 608-kilowatt-hours per month, who presently pays \$55.08. This docket E-01032C-00-0751 proposes to increase this by \$16.23 to \$71.29. When adding the approximately \$15.00 backup costs for the proposed backup transmission line, this increases the average ratepayer (in Mohave County, Santa Cruz County is unknown) to approximately \$86.29 for rate increase over 50%.

Other costs, including capital costs for Citizens 115-kiloVolt, 100 MW, line and substation equipment for compliance with ACC Order 62011, or potential penalties, have not been considered.

As implied in Mr. Grant's letter for Citizens of 31 January 2002, a denial of party status would reduce access to relevant material and the opportunity to participate.

This additional rate increase is relevant. This rate increase is not speculative or immaterial to those in Santa Cruz County, since they may pay both simultaneously. The potential cost impacts of the TEP-Citizens Transmission Line System for Mohave County ratepayers are unknown.

I respectfully request to be an intervenor and party to these hearings.

Lucy Magruder has submitted a separate request to intervene.

Sincerely,



Marshall Magruder
PO Box 1267
Tubac, AZ 85646

Attachment: My letter of 8 January 2002

To:

William A. Mundell, Jim Irvin, Marc Spitzer (ACC Commissioners)
Lyn Farmer (Chief Administrative Law Judge)
Ernest G. Johnson (Director, Utilities Division)
Christopher Kempley (Chief Counsel, Legal Division)

Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Attention Docket Control, No. E-01032C-00-0751 (Original and 10 copies)

Parties;

Michael M. Grant

Todd C. Wiley

Gallagher & Kennedy
2575 East Camelback Road
Phoenix, AZ 85016-9925

Bill Meek

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Santa Cruz County Deputy County Attorney
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Roshka Heyman & DeWulf
Suite 800
400 East Van Buren
Phoenix, AZ 85004

Jose L. Machado
777 North Grand Avenue
Nogales, AZ 85621

ATTACHMENT

Marshall Magruder
P.O. Box 1267
Tubac, AZ 85646-1267
January 7, 2002

Arizona Corporate Commission
Attn: Docket Control
1200 West Washington Street
Phoenix, AZ 85007

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Subject: Request to Intervene

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This case is for an approximately \$16.00 per month is added to the other rate increases. Another rate increase, of a little less than \$15.00 per month, for the "wheeling charges" that Citizens will result for the 50-year life of the new 345-kV transmission line, to over \$30.00 month average rate increase. This is very high for a county that has over 30 per cent of its household's income at the poverty level of lower. Citizens' hopes to re-sell the transmission line rate increase to others. The ACC approved this on 3 January 2002 to others. This is very doubtful. No other customers need this additional 100 MW in Santa Cruz County. Citizens' has no contracts to re-sell with Mexico.

Citizens an obligation to purchase 100 MW from the new 345-kV lines as "backup" for its present transmission line in a Project Development Agreement (PDA) between Citizens and Tucson Electric Power (TEP). Citizens testified during the Power Plant and Transmission Line Siting Case 111 (for the new 345-kV transmission lines), that it does NOT intend to use any electricity from these new lines other than when emergencies or an outage occur. The past five-year outage rate on Citizens present transmission lines is 2.045 hours. At \$50.00 per MW, the electricity will cost a little over \$2,500 annually (assuming a very high demand of 50 MW). This is a minor cost when compared to the cost for this service. TEP stated during those proceedings that it charges \$2.23 per kW-month or \$2230 per MW or \$223,000 for 100 MW, which Citizens will be obligated to pay. For Citizens 15,000 customers, this averages at \$14.86 per customer for the life of these new power lines. In addition, an annual charge of about \$2500 to cover backup electricity used, when Citizens has an outage on its transmission line system.

I would like this put in the context of a ratepayer who wants the best value from his utility company.

Request Docket Control provides this Notice to the appropriate parties for Docket No. E-01032C-00-0751.

Sincerely



Marshall Magruder
(520) 398-8587 or (520) 398-8200, Email Marshall@Magruder.org

ACC Docket Control: Original, 10 copies.

BEFORE THE ARIZONA CORPORATION COMMISSION

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JIM IRVIN
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Tubac, AZ 85646-1267
January 7, 2002

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