



0000085103

ORIGINAL

RECEIVED  
AZ CORP COMMISSION

BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

CARL J. KUNASEK  
Chairman

DOCKETED

JUL 30 2 51 PM '99

JIM IRVIN  
Commissioner

JUL 30 1999

DOCUMENT CONTROL

WILLIAM A. MUNDELL  
Commissioner

DOCKETED BY *W.A.M.*

IN THE MATTER OF THE GENERIC INVESTIGATION OF THE DEVELOPMENT OF A RENEWABLE PORTFOLIO STANDARD AS A POTENTIAL PART OF THE RETAIL ELECTRIC COMPETITION RULES.

DOCKET NO. E-00000A-99-0205

NOTICE OF FILING RESPONSES TO QUESTIONS SET FORTH IN PROCEDURAL ORDER DATED JUNE 16, 1999

Pursuant to the Commission's Procedural Order dated June 16, 1999, counsel for Cyprus Climax Metals Company herein undersigned hereby provides notice of the filing of Cyprus Climax Metals Company's responses to the questions set forth in the Procedural Order dated June 16, 1999 in the above-captioned docket.

DATED this 30th day of July, 1999.

FENNEMORE CRAIG, P.C.

By

*C. Webb Crockett*

C. Webb Crockett  
Jay L. Shapiro  
Suite 2600  
3003 North Central Avenue  
Phoenix, Arizona 85012  
Attorneys for Cyprus Climax Metals Company

1 ORIGINAL AND TEN COPIES  
of the foregoing hand-delivered  
2 this 30<sup>th</sup> day of July, 1999, to:

3 Arizona Corporation Commission  
Docket Control  
4 1200 West Washington Street  
Phoenix, Arizona 85007

5 COPIES OF THE FOREGOING  
6 hand-delivered this 30<sup>th</sup> day  
of July, 1999 to:

7 Carl J. Kunasek  
8 Chairman  
Arizona Corporation Commission  
9 1200 West Washington  
Phoenix, Arizona 85007

10 Jim Irvin  
11 Commissioner  
Arizona Corporation Commission  
12 1200 West Washington  
Phoenix, Arizona 85007

13 William A. Mundell  
14 Commissioner  
Arizona Corporation Commission  
15 1200 West Washington  
Phoenix, Arizona 85007

16  
17 COPY OF THE FOREGOING  
18 mailed/left for pick-up at Docket Control  
this 30<sup>th</sup> day of July, 1999 to:

19 Distribution List for:  
20 Docket Nos. RE-00000C-94-0165

21  
22 By 

23  
24  
25  
26

**CYPRUS CLIMAX METALS COMPANY'S  
RESPONSES TO QUESTIONS SET FORTH  
IN THE COMMISSION'S PROCEDURAL ORDER  
DATED JUNE 16, 1999**

1.A/B. An environmental program is appropriate if it encourages the development of a voluntary "green power" tariff that does not otherwise increase the cost of electric power to non-participants.

2. The proposed new portfolio standard will create a new cost burden for Arizona electric consumers that will impede the development of retail competition.

3. Cyprus is opposed to the proposed portfolio standard. Instead, Cyprus recommends adoption of the type of program described in Question 5.B.

4. Please see response to Question 3.

5A. No.

5.B. Yes, absolutely. Voluntary programs should be encouraged that allow customer choice to be reflected in market options. The Commission should not impose government mandates that increase electricity costs to customers.

5.C. No.

6.A. Please see response to Question 3.

6.B. No, the schedule of percentages is not reasonable to apply to the competition rules. Please see response to Questions 2 and 3.

6.C. Cyprus believes that concerns about Arizona's economic development are best met by implementing retail competition in order to bring prices down to customers. The program proposed does the opposite. By increasing the cost and complexity of retail access, Arizona's economic development is impaired.

6.D. Cyprus believes the long-term benefits of such a mandate are negative. Please see response to Question 6.C.

6.E. If we assume a solar cost of 25 cents per kwh, then meeting the 1 percent requirement for a 1000 kwh customer would increase the customer's bill about \$2.25 per month or \$27.00 per year. For a very large customer, such as a mine, the charge would amount to a tax of over \$1 million per year.

6.F. If the proposed program is adopted, then, at a minimum, there should be an evaluation of the costs and benefits and a cost cap should be imposed to minimize the economic harm to customers.

6.G. No comment.

6.H. No. Implementing retail access is complicated enough. Additional mandates only increase the difficulty of implementation.

7. Imposing this program on Standard Offer customers will be costly. At the same time, limiting it to competitive customers would be discriminatory. For these reasons, the Commission should pursue the type of voluntary, market-driven program contemplated in Question 5.B.