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BEFORE THE ARIZONA CORPORATION COMMISSION

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WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

Arizona Corporation Commission
DOCKETED

JAN 26 2001

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AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE NOTICE OF
PROPOSED RULEMAKING FOR THE
ENVIRONMENTAL PORTFOLIO STANDARD

Docket No. RE-00000C-00-0377

**CITIZENS' EXCEPTIONS TO
THE PROPOSED OPINION**

Citizens Communications Company ("Citizens") submits these exceptions to the Proposed Opinion of Administrative Law Judge Jane Rodda. Without waiver of the matters raised in Citizens' Comments dated October 13, 2000, these exceptions are limited to a few issues.

First, at page 12, line 22 of Appendix A, there is a typographical error. "\$0.00875" should read "\$0.000875".

Second, at page 3, lines 2-4 of the Proposed Opinion and page 12, lines 18-19 of its Appendix A, the Proposed Opinion and Rules state that part of the costs of the portfolio may be met by "re-allocation of demand side management funding to portfolio uses." Citizens does not believe that the Commission intends to require such a funding shift, but rather intends that re-allocation as a system-by-system option. The language, however, might be read as mandatory, not permissive.

Citizens strongly believes in the value of effective demand side management and conservation programs. It is confident that the Commission shares that belief as evidenced by the series of workshops conducted on the subject by Chairman Mundell last fall. Citizens currently devotes approximately \$175,000 annually to approved DSM/conservation initiatives

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1 and feels the scope of that effort should, in fact, be increased, not decreased. Citizens suggests
2 that the words "if the Utility Distribution Company elects to re-allocate funding" be added at the
3 end of the sentence on page 3, line 4 and page 12, line 20. The addition would confirm that such
4 a funding shift is permissible but not required.

5 Third, to further clarify the application of the surcharge to unmetered dusk to dawn street
6 light accounts, Citizens also recommends that the following sentence be added to R14-2-
7 1618.A.2 after the third bullet at page 12, line 28:

8 Unmetered accounts shall be billed at the \$0.000875 per kWh charge for
9 the monthly kWh usage based on a load profile for that unmetered account
subject to the limits set forth above.

10 Finally, Citizens notes that based on current estimates of surcharge revenues surcharge
11 income plus existing approved environmental funding will not be sufficient to meet the costs of
12 EPS Rule mandates.

13 DATED this 26th day of January, 2001.

14 GALLAGHER & KENNEDY, P.A.

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20 **Original** and ten copies filed this
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