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Arizona Corporation Commission
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June 19, 2000

Chairman Carl Kunasek
Commissioner Jim Irvin
Commissioner Bill Mundell
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

RE: ACC Proposed Retail Electric Competition Rule Revisions, Docket No. RE-00000C-00-0275

Dear Commissioners:

As required by A.R.S. § 30-802(A), SRP has been actively working with the ACC to identify opportunities to coordinate our efforts to promote consistent statewide application of our respective rules, procedures and orders.

As part of this coordination effort, SRP has been participating in the Process Standardization Working Group (PSWG). The PSWG was created to review transaction-processing methods used by market participants for the purpose of standardizing and coordinating those methods. I would like to thank the Commission Staff, particularly Deb Scott, for their role in moving the competition process along. The number of hours devoted by Staff and their enthusiasm has helped the PSWG accomplish much in the last six months. We look forward to the continued efforts of this group.

Following the completion of the first phase of the PSWG's process, Commission Staff proposed several amendments to the Retail Electric Competition Rules (A.A.C. R14-2-1601 et seq.) and the Electric Utilities Rules (A.A.C. R14-2-201 et seq.). Staff has requested that comments on the proposed amendments be filed with the Commission. While it is not SRP's intent to intervene in the matter, in our continued interest to coordinate with the Commission on electric competition-related activities, we would like to identify three areas of the rules where the Commission may want to consider adopting language that is similar to that included in the Electric Power Competition Act and legislation approved earlier this year in SB1056. The following three areas are:

- Confidentiality of customer information
- Slamming
- Transmission access

Confidentiality of Customer Information

The Commission Staff is recommending new language be added to R14-2-203.A.2 and R14-2-1612.E to address the confidentiality of customer information. The Staff suggested language reads:

> Customer-specific information shall not be released without specific prior written customer authorization unless the information is requested by law enforcement or the Commission or is necessary to provide safe and reliable service to the customer.

A.R.S. § 30-806(G) which is applicable to SRP and other public power entities provides:

> Notwithstanding any other law, customer information, account information and related proprietary information are confidential and shall not be released to third parties for commercial or law enforcement purposes unless specifically waived by the customer in writing or unless otherwise provided by court order.

To promote statewide consistency, Staff's suggested language could be modified to read:

> Customer-specific information shall not be released **to third parties for commercial or law enforcement purposes** without specific prior written customer authorization **or** unless **provided by court order** ~~the information is requested by law enforcement or the Commission or is necessary to provide safe and reliable service to the customer~~.

This change would allow the Commission access to customer information while prohibiting the release of customer information to third parties for commercial purposes without the customer's written consent.

Slamming

The Electric Power Competition Act provides for consumer protection from slamming in the following language:

> An electricity supplier that submits or executes a change in a retail electricity customer's electricity supplier in violation of this subsection shall refund to the retail electricity customer the entire amount of the customer's electricity charges attributable to electric generation service from the electricity supplier for three months, or the period of the unauthorized service, whichever is **less**. (A.R.S. § 30-806(E)) (emphasis added.)

The Commission's current rule allows the customer to receive a refund for generation service for three months or for the period of unauthorized service, whichever is **more** (emphasis added). The Commission's current rule could encourage customers to delay in notifying the Commission of the slamming so that the refund would be greater. We do not believe that was the Commission's intent and wanted to make you aware of the unintended consequence of the language.

To effect this change, the applicable sentence in R14-2-1612.C could be amended to read:

> A new provider who switches a customer without written authorization shall refund to the retail electricity customer the entire amount of the customer's electricity charges attributable to the electric generation service from the new provider for 3 months, or the period of the unauthorized service, whichever is ~~more~~ **less**.

Transmission Access

There is some confusion regarding the transmission and distribution access provisions of the ACC rules. While the ACC has jurisdiction over the distribution systems of the affected utilities, the Federal Energy Regulatory Commission maintains jurisdiction over the transmission systems of the affected utilities. One way to clarify the Commission's intent would be to simply direct the affected utilities to participate in and support a FERC-approved Regional Transmission Operator (RTO), Independent System Operator (ISO), or in the interim, an Arizona Independent Scheduling Administrator (AISA) to ensure non-discriminatory access to transmission and distribution facilities. To accomplish this, the ACC could adopt similar language to A.R.S. § 30-805(E) and (F) of the Electric Power Competition Act.

A.R.S. § 30-805(E) and (F) state:

> Public power entities shall allow any provider of electric generation service access to the electric power transmission and distribution facilities of public power entities under rates and terms and conditions of service that are nondiscriminatory, cost based, just and reasonable and comparable to the rates charged for the public power entity's own use of the same facilities. The public power entity shall participate in and support an independent system operator, an independent system administrator or other efforts to coordinate scheduling of generation or transmission within the state or region.

Last session, the Arizona Legislature amended A.R.S. § 40-332(B) to include a similar provision for public service corporations. To coordinate these legislative and regulatory requirements, the Commission could amend R14-2-1609 to read:

> Affected Utilities shall allow any provider of electric generation service access to the electric transmission service and electric distribution service of affected utilities under rates and terms and conditions of service that are just and reasonable as determined and approved by regulatory agencies that have jurisdiction over electric transmission service and electric distribution service. Affected utilities shall participate in and support an independent system operator, an independent system administrator or other efforts to coordinate scheduling of generation or transmission within the state or region.

In the alternative, the Commission could modify R14-2-1609.C to read:

> The Commission supports the development of **a FERC-approved Regional Transmission Operator (RTO),** an Independent System Operator (ISO) or, absent an **RTO or ISO** ~~Independent System Operator~~, **in the interim,** an Arizona Independent Scheduling Administrator (AISA).

The remaining subsections of R14-2-1609 could then be amended to refer to a FERC-approved transmission organization (RTO, ISO or AISA) rather than strictly the AISA. This change would clarify the ACC's preference for an RTO as FERC has already indicated that single state entities like the AISA will not meet the requirements of FERC Order 2000.

If you would like additional information on any of these items, I would be happy to provide you with more detail. You or your staff may contact me at (602) 236-5262.

Sincerely,

Kelly J. Barr

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cc: Deborah Scott, ACC Utilities Division Director
Docket Control (Original and 10 Copies)