CARL J. KUNASEK
CHAIRMAN
JIM IRVIN
COMMISSIONER
WILLIAM A. MUNDELL
COMMISSIONER

0000096114

ORIGINAL

06

BRIAN C. McNEIL
EXECUTIVE SECRETARY

ARIZONA CORPORATION COMMISSION

RECEIVED

2000 JUN -6 A 11:

AZ CORP COMMISSION
DOCUMENT CONTROL

Arizona Corporation Commission
DOCKETED
JUN 06 2000
DOCKETED BY

June 6, 2000

Arizona Corporation Commission
DOCKETED
JUN 06 2000
DOCKETED BY

Dear Party Interested in Electric Competition:

The Arizona Corporation Commission adopted the Retail Electric Competition Rules (A.A.C. R14-2-1601 et seq.) along with modifications to the Electric Utilities Rules (A.A.C. R14-2-201 et seq.) in September 1999. These Rules provide the framework for the introduction of retail competition to the electric industry in Arizona. However, Commission Staff has determined that there is a need to make clarifying revisions to the Rules before the onset of full competition scheduled for January 1, 2001.

Attached to this letter is a draft of rule changes that Staff has identified for possible rule revisions. Please review the draft and provide comments no later than **June 19, 2000**. If you want to propose any additional minor rule revision, please provide the specific wording along with justification for the revision. Please file your comments with Docket Control, 1200 West Washington, Phoenix, Arizona 85007, using **Docket No. RE-00000C-00-0275**.

If you have any questions on this matter, please contact Barbara Keene at (602) 542-0853 or me at (602) 542-0745.

Sincerely,

Deborah R. Scott
Director
Utilities Division

DRS:bk

TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND ASSOCIATIONS; SECURITIES REGULATION

CHAPTER 2. ARIZONA CORPORATION COMMISSION

FIXED UTILITIES

ARTICLE 2. ELECTRIC UTILITIES

Sections

R14-2-201. Definitions

R14-2-202. Certificate of Convenience and Necessity for Electric Utilities; Filing Requirements on Certain New Plants

R14-2-203. Establishment of Service

R14-2-204. Minimum Customer Information Requirements

R14-2-205. Master Metering

R14-2-206. Service Lines and Establishments

R14-2-207. Line Extensions

R14-2-208. Provision of Service

R14-2-209. Meter Reading

R14-2-210. Billing and Collection

R14-2-211. Termination of Service

R14-2-212. Administrative and Hearing Requirements

R14-2-213. Conservation

ARTICLE 16. RETAIL ELECTRIC COMPETITION

Sections

R14-2-1601. Definitions

R14-2-1602. Commencement of Competition

R14-2-1603. Certificates of Convenience and Necessity

R14-2-1604. Competitive Phases

R14-2-1605. Competitive Services

R14-2-1606. Services Required To Be Made Available

R14-2-1607. Recovery of Stranded Cost of Affected Utilities

R14-2-1608. System Benefits Charges

R14-2-1609. Transmission and Distribution Access

R14-2-1610. In-state Reciprocity

R14-2-1611. Rates

R14-2-1612. Service Quality, Consumer Protection, Safety, and Billing Requirements

R14-2-1613. Reporting Requirements

R14-2-1614. Administrative Requirements

R14-2-1615. Separation of Monopoly and Competitive Services

R14-2-1616. Code of Conduct

R14-2-1617. Disclosure of Information

ARTICLE 2. ELECTRIC UTILITIES

R14-2-201. Definitions

In this Article, unless the context otherwise requires, the following definitions shall apply. In addition, the definitions contained in Article 16, Retail Electric Competition shall apply in this Article unless the context otherwise requires.

1. "Advance in aid of construction". Funds provided to the utility by the applicant under the terms of a line extension agreement the value of which may be refundable.
2. "Applicant". A person requesting the utility to supply electric service.
3. "Application". A request to the utility for electric service, as distinguished from an inquiry as to the availability or charges for such service.
4. "Arizona Corporation Commission". The regulatory authority of the state of Arizona having jurisdiction over public service corporations operating in Arizona.
5. "Billing month". The period between any 2 regular readings of the utility's meters at approximately 30 day intervals.

6. "Billing period". The time interval between 2 consecutive meter readings that are taken for billing purposes.

7. "Contributions in aid of construction". Funds provided to the utility by the applicant under the terms of a line extension agreement or service connection tariff the value of which is not refundable.

8. "Curtailment priority". The order in which electric service is to be curtailed to various classifications of customers, as set forth in the utility's filed tariffs.

9. "Customer". The person or entity in whose name service is rendered, as evidenced by the signature on the application or contract for that service, or by the receipt or payment of bills regularly issued in his name regardless of the identity of the actual user of the service.

10. "Customer charge". The amount the customers must pay the utility for the availability of electric service, excluding any electricity used, as specified in the utility's tariffs.

11. "Day". Calendar day.

12. "Demand". The rate at which power is delivered during any specified period of time. Demand may be expressed in kilowatts, kilovolt-amperes, or other suitable units.

13. "Distribution lines". The utility lines operated at distribution voltage which are constructed along public roadways or other bona fide rights-of-way, including easements on customer's property.

14. "Elderly". A person who is 62 years of age or older.

15. "Energy". Electric energy, expressed in kilowatt-hours.

16. "Handicapped". A person with a physical or mental condition which substantially contributes to the person's inability to manage their own resources, carry out activities of daily living, or protect oneself from neglect or hazardous situations without assistance from others.

17. "Illness". A medical ailment or sickness for which a residential customer obtains a verified document from a licensed medical physician stating the nature of the illness and that discontinuance of service would be especially dangerous to the customer's health.

18. "Inability to pay". Circumstances where a residential customer:

    a. Is not gainfully employed and unable to pay, or

    b. Qualifies for government welfare assistance, but has not begun to receive assistance on the date that he receives his bill and can obtain verification of that fact from the government welfare assistance agency.

    c. Has an annual income below the published federal poverty level and can produce evidence of this, and

    d. Signs a declaration verifying that the customer meets 1 of the above criteria and is either elderly, handicapped, or suffers from illness.

19. "Interruptible electric service". Electric service that is subject to interruption as specified in the utility's tariff.

20. "Kilowatt (kw)". A unit of power equal to 1,000 watts.

21. "Kilowatt-hour (kwh)". Electric energy equivalent to the amount of electric energy delivered in 1 hour when delivery is at a constant rate of 1 kilowatt.

22. "Line extension". The lines and equipment necessary to extend the electric distribution system of the utility to provide service to additional customers.

23. "Master meter". A meter for measuring or recording the flow of electricity that has passed through it at a single location where said electricity is distributed to tenants or occupants for their individual usage.

24. "Megawatt (Mw)". A unit of power equal to 1,000,000 watts.

25. "Meter". The instrument for measuring and indicating or recording the flow of electricity that has passed through it.

26. "Meter tampering". A situation where a meter has been illegally altered. Common examples are meter bypassing, use of magnets to slow the meter recording, and broken meter seals.

27. "Minimum charge". The amount the customer must pay for the availability of electric service, including an amount of usage, as specified in the utility's tariffs.

28. "Permanent customer". A customer who is a tenant or owner of a service location who applies for and receives permanent electric service.

29. "Permanent service". Service which, in the opinion of the utility, is of a permanent and established character. The use of electricity may be continuous, intermittent, or seasonal in nature.

30. "Person". Any individual, partnership, corporation, governmental agency, or other organization operating as a single entity.

31. "Point of delivery". The point where facilities owned, leased, or under license by a customer connects to the utility's facilities.

32. "Power". The rate of generating, transferring or using electric energy, usually expressed in kilowatts.

33. "Premises". All of the real property and apparatus employed in a single enterprise on an integral parcel of land undivided by public streets, alleys or railways.

34. "Residential subdivision development". Any tract of land which has been divided into 4 or more contiguous lots with an average size of 1 acre or less for use for the construction of residential buildings or permanent mobile homes for either single or multiple occupancy.

35. "Residential use". Service to customers using electricity for domestic purposes such as space heating, air conditioning, water heating, cooking, clothes drying, and other residential uses and includes use in apartment buildings, mobile home parks, and other multiunit residential buildings.

36. "Service area". The territory in which the utility has been granted a Certificate of Convenience and Necessity and is authorized by the Commission to provide electric service.

37. "Service establishment charge". The charge as specified in the utility's tariffs which covers the cost of establishing a new account.

38. "Service line". The line extending from a distribution line or transformer to the customer's premises or point of delivery.

39. "Service reconnect charge". The charge as specified in the utility's tariffs which must be paid by the customer prior to reestablishment of electric service each time the electricity is disconnected for nonpayment or whenever service is discontinued for failure otherwise to comply with the utility's tariffs.

40. "Service reestablishment charge". A charge as specified in the utility's tariffs for service at the same location where the same customer had ordered a service disconnection within the preceding 12-month period.

41. "Single family dwelling". A house, an apartment, a mobile home permanently affixed to a lot, or any other permanent residential unit which is used as a permanent home.

42. "Tariffs". The documents filed with the Commission which list the services and products offered by the utility and which set forth the terms and conditions and a schedule of the rates and charges, for those services and products.

43. "Temporary service". Service to premises or enterprises which are temporary in character, or where it is known in advance that the service will be of limited duration. Service which, in the opinion of the utility, is for operations of a speculative character is also considered temporary service.

44. "Third-party notification". A notice sent to an individual or a public entity willing to receive notification of the pending discontinuance of service of a customer of record in order to make arrangements on behalf of said customer satisfactory to the utility.

45. "Utility". The public service corporation providing electric service to the public in compliance with state law.

46. "Weather especially dangerous to health". That period of time commencing with the scheduled termination date when the local weather forecast, as predicted by the National Oceanographic and Administration Service, indicates that the temperature will not exceed 32 degrees Fahrenheit for the next day's forecast. The Commission may determine that other weather conditions are especially dangerous to health as the need arises.

R14-2-202. Certificate of Convenience and Necessity for Electric Utilities; Filing Requirements on Certain New Plants

A. Application for new Certificate of Convenience and Necessity.

Six copies of each application for a new Certificate of Convenience and Necessity shall be submitted to the Commission, through Docket Control, in a form prescribed by the Commission and shall include, at a minimum, the following information:

1. The proper name and correct address of the proposed utility company and its owner, if a sole proprietorship, each partner, if a partnership, or the President and Secretary if a corporation.
2. The rates proposed to be charged for the service that will be rendered.
3. A financial statement setting forth the financial condition of the applicant.
4. Maps of the proposed service area or a description of the area proposed to be served.
5. Appropriate city, county and state agency approvals, where appropriate.
6. The actual number of customers within the service area as of the time of filing and the estimated number of customers to be served for each of the 1st 5 years of operation.
7. Such other information as the Commission by order or the staff of the Utilities Division by written directive may request.

B. Application for discontinuance or abandonment of utility service

1. Any utility proposing to discontinue or abandon utility service currently in use by the public shall prior to such action obtain authority therefor from the Commission.

2. The utility shall include in the application, studies of past, present and prospective customer use of the subject service, plant or facility as is necessary to support the application.

3. An application shall not be required to remove individual facilities where a customer has requested service discontinuance.

R14-2-203. Establishment of Service

A. Information from new applicants

1. A utility may obtain the following minimum information from each new applicant for service:

   a. Name or names of applicant or applicants.

   b. Service address or location and telephone number.

   c. Billing address/telephone number, if different than service address.

   d. Address where service was provided previously.

   e. Date applicant will be ready for service.

   f. Indication of whether premises have been supplied with utility service previously.

   g. Purpose for which service is to be used.

   h. Indication of whether applicant is owner or tenant of or agent for the premises.

   i. Information concerning the energy and demand requirements of the customer.

   j. Type and kind of life-support equipment, if any, used by the customer.

2. 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.

~~2~~3. A utility may require a new applicant for service to appear at the utility's designated place of business to produce proof of identity and sign the utility's application form.

~~3~~4. Where service is requested by 2 or more individuals the utility shall have the right to collect the full amount owed to the utility from any 1 of the applicants.

B. Deposits

1. A utility shall not require a deposit from a new applicant for residential service if the applicant is able to meet any of the following requirements:

   a. The applicant has had service of a comparable nature with the utility within the past 2 years and was not delinquent in payment more than twice during the last 12 consecutive months or disconnected for nonpayment.

   b. The applicant can produce a letter regarding credit or verification from an electric utility where service of a comparable nature was last received which states applicant had a timely payment history at time of service discontinuance.

   c. In lieu of a deposit, a new applicant may provide a Letter of Guarantee from a governmental or nonprofit entity or a surety bond as security for the utility.

2. The utility may issue a nonnegotiable receipt to the applicant for the deposit. The inability of the customer to produce such a receipt shall in no way impair his right to receive a refund of the deposit which is reflected on the utility's records.

3. Deposits shall be interest bearing; the interest rate and method of calculation shall be filed with and approved by the Commission in a tariff proceeding.

4. Each utility shall file a deposit refund procedure with the Commission, through Docket Control, subject to Commission review and approval during a tariff proceeding. However, each utility's refund policy shall include provisions for residential deposits and accrued interest to be refunded or letters of guarantee or surety bonds to expire after 12 months of service if the customer has not been delinquent more than twice in the payment of utility bills.

5. A utility may require a residential customer to establish or reestablish a deposit if the customer becomes delinquent in the payment of 2 bills within a 12-consecutive-month period or has been disconnected for service during the last 12 months.

6. The amount of a deposit required by the utility shall be determined according to the following terms:

a. Residential customer deposits shall not exceed 2 times that customer's estimated average monthly bill.

b. Nonresidential customer deposits shall not exceed 2 ½ times that customer's estimated maximum monthly bill.

7. The utility may review the customer's usage after service has been connected and adjust the deposit amount based upon the customer's actual usage.

8. A separate deposit may be required for each meter installed.

9. If a Utility Distribution Company's customer with an established deposit elects to take competitive services from an Electric Service Provider, and is not currently delinquent in payments to the Utility Distribution Company, the Utility Distribution Company will refund a portion of the customer's deposit in proportion to the expected decrease in monthly billing. A customer returning to Standard Offer Service may be required to increase an established deposit in proportion to the expected increase in monthly billing.

C. Grounds for refusal of service

A utility may refuse to establish service if any of the following conditions exist:

1. The applicant has an outstanding amount due for the same class of utility service with the utility, and the applicant is unwilling to make arrangements with the utility for payment.

2. A condition exists which in the utility's judgment is unsafe or hazardous to the applicant, the general population, or the utility's personnel or facilities.

3. Refusal by the applicant to provide the utility with a deposit when the customer has failed to meet the credit criteria for waiver of deposit requirements.

4. Customer is known to be in violation of the utility's tariffs filed with the Commission.

5. Failure of the customer to furnish such funds, service, equipment, or rights-of-way necessary to serve the customer and which have been specified by the utility as a condition for providing service.

6. Applicant falsifies their identity for the purpose of obtaining service.

D. Service establishments, re-establishments or reconnection charge

1. Each utility may make a charge as approved by the Commission for the establishment, reestablishment, or reconnection of utility services, including transfers between Electric Service Providers.

2. Should service be established during a period other than regular working hours at the customer's request, the customer may be required to pay an after-hour charge for the service connection. Where the utility scheduling will not permit service establishment on the same day requested, the customer can elect to pay the after-hour charge for establishment that day or the customer's service will be established on the next available normal working day.

3. For the purpose of this rule, the definition of service establishments are where the customer's facilities are ready and acceptable to the utility and the utility needs only to install a meter, read a meter, or turn the service on.

4. Service establishments with an Electric Service Provider will be scheduled for the next regular meter read date if the direct access service request is provided 15 calendar days prior to that date and appropriate metering equipment is in place. If a direct access service request is made in less than 15 days prior to the next regular read date, service will be established at the next regular meter read date thereafter. The utility may offer after-hours or earlier service for a fee. This section shall not apply to the establishment of new service but is limited to a change of providers of existing electric service.

E. Temporary service

1. Applicants for temporary service may be required to pay the utility, in advance of service establishment, the estimated cost of installing and removing the facilities necessary for furnishing the desired service.

2. Where the duration of service is to be less than one month, the applicant may also be required to advance a sum of money equal to the estimated bill for service.

3. Where the duration of service is to exceed one month, the applicant may also be required to meet the deposit requirements of the utility.

4. If at any time during the term of the agreement for services the character of a temporary customer's operations changes so that in the opinion of the utility the customer is classified as permanent, the terms of the utility's line extension rules shall apply.

R14-2-204. Minimum Customer Information Requirements

A. Information for residential customers

1. A utility shall make available upon customer request not later than 15 days from the date of request a concise summary of the rate schedule applied for by such customer. The summary shall include the following:

   a. The monthly minimum or customer charge, identifying the amount of the charge and the specific amount of usage included in the minimum charge, where applicable.

   b. Rate blocks, where applicable.

   c. Any adjustment factor and method of calculation.

2. The utility shall to the extent practical identify its tariff that is most advantageous to the customer and notify the customer of such prior to service commencement.

3. In addition, a utility shall make available upon customer request, not later than 60 days from date of service commencement, a concise summary of the utility's tariffs or the Commission's rules and regulations concerning:

   a. Deposits

   b. Termination of service

   c. Billing and collection

   d. Complaint handling.

4. Each utility upon request of a customer shall transmit a written statement of actual consumption by such customer for each billing period during the prior 12 months unless such data is not reasonably ascertainable.

5. Each utility shall inform all new customers of their right to obtain the information specified above.

B. Information required due to changes in tariffs

1. Each utility shall transmit to affected customers a concise summary of any change in the utility's tariffs affecting those customers.

2. This information shall be transmitted to the affected customer within 60 days of the effective date of the change.

R14-2-205. Master Metering

A. Mobile home parks -- new construction/expansion

1. A utility shall refuse service to all new construction or expansion of existing permanent residential mobile home parks unless the construction or expansion is individually metered by the utility. Line extensions and service connections to serve such expansion shall be governed by the line extension and service connection tariff of the appropriate utility.

2. Permanent residential mobile home parks for the purpose of this rule shall mean mobile home parks where, in the opinion of the utility, the average length of stay for an occupant is a minimum of 6 months.

3. For the purpose of this rule, expansion means the acquisition of additional real property for permanent residential spaces in excess of that existing at the effective date of this rule.

B. Residential apartment complexes, condominiums, and other multiunit residential buildings

1. Master metering shall not be allowed for new construction of apartment complexes and condominiums unless the building or buildings will be served by a centralized heating, ventilation or air conditioning system and the contractor can provide to the utility an analysis demonstrating that the central unit will result in a favorable cost/benefit relationship.

2. At a minimum, the cost/benefit analysis should consider the following elements for a central unit as compared to individual units:

   a. Equipment and labor costs,

   b. Financing costs,

c. Maintenance costs,

d. Estimated kwh usage,

e. Estimated kw demand on a coincident demand and noncoincident demand basis (for individual units),

f. Cost of meters and installation, and

g. Customer accounting cost (one account vs. several accounts).

R14-2-206. Service Lines and Establishments

A. Priority and timing of service establishments

1. After an applicant has complied with the utility's application and deposit requirements and has been accepted for service by the utility, the utility shall schedule that customer for service establishment.

2. Service establishments shall be scheduled for completion within 5 working days of the date the customer has been accepted for service, except in those instances when the customer requests service establishment beyond the 5 working day limitation.

3. When a utility has made arrangements to meet with a customer for service establishment purposes and the utility or the customer cannot make the appointment during the prearranged time, the utility shall reschedule the service establishment to the satisfaction of both parties.

4. A utility shall schedule service establishment appointments within a maximum range of four hours during normal working hours, unless another time frame is mutually acceptable to the utility and the customer.

5. Service establishments shall be made only by qualified utility service personnel.

6. For the purposes of this rule, service establishments are where the customer's facilities are ready and acceptable to the utility and the utility needs only to install or read a meter or turn the service on.

B. Service lines

1. Customer provided facilities

a. Each applicant for services shall be responsible for all inside wiring including the service entrance and meter socket.

b. Meters and service switches in conjunction with the meter shall be installed in a location where the meters will be readily and safely accessible for reading, testing and inspection and where such activities will cause the least interference and inconvenience to the customer. However, the meter locations shall not be on the front exterior wall of the home; or in the carport or garage, unless mutually agreed to between the home builder or customer and the utility. The customer shall provide, without cost to the utility, at a suitable and easily accessible location, sufficient and proper space for installation of meters.

c. Where the meter or service line location on the customer's premises is changed at the request of the customer or due to alterations on the customer's premises, the customer shall provide and have installed at his expense all wiring and equipment necessary for relocating the meter and service line connection and the utility may make a charge for moving the meter or service line.

2. Company provided facilities

a. Each utility shall file, in Docket Control, for Commission approval, a service line tariff which defines the maximum footage or equipment allowance to be provided by the utility at no charge. The maximum footage or equipment allowance may be differentiated by customer class.

b. The cost of any service line in excess of that allowed at no charge shall be paid for by the customer as a contribution in aid of construction.

c. A customer requesting an underground service line in an area served by overhead facilities shall pay for the difference between an overhead service connection and the actual cost of the underground connection as a nonrefundable contribution.

C. Easements and rights-of-way

1. Each customer shall grant adequate easement and right-of-way satisfactory to the utility to ensure that customer's proper service connection. Failure on the part of the customer to grant adequate easement and right-of-way shall be grounds for the utility to refuse service.

2. When a utility discovers that a customer or customer's agent is performing work or has constructed facilities adjacent to or within an easement or right-of-way and such work, construction or facility poses a hazard or is in violation of federal, state or local laws, ordinances, statutes, rules or regulations, or significantly interferes with the utility's access to equipment, the utility shall notify the customer or customer's agent and shall take whatever actions are necessary to eliminate the hazard, obstruction or violation at the customer's expense.

R14-2-207. Line Extensions

A. General requirements

1. Each utility shall file, in Docket Control, for Commission approval, a line extension tariff which incorporates the provisions of this rule and specifically defines the conditions governing line extensions.

2. Upon request by an applicant for a line extension, the utility shall prepare, without charge, a preliminary sketch and rough estimate of the cost of installation to be paid by said applicant.

3. Any applicant for a line extension requesting the utility to prepare detailed plans, specifications, or cost estimates may be required to deposit with the utility an amount equal to the estimated cost of preparation. The utility shall, upon request, make available within 90 days after receipt of the deposit referred to above, such plans, specifications, or cost estimates of the proposed line extension. Where the applicant authorizes the utility to proceed with construction of the extension, the deposit shall be credited to the cost of construction; otherwise the deposit shall be nonrefundable. If the extension is to include oversizing of facilities to be done at the utility's expense, appropriate details shall be set

forth in the plans, specifications and cost estimates. Subdivisions providing the utility with approved plats shall be provided with plans, specifications, or cost estimates within 45 days after receipt of the deposit referred to above.

4. Where the utility requires an applicant to advance funds for a line extension, the utility shall furnish the applicant with a copy of the line extension tariff of the appropriate utility prior to the applicant's acceptance of the utility's extension agreement.

5. All line extension agreements requiring payment by the applicant shall be in writing and signed by each party.

6. The provisions of this rule apply only to those applicants who in the utility's judgment will be permanent customers of the utility. Applications for temporary service shall be governed by the Commission's rules concerning temporary service applications.

B. Minimum written agreement requirements

1. Each line extension agreement shall, at a minimum, include the following information:

   a. Name and address of applicant or applicants;

   b. Proposed service address or location;

   c. Description of requested service;

   d. Description and sketch of the requested line extension;

   e. A cost estimate to include materials, labor, and other costs as necessary;

   f. Payment terms;

   g. A concise explanation of any refunding provisions, if applicable;

   h. The utility's estimated start date and completion date for construction of the line extension; and

   i. A summary of the results of the economic feasibility analysis performed by the utility to determine the amount of advance required from the applicant for the proposed line extension.

2. Each applicant shall be provided with a copy of the written line extension agreement.

C. Line extension requirements

1. Each line extension tariff shall include the following provisions:

   a. A maximum footage or equipment allowance to be provided by the utility at no charge. The maximum footage or equipment allowance may be differentiated by customer class.

   b. An economic feasibility analysis for those extensions which exceed the maximum footage or equipment allowance. Such economic feasibility analysis shall consider the incremental revenues and costs associated with the line extension. In those instances where the requested line extension does not meet the economic feasibility criteria established by the utility, the utility may require the customer to provide funds to the utility, which will make the line extension economically feasible. The methodology employed by the utility in determining economic feasibility shall be applied uniformly and consistently to each applicant requiring a line extension.

   c. The timing and methodology by which the utility will refund any advances in aid of construction as additional customers are served off the line extension. The customer may request an annual survey to determine if additional customers have been connected to and are using service from the extension. In no case shall the amount of the refund exceed the amount originally advanced.

   d. All advances in aid of construction shall be noninterest bearing.

   e. If after 5 years from the utility's receipt of the advance, the advance has not been totally refunded, the advance shall be considered a contribution in aid of construction and shall no longer be refundable.

D. Residential subdivision development and permanent mobile home parks

Each utility shall submit as a part of its line extension tariff separate provisions for residential subdivision developments and permanent mobile home parks.

E. Single phase underground extensions in subdivision developments

1. Extensions of single phase electric lines necessary to furnish permanent electric service to new residential buildings or mobile homes within a subdivision, in which facilities for electric service have not been constructed, for which applications are made by a developer shall be installed underground in accordance with the provisions set forth in this rule except where it is not feasible from an engineering, operational, or economic standpoint.

2. Rights-of-way easements

   a. The utility shall construct or cause to be constructed and shall own, operate and maintain all underground electric distribution and service lines along public streets, roads and highways and on public lands and private property which the utility has the legal right to occupy.

   b. Rights-of-way and easements suitable to the utility must be furnished by the developer at no cost to the utility and in reasonable time to meet service requirements. No underground electric facilities shall be installed by a utility until the final grades have been established and furnished to the utility. In addition, the easement strips, alleys and streets must be graded to within 6 inches of final grade by the developer before the utility will commence construction. Such clearance and grading must be maintained by the developer during construction by the utility.

   c. If, subsequent to construction, the clearance or grade is changed in such a way as to require relocation of the underground facilities or results in damage to such facilities, the cost of such relocation or resulting repairs shall be borne by the developer.

3. Installation of single phase underground electric lines within a subdivision

   a. The developer shall provide the trenching, backfill (including any imported backfill required), compaction, repaving, and any earthwork for pull boxes and

transformer pad sites required to install the underground electric system all in accordance with the specifications and schedules of the utility.

b. Each utility shall inspect the trenching provided by the developer within 24 hours after a mutually agreed upon trench opening date, and allow for phased inspection of trenching as mutually agreed upon by the developer and utility. In all cases, the utility shall make every effort to expedite the inspection of developer provided trenching. The utility shall assume responsibility for the trench within 3 working days after the utility has inspected and approved the trenching.

c. The utility shall install or cause to be installed underground electric lines and related equipment in accordance with the applicable provisions of the 1997 edition (and no future editions) of ANSI C2 (National Electrical Safety Code) with sufficient capacity and suitable materials which shall assure adequate and reasonable electric service in the foreseeable future. ANSI C2 is incorporated by reference, and on file with the Office of the Secretary of State. Copies are available from the Institute of Electrical and Electronic Engineers, Inc., 345 East 47th Street, New York, New York 10017.

d. Underground service lines from underground residential distribution systems shall be owned, operated and maintained by the utility, and shall be installed pursuant to its effective underground line extension and service connection tariffs on file with the Commission.

4. Special conditions

a. When the application of any of the provisions of R14-2-207(E) appears to either party not to be feasible from an engineering, operational or economic standpoint, the utility or the developer may refer the matter to the Commission for a determination as to whether an exception to the underground policy

expressed within the provisions of this rule is warranted. Interested 3rd parties may present their views to the Commission in conjunction with such referrals.

b. Notwithstanding any provision of this regulation to the contrary, no utility shall construct overhead single phase electric lines in any new subdivision to which this rule is applicable and which is contiguous to another subdivision in which electric service is furnished underground without the approval of the Commission.

c. Underground service lines installed pursuant to this rule (R14-2-207(E)) and accepted by the utility shall not be replaced with an overhead distribution pole line except upon a verified application of the utility, as stated in R14-2-207(E)(4)(a).

5. Nonapplicability

a. Any underground electric distribution system requiring more than single phase service is not covered by this regulation and shall be constructed pursuant to the effective line extension rules and regulations or policies of the affected utility on file with the Commission.

b. If there are 1 or more existing distribution pole lines on or across a recorded subdivision at the time of the application for electrical service for the subdivision and the line will be utilized in the subdivision. (This would not apply if the pole line were serving a building or groups of buildings or any other type of service which would be removed before construction is finished.)

c. A distribution pole line that parallels a boundary of a subdivision and this line can serve lots within the subdivision.

d. Subdivisions recorded prior to the effective date of this rule shall be governed by the terms and conditions of R14-2-207(E).

F. Ownership of facilities

1. Any facilities installed hereunder shall be the sole property of the utility.

R14-2-208. Provision of Service

A. Utility responsibility

1. Each utility shall be responsible for the safe transmission and distribution of electricity until it passes the point of delivery to the customer.

2. The entity having control of the meter shall be responsible for maintaining in safe operating condition all meters, equipment, and fixtures installed on the customer's premises by the entity for the purposes of delivering electric service to the customer.

3. The Utility Distribution Company may, at its option, refuse service until the customer has obtained all required permits and inspections indicating that the customer's facilities comply with local construction and safety standards.

B. Customer responsibility

1. Each customer shall be responsible for maintaining all customer facilities on the customer's side of the point of delivery in safe operating condition.

2. Each customer shall be responsible for safeguarding all utility property installed in or on the customer's premises for the purpose of supplying utility service to that customer.

3. Each customer shall exercise all reasonable care to prevent loss or damage to utility property, excluding ordinary wear and tear. The customer shall be responsible for loss of or damage to utility property on the customer's premises arising from neglect, carelessness, or misuse and shall reimburse the utility for the cost of necessary repairs or replacements.

4. Each customer shall be responsible for payment for any equipment damage and estimated unmetered usage resulting from unauthorized breaking of seals, interfering, tampering and bypassing the utility meter.

5. Each customer shall be responsible for notifying the utility of any equipment failure identified in the utility's equipment.

C. Continuity of service

1. Each utility shall make reasonable efforts to supply a satisfactory and continuous level of service. However, no utility shall be responsible for any damage or claim of damage attributable to any interruption or discontinuation of service resulting from:

   a. Any cause against which the utility could not have reasonably foreseen or made provision for, that is, force majeure.

   b. Intentional service interruptions to make repairs or perform routine maintenance.

   c. Curtailment.

D. Service interruptions

1. Each utility shall make reasonable efforts to reestablish service within the shortest possible time when service interruptions occur.

2. Each utility shall make reasonable provisions to meet emergencies resulting from failure of service, and each utility shall issue instructions to its employees covering procedures to be followed in the event of emergency in order to prevent or mitigate interruption or impairment of service.

3. In the event of a national emergency or local disaster resulting in disruption of normal service, the utility may, in the public interest, interrupt service to other customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.

4. When a utility plans to interrupt service for more than 4 hours to perform necessary repairs or maintenance, the utility shall attempt to inform affected customers at least 24 hours in advance of the scheduled date and estimated duration of the service interruption. Such repairs shall be completed in the shortest possible time to minimize the inconvenience to the customers of the utility.

5. The Commission, Consumer Services Section, shall be notified of interruption in service affecting the entire system or any significant portion thereof. The interruption of service and cause shall be reported by telephone to the Commission within 2 hours after the

responsible representative of the utility becomes aware of said interruption and followed by a written report to the Commission.

E. Curtailment

Each utility shall file with the Commission, through Docket Control, as a part of its general tariffs a procedural plan for handling severe supply shortages or service curtailments. The plan shall provide for equitable treatment of individual customer classes in the most reasonable and effective manner given the existing circumstances. When the availability of service is so restricted that the reduction of service on a proportionate basis to all customer classes will not maintain the integrity of the total system, the utility shall develop procedures to curtail service giving service priority to those customers and customer classes where health, safety and welfare would be adversely affected.

F. Construction standard and safety

1. Each utility shall construct all facilities in accordance with the provisions of the 1997 edition (and no future editions) of ANSI C2 (National Electrical Safety Code, incorporated by reference and on file with the Office of the Secretary of State, and the 1995 edition (and no future editions) of ANSI B31.1 (ASME Code for Pressure Piping), incorporated by reference and on file with the Office of the Secretary of State. Copies of the National Electrical Safety Code are available from the Institute of Electrical and Electronic Engineers, Inc., 345 East 47th Street, New York, New York 10017. Copies of the ASME Code for Pressure Piping are available from the American Society of Mechanical Engineers, 345 East 47th Street, New York, New York 10017.

2. Each utility shall adopt a standard alternating nominal voltage or standard alternating nominal voltages (as may be required by its distribution system) for its entire service area or for each of the several districts into which the system may be divided, which standard voltage or voltages shall be stated in the rules and regulations of each utility and shall be measured at the customer's service entrance. Each utility shall, under normal operating conditions, maintain its standard voltage within the limits of the 1989 edition (and no

future editions) of ANSI C84.1 (American National Standard for Electric Power Systems and Equipment-Voltage Ratings [60Hz]), incorporated by reference and on file with the Office of the Secretary of State. Copies are available from the American National Standards Institute, 1430 Broadway, New York, New York 10018.

R14-2-209. Meter Reading

A. Company or customer meter reading

1. Each utility, billing entity or Meter Reading Service Provider may at its discretion allow for customer reading of meters.
2. It shall be the responsibility of the utility or Meter Reading Service Provider to inform the customer how to properly read his or her meter.
3. Where a customer reads his or her own meter, the utility or Meter Reading Service Provider will read the customer's meter at least once every 6 months.
4. The utility, billing entity or Meter Reading Service Provider shall provide the customer with postage-paid cards or other methods to report the monthly reading.
5. Each utility or Meter Reading Service Provider shall specify the timing requirements for the customer to submit his or her monthly meter reading to conform with the utility's billing cycle.
6. Where the Electric Service Provider is responsible for meter reading, reads will be available for the Utility Distribution Company's or billing entity's billing cycle for that customer, or as otherwise agreed upon by the Electric Service Provider and the Utility Distribution Company or billing entity.
7. In the event the customer fails to submit the reading on time, the utility or billing entity may issue the customer an estimated bill.
8. In the event the Electric Service Provider responsible for meter reading fails to deliver reads to the Meter Reader Service Provider server within 3 days of the scheduled cycle read date, the Affected Utility may estimate the reads. In the event the Affected Utility responsible for meter reading fails to deliver reads to the Meter Reader Service Provider

server within 3 days of the scheduled cycle read date, the Electric Service Provider may estimate the reads.

9. Meters shall be read monthly on as close to the same day as practical.

B. Measuring of service

1. All energy sold to customers and all energy consumed by the utility, except that sold according to fixed charge schedules, shall be measured by commercially acceptable measuring devices, except where it is impractical to install meters, such as street lighting or security lighting, or where otherwise authorized by the Commission.

2. When there is more than 1 meter at a location, the metering equipment shall be so tagged or plainly marked as to indicate the circuit metered or metering equipment.

3. Meters which are not direct reading shall have the multiplier plainly marked on the meter.

4. All charts taken from recording meters shall be marked with the date of the record, the meter number, customer, and chart multiplier.

5. Metering equipment shall not be set "fast" or "slow" to compensate for supply transformer or line losses.

C. Meter rereads

1. Each utility or Meter Reading Service Provider shall at the request of a customer, or the customer's Electric Service Provider, Utility Distribution Company (as defined in A.A.C. R14-2-1601) or billing entity reread that customer's meter within 10 working days after such a request.

2. Any reread may be charged to the customer, or the customer's Electric Service Provider, Utility Distribution Company (as defined in A.A.C. R14-2-1601) or billing entity making the request at a rate on file and approved by the Commission, provided that the original reading was not in error.

3. When a reading is found to be in error, the reread shall be at no charge to the customer, or the customer's Electric Service Provider, Utility Distribution Company (as defined in A.A.C. R14-2-1601), or billing entity.

D. Access to customer premises. Each utility shall have the right of safe ingress to and egress from the customer's premises at all reasonable hours for any purpose reasonably connected with property used in furnishing service and the exercise of any and all rights secured to it by law or these rules.

E. Meter testing and maintenance program

1. Each utility shall file with the Commission, through the Compliance Section, a plan for the routine maintenance and replacement of meters which meets the requirements of the 1995 edition (and no future editions) of ANSI C12.1 (American National Standard Code for Electricity Metering), incorporated by reference and on file with the Office of the Secretary of State. Copies are available from the Institute of Electrical and Electronics Engineers, Inc., 345 East 47th Street, New York, New York 10017.

2. Each utility shall file an annual report with the Commission, through Docket Control, summarizing the results of the meter maintenance and testing program for that year. At a minimum, the report should include the following data:

   a. Total number of meters tested, at company initiative or upon customer request.

   b. Number of meters tested which were outside the acceptable error allowance of +3%.

F. Request for meter tests. A utility or Meter Service Provider shall test a meter upon the request of the customer, or the customer's Electric Service Provider, Utility Distribution Company (as defined in A.A.C. R14-2-1601) or billing entity, and each utility or billing entity shall be authorized to charge the customer, or the customer's Electric Service Provider, Utility Distribution Company (as defined in A.A.C. R14-2-1601) or billing entity for such meter test according to the tariff on file and approved by the Commission. However, if the meter is found to be in error by more than 3%, no meter testing fee will be charged to the customer, or the customer's Electric Service Provider, Utility Distribution Company or billing entity.

R14-2-210. Billing and Collection

A. Frequency and estimated bills

1. Unless otherwise approved by the Commission, the utility or billing entity shall render a bill for each billing period to every customer in accordance with its applicable rate schedule and may offer billing options for the services rendered. Meter readings shall be scheduled for periods of not less than 25 days or more than 35 days without customer authorization. If the utility or Meter Reading Service Provider changes a meter reading route or schedule resulting in a significant alteration of billing cycles, notice shall be given to the affected customers.

2. Each billing statement rendered by the utility or billing entity shall be computed on the actual usage during the billing period. If the utility or Meter Reading Service Provider is unable to obtain an actual reading, the utility or billing entity may estimate the consumption for the billing period giving consideration to the following factors where applicable:

   a. The customer's usage during the same month of the previous year,

   b. The amount of usage during the preceding month.

3. Estimated bills will be issued only under the following conditions unless otherwise approved by the Commission:

   a. When extreme weather conditions, emergencies, or work stoppages prevent actual meter readings.

   b. Failure of a customer who reads his own meter to deliver his meter reading to the utility or Meter Reading Service Provider in accordance with the requirements of the utility or Meter Reading Service Provider billing cycle.

   c. When the utility or Meter Reading Service Provider is unable to obtain access to the customer's premises for the purpose of reading the meter, or in situations where the customer makes it unnecessarily difficult to gain access to the meter, that is, locked gates, blocked meters, vicious or dangerous animals. If the utility or Meter Reading Service Provider is unable to obtain an actual reading for

these reasons, it shall undertake reasonable alternatives to obtain a customer reading of the meter.

d. Due to customer equipment failure, a 1-month estimation will be allowed. Failure to remedy the customer equipment condition will result in penalties for Meter Service Providers as imposed by the Commission.

e. To facilitate timely billing for customers using load profiles.

4. After the 3rd consecutive month of estimating the customer's bill due to lack of meter access, the utility or Meter Reading Service Provider will attempt to secure an accurate reading of the meter. Failure on the part of the customer to comply with a reasonable request for meter access may lead to discontinuance of service.

5. A utility or billing entity may not render a bill based on estimated usage if:

a. The estimating procedures employed by the utility or billing entity have not been approved by the Commission.

b. The billing would be the customer's 1st or final bill for service.

c. The customer is a direct-access customer requiring load data.

d. The utility can obtain customer-supplied meter readings to determine usage.

6. When a utility or billing entity renders an estimated bill in accordance with these rules, it shall:

a. Maintain accurate records of the reasons therefore and efforts made to secure an actual reading;

b. Clearly and conspicuously indicate that it is an estimated bill and note the reason for its estimation.

B. Combining meters, minimum bill information

1. Each meter at a customer's premise will be considered separately for billing purposes, and the readings of 2 or more meters will not be combined unless otherwise provided for in the utility's tariffs. This provision does not apply in the case of aggregation of competitive services as described in A.A.C. R14-2-1601.

2. Each bill for residential service will contain the following minimum information:

   a. The beginning and ending meter readings of the billing period, the dates thereof, and the number of days in the billing period;

   b. The date when the bill will be considered due and the date when it will be delinquent, if not the same;

   c. Billing usage, demand (if measured), basic monthly service charge, and total amount due;

   d. Rate schedule number or service offer;

   e. Customer's name and service account number;

   f. Any previous balance;

   g. Fuel adjustment cost, where applicable;

   h. License, occupation, gross receipts, franchise, and sales taxes;

   i. The address and telephone numbers of the Electric Service Provider, and/or the Utility Distribution Company, designating where the customer may initiate an inquiry or complaint concerning the bill or services rendered;

   j. The Arizona Corporation Commission address and toll-free telephone numbers;

   k. Other unbundled rates and charges.

C. Billing terms

1. All bills for utility services are due and payable no later than 15 days from the date of the bill. Any payment not received within this time-frame shall be considered delinquent and could incur a late payment charge.

2. For purposes of this rule, the date a bill is rendered may be evidenced by:

   a. The postmark date;

   b. The mailing date;

   c. The billing date shown on the bill (however, the billing date shall not differ from the postmark or mailing date by more than 2 days); and

   d. The transmission date for electronic bills.

3. All delinquent bills shall be subject to the provisions of the utility's termination procedures.

4. All payments shall be made at or mailed to the office of the utility or to the utility's authorized payment agency or the office of the billing entity. The date on which the utility actually receives the customer's remittance is considered the payment date.

D. Applicable tariffs, prepayment, failure to receive, commencement date, taxes

1. Each customer shall be billed under the applicable tariff indicated in the customer's application for service.

2. Each utility or billing entity shall make provisions for advance payment of utility services.

3. Failure to receive bills or notices which have been properly placed in the United States mail shall not prevent such bills from becoming delinquent nor relieve the customer of his obligations therein.

4. Charges for electric service commence when the service is actually installed and connection made, whether used or not. A minimum 1-month billing period is established on the date the service is installed (excluding landlord/utility special agreements).

5. Charges for services disconnected after 1 month shall be prorated back to the customer of record.

E. Meter error corrections

1. If a tested meter is found to be more than 3% in error, either fast or slow, the correction of previous bills will be made under the following terms allowing the utility or billing entity to recover or refund the difference:

   a. If the date of the meter error can be definitely fixed, the utility or billing entity shall adjust the customer's billings back to that date. If the customer has been underbilled, the utility or billing entity will allow the customer to repay this difference over an equal length of time that the underbillings occurred. The

customer may be allowed to pay the backbill without late payment penalties, unless there is evidence of meter tampering or energy diversion.

b. If it is determined that the customer has been overbilled and there is no evidence of meter tampering or energy diversion, the utility or billing entity will make prompt refunds in the difference between the original billing and the corrected billing within the next billing cycle.

2. No adjustment shall be made by the utility except to the customer last served by the meter tested.

3. Any underbilling resulting from a stopped or slow meter, utility or Meter Reading Service Provider meter reading error, or a billing calculation shall be limited to 3 months for residential customers and 6 months for nonresidential customers. However, if an underbilling by the utility occurs due to inaccurate, false, or estimated information from a 3rd party, then that utility will have a right to backbill that 3rd party to the point in time that may be definitely fixed, or 12 months. No such limitation will apply to overbillings.

F. Insufficient funds (NSF) or returned checks

1. A utility or billing entity shall be allowed to recover a fee, as approved by the Commission in a tariff proceeding, for each instance where a customer tenders payment for electric service with a check or other financial instrument which is returned by the customer's bank, or other financial institution.

2. When the utility or billing entity is notified by the customer's bank or other financial institution that the check or other financial instrument tendered for utility service will not clear, the utility or billing entity may require the customer to make payment in cash, by money order, certified check, or other means to guarantee the customer's payment.

3. A customer who tenders such a check shall in no way be relieved of the obligation to render payment to the utility or billing entity under the original terms of the bill nor defer the utility's provision of termination of service for nonpayment of bills.

G. Levelized billing plan

1. Each utility may, at its option, offer its customers a levelized billing plan.

2. Each utility offering a levelized billing plan shall develop, upon customer request, an estimate of the customer's levelized billing for a 12-month period based upon:

   a. Customer's actual consumption history, which may be adjusted for abnormal conditions such as weather variations.

   b. For new customers, the utility will estimate consumption based on the customer's anticipated load requirements.

   c. The utility's tariff schedules approved by the Commission applicable to that customer's class of service.

3. The utility shall provide the customer a concise explanation of how the levelized billing estimate was developed, the impact of levelized billing on a customer's monthly utility bill, and the utility's right to adjust the customer's billing for any variation between the utility's estimated billing and actual billing.

4. For those customers being billed under a levelized billing plan, the utility shall show, at a minimum, the following information on their monthly bill:

   a. Actual consumption,

   b. Dollar amount due for actual consumption,

   c. Levelized billing amount due, and

   d. Accumulated variation in actual-versus-levelized billing amount.

5. The utility may adjust the customer's levelized billing in the event the utility's estimate of the customer's usage or cost should vary significantly from the customer's actual usage or cost; such review to adjust the amount of the levelized billing may be initiated by the utility or upon customer request.

H. Deferred payment plan

1. Each utility may, prior to termination, offer to qualifying residential customers a deferred payment plan for the customer to retire unpaid bills for utility service.

2. Each deferred payment agreement entered into by the utility and the customer shall provide that service will not be discontinued if:

   a. Customer agrees to pay a reasonable amount of the outstanding bill at the time the parties enter into the deferred payment agreement.

   b. Customer agrees to pay all future bills for utility service in accordance with the billing and collection tariffs of the utility.

   c. Customer agrees to pay a reasonable portion of the remaining outstanding balance in installments over a period not to exceed 6 months.

3. For the purposes of determining a reasonable installment payment schedule under these rules, the utility and the customer shall give consideration to the following conditions:

   a. Size of the delinquent account,

   b. Customer's ability to pay,

   c. Customer's payment history,

   d. Length of time that the debt has been outstanding,

   e. Circumstances which resulted in the debt being outstanding, and

   f. Any other relevant factors related to the circumstances of the customer.

4. Any customer who desires to enter into a deferred payment agreement shall establish such agreement prior to the utility's scheduled termination date for nonpayment of bills. The customer's failure to execute such an agreement prior to the termination date will not prevent the utility from disconnecting service for nonpayment.

5. Deferred payment agreements may be in writing and may be signed by the customer and an authorized utility representative.

6. A deferred payment agreement may include a finance charge as approved by the Commission in a tariff proceeding.

7. If a customer has not fulfilled the terms of a deferred payment agreement, the utility shall have the right to disconnect service pursuant to the utility's termination of service rules.

Under such circumstances, it shall not be required to offer subsequent negotiation of a deferred payment agreement prior to disconnection.

I. Change of occupancy

1. To order service discontinued or to change occupancy, the customer must give the utility at least 3 working days advance notice in person, in writing, or by telephone.

2. The outgoing customer shall be responsible for all utility services provided or consumed up to the scheduled turnoff date.

3. The outgoing customer is responsible for providing access to the meter so that the utility may obtain a final meter reading.

R14-2-211. Termination of Service

A. Nonpermissible reasons to disconnect service

1. A utility may not disconnect service for any of the reasons stated below:

   a. Delinquency in payment for services rendered to a prior customer at the premises where service is being provided, except in the instance where the prior customer continues to reside on the premises.

   b. Failure of the customer to pay for services or equipment which are not regulated by the Commission.

   c. Nonpayment of a bill related to another class of service.

   d. Failure to pay for a bill to correct a previous underbilling due to an inaccurate meter or meter failure if the customer agrees to pay over a reasonable period of time.

   e. A utility shall not terminate residential service where the customer has an inability to pay and:

      i. The customer can establish through medical documentation that, in the opinion of a licensed medical physician, termination would be especially dangerous to the health of a customer~~'s~~ or a permanent resident residing on the customer's premises ~~health~~, or

ii. Life supporting equipment used in the home that is dependent on utility service for operation of such apparatus, or

iii. Where weather will be especially dangerous to health as defined herein or as determined by the Commission.

f. Residential service to ill, elderly, or handicapped persons who have an inability to pay will not be terminated until all of the following have been attempted:

i. The customer has been informed of the availability of funds from various government and social assistance agencies of which the utility is aware.

ii. A 3rd party previously designated by the customer has been notified and has not made arrangements to pay the outstanding utility bill.

g. A customer utilizing the provisions of subsection (d) or (e) above may be required to enter into a deferred payment agreement with the utility within 10 days after the scheduled termination date.

h. Disputed bills where the customer has complied with the Commission's rules on customer bill disputes.

B. Termination of service without notice

1. In a competitive marketplace, the Electric Service Provider cannot order a disconnect for nonpayment but can only send a notice of contract cancellation to the customer and the Utility Distribution Company. Utility service may be disconnected without advance written notice under the following conditions:

a. The existence of an obvious hazard to the safety or health of the consumer or the general population or the utility's personnel or facilities.

b. The utility has evidence of meter tampering or fraud.

c. Failure of a customer to comply with the curtailment procedures imposed by a utility during supply shortages.

2. The utility shall not be required to restore service until the conditions which resulted in the termination have been corrected to the satisfaction of the utility.

3. Each utility shall maintain a record of all terminations of service without notice. This record shall be maintained for a minimum of 1 year and shall be available for inspection by the Commission.

C. Termination of service with notice

1. In a competitive marketplace, the Electric Service Provider cannot order a disconnect for nonpayment but can only send a notice of contract cancellation to the customer and the Utility Distribution Company. A utility may disconnect service to any customer for any reason stated below provided the utility has met the notice requirements established by the Commission:

   a. Customer violation of any of the utility's tariffs,

   b. Failure of the customer to pay a delinquent bill for utility service,

   c. Failure to meet or maintain the utility's deposit requirements,

   d. Failure of the customer to provide the utility reasonable access to its equipment and property,

   e. Customer breach of a written contract for service between the utility and customer,

   f. When necessary for the utility to comply with an order of any governmental agency having such jurisdiction.

2. Each utility shall maintain a record of all terminations of service with notice. This record shall be maintained for 1 year and be available for Commission inspection.

D. Termination notice requirements

1. No utility shall terminate service to any of its customers without providing advance written notice to the customer of the utility's intent to disconnect service, except under those conditions specified where advance written notice is not required.

2. Such advance written notice shall contain, at a minimum, the following information:

a. The name of the person whose service is to be terminated and the address where service is being rendered.

b. The utility tariff that was violated and explanation thereof or the amount of the bill which the customer has failed to pay in accordance with the payment policy of the utility, if applicable.

c. The date on or after which service may be terminated.

d. A statement advising the customer to contact the utility at a specific address or phone number for information regarding any deferred payment or other procedures which the utility may offer or to work out some other mutually agreeable solution to avoid termination of the customer's service.

e. A statement advising the customer that the utility's stated reason for the termination of services may be disputed by contacting the utility at a specific address or phone number, advising the utility of the dispute and making arrangements to discuss the cause for termination with a responsible employee of the utility in advance of the scheduled date of termination. The responsible employee shall be empowered to resolve the dispute and the utility shall retain the option to terminate service after affording this opportunity for a meeting and concluding that the reason for termination is just and advising the customer of his right to file a complaint with the Commission.

3. Where applicable, a copy of the termination notice will be simultaneously forwarded to designated third parties.

E. Timing of terminations with notice

1. Each utility shall be required to give at least five days' advance written notice prior to the termination date.

2. Such notice shall be considered to be given to the customer when a copy thereof is left with the customer or posted first class in the United States mail, addressed to the customer's last known address.

3. If after the period of time allowed by the notice has elapsed and the delinquent account has not been paid nor arrangements made with the utility for the payment thereof or in the case of a violation of the utility's rules the customer has not satisfied the utility that such violation has ceased, the utility may then terminate service on or after the day specified in the notice without giving further notice.

4. Service may only be disconnected in conjunction with a personal visit to the premises by an authorized representative of the utility.

5. The utility shall have the right (but not the obligation) to remove any or all of its property installed on the customer's premises upon the termination of service.

F. Landlord/tenant rule

1. In situations where service is rendered at an address different from the mailing address of the bill or where the utility knows that a landlord/tenant relationship exists and that the landlord is the customer of the utility, and where the landlord as a customer would otherwise be subject to disconnection of service, the utility may not disconnect service until the following actions have been taken:

   a. Where it is feasible to so provide service, the utility, after providing notice as required in these rules, shall offer the occupant the opportunity to subscribe for service in his or her own name. If the occupant then declines to so subscribe, the utility may disconnect service pursuant to the rules.

   b. A utility shall not attempt to recover from a tenant or condition service to a tenant with the payment of any outstanding bills or other charges due upon the outstanding account of the landlord.

R14-2-212. Administrative and Hearing Requirements

A. Customer service complaints

1. Each utility shall make a full and prompt investigation of all service complaints made by its customers, either directly or through the Commission.

2. The utility shall respond to the complainant and the Commission representative within 5 working days as to the status of the utility investigation of the complaint.

3. The utility shall notify the complainant and the Commission representative of the final disposition of each complaint. Upon request of the complainant or the Commission representative, the utility shall report the findings of its investigation in writing.

4. The utility shall inform the customer of his right of appeal to the Commission.

5. Each utility shall keep a record of all written service complaints received which shall contain, at a minimum, the following data:

   a. Name and address of the complainant;

   b. Date and nature of the complaint;

   c. Disposition of the complaint; and

   d. A copy of any correspondence between the utility, the customer, and the Commission.

   This record shall be maintained for a minimum period of 1 year and shall be available for inspection by the Commission.

B. Customer bill disputes

1. Any utility customer who disputes a portion of a bill rendered for utility service shall pay the undisputed portion of the bill and notify the utility's designated representative that such unpaid amount is in dispute prior to the delinquent date of the bill.

2. Upon receipt of the customer notice of dispute, the utility shall:

   a. Notify the customer within 5 working days of the receipt of a written dispute notice.

   b. Initiate a prompt investigation as to the source of the dispute.

   c. Withhold disconnection of service until the investigation is completed and the customer is informed of the results. Upon request of the customer the utility shall report the results of the investigation in writing.

   d. Inform the customer of his right of appeal to the Commission.

3. Once the customer has received the results of the utility's investigation, the customer shall submit payment within 5 working days to the utility for any disputed amounts. Failure to make full payment shall be grounds for termination of service.

C. Commission resolution of service and bill disputes

1. In the event a customer and utility cannot resolve a service or bill dispute, the customer shall file a written statement of dissatisfaction with the Commission; by submitting such notice to the Commission, the customer shall be deemed to have filed an informal complaint against the utility.

2. Within 30 days of the receipt of a written statement of customer dissatisfaction related to a service or bill dispute, a designated representative of the Commission shall endeavor to resolve the dispute by correspondence or telephone with the utility and the customer. If resolution of the dispute is not achieved within 20 days of the Commission representative's initial effort, the Commission shall hold an informal hearing to arbitrate the resolution of the dispute. The informal hearing shall be governed by the following rules:

   a. Each party may be represented by legal counsel, if desired.

   b. All such informal hearings may be recorded or held in the presence of a stenographer.

   c. All parties will have the opportunity to present written or oral evidentiary material to support the positions of the individual parties.

   d. All parties and the Commission's representative shall be given the opportunity for cross-examination of the various parties.

   e. The Commission's representative will render a written decision to all parties within 5 working days after the date of the informal hearing. Such written decision of the arbitrator is not binding on any of the parties and the parties will still have the right to make a formal complaint to the Commission.

3. The utility may implement normal termination procedures if the customer fails to pay all bills rendered during the resolution of the dispute by the Commission.

4. Each utility shall maintain a record of written statements of dissatisfaction and their resolution for a minimum of 1 year and make such records available for Commission inspection.

D. Notice by utility of responsible officer or agent

1. Each utility shall file with the Commission, through Docket Control, a written statement containing the name, address (business, residence and post office) and telephone numbers (business and residence) of at least 1 officer, agent or employee responsible for the general management of its operations as a utility in Arizona.

2. Each utility shall give notice, by filing a written statement with the Commission, through Docket Control, of any change in the information required herein within 5 days from the date of any such change.

E. Time-frames for processing applications for Certificates of Convenience and Necessity

1. This rule prescribes time-frames for the processing of any application for a Certificate of Convenience and Necessity issued by the Arizona Corporation Commission pursuant to this Article. These time-frames shall apply to applications filed on or after the effective date of this rule.

2. Within 120 calendar days after receipt of an application for a new Certificate of Convenience and Necessity, or to amend or change the status of any existing Certificate of Convenience and Necessity, staff shall notify the applicant, in writing, that the application is either administratively complete or deficient. If the application is deficient, the notice shall specify all deficiencies.

3. Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.

4. After receipt of a corrected application, staff shall notify the applicant within ~~30~~90 calendar days if the corrected application is either administratively complete or deficient.

The time-frame for administrative completeness review shall be suspended from the time the notice of deficiency is issued until staff determines that the application is complete.

5. Within 150 days after an application is deemed administratively complete, the Commission shall approve or reject the application.

6. For purposes of A.R.S. ∋ 41-1072 et seq., the Commission has established the following time-frames:

a.	Administrative completeness review time-frame:	120 calendar days;
b.	Substantive review time-frame:	150 calendar days; and
c.	Overall time-frame:	270 calendar days.

7. If an applicant requests, and is granted, an extension or continuance, the appropriate time-frames shall be tolled from the date of the request during the duration of the extension or continuance.

8. During the substantive review time-frame, the Commission may, upon its own motion or that of any interested party to the proceeding, request a suspension of the time-frame rules.

F. Filing of tariffs

1. Each utility shall file with the Commission, through Docket Control, tariffs which are in compliance with the rules and regulations promulgated by the Arizona Corporation Commission within 120 days of the effective date of such rules.

2. Each utility shall file with the Commission, through Docket Control, any proposed changes to the tariffs on file with the Commission; such proposed changes shall be accompanied by a statement of justification supporting the proposed tariff change.

3. Any proposed change to the tariffs on file with the Commission shall not be effective until reviewed and approved by the Commission.

G. Accounts and records

1. Each utility shall keep general and auxiliary accounting records reflecting the cost of its properties, operating income and expense, assets and liabilities, and all other accounting

and statistical data necessary to give complete and authentic information as to its properties and operations.

2. Each utility shall maintain its books and records in conformity with the Uniform Systems of Accounts for Class A, B, C and D Electric Utilities as adopted and amended by the Federal Energy Regulatory Commission or, for electric cooperatives, as promulgated by the Rural Electrification Administration.

3. A utility shall produce or deliver in this state any or all of its formal accounting records and related documents requested by the Commission. It may, at its option, provide verified copies of original records and documents.

4. All utilities shall submit an annual report to the Commission, through the Compliance Section, Utilities Division, on a form prescribed by it. The annual report shall be filed on or before the 15th day of April for the preceding calendar year. Reports prepared by a certified or licensed public accountant on the utility, if any, shall accompany the annual report.

~~5. All utilities shall file with the Commission a copy of all reports required by the Securities and Exchange Commission.~~

~~6~~5. All utilities shall file with the Commission, through the Compliance Section, Utilities Division, a copy of all annual reports required by the Federal Energy Regulatory Commission and in addition, for electric cooperatives, annual reports required by the Rural Electrification Administration.

H. Maps

1. All utilities shall file with the Commission, through Docket Control, a map or maps clearly setting forth the location and extent of the area or areas they hold under approved certificates of convenience and necessity, in accordance with the Cadastral (Rectangular) Survey of the United States Bureau of Land Management, or by metes and bounds with a starting point determined by the aforesaid Cadastral Survey.

I. Variations, exemptions of Commission rules and regulations

1. Variations or exemptions from the terms and requirements of any of the rules included herein (Title 14, Chapter 2, Article 2) shall be considered upon the verified application of an affected party to the Commission setting forth the circumstances whereby the public interest requires such variation or exemption from the Commission rules and regulations. Such application will be subject to the review of the Commission, and any variation or exemption granted shall require an order of the Commission. In case of conflict between these rules and regulations and an approved tariff or order of the Commission, the provisions of the tariff or order shall apply.

J. Prior agreements

1. The adoption of these rules by the Commission shall not affect any agreements entered into between the utility and customers or other parties who, pursuant to such contracts, arranged for the extension of facilities in a provision of service prior to the effective date of these rules.

R14-2-213. Conservation

Energy conservation plan

1. The Arizona Corporation Commission recognizes the need for conservation of energy resources in order to maintain an adequate and continuous supply of safe, dependable, and affordable energy. Therefore, in order to promote the state's economic development and the health and welfare of its citizenry, each class A and B electric utility shall file an energy conservation plan which encompasses at a minimum the following considerations:

   a. Development of consumer education and assistance programs to aid the populace in reducing energy consumption and cost.

   b. Participation in various energy conservation programs sponsored by other municipal, state or federal government entities having such jurisdiction.

2. Each utility shall file an energy conservation plan with the Commission, through the Compliance Section, Utilities Division, within 1 year of the effective date of these rules and annual updates thereafter when changes require such.

ARTICLE 16. RETAIL ELECTRIC COMPETITION

R14-2-1601. Definitions

In this Article, unless the context otherwise requires:

1. "Affected Utilities" means the following public service corporations providing electric service:

   Tucson Electric Power Company, Arizona Public Service Company, Citizens Utilities Company, Arizona Electric Power Cooperative, Trico Electric Cooperative, Duncan Valley Electric Cooperative, Graham County Electric Cooperative, Mohave Electric Cooperative, Sulphur Springs Valley Electric Cooperative, Navopache Electric Cooperative, Ajo Improvement Company, and Morenci Water and Electric Company.

2. "Aggregation" means the combination and consolidation of loads of multiple customers.

3. "Aggregator" means an Electric Service Provider that, as part of its business, combines retail electric customers into a purchasing group.

4. "Ancillary Services" means those services designated as ancillary services in Federal Energy Regulatory Commission Order 888, including the services necessary to support the transmission of electricity from resource to load while maintaining reliable operation of the transmission system in accordance with good utility practice.

5. "Bundled Service" means electric service provided as a package to the consumer including all generation, transmission, distribution, ancillary and other services necessary to deliver and measure useful electric energy and power to consumers.

6. "Competition Transition Charge" (CTC) is a means of recovering Stranded Costs.

7. "Competitive Services" means all aspects of retail electric service except those services specifically defined as "Noncompetitive Services" pursuant to R14-2-1601(~~27~~9) or noncompetitive services as defined by the Federal Energy Regulatory Commission.

8. "Consumer Education" is the provision of impartial information to consumers about competition or Competitive and Noncompetitive Services and is distinct from advertising and marketing.

9. "Control Area Operator" is the operator of an electric system or systems, bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other such systems and contributing to frequency regulation of the interconnection.

10. "Current Transformer" (CT) is an electrical device used in conjunction with an electric meter to provide a measurement of energy consumption for metering purposes.

11. "Delinquent Accounts" means customer accounts with outstanding past-due payment obligations that remain unpaid after the due date.

12. "Direct Access Service Request" (DASR) means a form that contains all necessary billing and metering information to allow customers to switch electric service providers. This form must be submitted to the Utility Distribution Company by the customer's Electric Service Provider.

13. "Distribution Primary Voltage" is voltage as defined under the Affected Utility's Federal Energy Regulatory Commission (FERC) Open Access Transmission Tariff, except for Meter Service Providers, for which Distribution Primary Voltage is voltage at or above 600 volts (600V) through and including 25 kilovolts (25 kV).

14. "Distribution Service" means the delivery of electricity to a retail consumer through wires, transformers, and other devices that are not classified as transmission services subject to the jurisdiction of the Federal Energy Regulatory Commission; Distribution Service excludes Metering Service, Meter Reading Service, and billing and collection services, as those terms are used herein.

15. "Electric Service Provider" (ESP) means a company supplying, marketing, or brokering at retail any Competitive Services pursuant to a Certificate of Convenience and Necessity.

16. "Electric Service Provider Service Acquisition Agreement" or "Service Acquisition Agreement" means a contract between an Electric Service Provider and a Utility Distribution Company to deliver power to retail end users or between an Electric Service Provider and a Scheduling Coordinator to schedule transmission service.

17. "Electronic Data Interchange" (EDI) is the computer-to-computer electronic exchange of business documents using standard formats which are recognized both nationally and internationally.

18. "Generation" means the production of electric power or contract rights to the receipt of wholesale electric power.

19. "Green Pricing" means a program offered by an Electric Service Provider where customers elect to pay a rate premium for electricity generated by renewable sources.

20. "Independent Scheduling Administrator" (ISA) is an entity, independent of transmission-owning organizations, intended to facilitate nondiscriminatory retail direct access using the transmission system in Arizona.

21. "Independent System Operator" (ISO) is an independent organization whose objective is to provide nondiscriminatory and open transmission access to the interconnected transmission grid under its jurisdiction, in accordance with the Federal Energy Regulatory Commission principles of independent system operation.

22. "Load Profiling" is a process of estimating a customer's hourly energy consumption based on measurements of similar customers.

23. "Load-Serving Entity" means an Electric Service Provider, Affected Utility or Utility Distribution Company, excluding a Meter Service Provider, and Meter Reading Service Provider.

24. "Meter Reading Service" means all functions related to the collection and storage of consumption data.

25. "Meter Reading Service Provider" (MRSP) means an entity providing Meter Reading Service, as that term is defined herein and that reads meters, performs validation, editing,

and estimation on raw meter data to create billing-ready meter data; translates billing-ready data to an approved format; posts this data to a server for retrieval by billing agents; manages the server; exchanges data with market participants; and stores meter data for problem resolution.

26. "Meter Service Provider" (MSP) means an entity providing Metering Service, as that term is defined herein.

27. "Metering and Metering Service" means all functions related to measuring electricity consumption.

28. "Must-Run Generating Units" are those local generating units that are required to run to maintain distribution system reliability and to meet load requirements in times of congestion on certain portions of the interconnected transmission grid.

29. "Noncompetitive Services" means Distribution Service, Standard Offer Service, transmission, and any ancillary services deemed to be non-competitive by the Federal Energy Regulatory Commission, Must-Run Generating Units services, provision of customer demand and energy data by an Affected Utility or Utility Distribution Company to Electric Service Providers, and those aspects of Metering Service set forth in R14-2-1612(K).

30. "OASIS" is Open Access Same-Time Information System, which is an electronic bulletin board where transmission-related information is posted for all interested parties to access via the Internet to enable parties to engage in transmission transactions.

31. "Operating Reserve" means the generation capability above firm system demand used to provide for regulation, load forecasting error, equipment forced and scheduled outages, and local area protection to provide system reliability.

32. "Potential Transformer" (PT)/Voltage Transformer (VT) is an electrical device used to step down primary voltages to 120V for metering purposes.

33. "Provider of Last Resort" means a provider of Standard Offer Service to customers within the provider's certificated area whose annual usage is 100,000 kWh or less and who are not buying competitive services.

34. "Public Power Entity" incorporates by reference the definition set forth in A.R.S. § 30-801.16.

35. "Retail Electric Customer" means the person or entity in whose name service is rendered.

36. "Scheduling Coordinator" means an entity that provides schedules for power transactions over transmission or distribution systems to the party responsible for the operation and control of the transmission grid, such as a Control Area Operator, Arizona Independent Scheduling Administrator, or Independent System Operator.

37. "Self-Aggregation" is the action of a retail electric customer that combines its own metered loads into a single purchase block.

38. "Standard Offer Service" means Bundled Service offered by the Affected Utility or Utility Distribution Company to all consumers in the Affected Utility's or Utility Distribution Company's service territory at regulated rates including metering, meter reading, billing and collection services, demand side management services including but not limited to time-of-use, and consumer information services. All components of Standard Offer Service shall be deemed noncompetitive as long as those components are provided in a bundled transaction pursuant to R14-2-1606(A).

39. "Stranded Cost" includes:

    a. The verifiable net difference between:

        i. The net original cost of all the prudent jurisdictional assets and obligations necessary to furnish electricity (such as generating plants, purchased power contracts, fuel contracts, and regulatory assets), acquired or entered into prior to December 26, 1996, under traditional regulation of Affected Utilities; and

ii. The market value of those assets and obligations directly attributable to the introduction of competition under this Article;

b. Reasonable costs necessarily incurred by an Affected Utility to effectuate divestiture of its generation assets;

c. Reasonable employee severance and retraining costs necessitated by electric competition, where not otherwise provided; and

d. Other transition and restructuring costs as approved by the Commission as part of the Affected Utility's Stranded Cost determination pursuant to R14-2-1607.

40. "System Benefits" means Commission-approved utility low income, demand side management, Consumer Education, environmental, renewables, long-term public benefit research and development, and nuclear fuel disposal and nuclear power plant decommissioning programs, and other programs that may be approved by the Commission from time to time.

41. "Transmission Primary Voltage" is voltage above 25 kV as it relates to metering transformers.

42. "Transmission Service" refers to the transmission of electricity to retail electric customers or to electric distribution facilities and that is so classified by the Federal Energy Regulatory Commission or, to the extent permitted by law, so classified by the Arizona Corporation Commission.

43. "Unbundled Service" means electric service elements provided and priced separately, including, but not limited to, such service elements as generation, transmission, distribution, Must Run Generation, metering, meter reading, billing and collection, and ancillary services. Unbundled Service may be sold to consumers or to other Electric Service Providers.

44. "Universal Node Identifier" is a unique, permanent, identification number assigned to each service delivery point.

45. "Utility Distribution Company" (UDC) means the electric utility entity regulated by the Commission that operates, constructs, and maintains the distribution system for the delivery of power to the end user point of delivery on the distribution system.

46. "Utility Industry Group" (UIG) refers to a utility industry association that establishes national standards for data formats.

R14-2-1602. Commencement of Competition

A. An Affected Utility's customers will be eligible for competitive electric services, subject to the phase-in schedule in R14-2-1604, on the date set by Commission Order in each Affected Utility's Stranded Cost and Unbundled Tariff proceeding.

B. An Affected Utility's competitive electric affiliates or an affiliate of which it is a member shall not be permitted to offer Competitive Services in any other Affected Utility's service territory until the Commission has ordered the service area of the potential competitor's affiliated Affected Utility opened to competition.

R14-2-1603. Certificates of Convenience and Necessity

A. Any Electric Service Provider intending to supply Competitive Services shall obtain a Certificate of Convenience and Necessity from the Commission pursuant to this Article. An Affected Utility need not apply for a Certificate of Convenience and Necessity to continue to provide electric service in its service area during the transition period set forth in R14-2-1604. A Utility Distribution Company providing Standard Offer Service, or services authorized in R14-2-1615, after January 1, 2001, need not apply for a Certificate of Convenience and Necessity. All other Affected Utility affiliates created in compliance with R14-2-1615(A) shall be required to apply for appropriate Certificates of Convenience and Necessity.

B. Any company desiring such a Certificate of Convenience and Necessity shall file with the Docket Control Center the required number of copies of an application. In support of the request for a Certificate of Convenience and Necessity, the following information must be provided:

1. A description of the electric services which the applicant intends to offer;

2. The proper name and correct address of the applicant, and

a. The full name of the owner if a sole proprietorship,

b. The full name of each partner if a partnership,

c. A full list of officers and directors if a corporation, or

d. A full list of the members if a limited liability corporation;

3. A tariff for each service to be provided that states the maximum rate and terms and conditions that will apply to the provision of the service;

4. A description of the applicant's technical ability to obtain and deliver electricity if appropriate and to provide any other proposed services;

5. Documentation of the financial capability of the applicant to provide the proposed services, including the most recent income statement and balance sheet, the most recent projected income statement, and other pertinent financial information. Audited information shall be provided if available;

6. A description of the form of ownership (for example, partnership, corporation);

7. For an applicant that is an affiliate of an Affected Utility, a statement of whether the Affected Utility has complied with the requirements of R14-2-1616, including the Commission Decision approving the Code of Conduct, where applicable; and

8. Such other information as the Commission or the staff may request.

C. The applicant shall report in a timely manner during the application process any changes in the information initially reported to the Commission in the application for a Certificate of Convenience and Necessity.

D. The applicant shall provide public notice of the application as required by the Commission.

E. At the time of filing for a Certificate of Convenience and Necessity, each applicant shall notify the Affected Utilities, Utility Distribution Companies, or an electric utility not subject to the jurisdiction of the Arizona Corporation Commission in whose service territories it wishes to offer service of the application by providing a copy of the application to the Affected Utilities, Utility Distribution Companies, or an electric utility not subject to the jurisdiction of the Arizona Corporation Commission. ~~Prior to Commission action~~No later than 10 days after application is

filed, each applicant shall provide written notice to the Commission, through Docket Control, that it has provided notification to each of the respective Affected Utilities, Utility Distribution Companies, or an electric utility not subject to the jurisdiction of the Arizona Corporation Commission. The attachment to the CC&N application should include a listing of the names and addresses of the notified Affected Utilities, Utility Distribution Companies, or an electric utility not subject to the jurisdiction of the Arizona Corporation Commission.

F. The Commission may issue a Certificate of Convenience and Necessity that is effective for a specified period of time if the applicant has limited or no experience in providing the retail electric service that is being requested. An applicant receiving such approval shall have the responsibility to apply for appropriate extensions.

G. The Commission may deny certification to any applicant who:

1. Does not provide the information required by this Article;
2. Does not possess adequate technical or financial capabilities to provide the proposed services;
3. Seeks certification as a Load-Serving Entity and does not have an Electric Service Provider Service Acquisition Agreement with a Utility Distribution Company and Scheduling Coordinator, if the applicant is not its own Scheduling Coordinator;
4. Fails to provide a performance bond, if required;
5. Fails to demonstrate that its certification will serve the public interest;
6. Seeks certification as a Load-Serving Entity and fails to submit an executed Service Acquisition Agreement with a Utility Distribution Company or a Scheduling Coordinator for approval by the Director, Utilities Division, prior to the offering of service to potential customers. Agreements are to be filed with the Compliance Section, Utilities Division.

H. A Request for approval of an executed Service Acquisition Agreement may be included with an application for a Certificate of Convenience and Necessity. In all negotiations relative to Service Acquisition Agreements Affected Utilities or their successor entities are required to negotiate in good faith.

I. Every Electric Service Provider obtaining a Certificate of Convenience and Necessity under this Article shall obtain certification subject to the following conditions:

1. The Electric Service Provider shall comply with all Commission rules, orders, and other requirements relevant to the provision of electric service;
2. The Electric Service Provider shall maintain accounts and records as required by the Commission;
3. The Electric Service Provider shall file with the Director, Utilities Division, through the Compliance Section, all financial and other reports that the Commission may require and in a form and at such times as the Commission may designate;
4. The Electric Service Provider shall maintain on file with the Commission all current tariffs and any service standards that the Commission shall require;
5. The Electric Service Provider shall cooperate with any Commission investigation of customer complaints;
6. The Electric Service Provider shall obtain all necessary permits and licenses, including relevant tax licenses;
7. The Electric Service Provider shall comply with all disclosure requirements pursuant to R14-2-1617;
8. Failure to comply with any of the above conditions may result in ~~rescision~~rescission of the Electric Service Provider's Certificate of Convenience and Necessity.

J. In appropriate circumstances, the Commission may require, as a precondition to certification, the procurement of a performance bond sufficient to cover any advances or deposits the applicant may collect from its customers, or order that such advances or deposits be held in escrow or trust.

K. Time-frames for processing applications for Certificates of Convenience and Necessity

1. This rule prescribes time-frames for the processing of any application for a Certificate of Convenience and Necessity issued by the Arizona Corporation Commission pursuant to this Article. These time-frames shall apply to applications filed on or after the effective date of this rule.

2. Within 120 calendar days after receipt of an application for a new Certificate of Convenience and Necessity, or to amend or change the status of any existing Certificate of Convenience and Necessity, staff shall notify the applicant, in writing, that the application is either administratively complete or deficient. If the application is deficient, the notice shall specify all deficiencies.

3. Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.

4. After receipt of a corrected application, staff shall notify the applicant within ~~30~~90 calendar days if the corrected application is either administratively complete or deficient. The time-frame for administrative completeness review shall be suspended from the time the notice of deficiency is issued until staff determines that the application is complete.

5. Within 180 calendar days after an application is deemed administratively complete, the Commission shall approve or reject the application.

6. For purposes of A.R.S. § 41-1072, et seq., the Commission has established the following time-frames:

a.	Administrative completeness review time-frame:	120 calendar days;
b.	Substantive review time-frame:	180 calendar days;
c.	Overall time-frame:	300 calendar days.

7. If an applicant requests, and is granted, an extension or continuance, the appropriate time-frames shall be tolled from the date of the request during the duration of the extension or continuance.

8. During the substantive review time-frame, the Commission may, upon its own motion or that of any interested party to the proceeding, request a suspension of the time-frame rules.

R14-2-1604. Competitive Phases

A. At the date established pursuant to R14-2-1602(A), each Affected Utility shall make available at least 20% of its 1995 system retail peak demand for competitive generation supply on a first-

come, first-served basis as further described in this rule. First-come, first-served for the purpose of this rule, shall be determined for nonresidential customers by the date and time of an Electric Service Provider's filing of a Direct Access Service Request with the Affected Utility or Utility Distribution Company. The effective date of the Direct Access Service Request must be within 60 days of the filing date of the Direct Access Service Request. Residential customer selection will be determined under approved residential phase-in programs as specified in subsection (B)(4).

1. All Affected Utility customers with single premise noncoincident peak demand load of 1 MW or greater will be eligible for competitive electric services upon the commencement of competition. Customers meeting this requirement shall be eligible for competitive services until at least 20% of the Affected Utility's 1995 system peak demand is served by competition.

2. Any class of customer may aggregate into a minimum combined load of 1 MW or greater within an Affected Utility's service territory and be eligible for competitive electric services. From the commencement of competition under R14-2-1602 through December 31, 2000, aggregation of new competitive customers will be allowed until such time as at least 20 percent of the Affected Utility's 1995 peak demand is served by competitors.

3. Affected Utilities shall notify customers eligible under this subsection of the terms of the subsection no later than 60 days prior to the start of competition within its service territory.

4. Effective January 1, 2001, all Affected Utility customers irrespective of size will be eligible for Aggregation and Self-Aggregation. Aggregation and Self-Aggregation customers purchasing their electricity and related services at any time after the effective date of these rules must do so from a certificated Electric Provider as provided for in these rules.

B. As part of the minimum 20% of 1995 system peak demand set forth in subsection (A), each Affected Utility shall reserve a residential phase-in program that provides an increasing minimum

percentage of residential customers with access to competitive electric services according to the following schedule:

1.

January 1, 1999	1 ¼%
April 1, 1999	2 ½ %
July 1, 1999	3 ¾ %
October 1, 1999	5%
January 1, 2000	6 ¼%
April 1, 2000	7 ½%
July 1, 2000	8 ¾%
October 1, 2000	10%

2. Access to the residential phase-in program will be on a first-come, first-served basis. The Affected Utility shall create and maintain a waiting list to manage the residential phase-in program, which list shall promptly be made available to any certificated Load-Serving Electric Service Provider upon request.

3. Residential customers participating in the residential phase-in program shall be permitted to use load profiling to satisfy the requirements for hourly consumption data; however, they may choose other metering options offered by their Electric Service Provider consistent with the Commission's rules on metering.

4. If not already done, each Affected Utility shall file a residential phase-in program proposal to the Commission, through Docket Control, for approval by Director, Utilities Division, by September 15, 1999. Interested parties will have until September 30, 1999, to comment on any proposal. At a minimum, the residential phase-in program proposal will include specifics concerning the Affected Utility's proposed:

   a. Process for customer notification of residential phase-in program;

   b. Selection and tracking mechanism for customers based on first-come, first-served method;

c. Customer notification process and other education and information services to be offered;

d. Load Profiling methodology and actual load profiles, if available; and

e. Method for calculation of reserved load.

5. After the commencement of competition under R14-2-1602, each Affected Utility shall file quarterly residential phase-in program reports with the Compliance Section, Utilities Division, within 45 days of the end of each quarter. The 1st such report shall be due within 45 days of the 1st quarter ending after the start of the phase-in of competition for that Affected Utility. The final report due under this rule shall be due within 45 days of the 1st quarter ending December 31, 2002. As a minimum, these quarterly reports shall include:

a. The number of customers and the load currently enrolled in residential phase-in program by Energy Service Provider;

b. The number of customers currently on the waiting list,

c. A description and examples of all customer education programs and other information services including the goals of the education program and a discussion of the effectiveness of the programs, and

d. An overview of comments and survey results from participating residential customers.

6. Aggregation or Self-Aggregation of residential customers is allowed subject to the limitations of the phase-in percentages in this rule.

C. Each Affected Utility shall file a report by November 1, 1999, detailing possible mechanisms to provide benefits, including rate reductions of 3% - 5%, to all Standard Offer customers.

D. All customers shall be eligible to obtain competitive electric services no later than January 1, 2001.

E. Retail consumers served under existing contracts are eligible to participate in the competitive market prior to expiration of the existing contract only if the Affected Utility and the consumer agree that the retail consumer may participate in the competitive market.

F. Schedule Modifications for Cooperatives

1. An electric cooperative may request that the Commission modify the schedule described in subsection (A) through (E) so as to preserve the tax-exempt status of the cooperative or to allow time to modify contractual arrangements pertaining to delivery of power supplies and associated loans.

2. As part of the request, the cooperative shall propose methods to enhance consumer choice among generation resources.

3. The Commission shall consider whether the benefits of modifying the schedule exceed the costs of modifying the schedule.

R14-2-1605. Competitive Services

Except as provided in R14-2-1615(C), Competitive Services shall require a Certificate of Convenience and Necessity and a tariff as described in R14-2-1603. A properly certificated Electric Service Provider may offer Competitive Services under bilateral or multilateral contracts with retail consumers.

R14-2-1606. Services Required to be Made Available

A. On the date its service area is open to competition pursuant to R14-2-1602, each Affected Utility or Utility Distribution Company shall make available Standard Offer Service and Noncompetitive Services at regulated rates. After January 1, 2001, Standard Offer Service and Noncompetitive Services shall be provided by Utility Distribution Companies who shall also act as Providers of Last Resort.

B. After January 1, 2001, power purchased by an investor owned Utility Distribution Company for Standard Offer Service shall be acquired from the competitive market through prudent, arm's length transactions, and with at least 50% through a competitive bid process.

C. Standard Offer Tariffs

1. By July 1, 1999, or pursuant to Commission Order, whichever occurs first, each Affected Utility shall file proposed tariffs to provide Standard Offer Service. Such rates shall not become effective until approved by the Commission. Any rate increase proposed by an Affected Utility or Utility Distribution Company for Standard Offer Service must be fully justified through a rate case proceeding.

2. Standard Offer Service tariffs shall include the following elements, each of which shall be clearly unbundled and identified in the filed tariffs:

   a. Competitive Services:

      i. Generation, which shall include all transaction costs and line losses;

      ii. Competition Transition Charge, which shall include recovery of generation related regulatory assets;

      iii. Generation-related billing and collection;

      iv. Transmission Services;

      v. Metering Services;

      vi. Meter Reading Services; and

      vii. Optional Ancillary Services, which shall include spinning reserve service, supplemental reserve, regulation and frequency response service, and energy imbalance service.

   b. Non-Competitive Services:

      i. Distribution services;

      ii. Required Ancillary services, which shall include scheduling, system control and dispatch service, and reactive supply and voltage control from generation sources service;

      iii. Must-Run Generating Units;

      iv. System Benefit Charges; and

      v. Distribution-related billing and collection.

3. Affected Utilities and Utility Distribution Companies may file proposed revisions to such rates with the Commission through Docket Control. Any rate increase proposed by an Affected Utility or Utility Distribution Company for Standard Offer Service must be fully justified through a rate case proceeding, which may be expedited at the discretion of the Utilities Division Director.

4. Such rates shall reflect the costs of providing the service.

5. Consumers receiving Standard Offer Service are eligible for potential future rate reductions as authorized by the Commission.

6. After January 2, 2001, tariffs for Standard Offer Service shall not include any special discounts or contracts with terms, or any tariff which prevents the customer from accessing a competitive option, other than time-of-use rates, interruptible rates, or self-generation deferral rates.

D. By the effective date of these rules, or pursuant to Commission Order, whichever occurs first, each Affected Utility or Utility Distribution Company shall file an Unbundled Service tariff that shall include a Noncompetitive Services tariff. The Unbundled Service tariff shall calculate the items listed in R14-2-160~~2~~6(C)(2)(b) on the same basis as those items are calculated in the Standard Offer Service tariff.

E. To manage its risks, an Affected Utility or Electric Service Provider may include in its tariffs deposit requirements and advance payment requirements for Unbundled Services.

F. Affected Utilities and Utility Distribution Companies must accept power and energy delivered to their distribution systems by other Load-Serving Entities and offer distribution and distribution-related ancillary services comparable to services they provide to themselves at their Noncompetitive Services tariffed rates.

G. Customer Data

1. Only ~~U~~upon written authorization by the customer, a Load-Serving Entity shall release in a timely and useful manner that customer's billing~~demand and energy~~ data, including

consumption, demand, dollars billed, and power factor, for the most recent 12-month period to a customer-specified properly certificated Electric Service Provider.

2. The Electric Service Provider requesting such customer data shall provide an accurate account number for the customer.

3. The form of data shall be mutually agreed upon by the parties and such data shall not be unreasonably withheld.

4. Utility Distribution Companies shall be allowed access to the Meter Reading Service Provider server for customers served by the Utility Distribution Company's distribution system.

H. Rates for Unbundled Services

1. The Commission shall review and approve rates for Competitive Services and Noncompetitive Services subject to Commission jurisdiction, before such services can be offered.

2. Such rates shall reflect the costs of providing the services.

3. Such rates may be downwardly flexible if approved by the Commission.

I. Electric Service Providers offering Competitive Services shall provide adequate supporting documentation for their proposed rates. Where rates are approved by another jurisdiction, such as the Federal Energy Regulatory Commission, those rates shall be provided ~~to this Commission~~as part of the supporting documentation.

R14-2-1607. Recovery of Stranded Cost of Affected Utilities

A. The Affected Utilities shall take every reasonable, cost-effective measure to mitigate or offset Stranded Cost by reducing costs, expanding wholesale or retail markets, or offering a wider scope of permitted regulated utility services for profit, among others.

B. The Commission shall allow a reasonable opportunity for recovery of unmitigated Stranded Cost by Affected Utilities.

C. The Affected Utilities shall file estimates of unmitigated Stranded Cost on or before July 1, 1999, or pursuant to Commission Order, whichever occurs 1st. Such estimates shall be fully supported by analyses and by records of market transactions undertaken by willing buyers and willing sellers.

D. An Affected Utility shall request Commission approval, on or before July 1, 1999, or pursuant to Commission Order, whichever occurs 1st, of distribution charges or other means of recovering unmitigated Stranded Cost. The filing may include a discounted stranded cost exit methodology that a consumer may choose to use to determine an amount due the Affected Utility in lieu of making monthly distribution charge or other payments.

E. The Commission shall, after hearing and consideration of analyses and recommendations presented by the Affected Utilities, staff, and intervenors, determine for each Affected Utility the magnitude of Stranded Cost, and appropriate Stranded Cost recovery mechanisms and charges. In making its determination of mechanisms and charges, the Commission shall consider at least the following factors:

1. The impact of Stranded Cost recovery on the effectiveness of competition;
2. The impact of Stranded Cost recovery on customers of the Affected Utility who do not participate in the competitive market;
3. The impact, if any, on the Affected Utility's ability to meet debt obligations;
4. The impact of Stranded Cost recovery on prices paid by consumers who participate in the competitive market;
5. The degree to which the Affected Utility has mitigated or offset Stranded Cost;
6. The degree to which some assets have values in excess of their book values;
7. Appropriate treatment of negative Stranded Cost;
8. The time period over which such Stranded Cost charges may be recovered. The Commission shall limit the application of such charges to a specified time period;
9. The applicability of Stranded Cost to interruptible customers.

F. A Competition Transition Charge (CTC) may be assessed on all retail customers based on the amount of generation purchased from any supplier. Any reduction in electricity purchases from an Affected Utility resulting from self-generation, demand side management, or other demand reduction attributable to any cause other than the retail access provisions of this Article shall not be used to calculate or recover any Stranded Cost from a consumer.

G. Stranded Cost shall be recovered from customer classes in a manner consistent with the specific company's current rate treatment of the stranded asset, in order to effect a recovery of Stranded Cost that is in substantially the same proportion as the recovery of similar costs from customers or customer classes under current rates. In no event shall the Competition Transition Charge be utilized as a mechanism for double recovery of Stranded Cost from Standard Offer Service customers.

H. The Commission may consider securitization as a financing method for recovery of Stranded Cost of the Affected Utility if the Commission finds that such method of financing will result in a lower cost alternative to customers.

I. The Commission may, after notice and hearing, order regular revisions to estimates of the magnitude of Stranded Cost.

R14-2-1608. System Benefits Charges

A. Each Affected Utility or Utility Distribution Company shall file for Commission review nonbypassable rates or related mechanisms to recover the applicable pro-rata costs of System Benefits from all consumers located in the Affected Utility's or Utility Distribution Company's service area. Affected Utilities or Utility Distribution Companies shall file for review of the Systems Benefits Charge at least every 3 years. The amount collected annually through the System Benefits charge shall be sufficient to fund the Affected Utilities' or Utility Distribution Companies' Commission-approved System Benefits. Filings shall be made with the Commission through Docket Control.

B. Each Affected Utility or Utility Distribution Company shall provide adequate supporting documentation for its proposed rates for System Benefits.

C. An Affected Utility or Utility Distribution Company shall recover the costs of System Benefits only upon hearing and approval by the Commission of the recovery charge and mechanism. The Commission may combine its review of System Benefits charges with its review of filings pursuant to R14-2-1606.

R14-2-1609. Transmission and Distribution Access

A. The Affected Utilities shall provide non-discriminatory open access to transmission and distribution facilities to serve all customers. No preference or priority shall be given to any distribution customer based on whether the customer is purchasing power under the Affected Utility's Standard Offer or in the competitive market. Any transmission capacity that is reserved for use by the retail customers of the Affected Utility's Utility Distribution Company shall be allocated among Standard Offer customers and competitive market customers on a pro-rata basis.

B. Utility Distribution Companies shall retain the obligation to assure that adequate transmission import capability is available to meet the load requirements of all distribution customers within their service areas. Utility Distribution Companies shall retain the obligation to assure that adequate distribution system capacity is available to meet the load requirements of all distribution customers within their service areas.

C. The Commission supports the development of an Independent System Operator (ISO) or, absent an Independent System Operator, an Arizona Independent Scheduling Administrator (AISA). The Commission believes that such organizations are necessary in order to provide nondiscriminatory retail access and to facilitate a robust and efficient electricity market.

D. ~~The Commission believes that an Independent Scheduling Administrator is necessary in order to provide nondiscriminatory retail access and to facilitate a robust and efficient electricity market. Therefore, those~~ Affected Utilities that own or operate Arizona transmission facilities shall form an Arizona Independent Scheduling Administrator which shall file with the Federal Energy Regulatory Commission within 60 days of this Commission's adoption of final rules herein, for approval of an Independent Scheduling Administrator having the following characteristics:

1. The Arizona Independent Scheduling Administrator shall calculate Available Transmission Capacity (ATC) for Arizona transmission facilities that belong to the Affected Utilities or other Arizona Independent Scheduling Administrator participants and shall develop and operate an overarching statewide OASIS.

2. The Arizona Independent Scheduling Administrator shall implement and oversee the nondiscriminatory application of operating protocols to ensure statewide consistency for transmission access. These operating protocols shall include, but are not limited to, protocols for determining transmission system transfer capabilities, committed uses of the transmission system, available transfer capabilities, Must-Run Generating Units, energy scheduling, and energy imbalances.

3. The Arizona Independent Scheduling Administrator shall provide dispute resolution processes that enable market participants to expeditiously resolve claims of discriminatory treatment in the reservation, scheduling, use, and curtailment of transmission services.

4. All requests (wholesale, Standard Offer retail, and competitive retail) for reservation and scheduling of the use of Arizona transmission facilities that belong to the Affected Utilities or other Arizona Independent Scheduling Administrator participants shall be made to, or through, the Arizona Independent Scheduling Administrator using a single, standardized procedure.

5. The Arizona Independent Scheduling Administrator shall implement a transmission planning process that includes all Arizona Independent Scheduling Administrator participants and aids in identifying the timing and key characteristics of required reinforcements to Arizona transmission facilities to assure that the future load requirements of all participants will be met.

E. The Affected Utilities that own or operate Arizona transmission facilities shall file a proposed Arizona Independent Scheduling Administrator implementation plan with the Commission, through Docket Control, within 30 days of the Commission's adoption of final rules herein. The

implementation plan shall address Arizona Independent Scheduling Administrator governance, incorporation, financing, and staffing; the acquisition of physical facilities and staff by the Arizona Independent Scheduling Administrator; the schedule for the phased development of Arizona Independent Scheduling Administrator functionality and proposed transition to a regional ISO or Regional Transmission Organization; contingency plans to ensure that critical functionality is in place no later than 3 months following adoption of final rules herein by the Commission; and any other significant issues related to the timely and successful implementation of the Arizona Independent Scheduling Administrator.

F. Each of the Affected Utilities shall make good faith efforts to develop a regional, multi-state Independent System Operator, to which the Arizona Independent Scheduling Administrator should transfer its relevant assets and functions and characteristics as specified in R14-2-1609(D) as the Independent System Operator becomes able to carry out those functions. Absent Federal Energy Regulatory Commission approval of an Arizona Independent Scheduling Administrator, the functions and characteristics as specified in R14-2-1609(D) will be assumed by the Independent System Operator.

G. It is the intent of the Commission that prudently-incurred costs incurred by the Affected Utilities in the establishment and operation of the Arizona Independent Scheduling Administrator, and subsequently the Independent System Operator, should be recovered from customers using the transmission system, including the Affected Utilities' wholesale customers, Standard Offer retail customers, and competitive retail customers on a nondiscriminatory basis through Federal Energy Regulatory Commission-regulated prices. Proposed rates for the recovery of such costs shall be filed with the Federal Energy Regulatory Commission and this Commission through Docket Control. In the event that the Federal Energy Regulatory Commission does not permit recovery of prudently incurred Independent Scheduling Administrator costs within 90 days of the date of making an application with the Federal Energy Regulatory Commission, the Commission may authorize Affected Utilities to recover such costs through a distribution surcharge.

H. The Commission supports the use of "Scheduling Coordinators" to provide aggregation of customers' schedules to the Independent Scheduling Administrator and the respective Control Area Operators simultaneously until the implementation of a regional Independent System Operator, at which time the schedules will be submitted to the Independent System Operator. The primary duties of Scheduling Coordinators are to:

1. Forecast their customers' load requirements;
2. Submit balanced schedules (that is, schedules for which total generation is equal to total load of the Scheduling Coordinator's customers plus appropriate transmission and distribution line losses) and North American Electric Reliability Council/Western Systems Coordinating Council tags;
3. Arrange for the acquisition of the necessary transmission and ancillary services;
4. Respond to contingencies and curtailments as directed by the Control Area Operators, Arizona Independent Scheduling Administrator or Independent System Operator;
5. Actively participate in the schedule checkout process and the settlement processes of the Control Area Operators, Arizona Independent Scheduling Administrator, or Independent System Operator.

I. The Affected Utilities and Utility Distribution Companies shall provide services from the Must-Run Generating Units to Standard Offer Service retail customers and competitive retail customers on a comparable, nondiscriminatory basis at regulated prices. The Affected Utilities shall specify the obligations of the Must-Run Generating Units in appropriate sales contracts prior to any divestiture. Under auspices of the Arizona Independent Scheduling Administrator, the Affected Utilities and other stakeholders shall develop statewide protocols for pricing and availability of services from Must-Run Generating Units. These protocols shall be ~~presented to the Commission for~~filed with Docket Control for Commission review and, when appropriate, approval, prior to being filed with the Federal Energy Regulatory Commission in conjunction with the Arizona Independent Scheduling Administrator tariff filing. Fixed Must-Run Generating Units costs are to

be recovered through a regulated charge to end-use customers. This charge must be set by the Commission as part of the end-use customer distribution service charges.

J. The Affected Utilities and other stakeholders, under the auspices of the Arizona Independent Scheduling Administrator, shall identify statewide services to be settled on and develop fair and reasonable pricing mechanisms to assure a consistent and fair settlement process.

R14-2-1610. In-state Reciprocity

A. The service territories of Arizona electric utilities ~~which~~that are not Affected Utilities or Public Power Entities shall not be open to competition under the provisions of this Article, nor shall Arizona electric utilities which are not Affected Utilities be able to compete for sales in the service territories of the Affected Utilities.

B. An Arizona electric utility, subject to the jurisdiction of the Commission, ~~which~~that is not an Affected Utility or a Public Power Entity may voluntarily participate under the provisions of this Article if it makes its service territory available for competing sellers, if it agrees to all of the requirements of this Article, and if it obtains an appropriate Certificate of Convenience and Necessity.

C. An Arizona electric utility, not subject to the jurisdiction of the Commission, and ~~which~~that is not a Public Power Entity, may submit a statement to the Commission, through Docket Control, stating that it voluntarily opens its service territory for competing sellers in a manner similar to the provisions of this Article. Such statement shall be accompanied by the electric utility's nondiscriminatory Standard Offer Tariff, electric supply tariffs, Unbundled Services rates, Stranded Cost charges, System Benefits charges, Distribution Services charges and any other applicable tariffs and policies for services the electric utility offers, for which these rules otherwise require compliance by Affected Utilities or Electric Service Providers. Such filings shall serve as authorization for such electric utility to utilize the Commission's Rules of Practice and Procedure and other applicable rules concerning any complaint that an Affected Utility or Electric Service Provider is violating any provision of this Article or is otherwise discriminating against the filing electric utility or failing to provide just and reasonable rates in tariffs filed under this Article.

D. If an electric utility is an Arizona political subdivision or municipal corporation other than a Public Power Entity, then the existing service territory of such electric utility shall be deemed open to competition if the political subdivision or municipality has entered into an intergovernmental agreement with the Commission that establishes nondiscriminatory terms and conditions for Distribution Services and other Unbundled Services, provides a procedure for complaints arising therefrom, and provides for reciprocity with Affected Utilities or their affiliates. The Commission shall conduct a hearing to consider any such intergovernmental agreement.

E. An affiliate of an Arizona electric utility which is not an Affected Utility or a Public Power Entity shall not be allowed to compete in the service territories of Affected Utilities unless the affiliate's parent company, the nonaffected electric utility, submits a statement to the Commission, through Docket Control, indicating that the parent company will voluntarily open its service territory for competing sellers in a manner similar to the provisions of this Article and the Commission makes a finding to that effect.

R14-2-1611. Rates

A. Market determined rates for Competitive Services, as defined in R14-2-1601, shall be deemed to be just and reasonable.

B. Each Electric Service Provider selling services under this Article shall have on file with the Commission tariffs describing such services and maximum rates for those services, but the services may not be provided until the Commission has approved the tariffs.

C. Prior to January 1, 2001, competitively negotiated contracts governed by this Article customized to individual customers which comply with approved tariffs do not require further Commission approval. However, all such contracts whose term is 1 year or more and for service of 1 MW or more must be filed with the Director, Utilities Division, through the Compliance Section, as soon as practicable. If a contract does not comply with the provisions of the Load Serving Entity's approved tariffs, it shall not become effective without a Commission order. The provisions of such contracts shall be kept confidential by the Commission.

D. Contracts entered into on or after January 1, 2001, which comply with approved tariffs need not be filed with the Director, Utilities Division. If a contract does not comply with the provisions of the Load Serving Entity's approved tariffs, it shall not become effective without a Commission order.

E. An Electric Service Provider holding a Certificate pursuant to this Article may price its Competitive Services at or below the maximum rates specified in its filed tariff, provided that the price is not less than the marginal cost of providing the service.

F. Requests for changes in maximum rates or changes in terms and conditions of previously approved tariffs may be filed with the Commission through Docket Control. Such changes shall become effective only upon Commission approval.

R14-2-1612. Service Quality, Consumer Protection, Safety, and Billing Requirements

A. Except as indicated elsewhere in this Article, R14-2-201 through R14-2-212, inclusive, are adopted in this Article by reference. However, where the term "utility" is used in R14-2-201 through R14-2-212, the term "utility" shall pertain to Electric Service Providers providing the services described in each paragraph of R14-2-201 through R14-2-212. R14-2-203(E) and R14-2-212(H) shall pertain only to Utility Distribution Companies.

B. The following shall not apply to this Article:

1. R14-2-202 in its entirety,
2. R14-2-206 in its entirety,
3. R14-2-207 in its entirety,
4. R14-2-212 (F)(1),
5. R14-2-213,
6. R14-2-208(E) and (F).

C. No consumer shall be deemed to have changed providers of any service authorized in this Article (including changes from the Affected Utility to another provider) without written authorization by the consumer for service from the new provider. If a consumer is switched to a different ("new") provider without such written authorization, the new provider shall cause service by the previous provider to be resumed and the new provider shall bear all costs associated with switching the

consumer back to the previous provider. A new provider who switches a customer without written authorization shall also 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. A Utility Distribution Company may request the Commission's Consumer Services Section to review or audit written authorizations to assure a customer switch was properly authorized. A written authorization that is obtained by deceit or deceptive practices shall not be deemed a valid written authorization. Electric Service Providers shall submit reports within 30 days of the end of each calendar quarter to the Commission, through the Compliance Section, Utilities Division, itemizing the direct complaints filed by customers who have had their Electric Service Providers changed without their authorization. Violations of the Commission's rules concerning unauthorized changes of providers may result in penalties, or suspension or revocation of the provider's certificate. The following requirements and restrictions shall apply to the written authorization form requesting electric service from the new provider:

1. The authorization shall not contain any inducements;
2. The authorization shall be in legible print with clear and plain language confirming the rates, terms, conditions and nature of the service to be provided;
3. The authorization shall not state or suggest that the customer must take action to retain the customer's current electricity supplier;
4. The authorization shall be in the same language as any promotional or inducement materials provided to the retail electric customer; and
5. No box or container may be used to collect entries for sweepstakes or a contest that, at the same time, is used to collect authorization by a retail electric customer to change their electricity supplier or to subscribe to other services.

D. A residential customer may rescind its authorization to change providers of any service authorized in this Article within 3 business days, without penalty, by providing written notice to the provider.

E. 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.

~~E~~F. Each Electric Service Provider providing service governed by this Article shall be responsible for meeting applicable reliability standards and shall work cooperatively with other companies with whom it has interconnections, directly or indirectly, to ensure safe, reliable electric service. Utility Distribution Companies shall make reasonable efforts to notify customers of scheduled outages, and also provide notification to the Commission.

~~F~~G. Each Electric Service Provider shall provide at least 45 days written notice to all of its affected consumers of its intent to cease providing generation, transmission, distribution, or ancillary services necessitating that the consumer obtain service from another supplier of generation, transmission, distribution, or ancillary services.

~~G~~H. All Electric Service Providers rendering service under this Article shall submit accident reports, through the Compliance Section, as required in R14-2-101.

~~H~~I. An Electric Service Provider providing firm electric service governed by this Article shall make reasonable efforts to reestablish service within the shortest possible time when service interruptions occur and shall work cooperatively with other companies to ensure timely restoration of service where facilities are not under the control of the Electric Service Provider.

~~I~~J. Electric Service Providers shall give at least 5 days notice to their customer of scheduled return to Standard Offer Service. Electric Service Providers shall provide 15 calendar days notice prior to the next scheduled meter read date to the appropriate Utility Distribution Company regarding the intent to terminate a service agreement. Return of that customer to Standard Offer Service will be at the next regular billing cycle if appropriate metering equipment is in place and the request is provided 15 calendar days prior to the next regular meter read date. Responsibility for charges incurred between the notice and the next scheduled read date shall rest with the Electric Service Provider.

~~J~~K. Each Electric Service Provider shall ensure that bills rendered on its behalf include its address and toll free telephone numbers for billing, service, and safety inquiries. The bill must also include the

address and toll free telephone numbers for the Phoenix and Tucson Consumer Service Sections of the Arizona Corporation Commission Utilities Division. Each Electric Service Provider shall ensure that billing and collections services rendered on its behalf comply with R14-2-1612(A).

~~K~~L. Additional Provisions for Metering and Meter Reading Services

1. When authorized by the consumer, an Electric Service Provider who provides metering or meter reading services pertaining to a particular consumer shall provide appropriate meter reading data via standardized ~~EDI~~ formats, approved by the Director, Utilities Division, to all applicable Electric Service Providers serving that same consumer.

2. Any person or entity relying on metering information provided by an Electric Service Provider may request a meter test according to the tariff on file and approved by the Commission. However, if the meter is found to be in error by more than 3%, no meter testing fee will be charged.

3. Each competitive point of delivery shall be assigned a Universal Node Identifier by the Affected Utility or the Utility Distribution Company whose distribution system serves the customer.

4. Unless the Commission grants a specific waiver, all competitive metered and billing data shall be translated into consistent, statewide ~~Electronic Data Interchange (EDI)~~ formats, ~~based on standards approved by the Utility Industry Group (UIG)~~approved by the Director, Utilities Division, that shall be used by the Affected Utility or the Utility Distribution Company and the Electric Service Provider.

5. Unless the Commission grants a specific waiver, ~~an Electronic Data Interchange Format~~the standardized data exchange formats approved by the Director, Utilities Division, shall be used for all data exchange transactions from the Meter Reading Service Provider to the Electric Service Provider, Utility Distribution Company, and Schedule Coordinator. This data will be transferred via the Internet using a secure sockets layer or other secure electronic media.

6. Minimum metering requirements for competitive customers over 20 kW, or 100,000 kWh annually, should consist of hourly consumption measurement meters or meter systems. Predictable loads will be permitted to use load profiles to satisfy the requirements for hourly consumption data. The Load-Serving Entity developing the load profile shall determine if a load is predictable.

7. Competitive customers with hourly loads of 20 kW (or 100,000 kWh annually) or less, will be permitted to use Load Profiling to satisfy the requirements for hourly consumption data, however, they may choose other metering options offered by their Electric Service Provider consistent with the Commission rules on Metering.

8. Metering equipment (excluding Current Transformers and Potential Transformers) ownership will be limited to the Affected Utility, Utility Distribution Company, and the Electric Service Provider ~~or their representative~~, or the customer, who must obtain the metering equipment (excluding Current Transformers and Potential Transformers) through the Affected Utility, Utility Distribution Company or an Electric Service Provider.

9. Maintenance and servicing of the metering equipment (including Current Transformers and Potential Transformers) will be limited to the Affected Utility, Utility Distribution Company and the Electric Service Provider ~~or their representative~~.

10. Distribution primary voltage Current Transformers and Potential Transformers may be owned by the Affected Utility, Utility Distribution Company or the Electric Service Provider ~~or their representative~~.

11. Transmission primary voltage Current Transformers and Potential Transformers may be owned by the Affected Utility or Utility Distribution Company only.

12. North American Electric Reliability Council recognized holidays will be used in calculating "working days" for meter data timeliness requirements. If a holiday officially occurs on a Saturday, the preceding Friday will be recognized as the date of the holiday.

If a holiday officially occurs on a Sunday, the following Monday will be recognized as the date of the holiday.

13. ~~By May 1, 1999, t~~The Director, Utilities Division shall approve operating procedures to be used by the Utility Distribution Companies and the Meter Service Providers for performing work on primary metered customers.

14. ~~By May 1, 1999, t~~The Director, Utilities Division shall approve operating procedures to be used by the Meter Reading Service Provider for validating, editing, and estimating metering data.

15. ~~By May 1, 1999, t~~The Director, Utilities Division shall approve performance metering specifications and standards to be used by all entities performing metering.

~~L~~**M.** Electric Service Providers shall comply with applicable reliability standards and practices established by the Western Systems Coordinating Council and the North American Electric Reliability Council or successor organizations.

~~M~~**N.** Electric Service Providers shall provide notification and informational materials to consumers about competition and consumer choices, such as a standardized description of services, as ordered by the Commission.

~~N~~**O.** Billing Elements. After the commencement of competition within a service territory pursuant to R14-2-1602, all customer bills, including bills for Standard Offer Service customers within that service territory, will list, at a minimum, the following billing cost elements:

1. Competitive Services:

   a. Generation, which shall include generation-related billing and collection;

   b. Competition Transition Charge;

   c. Transmission and Ancillary Services;

   d. Metering Services; and

   e. Meter Reading Services.

2. Non-Competitive Services:

a. Distribution services, including distribution-related billing and collection, required Ancillary Services and Must-Run Generating Units; and

b. System Benefit Charges.

3. Regulatory assessments; and

4. Applicable taxes.

In cases where the Utility Distribution Company and the Electric Service Provider provide separate bills to customers, the Electric Service Provider is not required to list the billing cost elements for non-competitive services.

~~O~~P. The operating procedures approved by the Director, Utilities Division will be used for Direct Access Service Requests as well as other billing and collection transactions.

R14-2-1613. Reporting Requirements

A. Reports covering the following items, as applicable, shall be submitted to the Director, Utilities Division, through the Compliance Section, by Affected Utilities or Utility Distribution Companies and all Electric Service Providers granted a Certificate of Convenience and Necessity pursuant to this Article. These reports shall include the following information pertaining to competitive service offerings, Unbundled Services, and Standard Offer services in Arizona:

1. Type of services offered;

2. kW and kWh sales to consumers, disaggregated by customer class (for example, residential, commercial, industrial);

3. Revenues from sales by customer class (for example, residential, commercial, industrial);

4. Number of retail customers disaggregated as follows: residential, commercial/industrial under ~~40~~ 21 kW, commercial/industrial ~~41~~ 21 to 999 kW, commercial/industrial 1000 kW or more, ~~industrial less than 1000 kW, industrial 1000 kW or more,~~ agricultural (if not included in commercial), and other;

5. Retail kWh sales and revenues disaggregated by term of the contract (less than 1 year, 1 to 4 years, longer than 4 years), and by type of service (for example, firm, interruptible, other);

6. Amount of revenues from each type of Competitive Service, and, if applicable, each type of Noncompetitive Service provided [using breakdown from R14-2-1612(O)];

~~7. Value of all assets used to serve Arizona customers and accumulated depreciation;~~

~~8~~7. Tabulation of Arizona electric generation plants owned by the Electric Service Provider broken down by generation technology, fuel type, and generation capacity;

~~9~~8. The number of customers aggregated and the amount of aggregated load; and

~~10~~9. Other data requested by staff or the Commission;

B. Reporting Schedule

1. For the period through December 31, 2003, semi-annual reports shall be ~~due on~~filed by April 15 (covering the previous period of July through December) and October 15 (covering the previous period of January through June). The 1st such report shall cover the period January 1 through June 30, 1999.

2. For the period after December 31, 2003, annual reports shall be ~~due on~~filed by April 15 (covering the previous period of January through December). The 1st such report shall cover the period January 1 through December 31, 2004.

C. The information listed above may, at the provider's option, be provided on a confidential basis. However, staff or the Commission may issue reports with aggregate statistics based on confidential information that do not disclose data pertaining to a particular seller or purchases by a particular buyer.

D. Any Electric Service Provider, Affected Utility or Utility Distribution Company governed by this Article which fails to file the above data in a timely manner may be subject to a penalty imposed by the Commission or may have its Certificate rescinded by the Commission.

E. Any Electric Service Provider holding a Certificate pursuant to this Article shall ~~report to the Director of the Utilities Division the discontinuation of~~ file a request in Docket Control to discontinue any competitive tariff as soon as practicable after the decision to discontinue offering service is made.

F. In addition to the above reporting requirements, Electric Service Providers, Affected Utilities and Utility Distribution Companies governed by this Article shall participate in Commission workshops or other forums whose purpose is to evaluate competition or assess market issues.

~~**G.** Reports filed under the provisions of this section shall be submitted in written format and in electronic format. Electric Service Providers shall coordinate with the Commission staff on formats.~~

R14-2-1614. Administrative Requirements

A. Any Electric Service Provider certificated under this Article may file with the Commission, through Docket Control, proposed additional tariffs for Competitive Services at any time which include a description of the service, maximum rates, terms, and conditions.

B. Contracts filed pursuant to this Article shall not be open to public inspection or made public except on order of the Commission, or by the Commission or a Commissioner in the course of a hearing or proceeding.

C. The Commission may consider variations or exemptions from the terms or requirements of any of the rules in this Article upon the application of an affected party. The application must set forth the reasons why the public interest will be served by the variation or exemption from the Commission rules and regulations. Any variation or exemption granted shall require an order of the Commission. Where a conflict exists between these rules and an approved tariff or order of the Commission, the provisions of the approved tariff or order of the Commission shall apply.

D. The Commission may develop procedures for resolving disputes regarding implementation of retail electric competition.

E. Prior to October 1, 1999, the Director, Utilities Division, shall~~,~~ implement a Consumer Education Program as approved by the Commission.

R14-2-1615. Separation of Monopoly and Competitive Services

A. All competitive generation assets and competitive services shall be separated from an Affected Utility prior to January 1, 2001. Such separation shall either be to an unaffiliated party or to a separate corporate affiliate or affiliates. If an Affected Utility chooses to transfer its competitive

generation assets or competitive services to a competitive electric affiliate, such transfer shall be at a value determined by the Commission to be fair and reasonable.

B. Beginning January 1, 2001, an Affected Utility or Utility Distribution Company shall not provide Competitive Services as defined in R14-2-1601.

1. This Section does not preclude an Affected Utility or Utility Distribution Company from billing its own customers for distribution service, or from providing billing services to Electric Service Providers in conjunction with its own billing, or from providing Meter Services and Meter Reading Services for Load Profiled residential customers. Nor does this Section preclude an Affected Utility or Utility Distribution Company from providing billing and collections, Metering and Meter Reading Service as part of the Standard Offer Service tariff to Standard Offer Service customers.

2. This Section does not preclude an Affected Utility or Utility Distribution Company from owning distribution and transmission primary voltage Current Transformers and Potential Transformers.

C. An Electric Distribution Cooperative is not subject to the provisions of R14-2-1615 unless it offers competitive electric services outside of its distribution service territory.

R14-2-1616. Code of Conduct

A. No later than 90 days after adoption of these Rules, each Affected Utility which plans to offer Noncompetitive Services and which plans to offer Competitive Services through its competitive electric affiliate shall propose a Code of Conduct to prevent anti-competitive activities. Each Affected Utility that is an electric cooperative, that plans to offer Noncompetitive Services, and that is a member of any electric cooperative that plans to offer Competitive Services shall also submit a Code of Conduct to prevent anti-competitive activities. All Codes of Conduct shall be filed in Docket Control and be subject to Commission approval after a hearing.

B. The Code of Conduct shall address the following subjects:

1. Appropriate procedures to prevent cross subsidization between the Utility Distribution Company and any competitive affiliates, including but not limited to the maintenance of separate books, records and accounts;
2. Appropriate procedures to ensure that the Utility Distribution Company's competitive affiliate does not have access to confidential utility information that is not also available to other market participants;
3. Appropriate guidelines to limit the joint employment of personnel by both a Utility Distribution Company and its competitive affiliate;
4. Appropriate guidelines to govern the use of the Utility Distribution Company's name or logo by the Utility Distribution Company's competitive affiliate;
5. Appropriate procedures to ensure that the Utility Distribution Company does not give its competitive affiliate any preferential treatment such that other market participants are unfairly disadvantaged or discriminated against;
6. Appropriate policies to eliminate joint advertising, joint marketing, or joint sales by a Utility Distribution Company and its competitive affiliate;
7. Appropriate procedures to govern transactions between a Utility Distribution Company and its competitive affiliate; and
8. Appropriate policies to prevent the Utility Distribution Company and its competitive affiliate from representing that customers will receive better service as a result of the affiliation.
9. Complaints concerning violations of the Code of Conduct shall be processed under the procedures established in R14-2-212.

R14-2-1617. Disclosure of Information

A. Each Load-Serving Entity providing either generation service or Standard Offer Service shall prepare a consumer information label that sets forth the following information:

1. Price to be charged for generation services,
2. Price variability information,

3. Customer service information,

4. Time period to which the reported information applies.

B. Each Load-Serving Entity providing either generation service or Standard Offer Service shall provide, upon request, the following information (to the extent reasonably known):

1. Composition of resource portfolio,

2. Fuel mix characteristics of the resource portfolio,

3. Emissions characteristics of the resource portfolio.

C. The Director, Utilities Division, shall develop the format and reporting requirements for the consumer information label to ensure that the information is appropriately and accurately reported and to ensure that customers can use the labels for comparisons among Load-Serving Entities. The format developed by the Director, Utilities Division, shall be used by each Load-Serving Entity.

D. Each Load-Serving Entity shall include the information disclosure label in a prominent position in all written marketing materials specifically targeted to Arizona. When a Load-Serving Entity advertises in nonprint media, or in written materials not specifically targeted to Arizona, the marketing materials shall indicate that the Load-Serving Entity shall provide the consumer information label to the public upon request.

E. Each Load-Serving Entity shall prepare an annual disclosure report that aggregates the resource portfolios of the Load-Serving Entity and its affiliates.

F. Each Load-Serving Entity shall prepare a statement of its terms of service that sets forth the following information:

1. Actual pricing structure or rate design according to which the customer with a load of less than 1 MW will be billed, including an explanation of price variability and price level adjustments that may cause the price to vary;

2. Length and description of the applicable contract and provisions and conditions for early termination by either party;

3. Due date of bills and consequences of late payment;

4. Conditions under which a credit agency is contacted;

5. Deposit requirements and interest on deposits;

6. Limits on warranties and damages;

7. All charges, fees, and penalties;

8. Information on consumer rights pertaining to estimated bills, 3rd-party billing, deferred payments, and ~~rescision~~rescission of supplier switches within 3 days of receipt of confirmation;

9. A toll-free telephone number for service complaints;

10. Low income programs and low income rate eligibility;

11. Provisions for default service;

12. Applicable provisions of state utility laws; and

13. Method whereby customers will be notified of changes to the terms of service.

G. The consumer information label, the disclosure report, and the terms of service shall be distributed in accordance with the following requirements:

1. Prior to the initiation of service for any retail customer,

2. Prior to processing written authorization from a retail customer with a load of less than 1 MW to change Electric Service Providers,

3. To any person upon request,

4. Made a part of the ~~annual report required to be filed with the Commission pursuant to law~~semi-annual and annual reports required by R14-2-1613.

5. The information described in this subsection shall be posted on any electronic information medium of the Load-Serving Entities.

H. Failure to comply with the rules on information disclosure or dissemination of inaccurate information may result in suspension or revocation of certification or other penalties as determined by the Commission.

I. The Commission shall establish a consumer information advisory panel to review the effectiveness of the provisions of this Section and to make recommendations for changes in the rules.