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BEFORE THE ARIZONA CORPORATION COMMISSION

2002 JAN 16 P 3:51

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3 WILLIAM A. MUNDELL
Chairman

4 JIM IRVIN
Commissioner

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6 MARC SPITZER
Commissioner

Arizona Corporation Commission
DOCKETED

JAN 16 2002

DOCKETED BY

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8 IN THE MATTER OF THE GENERAL
PROCEEDING CONCERNING THE
9 ARIZONA INDEPENDENT SCHEDULING
ADMINISTRATOR

DOCKET NO. E-00000A-01-0630

ARIZONA PUBLIC SERVICE
COMPANY'S COMMENTS TO
STAFF ANALYSIS

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11 Arizona Public Service Company ("APS") hereby submits its comments to the
12 Arizona Corporation Commission ("Commission") on Staff's Analysis and
13 Recommendations concerning the Arizona Independent Scheduling Administrator
14 ("AISA"). APS seeks to clarify two points through these comments: First, that it has
15 supported and continues to support the AISA. And second, to note its strong
16 disagreement with Staff's conclusion that any action the Commission takes on the
17 AISA could impact the Settlement Agreement approved in Decision No. 61973 or the
18 Electric Competition Rules, A.A.C. R14-2-1601, *et seq.*

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21 **A. APS Continues to Support the AISA.**

22 APS has supported and continues to support the AISA. In fact, APS has
23 provided the bulk of the AISA's initial funding, is the largest ongoing contributor of
24 funding to the AISA in Arizona, and has worked extensively with the AISA to develop
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1 direct access protocols. APS has incorporated these direct access protocols into its
2 Federal Energy Regulatory Commission (“FERC”)-approved Open Access
3 Transmission Tariff (“OATT”).
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5 Nothing in APS’ September 5, 2001 responses to the ten questions posed in the
6 August 3, 2001 Procedural Order in this docket contradicted APS’ continued support of
7 the AISA and its functions, nor indicated an intention of APS to cease supporting the
8 AISA. In fact, APS specifically reaffirmed its commitment to supporting the AISA by
9 offering to secure a waiver from any Commission decision prohibiting its participation
10 in that body. APS simply responded candidly to the ten questions posed in the
11 Procedural Order. APS would note that the questions posed in the Procedural Order did
12 not seek merely objective, quantitative information but specifically requested
13 subjective, qualitative answers and feedback. Accordingly, APS’ effort to fully and
14 candidly respond to these questions should not be misconstrued as an abandonment of
15 its support for the AISA. It was instead complying with the Procedural Order issued in
16 this docket.
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20 **B. Commission Action With Respect to the AISA Does Not Affect the**
21 **APS Settlement Agreement or the Electric Competition Rules.**

22 APS disagrees with Staff’s conclusions on the potential impacts on the APS
23 Settlement Agreement of any Commission action on the AISA. Specifically, Section
24 7.6 of the APS Settlement Agreement does not bind the Commission to any action with
25 respect to supporting or otherwise dealing with the AISA, or impose any other duty or
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1 obligation on the Commission. Section 7.6 simply requires APS to support the AISA,
2 an admittedly interim, transitional organization.

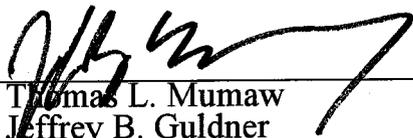
3 Because Section 7.6 only imposes an obligation on APS, APS does not believe
4 that the analysis and conclusions on page 25 of the Staff Report are correct. At most,
5 Commission action on the AISA may require APS to seek a waiver pursuant to Section
6 7.1 of the Settlement Agreement. Regardless of whether the Commission grants or
7 declines to grant the waiver, both APS' and the Commission's obligations under the
8 Settlement Agreement will have been satisfied. Accordingly, there would be no need
9 to attempt to "re-open" the Settlement Agreement under A.R.S. § 40-252, since under
10 such circumstances neither the Settlement Agreement nor Decision No. 61973 will be
11 at issue.

12 Similarly, APS disagrees that any Commission action with respect to the AISA
13 requires a fundamental reexamination of the Electric Competition Rules. As noted
14 above, the AISA was always contemplated as a transitional body. See A.A.C. R14-2-
15 1609(C). APS believes that the important functions of the AISA, including the adoption
16 of Direct Access Protocols, have been accomplished and are currently in force. In the
17 near future, a Regional Transmission Organization will likely be formed in Arizona and
18 other Western states as expressly anticipated in Rule R14-2-1609(C). APS is
19 supporting WestConnect, the successor RTO to Desert Star. As a result, APS does not
20 believe that the AISA is—at this point—so inextricably intertwined with the Electric
21 Competition Rules that any Commission action with respect to the AISA requires the
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1 Commission to perform a comprehensive reevaluation of the Electric Competition
2 Rules.

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4 RESPECTFULLY SUBMITTED this 16th day of January, 2002.

5 SNELL & WILMER L.L.P.

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8 Thomas L. Mumaw
Jeffrey B. Guldner
Faraz Sanei

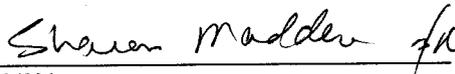
9 Attorneys for Arizona Public
10 Service Company

11 Original and 10 copies of the foregoing
12 filed this 16th day of January, 2002,
13 with:

14 Docket Control
15 Arizona Corporation Commission
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16 Copy of the foregoing mailed
17 this 16th day of January, 2002, to:

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