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3 WILLIAM A. MUNDELL
Chairman

4 JIM IRVIN
Commissioner

5 MARC SPITZER
Commissioner

AZ CORP COMMISSION
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8 IN THE MATTER OF THE GENERIC
PROCEEDINGS CONCERNING ELECTRIC
RESTRUCTURING ISSUES

Docket No. E-00000A-02-0051

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10 IN THE MATTER OF ARIZONA PUBLIC
SERVICE COMPANY'S REQUEST FOR A
VARIANCE OF CERTAIN REQUIREMENTS OF
A.A.C. R14-2-1606

Docket No. E-01345A-01-0822

11
12 IN THE MATTER OF THE GENERIC
PROCEEDING CONCERNING THE ARIZONA
INDEPENDENT SCHEDULING
ADMINISTRATOR

Docket No. E-00000A-01-0630

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14
15 IN THE MATTER OF TUCSON ELECTRIC
POWER COMPANY'S APPLICATION FOR A
VARIANCE OF CERTAIN ELECTRIC
COMPETITION RULES COMPLIANCE DATES

Docket No. E-01933A-02-0069

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18 IN THE MATTER OF THE APPLICATION OF
TUCSON ELECTRIC POWER COMPANY FOR
APPROVAL OF ITS STRANDED COST
RECOVERY

Docket No. E-01933A-98-0471

**STAFF'S NOTICE OF FILING
SUPPLEMENTAL TESTIMONY**

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20
21 Staff hereby provides its Notice of Filing of the corrected testimony of Barbara Keene.

22 RESPECTFULLY SUBMITTED this 14th day of June, 2002.

23 Arizona Corporation Commission

DOCKETED

JUN 14 2002

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26 DOCKETED BY

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28 Original and ten copies of the foregoing

1 Original and ten copies of the foregoing
2 filed this 14th day of June, 2002,
3 with:

4 Docket Control
5 Arizona Corporation Commission
6 1200 West Washington
7 Phoenix, AZ 85007

8 Copy of the foregoing mailed this 14th
9 day of June, 2002, to:

10 All parties of record

11 *Nancy Roe*

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BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL

Chairman

JIM IRVIN

Commissioner

MARC SPITZER

Commissioner

IN THE MATTER OF THE GENERIC)	DOCKET NO. E-00000A-02-0051
PROCEEDINGS CONCERNING ELECTRIC)	
<u>RESTRUCTURING ISSUES.</u>)	
IN THE MATTER OF ARIZONA PUBLIC)	DOCKET NO. E-01345A-01-0822
SERVICE COMPANY'S REQUEST FOR A)	
VARIANCE OF CERTAIN REQUIREMENTS OF)	
<u>A.A.C. R14-2-1606.</u>)	
IN THE MATTER OF THE GENERIC)	DOCKET NO. E-00000A-01-0630
PROCEEDING CONCERNING THE ARIZONA)	
INDEPENDENT SCHEDULING)	
<u>ADMINISTRATOR.</u>)	
IN THE MATTER OF TUCSON ELECTRIC)	DOCKET NO. E-01933A-02-0069
POWER COMPANY'S APPLICATION FOR A)	
VARIANCE OF CERTAIN ELECTRIC)	
<u>COMPETITION RULES COMPLIANCE DATES.</u>)	
IN THE MATTER OF THE APPLICATION OF)	DOCKET NO. E-01933A-98-0471
TUCSON ELECTRIC POWER COMPANY FOR)	
APPROVAL OF ITS STRANDED COST)	
<u>RECOVERY.</u>)	

CORRECTIONS

TO

TESTIMONY

OF

BARBARA KEENE

PUBLIC UTILITIES ANALYST

UTILITIES DIVISION

JUNE 14, 2002

1 **Q. What entities should be covered by the proposed code of conduct?**

2 A. The code of conduct should cover an investor-owned electric utility regulated by the
3 Commission and all affiliates from which the utility may purchase power or which are in
4 energy-related fields.

5
6 **Q. What items should be included in the proposed code of conduct?**

7 A. The code of conduct should address, at a minimum, arm's-length transactions; access to
8 confidential information; cross-subsidization; preferential treatment to affiliates; joint
9 employment and employee transfer issues; sharing of office space, equipment, and
10 services; proprietary customer information; financing arrangements with affiliates; and
11 conflict of interest.

12
13 **Q. Do you have specific recommendations in regard to addressing arm's-length
14 transactions in the code of conduct?**

15 A. Yes. Arm's-length transactions are defined as transactions negotiated by unrelated
16 parties, each acting in his or her own self-interest. Therefore, Staff recommends that the
17 same representative should not appear on both sides of a transaction. ~~Second, for~~
18 ~~ratemaking purposes, sales or transfers from an affiliate to the utility should be priced at~~
19 ~~the lower of cost or market. Third, for ratemaking purposes, sales or transfers from the~~
20 ~~utility to an affiliate should be priced at the higher of cost or market.~~

21
22 **Q. Does this conclude your testimony?**

23 A. Yes.
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