

INTERVENTION



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August 27, 2002

Nancy Cole, Supervisor
Document Control
Arizona Corporation Commission
1200 W. Washington
Division: Hearing
Phoenix, AZ 85007

Re: Intervention in Tucson Electric Power Docket No. E-01933A-02-0345

Dear Ms. Cole:

Enclosed for filing in the above-captioned proceeding are the original and ten copies of an Application for Leave to Intervene by the Bob's Auto Spa, Inc.

Copies of this letter have been sent in accordance with the attached Certificate of Service.

Questions concerning this matter can be directed to me at (520) 749-0866.

Sincerely,

Bob Lindgren
President
Bob's Auto Spa, Inc.

Arizona Corporation Commission
DOCKETED

AUG 29 2002

Enclosure

DOCKETED BY	
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Bob's Auto Spa, Inc.
PO Box 65206, Tucson, AZ 85728

tel: (520) 749-0866

fax: (520) 749-0876

CERTIFICATE OF SERVICE

I hereby certify that the original and 10 copies of the Bob's Auto Spa, Inc. letter to intervene in Tucson Electric Power Docket No. E-01933A-02-0345 were sent via first class mail to Docket Control, Arizona Corporation Commission, 1200 W. Washington Street, Phoenix, AZ 85007, on the 27th day of August 2002, and a true and correct copy was sent by U.S. mail, first-class and postage prepaid, to each of the following.

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Bob Lindgren,
President,
Bob's Auto Spa, Inc.



August 27, 2002

William A. Mundell, Chairman
Jim Irvin, Commissioner
Marc Spitzer, Commissioner
Arizona Corporation Commission
1200 W. Washington
Division: Hearing
Phoenix, AZ 85007

Re: Intervention in Tucson Electric Power Docket No. E-01933A-02-0345

Dear Mr. Chairman and Commissioners:

As a Tucson Electric Power ("TEP") customer who has operated distributed generation ("DG") equipment interconnected with TEP, I am very concerned about the TEP Partial Requirements Tariffs. The intent of this letter is to intervene in the above docket and state my concerns in regards to these tariffs. It is our belief that these concerns are representative of other Tucson businesses that wish to operate DG equipment.

Bob's Auto Spa, Inc. (BAS) is a for-profit corporation whose primary activities are the ownership, management, and operation of large convenience stores/restaurants/car wash facilities. BAS currently operates two facilities in Tucson, Arizona, but has previously operated facilities in Phoenix. BAS is also involved in commercial property development.

BAS previously operated a natural gas fired DG system at our Midvale Park Site in Tucson, Arizona. Following two years of negotiation with TEP, a negotiated DG rate agreement, which was approved by the Arizona Corporation Commission ("The Commission"), was utilized to allow BAS to take partial requirements service and operate the DG unit while interconnected to TEP. The unit was reliably operated for a year and a half. Higher short-term natural gas prices resulting from the 2000 California Energy Crisis altered the economics of operating the DG unit and it was shut down. However, the unit remains on-site and in good operating condition

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The stabilization of natural gas prices and recent outages on TEP's system have caused BAS to re-evaluate operating the DG unit. BAS may also have interest in operating DG at other Arizona business properties in the future. Our experience has shown that electric power can at times be generated more cost-effectively on-site particularly during more stable energy market conditions.

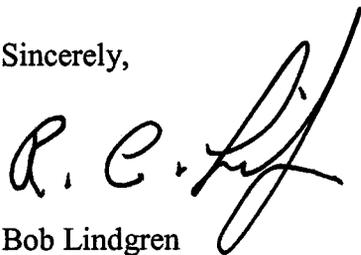
The intent of my intervention is to ask that The Commission more closely evaluate the fairness of the demand charges in the proposed Partial Requirements Tariffs. If you were to compare BAS' previous TEP DG rate agreement to the demand charges under the applicable Partial Requirements Tariff, PRS-10 in this case, the PRS-10 demand charges appear to be roughly six times higher. TEP has not incurred costs or made any significant facilities addition to warrant the higher margins. Therefore, it does not seem fair or reasonable that TEP be allowed to earn fixed margin levels six times higher than under the previous agreement, which was deemed to be fair and reasonable by all parties.

This type of pricing design would clearly damage the economic viability of DG in cases where customers wished to procure back-up and supplementary power from TEP. The proposed PRS-10 pricing would assist TEP in blocking competitive generation alternatives by stopping most DG installations. Based on my experience with DG, the proposed PRS-10 pricing is not fair or reasonable. The unfortunate consequence of the proposed PRS-10 pricing is that it will prevent TEP customers from accessing this new technology in their Arizona businesses.

Our goal is to have the opportunity to self generate where it makes economic sense while obtaining back-up or supplementary power from TEP at *a fair and reasonable price*. We have had a DG rate design that provided TEP their approved rate of return while providing reasonably priced service. We hope that The Commission will hear our plea for fair and reasonable DG rates and ensure that the final rate design benefits all parties.

Bob's Auto Spa appreciates the opportunity to express our concerns and the concerns of other small business operations throughout the TEP service territory. Please feel free to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "R. C. Lindgren". The signature is stylized and written in cursive.

Bob Lindgren
President
Bob's Auto Spa, Inc.