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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

DOCKETED
DOCKET NO. E-01750A-98-0467

JUN 14 1999

IN THE MATTER OF THE STRANDED)
COST FILING AND REQUEST FOR A)
WAIVER OF CERTAIN PORTIONS)
OF THE RULES FILED BY MOHAVE)
ELECTRIC COOPERATIVE, INC.)

DOCKETED BY [Signature]

Pursuant to the Hearing Division's April 21, 1999, Procedural Order, Mohave Electric Cooperative, Inc. ("Mohave") hereby submits its amendment to its Stranded Cost filing and states as follows:

1. On August 21, 1998, pursuant to Decision No. 60977 and A.A.C. R14-2-1607, Mohave filed an application and waiver request regarding recovery of its stranded costs.
2. In support of its application and waiver request, Mohave argued that as a non-profit electric distribution cooperative it purchases all of its energy requirements under the terms and conditions of an all-requirements power purchase agreement with Arizona Electric Power Cooperative, Inc. (AEPCO). Because Mohave's stranded cost recovery methodology is dependent on the methodology that the Commission authorizes for AEPCO, Mohave could not develop its methodology until such time that the Commission approves a stranded cost recovery methodology for AEPCO.
3. In its August 21, 1998 application and request for waiver, Mohave also noted that it may incur stranded costs relative to its distribution assets. Mohave argued that until such time as the competition rules become effective and the degree to which a competitive

1 market is established, Mohave could not determine the degree to which its distribution assets
2 may become stranded. Accordingly, Mohave also requested the right to revisit the potential
3 for stranded distribution investment recovery at a later date.

4 4. The Commission's Utilities Staff ("Staff") reviewed Mohave's August 21,
5 1998, application and waiver request. Staff concurred with Mohave that it was not possible
6 for Mohave to establish a stranded cost recovery methodology until the Commission acts
7 upon AEPCO's stranded cost recovery application. Regarding Mohave's potential
8 distribution stranded costs, Staff proposed that such costs be considered for recovery in the
9 context of a rate case.

10 5. The material facts regarding Mohave's stranded costs have not changed since
11 its August 21, 1998 application and waiver request. Accordingly, Mohave proposes no
12 amendments or supplements to its August 21, 1998, application and waiver request. Mohave
13 requests that the Commission continue to recognize that Mohave cannot develop its stranded
14 cost methodology until AEPCO's stranded cost recovery is known.

15 6. Mohave, however, continues to disagree with Staff regarding the recovery of
16 stranded distribution charges and competition transition charges solely through the context of
17 a rate case. This is true because customers who opt for competitive distribution related
18 services such as metering, meter reading, and billing should be responsible for costs
19 associated with the transition that allows the customer that option. Thus, cost recovery should
20 be based on a distribution competition transition charge (CTC). Mohave believes that
21 customers who elect Standard Offer Service should not bear the costs associated with the
22 transition to the competitive market. When those costs, if any, can be identified, Mohave
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1 requests that it be allowed to file an application with the Commission identifying a cost
2 recovery program.

3 WHEREFORE, Mohave respectfully requests a continued waiver of R14-2-1607 and
4 that it be allowed to make subsequent revised filing(s): (1) after the Commission has reviewed
5 and approved a stranded cost recovery mechanism for AEPCO; and (2) after Mohave has had
6 the opportunity to determine distribution related stranded costs during the transition to choice,
7 and develop a recovery mechanism.

8
9 RESPECTFULLY SUBMITTED this 14th day of June, 1999.

10 MARTINEZ & CURTIS, P.C

11
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19
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