



0000115313

Arizona Corporation Commission

DOCKETED **NEW APPLICATION**

RECEIVED
AZ CORP COMMISSION

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

JAMES M. IRVIN
Chairman

RENZ D. JENNINGS
Commissioner

CARL J. KUNASEK
Commissioner

DOCKETED BY

AUG 21 10 25 AM '98

DOCUMENT CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKET NO. E-01461A-98-0466

IN THE MATTER OF THE COMPETITION
IN THE PROVISION OF ELECTRIC
SERVICES THROUGHOUT THE STATE OF
ARIZONA

Docket No. ~~RE-00000C-94-0165~~

**STRANDED COST FILING AND
REQUEST FOR WAIVER OF A.A.C.
R14-2-1607.D BY TRICO ELECTRIC
COOPERATIVE, INC.**

LAW OFFICES
O'CONNOR CAVANAGH MOLLOY JONES
33 NORTH STONE AVENUE - SUITE 2100
TUCSON, ARIZONA 85701-1621
(520) 622-3531

TRICO ELECTRIC COOPERATIVE, INC., an Arizona nonprofit corporation ("Trico"), pursuant to the Commission's Decision No. 60977 ("Decision") and A.A.C. R14-2-1607.D ("Rule"), submits this Stranded Cost Filing and Request for a Waiver of A.A.C. R14-2-1607.D based on the following:

1. This Filing is without prejudice to the issues raised by Trico in Trico v. Arizona Corporation Commission, No. CV 97-03928 ("Pending Litigation") or Trico's Application for Rehearing pursuant to A.R.S. §40-253 filed in the above-entitled proceeding on July 10, 1998, and any subsequent appeal or civil action filed by Trico against the Commission pursuant to A.R.S. §40-254, which Pending Action, Application and appeal or civil action Trico expressly reserves.

2. The Decision and Rule are in apparent conflict. The Decision provides for the recovery of Stranded Cost for generation assets and regulatory assets only. Trico is a distribution public service corporation and has no generation assets, except indirectly as a Class A Member-owner of Arizona Electric Power Cooperative, Inc. ("AEPSCO"). Perhaps it could have regulatory assets, but it has none. Therefore, under the Decision Trico can recover no Stranded Cost. Under

1 the Rules Stranded Cost is not expressly limited to generation assets and regulatory assets. The
2 wording of R14-2-1607.B would indicate that if an Affected Utility, such as Trico, does have
3 Stranded Cost, the Commission shall allow a reasonable opportunity for recovery of its
4 unmitigated Stranded Cost.

5 3. Trico purchases all of its electricity from AEPCO under the provisions of an all-
6 requirements Wholesale Power Contract dated February 15, 1962, as amended ("Contract").

7 4. AEPCO has both generation assets and regulatory assets, and to the extent that it
8 has Stranded Cost in regard thereto, it is entitled to a reasonable opportunity to recover the same
9 under the Decision and Rule.

10 5. Trico and AEPCO are each an "Affected Utility" pursuant to R14-2-1601(1). As
11 such, AEPCO is required to obtain Commission approval of a mechanism to recover unmitigated
12 Stranded Costs pursuant to R14-2-1607.

13 6. Because of the relationship between Trico and AEPCO, Trico cannot determine its
14 Stranded Costs related to generation assets and regulatory assets until AEPCO has filed and the
15 Commission has approved AEPCO's mechanisms and charges for recovery of its Stranded Costs.

16 7. Trico has invested in jurisdictional assets and entered into obligations to provide
17 retail electric service throughout its service territory. Among these assets and obligations are
18 meters, metering and meter reading equipment, billing, collection and accounting systems and
19 costs associated with personnel for its meter reading, billing and collection services. Some of
20 these assets and obligations may be made obsolete and may require replacement, modification, or
21 disposal as a result of the implementation of the Rules adopted by the Commission.

22 8. At present, Trico has no way of knowing or estimating the impact of competition
23 on its jurisdictional assets and obligations. Therefore, distribution related Stranded Costs cannot
24 be determined at this time.

25 9. Because Trico is a nonprofit cooperative, there are no shareholders to share the
26 risks related to the introduction of competition. All risks are borne by our consumers. Therefore,

1 all Stranded Costs must be recovered from the consumers who reduce or terminate service from
2 Trico or AEPCO as a direct result of competition.

3 By reason of the foregoing, Trico requests that the Commission:

4 1. Accept this filing as fulfillment of Trico's obligation pursuant to the Rule and
5 Decision and waive the provisions of A.A.C. R14-2-1607.D as to Trico. Trico will revise and
6 amend this filing on a timely basis when the Commission has approved AEPCO's Stranded Cost
7 recovery mechanism and Trico can determine the impact of the mechanism on its consumers.
8 The filing will be further amended when Trico determines distribution related Stranded Costs, if
9 any, and develops a recovery mechanism.

10 2. Allow Trico to make a filing concerning its distribution related Stranded Costs, if
11 any, at such future time as competitive services are offered in its service area and it has a
12 reasonable opportunity to evaluate and estimate those Stranded Costs.

13 3. In the event that the Commission should make an inadequate allowance for
14 AEPCO's Stranded Costs, permit Trico to make such filings as necessary to supplement the
15 recoveries allowed AEPCO for its generation assets and regulatory assets.

16 4. Act upon and approve AEPCO's Stranded Cost filing in an expeditious manner in
17 order to enable Trico and the other AEPCO Class A Members to begin Stranded Cost recovery as
18 soon as possible.

19 RESPECTFULLY SUBMITTED this 20th day of August, 1998.

20 O'CONNOR CAVANAGH MOLLOY JONES

21
22 By: 
23 Russell E. Jones
24 33 N. Stone Ave., Suite 2100
25 Post Office Box 2268
26 Tucson, Arizona 85702
Attorneys for Trico Electric Cooperative, Inc.

LAW OFFICES
O'CONNOR CAVANAGH MOLLOY JONES
33 NORTH STONE AVENUE - SUITE 2100
TUCSON, ARIZONA 85701-1621
(520) 622-3531

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

PROOF OF SERVICE

I hereby certify that I have delivered the original and ten (10) copies of the foregoing document by mailing the same for filing to:

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, Arizona 85007

Further, I have this day served the foregoing document on all parties of record in this proceeding by mailing a copy thereof, properly addressed with first class postage prepaid.

DATED at Tucson, Arizona this 30 day of August, 1998.


Secretary to Russell E. Jones

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

SERVICE LIST FOR:

DOCKET NO.:

Barbara Klemstine
Arizona Public Service Co.
Station 9909
P.O. Box 53999
Phoenix, Arizona 85072-3999

Greg Patterson
RUCO
2828 N. Central Ave., Suite 1200
Phoenix, Arizona 85004

Michael A. Curtis
Martinez & Curtis, P.C.
2712 North 7th Street
Phoenix, Arizona 85006

Walter W. Meek, President
Arizona Utility Investors Association
2100 N. Central Avenue, Suite 210
Phoenix, Arizona 85004

Rick Gilliam
Land and Water Fund of the Rockies
2260 Baseline Road, Suite 200
Boulder, CO 80302

Charles R. Huggins
Arizona State AFL-CIO
110 North 5th Avenue
P.O. Box 13488
Phoenix, Arizona 85002

David C. Kennedy
Law Offices of David C. Kennedy
100 West Clarendon Avenue, Suite 200
Phoenix, Arizona 85012-3525

Norman J. Furuta
Department of the Navy
900 Commodore Drive, Building 107
P.O. Box 272 (Attn. Code 90C)
San Bruno, California 94066-7020

COMPETITION IN THE PROVISION OF
ELECTRIC SERVICES THROUGHOUT THE
STATE OF ARIZONA.

RE-00000C-94-165

Thomas C. Horne
Michael S. Dulberg
Horne, Kaplan & Bistrow, P.C.
40 North Central Avenue, Suite 2800
Phoenix, Arizona 85004

Barbara S. Bush
Coalition for Responsible Energy Education
315 West Riveria Drive
Tempe, Arizona 85252

Rick Lavis
Arizona Cotton Growers Association
4139 East Broadway Road
Phoenix, Arizona 85040

Steve Brittle
Don't Waste Arizona, Inc.
6205 South 12th Street
Phoenix, Arizona 85040

Karen Glennon
19037 N. 44th Avenue
Glendale, Arizona 85308

Columbus Electric Cooperative, Inc.
P.O. Box 631
Deming, New Mexico 88031

Continental Divide Electric Cooperative
P.O. Box 1087
Grants, New Mexico 87020

Dixie Escalante Rural Electric Association
CR Box 95
Beryl, Utah 84714

Garkane Power Association, Inc.
P.O. Box 790
Richfield, Utah 84701

- | | | |
|----|--|--|
| 1 | Stephen Ahearn
Arizona Department of Commerce
Energy Office
3800 North Central Avenue, 12th Floor
Phoenix, Arizona 85012 | Craig Marks
Citizens Utilities Company
2901 N. Central Avenue, Suite 1660
Phoenix, Arizona 85012 |
| 4 | Betty Pruitt
Arizona Community Action Assoc.
2627 N. 3rd Street
Phoenix, Arizona 85004 | Jack Shilling
Duncan Valley Electric Cooperative
P.O. Box 440
Duncan, Arizona 85534 |
| 7 | Bradley Carroll
Tucson Electric Power Co.
P.O. Box 711
Tucson, Arizona 85702 | Nancy Russell
Arizona Association of Industries
2025 N. 3rd Street, Suite 175
Phoenix, Arizona 85004 |
| 9 | Mike McElrath
Cyprus Climax Metals Co.
P.O. Box 22015
Tempe, Arizona 85285-2015 | Barry Huddleston
Destec Energy
P.O. Box 4411
Houston, Texas 77210-4411 |
| 12 | A. B. Baardson
Nordic Power
4281 N. Summerset
Tucson, Arizona 85715 | Steve Montgomery
Johnson Controls
2032 West 4th Street
Tempe, Arizona 85281 |
| 14 | Michael Rowley
c/o Calpine Power Services
50 West San Fernando, Suite 550
San Jose, California 95113 | Arizona Retailers Association
Michelle Ahlmer
137 University
Mesa, Arizona 85201-5995 |
| 17 | Dan Neidlinger
3020 N. 17th Drive
Phoenix, Arizona 85015 | Ken Saline
Jeff Woner
K.R. Saline & Associates
160 N. Pasadena, Suite 101
Mesa, Arizona 85291-6764 |
| 19 | Jessica Youle
PAB300
Salt River Project
P.O. Box 52025
Phoenix, Arizona 85072-2025 | Louis A. Stahl
Streich Lang
2 North Central Avenue
Phoenix, Arizona 85004 |
| 22 | Clifford Cauthen
Graham County Electric Co-Op
P.O. Drawer B
Pima, Arizona 85543 | Douglas Mitchell
San Diego Gas and Electric Co.
P.O. Box 1831
San Diego, California 92112 |
| 24 | Joe Eichelberger
Magma Copper Company
P.O. Box 37
Superior, Arizona 85273 | Sheryl Johnson
Texas-New Mexico Power Co.
4100 International Plaza
Fort Worth, Texas 76109 |

- | | | |
|----|--|--------------------------------------|
| 1 | Ellen Corkhill | Department of Navy |
| 2 | AARP | Naval Facilities Engineering Command |
| 3 | 5606 North 17th Street | Navy Rate Intervention |
| | Phoenix, Arizona 85016 | 901 M Street SE, Building 212 |
| 4 | Andrew Gregorich | Washington, DC 20374 |
| | BHP Copper | Attn: Sam DeFrawl |
| 5 | P.O. Box M | |
| | San Manuel, Arizona 85631 | Robert S. Lynch |
| 6 | Larry McGraw | 340 E. Palm Lane, Suite 140 |
| | USDA-RUS | Phoenix, Arizona 85004-4529 |
| 7 | 6266 Weeping Willow | Douglas A. Oglesby |
| | Rio Rancho, New Mexico 87124 | Vantus Energy Corporation |
| 8 | Jim Driscoll | 353 Sacramento Street, Suite 1900 |
| | Arizona Citizen Action | San Francisco, California 94111 |
| 9 | 2430 S. Mill, Suite 237 | Michael Block |
| 10 | Tempe, Arizona 85282 | Goldwater Institute |
| | William Baker | Bank One Center |
| 11 | Electric District No. 6 | 201 N. Central, Concourse Level |
| | P.O. Box 16450 | Phoenix, Arizona 85004 |
| 12 | Phoenix, Arizona 85011 | Stan Barnes |
| | John Jay List | Copper State Consulting Group |
| 13 | General Counsel | 100 W. Washington Street, Suite 1415 |
| | National Rural Utilities Cooperative Finance Corp. | Phoenix, Arizona 85003 |
| 14 | 2201 Cooperative Way | Carl Robert Aron |
| | Herndon, Virginia 21071 | Executive Vice President and COO |
| 15 | Wallace Tillman | Itron, Inc. |
| | Chief Counsel | 2818 N. Sullivan Road |
| 16 | National Rural Electric Cooperative Association | Spokane, Washington 99216 |
| | 4301 Wilson Blvd. | Douglas Nelson |
| 17 | Arlington, VA 22203-1860 | Douglas C. Nelson, P.C. |
| | Robert Julian | 7000 N. 16th Street, Suite 120-307 |
| 18 | PPG | Phoenix, Arizona 85020 |
| | 1500 Merrell Lane | Lawrence V. Robertson, Jr. |
| 19 | Belgrade, Montana 59714 | Munger Chadwick, P.L.C. |
| | C. Webb Crockett | 333 North Wilmot, Suite 300 |
| 20 | Fennemore Craig | Tucson, Arizona 85711-2634 |
| | 3003 N. Central Ave., Suite 2600 | Tom Broderick |
| 21 | Phoenix, Arizona 85012-2913 | 6900 E. Camelback Rd. #700 |
| 22 | | Scottsdale, Arizona 85251 |
| 23 | | |
| 24 | | |
| 25 | | |
| 26 | | |

- | | | |
|----|---|--|
| 1 | Albert Sterman
Arizona Consumers Council
2849 East 8th Street
Tucson, Arizona 85716 | Larry K. Udall
Arizona Municipal Power Users' Assoc.
2712 N. 7th Street
Phoenix, Arizona 85006-1090 |
| 4 | Michael Grant
Gallagher & Kennedy
2600 N. Central Avenue
Phoenix, Arizona 85004 | Roderick G. McDougall
City Attorney
Attn: Jesse Sears, Assistant Chief Counsel
200 W. Washington St., Suite 1300
Phoenix, Arizona 85003-1611 |
| 7 | Suzanne Dallimore
Antitrust Unit Chief
Department of Law Building
Attorney General's Office
1275 West Washington Street
Phoenix, Arizona 85007 | William J. Murphy
200 W. Washington St. Suite 1400
Phoenix, Arizona 85003-1611 |
| 10 | Lex Smith
Michael Patten
Brown & Bain, P.C.
2901 N. Central Avenue
Phoenix, Arizona 85001-0400 | Christopher Hitchcock
P.O. Box 87
Bisbee, AZ 85603-0087 |
| 13 | Vinnie Hunt
City of Tucson
Department of Operations
4004 S. Park Avenue, Building #2
Tucson, Arizona 85714 | Myron L. Scott
1628 E. Southern Ave., No. 9-328
Tempe, AZ 85282-2179 |
| 16 | Steve Wheeler
Thomas M. Mumaw
Snell & Wilmer
One Arizona Center
400 E. Van Buren Street
Phoenix, Arizona 85004-0001 | Andrew Bettwy
Debra Jacobson
Southwest Gas Corporation
5241 Spring Mountain Road
Las Vegas, Nevada 89102 |
| 19 | William Sullivan
Martinez & Curtis, P.C.
2716 N. 7th Street
Phoenix, Arizona 85006 | Barbara R. Goldberg
Office of the City Attorney
3939 Civic Center Blvd.
Scottsdale, Arizona 85251 |
| 22 | Elizabeth S. Firkins
International Brotherhood of Electrical
Workers L.U. #1116
750 S. Tucson Blvd
Tucson, Arizona 85716-5698 | Terry Ross
Center for Energy & Economic Development
P.O. Box 288
Franktown, Colorado 80116 |
| 25 | Carl Dabelstein
2211 E. Edna Avenue
Phoenix, Arizona 85022 | Peter Glaser
Doherty Rumble & Butler PA
11401 New York Ave., N.W., Suite 1100
Washington, DC 20005 |
| | | Phyllis Rowe
Arizona Consumers Council
P.O. Box 1288
Phoenix, Arizona 85001 |

LAW OFFICES
O'CONNOR CAVANAGH MOLLOY JONES
33 NORTH STONE AVENUE - SUITE 2100
TUCSON, ARIZONA 85701-1621
(520) 622-3531

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

Thomas Pickrell
Arizona School Board Association
2100 N. Central Avenue
Phoenix, Arizona 85004

Director Utilities Division
Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007

Paul Bullis, Chief Counsel
Legal Division
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

H:\WORDDOCS\19539-0341\STRANDED COST FILING.DOC 08/20/98