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CARL J. KUNASEK  
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Commissioner  
TONY WEST  
Commissioner

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

) Docket No. E-0179A-98-0468



Graham County Electric Cooperative, Inc. ("Graham"), by and through its attorneys undersigned, in support of its Application states as follows:

1. Graham is a non-profit, customer owned cooperative which supplies power at retail to its members in Graham County, Arizona.
2. This application is filed pursuant to the Procedural Order dated April 21, 1999 to provide information on Graham's stranded cost/unbundled tariff filings. The matters raised are essentially legal in nature. Therefore, no testimony is submitted.
3. Graham does not own generation facilities. It has an all-requirements agreement with Arizona Electric Power Cooperative, Inc. ("AEPSCO") through the year 2020. Under this Agreement, Graham is committed to purchase and AEPSCO is obligated to supply all of the power and energy requirements of Graham's customer owners.
4. In light of this agreement and as to generation related stranded costs, Graham requests that the Commission authorize it to pass-through to its customer owners the Stranded Cost and regulatory asset recovery charges authorized for AEPSCO.

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5. As to distribution related Stranded Costs, Graham may incur such costs but it has no way of estimating those costs at this time prior to the introduction of retail competition. For example, Graham has installed approximately \$500,000 in meters. Some portion of that investment may be stranded in the future as certain customers shift to competitive metering, but Graham cannot estimate the extent of those costs, if any, at this time.

6. Therefore, as to distribution related Stranded Costs, Graham requests that the Commission waive the requirements of proposed Rule R14-2-1607 that it seek approval for recovery of Stranded Costs prior to July 1, 1999 and instead authorize it to file an application if and when such costs arise. Absent such a waiver, Graham will be deprived of its reasonable opportunity to recover such Stranded Costs and the remainder of its customer owners will be forced to bear Stranded Costs caused by customer owners electing competitive distribution related options.

7. As to unbundled rates, Graham is in the process of completing a rate case in which the Commission will authorize both Standard Offer and unbundled rates for its system. (Docket No. E01749A-98-0545. A Proposed Order has been issued and is scheduled for open meeting consideration on June 22, 1999. Therefore, no further filing is necessary.

8. Graham, however, does request a waiver of the requirements of proposed Rule R14-2-1612.N pertaining to billing separate cost elements for Standard Offer customers.

9. The Rule requires that generation and transmission elements be billed separately. Graham, however, receives generation, transmission and related services from AEPCO on a bundled basis. Generation and transmission service under AEPCO's currently approved tariff are not stated separately. Therefore, it is not possible for Graham to comply with the Rule.

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WHEREFORE, having fully stated its Application, Graham requests that the Commission enter its Order:

1. Authorizing it to pass through to its customer owners any Stranded Cost and regulatory asset charges it approves for AEPCO;
2. Authorizing it to apply for recovery of distribution related Stranded Costs as and when they arise; and
3. Waiving the requirements of proposed Rule R14-2-1612.N as to separate billing elements for Standard Offer bills and authorizing billing consistent with the Decision to be issued in Docket No. E-01749A-87-0545.

RESPECTFULLY SUBMITTED this 11<sup>th</sup> day of June, 1999.

GALLAGHER & KENNEDY, P.A.

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Cooperative, Inc.

Original and ten (10) copies of the foregoing document filed this 11<sup>th</sup> day of June, 1999, with:

Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

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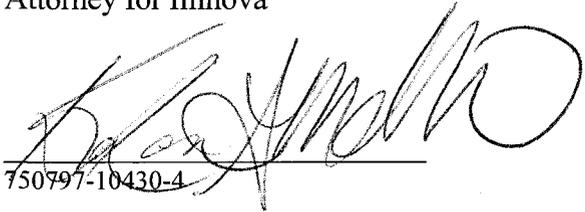
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Copy of the Application  
mailed this 11<sup>th</sup> day of  
June, 1999 to:

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