



0000119683

Barbara A. Klemstine
Manager
Regulatory Affairs

EXCEPTION

Tel 602/250-2031
Fax 602/250-3399
e-mail: bklemsti@apsc.com
<http://www.apsc.com>

RECEIVED
Mail Station 9909
P.O. Box 53999
Phoenix, AZ 85072-3999
1999 SEP 17 3 51

September 17, 1999

AZ CORP COMMISSION
DOCUMENT CONTROL

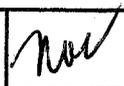
Docket Control
Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007-2996

Arizona Corporation Commission

DOCKETED

SEP 17 1999

RE: Docket No. E-01345A-98-0473
Docket No. E-01345A-97-0773
Docket No. RE-00000C-94-0165

DOCKETED BY 

Dear Sir or Madam:

Pursuant to the letter from Carl Kunasek, dated September 2, 1999, Arizona Public Service Company (APS) is filing our recommended amendments to the Hearing Officer's Recommended Order dated August 26, 1999. These Amendments correspond to the "Exceptions" filed by APS on September 7, 1999 on the Settlement Agreement.

If you have any questions, please call me at (602)250-2031.

Sincerely,

Barbara A. Klemstine,
Manager
Regulatory Affairs

Cc: Docket Control (Original plus 18 copies)
All Parties of Record

COMPANY: ARIZONA PUBLIC SERVICE CO.

AGENDA ITEM U-2

DOCKET NO.s: E-01345A-98-0473
E-01345A-97-0773
RE-00000C-94-0165

MEETING DATE: SEPTEMBER 21-23

AMENDMENT #1

PAGE 8, SECTION 2.8 LINES 12-15

DELETE: "The Commission shall not be prevented from commencing rate change proceedings, including responding to petitions submitted under A.R.S. § 40-246. However, any result from such proceeding shall not modify the collection of stranded cost approved herein by customer class."

INSERT: "Neither the Commission nor APS shall be prevented from seeking or authorizing a change in unbundled or Standard Offer rates prior to July 1, 2004, in the event of (a) conditions or circumstances which constitute an emergency, such as an inability to finance on reasonable terms, or (b) material changes in APS' cost of service for Commission-regulated services resulting from federal, tribal, state or local laws, regulatory requirements, judicial decisions, actions or orders. Except for the changes otherwise specifically contemplated by this Agreement, unbundled and Standard Offer rates shall remain unchanged until at least July 1, 2004."

COMPANY: ARIZONA PUBLIC SERVICE CO.

AGENDA ITEM U-2

**DOCKET NO.s: E-01345A-98-0473
E-01345A-97-0773
RE-00000C-94-0165**

MEETING DATE: SEPTEMBER 21-23

AMENDMENT #2

PAGE 9, LINE 25 – PAGE 10, LINE 3

DELETE: “As a result, we find the Company’s proposed mitigation of stranded costs in the Settlement should also apply to the costs forming the new generation affiliate. Accordingly, Section 2.6(3) should be modified to reflect that only 67 percent of those costs to transfer generation assets to an affiliate shall be allowed to be deferred for future collection.”

COMPANY: ARIZONA PUBLIC SERVICE CO.

AGENDA ITEM U-2

DOCKET NO.s: E-01345A-98-0473
E-01345A-97-0773
RE-00000C-94-0165

MEETING DATE: SEPTEMBER 21-23

AMENDMENT #3

PAGE 7, LINE 15

INSERT

The Words ... “Additionally as proposed by Staff, APS shall have the opportunity to recover through the CTC the difference between the embedded revenue cycle service credits and the decremental cost proposed by APS in Exhibit A of the Settlement. As a result, we will direct parties to file a revised Section 3.3 and Exhibit A consistent with the Commission’s discussion herein. “... “AFTER”... “As a result, we find the approval of the Settlement should be conditioned upon the use of Staff’s proposed credits for metering, meter reading, and billing.”

COMPANY: ARIZONA PUBLIC SERVICE CO.

AGENDA ITEM U-2

DOCKET NO.s: E-01345A-98-0473
E-01345A-97-0773
RE-00000C-94-0165

MEETING DATE: SEPTEMBER 21-23

AMENDMENT #4

PAGE 10, LINES 13-15

DELETE: "Further, while the Commission supports and approves the concept of transferring generation assets and competitive services to an affiliate, the Commission reserves the right to review and approve of the actual assets and services to be transferred."

INSERT: "The Commission supports and authorizes the transfer by APS to an affiliate or affiliates of all its generation and competitive electric service assets as set forth in the Agreement no later than December 31, 2002. However, we will require the Company to provide the Commission with a specific list of any assets to be so transferred, along with their net book values at the time of transfer, at least thirty days prior to the actual transfer. The Commission reserves the right to verify whether such specific assets are for the provision of generation and other competitive electric services or whether there are additional APS assets that should be so transferred."

COMPANY: ARIZONA PUBLIC SERVICE CO.

AGENDA ITEM U-2

DOCKET NO.s: E-01345A-98-0473
E-01345A-97-0773
RE-00000C-94-0165

MEETING DATE: SEPTEMBER 21-23

AMENDMENT #5

PAGE 11, LINES 25-28

DELETE: "Based on the above, we will direct APS to file with the Commission no later than 30 days of the date of this Decision, its interim Code of Conduct. APS should indicate which parties are in agreement with the proposed Code of Conduct. Subsequently, within 10 days of filing the Code of Conduct, the Hearing Division shall establish a procedural schedule to hear the matter."

INSERT: "The Interim Code of Conduct becomes effective upon approval of the Agreement. Under the Electric Competition Rules, APS must file a permanent Code of Conduct within ninety days. The Hearing Division will promptly issue a procedural order on such permanent Code of Conduct and will expedite its review and consideration to the extent possible. Given the relatively short period of time between the Interim and permanent Code of Conduct, we not believe a separate hearing on the Interim Code of Conduct is necessary."

PAGE 16,

DELETE: Lines 19-20 in Ordering Paragraph