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Jane Dee Hull  
Governor

Greg Patterson  
Director

February 5, 1998

Arizona Corporation Commission  
**DOCKETED**

FEB 05 1998

Barbara Sherman  
Arizona Consumers Council  
120 E. McKellips Road  
Tempe, Arizona 85281-1118

DOCKETED BY [Signature]

Albert Sterman  
Arizona Consumers Council  
2849 East 8th Street  
Tucson, Arizona 85716

Re: Electric Restructuring - Generic Stranded Cost Hearing.  
Docket No. RE-0000C-940165.

Dear Barbara and Al:

It has been a pleasure meeting with you to discuss the upcoming generic stranded cost proceedings. RUCO feels that the generic stranded cost hearings will provide the best mechanism for furnishing the Commission with an accurate and complete record of the viewpoints of all the various stakeholders in the electric industry restructuring process.

Because RUCO believes that an accurate record must necessarily reflect the interests of all stakeholders, regardless of their ability to obtain legal representation, RUCO offers to pose cross-examination questions of witnesses on behalf of Arizona Consumers Council at the generic stranded cost hearing. RUCO offers to do this so that Arizona Consumers Council may comply with the Commission's First Amended Procedural Order dated December 11, 1997, which states that "all parties should make a reasonable effort to align themselves with similar parties with an attorney."

Arizona Consumers Council and RUCO share generally aligned interests due to the fact that both entities represent residential utility consumers. This general alignment of interest should allow RUCO to cross examine witnesses at the stranded cost hearing on behalf of Arizona Consumers Council, as we discussed.

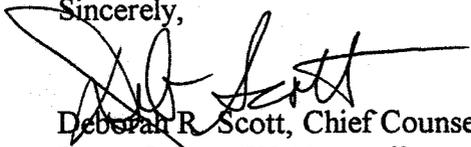
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As we also discussed, however, in the unlikely event that an issue may present itself on which RUCO and Arizona Consumers Council hold directly adverse positions, RUCO will not be available to cross examine its own witness on that particular issue. RUCO does not anticipate that such a situation will arise, but wishes to apprise of this possibility and its implications. At the procedural conference held on January 23, Hearing Officer Rudibaugh agreed that if such a situation does indeed arise, he will pose cross examination questions of our witness, Dr. Rosen.

As we discussed, RUCO agrees to act as a "mouthpiece" for Arizona Consumers Council at the hearings. Arizona Consumers Council will be responsible for developing the cross examination questions for RUCO to pose at the hearing. For purposes of advance preparation, RUCO anticipates meeting with Arizona Consumers council prior to the hearing to review the cross examination questions and issues.

We are happy to help assure that all residential electricity consumers are adequately represented at the upcoming generic stranded cost hearing. If you have any questions regarding anything we discussed, or anything in this letter, please feel free to call me at 279-5659 ext 349 or Teena Wolfe at ext. 351.

Sincerely,



Deborah R. Scott, Chief Counsel  
Teena Ingram Wolfe, Staff Attorney

cc: Greg Patterson, Director  
Docket Control  
All Parties of Record in Stranded Cost Proceeding