

EXCEPTION

Arizona Community Action Association
Exceptions to Stranded Costs Propo

DOCKET # RE-00000C-94-0165

ACAA disagrees with the following:



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1. Option 1 – Net Revenues Lost Methodology- Customers on the standard offer will continue to pay 100% stranded costs over the collection period while competitive customers will enjoy a 20% annual decrease in stranded costs. This provision could be very unfair, if residential and low-income consumers are held captive and restricted from entering the competitive generation market.
In addition, the proposed order states that stranded costs should be collected over a relatively short transition period and customers who desire competitive generation will have an opportunity to acquire lower rates than the standard offer. If, during the transition, residential and low-income consumers are held captive, either by rule or through lack of impartial education, they will not be able to enjoy lower competitive rates and will pay a higher level of stranded costs.
2. Nuclear fuel disposal and decommissioning should be considered stranded costs since they are associated with generation. ACAA disagrees with the proposal to incorporate them as system benefit charges. If the Commission believes that these costs should be system benefits charges, then at a minimum they should be a separate line item so consumers will know how much they are paying.
3. If the Affected Utilities are granted a reasonable opportunity (as opposed to a guarantee) to collect 100% of stranded costs, then the Commission and Staff must be incredibly diligent in ensuring that the utilities maximize their mitigation efforts. Any less will be a disservice to consumers. It must be very clear that there is no guarantee of 100% recovery. ACAA is supportive of stranded cost sharing between customers and shareholders.

ACAA supports provisions in the proposed order:

1. Minimizing the stranded cost impact on standard offer customers and providing a price cap.
2. Providing truth in intent by evaluating decreased on the whole bill not just a rate. Consumers will be well served by this truth in billing and policy development.
3. While a short transition period and a rate reduction are in conflict, ACAA supports a longer period rather than a short one with no or minimal reductions.
4. Incorporating low-income, DSM, and renewable programs as system benefit charges rather than stranded costs.
5. Requiring the sharing of negative stranded costs with ratepayers and the deferral of stranded costs without carrying charges under the Divestiture Methodology.
6. Insuring that standard offer consumers will not be double charged on stranded costs.
7. Determining that all customers connected to the grid will pay stranded costs and that exit fees should be developed.

~~Arizona Corporation Commission~~
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**Original and ten copies of
the foregoing filed this
29th day of May,
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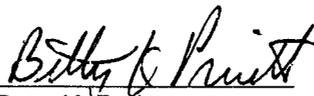
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