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# EXCEPTION

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## BEFORE THE ARIZONA CORPORATION COMMISSION

JIM IRVIN  
Commissioner - Chairman  
RENZ D. JENNINGS  
Commissioner  
CARL J. KUNASEK  
Commissioner

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

DOCKET No. RE-00000C-94-0165

Arizona Corporation Commission  
**DOCKETED**

JUN 02 1998

DOCKETED BY *JML*

**SUPPLEMENT TO EXCEPTIONS TO THE RECOMMENDED OPINION AND ORDER  
BY ASARCO INCORPORATED, CYPRUS CLIMAX METALS COMPANY,  
ARIZONANS FOR ELECTRIC CHOICE AND COMPETITION, MORENCI WATER  
AND ELECTRIC COMPANY, AJO IMPROVEMENT COMPANY AND  
PHELPS DODGE CORPORATION**

June 2, 1998

Submitted by:  
FENNEMORE CRAIG  
Attorneys for AECC, ASARCO Incorporated,  
and Cyprus Climax Metals Company

BROWN & BAIN, P.A.  
Attorneys for Morenci Water and Electric  
Company, Ajo Improvement Company and  
Phelps Dodge Corporation

1 ASARCO, Incorporated, Cyprus Climax Metals Company, Arizonans for Electric  
2 Choice and Competition, Ajo Improvement Company, Morenci Water and Electric Company,  
3 Phelps Dodge Corporation (collectively referred to herein as "AECC"), hereby submit this  
4 supplement to AECC's Exceptions to the Recommended Opinion and Order of the Chief Hearing  
5 Officer and request that the following Proposed Amendment be included in the final opinion and  
6 order issued in this matter:

7 Page 18, line 14-1/2, add:

8 It is necessary to ensure that any transition charge used to  
9 collect stranded costs does not cause the delivered price of power  
10 to customers to be greater under competition than under regulation.  
11 Therefore, a cap shall be placed on each customer's transition  
12 charge in an amount equal to the regulated price of generation  
13 applicable to that customer under current rates, minus the retail  
14 market price of generation.

15 The regulated price of generation shall be determined by  
16 subtracting all delivery charges (i.e., transmission, distribution,  
17 ancillary services, system benefits charges) from the bundled price  
18 of power paid by the customer under the customer's current rate or  
19 contract.

20 Further, it is the intention of the Commission to design the  
21 transition charge such that it is *lower* than the cap. This will allow  
22 retail access customers to benefit from competition. Any reduction  
23 in the transition charge below the cap will be proportionate for all  
24 customers, in keeping with the proportionality clause.

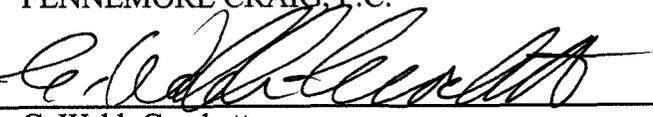
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The Proposed Amendment is necessary in order to protect the consumer, both small and large, against having to pay more for electricity under competition than the consumer would pay under regulation.

RESPECTFULLY SUBMITTED this 2nd day of June, 1998.

FENNEMORE CRAIG, P.C.

By 

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ORIGINAL AND TEN COPIES of the foregoing hand-delivered this 2nd day of June, 1998, to:

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

TWO COPIES OF THE FOREGOING hand-delivered this 2nd day of June, 1998 to:

Jerry Rudibaugh, Chief Hearing Officer  
Hearing Division  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

1 COPY OF THE FOREGOING  
hand-delivered this 2nd day  
2 of June, 1998 to:

3 Jim Irvin  
Commissioner - Chairman  
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1200 West Washington  
5 Phoenix, Arizona 85007

6 Renz D. Jennings  
Commissioner  
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11 Phoenix, Arizona 85007

12 Ray Williamson, Acting Director  
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18 COPY OF THE FOREGOING  
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