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*Neidlinger & Associates, Ltd.*  
*Utility Rate Economics and Financial Management Consulting*

July 6, 1998

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

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AZ CORP COMMISSION  
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Re: Comments of Fort Huachuca, Arizona on Proposed Revisions of the  
Retail Electric Competition Rules (R-14-2-1601, et al.)

Fort Huachuca's comments concern the procedural aspects of the above-referenced proposed rules. More specifically, the January 1, 1999 implementation date to allow customers with loads, either individual or aggregated, exceeding 1 megawatt to compete is unrealistic unless hearings, and a decision by the Commission, on the unbundled rates of Affected Utilities can be completed by December, 1998. The proposed rules prescribe a filing date but are silent with respect to a timetable for hearings. Competition will not become a reality until a full and complete evaluation of each rate component, through the hearing process, is conducted for each Affected Utility.

Accordingly, Fort Huachuca recommends that the proposed workshops on unbundled distribution costs be eliminated and replaced with hearings on these costs. If this work cannot be completed by the end of 1998 for all Affected Utilities, the Fort reluctantly suggests that the January 1, 1999 starting date for loads exceeding 1 megawatt be moved to a date that is in harmony with hearing timetables. This would avoid any embarrassment to the Commission arising from the announcement of starting dates for electric competition in Arizona that cannot be met.

Sincerely,

Dan L. Neidlinger  
On Behalf of Fort Huachuca

cc: Mr. Bill Stein, Fort Huachuca

Arizona Corporation Commission

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