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ARIZONA CORPORATION COMMISSION

July 10, 1998.

Dear Interested Party:

RE-00000-C-94-0165

This package includes a copy of the 2<sup>nd</sup> draft of proposed revisions of the Retail Electric Competition Rules (R14-2-1601 et al.). The proposed revisions were developed as a result of four years of effort to prepare for the start of retail electric competition on January 1, 1999. Staff considered suggested changes from a variety of Commission-established working groups and from comments, filings, and testimony presented in Commission proceedings over the past 18 months.

New proposed wording is shown as **bold type** and deleted wording is shown as ~~strikethrough~~.

Public input on this draft will be taken at the following times and places:

Wednesday, July 15, 1998

10:30 a.m. (or upon completion of the Open Meeting Voting Session)

5:30 p.m. (for members of the general public)

Arizona Corporation Commission Hearing Room

1200 West Washington

Phoenix, Arizona

Thursday, July 16, 1998

5:15 p.m.

Arizona Corporation Commission Hearing Room 222

400 West Congress

Tucson, Arizona

Friday, July 17, 1998

12:15 p.m.

Flagstaff City Council Chambers

211 West Aspen

Flagstaff, Arizona

After these sessions, Staff will consider the Comments and file its final proposed rule recommendations by July 24, 1998. We appreciate your consideration of these rules and look forward to your comments and suggestions, as they are further refined.

Sincerely,

*Ray T. Williamson*

Ray T. Williamson

Acting Director

Utilities Division

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Arizona Corporation Commission  
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## R14-2-1601 Definitions

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1. "Affected Utilities" means the following public service corporations providing electric service: Tucson Electric Power Company, Arizona Public Service Company, Citizens Utilities Company, Arizona Electric Power Cooperative, Trico Electric Cooperative, Duncan Valley Electric Cooperative, Graham County Electric Cooperative, Mohave Electric Cooperative, Sulphur Springs Valley Electric Cooperative, Navopache Electric Cooperative, Ajo Improvement Company, and Morenci Water and Electric Company.
2. "Aggregator" means an entity that combines electric customers into a purchasing group.
- 2.3. "Bundled Service" means electric service provided as a package to the consumer including all generation, transmission, distribution, ancillary and other services necessary to deliver and measure useful electric energy and power to consumers.
- 3.4. "Buy-through" refers to a purchase of electricity by an Affected Utility at wholesale for a particular retail consumer or aggregate of consumers or at the direction of a particular retail consumer or aggregate of consumers.
5. "Competition Transition Charge" (CTC) is a means of recovering Stranded Costs from the customers of competitive services.
6. "Competitive Services" means all aspects of retail electric service except those services specifically defined as "noncompetitive services" pursuant to R14-2-1601.
7. "Control Area Operator" is the operator of an electric system or systems, bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other Control Areas and contributing to frequency regulation of the Interconnection.
8. "Current Transformer" (CT) is an electrical device used in conjunction with an electric meter to provide a measurement of energy consumption for metering purposes.
9. "Delinquent Accounts" means customer accounts with outstanding payment obligations that remain unpaid after the due date.
10. "Distribution Primary Voltage" is voltage as defined under the Affected Utility's FERC Open Access Transmission Tariff, except for Metering Service Providers, for which Distribution Primary Voltage is voltage at or above 600 volts (600V) through and including 25 kilovolts (25 kV).
- 4.11. "Distribution Service" means the delivery of electricity to a retail consumer through wires, transformers, and other devices that are not classified as transmission services subject to the jurisdiction of the Federal Energy Regulatory Commission; Distribution Service excludes ~~meters and meter reading~~ Metering Services, Meter Reading Services, and billing and collection services, as those terms are used herein.

12. **"Electronic Data Interchange" (EDI) is the computer-to-computer electronic exchange of business documents using standard formats which are recognized both nationally and internationally.**
- 5-13. **"Electric Service Provider" (ESP) means a company supplying, marketing, or brokering at retail any of the competitive services described in R14-2-1605 of or R14-2-1606, pursuant to a Certificate of Convenience and Necessity.**
6. ~~"Eligible Demand" means the total consumer kilowatts of demand which an Affected Utility must make available to competitive generation under the terms of this Article or the consumer kilowatts of demand provided competitively in an Affected Utility's distribution territory, whichever is greater.~~
14. **"ESP Service Acquisition Agreement" or "Service Acquisition Agreement" means a contract between an ESP and a Utility Distribution Company to deliver power to retail end users or between an ESP and a Scheduling Coordinator to schedule transmission service.**
15. **"Generation" means the production of electric power or contract rights to the generation of wholesale electric power.**
16. **"Independent Scheduling Administrator" (ISA) is a proposed entity, independent of transmission owning organizations, intended to facilitate nondiscriminatory retail direct access using the transmission system in Arizona.**
17. **Independent System Operator" (ISO) is an independent organization whose objective is to provide nondiscriminatory and open transmission access of the interconnected transmission grid under its jurisdiction, in accordance with the Federal Energy Regulatory Commission principles of independent system operation.**
18. **"Load Profiling" is a process of estimating customers' hourly energy consumption based on measurements of similar customers.**
19. **"Meter Reading Service" means all functions related to the collection and storage of consumption data for non-Standard Offer and other customers of non-competitive electric services.**
20. **"Meter Reading Service Provider" (MRSP) means an entity providing Meter Reading Service, as that term is defined herein and that reads meters, performs validation, editing, and estimation on raw meter data to create validated meter data; translates validated data to an approved format; posts this data to a server for retrieval by billing agents; manages the server; exchanges data with market participants; and stores meter data for problem resolution.**

21. **"Meter Service Provider" (MSP) means an entity providing Metering Service, as that term is defined herein.**
22. **"Metering Service" means all functions related to measuring electricity consumption.**
23. **"Must-Run Generating Units" are those units that are required to run to maintain system reliability and meet load requirements in times of congestion on certain portions of the interconnected transmission grid.**
24. **"Non-competitive services" means distribution service and standard offer service. All components of standard offer service shall be deemed noncompetitive as long as those components are provided in a bundled transaction pursuant to R14-2-1606.A.**
25. **"OASIS" is Open Access Same-Time Information System, which is an electronic bulletin board where transmission-related information is posted for all interested parties to access via the Internet to enable parties to engage in transmission transactions.**
26. **"Operating Reserve" means the generation capability above firm system demand used to provide for regulation, load forecasting error, equipment forced and scheduled outages, and local area protection to provide system reliability.**
27. **"Potential Transformer" (PT) is an electrical device used to step down primary voltages to 120 volts for metering purposes.**
28. **"Scheduling Coordinator" means an entity that provides schedules for power transactions over transmission or distribution systems to the party responsible for the operation and control of the transmission grid, such as a Control Area Operator, ISA or ISO.**
29. **"Self-Aggregation" is the action of a retail customer that combines its own metered loads into a single purchase block.**
30. **"Solar Electric fund" is the funding mechanism established by this Article through which deficiency payments are collected and solar energy projects are funded in accordance with this article.**
- 7.31. **"Standard Offer" means Bundled Service offered to all consumers in a designated area at regulated rates.**
- 8.32. **"Stranded Cost" means includes:**
  - a. the verifiable net difference between:
    - a i The value of all the prudent jurisdictional assets and obligations necessary to furnish electricity (such as generating plants, purchased power contracts, fuel contracts, and regulatory assets), acquired or entered into prior to the adoption of this Article, under traditional regulation of Affected Utilities; and
    - ⓑ ii The market value of those assets and obligations directly attributable to the introduction of competition under this Article.

- b. reasonable costs necessarily incurred by an Affected Utility to effectuate divestiture of its generation assets; and
- c. reasonable employee severance and retraining costs necessitated by electric competition, where not otherwise provided.
- d. other transition costs approved by the Commission.

9-33. "System Benefits" means Commission-approved utility low income, demand side management, environmental, renewables, and nuclear power plant decommissioning programs.

34. "Transmission Primary Voltage" is voltage above 25 kV as it relates to metering transformers.

35. "Transmission Service" refers to the transmission of electricity to retail electric customers or to electric distribution facilities and that is so classified by the Federal Energy Regulatory Commission or, to the extent permitted by law, so-classified by the Arizona Corporation Commission.

10-36. "Unbundled Service" means electric service elements provided and priced separately, including, but not limited to, such service elements as generation, transmission, distribution, **metering, meter reading, billing and collection** and ancillary services. Unbundled Service may be sold to consumers or to other Electric Service Providers.

37. "Utility Distribution Company" (UDC) means the regulated electric utility entity that constructs and maintains the distribution system for the delivery of power to the end user.

38. "Utility Industry Group" (UIG) refers to a utility industry association that establishes national standards for data formats.

39. "Universal Node Identifier" is a unique, permanent, identification number assigned to each service delivery point.

**R14-2-1602. Filing of Tariffs by Affected Utilities**

A. Each Affected Utility shall file tariffs consistent with this Article by December 31, 1997.

**R14-2-1603. Certificates of Convenience and Necessity.**

A. Any Electric Service Provider intending to supply services described in R14-2-1605 or R-14-2-1606, other than services subject to federal jurisdiction, shall obtain a Certificate of Convenience and Necessity from the Commission pursuant to this Article. ~~however;~~ A Certificate is not required to offer information services or billing and collection services, **or self aggregation.** ~~An Affected Utility does not need to apply for a Certificate of Convenience and Necessity for any service provided as of the date of adoption of this Article within its distribution service territory.~~ **An Affected Utility need not apply for a Certificate of Convenience and Necessity to continue to provide electric service during the transition period set forth in R14-2-1604. An Affected Utility providing distribution and standard offer service after January 1, 2001**

**need not apply for a Certificate of Convenience and Necessity. All other Affected Utility Affiliates created in compliance with R14-2-1616.A shall be required to apply for appropriate Certificates of Convenience and Necessity.**

- B. Any company desiring such a Certificate of Convenience and Necessity shall file with the Docket Control Center the required number of copies of an application. ~~Such Certificates shall be restricted to geographical areas served by the Affected Utilities as of the date this Article is adopted and to service areas added under the provisions of R14-2-1611.~~ In support of the request for a Certificate of Convenience and Necessity, the following information must be provided:
1. A description of the electric services which the applicant intends to offer;
  2. The proper name and correct address of the applicant, and
    - a. The full name of the owner if a sole proprietorship,
    - b. The full name of each partner if a partnership,
    - c. A full list of officers and directors if a corporation, or
    - d. A full list of the members if a limited liability corporation;
  3. A tariff for each service to be provided that states the maximum rate and terms and conditions that will apply to the provision of the service;
  4. A description of the applicant's technical ability to obtain and deliver electricity **if appropriate** and provide any other proposed services;
  5. Documentation of the financial capability of the applicant to provide the proposed services, including the most recent income statement and balance sheet, the most recent projected income statement, and other pertinent financial information. Audited information shall be provided if available;
  6. A description of the form of ownership (e.g., partnership, corporation);
  7. **All relevant tax licenses from lawful taxing authorities within the State of Arizona.**
  - ~~7~~ 8. Such other information as the Commission or the Staff may request.
- C. **The Applicant shall report in a timely manner during the application process any change(s) in the information initially reported to the Commission in the application for a Certificate of Convenience and Necessity.**
- D. **The Applicant shall provide public notice of the application as required by the Commission.**
- ~~C~~.E. At the time of filing for a Certificate of Convenience and Necessity, each applicant shall notify the Affected Utilities **or UDC** in whose service territories it wishes to offer service of the application by serving a **notification complete copy** of the application on the Affected Utilities **or UDC**. **Each applicant shall provide written notice to the Commission that it has**

provided notification to each of the respective Affected Utilities or UDC at the time of application.

**F. The Commission may issue a Certificate of Convenience and Necessity that is effective for a specified period of time if the applicant has limited or no experience in providing the retail electric service that is being requested. An applicant receiving such approval shall have the responsibility to apply for appropriate extensions.**

~~D-G.~~ The Commission may deny certification to any applicant who:

1. Does not provide the information required by this Article;
2. Does not possess adequate technical or financial capabilities to provide the proposed services;
3. **Does not have service acquisition agreements approved by the Commission with a utility distribution company and scheduling coordinator, if the applicant is not its own scheduling coordinator.**
- 3.4. Fails to provide a performance bond, if required.
5. **Fails to demonstrate that its certification will serve the public interest.**
6. **Service acquisition agreements entered into outside the context of a certification proceeding shall also be approved by the Commission.**
7. **In all negotiations relative to service acquisition agreements Affected utilities or their successor entities are required to negotiate in good faith.**

~~E. H.~~ Every Electric Service Provider obtaining a Certificate of Convenience and Necessity under this Article shall obtain certification subject to the following conditions:

1. The Electric Service Provider shall comply with all Commission rules, orders, and other requirements relevant to the provision of electric service and relevant to resource planning;
2. The Electric Service Provider shall maintain accounts and records as required by the Commission;
3. The Electric Service Provider shall file with the Director of the Utilities Division all financial and other reports that the Commission may require and in a form and at such times as the Commission may designate;
4. The Electric Service Provider shall maintain on file with the Commission all current tariffs and any service standards that the Commission shall require;
5. The Electric Service Provider shall cooperate with any Commission investigation of customer complaints;

6. The Electric Service Provider shall obtain all necessary permits and licenses;

**11. The ESP shall comply with all disclosure requirements pursuant to R14-2-1618.**

8. Failure to comply with any of the above conditions may result in rescission of the Electric Service Provider's Certificate of Convenience and Necessity.

**F.H.** In appropriate circumstances, the Commission may require, as a precondition to certification, the procurement of a performance bond sufficient to cover any advances or deposits the applicant may collect from its customers, or order that such advances or deposits be held in escrow or trust.

**R14-2-1604. Competitive Phases.**

**A.** Each Affected Utility shall make available at least 20% of its 1995 system retail peak demand for competitive generation supply as described in this rule. ~~to all customer classes (including residential and small commercial consumers) not later than January 1, 1999. If data permit, coincident annual peak demand shall be used; otherwise noncoincident peak data may be used.~~

- ~~1. No more than 1/2 of the Eligible Demand may be procured by consumers, each of whose total competitive contract demand is greater than 3 MW.~~
- ~~2. At least 15% of the Eligible Demand shall be reserved for residential consumers.~~
- ~~3. Aggregation of loads of multiple consumers shall be permitted.~~

- 1. All Affected Utility customers with non-coincident peak demand load of 1 MW or greater will be eligible for competitive electric services no later than January 1, 1999.**

~~**B.** Each Affected Utility shall make available at least 50% of its 1995 system retail peak demand for competitive generation supply to all customer classes (including residential and small commercial consumers) not later than January 1, 2001. If data permit, coincident peak annual demand shall be used; otherwise noncoincident peak data may be used.~~

- ~~1. No more than 1/2 of the Eligible Demand may be procured by consumers, each of whose total competitive contract demand is greater than 3 MW.~~
- ~~2. At least 30% of the Eligible Demand shall be reserved for residential consumers.~~
- ~~3. Aggregation of loads of multiple consumers shall be permitted.~~

- 2. Affected Utility customers with individual non-coincident peak load demands of 40 kW or greater aggregated into a combined load of 1 MW or greater will be eligible for competitive electric services no later than January 1, 1999. Self aggregation is also allowed pursuant to the minimum and combined load demands set forth in this Rule. If peak load data are not available, the 40 kW criterion can be determined to be met if the customer's usage exceeded 16,500 kWh in any month within the last twelve consecutive months. From January 1, 1999, through December 31, 2000, aggregation of new competitive customers will be allowed until such time as 20% of**

**the Affected Utility's 1995 system peak demand is served by competitors. At that point all additional aggregated customers must wait until January 1, 2001, to obtain competitive service.**

~~C. Prior to 2001, no single consumer shall receive more than 20% of the Eligible Demand in a given year in an Affected Utility's service territory.~~

**B. Each Affected Utility shall offer a residential phase-in program with the following components:**

- 1. A minimum of 1/2 of 1% of residential customers will have access to competitive electric services on January 1, 1999. The number of customers eligible for the residential phase-in program shall increase by an additional 1/2 of 1% every quarter until January 1, 2001.**
- 2. Access to the residential phase-in program will be on a first-come, first-served basis. The Affected Utility shall create and maintain a waiting list to manage the residential phase-in program.**
- 3. Load profiling may be used; however, residential customers participating in the residential phase-in program may choose other metering options offered by their electric service provider consistent with the Commission's rules on metering.**
- 4. Each Affected Utility shall file a Residential Phase-In Program Proposal to the Commission for approval by Director, Utilities Division by September 15, 1998. As a minimum, the Residential Phase-In Program Proposal will include specifics concerning the Affected Utility's proposed:
  - a. Process for customer notification of Residential Phase-In Program;**
  - b. Selection and tracking mechanism for customers based on first-come, first-served method;**
  - c. Customer notification process and other information services to be offered; and,**
  - d. Load profiling methodology and actual load profiles, if available.****
- 5. Each Affected Utility shall file quarterly Residential Phase-In Program reports within 45 days of the end of each quarter. As a minimum, these quarterly reports shall include:
  - a. The number of customers and the load currently enrolled in Residential Phase-In Program by energy service provider;**
  - b. The number of customers currently on the waiting list;**
  - c. A description of all customer education programs and other information services including a discussion of the effectiveness of the programs; and,**
  - d. An overview of comments and survey results from participating residential customers.****

**C. Each Affected Utility shall file a report detailing, by September 15, 1998 possible mechanisms**

to provide benefits, such as rate reductions of 3% - 5%, to all customers determined not to be eligible for competitive electric services directly or through aggregation in a manner consistent with R14-2-1604 (B).

~~D. Each Affected Utility shall make available all of its retail demand for competitive generation supply not later than January 1, 2003.~~

D. All customers shall be eligible to obtain competitive electric services no later than January 1, 2001.

~~E. By the date indicated in R14-2-1602, Affected Utilities shall propose for Commission review and approval how customers will be selected for participation in the competitive market prior to 2003.~~

~~1. Possible selection methods are first come, first served; random selection via a lottery among volunteering consumers; or designation of geographic areas.~~

~~2. The method for selecting customers to participate in the competitive market must fairly allow participation by a wide variety of customers of all sizes of loads.~~

E. 3. Subject to the twenty percent limitation described in Subsection A. of this Section, all All customers who produce or purchase at least 10% of their annual electricity consumption from photovoltaic or solar thermal electric resources installed in Arizona after January 1, 1997 shall be selected for participation in the competitive market if those customers apply for participation in the competitive market. Such participants count toward the minimum requirements in R14-2-1604 (A) and R14-2-1604 (B).

~~4. The Commission Staff shall commence a series of workshops on selection issues within 45 days of the adoption of this Article and Staff shall submit a report to the Commission discussing the activities and recommendations of participants in the workshops. The report shall be due not later than 90 days prior to the date indicated in R14-2-1602.~~

F. Retail consumers served under existing contracts are eligible to participate in the competitive market prior to expiration of the existing contract only if the Affected Utility and the consumer agree that the retail consumer may participate in the competitive market.

G. An Affected Utility may engage in buy-throughs with individual or aggregated consumers. Any contract for a buy-through effective prior to the date indicated in R14-2-1604(A) must be approved by the Commission.

H. Schedule Modifications for Cooperatives

1. An electric cooperative may request that the Commission modify the schedule described in R14-2-1604(A) through R14-2-1604(D) (E) so as to preserve the tax exempt status of the cooperative or to allow time to modify contractual arrangements pertaining to delivery of power supplies and associated loans.

2. As part of the request, the cooperative shall propose methods to enhance consumer choice among generation resources.
3. The Commission shall consider whether the benefits of modifying the schedule exceed the costs of modifying the schedule.

**R14-2-1605. Competitive Services.**

A properly certificated Electric Service Provider may offer any of the following services under bilateral or multilateral contracts with retail consumers:

- A. Generation of electricity from generators at any location whether owned by the Electric Service Provider or purchased from another generator or wholesaler of electric generation.
- B. Any service described in R14-2-1606, except Distribution Service and except services required by the Federal Energy Regulatory Commission to be monopoly services. Billing and collection services, information services, **and self-aggregation services** do not require a Certificate of Convenience and Necessity. **Aggregation is considered to be a competitive service.**

**R14-2-1606. Services Required To Be Made Available by ~~Affected Utilities.~~**

- A. ~~Until the Commission determines that competition has been substantially implemented for a particular class of consumers (residential, commercial, industrial) so that all consumers in that class have an opportunity to participate in the competitive market, and until all Stranded Costs pertaining to that class of customers have been recovered, each~~ **Each** Affected Utility shall make available to all consumers in that class in its service area, as defined on the date indicated in R14-2-1602, Standard Offer bundled generation, transmission, ancillary, distribution, and other necessary services at regulated rates. **After January 1, 2001 Standard Offer service shall be provided by Utility Distribution Companies who shall also act as providers of last resort.**

~~1. An Affected Utility may request that the Commission determine that competition has been substantially implemented to allow discontinuation of Standard Offer service and shall provide sufficient documentation to support its request.~~

~~2. The Commission may, on its own motion, investigate whether competition has been substantially implemented and whether Standard Offer service may be discontinued.~~

- B. **After January 1, 2001, power purchased by a Utility Distribution Company to serve standard offer customers shall be acquired through competitive bid. Any resulting contract in excess of twelve months shall contain provisions allowing the UDC to ratchet down its power purchases. If the cost of such a ratchet provision is unreasonable, the affected UDC may file for an exemption from this rule.**

**B.C. Standard Offer Tariffs**

1. By the date indicated in R14-2-1602, each Affected Utility may file proposed tariffs to provide Standard Offer Bundled Service and such rates shall not become effective until approved by the Commission. If no such tariffs are filed, rates and services in existence as of the date in R14-2-1602 shall constitute the Standard Offer.

2. Affected Utilities may file proposed revisions to such rates. It is the expectation of the Commission that the rates for Standard Offer service will not increase, relative to existing rates, as a result of allowing competition. Any rate increase proposed by an Affected Utility for Standard Offer service must be fully justified through a rate case proceeding.
3. Such rates shall reflect the costs of providing the service.
4. Consumers receiving Standard Offer service are eligible for potential future rate reductions authorized by the Commission, such as reductions authorized in Decision No. 59601.

**C. D.** By the date indicated in R14-2-1602, each Affected Utility shall file Unbundled Service tariffs to provide the services listed below to all eligible purchasers on a nondiscriminatory basis:

1. Distribution Service;
2. Metering and ~~meter reading services~~ **Meter Reading Services;**
3. Billing and ~~collection services~~ **Collection Services;**
4. Open access transmission service (as approved by the Federal Energy Regulatory Commission, if applicable);
5. Ancillary services in accordance with Federal Energy Regulatory Commission Order 888 (III FERC Stats. & Regs. paragraph 31,036, 1996) incorporated herein by reference;
6. Information services such as provision of customer information to other Electric Service Providers;
7. Other ancillary services necessary for safe and reliable system operation.

**D.E.** To manage its risks, an Affected Utility may include in its tariffs deposit requirements and advance payment requirements for Unbundled Services.

**F. Customer Data**

1. Upon authorization by the customer, an Electric Service Provider shall release in a timely and useful manner that customer's demand and energy data for the most recent 12 month period to a customer-specified Electric Service Provider.
2. The Electric Service Provider requesting such customer data shall provide an accurate account number for the customer.
3. The form of data shall be mutually agreed upon by the parties and such data shall not be unreasonably withheld.

**G. Rates for Unbundled Services**

1. The Commission shall review and approve rates for services listed in R14-2-1606(D) and requirements listed in R14-2-1606(E), where it has jurisdiction, before such services can be offered.
2. Such rates shall reflect the costs of providing the services.
3. Such rates may be downwardly flexible if approved by the Commission.

H. Electric Service Providers offering services under this R14-2-1606 shall provide adequate supporting documentation for their proposed rates. Where rates are approved by another jurisdiction, such as the Federal Energy Regulatory Commission, those rates shall be provided to this Commission.

~~I. Within 90 days of the adoption of this Article, the Commission Staff shall commence a series of workshops to explore issues in the provision of Unbundled Service and Standard Offer service.~~

~~1. Parties to be invited to participate in the workshops shall include utilities, consumers, organizations promoting energy efficiency, and other Electric Service Providers.~~

~~2. Among the issues to be reviewed in the workshops are: metering requirements; metering protocols; designation of appropriate test years; the nature of adjustments to test year data; de averaging of rates; service characteristics such as voltage levels; revenue uncertainty; line extension policies; and the need for performance bonds.~~

~~3. A report shall be submitted to the Commission by the Staff on the activities and recommendations of the participants in the workshops not later than 60 days prior to the date indicated in R14-2-1602. The Commission shall consider any recommendations regarding Unbundled Service and Standard Offer service tariffs.~~

#### **R14-2-1607. Recovery of Stranded Cost of Affected Utilities.**

A. The Affected Utilities shall take every **feasible reasonable**, cost-effective measure to mitigate or offset Stranded Cost by means such as expanding wholesale or retail markets, or offering a wider scope of services for profit, among others.

B. The Commission shall allow a **reasonable opportunity for** recovery of unmitigated Stranded Cost by Affected Utilities.

~~C. A working group to develop recommendations for the analysis and recovery of Stranded Cost shall be established.~~

~~1. The working group shall commence activities within 15 days of the date of adoption of this Article.~~

~~2. Members of the working group shall include representatives of Staff, the Residential Utility Consumer Office, consumers, utilities, and other Electric Service Providers. In addition, the Executive and Legislative Branches shall be invited to send representatives to be members of the working group.~~

~~3. The working group shall be coordinated by the Director of the Utilities Division of the Commission or by his or her designee.~~

~~D. In developing its recommendations, the working group shall consider at least the following factors:~~

- ~~1. The impact of Stranded Cost recovery on the effectiveness of competition;~~
- ~~2. The impact of Stranded Cost recovery on customers of the Affected Utility who do not participate in the competitive market;~~
- ~~3. The impact, if any, on the Affected Utility's ability to meet debt obligations;~~
- ~~4. The impact of Stranded Cost recovery on prices paid by consumers who participate in the competitive market;~~
- ~~5. The degree to which the Affected Utility has mitigated or offset Stranded Cost;~~
- ~~6. The degree to which some assets have values in excess of their book values;~~
- ~~7. Appropriate treatment of negative Stranded Cost;~~
- ~~8. The time period over which such Stranded Cost charges may be recovered. The Commission shall limit the application of such charges to a specified time period;~~
- ~~9. The ease of determining the amount of Stranded Cost;~~
- ~~10. The applicability of Stranded Cost to interruptible customers;~~
- ~~11. The amount of electricity generated by renewable generating resources owned by the Affected Utility.~~

~~E. The working group shall submit to the Commission a report on the activities and recommendations of the working group no later than 90 days prior to the date indicated in R14-2-1602.~~

~~A. The Commission shall consider the recommendations and decide what actions, if any, to take based on the recommendations.~~

**G.C.** The Affected Utilities shall file estimates of unmitigated Stranded Cost. Such estimates shall be fully supported by analyses and by records of market transactions undertaken by willing buyers and willing sellers.

**H.D** An Affected Utility shall request Commission approval, **on or before August 24, 1998**, of distribution charges or other means of recovering unmitigated Stranded Cost from customers who reduce or terminate service from the Affected Utility as a direct result of competition governed by this Article, or who obtain lower rates from the Affected Utility as a direct result of the competition governed by this Article.

**I.E.** The Commission shall, after hearing and consideration of analyses and recommendations presented by the Affected Utilities, Staff, and intervenors, determine for each Affected Utility the magnitude of Stranded Cost, and appropriate Stranded Cost recovery mechanisms and charges. In making its determination of mechanisms and charges, the Commission shall consider at least the following factors:

1. The impact of Stranded Cost recovery on the effectiveness of competition;

2. The impact of Stranded Cost recovery on customers of the Affected Utility who do not participate in the competitive market;
3. The impact, if any, on the Affected Utility's ability to meet debt obligations;
4. The impact of Stranded Cost recovery on prices paid by consumers who participate in the competitive market;
5. The degree to which the Affected Utility has mitigated or offset Stranded Cost;
6. The degree to which some assets have values in excess of their book values;
7. Appropriate treatment of negative Stranded Cost;
8. The-time period over which such Stranded Cost charges may be recovered. The Commission shall limit the application of such charges to a specified time period;
9. The ease of determining the amount of Stranded Cost;
10. The applicability of Stranded Cost to interruptible customers;
11. The amount of electricity generated by renewable generating resources owned by the Affected Utility.

**J.F.** ~~A Competitive Transition Charge may be assessed only Stranded Cost may only be recovered~~ from customer purchases made in the competitive market using the provisions of this Article. Any reduction in electricity purchases from an Affected Utility resulting from self-generation, demand side management, or other demand reduction attributable to any cause other than the retail access provisions of this Article shall not be used to calculate or recover any Stranded Cost from a consumer.

**K.G.** The Commission may order an Affected Utility to file estimates of Stranded Cost and mechanisms to recover or, if negative, to refund Stranded Cost.

**L.H.** The Commission may order regular revisions to estimates of the magnitude of Stranded Cost.

**R14-2-1608. System Benefits Charges.**

A. By the date indicated in R14-2-1602, each Affected Utility **or UDC** shall file for Commission review non-bypassable rates or related mechanisms to recover the applicable pro-rata costs of System Benefits from all consumers located in the Affected Utility's **UDC's** service area who participate in the competitive market. ~~In addition, the Affected Utility may file for a change in the System Benefits charge at any time.~~ **Affected Utilities or UDC's shall file for review of the Systems Benefits Charge every three years.** The amount collected annually through the System Benefits charge shall be sufficient to fund the Affected Utilities' **or UDC's present** Commission- approved low income, demand side management, environmental, renewables, and

nuclear disposal and nuclear power plant decommissioning programs in effect from time to time.

- B. Each Affected Utility or UDC shall provide adequate supporting documentation for its proposed rates for System Benefits.
- C. An Affected Utility or UDC shall recover the costs of System Benefits only upon hearing and approval by the Commission of the recovery charge and mechanism. The Commission may combine its review of System Benefits charges with its review of filings pursuant to R14-2-1606.
- ~~D. Methods of calculating System Benefits charges shall be included in the workshops described in R14-2-1606 (I).~~

**R14-2-1609. Solar Portfolio Standard.**

- A. Starting on January 1, 1999, any Electric Service Provider selling electricity under the provisions of this Article must derive at least 1/2 of 1% of the total retail energy sold competitively from new solar resources, whether that solar energy is purchased or generated by the seller. Solar resources include photovoltaic resources and solar thermal resources that generate electricity. New solar resources are those installed on or after January 1, 1997.
- B. Solar portfolio standard after December 31, 2001:
  - 1. Starting on January 1, 2002, any Electric Service Provider selling electricity under the provisions of this Article must derive at least 1% of the total retail energy sold competitively from new solar resources, whether that solar energy is purchased or generated by the seller. Solar resources include photovoltaic resources and solar thermal resources that generate electricity. New solar resources are those installed on or after January 1, 1997.
  - 2. **The Solar Portfolio Standard requirement shall be in effect for 10 years, from January 1, 1999 through December 31, 2008. The Commission may change increase the solar portfolio percentage applicable after December 31, 2001- 2005, taking into account, among other factors, the costs of producing solar electricity and the costs of fossil fuel for conventional power plants. Prior to any future possible increase in the solar portfolio standard percentage, the Commission shall establish a kWh cost impact cap to ensure that costs must decline in order for solar installation rates to increase.**
- C. ~~Any Electric Service Provider certificated under the provisions of this Article shall be able to credit 2 times the electric energy it generated, or caused to be generated under contract, before January 1, 1999 using photovoltaics or solar thermal resources installed on or after January 1, 1997 in Arizona to the electric energy requirements of R14-2-1609(A) or R14-2-1609(B).~~ **Electric Service Providers shall be eligible for a number of extra credit multipliers that may be used to meet the Solar Portfolio Standard requirements:**

1. **Early Installation Extra Credit Multiplier:** For new solar electric systems installed and operating prior to December 31, 2003, electric service providers would qualify for multiple extra credits for kWh produced for five years following operational start-up of the solar electric system. The five-year extra credit would vary depending upon the year in which the system started up, as follows:

<u>YEAR</u>	<u>EXTRA CREDIT MULTIPLIER</u>
1997	.5
1998	.5
1999	.5
2000	.4
2001	.3
2002	.2
2003	.1

The Early Installation Extra Credit Multiplier would end in 2003.

2. **Solar Economic Development Extra Credit Multipliers:** There are two equal parts to this multiplier, an in-state installation credit and an in-state content multiplier.
  - a. **In-State Power Plant Installation Extra Credit Multiplier:** Solar electric power plants installed in Arizona shall receive a .5 extra credit multiplier.
  - b. **In-State Manufacturing and Installation Content Extra Credit Multiplier:** Solar electric power plants shall receive up to a .5 extra credit multiplier related to the manufacturing and installation content that comes from Arizona. The percentage of Arizona content of the total installed plant cost shall be multiplied by .5 to determine the appropriate extra credit multiplier. So, for instance, if a solar installation included 80% Arizona content, the resulting extra credit multiplier would be .4 (which is .8 X .5).
  
3. **Distributed Solar Electric Generator and Solar Incentive Program Extra Credit Multiplier:** Any distributed solar electric generator that meets more than one of the eligibility conditions will be limited to only one .5 extra credit multiplier from this subsection. Appropriate meters will be attached to each solar electric generator and read at least once annually to verify solar performance.
  - a. Solar electric generators installed at or on the customer premises in Arizona. Eligible customer premises locations will include both grid-connected and remote, non-grid-connected locations. In order for Electric Service Providers to claim an extra credit multiplier, the Electric Service Provider must have contributed at least 10% of the total installed cost or have financed at least 80% of the total installed cost.
  - b. Solar electric generators located in Arizona that are included in any Electric Service Provider's green pricing program.

- c. **Solar electric generators located in Arizona that are included in any Electric Service Provider's net metering or net billing program.**
- d. **Solar electric generators located in Arizona that are included in any Electric Service Provider's solar leasing program.**
- e. **All green pricing, net metering, net billing, and solar leasing programs must have been reviewed and approved by the Director of the Utilities Division in order for the Electric Service Provider to accrue extra credit multipliers from this subsection.**

**4. All multipliers are additive, allowing a maximum combined extra credit multiplier of 2.0 in years 1997-2003, for equipment installed and manufactured in Arizona and either installed at customer premises or participating in approved solar incentive programs. So, if an ESP qualifies for a 2.0 extra credit multiplier and it produces 1 solar kWh, the ESP would get credit for 3 solar kWh (1 produced plus 2 extra credit).**

D. **Electric Service Providers selling electricity under the provisions of this Article shall provide reports on sales and solar power as required in this Article, clearly demonstrating the output of solar resources, the installation date of solar resources, and the transmission of energy from those solar resources to Arizona consumers. The Commission may conduct necessary monitoring to ensure the accuracy of these data.**

E. **If an Electric Service Provider selling electricity under the provisions of this Article fails to meet the requirement in R14-2-1609(A) or R14-2-1609(B) in any year, the Commission may shall impose a penalty requirement on that Electric Service Provider that the Electric Service Provider establish a Solar Electric Fund equal up to 30 cents per kWh for deficiencies in the provision of solar electricity energy. This Solar Electric Fund will be utilized to purchase solar electric generators or solar electricity in the following calendar year for the use by public entities in Arizona such as schools, cities, counties, or state agencies. Title to any equipment purchased by the Solar Electric Fund will be transferred to the public entity. In addition, if the provision of solar energy is consistently deficient, the Commission may void an Electric Service Provider's contracts negotiated under this Article.**

- 1. The Director of the Utilities Division shall establish a Solar Electric Fund in 1999 to receive deficiency payments and finance solar electricity projects.**
- 2. The Solar Electric Fund will be utilized to purchase solar electric generators or solar electricity for the use by public entities in Arizona such as schools, cities, counties, or state agencies. Title to any equipment purchased by the Solar Electric Fund will be transferred to the public entity.**
- 3. The Director of the Utilities Division shall select an independent administrator for the selection of projects to be financed by the Solar Electric Fund. A portion of the**

**Solar Electric Fund shall be used for administration of the Fund and a designated portion of the Fund will be set aside for ongoing operation and maintenance of projects financed by the Fund.**

- F. Photovoltaic or solar thermal **electric** resources that are located on the consumer's premises shall count toward the solar portfolio standard applicable to the current Electric Service Provider serving that consumer.
- G. **Any solar electric generators installed by an Affected Utility to meet The the solar portfolio standard described in this section shall be counted toward meeting** is in addition to renewable resource goals for Affected Utilities established in Decision No. 58643.
- H. **Any Electric Service Provider or independent solar electric generator that produces or purchases any solar kWh in excess of its annual portfolio requirements may save or bank those excess solar kWh for use or sale in future years. Any eligible solar kWh produced subject to this rule may be sold or traded to any Electric Service Provider that is subject to this Rule. Appropriate documentation, subject to Commission review, shall be given to the purchasing entity and shall be referenced in the reports of the Electric Service Provider that is using the purchased kWh to meet its portfolio requirements**
- I. **Solar Portfolio Standard requirements shall be calculated on an annual basis, based upon competitive electricity sold during the calendar year.**
- J. **An Electric Service Provider shall be entitled to receive a partial credit against the Solar Portfolio requirement if the ESP or its affiliate owns or makes a significant investment in any solar electric manufacturing plant that is located in Arizona. The credit will be equal to the amount of the nameplate capacity of the solar electric generators produced in Arizona and sold in a calendar year times 2,190 hours (approximating a 25% capacity factor). The credit against the portfolio requirement shall be limited to the following percentages of the total portfolio requirement:**

<b>1999</b>	<b>Maximum of 50 % of the portfolio requirement</b>
<b>2000</b>	<b>Maximum of 50 % of the portfolio requirement</b>
<b>2001</b>	<b>Maximum of 25 % of the portfolio requirement</b>
<b>2002</b>	<b>Maximum of 25 % of the portfolio requirement</b>
<b>2003 and on</b>	<b>Maximum of 20 % of the portfolio requirement</b>

**No extra credit multipliers will be allowed for this credit. In order to avoid double-counting of the same equipment, solar electric generators that are used by other Electric Service Providers to meet their Arizona solar portfolio requirements will not be allowable for credits under this section for the manufacturer/ESP to meet its portfolio requirements.**

- K. The Director of the Utilities Division shall develop appropriate safety, durability, reliability, and performance standards necessary for solar generating equipment to qualify for the Solar Portfolio Standard.**

**R14-2-1610. ~~Spot Markets and Independent System Operation~~ Transmission and Distribution Access.**

~~A. The Commission shall conduct an inquiry into spot market development and independent system operation for the transmission system.~~

- A. The Affected Utilities shall provide non-discriminatory open access to transmission and distribution facilities to serve all customers. No preference or priority shall be given to any distribution customer based on whether the customer is purchasing power under the Affected Utility's Standard Offer or in the competitive market. Any transmission capacity that is available for use by the retail customers of the Affected Utility's UDC shall be allocated among Standard Offer customers and competitive market customers on a pro-rata basis.**

~~B. The Commission may support development of a spot market or independent system operator(s) for the transmission system.~~

- B. The Commission supports the development of an Independent System Operator (ISO) or, absent an ISO, an Independent Scheduling Administrator.**

~~C. The Commission may work with other entities to help establish spot markets and independent system operators.~~

- C. The Commission believes that an Independent Scheduling Administrator (ISA) is necessary in order to provide non-discriminatory retail access and to facilitate a robust and efficient electricity market. Therefore, those Affected Utilities that own or operate Arizona transmission facilities shall file with FERC for approval of an ISA having the following characteristics:**

- 1. The ISA shall calculate ATC for Arizona transmission facilities that belong to the Affected Utilities or other ISA participants, and shall develop and operate an overarching statewide OASIS.**
- 2. The ISA shall implement and oversee the non-discriminatory application of protocols to ensure statewide consistency for transmission access. These protocols shall include, but are not limited to, protocols for determining transmission system transfer capabilities, committed uses of the transmission system, available transfer capabilities, and Must-Run Generating Units.**
- 3. The ISA shall provide dispute resolution processes that enable market participants to expeditiously resolve claims of discriminatory treatment in the reservation, scheduling, use and curtailment of transmission services.**
- 4. All requests (wholesale, Standard Offer retail, and competitive retail) for reservation and scheduling of the use of Arizona transmission facilities that belong**

to the Affected Utilities or other ISA participants shall be made to, or through, the ISA using a single, standardized procedure.

- D.** The Affected Utilities that own or operate Arizona transmission facilities shall file a proposed ISA implementation plan with the Commission by September 1, 1998. The implementation plan shall address ISA governance, incorporation, financing and staffing; the acquisition of physical facilities and staff by the ISA; the schedule for the phased development of ISA functionality; contingency plans to ensure that critical functionality is in place by January 1, 1999; and any other significant issues related to the timely and successful implementation of the ISA.
- E.** Each of the Affected Utilities shall make good faith efforts to develop a regional, multi-state Independent System Operator (ISO), to which the ISA should transfer its relevant assets and functions as the ISO becomes able to carry out those functions.
- F.** It is the intent of the Commission that prudently-incurred costs incurred by the Affected Utilities in the establishment and operation of the ISA, and subsequently the ISO, should be recovered from customers using the transmission system, including the Affected Utilities' wholesale customers, Standard Offer retail customers, and competitive retail customers on a non-discriminatory basis through FERC-regulated prices. Proposed rates for the recovery of such costs shall be filed with the FERC and the Commission. In the event that FERC does not permit recovery of prudently incurred ISA costs, the Commission shall authorize Affected Utilities to recover such costs through a distribution surcharge.
- G.** The Commission supports the use of "Scheduling Coordinators" to provide aggregation of customers' schedules to the ISA and the respective Control Area Operators simultaneously until the implementation of a regional ISO, at which time the schedules will be submitted to the ISO. The primary duties of Scheduling Coordinators are to:
1. Forecast their customers' load requirements
  2. Submit balanced schedules (i.e., schedules for which total generation is equal to total load of the Scheduling Coordinator's customers plus appropriate transmission losses) and NERC/WSCC tags
  3. Arrange for the acquisition of the necessary transmission and ancillary services
  4. Respond to contingencies and curtailments as directed by the Control Area Operators, ISA or ISO
  5. Actively participate in the schedule checkout process and the settlement processes of the Control Area Operators, ISA or ISO.

- H. The Affected Utilities shall provide services from the Must-Run Generating Units to Standard Offer retail customers and competitive retail customers on a comparable, non-discriminatory basis at regulated prices. The Affected Utilities shall specify the obligations of the Must-Run Generating Units in appropriate sales contracts prior to any divestiture. Under auspices of the Electric System Reliability and Safety Working Group, the Affected Utilities shall develop statewide protocols for pricing and availability of services from Must-Run Generating Units with input from other stakeholders. These protocols shall be presented to the Commission for review, and filed with FERC by October 31, 1998.**

**R14-2-1611. In-State Reciprocity.**

- A. The service territories of Arizona electric utilities which are not Affected Utilities shall not be open to competition under the provisions of this Article, nor shall Arizona electric utilities which are not Affected Utilities be able to compete for sales in the service territories of the Affected Utilities.
- B. An Arizona electric utility, subject to the jurisdiction of the Commission, which is not an Affected Utility may voluntarily participate under the provisions of this Article if it makes its service territory available for competing sellers, if it agrees to all of the requirements of this Article, and if it obtains an appropriate Certificate of Convenience and Necessity.
- C. An Arizona electric utility, not subject to the jurisdiction of the Commission, may submit a statement to the Commission that it voluntarily opens its service territory for competing sellers in a manner similar to the provisions of this Article. Such statement shall be accompanied by the electric utility's nondiscriminatory Standard Offer Tariff, electric supply tariffs, Unbundled Services rates, Stranded Cost charges, System Benefits charges, Distribution Services charges and any other applicable tariffs and policies for services the electric utility offers, for which these rules otherwise require compliance by Affected Utilities or Electric Service Providers. Such filings shall serve as authorization for such electric utility to utilize the Commission's Rules of Practice and Procedure and other applicable rules concerning any complaint that an Affected Utility or Electric Service Provider is violating any provision of this Article or is otherwise discriminating against the filing electric utility or failing to provide just and reasonable rates in tariffs filed under this Article.
- D. If an electric utility is an Arizona political subdivision or municipal corporation, then the existing service territory of such electric utility shall be deemed open to competition if the political subdivision or municipality has entered into an intergovernmental agreement with the Commission that establishes nondiscriminatory terms and conditions for Distribution Services and other Unbundled Services, provides a procedure for complaints arising therefrom, and provides for reciprocity with Affected Utilities. The Commission shall conduct a hearing to consider any such intergovernmental agreement.

**R14-2-1612. Rates.**

- A. Market determined rates for competitively provided services as defined in R14-2-1605 shall be deemed to be just and reasonable.
- B. Each Electric Service Provider selling services under this Article shall have on file with the Commission tariffs describing such services and maximum rates for those services, but the services may not be provided until the Commission has approved the tariffs.
- C. Prior to the date indicated in R14-2-1604 ~~(D)~~, **(E)** competitively negotiated contracts governed by this Article customized to individual customers which comply with approved tariffs do not require further Commission approval. However, all such contracts whose term is 1 year or more and for service of 1 MW or more must be filed with the Director of the Utilities Division as soon as practicable. If a contract does not comply with the provisions of this Article **and the Affected Utility's or ESP's approved tariffs**, it shall not become effective without a Commission order. **Such contracts shall be kept confidential by the Commission.**
- D. Contracts entered into on or after the date indicated in R14-2-1604 ~~(D)~~ **(E)** which comply with approved tariffs need not be filed with the Director of the Utilities Division. If a contract does not comply with the provisions of this Article **and the Affected Utility's of the ESP's approved tariffs** it shall not become effective without a Commission order.
- E. An Electric Service Provider holding a Certificate pursuant to this Article may price its competitive services, as defined in R14-2-1605, at or below the maximum rates specified in its filed tariff, provided that the price is not less than the marginal cost of providing the service.
- F. Requests for changes in maximum rates or changes in terms and conditions of previously approved tariffs may be filed. Such changes become effective only upon Commission approval.

**R14-2-1613. Service Quality, Consumer Protection, Safety, and Billing Requirements.**

- A. Except as indicated elsewhere in this Article, R14-2-201 through R14-2-212, inclusive are adopted in this Article by reference. However, where the term "utility" is used in R14-2-201 through R14-2-212, the term "utility" shall pertain to Electric Service Providers providing the services described in each paragraph of R14-2-201 through R14-2-212. ~~R14-2-212 (G)(2) shall pertain only to Affected Utilities. R14-2-212 (G)(4) shall apply only to Affected Utilities. R14-2-203(E) and R14-2-212 (H) shall pertain only to Electric Service Providers who provide distribution service~~ **Utility Distribution Companies.**
- B. The following shall not apply to this Article:
  - 1. R14-2-202 in its entirety,
  - 2. R14-2-212 (F)(1),
  - 3. R14-2-213.
  - 4. **R14-2-206 in its entirety,**
  - 5. **R14-2-207 in its entirety,**

6. R14-2-208(E) and (F)

- C. No consumer shall be deemed to have changed ~~suppliers~~ **providers** of any service authorized in this Article (including changes from supply by the Affected Utility to another ~~supplier~~ **provider**) without written authorization by the consumer for service from the new ~~supplier~~ **provider**. If a consumer is switched (**or slammed**) to a different ("new") ~~supplier~~ **provider** without such valid written authorization, the new ~~supplier~~ **provider** shall cause service by the previous ~~supplier~~ **provider** to be resumed and the new ~~supplier-provider~~ shall bear all costs associated with switching the consumer back to the previous ~~supplier~~ **provider**. **A written authorization that is obtained by deceit or deceptive practices shall not be deemed a valid written authorization. Providers shall submit reports within thirty days of the end of each calendar quarter to the Commission itemizing the direct complaints filed by customers who have had their electric service providers changed without their authorization. Violations of the Commission's rules concerning slamming may result in fines and penalties, including but not limited to suspension or revocation of the provider's certificate. ESP's shall give at least 5 days notice to their customer of scheduled return to the standard offer, but that return of that customer to the standard offer would be at the next regular billing cycle. Responsibility for charges incurred between the notice and the next scheduled read date with the ESP.**
- D. Each Electric Service Provider providing service governed by this Article shall be responsible for meeting applicable reliability standards and shall work cooperatively with other companies with whom it has interconnections, directly or indirectly, to ensure safe, reliable electric service. **UDCs shall make reasonable efforts to notify customers of scheduled outages, and also provide notification to the Commission.**
- E. Each Electric Service Provider shall provide at least ~~30~~ **45** days notice to all of its affected consumers **of its intent to cease providing if it is no longer obtaining** generation, transmission, distribution, or ancillary services necessitating that the consumer obtain service from another supplier of generation, transmission, distribution, or ancillary services.
- F. All Electric Service Providers rendering service under this Article shall submit accident reports as required in R14-2-101.
- G. An Electric Service Provider providing firm electric service governed by this Article shall make reasonable efforts to reestablish service within the shortest possible time when service interruptions occur and shall work cooperatively with other companies to ensure timely restoration of service where facilities are not under the control of the Electric Service Provider.
- H. Each Electric Service provider shall ensure that bills rendered on its behalf include ~~the its~~ **address and toll free telephone numbers for billing, service, and safety inquiries. The bill must also include the address and toll free telephone numbers for the Phoenix and Tucson Consumer Service Sections of the Arizona Corporation Commission Utilities Division and** ~~the telephone number of the Consumer Services Section of the Arizona Corporation Commission Utilities Division.~~ Each Electric Service Provider shall ensure that billing and collections services rendered on its behalf comply with R14-2-1613 (A) ~~and R14-2-1613 (B).~~

I. Additional Provisions for Metering and Meter Reading Services

1. An Electric Service Provider who provides metering or meter reading services pertaining to a particular consumer shall provide access to meter readings to other Electric Service Providers serving that same consumer.
2. ~~A consumer or an Electric Service Provider relying~~ Any person or entity relying on metering information provided by another Electric Service Provider may request a meter test according to the tariff on file and approved by the Commission. However, if the meter is found to be in error by more than 3%, no meter testing fee will be charged.
3. Protocols for metering shall be developed subsequent to the workshops described in R14-2-1606(I).
4. Each competitive customer shall be assigned a Universal Node Identifier for each service delivery point by the Affected Utility whose distribution system serves the customer.
5. All competitive metered and billing data shall be translated into a consistent, statewide Electronic Data Interchange (EDI) format based on standards approved by the Utility Industry Group (UIG) that can be used by the Affected Utility and the Electric Service Provider.
6. Electronic Data Interchange (EDI) shall be used for all data exchange transactions from the meter to the billing company. This data will be transferred via the Internet using a secure sockets layer.
7. Minimum metering requirements for competitive customers over 20 kW, or 100,000 kWh annually, should consist of hourly consumption measurement meters or meter systems.
8. Competitive customers with hourly loads ~~at least~~ of 20kW (or 100,000 kWh annually) or less, will be permitted to use load profiling to satisfy the requirements for hourly consumption data.
9. Meter ownership will be limited to the Affected Utility, the Electric Service Provider or their representative, or the customer, who will obtain the meter from the Affected Utility or the Electric Service Provider.
10. Control of the metering equipment will be limited to the Affected Utility and the Electric Service Provider or their representative.
11. Distribution primary voltage CT's and PT's may be owned by the Affected Utility and the Electric Service Provider or their representative.

12. **Transmission primary voltage CT's and PT's may be owned by the Affected Utility only.**
13. **North American Electric Reliability Council recognized holidays will be used for metering purposes.**
14. **The operating procedures approved by the Metering Committee will be used by the UDCs and the MSPs for performing work on primary metered customers.**
15. **The rules approved by the Metering Committee will be used by the MRSP for validating, editing, and estimating metering data.**
16. **The performance metering specifications and standards approved by the Metering Committee will be used by all entities performing metering.**

**J. Working Group on System Reliability and Safety**

1. ~~If it has not already done so,~~ The Commission shall establish, by separate order, a working group to monitor and review system reliability and safety.
  - a. The working group may establish technical advisory panels to assist it.
  - ~~e. The working group shall commence activities within 15 days of the date of adoption of this Article.~~
  - e.b. Members of the working group shall include representatives of Staff, consumers, the Residential Utility Consumer Office, utilities, other Electric Service Providers and organizations promoting energy efficiency. In addition, the Executive and Legislative Branches shall be invited to send representatives to be members of the working group.
  - d.c. The working group shall be coordinated by the Director of the Utilities Division of the Commission or by his or her designee.
2. All Electric Service Providers governed by this Article shall cooperate and participate in any investigation conducted by the working group, including provision of data reasonably related to system reliability or safety.
3. The working group shall report to the Commission on system reliability and safety regularly, and shall make recommendations to the Commission regarding improvements to reliability or safety.

- K. Electric Service Providers shall comply with applicable reliability standards and practices established by the Western Systems Coordinating Council and the North American Electric Reliability Council or successor organizations.**

L. Electric Service Providers shall provide notification and informational materials to consumers about competition and consumer choices, such as a standardized description of services, as ordered by the Commission.

**M. Unbundled Billing Elements.**

All customer bills after January 1, 1999 will list, at a minimum, the following billing cost elements:

1. **Electricity Costs**
  - a. **generation**
  - b. **CTC**
  - c. **fuel or purchased power adjustor, if applicable**
  
2. **Delivery costs**
  - a. **distribution services**
  - b. **transmission services**
  - c. **ancillary services**
  
3. **Other Costs**
  - a. **metering service**
  - b. **meter reading service**
  - c. **billing and collection**
  - d. **System Benefits charge**

**R14-2-1614. Reporting Requirements.**

A. Reports covering the following items, **as applicable**, shall be submitted to the Director of the Utilities Division by Affected Utilities or UDCs and all Electric Service Providers granted a Certificate of Convenience and Necessity pursuant to this Article. These reports shall include the following information pertaining to competitive service offerings, Unbundled Services, and Standard Offer services in Arizona:

1. Type of services offered;
  
2. kW and kWh sales to consumers, disaggregated by customer class (for example residential, commercial, industrial);
  
3. Solar energy sales (kWh) and sources for grid connected solar resources; kW capacity for off-grid solar resources;
  
4. Revenues from sales by customer class (for example residential, commercial, industrial);
  
5. Number of retail customers disaggregated as follows: aggregators, residential, commercial under 40 kW, commercial 41 to 999 kW, ~~100 kW, commercial 100 kW to 2999 kW~~, commercial 3000 1000 kW or more, industrial less than ~~3000~~ 1000 kW, industrial 3000 1000 kW or more, agricultural (if not included in commercial), and other;
  
6. Retail kWh sales and revenues disaggregated by term of the contract (less than 1 year, 1

to 4 years, longer than 4 years), and by type of service (for example, firm, interruptible, other);

7. Amount of and revenues from each service provided under R14-2-1605, and, if applicable, R14-2-1606;
8. Value of all ~~Arizona-specific~~ assets used to serve Arizona customers and accumulated depreciation;
9. Tabulation of Arizona electric generation plants owned by the Electric Service Provider broken down by generation technology, fuel type, and generation capacity;

**10. The number of customers aggregated and the amount of aggregated load.**

~~10.11.~~ Other data requested by staff or the Commission;

~~11.12.~~ In addition, prior to the date indicated in R14-2-1604 ~~(D)~~, **(E)** Affected Utilities shall provide data demonstrating compliance with the requirements of R14-2-1604.

**B. Reporting Schedule**

1. For the period through December 31, 2003, semi-annual reports shall be due on April 15 (covering the previous period of July through December) and October 15 (covering the previous period of January through June). The first such report shall cover the period January 1 through June 30, 1999.
2. For the period after December 31, 2003, annual reports shall be due on April 15 31 (covering the previous period of January through December). The first such report shall cover the period January 1 through December 31, 2004.

C. The information listed above may be provided on a confidential basis. However, Staff or the Commission may issue reports with aggregate statistics based on confidential information that do not disclose data pertaining to a particular seller or purchases by a particular buyer.

D. Any Electric Service Provider governed by this Article which fails to file the above data in a timely manner may be subject to a penalty imposed by the Commission or may have its Certificate rescinded by the Commission.

E. Any Electric Service Provider holding a Certificate pursuant to this Article shall report to the Director of the Utilities Division the discontinuation of any competitive tariff as soon as practicable after the decision to discontinue offering service is made.

F. In addition to the above reporting requirements, Electric Service Providers governed by this Article shall participate in Commission workshops or other forums whose purpose is to evaluate competition or assess market issues.

- G. Reports filed under the provisions of this section shall be submitted in written format and in electronic format. Electric Service Providers shall coordinate with the Commission Staff on formats.

**R14-2-1615. Administrative Requirements.**

- A. Any Electric Service Provider certificated under this Article may ~~propose~~ **file proposed additional tariffs for electric services** at any time ~~by filing a proposed tariff with the Commission describing which include a description of the service, maximum rates, terms and conditions.~~ **The proposed new electrical service may not be provided until the Commission has approved the tariff.**
- B. Contracts filed pursuant to this Article shall not be open to public inspection or made public except on order of the Commission, or by the Commission or a Commissioner in the course of a hearing or proceeding.
- C. The Commission may consider variations or exemptions from the terms or requirements of any of the rules in this Article upon the application of an affected party. The application must set forth the reasons why the public interest will be served by the variation or exemption from the Commission rules and regulations. Any variation or exemption granted shall require an order of the Commission. Where a conflict exists between these rules and an approved tariff or order of the Commission, the provisions of the approved tariff or order of the Commission shall apply.
- D. The Commission may develop procedures for resolving disputes regarding implementation of retail electric competition.

**~~R14-2-1616. Legal Issues.~~**

- ~~A. A working group to identify, analyze and provide recommendations to the Commission on legal issues relevant to this Article shall be established.~~
- ~~1. The working group shall commence activities within 15 days of the date of adoption of this Article.~~
  - ~~2. Members of the working group shall include representatives of Staff, the Residential Utility Consumer Office, consumers, utilities, and other Electric Service Providers. In addition, the Executive and Legislative Branches and the Attorney General shall be invited to send representatives to be members of the working group.~~
  - ~~3. The working group shall be coordinated by the Director of the Legal Division of the Commission or by his or her designee.~~
- ~~B. The working group shall submit to the Commission a report on the activities and recommendations of the working group no later than 90 days prior to the date indicated in R14-2-1602.~~
- ~~C. The Commission shall consider the recommendations and decide what actions, if any, to take based on the recommendations.~~

#### **R14-2-1616 - Separation of Monopoly and Competitive Services**

- A. An Affected Utility shall divest itself of all competitive generation assets and services prior to January 1, 2001. Such divestiture shall either be to an unaffiliated party or to a separate corporate affiliate or affiliates. If an Affected Utility chooses to divest its competitive generation assets to a competitive electric affiliate, such transfer shall be at a value determined by the Commission to be fair and reasonable.**
- B. An Affected Utility or UDC shall not provide competitive services as defined herein, except as otherwise authorized by the Commission. However, this rule does not preclude an Affected Utility or UDC's affiliate from providing competitive services.**

#### **R14-2-1617 - Affiliate Transaction Rules**

- A. Separation: An Affected Utility or UDC and its affiliates shall operate as separate corporate entities. Books and records shall be kept separate, in accordance with applicable Uniform System of Accounts (USOA) and Generally Accepted Accounting Procedures (GAAP). The books and records of any utility affiliate shall be open for examination by the Commission and its staff consistent with the provisions set forth in A.A.C. R14-2-1614. All proprietary information shall remain confidential.**
  - 1. An Affected Utility or UDC shall not share office space, equipment, services, and systems with its competitive electric affiliates, nor access any computer or information systems of one another, except to the extent appropriate to perform shared corporate support functions permitted under R14-2-1617(A)(2). An Affected Utility or UDC shall not share office space, equipment, services, and systems with its other affiliates without full compensation in accordance with R14-2-1617(A)(7).**
  - 2. An Affected Utility or UDC, its parent holding company, or a separate affiliate created solely for the purpose of corporate support functions, may share with its affiliates joint corporate oversight, governance, support systems and personnel. Any shared support shall be priced, reported and conducted in accordance with all applicable Commission pricing and reporting requirements. An Affected Utility or UDC shall not use shared corporate support functions as a means to transfer confidential information, allow preferential treatment, or create significant opportunities for cross-subsidization of its affiliates, and shall provide mechanisms and safeguards against such activity in its compliance plan.**
  - 3. An Affected Utility or UDC shall not trade, promote, or advertise its affiliate's affiliation with the utility, nor allow its name or logo to be used by the affiliate in any material circulated by the affiliate, unless it discloses in plain legible or audible language, on the first page or at the first instance the Affected Utility or UDC name or logo appears, that:**
    - a. The affiliate is not the same company as the Affected Utility or UDC; and**

**b. Customers do not have to buy the affiliate product in order to continue to receive quality regulated services from the Affected Utility or UDC.**

- 4. An Affected Utility or UDC shall not offer or provide to its affiliates advertising space in any customer written communication unless it provides access to all other unaffiliated service providers on the same terms and conditions.**
- 5. An Affected Utility or UDC shall not participate in joint advertising, marketing or sales with its affiliates. Any joint communication and correspondence with an existing customer by an Affected Utility or UDC and its affiliate shall be limited to consolidated billing, when applicable, and in accordance with these Rules.**
- 6. Except as provided in Section A.2, an Affected Utility or UDC and its affiliate shall not jointly employ the same employees. This rule applies to Board of Directors and corporate officers. However, any board member or corporate officer of a holding company may also serve in the same capacity with the Affected Utility or UDC, or its affiliate, but not both. Where the Affected Utility is a multi-state utility, is not a member of a holding company structure, and assumes the corporate governance functions for its affiliates, the prohibition outlined in this section shall only apply to affiliates that operate within Arizona.**
- 7. Transfer of Goods and Services: to the extent that these rules do not prohibit transfer of goods and services between an Affected Utility or UDC and its affiliates, all such transfers shall be subject to the following price provisions:**
  - a. Goods and services provided by an Affected Utility or UDC to an affiliate shall be transferred at the price and under the terms and conditions specified in its tariff. Transfers from an affiliate to its affiliated UDC shall be priced at fair market value.**
  - b. Goods and services produced, purchased or developed for sale on the open market by the Affected Utility or UDC will be provided to its affiliates and unaffiliated companies on a nondiscriminatory basis, except as otherwise permitted by these rules or applicable law.**
- 8. No Cross-subsidization: A competitive affiliate of an Affected Utility or UDC shall not be subsidized by any rate or charge for any noncompetitive service, and shall not be provided access to confidential utility information.**

**B. Access to Information: As a general rule, an Affected Utility, UDC or ESP shall provide customer information to its affiliates and nonaffiliates on a non-discriminatory basis, provided prior affirmative customer written consent is obtained. Any non-customer specific non-public information shall be made contemporaneously available by an Affected Utility, UDC or ESP to its affiliates and all other service providers on the same terms and conditions. More specifically, an Affected Utility or UDC shall adhere to the following guidelines:**

1. Any list of ESPs provided by an Affected Utility or UDC to its customers which includes or identifies the Affected Utility or UDC's competitive electric affiliates must include or identify non-affiliated entities included on the list of those ESPs authorized by the Commission to provide service within the Affected Utility or UDC's certificated area. The Commission shall maintain an updated list of such ESPs and make that list available to Affected Utilities or UDCs at no cost.
2. An Affected Utility or UDC may provide non-public supplier information and data, which it has received from unaffiliated suppliers to its affiliates or nonaffiliated entities only if the utility receives prior authorization from the supplier.
3. Except as otherwise provided in these rules, an Affected Utility or UDC shall not offer or provide customers advice, which includes promoting, marketing or selling, about its affiliates or other service providers.
4. An Affected Utility or UDC shall maintain contemporaneous records documenting all tariffed and nontariffed transactions with its affiliates, including but not limited to, all waivers of tariff or contract provisions and all discounts. These records shall be maintained for a period of three years, or longer if required by this Commission or another governmental agency.

C. **Nondiscrimination:** an Affected Utility or UDC shall not represent that, as a result of the affiliation with the utility, its affiliates or customers of affiliates will receive any treatment different from that provided to other, non-affiliated entities or their customers. An Affected Utility or UDC shall not provide its affiliates, or customers of its affiliates, any preference over non-affiliated suppliers or their customers in the provision of services provided by the utility.

1. **Discounts:** Except when made generally available by an Affected Utility, UDC or ESP, through an open competitive bidding process, if the Affected Utility, UDC or ESP offers a discount or waives all or any part of any charge or fee to its affiliates, or offers a discount or waiver for a transaction in which its affiliates are involved, the entity shall contemporaneously make such discount or waiver available to all. All competitors serving the same market as the Affected Utility, UDC or ESP's affiliates shall be offered the same discount as the discount received by the affiliate.
2. If a tariff provision allows for discretion in its application, an Affected Utility or UDC shall apply that provision equally among its affiliates and all other market participants and their respective customers. If there is no discretion in the tariff provision, the Affected Utility or UDC shall strictly enforce that tariff provision.
3. Requests from affiliates and non-affiliated entities and their customers for services provided by the Affected Utility or UDC shall be processed without giving undue preference or priority to the Affected Utility or UDC's affiliate and their customers.

4. **An Affected Utility or UDC shall not condition or otherwise tie the provision of any service provided, nor the availability of discounts of rates or other charges or fees, rebates or waivers of terms and conditions of any services, to the taking of any goods or services from its affiliates.**
5. **In the course of business development and customer relations, except as otherwise provided for in these rules, an Affected Utility, UDC or ESP shall refrain from:**
  - a. **providing leads to its affiliates;**
  - b. **soliciting business on behalf of affiliates;**
  - c. **acquiring information on behalf of, or provide information, to its affiliates; and,**
  - d. **sharing market analysis reports or any non-publicly available reports, including but not limited to market, forecast, planning or strategic reports, with its affiliates.**

**D. Compliance Plans: No later than December 31, 1998, each Affected Utility or UDC shall file a compliance plan demonstrating the procedures and mechanisms implemented to ensure that activity prohibited by these rules will not take place. The compliance plan shall be submitted to the Director of Utilities and shall be in effect until a determination is made regarding its compliance under these rules. The compliance plan shall thereafter be submitted annually to reflect any material changes. No later than December 31, 1999, and every year thereafter, an Affected Utility or UDC shall have an audit prepared by an independent auditor to examine compliance with the rules set forth herein. Such audits shall be filed with the Commission.**

**E. Waivers:**

1. **The Commission may waive compliance with any of the provisions of this Rule upon finding that such waiver is in the public interest.**
2. **Any affected entity may petition the Commission for a waiver by filing a verified application for waiver setting forth with specificity the circumstances whereby the public interest justifies noncompliance with all or part of the provisions of this Rule.**

**R14-2-1618 Disclosure of Information**

**A. Each Load-serving Entity shall prepare an information disclosure label that sets forth the following information:**

1. **Price to be charged for generation services;**
2. **Average price for generation service for each customer class;**

3. **Price variability information;**
4. **Customer service information;**
5. **Composition of resource portfolio;**
6. **Fuel mix characteristics of the resource portfolio;**
7. **Emissions characteristics of the resource portfolio;**
8. **Time period to which the reported information applies.**

- B. The Director of the Utilities Division shall develop the format and reporting requirements for the information disclosure label to ensure that the information required by R14-2-1618.A is appropriately and accurately reported and to ensure that customers can use the labels for comparisons among load serving entities. The format developed by the Director of the Utilities Division shall be used by each load serving entity.**
- C. Each load serving entity shall include the information disclosure label in a prominent position in all written marketing materials, including electronically published materials. When a load serving entity advertises in non-print media, the marketing materials shall indicate that the load serving entity shall provide the information disclosure label to the public upon request.**
- H. Each load serving entity shall prepare an annual disclosure report that aggregates the resource portfolios of the load serving entity and its affiliates.**
- I. Each load serving entity shall prepare a statement of its terms of service that sets forth the following information:**
1. **Actual pricing structure or rate design according to which the customer will be billed, including an explanation of price variability and price level adjustments that may cause the price to vary;**
  2. **Length and description of the applicable contract;**
  3. **Due date of bills and consequences of late payment;**
  4. **Conditions under which a credit agency is contacted;**
  5. **Deposit requirements and interest on deposits;**

6. **Limits on warranties and damages;**
7. **All charges, fees, and penalties;**
8. **Information on consumer rights pertaining to estimated bills, third party billing, deferred payments, recission of supplier switches within three days of receipt of confirmation;**
9. **A toll-free telephone number for service complaints;**
10. **Low income rate eligibility;**
11. **Provisions for default service;**
12. **Applicable provisions of state utility laws; and**
13. **Method whereby customers will be notified of changes to the terms of service.**

**J. The information disclosure label, the disclosure report, and the terms of service shall be distributed in accordance with the following requirements:**

1. **Prior to the initiation of service for any retail customer;**
2. **To each retail customer on an annual basis;**
3. **To any person upon request;**
4. **Made a part of the Annual report required to be filed with the Commission pursuant to law.**
5. **The information described in this section shall be posted on any electronic information medium of the load serving entities.**

**K. Failure to comply with the rules on information disclosure or dissemination of inaccurate information may result in suspension or revocation of certification or other penalties as determined by the Commission.**

R14-2-203. Establishment of service

A. Information from new applicants

1. A utility may obtain the following minimum information from each new applicant for service:
  - a. Name or names of applicant(s).
  - b. Service address or location and telephone number.

- c. Billing address/telephone number, if different than service address.
  - d. Address where service was provided previously.
  - e. Date applicant will be ready for service.
  - f. Indication of whether premises have been supplied with utility service previously.
  - g. Purpose for which service is to be used.
  - h. Indication of whether applicant is owner or tenant of or agent for the premises.
  - i. Information concerning the energy and demand requirements of the customer.
  - j. Type and kind of life-support equipment, if any, used by the customer.
2. A utility may require a new applicant for service to appear at the utility's designated place of business to produce proof of identity and sign the utility's application form.
  3. Where service is requested by two or more individuals the utility shall have the right to collect the full amount owed to the utility from any one of the applicants.

**B. Deposits**

1. A utility shall not require a deposit from a new applicant for residential service if the applicant is able to meet any of the following requirements:
  - a. The applicant has had service of a comparable nature with the utility ~~at another service location~~ within the past two years and was not delinquent in payment more than twice during the last 12 consecutive months or disconnected for nonpayment.
  - b. The applicant can produce a letter regarding credit or verification from an electric utility where service of a comparable nature was last received which states applicant had a timely payment history at time of service discontinuance.
  - c. In lieu of a deposit a new applicant may provide ~~a Letter of Guarantee from an existing customer with service and acceptable to the utility~~ or a surety bond as security for the utility.
2. The utility shall issue a nonnegotiable receipt to the applicant for the deposit. The inability of the customer to produce such a receipt shall in no way impair his right to receive a refund of the deposit which is reflected on the utility's records.
3. Deposits shall be interest bearing; the interest rate and method of calculation shall be filed with and approved by the Commission in a tariff proceeding.
4. Each utility shall file a deposit refund procedure with the Commission, subject to Commission review and approval during a tariff proceeding. However, each utility's refund policy shall include provisions for residential deposits and accrued interest to be refunded or letters of guarantee or surety bonds to expire after 12 months of service if the customer has not been delinquent more than twice in the payment of utility bills.
5. A utility may require a residential customer to establish or reestablish a deposit if the customer becomes delinquent in the payment of ~~three or more~~ two bills within a 12 consecutive month period or has been disconnected for service during the last 12 months.

6. The amount of a deposit required by the utility shall be determined according to the following terms:
  - a. Residential customer deposits shall not exceed two times that customer's estimated average monthly bill.
  - b. Nonresidential customer deposits shall not exceed two and one-half times that customer's estimated maximum monthly bill.
7. The utility may review the customer's usage after service has been connected and adjust the deposit amount based upon the customer's actual usage.
10. A separate deposit may be required for each meter installed.

C. Grounds for refusal of service

1. A utility may refuse to establish service if any of the following conditions exist:
  - a. The applicant has an outstanding amount due for the same class of utility service with the utility, and the applicant is unwilling to make arrangements with the utility for payment.
  - b. A condition exists which in the utility's judgment is unsafe or hazardous to the applicant, the general population, or the utility's personnel or facilities.
  - c. Refusal by the applicant to provide the utility with a deposit when the customer has failed to meet the credit criteria for waiver of deposit requirements.
  - d. Customer is known to be in violation of the utility's tariffs filed with the Commission.
  - e. Failure of the customer to furnish such funds, service, equipment, and/or rights-of-way necessary to serve the customer and which have been specified by the utility as a condition for providing service.
  - f. Applicant falsifies his or her identity for the purpose of obtaining service.

D. Service establishments, re-establishments or reconnection charge

1. Each utility may make a charge as approved by the Commission for the establishment, reestablishment or reconnection of utility services **including transfers between electric service providers.**
2. Should service be established during a period other than regular working hours at the customer's request, the customer may be required to pay an after-hour charge for the service connection. Where the utility scheduling will not permit service establishment on the same day requested, the customer can elect to pay the after-hour charge for

establishment that day or his service will be established on the next available normal working day.

3. For the purpose of this rule, the definition of service establishments are where the customer's facilities are ready and acceptable to the utility and the utility needs only to install a meter, read a meter, or turn the service on.
4. **Service establishments with an ESP will be scheduled for the next regular meter read date if received 15 days prior to that date and appropriate metering equipment is in place. The utility may offer after hours or earlier service for a fee.**

E. Temporary service

1. Applicants for temporary service may be required to pay the utility, in advance of service establishment, the estimated cost of installing and removing the facilities necessary for furnishing the desired service.
2. Where the duration of service is to be less than one month, the applicant may also be required to advance a sum of money equal to the estimated bill for service.
3. Where the duration of service is to exceed one month, the applicant may also be required to meet the deposit requirements of the utility.

R14-2-204. Minimum customer information requirements

A. Information for residential customers

1. A utility shall make available upon customer request not later than 60 days from the date of request a concise summary of the rate schedule applied for by such customer. The summary shall include the following:
  - a. The monthly minimum or customer charge, identifying the amount of the charge and the specific amount of usage included in the minimum charge, where applicable.
  - b. Rate blocks, where applicable.
  - c. Any adjustment factor(s) and method of calculation.
2. The utility shall to the extent practical identify ~~the~~ its tariff **that is** most advantageous to the customer and notify the customer of such prior to service commencement.
3. In addition, a utility shall make available upon customer request not later than 60 days from date of service commencement a concise summary of the utility's tariffs or the Commission's rules and regulations concerning:
  - a. Deposits
  - b. Termination of service

- c. Billing and collection
  - d. Complaint handling.
4. Each utility upon request of a customer shall transmit a written statement of actual consumption by such customer for each billing period during the prior 12 months unless such data is not reasonably ascertainable.
  5. Each utility shall inform all new customers of their right to obtain the information specified above.

B. Information required due to changes in tariffs

1. Each utility shall transmit to affected customers a concise summary of any change in the utility's tariffs affecting those customers.
2. This information shall be transmitted to the affected customer within 60 days of the effective date of the change.

~~R14 2 205. Master metering~~

~~A. Mobile home parks — new construction/expansion~~

- ~~1. A utility shall refuse service to all new construction and/ or expansion of existing permanent residential mobile home parks unless the construction and/or expansion is individually metered by the utility. Line extensions and service connections to serve such expansion shall be governed by the line extension and service connection tariff of the appropriate utility.~~
- ~~2. Permanent residential mobile home parks for the purpose of this rule shall mean mobile home parks where, in the opinion of the utility, the average length of stay for an occupant is a minimum of six months.~~
- ~~3. For the purpose of this rule, expansion means the acquisition of additional real property for permanent residential spaces in excess of that existing at the effective date of this rule.~~

~~B. Residential apartment complexes, condominiums, and other multiunit residential buildings~~

- ~~1. Master metering shall not be allowed for new construction of apartment complexes and condominiums unless the building(s) will be served by a centralized heating, ventilation and/or air conditioning system and the contractor can provide to the utility an analysis demonstrating that the central unit will result in a favorable cost/ benefit relationship.~~
- ~~2. At a minimum, the cost/ benefit analysis should consider the following elements for a central unit as compared to individual units:~~
  - ~~a. Equipment and labor costs~~
  - ~~b. Financing costs~~
  - ~~c. Maintenance costs~~
  - ~~d. Estimated kwh usage~~

- ~~e. Estimated kw demand on a coincident demand and noncoincident demand basis (for individual units)~~
- ~~f. Cost of meters and installation~~
- ~~g. Customer accounting cost (one account vs. several accounts).~~

R14-2-208. Provision of Service

A. Utility responsibility

1. Each utility shall be responsible for the safe transmission and/or distribution of electricity until it passes the point of delivery to the customer.
2. ~~Each utility~~ **The Utility having control of the meter** shall be responsible for maintaining in safe operating condition all meters, equipment and fixtures installed on the customer's premises by the utility for the purposes of delivering utility service to the customer.
3. The utility may, at its option, refuse service until the customer has obtained all required permits and/or inspections indicating that the customer's facilities comply with local construction and safety standards.

B. Customer responsibility

1. Each customer shall be responsible for maintaining all customer facilities on the customer's side of the point of delivery in safe operating condition.
2. Each customer shall be responsible for safeguarding all utility property installed in or on the customer's premises for the purpose of supplying utility service to that customer.
3. Each customer shall exercise all reasonable care to prevent loss or damage to utility property, excluding ordinary wear and tear. The customer shall be responsible for loss of or damage to utility property on the customer's premises arising from neglect carelessness, or misuse and shall reimburse the utility for the cost of necessary repairs or replacements.
4. Each customer shall be responsible for payment for any equipment damage and/or estimated unmetered usage =g from unauthorized breaking of seals, interfering, tampering or bypassing the utility meter.
5. Each customer shall be responsible for noticing the utility of any equipment failure identified in the utility's equipment.

C. Continuity of service

1. Each utility shall make reasonable efforts to supply a satisfactory and continuous level of service. However, no utility shall be responsible for any damage or claim of damage attributable to any interruption or discontinuation of service resulting from:
  - a. Any cause against which the utility could not have reasonably foreseen or made provision for, i.e., force majeure.
  - b. Intentional service interruptions to make repairs or perform routine maintenance.

c. Curtailment.

D. Service interruptions

1. Each utility shall make reasonable efforts to reestablish service within the shortest possible time when service interruptions occur.
2. Each utility shall make reasonable provisions to meet emergencies resulting from failure of service, and each utility shall issue instructions to its employees covering procedures to be followed in the event of emergency in order to prevent or mitigate interruption or impairment of service.
3. In the event of a national emergency or local disaster resulting in disruption of normal service, the utility may, in the public interest, interrupt service to other customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.
4. When a utility plans to interrupt service for more than four hours to perform necessary repairs or maintenance, the utility shall attempt to inform affected customers at least 24 hours in advance of the scheduled date and estimated duration of the service interruption. Such repairs shall be completed in the shortest possible time to minimize the inconvenience to the customers of the utility.
6. The Commission shall be notified of interruption in service affecting the entire system or any significant portion thereof. The interruption of service and cause shall be reported by telephone to the Commission within two hours after the responsible representative of the utility becomes aware of said interruption and followed by a written report to the Commission.

E. Curtailment

1. Each utility shall file with the Commission as a part of its general tariffs a procedural plan for handling severe supply shortages or service curtailments. The plan shall provide for equitable treatment of individual customer classes in the most reasonable and effective manner given the existing circumstances. When the availability of service is so restricted that the reduction of service on a proportionate basis to all customer classes will not maintain the integrity of the total system, the utility shall develop procedures to curtail service giving service priority to those customers and/or customer classes where health, safety and welfare would be adversely affected.

F. Construction standard and safety

1. Each utility shall construct all facilities in accordance with the provisions of the 1993 edition (and no future editions) of ANSI C2 (National Electrical Safety Code, incorporated by reference and on file with the Office of the Secretary of State, and the 1995 edition (and no future editions) of ANSI B31.1 (ASNE Code for Pressure Piping), incorporated by reference and on file with the Office of the Secretary of State. Copies of the National Electrical Safety Code are available from the Institute of Electrical and

Electronic Engineers, Inc., 345 East 47th Street, New York, New York 100 1 7. Copies of the ASME Code for Pressure Piping are available from the American Society of Mechanical Engineers, 345 East 47th Street New York, New York 100 1 7.

2. Each utility shall adopt a standard alternating nominal voltage or standard alternating nominal voltages (as may be required by its distribution system) for its entire service area or for each of the several districts into which the system may be divided, which standard voltage or voltages shall be stated in the rules and regulations of each utility and shall be measured at the customer's service entrance. Each utility shall, under normal operating conditions, maintain its standard voltage within the limits of the 1989 edition (and no future editions) of ANSI C84.1 (American National Standard for Electric Power Systems and Equipment-Voltage Ratings [60Hz]), incorporated by reference and on file with the Office of the Secretary of State. Copies are available from the American National Standards Institute, 1430 Broadway, New York, New York 10018.

R14-2-209. Meter Reading

A. Company or customer meter reading

1. Each utility may at its discretion allow for customer reading of meters.
2. It shall be the responsibility of the utility to inform the customer how to properly read his or her meter.
3. Where a customer reads his or her own meter, the utility will read the customer's meter at least once every six months.
4. The utility shall provide the customer with postage-paid cards or other methods to report the monthly reading to the utility.
5. Each utility shall specify the timing requirements for the customer to submit his or her monthly meter reading to conform with the utility's billing cycle.
6. Where the ESP is responsible for meter reading , reads will be available to the affected utility's billing cycle for that customer, or as otherwise agreed upon by the ESP and affected utility.
7. In the event the customer fails to submit the reading on time, the utility may issue the customer an estimated bill.
8. In the event the ESP responsible for meter reading fails to deliver reads within 3 days of the scheduled cycle read date, the affected meters may be read by the affected utility at a charge to the ESP or the reads may be estimated.
9. Meters shall be read monthly on as close to the same day as practical.

B. Measuring of service

1. All energy sold to customers and all energy consumed by the utility, except that sold according to fixed charge schedules, shall be measured by commercially acceptable measuring devices owned and/or maintained by the utility, except where it is impractical to install meters, such as street lighting or security lighting, or where otherwise authorized by the Commission.
2. When there is more than one meter at a location, the metering equipment shall be so tagged or plainly marked as to indicate the circuit metered or metering equipment.
3. Meters which are not direct reading shall have the multiplier plainly marked on the meter.
4. All charts taken from recording meters shall be marked with the date of the record, the meter number, customer, and chart multiplier.
5. Metering equipment shall not be set "fast" or "slow" to compensate for supply transformer or line losses.

C. Customer requested rereads

1. Each utility shall at the request of a customer **or entity** reread that customer's meter within ten working days after such request by the customer.
2. Any reread may be charged to the customer **or entity** at a rate on file and approved by the Commission, provided that the original reading was not in error.
3. When a reading is found to be in error, the reread shall be at no charge to the customer **or entity**.

D. Access to customer premises

1. Each utility shall have the right of safe ingress to and egress from the customer's premises at all reasonable hours for any purpose reasonably connected with ~~the utility's~~ property used in furnishing service and the exercise of any and all rights secured to it by law or these rules.

E. Meter testing and maintenance program

1. Each utility shall file with the Commission a plan for the routine maintenance and replacement of meters which meets the requirements of the 1988 edition (and no future editions) of ANSI C12.1 (American National Standard Code for Electricity Metering), incorporated by reference and on file with the Office of the Secretary of State. Copies are available from the Institute of Electrical and Electronics Engineers, Inc., 345 East 47th Street New York, New York 10017.
2. Each utility shall file an annual report with the Commission summarizing the results of the meter maintenance and testing program for that year. At a minimum, the report should include the following data:
  - a. Total number of meters tested, at company initiative or upon customer request.

- b. Number of meters tested which were outside the acceptable =or allowance of  $\pm 3\%$ .

F. Customer or entity requested meter tests

1. A utility shall test a meter upon customer or entity request and each utility shall be authorized to charge the customer or entity for such meter test according to the tariff on file and approved by the Commission. However, if the meter is found to be in error by more than 3%, no meter testing fee will be charged to the customer or entity.

R14-2-210. BILLING AND COLLECTION

A. Frequency and estimated bills

- ~~1. Each utility shall bill monthly for services rendered. Meter readings shall be scheduled for periods of not less than 25 days or more than 35 days. Unless otherwise approved by the Commission, the utility shall render a bill for each billing period to every customer in accordance with its applicable rate schedule and offer billing options for the services rendered. Meter readings shall be scheduled for periods of not less than 25 days without customer authorization or more than 35 days. If the utility changes a meter reading route or schedule resulting in a significant alteration of billing cycles, notice shall be given to the affected customers.~~
- ~~2. If the utility is unable to read the meter on the scheduled meter read date, the utility will estimate the consumption for the billing period giving consideration to the following factors where applicable:
  - ~~a. The customer's usage during the same month of the previous year.~~
  - ~~b. The amount of usage during the preceding month.~~~~
2. Each billing statement rendered by the utility shall be computed on the actual usage during the billing period. If the utility is unable to obtain an actual reading, the utility may estimate the consumption for the billing period giving consideration the following factors where applicable:
  - a. The customer's usage during the same month of the previous year.
  - b. The amount of usage during the preceding month.
- ~~3. After the second consecutive month of estimating the customer's bill for reasons ~~Other than severe weather, the utility will attempt to secure an accurate reading of the meter.~~~~
3. Each billing statement rendered by the utility shall be computed on the actual usage during the billing period. Estimated bills will be issued only under the following conditions unless otherwise approved by the Commission:
  - a. When extreme weather conditions, emergencies, labor agreements or work stoppages prevent actual meter readings.
  - b. Failure of a customer who reads his own meter to deliver his meter reading to the utility in accordance with the requirements of the utility billing cycle.



B. Combining meters minimum bill information.

1. Each meter at a customer's premise will be considered separately for billing purposes, and the readings of two or more meters will not be combined unless otherwise provided for in the readings of two or more meters will not be combined unless otherwise provided for the utility's tariffs. **This provision does not apply in the case of aggregation as described in R14-2-1601.**
  
2. Each bill for service will contain the following minimum information:
  - ~~a. Date and meter reading at the start of billing period or number of days in the billing period~~
  - ~~b. Date and meter reading at the end of the billing period.~~
  - ~~c. Billed usage and demand~~
  - d. Rate schedule number or service offer**
  - ~~e. Utility telephone number~~
  - ~~f. Customer's name~~
  - ~~g. Service account number~~
  - ~~h. Amount due and due date~~
  - ~~i. Past due amount~~
  - ~~j. Adjustment factor, where applicable~~
  - ~~k. Taxes~~
  - ~~l. The Arizona Corporation Commission and address, thereof~~
  - a. The beginning and ending meter readings of the billing period, the dates thereof, and the number of days in the billing period.**
  - b. The date when the bill will be considered due and the date when it will be delinquent, if not the same**
  - c. Billing usage, demand, basic monthly service charge and total amount due**
  - d. Rate schedule number or service offer.**
  - e. Customer's name and service account number**
  - f. Any previous balance**
  - g. Fuel adjustment cost, where applicable**
  - h. License, occupation, gross receipts, franchise and sales taxes.**
  - i. The address and telephone numbers of the Electric Service Provider, and/or the LDC designating where the customer may initiate an inquiry or complaint concerning the bill or services rendered.**

**j. The Arizona Corporation Commission address and toll free telephone numbers.**

**l. Other unbundled rates and charges.**

**C. Billing terms.**

~~1. All bills for utility services are due and payable no later than ten days from the date the bill is rendered. Any payment not received within this time frame shall be considered past due.~~

**1. All bills for utility services are due and payable no later than fifteen days from the date of the bill. Any payment not received within this time frame shall be considered delinquent and could incur a late payment charge.**

**2. For purposes of this rule, the date a bill is rendered may be evidenced by:**

**a. The postmark date**

**b. The mailing date**

**c. The billing date shown on the bill (however, the billing date shall not differ from the postmark or mailing date by more than 2 days).**

**d. The transmission date for electronic bills.**

~~3. All past due bills for utility services are due and payable within 15 days. Any payment not received within this time frame shall be considered delinquent.~~

**3. All delinquent bills shall be subject to the provisions of the utility's termination procedures.**

~~4. All delinquent bills for which payment has not been received within five days shall be subject to the provisions of the utility's termination procedures.~~

**4. All payments shall be made at or mailed to the office of the utility or to the utility's authorized payment agency. The date on which the utility actually receives the customer's remittance is considered the payment date.**

~~5. All payments shall be made at or mailed to the office of the utility or to the utility's duly authorized representative.~~

**D. Applicable tariff, prepayment, failure to receive, commencement date, taxes**

1. Each customer shall be billed under the applicable tariff indicated in the customer's application for service.
2. Each utility shall make provisions for advance payment of utility services.
3. Failure to receive bills or notices which have been properly placed in the United States mail shall not prevent such bills from becoming delinquent nor relieve the customer of his obligations therein.
- ~~4. Charges for utility service commence when the service is actually installed and connection made, whether used or not.~~
- 4. Charges for electric service commence when the service is actually installed and connection made, whether used or not. A minimum one-month billing period is established on the date the service is installed (excluding landlord/utility special agreements).**
- 5. Charges for services disconnected after one month shall be prorated back to the customer of record.**

E. Meter error corrections

- ~~1. If any meter after testing is found to be more than 3% in error, either fast or slow, proper correction between 3% and the amount of the error shall be made of previous readings and adjusted bills shall be rendered according to the following terms:
  - ~~a. For the period of three months immediately preceding the removal of such meter from service for test or from the time the meter was in service since last tested, but not exceeding three months since the meter shall have been shown to be in error by such test.~~
  - ~~b. From the date the error occurred, if the date of the cause can be definitely fixed.~~~~
- 1. The utility may test a meter upon customer request and each utility shall be authorized to charge the customer for such meter test according to the tariff on file approved by the Commission. However, if the meter is found to be in error by more than 3%, no meter testing fee may be charged to the customer. If the meter is found to be more than 3% in error, either fast or slow, the correction of previous bills will be made under the following terms allowing the utility to recover or refund the difference:
  - a. If the date of the meter error can be definitely fixed, the utility shall adjust the customer's billings back to that date. If the customer has been underbilled, the Company will allow the customer to repay this difference over an equal length of time that the underbillings occurred. The customer shall be allowed to pay the backbill without late payment penalties, unless there is evidence of meter tampering or energy diversion.****



1. Each utility may, at its option, offer its residential customers a levelized billing plan.
2. Each utility offering a levelized billing plan shall develop upon customer request, an estimate of the customer's levelized billing for a 12-month period based upon:
  - a. Customer's actual consumption history, which may be adjusted for abnormal conditions such as weather variations.
  - b. For new customers, the utility will estimate consumption based on the customer's anticipated load requirements.
  - c. The utility's tariff schedules approved by the Commission applicable to that customer's class of service.
3. The utility shall provide the customer a concise explanation of how the levelized billing estimate was developed, the impact of levelized billing on a customer's monthly utility bill, and the utility's right to adjust the customer's billing for any variation between the utility's estimated billing and actual billing.
4. For those customers being billed under a levelized billing plan, the utility shall show, at a minimum, the following information on ~~the customer's~~ **their** monthly bill:
  - a. Actual consumption
  - b. **Dollar** amount due for actual consumption
  - c. Levelized billing amount due
  - d. Accumulated variation in actual versus levelized billing amount.
5. The utility may adjust the customer's levelized billing in the event the utility's estimate of the customer's usage and/or cost should vary significantly from the customer's actual usage and/or cost; such review to adjust the amount of the levelized billing may be initiated by the utility or upon customer request.

H. Deferred payment plan

1. Each utility may, prior to termination, offer to qualifying residential customers a deferred payment plan for the customer to retire unpaid bills for utility service.
- ~~2. Each deferred payment agreement entered into by the utility and the customer due to the customer's inability to pay an outstanding bill in full shall provide that service will not be discontinued if:~~
2. **Each deferred payment agreement entered into by the utility and the customer shall provide that service will not be discontinued if:**
  - a. Customer agrees to pay a reasonable amount of the outstanding bill at the time the parties enter into the **agreement**.
  - b. Customer agreed to pay all future bills for utility service in accordance with the billing and collection tariffs of the utility.

- c. Customer agrees to pay a reasonable portion of the remaining outstanding balance in installments over a period not to exceed six months.
3. For the purposes of determining a reasonable installment payment schedule under these rules, the utility and the customer shall give consideration to the following conditions:
  - a. Size of the delinquent account
  - b. Customer's ability to pay
  - c. Customer's payment history
  - d. Length of time that the debt has been outstanding
  - e. Circumstances which resulted in the debt being outstanding
  - f. Any other relevant factors related to the circumstances of the customer
- ~~4. Any customer who desires to enter into a deferred payment agreement shall establish such agreement prior to the utility's scheduled termination date for nonpayment of bills; customer failure to execute a deferred payment agreement prior to the scheduled termination date shall not prevent the utility from discontinuing service for non payment.~~
- 4. Any customer who desires to enter into a deferred payment agreement shall establish such agreement prior to the utility's scheduled termination date for nonpayment of bills. The customer's failure to execute such an agreement prior to the termination date will not prevent the utility from disconnecting service for non-payment.**
5. Deferred payment agreements may be in writing and signed by the customer and an authorized utility representative.
6. A deferred payment agreement may include a finance charge as approved by the Commission in a tariff proceeding.
- ~~7. If a customer has not fulfilled the terms of a deferred payment agreement, the utility shall have the right to disconnect service pursuant to the utility's termination of service rules and, under such circumstances, it shall not be required to offer subsequent negotiation of a deferred payment agreement prior to disconnection.~~
- 7. If a customer has not fulfilled the terms of a deferred payment agreement, the utility shall have the right to disconnect service pursuant to the utility's termination of service rules. Under such circumstances, it shall not be required to offer subsequent negotiation of a deferred payment agreement prior to disconnection.**

I. Change of occupancy

~~1. Not less than three working days in advance notice must be given in person, in writing, or by telephone at the company's office to discontinue service or to change occupancy.~~

1. To order service discontinued or to change occupancy, the customer must give the utility at least three working days advance notice in person, in writing, or by telephone.

~~2. The outgoing party shall be responsible for all utility services provided and/or consumed up to the scheduled turnoff date.~~

2. The outgoing customer shall be responsible for all utility services provided and/or consumed up to the scheduled turn-off date.

3. The outgoing customer is responsible for providing access to the meter so that the utility may obtain a final meter reading.

**\*\*NOTE: THE FOLLOWING SECTION IS NOT REPRODUCED IN ITS ENTIRETY. THE FOLLOWING PROPOSED CHANGES ARE:**

**R14-2-211.** Termination of service.

A. 1. ~~(e) Non-payment of a bill related to another class of service.~~

~~(h) Failure to pay the bill of another customer as guarantor thereof.~~

B. 1 **Functionally, disconnects and connects should be handled by the Local Distribution Company (LDC). Only the LDC should order connects, disconnects and reconnects. In a competitive marketplace, the ESP cannot order a disconnect for non-payment, but can only send a notice of contract cancellation to the customer and the LDC.**

C.1 **Functionally, disconnects and connects should be handled by the Local Distribution Company (LDC). Only the LDC should order connects, disconnects and reconnects. In a competitive marketplace, the ESP cannot order a disconnect for non-payment, but can only send a notice of contract cancellation to the customer and the LDC.**