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BEFORE THE ARIZONA CORPORATION COMMISSION

Jim Irvin  
Chairman  
Renz D. Jennings  
Commissioner  
Carl Kunasek  
Commissioner

Arizona Corporation Commission

DOCKETED

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AZ CORP COMMISSION

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DOCUMENT CONTROL

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

DOCKET NO.  
RE-00000C-94-0165

**ACAA's PUBLIC COMMENTS & RECOMMENDATIONS FOR RULE CHANGES**

Arizona Community Action Association makes the following recommendations to the proposed rule:

**I. R14-1601. Definitions.**

At a minimum, a definition of consumer education should be included in the rule.

**8. Consumer Education is impartial information provided to consumers about competition or competitive services and is distinct from advertising and marketing.**

**II. R14-1604. Competitive Phases.**

The proposed change to the competitive phases of the rule substantially reduces the opportunity for residential consumers to participate in the competitive market and essentially holds residential consumers captive. In previous discussions with Staff, residential consumers were promised "benefits in lieu of competition". Which would have included, at that time, a proposed 3% to 5% rate reduction and other unspecified benefits. At that time, small consumers demanded that the rate reduction be a "real" rate reduction, not just a free-rider, already planned reduction.

Over time, the "benefits" consumers were to receive have been forgotten. As the proposed Rule now reads, the promised 3% to 5% rate reductions have been reduced from "shall" to "may". Each step of the way, small consumers have been losing ground. The benefits of competition seem to be accruing to other stakeholders. Apparently, the "big dogs" will eat first and best from bowls filled with benefits and opportunities. Small consumers' bowls are filled with mostly risks and costs. The Rule should provide adequate and equitable

benefits, consumer protections, and opportunities to participate for all consumers.

- ACAA recommends that residential opportunities be expanded.

R14-1604. C. Each Affected Utility shall offer a residential phase-in program with the following components:

1. A minimum of ~~½~~ of 1% of residential customers will have access to competitive electric services on January 1, 1999. The number of customers eligible in the residential phase-in program shall increase by an additional ~~½~~ of 1% every quarter until January 1, 2001.

- ACAA recommends, that in the continuing spirit of open cooperation, that interested parties should have an opportunity to comment on the Residential Phase-in Proposals to be filed with the Utilities Director. And, in a further recommendation, ACAA proposes that the Commission establish a Consumer Information Advisory Panel. The panel would assist the Commission and Staff in reviewing education and marketing materials.

R14-1604. C. 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. **Interested parties will have until September 29<sup>th</sup>, 1998 to comment on the proposals. The Consumer Information Advisory Panel will assist the Director in reviewing all education and marketing materials for meeting minimum standards of clarity and fairness. The Panel will consist of two residential consumers and one representative of: RUCO, the Attorney General, ACAA, the Arizona Consumers Council, an Affected Utility, an Energy Service Provider, a commercial customer, and Staff.** At 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 **education and information services** to be offered;

5.c. A description **and examples** of all customer education programs and other information services including **goals of education program** and a discussion of the effectiveness of the programs; and,

d. An overview of comments and survey results from participating residential customers **and a performance evaluation of the education effort.**

D. Each Affected Utility shall file a report detailing possible mechanisms to provide benefits, such as rate reductions of 3% - 5%, **over and above those already planned**, 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). **It is the intent of the Commission that customers not able to participate in the competitive market see real benefits in lieu of competitive opportunities.**

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

ACAA supports the proposed language regarding standard offer and provider of last resort and urges that it be adopted. Provider of last resort is more than just a consumer benefit; it is an important consumer protection.

IV. R14-2-1606. E. To manage its risks, an Affected Utility may include in its tariffs **reasonable** deposit requirements **for all customers** and advance payment requirements for Unbundled Services **for Commercial and Industrial customers.**

ACAA has concerns about the pre-payment requirements. At a minimum, it needs more definition. It is too vague, as it stands, and could harm small consumers. ACAA opposes this portion of the Rule. Either eliminate it or further clarify it.

V. R14-2-1618. Information Disclosure Label

- ACAA suggests that the following language be added to protect consumers.

F. Terms of Service Requirement.

- 1.b. Length and kind of contract;  
**c. provisions and conditions for early termination by either party;**

ACAA is concerned that an unintended consequence of eliminating the letter of guarantee would be to make it harder for community based organizations to serve their low-income clients. This provision would potentially increase the number of disconnects for customers with service, who are payment troubled

and are required to pay a deposit to keep their service on. This letter of guarantee is also important for community based organizations when paying a past due bill for a client and avoiding imminent disconnection.

#### VI. MASTER METERS R14-2-205

ACAA is concerned about un-intended consequences of the new language allowing master meters in mobile home parks and apartments. We recommend reinstating the provision. Low-income customers in master metered areas cannot access low-income programs like bill assistance and rate discounts.

#### R14-2-210 BILLING AND COLLECTION

##### E. Meter Error Corrections

1.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. **Under extenuating circumstances, the repayment period may be extended.** The customer ~~may~~ **shall** be allowed to pay the backbill without late payment penalties, unless there is evidence of meter tampering or energy diversion.

##### 1.b. STRIKE LAST SENTENCE.

- VI. ACAA supports the provisions for Anti-slamming and for the Solar Portfolio and "Green" labeling.
- VII. ACAA strongly supports the need for consumer education and urges the Commission to make this a priority.
- VIII. ACAA is concerned about the public policy process. We believe the public process that occurred was **unfair** to small consumers and the public in general. While open meeting laws are clear and the ACC has met the letter of the law, the haste with which these meetings were called does a grave injustice to public participation. This type of public process is unlike the Commission. You have always supported a robust public process. All Arizonans should count on receiving an opportunity to learn more about an issue and to be able to voice their opinion. This extremely short notice has cut the public out of the public process. We can only surmise that this was not intentional. We would recommend another round of public hearings, **at the minimum**, before final decisions are made.

**Original and ten copies of the foregoing filed this 22nd day of July, 1998 in:**

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