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July 22, 1998

Ray Williamson, Acting Director  
Utilities Division  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Arizona Corporation Commission  
DOCKETED

JUL 22 1998

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RE: 2<sup>nd</sup> Draft of Revisions to Retail Electric Competition Rules  
Docket No. RE-00000-C-94-0165

Dear Ray:

The Residential Utility Consumer Office ("RUCO") has received Staff's July 10, 1998 Draft of modifications to the Retail Electric Competition Rules (R14-2-1601 *et seq.*) (the "Rules"). You indicated at the July 15, 1998 Open Meeting that Staff would receive written comments on the proposal through July 22, 1998.

RUCO continues to urge adoption of the changes which we suggested in our July 6, 1998 comments on Staff's first draft of modifications to the Rules. We will not reiterate those items here.

R14-2-1617 Affiliate Transaction Rules

Paragraph A.7.a. provides that transfers from an Affected Utility to an affiliate should be at tariffed rates. If the Affected Utility provides services, which are not subject to a tariff, RUCO believes that the Rules should provide that the transfer should be at the higher of cost or fair market value.

R14-2-1618 Disclosure of Information

The obligations in this section are imposed upon "Load Serving Entities." The definition of "Load Serving Entity" has been omitted from this Draft of the Rules, creating even greater ambiguities. In its July 6, 1998 comments, RUCO indicated potential problems with imposing the requirement on "Load Serving Entities" and suggested that any disclosure requirements be imposed on "Electric Service Providers" rather than on "Load Serving Entities." RUCO again urges that any disclosure requirements be imposed on "Electric Service Providers."

Paragraph J.1 requires that disclosures be provided prior to the initiation of service. RUCO believes that the disclosures should be provided to customers before the ESP accepts a customer's written authorization to change ESPs. As currently worded, the ESP could provide the required disclosures after the customer has entered into a contract, and after the three-day "cooling off" period has expired, but before the customer's service is actually switched.

R14-2-203 Establishment of Service

Paragraph D.4 provides that service establishments with ESP's will be scheduled for the next meter read date if received 15 days prior to that date. It is unclear who must receive the service order by the required date. In addition, the rule is not limited to changes in electric providers, so it would also apply to a new customer who was not previously receiving electricity from the Affected Utility. According to the proposed Rule, such a customer would be required to wait until the next scheduled meter read date to receive any electricity. The rule should be clarified that it only applies to a customer who is changing its ESP, not to a customer who is receiving completely new service.

R14-2-205 Master Metering

RUCO opposes the wholesale striking of the master metering provisions of R14-2-205. The rule currently provides that multiunit residential buildings may provide a cost/benefit analysis to justify the use of master metering. The Commission should maintain the provision that, with sufficient cost/benefit justification, master metering be allowed in such instances.

R14-2-210 Billing and Collection

Paragraph E.1. indicates that a utility "may" test a meter upon customer request. This conflicts with the provision of R14-2-209(F), which provides that a utility "shall" test a meter upon customer request. See RUCO's July 6, 1998 comments for suggested alternative language.

Ray Williamson  
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R-14-2-211 Termination of Service

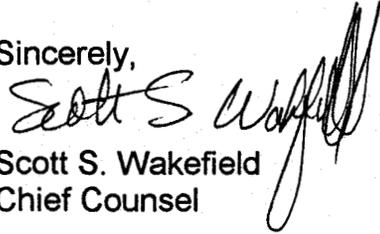
RUCO opposes the deletion of paragraph A.1.c.

Customer Education

RUCO has been participating in the Working Group on Customer Education, and urges the Commission to educate the public about the significant changes in the electric industry in a timely fashion.

RUCO looks forward to continuing to participate in the process to revise the Rules.

Sincerely,

  
Scott S. Wakefield  
Chief Counsel

cc: Service List