

Tucson Year



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A Non-Profit Community Resource

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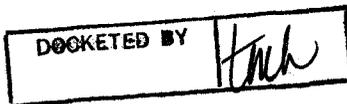
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Honorable Commissioners:



Thank you for listening to my comments delivered July 16, 1998 in Tucson at the Commission's public hearing on the proposed rules for electric industry competition. As a current member and former Chair of the Tucson-Pima County Metropolitan Energy Commission, I have come to believe there are three fundamental values that underpin good energy policy -- reliability, efficiency and equity. I gather from the Corporation Commission's decisions and pronouncements over the past four or five years that these are also paramount goals of yours. Reliability, of course, is the most important because without electric power, most everything else shuts down. Opening the electric power industry to competition can and should be designed to fulfill all three criteria.

Since the beginning of widely-distributed information technologies and embedded electronic control systems some thirty years ago, a simple flaw has been built into what are now many billions of systems all over the world. Unless this flaw is fixed, these systems will not perform in most cases and many infrastructures will be disrupted or break down.

On June 12, 1998, Senator Bob Bennett (R-Utah), Chair of the Special Year 2000 (Y2K) Technology Problem Committee addressed the slow pace of utility industry progress toward Y2K compliance and stated, "I am genuinely concerned about the very real prospects of power shortages as a consequence of the millennial date change... I am personally concerned that the Y2K problem is receiving so little public attention. I am concerned that when it does become a matter of general public concern it will be too late to bring public pressure to bear on the timely correction of the many Y2K problems that exist. My greatest fear is that when it does become a matter of general public concern, it will bring with it a measure of panic that will be detrimental to effective and efficient remediation of the problems which will present themselves."

On July 14, 1998, President Clinton announced to the National Academy of Sciences that the Y2K Problem "is clearly one of the most complex management challenges in history."

Four U.S. national governmental organizations, the National League of Cities (NLC), the National Association of Counties (NACo), the International City/County Management Association (ICMA), and Public Technology, Inc. (PTI), have combined resources to initiate a national Year 2000 awareness campaign including policy recommendations for local governments. Their *Primer for Local Government Officials on the Year 2000 Problem* states, "The Year 2000 problem is a real problem, with serious impacts on cities -- local governments, local businesses, local economies...It is essential that local officials be aware of the problem and that they take the lead, not only in city hall but in the wider community, to make sure that the year 2000 will begin as free of problems as possible."

At the state-level, the National Governor's Association (NGA) is urging Governors to plan for the possibility of Y2K-related failures, beginning by asking senior technology, legal, economic, and policy advisors, agency directors, and state regulators the following key questions:

- Will our state's "mission-critical systems" be tested and ready? Will the resources, both money and personnel, be available to complete this work in time?
- Do state agencies have credible contingency plans?
- What is our state's legal liability for Y2K-related problems?
- How will the date-change problem affect critical state-regulated industries, such as power, telecommunications, and financial institutions, and public infrastructure?
- What can we do to minimize Y2K's impact on our state's economy?

I hope we all come to see that Y2K poses an enormous challenge for the State of Arizona. The greatest challenge comes with the state's role to ensure that all critical infrastructures in the state can be made operational and that threats to reliability from sources outside the state are prevented or avoided. At the hearing, I asked you three questions:

- 1) Are Y2K compliance criteria included in the licensing procedures of the proposed rules?
- 2) On January 1, 2000, who in the state is responsible for rationing electric power should a breakdown in the grid occur and how would rationing take place?
- 3) Is there a known way that the state can partition or "island" itself from the regional grid in case we are threatened by external breakdowns and if not, shouldn't we be finding solutions to this?

I was encouraged that you expressed an interest to take a second look at the licensing procedures and consider including Y2K criteria. After all, Arizona would be at risk if we permitted non-compliant power providers (possibly those rejected by other states going to competition) to sell in our state and potentially contribute to local Y2K breakdowns. From your responses to the last two questions, it seems the Commission considers grid breakdown an insignificant probability. Unfortunately, many of those who are directly working on Y2K problems, especially those in the utility industry, see much more serious threats of disruptions and breakdowns.

For those of us working on Y2K problems at the community level, it has been difficult to conduct more effective local contingency planning activities without a clearer picture of our vulnerability to state and regional level Y2K disruptions and breakdowns. Your efforts to ensure a safe transition to electric generation competition are greatly appreciated by all Arizona citizens. Positive consideration of the above three questions will be very helpful in community efforts to prepare for Year 2000 contingencies.

Sincerely,



Robert Cook, Co-Founder, Tucson Year 2000 Center

cc:

Governor, State of Arizona
Board of Supervisors, Pima County
County Administrator, Pima County
Mayor and Council Members, City of Tucson
City Manager, City of Tucson
Chair, Tucson-Pima County Metropolitan Energy Commission