

OPEN MEETING ITEM

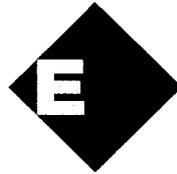
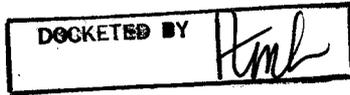


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Arizona Corporation Commission

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NEW WEST ENERGY

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July 30, 1998

DOCKET NO. RE-00000C-94-0165

Mr. Ray T. Williamson
Acting Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007-2996

RE: ***Response of New West Energy to the Proposed Revisions to the Retail Electric Competition Rules (R14-2-1601 et seq.)***

Dear Mr. Williamson:

As you are aware, New West Energy ("New West") intends to apply for statewide authority to compete in Arizona as an electric service provider. In this letter, New West comments on the current version of the draft changes to the Retail Electric Competition Rules (the "Rules").

Specifically, we comment herein on the change to R14-2-1611 that did not appear in the two previously-circulated drafts of the proposed rule changes. New West objects to any provision of the Rules that would treat New West differently than other electric service providers, especially the previously unannounced proposed addition of R14-2-1611(E), which reads:

E. An Affiliate of an Arizona electric utility which is not an Affected Utility shall not be allowed to compete in the service territories of Affected Utilities unless the Affiliate's parent company, the non-affected utility, submits a statement to the Commission indicating that the parent company will voluntarily open its service territory for competing sellers in a manner similar to the provisions of this Article and the Commission makes a finding to that effect.

The current draft of the Rules could prohibit New West from obtaining a certificate of convenience and necessity, which would distort the market in Arizona and have an anti-competitive effect.

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Accordingly, New West supports the comments of the Salt River Project as to proposed changes to R14-2-1611.

We appreciate the opportunity to respond to the current draft. New West is available at your convenience to discuss further its comments and suggestions.

Sincerely,

A handwritten signature in cursive script that reads "Karen K. Caldwell". The signature is written in black ink and is positioned above the typed name and title.

Karen Caldwell
Managing Director

KKC/pg