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EXCEPTION

BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

AUG 03 1998

JIM IRVIN  
COMMISSIONER-CHAIRMAN  
RENZ D. JENNINGS  
COMMISSIONER  
CARL J. KUNASEK  
COMMISSIONER

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RECEIVED  
AZ CORP COMMISSION

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

DOCKET NO. RE-00000C-94-0165

**EXCEPTIONS OF THE RESIDENTIAL UTILITY CONSUMER OFFICE**

On July 24, 1998, the Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") issued a Proposed Order on Proposed Emergency Rulemaking regarding the Retail Electric Competition Rules, R14-2-1601, *et seq.* (the "Rules"). RUCO has commented on previous drafts of the Rules on May 22, July 6, and July 22, 1998. Copies of RUCO's comment letters are attached hereto as Exhibits A, B, and C, respectively, and are hereby incorporated by reference to the extent such comments have not been incorporated into the Rules or reiterated herein. RUCO makes the following exceptions to Staff's proposed amendments to the Rules and related rules.

**I. The Rules fail to provide real benefits to residential consumers during the transition to competition.**

When Staff originally proposed a modification to the existing phase-in of electric competition, it suggested that, during a two-year transition, residential consumers would receive benefits, in the form of additional rate decreases of 3-5 percent, in lieu of meaningful participation in the first phase of the transition. Staff's current proposal, however, backpedals significantly on that proposal. Staff now proposes, in R14-2-1604.C, that an Affected Utilities

1 merely "file a report" which "details possible mechanisms" to provide benefits, "such as" rate  
2 reductions. Staff's proposal, however, still limits residential participation to only ½ of one  
3 percent of residential customers, to be increased by the same amount each quarter. To call  
4 this level of residential participation "token" would be an overstatement.  
5

6 The Commission should either guarantee residential customers real participation in the  
7 initial phase of competition, or guarantee residential customers real benefits while they are  
8 frozen out of the first phase. RUCO therefore proposes that the Commission adopt either or  
9 both of the following modifications to the proposed Rules:  
10

11 R14-2-1604.B.1 A minimum of ~~½ of 1%~~ ten percent of residential customers as of January  
12 1, 1999 ~~will~~ shall have access to competitive electric services on January 1, 1999. The  
13 number of customers eligible for the residential phase-in program shall increase by an  
14 additional ~~½ of 1%~~ five percent every quarter six months until January 1, 2001.

15 R14-2-1604.C Each Affected Utility shall file ~~a report~~ an application by September 15,  
16 1998 ~~detailing possible mechanisms to provide benefits, such as rate reductions of 3%–5%, to~~  
17 ~~all standard offer customers~~ to decrease standard offer rates by at least three to five percent.

18 **II. The Rules neglect the most important piece of the transition to competition,**  
19 **namely Customer Education.**

20 In earlier comments, RUCO and other parties have urged the Commission to undertake  
21 consumer education to prepare the public for the massive changes in the electric utility  
22 industry. Staff's current proposal, however, provides for a whisper of "education" at a time  
23 when the Commission should be shouting the message of competition to the public. The  
24 proposed Rules incorporate a definition that the Arizona Community Action Association  
25 ("ACAA") proposed for "Consumer Education," but they fall far short of what is necessary.

26 First, Staff includes in the proposed Rules the ACAA's definition, but changes the term  
27 from "Consumer Education" to "Consumer Information." Second, Staff then uses the term  
28 "Consumer Information" only in R14-2-1618, to describe certain information which is to be

1 disclosed to consumers concerning the specific service which they receive from the Load-  
2 Serving Entity. The information required pursuant to R14-2-1618 is not "education" about  
3 competition or competitive service in general. It is specific information regarding a specific  
4 offering and the Load-Serving Entity. While it may be helpful to consumers, it is no substitute  
5 for general information that would help consumers understand the coming changes in the  
6 electric industry.  
7

8 Third, it is imperative that the Commission develop and implement a comprehensive,  
9 standardized, unbiased customer education program to educate Arizona consumers regarding  
10 retail electric competition. Members of the current Commission sponsored Customer  
11 Education Working Group should continue to work with the Commission in this endeavor to  
12 ensure equitable representation of interested parties. Given the short time frame before  
13 implementation of electric competition, RUCO urges the Commission to adopt rules consistent  
14 with the intent of educating Arizona consumers regarding retail electric competition in an  
15 expeditious manner.  
16

17 RUCO therefore proposes the attached modifications and additions.  
18

19 RESPECTFULLY SUBMITTED this 3<sup>rd</sup> day of August, 1998.  
20

21  FOR  
22 Scott S. Wakefield  
23 Chief Counsel  
24  
25  
26  
27  
28

1 AN ORIGINAL AND TEN COPIES  
2 of the foregoing Exceptions filed  
3 this 3<sup>rd</sup> day of August, 1998 with:

4 Docket Control  
5 Arizona Corporation Commission  
6 1200 West Washington  
7 Phoenix, Arizona 85007

8 COPIES of the foregoing Exceptions  
9 hand delivered/mailed this 3<sup>rd</sup> day of  
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**RUCO's Proposed Modifications to Staff's  
July 24, 1998 Draft Amendments to  
Retail Electric Competition and Other Rules**

**R14-2-203. Establishment of service**

- D. 4. ~~Changes of Service establishments with~~ an Electric Service Provider will be scheduled for the next regular meter read date if the direct access service request is processed 15 calendar days prior to that date and appropriate metering equipment is in place. The utility may offer after-hours or earlier service for a fee.

**R14-2-210. Billing and collection**

- A. 1. 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 may 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 without customer authorization. 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.
- d. Due to customer equipment failure, a 1-month estimation will be allowed. ~~Failure to remedy the customer equipment condition will result in penalties as imposed by the Commission.~~
- C. 1. All bills for utility services are shall be due and payable no later less than 15 days from the date of the bill. Any payment not received ~~within this time frame~~ by the due date shall be considered delinquent and could incur a late payment charge.

- E. 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 a tested 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 ~~may~~ shall be allowed to pay the backbill without late payment penalties, unless there is evidence of meter tampering or energy diversion.
  - b. If it is determined that the customer has been overbilled and there is no evidence of meter tampering or energy diversion, the Company ~~will~~ shall make prompt refunds in the difference between the original billing and the corrected billing within the next billing cycle.
3. Any underbilling resulting from a stopped or slow meter, utility meter reading error, or a billing calculation shall be limited to 3 months for residential customers and 6 months for non-residential customers. However, if an underbilling by the ~~Affected Utility~~ utility occurs due to inaccurate, false or estimated information from a third party, then that ~~Affected Utility~~ utility will have a right to back bill that third party to the

point in time that may be definitely fixed, or 12 months. No such limitation will apply to overbillings.

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

Replace Paragraph A.1.c. as follows:

c. Nonpayment of a bill related to another class of service.

**R14-2-1601. Definitions**

8. ~~"Consumer Information"~~ "Customer Education" is impartial information provided to consumers about competition or competitive and noncompetitive services and is distinct from advertising and marketing.
39. "System Benefits" means Commission-approved utility low income, demand side management, environmental, and renewables, ~~and nuclear power plant decommissioning~~ programs.

**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. A Certificate is not required to offer information services, or billing and collection services, or self aggregation. An Affected Utility need not apply for a Certificate of Convenience and Necessity to continue to provide electric service in its service area 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.

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

- B. As part of the 20% of 1995 system peak demand set forth in R14-2-1604(A), each Affected Utility shall reserve a residential phase-in program with the following components:
1. A minimum of ~~½ of 1%~~ ten percent of residential customers as of January 1, 1999 ~~will~~ shall 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 ~~½ of 1%~~ five percent every quarter ~~six months~~ until January 1, 2001.
  - ~~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. Interested parties will have until September 29, 1998 to comment on any proposal. At a minimum, the residential phase-in program proposal ~~will~~ shall include specifics concerning the Affected Utility's proposed:
- C. Each Affected Utility shall file ~~a report~~ an application by September 15, 1998, ~~detailing possible mechanisms to provide benefits, such as rate reductions of 3% -5%, to all standard offer customers~~ to decrease standard offer rates by at least three to five percent.
- G. ~~An Affected Utility, Utility Distribution Company, or A~~ Load-Serving entity may, beginning January 1, 2001, engage in buy-throughs with individual or aggregated consumers. Any buy-through contract shall ensure that the consumer pays all

non-bypassable charges that would otherwise apply. Any contract for a buy-through effective prior to the date indicated in R14-2-1604(A) [specify which date-this section now indicates several different dates] must be approved by the Commission.

**R14-2-1606. Services Required To Be Made Available**

- A. 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.

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

- 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, other than standard offer rates, from the Affected Utility as a direct result of the competition governed by this Article.

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

- A. By the date indicated in R14-2-1602, each Affected Utility or Utility Distribution Company 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 or Utility Distribution Companies' service area who participate in the competitive market. Affected Utilities or Utility Distribution Companies 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 Utility Distribution Companies' present Commission-approved low income, demand side management, environmental, and renewables, and nuclear fuel disposal and nuclear power plant decommissioning programs in effect from time to time.

**R14-2-1610. Transmission and Distribution Access**

- 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 reserved for use by the retail customers of the Affected Utility's Utility Distribution Company shall be allocated among Standard Offer customers and competitive market customers on a pro-rata basis.

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

Insert new paragraph D as follows, and renumber to conform:

- D. A customer with an annual load of 100,000 kW or less may rescind its authorization to change providers of any service authorized in the Article within three business days, without penalty, by providing written notice to the provider.
- J. 7. Competitive customers with hourly loads of 20 kW (or 100,000 kWh annually) or less, ~~will~~ shall be permitted to use load profiling to satisfy the requirements for hourly consumption data.

**R14-2-1617. Affiliate Transactions**

- A. Separation

An Affected Utility or Utility Distribution Company 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 ~~Proceedures~~ Principles (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 R14-2-1614. All proprietary information shall remain confidential.

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

- F. 1. ~~Prior to the initiation of service for any retail customer~~ accepting a customer's written authorization for electric service.

**Customer Education**

RUCO recommends that the Commission adopt rules consistent with the intent of educating Arizona consumers regarding retail electric competition in an expeditious manner.



EXHIBIT A

RESIDENTIAL UTILITY CONSUMER OFFICE

2828 NORTH CENTRAL AVENUE • SUITE 1200 • PHOENIX, ARIZONA 85004 • (602) 279-5659 • FAX: (602) 285-0350

Jane Dee Hull  
Governor

Greg Patterson  
Director

May 22, 1998

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

RE: STATEMENT OF POSITION ON RETAIL ELECTRIC COMPETITION

Dear Ray:

Thank you for your invitation to comment on the Corporation Commission Staff's May 19, 1998 Statement of Position regarding retail electric competition. The Residential Utility Consumer Office ("RUCO") generally favors the resolutions set forth in the Statement of Position. However, RUCO notes several matters for further attention.

First, any valuation of non-divested assets should take into account the economic lives of the assets. The Statement of Position indicates only that the Commission would determine a "fair and reasonable" value for such assets, but omits any reference to the time period over which it will make such a calculation.

Second, to the degree that stranded costs may not be recovered by an Affected Utility, RUCO believes that current rates for standard offer customers should be decreased by more than 3 to 5 percent. Because current rates already include all costs which may become stranded upon the implementation of competition (as much as \$200 million annually statewide), any mechanism which provides that stranded costs be borne partially by the shareholders should result in a decrease in standard offer rates. If shareholders are required to bear some responsibility for stranded costs, they should bear that responsibility for the benefit of all customers, not only for the benefit of customers who receive competitive power.

RUCO is in agreement that, initially, metering should be limited to either the local distribution company ("LDC") or electric service provider ("ESP") or their agents. However, RUCO believes that, after the transition to competitive generation, metering service should

Ray Williamson  
May 22, 1998  
Page 2

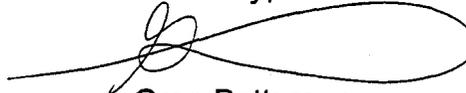
be open to greater competition. Rather than adopt rules presently which would require amendment in the future to broaden competition in metering, RUCO believes that the rules could establish that, for a period of time, metering services be open to limited competition (LDC or ESP or their agents), and that after a certain date or upon the Commission determining that generation is competitive, wider competition be permitted in metering services.

With respect to the phase-in period proposed for residential customers, RUCO notes that APS has earlier proposed that as many as 20,000 customers per utility be permitted to access competitive power as of January 1, 1999, an amount far in excess of the ½ of one-percent which is set forth in Staff's proposal. RUCO would prefer pilot program participation closer to the numbers proposed by APS.

Finally, RUCO believes that nuclear decommissioning cost should not be financed through the system benefits charge, but should instead be computed as part of the generation component.

I look forward to receiving the Staff's final Statement of Position next week.

Sincerely,

A handwritten signature in black ink, appearing to be 'G. Patterson', with a long horizontal flourish extending to the left.

Greg Patterson  
Director

cc: Docket Control  
Service List



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July 6, 1998

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RE: Proposed Revisions to Retail Electric Competition Rules  
Docket No. RE-00000-C-94-0165

RECEIVED  
AZ CORP COMMISSION  
JUL 6 3 54 PM '98  
Docket No. RE-00000-C-94-0165

Dear Ray:

Thank you for your invitation to comment on Staff's proposed changes to the Retail Electric Competition Rules (R14-2-1601 *et seq.*) (the "Rules"). This letter describes the reasoning and proposed policy behind the modifications the Residential Utility Consumer Office ("RUCO") suggests. Attached are the actual textual modifications that RUCO proposes. Many of RUCO's proposed changes are merely an attempt to increase clarity, rather than to modify policy. Those changes many not have a corresponding discussion in this letter.

R14-2-1601 Definitions

The definition of "Affected Utilities" may become inadequate after the named companies divest themselves of generation assets or transfer those assets to affiliates pursuant to proposed R14-2-1616. The Rules create numerous obligations of Affected Utilities, some of which relate to their generation activities, and others that relate to transmission or distribution activities. After divestiture/transfer of generation assets, certain obligations should be imposed on the generation company, which may not be an Affected Utility pursuant to this definition. Due to time limitations in responding to the proposed Rule changes, RUCO has yet identified a resolution for this definitional problem.

In the definition of "Delinquent Accounts," "outstanding" should be changed to "overdue." As written, a payment obligation that has not yet become overdue would be delinquent, triggering possible adverse credit impacts and/or termination.

The definition of "System Benefits" should not include nuclear decommissioning programs. Costs of such programs are related to generation, and therefore should be included in generation costs, and if necessary, stranded costs.

In the definition of "Utility Distribution Company," the abbreviation "UDC" should be omitted, and the full term should be substituted throughout the Rules. In the current Rules, the term "Electric Service Provider" is not abbreviated. For consistency, neither should Utility Distribution Company be abbreviated.

#### R-14-2-1603 Certificates of Convenience and Necessity

In the fourth line of paragraph A, the phrase "or self-aggregation" should be omitted, or the word "offer" should be changed. One does not "offer" self-aggregation to oneself.

Proposed paragraph F.3. provides that the Commission may deny an Electric Service Provider a certificate for failure to have a service acquisition agreement with a Utility Distribution Company. This restriction is unnecessary, because the Utility Distribution Company will automatically reject a service request from an Electric Service Provider if it does not have a service acquisition agreement with that Electric Service Provider. Requiring the service agreement as a condition of a certificate is unnecessary and may be viewed as anti-competitive. RUCO proposes that this paragraph be modified to omit the reference to the service acquisition agreement.

#### R14-2-1604 Competitive Phases

The passive language used in this rule should be replaced with language that clearly imposes an obligation on the Affected Utilities to offer competition according to the proposed schedule.

In addition, the number of customers permitted to participate in the phase-in programs should be increased. As proposed, fewer residential customers will be permitted to participate than are currently permitted under the Rule. The current Rule requires that 3 percent (15 percent of 20 percent) of the 1995 retail peak demand be made available to residential customers for competitive generation on January 1, 1999. The Staff proposal does not require that Affected Utilities offer competitive generation to any residential customers by that date. Even after the proposed 2-year phase-in program is completed, three percent of the 1995

peak demand will not be available to residential customers for competitive generation. RUCO therefore proposes that the phase-in period begin January 1, 1999 with 10 percent of the retail customers, to be increased by 5 percent every six months. APS had previously proposed that 20,000 of its residential customers be eligible for competitive generation on January 1, 1999. SRP is currently considering its management's proposal to allow competition for up to 110,000 of its residential customers beginning December 31, 1998.

The requirement in C.3. regarding load profiling should be omitted here. Any obligation to offer load profiling for residential customers should not be limited to the phase-in period. The obligation to offer load profiling for smaller customers at all times is already included in Staff's proposed Rule R14-2-1613(l)(8).

Paragraph C.4. could be read to require Utilities Division Director to grant approval of the phase-in programs by September 15, 1998. RUCO proposes rewording the paragraph to clarify that the Affected Utilities must make the filing by September 15, 1998.

In paragraph C.5. the word "quarterly" is redundant in light of the requirement that the filings be made within 45 days of the end of each quarter. In addition, the information sought in the report is not limited to changes that have taken place during the reporting period. The term "quarterly" should be omitted.

Paragraph D requires Affected Utilities to report on possible rate reductions for standard offer customers. In its position papers filed on May 19 and May 29, 1998, Staff proposed that Affected Utilities' standard offer rates "shall be reduced." As proposed, however, this rule imposes no obligation on the Affected Utilities to lower standard offer rates, and speaks only of "possible mechanisms" to provide benefits. The language should be modified to require the Affected Utilities to make a rate reduction filing by January 1, 1999.

Paragraph F, which is language of the existing Rule, does not make sense in light of the proposed modifications to this Rule. RUCO has proposed alternative language to maintain the policy embodied in the existing Rule.

#### R14-2-1606 Services Required to be Made Available by Affected Utilities

Paragraph A proposes to delete the requirement that all stranded costs for a particular class of customers must be collected before standard offer service can be terminated. Customers, particularly residential customers, should not lose the right to continue taking standard offer services until stranded cost recovery mechanisms cease. Therefore, the proposed modification should not be made. RUCO has proposed alternative language, which would clarify that the stranded cost recovery mechanism must cease (as opposed to "all stranded costs...have

been recovered") before the standard offer could be terminated, since Affected Utilities may not be entitled to recover all their stranded costs.

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

The final clause of paragraph D is phrased so that it would include any decrease to standard offer rates resulting from the proposed language in R14-2-1604(D). RUCO does not believe that customers remaining on standard offer service should be required to pay an additional stranded cost recovery surcharge. Therefore, RUCO proposes alternative language to avoid double collection of stranded costs from standard offer customers.

#### R14-2-1609 Solar Portfolio Standard

RUCO reiterates its concerns, stated when the Rules were originally adopted, with the Commission playing a major role in determining the types of resources developed in a competitive market. Decisions about resources should be left to the market, subject to environmental standards. However, if the Commission chooses to maintain the solar portfolio standard, RUCO notes the following items.

With Staff's proposed modifications, paragraph B.2. should be raised a level in the outline. RUCO has proposed alternative language which may be clearer.

The inclusion of the examples in paragraphs C.2.b. and C.6. are inappropriate. The Rule should include sufficiently detailed, but generically applicable, method of computing the credits.

The phrase "green pricing," used in paragraphs C.3.b. and C.5, is slang. Instead, the phrase "environment-friendly" may be more appropriate.

The language in paragraph C.4 limits a generator to one .5 extra credit multiplier. This appears to contradict the provisions in paragraph C.2. which states that an Electric Service Provider "shall be eligible for a number of extra credit multipliers," and paragraph C.6., which states that "all multipliers are additive." The Rules should be clarified to avoid contradictions. RUCO has not proposed specific language, because it has no position on the use of extra credit multipliers at this time.

### R14-2-1610 Transmission and Distribution Access

The reference in paragraph A to the "Affected Utility's standard offer" should be re-phrased, in light of the provision in R14-2-1606(B) that standard offer service will be offered by the distribution companies after January 1, 2001.

### R14-2-1613 Service Quality, Consumer Protections, Safety and Billing Requirements

Paragraph A. requires that R14-2-210 applies to competitive services, including the provision that billing be monthly. RUCO would not oppose a loosening of this requirement for competitive services, to allow the market to offer billing on a less-frequent basis. Due to the time limitation in responding to the proposed modifications, RUCO has not proposed specific language at this time.

The Rules should avoid use of the slang term "slammed" in paragraph C.

In paragraph E, the 30 days notice to customers would be insufficient, given that customers will need to notify a new ESP approximately 15 days in advance of the customer's necessary switch date. RUCO proposes that the requirement be changed to 60 days.

In paragraphs I.14 through I.16, the proposed Rules provide that certain metering standards be established by the Metering Committee. Those standards should be set forth in the Rules if they are currently available. If they are not currently available, the Metering Committee may be required to comply with the Administrative Procedure Act's rulemaking requirements in adopting such standards.

### R14-2-1614 Reporting Requirements

See discussion under R14-2-1618.

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

In paragraph B.7.a., the limitations on prices for transfers between affiliates are reversed. Transfers from Affected Utilities should be at the higher of cost or fair market value, and transfers from affiliates to Affected Utilities should be at the lower of cost or fair market value. As currently worded, transactions between Affected Utilities and their affiliates would be detrimental to ratepayers.

## R14-2-1618 Information Disclosure Label

Paragraph A of this rule provides that all "Load-serving Entities" provide a label for each of their offerings. Load-serving Entities are defined in R14-2-1601 to include Electric Service Providers and Utility Distribution Companies, but not meter service or meter reading providers. As currently worded, the label would also be required for regulated distribution services offered by the Utility Distribution Company. There is no need to require a label for regulated services such as distribution. To the extent a Utility Distribution Company provides any competitive services, its would also be considered an Electric Service Provider, so the rule can be limited to "Electric Service Providers" rather than "Load-serving Entities."

Paragraph A also provides that the use of the label be a condition of certification for Electric Service Providers. Because labeling relates to the sale of the services, and that sale cannot occur until after an ESP obtains its certification, the label cannot be a condition of obtaining the certificate. Failure to use a label as required by this rule would be grounds for revocation of a certificate. To insure that Electric Service Providers use a consistent format for their labels, the Commission should require, as part of the Certificate application, a sample bill format (see proposed language in R14-2-1603).

RUCO urges caution in setting out mandatory labeling requirements. Any unnecessary "information overload" which consumers feel, due to mandatory disclosure requirements, may suppress effective competition. Residential customers particularly may avoid the competitive electric market rather than attempt to wade through the information to determine what is truly the best offering for their needs. Therefore, RUCO believes that only truly necessary data (such as pricing) should be included as part of mandatory labeling requirements. Other data, such as fuel mix and emission data, which may be important to pockets of customers, should be available to consumers upon request, but should not be required for disclosure to all consumers. RUCO therefore proposes that paragraphs C.1 through C.7 be omitted from R14-2-1618. Some of the details contained in paragraphs C.2 through C.7 relating to calculation of fuel mix and emission characteristics may be appropriate to include in R14-2-1614's requirement that the fuel mix and emission data be reported to the Commission and made available to consumers upon request.

Paragraph F.1.h.iv requires that generation providers include in their terms of service disclosure information pertaining to "recision of supplier switch within three days of receipt of confirmation." Nowhere else in the existing or proposed rules is such a recision mandated. RUCO believes that, if the Commission desires to mandate a "three day cooling off period," it should do so explicitly. A cooling off period is consumer protection mechanism, so the requirement should be stated in R14-2-1613.

Paragraph G.1 requires that the label and terms of service be provided to customers after they make their choice of generation provider. Required information should be provided before customers make a selection of providers, however. One of the reasons to require the disclosure of the information is to provide customers an opportunity to use the information to comparison shop. Delaying the disclosure of information until the customer has "signed on the dotted line" prevents the customer from having the information at the time when it would be most useful.

The reference in paragraph H to the Internet is unnecessary, as it would be included in the prior phrase "electronically-published advertising." In addition, specific mention of a particular type of electronic publication could suggest that other technologies are not included.

#### R-14-2-210 Billing and Collection

References to "MRSP" in this section must be clarified, since the term "Meter Reader Service Provider" is not defined in this Article.

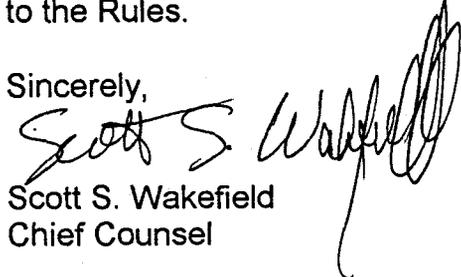
Paragraph C.1. requires that payment for bills be due within fifteen days. RUCO proposes that the language be modified to provide that bills be due in no less than fifteen days. The market should be free to provide longer payment periods if appropriate.

Paragraph E.1. provides that a utility may test a meter upon customer request and may charge for such a test on certain conditions. Some of this language duplicates language that already exists in R14-2-209(F), so it should not be included here. In addition, neither subparagraph a. or b. set forth how the adjustment should be made if the date of the meter error cannot be fixed. RUCO proposes alternative language to cover all possible scenarios.

The language of paragraph F should be broadened somewhat to include all financial institutions, not just banks, and to include methods of payment other than checks.

RUCO looks forward to reviewing Staff's next iteration of proposed modifications to the Rules.

Sincerely,



Scott S. Wakefield  
Chief Counsel

cc: Service List

**RUCO's Proposed Modifications to Staff's June  
23, 1998 Draft Amendments to Retail Electric  
Competition Rules**

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AZ CORP COMM DIVISION  
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R14-2-1601 Definitions

8. "Delinquent Accounts" means customer accounts with outstanding overdue payment obligations.
  
- 28.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~~ December 26, 1996, under traditional regulation of Affected Utilities; and
  
- 28.a.(ii) The market value of those assets and obligations directly attributable to the introduction of competition under this Article;
  
29. "System Benefits" means Commission-approved utility low-income, demand side management, environmental and renewables, ~~and nuclear power plant decommissioning programs.~~
  
32. "Utility Distribution Company" (UDC) means the regulated electric utility entity that constructs and maintains the distribution wires for the delivery of power from the generation market to the end user.

R-14-2-1603 Certificates of Convenience and Necessity

- A. Any Electric Service Provider intending to supply electric services described in R14-2-1605 or R14-2-1606, 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.~~
  
- B.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; If available, financial information examined by an independent auditor shall be provided. Unaudited financial information shall be clearly marked "Unaudited" and the preparer identified;

Insert new paragraph B.7. as follows, renumber to conform:

B.7. A proposed information label, as required by this Article, for each applicable tariff.

E. The Commission after reviewing the application, may provide....

F.3. Does not have ~~service acquisition agreements with a Utility Distribution Company and a~~ Scheduling Coordinator, if the applicant is not its own Scheduling Coordinator.

R14-2-1604 Competitive Phases

A. Replace proposed language with the following:

Each Affected Utility shall make competitive electric services available to all customers with a peak demand load of 1MW or greater, no later than January 1, 1999.

B. Replace proposed language with the following:

Each Affected Utility shall make competitive electric services available to customers with individual peak demand loads of 40kW or greater which are aggregated into a combined load of 1MW or greater, no later than January 1, 1999. If peak load data are not available, customers whose usage exceeded 16,500 kWh in any month within the prior twelve month period shall be deemed to have a peak demand load of 40kW or greater for purposes of this paragraph. From January 1, 1999 through December 31, 2000, each Affected Utility shall limit the availability of competitive electric services for customers aggregated pursuant to this paragraph to 20 percent of the Affected Utility's 1995 system peak demand.

C.1. Replace the proposed language with the following:

A minimum of 10 percent of residential customers shall have access to competitive electric services as of January 1, 1999. The number of customers eligible in the phase-in program shall increase by an additional 5 percent every six months until January 1, 2001.

C.2. Replace the proposed language with the following:

Access to the residential phase-in program shall be on a first-come, first-served basis. Each Affected Utility shall maintain a waiting list to manage the residential phase-in program.

C.3 Delete in its entirety.

C.4. Replace the proposed language with the following:

No later than September 15, 1998, each Affected Utility shall file a Residential Phase-In Program with the Commission for approval by the *Utilities Division Director*. As a minimum, Residential Phase-In Programs shall include the following details concerning the Affected Utility's proposed:

(maintain subparagraphs a through d as Staff proposed)

C.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:

D. Replace the proposed language with the following:

No later than January 1, 1999, each Affected Utility shall file an application to decrease standard offer rates by at least 3 to 5 percent.

E. Replace the proposed language with the following:

Each Affected Utility shall make competitive electric services available to all customers no later than January 1, 2001.

F. No later than January 1, 1999, each Affected Utility shall make competitive electric services available to customers who produce or purchase at least ten percent of their annual electricity consumption from photovoltaic or solar thermal resources installed in Arizona after January 1, 1997.

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 Cost recovery mechanisms pertaining to that class of customers have ceased, 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.

- I. 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.

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

- D. On or before August 24, 1998, an Affected Utility shall request Commission approval, ~~on or before August 24, 1998~~, of ~~distribution charges or other means of recovering unmitigated Stranded Cost~~ a Competitive Transition Charge 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, other than standard offer rates, from the Affected Utility as a direct result of the competition governed by this Article.
- F. A Competitive Transition Charge may be assessed only ~~from~~ on 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.

#### R14-2-1608 System Benefits Charges

- A. By the date indicated in R14-2-1602, each Affected Utility 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 service area who participate in the competitive market. Affected Utilities shall file for review of the System Benefits Charge at least every three years. ~~The amount collected annually through the~~ The System Benefits Charge shall be collected at rates over time sufficient to fund the Affected Utilities' Commission-approved low income, demand side management, environmental, and renewables, ~~and nuclear power plant decommissioning~~ programs in effect from time to time.
- D. omit

R14-2-1609 Solar Portfolio Standard

~~B.2.~~ C. The Solar Portfolio Standard requirement shall be in effect ~~for 10 years,~~ from January 1, 1999 through December 31, 2008. The Commission may increase the solar portfolio percentage applicable after December 31, 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 required solar installation rates to increase.

C.2.b. Omit last sentence.

C.3.b. Solar electric generators located in Arizona that are included in any Electric Service Provider's ~~green~~ environment-friendly pricing program.

C.4. Any solar electric generator ~~that meets more than one of the eligibility conditions will~~ shall be limited to only one .5 extra credit multiplier from this subsection. Appropriate meters ~~will~~ shall be attached to each solar electric generator and read at least once annually to verify solar performance.

C.5. All ~~green~~ environment-friendly pricing, net metering, net billing, and solar leasing programs must ~~have been reviewed and~~ be approved by the Commission Staff in order for the Electric Service Provider to accrue extra credit multipliers from this subsection.

C.6. omit last sentence

J. An Electric Service Provider shall be entitled to receive a partial credit against the Solar Portfolio Requirement if the ~~ESP~~ Electric Service Provider owns or makes a significant investment in any solar electric manufacturing plant that is located in Arizona. The credit ~~will~~ shall be equal to the amount of nameplate capacity of the solar electric generators ~~produced~~ acquired in Arizona 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:

R14-2-1610 Transmission and Distribution Access

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. Rights to use the transmission transfer capability shall be allocated and assigned to the retail customer load on a pro-rata basis.

R14-2-1613 Service Quality, Consumer Protections, Safety and Billing Requirements

- C. No consumer shall be deemed to have changed providers of any service authorized in this Article (including changes from supply by the Affected Utility to another provider) without written authorization by the consumer for service from the new provider.) If a consumer is switched (~~or slammed~~) to a different ("new") supplier without such valid written authorization, the new provider shall cause services by the previous provider to be resumed and the new provider shall bear all costs associated with switching the consumer back to the previous provider. A written authorization that is obtained by deceit or deceptive practices shall not be deemed a valid written authorization. Providers shall submit quarterly reports 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 unauthorized changes of providers may result in ~~fin~~ fines and penalties, ~~including but not limited to~~ and/or suspension or revocation of the provider's certificate.

Insert new paragraph D as follows, and renumber to conform:

- C. A customer with an annual load of 100,000 kW or less may rescind its authorization to change providers of any service authorized in this Article within three business days, without penalty, by providing written notice to the provider.
- E. Each Electric Service Provider shall provide at least ~~30~~ 60 days notice to all of its affected consumers if it is no longer ~~obtaining~~ providing generation, transmission, distribution, or ancillary services necessitating that the consumer obtain service from another supplier of generation, transmission, distribution, or ancillary services.
- I.8. Competitive customers with hourly loads of 20kW (or 100,000 kWh annually) or less, ~~will~~ shall be permitted to use load profiling to satisfy the requirements of hourly consumption data.
- I.9. Meter ownership ~~will~~ shall be limited to the Affected Utility, the Electric Service Provider or their representative, or the customer, ~~who will obtain that obtains~~ the meter from the Affected Utility or the Electric Service Provider.

I.13. North American Electric Reliability Council recognized holidays ~~will~~ shall be used for metering purposes.

I.14 through I.16 state specific standards approved by Metering Committee

M. Unbundled Billing Elements.

All customer bills for competitive electric services and Standard Offer services after January 1, 1999 ~~will~~ shall list, at a minimum, the following cost elements:

(retain subparts as originally proposed)

#### R14-2-1614 Reporting Requirements

A.10. ~~Calculate~~ Calculation of the fuel mix percentages and emissions for the resources used to meet that portion of the load-serving entity's electrical load associated with the kilowatt hours delivered to retail customers, derived from the following fuel sources characteristics i.e. biomass, coal, hydro, municipal solid waste, natural gas, nuclear, oil, solar, wind, and other renewable resources; and separate emissions characteristics i.e., carbon dioxide, nitrogen oxides, and sulfur dioxides. This information ~~is to~~ shall also be disclosed to customers ~~as required by the Commission and upon public and customer request.~~

(may also include some provisions currently in R14-2-1618.C here)

#### R14-2-1616 Separation of ~~Monopoly and Competitive~~ Generation Assets

A. ~~No later than January 1, 2001, an~~ An Affected Utility shall either divest itself of all generation assets and services ~~prior to January 1, 2004,~~ or transfer competitive assets to a separate corporate affiliate or affiliates, at a value determined by the Commission to be fair and reasonable, subject to hearing, ~~by January 1, 2004.~~

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

A. Separation: An Affected Utility 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~~ Principles (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.

- A.3.b. Customers do not have to buy the affiliate product in order to continue to receive quality regulated services from the Affected Utility.
- A.4. An Affected Utility shall not offer or provide to its affiliates advertising space in any ~~customer~~ written communication to customers unless it provides access to all other unaffiliated service providers on the same terms and conditions.
- B.7.a. Transfers from an Affected Utility to an affiliate of goods or services for sale to the open market shall be priced at the ~~lower~~ higher of cost or fair market value. Transfers from an affiliate to ~~its affiliated utility~~ an Affected Utility shall be priced at the ~~higher~~ lower of cost or fair market value.
- B.7.b. Goods and services produced, purchased or developed by the Affected Utility for sale on the open market ~~by the Affected Utility will~~ shall be provided to its affiliates and unaffiliated companies on a nondiscriminatory basis, except as otherwise permitted by these rules or applicable law.
- B.7.c Replace entire paragraph with the following:
- Transfers from an Affected Utility to its affiliates of goods and services not produced, purchased or developed for sale by the utility will be priced at fully loaded cost plus 5% of direct labor cost. Transfers from an affiliate to an Affected Utility of goods and services not produced, purchased or developed for sale by the affiliate will be priced at the lower of fully loaded cost or fair market value.
- C. Compliance Plans: No later than December 31, 1998, each Affected Utility shall file a compliance plan with the Commission demonstrating to the procedures and mechanisms implemented to ensure ~~that activity prohibited by these rules will not take place~~ compliance with these rules. The compliance plan shall be submitted to the Utility Utilities Division and shall be in effect until a determination is made regarding its adequacy under these rules. The compliance plan shall thereafter be submitted annually to reflect and material changes.
- C.1. New Affiliate Compliance Plan: For each newly created affiliate subject to these rules, an Affected Utility shall file a compliance plan to be submitted to the Utility Utilities Division for review. The compliance plan shall demonstrate how the utility will implement these rules with respect to the new affiliate.

- E.4. An Affected Utility 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~~ an affiliate.

#### R14-2-1618 Information Disclosure Label

- A. Each ~~Load-serving Entity~~ Electric Service Provider shall prepare ~~information on a label, consistent with this rule,~~ for each price offering in a form that is consistent for all ~~Load-serving Entities~~ Electric Service Providers, ~~with this rule. Such label shall be a condition of certification for ESPs.~~

- B.2. Bundled Generation Service. Load-serving Entities that offer generation service in which electricity is bundled with any other product or service may display the charge for generation service as either as:

C.1. through C.7 should be omitted (some of these requirements may be appropriate to include in R14-2-1614.A.10, however).

- F.1 include as part of F and renumber subparts to conform.

- G. Distribution of disclosure label and terms of service. The label and the Terms of Service shall be distributed ~~in accordance with this section~~ as follows:

- G.1. ~~Prior to initiation of service~~ acceptance of service request. ~~Following a customer's initial choice of an ESP or Standard Offer~~ Prior to accepting a Customer's written authorization for electric service, the ~~Load-serving Entity~~ Electric Service Provider shall provide the Customer with the disclosure label ~~prepared pursuant to this rule~~ and with the statements of the Terms of Service prepared pursuant to this rule.

- H. omit the phrase "including Internet materials"

#### R-14-2-210 Billing and Collection

- A.1. 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 or more than 35 days. If the utility changes a meter ~~reading route or schedule resulting in a significant alteration of~~ customer's

billing cycles cycle, notice shall be given to the affected customers customer prior to the effective date of the change.

A.2. through A.4 Replace the proposed language with the following:

A.2. Each billing statement rendered by the utility shall be computed on the actual usage during the billing period. Estimated bills may be issued only under the following conditions unless otherwise approved by the Commission:

- a. 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;
- c. The utility is unable to obtain access to the customer's premises for the purpose of reading the meter, or the customer makes it unnecessarily difficult to gain access to the meter, i.e. locked gates, blocked meters, vicious or dangerous animals, etc. If the utility is unable to obtain a actual reading for these reasons, it shall undertake reasonable alternatives to obtain a customer reading of the meter; or
- d. Customer equipment failure.

A.3. If an estimated bill is used, the utility shall estimate the consumption for the billing period giving consideration to the following factors where applicable:

- b. The customer's usage during the same month of the previous year.
- c. The amount of usage during the preceding month.

A.4. After the third consecutive month of estimating a customer's bill due to meter access inaccessibility, the ~~MSRP~~ utility shall attempt to secure an accurate reading of the meter. Failure on the part of the customer to comply with a reasonable request for meter access may be grounds for discontinuance of service.

A.5.c. The utility can obtain a customer-supplied meter reading.

A.6.c. omit (move above to A.5.c. as noted)

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

C.2.d. The transmission date, for electronic bills.

E.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 the previous bills will be made under the following terms allowing the utility to recover or refund the difference~~ the following terms shall apply to determine the applicable utility charge or refund to correct for the meter error:

E.1.a through E.3 Replace the proposed language with the following:

E.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, but in no event more than three months for residential customers and six months for non-residential customers.

E.1.b. If the date of the meter error cannot be definitely fixed, the utility shall refund the customer any amounts which may have been overbilled, for the immediately preceding three months.

E.1.c. If the date of the meter error cannot be definitely fixed, the utility shall not back bill a customer for any amounts.

E.2. If a utility back-bills a customer pursuant to this section, it shall allow the customer to pay the back-billed amount over the length of time the underbillings occurred. The customer shall be allowed to pay the back-billed amount without late payment penalties, unless there was meter tampering or energy diversion.

E.3. No adjustment shall be made by the utility except to the customer last serviced by the meter which was tested.

F. ~~Insufficient funds (NSF) or Returned Checks~~ and Other Insufficient Funds

F.1 A utility shall be allowed to recover a fee, as approved by the Commission in a tariff proceeding, for each instance where a customer tenders payment for utility service ~~with a check which~~ that is returned by the customer's ~~bank~~ financial institution.

- F.2. When the utility is notified by the customer's ~~bank~~ financial institution that the ~~check~~ payment tendered for utility service will not clear, the utility may require the customer to make payment in cash, by money order, certified check, or other means to guarantee the customer's payment to the utility.
- F.3 A customer who tenders such a ~~check~~ an insufficient payment shall in no way be relieved of the obligation to render payment to the utility under the original terms of the bill nor defer the utility's provision of termination of service for nonpayment of bills.



RESIDENTIAL UTILITY CONSUMER OFFICE

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Jane Dee Hull  
Governor

Greg Patterson  
Director

July 22, 1998

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

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.

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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  
July 22, 1998  
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R-14-2-211 Termination of Service

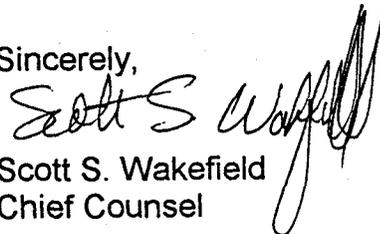
RUCO opposes the deletion of paragraph A.1.c.

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