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Ray T. Williamson
Acting Director
Utilities Division
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007-2996

RE-00000C 94-0165

**Re: Comments on Arizona Corporation Commission's Emergency Rules
Regarding Retail Electric Competition**

Dear Mr. Williamson:

CellNet Data Systems ("CellNet") respectfully submits these comments on the above-captioned proceedings, in which CellNet is an interested party. CellNet is a metering services provider that operates nationwide, currently servicing approximately 1.5 million meters and adding approximately 100,000 meters per month. CellNet was the first metering services provider approved to operate throughout California in that state's deregulated energy market. CellNet has been an active participant in the regulatory process in Arizona and throughout the U.S., filing comments, participating in (and chairing) working groups, and testifying before state public utility commissions and legislatures, as well as the U.S. House of Representative Commerce Committee. CellNet's goal is to help streamline implementation of competition, in those states that have decided to implement competition, and, thus, to reduce transaction costs and other costs to customers.

R14-2-1601(10)

In reference to the DASR process, the last sentence of this paragraph reads "This form must be submitted to the Utility Distribution Company by the customer's ESP or the customer." It will be problematic to allow the customer to submit DASRs directly to its UDC without going through the new ESP. In all cases the new energy serving entity or its agent should be directly involved in the submittal of DASRs. Also, the rules should specify that DASRs should be submitted using EDI.

R14-2-1601(16)

Concerning the "Electric Service Provider Service Acquisition Agreement", the Commission should take a more active role in defining the content and general provisions of these agreements. Currently, UDCs have ultimate say in the form and content of these agreements with the only caveat appearing in R14-2-1603(G): "In all negotiations relative to service acquisition agreements Affected Utilities or their successor entities are required to negotiate in good faith."

R14-2-1601(22)

In the second line the phrase “excluding a Meter Reading Service” should be changed to “excluding a Meter Service Provider”.

R14-2-1601(29)

The reference in this definition should include the specification of paragraph J. Additional Provisions for Metering and Meter Reading Services since this is the only paragraph of 1613 pertaining directly to these functions. Thus the reference becomes R14-2-1613(J). Given the topic of this paragraph, Non-Competitive services, it is difficult to ascertain what the Rules are referring to with the phrase “these aspects of metering service set forth in R14-2-1613(J), which consists of 15 separate numbered issues. Items 6 & 7 refer to “load profiling” of customers under 20 kW. It may be appropriate to consider metering service related to load profiling as a non-competitive service; utilities should continue to read meters for load profiled customers if requested by the ESP. We believe that the maintenance and servicing of metering equipment, as referenced in item 9, is included in the definition of Meter Service Provider and is therefore considered competitive for non-Standard Offer customers. Additional comments on the remainder of the referenced R14-2-1613 will be given later in this submittal.

R14-2-1601(43)

Unbundled Service, defined herein as “electric service elements provided and priced separately, including, but not limited to, such service elements as generation transmission, distribution, metering, meter reading, billing and collection and ancillary services”, may be sold to consumers or to other ESPs. This appears to be a contradiction to the last sentence of R14-2-1616(D), which clearly states that UDCs can provide these services only to ESPs for customers that do not have access to these services. Perhaps language should be included reiterating that UDCs cannot provide unbundled services other than through an Affiliate as described in 1616(D).

R14-2-1601(?)

Staff should consider adding a definition for “Universal Meter Identifier” to this section as referenced in the Metering Subcommittee recommendations.

R14-2-1604(B)

Consider changing the first sentence to begin “In addition to the minimum 20%...” as opposed to the current wording, “As part of the minimum 20%...”. If the wording remains unchanged there needs to be clarification of the amount of load reserved for residential throughout the transition. Is it ½ of 1% of all residential customers or the sum of all increases, 4% of all residential customers. The latter definition equates to a significant amount of load (approximately 100MW in the case of APS, based on a 4kW per customer coincident peak load and 600,000 total residential customers). For reference purposes this is roughly equivalent to the load allocated to the entire Large General Service class in SRP’s plan. Given the uncertain nature of residential

participation, Staff should give careful consideration to providing a mechanism for reallocating under-subscribed load.

R14-2-1606(D)

Recommend a specific reference to the Affiliate Rules, R14-2-1616, following the phrase, "...to the extent allowed by these rules...". This would solidify the intent of the Rules.

R14-2-1606(H)

Eliminate item 2. In the case of ESPs this is unnecessarily prescriptive, pointless, and not in keeping with Staff's desire to foster a competitive environment.

R14-2-1612(E)

Eliminate the phrase "...provided that the price is not less than the marginal cost of providing the service". This is overly prescriptive in a competitive environment and already prohibited by anti-trust laws. Further, the phrase's intent is unclear. Since marginal costs will vary from hour to hour does the phrase apply to each hour of service for each customer? Is this intended to be applied over an entire billing period or over multiple billing periods? What are the exact components of "marginal costs" for each ESP?

R14-2-1613(J)(1)

What is the mechanism for the release of meter reading data by an existing service provider to another customer-specified service provider? We suggest requiring the use of EDI for consistency with other data exchange provisions in the ACC rules.

R14-2-1613(J)(4)

Change "format" to "formats". This item clearly states that there should be a consistent statewide set of EDI standards. It is clear through ongoing proceedings that the Affected Utilities may or may not be capable of providing an EDI option by 1/1/99 and that there will not be statewide consistency by that date. We recommend that Staff include a date by which the Affected Utilities MUST comply with this provision.

R14-2-1613(J)(5)

Consider including a date by which Affected Utilities MUST provide a consistent statewide set of EDI formats for DASR transactions.

R14-2-1613(J)(6)

Consider changing the 100,000 kWh annual requirement to an "8,250 kWh in any of the previous 12 consecutive months" requirement, to remain consistent with the 40kW definition in R14-2-1604(A)(2). Additionally, this prevents the obvious gaming opportunities that would

exist for new customers whose load requirements are well beyond 20kW but who have not yet accumulated 100,000 kWh.

R14-2-1613(J)(9)

As an obvious function of metering service provision it should not be construed that the provision of metering equipment maintenance and servicing can be provided by an Affected Utility other than through an affiliate, provided those competitive services are available to the customer.

R14-2-1613(K)

Similarly, the Commission should consider establishing a working group to monitor and offer recommendations on various market operations issues that may arise after 1/1/99.

R14-2-1616(B)

The Billing and Collections Subcommittee identified three billing options: Separate Bills, UDC Combined Billing, and ESP Combined Billing. The third sentence of this section should be stricken. It confuses the final sentence of this section which clearly implies that UDC's can only provide competitive services (including billing) for those customers who do not have access to those competitive services. Further, there needs to be clarification concerning billing options. Whose options are they?

The final sentence of this section states that Affected Utilities and UDCs "*may* provide metering, meter reading, billing, and collection services within their service territories at tariffed rates to customers that do not have access to these services." The term "*may*" implies an option. Is this the Commission's intent? In other words *may* the AU or UDC decide to not provide services critical for Direct Access and unavailable to these customers?

Finally, it should be stated clearly that customers below 20kW participating in Direct Access and using Load Profiling will continue receiving bundled (or unbundled) metering and meter reading services from the AU/UDC.

R14-2-209(A)(9)

Change to "Meters shall be read, at a minimum, monthly..."

R14-2-209(E)(2)(b)

Suggest referencing Metering Standards approved by the Director, Utilities Division (see above comments R14-2-1613(J)(2) concerning R14-2-1613(J)(15).

CellNet greatly appreciates the opportunity to comment.

Respectfully,

Paul Taylor for Chris King

Chris S. King
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