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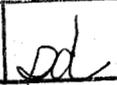
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DATE: February 11, 1999

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TO ALL PARTIES:

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Enclosed please find for your convenience a strikethrough version of Appendix A of the recommendation of Hearing Officers Jane L. Rodda and Teena Wolfe which was filed on February 5, 1999. The date for filing exceptions remains February 16, 1999 at 12:00 noon.

APPENDIX A

**TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS
AND ASSOCIATIONS; SECURITIES REGULATION**

CHAPTER 2. CORPORATION COMMISSION – FIXED UTILITIES

ARTICLE 2. ELECTRIC UTILITIES

- R14-2-201. Definitions
- R14-2-202. Certificate of Convenience and Necessity for electric utilities; filing requirements on certain new plants
- R14-2-203. Establishment of service
- R14-2-204. Minimum customer information requirements
- R14-2-205. Master metering
- R14-2-206. Service lines and establishments
- R14-2-207. Line Extensions
- R14-2-208. Provision of service
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ARTICLE 2. ELECTRIC UTILITIES

R14-2-201. Definitions

In this Article, unless the context otherwise requires, the following definitions shall apply. In addition, the definitions contained in Article 16. Retail Electric Competition shall apply in this Article unless the context otherwise requires.

1. "Advance in aid of construction". Funds provided to the utility by the applicant under the terms of a line extension agreement the value of which may be refundable.
2. "Applicant". A person requesting the utility to supply electric service.
3. "Application". A request to the utility for electric service, as distinguished from an inquiry as to the availability or charges for such service.
4. "Arizona Corporation Commission". The regulatory authority of the state of Arizona having jurisdiction over public service corporations operating in Arizona.
5. "Billing month". The period between any two regular readings of the utility's meters at approximately 30 day intervals.
6. "Billing period". The time interval between two consecutive meter readings that are taken for billing purposes.
7. "Contributions in aid of construction". Funds provided to the utility by the applicant under the terms of a line extension agreement and/or service connection tariff the value of which is not refundable.
8. "Curtailed priority". The order in which electric service is to be curtailed to various classifications of customers, as set forth in the utility's filed tariffs.
9. "Customer". The person or entity in whose name service is rendered, as evidenced by the signature on the application or contract for that service, or by the receipt and/or payment of bills regularly issued in his name regardless of the identity of the actual user of the service.
10. "Customer charge". The amount the customers must pay the utility for the

availability of electric service, excluding any electricity used, as specified in the utility's tariffs.

11. "Day". Calendar day.
12. "Demand". The rate at which power is delivered during any specified period of time. Demand may be expressed in kilowatts, kilovolt-amperes, or other suitable units.
13. "Distribution lines". The utility lines operated at distribution voltage which are constructed along public roadways or other bona fide rights-of-way, including easements on customer's property.
14. "Elderly". A person who is 62 years of age or older.
15. "Energy". Electric energy, expressed in kilowatt-hours.
16. "Handicapped". A person with a physical or mental condition which substantially contributes to the person's inability to manage his or her own resources, carry out activities of daily living, or protect oneself from neglect or hazardous situations without assistance from others.
17. "Illness". A medical ailment or sickness for which a residential customer obtains a verified document from a licensed medical physician stating the nature of the illness and that discontinuance of service would be especially dangerous to the customer's health.
18. "Inability to pay". Circumstances where a residential customer:
 - a. Is not gainfully employed and unable to pay, or
 - b. Qualifies for government welfare assistance, but has not begun to receive assistance on the date that he receives his bill and can obtain verification of that fact from the government welfare assistance agency.
 - c. Has an annual income below the published federal poverty level and can produce evidence of this, and
 - d. Signs a declaration verifying that the customer meets one of the above

criteria and is either elderly, handicapped, or suffers from illness.

19. "Interruptible electric service". Electric service that is subject to interruption as specified in the utility's tariff.
20. "Kilowatt (kw)". A unit of power equal to 1,000 watts.
21. "Kilowatt-hour (kwh)". Electric energy equivalent to the amount of electric energy delivered in one hour when delivery is at a constant rate of one kilowatt.
22. "Line extension". The lines and equipment necessary to extend the electric distribution system of the utility to provide service to additional customers.
23. "Master meter". A meter for measuring or recording the flow of electricity that has passed through it at a single location where said electricity is distributed to tenants or occupants for their individual usage.
24. "Megawatt (Mw)". A unit of power equal to 1,000,000 watts.
25. "Meter". The instrument for measuring and indicating or recording the flow of electricity that has passed through it.
26. "Meter tampering". A situation where a meter has been illegally altered. Common examples are meter bypassing, use of magnets to slow the meter recording, and broken meter seals.
27. "Minimum charge". The amount the customer must pay for the availability of electric service, including an amount of usage, as specified in the utility's tariffs.
28. "Permanent customer". A customer who is a tenant or owner of a service location who applies for and receives permanent electric service.
29. "Permanent service". Service which, in the opinion of the utility, is of a permanent and established character. The use of electricity may be continuous, intermittent, or seasonal in nature.
30. "Person". Any individual, partnership, corporation, governmental agency, or other organization operating as a single entity.
31. "Point of delivery". The point where facilities owned, leased, or under license by

- a customer connects to the utility's facilities.
32. "Power". The rate of generating, transferring and/or using electric energy, usually expressed in kilowatts.
33. "Premises". All of the real property and apparatus employed in a single enterprise on an integral parcel of land undivided by public streets, alleys or railways.
34. "Residential subdivision development". Any tract of land which has been divided into four or more contiguous lots with an average size of one acre or less for use for the construction of residential buildings or permanent mobile homes for either single or multiple occupancy.
35. "Residential use". Service to customers using electricity for domestic purposes such as space heating, air conditioning, water heating, cooking, clothes drying, and other residential uses and includes use in apartment buildings, mobile home parks, and other multiunit residential buildings.
36. "Service area". The territory in which the utility has been granted a Certificate of Convenience and Necessity and is authorized by the Commission to provide electric service.
37. "Service establishment charge". The charge as specified in the utility's tariffs which covers the cost of establishing a new account.
38. "Service line". The line extending from a distribution line or transformer to the customer's premises or point of delivery.
39. "Service reconnect charge". The charge as specified in the utility's tariffs which must be paid by the customer prior to reestablishment of electric service each time the electricity is disconnected for nonpayment or whenever service is discontinued for failure otherwise to comply with the utility's tariffs.
40. "Service reestablishment charge". A charge as specified in the utility's tariffs for service at the same location where the same customer had ordered a service disconnection within the preceding 12-month period.

41. "Single family dwelling". A house, an apartment, a mobile home permanently affixed to a lot, or any other permanent residential unit which is used as a permanent home.
42. "Tariffs". The documents filed with the Commission which list the services and products offered by the utility and which set forth the terms and conditions and a schedule of the rates and charges, for those services and products.
43. "Temporary service". Service to premises or enterprises which are temporary in character, or where it is known in advance that the service will be of limited duration. Service which, in the opinion of the utility, is for operations of a speculative character is also considered temporary service.
44. "Third-party notification". A notice sent to an individual or a public entity willing to receive notification of the pending discontinuance of service of a customer of record in order to make arrangements on behalf of said customer satisfactory to the utility.
45. "Utility". The public service corporation providing electric service to the public in compliance with state law.
46. "Weather especially dangerous to health". That period of time commencing with the scheduled termination date when the local weather forecast, as predicted by the National Oceanographic and Administration Service, indicates that the temperature will not exceed 32 degrees Fahrenheit for the next day's forecast. The Commission may determine that other weather conditions are especially dangerous to health as the need arises.

R14-2-202. Certificate of Convenience and Necessity for electric utilities; filing requirements on certain new plants

- A. Application for new Certificate of Convenience and Necessity
 1. Six copies of each application for a new Certificate of Convenience and Necessity shall be submitted in a form prescribed by the Commission and shall include, at a

minimum, the following information:

- a. The proper name and correct address of the proposed utility company and its owner, if a sole proprietorship, each partner, if a partnership, or the President and Secretary if a corporation.
- b. The maximum rates proposed to be charged for the service that will be rendered.
- c. A financial statement setting forth the financial condition of the applicant.
- d. Maps of the proposed service area and/or a description of the area proposed to be served.
- e. Appropriate city, county and/or state agency approvals, where appropriate.
- f. The actual number of customers within the service area as of the time of filing and the estimated number of customers to be served for each of the first five years of operation.
- g. Such other information as the Commission by order or the staff of the Utilities Division by written directive may request.

B. Filing requirements on certain new plants

1. Any utility proposing to construct a generating facility of over eighty Mw capacity shall, at least 180 days prior to commencement of construction, file with the Commission the following information:
 - a. The proposed site of such plant.
 - b. The approximate generating capacity of such plant and the number of generating units proposed for each plant site.
 - c. The type of fuel proposed to be used in each plant.
 - d. The proposed source of fuel and water for each plant.
 - e. The estimated date by which such plant will be in operation.
 - f. The load forecasting data available to such utility which, in its opinion, justifies the need for construction of such proposed generating facility.

- g. The method and timing of financing the proposed plant.
 - h. Such further information as the Commission may, by special order, or the staff of the Utilities Division may, by written directive, require.
2. The utility shall update the information required to be filed on not less than an annual basis by January 31 of each year following the original filing until construction has been completed.

C. Application for discontinuance or abandonment of utility service

1. Any utility proposing to discontinue or abandon utility service currently in use by the public shall prior to such action obtain authority therefor from the Commission.
2. The utility shall include in the application, studies of past, present and prospective customer use of the subject service, plant or facility as is necessary to support the application.
3. An application shall not be required to remove individual facilities where a customer has requested service discontinuance.

R14-2-203. Establishment of service

A. Information from new applicants

1. A utility may obtain the following minimum information from each new applicant for service:
 - a. Name or names of applicant(s).
 - b. Service address or location and telephone number.
 - c. Billing address/telephone number, if different than service address.
 - d. Address where service was provided previously.
 - e. Date applicant will be ready for service.
 - f. Indication of whether premises have been supplied with utility service previously.
 - g. Purpose for which service is to be used.

- h. Indication of whether applicant is owner or tenant of or agent for the premises.
 - i. Information concerning the energy and demand requirements of the customer.
 - j. Type and kind of life-support equipment, if any, used by the customer.
- 2. A utility may require a new applicant for service to appear at the utility's designated place of business to produce proof of identity and sign the utility's application form.
 - 3. Where service is requested by two or more individuals the utility shall have the right to collect the full amount owed to the utility from any one of the applicants.

B. Deposits

- 1. A utility shall not require a deposit from a new applicant for residential service if the applicant is able to meet any of the following requirements:
 - a. The applicant has had service of a comparable nature with the utility within the past 2 years and was not delinquent in payment more than twice during the last 12 consecutive months or disconnected for nonpayment.
 - b. ~~The applicant can produce a letter regarding credit or verification from an electric utility where service of a comparable nature was last received which states applicant had a timely payment history at time of service discontinuance.~~
 - c. In lieu of a deposit, a new applicant may provide a Letter of Guarantee from a governmental or non-profit entity or a surety bond as security for the utility.
- 2. The utility ~~shall~~may issue a nonnegotiable receipt to the applicant for the deposit. The inability of the customer to produce such a receipt shall in no way impair his right to receive a refund of the deposit which is reflected on the utility's records.
- 3. Deposits shall be interest bearing; the interest rate and method of calculation shall

be filed with and approved by the Commission in a tariff proceeding.

4. Each utility shall file a deposit refund procedure with the Commission, subject to Commission review and approval during a tariff proceeding. However, each utility's refund policy shall include provisions for residential deposits and accrued interest to be refunded or letters of guarantee or surety bonds to expire after 12 months of service if the customer has not been delinquent more than twice in the payment of utility bills.
5. A utility may require a residential customer to establish or reestablish a deposit if the customer becomes delinquent in the payment of 2 bills within a 12 consecutive month period or has been disconnected for service during the last 12 months.
6. The amount of a deposit required by the utility shall be determined according to the following terms:
 - a. Residential customer deposits shall not exceed 2 times that customer's estimated average monthly bill.
 - b. Nonresidential customer deposits shall not exceed 2 ½ times that customer's estimated maximum monthly bill.
7. The utility may review the customer's usage after service has been connected and adjust the deposit amount based upon the customer's actual usage.
8. A separate deposit may be required for each meter installed.
9. If a Utility Distribution Company's customer with an established deposit elects to take competitive services from an Electric Service Provider, and is not currently delinquent in payments to the Utility Distribution Company, the Utility Distribution Company will refund a portion of the customer's deposit in proportion to the expected decrease in monthly billing. A customer returning to Standard Offer Service may be required to increase an established deposit in proportion to the expected increase in monthly billing.

C. Grounds for refusal of service

1. A utility may refuse to establish service if any of the following conditions exist:
 - a. The applicant has an outstanding amount due for the same class of utility service with the utility, and the applicant is unwilling to make arrangements with the utility for payment.
 - b. A condition exists which in the utility's judgment is unsafe or hazardous to the applicant, the general population, or the utility's personnel or facilities.
 - c. Refusal by the applicant to provide the utility with a deposit when the customer has failed to meet the credit criteria for waiver of deposit requirements.
 - d. Customer is known to be in violation of the utility's tariffs filed with the Commission.
 - e. Failure of the customer to furnish such funds, service, equipment, and/or rights-of-way necessary to serve the customer and which have been specified by the utility as a condition for providing service.
 - f. Applicant falsifies his or her identity for the purpose of obtaining service.

D. Service establishments, re-establishments or reconnection charge

1. Each utility may make a charge as approved by the Commission for the establishment, reestablishment, or reconnection of utility services, including transfers between Electric Service Providers.
2. Should service be established during a period other than regular working hours at the customer's request, the customer may be required to pay an after-hour charge for the service connection. Where the utility scheduling will not permit service establishment on the same day requested, the customer can elect to pay the after-hour charge for establishment that day or his service will be established on the next available normal working day.
3. For the purpose of this rule, the definition of service establishments are where the

customer's facilities are ready and acceptable to the utility and the utility needs only to install a meter, read a meter, or turn the service on.

4. 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. If a direct access service request is made in less than 15 days prior to the next regular read date, service will be established at the next regular meter read date thereafter. The utility may offer after-hours or earlier service for a fee. This section shall not apply to the establishment of new service, but is limited to a change of providers of existing electric service.

E. Temporary service

1. Applicants for temporary service may be required to pay the utility, in advance of service establishment, the estimated cost of installing and removing the facilities necessary for furnishing the desired service.
2. Where the duration of service is to be less than one month, the applicant may also be required to advance a sum of money equal to the estimated bill for service.
3. Where the duration of service is to exceed one month, the applicant may also be required to meet the deposit requirements of the utility.
4. If at any time during the term of the agreement for services the character of a temporary customer's operations changes so that in the opinion of the utility the customer is classified as permanent, the terms of the utility's line extension rules shall apply.

R14-2-204. Minimum customer information requirements

A. Information for residential customers

1. A utility shall make available upon customer request not later than ~~60~~15 days from the date of request a concise summary of the rate schedule applied for by such customer. The summary shall include the following:

- a. The monthly minimum or customer charge, identifying the amount of the charge and the specific amount of usage included in the minimum charge, where applicable.
 - b. Rate blocks, where applicable.
 - c. Any adjustment factor and method of calculation.
2. The utility shall to the extent practical identify its tariff that is most advantageous to the customer and notify the customer of such prior to service commencement.
 3. In addition, a utility shall make available upon customer request, not later than 60 days from date of service commencement, a concise summary of the utility's tariffs or the Commission's rules and regulations concerning:
 - a. Deposits
 - b. Termination of service
 - c. Billing and collection
 - d. Complaint handling.
 4. Each utility upon request of a customer shall transmit a written statement of actual consumption by such customer for each billing period during the prior 12 months unless such data is not reasonably ascertainable.
 5. Each utility shall inform all new customers of their right to obtain the information specified above.
- B. Information required due to changes in tariffs**
1. Each utility shall transmit to affected customers a concise summary of any change in the utility's tariffs affecting those customers.
 2. This information shall be transmitted to the affected customer within 60 days of the effective date of the change.

R14-2-205. Master metering

- A. Mobile home parks -- new construction/expansion**
1. A utility shall refuse service to all new construction and/or expansion of existing

permanent residential mobile home parks unless the construction and/or expansion is individually metered by the utility. Line extensions and service connections to serve such expansion shall be governed by the line extension and service connection tariff of the appropriate utility.

2. Permanent residential mobile home parks for the purpose of this rule shall mean mobile home parks where, in the opinion of the utility, the average length of stay for an occupant is a minimum of six months.
3. For the purpose of this rule, expansion means the acquisition of additional real property for permanent residential spaces in excess of that existing at the effective date of this rule.

B. Residential apartment complexes, condominiums, and other multiunit residential buildings

1. Master metering shall not be allowed for new construction of apartment complexes and condominiums unless the building(s) will be served by a centralized heating, ventilation and/or air conditioning system and the contractor can provide to the utility an analysis demonstrating that the central unit will result in a favorable cost/benefit relationship.
2. At a minimum, the cost/benefit analysis should consider the following elements for a central unit as compared to individual units:
 - a. Equipment and labor costs
 - b. Financing costs
 - c. Maintenance costs
 - d. Estimated kwh usage
 - e. Estimated kw demand on a coincident demand and noncoincident demand basis (for individual units)
 - f. Cost of meters and installation
 - g. Customer accounting cost (one account vs. several accounts).

R14-2-206. Service Lines and Establishments

A. Priority and timing of service establishments

1. After an applicant has complied with the utility's application and deposit requirements and has been accepted for service by the utility, the utility shall schedule that customer for service establishment.
2. Service establishments shall be scheduled for completion within five working days of the date the customer has been accepted for service, except in those instances when the customer requests service establishment beyond the five working day limitation.
3. When a utility has made arrangements to meet with a customer for service establishment purposes and the utility or the customer cannot make the appointment during the prearranged time, the utility shall reschedule the service establishment to the satisfaction of both parties.
4. A utility shall schedule service establishment appointments within a maximum range of four hours during normal working hours, unless another time frame is mutually acceptable to the utility and the customer.
5. Service establishments shall be made only by qualified utility service personnel.
6. For the purposes of this rule, service establishments are where the customer's facilities are ready and acceptable to the utility and the utility needs only to install or read a meter or turn the service on.

B. Service lines

1. Customer provided facilities
 - a. Each applicant for services shall be responsible for all inside wiring including the service entrance and meter socket.
 - b. Meters and service switches in conjunction with the meter shall be installed in a location where the meters will be readily and safely accessible for reading, testing and inspection and where such activities

will cause the least interference and inconvenience to the customer. However, the meter locations shall not be on the front exterior wall of the home; or in the carport or garage, unless mutually agreed to between the home builder or customer and the utility. The customer shall provide, without cost to the utility, at a suitable and easily accessible location, sufficient and proper space for installation of meters.

- c. Where the meter or service line location on the customer's premises is changed at the request of the customer or due to alterations on the customer's premises, the customer shall provide and have installed at his expense all wiring and equipment necessary for relocating the meter and service line connection and the utility may make a charge for moving the meter and/or service line.

2. Company provided facilities

- a. Each utility shall file for Commission approval, a service line tariff which defines the maximum footage and/or equipment allowance to be provided by the utility at no charge. The maximum footage and/or equipment allowance may be differentiated by customer class.
- b. The cost of any service line in excess of that allowed at no charge shall be paid for by the customer as a contribution in aid of construction.
- c. A customer requesting an underground service line in an area served by overhead facilities shall pay for the difference between an overhead service connection and the actual cost of the underground connection as a nonrefundable contribution.

C. Easements and rights-of-way

1. Each customer shall grant adequate easement and right-of-way satisfactory to the utility to ensure that customer's proper service connection. Failure on the part of the customer to grant adequate easement and right-of-way shall be grounds for the

utility to refuse service.

2. When a utility discovers that a customer or his agent is performing work or has constructed facilities adjacent to or within an easement or right-of-way and such work, construction or facility poses a hazard or is in violation of federal, state or local laws, ordinances, statutes, rules or regulations, or significantly interferes with the utility's access to equipment, the utility shall notify the customer or his agent and shall take whatever actions are necessary to eliminate the hazard, obstruction or violation at the customer's expense.

R14-2-207. Line Extensions

A. General requirements

1. Each utility shall file for Commission approval a line extension tariff which incorporates the provisions of this rule and specifically defines the conditions governing line extensions.
2. Upon request by an applicant for a line extension, the utility shall prepare, without charge, a preliminary sketch and rough estimate of the cost of installation to be paid by said applicant.
3. Any applicant for a line extension requesting the utility to prepare detailed plans, specifications, or cost estimates may be required to deposit with the utility an amount equal to the estimated cost of preparation. The utility shall, upon request, make available within 90 days after receipt of the deposit referred to above, such plans, specifications, or cost estimates of the proposed line extension. Where the applicant authorizes the utility to proceed with construction of the extension, the deposit shall be credited to the cost of construction; otherwise the deposit shall be nonrefundable. If the extension is to include oversizing of facilities to be done at the utility's expense, appropriate details shall be set forth in the plans, specifications and cost estimates. Subdivisions providing the utility with approved plats shall be provided with plans, specifications, or cost estimates

within 45 days after receipt of the deposit referred to above.

4. Where the utility requires an applicant to advance funds for a line extension, the utility shall furnish the applicant with a copy of the line extension tariff of the appropriate utility prior to the applicant's acceptance of the utility's extension agreement.
5. All line extension agreements requiring payment by the applicant shall be in writing and signed by each party.
6. The provisions of this rule apply only to those applicants who in the utility's judgment will be permanent customers of the utility. Applications for temporary service shall be governed by the Commission's rules concerning temporary service applications.

B. Minimum written agreement requirements

1. Each line extension agreement shall, at a minimum, include the following information:
 - a. Name and address of applicant(s)
 - b. Proposed service address or location
 - c. Description of requested service
 - d. Description and sketch of the requested line extension
 - e. A cost estimate to include materials, labor, and other costs as necessary
 - f. Payment terms
 - g. A concise explanation of any refunding provisions, if applicable
 - h. The utility's estimated start date and completion date for construction of the line extension
 - i. A summary of the results of the economic feasibility analysis performed by the utility to determine the amount of advance required from the applicant for the proposed line extension.
2. Each applicant shall be provided with a copy of the written line extension

agreement.

C. Line extension requirements

1. Each line extension tariff shall include the following provisions:

- a. A maximum footage and/or equipment allowance to be provided by the utility at no charge. The maximum footage and/or equipment allowance may be differentiated by customer class.
- b. An economic feasibility analysis for those extensions which exceed the maximum footage and/or equipment allowance. Such economic feasibility analysis shall consider the incremental revenues and costs associated with the line extension. In those instances where the requested line extension does not meet the economic feasibility criteria established by the utility, the utility may require the customer to provide funds to the utility, which will make the line extension economically feasible. The methodology employed by the utility in determining economic feasibility shall be applied uniformly and consistently to each applicant requiring a line extension.
- c. The timing and methodology by which the utility will refund any advances in aid of construction as additional customers are served off the line extension. The customer may request an annual survey to determine if additional customers have been connected to and are using service from the extension. In no case shall the amount of the refund exceed the amount originally advanced.
- d. All advances in aid of construction shall be noninterest bearing.
- e. If after five years from the utility's receipt of the advance, the advance has not been totally refunded, the advance shall be considered a contribution in aid of construction and shall no longer be refundable.

D. Residential subdivision development and permanent mobile home parks

1. Each utility shall submit as a part of its line extension tariff separate provisions for residential subdivision developments and permanent mobile home parks.

E. Single phase underground extensions in subdivision developments

1. Extensions of single phase electric lines necessary to furnish permanent electric service to new residential buildings or mobile homes within a subdivision, in which facilities for electric service have not been constructed, for which applications are made by a developer shall be installed underground in accordance with the provisions set forth in this regulation except where it is not feasible from an engineering, operational, or economic standpoint.

2. Rights-of-way easements

- a. The utility shall construct or cause to be constructed and shall own, operate and maintain all underground electric distribution and service lines along public streets, roads and highways and on public lands and private property which the utility has the legal right to occupy.
- b. Rights-of-way and easements suitable to the utility must be furnished by the developer at no cost to the utility and in reasonable time to meet service requirements. No underground electric facilities shall be installed by a utility until the final grades have been established and furnished to the utility. In addition, the easement strips, alleys and streets must be graded to within six inches of final grade by the developer before the utility will commence construction. Such clearance and grading must be maintained by the developer during construction by the utility.
- c. If, subsequent to construction, the clearance or grade is changed in such a way as to require relocation of the underground facilities or results in damage to such facilities, the cost of such relocation and/or resulting repairs shall be borne by the developer.

3. Installation of single phase underground electric lines within a subdivision

- a. The developer shall provide the trenching, backfill (including any imported backfill required), compaction, repaving, and any earthwork for pull boxes and transformer pad sites required to install the underground electric system all in accordance with the specifications and schedules of the utility.
 - b. Each utility shall inspect the trenching provided by the developer within 24 hours after a mutually agreed upon trench opening date, and allow for phased inspection of trenching as mutually agreed upon by the developer and utility. In all cases, the utility shall make every effort to expedite the inspection of developer provided trenching. The utility shall assume responsibility for the trench within three working days after the utility has inspected and approved the trenching.
 - c. The utility shall install or cause to be installed underground electric lines and related equipment in accordance with the applicable provisions of the 1993 edition (and no future editions) of ANSI C2 (National Electrical Safety Code) with sufficient capacity and suitable materials which shall assure adequate and reasonable electric service in the foreseeable future. ANSI C2 is incorporated by reference, and on file with the Office of the Secretary of State. Copies are available from the Institute of Electrical and Electronic Engineers, Inc., 345 East 47th Street, New York, New York 10017.
 - d. Underground service lines from underground residential distribution systems shall be owned, operated and maintained by the utility, and shall be installed pursuant to its effective underground line extension and service connection tariffs on file with the Commission.
4. Special conditions
- a. When the application of any of the provisions of R14-2-207(E) appears to

either party not to be feasible from an engineering, operational or economic standpoint, the utility or the developer may refer the matter to the Commission for a determination as to whether an exception to the underground policy expressed within the provisions of this regulation is warranted. Interested third parties may present their views to the Commission in conjunction with such referrals.

- b. Notwithstanding any provision of this regulation to the contrary, no utility shall construct overhead single phase electric lines in any new subdivision to which this regulation is applicable and which is contiguous to another subdivision in which electric service is furnished underground without the approval of the Commission.
- c. Underground service lines installed pursuant to this rule (R14-2-207(E)) and accepted by the utility shall not be replaced with an overhead distribution pole line except upon a verified application of the utility, as stated in R14-2-207(E)(4)(a).

5. Nonapplicability

- a. Any underground electric distribution system requiring more than single phase service is not covered by this regulation and shall be constructed pursuant to the effective line extension rules and regulations or policies of the affected utility on file with the Commission.
- b. If there is an existing distribution pole line(s) on or across a recorded subdivision at the time of the application for electrical service for the subdivision and the line will be utilized in the subdivision. (This would not apply if the pole line were serving a building or groups of buildings or any other type of service which would be removed before construction is finished.)
- c. A distribution pole line that parallels a boundary of a subdivision and this

line can serve lots within the subdivision.

- d. Subdivisions recorded prior to the effective date of this rule shall be governed by the terms and conditions of R14-2-207(E).

F. Ownership of facilities

1. Any facilities installed hereunder shall be the sole property of the utility.

R14-2-208. Provision of Service

A. Utility responsibility

1. Each utility shall be responsible for the safe transmission and/or distribution of electricity until it passes the point of delivery to the customer.
2. The entity having control of the meter shall be responsible for maintaining in safe operating condition all meters, equipment and fixtures installed on the customer's premises by the entity for the purposes of delivering electric service to the customer.
3. The Utility Distribution Company may, at its option, refuse service until the customer has obtained all required permits and/or inspections indicating that the customer's facilities comply with local construction and safety standards.

B. Customer responsibility

1. Each customer shall be responsible for maintaining all customer facilities on the customer's side of the point of delivery in safe operating condition.
2. Each customer shall be responsible for safeguarding all utility property installed in or on the customer's premises for the purpose of supplying utility service to that customer.
3. Each customer shall exercise all reasonable care to prevent loss or damage to utility property, excluding ordinary wear and tear. The customer shall be responsible for loss of or damage to utility property on the customer's premises arising from neglect, carelessness, or misuse and shall reimburse the utility for the cost of necessary repairs or replacements.

4. Each customer shall be responsible for payment for any equipment damage and/or estimated unmetered usage resulting from unauthorized breaking of seals, interfering, tampering or bypassing the utility meter.
5. Each customer shall be responsible for notifying the utility of any equipment failure identified in the utility's equipment.

C. Continuity of service

1. Each utility shall make reasonable efforts to supply a satisfactory and continuous level of service. However, no utility shall be responsible for any damage or claim of damage attributable to any interruption or discontinuation of service resulting from:
 - a. Any cause against which the utility could not have reasonably foreseen or made provision for, i.e., force majeure.
 - b. Intentional service interruptions to make repairs or perform routine maintenance.
 - c. Curtailment.

D. Service interruptions

1. Each utility shall make reasonable efforts to reestablish service within the shortest possible time when service interruptions occur.
2. Each utility shall make reasonable provisions to meet emergencies resulting from failure of service, and each utility shall issue instructions to its employees covering procedures to be followed in the event of emergency in order to prevent or mitigate interruption or impairment of service.
3. In the event of a national emergency or local disaster resulting in disruption of normal service, the utility may, in the public interest, interrupt service to other customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.

4. When a utility plans to interrupt service for more than four hours to perform necessary repairs or maintenance, the utility shall attempt to inform affected customers at least 24 hours in advance of the scheduled date and estimated duration of the service interruption. Such repairs shall be completed in the shortest possible time to minimize the inconvenience to the customers of the utility.
5. The Commission shall be notified of interruption in service affecting the entire system or any significant portion thereof. The interruption of service and cause shall be reported by telephone to the Commission within two hours after the responsible representative of the utility becomes aware of said interruption and followed by a written report to the Commission.

E. Curtailment

1. Each utility shall file with the Commission as a part of its general tariffs a procedural plan for handling severe supply shortages or service curtailments. The plan shall provide for equitable treatment of individual customer classes in the most reasonable and effective manner given the existing circumstances. When the availability of service is so restricted that the reduction of service on a proportionate basis to all customer classes will not maintain the integrity of the total system, the utility shall develop procedures to curtail service giving service priority to those customers and/or customer classes where health, safety and welfare would be adversely affected.

F. Construction standard and safety

1. Each utility shall construct all facilities in accordance with the provisions of the 1993 edition (and no future editions) of ANSI C2 (National Electrical Safety Code, incorporated by reference and on file with the Office of the Secretary of State, and the 1995 edition (and no future editions) of ANSI B31.1 (ASME Code for Pressure Piping), incorporated by reference and on file with the Office of the

Secretary of State. Copies of the National Electrical Safety Code are available from the Institute of Electrical and Electronic Engineers, Inc., 345 East 47th Street, New York, New York 10017. Copies of the ASME Code for Pressure Piping are available from the American Society of Mechanical Engineers, 345 East 47th Street, New York, New York 10017.

2. Each utility shall adopt a standard alternating nominal voltage or standard alternating nominal voltages (as may be required by its distribution system) for its entire service area or for each of the several districts into which the system may be divided, which standard voltage or voltages shall be stated in the rules and regulations of each utility and shall be measured at the customer's service entrance. Each utility shall, under normal operating conditions, maintain its standard voltage within the limits of the 1989 edition (and no future editions) of ANSI C84.1 (American National Standard for Electric Power Systems and Equipment-Voltage Ratings [60Hz]), incorporated by reference and on file with the Office of the Secretary of State. Copies are available from the American National Standards Institute, 1430 Broadway, New York, New York 10018.

R14-2-209. Meter Reading

A. Company or customer meter reading

1. Each utility, billing entity or Meter Reading Service Provider may at its discretion allow for customer reading of meters.
2. It shall be the responsibility of the utility or Meter Reading Service Provider to inform the customer how to properly read his meter.
3. Where a customer reads his own meter, the utility or Meter Reading Service Provider will read the customer's meter at least once every 6 months.
4. The utility, billing entity or Meter Reading Service Provider shall provide the customer with postage-paid cards or other methods to report the monthly reading.
5. Each utility or Meter Reading Service Provider shall specify the timing requirements for the customer to submit his or her monthly meter reading to conform with the utility's billing cycle.
6. Where the Electric Service Provider is responsible for meter reading, reads will be available for the Utility Distribution Company's or billing entity's billing cycle for that customer, or as otherwise agreed upon by the Electric Service Provider and the Utility Distribution Company or billing entity.
7. In the event the customer fails to submit the reading on time, the utility or billing entity may issue the customer an estimated bill.
8. In the event the Electric Service Provider responsible for meter reading fails to deliver reads to the Meter Reading Service Provider server within 3 days of the scheduled cycle read date, the Affected Utility may estimate the reads.
9. Meters shall be read monthly on as close to the same day as practical.

B. Measuring of service

1. All energy sold to customers and all energy consumed by the utility, except that sold according to fixed charge schedules, shall be measured by commercially acceptable measuring devices, except where it is impractical to install meters,

such as street lighting or security lighting, or where otherwise authorized by the Commission.

2. When there is more than 1 meter at a location, the metering equipment shall be so tagged or plainly marked as to indicate the circuit metered or metering equipment.
3. Meters which are not direct reading shall have the multiplier plainly marked on the meter.
4. All charts taken from recording meters shall be marked with the date of the record, the meter number, customer, and chart multiplier.
5. Metering equipment shall not be set "fast" or "slow" to compensate for supply transformer or line losses.

C. Meter rereads

1. Each utility or Meter Reading Service Provider shall at the request of a customer, or the customer's Electric Service Provider, Utility Distribution Company (as defined in A.A.C. R14-2-1601) or billing entity reread that customer's meter within 10 working days after such a request.
2. Any reread may be charged to the customer, or the customer's Electric Service Provider, Utility Distribution Company (as defined in A.A.C. R14-2-1601) or billing entity at a rate on file and approved by the Commission, provided that the original reading was not in error.
3. When a reading is found to be in error, the reread shall be at no charge to the customer, or the customer's Electric Service Provider, Utility Distribution Company (as defined in A.A.C. R14-2-1601) or billing entity.

D. Access to customer premises

1. Each utility shall have the right of safe ingress to and egress from the customer's premises at all reasonable hours for any purpose reasonably connected with property used in furnishing service and the exercise of any and all rights secured to it by law or these rules.

E. Meter testing and maintenance program

1. Each utility shall file with the Commission a plan for the routine maintenance and replacement of meters which meets the requirements of the 1995 edition (and no future editions) of ANSI C12.1 (American National Standard Code for Electricity Metering), incorporated by reference and on file with the Office of the Secretary of State. Copies are available from the Institute of Electrical and Electronics Engineers, Inc., 345 East 47th Street, New York, New York 10017.
2. Each utility shall file an annual report with the Commission summarizing the results of the meter maintenance and testing program for that year. At a minimum, the report should include the following data:
 - a. Total number of meters tested, at company initiative or upon customer request.
 - b. Number of meters tested which were outside the acceptable error allowance of + 3 %.

F. Request for meter tests

1. A utility or Meter Service Provider shall test a meter upon the request of the customer, or the customer's Electric Service Provider, Utility Distribution Company (as defined in A.A.C. R14-2-1601) or billing entity, and each utility or billing entity shall be authorized to charge the customer, or the customer's Electric Service Provider, Utility Distribution Company (as defined in A.A.C. R14-2-1601) or billing entity for such meter test according to the tariff on file and approved by the Commission. However, if the meter is found to be in error by more than 3%, no meter testing fee will be charged to the customer, or the customer's Electric Service Provider, Utility Distribution Company or billing entity.

R14-2-210. Billing and collection

- A. Frequency and estimated bills

1. Unless otherwise approved by the Commission, the utility or billing entity 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 or more than 35 days without customer authorization. If the utility or Meter Reading Service Provider changes a meter reading route or schedule resulting in a significant alteration of billing cycles, notice shall be given to the affected customers.
2. Each billing statement rendered by the utility or billing entity shall be computed on the actual usage during the billing period. If the utility or Meter Reading Service Provider is unable to obtain an actual reading, the utility or billing entity may estimate the consumption for the billing period giving consideration to the following factors where applicable:
 - a. The customer's usage during the same month of the previous year,
 - b. The amount of usage during the preceding month.
3. Estimated bills will be issued only under the following conditions unless otherwise approved by the Commission:
 - a. When extreme weather conditions, emergencies, 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 or Meter Reading Service Provider in accordance with the requirements of the utility or Meter Reading Service Provider billing cycle.
 - c. When the utility or Meter Reading Service Provider is unable to obtain access to the customer's premises for the purpose of reading the meter, or in situations where the customer makes it unnecessarily difficult to gain access to the meter, that is, locked gates, blocked meters, vicious or

dangerous animals, etc. If the utility or Meter Reading Service Provider is unable to obtain an actual reading for these reasons, it shall undertake reasonable alternatives to obtain a customer reading of the meter.

- d. Due to customer equipment failure, a 1-month estimation will be allowed. Failure to remedy the customer equipment condition will result in penalties for Meter Service Providers as imposed by the Commission.
 - e. To facilitate timely billing for customers using load profiles.
4. After the 3rd consecutive month of estimating the customer's bill due to lack of meter access, the utility or Meter Reading Service Provider will 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 lead to discontinuance of service.
5. A utility or billing entity may not render a bill based on estimated usage if:
- a. The estimating procedures employed by the utility or billing entity have not been approved by the Commission.
 - b. The billing would be the customer's 1st or final bill for service.
 - c. The customer is a direct access customer requiring load data.
 - d. The utility can obtain customer supplied meter readings to determine usage.
6. When a utility or billing entity renders an estimated bill in accordance with these rules, it shall:
- a. Maintain accurate records of the reasons therefore and efforts made to secure an actual reading;
 - b. Clearly and conspicuously indicate that it is an estimated bill and note the reason for its estimation.

B. Combining meters, minimum bill information

- 1. Each meter at a customer's premise will be considered separately for billing purposes, and the readings of 2 or more meters will not be combined unless

otherwise provided for in the utility's tariffs. This provision does not apply in the case of aggregation of competitive services as described in A.A.C. R14-2-1601.

2. Each bill for residential service will contain the following minimum information:
 - a. The beginning and ending meter readings of the billing period, the dates thereof, and the number of days in the billing period;
 - b. The date when the bill will be considered due and the date when it will be delinquent, if not the same;
 - c. Billing usage, demand (if measured), basic monthly service charge and total amount due;
 - d. Rate schedule number or service offer;
 - e. Customer's name and service account number;
 - f. Any previous balance;
 - g. Fuel adjustment cost, where applicable;
 - h. License, occupation, gross receipts, franchise and sales taxes;
 - i. The address and telephone numbers of the Electric Service Provider, and the Utility Distribution Company designating where the customer may initiate an inquiry or complaint concerning the bill or services rendered;
 - j. The Arizona Corporation Commission address and toll free telephone numbers;
 - k. Other unbundled rates and charges.

C. Billing terms

1. All bills for utility services are due and payable no later than 15 days from the date of the bill. Any payment not received within this time-frame shall be considered delinquent and could incur a late payment charge.
2. For purposes of this rule, the date a bill is rendered may be evidenced by:
 - a. The postmark date;
 - b. The mailing date;

- c. The billing date shown on the bill (however, the billing date shall not differ from the postmark or mailing date by more than 2 days);
 - d. The transmission date for electronic bills.
- 3. All delinquent bills shall be subject to the provisions of the utility's termination procedures.
 - 4. All payments shall be made at or mailed to the office of the utility or to the utility's authorized payment agency or the office of the billing entity. The date on which the utility actually receives the customer's remittance is considered the payment date.
- D. Applicable tariffs, prepayment, failure to receive, commencement date, taxes
- 1. Each customer shall be billed under the applicable tariff indicated in the customer's application for service.
 - 2. Each utility or billing entity shall make provisions for advance payment of utility services.
 - 3. Failure to receive bills or notices which have been properly placed in the United States mail shall not prevent such bills from becoming delinquent nor relieve the customer of his obligations therein.
 - 4. Charges for electric service commence when the service is actually installed and connection made, whether used or not. A minimum 1-month billing period is established on the date the service is installed (excluding landlord/utility special agreements).
 - 5. Charges for services disconnected after 1 month shall be prorated back to the customer of record.
- E. Meter error corrections
- 1. ~~The utility or Meter Service Provider shall test a meter upon customer or the customer's Electric Service Provider, Utility Distribution company (as defined in A.A.C. R14-2-1601) or billing entity request and each utility or billing entity 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~~ If 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 or billing entity to recover or refund the difference:

- a. If the date of the meter error can be definitely fixed, the utility or billing entity shall adjust the customer's billings back to that date. If the customer has been underbilled, the utility or billing entity will allow the customer to repay this difference over an equal length of time that the underbillings occurred. The customer may 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 utility or billing entity will make prompt refunds in the difference between the original billing and the corrected billing within the next billing cycle.
2. No adjustment shall be made by the utility except to the customer last served by the meter tested.
 3. Any underbilling resulting from a stopped or slow meter, utility or Meter Reading Service Provider 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 utility occurs due to inaccurate, false or estimated information from a 3rd party, then that utility will have a right to back bill that 3rd party to the point in time that may be definitely fixed, or 12 months. No such limitation will apply to overbillings.

F. Insufficient funds (NSF) or returned checks

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

4.G. Levelized billing plan

1. Each utility may, at its option, offer its ~~residential~~ customers a levelized billing plan.
2. Each utility offering a levelized billing plan shall develop, upon customer request, an estimate of the customer's levelized billing for a 12-month period based upon:
 - a. Customer's actual consumption history, which may be adjusted for abnormal conditions such as weather variations.
 - b. For new customers, the utility will estimate consumption based on the customer's anticipated load requirements.
 - c. The utility's tariff schedules approved by the Commission applicable to that customer's class of service.
3. The utility shall provide the customer a concise explanation of how the levelized billing estimate was developed, the impact of levelized billing on a customer's monthly utility bill, and the utility's right to adjust the customer's billing for any

variation between the utility's estimated billing and actual billing.

4. For those customers being billed under a levelized billing plan, the utility shall show, at a minimum, the following information on their monthly bill:
 - a. Actual consumption
 - b. Dollar amount due for actual consumption
 - c. Levelized billing amount due
 - d. Accumulated variation in actual versus levelized billing amount.
5. The utility may adjust the customer's levelized billing in the event the utility's estimate of the customer's usage or cost should vary significantly from the customer's actual usage or cost; such review to adjust the amount of the levelized billing may be initiated by the utility or upon customer request.

H. Deferred payment plan

1. Each utility may, prior to termination, offer to qualifying residential customers a deferred payment plan for the customer to retire unpaid bills for utility service.
2. Each deferred payment agreement entered into by the utility and the customer shall provide that service will not be discontinued if:
 - a. Customer agrees to pay a reasonable amount of the outstanding bill at the time the parties enter into the deferred payment agreement.
 - b. Customer agrees to pay all future bills for utility service in accordance with the billing and collection tariffs of the utility.
 - c. Customer agrees to pay a reasonable portion of the remaining outstanding balance in installments over a period not to exceed 6 months.
3. For the purposes of determining a reasonable installment payment schedule under these rules, the utility and the customer shall give consideration to the following conditions:
 - a. Size of the delinquent account
 - b. Customer's ability to pay

- c. Customer's payment history
 - d. Length of time that the debt has been outstanding
 - e. Circumstances which resulted in the debt being outstanding
 - f. Any other relevant factors related to the circumstances of the customer.
4. Any customer who desires to enter into a deferred payment agreement shall establish such agreement prior to the utility's scheduled termination date for nonpayment of bills. The customer's failure to execute such an agreement prior to the termination date will not prevent the utility from disconnecting service for nonpayment.
 5. Deferred payment agreements may be in writing and may be signed by the customer and an authorized utility representative.
 6. A deferred payment agreement may include a finance charge as approved by the Commission in a tariff proceeding.
 7. If a customer has not fulfilled the terms of a deferred payment agreement, the utility shall have the right to disconnect service pursuant to the utility's termination of service rules. Under such circumstances, it shall not be required to offer subsequent negotiation of a deferred payment agreement prior to disconnection.
- I. Change of occupancy
1. To order service discontinued or to change occupancy, the customer must give the utility at least 3 working days advance notice in person, in writing, or by telephone.
 2. The outgoing customer shall be responsible for all utility services provided or consumed up to the scheduled turnoff date.
 3. The outgoing customer is responsible for providing access to the meter so that the utility may obtain a final meter reading.

R14-2-211. Termination of service

A. Nonpermissible reasons to disconnect service

1. A utility may not disconnect service for any of the reasons stated below:
 - a. Delinquency in payment for services rendered to a prior customer at the premises where service is being provided, except in the instance where the prior customer continues to reside on the premises.
 - b. Failure of the customer to pay for services or equipment which are not regulated by the Commission.
 - c. Nonpayment of a bill related to another class of service.
 - d. Failure to pay for a bill to correct a previous underbilling due to an inaccurate meter or meter failure if the customer agrees to pay over a ~~reasonable~~ mutually agreed period of time.
 - e. A utility shall not terminate residential service where the customer has an inability to pay and:
 - i. The customer can establish through medical documentation that, in the opinion of a licensed medical physician, termination would be especially dangerous to the customer's or a permanent resident residing on the customer's premises health, or
 - ii. Life supporting equipment used in the home that is dependent on utility service for operation of such apparatus, or
 - iii. Where weather will be especially dangerous to health as defined herein or as determined by the Commission.
 - f. Residential service to ill, elderly, or handicapped persons who have an inability to pay will not be terminated until all of the following have been attempted:
 - i. The customer has been informed of the availability of funds from various government and social assistance agencies of which the

utility is aware.

- ii. A 3rd party previously designated by the customer has been notified and has not made arrangements to pay the outstanding utility bill.
- g. A customer utilizing the provisions of d. or e. above may be required to enter into a deferred payment agreement with the utility within ten days after the scheduled termination date.
- h. Disputed bills where the customer has complied with the Commission's rules on customer bill disputes.

B. Termination of service without notice

- 1. In a competitive marketplace, the Electric Service Provider cannot order a disconnect for non-payment, but can only send a notice of contract cancellation to the customer and the Utility Distribution Company. Utility service may be disconnected without advance written notice under the following conditions:
 - a. The existence of an obvious hazard to the safety or health of the consumer or the general population or the utility's personnel or facilities.
 - b. The utility has evidence of meter tampering or fraud.
 - c. Failure of a customer to comply with the curtailment procedures imposed by a utility during supply shortages.
- 2. The utility shall not be required to restore service until the conditions which resulted in the termination have been corrected to the satisfaction of the utility.
- 3. Each utility shall maintain a record of all terminations of service without notice. This record shall be maintained for a minimum of 1 year and shall be available for inspection by the Commission.

C. Termination of service with notice

- 1. In a competitive marketplace, the Electric Service Provider cannot order a disconnect for non-payment, but can only send a notice of contract cancellation to

the customer and the Utility Distribution Company. A utility may disconnect service to any customer for any reason stated below provided the utility has met the notice requirements established by the Commission:

- a. Customer violation of any of the utility's tariffs,
 - b. Failure of the customer to pay a delinquent bill for utility service,
 - c. Failure to meet or maintain the utility's deposit requirements,
 - d. Failure of the customer to provide the utility reasonable access to its equipment and property,
 - e. Customer breach of a written contract for service between the utility and customer,
 - f. When necessary for the utility to comply with an order of any governmental agency having such jurisdiction.
2. Each utility shall maintain a record of all terminations of service with notice. This record shall be maintained for 1 year and be available for Commission inspection.

D. Termination notice requirements

1. No utility shall terminate service to any of its customers without providing advance written notice to the customer of the utility's intent to disconnect service, except under those conditions specified where advance written notice is not required.
2. Such advance written notice shall contain, at a minimum, the following information:
 - a. The name of the person whose service is to be terminated and the address where service is being rendered.
 - b. The utility tariff that was violated and explanation thereof or the amount of the bill which the customer has failed to pay in accordance with the payment policy of the utility, if applicable.

- c. The date on or after which service may be terminated.
 - d. A statement advising the customer to contact the utility at a specific address or phone number for information regarding any deferred payment or other procedures which the utility may offer or to work out some other mutually agreeable solution to avoid termination of the customer's service.
 - e. A statement advising the customer that the utility's stated reason for the termination of services may be disputed by contacting the utility at a specific address or phone number, advising the utility of the dispute and making arrangements to discuss the cause for termination with a responsible employee of the utility in advance of the scheduled date of termination. The responsible employee shall be empowered to resolve the dispute and the utility shall retain the option to terminate service after affording this opportunity for a meeting and concluding that the reason for termination is just and advising the customer of his right to file a complaint with the Commission.
3. Where applicable, a copy of the termination notice will be simultaneously forwarded to designated third parties.

E. Timing of terminations with notice

1. Each utility shall be required to give at least five days' advance written notice prior to the termination date.
2. Such notice shall be considered to be given to the customer when a copy thereof is left with the customer or posted first class in the United States mail, addressed to the customer's last known address.
3. If after the period of time allowed by the notice has elapsed and the delinquent account has not been paid nor arrangements made with the utility for the payment thereof or in the case of a violation of the utility's rules the customer has not satisfied the utility that such violation has ceased, the utility may then terminate

service on or after the day specified in the notice without giving further notice.

4. Service may only be disconnected in conjunction with a personal visit to the premises by an authorized representative of the utility.
5. The utility shall have the right (but not the obligation) to remove any or all of its property installed on the customer's premises upon the termination of service.

F. Landlord/tenant rule

1. In situations where service is rendered at an address different from the mailing address of the bill or where the utility knows that a landlord/tenant relationship exists and that the landlord is the customer of the utility, and where the landlord as a customer would otherwise be subject to disconnection of service, the utility may not disconnect service until the following actions have been taken:
 - a. Where it is feasible to so provide service, the utility, after providing notice as required in these rules, shall offer the occupant the opportunity to subscribe for service in his or her own name. If the occupant then declines to so subscribe, the utility may disconnect service pursuant to the rules.
 - b. A utility shall not attempt to recover from a tenant or condition service to a tenant with the payment of any outstanding bills or other charges due upon the outstanding account of the landlord.

R14-2-212. Administrative and hearing requirements

A. Customer service complaints

1. Each utility shall make a full and prompt investigation of all service complaints made by its customers, either directly or through the Commission.
2. The utility shall respond to the complainant and/or the Commission representative within five working days as to the status of the utility investigation of the complaint.
3. The utility shall notify the complainant and/or the Commission representative of the final disposition of each complaint. Upon request of the complainant or the

Commission representative, the utility shall report the findings of its investigation in writing.

4. The utility shall inform the customer of his right of appeal to the Commission.
5. Each utility shall keep a record of all written service complaints received which shall contain, at a minimum, the following data:
 - a. Name and address of the complainant
 - b. Date and nature of the complaint
 - c. Disposition of the complaint
 - d. A copy of any correspondence between the utility, the customer, and/or the Commission.

This record shall be maintained for a minimum period of one year and shall be available for inspection by the Commission.

B. Customer bill disputes

1. Any utility customer who disputes a portion of a bill rendered for utility service shall pay the undisputed portion of the bill and notify the utility's designated representative that such unpaid amount is in dispute prior to the delinquent date of the bill.
2. Upon receipt of the customer notice of dispute, the utility shall:
 - a. Notify the customer within five working days of the receipt of a written dispute notice.
 - b. Initiate a prompt investigation as to the source of the dispute.
 - c. Withhold disconnection of service until the investigation is completed and the customer is informed of the results. Upon request of the customer the utility shall report the results of the investigation in writing.
 - d. Inform the customer of his right of appeal to the Commission.
3. Once the customer has received the results of the utility's investigation, the customer shall submit payment within five working days to the utility for any

disputed amounts. Failure to make full payment shall be grounds for termination of service.

C. Commission resolution of service and/or bill disputes

1. In the event a customer and utility cannot resolve a service and/or bill dispute, the customer shall file a written statement of dissatisfaction with the Commission; by submitting such notice to the Commission, the customer shall be deemed to have filed an informal complaint against the utility.
2. Within 30 days of the receipt of a written statement of customer dissatisfaction related to a service or bill dispute, a designated representative of the Commission shall endeavor to resolve the dispute by correspondence and/or telephone with the utility and the customer. If resolution of the dispute is not achieved within 20 days of the Commission representative's initial effort, the Commission shall hold an informal hearing to arbitrate the resolution of the dispute. The informal hearing shall be governed by the following rules:
 - a. Each party may be represented by legal counsel, if desired.
 - b. All such informal hearings may be recorded or held in the presence of a stenographer.
 - c. All parties will have the opportunity to present written or oral evidentiary material to support the positions of the individual parties.
 - d. All parties and the Commission's representative shall be given the opportunity for cross-examination of the various parties.
 - e. The Commission's representative will render a written decision to all parties within five working days after the date of the informal hearing. Such written decision of the arbitrator is not binding on any of the parties and the parties will still have the right to make a formal complaint to the Commission.
3. The utility may implement normal termination procedures if the customer fails to

pay all bills rendered during the resolution of the dispute by the Commission.

4. Each utility shall maintain a record of written statements of dissatisfaction and their resolution for a minimum of one year and make such records available for Commission inspection.

D. Notice by utility of responsible officer or agent

1. Each utility shall file with the Commission a written statement containing the name, address (business, residence and post office) and telephone numbers (business and residence) of at least one officer, agent or employee responsible for the general management of its operations as a utility in Arizona.
2. Each utility shall give notice, by filing a written statement with the Commission, of any change in the information required herein within five days from the date of any such change.

E. Incomplete application for a Certificate of Convenience, transfer of a Certificate of Convenience, rate review

1. Applications will not be assigned a docket number until the application is complete according to the Arizona Revised Statutes and the Commission's rules and regulations.
2. The Commission shall within 15 days of receipt return the incomplete application making note of such deficiencies.

F. Filing of tariffs

1. Each utility shall file with the Commission tariffs which are in compliance with the rules and regulations promulgated by the Arizona Corporation Commission within 120 days of the effective date of such rules.
2. Each utility shall file with the Commission any proposed changes to the tariffs on file with the Commission; such proposed changes shall be accompanied by a statement of justification supporting the proposed tariff change.
3. Any proposed change to the tariffs on file with the Commission shall not be

effective until reviewed and approved by the Commission.

G. Accounts and records

1. Each utility shall keep general and auxiliary accounting records reflecting the cost of its properties, operating income and expense, assets and liabilities, and all other accounting and statistical data necessary to give complete and authentic information as to its properties and operations.
2. Each utility shall maintain its books and records in conformity with the Uniform Systems of Accounts for Class A, B, C and D Electric Utilities as adopted and amended by the Federal Energy Regulatory Commission or, for electric cooperatives, as promulgated by the Rural Electrification Administration.
3. A utility shall produce or deliver in this state any or all of its formal accounting records and related documents requested by the Commission. It may, at its option, provide verified copies of original records and documents.
4. All utilities shall submit an annual report to the Commission on a form prescribed by it. The annual report shall be filed on or before the 15th day of April for the preceding calendar year. Reports prepared by a certified or licensed public accountant on the utility, if any, shall accompany the annual report.
5. All utilities shall file with the Commission a copy of all reports required by the Securities and Exchange Commission.
6. All utilities shall file with the Commission a copy of all annual reports required by the Federal Energy Regulatory Commission and in addition, for electric cooperatives, annual reports required by the Rural Electrification Administration.

H. Maps

1. All utilities shall file with the Commission a map or maps clearly setting forth the location and extent of the area or areas they hold under approved certificates of convenience and necessity, in accordance with the Cadastral (Rectangular) Survey of the United States Bureau of Land Management, or by metes and bounds with a

starting point determined by the aforesaid Cadastral Survey.

I. Variations, exemptions of Commission rules and regulations

1. Variations or exemptions from the terms and requirements of any of the rules included herein (Title 14, Chapter 2, Article 2) shall be considered upon the verified application of an affected party to the Commission setting forth the circumstances whereby the public interest requires such variation or exemption from the Commission rules and regulations. Such application will be subject to the review of the Commission, and any variation or exemption granted shall require an order of the Commission. In case of conflict between these rules and regulations and an approved tariff or order of the Commission, the provisions of the tariff or order shall apply.

J. Prior agreements

1. The adoption of these rules by the Commission shall not affect any agreements entered into between the utility and customers or other parties who, pursuant to such contracts, arranged for the extension of facilities in a provision of service prior to the effective date of these rules.

R14-2-213. Conservation

Energy conservation plan

1. The Arizona Corporation Commission recognizes the need for conservation of energy resources in order to maintain an adequate and continuous supply of safe, dependable, and affordable energy. Therefore, in order to promote the state's economic development and the health and welfare of its citizenry, each class A and B electric utility shall file an energy conservation plan which encompasses at a minimum the following considerations:
 - a. Development of consumer education and assistance programs to aid the populace in reducing energy consumption and cost.
 - b. Participation in various energy conservation programs sponsored by other

municipal, state or federal government entities having such jurisdiction.

2. Each utility shall file an energy conservation plan with the Commission within one year of the effective date of these rules and annual updates thereafter when changes require such.

**TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS
AND ASSOCIATIONS; SECURITIES REGULATION
CHAPTER 2. CORPORATION COMMISSION – FIXED UTILITIES**

ARTICLE 16. RETAIL ELECTRIC COMPETITION

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ARTICLE 16. RETAIL ELECTRIC COMPETITION

R14-2-1601. Definitions

In this Article, unless the context otherwise requires:

1. "Affected Utilities" means the following public service corporations providing electric service:

Tucson Electric Power Company, Arizona Public Service Company, Citizens Utilities Company, Arizona Electric Power Cooperative, Trico Electric Cooperative, Duncan Valley Electric Cooperative, Graham County Electric Cooperative, Mohave Electric Cooperative, Sulphur Springs Valley Electric Cooperative, Navopache Electric Cooperative, Ajo Improvement Company, and Morenci Water and Electric Company.
2. "Aggregator" means an Electric Service Provider that combines retail electric customers into a purchasing group.
3. "Bundled Service" means electric service provided as a package to the consumer including all generation, transmission, distribution, ancillary and other services necessary to deliver and measure useful electric energy and power to consumers.
- ~~4. "Buy through" refers to a purchase of electricity by a a Load Serving Entity at wholesale for a particular retail consumer or aggregate of consumers or at the direction of a particular retail consumer or aggregate of consumers.~~
- ~~5.4.~~ "Competition Transition Charge" (CTC) is a means of recovering Stranded Costs ~~from the customers of competitive services.~~
- ~~6.5.~~ "Competitive Services" means all aspects of retail electric service except those services specifically defined as ~~"noncompetitive services"~~ "Noncompetitive Services" pursuant to ~~R14-2-1601(29)~~ R14-2-1601(27) or noncompetitive services as defined by the Federal Energy Regulatory Commission.
- ~~7.6.~~ "Control Area Operator" is the operator of an electric system or systems. bounded

by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other such systems and contributing to frequency regulation of the interconnection.

- ~~8-7.~~ “Consumer ~~Information~~ Education” is the provision of impartial information ~~provided~~ to consumers about competition or ~~competitive and noncompetitive services~~ Competitive and Noncompetitive Services and is distinct from advertising and marketing.
- ~~9-8.~~ “Current Transformer” (CT) is an electrical device used in conjunction with an electric meter to provide a measurement of energy consumption for metering purposes.
- ~~10-9.~~ “Direct Access Service Request” (DASR) means a form that contains all necessary billing and metering information to allow customers to switch electric service providers. This form must be submitted to the Utility Distribution Company by the customer’s Electric Service Provider ~~or the customer~~.
- ~~11-10.~~ “Delinquent Accounts” means customer accounts with outstanding past due payment obligations that remain unpaid after the due date.
- ~~12-11.~~ “Distribution Primary Voltage” is voltage as defined under the Affected Utility’s Federal Energy Regulatory Commission (FERC) Open Access Transmission Tariff, except for Meter Service Providers, for which Distribution Primary Voltage is voltage at or above 600 volts (600V) through and including 25 kilovolts (25 kV).
- ~~13-12.~~ “Distribution Service” means the delivery of electricity to a retail consumer through wires, transformers, and other devices that are not classified as transmission services subject to the jurisdiction of the Federal Energy Regulatory Commission; Distribution Service excludes Metering Services, Meter Reading Services, and billing and collection services, as those terms are used herein.
- ~~14-13.~~ “Electronic Data Interchange” (EDI) is the computer-to-computer electronic

exchange of business documents using standard formats which are recognized both nationally and internationally.

~~15-14.~~ “Electric Service Provider” (ESP) means a company supplying, marketing, or brokering at retail any ~~of the competitive services described in R14-2-1605 or R14-2-1606,~~Competitive Services pursuant to a Certificate of Convenience and Necessity.

~~16-15.~~ “Electric Service Provider Service Acquisition Agreement” or “Service Acquisition Agreement” means a contract between an Electric Service Provider and a Utility Distribution Company to deliver power to retail end users or between an Electric Service Provider and a Scheduling Coordinator to schedule transmission service.

~~17-16.~~ “Generation” means the production of electric power or contract rights to the receipt of wholesale electric power.

~~18-17.~~ “Green Pricing” means a program offered by an Electric Service Provider where customers elect to pay a rate premium for ~~solar-generated~~ electricity generated by renewable resources.

~~19-18.~~ “Independent Scheduling Administrator” (ISA) is ~~a proposed~~ an entity, independent of transmission owning organizations, intended to facilitate nondiscriminatory retail direct access using the transmission system in Arizona.

~~20-19.~~ “Independent System Operator” (ISO) is an independent organization whose objective is to provide nondiscriminatory and open transmission access to the interconnected transmission grid under its jurisdiction, in accordance with the Federal Energy Regulatory Commission principles of independent system operation.

~~21-20.~~ “Load Profiling” is a process of estimating a customer’s hourly energy consumption based on measurements of similar customers.

~~22-21.~~ “Load-Serving Entity” means an Electric Service Provider, Affected Utility or

Utility Distribution Company, excluding a Meter Service Provider, or Meter Reading Service Provider ~~or Aggregators~~.

~~23.22.~~ “Meter Reading Service” means all functions related to the collection and storage of consumption data.

~~24.23.~~ “Meter Reading Service Provider” (MRSP) means an entity providing Meter Reading Service, as that term is defined herein and that reads meters, performs validation, editing, and estimation on raw meter data to create billing-ready meter data; translates billing-ready data to an approved format; posts this data to a server for retrieval by billing agents; manages the server; exchanges data with market participants; and stores meter data for problem resolution.

~~25.24.~~ “Meter Service Provider” (MSP) means an entity providing Metering Service, as that term is defined herein.

~~26.25.~~ “Metering and Metering Service” means all functions related to measuring electricity consumption.

~~27.26.~~ “Must-Run Generating Units” are those units that are required to run to maintain distribution system reliability and to meet load requirements in times of congestion on certain portions of the interconnected transmission grid as may be determined by the Federal Energy Regulatory Commission.

~~28.~~ ~~“Net Metering” or “Net Billing” is a method by which customers can use electricity from customer sited solar electric generators to offset electricity purchased from an Electric Service Provider. The customer only pays for the “Net” electricity purchased.~~

~~29.27.~~ “Noncompetitive Services” means ~~distribution service~~, Distribution Service, Standard Offer ~~service~~ Service, transmission and Federal Energy Regulatory Commission-required ancillary services, Must-Run Generation Services, provision of customer demand and energy data to Electric Service Providers, and ~~these~~ those aspects of Metering Service set forth in ~~R14-2-1613.K~~ R14-2-

~~1612(K). All components of Standard Offer service shall be deemed noncompetitive as long as those components are provided in a bundled transaction pursuant to R14-2-1606(A).~~

~~30.28.~~ "OASIS" is Open Access Same-Time Information System, which is an electronic bulletin board where transmission-related information is posted for all interested parties to access via the Internet to enable parties to engage in transmission transactions.

~~31.29.~~ "Operating Reserve" means the generation capability above firm system demand used to provide for regulation, load forecasting error, equipment forced and scheduled outages, and local area protection to provide system reliability.

~~32.30.~~ "Potential Transformer" (PT) is an electrical device used to step down primary voltages to 120V for metering purposes.

~~33.31.~~ "Provider of Last Resort" means a provider of Standard Offer Service to customers within the provider's certificated area who are not buying competitive services.

~~34.32.~~ "Retail Electric Customer" means the person or entity in whose name service is rendered.

~~35.33.~~ "Scheduling Coordinator" means an entity that provides schedules for power transactions over transmission or distribution systems to the party responsible for the operation and control of the transmission grid, such as a Control Area Operator, Arizona Independent Scheduling Administrator or Independent System Operator.

~~36.~~ "Self Aggregation" is the action of a retail electric customer that combines its own metered loads into a single purchase block.

~~37.~~ "Solar Electric Fund" is the funding mechanism established by this Article through which deficiency payments are collected and solar energy projects are funded in accordance with this Article.

~~38.~~34. "Standard Offer Service" means Bundled Service offered by the Affected Utility or Utility Distribution Company to all consumers in the Affected Utility's or Utility Distribution Company's service territory whose annual usage is 100,000 kWh or less at regulated rates, including metering, meter reading, billing, ~~and~~ collection services, demand side management services including but not limited to time-of-use, and other consumer information services. All components of Standard Offer Service shall be deemed noncompetitive as long as those components are provided in a bundled transaction pursuant to R14-2-1606(A).

~~39.~~35. "Stranded Cost" includes:

- a. The verifiable net difference between:
 - i. The ~~value~~net original cost 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 December 26, 1996, under traditional regulation of Affected Utilities; and
 - ii. The market value of those assets and obligations directly attributable to the introduction of competition under this Article;
- b. Reasonable costs necessarily incurred by an Affected Utility to effectuate divestiture of its generation assets;
- c. Reasonable employee severance and retraining costs necessitated by electric competition, where not otherwise provided; and
- d. Other transition and restructuring costs as approved by the Commission.

~~40.~~36. "System Benefits" means Commission-approved utility low income, demand side management, consumer education, market transformation, environmental, renewables, long-term public benefit research and development and nuclear fuel disposal and nuclear power plant decommissioning programs.

~~41.~~37. "Transmission Primary Voltage" is voltage above 25 kV as it relates to metering

transformers.

42.38. "Transmission Service" refers to the transmission of electricity to retail electric customers or to electric distribution facilities and that is so classified by the Federal Energy Regulatory Commission or, to the extent permitted by law, so classified by the Arizona Corporation Commission.

43.39. "Unbundled Service" means electric service elements provided and/or priced separately, including, but not limited to, such service elements as generation, transmission, distribution, metering, meter reading, billing and collection and ancillary services. Unbundled Service may be sold to consumers or to other Electric Service Providers.

44.40. "Utility Distribution Company" (UDC) means the electric utility entity regulated by the Commission that constructs, operates and maintains the distribution system for the delivery of power to the end user point of delivery on the distribution system. For the purposes of R14-2-1616, UDC also includes any affiliate of an ESP that would be deemed a UDC if operating in Arizona, and subject to the Commission's jurisdiction.

45.41. "Utility Industry Group" (UIG) refers to a utility industry association that establishes national standards for data formats.

46.42. "Universal Node Identifier" is a unique, permanent, identification number assigned to each service delivery point.

R14-2-1602. ~~Filing of Tariffs by Affected Utilities~~ Commencement of Competition
~~Each Affected Utility shall file tariffs consistent with this Article by December 31, 1997.~~

- A. An Affected Utility's customers will be eligible for competitive electric services, subject to the phase-in schedule in R14-2-1604, on the date set by Commission Order in each Affected Utility's Stranded Cost and Unbundled Tariff proceeding.
- B. An Affected Utility's competitive electric affiliates shall not be permitted to offer Competitive Services in any other Affected Utility's service territory until the

Commission has ordered the service area of the potential competitor's affiliated Affected Utility opened to competition.

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,~~ Competitive Services shall obtain a Certificate of Convenience and Necessity from the Commission pursuant to this Article. ~~A Certificate is not required to offer information services, billing and collection services, or self aggregation. However, aggregators as defined in R14-2-1601 are required to obtain a Certificate of Convenience and Necessity and Self Aggregators are required to negotiate a Service Acquisition Agreement consistent with subsection G(6).~~ 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~~ Utility Distribution Company providing 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)~~ R14-2-1615(A) shall be required to apply for appropriate Certificates of Convenience and Necessity.
- B. Any company desiring such a Certificate of Convenience and Necessity shall file with the Docket Control Center the required number of copies of an application. In support of the request for a Certificate of Convenience and Necessity, the following information must be provided:
1. A description of the electric services which the applicant intends to offer;
 2. The proper name and correct address of the applicant, and
 - a. The full name of the owner if a sole proprietorship,
 - b. The full name of each partner if a partnership,
 - c. A full list of officers and directors if a corporation, or
 - d. A full list of the members if a limited liability corporation.

3. A tariff for each service to be provided that states the maximum rate and terms and conditions that will apply to the provision of the service;
 4. A description of the applicant's technical ability to obtain and deliver electricity if appropriate and to provide any other proposed services;
 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;
 6. A description of the form of ownership (for example, partnership, corporation);
 7. An explanation of how the applicant intends to comply with the requirements of R14-2-1616, or a request for waiver or modification thereof with an accompanying justification for any such requested waiver or modification.
 8. Such other information as the Commission or the staff may request.
- C. The applicant shall report in a timely manner during the application process any change(s) in the information initially reported to the Commission in the application for a Certificate of Convenience and Necessity.
- D. The applicant shall provide public notice of the application as required by the Commission.
- E. At the time of filing for a Certificate of Convenience and Necessity, each applicant shall notify the Affected Utilities, Utility Distribution Companies or an electric utility not subject to the jurisdiction of the Arizona Corporation Commission in whose service territories it wishes to offer service of the application by ~~servicing notification~~ providing a copy of the application ~~on~~to the Affected Utilities, Utility Distribution Companies or an electric utility not subject to the jurisdiction of the Arizona Corporation Commission. Prior to Commission action, each applicant shall provide written notice to the Commission that it has provided notification to each of the respective Affected Utilities, Utility Distribution Companies or an electric utility not subject to the jurisdiction of the

Arizona Corporation Commission. The attachment to the CC&N application should include a listing of the names and addresses of the notified Affected Utilities, Utility Distribution Companies or an electric utility not subject to the jurisdiction of the Arizona Corporation Commission.

- F. The Commission may issue a Certificate of Convenience and Necessity that is effective for a specified period of time if the applicant has limited or no experience in providing the retail electric service that is being requested. An applicant receiving such approval shall have the responsibility to apply for appropriate extensions.
- G. The Commission may deny certification to any applicant who:
1. Does not provide the information required by this Article;
 2. Does not possess adequate technical or financial capabilities to provide the proposed services;
 3. Does not have an Electric Service Provider Service Acquisition Agreement with a Utility Distribution Company and Scheduling Coordinator, if the applicant is not its own Scheduling Coordinator;
 4. Fails to provide a performance bond, if required;
 5. Fails to demonstrate that its certification will serve the public interest;
 6. Fails to submit an executed Service Acquisition Agreement with a Utility Distribution Company or a Scheduling Coordinator for approval by the Director, Utilities Division prior to the offering of service to potential customers.
- H. A Request for approval of an executed Service Acquisition Agreement may be included with an application for a Certificate of Convenience and Necessity. In all negotiations relative to service acquisition agreements Affected Utilities or their successor entities are required to negotiate in good faith.
- I. Every Electric Service Provider obtaining a Certificate of Convenience and Necessity under this Article shall obtain certification subject to the following conditions:
1. The Electric Service Provider shall comply with all Commission rules, orders, and

other requirements relevant to the provision of electric service ~~and relevant to resource planning~~;

2. The Electric Service Provider shall maintain accounts and records as required by the Commission;
3. The Electric Service Provider shall file with the Director, Utilities Division all financial and other reports that the Commission may require and in a form and at such times as the Commission may designate;
4. The Electric Service Provider shall maintain on file with the Commission all current tariffs and any service standards that the Commission shall require;
5. The Electric Service Provider shall cooperate with any Commission investigation of customer complaints;
6. The Electric Service Provider shall obtain all necessary permits and licenses including relevant tax licenses.
7. The Electric Service Provider shall comply with all disclosure requirements pursuant to ~~R14-2-1618~~R14-2-1617;
8. Failure to comply with any of the above conditions may result in rescission of the Electric Service Provider's Certificate of Convenience and Necessity.

J. Time-frames for processing applications for Certificates of Convenience and Necessity

1. This rule prescribes time-frames for the processing of any application for a Certificate of Convenience and Necessity issued by the Arizona Corporation Commission pursuant to this Article. These time-frames shall apply to applications filed on or after the effective date of this rule.
2. Within 120 calendar days after receipt of an application for a new Certificate of Convenience and Necessity, or to amend or change the status of any existing Certificate of Convenience and Necessity, staff shall notify the applicant, in writing, that the application is either administratively complete or deficient. If the application is deficient, the notice shall specify all deficiencies.

3. Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.
 4. After receipt of a corrected application, staff shall notify the applicant within 30 calendar days if the corrected application is either administratively complete or deficient. The time-frame for administrative completeness review shall be suspended from the time the notice of deficiency is issued until staff determines that the application is complete.
 5. Within 180 calendar days after an application is deemed administratively complete, the Commission shall approve or reject the application.
 6. For purposes of A.R.S. § 41-1072, et seq., the Commission has established the following time-frames:
 - a. Administrative completeness review time-frame: 120 calendar days,
 - b. Substantive review time-frame: 180 calendar days,
 - c. Overall time-frame: 300 calendar days.
 7. If an applicant requests, and is granted, an extension or continuance, the appropriate time-frames shall be tolled from the date of the request during the duration of the extension or continuance.
 8. During the substantive review time-frame, the Commission may, upon its own motion or that of any interested party to the proceeding, request a suspension of the time-frame rules.
- K. In appropriate circumstances, the Commission may require, as a precondition to certification, the procurement of a performance bond sufficient to cover any advances or deposits the applicant may collect from its customers, or order that such advances or deposits be held in escrow or trust.

R14-2-1604. Competitive Phases

- A. ~~Each~~ At the date established pursuant to R14-2-1602(A), each Affected Utility shall make available at least 20% of its 1995 system retail peak demand for competitive generation

supply on a first-come, first-served basis as further described in this rule. First-come, first-served for the purpose of this rule, shall be determined for non-residential customers by the date and time of an Electric Service Provider's filing of a Direct Access Service Request with the Affected Utility or Utility Distribution Company. The effective date of the Direct Access Service Request must be within ~~180~~60 days of the filing date of the Direct Access Service Request. Residential customer selection will be determined under approved residential phase-in programs as specified in R14-2-1604(B)(4).

1. All Affected Utility customers with single premise non-coincident peak demand load of 1 MW or greater will be eligible for competitive electric services ~~no later than January 1, 1999,~~upon the commencement of competition. Customers meeting this requirement shall be eligible for competitive services until at least 20% of the Affected Utility's 1995 system peak demand is served by competition.
2. During 1999 and 2000, an Affected Utility's customers with single premise non-coincident peak load demands of 40 kW or greater aggregated by an Electric Service Provider into a combined load of 1 MW or greater within the Affected Utility's service territory will be eligible for competitive electric services. ~~Self-aggregation is also allowed pursuant to the minimum and combined load demands set forth in this rule.~~ If peak load data are not available, the 40 kW criterion shall be determined to be met if the customer's usage exceeded 16,500 kWh in any month within the last 12 consecutive months. From ~~January 1, 1999,~~the commencement of competition pursuant to R14-2-1602 through December 31, 2000, aggregation of new competitive customers will be allowed until such time as at least 20% of the Affected Utility's 1995 system peak demand is served by competitors. At that point all additional aggregated customers must wait until January 1, 2001 to obtain competitive service.
3. Affected Utilities shall notify customers eligible under this subsection of the terms of the subsection no later than ~~October 31, 1998,~~60 days prior to the start of

competition within its service territory.

- B. As part of the minimum 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 1¼% as of January 1, 1999 will have on January 1, 1999. The number of customers eligible for the residential phase-in program shall increase by an additional 1¼% every quarter until January 1, 2001.~~

that provides an increasing minimum percentage of residential customers with access to competitive electric services according to the following schedule:

| | |
|---------------------------|-------------|
| <u>1. January 1, 1999</u> | <u>1 ¼%</u> |
| <u>April 1, 1999</u> | <u>2 ½%</u> |
| <u>July 1, 1999</u> | <u>3 ¾%</u> |
| <u>October 1, 1999</u> | <u>5%</u> |
| <u>January 1, 2000</u> | <u>6 ¼%</u> |
| <u>April 1, 2000</u> | <u>7 ½%</u> |
| <u>July 1, 2000</u> | <u>8 ¾%</u> |
| <u>October 1, 2000</u> | <u>10%</u> |

2. Access to the residential phase-in program will be on a first-come, first-served basis. The Affected Utility shall create and maintain a waiting list to manage the residential phase-in program.
3. Residential customers participating in the residential phase-in program shall be permitted to use load profiling to satisfy the requirements for hourly consumption data; however, they may choose other metering options offered by their Electric Service Provider consistent with the Commission's rules on Metering.
4. ~~Each~~If not already done, each Affected Utility shall file a residential phase-in program proposal to the Commission for approval by Director, Utilities Division by September 15, ~~1998, 1999~~. Interested parties will have until September 29,

~~1998,30, 1999,~~ to comment on any proposal. At a minimum, the residential phase-in program proposal will include specifics concerning the Affected Utility's proposed:

- a. Process for customer notification of residential phase-in program;
- b. Selection and tracking mechanism for customers based on first-come, first-served method;
- c. Customer notification process and other education and information services to be offered;
- d. Load Profiling methodology and actual load profiles, if available; and
- e. Method for calculation of reserved load.

5. ~~Each~~ After the commencement of competition pursuant to R14-2-1602, each Affected Utility shall file quarterly residential phase-in program reports within 45 days of the end of each quarter. The 1st such report shall be due within 45 days of the 1st quarter ending after the start of the phase-in of competition for that ~~March 31, 1999.~~ Affected Utility. The final report due under this rule shall be due within 45 days of the quarter ending December 31, 2002. As a minimum, these quarterly reports shall include:

- a. The number of customers and the load currently enrolled in residential phase-in program by Energy Service Provider;
- b. The number of customers currently on the waiting list;
- c. A description and examples of all customer education programs and other information services including the goals of the education program and a discussion of the effectiveness of the programs; and
- d. An overview of comments and survey results from participating residential customers.

C. Each Affected Utility shall file a report by ~~September 15, 1998,~~ November 1, 1999, detailing possible mechanisms to provide benefits, ~~such as~~ including rate reductions of 3%

- 5%, to all Standard Offer customers.

D. All customers shall be eligible to obtain competitive electric services no later than January 1, 2001, ~~at which time all customers shall be permitted to aggregate, including aggregation across service territories.~~

E. ~~Subject to the minimum 20% limitation described in subsection (A) of this Section, all customers who produce or purchase at least 10% of their annual electricity consumption from photovoltaic or solar thermal electric resources installed in Arizona after January 1, 1997 shall be selected for participation in the competitive market if those customers apply for participation in the competitive market.~~

~~F. E.~~ Retail consumers served under existing contracts are eligible to participate in the competitive market prior to expiration of the existing contract only if the Affected Utility and the consumer agree that the retail consumer may participate in the competitive market.

~~G.~~ ~~A Load Serving Entity may, beginning January 1, 1999, 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 January 1, 1999 must be approved by the Commission.~~

~~H. F.~~ Schedule Modifications for Cooperatives

1. An electric cooperative may request that the Commission modify the schedule described in R14-2-1604(A) through R14-2-1604(E) so as to preserve the tax exempt status of the cooperative or to allow time to modify contractual arrangements pertaining to delivery of power supplies and associated loans.
2. As part of the request, the cooperative shall propose methods to enhance consumer choice among generation resources.
3. The Commission shall consider whether the benefits of modifying the schedule exceed the costs of modifying the schedule.

R14-2-1605. Competitive Services

Competitive Services shall require a Certificate of Convenience and Necessity and a tariff as described in R14-2-1603. A properly certificated Electric Service Provider may offer ~~any of the following services~~ Competitive Services under bilateral or multilateral contracts with retail consumers:

- A. ~~Generation of electricity from generators at any location whether owned by the Electric Service Provider or purchased from another generator or wholesaler of electric generation.~~
- B. ~~Any service described in R14-2-1606, except Noncompetitive services as defined by R14-2-1601.29 or Noncompetitive services as defined by the Federal Energy Regulatory Commission. Billing and collection services, information services, and self-aggregation services do not require a Certificate of Convenience and Necessity. Aggregation of retail electric customers into a purchasing group is considered to be a competitive service.~~

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

- A. ~~Each~~ On the date its service area is open to competition pursuant to R14-2-1602, each Affected Utility or Utility Distribution Company shall make available to all consumers 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 Service and Noncompetitive Services at regulated rates. After January 1, 2001, Standard Offer ~~service~~ Service and Noncompetitive Services shall be provided by Utility Distribution Companies who shall also act as Providers of Last Resort.
- B. After January 1, 2001, power purchased by a Utility Distribution Company to ~~serve~~ provide Standard Offer customers, ~~except purchases made through spot markets,~~ Service shall be acquired through ~~competitive bid.~~ Any ~~resulting contract in excess of 12 months shall contain provisions allowing the Utility Distribution Company to the open market.~~ rate ~~hed~~ down its power purchases. A Utility Distribution Company may request that the Commission modify any provision of this subsection for good cause.

C. Standard Offer Tariffs

1. By the date indicated in R14-2-1602, each Affected Utility ~~may~~shall file proposed tariffs to provide Standard Offer ~~Bundled Service and such~~Service. Such rates shall not become effective until approved by the Commission. ~~If no such tariffs are filed, rates and services in existence as of the date in R14-2-1602 shall constitute the Standard Offer.~~ Standard Offer tariffs shall include the billing cost elements required by R14-2-1612(N).
2. Affected Utilities and Utility Distribution Companies may file proposed revisions to such rates. ~~It is the expectation of the Commission that the rates for Standard Offer service will not increase, relative to existing rates, as a result of allowing competition.~~ Any rate increase proposed by an Affected Utility or Utility Distribution Company for Standard Offer service ~~Service~~ must be fully justified through a rate case proceeding, which may be expedited at the discretion of the Utilities Division Director.
3. Such rates shall reflect the costs of providing the service.
4. Consumers receiving Standard Offer ~~service~~Service are eligible for potential future rate reductions ~~authorized by the Commission, such as reductions authorized in Decision No. 59601.~~ as authorized by the Commission.
5. After January 1, 2001, tariffs for Standard Offer Service shall not include any special discounts or contracts with term, or any tariff which prevents the customer from accessing a competitive option.

- D. ~~By the date indicated in R14-2-1602, March 19, 1999,~~ each Affected Utility or Utility Distribution Company shall file an Unbundled Service tariffs which shall include a Noncompetitive Services tariff. ~~to provide the services listed below to the extent allowed by these rules to all eligible purchasers on a nondiscriminatory basis. Other entities seeking to provide any of these services must also file tariffs consistent with these rules:~~

~~1. Distribution Service;~~

~~2. Metering and Meter Reading Services;~~

~~3. Billing and collection services;~~

~~4. Open access transmission service (as approved by the Federal Energy Regulatory Commission, if applicable);~~

~~5. Ancillary services in accordance with Federal Energy Regulatory Commission Order 888 (III FERC Stats. & Regs. paragraph 31,036, 1996) incorporated herein by reference;~~

~~6. Information services such as provision of customer information to other Electric Service Providers;~~

~~7. Other ancillary services necessary for safe and reliable system operation.~~

By March 19, 1999, each Affected Utility or Utility Distribution Company shall file an Unbundled Service tariff which shall include a Noncompetitive Services tariff.

E. To manage its risks, an Affected Utility or Electric Service Provider may include in its tariffs deposit requirements and advance payment requirements for Unbundled Services.

F. The Affected Utilities and Utility Distribution Companies must provide transmission, distribution and ancillary services according to the following guidelines:

1. Services must be provided consistent with applicable tariffs filed in accordance with the Federal Energy Regulatory Commission Orders 888 and 889.

2. Unless otherwise required by federal regulation, Affected Utilities and Utility Distribution Companies must accept power and energy delivered to their transmission systems by others and offer transmission and related services comparable to services they provide to themselves.

G. Customer Data

1. Upon written authorization by the customer, a Load-Serving Entity shall release in a timely and useful manner that customer's demand and energy data for the most recent 12-month period to a customer-specified properly certificated Electric Service Provider.

2. The Electric Service Provider requesting such customer data shall provide an accurate account number for the customer.
3. The form of data shall be mutually agreed upon by the parties and such data shall not be unreasonably withheld.
4. Load-Serving Entities may charge their tariffed rate for actual provision of customer demand and energy data to that customer only upon that customer's second such request to that Load-Serving Entity within any twelve month period, and for each subsequent request within that twelve month period.
- 4.5. Utility Distribution Companies shall be allowed access to the Meter Reading Service Provider server for customers served by the Utility Distribution Company's distribution system.

H. Rates for Unbundled Services

1. The Commission shall review and approve rates for ~~services listed in R14-2-1606(D) and requirements listed in R14-2-1606(E), where it has~~Competitive Services and Noncompetitive Services subject to Commission jurisdiction, before such services can be offered.
2. Such rates shall reflect the costs of providing the services.
3. Such rates may be downwardly flexible if approved by the Commission.

- I. Electric Service Providers offering ~~services under this R14-2-1606~~Competitive Services 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

- A. The Affected Utilities shall take every reasonable, cost-effective measure to mitigate or offset Stranded Cost by ~~means such as~~reducing costs, expanding wholesale or retail markets, or offering a wider scope of permitted regulated utility services for profit, among others.

- B. The Commission shall allow a reasonable opportunity for recovery of unmitigated Stranded Cost by Affected Utilities.
- C. The Affected Utilities shall file estimates of unmitigated Stranded Cost. Such estimates shall be fully supported by analyses and by records of market transactions undertaken by willing buyers and willing sellers.
- D. An Affected Utility shall request Commission approval, on or before ~~August 21, 1998~~, March 19, 1999, 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 Cost. The filing may include a discounted stranded cost exit methodology that a consumer may choose to use to determine an amount due the Affected Utility rates from the Affected Utility as a direct result of the competition governed by this Article.~~ in lieu of making monthly distribution charge or other payments.
- E. The Commission shall, after hearing and consideration of analyses and recommendations presented by the Affected Utilities, staff, and intervenors, determine for each Affected Utility the magnitude of Stranded Cost, and appropriate Stranded Cost recovery mechanisms and charges. In making its determination of mechanisms and charges, the Commission shall consider at least the following factors:
1. The impact of Stranded Cost recovery on the effectiveness of competition;
 2. The impact of Stranded Cost recovery on customers of the Affected Utility who do not participate in the competitive market;
 3. The impact, if any, on the Affected Utility's ability to meet debt obligations;
 4. The impact of Stranded Cost recovery on prices paid by consumers who participate in the competitive market;
 5. The degree to which the Affected Utility has mitigated or offset Stranded Cost;
 6. The degree to which some assets have values in excess of their book values;
 7. Appropriate treatment of negative Stranded Cost;

8. The time period over which such Stranded Cost charges may be recovered. The Commission shall limit the application of such charges to a specified time period;
- ~~9. The ease of determining the amount of Stranded Cost;~~
- ~~10.9. The applicability of Stranded Cost to interruptible;~~
- ~~11. The amount of electricity generated by renewable generating resources owned by the Affected Utility.~~
- F. A Competitive Transition Charge (CTC) may be assessed ~~only on customer purchases made in the competitive market using the provisions of this Article on all customers continuing to use the distribution system based on the amount of generation purchased from any supplier.~~ 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.
- G. Stranded Cost shall be recovered from customer classes in a manner consistent with the specific company's current tariffed rate treatment of the stranded asset, in order to effect a recovery of Stranded Cost that is in substantially the same proportion as the recovery of similar costs from customers or customer classes under current rates.
- ~~H. The Commission may order an Affected Utility to file estimates of Stranded Cost and mechanisms to recover or, if negative, to refund Stranded Cost.~~
- ~~I.H.~~ The Commission may after notice and hearing order regular revisions to estimates of the magnitude of Stranded Cost.
- ~~I.~~ The Commission may consider securitization as a financing method for recovery of Stranded Costs of the Affected Utility if the Commission finds that such method of financing will result in a lower cost alternative to customers.

R14-2-1608. System Benefits Charges

- A. ~~By the date indicated in R14 2 1602, each~~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'~~ Company's service area ~~who participate in the competitive market.~~ Affected Utilities or Utility Distribution Companies shall file for review of the Systems Benefits Charge at least every 3 years. The amount collected annually through the System Benefits charge shall be sufficient to fund the Affected Utilities' or Utility Distribution Companies' Commission-approved low income, consumer education, demand side management, ~~market transformation,~~ environmental, renewables, long-term public benefit research and development, and nuclear fuel disposal and nuclear power plant decommissioning programs ~~in effect~~ and other programs that may be approved by the Commission from time to time. ~~Now, the Commission will approve a solar water heater rebate program: \$200,000 to be allocated proportionally among the state's Utility Distribution Companies in 1999, \$400,000 in 2000, \$600,000 in 2001, \$800,000 in 2002, and \$1 million in 2003; the rebate will not be more than \$500 per system for Commission staff approved solar water heaters. After 2003, future Commissions may review this program for efficacy.~~

- B. Each Affected Utility or Utility Distribution Company shall provide adequate supporting documentation for its proposed rates for System Benefits.
- C. An Affected Utility or Utility Distribution Company shall recover the costs of System Benefits only upon hearing and approval by the Commission of the recovery charge and mechanism. The Commission may combine its review of System Benefits charges with its review of filings pursuant to R14-2-1606.

~~R14-2-1609. Solar Portfolio Standard~~

- A. ~~Starting on January 1, 1999, any Electric Service Provider selling electricity or aggregating customers for the purpose of selling electricity under the provisions of this Article must derive at least .2% of the total retail energy sold competitively from new solar energy resources, whether that solar energy is purchased or generated by the seller. Solar resources include photovoltaic resources and solar thermal resources that generate~~

electricity. New solar resources are those installed on or after January 1, 1997.

~~B. Starting January 1 of each year from 2000 through 2003, the solar resource requirement shall increase by .2% with the result that starting January 1, 2003, any Electric Service Provider selling electricity or aggregating customers for the purpose of selling electricity under the provisions of this Article must derive at least 1.0% of the total retail energy sold competitively from new solar energy resources. The 1.0% requirement shall be in effect from January 1, 2003 through December 31, 2012.~~

~~C. The solar portfolio requirement shall only apply to competitive retail electricity in the years 1999 and 2000 and shall apply to all retail electricity in the years 2001 and thereafter.~~

~~D. Electric Service Providers shall be eligible for a number of extra credit multipliers that may be used to meet the solar portfolio standard requirements:~~

~~1. Early Installation Extra Credit Multiplier: For new solar electric systems installed and operating prior to December 31, 2003, Electric Service Providers would qualify for multiple extra credits for kWh produced for 5 years following operational start up of the solar electric system. The 5 year extra credit would vary depending upon the year in which the system started up, as follows:~~

| YEAR | EXTRA CREDIT MULTIPLIER |
|-----------------|------------------------------------|
| 1997 | .5 |
| 1998 | .5 |
| 1999 | .5 |
| 2000 | .4 |
| 2001 | .3 |
| 2002 | .2 |
| 2003 | .1 |

~~The Early Installation Extra Credit Multiplier would end in 2003.~~

~~2. Solar Economic Development Extra Credit Multipliers: There are 2 equal parts to this multiplier, an in state installation credit and an in state content multiplier.~~

~~a. In State Power Plant Installation Extra Credit Multiplier: Solar electric power plants installed in Arizona shall receive a .5 extra credit multiplier.~~

~~b. In State Manufacturing and Installation Content Extra Credit Multiplier: Solar electric power plants shall receive up to a .5 extra credit multiplier related to the manufacturing and installation content that comes from Arizona. The percentage of Arizona content of the total installed plant cost shall be multiplied by .5 to determine the appropriate extra credit multiplier. So, for instance, if a solar installation included 80% Arizona content, the resulting extra credit multiplier would be .4 (which is .8 X .5).~~

~~3. Distributed Solar Electric Generator and Solar Incentive Program Extra Credit Multiplier: Any distributed solar electric generator that meets more than 1 of the eligibility conditions will be limited to only one .5 extra credit multiplier from this subsection. Appropriate meters will be attached to each solar electric generator and read at least once annually to verify solar performance.~~

~~a. Solar electric generators installed at or on the customer premises in Arizona. Eligible customer premises locations will include both grid connected and remote, non grid connected locations. In order for Electric Service Providers to claim an extra credit multiplier, the Electric Service Provider must have contributed at least 10% of the total installed cost or have financed at least 80% of the total installed cost.~~

~~b. Solar electric generators located in Arizona that are included in any Electric Service Provider's Green Pricing program.~~

~~c. Solar electric generators located in Arizona that are included in any Electric Service Provider's Net Metering or Net Billing program.~~

~~d. Solar electric generators located in Arizona that are included in any Electric Service Provider's solar leasing program.~~

~~e. All Green Pricing, Net Metering, Net Billing, and Solar Leasing programs must~~

~~have been reviewed and approved by the Director, Utilities Division in order for the Electric Service Provider to accrue extra credit multipliers from this subsection.~~

~~4. All multipliers are additive, allowing a maximum combined extra credit multiplier of 2.0 in years 1997-2003, for equipment installed and manufactured in Arizona and either installed at customer premises or participating in approved solar incentive programs. So, if an Electric Service Provider qualifies for a 2.0 extra credit multiplier and it produces 1 solar kWh, the Electric Service Provider would get credit for 3 solar kWh (1 produced plus 2 extra credit).~~

~~E. Electric Service Providers selling electricity under the provisions of this Article shall provide reports on sales and solar power as required in this Article, clearly demonstrating the output of solar resources, the installation date of solar resources, and the transmission of energy from those solar resources to Arizona consumers. The Commission may conduct necessary monitoring to ensure the accuracy of these data.~~

~~F. If an Electric Service Provider selling electricity under the provisions of this Article fails to meet the requirement in R14-2-1609(A) or (B) in any year, the Commission shall impose a penalty on that Electric Service Provider that the Electric Service Provider pay an amount equal to 30 per kWh to the Solar Electric Fund for deficiencies in the provision of solar electricity. This Solar Electric Fund will be established and utilized to purchase solar electric generators or solar electricity in the following calendar year for the use by public entities in Arizona such as schools, cities, counties, or state agencies. Title to any equipment purchased by the Solar Electric Fund will be transferred to the public entity. In addition, if the provision of solar energy is consistently deficient, the Commission may void an Electric Service Provider's contracts negotiated under this Article.~~

~~1. The Director, Utilities Division shall establish a Solar Electric Fund in 1999 to receive deficiency payments and finance solar electricity projects.~~

~~2. The Director, Utilities Division shall select an independent administrator for the~~

~~selection of projects to be financed by the Solar Electric Fund. A portion of the Solar Electric Fund shall be used for administration of the Fund and a designated portion of the Fund will be set aside for ongoing operation and maintenance of projects financed by the Fund.~~

~~G. Photovoltaic or solar thermal electric resources that are located on the consumer's premises shall count toward the solar portfolio standard applicable to the current Electric Service Provider serving that consumer.~~

~~H. Any solar electric generators installed by an Affected Utility to meet the solar portfolio standard shall be counted toward meeting renewable resource goals for Affected Utilities established in Decision No. 58643.~~

~~I. Any Electric Service Provider or independent solar electric generator that produces or purchases any solar kWh in excess of its annual portfolio requirements may save or bank those excess solar kWh for use or sale in future years. Any eligible solar kWh produced subject to this rule may be sold or traded to any Electric Service Provider that is subject to this rule. Appropriate documentation, subject to Commission review, shall be given to the purchasing entity and shall be referenced in the reports of the Electric Service Provider that is using the purchased kWh to meet its portfolio requirements.~~

~~J. Solar portfolio standard requirements shall be calculated on an annual basis, based upon electricity sold during the calendar year.~~

~~K. An Electric Service Provider shall be entitled to receive a partial credit against the solar portfolio requirement if the Electric Service Provider or its affiliate owns or makes a significant investment in any solar electric manufacturing plant that is located in Arizona. The credit will be equal to the amount of the nameplate capacity of the solar electric generators produced in Arizona and sold in a calendar year times 2,190 hours (approximating a 25% capacity factor).~~

~~1. The credit against the portfolio requirement shall be limited to the following percentages of the total portfolio requirement:~~

~~1999 ————— Maximum of 50 % of the portfolio requirement~~
~~2000 ————— Maximum of 50 % of the portfolio requirement~~
~~2001 ————— Maximum of 25 % of the portfolio requirement~~
~~2002 ————— Maximum of 25 % of the portfolio requirement~~
~~2003 and on — Maximum of 20 % of the portfolio requirement~~

~~2.No extra credit multipliers will be allowed for this credit. In order to avoid double-counting of the same equipment, solar electric generators that are used by other Electric Service Providers to meet their Arizona solar portfolio requirements will not be allowable for credits under this Section for the manufacturer/Electric Service Provider to meet its portfolio requirements.~~

~~L.The Director, Utilities Division shall develop appropriate safety, durability, reliability, and performance standards necessary for solar generating equipment to qualify for the solar portfolio standard. Standards requirements will apply only to facilities constructed or acquired after the standards are publicly issued.~~

~~R14-2-1610,R14-2-1609. 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 in accordance with FERC Orders 888 and 889.

B. Utility Distribution Companies shall retain the obligation to assure that adequate transmission import capability is available to meet the load requirements of all distribution customers within their service areas.

~~B.C.~~ The Commission supports the development of an Independent System Operator (ISO)

or, absent an Independent System Operator, an Arizona Independent Scheduling Administrator (AISA).

C.D. The Commission believes that an Independent Scheduling Administrator is necessary in order to provide non-discriminatory retail access and to facilitate a robust and efficient electricity market. Therefore, those Affected Utilities that own or operate Arizona transmission facilities shall form an Arizona Independent Scheduling Administrator which shall file with the Federal Energy Regulatory Commission by October 31, 1998 within 60 days of this Commission's adoption of final rules herein, for approval of an Independent Scheduling Administrator having the following characteristics:

1. The Arizona Independent Scheduling Administrator shall calculate Available Transmission Capacity (ATC) for Arizona transmission facilities that belong to the Affected Utilities or other Arizona Independent Scheduling Administrator participants, and shall develop and operate an overarching statewide OASIS.
2. The Arizona Independent Scheduling Administrator shall implement and oversee the non-discriminatory application of operating protocols to ensure statewide consistency for transmission access. These operating protocols shall include, but are not limited to, protocols for determining transmission system transfer capabilities, committed uses of the transmission system, available transfer capabilities, ~~and Must-Run Generating Units~~, energy scheduling, and energy imbalances.
3. The Arizona Independent Scheduling Administrator shall provide dispute resolution processes that enable market participants to expeditiously resolve claims of discriminatory treatment in the reservation, scheduling, use and curtailment of transmission services.
4. All requests (wholesale, Standard Offer retail, and competitive retail) for reservation and scheduling of the use of Arizona transmission facilities that belong to the Affected Utilities or other Arizona Independent Scheduling

Administrator participants shall be made to, or through, the Arizona Independent Scheduling Administrator using a single, standardized procedure.

5. The Arizona Independent Scheduling Administrator shall implement a transmission planning process that includes all Arizona Independent Scheduling Administrator participants and aids in identifying the timing and key characteristics of required reinforcements to Arizona transmission facilities to assure that the future load requirements of all participants will be met.

~~D.E.~~ The Affected Utilities that own or operate Arizona transmission facilities shall file a proposed Arizona Independent Scheduling Administrator implementation plan with the Commission ~~by September 1, 1998~~ within thirty days of the Commission's adoption of final rules herein. The implementation plan shall address Arizona Independent Scheduling Administrator governance, incorporation, financing and staffing; the acquisition of physical facilities and staff by the Arizona Independent Scheduling Administrator; the schedule for the phased development of Arizona Independent Scheduling Administrator functionality; contingency plans to ensure that critical functionality is in place ~~by January 1, 1999~~ no later than three months following adoption of final rules herein by the Commission; and any other significant issues related to the timely and successful implementation of the Arizona Independent Scheduling Administrator.

~~E.F.~~ Each of the Affected Utilities shall make good faith efforts to develop a regional, multi-state Independent System Operator, to which the Arizona Independent Scheduling Administrator should transfer its relevant assets and functions as the Independent System Operator becomes able to carry out those functions.

~~F.G.~~ It is the intent of the Commission that prudently-incurred costs incurred by the Affected Utilities in the establishment and operation of the Arizona Independent Scheduling Administrator, and subsequently the Independent System Operator, should be recovered from customers using the transmission system, including the Affected Utilities' wholesale

customers, Standard Offer retail customers, and competitive retail customers on a non-discriminatory basis through Federal Energy Regulatory Commission-regulated prices. Proposed rates for the recovery of such costs shall be filed with the Federal Energy Regulatory Commission and ~~the~~ this Commission. In the event that the Federal Energy Regulatory Commission does not permit recovery of prudently incurred Independent Scheduling Administrator costs within 90 days of the date of making an application with the Federal Energy Regulatory Commission, the Commission may authorize Affected Utilities to recover such costs through a distribution surcharge.

G.H. The Commission supports the use of "Scheduling Coordinators" to provide aggregation of customers' schedules to the Independent Scheduling Administrator and the respective Control Area Operators simultaneously until the implementation of a regional Independent System Operator, at which time the schedules will be submitted to the Independent System Operator. The primary duties of Scheduling Coordinators are to:

1. Forecast their customers' load requirements;
2. Submit balanced schedules (that is, schedules for which total generation is equal to total load of the Scheduling Coordinator's customers plus appropriate transmission and distribution line losses) and North American Electric Reliability Council/Western Systems Coordinating Council tags;
3. Arrange for the acquisition of the necessary transmission and ancillary services;
4. Respond to contingencies and curtailments as directed by the Control Area Operators, Arizona Independent Scheduling Administrator or Independent System Operator;
5. Actively participate in the schedule checkout process and the settlement processes of the Control Area Operators, Arizona Independent Scheduling Administrator or Independent System Operator.

H.I. The Affected Utilities and Utility Distribution Companies shall provide services from the Must-Run Generating Units to Standard Offer retail customers and competitive retail

customers on a comparable, non-discriminatory basis at regulated prices. The Affected Utilities shall specify the obligations of the Must-Run Generating Units in appropriate sales contracts prior to any divestiture. Under auspices of the ~~Electric System Reliability and Safety Working Group~~ Arizona Independent Scheduling Coordinator, the Affected Utilities and other stakeholders shall develop statewide protocols for pricing and availability of services from Must-Run Generating Units with input from other stakeholders. These protocols shall be presented to the Commission for review and filed with the Federal Energy Regulatory Commission, ~~if necessary, by October 31, 1998~~ in conjunction with the Arizona Independent Schedule Administrator tariff filing.

- J. The Affected Utilities and other stakeholders, under the auspices of the Arizona Independent Scheduling Administrator, shall identify statewide services to be settled on and develop fair and reasonable pricing mechanisms to assure a consistent and fair settlement process.

~~R14-2-1611~~, R14-2-1610. **In-state Reciprocity**

- A. The service territories of Arizona electric utilities which are not Affected Utilities shall not be open to competition under the provisions of this Article, nor shall Arizona electric utilities which are not Affected Utilities be able to compete for sales in the service territories of the Affected Utilities.
- B. An Arizona electric utility, subject to the jurisdiction of the Commission, which is not an Affected Utility may voluntarily participate under the provisions of this Article if it makes its service territory available for competing sellers, if it agrees to all of the requirements of this Article, and if it obtains an appropriate Certificate of Convenience and Necessity.
- C. An Arizona electric utility, not subject to the jurisdiction of the Commission, may submit a statement to the Commission that it voluntarily opens its service territory for competing sellers in a manner similar to the provisions of this Article. Such statement shall be accompanied by the electric utility's nondiscriminatory Standard Offer Tariff, electric

supply tariffs, Unbundled Services rates, Stranded Cost charges, System Benefits charges, Distribution Services charges and any other applicable tariffs and policies for services the electric utility offers, for which these rules otherwise require compliance by Affected Utilities or Electric Service Providers. Such filings shall serve as authorization for such electric utility to utilize the Commission's Rules of Practice and Procedure and other applicable rules concerning any complaint that an Affected Utility or Electric Service Provider is violating any provision of this Article or is otherwise discriminating against the filing electric utility or failing to provide just and reasonable rates in tariffs filed under this Article.

- D. If an electric utility is an Arizona political subdivision or municipal corporation, then the existing service territory of such electric utility shall be deemed open to competition if the political subdivision or municipality has entered into an intergovernmental agreement with the Commission that establishes nondiscriminatory terms and conditions for Distribution Services and other Unbundled Services, provides a procedure for complaints arising therefrom, and provides for reciprocity with Affected Utilities or their affiliates. The Commission shall conduct a hearing to consider any such intergovernmental agreement.
- 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 electric 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.

~~R14-2-1612, R14-2-1611.~~ **Rates**

- A. Market determined rates for ~~competitively provided services~~ Competitive Services, as defined in ~~R14-2-1605 shall be deemed~~ R14-2-1601, shall be presumed to be just and reasonable.

- B. Each Electric Service Provider selling services under this Article shall have on file with the Commission tariffs describing such services and maximum rates for those services, but the services may not be provided until the Commission has approved the tariffs.
- C. Prior to ~~the date indicated in R14-2-1604(D)~~, January 1, 2001, competitively negotiated contracts governed by this Article customized to individual customers which comply with approved tariffs do not require further Commission approval. However, all such contracts whose term is 1 year or more and for service of 1 MW or more must be filed with the Director, Utilities Division as soon as practicable. If a contract does not comply with the provisions of ~~this Article and the Affected Utility's or Electric Service Provider's~~ the Load Serving Entity's approved tariffs, it shall not become effective without a Commission order. ~~Such~~ The terms of such contracts shall be kept confidential by the Commission.
- D. Contracts entered into on or after ~~the date indicated in R14-2-1604(D)~~ January 1, 2001 which comply with approved tariffs need not be filed with the Director, Utilities Division. If a contract does not comply with the provisions of ~~this Article and the Affected Utility's or the Electric Service Provider's~~ the Load Serving Entity's approved tariffs it shall not become effective without a Commission order.
- E. An Electric Service Provider holding a Certificate pursuant to this Article may price its ~~competitive services, as defined in R14-2-1605~~, Competitive Services at or below the maximum rates specified in its filed tariff, provided that the price is not less than the marginal cost of providing the service.
- F. Requests for changes in maximum rates or changes in terms and conditions of previously approved tariffs may be filed. Such changes shall become effective only upon Commission approval.

~~R14-2-1613~~, R14-2-1612. **Service Quality, Consumer Protection, Safety, and Billing Requirements**

- A. Except as indicated elsewhere in this Article, R14-2-201 through R14-2-212, inclusive,

are adopted in this Article by reference. However, where the term "utility" is used in R14-2-201 through R14-2-212, the term "utility" shall pertain to Electric Service Providers providing the services described in each paragraph of R14-2-201 through R14-2-212. R14-2-203(E) and R14-2-212(H) shall pertain only to Utility Distribution Companies.

B. The following shall not apply to this Article:

1. R14-2-202 in its entirety,
2. R14-2-206 in its entirety,
3. R14-2-207 in its entirety,
4. R14-2-212 (F)(1),
5. R14-2-213,
6. R14-2-208(E) and (F).

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") provider without such written authorization, the new provider shall cause service 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 Utility Distribution Company has the right to review or audit written authorizations to assure a customer switch was properly authorized. A written authorization that is obtained by deceit or deceptive practices shall not be deemed a valid written authorization. Electric Service Providers shall submit reports within 30 days of the end of each calendar quarter 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 unauthorized changes of providers may result in penalties, or suspension or revocation of the provider's certificate.

- D. A residential customer ~~with an annual load of 100,000 kWh or less~~ may rescind its authorization to change providers of any service authorized in this Article within 3 business days, without penalty, by providing written notice to the provider.
- E. Each Electric Service Provider providing service governed by this Article shall be responsible for meeting applicable reliability standards and shall work cooperatively with other companies with whom it has interconnections, directly or indirectly, to ensure safe, reliable electric service. Utility Distribution Companies shall make reasonable efforts to notify customers of scheduled outages, and also provide notification to the Commission.
- F. Each Electric Service Provider shall provide at least 45 days notice to all of its affected consumers of its intent to cease providing generation, transmission, distribution, or ancillary services necessitating that the consumer obtain service from another supplier of generation, transmission, distribution, or ancillary services.
- G. All Electric Service Providers rendering service under this Article shall submit accident reports as required in R14-2-101.
- H. An Electric Service Provider providing firm electric service governed by this Article shall make reasonable efforts to reestablish service within the shortest possible time when service interruptions occur and shall work cooperatively with other companies to ensure timely restoration of service where facilities are not under the control of the Electric Service Provider.
- I. Electric Service Providers shall give at least 5 days notice to their customer and to the appropriate Utility Distribution Company of scheduled return to ~~the~~ Standard Offer Service, but that return of that customer to ~~the~~ Standard Offer Service would be at the next regular billing cycle if appropriate metering equipment is in place, and the request is processed 15 calendar days prior to the next regular read date. Responsibility for charges incurred between the notice and the next scheduled read date shall rest with the Electric Service Provider.
- J. Each Electric Service Provider shall ensure that bills rendered on its behalf include its

address and toll free telephone numbers for billing, service, and safety inquiries. The bill must also include the address and toll free telephone numbers for the Phoenix and Tucson Consumer Service Sections of the Arizona Corporation Commission Utilities Division. Each Electric Service Provider shall ensure that billing and collections services rendered on its behalf comply with ~~R14-2-1613(A)~~ R14-2-1612(A).

K. Additional Provisions for Metering and Meter Reading Services

1. An Electric Service Provider who provides Metering or Meter Reading Service pertaining to a particular consumer shall provide access using EDI formats to meter reading data to other Electric Service Providers serving that same consumer when authorized by the consumer.
2. Any person or entity relying on metering information provided by another Electric Service Provider may request a meter test according to the tariff on file and approved by the Commission. However, if the meter is found to be in error by more than 3%, no meter testing fee will be charged.
3. Each competitive customer shall be assigned a Universal Node Identifier for each service delivery point by the Affected Utility or the Utility Distribution Company whose distribution system serves the customer.
4. ~~All~~ Unless the Commission grants a specific waiver, all competitive metered and billing data shall be translated into consistent, statewide Electronic Data Interchange (EDI) formats based on standards approved by the Utility Industry Group (UIG) that can be used by the Affected Utility or the Utility Distribution Company and the Electric Service Provider.
5. ~~An~~ Unless the Commission grants a specific waiver, an Electronic Data Interchange Format shall be used for all data exchange transactions from the Meter Reading Service Provider to the Electric Service Provider, Utility Distribution Company, and Schedule Coordinator. This data will be transferred via the Internet using a secure sockets layer or other secure electronic media.

6. Minimum metering requirements for competitive customers over 20 kW, or 100,000 kWh annually, should consist of hourly consumption measurement meters or meter systems. Predictable loads such as streetlights will be permitted to use load profiles to satisfy the requirements for hourly consumption data. The Affected Utility or Electric Service Provider will make the determination if a load is predictable.
7. Competitive customers with hourly loads of 20 kW (or 100,000 kWh annually) or less, will be permitted to use Load Profiling to satisfy the requirements for hourly consumption data; however, they may choose other metering options offered by their Electric Service Provider consistent with the Commission rules on Metering.
8. Metering equipment ownership will be limited to the Affected Utility, Utility Distribution Company, and the Electric Service Provider or their representative, or the customer, who ~~obtains the meter from~~ must obtain the metering equipment through the Affected Utility, ~~or~~ Utility Distribution Company or an Electric Service Provider.
9. Maintenance and servicing of the metering equipment will be limited to the Affected Utility, Utility Distribution Company and the Electric Service Provider or their representative.
10. Distribution primary voltage Current Transformers and Potential Transformers may be owned by the Affected Utility, Utility Distribution Company or the Electric Service Provider or their representative.
11. Transmission primary voltage Current Transformers and Potential Transformers may be owned by the Affected Utility or Utility Distribution Company only.
12. North American Electric Reliability Council recognized holidays will be used in calculating "working days" for meter data timeliness requirements.
13. The operating procedures approved by the Director, Utilities Division will be used by the Utility Distribution Companies and the Meter Service Providers for

performing work on primary metered customers.

14. The ~~rules~~operating procedures approved by the Director, Utilities Division will be used by the Meter Reading Service Provider for validating, editing, and estimating metering data.
15. The performance metering specifications and standards approved by the Director, Utilities Division will be used by all entities performing Metering.

~~L.~~ Working Group on System Reliability and Safety

1. ~~The Commission shall establish, by separate order, a working group to monitor and review system reliability and safety.~~
 - a. ~~The working group may establish technical advisory panels to assist it.~~
 - b. ~~Members of the working group shall include representatives of staff, consumers, the Residential Utility Consumer Office, utilities, other Electric Service Providers and organizations promoting energy efficiency. In addition, the Executive and Legislative Branches shall be invited to send representatives to be members of the working group.~~
 - c. ~~The working group shall be coordinated by the Director, Utilities Division of the Commission or by the Director's designee.~~
2. ~~All Electric Service Providers governed by this Article shall cooperate and participate in any investigation conducted by the working group, including provision of data reasonably related to system reliability or safety.~~
3. ~~The working group shall report to the Commission on system reliability and safety regularly, and shall make recommendations to the Commission regarding improvements to reliability or safety.~~

~~M.L.~~ Electric Service Providers shall comply with applicable reliability standards and practices established by the Western Systems Coordinating Council and the North American Electric Reliability Council or successor organizations.

~~N.M.~~ Electric Service Providers shall provide notification and informational materials to

consumers about competition and consumer choices, such as a standardized description of services, as ordered by the Commission.

~~O.N. Unbundled~~ Billing Elements. ~~All customer bills after January 1, 1999~~ After the commencement of competition within a service territory pursuant to R14-2-1602, all customer bills, including bills for Standard Offer, for customers within that service territory, will list, at a minimum, the following billing cost elements:

1. Electricity Costs:
 - a. Generation,
 - b. Competition Transition Charge, ~~and~~
 - c. Fuel or purchased power adjustor, if applicable, and
 - d. Must-Run Generation Units charge
2. Delivery costs:
 - a. Distribution services,
 - b. Transmission services, and
 - c. Ancillary services
3. Other Costs:
 - a. Metering Service,
 - b. Meter Reading Service,
 - c. Billing and collection, and
 - d. System Benefits charge

~~P.O.~~ The operating procedures approved by the Director, Utilities Division will be used for Direct Access Service Requests as well as other billing and collection transactions.

~~R14-2-1614, R14-2-1613.~~ **Reporting Requirements**

A. Reports covering the following items, as applicable, shall be submitted to the Director, Utilities Division by Affected Utilities or Utility Distribution Companies and all Electric Service Providers granted a Certificate of Convenience and Necessity pursuant to this Article. These reports shall include the following information pertaining to competitive

service offerings, Unbundled Services, and Standard Offer Service in Arizona:

1. Type of services offered;
2. kW and kWh sales to consumers, disaggregated by customer class (for example, residential, commercial, industrial);
- ~~3. Solar energy sales (kWh) and sources for grid connected solar resources; kW capacity for off-grid solar resources;~~
- ~~4.3.~~ Revenues from sales by customer class (for example, residential, commercial, industrial);
- ~~5.4.~~ Number of retail customers disaggregated as follows: residential, commercial under 40 kW, commercial 41 to 999 kW, commercial 1000 kW or more, industrial less than 1000 kW, industrial 1000 kW or more, agricultural (if not included in commercial), and other;
- ~~6.5.~~ Retail kWh sales and revenues disaggregated by term of the contract (less than 1 year, 1 to 4 years, longer than 4 years), and by type of service (for example, firm, interruptible, other);
- ~~7.6.~~ Amount of and revenues from each ~~service provided under R14-2-1605~~type of Competitive Service, and, if applicable, ~~R14-2-1606~~each type of Noncompetitive Service provided;
- ~~8.7.~~ Value of all assets used to serve Arizona customers and accumulated depreciation;
- ~~9.8.~~ Tabulation of Arizona electric generation plants owned by the Electric Service Provider broken down by generation technology, fuel type, and generation capacity;
- ~~10.9.~~ The number of customers aggregated and the amount of aggregated load;
- ~~11.10.~~ Other data requested by staff or the Commission;
- ~~12. In addition, prior to the date indicated in R14-2-1604(D), Affected Utilities shall provide data demonstrating compliance with the requirements of R14-2-1604.~~

B. Reporting Schedule

1. For the period through December 31, 2003, semi-annual reports shall be due on April 15 (covering the previous period of July through December) and October 15 (covering the previous period of January through June). The 1st such report shall cover the period January 1 through June 30, 1999.
2. For the period after December 31, 2003, annual reports shall be due on April 15 (covering the previous period of January through December). The 1st such report shall cover the period January 1 through December 31, 2004.

C. The information listed above may, at the provider's option, be provided on a confidential basis. However, staff or the Commission may issue reports with aggregate statistics based on confidential information that do not disclose data pertaining to a particular seller or purchases by a particular buyer.

D. Any Electric Service Provider governed by this Article which fails to file the above data in a timely manner may be subject to a penalty imposed by the Commission or may have its Certificate rescinded by the Commission.

E. Any Electric Service Provider holding a Certificate pursuant to this Article shall report to the Director of the Utilities Division the discontinuation of any competitive tariff as soon as practicable after the decision to discontinue offering service is made.

F. In addition to the above reporting requirements, Electric Service Providers governed by this Article shall participate in Commission workshops or other forums whose purpose is to evaluate competition or assess market issues.

G. Reports filed under the provisions of this section shall be submitted in written format and in electronic format. Electric Service Providers shall coordinate with the Commission staff on formats.

~~R14-2-1615~~, R14-2-1614. **Administrative Requirements**

A. Any Electric Service Provider certificated under this Article may file proposed additional tariffs for ~~services~~ Competitive Services at any time which include a description of the

service, maximum rates, terms and conditions. ~~The proposed new service may not be provided until the Commission has approved the tariff.~~

- B. Contracts filed pursuant to this Article shall not be open to public inspection or made public except on order of the Commission, or by the Commission or a Commissioner in the course of a hearing or proceeding.
- C. The Commission may consider variations or exemptions from the terms or requirements of any of the rules in this Article upon the application of an affected party. The application must set forth the reasons why the public interest will be served by the variation or exemption from the Commission rules and regulations. Any variation or exemption granted shall require an order of the Commission. Where a conflict exists between these rules and an approved tariff or order of the Commission, the provisions of the approved tariff or order of the Commission shall apply.
- D. The Commission may develop procedures for resolving disputes regarding implementation of retail electric competition.
- E. Prior to October 1, 1999, the Director of the Commission's Utilities Division shall implement a Consumer Education Program as approved by the Commission.

~~R14-2-1616~~, R14-2-1615. Separation of Monopoly and Competitive Services

- A. All competitive generation assets and competitive services shall be separated from an Affected Utility prior to January 1, 2001. Such separation shall either be to an unaffiliated party or to a separate corporate affiliate or affiliates. ~~If an Affected Utility chooses to transfer its competitive generation assets or competitive services to a competitive electric affiliate, such transfer shall be at a value determined by the Commission to be fair and reasonable.~~
- B. Beginning After January 1, ~~1999~~, 2001, an Affected Utility or Utility Distribution Company shall not provide Competitive Services as defined in R14-2-1601. ~~competitive services as defined herein, except as otherwise authorized by these rules or by the Commission. However, this rule does not preclude an Affected Utility's or Utility~~

~~Distribution Company's affiliate from providing competitive services. Nor does this rule preclude an Affected Utility or Utility Distribution Company from billing its own customers for distribution service, or from providing billing services to Electric Service Providers in conjunction with its own billing or from providing meters for Load Profiled residential customers. Nor does this rule require an Affected Utility or Utility Distribution Company to separate such assets or services utilized in these circumstances. Affected Utilities and Utility Distribution Companies shall provide, if requested by an Electric Service Provider or customer, metering, meter reading, billing, and collection services within their service territories at tariffed rates to customers that do not have access to these services during the years 1999 and 2000, subject to the following limitations. The Affected Utilities and Utility Distribution Companies shall be allowed to continue to provide metering and meter reading services to competitive customers within their service territories at tariffed rates until such time as 2 or more competitive Electric Service Providers are offering such services to a particular customer class. When 2 competitive Electric Service Providers are providing such services to a particular customer class, the Affected Utilities and Utility Distribution Companies will no longer be allowed to offer the service to new competitive customers in that customer class, but may continue to offer the service through December 31, 2000, to the existing competitive customers signed up prior to the commencement of service by the 2 competitive Electric Service Providers.~~

- C. An Electric Distribution Cooperative is not subject to the provisions of ~~R14-2-1616~~R14-2-1615 ~~except if unless~~ it offers competitive electric services outside of the service territory it had as of the effective date of these rules. A Generation Cooperative shall be subject to the same limitations that its member Distribution Cooperatives are subject to.
- D. ~~To meet the solar portfolio requirement in R14-2-1609, the Utility Distribution Company may purchase, install, and operate the solar electric systems or contract with an affiliate to meet the solar portfolio requirement.~~

~~R14-2-1617.~~ R14-2-1616. Affiliate Transactions

A. Separation

An Affected Utility or Utility Distribution Company and its affiliates shall operate as separate corporate entities. For the purposes of this Rule, Utility Distribution Company also includes any affiliate of an Electric Service Provider that would be deemed a Utility Distribution Company if operating in Arizona and subject to the Commission's jurisdiction. 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 Electric Service Provider that is an affiliate of an Affected Utility or Utility Distribution Company shall be open for examination by the Commission and its staff consistent with the provisions set forth in ~~R14-2-1614~~R14-2-1613. All proprietary information shall remain confidential.

1. Without full compensation in accordance with subsection (A)(7) ~~An Affected Utility or~~ an Utility Distribution Company shall not share office space, equipment, services, and systems with its competitive electric affiliates, nor access any computer or information systems of one another, except to the extent appropriate to perform shared corporate support functions permitted under subsection (A)(2). ~~An Affected Utility or Utility Distribution Company shall not share office space equipment, services, and systems with its other affiliates without full compensation in accordance with subsection (A)(7).~~
2. ~~An Affected Utility or~~ Utility Distribution Company, its parent holding company, or a separate affiliate created solely for the purpose of corporate support functions, may share with its affiliates joint corporate oversight, governance, support systems and personnel. Any shared support shall be priced, reported and conducted in accordance with all applicable Commission pricing and reporting requirements. ~~An Affected Utility or~~ Utility Distribution Company shall not use shared corporate support functions as a means to transfer confidential

information, allow preferential treatment, or create significant opportunities for cross-subsidization of its competitive electric affiliates, and shall provide mechanisms and safeguards against such activity in its compliance plan.

3. A competitive electric affiliate of an ~~Affected Utility or~~ Utility Distribution Company shall not trade, promote, or advertise its affiliation with the ~~Affected Utility or~~ Utility Distribution Company, nor use or make use of the ~~Affected Utility's~~ ~~Utility Distribution Company's~~ name or logo in any material circulated by the competitive electric affiliate, unless it discloses in plain legible or audible language, on the first page or at the first instance the ~~Affected Utility or~~ Utility Distribution Company name or logo appears, that:
 - a. The competitive electric affiliate is not the same company as the ~~Affected Utility or~~ Utility Distribution Company, and
 - b. Customers do not have to buy the competitive electric affiliate's product in order to continue to receive quality regulated services from the ~~Affected Utility or~~ Utility Distribution Company.
4. An ~~Affected Utility or~~ Utility Distribution Company shall not offer or provide to its competitive electric affiliates advertising space in any customer written communication with consumers unless it provides access to all other unaffiliated service providers on the same terms and conditions.
5. An ~~Affected Utility or~~ Utility Distribution Company shall not participate in joint advertising, marketing or sales with its competitive electric affiliates. Any joint communication and correspondence with an existing customer by an ~~Affected Utility or~~ Utility Distribution Company and its competitive electric affiliate shall be limited to consolidated billing, when applicable, and in accordance with these rules.
6. Except as provided in subsection A(2), an ~~Affected Utility or~~ Utility Distribution Company and its competitive electric affiliate shall not jointly employ the same

employees. This rule applies to Boards of Directors and corporate officers. However, any board member or corporate officer of a holding company may also serve in the same capacity with the ~~Affected Utility or~~ Utility Distribution Company, or its competitive electric affiliate, but not both. Where the Affected Utility is a multi-state utility, is not a member of a holding company structure, and assumes the corporate governance functions for its affiliates, the prohibition outlined in this section shall only apply to competitive electric affiliates that operate within Arizona.

7. Transfer of Goods and Services: To the extent that these rules do not prohibit transfer of goods and services between an ~~Affected Utility or~~ Utility Distribution Company and its competitive electric affiliates, all such transfers shall be subject to the following price provisions:

- a. Goods and services provided by an ~~Affected Utility or~~ Utility Distribution Company to ~~an~~ a competitive electric affiliate shall be transferred at the price and under the terms and conditions specified in its tariff. If the goods or service to be transferred is a non-tariffed item, the transfer price shall be the higher of fully allocated cost or the fair market price. ~~Transfers from an affiliate to its affiliated Utility Distribution Company shall be priced at the lower of fully allocated cost or fair market value. If market price cannot be easily determined by the Utility Distribution Company or if a good or service is not regularly offered to third parties (e.g., shared service), the transfer price should not be less than the fully allocated cost of the good or service.~~
- b. Goods and services produced, purchased or developed for sale on the open market by the ~~Affected Utility or~~ Utility Distribution Company will be provided to its competitive electric affiliates and unaffiliated companies on a nondiscriminatory basis, except as otherwise permitted by these rules

or applicable law.

8. No Cross-subsidization: A competitive electric affiliate of an ~~Affected Utility or Utility Distribution Company~~ shall not be subsidized by any rate or charge for any noncompetitive service ~~and shall not be provided access to confidential utility information.~~

B. Access to Information

~~As a general rule, an Affected Utility,~~ An Utility Distribution Company or Electric Service Provider shall provide customer specific information to its competitive electric affiliates and nonaffiliated Electric Service Providers on a non-discriminatory basis, provided prior affirmative customer written consent is obtained. Any non-customer specific non-public information concerning customers shall be made ~~contemporaneously~~ available by an ~~Affected Utility,~~ Utility Distribution Company or Electric Service Provider to its affiliates and all other ~~service providers~~ Electric Service Providers on the same terms and conditions.

C. An ~~Affected Utility or~~ Utility Distribution Company shall adhere to the following guidelines:

1. Any list of Electric Service Providers provided by an ~~Affected Utility or~~ Utility Distribution Company to its customers which includes or identifies the ~~Affected Utility's or~~ Utility Distribution Company's competitive electric affiliates must include or identify non-affiliated entities included on the list of those Electric Service Providers authorized by the Commission to provide service within the ~~Affected Utility's or~~ Utility Distribution Company's certificated area. The Commission shall maintain an updated list of such Electric Service Providers and make that list available to Affected Utilities or Utility Distribution Companies at no cost.
2. An ~~Affected Utility or~~ Utility Distribution Company may provide non-public

supplier information and data, which it has received from unaffiliated suppliers, to its competitive electric affiliates or nonaffiliated entities only if the ~~Affected Utility or~~ Utility Distribution Company receives prior authorization from the supplier.

3. Except as otherwise provided in these rules, an ~~Affected Utility or~~ Utility Distribution Company shall not offer or provide customers advice, which includes promoting, marketing or selling, about its competitive electric affiliates or other service providers. This does not prevent a Utility Distribution Company's employees from giving customers objective, factual, and publicly available information concerning Electric Service Providers.
4. An ~~Affected Utility or~~ Utility Distribution Company shall maintain contemporaneous records documenting all tariffed and nontariffed transactions with its affiliates, including but not limited to, all waivers of tariff or contract provisions and all discounts. These records shall be maintained for a period of 3 years, or longer if required by this Commission or another governmental agency.

D. Nondiscrimination

~~An Affected Utility, Utility Distribution Company, or their~~ its competitive electric affiliates shall not represent that, as a result of the affiliation, customers of such competitive electric affiliates will receive any treatment different from that provided to other, non-affiliated entities or their customers. ~~An Affected Utility, Utility Distribution Company, or their affiliates shall not provide their affiliates, or customers of their affiliates, any preference over non-affiliated suppliers or their customers in the provision of services. For example:~~

1. Except when made generally available by an ~~Affected Utility, Utility Distribution Company or their~~ its competitive electric affiliates, through an open competitive bidding process, if the ~~Affected Utility, Utility Distribution Company or their~~ its competitive electric affiliates offers a discount or waives all or any part of any

charge or fee for Noncompetitive Services to its competitive electric affiliates, or offers a discount or waiver for a transaction in which ~~their~~ its competitive electric are involved, the entity shall contemporaneously make such discount or waiver available to all.

2. If a tariff provision allows for discretion in its application, an ~~Affected Utility or~~ Utility Distribution Company shall apply that provision equally among its affiliates and all other market participants and their respective customers.
3. Requests from affiliates and non-affiliated entities and their customers for services provided by the ~~Affected Utility or~~ Utility Distribution Company shall be processed on a nondiscriminatory basis.
4. An ~~Affected Utility or~~ Utility Distribution Company shall not condition or otherwise tie the provision of any ~~service~~ Noncompetitive Services 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~~ Noncompetitive Services from its competitive electric affiliates.
5. In the course of business development and customer relations, except as otherwise provided in these rules, an ~~Affected Utility or~~ Utility Distribution Company shall refrain from:
 - a. Providing leads to its competitive electric affiliates;
 - b. Soliciting business on behalf of competitive electric affiliates;
 - c. Acquiring information on behalf of, or provide information to, its competitive electric affiliates;
 - d. Sharing market analysis reports or any non-publicly available reports, including but not limited to market, forecast, planning or strategic reports, with its affiliates.

E. Compliance Plans

No later than ~~December 31, 1998, each Affected Utility or~~ September 30, 1999, each

Utility Distribution Company shall file a compliance plan demonstrating the procedures and mechanisms implemented to ensure that activity prohibited by these rules will not take place. The compliance plan shall be submitted to the Director, Utilities Division and shall be in effect until a determination is made regarding its compliance under these rules. The compliance plan shall thereafter be submitted annually to reflect any material changes. An Affected Utility or Utility Distribution Company shall have a ~~performance~~compliance audit prepared by an independent auditor in the 1st quarter after the end of each calendar year to examine compliance with the rules set forth herein, starting no later than the calendar year ~~1999~~following the implementation of competition pursuant to R14-2-1602, and every year thereafter until December 31, 2002. Such audits shall be filed with the Director, Utilities Division. After December 31, 2002 the Director, Utilities Division may request a Utility Distribution Company to conduct such an audit.

F. Waivers

1. Any affected entity may petition the Commission for a waiver by filing a verified application for waiver setting forth with specificity the circumstances whereby the public interest justifies a waiver from all or part of the provisions of this rule.
2. The Commission may grant after public notice, such application upon a finding that a waiver is in the public interest.

~~R14-2-1618~~R14-2-1617. Disclosure of Information

~~A. There are efforts under the auspices of the Western Conference of Public Service Commissioners to develop a tracking mechanism as to the source of electrons. To facilitate customer choice, the Commission intends to participate in developing this tracking mechanism and a side by side comparison for retail customers on price, price variability, fuel mix, and emissions of electricity offered for sale in Arizona and the West. Until this is accomplished, R14-2-1618 is a placeholder.~~

~~B.A. Each Load Serving Entity~~Electric Service Provider providing generation services shall

prepare a consumer information label that sets forth the following information ~~for~~ ~~customers with a demand of less than 1 MW:~~ (to the extent reasonably known) for residential customers:

1. Price to be charged for generation services,
2. Price variability information,
3. Customer service information,
4. Composition of resource portfolio,
5. Fuel mix characteristics of the resource portfolio,
6. Emissions characteristics of the resource portfolio, and
7. Time period to which the reported information applies.

~~C.B.~~ The Director, Utilities Division shall develop the format and reporting requirements for the consumer information label to ensure that the information ~~required by subsection (A)~~ is appropriately and accurately reported and to ensure that customers can use the labels for comparisons among ~~Load-Serving Entities~~ Electric Service Providers. The format developed by the Director, Utilities Division shall be used by each ~~Load-Serving Entity~~ Electric Service Provider.

~~D.C.~~ Each ~~Load-Serving Entity~~ Electric Service Provider shall include the information disclosure label in a prominent position in all written marketing materials specifically targeted to Arizona. When a ~~Load-Serving Entity~~ an Electric Service Provider an Electric Service Provider advertises in non-print media, or in written materials not specifically targeted to Arizona, the marketing materials shall indicate that the ~~Load-Serving Entity~~ Electric Service Provider shall provide the consumer information label to the public upon request.

~~E.D.~~ Each ~~Load-Serving Entity~~ Electric Service Provider shall prepare an annual disclosure report that aggregates the resource portfolios of the Load-Serving Entity and its affiliates.

~~F.E.~~ Each ~~Load-Serving Entity~~ Electric Service Provider shall prepare a statement of its terms of service that sets forth the following information:

1. Actual pricing structure or rate design according to which the customer with a load of less than 1 MW will be billed, including an explanation of price variability and price level adjustments that may cause the price to vary;
1. Length and description of the applicable contract and provisions and conditions for early termination by either party;
3. Due date of bills and consequences of late payment;
4. Conditions under which a credit agency is contacted;
5. Deposit requirements and interest on deposits;
6. Limits on warranties and damages;
7. All charges, fees, and penalties;
8. Information on consumer rights pertaining to estimated bills, 3rd party billing, deferred payments, ~~recession~~ and rescission of supplier switches within 3 days of receipt of confirmation;
9. A toll-free telephone number for service complaints;
10. Low income programs and low income rate eligibility;
11. Provisions for default service;
12. Applicable provisions of state utility laws; and
13. Method whereby customers will be notified of changes to the terms of service.

G.F. The consumer information label, the disclosure report, and the terms of service shall be distributed in accordance with the following requirements:

1. Prior to the initiation of service for any retail customer,
2. Prior to processing written authorization from a retail customer with a load of less than 1 MW to change Electric Service Providers,
2. To any person upon request,
3. Made a part of the annual report required to be filed with the Commission pursuant to law.
4. The information described in this subsection shall be posted on any electronic

information medium of the ~~Load Serving Entities~~ Electric Service Providers.

H.G. Failure to comply with the rules on information disclosure or dissemination of inaccurate information may result in suspension or revocation of certification or other penalties as determined by the Commission.

I.H. The Commission may establish a consumer information advisory panel to review the effectiveness of the provisions of this Section and to make recommendations for changes in the rules.