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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

Jim Irvin
Chairman
Tony West
Commissioner
Carl Kunasek
Commissioner

AZ CORP COMMISSION

FEB 17 1999

EXCEPTION

DOCKETED BY *Cfw*

DOCUMENT CONTROL

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

DOCKET NO.
RE-00000C-94-0165

**ARIZONA COMMUNITY ACTION ASSOCIATION'S
EXCEPTIONS TO THE RECOMMENDED ORDER**

Residential consumers are being denied adequate opportunities to participate in the competitive market. This lack of residential opportunity is attributable to two sources: the rules and competitors.

The rules fail to provide a reasonable opportunity for residential consumers to participate. This lack of regulatory opportunity not only disadvantages residential consumers, but also denies incentives to competitive suppliers to serve the residential market. As a result, and for good business reasons, competitive suppliers are virtually ignoring the residential class. Economies of scale dictate that a marketing effort targeted at such a small market is not cost effective.

ACAA again states that "if you build it, they will come". Provide a reasonable and equitable opportunity for residential consumers to participate. In doing so, the rules will provide an incentive for ESPs to serve the residential market and provide true choice and competition. We would also suggest that the Commission take a look at jump starting the residential market by requiring ESPs to serve residential consumers in exchange for doing business in Arizona. To do otherwise is cream-skimming of the worst sort, leaving residential consumers few, if any, benefits.

ACAA recommends adding the following changes to the rules:

14-2-1603 Certificates of Convenience and Necessity

- B.1. A description of the electric services which the applicant intends to offer; INCLUDING A PLAN TO SERVE RESIDENTIAL CONSUMERS BEGINNING NO LATER THAN THREE MONTHS AFTER THE START OF COMPETITION;
- G.7. FAILS TO PROVIDE A PLAN TO SERVE RESIDENTIAL CONSUMERS.

These rule changes are necessitated by the obvious lack of residential opportunities in the competitive market.

14-2-1604. Competitive Phases

- 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 ~~1-1/4%~~ 15% of residential customers as of ~~January 1~~ _____ (START DATE OF COMPETITION), 1999 will have access to competitive electric services on ~~January 1~~ _____ (START DATE OF COMPETITION), 1999. The number of customers eligible for the residential phase-in program shall increase by an additional ~~1-1/4%~~ every quarter until January 1, 2001. 15% ON JANUARY 1, 2000.

The Commission should revisit the equity issue for residential opportunities. Residential opportunities were reduced from the original rule and should be restored, if not expanded.

Since 14-2-1618.A was eliminated, ACAA even more strongly recommends that there be public and consumer input on labeling and information disclosure development process. Issues which are very important to the public at large may seem insignificant when compared to hardcore policy development and be overlooked without input by the public and consumer advocates.

14-2-1618 Disclosure of Information

- D. The Director, Utilities Division, IN CONJUNCTION WITH CONSUMER GROUPS, 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. The format developed by the Director, Utilities Division AND CONSUMER GROUPS shall be used by each Load-Serving Entity.

Consumer education is a basic consumer protection and should be provided to Arizona consumers. The Commission has a leadership role to play in this area. ACAA urges the Commission to make education a special priority.

14-2-1619 Disclosure of Information

- I. The Commission ~~may~~ SHALL 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 AND TO ASSIST THE COMMISSION AND STAFF IN DEVELOPING A CONSUMER EDUCATION PROGRAM.

In closing, ACAA would like to voice our support for the positions expressed by the Arizona Consumers Council and with the exception of R14-2-1618 Disclosure of Information, ACAA supports RUCO's positions.

Original and ten copies of
the foregoing filed this
17th day of February,
1999 in:

Docket Control
ACC
1200 W. Washington
Phoenix AZ 85007

Copies of the foregoing
hand-delivered this 17th
day of February, 1999
to:

Jerry L. Rudibaugh
Chief Hearing Officer
ACC
1200 W. Washington
Phoenix, AZ 85007

Paul Bullis, Chief Council
Legal Division
ACC
1200 W Washington
Phoenix, AZ 85007

Ray Williamson
Utilities Division Director
ACC
1200 W Washington
Phoenix, AZ 85007

James M. Irvin
Commissioner - Chairman
ACC
1200 W. Washington
Phoenix, AZ 85007

Tony West
Commissioner
ACC
1200 W. Washington
Phoenix, AZ 85007

Carl Kunasek
Commissioner
ACC
1200 W. Washington
Phoenix, AZ 85007

Copies of the foregoing
mailed/delivered this 17th
day of February, 1999 to:

Terry Frothun
Arizona State AFL-CIO
5818 N. 7th Street, Suite 200
Phoenix, AZ 85014-5811

Carl Robert Aron
Itron, Inc.
2818 N. Sullivan Road
Spokane, WA 99216

Stan Barnes
Copper State Consulting
100 W Washington Ste 1415
Phoenix, AZ 85003

A.B. Baardson
Nordic Power
4281 N. Summerset
Tucson, AZ 85715

William D. Baker
Electric District No. 6
P.O. Box 16450
Phoenix, AZ 85011

Andrew Bettwy
Southwest Gas Corporation
5241 Spring Mountain Rd.
Las Vegas NV 89102

Michael Block
Goldwater Institute
201 North Central Ave.
Phoenix AZ 85004

Steve Brittle
Don't Waste Arizona, Inc.
6205 S. 12th Street
Phoenix, AZ 85040

Barbara S. Bush
Coalition Responsible Energy
315 W. Riviera Drive
Tempe, AZ 85252

Bradley Carroll
Tucson Electric Power
P.O. Box 711
Tucson AZ 85702

Continental Divide Electric
Corp.
P.O. Box 1087
Grants, NM 87020

Columbus Electric Corp
P.O. Box 631
Deming, NM 88031

C. Webb Crockett
Fennemore Craig
3003 North Central Ave.,
Suite 2600
Phoenix AZ 85012

Michael Curtis
Martinez & Curtis, P.C.
2712 North 7th St.
Phoenix AZ 85006

Carl Dabelstein
2211 E. Edna Ave
Phoenix, AZ 85022

Suzanne Dallimore
Antitrust Unit Chief
1275 W. Washington
Phoenix AZ 85007

Sam Defraw
Department of Navy
Naval Facilities Engineering
Command
200 Stovall Street Rm.10S12
Alexandria, VA 22332

Dixie Escalante Rural Electric
Association
CR Box 95
Beryl, UT 84714

Jim Driscoll
Arizona Citizen Action
2430 S. Mill, Ste. 237
Tempe, AZ 85282

Joe Eichelberger
Magma Copper Company
P.O. Box 37
Superior, AZ 85273

Norman Furuta
Naval Facilities Engineering
900 Commodore Dr., Bldg
107
San Bruno CA 94066

Garkane Power Association,
Inc.
P.O. Box 790
Richfield, UT 84701

Rick Gilliam
Land and Water Fund of the
Rockies
2260 Baseline Rd., Suite 200
Boulder CO 80302

Karen Glennon
19037 N. 44th Avenue
Glendale, AZ 85308

Peter Glaser
Doherty, Rumble & Butler
1401 New York Ave., N.W.,
Suite 1100
Washington, D.C. 20005

Barbara Goldberg
Office of the City Attorney
3939 Civic Center Blvd.
Scottsdale AZ 85251

Michael Grant
Gallagher & Kennedy
2600 North Central Ave.
Phoenix AZ 85004

Barry N. Huddleston
Regional Manager,
Regulatory Affairs
Destec Energy
2500 City West Blvd. Ste 150
Houston, TX 77042

Vinnie Hunt
City of Tucson
4004 South Park Ave.,
Building 2
Tucson AZ 85714

Russell E. Jones
Cavanaugh Molloy Jones
P.O. Box 2268
Tucson AZ 85702

Robert Julian
PPG
1500 Merrell Lane
Belgrade, MT 59714

Chris King
Vice President
CellNet Data Systems, Inc.
San Ramon, CA 94583

Barb Klemstine
APS Law Department
P.O. Box 53999
Mesa, AZ 85072

Rick Lavis
Arizona Cotton Growers
Association
4139 E. Broadway Road
Phoenix, AZ 85040

John Jay List
National Rural Utilities Coop.
Finance Corporation
2201 Cooperative Way
Herndon, VA 21071

Robert Lynch
340 E Palm Lane Ste 140
Phoenix AZ 85004

Craig A. Marks
Citizens Utilities Company
2901 N. Central Ave., Suite
1660
Phoenix, AZ 85012-2736

Roderick McDougall
City Attorney
200 W. Washington, Suite
300
Phoenix AZ 85003

Larry McGraw
USDA-RUS
6266 Weeping Willow
Rio Rancho, NM 87124

Walter Meek
Arizona Utilities Investors
P.O. Box 34805
Phoenix AZ 85067

Steve Montgomery
Johnson Controls
2032 W. 40th Street
Tempe, AZ 85781

Doug Nelson
7000 N. 16th St., Suite 120-
307
Phoenix AZ 85020

Greg Patterson
RUCO
2828 N Central Ave Ste 1200
Phoenix AZ 85004

Wayne Retzlaff
Navopache Electric Coop.
P.O. Box 308
Lakeside, AZ 85929

Lawrence Robertson
Munger Chadwick, PLC
333 North Wilmot, Suite 300
Tucosn AZ 85711

Terry Ross
Center for Energy and
Economic Development
7853 E. Arapaho Ct Ste 2600
Englewood CO 80112

Michael Rowley
C/O Calpine Power Svcs
50 W. San Fernando Ste 550
San Jose, CA 95113

Myron Scott
1628 E. Southern Ave., No.
9-328
Tempe AZ 85282

Lex J. Smith
Michael W. Patten
Brown & Bain, P.C.
P.O. Box 400
Phoenix AZ 85001-0400

Albert Sterman
Arizona Consumers Council
2849 E. 8th St.
Tucson AZ 85716

Stephen L. Teichler
Duane, Morris & Heckscher
1667 K Street, NW, Ste 700
Washington, D.C. 20006

Wallace F. Tillman
Susan N. Kelly
National Rural Electric Coop.
Association
4301 Wilson Blvd.
Arlington, VA 22203-1860

Timothy Michael Toy, Esq.
Winthrop, Stimson, Putnam &
Roberts
One Battery Park Plaza
New York, NY 10004-1344

John T. Travers
William H. Nau
272 Market Square, Ste 2724
Lake Forest, IL 60045

Steve Wheeler
Snell & Wilmer
400 E. Van Buren St.
Phoenix AZ 85004

Jessica Youle
SRP
PAB 300 P.O. Box 52025
Phoenix AZ 85072

Knox Kimberly
Streich Lang
2 North Central Avenue
Phoenix, AZ 85004

Clara Peterson
AARP
HC 31, Box 977
Happy Jack, AZ 86024

William Baker
Electrical District No. 6
PO Box 16450
Phoenix, AZ 85011

Elizabeth S. Firkins
International Brotherhood Of
Electrical Workers, L.U.
1116
750 S. Tucson, Blvd.
Tucson, AZ 85716-5698

Bradford A. Borman
PacifiCorp
201 S. Main, Suite 2000
Salt Lake City, Utah 84140

Timothy M. Hogan
Arizona Center For Law in
the Public Interest
202 E. McDowell Rd., Suite
153
Phoenix, AZ 85004

Marcia Weeks
18970 N. 116th Lane
Surprise, AZ 85374

Stephanie A. Conaghan
Duane, Morris & Heckscher
1667K Street N.W., Suite 700
Washington, DC 20006-1608

Ramond S. Heyman
Darlene M. Wauro
Roshka Heyman & Dewulf

Billie Dean
AVIDD
PO Box 97
Marana, AZ 85652-0987

Ramond B. Wuslich
Winston & Strawn
1400 L Street, NW
Washington, DC 20005

Steven C., Gross
Porter Simon
40200 Truckee Airport Road
Truckee, California 96161

Donald R. Allen
John P. Coyle
Duncan & Allen
1575 Eye Street, N.W., Suite
300
Washington. DC 20005

Ward Camp
Thaser Advance Metering
Services
Alvarado Square
Mail Stop SIM9
Albuquerque, NM 87158

Thane T. Twiggs
Idaho Power Company
PO Box 70
Boise, Idaho 83707

Libby Brydolf
California Energy Markets
Newsletter
2419 Bancroft Street
San Diego, CA 92104

Paul W. Taylor
R W Beck
2201 E. Camelback Rd. Suite
115-B
Phoenix, AZ 85016-3433

Jay I. Moyes
Meyer Hendricks Bivens &
Moyes PA
3003 N. Central Ave., Suite
1200
PO Box 2199
Phoenix, AZ 85001-2199

Kathy T. Puckett
Shell Oil Company
200 N. Dairy Ashford
Houston, TX 77079

Andrew N. Chau
Shell Energy Services CO.
1221 Lamar, Suite 1000
Houston, Texas 77010

Peter Q. Nyce, Jr.
Department of Arm 7
901 N. Stuart Street
Arlington, VA 22203

Arizona Reporting Service
2627 N. 3rd Street, Suite 3
Phoenix, AZ 85004

By: 
Betty K. Pruitt
ACAA Energy
Programs
Coordinator