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EXCEPTION

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BEFORE THE ARIZONA CORPORATION COMMISSION

JAMES M. IRVIN  
Chairman  
TONY WEST  
Commissioner  
CARL J. KUNASEK  
Commissioner

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

Docket No. RE-00000C-94-0165

**EXCEPTIONS OF TRICO ELECTRIC  
COOPERATIVE, INC. TO FEBRUARY 5,  
1999 RECOMMENDATIONS OF CHIEF  
HEARING OFFICER RELATED TO  
STRANDED COSTS**

Trico Electric Cooperative, Inc. ("Trico") submits these Exceptions to the February 5, 1999 Recommendations of the Chief Hearing Officer pertaining to the amendment of Decision No. 60977 concerning Stranded Costs ("Recommendations").

Trico's sole exception to the Recommendations is that they do not pertain to Stranded Costs for Affected Utilities who operates an electric distribution system or a Utility Distribution Company. These public service corporations ("PSCs") quite likely will have Stranded Costs once the Electric Competition Rules are implemented, but the nature and amount of such costs can only be determined after such implementation. To preclude PSCs having distribution systems from recovering Stranded Costs constitutes taking their property without due process of law.

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1 Accordingly, Trico recommends that two additional ordering paragraphs be inserted in the  
2 recommended Decision after the first ordering paragraph as follows:

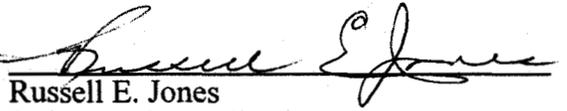
3 "IT IS FURTHER ORDERED that Finding of Fact No. 10  
4 is amended to read as follows:

5 10. Stranded Costs consist of the following general  
6 categories: Generation related assets; distribution related assets;  
7 Regulatory assets; and Social costs.

8 IT IS FURTHER ORDERED that Affected Utilities  
9 operating an electric distribution system or a Utility Distribution  
10 Company shall be allowed Stranded Costs which are established  
11 and quantified after the implementation of the Electric Competition  
12 Rules.

13 RESPECTFULLY SUBMITTED this 17th day of February, 1999.

O'CONNOR CAVANAGH MOLLOY JONES

14 By:   
15 Russell E. Jones  
16 D. Michael Mandig  
17 Attorneys for Trico Electric Cooperative, Inc.

18 Original and 10 copies of the foregoing  
19 document filed this 17th day of  
20 February, 1999, with

21 Docket Control  
22 Arizona Corporation Commission  
23 1200 W. Washington  
24 Phoenix, Arizona 85007

25 Copy of the foregoing document mailed  
26 this 17th day of February, 1999, to:

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