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Arizona Corporation Commission

BEFORE THE ARIZONA CORPORATION COMMISSION

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MAY 03 1999  
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IN THE MATTER OF THE COMPETITION IN  
THE PROVISION OF ELECTRIC SERVICES  
THROUGHOUT THE STATE OF ARIZONA.

DOCKET NO. RE-00000C-94-0165  
ATTORNEY GENERAL'S AND  
RUCO'S SUMMARY OF  
REMAINING ISSUES IN  
ELECTRIC INDUSTRY  
RESTRUCTURING - INITIAL  
FILING

Pursuant to the procedural order issued in the above-captioned docket on April 21, 1999, various stakeholders submitted lists of comments to the Attorney General on April 28, 1999. Following receipt of those lists, the Attorney General conducted a stakeholder meeting on April 29, 1999 to review the issues and to seek recommended procedural means to resolve remaining issues. Stakeholders' comments on the recommended procedures were submitted to the Attorney General. The Attorney General and RUCO have compiled a summary of issues identified as remaining to be resolved in the matter of electric industry restructuring and of the procedural vehicle various stakeholders believe is necessary to resolve those issues.

The summary that follows represents the best efforts to compile and consolidate issues and procedural recommendations. **Some comments are not included in this filing and will be the subject of an additional filing on May 4, 1999.** There may be errors due to the volume and differing formats of the stakeholder submittals. Stakeholders may wish to clarify their views and make further comments at the procedural conference set for May 5, 1999 at 1:30 p.m.

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1 **SUMMARY**

3 <b>IDENTIFIED ISSUE</b>	4 <b>STAKEHOLDERS IDENTIFYING THE ISSUE AS NECESSARY</b>	5 <b>PROPOSED PROCEDURE</b>
6 Stranded Costs: 7 Quantification	8 AECC <sup>1</sup> , APS, 9 AG, Sempra	10 Existing hearing 11 schedule (AECC, AG). All 12 stranded costs issues in 13 Stranded Costs hearings 14 (Staff); 6/14/99 hearing (APS)
15 Stranded Costs: 16 Methodology	17 AECC, APS, 18 AG, Sempra	19 Existing hearing 20 schedule (AECC, AG, 21 Sempra); Rulemaking 22 (ACAA); 6/14/99 hearing 23 (APS)
24 Stranded Costs: 25 Assure that methods do 26 not disadvantage residential 27 consumers, especially 28 those held captive on standard offer:	ACAA, AG	Existing hearings (AG); rulemaking with policy implementation to each utility in unbundled/stranded cost hearings for that utility (ACAA)
18 Stranded Costs: 19 Economic feasibility	AECC, AG	Existing hearing schedule (AECC, AG); 6/14/99 hearing (APS)
20 Stranded Costs: 21 Fairness	AECC, ACAA, AG	Existing hearing schedule (AECC, ACAA, AG); plus rulemaking (ACAA)
22 Stranded Costs: 23 No shifting burden 24 of uneconomic decisions 25 from Utility to Consumer	AECC, AG [Non-Issue: APS]	Existing hearing schedule (AECC, AG); Rulemaking (ACAA)

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28 <sup>1</sup>Cyprus Climax Metals Company, ASARCO Incorporated, Enron Corp. and Arizonans for Choice and Competition are all referred to as "AECC".

1	<b>IDENTIFIED ISSUE</b>	<b>STAKEHOLDERS IDENTIFYING THE ISSUES AS NECESSARY</b>	<b>PROPOSED PROCEDURE</b>
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4	Stranded Costs: Timing	APS, AG, Sempra, AECC	Existing hearing schedule (AG, AECC, Sempra, ACAA); 6/14/99 hearing (APS)
5			
6	Postponement of competition until stranded costs resolved	TEP [Commission no authority; AECC; Non-Issue: APS]	Rulemaking (ACAA); rulemaking + hearings (ACAA)
7			
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9			
10	Stranded Costs: Recovery of "restructuring" "implementation" and "metering" costs	APS, TEP, Citizens, AG	Existing hearings (AG); 6/14/99 hearing (APS)
11			
12			
13	Stranded Costs: True-ups for CTC	TEP, Sempra	Existing hearing schedule (TEP, Sempra); rulemaking (AECC); 6/14/99 hearing (APS)
14			
15			
16	Unbundled Tariffs: Fully unbundle and separate charges for distribution, transmission metering, billing, ancillary services	AECC, AG, APS	Existing hearing schedule; (AECC, AG, ACAA); all unbundled issues in U.T. hearings (Staff); 6/14/99 hearing (APS)
17			
18			
19			
20	Unbundled Tariffs: Fix must-run costs	AECC, AG, APS	Existing hearing schedule (AECC, AG); rulemaking & hearings (ACAA); 6/14/99 hearing to extent not FERC (APS)
21			
22			
23	Unbundled Tariffs: Unbundled charges no greater than standard offer rates	AECC, AG	Existing hearing schedule (AECC, AG); rulemaking + hearings (ACAA); 6/14/99 hearing (APS)
24			
25	Unbundled Tariffs: Identify CTC separately in customer bills	AECC, AG	Existing hearing schedule (AECC, AG); rulemaking & hearings (ACAA); 6/14/99 hearing (APS)
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4	Unbundled Tariffs: Resolve systems benefits charges	TEP, AG	Existing hearing schedule (TEP, AECC, AG); 6/14/99 hearing (APS)
5			
6	Assure discounts/price benefits are shared equitably with residential consumers, competitive or standard offer.	ACAA	Rulemaking with policy implementation to each utility in unbundled/stranded (ACAA) cost hearings for that utility
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11	Provide for customer education:	APS, TEP, ACAA, RUCO, AG	Rulemaking (Staff, ACAA, AG); ACC-RUCO Inter- governmental Agreement (IGA)
12			
13			
14	Ensure information about resource mix is readily available to residential consumers without acquisition barriers:	ACAA	Rulemaking with policy implementation to each unbundled/stranded cost hearings for that utility (ACAA)
15			
16			
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18	Make aggregation simple and universally available	ACAA, AG	Rulemaking (ACAA, AG)
19			
20			
21	Systems Benefits Charges: Identify what is included set procedure for adjusting up or down	APS	
22			
23	Systems Benefits Charges: Add needed details and policies about SBC:	ACAA	Rulemaking with policy implementation to each utility in unbundled/stranded cost hearings for that utility utility (ACAA)
24			
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28	Solar Portfolio: Reinstate and		

1	<b>IDENTIFIED ISSUE</b>	<b>STAKEHOLDERS IDENTIFYING THE ISSUES AS NECESSARY</b>	<b>PROPOSED PROCEDURE</b>
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4	resolve the solar portfolio	ACAA	Rulemaking with policy implementation to each utility in unbundled/stranded cost hearings for that utility (ACAA)
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6			
7	Resolution of Market Prices:	TEP	Existing hearings (TEP, AECC): 6/14/99 hearing (APS)
8			
9			
10	Ensure the Standard Offer provides both equitable benefits and protections to residential consumers:	ACAA	
11			
12	Establish true-ups for CTC:	TEP	Rulemaking (ACAA)
13	Resolve Transmission Revenue Requirements:	TEP	FERC (Sempra)
14			
15	Recovery of administrative and general expense:	TEP	
16	Handling of new distribution fees:	TEP	
17			
18	Approval of fees for services for Direct Access protocols:	APS	
19			
20	Set rates for Must-Runs:	APS, TEP	FERC (Sempra); unbundled tariff hearings (Staff)
21			
22	Resolve standard offer generation costs:	APS	
23			
24	Provide for recovery of divestiture costs, if required:	APS, Sempra (positive & negative)	Unbundled tariff hearings (Sempra); rate case (Staff)
25			
26	Transmission: Access: Retail Customer Protocols	AECC	Rulemaking (Sempra); All transmission issues rules or FERC (Staff)
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4	Transmission: Single set of statewide direct access protocols:	TEP	FERC, Rulemaking (Sempra); (Staff)
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8	Transmission: Provide for Open Access:	Navopache, Mohave	Existing schedule for Rulemaking comments FERC, Rulemaking (Sempra)
9			
10			
11	Transmission: Make OATT Tariffs same as Unbundled:	AECC	FERC, Rulemaking (Sempra)
12			
13			
14	Transmission:		
15	Resolve question of		
16	jurisdiction re		
17	transmission - ACC or		
18	FERC:	AEPCO <sup>2</sup> , Ass'n of Electric Districts	Rulemaking (Sempra)
19	Transmission: Resolve rules re: cost/revenue issues:	Navopache, Mohave	Existing schedule for Rulemaking comments; Rulemaking (Sempra)
21			
22	Transmission: Restate Commission support of ISO/ISA:	APS, TEP	
23			
24	Transmission: Scheduling Coordinator agreements:	TEP	
25			
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28	<sup>2</sup> "AEPCO" refers to AEPCO, Duncan and Graham.		

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4	Transmission: Import capability, clarify Rule 1609B	TRICO	Rulemaking, FERC (Sempra)
5			
6	CC&Ns: Grant as soon as possible:	AECC	All CC&N issues in individual CC&N proceedings (Staff)
7			
8			
9	CC&Ns: require ESPs to offer service to residential consumers as a condition to doing business	ACAA	
10			
11	Code of Conduct/ Affiliate Rules: Each utility file at same time as unbundled rates:	AEC	Rulemaking, "tariff" (Sempra); Rulemaking (Staff), all Code of Conduct, Rulemaking (ACAA)
12			
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15	Code of Conduct/ Affiliate Rules: Commission re-examine	AEPCO, Citizens	Rulemaking (Sempra, Staff)
16			
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18	Code of Conduct/ Affiliate Rules: Allowance of overlapping officers/directors:	Citizens	Rulemaking (Sempra, Staff)
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21	Code of Conduct/ Affiliate Rules: Clarification of protocols of UDCs' joint activities with retail affiliates:	Citizens	Rulemaking (Sempra)
22			
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24	Competition Rules: Rules not final, adopt a set of interim, fixed rules:	AECC, Ass'n of Electric Districts	Rulemaking (Staff)
25			
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27	Competition Rules: Adopt "lawful" rules	APS	Rulemaking , court (Sempra)
28			

1	IDENTIFIED ISSUE	STAKEHOLDERS IDENTIFYING THE ISSUES AS NECESSARY	PROPOSED PROCEDURE
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4	Competition Rules: Set a clear method to adopt rules	AECC, Ass'n of Electric Districts	Rulemaking (Sempra)
5			
6	Amend rules or issue orders to allow increased participation by residential consumers in competition	ACAA	
7			
8	Market power: If no divestiture, commission must evaluate market power	AECC	Stranded cost hearings Sempra, AG); separate proceeding if necessary in the future (Staff)
9			
10	Market power: No Commission rulings regarding market power without fully hearing evidence of existence, vertical and horizontal	AG	Stranded cost hearings (AG, Sempra)
11			
12	Market power: No antitrust immunity, no "state action" findings	AG	Stranded cost hearings (AG, Sempra)
13			
14	Structure of restructured Industry:		
15	Fix value of divested/ transferred assets:	AECC	Rulemaking (Staff, ACAA), hearing (ACAA)
16			
17	Structure of restructured Industry: Stakeholders each file "vision" of restructured industry:	TEP	Rulemaking (Staff, ACAA)
18			
19	Structure of restructured Industry: Commission determine structure under competition	TEP	Separate hearing (TEP)
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4	Structure of restructured Industry: Status and review of "asset swaps"	Ass'n of Electric Districts	Existing hearings (ACAA)
6	Structure of restructured Industry: Commission approval of corporate restructuring plans	APS	Rulemaking (ACAA)
9	Structure of restructured Industry: Commission review of effect of restructure on rates:	Ass'n of Electric Districts	Rulemaking; existing hearing (ACAA)
12	Commission approval of ESP service acquisition agreements:	APS	Rulemaking (Sempra, Staff)
14	Resolution of §40-252 issues:	APS	
15	Resolve issues of Commission's authority to deregulate: Changes needed to Arizona Constitution	APS, AEPCO	Non ACC process (Staff)
18	Resolve issues of Commission's authority to deregulate: Challenges to Commission jurisdiction	AEPCO	Non ACC process (Staff)
21	Resolution of §40-252 issues hearings	APS	Stranded cost and CC&N (Staff)
23	Title 40 "regulatory reform": Changes to title 40 or exemptions to conform re: deregulated service	APS	Non-ACC process (Staff)
25	Title 40 "regulatory reform":	AEPCO	
26	Title 40 "regulatory reform": No antitrust immunity	AG	
28			

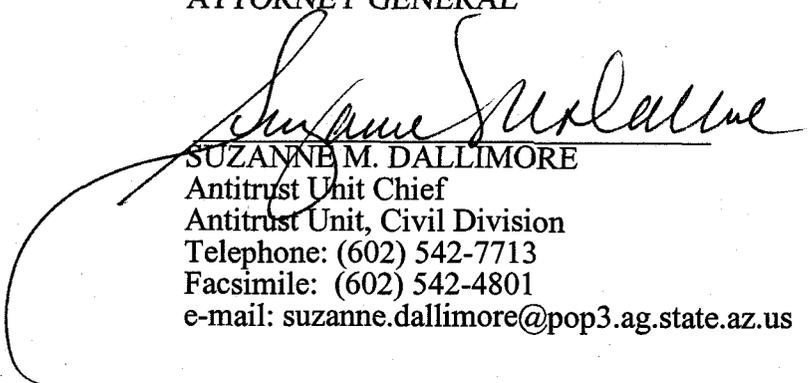
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4	Clarify labeling requirements under Rule 1617:	APS, TEP	Rulemaking (ACAA)
5	Clarify definition of "provider of last resort" re: customers possibly without power	Navopache, Mohave, ACAA	Existing schedule for Rulemaking comments, (Mohave, Navopache, Staff)
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9	Billing issues: Some co-ops cannot unbundle because of the way they buy power:	Navopache, Mohave, ACAA	Existing schedule for Rulemaking comments (Navopache, Mohave); unbundled tariff proceedings (Staff), rulemaking (ACAA)
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14	Rate reviews:		
15	Commission should require rate reviews at appropriate times to capture changes in circumstances:	Staff	Resolve after unbundled tariffs approved, set procedure in the unbundled tariff hearings (Staff); Rulemaking (Sempra, ACAA), existing hearings and other proceedings (ACAA)
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21	Review of service requisition agreements with ESPs:	TEP	Rulemaking (Staff)
22			
23	Evaluate impact of restructuring on third-party contracts:	Ass'n of Electric Districts, ACAA	Stranded cost hearings (Sempra), rulemaking (ACAA)
24			
25	Resolution of Customer service Issues: Dispute resolution, credit requirements consolidated billing, level of control MSP, MRSP, UDC, anti-slamming responsibility, EDI formats, UDC access to		
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1	<b>IDENTIFIED ISSUE</b>	<b>STAKEHOLDERS IDENTIFYING THE ISSUES AS NECESSARY</b>	<b>PROPOSED PROCEDURE</b>
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4	load data, UDC obligation/ discretion to provide services requested by ESP, UDC entitlement to provide customer billing, metering meter reading:	TEP, ACAA	Rulemaking (Sempra, Staff, ACAA)
7			
8	ESP formats:	Sempra	Rulemaking (Sempra)
9	Ensure adequate and reasonable policies regarding deposits, payment plans, and extreme weather shut-offs for residential and low-income consumers	ACAA	Rulemaking
10			
11	Clarify audit requirements:	Citizens	Rulemaking (Sempra, Staff)
12			
13	Review commission authority to require UDCs to pay to support Commission, RUCO:	Citizens	Rulemaking (Sempra, ACAA), non-ACC process (Staff, ACAA)
14			
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16	Procedures:	APS	All issues require Commission intervention, either Rulemaking or hearing
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19	Procedures:	APS	Adopt procedures for resolution of all by November 1, 1999
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21	Procedures:	TEP	Have separate "conferences" regarding technical issues, statements of policy, followed by hearings on the technical issues and statements of policy.
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24	Procedures:	Staff	Commission's actions in adopting amended Stranded Costs order and proposed rule amendments resolve, or set in motion the process for resolving the vast majority of remaining issues.
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RESPECTFULLY SUBMITTED this 3rd day of May, 1999.

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SERVICE LIST for RE-00000C-94-0165:

An original and ten copies of the foregoing  
were filed with Docket Control at the  
Arizona Corporation Commission  
this 3rd day of May, 1999.

COPIES of the foregoing were hand-delivered  
this 3rd day of May, 1999 to:

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