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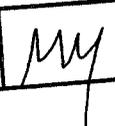
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May 13, 1999

Mr. Ray Williamson
Acting Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Arizona Corporation Commission
DOCKETED
MAY 13 1999

DOCKETED BY 

Re: Docket No. RE-00000C-94-0165
Additional Technical Issues to be addressed in Workshops

Dear Mr. Williamson:

Pursuant to the Hearing Officer's Procedural Order dated May 7, 1999, Arizona Public Service Company (APS) has the following comments concerning whether any additional "technical" issues need to be addressed in workshops prior to the start of competition in Arizona.

The AISA Operating Committee and Desert Star Working Groups are addressing transmission and must-run protocols. Both the Metering and Billing Subcommittees of the Unbundled Working Group disbanded with the clear intent of getting together following the start of competition and some actual experience is gained. The final recommendations of these subcommittees have been the basis for those sections of the rules addressing the related protocols as well as the additional operating procedures that have already been submitted to you by these subcommittees for your approval per Rule 1612(K) and (O).

APS received Commission approval of its terms and conditions for direct access (Schedule 10) in December 1998. This schedule was reviewed and approved by both Staff and several new market entrants. Based upon this approved schedule and the recommendations of the subcommittees, APS is in the process of implementing the direct access procedures and protocols, as well as developing the infrastructure to accommodate direct access. Workshops at this time would slow down or potentially stop the implementation process if changes in protocols are to be made at this late date. As individual issues have been raised over the last few months, Staff, interested parties, APS and other utilities have been able to resolve them. We believe this

has facilitated the implementation process and should continue rather than formal workshops at this time.

Additionally, APS submitted a Service Acquisition Agreement for Staff review and to a number of new market entrants and has received comments, which are the basis for APS' revision of the Agreement. At this time APS does not believe that a workshop on the Agreement is necessary to finalize this Agreement.

The Company is uncertain as to exactly what the Procedural Order reference to Unbundled Tariff requirements means. The June 14th filing should address all aspects of unbundling.

If you or your Staff have any questions regarding this filing, please feel free to contact me at 250-2031.

Sincerely,

A handwritten signature in cursive script, appearing to read "Barbara Klemstine".

Barbara Klemstine, Manager
Regulatory Affairs

cc: Docket Control