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Client-Matter No. 19539-355
Tucson

Arizona Corporation Commission
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Docket Control
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

Re: In the Matter of Competition in the Provision of Electric Services throughout the State of Arizona
Docket No. RE-00000C-94-0165

Dear Sir/Madam:

In accordance with the Procedural Order issued by the Hearing Division dated April 21, 1999, attached herewith are Written Replies to the Comments by Stakeholders to the Proposed Rules by Trico Electric Cooperative, Inc., as set forth in the Procedural Order.

Very truly yours,

O'CONNOR CAVANAGH MOLLOY JONES

Russell E. Jones

REJ:cw
Enclosures
cc: Distribution List for Docket No. RE-00000C-94-0165

WRITTEN REPLIES TO COMMENTS OF STAKEHOLDERS TO THE PROPOSED RULES BY TRICO ELECTRIC COOPERATIVE, INC.

1. Enron Corp., on page 1, 2nd paragraph, and AECC on page 2, lines 10-12, of their respective Comments advocate the restoration of the R14-2-1617 Rule pertaining to Affiliate Transactions, rather than substituting the Code of Conduct provision as set forth in the Proposed Rules. Trico strongly objects to these comments. Each Affected Utility is different from others in certain respects. For instance, with respect to cooperatives, they are not vertically integrated by performing the three basic functions of generation, transmission and distribution. AEPCO performs the generation and transmission, and the distribution cooperatives provide the distribution. Codes of conduct can be made applicable to each distinct situation. In addition, one of the primary objectives in adopting the Competition Rules was to save cost and expense to consumers. Complicated rules such as the initial Affiliate Transaction Rule clearly defeat that purpose.

2. Staff recommends on page 5, lines 13-15 of its Comments that R14-2-1609.B be amended by deleting the word "import" from the provision in the Proposed Rules. Trico strongly believes that this entire provision is extremely unfair. If consumers elect choice by taking competitive rates from ESPs, the ESPs should provide for the transmission service or, in the alternative, if the UDC provides for the availability of transmission services for the UDC's distribution consumers for an ESP, the ESP should pay the UDC a reasonable cost for providing such transmission service.

3. The City of Tucson, on page 3, line 7 of its Comments, recommends that R14-2-1604 pertaining to the phase-in of competition be eliminated and that a "flash cut" be substituted. Trico objects to this suggestion as it is important for a proper transition that the phase-in be retained.