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7 Attorneys for New West Energy

8 **BEFORE THE ARIZONA CORPORATION COMMISSION**

Arizona Corporation Commission

DOCKETED

JUN 04 1999

9 **JIM IRVIN**
10 **COMMISSIONER-CHAIRMAN**
11 **CARL KUNASEK**
12 **COMMISSIONER**
13 **TONY WEST**
14 **COMMISSIONER**

DOCKETED BY

15 **IN THE MATTER OF THE COMPETITION) Docket No. RE 00000C-94-0165**
16 **FOR PROVISION OF ELECTRIC SERVICE)**
17 **THROUGHOUT THE STATE OF ARIZONA) SUPPLEMENTAL COMMENTS OF NEW**
18 **) WEST ENERGY**
19 **)**

20 New West Energy, by and through its undersigned counsel, pursuant to the procedural
21 order dated April 21, 1999, submits the following additional comments on the current Electric
22 Competition Rules.

23 **Comments of New West Energy**

24 While the comments of the various parties address numerous issues, many of the parties
25 touch upon two issues which are very important in meeting the goal of facilitating a competitive
market. These issues are:

The UDC must clearly unbundle each element of total price, so that customers can understand the price being charged for each component, and thus compare options among competitive providers.

If a customer chooses an alternative provider, the customer should no longer be charged by the UDC for any part of the product or service being procured from the competitive provider.

1 New West Energy suggests that these issues be directly addressed, in a comprehensive manner, in
2 two rule changes, which amend R14-2-1606(C) and (D). These suggested changes are attached.
3 New West Energy urges that the Commission adopt this integrated approach.

4 The concepts of full-disclosure and equal treatment of customers are simple and logical, but
5 neither is required by the rules. Under the current version of the rules, a UDC is not required to
6 break-out and separately identify the elements of price, neither to the standard offer customer nor to
7 the customer receiving competitive services. Rather, the UDC will be free to simply publish a
8 bundled price, with a lump sum discount (“shopping credit”) for those customers choosing
9 competitive providers.

10 The lack of a requirement to unbundle places customers (and competitors) at a significant
11 disadvantage. First, the customer cannot clearly understand the amount that the customer will
12 “avoid” by choosing different services from competitors. But more importantly, if prices are not
13 unbundled, improper charges could be hidden in the non-competitive portion of the price. The
14 customer is unable to analyze, and complain to the Commission if appropriate, whether the
15 customer is being charged appropriate price levels and whether the non-competitive charges
16 improperly contain elements of cost for competitive services.

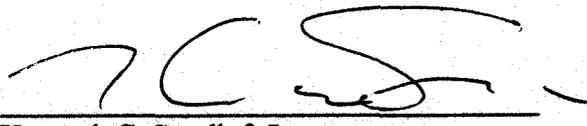
17 Additionally, the rules do not require that a customer leaving the UDC receive an
18 appropriate “credit” for the services no longer provided by the UDC. Under the current version of
19 the rules, the UDC could credit only avoided costs. The result might then be that customer who
20 leaves the UDC, will continue to pay a portion of the costs of services which the customer no longer
21 receives. By unbundling these components, the customer will avoid paying the full UDC cost for
22 each service provided by a competitor.

23 New West Energy respectfully suggests that the Commission adopt the attached,
24 comprehensive approach to these issues.
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RESPECTFULLY SUBMITTED this 4th day of June, 1999.

JENNINGS, STROUSS & SALMON, P.L.C.

By 

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Copies mailed to the mailing list
attached to the January 27, 1999
Procedural Order

1 ATTACHMENT ONE
2 AMENDMENT TO R14-2-1606(C)

3 (additions are shown as double underline, deletions are shown as strike through)

4
5 **R14-2-1606 Service Required To Be Made Available**

6 * * *

7 C. Standard Offer Tariffs

8 * * *

9 2. Standard offer tariffs shall include the following elements, each of which shall be
10 clearly unbundled and identified in the filed tariffs:

11 a. Electricity Competitive Services

12 (1) Generation, which shall include all transaction costs and line losses

13 (2) Competition Transition Charge, which shall include recovery of
14 generation related regulatory assets

15 (3) ~~Must-Run-Generating-Units~~ Generation-related billing and
16 collection

17 (4) Transmission Services

18 (5) Metering services

19 (6) Meter reading service

20 (7) Optional Ancillary Services, which shall include spinning reserve
21 service, supplemental reserve service, regulation and frequency
22 response service, and energy imbalance service

23 b. Delivery Non-Competitive Services

24 (1) Distribution services

25 (2) ~~Transmission services~~

(3) Required Ancillary services, which shall include scheduling,
system control and dispatch service, and reactive supply and
voltage control from generation sources service

1 (3) Use of generating units for must-run purposes

2 (4) System Benefit Charges

3 (5) Distribution-related billing and collection

4
5 e. ~~Other~~

6 ~~(1) Metering Services~~

7 ~~(2) Meter Reading Service~~

8 ~~(3) Billing and Collection~~

9 ~~The Competition Transition Charge shall be include in the Standard Offer Service tariffs for the~~
10 ~~purpose of clearly showing the portion of Standard Offer Service charges being collected to pay~~
11 ~~Stranded Cost. Each of these unbundled elements of the standard offer price shall be clearly~~
12 ~~identified on each customer bill.~~

1 ATTACHMENT TWO
2 AMENDMENT TO R14-2-1606(D)

3 (additions are shown as double underline, deletions are shown as strike through)
4

5 **R14-2-1606 Service Required To Be Made Available**

6 * * *

7 D. ~~By July 1, 1999~~ By the effective date of these rules, or pursuant to Commission Order,
8 whichever occurs first, each Affected Utility or Utility Distribution Company shall file an
9 Unbundled Service tariff which shall include a Noncompetitive Services tariff. The Unbundled
10 Service tariff shall separately identify the unbundled components listed in rule 1606(C)(2). The
11 Unbundled Services tariff shall calculate the items listed in 1606(C)(2)(b) on the same basis as
12 those items are calculated in the Standard Offer tariff.
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