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BEFORE THE ARIZONA CORPORATION COMMISSION

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2 CARL J. KUNASEK
3 Chairman
4 JIM IRVIN
5 Commissioner
6 TONY WEST
7 Commissioner

Arizona Corporation Commission

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7 IN THE MATTER OF THE COMPETITION IN) DOCKET NO. RE-00000C-94-0165
8 THE PROVISION OF ELECTRIC SERVICES)
9 THROUGHOUT THE STATE OF ARIZONA.) TEP'S RESPONSIVE COMMENTS
10) ON THE PROPOSED
11) AMENDMENTS TO THE
12) ELECTRIC COMPETITION RULES

12 Pursuant to the Commission's Procedural Order dated April 21, 1999, Tucson Electric Power
13 Company ("TEP" or "Company") hereby submits its responsive comments on the Proposed
14 Amendments to the Retail Electric Competition Rules ("Rules"). These responsive comments are
15 based upon the comments that TEP received from other parties. To the extent TEP has not
16 submitted a responsive comment to a specific comment submitted by another party, it should not be
17 presumed that TEP supports or agrees with such parties' comments. Further, TEP makes these
18 comments without waiver of its right to make additional comments in any future rulemaking or other
19 proceeding.

20 R14-2-1604. Competitive Phases

21 TEP does not agree with the comments of the City of Tucson regarding a "flash cut" and the
22 40 kw minimum requirement for aggregation. The Commission has already made the policy
23 determination that the introduction of competition in Arizona will commence with an initial 20
24 percent phase-in. However, all customers will have the ability to access the competitive market on
25 January 1, 2001 regardless of when competition starts in the service territory of an Affected Utility.
26 Finally, as the 20 percent phase-in was designed for customers of one MW or above, the 40 kW
27 limitation for aggregation is reasonable given the short time until all customers can access the
28 competitive market.

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1 **R14-2-1612. Service Quality, Consumer Protection, Safety and Billing Requirements**

2 K.6. TEP does not agree with the modifications suggested by Staff, the City of Tucson and
3 APS as they do not address the concerns raised by TEP in its comments. Moreover, as loads are
4 determined by an Affected Utilities' unmetered tariffs, only the Affected Utility is in a position to
5 determine whether the load is predictable. As stated in its comments, TEP strongly objects to the
6 inclusion of the last two sentences that permit the use of any load profiling for predictable loads. All
7 accounts greater than 20 kW or 100,000 kWh annually should be required to have interval meters to
8 be eligible for direct access. TEP has consistently maintained that there are many reasons why load
9 profiling fails to adequately address various issues including economic efficiency, system reliability,
10 proper allocation of costs to customers and proper allocation of costs to third-party suppliers. To
11 date, these issues remain unresolved. Load profiling should most properly be viewed as a temporary
12 and expedient approach for small customers less than 20 kW or 100,000 kWh. There is no
13 justification to avoid the use of interval metering in favor of load profiling. TEP believes that, until
14 the principal issues are adequately addressed, the original language as set forth in the Rule should be
15 kept.

16 **R14-2-1616. Code of Conduct**

17 TEP does not agree with the comments of AECC, Enron, City of Tucson and Commonwealth
18 Energy with respect to their objection to replacing the Affiliate Transaction Rules with a Code of
19 Conduct to be approved by the Commission. The submission of a Code of Conduct by each
20 Affected Utility will allow the Staff and the Commission some flexibility to take into considerations
21 the unique characteristics (such as size) of each Affected Utility on a case-by-case basis while
22 ensuring that the UDC is not subsidizing or providing a competitive advantage to its affiliates
23 engaged in competitive services under the Rules. Further, contrary to Enron's assertion, with the
24 requirement under the Rules that Affected Utilities transfer their generation assets to a separate

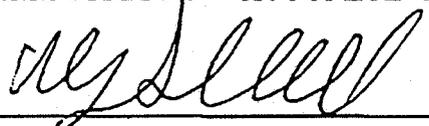
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1 affiliate, as well as the requirement that Standard Offer Service be procured on the open market, it
2 will not be possible for the Affected Utility to favor its generation affiliate to the detriment of other
3 ESPs.

4 * * * * *

5 RESPECTFULLY SUBMITTED this 4th day of June, 1999.

6 TUCSON ELECTRIC POWER COMPANY

7
8 By: 

9 Bradley S. Carroll
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12 **Original and ten copies of the foregoing**
13 **filed this 4th day of June, 1999, with:**

14 Docket Control
15 ARIZONA CORPORATION COMMISSION
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17 **Copy of the foregoing hand-delivered**
18 **this 4th day of June, 1999, to:**

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1 **Copy of the foregoing mailed**
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3 Distribution list for
4 Docket No. RE-00000C-94-0165

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