Testimony by The Maricopa County Community College District
Submitted to the
Arizona Corporation Commission
Regarding Proposed Electric Competition Rules
Docket No. RE-00000C-94-0165,
Appendices A through C

The Maricopa Community Colleges have a strong interest in the entire electrical deregulation issue, but we are submitting this testimony to express particular interest and concern and provide specific rule change recommendations regarding the narrower issues of self aggregation and the ability to aggregate electrical loads from multiple owners without the use of an Electrical Service Provider (ESP). Our concerns stem from the latest draft of the proposed rules, in which aggregation and self aggregation of electrical loads are not fairly or properly addressed

The Maricopa County Community College District (MCCCD), commonly known as The Maricopa Community Colleges, is a political subdivision authorized under Arizona Revised Statutes §15-1401 et. seq. Our geographic boundaries are coterminous with those of Maricopa County, and we are governed by a five-member board elected from the same districts as Maricopa County Supervisors.

The Maricopa Community Colleges are the largest provider of postsecondary education and training services in the State of Arizona, larger than the state university system. We serve more than 200,000 students per year, and we serve these students through over three million square feet of owned facilities on ten campuses, three education centers and a skill training center located throughout Maricopa County. In planning or construction currently is another campus, two more education centers and another skills training center, bringing our total building square footage to nearly four million square feet. Traditionally our student growth closely tracks the population growth of Maricopa County, although our growth is currently ahead of the county's population growth by as much as two percentage points. Obviously we will continue to grow as people move to Arizona. As such, we are and will continue to be a large, dynamic, geographically distributed consumer of electrical power and services.

Our concerns were elevated upon review of the proposed changes to the proposed Electric Competition Rules, A.A.C. R14-2-1601 through R14-2-1616 (Appendices A and B, "Amendments to Retail Competition Rules, Economic, Small Business and Consumer Impact Statement", Docket No. RE-00000C-94-0165) in which we noted Arizona Public Service Company, Tucson Electric Power Company, and ASARCO, Inc. et al, requested deletions of the ability for retail electric customers to aggregate and/or self-aggregate unless the aggregation was conducted by the ESP. Our understanding of the regulations is that unless these activities are specifically allowed, we would be prohibited from undertaking these activities for the benefit of taxpayers and students.

We understand that under the proposed rules aggregation would still be allowed through the use of an ESP, but we are concerned and disappointed that an owner, public or private, should have to undertake the cost, time and complexity to become an ESP in order to self-aggregate loads, or aggregate with others. We wonder why, without the required services of an ESP, we could not voluntarily enter into cooperative agreements with other public or private entities to increase our buying power. Electricity may be the only commodity we purchase that we would not be able to buy in bulk, for all of our locations, without the use of a middleman to assemble the purchase. This proposed requirement to use an ESP seems to be moving us in the opposite direction of allowing easy, accessible consumer choice, and it certainly is not in the best interest of our taxpayers, for whom we have a fiduciary responsibility.

In our last fiscal year, ending in June, 1999, we spent over $5 million on electricity purchases for MCCCD. Our Arizona Public Service Company (APS) bills were over $1.6 million and our Salt River Project (SRP) bills were over $3.3 million. Our colleges and centers are in both APS and the SRP service territories, making us a very interested follower of the entire deregulation picture. We have forty one meters and accounts with SRP in eleven locations they serve for us, and have over twenty-four accounts and separate meters with APS on the remaining five locations. Since nearly 60% of our maintenance and operating budget and all of our capital budget is supported by property tax dollars, any savings in power bills result in savings to our taxpayers. As you can see we are looking forward to the opportunity to aggregate electrical loads, perhaps selecting one electrical provider to lower our utility bills.

As we view it, the objective of electric deregulation for the citizens of Arizona is to introduce competition into our monopoly environment, providing the opportunity to choose an electrical supplier, ultimately lowering electrical costs and obtaining a wider variety of services, or better service. In almost every commodity buying larger quantities of a single item ought to provide us with a greater per unit discount, the "bulk purchase". Since the time when deregulation became a certainty for the Arizona economy, we have been approached by a number of other public owners to discuss aggregating loads. We have had discussions with the university system in the state to join them. We also have been approached by a coalition of a number of small school districts and cities to see if we would be interested in joining with them to aggregate loads to lower our utility bills.

The Maricopa Community Colleges are evaluating those opportunities, and are eagerly awaiting the final adopted rules of the Corporation Commission. All of those options will be void, however, if the ACC adopts rules that either prohibit aggregation or that allow the ESP to control the aggregation process. We find that unacceptable, and a detriment to taxpayers and students alike.

Voluntary cooperative agreements to aggregate are common in many other states which have deregulated their power industry. In California alone we are aware of a major purchasing agreement which was bid and made on behalf of all of the major colleges and universities in the state. In the San Diego area, there is the SANDAG, which is an aggregation of all interested public agencies in San Diego County. As of July, 1997, this group had over 69 government agencies who had pooled their energy needs to competitively bid for discounted electric power. In the Bay area, there is ABAG POWER (Association of Bay Area Governments), a joint powers agency of 64 local governments. Instead of contracting with an ESP, ABAG Power became its own energy service provider. While deregulation in California may not have produced the level of promised savings due to a number of factors, each of these agreements provided lower electrical bills and better service for its participants. Each of the groups formed was a voluntary joining of agencies, owners or institutions, without the requirement of an outside aggregator or ESP. Why should we not have that opportunity here in Arizona? While The Maricopa Community Colleges have not determined whether aggregating with other owners and institutions will be to our benefit, we strongly believe that self aggregation will provide us with savings and opportunities which we do not have today. Our taxpayers and students deserve no less.

Since the passage of our capital bond election in 1994, The Maricopa Community Colleges have spent over $8 million dollars upgrading and rebuilding our central plants. By the end of our bond program, we will spend another $5 million dollars putting in place energy conservation strategies throughout our District. We also have completed a centralized energy management system, which allows us to control our central plants and major energy use from a single location as desired. We have spent almost $4 million dollars on energy controls in buildings and central plants alone in this bond program. To date, this effort has reduced our power bills almost 16%, and we project a drop of almost 24% when we complete our energy programs. This past year, this program won top award in the public institution category of the State Commerce Department's Governor's Award for Energy Conservation.

There is still much to do, but as you can see The Maricopa Community Colleges are committed to lowering our utility bills, ultimately saving our taxpayers and students money. Our goal has been to be able to aggregate loads across all of our locations and, through a centralized coordination of peak loads and energy usage, trying to become a very attractive user to an energy provider. To a lesser extent, SRP already has allowed us to totalize multiple meters within a single location to provide some savings. Since January, 1999, we have been provided a discount of $.003/kWh for these locations in place of the totalization. APS has not allowed totalization or aggregation of multiple meters to date.

Our very simplified understanding of aggregation, whether self aggregation or with others, is that it is simply an accounting and computer function for ESPs. Our usage would not change through aggregation, nor would different meters be required. We believe that the sole requirement would be an agreement with a power provider to total the loads, read from the multiple meters, and apply a more beneficial rate to a larger quantity purchase or combined load profile. We do not understand the need for an ESP in this arrangement, nor for the only slightly more complex situation of multiple owners with multiple meters.

What can the Arizona Corporation Commission do to protect taxpayers and help students in The Maricopa Community Colleges? There are three specific actions that would resolve our concerns with respect to the aggregation issue, and we ask the Arizona Corporation Commission to consider and approve the following:

- Reinstate the definition of "*Self Aggregation*" in A.C.C. Rule R14-2-1601(36) to read: "Self Aggregation is the action of a retail electric customer that combines its own metered loads into a single purchase block.";

- Delete the definition of "*aggregator*" in A.C.C. Rule R14-2-1601(2); and

- Insert the definition of "*aggregation*" in A.C.C. Rule R14-2-1601(2) to read: "*Aggregation* means the action of a group of retail customers that combines as desired by the retail customer(s) all or parts of each retail customer's metered loads into a single purchase block."

The Maricopa Community Colleges appreciate the opportunity to comment on the proposed Arizona Corporation Commission Rules on Retail Electric Competition, and we look forward to the Commission's favorable response and action on our concerns. Should Commissioners or Commission staff have any questions or wish to discuss these comments further they should contact:

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Submitted this 23rd day of June, 1999, to the:
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by:

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