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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

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CHAIRMAN
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COMMISSIONER

IN THE MATTER OF THE COMPETITION IN) DOCKET NO. RE-00000C-94-0165
THE PROVISION OF ELECTRIC SERVICES)
THROUGHOUT THE STATE OF ARIZONA) ATDUG'S REPLY TO STAFF'S JUNE 25,
) 1999 RESPONSE CONCERNING AGGREGATION
)

On June 25, 1999, the Arizona Corporation Commission ("Commission") Staff filed a response out of time to the June 23, 1999 comments of the Arizona Transmission Dependent Utility Group ("ATDUG")¹. ATDUG respectfully requests that these comments be considered by the Hearing Officers if they are going to consider the Staff's response in preparing a proposed order for consideration of the Commission.

ATDUG compliments the Commission Staff for recognizing the ambiguous and incomplete treatment of this subject in the proposed Rules. We believe that Staff's response represents a good faith effort to correct these errors and omissions. However, we believe Staff has incorrectly addressed a portion of the suggested changes.

Among the suggested changes are language additions that appear to regulate retail electric customer activity, rather than public service corporation activity. Specifically, the additions on page 3 of Staff's response at lines 12-13, 17-18 and 22-24 specifically address what

¹ Aguila Irrigation District, Ak-Chin Indian Community, Buckeye Water Conservation and Drainage District, Central Arizona Water Conservation District, Electrical District No. 3, Electrical District No. 4, Electrical District No. 5, Electrical District No. 7, Electrical District No. 8, Harquahala Valley Power District, Maricopa County Municipal Water District No. 1, McMullen Valley Water Conservation and Drainage District, Roosevelt Irrigation District, City of Safford, Tonopah Irrigation District, Wellton-Mohawk Irrigation and Drainage District.

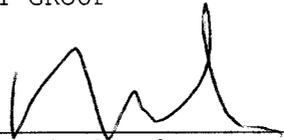
1 "Customers" must do. While this language is not dissimilar to language
2 already in the draft Rules, a careful reading of the existing language makes
3 it clear that the Commission is telling Affected Utilities how they must
4 function with regard to their retail electric customers in the transition to
5 and after initiation of full retail competition. The above three referenced
6 suggested language additions, however, are written as to regulate the conduct
7 of customers. Obviously, any such inference raises jurisdictional issues
8 that no one needs. Moreover, it makes it appear that the Commission is
9 trying to prevent retail electric customers from buying power through
10 aggregation or self-aggregation from Salt River Project and other legitimate
11 electricity suppliers that are not regulated by the Commission. Obviously,
12 Commission Staff did not intend that anti-consumer result. To correct the
13 language and avoid any misunderstanding, we suggest that the three sentences
14 in question be rewritten so as to mandate that certificated electric service
15 providers providing retail electric service sell electricity to these
16 customers. By way of example, the appropriate sentence in each of the three
17 places could read:

16 Certificated electric service providers providing retail electric
17 service must sell electricity and related services to customers
18 choosing aggregation or self-aggregation as provided for in these
19 Rules.

20 This change would make it clear that electric service providers
21 providing electricity to retail customers must recognize and accommodate
22 aggregation and self-aggregation activities. That is clearly within the
23 purview of the Commission to order and consistent with its constitutional and
24 statutory mandates.

24 RESPECTFULLY SUBMITTED this 6th day of July, 1999.

ARIZONA TRANSMISSION DEPENDENT
UTILITY GROUP

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7 Original and 10 copies of the
8 foregoing filed this 6th day
of July, 1999 with:

9 Docket Control
10 Arizona Corporation Commission
11 1200 West Washington Street
12 Phoenix, Arizona

13 Copies of the foregoing mailed
14 this 6th day of July, 1999,
15 to:

16 Service List for Docket No. RE-00000C-94-0165
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