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EXCEPTION

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AZ CORP COMMISSION
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Docket Control
Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007-2996

Arizona Corporation Commission
DOCKETED

SEP 17 1999

RE: Docket No. E-01345A-94-0165

DOCKETED BY 

Dear Sir or Madam:

Pursuant to the letter from Carl Kunasek, dated September 2, 1999, Arizona Public Service Company (APS) is filing our recommended amendments to the Hearing Officer's Recommended Order dated August 26, 1999. These Amendments correspond to the "Exceptions" filed by APS on September 7, 1999 on the Rules.

If you have any questions, please call me at (602)250-2031.

Sincerely,



Barbara A. Klemstine,
Manager
Regulatory Affairs

Cc: Docket Control (Original plus 10 copies)
All Parties of Record

AMENDMENT #1

APPENDIX A, PAGE 5, R14-2-1601(7)

DELETE: "Competitive Services" means all aspects of retail electric service except those services specifically defined as "Noncompetitive Services" pursuant to R14-2-1601(27) or noncompetitive services as defined by the Federal Energy Regulatory Commission.

INSERT: "Competitive Services" means retail electric Generation, Meter Service (other than those aspects of Meter Service described in R14-2-1612(K)), Meter Reading Service, and billing and collection for such services (other than joint or consolidated billing provided pursuant to a tariff). It does not include Standard Offer Service or any other electric service defined by this article as noncompetitive. ~~all aspects of retail electric service except those services specifically defined as "Noncompetitive Services" pursuant to R14-2-1601(27) or noncompetitive services as defined by the Federal Energy Regulatory Commission.~~

MAKE CONFORMING CHANGES TO APPENDIX B AND BALANCE OF ORDER

COMPANY: ARIZONA PUBLIC SERVICE CO.
DOCKET NO.s: RE-00000C-94-0165

AGENDA ITEM U-1
MEETING DATE: SEPTEMBER 21-23

AMENDMENT #2

APPENDIX A, PAGE 15, R14-2 1604(B)(6)

INSERT "These customers must purchase their electricity and related services from a certificated Electric Service Provider as provided for in these Rules." AFTER "...percentages in this rule."

MAKE CONFORMING CHANGES TO APPENDIX B AND BALANCE OF ORDER

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AGENDA ITEM U-1
MEETING DATE: SEPTEMBER 21-23

AMENDMENT #3

APPENDIX A, PAGE 16, R14-2- 1606(B)

DELETE: After January 1, 2001, power purchased by an investor owned Utility Distribution Company to provide Standard Offer Service shall be acquired through an open, fair and arms-length transaction with prudent management of market risks, including management of price fluctuations ~~the open market.~~

INSERT: After January 1, 2001, power purchased by an investor owned Utility Distribution Company to provide Standard Offer service shall be acquired ~~through the open market~~ from the competitive market through prudent, arm's-length transactions.

MAKE CONFORMING CHANGES TO APPENDIX B AND BALANCE OF ORDER

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DOCKET NO.s: RE-00000C-94-0165

AGENDA ITEM U-1
MEETING DATE: SEPTEMBER 21-23

AMENDMENT #4

APPENDIX A, PAGE 16, R14-2 1606(C)(6)

DELETE: After January 2, 2001, tariffs for Standard Offer Service shall not include any special discounts or contracts with terms, or any tariff which prevents the customer from accessing a competitive option, other than time-of-use rates, interruptible rates or self-generation deferral rates.

INSERT: ~~After January 2, 2001, tariffs for Standard Offer Service shall not include any special discounts or contracts with terms, or any tariff which prevents the customer from accessing a competitive option, other than time-of-use rates, interruptible rates or self-generation deferral rates.~~

MAKE CONFORMING CHANGES TO APPENDIX B AND BALANCE OF ORDER

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MEETING DATE: SEPTEMBER 21-23

AMENDMENT #5

APPENDIX A, PAGE 16, R14-2- 1606(C)(7)

- ADD: 7. An Affected Utility may submit, for Commission approval, an alternative plan for unbundling Standard Offer Service that varies from the requirements of this section, provided that the alternative plan does not seek a rate increase and the reasons justifying an alternative Standard Offer Service unbundling methodology are substantiated by the Affected Utility.

APPENDIX A, PAGE 23, R14-2- 1612(N)

INSERT THE WORDS "and unless otherwise authorized by the Commission"
AFTER "... pursuant to R14-2-1602"

MAKE CONFORMING CHANGES TO APPENDIX B AND BALANCE OF ORDER

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AGENDA ITEM U-1
MEETING DATE: SEPTEMBER 21-23

AMENDMENT #6

APPENDIX A, PAGE 18, R14-2- 1609(B)

DELETE: Until such time that the transmission planning process mandated by R14-2-1609(D)(5) is fully implemented, or until such time that a FERC-approved and operational Independent System Operator assume the obligations of the AISA as is contemplated by R14-2-1609(F), Utility Distribution Companies shall retain the obligation to assure that adequate transmission import capability is available to meet the load requirements of all distribution customers within their service areas. Utility Distribution Companies shall retain the obligation to assure that adequate distribution system capacity is available to meet the load requirements of all distribution customers within their service areas.

INSERT: Utility Distribution Companies shall retain the obligation to assure that adequate distribution system capacity is available to meet the load requirements of all distribution customers within their service areas.

MAKE CONFORMING CHANGES TO APPENDIX B AND BALANCE OF ORDER

AMENDMENT #7

APPENDIX A, PAGE 19, R14-2-1609(G)

DELETE: No change.

INSERT: It is the intent of the Commission that prudently-incurred costs incurred by the Affected Utilities in the establishment and operation of the Arizona Independent Scheduling Administrator, and subsequently the Independent System Operator, should be recovered from customers using the transmission system, including the Affected Utilities' wholesale customers, Standard Offer retail customers, and competitive retail customers on a non-discriminatory basis through Federal Energy Regulatory Commission-regulated prices. Proposed rates for the recovery of such costs shall be filed with the Federal Energy Regulatory Commission and this Commission. In the event that the Federal Energy Regulatory Commission does not permit recovery of prudently incurred Independent Scheduling Administrator costs within 90 days of the date of making an application with the Federal Energy Regulatory Commission, the Commission ~~may~~will authorize Affected Utilities to recover such costs through a distribution surcharge.

MAKE CONFORMING CHANGES TO APPENDIX B AND BALANCE OF ORDER

AMENDMENT #8

APPENDIX A, PAGE 19, R14-2 1610

DELETE: No change.

- INSERT
- A. No change.
 - B. No change.
 - C. No change.
 - D. No change.
 - E. An affiliate of an Arizona electric utility which is not an Affected Utility ~~or a Public Power Entity~~ shall not be allowed to compete in the service territories of Affected Utilities unless the affiliate's parent company, the non-affected electric utility, submits a statement to the Commission indicating that the parent company will voluntarily open its service territory for competing sellers in a manner similar to the provisions of this Article and the Commission makes a finding to that effect.

MAKE CONFORMING CHANGES TO APPENDIX B AND BALANCE OF ORDER

AMENDMENT #9 (Page 1 of 2)

APPENDIX A, PAGE 26, R14-2-1615

- DELETE:** A. No change.
- INSERT:** A. All competitive generation assets ~~and Competitive Services~~ shall be separated from an Affected Utility prior to January 1, 2001. Such separation shall either be to an unaffiliated party or to a separate corporate affiliate or affiliates. If an Affected Utility chooses to transfer its competitive generation assets ~~or competitive services~~ to a competitive electric affiliate, such transfer shall be at a value determined by the Commission to be fair and reasonable.
- DELETE:** B. Beginning January 1, 2001, an Affected Utility or Utility Distribution Company shall not provide Competitive Services, as defined in R14-2-1601.
1. This Section does not preclude an Affected Utility or Utility Distribution Company from billing its own customers for distribution service, or from providing billing services to Electric Service Providers in conjunction with its own billing, or from providing Meter Services and Meter Reading Services meters for Load Profiled residential customers. Nor does this Section preclude an Affected Utility or Utility Distribution Company from providing billing and collections, Metering and Meter Reading Service as part of the Standard Offer Service tariff to Standard Offer Service customers.
 2. This Section does not preclude an Affected Utility or Utility Distribution Company from owning distribution and transmission primary voltage Current Transformers and Potential Transformers.
- C. An Electric Distribution Cooperative is not subject to the provisions of R14-2-1615 unless it offers competitive electric services outside of its distribution service territory. ~~the service territory it had as of the effective date of these rules.~~ A Generation Cooperative shall be subject to the same limitations to which its member Distribution Cooperatives are subject.
- INSERT:** B. Affected Utilities or Utility Distribution Companies may, at their option, provide non-generation Competitive Services directly or through an affiliate. If an Affected Utility or Utility Distribution company chooses to provide non-generation Competitive Services directly, the Affected Utility or Utility Distribution Company shall separately account for such Competitive Services.
- BC.** Beginning January 1, 2001, an Affected Utility or Utility

AMENDMENT #9 (Page 2 of 2)

Distribution Company shall not provide ~~Competitive Services, as defined in R14-2-1601~~ competitive retail Generation as defined in R14-2-1601(16), except as otherwise authorized by these rules or by the Commission.

- ~~1. This Section does not preclude an Affected Utility or Utility Distribution Company from billing its own customers for distribution service, or from providing billing services to Electric Service Providers in conjunction with its own billing, or from providing meters for Load Profiled residential customers. Nor does this Section preclude an Affected Utility or Utility Distribution Company from providing billing and collections, Metering and Meter Reading Service as part of the Standard Offer Service tariff to Standard Offer Service customers.~~
 - ~~2. This Section does not preclude an Affected Utility or Utility Distribution Company from owning distribution and transmission primary voltage Current Transformers and Potential Transformers.~~
- ~~C. An Electric Distribution Cooperative is not subject to the provisions of R14-2-1615 unless it offers competitive electric services outside of the service territory it had as of the effective date of these rules. A Generation Cooperative shall be subject to the same limitations to which its member Distribution Cooperatives are subject.~~

MAKE CONFORMING CHANGES TO APPENDIX B AND BALANCE OF ORDER

COMPANY: ARIZONA PUBLIC SERVICE CO.
DOCKET NO.s: RE-00000C-94-0165

AGENDA ITEM U-1
MEETING DATE: SEPTEMBER 21-23

AMENDMENT #10

APPENDIX A, PAGE 26, R14-2-1616(A)

INSERT “Each Electric Service Provider affiliated with an electric utility that provides, in any jurisdiction, services that would be considered Noncompetitive Services under these Rules shall also propose a Code of Conduct to prevent anti-competitive activities.”
AFTER THE WORDS “... to prevent anti-competitive activities.”

DELETE THE WORDS “after a hearing” **AFTER** “subject to Commission approval”.

MAKE CONFORMING CHANGES TO APPENDIX B AND BALANCE OF ORDER

AMENDMENT #11 (Page 1 of 2)

APPENDIX A, PAGE 27, R14-2-1617

1617(A)

REPLACE THE WORDS “Each Load Serving Entity providing either generation service or Standard Offer Service” **WITH THE WORDS** “Each ~~Load Serving Entity~~ load serving ESP”.

1617(C)

DELETE: No change.

INSERT: The Director, Utilities Division shall develop the format and reporting requirements for the consumer information label to ensure that the information is appropriately and accurately reported and to ensure that customers can use the labels for comparisons among ~~Load Serving Entities~~ load serving ESPs. The format developed by the Director, Utilities Division shall be used by each ~~Load Serving Entity~~ load serving ESP.

1617(D)

REPLACE THE WORDS “Load Serving Entity” **IN THE FIRST AND SECOND SENTENCES WITH THE WORDS** “~~Load Serving Entity~~ load serving ESP”.

1617(E)

DELETE: No change.

INSERT: Each Load Serving Entity shall prepare an annual disclosure report that aggregates the resource portfolios of the Load Serving Entity ~~and its affiliate~~.

1617(F)

DELETE: No change.

INSERT: Each ~~Load Serving Entity~~ load serving ESP shall prepare a statement of its terms of service that sets forth the following information:

1. Actual pricing structure or rate design according to which the customer with a load of less than 1 MW will be billed, including an explanation of price variability and price level adjustments that may cause the price to vary;

AMENDMEND #11 (Page 2 of 2)

2. Length and description of the applicable contract and provisions and conditions for early termination by either party;
3. Due date of bills and consequences of late payment;
4. Conditions under which a credit agency is contacted;
5. Deposit requirements and interest on deposits;
6. Limits on warranties and damages;
7. All charges, fees, and penalties;
8. Information on consumer rights pertaining to estimated bills, 3rd party billing deferred payments and rescission of supplier switches within 3 days of receipt of confirmation;
9. A toll-free telephone number for service complaints;
10. Low income programs and low income rate eligibility;
11. Provisions for default service;
12. Applicable provisions of state utility laws; and
13. Method whereby customers will be notified of changes to the terms of service.

1617(G)

DELETE: No change.

INSERT: The consumer information label, the disclosure report, and the terms of service shall be distributed in accordance with the following requirements:

1. Prior to the initiation of service for any retail customer,
2. Prior to processing written authorization from a retail customer with a load of less than 1 MW to change Electric Service Providers,
3. To any person upon request,
4. Made part of the annual report required to be filed with the Commission pursuant to law.
5. The information described in this subsection shall be posted on any electronic information medium of the ~~Load Serving Entities~~ load serving ESP.