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Arizona Electric Power Cooperative, Inc.

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December 16, 1999

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AZ CORP COMMISSION
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Deborah R. Scott, Director
Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

Arizona Corporation Commission
DOCKETED

RE: A.A.C. R14-2-1609(D) and AEPCO's Member Distribution Cooperatives **DEC 20 1999**

Dear Ms. Scott:

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This will confirm our discussion of Monday, December 13, 1999 at the close of the ACC meeting on the status of the Arizona Independent Scheduling Administrator (AISA) concerning AEPCO's Member Distribution Cooperatives: Duncan Valley Electric Cooperative (DVEC), Graham County Electric Cooperative (GCEC), Trico Electric Cooperative (Trico) and Sulphur Springs Valley Electric Cooperative (SSVEC)¹.

Rule 1609(D), (E), and presumably, (G) and (J) applies only to "...those Affected Utilities *that own or operate Arizona transmission facilities...*" AEPCO, as a generation and transmission electric cooperative clearly owns such facilities. Further, as noted from the presentations made that day, AEPCO has fully participated in the AISA process and will, by separate filing, address certain of the Rule's requirements.

AEPCO's member distribution cooperatives, however, do not fall within the ambit of the Rule. They are distribution companies with distribution lines to serve end users with delivery of the power they buy. The distribution cooperatives do not "own or operate" the transmission facilities referenced by the Rule that would be appropriately included among AISA oversight facilities or posted on the OASIS.² Consequently, as we discussed, Rule 1609(D), (E), (G) and

¹ Mohave Electric Cooperative, AEPCO's fifth Arizona member, is separately represented by counsel in this matter.

² GCEC has distribution level lines (69kV) that it uses to serve distribution customers and the Town of Thatcher and City of Safford. Due to the nature of the member systems, SSVEC has a 69kV distribution level line that is used to carry AEPCO's power both to GCEC and to its distribution customers. It also has an emergency interconnection with APS. Because of such use, these are technically "transmission" as well as "distribution" lines. However, such lower level voltage lines have not been included by AISA within its oversight parameters.

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Ms. Deborah R. Scott

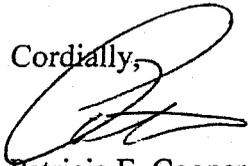
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(J) should not apply to DVEC, GCEC, Trico or SSVEC. They are not required to form the AISA (although they have participated as members of its "load serving entity" class), nor are they expected to file any AISA implementation plan. Thus, they will not be requesting waivers from the ACC of certain of the Rule's filing requirements.

Should you have any concerns about this, please contact me at 520.586.5104. Again, my congratulations to you in your new duties. I look forward to working with you in these interesting times.

Cordially,



Patricia E. Cooper
Corporate Counsel

c\:
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