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BEFORE THE ARIZONA CORPORATION COMMISSION ~~RECEIVED~~

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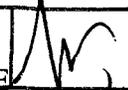
CARL J. KUNASEK
Chairman
JIM IRVIN
Commissioner
WILLIAM A. MUNDELL
Commissioner

Arizona Corporation Commission

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AZ CORP COMMISSION
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IN THE MATTER OF COMPETITION IN THE
PROVISION OF ELECTRIC SERVICES
THROUGHOUT THE STATE OF ARIZONA

DOCKET NO. RE-0000C-94-0165

**APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY
FOR WAIVER OF CERTAIN REQUIREMENTS OF A.A.C. R14-2-1609**

Pursuant to A.A.C. R14-2-1614 (C), Arizona Public Service Company ("APS" or "Company"), hereby requests a waiver from those provisions of A.A.C. R14-2-1609 ("Rule 1609") that would purport to impose upon APS the responsibility for ensuring that an Arizona Independent Scheduling Administrator ("AISA") take certain specified actions by certain specified dates or that require the Company to submit an AISA "implementation plan" beyond that already submitted by APS in October of both 1998 and 1999. In addition to subsections D and E of Rule 1609, APS also requests a waiver of Subsection (I) to the extent that the Commission interprets such provision as imposing a requirement that the AISA (as contrasted to the individual transmission-owning Affected Utilities) have "must-run" protocols in place by December 31, 1999, or any other date. For the reasons discussed herein, APS can neither comply with the above requirements nor compel AISA's compliance therewith. Consequently, a waiver of such requirements is both necessary and in the public interest. ¹

¹ APS makes this Application without prejudice to its prior contentions that Rule 1609 has been preempted by the Federal Energy Regulatory Commission ("FERC") under provisions of the Federal Power Act or that Rule 1609 is otherwise unreasonable and unlawful.

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1 **GRANTING THE REQUESTED WAIVERS IS IN THE PUBLIC INTEREST**

2 During the Special Open Meeting of December 13, 1999, APS and other Affected Utilities
3 explained their various efforts to form, finance, and implement an AISA. Given the governing
4 structure of the AISA, wherein the transmission-owning Affected Utilities have but 2 of 11 votes
5 on the Board of Directors (and constitute just 4 of 69 AISA members), it has simply been
6 impossible for APS to unilaterally compel the AISA to do anything, let alone comply with the
7 Commission's ambitious time lines.

8 Fortunately, the operation of an AISA is not critical to beginning retail access. Both APS
9 and Salt River Project are actually serving direct access customers. APS and Tucson Electric
10 Power Company, the only two Affected Utilities subject to FERC's Open Access Transmission
11 Tariff ("OATT") requirements, have submitted retail OATTs to FERC. The Company's has been
12 approved although the proposal to use draft AISA protocols was not. In the interim, APS is using
13 the same Company protocols previously approved by FERC for wholesale transactions. APS is
14 still confident that final AISA protocols can be implemented by the end of the first quarter of
15 2000, assuming that the protocols are not actively opposed by certain AISA members.² AISA
16 should itself be up and functioning well before Phase II (i.e., full competition) of the Commission-
17 mandated phase-in takes place on January 1, 2001.

18 In its Application, APS has not requested an extension of time (to comply) in lieu of an
19 outright waiver of Rule 1609 (D), (E), and (I) because, quite frankly, the Company has no ability
20 to assure full AISA compliance with Rule 1609 even within the period granted by such an
21 extension. In the meantime, APS will continue to press for full implementation of the AISA
22 protocols and, eventually, an Independent Regional Transmission Scheduling Organization (a so-

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25 ² As the Commission is aware, an AISA Board Meeting was held on December 17th. Although it is fair to
26 state that significant progress was made, it became clear to APS that no final action was possible before the end of this
year. It is also evident that the non-Affected Utility members of the Board, who totally control its actions, do not
support an AISA in the form contemplated by Rule 1609 (D). Hence the need for this Application for Waiver became
obvious to the Company.

1 called "ISO" or "RTO"). Therefore, the Company asks the Commission to act expeditiously to
2 approve this Application and to grant the requested waivers of those portions of Rule 1609
3 discussed above.

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5 RESPECTFULLY SUBMITTED this 23rd day of December, 1999.

6 SNELL & WILMER L.L.P.

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8 Thomas L. Mumaw

9 Attorneys for Arizona Public
10 Service Company

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CERTIFICATE OF SERVICE

The original and ten (10) copies of the foregoing document were filed with the Arizona Corporation Commission on this 23rd day of December, 1999, and service was completed by mailing, e-mailing or hand-delivering a copy of the foregoing document this 23rd day of December, 1999, to all parties of record herein.



Sharon Madden

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