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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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Commissioner
CARL J. KUNASEK
Commissioner

DOCKETED BY *Cfw*

IN THE MATTER OF THE COMPETITION IN) DOCKET NO. RE-00000C-94-0165
THE PROVISION OF ELECTRIC SERVICES) **NEW ENERGY VENTURES**
THROUGHOUT THE STATE OF ARIZONA.) **SOUTHWEST LLC'S PROPOSED**
) **CHANGES TO THE ELECTRIC**
) **COMPETITION RULES**

New Energy Ventures Southwest, L.L.C. ("NEV Southwest"), through undersigned counsel, and pursuant to the Arizona Corporation Commission's ("Commission") January 6, 1999 Procedural Order in the above-docketed matter (the "Procedural Order"), hereby submits its proposed changes to the Electric Competition Rules ("Rules") as follows:

1. Introduction.

NEV Southwest's proposed changes are simultaneously being provided in a red-line version of the Rules, and to counsel for Staff in electronic form. Below is a summary of some of the key proposed changes and an explanation of why NEV Southwest believes these changes are important.

2. Buy-throughs.

Reference: R14-2-1601.4, R14-2-1604.G

Explanation: The proposed changes disallow buy-throughs made by Utility Distribution Companies ("UDCs") or Affected Utilities. NEV Southwest believes that buy-throughs should not be allowed because they essentially allow UDCs to compete in the competitive energy market. Buy-throughs are also unnecessary to allow customers under contract to access the competitive

1 market before their contract expires. Such an allowance is already provided for in the Rules under
2 R14-2-1604.F.

3 **3. DASR Submittal.**

4 Reference: R14-2-1601.10

5 Explanation: The proposed changes provide that Direct Access Service Requests
6 (“DASRs”) be submitted by an Electric Service Provider (“ESP”) and not by the customer. NEV
7 Southwest believes it would be more efficient and practical to have ESPs submit DASRs instead of
8 the customer.

9
10 **4. Aggregator, Self –Aggregator.**

11 Reference: R14-2-1601.22, R14-2-1603.A, R14-2-1605

12 Explanation: The proposed changes clarify the definitions and provisions for
13 Aggregation and Self-Aggregation Services. NEV Southwest believes the rules intended that
14 Aggregators and Self-Aggregators would be required to obtain Generation Service from an
15 approved ESP. If this were not required, then a retail customer could self-aggregate their
16 commercial sites and obtain generation from an entity that was not approved to provide Generation
17 Services in Arizona.

18
19 **5. Tariffs for Competitive Services.**

20 Reference: R14-2-1603.B, R-14-2-1605

21 Explanation: The proposed changes clarify the tariff requirements for Competitive
22 Services. NEV Southwest believes these changes are necessary because the Rules are somewhat
23 inconsistent or unclear concerning the tariff requirements.

24
25 **6. Competitive Services.**

26 Reference: R14-2-1605

27 Explanation: The proposed changes clarify the list of Competitive Services and the
28

1 requirements for a CC&N. NEV Southwest believes these changes are necessary because the
2 Rules are somewhat unclear or cumbersome concerning the definition and provisions for
3 Competitive Services.

4 **7. Tariffs for Standard Offer Services.**

5 Reference: R14-2-1606.C, R-14-2-1607.D, R14-2-1612.C

6 Explanation: The proposed changes clarify the requirements for Standard Offer Tariffs,
7 and require that special tariffs such as time-of-use, interruptible, and special discount contracts
8 would be eliminated from Standard Offer Services. NEV Southwest believes that this change is
9 important because such tariffs are more in line with Competitive Services. Furthermore, allowing
10 UDCs to offer these types of tariffs, would result in the UDCs competing in the competitive energy
11 market.
12

13 **8. Rates for Unbundled Services.**

14 Reference: R14-2-1606.J

15 Explanation: The proposed changes specify that unbundled tariffs would be consistent
16 with credits given to customers who obtain these services from other providers. NEV Southwest
17 believes this change is important to ensure a viable competitive energy market. If a UDC charges
18 a higher price to a competitive customer compared to a standard offer customer for the same
19 service, then the benefits of competition will be lower and participation by both customers and
20 ESPs will be hampered.
21

22 **9. Solar Portfolio.**

23 Reference: R14-2-1609, R14-2-1616.D

24 Explanation: The proposed changes eliminate the solar portfolio requirement. NEV
25 Southwest believes that solar power is a social investment that is appropriately handled in the
26 system benefits charge. Customers that have a desire to meet their energy demands through solar
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1 or other alternative generation sources will find specific companies to meet their demands.
2 Requiring all ESPs to meet this requirement is inconsistent with a competitive energy market.
3 NEV Southwest recommends that the solar portfolio requirement in R14-2-1609 be eliminated and
4 replaced with options for solar programs, such as incentives for green pricing programs, which
5 would be funded through system benefits charges.

6 **10. Independent Scheduling Administrator.**

7 Reference: R14-2-1610

8 Explanation: The proposed changes indicate that energy scheduling and energy
9 imbalances are also important services for the Independent Scheduling Administrator. In addition,
10 there are critical issues that must be resolved for both of these services before competition can
11 operate efficiently.
12

13 **11. Meter Requirements.**

14 Reference: R14-2-1613.K

15 Explanation: The proposed changes increase the minimum requirement for an hourly
16 consumption meter from 20 kW to 40 kW. NEV Southwest believes this change is important to
17 ensure that small commercial customers have an opportunity to participate in the competitive
18 market.
19

20 **12. Consumer Protection.**

21 Reference: R14-2-1613.D, R14-2-1618

22 Explanation: The proposed changes focus consumer protection measures on residential
23 customers. The changes would also clarify the requirements for the energy information label,
24 which we believe are sufficient for consumer protection and more practical for ESPs. NEV
25 Southwest believes that business customers typically would not require or benefit from the
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1 proposed consumer protection measures. Therefore, we believe that the current requirement would
2 place undue burden and expense on ESPs.

3 **13. Affiliate Transactions.**

4 Reference: R14-2-1617.A.6

5 Explanation: The proposed changes eliminate the prohibition on corporate officers
6 holding positions in both an Affected Utility and an affiliate. NEV Southwest believes this
7 requirement is unnecessary and unduly restricts the ability of senior corporate officers to
8 effectively manage the companies for which they are responsible.

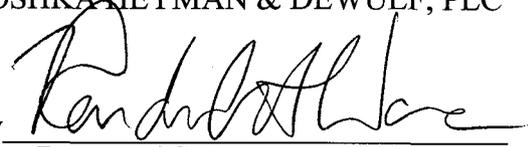
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10 **14. Scheduled start date for Electric Cooperatives.**

11 Reference: R14-2-R14-2-1604.H

12 Explanation: The proposed changes provide that if an electric cooperative delays the
13 implementation of competition in its service territory, then it would not be able to compete in other
14 jurisdictions, directly or through an affiliate, until its market is open for competition.

15 RESPECTFULLY SUBMITTED this 29th day of January, 1999.

16 ROSHKA HEYMAN & DEWULF, PLC

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18
19 By 

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22 Attorneys For New Energy Ventures Southwest, LLC
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1 **Original and ten copies of the foregoing**
2 **filed this 29th day of January, 1999 with:**

3 Docket Control
4 ARIZONA CORPORATION COMMISSION
5 1200 West Washington Street
6 Phoenix, Arizona 85007

7 **Copy of the foregoing hand-delivered**
8 **this 29th day of January, 1999 to:**

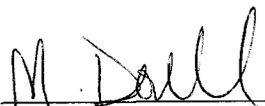
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24 **Copy of the foregoing mailed**
25 **this 29th day of January, 1999 to:**

26 Distribution list for Docket No. RE-00000C-94-0165

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**TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS
AND ASSOCIATIONS; SECURITIES REGULATION
CHAPTER 2. CORPORATION COMMISSION – FIXED UTILITIES**

ARTICLE 16. RETAIL ELECTRIC COMPETITION

R14-2-1601. Definitions

In this Article, unless the context otherwise requires:

1. "Affected Utilities" means the following public service corporations providing electric service:

Tucson Electric Power Company, Arizona Public Service Company, Citizens Utilities Company, Arizona Electric Power Cooperative, Trico Electric Cooperative, Duncan Valley Electric Cooperative, Graham County Electric Cooperative, Mohave Electric Cooperative, Sulphur Springs Valley Electric Cooperative, Navopache Electric Cooperative, Ajo Improvement Company, and Morenci Water and Electric Company.
2. "Aggregator" means an Electric Service Provider that combines retail electric customers into a purchasing group.
3. "Bundled Service" means electric service provided as a package to the consumer including all generation, transmission, distribution, ancillary and other services necessary to deliver and measure useful electric energy and power to consumers.
4. ~~"Buy through" refers to a purchase of electricity by a a Load-Serving Entity at wholesale for a particular retail consumer or aggregate of consumers or at the direction of a particular retail consumer or aggregate of consumers.~~
5. "Competition Transition Charge" (CTC) is a means of recovering Stranded Costs from the customers of competitive services.
6. "Competitive Services" means all aspects of retail electric service except those services specifically defined as "noncompetitive services" pursuant to R14-2-

1601(29).

7. “Control Area Operator” is the operator of an electric system or systems, bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other such systems and contributing to frequency regulation of the interconnection.
8. “Consumer Information” is impartial information provided to consumers about competition or competitive and noncompetitive services and is distinct from advertising and marketing.
9. “Current Transformer” (CT) is an electrical device used in conjunction with an electric meter to provide a measurement of energy consumption for metering purposes.
10. “Direct Access Service Request” (DASR) means a form that contains all necessary billing and metering information to allow customers to switch electric service providers. This form must be submitted to the Utility Distribution Company and the customer's current Electric Service Provider by the customer's Electric Service Provider or the customer.
11. “Delinquent Accounts” means customer accounts with outstanding past due payment obligations that remain unpaid after the due date.
12. “Distribution Primary Voltage” is voltage as defined under the Affected Utility’s Federal Energy Regulatory Commission (FERC) Open Access Transmission Tariff, except for Meter Service Providers, for which Distribution Primary Voltage is voltage at or above 600 volts (600V) through and including 25 kilovolts (25 kV).
13. “Distribution Service” means the delivery of electricity to a retail consumer through wires, transformers, and other devices that are not classified as transmission services subject to the jurisdiction of the Federal Energy Regulatory Commission; Distribution Service excludes Metering Services, Meter Reading

Services, and billing and collection services, as those terms are used herein.

14. “Electronic Data Interchange” (EDI) is the computer-to-computer electronic exchange of business documents using standard formats which are recognized both nationally and internationally.
15. “Electric Service Provider” (ESP) means a company supplying, marketing, or brokering at retail any of the competitive services described in R14-2-1605 or R14-2-1606, pursuant to a Certificate of Convenience and Necessity.
16. “Electric Service Provider Service Acquisition Agreement” or “Service Acquisition Agreement” means a contract between an Electric Service Provider and a Utility Distribution Company to deliver power to retail end users or between an Electric Service Provider and a Scheduling Coordinator to schedule transmission service.
17. “Generation” means the production of electric power or contract rights to the receipt of wholesale electric power.
18. “Green Pricing” means a program offered by an Electric Service Provider where customers elect to pay a rate premium for solar-generated electricity or other approved renewable energy sources.
19. “Independent Scheduling Administrator” (ISA) is a proposed entity, independent of transmission owning organizations, intended to facilitate nondiscriminatory retail direct access using the transmission system in Arizona.
20. “Independent System Operator” (ISO) is an independent organization whose objective is to provide nondiscriminatory and open transmission access to the interconnected transmission grid under its jurisdiction, in accordance with the Federal Energy Regulatory Commission principles of independent system operation.
21. “Load Profiling” is a process of estimating a customer’s hourly energy consumption based on measurements of similar customers.

22. “Load-Serving Entity” means an Electric Service Provider, Affected Utility or Utility Distribution Company, excluding a Meter Service Provider, ~~or~~ Meter Reading Service Provider ~~or Aggregators~~.
23. “Meter Reading Service” means all functions related to the collection and storage of consumption data.
24. “Meter Reading Service Provider” (MRSP) means an entity providing Meter Reading Service, as that term is defined herein and that reads meters, performs validation, editing, and estimation on raw meter data to create billing-ready meter data; translates billing-ready data to an approved format; posts this data to a server for retrieval by billing agents; manages the server; exchanges data with market participants; and stores meter data for problem resolution.
25. “Meter Service Provider” (MSP) means an entity providing Metering Service, as that term is defined herein.
26. “Metering and Metering Service” means all functions related to measuring electricity consumption.
27. “Must-Run Generating Units” are those units that are required to run to maintain distribution system reliability and meet load requirements in times of congestion on certain portions of the interconnected transmission grid.
28. “Net Metering” or “Net Billing” is a method by which customers can use electricity from customer-sited solar electric generators or other approved renewable generators to offset electricity purchased from an Electric Service Provider. The customer only pays for the “Net” electricity purchased.
29. “Noncompetitive Services” means distribution service, Standard Offer service transmission and Federal Energy Regulatory Commission-required ancillary services, and those aspects of metering service which are only allowed to be provided by an Affected Utility or a Utility Distribution Company pursuant to set forth in R14-2-1613.K. All components of Standard Offer service shall be

deemed noncompetitive as long as those components are provided in a bundled transaction pursuant to R14-2-1606(A).

30. "OASIS" is Open Access Same-Time Information System, which is an electronic bulletin board where transmission-related information is posted for all interested parties to access via the Internet to enable parties to engage in transmission transactions.
31. "Operating Reserve" means the generation capability above firm system demand used to provide for regulation, load forecasting error, equipment forced and scheduled outages, and local area protection to provide system reliability.
32. "Potential Transformer" (PT) is an electrical device used to step down primary voltages to 120V for metering purposes.
33. "Provider of Last Resort" means a provider of Standard Offer Service to customers within the provider's certificated area who are not buying competitive services.
34. "Retail Electric Customer" means the person or entity in whose name service is rendered.
35. "Scheduling Coordinator" means an entity that provides schedules for power transactions over transmission or distribution systems to the party responsible for the operation and control of the transmission grid, such as a Control Area Operator, Independent Scheduling Administrator or Independent System Operator.
36. "Self-Aggregation" is the action of a retail electric customer that combines its own metered loads into a single purchase block.
37. "Solar Electric Fund" is the funding mechanism established by this Article through which deficiency payments are collected and solar energy projects are funded in accordance with this Article.
38. "Standard Offer" means Bundled Service offered by the Affected Utility or Utility

Distribution Company to all consumers in the Affected Utility's or Utility Distribution Company's service territory at regulated rates including metering, meter reading, billing, collection services and other consumer information services as allowed in R14-2-1606.

39. "Stranded Cost" includes:
- a. The verifiable net difference between:
 - i. The value of all the prudent jurisdictional assets and obligations necessary to furnish electricity (such as generating plants, purchased power contracts, fuel contracts, and regulatory assets), acquired or entered into prior to December 26, 1996, under traditional regulation of Affected Utilities; and
 - ii. The market value of those assets and obligations directly attributable to the introduction of competition under this Article;
 - b. Reasonable costs necessarily incurred by an Affected Utility to effectuate divestiture of its generation assets;
 - c. Reasonable employee severance and retraining costs necessitated by electric competition, where not otherwise provided.
40. "System Benefits" means Commission-approved utility low income, demand side management, market transformation, environmental, renewables, long-term public benefit research and development and nuclear fuel disposal and nuclear power plant decommissioning programs.
41. "Transmission Primary Voltage" is voltage above 25 kV as it relates to metering transformers.
42. "Transmission Service" refers to the transmission of electricity to retail electric customers or to electric distribution facilities and that is so classified by the Federal Energy Regulatory Commission or, to the extent permitted by law, so classified by the Arizona Corporation Commission.

43. “Unbundled Service” means electric service elements provided and priced separately, including, but not limited to, such service elements as generation, transmission, distribution, metering, meter reading, billing and collection and ancillary services. Unbundled Service may be sold to consumers or to other Electric Service Providers.
44. “Utility Distribution Company” (UDC) means the electric utility entity that constructs and maintains the distribution system for the delivery of power to the end user.
45. “Utility Industry Group” (UIG) refers to a utility industry association that establishes national standards for data formats.
46. “Universal Node Identifier” is a unique, permanent, identification number assigned to each service delivery point.

R14-2-1602. Filing of Tariffs by Affected Utilities

Each Affected Utility shall file tariffs consistent with this Article by December 31, 1997.

R14-2-1603. Certificates of Convenience and Necessity

- A. Any Electric Service Provider intending to supply services described in R14-2-1605 or R-14-2-1606, other than services subject to federal jurisdiction, shall obtain a Certificate of Convenience and Necessity from the Commission pursuant to this Article. A Certificate is not required to offer information services, billing and collection services, or self-aggregation. However, Aggregators as defined in R14-2-1601 are required to obtain a Certificate of Convenience and Necessity. Aggregators and Self-Aggregators are required to obtain generation and energy scheduling through an approved Electric Service Provider. ~~negotiate a Service Acquisition Agreement consistent with subsection G(6).~~ An Affected Utility need not apply for a Certificate of Convenience and Necessity to continue to provide electric service in its service area during the transition period set forth in R14-2-1604. An Affected Utility providing distribution and Standard Offer service after January 1, 2001 need not apply for a Certificate of Convenience and Necessity. All

other Affected Utility affiliates created in compliance with R14-2-1616(A) shall be required to apply for appropriate Certificates of Convenience and Necessity.

B. Any company desiring such a Certificate of Convenience and Necessity shall file with the Docket Control Center the required number of copies of an application. In support of the request for a Certificate of Convenience and Necessity, the following information must be provided:

1. A description of the electric services which the applicant intends to offer;
2. The proper name and correct address of the applicant, and
 - a. The full name of the owner if a sole proprietorship,
 - b. The full name of each partner if a partnership,
 - c. A full list of officers and directors if a corporation, or
 - d. A full list of the members if a limited liability corporation;
3. A tariff for each service to be provided as required in R14-2-1605, that states the maximum rate and terms and conditions that will apply to the provision of the service;
4. A description of the applicant's technical ability to obtain and deliver electricity if appropriate and provide any other proposed services;
5. Documentation of the financial capability of the applicant to provide the proposed services, including the most recent income statement and balance sheet, the most recent projected income statement, and other pertinent financial information. Audited information shall be provided if available;
6. A description of the form of ownership (for example, partnership, corporation);
7. Such other information as the Commission or the staff may request.

C. The applicant shall report in a timely manner during the application process any change(s) in the information initially reported to the Commission in the application for a Certificate of Convenience and Necessity.

D. The applicant shall provide public notice of the application as required by the

Commission.

- E.** At the time of filing for a Certificate of Convenience and Necessity, each applicant shall notify the Affected Utilities, Utility Distribution Companies or an electric utility not subject to the jurisdiction of the Arizona Corporation Commission in whose service territories it wishes to offer service of the application by serving notification of the application on the Affected Utilities, Utility Distribution Companies or an electric utility not subject to the jurisdiction of the Arizona Corporation Commission. Prior to Commission action, each applicant shall provide written notice to the Commission that it has provided notification to each of the respective Affected Utilities, Utility Distribution Companies or an electric utility not subject to the jurisdiction of the Arizona Corporation Commission.
- F.** The Commission may issue a Certificate of Convenience and Necessity that is effective for a specified period of time if the applicant has limited or no experience in providing the retail electric service that is being requested. An applicant receiving such approval shall have the responsibility to apply for appropriate extensions.
- G.** The Commission may deny certification to any applicant who:
1. Does not provide the information required by this Article;
 2. Does not possess adequate technical or financial capabilities to provide the proposed services;
 3. Does not have Electric Service Provider Service Acquisition Agreement with a Utility Distribution Company and Scheduling Coordinator, if the applicant is not its own Scheduling Coordinator;
 4. Fails to provide a performance bond, if required;
 5. Fails to demonstrate that its certification will serve the public interest;
 6. Fails to submit an executed Service Acquisition Agreement with a Utility Distribution Company or a Scheduling Coordinator (to the extent the ESP is not a Schedule Coordinator) for approval by the Director, Utilities Division prior to the

offering of service to potential customers.

- H.** A Request for approval of an executed Service Acquisition Agreement may be included with an application for a Certificate of Convenience and Necessity. In all negotiations relative to service acquisition agreements Affected Utilities or their successor entities are required to negotiate in good faith.
- I.** Every Electric Service Provider obtaining a Certificate of Convenience and Necessity under this Article shall obtain certification subject to the following conditions:
1. The Electric Service Provider shall comply with all Commission rules, orders, and other requirements relevant to the provision of electric service and relevant to resource planning;
 2. The Electric Service Provider shall maintain accounts and records as required by the Commission;
 3. The Electric Service Provider shall file with the Director, Utilities Division all financial and other reports that the Commission may require and in a form and at such times as the Commission may designate;
 4. The Electric Service Provider shall maintain on file with the Commission all current tariffs and any service standards that the Commission shall require;
 5. The Electric Service Provider shall cooperate with any Commission investigation of customer complaints;
 6. The Electric Service Provider shall obtain all necessary permits and licenses including relevant tax licenses.
 7. The Electric Service Provider shall comply with all disclosure requirements pursuant to R14-2-1618;
 8. Failure to comply with any of the above conditions may result in rescission of the Electric Service Provider's Certificate of Convenience and Necessity.
- J.** In appropriate circumstances, the Commission may require, as a precondition to certification, the procurement of a performance bond sufficient to cover any advances or

deposits the applicant may collect from its customers, or order that such advances or deposits be held in escrow or trust.

R14-2-1604. Competitive Phases

A. Each Affected Utility shall make available at least 20% of its 1995 system retail peak demand for competitive generation supply on a first-come, first-served basis as further described in this rule. First-come, first-served for the purpose of this rule, shall be determined for non-residential customers by the date and time of an Electric Service Provider's filing of a Direct Access Service Request with the Affected Utility or Utility Distribution Company. The effective date of the Direct Access Service Request must be within 180 days of the filing date of the Direct Access Service Request. Residential customer selection will be determined under approved residential phase-in programs as specified in R14-2-1604.B.4.

1. All Affected Utility customers with non-coincident peak demand load of 1 MW or greater will be eligible for competitive electric services no later than January 1, 1999. Customers meeting this requirement shall be eligible for competitive services until at least 20% of the Affected Utility's 1995 system peak demand is served by competition.
2. During 1999 and 2000, an Affected Utility's customers with single premise non-coincident peak load demands of 40 kW or greater aggregated into a combined load of 1 MW or greater within the Affected Utility's service territory will be eligible for competitive electric services. Self-~~A~~aggregation is also allowed pursuant to the minimum and combined load demands set forth in this rule. If peak load data are not available, the 40 kW criterion shall be determined to be met if the customer's usage exceeded 16,500 kWh in any month within the last 12 consecutive months. From January 1, 1999, through December 31, 2000, aggregation of new competitive customers will be allowed until such time as at least 20% of the Affected Utility's 1995 system peak demand is served by

competitors. At that point all additional aggregated customers must wait until January 1, 2001 to obtain competitive service.

3. Affected Utilities shall notify customers eligible under this subsection of the terms of the subsection no later than October 31, 1998.

B. As part of the minimum 20% of 1995 system peak demand set forth in R14-2-1604(A), each Affected Utility shall reserve a residential phase-in program with the following components:

1. A minimum of 1¼% of residential customers as of January 1, 1999[new start date] will have access to competitive electric services on January 1, 1999[new start date]. The number of customers eligible for the residential phase-in program shall increase by an additional 1¼ % every quarter until January 1, 2001.
2. Access to the residential phase-in program will be on a first-come, first-served basis. The Affected Utility shall create and maintain a waiting list to manage the residential phase-in program.
3. Residential customers participating in the residential phase-in program shall be permitted to use load profiling to satisfy the requirements for hourly consumption data; however, they may choose other metering options offered by their Electric Service Provider consistent with the Commission's rules on metering.
4. Each Affected Utility shall file a residential phase-in program proposal to the Commission for approval by Director, Utilities Division by September 15, 1998. Interested parties will have until September 29, 1998, to comment on any proposal. At a minimum, the residential phase-in program proposal will include specifics concerning the Affected Utility's proposed:
 - a. Process for customer notification of residential phase-in program;
 - b. Selection and tracking mechanism for customers based on first-come, first-served method;
 - c. Customer notification process and other education and information

- services to be offered;
 - d. Load Profiling methodology and actual load profiles, if available; and
 - e. Method for calculation of reserved load.
5. Each Affected Utility shall file quarterly residential phase-in program reports within 45 days of the end of each quarter. The 1st such report shall be due within 45 days of the quarter ending March 31, 1999. The final report due under this rule shall be due within 45 days of the quarter ending December 31, 2002. As a minimum, these quarterly reports shall include:
- a. The number of customers and the load currently enrolled in residential phase-in program by energy service provider;
 - b. The number of customers currently on the waiting list;
 - c. A description and examples of all customer education programs and other information services including the goals of the education program and a discussion of the effectiveness of the programs; and
 - d. An overview of comments and survey results from participating residential customers.
- C.** Each Affected Utility shall file a report by September 15, 1998, detailing possible mechanisms to provide benefits, such as rate reductions of 3% - 5%, to all Standard Offer customers.
- D.** All customers shall be eligible to obtain competitive electric services no later than January 1, 2001, at which time all customers shall be permitted to aggregate, including aggregation across service territories.
- E.** Subject to the minimum 20% limitation described in subsection (A) of this Section, all customers who produce or purchase at least 10% of their annual electricity consumption from photovoltaic or solar thermal electric resources installed in Arizona after January 1, 1997 shall be selected for participation in the competitive market if those customers apply for participation in the competitive market.

F. Retail consumers served under existing contracts are eligible to participate in the competitive market prior to expiration of the existing contract only if the Affected Utility and the consumer agree that the retail consumer may participate in the competitive market.

G. ~~A Load Serving Entity may, beginning January 1, 1999, engage in buy-throughs with individual or aggregated consumers. Any buy-through contract shall ensure that the consumer pays all non-bypassable charges that would otherwise apply. Any contract for a buy-through effective prior to January 1, 1999 must be approved by the Commission.~~

~~H.~~ Schedule Modifications for Cooperatives

1. An electric cooperative may request that the Commission modify the schedule described in R14-2-1604(A) through R14-2-1604(E) so as to preserve the tax exempt status of the cooperative or to allow time to modify contractual arrangements pertaining to delivery of power supplies and associated loans.

2. As part of the request, the cooperative shall propose methods to enhance consumer choice among generation resources.

~~3.~~ The Commission shall consider whether the benefits of modifying the schedule exceed the costs of modifying the schedule.

4. If an electric cooperative is granted a delay in implementing competition, then any Electric Service Provider affiliated with the electric cooperative or which has the electric cooperative as a member will be prohibited from providing services in Arizona until competition has begun in the electric cooperative's service territory.

R14-2-1605. Competitive Services

A properly certificated Electric Service Provider may offer any of the following services under bilateral or multilateral contracts with retail consumers:

A. Generation of electricity from generators at any location whether owned by the Electric Service Provider or purchased from another generator or wholesaler of electric generation.

- B. Aggregation of retail electric customers into a purchasing group.
- C. Metering and Metering Service except those aspects of Metering Service which are only allowed to be provided by an Affected Utility or a Utility Distribution Company as specified in R14-2-1613.K.
- D. Billing and Collection services.
- E. Information services.
- F. Any other service except Noncompetitive services as defined by R14-2-1601.29 or Noncompetitive services as defined by the Federal Energy Regulatory Commission.
- G. Competitive services included in subsections A, B, and C shall require a Certificate of Convenience and Necessity and a tariff as described in R14-2-1603. Aggregation services can be bundled into a tariff for generation services provided that they are offered in a bundled manner.
- ~~B. Any service described in R14-2-1606, except Noncompetitive services as defined by R14-2-1601.29 or Noncompetitive services as defined by the Federal Energy Regulatory Commission. Billing and collection services, information services, and self-aggregation services do not require a Certificate of Convenience and Necessity. Aggregation of retail electric customers into a purchasing group is considered to be a competitive service.~~

R14-2-1606. Services Required To Be Made Available

- A.** Each Affected Utility shall make available to all consumers in its service area, as defined on the date indicated in R14-2-1602, Standard Offer bundled generation, transmission, ancillary, distribution, and other necessary services at regulated rates. After January 1, 2001, Standard Offer service shall be provided by Utility Distribution Companies who shall also act as Providers of Last Resort.
- B.** After January 1, 2001, power purchased by a Utility Distribution Company to serve

Standard Offer customers, except purchases made through spot markets, shall be acquired through competitive bid. Any resulting contract in excess of 12 months shall contain provisions allowing the Utility Distribution Company to ratchet down its power purchases. A Utility Distribution Company may request that the Commission modify any provision of this subsection for good cause.

C. Standard Offer Tariffs

1. By the date indicated in R14-2-1602, each Affected Utility may file proposed tariffs to provide Standard Offer Bundled Service and such rates shall not become effective until approved by the Commission. If no such tariffs are filed, rates and services in existence as of the date in R14-2-1602 shall constitute the Standard Offer, with the exceptions detailed in subsection C.5.
2. Affected Utilities may file proposed revisions to such rates. It is the expectation of the Commission that the rates for Standard Offer service will not increase, relative to existing rates, as a result of allowing competition. Any rate increase proposed by an Affected Utility for Standard Offer service must be fully justified through a rate case proceeding.
3. Such rates shall reflect the costs of providing the service.
4. Consumers receiving Standard Offer service are eligible for potential future rate reductions authorized by the Commission, such as reductions authorized in Decision No. 59601.
5. Tariffs for Standard Offer Bundled Service shall not include any special discounts or contracts with term, including but not limited to time-of-use rates, interruptible rates, self-generation deferral rates, or any tariff which prevents the customer from accessing a competitive option.

- D.** By the date indicated in R14-2-1602, each Affected Utility shall file Unbundled Service tariffs to provide the services listed below to the extent allowed by these rules to all eligible purchasers on a nondiscriminatory basis. ~~Other entities seeking to provide any of~~

~~these services must also file tariffs consistent with these rules:~~

1. Distribution Service;
 2. Metering and Meter Reading Services;
 3. Billing and collection services;
 4. Open access transmission service (as approved by the Federal Energy Regulatory Commission, if applicable);
 5. Ancillary services in accordance with Federal Energy Regulatory Commission Order 888 (III FERC Stats. & Regs. paragraph 31,036, 1996) incorporated herein by reference;
 6. Information services such as provision of customer information to other Electric Service Providers;
 7. Other ancillary services necessary for safe and reliable system operation.
- E.** To manage its risks, an Affected Utility or Electric Service Provider may include in its tariffs deposit requirements and advance payment requirements for Unbundled Services.
- F.** The Affected Utilities must provide transmission and ancillary services according to the following guidelines:
1. Services must be provided consistent with applicable tariffs filed with the Federal Energy Regulatory Commission.
 2. Unless otherwise required by federal regulation, Affected Utilities must accept power and energy delivered to their transmission systems by others and offer transmission and related services comparable to services they provide to themselves.
- G.** Customer Data
1. Upon written authorization by the customer, a Load-Serving Entity shall release in a timely and useful manner that customer's demand and energy data for the most recent 12-month period to a customer-specified Electric Service Provider.
 2. The Electric Service Provider requesting such customer data shall provide an

accurate account number for the customer.

3. The form of data shall be mutually agreed upon by the parties and such data shall not be unreasonably withheld.
4. Utility Distribution Companies shall be allowed access to the Meter Reading Service Provider ~~server~~ load data for customers served by the Utility Distribution Company's distribution system.

H. Rates for Unbundled Services

1. The Commission shall review and approve rates for services listed in R14-2-1606(D) and requirements listed in R14-2-1606(E), where it has jurisdiction, before such services can be offered.
2. Such rates shall reflect the costs of providing the services.
3. Such rates may be downwardly flexible if approved by the Commission.

I. Electric Service Providers offering services under this R14-2-1606 shall provide adequate supporting documentation for their proposed rates. Where rates are approved by another jurisdiction, such as the Federal Energy Regulatory Commission, those rates shall be provided to this Commission.

J. Utility Distribution Companies shall also provide credits to the customer for Unbundled Services which the customer obtains from another approved provider. The credit for each Unbundled Service shall be equal to the rate charged by the Utility Distribution Company for providing the Unbundled Service.

R14-2-1607. Recovery of Stranded Cost of Affected Utilities

- A.** The Affected Utilities shall take every reasonable, cost-effective measure to mitigate or offset Stranded Cost by means such as expanding wholesale or retail markets, or offering a wider scope of services for profit, among others.
- B.** The Commission shall allow a reasonable opportunity for recovery of unmitigated Stranded Cost by Affected Utilities.

- C. The Affected Utilities shall file estimates of unmitigated Stranded Cost. Such estimates shall be fully supported by analyses and by records of market transactions undertaken by willing buyers and willing sellers.
- D. An Affected Utility shall request Commission approval, on or before August 21, 1998, of distribution charges or other means of recovering unmitigated Stranded Cost from customers who reduce or terminate service from the Affected Utility as a direct result of competition governed by this Article, ~~or who obtain lower rates from the Affected Utility as a direct result of the competition governed by this Article.~~
- E. The Commission shall, after hearing and consideration of analyses and recommendations presented by the Affected Utilities, staff, and intervenors, determine for each Affected Utility the magnitude of Stranded Cost, and appropriate Stranded Cost recovery mechanisms and charges. In making its determination of mechanisms and charges, the Commission shall consider at least the following factors:
1. The impact of Stranded Cost recovery on the effectiveness of competition;
 2. The impact of Stranded Cost recovery on customers of the Affected Utility who do not participate in the competitive market;
 3. The impact, if any, on the Affected Utility's ability to meet debt obligations;
 4. The impact of Stranded Cost recovery on prices paid by consumers who participate in the competitive market;
 5. The degree to which the Affected Utility has mitigated or offset Stranded Cost;
 6. The degree to which some assets have values in excess of their book values;
 7. Appropriate treatment of negative Stranded Cost;
 8. The time period over which such Stranded Cost charges may be recovered. The Commission shall limit the application of such charges to a specified time period;
 9. The ease of determining the amount of Stranded Cost;
 10. The applicability of Stranded Cost to interruptible customers;
 11. The amount of electricity generated by renewable generating resources owned by

the Affected Utility.

- F.** A Competitive Transition Charge (CTC) may be assessed only on customer purchases made in the competitive market using the provisions of this Article. Any reduction in electricity purchases from an Affected Utility resulting from self-generation, demand side management, or other demand reduction attributable to any cause other than the retail access provisions of this Article shall not be used to calculate or recover any Stranded Cost from a consumer.
- G.** Stranded Cost shall be recovered from customer classes in a manner consistent with the specific company's current rate treatment of the stranded asset, in order to effect a recovery of Stranded Cost that is in substantially the same proportion as the recovery of similar costs from customers or customer classes under current rates.
- H.** The Commission may order an Affected Utility to file estimates of Stranded Cost and mechanisms to recover or, if negative, to refund Stranded Cost.
- I.** The Commission may order regular revisions to estimates of the magnitude of Stranded Cost.

R14-2-1608. System Benefits Charges

- A.** By the date indicated in R14-2-1602, each Affected Utility or Utility Distribution Company shall file for Commission review non-bypassable rates or related mechanisms to recover the applicable pro-rata costs of System Benefits from all consumers located in the Affected Utility's or Utility Distribution Companies' service area who participate in the competitive market. Affected Utilities or Utility Distribution Companies shall file for review of the Systems Benefits Charge every 3 years. The amount collected annually through the System Benefits charge shall be sufficient to fund the Affected Utilities' or Utility Distribution Companies' Commission-approved low income, demand side management, market transformation, environmental, renewables, long-term public benefit research and development, and nuclear fuel disposal and nuclear power plant decommissioning programs in effect from time to time. Now, the Commission will

approve a solar water heater rebate program: \$200,000 to be allocated proportionally among the state's Utility Distribution Companies in 1999, \$400,000 in 2000, \$600,000 in 2001, \$800,000 in 2002, and \$1 million in 2003; the rebate will not be more than \$500 per system for Commission staff-approved solar water heaters. After 2003, future Commissions may review this program for efficacy.

- B.** Each Affected Utility or Utility Distribution Company shall provide adequate supporting documentation for its proposed rates for System Benefits.
- C.** An Affected Utility or Utility Distribution Company shall recover the costs of System Benefits only upon hearing and approval by the Commission of the recovery charge and mechanism. The Commission may combine its review of System Benefits charges with its review of filings pursuant to R14-2-1606.

R14-2-1609. Solar Portfolio Standard

~~[Delete the entire section R14-2-1609].~~

- A.** Starting on January 1, 1999, any Electric Service Provider selling electricity or aggregating customers for the purpose of selling electricity under the provisions of this Article must derive at least .2% of the total retail energy sold competitively from new solar energy resources, whether that solar energy is purchased or generated by the seller. Solar resources include photovoltaic resources and solar thermal resources that generate electricity. New solar resources are those installed on or after January 1, 1997.
- B.** Starting January 1 of each year from 2000 through 2003, the solar resource requirement shall increase by .2% with the result that starting January 1, 2003, any Electric Service Provider selling electricity or aggregating customers for the purpose of selling electricity under the provisions of this Article must derive at least 1.0% of the total retail energy sold competitively from new solar energy resources. The 1.0% requirement shall be in effect from January 1, 2003 through December 31, 2012.
- C.** The solar portfolio requirement shall only apply to competitive retail electricity in the years 1999 and 2000 and shall apply to all retail electricity in the years 2001 and

thereafter.

D. Electric Service Providers shall be eligible for a number of extra credit multipliers that may be used to meet the solar portfolio standard requirements:

1. Early Installation Extra Credit Multiplier: For new solar electric systems installed and operating prior to December 31, 2003, Electric Service Providers would qualify for multiple extra credits for kWh produced for 5 years following operational start-up of the solar electric system. The 5-year extra credit would vary depending upon the year in which the system started up, as follows:

YEAR	EXTRA CREDIT MULTIPLIER
1997	.5
1998	.5
1999	.5
2000	.4
2001	.3
2002	.2
2003	.1

The Early Installation Extra Credit Multiplier would end in 2003.

2. Solar Economic Development Extra Credit Multipliers: There are 2 equal parts to this multiplier, an in-state installation credit and an in-state content multiplier.

a. In-State Power Plant Installation Extra Credit Multiplier: Solar electric power plants installed in Arizona shall receive a .5 extra credit multiplier.

b. In-State Manufacturing and Installation Content Extra Credit Multiplier: Solar electric power plants shall receive up to a .5 extra credit multiplier related to the manufacturing and installation content that comes from Arizona. The percentage of Arizona content of the total installed plant cost shall be multiplied by .5 to determine the appropriate extra credit multiplier. So, for instance, if a solar installation included 80% Arizona

content, the resulting extra credit multiplier would be .4 (which is $.8 \times .5$).

3. Distributed Solar Electric Generator and Solar Incentive Program Extra Credit Multiplier: Any distributed solar electric generator that meets more than 1 of the eligibility conditions will be limited to only one .5 extra credit multiplier from this subsection. Appropriate meters will be attached to each solar electric generator and read at least once annually to verify solar performance.
 - a. Solar electric generators installed at or on the customer premises in Arizona. Eligible customer premises locations will include both grid-connected and remote, non-grid-connected locations. In order for Electric Service Providers to claim an extra credit multiplier, the Electric Service Provider must have contributed at least 10% of the total installed cost or have financed at least 80% of the total installed cost.
 - b. Solar electric generators located in Arizona that are included in any Electric Service Provider's Green Pricing program.
 - c. Solar electric generators located in Arizona that are included in any Electric Service Provider's Net Metering or Net Billing program.
 - d. Solar electric generators located in Arizona that are included in any Electric Service Provider's solar leasing program.
 - e. All Green Pricing, Net Metering, Net Billing, and Solar Leasing programs must have been reviewed and approved by the Director, Utilities Division in order for the Electric Service Provider to accrue extra credit multipliers from this subsection.
4. All multipliers are additive, allowing a maximum combined extra credit multiplier of 2.0 in years 1997-2003, for equipment installed and manufactured in Arizona and either installed at customer premises or participating in approved solar incentive programs. So, if an Electric Service Provider qualifies for a 2.0 extra credit multiplier and it produces 1 solar kWh, the Electric Service Provider would

get credit for 3 solar kWh (1 produced plus 2 extra credit).

- E.** Electric Service Providers selling electricity under the provisions of this Article shall provide reports on sales and solar power as required in this Article, clearly demonstrating the output of solar resources, the installation date of solar resources, and the transmission of energy from those solar resources to Arizona consumers. The Commission may conduct necessary monitoring to ensure the accuracy of these data.
- F.** If an Electric Service Provider selling electricity under the provisions of this Article fails to meet the requirement in R14-2-1609(A) or (B) in any year, the Commission shall impose a penalty on that Electric Service Provider that the Electric Service Provider pay an amount equal to 304 per kWh to the Solar Electric Fund for deficiencies in the provision of solar electricity. This Solar Electric Fund will be established and utilized to purchase solar electric generators or solar electricity in the following calendar year for the use by public entities in Arizona such as schools, cities, counties, or state agencies. Title to any equipment purchased by the Solar Electric Fund will be transferred to the public entity. In addition, if the provision of solar energy is consistently deficient, the Commission may void an Electric Service Provider's contracts negotiated under this Article.
1. The Director, Utilities Division shall establish a Solar Electric Fund in 1999 to receive deficiency payments and finance solar electricity projects.
 2. The Director, Utilities Division shall select an independent administrator for the selection of projects to be financed by the Solar Electric Fund. A portion of the Solar Electric Fund shall be used for administration of the Fund and a designated portion of the Fund will be set aside for ongoing operation and maintenance of projects financed by the Fund.
- G.** Photovoltaic or solar thermal electric resources that are located on the consumer's premises shall count toward the solar portfolio standard applicable to the current Electric Service Provider serving that consumer.

- H.** Any solar electric generators installed by an Affected Utility to meet the solar portfolio standard shall be counted toward meeting renewable resource goals for Affected Utilities established in Decision No. 58643.
- I.** Any Electric Service Provider or independent solar electric generator that produces or purchases any solar kWh in excess of its annual portfolio requirements may save or bank those excess solar kWh for use or sale in future years. Any eligible solar kWh produced subject to this rule may be sold or traded to any Electric Service Provider that is subject to this rule. Appropriate documentation, subject to Commission review, shall be given to the purchasing entity and shall be referenced in the reports of the Electric Service Provider that is using the purchased kWh to meet its portfolio requirements.
- J.** Solar portfolio standard requirements shall be calculated on an annual basis, based upon electricity sold during the calendar year.
- K.** An Electric Service Provider shall be entitled to receive a partial credit against the solar portfolio requirement if the Electric Service Provider or its affiliate owns or makes a significant investment in any solar electric manufacturing plant that is located in Arizona. The credit will be equal to the amount of the nameplate capacity of the solar electric generators produced in Arizona and sold in a calendar year times 2,190 hours (approximating a 25% capacity factor).
1. The credit against the portfolio requirement shall be limited to the following percentages of the total portfolio requirement:

1999	Maximum of 50 % of the portfolio requirement
2000	Maximum of 50 % of the portfolio requirement
2001	Maximum of 25 % of the portfolio requirement
2002	Maximum of 25 % of the portfolio requirement
2003 and on	Maximum of 20 % of the portfolio requirement
 2. No extra credit multipliers will be allowed for this credit. In order to avoid double-counting of the same equipment, solar electric generators that are used by

other Electric Service Providers to meet their Arizona solar portfolio requirements will not be allowable for credits under this Section for the manufacturer/Electric Service Provider to meet its portfolio requirements.

- L. The Director, Utilities Division shall develop appropriate safety, durability, reliability, and performance standards necessary for solar generating equipment to qualify for the solar portfolio standard. Standards requirements will apply only to facilities constructed or acquired after the standards are publicly issued.

R14-2-1610. Transmission and Distribution Access

- A. The Affected Utilities shall provide non-discriminatory open access to transmission and distribution facilities to serve all customers. No preference or priority shall be given to any distribution customer based on whether the customer is purchasing power under the Affected Utility's Standard Offer or in the competitive market. Any transmission capacity that is reserved for use by the retail customers of the Affected Utility's Utility Distribution Company shall be allocated among Standard Offer customers and competitive market customers on a pro-rata basis.
- B. The Commission supports the development of an Independent System Operator (ISO) or, absent an Independent System Operator, an Independent Scheduling Administrator (ISA).
- C. The Commission believes that an Independent Scheduling Administrator is necessary in order to provide non-discriminatory retail access and to facilitate a robust and efficient electricity market. Therefore, those Affected Utilities that own or operate Arizona transmission facilities shall file with the Federal Energy Regulatory Commission by October 31, 1998 for approval of an Independent Scheduling Administrator having the following characteristics:
 - 1. The Independent Scheduling Administrator shall calculate Available Transmission Capacity (ATC) for Arizona transmission facilities that belong to the Affected Utilities or other Independent Scheduling Administrator participants, and shall develop and operate an overarching statewide OASIS.

2. The Independent Scheduling Administrator shall implement and oversee the non-discriminatory application of protocols to ensure statewide consistency for transmission access. These protocols shall include, but are not limited to, protocols for determining transmission system transfer capabilities, committed uses of the transmission system, available transfer capabilities, ~~and Must-Run Generating Units, energy scheduling, and energy imbalances.~~
 3. The Independent Scheduling Administrator shall provide dispute resolution processes that enable market participants to expeditiously resolve claims of discriminatory treatment in the reservation, scheduling, use and curtailment of transmission services.
 4. All requests (wholesale, Standard Offer retail, and competitive retail) for reservation and scheduling of the use of Arizona transmission facilities that belong to the Affected Utilities or other Independent Scheduling Administrator participants shall be made to, or through, the Independent Scheduling Administrator using a single, standardized procedure.
- D.** The Affected Utilities that own or operate Arizona transmission facilities shall file a proposed Independent Scheduling Administrator implementation plan with the Commission by September 1, 1998. The implementation plan shall address Independent Scheduling Administrator governance, incorporation, financing and staffing; the acquisition of physical facilities and staff by the Independent Scheduling Administrator; the schedule for the phased development of Independent Scheduling Administrator functionality; contingency plans to ensure that critical functionality is in place by January 1, 1999; and any other significant issues related to the timely and successful implementation of the Independent Scheduling Administrator.
- E.** Each of the Affected Utilities shall make good faith efforts to develop a regional, multi-state Independent System Operator, to which the Independent Scheduling Administrator should transfer its relevant assets and functions as the Independent System Operator

becomes able to carry out those functions.

- F.** It is the intent of the Commission that prudently-incurred costs incurred by the Affected Utilities in the establishment and operation of the 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 the 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 authorize Affected Utilities to recover such costs through a distribution surcharge.
- G.** The Commission supports the use of "Scheduling Coordinators" to provide aggregation of customers' schedules to the Independent Scheduling Administrator and the respective Control Area Operators simultaneously until the implementation of a regional Independent System Operator, at which time the schedules will be submitted to the Independent System Operator. The primary duties of Scheduling Coordinators are to:
1. Forecast their customers' load requirements;
 2. Submit balanced schedules (that is, schedules for which total generation is equal to total load of the Scheduling Coordinator's customers plus appropriate transmission losses) and North American Electric Reliability Council/Western Systems Coordinating Council tags;
 3. Arrange for the acquisition of the necessary transmission and ancillary services;
 4. Respond to contingencies and curtailments as directed by the Control Area Operators, Independent Scheduling Administrator or Independent System Operator;

5. Actively participate in the schedule checkout process and the settlement processes of the Control Area Operators, Independent Scheduling Administrator or Independent System Operator.
- H.** The Affected Utilities shall provide services from the Must-Run Generating Units to Standard Offer retail customers and competitive retail customers on a comparable, non-discriminatory basis at regulated prices. The Affected Utilities shall specify the obligations of the Must-Run Generating Units in appropriate sales contracts prior to any divestiture. Under auspices of the Electric System Reliability and Safety Working Group, the Affected Utilities shall develop statewide protocols for pricing and availability of services from Must-Run Generating Units with input from other stakeholders. These protocols shall be presented to the Commission for review and filed with the Federal Energy Regulatory Commission, if necessary, by October 31, 1998.

R14-2-1611. In-state Reciprocity

- A.** The service territories of Arizona electric utilities which are not Affected Utilities shall not be open to competition under the provisions of this Article, nor shall Arizona electric utilities which are not Affected Utilities be able to compete for sales in the service territories of the Affected Utilities.
- B.** An Arizona electric utility, subject to the jurisdiction of the Commission, which is not an Affected Utility may voluntarily participate under the provisions of this Article if it makes its service territory available for competing sellers, if it agrees to all of the requirements of this Article, and if it obtains an appropriate Certificate of Convenience and Necessity.
- C.** An Arizona electric utility, not subject to the jurisdiction of the Commission, may submit a statement to the Commission that it voluntarily opens its service territory for competing sellers in a manner similar to the provisions of this Article. Such statement shall be accompanied by the electric utility's nondiscriminatory Standard Offer Tariff, electric supply tariffs, Unbundled Services rates, Stranded Cost charges, System Benefits

charges, Distribution Services charges and any other applicable tariffs and policies for services the electric utility offers, for which these rules otherwise require compliance by Affected Utilities or Electric Service Providers. Such filings shall serve as authorization for such electric utility to utilize the Commission's Rules of Practice and Procedure and other applicable rules concerning any complaint that an Affected Utility or Electric Service Provider is violating any provision of this Article or is otherwise discriminating against the filing electric utility or failing to provide just and reasonable rates in tariffs filed under this Article.

- D.** If an electric utility is an Arizona political subdivision or municipal corporation, then the existing service territory of such electric utility shall be deemed open to competition if the political subdivision or municipality has entered into an intergovernmental agreement with the Commission that establishes nondiscriminatory terms and conditions for Distribution Services and other Unbundled Services, provides a procedure for complaints arising therefrom, and provides for reciprocity with Affected Utilities or their affiliates. The Commission shall conduct a hearing to consider any such intergovernmental agreement.
- E.** An affiliate of an Arizona electric utility which is not an Affected Utility 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.

R14-2-1612. Rates

- A.** Market determined rates for competitively provided services as defined in R14-2-1605 shall be deemed to be just and reasonable.
- B.** Each Electric Service Provider selling services under this Article shall have on file with the Commission tariffs describing such services and maximum rates for those services, but the services may not be provided until the Commission has approved the tariffs.

- C. Prior to the date indicated in R14-2-1604(D), competitively negotiated contracts governed by this Article customized to individual customers which comply with approved tariffs do not require further Commission approval. However, all such contracts whose term is 1 year or more and for service of 1 MW or more must be filed with the Director, Utilities Division as soon as practicable. If a contract does not comply with the provisions of this Article and ~~the Affected Utility's or the~~ Electric Service Provider's approved tariffs, it shall not become effective without a Commission order. Such contracts shall be kept confidential by the Commission.
- D. Contracts entered into on or after the date indicated in R14-2-1604(D) which comply with approved tariffs need not be filed with the Director, Utilities Division. If a contract does not comply with the provisions of this Article and the Affected Utility's or the Electric Service Provider's approved tariffs it shall not become effective without a Commission order.
- E. An Electric Service Provider holding a Certificate pursuant to this Article may price its competitive services, as defined in R14-2-1605, at or below the maximum rates specified in its filed tariff, provided that the price is not less than the marginal cost of providing the service.
- F. Requests for changes in maximum rates or changes in terms and conditions of previously approved tariffs may be filed. Such changes become effective only upon Commission approval.

R14-2-1613. Service Quality, Consumer Protection, Safety, and Billing Requirements

- A. Except as indicated elsewhere in this Article, R14-2-201 through R14-2-212, inclusive, are adopted in this Article by reference. However, where the term "utility" is used in R14-2-201 through R14-2-212, the term "utility" shall pertain to Electric Service Providers providing the services described in each paragraph of R14-2-201 through R14-2-212. R14-2-203(E) and R14-2-212(H) shall pertain only to Utility Distribution Companies.

B. The following shall not apply to this Article:

1. R14-2-202 in its entirety,
2. R14-2-206 in its entirety,
3. R14-2-207 in its entirety,
4. R14-2-212 (F)(1),
5. R14-2-213,
6. R14-2-208(E) and (F).

C. No consumer shall be deemed to have changed providers of any service authorized in this Article (including changes from supply by the Affected Utility to another provider) without written authorization by the consumer for service from the new provider. If a consumer is switched (or slammed) to a different ("new") provider without such written authorization, the new provider shall cause service by the previous provider to be resumed and the new provider shall bear all costs associated with switching the consumer back to the previous provider. A written authorization that is obtained by deceit or deceptive practices shall not be deemed a valid written authorization. Providers shall submit reports within 30 days of the end of each calendar quarter to the Commission itemizing the direct complaints filed by customers who have had their Electric Service Providers changed without their authorization. Violations of the Commission's rules concerning unauthorized changes of providers may result in penalties, or suspension or revocation of the provider's certificate.

D. A Residential customer ~~with an annual load of 100,000 kWh or less~~ may rescind its authorization to change providers of any service authorized in this Article within 3 business days, without penalty, by providing written notice to the provider.

E. Each Electric Service Provider providing service governed by this Article shall be responsible for meeting applicable reliability standards and shall work cooperatively with other companies with whom it has interconnections, directly or indirectly, to ensure safe, reliable electric service. Utility Distribution Companies shall make reasonable efforts to

notify customers of scheduled outages, and also provide notification to the Commission and the Electric Service Provider.

- F.** Each Electric Service Provider shall provide at least 45 days notice to all of its affected consumers of its intent to cease providing generation, transmission, distribution, or ancillary services necessitating that the consumer obtain service from another supplier of generation, transmission, distribution, or ancillary services.
- G.** All Electric Service Providers rendering service under this Article shall submit accident reports as required in R14-2-101.
- H.** An Electric Service Provider providing firm electric service governed by this Article shall make reasonable efforts to reestablish service within the shortest possible time when service interruptions occur and shall work cooperatively with other companies to ensure timely restoration of service where facilities are not under the control of the Electric Service Provider.
- I.** Electric Service Providers shall give at least 5 days notice to their customer and to the appropriate Utility Distribution Company of scheduled return to the Standard Offer, but that return of that customer to the Standard Offer would be at the next regular billing cycle. Responsibility for charges incurred between the notice and the next scheduled read date shall rest with the Electric Service Provider.
- J.** Each Electric Service Provider shall ensure that bills rendered on its behalf include its address and toll free telephone numbers for billing, service, and safety inquiries. The bill must also include the address and toll free telephone numbers for the Phoenix and Tucson Consumer Service Sections of the Arizona Corporation Commission Utilities Division. Each Electric Service Provider shall ensure that billing and collections services rendered on its behalf comply with R14-2-1613(A).
- K.** **Additional Provisions for Metering and Meter Reading Services**
 - 1. An Electric Service Provider who provides metering or meter reading services pertaining to a particular consumer shall provide access using EDI formats to

meter reading data to other Electric Service Providers serving that same consumer when authorized by the consumer.

2. Any person or entity relying on metering information provided by another Electric Service Provider may request a meter test according to the tariff on file and approved by the Commission. However, if the meter is found to be in error by more than 3%, no meter testing fee will be charged.
3. Each competitive customer shall be assigned a Universal Node Identifier for each service delivery point by the Affected Utility or the Utility Distribution Company whose distribution system serves the customer.
4. All competitive metered and billing data shall be translated into consistent, statewide Electronic Data Interchange (EDI) formats based on standards approved by the Utility Industry Group (UIG) that can be used by the Affected Utility or the Utility Distribution Company and the Electric Service Provider.
5. An Electronic Data Interchange Format shall be used for all data exchange transactions from the Meter Reading Service Provider to the Electric Service Provider, Utility Distribution Company, and Schedule Coordinator. This data will be transferred via the Internet using a secure sockets layer or other secure electronic media.
6. Minimum metering requirements for competitive customers over ~~4020~~ kW, or 16,500 kWh per month~~100,000 kWh annually~~, should consist of hourly consumption measurement meters or meter systems.
7. Competitive customers with hourly loads of ~~4020~~ kW (or 16,500 kWh per month~~or 100,000 kWh annually~~) or less, will be permitted to use Load Profiling to satisfy the requirements for hourly consumption data.
8. Meter ownership will be limited to the Affected Utility, Utility Distribution Company, and the Electric Service Provider or their representative, or the customer, who obtains the meter from the Affected Utility, or Utility Distribution

Company or an Electric Service Provider.

9. Maintenance and servicing of the metering equipment will be limited to the Affected Utility, Utility Distribution Company and the Electric Service Provider or their representative.
10. Distribution primary voltage Current Transformers and Potential Transformers may be owned by the Affected Utility, Utility Distribution Company or the Electric Service Provider or their representative.
11. Transmission primary voltage Current Transformers and Potential Transformers may be owned by the Affected Utility or Utility Distribution Company only.
12. North American Electric Reliability Council recognized holidays will be used in calculating “working days” for meter data timeliness requirements.
13. The operating procedures approved by the Director, Utilities Division will be used by the Utility Distribution Companies and the Meter Service Providers for performing work on primary metered customers.
14. The rules approved by the Director, Utilities Division will be used by the Meter Reading Service Provider for validating, editing, and estimating metering data.
15. The performance metering specifications and standards approved by the Director, Utilities Division will be used by all entities performing metering.

L. Working Group on System Reliability and Safety

1. The Commission shall establish, by separate order, a working group to monitor and review system reliability and safety.
 - a. The working group may establish technical advisory panels to assist it.
 - b. Members of the working group shall include representatives of staff, consumers, the Residential Utility Consumer Office, utilities, other Electric Service Providers and organizations promoting energy efficiency. In addition, the Executive and Legislative Branches shall be invited to send representatives to be members of the working group.

- c. The working group shall be coordinated by the Director, Utilities Division of the Commission or by the Director's designee.
 2. All Electric Service Providers governed by this Article shall cooperate and participate in any investigation conducted by the working group, including provision of data reasonably related to system reliability or safety.
 3. The working group shall report to the Commission on system reliability and safety regularly, and shall make recommendations to the Commission regarding improvements to reliability or safety.
- M.** Electric Service Providers shall comply with applicable reliability standards and practices established by the Western Systems Coordinating Council and the North American Electric Reliability Council or successor organizations.
- N.** Electric Service Providers shall provide notification and informational materials to consumers about competition and consumer choices, such as a standardized description of services, as ordered by the Commission.
- O.** Unbundled Billing Elements. All customer bills after January 1, 1999 will list, at a minimum, the following billing cost elements:
 1. Electricity Costs:
 - a. Generation,
 - b. Competition Transition Charge, and
 - c. Fuel or purchased power adjustor, if applicable
 2. Delivery costs:
 - a. Distribution services,
 - b. Transmission services, and
 - c. Ancillary services
 3. Other Costs:
 - a. Metering Service,
 - b. Meter Reading Service,

- c. Billing and collection, and
- d. System Benefits charge

P. The operating procedures approved by the Director, Utilities Division will be used for Direct Access Service Requests as well as other billing and collection transactions.

R14-2-1614. Reporting Requirements

A. Reports covering the following items, as applicable, shall be submitted to the Director, Utilities Division by Affected Utilities or Utility Distribution Companies and all Electric Service Providers granted a Certificate of Convenience and Necessity pursuant to this Article. These reports shall include the following information pertaining to competitive service offerings, Unbundled Services, and Standard Offer services in Arizona:

1. Type of services offered;
2. kW and kWh sales to consumers, disaggregated by customer class (for example, residential, commercial, industrial);
3. Solar energy sales (kWh) and sources for grid connected solar resources; kW capacity for off-grid solar resources;
4. Revenues from sales by customer class (for example, residential, commercial, industrial);
5. Number of retail customers disaggregated as follows: residential, commercial under 40 kW, commercial 41 to 999 kW, commercial 1000 kW or more, industrial less than 1000 kW, industrial 1000 kW or more, agricultural (if not included in commercial), and other;
6. Retail kWh sales and revenues disaggregated by term of the contract (less than 1 year, 1 to 4 years, longer than 4 years), and by type of service (for example, firm, interruptible, other);
7. Amount of and revenues from each service provided under R14-2-1605, and, if applicable, R14-2-1606;
8. ~~Value of all assets used to serve Arizona customers and accumulated~~

depreciation;

9. Tabulation of Arizona electric generation plants owned by the Electric Service Provider broken down by generation technology, fuel type, and generation capacity;
10. The number of customers aggregated and the amount of aggregated load;
11. Other data requested by staff or the Commission;
12. In addition, prior to the date indicated in R14-2-1604(D), Affected Utilities shall provide data demonstrating compliance with the requirements of R14-2-1604.

B. Reporting Schedule

1. For the period through December 31, 2003, ~~semi-annual reports shall be due on April 15 (covering the previous period of July through December) and October 15 (covering the previous period of January through June). The 1st such report shall cover the period January 1 through June 30, 1999.~~
2. For the period after December 31, 2003, annual reports shall be due on April 15 (covering the previous period of January through December). The 1st such report shall cover the period January 1 through December 31, 2004.

C. The information listed above may be provided on a confidential basis. However, staff or the Commission may issue reports with aggregate statistics based on confidential information that do not disclose data pertaining to a particular seller or purchases by a particular buyer.

D. Any Electric Service Provider governed by this Article which fails to file the above data in a timely manner may be subject to a penalty imposed by the Commission or may have its Certificate rescinded by the Commission.

E. Any Electric Service Provider holding a Certificate pursuant to this Article shall report to the Director of the Utilities Division the discontinuation of any competitive tariff as soon as practicable after the decision to discontinue offering service is made.

- F. In addition to the above reporting requirements, Electric Service Providers governed by this Article shall participate in Commission workshops or other forums whose purpose is to evaluate competition or assess market issues.
- G. Reports filed under the provisions of this section shall be submitted in written format and in electronic format. Electric Service Providers shall coordinate with the Commission staff on formats.

R14-2-1615. Administrative Requirements

- A. Any Electric Service Provider certificated under this Article may file proposed additional tariffs for services at any time which include a description of the service, maximum rates, terms and conditions. The proposed new service may not be provided until the Commission has approved the tariff.
- B. Contracts filed pursuant to this Article shall not be open to public inspection or made public except on order of the Commission, or by the Commission or a Commissioner in the course of a hearing or proceeding.
- C. The Commission may consider variations or exemptions from the terms or requirements of any of the rules in this Article upon the application of an affected party. The application must set forth the reasons why the public interest will be served by the variation or exemption from the Commission rules and regulations. Any variation or exemption granted shall require an order of the Commission. Where a conflict exists between these rules and an approved tariff or order of the Commission, the provisions of the approved tariff or order of the Commission shall apply.
- D. The Commission may develop procedures for resolving disputes regarding implementation of retail electric competition.

R14-2-1616. Separation of Monopoly and Competitive Services

- 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.

- B.** Beginning January 1, 1999, an Affected Utility or Utility Distribution Company shall not provide competitive services as defined herein, except as otherwise authorized by these rules or by the Commission. However, this rule does not preclude an Affected Utility's or Utility Distribution Company's affiliate from providing competitive services. Nor does this rule 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 rule require an Affected Utility or Utility Distribution Company to separate such assets or services utilized in these circumstances. Affected Utilities and Utility Distribution Companies shall provide, if requested by an Electric Service Provider or customer, metering, meter reading, billing, and collection services within their service territories at tariffed rates to customers that do not have access to these services during the years 1999 and 2000, subject to the following limitations. The Affected Utilities and Utility Distribution Companies shall be allowed to continue to provide metering and meter reading services to competitive customers within their service territories at tariffed rates until such time as 2 or more competitive Electric Service Providers are offering such services to a particular customer class. When 2 competitive Electric Service Providers are providing such services to a particular customer class, the Affected Utilities and Utility Distribution Companies will no longer be allowed to offer the service to new competitive customers in that customer class, but may continue to offer the service through December 31, 2000, to the existing competitive customers signed up prior to the commencement of service by the 2 competitive Electric Service Providers..
- C.** An Electric Distribution Cooperative is not subject to the provisions of R14-2-1616

except if it offers competitive electric services outside of the service territory it had as of the effective date of these rules.

~~D. To meet the solar portfolio requirement in R14-2-1609, the Utility Distribution Company may purchase, install, and operate the solar electric systems or contract with an affiliate to meet the solar portfolio requirement.~~

R14-2-1617. Affiliate Transactions

A. Separation

An Affected Utility or Utility Distribution Company and its affiliates shall operate as separate corporate entities. Books and records shall be kept separate, in accordance with applicable Uniform System of Accounts (USOA) and Generally Accepted Accounting Procedures (GAAP). The books and records of any Electric Service Provider that is an affiliate of an Affected Utility or Utility Distribution Company shall be open for examination by the Commission and its staff consistent with the provisions set forth in R14-2-1614. All proprietary information shall remain confidential.

1. An Affected Utility or Utility Distribution Company shall not share office space, equipment, services, and systems with its competitive electric affiliates, nor access any computer or information systems of one another, except to the extent appropriate to perform shared corporate support functions permitted under subsection (A)(2). An Affected Utility or Utility Distribution Company shall not share office space, equipment, services, and systems with its other affiliates without full compensation in accordance with subsection (A)(7).
2. An Affected Utility or Utility Distribution Company, its parent holding company, or a separate affiliate created solely for the purpose of corporate support functions, may share with its affiliates joint corporate oversight, governance, support systems and personnel. Any shared support shall be priced, reported and conducted in accordance with all applicable Commission pricing and reporting requirements. An Affected Utility or Utility Distribution Company shall not use

shared corporate support functions as a means to transfer confidential information, allow preferential treatment, or create significant opportunities for cross-subsidization of its affiliates, and shall provide mechanisms and safeguards against such activity in its compliance plan.

3. An affiliate of an Affected Utility or Utility Distribution Company shall not trade, promote, or advertise its affiliation with the Affected Utility or Utility Distribution Company, nor use or make use of the Affected Utility's name or logo in any material circulated by the affiliate, unless it discloses in plain legible or audible language, on the first page or at the first instance the Affected Utility or Utility Distribution Company name or logo appears, that:
 - a. The affiliate is not the same company as the Affected Utility or Utility Distribution Company, and
 - b. Customers do not have to buy the affiliate product in order to continue to receive quality regulated services from the Affected Utility or Utility Distribution Company.
4. An Affected Utility or Utility Distribution Company shall not offer or provide to its affiliates advertising space in any customer written communication unless it provides access to all other unaffiliated service providers on the same terms and conditions.
5. An Affected Utility or Utility Distribution Company shall not participate in joint advertising, marketing or sales with its affiliates. Any joint communication and correspondence with an existing customer by an Affected Utility or Utility Distribution Company and its affiliate shall be limited to consolidated billing, when applicable, and in accordance with these rules.
6. Except as provided in subsection A(2), an Affected Utility or Utility Distribution Company and its affiliate shall not jointly employ the same employees. This rule does not apply to Board of Directors and corporate officers. ~~However, any~~

~~board member or corporate officer of a holding company may also serve in the same capacity with the Affected Utility or Utility Distribution Company, or its affiliate, but not both. Where the Affected Utility is a multi-state utility, is not a member of a holding company structure, and assumes the corporate governance functions for its affiliates, the prohibition outlined in this section shall only apply to affiliates that operate within Arizona.~~

7. **Transfer of Goods and Services:** To the extent that these rules do not prohibit transfer of goods and services between an Affected Utility or Utility Distribution Company and its affiliates, all such transfers shall be subject to the following price provisions:
 - a. Goods and services provided by an Affected Utility or Utility Distribution Company to an affiliate shall be transferred at the price and under the terms and conditions specified in its tariff. If the goods or service to be transferred is a non-tariffed item, the transfer price shall be the higher of fully allocated cost or the market price. Transfers from an affiliate to its affiliated Utility Distribution Company shall be priced at the lower of fully allocated cost or fair market value.
 - b. Goods and services produced, purchased or developed for sale on the open market by the Affected Utility or Utility Distribution Company will be provided to its affiliates and unaffiliated companies on a nondiscriminatory basis, except as otherwise permitted by these rules or applicable law.
8. **No Cross-subsidization:** A competitive affiliate of an Affected Utility or Utility Distribution Company shall not be subsidized by any rate or charge for any noncompetitive service, and shall not be provided access to confidential utility information.

B. Access to Information

As a general rule, an Affected Utility, Utility Distribution Company or Electric Service Provider shall provide customer information to its affiliates and nonaffiliates on a non-discriminatory basis, provided prior affirmative customer written consent is obtained. Any non-customer specific non-public information shall be made contemporaneously available by an Affected Utility, Utility Distribution Company or Electric Service Provider to its affiliates and all other service providers on the same terms and conditions.

C. An Affected Utility or Utility Distribution Company shall adhere to the following guidelines:

1. Any list of Electric Service Providers provided by an Affected Utility or Utility Distribution Company to its customers which includes or identifies the Affected Utility's or Utility Distribution Company's competitive electric affiliates must include or identify non-affiliated entities included on the list of those Electric Service Providers authorized by the Commission to provide service within the Affected Utility's or Utility Distribution Company's certificated area. The Commission shall maintain an updated list of such Electric Service Providers and make that list available to Affected Utilities or Utility Distribution Companies at no cost.
2. An Affected Utility or Utility Distribution Company may provide non-public supplier information and data, which it has received from unaffiliated suppliers, to its affiliates or nonaffiliated entities only if the Affected Utility or Utility Distribution Company receives prior authorization from the supplier.
3. Except as otherwise provided in these rules, an Affected Utility or Utility Distribution Company shall not offer or provide customers advice, which includes promoting, marketing or selling, about its affiliates or other service providers.
4. An Affected Utility or Utility Distribution Company shall maintain contemporaneous records documenting all tariffed and nontariffed transactions with its affiliates, including but not limited to, all waivers of tariff or contract

provisions and all discounts. These records shall be maintained for a period of 3 years, or longer if required by this Commission or another governmental agency.

D. Nondiscrimination

An Affected Utility, Utility Distribution Company, or their affiliates shall not represent that, as a result of the affiliation, customers of such affiliates will receive any treatment different from that provided to other, non-affiliated entities or their customers. An Affected Utility, Utility Distribution Company, or their affiliates shall not provide their affiliates, or customers of their affiliates, any preference over non-affiliated suppliers or their customers in the provision of services. For example:

1. Except when made generally available by an Affected Utility, Utility Distribution Company or their affiliates, through an open competitive bidding process, if the Affected Utility, Utility Distribution Company or their affiliates offers a discount or waives all or any part of any charge or fee to its affiliates, or offers a discount or waiver for a transaction in which their affiliates are involved, the entity shall contemporaneously make such discount or waiver available to all.
2. If a tariff provision allows for discretion in its application, an Affected Utility or Utility Distribution Company shall apply that provision equally among its affiliates and all other market participants and their respective customers.
3. Requests from affiliates and non-affiliated entities and their customers for services provided by the Affected Utility or Utility Distribution Company shall be processed on a nondiscriminatory basis.
4. An Affected Utility or Utility Distribution Company shall not condition or otherwise tie the provision of any service provided, nor the availability of discounts of rates or other charges or fees, rebates or waivers of terms and conditions of any services, to the taking of any goods or services from its affiliates.
5. In the course of business development and customer relations, except as otherwise provided in these rules, an Affected Utility or Utility Distribution Company shall refrain from:

- a. Providing leads to its affiliates;
- b. Soliciting business on behalf of affiliates;
- c. Acquiring information on behalf of, or provide information to, its affiliates;
- d. Sharing market analysis reports or any non-publicly available reports, including but not limited to market, forecast, planning or strategic reports, with its affiliates.

E. Compliance Plans

No later than December 31, 1998, each Affected Utility or Utility Distribution Company shall file a compliance plan demonstrating the procedures and mechanisms implemented to ensure that activity prohibited by these rules will not take place. The compliance plan shall be submitted to the Director, Utilities Division and shall be in effect until a determination is made regarding its compliance under these rules. The compliance plan shall thereafter be submitted annually to reflect any material changes. An Affected Utility or Utility Distribution Company shall have a performance audit prepared by an independent auditor in the 1st quarter after the end of each calendar year to examine compliance with the rules set forth herein, starting no later than the calendar year 1999, and every year thereafter until December 31, 2002. Such audits shall be filed with the Director, Utilities Division. After December 31, 2002 the Director, Utilities Division may request a Utility Distribution Company to conduct such an audit.

F. Waivers

1. Any affected entity may petition the Commission for a waiver by filing a verified application for waiver setting forth with specificity the circumstances whereby the public interest justifies a waiver from all or part of the provisions of this rule.
2. The Commission may grant such application upon a finding that a waiver is in the public interest.

R14-2-1618 Disclosure of Information

- A.** There are efforts under the auspices of the Western Conference of Public Service Commissioners to develop a tracking mechanism as to the source of electrons. To facilitate customer choice, the Commission intends to participate in developing this tracking mechanism and a side-by-side comparison for retail customers on price, price variability, fuel mix, and emissions of electricity offered for sale in Arizona and the West. Until this is accomplished, R14-2-1618 is a placeholder.
- B.** Each Load-Serving Entity shall prepare a consumer information label that sets forth the following information for residential customers ~~with a demand of less than 1 MW:~~
1. Price to be charged for generation services,
 2. Price variability information,
 3. Customer service information,
 4. Composition of resource portfolio,
 5. Fuel mix characteristics of the resource portfolio,
 6. Emissions characteristics of the resource portfolio,
 7. Time period to which the reported information applies.
- C.** The Director, Utilities Division shall develop the format and reporting requirements for the consumer information label to ensure that the information required by subsection (A) is appropriately and accurately reported and to ensure that customers can use the labels for comparisons among Load-Serving Entities. The format developed by the Director, Utilities Division shall be used by each Load-Serving Entity.
- D.** Each Load-Serving Entity shall include the information disclosure label ~~in a prominent position in all brochures and other collateral~~ written marketing materials, specifically targeted to residential customers in ~~to~~ Arizona. When a Load-Serving Entity advertises in print or non-print media targeted to residential customers in Arizona, ~~or in written materials not specifically target to Arizona,~~ the advertisements ~~marketing materials~~ shall indicate that the Load-Serving Entity shall provide the consumer information label to the

public upon request.

E. Each Load-Serving Entity shall prepare an annual disclosure report of its that aggregates
~~the resource portfolios of the Load-Serving Entity and its affiliates.~~

F. Each Load-Serving Entity 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;
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, rescission of supplier switches within 3 days of receipt of confirmation, if applicable;
9. A toll-free telephone number for service complaints;
10. Low income rate eligibility, if applicable;
11. Provisions for default service, if applicable;
- ~~12. Applicable provisions of state utility laws; and~~
13. Method whereby customers will be notified of changes to the terms of service.

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

1. The terms of service shall be distributed pPrior to the initiation of service for any retail customer,

2. The consumer information label shall be distributed pPrior to processing written authorization from a residentialretail customer with a load of less than 1 MW to change Electric Service Providers,
 3. The consumer information label, the disclosure report, and the terms of service shall be distributed tTo any person upon request,
 4. The consumer information label, the disclosure report, and the terms of service shall be mMade a 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.
- H.** Failure to comply with the rules on information disclosure or dissemination of inaccurate information may result in suspension or revocation of certification or other penalties as determined by the Commission.
- I.** The Commission may establish a consumer information advisory panel to review the effectiveness of the provisions of this Section and to make recommendations for changes in the rules.