

GALLAGHER & KENNEDY
P.A.
ATTORNEYS AT LAW

MICHAEL M. GRANT
DIRECT DIAL: (602) 530-8291
E-MAIL: MMG@GKNET.COM

EXCEPTION
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AZ CORP COMMISSION
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Arizona Corporation Commission
2575 EAST OAK HARBOR ROAD
PHOENIX, ARIZONA 85016-9225
PHONE: (602) 530-8000
FAX: (602) 530-8500
WWW.GKNET.COM

DOCKETED BY [Signature]

April 7, 2000

Chairman Carl J. Kunasek
Commissioner Jim Irvin
Commissioner William A. Mundell
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Re: Open Meeting Agenda Item U-2; Re: AEPCO Application for Waiver of Certain Requirements of A.A.C. R14-2-1609; Staff Report and Proposed Opinion dated March 28, 2000 in Docket No. RE-00000C-94-165

Dear Commissioners:

On December 17, 1999, AEPCO filed a request for waiver of certain requirements of R14-2-1609. For your convenience, a copy is enclosed.

In its March 28 report and proposed opinion, Staff acknowledges that (1) the members of the AISA have not been able to agree on a set of protocols and (2) the Affected Utilities, including AEPCO, can't force other AISA members to reach agreement. Nonetheless, Staff recommends denial of the waiver request as to R14-2-1609.E even though it concedes AEPCO can't comply with its requirements.

AEPCO would stress that it has no objection to Staff's recommendation that it collaborate with other transmission line owners and submit for informational purposes to the Commission a set of protocols within 15 days of the date of the order.* AEPCO also assures the Commission that it will continue to work with other parties in implementing the AISA as it has for more than two years. But, its

request for a waiver should be granted because, as Staff concedes, AEPCO neither practically nor legally can comply with the Rule.

Very truly yours,

GALLAGHER & KENNEDY, P.A.

A handwritten signature in black ink, appearing to read "Michael M. Grant", with a long horizontal flourish extending to the right.

By:

Michael M. Grant

ORIGINAL and ten copies filed
this 1st day of April, 2000 with
Docket Control.

MMG/lmm
10421-0013/829543

*For a variety of reasons, the Commission does not, however, have the jurisdiction to approve the protocols. See, for example, FERC's Policy Statement Regarding RTG's, III FERC Stats. and Regs., ¶ 30, 976 (1993).

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BEFORE THE ARIZONA CORPORATION COMMISSION

COPY

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

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DEC 17 1999

A.C.C. - DOCKET CONTROL

IN THE MATTER OF COMPETITION IN)	DOCKET NO. RE-0000C-94-0165
THE PROVISION OF ELECTRIC SERVICES)	
THROUGHOUT THE STATE OF ARIZONA)	AEPCO'S REQUEST FOR
)	WAIVER OF CERTAIN
)	REQUIREMENTS OF R14-2-1609

The Arizona Electric Power Cooperative, Inc. ("AEPCO") submits this request for a waiver of the AISA implementation plan filing requirement of A.A.C. R14-2-1609.E¹ The issues addressed in this Request for Waiver were more fully discussed at an Open Meeting concerning AISA matters on December 13, 1999.

As required by R14-2-1609.D, AEPCO and other Affected Utilities which own or operate Arizona transmission facilities have formed an AISA. AEPCO and the other utilities have also assisted and actively participated in AISA planning and its functions over the past two years. As well, they have provided most of its funding. The AISA is, however, an independent body. The Affected Utilities do not control it but hold two seats on its ten member Board of Directors.

R14-2-1609.E requires AEPCO and the other Affected Utilities to file a proposed AISA implementation plan addressing, among other things, a contingency plan for critical functionality by December 29. The AISA has not yet adopted its implementation plan, although it expects to do so and perform other functions envisioned by the Rule by June 30, 2000. As

¹ AEPCO does not believe the requirements of R14-2-1609.D apply to Affected Utilities but rather to the AISA itself. If the Commission interprets that subsection differently, then AEPCO requests a waiver as to those provisions of subsection E as well.

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explained, AEPCO cannot adopt the AISA implementation plan itself and therefore cannot comply with the Rule's requirements.

AEPCO would stress that it and the other Affected Utilities do not see these developments as an impediment to retail access. The Arizona transmission grid can "open" and operate without an AISA implementation plan. In fact, the grid is open now in compliance with FERC rules and NERC guidelines.

In light of the foregoing, AEPCO requests that the requirements of R14-2-1609.E pertaining to the filing of an AISA implementation plan be waived.

RESPECTFULLY SUBMITTED this 17th day of December, 1999.

GALLAGHER & KENNEDY, P.A.

By Michael M. Grant
Michael M. Grant
2600 North Central Avenue
Phoenix, Arizona 85004-3020
Attorneys for Az Electric Power
Coop, Inc.

Original and ten (10) copies
of the foregoing document filed
this 17th day of December, 1999, with:

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Maria A. Green
#800815/10421-0013

**PROPOSED AMENDMENT TO
STAFF PROPOSED ORDER**

1. At page 2, line 12 delete “and approval”.
2. At page 2, line 19 to page 3, line 6 delete Finding of Fact Nos. 7 through 10 and substitute the following:
 7. AEPCO’s request for a waiver of R14-2-1609.E should be granted because it cannot comply with the requirement.
3. At page 3, line 13 delete “deny” and insert “grant”.
4. At page 3, line 16 delete “denied” and insert “granted”.
5. At page 3, delete lines 17-18.