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MEMORANDUM

Arizona Corporation Commission

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AZ CORP COMMISSION

DOCKETED

Dec 2 3 39 PM '98

TO: THE COMMISSION

OPEN MEETING ITEM
DEC 02 1998

FROM: Utilities Division

DOCUMENT CONTROL

DATE: December 1, 1998

DOCKETED BY	
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RE: IN THE MATTER OF THE FILING BY TRICO ELECTRIC COOPERATIVE, INC. OF UNBUNDLED AND STANDARD OFFER SERVICE TARIFFS PURSUANT TO A.A.C. R14-2-1606 (DOCKET NO. E-01461A-97-0696)

On February 13, 1998, Trico Electric Cooperative, Inc. (Coop) filed its unbundled and standard offer service tariffs pursuant to A.A.C. R14-2-1606. In this filing, the Coop has priced electric service elements such as distribution, metering and billing. The Coop also stated that it intends to use its current tariffs as the standard offer tariffs but may revise the standard offer at a later date.

Effective December 26, 1996, the Commission adopted rules governing the parameters of retail electric competition. Pursuant to A.A.C. R14-2-1606(C), each incumbent utility must file Unbundled Service Tariffs to provide the following services to all eligible purchasers on a nondiscriminatory basis: Distribution service; Meter and meter reading service; Billing and collection service; Open access transmission service; Ancillary services; Information services; and Other ancillary services necessary for safe and reliable system operation. Pursuant to A.A.C. R14-2-1606(B), each incumbent utility may also file proposed tariffs to provide standard offer bundled service.

Decision No. 60701, dated February 27, 1998, suspended this filing until June 12, 1998. Decision No. 60903, dated May 22, 1998, suspended this filing until December 9, 1998.

Staff's main concern with the Coop's February 23rd tariff filing was that it would result in a disincentive for certain customers to make the competitive choice versus standard offer. This disincentive was primarily the result of higher fixed charges in the unbundled tariffs than are in the Coop's current tariffs. As a result of discussions with Staff, the Coop agreed to eliminate their proposed higher fixed charges for customers who exercise choice by maintaining the level of fixed versus variable charges in its current tariffs.

UNBUNDLED SERVICE TARIFFS

THE COMMISSION

December 1, 1998

Page 2

The Coop filed its revised tariffs on December 1, 1998. Staff has reviewed the Coop's revised tariffs and recommends they be approved. Staff further recommends that the Coop's request to use its current tariffs as the standard offer tariffs be approved.

Ray T. Williamson

**Ray T. Williamson
Acting Director
Utilities Division**

RTW:JVW:djg/PAB

ORIGINATOR: John V. Wallace

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **JIM IRVIN**
3 **Commissioner - Chairman**
4 **RENZ D. JENNINGS**
5 **Commissioner**
6 **CARL J. KUNASEK**
7 **Commissioner**

8 **IN THE MATTER OF THE FILING BY)**
9 **TRICO ELECTRIC COOPERATIVE,)**
10 **INC. OF UNBUNDLED AND)**
11 **STANDARD OFFER SERVICE TARIFFS)**
12 **PURSUANT TO A.A.C. R14-2-1606)**

DOCKET NO. E-01461A-97-0696

DECISION NO. _____

ORDER

13 **Open Meeting**
14 **December 10 and 11, 1998**
15 **Phoenix, Arizona**

16 **BY THE COMMISSION:**

17 **FINDINGS OF FACT**

18 1. **Trico Electric Cooperative, Inc. (TEC or Coop) is certified to provide electric**
19 **service as a public service corporation in the State of Arizona.**

20 2. **On February 13, 1998, the Coop filed its unbundled and standard offer service**
21 **tariffs pursuant to A.A.C. R14-2-1606. In this filing, the Coop has priced electric service**
22 **elements such as distribution, metering and billing. The Coop also stated that it intends to use its**
23 **current tariffs as the standard offer tariffs but may revise the standard offer at a later date.**

24 3. **Effective December 26, 1996, the Commission adopted rules governing the**
25 **parameters of retail electric competition. Pursuant to A.A.C. R14-2-1606(C), each incumbent**
26 **utility must file Unbundled Service Tariffs to provide the following services to all eligible**
27 **purchasers on a nondiscriminatory basis: Distribution service; Meter and meter reading service;**
28 **Billing and collection service; Open access transmission service; Ancillary services; Information**
services; and Other ancillary services necessary for safe and reliable system operation. Pursuant
to A.A.C. R14-2-1606(B), each incumbent utility may also file proposed tariffs to provide
standard offer bundled service.

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1 4. Decision No. 60701, dated February 27, 1998, suspended this filing until June 12,
2 1998. Decision No. 60903, dated May 22, 1998, suspended this filing until December 9, 1998.

3 5. Staff's main concern with the Coop's February 23rd tariff filing was that it would
4 result in a disincentive for certain customers to make the competitive choice versus standard
5 offer. This disincentive was primarily the result of higher fixed charges in the unbundled tariffs
6 than are in the Coop's current tariffs.

7 6. As a result of discussions with Staff, the Coop agreed to eliminate their proposed
8 higher fixed charges for customers who exercise choice by maintaining the level of fixed versus
9 variable charges in its current tariffs.

10 7. The Coop filed its revised tariffs on December 1, 1998. Staff has reviewed the
11 Coop's revised tariffs and recommends they be approved. Staff further recommends that the
12 Coop's request to use its current tariffs as the standard offer tariffs be approved.

13
14 CONCLUSIONS OF LAW

15 1. TEC is an Arizona public service corporation within the meaning of Article XV,
16 Section 2, of the Arizona Constitution.

17 2. The Commission has jurisdiction over TEC and over the subject matter of the
18 application.

19 3. The Commission, having reviewed the tariff pages (copies of which are contained
20 in the Commission tariff files) and Staff's Memorandum dated December 1, 1998, concludes that
21 revised tariffs filed on December 1, 1998 are reasonable and equitable and are therefore in the
22 public interest.

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ORDER

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THEREFORE, IT IS ORDERED that the December 1, 1998 tariff filing be and hereby is approved.

IT IS FURTHER ORDERED that TEC's request to use its current tariffs as the standard offer tariffs is approved.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

COMMISSIONER - CHAIRMAN

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, JACK ROSE, Executive Secretary of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this ____ day of _____ 1998.

JACK ROSE
Executive Secretary

DISSENT _____

RTW:JVW:djg/PAB