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

Re: Sierra Southwest Application;  
Docket No. E-03665-A-98-0681

Dear Sir/Madam:

In relation to items (f) and (i) of the Staff Report in this matter dated April 8, 1999, enclosed is a revised Commercial and Industrial Electricity Tariff No. 1 and a Residential Electricity Tariff No. 1 on behalf of Sierra Southwest Electric Power Cooperative Services, Inc. Both tariffs state a maximum rate for billing and collection services as recommended in the Staff Report. These tariffs should be substituted for the tariff attached as part of Attachment C to the Application.

Very truly yours,

GALLAGHER & KENNEDY

By  
Michael M. Grant

Enclosures

cc with enclosures: Jose Stukes, AEPCO  
Lynn J. Garrett, Utilities Division ACC

Also mailed to attached service list:

Bradley S. Carroll, Tucson Electric Power Company  
Steven M. Wheeler, Snell & Wilmer  
Craig Marks, Citizens Utilities Company  
Russell E. Jones, O'Connor Cavanagh Molloy Jones  
Michael A. Curtis, Martinez & Curtis, P.C.  
Christopher Hitchcock, Hitchcock, Hicks & Conlogue  
Lex J. Smith and Michael W. Patten, Brown & Bain  
Raymond S. Heyman and Randall H. Warner, Roshka Heyman & DeWulf, P.L.C.  
C. Webb Crockett and Jay L. Shapiro, Fennemore Craig, P.C.  
Douglas C. Nelson, Douglas C. Nelson, P.C.

#744915 - Docket Control

SIERRA SOUTHWEST ELECTRIC POWER COOPERATIVE SERVICES, INC.

## COMMERCIAL AND INDUSTRIAL ELECTRICITY TARIFF NO. 1

### DESCRIPTION

Under this Tariff, Sierra Southwest Electric Power Cooperative Services, Inc. ("Sierra Southwest") provides competitive retail electricity supply and other competitive energy services as an Electric Service Provider ("ESP") as defined in A.A.C. R14-2-1601.

Pursuant to this Tariff, Sierra Southwest will provide and sell competitive electricity supply, billing and related services. Sierra Southwest will also sell, but not physically provide, the meter services of authorized providers or UDC's.

Sierra Southwest does not provide regulated electric delivery services, but will serve as agent for customers in arranging and coordinating regulated services including electric delivery services.

### AVAILABILITY

This Tariff is available throughout the state of Arizona at transmission and distribution voltage levels to non-residential retail customers who are eligible under the Arizona Corporation Commission's applicable rules. This tariff is available on a competitive basis as allowed by the Commission's rules and does not constitute an offering on a provider of last resort basis. This Tariff does not constitute an obligation to serve. Sierra Southwest may elect not to offer these services to any customer at the discretion of Sierra Southwest, consistent with Arizona law. Sierra Southwest may also terminate service at its discretion, consistent with contractual terms and conditions.

### CHARGES

Monthly charges may include:

- 1) Electricity Supply: A market based charge, as negotiated, not to exceed \$25 per kilowatt hour. Services include energy, capacity and competitive generation-related ancillary services. Billing determinants shall also be established through negotiation (e.g. energy, demand, customer or transaction charges). Electric supply prices may be constant or variable.
- 2) Competitive Transition Charge: If applicable, a charge, as approved by the Commission for the UDC of the customer, passed through without markup by Sierra Southwest.

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- 3) Fuel or Purchased Power: If applicable, a charge, as approved by the Commission for the UDC of the customer, passed through without mark-up by Sierra Southwest.
- 4) Distribution Services: An approved charge passed through without mark-up by Sierra Southwest.
- 5) Transmission Services: An approved charge passed through without mark-up by Sierra Southwest.
- 6) Ancillary Services: A charge for transmission related services passed through without mark-up by Sierra Southwest.
- 7) Basic Metering Service:
  - a) If provided by a Commission approved meter service provider, a market based charge not to exceed the provider's maximum approved charge, passed through without mark-up by Sierra Southwest.
  - b) If provided by the UDC of the customer, a charge, as approved by the Commission, passed through without mark-up by Sierra Southwest.
- 8) Basic Meter Reading Service:
  - a) If provided by a Commission approved meter reading service provider, a market based charge not to exceed the provider's maximum approved charge, passed through without mark-up by Sierra Southwest.
  - b) If provided by the UDC of the customer, a charge, as approved by the Commission, passed through without mark-up by Sierra Southwest.
- 9) Billing and Collection: If billing and collection services are supplied by a UDC or other authorized provider, a charge as approved by the Commission passed through without mark-up by Sierra Southwest. If such services are supplied by Sierra Southwest, the cost will either be included in the charge for electricity or the charge not to exceed \$500 per month will be itemized on the customer's bill.
- 10) Systems Benefits: A charge, as approved by the Commission, and passed through without mark-up by Sierra Southwest.
- 11) Applicable Taxes.

- 12) Other Charges. Such other charges as the Commission or the UDC may require which will be passed through by Sierra Southwest without mark-up.

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- 13) Miscellaneous. Other charges for services provided by Sierra Southwest that are not subject to this Tariff.

All of the above charges will appear only when Sierra Southwest provides consolidated ESP billing. In the case of consolidated UDC billing, the UDC controls the entire billing format. For dual billing, Sierra Southwest's bills will display items: 1), 7) a or b (as negotiated), 8) a or b (as negotiated), 9, 11, 12 (if appropriate) and 13 (if appropriate). The UDC's bill would be expected to contain the remaining billing items in the case of dual billing.

Sierra Southwest will express market based electricity supply prices in any manner or pricing structure. Sierra Southwest may include in the price for electricity supply the costs of any other energy services purchased by the customer pursuant to the contract between the customer and Sierra Southwest. Sierra Southwest may use any financing or price allocation mechanisms that result in a customer's actual monthly charges in any month being different than the amount determined for the charges above pursuant to the contract.

Terms and conditions for all other items listed in this "CHARGES" section shall be as approved by the Commission or other regulatory authority for the individual UDC or approved meter provider, as set forth in their filed tariffs for these services.

### CONTRACT

Customer must execute a contract with Sierra Southwest. Contract duration, market-based prices, UDC name(s), LDC account number(s), customer address(es) and other terms and conditions of service to be negotiated by the parties must be stated in the contract.

### TERMS AND CONDITIONS

Terms and conditions for providing and selling competitive electricity supply and billing and for selling meter services will be specified in a contract with the customer. These may include the following basic items:

- 1) Agreement
- 2) Definitions
- 3) Term
- 4) Prices and fees
- 5) Deposits

- 6) Termination and Remedies
- 7) Confidentiality
- 8) Notices

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- 9) Procurement and delivery of power
- 10) Obligations
- 11) Invoicing and payment
- 12) Liability
- 13) Warranties
- 14) Force majeure
- 15) Taxes and fees
- 16) Miscellaneous

The final agreement entered into by the parties may contain additions, deletions, modifications or changes to the terms and conditions stated herein.

**MISCELLANEOUS**

Sierra Southwest may seek to change, amend or revise this Tariff at any time upon application to this Commission. Any such amendments, changes or revisions shall become effective only upon approval by this Commission and shall be implemented by Sierra Southwest only prospectively. Such approved changes, amendments, or revisions shall not operate to amend, modify, change or revise contracts entered into prior to the effective date of such approved changes, amendments or revisions to this Tariff.

**Sierra Southwest Electric Power Cooperative Services, Inc.**

**Residential Electricity Tariff No. 1**

**DESCRIPTION**

Under this Tariff, Sierra Southwest Electric Power Cooperative Services, Inc. ("Sierra Southwest") provides competitive retail electricity supply and other competitive energy services to RESIDENTIAL customers eligible for direct access throughout the state of Arizona. Both single and aggregation accounts may receive service under this Tariff. Sierra Southwest is providing electricity as an Electric Service Provider ("ESP").

Pursuant to this Tariff, Sierra Southwest will provide and sell competitive electricity supply. Sierra Southwest will also sell, but not physically provide, the meter and meter reading services of Arizona Corporation Commission ("Commission" or "ACC") certificated providers or UDCs.

Sierra Southwest will serve as an agent for customers in arranging and coordinating regulated services including electric distribution services. Sierra Southwest does not provide regulated electric distribution services.

Sierra Southwest intends to sell and provide to customers who take service under this Tariff other competitive energy services which are not regulated by the Commission. These energy services are not addressed in this Tariff.

THIS IS NOT A "PROVIDER OF LAST RESORT" TARIFF. Retail customers are not required to select Sierra Southwest. This Tariff is not available to non-residential customers. Sierra Southwest is not a utility distribution company ("UDC").

**AVAILABILITY**

Sierra Southwest makes electric energy and capacity available under this Tariff to residential retail customers who are eligible under the Commission's applicable rules. This Tariff is available throughout the state of Arizona.

Sierra Southwest may refuse service to a customer for any of the following reasons: (1) The customer is not credit worthy; (2) The customer refuses to pay the price at which Sierra Southwest offers electricity supply; (3) Sierra Southwest is unwilling or incapable of providing the service requested by the customer at a price the customer is willing to pay; (4) The customer is located in a geographic area where Sierra Southwest is either not certificated to serve (or related agreements are not established) or the customer is not eligible to receive direct access services; (5) The customer refuses to sign a contract for service or refuses to accept offered prices, terms and conditions for electricity supply; (6) The customer is unwilling to wait the period of time Sierra Southwest (or the UDC) deems necessary to begin receiving service from Sierra Southwest; or (7) The customer does not have the proper electrical equipment infrastructure to receive electricity from Sierra Southwest.

Sierra Southwest shall not be deemed as having refused service to any potential customer if, in the opinion of such customer, Sierra Southwest did not respond to a sales inquiry or otherwise present or follow-up on a specific sales contract proposal in a time frame desired by said customer. Sierra Southwest has the right to evaluate each and every potential customer opportunity and determine whether and in what time period to respond to such opportunity.

Sierra Southwest is not required to respond to any request for proposal issued by a potential customer seeking competitive bids from Energy Service Providers.

**THIS TARIFF IS NOT AVAILABLE ON A PROVIDER OF LAST RESORT BASIS.**

### **CHARGES**

Sierra Southwest's monthly charges may include:

1. **Electric Supply.** A market-based charge, as negotiated, not to exceed \$25 per kilowatt-hour. Services include energy, capacity and competitive generation-related ancillary services. Electric supply prices may be constant or variable and will be set forth in the customer's energy services agreement.
2. **Competitive Transition Charge.** If applicable, a charge, as approved by the Commission for the UDC of the customer passed through without mark-up by Sierra Southwest.
3. **Fuel or Purchased Power.** If applicable, a charge, as approved by the Commission for the UDC of the customer passed through without mark-up by Sierra Southwest.
4. **Distribution Services.** A charge, as approved by the Commission for the UDC of the customer, passed through by Sierra Southwest as agent without mark-up to the customer.
5. **Transmission Services.** A charge, as approved by FERC, passed through by Sierra Southwest as agent without mark-up to the customer.
6. **Ancillary Services.** A charge for transmission-related services, as approved by the FERC passed through by Sierra Southwest as agent without mark-up to the customer.
7. **Independent System Administrator.** A charge for transmission system administrative services passed through without mark-up by Sierra Southwest.
8. **Metering and Meter Reading Service.** A charge as approved by the Commission passed through without mark-up by Sierra Southwest.
9. **Billing and Collection.** If billing and collection services are supplied by a UDC or other authorized provider, a charge as approved by the Commission passed through without mark-up by Sierra Southwest. If such services are supplied by Sierra Southwest, the cost will

will either be included in the charge for electricity or the charge not to exceed \$25 per month will be itemized on the customer's bill.

10. System Benefits. A charge, as approved by the Commission, and passed through by Sierra Southwest without mark-up to the customer.
11. Applicable Taxes.
12. Other Charges. Such other charges as the Commission or the UDC may require which will be passed through by Sierra Southwest without mark-up.
13. Miscellaneous. Other charges for services provided by Sierra Southwest that are not subject to this Tariff.

All of the above charges will appear only when Sierra Southwest provides consolidated ESP billing. In the case of consolidated UDC billing, the UDC controls the entire billing format. For dual billing, Sierra Southwest bills will display items competitively procured.

Sierra Southwest has the right to express market-based electricity supply prices in terms of discounts (percentage or otherwise) from bundled regulated services (i.e., Standard Offer Service) in contracts and monthly bills, or in any other manner or pricing structure. Sierra Southwest may include in the price for electricity supply the costs of any other energy services purchased by the customer pursuant to the agreement between the customer and Sierra Southwest. Sierra Southwest shall be permitted to use any financing mechanisms (e.g., balance payment) over the life of the agreement that result in a customer's actual monthly charges in any months being different than the amount determined for the charges above pursuant to the agreement.

Terms and conditions for all other items listed in this "CHARGES" section shall be as approved by the Commission for the individual UDC or certificated provider, as set forth in their filed tariffs for these services. Sierra Southwest and, in turn, customers shall comply with Commission's Rules and UDC Open Access tariffs as regards load profiling or meter specifications.

### CONTRACT

Customer must execute an energy services agreement with Sierra Southwest. Agreement duration, market-based prices, UDC name(s), UDC account number(s), and customer address(es) and other terms and conditions of service to be negotiated by the parties must be stated in the agreement.

### TERMS AND CONDITIONS

Terms and conditions for providing and selling competitive electricity supply and for selling meter services are presented in the illustrative agreement appended to this Tariff. This agreement sets forth the obligations of Sierra Southwest to its customers and the obligations of customers to Sierra Southwest. The following subject areas and related terms and conditions of service, are set forth in the energy services agreement.

1. Customer Agreement
2. Service Agreements, Term of Service Agreement, and Right of Rescission
3. Security Deposit Requirements and Interest on Deposits
4. Notices
5. Limits on Warranties and Damages
6. Other Provisions
7. Successors and Assigns
8. Waivers
9. Rights and Remedies
10. Definitions

The attached energy services agreement is for illustrative purposes only. The final agreement entered into by the parties may contain additions, deletions, modifications or changes to the terms and conditions in the appended illustration that will be negotiated at arms' length between the parties.

#### **MISCELLANEOUS**

Sierra Southwest may seek to change, amend or revise this Tariff at any time upon application to this Commission. Any such amendments, changes or revisions shall become effective only upon approval by this Commission, and shall be implemented by Sierra Southwest only prospectively. Such approved changes, amendments or revisions shall not operate to amend, modify, change, or revise energy services agreements entered into prior to the effective date of such approved changes, amendments or revisions to this Tariff.

## **FOR ILLUSTRATIVE PURPOSES ONLY**

### **TERMS AND CONDITIONS FOR THE SALE OF COMPETITIVE ENERGY SERVICE FOR RESIDENTIAL CUSTOMERS**

#### **GENERAL**

The following TERMS AND CONDITIONS will apply to the sale by Sierra Southwest Electric Power Cooperative Services, Inc. ("Sierra Southwest") of energy supplies to Arizona residential customers. Actual terms and conditions of each service agreement may vary and Sierra Southwest reserves the right to add, delete or amend terms, as it deems appropriate.

#### **SERVICE AGREEMENT**

1. **Pricing and Term:** A description of the pricing structure and term of the offer, and its potential for price variability, will be provided in the Customer Information Label that is included with the offer.
2. **Payments and Past Due Bills:**
  - 2.1 **Billing periods for competitive electric energy normally consist of approximately thirty (30) days and are based on the customer's meter readings and assigned load profile (if applicable). Billings may come from the customer's utility distribution company or directly from Sierra Southwest. In those instances where meter reads are not available, Sierra Southwest will comply with the Arizona Administrative Code with respect to estimated bills.**
  - 2.2 **A local utility distribution company may issue consolidated customer bills, which include its wires related charges and Sierra Southwest's current and past due charges for energy services. The payment due date will be the date specified by the local utility distribution company (normally ten days from the billing date). Payments not received within this timeframe will be considered past due.**
  - 2.3 **Bills issued by Sierra Southwest are due ten (10) days from the billing date. Payments not received within this timeframe will be considered past due.**
  - 2.4 **Past due charges will accrue interest at the rate of one and one-half percent (1-1/2%) per month. If payment, plus interest, is not received fifteen (15) days after the past due date, the customer's service with Sierra Southwest will be delinquent and Sierra Southwest may switch the customer's service back to the local utility distribution company. The customer would be responsible for payment to Sierra Southwest for all electric energy used until the customer is returned to the local distribution company or assigned to customer's new energy service company for electric energy service.**

- 2.5 If a customer has two or more services with Sierra Southwest and Sierra Southwest switches back a service back to the customer's local utility distribution company with an outstanding bill, Sierra Southwest will be entitled to transfer the balance due on the switched service to any other active service with Sierra Southwest in customer's name.
- 2.6 Returned Checks and Fees – A fee will be charged for each instance where a check is not honored by the customer's bank.
3. Security Deposit Requirements: Sierra Southwest will not generally require a security deposit. However, if the customer's credit is below Sierra Southwest's standard requirements, Sierra Southwest may extend an offer of service provided the customer places a cash deposit to secure payment of bills for service.
4. Uncontrollable Forces: Neither Party will be liable to each other for damages nor costs resulting from its failure to perform, when a failure of performance is due to an event that is beyond the control of the Party affected by it. "Uncontrollable forces" means natural, operational or mechanical events (including transmission and distribution) that are not within the control of the Party affected by the event and which that Party is unable to prevent or overcome. The Party affected by an uncontrollable force will promptly provide written notice to the other Party describing the nature of the event; the length of time it is expected to continue; and the Party's efforts (planned or under way) to overcome the affects of the event.
5. Limits on Warranties and Damages: **SIERRA SOUTHWEST MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED (INCLUDING WARRANTIES REGARDING MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE), CONCERNING THE SALE OF COMPETITIVE ELECTRIC SERVICES BY SIERRA SOUTHWEST TO CUSTOMER EXCEPT AS EXPRESSLY STATED IN THE SERVICE AGREEMENT. THESE TERMS OF SERVICE AND THE APPLICABLE RULES OF THE ARIZONA CORPORATION COMMISSION STATE THE ENTIRE OBLIGATION OF SIERRA SOUTHWEST IN CONNECTION WITH SUCH SALES. SIERRA SOUTHWEST SHALL NOT BE LIABLE TO CUSTOMER FOR ANY DAMAGES OCCASIONED BY FLUCTUATIONS, INTERRUPTIONS OR CURTAILMENT OF ELECTRIC ENERGY. UNDER NO CIRCUMSTANCES WILL SIERRA SOUTHWEST BE LIABLE FOR INDIRECT, SPECIAL, CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES RESULTING FROM ITS FAILURE TO PERFORM ITS OBLIGATIONS UNDER THE SERVICE AGREEMENT.**
6. Successors and Assigns: Customer may not assign any rights, or delegate any obligations under a service agreement without Sierra Southwest's prior written consent, which Sierra Southwest will not unreasonably withhold. Any assignment or delegation will be binding upon the customer, its successors and assigns and will not relieve a customer of any duties or obligations set forth in a service agreement. No unconsented assignment or delegation will be binding upon Sierra Southwest.

7. **Waivers:** A waiver of any default of the other party or any other matter arising in connection with this agreement, at any time by either party, shall not be construed a waiver of any subsequent default or matter.
8. **Rights and Remedies:** Except as expressly stated otherwise herein, the rights and remedies granted to the parties pursuant to the service agreement are in addition to, and shall not limit or affect, any other rights or remedies available at law or in equity.
9. **Governing Law –** This agreement will be interpreted in accordance with the substantive and procedural laws of the State of Arizona, including the Uniform Commercial Code as it applies to the sales of goods.
10. **Attorney's Fees –** In the event that either party shall successfully bring suit to compel performance or for breach of this agreement, that party shall be entitled to recover reasonable attorney's fees in addition to the amount of judgment and costs.
11. **Definitions:** Terms, when used herein with initial capitalization, whether in the singular or plural, shall have the meaning specified in ACC R14-2-1601.

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