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Arizona Corporation Commission
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NEW APPLICATION

AUG 21 1998

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AZ CORP COMMISSION

DOCKETED BY BEFORE THE ARIZONA CORPORATION COMMISSION
AUG 21 9 14 AM '98

JIM IRVIN
Commissioner-Chairman

RENZ D. JENNINGS
Commissioner

DOCKET NO. E-01787A-98-0465

CARL J. KUNASEK
Commissioner

IN THE MATTER OF THE COMPETITION) DOCKET NO. ~~RE-00000C-94-0165~~
IN THE PROVISION OF ELECTRIC)
SERVICES THROUGHOUT THE STATE) NAVOPACHE ELECTRIC
OF ARIZONA) COOPERATIVE, INC. STRANDED
COST FILING

Pursuant to Decision No. 60977 ("Decision") and A.A.C. R14-2-1607, Navopache Electric Cooperative, Inc. ("Navopache") hereby submits its filing and request for waiver concerning its Stranded Costs.

Although Navopache is required to file its estimated stranded costs, there is currently insufficient information available for Navopache to make a fair and accurate determination of its stranded costs.

First, Navopache purchases all of its power and energy requirements from Plains Electric Generation and Transmission Cooperative ("Plains") under the provisions of an "all-requirements" contract. Because Plains is located in New Mexico, it is not subject to the jurisdiction of the Arizona Corporation Commission. Plains has not communicated to Navopache the amount of its stranded costs. At the time of this filing, New Mexico had not adopted a state policy to implement retail electric competition. The relationship between Navopache

1 and Plains makes it impossible for Navopache to determine its
2 power supply related stranded costs until Navopache and Plains
3 determine what stranded costs of Plains, if any exists, are
4 applicable to Navopache.

5 Moreover, the trade press has reported that Plains has
6 received eighteen separate bids for purchase of its assets. If
7 Plains sells its assets, the sale price will affect its stranded
8 costs and thus may affect Navopache's stranded costs.

9 Second, Navopache has filed an Application for a
10 variation or exemption from A.A.C R14-2-1603 to allow an retail
11 electric competition experiment in rural Arizona pursuant to
12 A.A.C. R14-2-1615. If this experiment is approved by the
13 Commission, it may have an effect on Navopache's stranded costs.

14 Third, Navopache has invested in jurisdictional assets
15 and entered into obligations to provide retail electric service
16 throughout its service territory. Among these assets and
17 obligations are meters and metering equipment, and billing and
18 accounting systems. Some of these assets and obligations may be
19 made obsolete and may require replacement, modification, or
20 disposal as a result of A.A.C. R14-2-1601 et. seq. At the time
21 if this filing, Navopache has no way of knowing or estimating
22 the impact of competition on its jurisdictional assets and
23 obligations. Thus, Navopache's distribution related stranded
24 costs cannot be determined at this time.

25 Fourth, because Navopache is a non-profit cooperative,
26 there are no shareholders to share the risks related to the

1 introduction of competition. All risks are borne by its
2 members. All stranded costs must be recovered from its
3 customers who reduce or terminate service from Navopache as a
4 direct result of competition.

5 Navopache intends to select the Transition Revenues
6 Method. Navopache has no generation assets to divest using the
7 Divestiture/Auction Methodology.

8 WHEREFORE, Navopache respectfully requests a waiver of
9 A.A.C. R14-2-1607(D) and requests that it be allowed to make
10 subsequent revised filing(s): (1) after arrangements with Plains
11 are closer to resolution and more information is known; (2)
12 after Navopache's Application for a variation or exemption from
13 A.A.C R14-2-1603 to allow an electric retail competition
14 experiment in rural Arizona is decided on by the Commission;
15 and, (3) after Navopache has had the opportunity, over the
16 coming months, to determine distribution related stranded costs,
17 if any during the transition to choice, and develop a recovery
18 mechanism.

19 RESPECTFULLY SUBMITTED this 20th day of August, 1998.

20 NAVOPACHE ELECTRIC COOPERATIVE, INC.

21 By: Paul R. Michaud

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Attorneys for Navopache
Electric Cooperative, Inc.

1 The original and ten (10) copies of
2 the foregoing are filed this 21st
3 day of August, 1998, with:

4 DOCKET CONTROL

5 Arizona Corporation Commission
6 1200 West Washington Street
7 Phoenix, Arizona 85007

8 and

9 A copy of the foregoing hand delivered
10 this 21st day of August, 1998 to:

11 Jerry Rudibaugh
12 Chief Hearing Officer - Hearing Division
13 Arizona Corporation Commission
14 1200 West Washington
15 Phoenix, Arizona 85007

16 Jim Irvin
17 Commissioner - Chairman
18 Arizona Corporation Commission
19 1200 West Washington
20 Phoenix, Arizona 85007

21 Benz D. Jennings
22 Commissioner
23 Arizona Corporation Commission
24 1200 West Washington
25 Phoenix, Arizona 85007

26 Carl J. Kunasek
27 Commissioner
28 Arizona Corporation Commission
29 1200 West Washington
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31 Ray Williamson
32 Acting Director - Utilities Division
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36 Paul Bullis
37 Chief Counsel - Legal Division
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A copy of the foregoing mailed
this 21st day of August, 1998 to:

Wayne A. Retzlaff
Executive Vice President and
General Manager
Navopache Electric Cooperative, Inc.
P.O. Box 308
Lakeside, Arizona 85929

By Mandy Landro