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OPEN MEETING ITEM

**MEMORANDUM**  
Arizona Corporation Commission  
**DOCKETED**

RECEIVED  
AZ CORP COMMISSION

Dec 2 3 41 PM '98

TO: THE COMMISSION

DEC 02 1998

DOCUMENT CONTROL

FROM: Utilities Division

DOCKETED BY

*ad*

DATE: December 1, 1998

RE: IN THE MATTER OF THE FILING BY MOHAVE ELECTRIC COOPERATIVE, INC. OF UNBUNDLED AND STANDARD OFFER SERVICE TARIFFS PURSUANT TO A.A.C. R14-2-1606 (DOCKET NO. E-01750A-97-0701)

On February 13, 1998, Mohave 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 priced electric service elements such as access, metering and billing. The Coop also stated that it intends to use its current tariff as the standard offer tariff 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. 60699, dated February 27, 1998, suspended this filing until June 12, 1998. Decision No. 60907, dated May 22, 1998, suspended this filing until December 9, 1998.

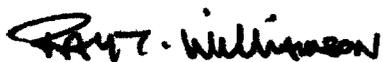
Staff's main concern with the Coop's February 13<sup>th</sup> tariff filing was that it would result in a disincentive for certain customers to make the competitive choice versus standard offer. This disincentive was primarily the result of higher fixed charges in the unbundled tariffs than are in the 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.

THE COMMISSION

December 1, 1998

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The Coop filed its revised tariffs on November 24, 1998. Staff has reviewed the Coop's revised tariffs and recommends they be approved with the exception of the Residential Fixed Monthly Distribution Charge (MDC) and Transmission Charge (TC). The Coop requested a Residential MDC of \$5.70 and a TC of \$0.0143 per kWh which is lower than the current fixed charge and higher than the current per kWh charge for residential customers who choose an alternative provider of generation than residential customers who remain on standard offer tariffs. Staff is opposed to this request for reasons stated previously and recommends the Residential MDC be set at \$6.20 and the TC be set at \$0.0137 per kWh. Staff further recommends that the Coop's request to use its current tariffs as the standard offer tariffs be approved.



Ray T. Williamson  
Acting Director  
Utilities Division

RTW:JVW:djg/PAB

ORIGINATOR: John V. Wallace

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

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

6 IN THE MATTER OF THE FILING BY )  
MOHAVE ELECTRIC COOPERATIVE, )  
7 INC. OF UNBUNDLED AND )  
STANDARD OFFER SERVICE TARIFFS )  
8 PURSUANT TO A.A.C. R14-2-1606 )  
9

DOCKET NO. E-01750A-97-0701

DECISION NO. \_\_\_\_\_

ORDER

10 Open Meeting  
December 10 and 11, 1998  
11 Phoenix, Arizona

12 BY THE COMMISSION:

13 FINDINGS OF FACT

14 1. Mohave Electric Cooperative, Inc. (MEC or Coop) is certified to provide electric  
15 service as a public service corporation in the State of Arizona.

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

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

28 ...



ORDER

THEREFORE, IT IS ORDERED that the November 24, 1998 tariff filing be and hereby is approved consistent with Findings of Fact No. 7.

IT IS FURTHER ORDERED that MEC'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/P AB