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BEFORE THE ARIZONA CORPORATION COMMISSION

JIM IRVIN  
Commissioner - Chairman  
RENZ D. JENNINGS  
Commissioner  
CARL J. KUNASEK  
Commissioner

Arizona Corporation Commission  
**DOCKETED**

DEC 31 1998

DOCKETED BY [Signature]

DOCKET NO. E-01750A-97-0701

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 )

DECISION NO. 121308

ORDER

Open Meeting  
December 30 and 31, 1998  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

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

2. On February 13, 1998, the 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 tariffs as the standard offer tariffs but may revise the standard offer at a later date.

3. Effective December 26, 1996, the Arizona Corporation Commission (Commission) adopted rules governing the parameters of retail electric competition. Pursuant to A.A.C. R14-2-1606(D), 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(C), each incumbent utility may also file proposed tariffs to provide standard offer bundled service.

1 4. Decision No. 60699, dated February 27, 1998, suspended this filing until June 12,  
2 1998. Decision No. 60913, dated May 22, 1998, suspended this filing until December 9, 1998.  
3 The Coop agreed to allow the suspension to remain in effect until January 28, 1999 in a letter it  
4 filed on December 9, 1998.

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

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

12 7. The Coop filed its revised tariffs on November 24, 1998. Staff has reviewed the  
13 Coop's revised tariffs and recommends they be approved with the exception of the Residential  
14 Fixed Monthly Distribution Charge (MDC) and Transmission Charge (TC).

15 8. The Coop requested a Residential MDC of \$5.70 and a TC of \$0.0143 per kWh  
16 which is lower than the current fixed charge and higher than the current per kWh charge for  
17 residential customers who choose an alternative provider of generation than residential  
18 customers who remain on standard offer tariffs.

19 9. Staff is opposed to this request for reasons stated previously and recommends the  
20 Residential MDC be set at \$6.20 and the TC be set at \$0.0137 per kWh.

21 10. Staff further recommends that the Coop's request to use its current tariffs as the  
22 standard offer tariffs be approved.

#### 23 CONCLUSIONS OF LAW

24 1. MEC is an Arizona public service corporation within the meaning of Article  
25 XV, Section 2, of the Arizona Constitution.

26 2. The Commission has jurisdiction over MEC and over the subject matter of the  
27 application.

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