

FEDERAL ENERGY REGULATORY COMMISSION
Washington, D.C. 20426

Arizona Independent Scheduling
Administrator Association
Docket No. ER02-348-000
January 4, 2002

Huber Lawrence & Abell
12th Floor
1001 G Street, N.W.
Washington, D.C. 20001

Attention: Barbara S. Jost, Esquire
Attorney for Arizona Independent
Scheduling Administrator Association

Reference: Revisions to Protocols Manual

Dear Ms. Jost:

On November 15, 2001, you filed with the Commission on behalf of the Arizona Independent Scheduling Administrator Association (AZ ISA), an amendment to its Protocols Manual. The amendment would allow the AZ ISA to extend the commitment of the Standard Offer Scheduling Coordinators (SCs) to the mechanism whereby Standard Offer SCs exchange an amount, in MW, of Allocated Retail Network Transmission (ARNT) to SCs serving competitive retail access customers. You also submitted, for information purposes, a revised version of the AZ ISA's Bylaws. In order to evaluate your proposed revision to extend the ARNT mechanism beyond December 15, 2000, the termination date established in the Commission's November 30, 2000 Order in Docket No. ER00-3583-000, et al., (November 30 Order),¹ please provide the following additional information.

In conditionally accepting the AZ ISA's tariff and Protocols Manual, the Commission approved the transfer of existing network transmission capacity, previously committed for serving native load, to retail access loads. Under Protocol V, each transmission provider would apportion the existing network capacity used to serve native load among SCs based on the percentage of that load they serve. The Protocols contemplated two types of SCs: Standard Offer SCs, which would represent the incumbent host utilities (e.g. Arizona Public Service Company and Tucson Electric Power

¹93 FERC ¶ 61,231 (2000).

Company) that schedule the loads of retail customers who have not elected to purchase power from other suppliers. Competitive SCs would schedule the loads for retail native load customers who have switched suppliers under Arizona's retail choice program.

In the November 30 Order, the Commission noted that this exchange of ARNT capacity represented a temporary mechanism intended to allow Competitive SCs to aggregate meaningful amounts of capacity over certain transmission paths to facilitate access to energy trading hubs to serve retail load. Since it was intended that these allocations would be superseded by the earlier of the Desert Star ISO (Desert Star) becoming operational or Phase II implementation, the Commission allowed these allocations only through December 15, 2001 (the anticipated operational date of Desert Star).

The AZ ISA represents in its filing that Desert Star is currently in the process of disbanding and that the AZ ISA has not yet initiated Phase II operations. The AZ ISA states, however, that it wishes to continue the existing ARNT allocation mechanism beyond December 15, 2000, to improve prospects for retail competition in Arizona.

Based on this representation, please provide the following information:

- (1) How much of the initial capacity allocation (300 MW) has been subscribed to date?
- (2) What percentage of retail customers in Arizona are currently being served by Competitive Scheduling Coordinators?
- (3) What specific services are currently being provided under the AZ ISA tariff?
- (4) Does the AZ ISA have a specific target date for: (1) when it expects to initiate Phase II procedures, and (2) the termination of services under the AZ?
- (5) Provide copies of all Arizona Corporation Commission's orders, notices, decisions, etc. issued since the Commission's November 30 Order which have addressed or discussed current retail competition or projected future implementation of retail competition in Arizona.

The information requested in this letter will constitute an amendment to your filing. A notice of amendment will be issued upon receipt of your response.

Accordingly, you are directed to submit a form of notice of amendment to the filing pursuant to Section 35.8 of the Commission's Regulations.

Six copies of your response should be sent to:

Federal Energy Regulatory Commission
Office of the Secretary
888 First Street, N.E.
Washington, D.C. 20426

This order is issued pursuant to 18 C.F.R. § 375.307(n)(2) and is interlocutory. It is therefore not subject to rehearing pursuant to 18 C.F.R. § 385.713. Pending receipt of the above information, a filing date will not be assigned to your submittal.

Sincerely,

Michael A. Coleman, Director
Division of Tariffs and Rates - West

cc: All Parties