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December 14, 2001

The Honorable Chairman William A. Mundell
Commissioner Jim Irvin
Commissioner Mark Spitzer
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007
Via Express Mail

RE: Electric Competition Rules

Dear Commissioners:

I am writing this letter on behalf of the members of the National Energy Marketers Association (NEM). NEM is a national, non-profit trade association representing a regionally diverse cross-section of both wholesale and retail marketers of energy and energy-related products, services, information and technology throughout the United States. NEM's membership includes: small regional marketers, large traditional international wholesale and retail energy suppliers (as well as wind and solar power), billing and metering firms, Internet energy providers, energy-related software developers, risk managers, energy brokerage firms, information technology providers as well as suppliers of advanced metering and distributed generation technology.

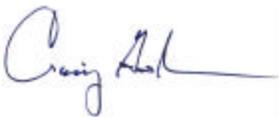
The purpose of this letter is to express NEM's concerns about a proposal raised at the last Commission meeting to reexamine electric restructuring in the state as highlighted in Chairman Mundell's December 5, 2001, letter and Commissioner Spitzer's December 5, 2001, letter. Needless to say, the proposed inquiry has the members of NEM quite concerned.

A Commission inquiry that will "rethink the concept of restructuring the electric market," will impose a degree of political, financial and business risk that was never factored into the business models of unregulated energy and related services. Furthermore, the inquiry could have a chilling effect on competitive entry into the Arizona market as well as markets across the country. It is also inherently unfair and anti-competitive for the Commission to change the rules of the game midcourse after market participants have invested substantial amounts of time and resources in the Arizona market in justifiable reliance on existing laws, regulations and Commission Orders.

To the extent the Commission does engage in an inquiry to reassess electric restructuring, NEM offers the following Policy Guidelines pertaining to the proper structure of competitive electric markets: "*National Guidelines for Restructuring the Electric Generation, Transmission and Distribution Industries*," "*National Guidelines for Designing and Pricing Default Energy and Related Services*," "*Uniform Code of Conduct for Regulated and Unregulated Suppliers of Energy and Related Services and Technologies*," "*National Energy Technology Policy*," "*National Guidelines for Implementing Distributed Generation and Related Services*," and "*National Guidelines to Implement Competitive Advanced Metering and Related Information Technologies*." We offer the full resources of our organization and our members to assist the Commission to make restructuring in Arizona a success.

Please let us know how we can be most helpful in this process.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Craig Goodman", is written over a vertical line that serves as a signature separator.

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