

Chairman, Robert "Bob" Burns

COMMISSIONERS

Chairman, Robert "Bob" Burns
Boyd Dunn
Sandra D. Kennedy
Justin Olson
Lea Márquez Peterson

August 13, 2019

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

RE: RETAIL ELECTRIC COMPETITION
Docket No. RE-00000A-18-0405

Commissioners:

At the Arizona Corporation Commission ("Commission") Staff Open Meeting of August 7, 2019, there was much discussion of how to proceed on the issue of retail electric competition. The majority of the discussion centered around questions each of the Commissioners wanted addressed before being able to make a decision one way or the other on this issue.

The questions raised by Commissioners included (among others) the following:

1. For full retail electric competition, would Arizona's utilities need to be part of a retail transmission operator ("RTO") or independent system operator ("ISO") organization?
2. If an RTO/ISO was required, how would that occur and what would it look like?
3. Could and/or should Arizona utilities just join the California ISO or the Southwest Power Pool?
4. What kind of customer protection measures should be included in the rules?
5. Should those customer protection measures be different for different customer classes?
6. How would the transition to full retail electric competition occur?
7. Should Arizona utilities be encouraged to divest their generating facilities or should they be allowed to continue to offer services?
8. How do we assure that generation facilities will continue to be built when needed?
9. If the Commission expands its renewable energy and/or energy efficiency requirements, will competitive electric service providers be required to meet those standards?
10. What legal issues need to be addressed?

I am in complete agreement that all the above issues (along with probably many others not listed) must be properly addressed before a final rules package may be adopted by the Commission. However, I respectfully disagree with some of the comments that seem to indicate that all questions must be addressed before any rules proposal may be put on the table by Commission Staff ("Staff").

It is my view that a proposed rule package should be presented prior to all the questions being addressed completely. To some this may seem like I am putting the cart before the horse. Hopefully, the following will clarify why I disagree.

With a full rules package put forth by Staff, that would include full retail electric competition for all customers, the Commission would be in a much better position to answer not only the questions listed above, but any question that might arise. For example, with a complete rules package in front of us, we can then look at those rules and ask:

1. Is the issue of the RTO/ISO adequately addressed? If not, can the rules be modified in such a way that the issue is properly addressed? Can those modifications be made in such a way that the rules will comply with all legal requirements?
2. Do the rules provide adequate customer protections for all customers? If not, can the rules be modified so the adequate customer protections are provided while at the same time still provided true retail electric competition?

The above are just two examples of how the process would proceed before the Commission would even be in a position to propose a final rules package. And obviously, all along the way, we would be receiving and considering the input of the public and stakeholders.

Based on the above process, we may in the end determine that the important questions Commissioners may have cannot be properly and/or adequately addressed. If this is the case, the Commission will decide to implement less than full retail electric competition or no competition at all, i.e., remain with the status quo. However, without a full rules package before us, I believe that we will just continue to ask questions that will have no meaningful answers because we have no rules which to gage those answers against.

Therefore, I request that Staff put together a rules package for full retail electric competition for all customers. This rules package should be docketed by January 10, 2020; in time to be discussed (not voted) no later than the Commission's February 2020 Open Meeting.

If any Commissioners have any issues/concerns with my above proposal, please respond in this docket by no later than August 30, 2019, so I can include this for discussion and consideration at a future Staff Open Meeting. If no responses are received, Staff will proceed with my request.

Sincerely,



Robert L. Burns
Chairman