TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND ASSOCIATIONS; SECURITIES REGULATION

CHAPTER 2. CORPORATION COMMISSION FIXED UTILITIES

Authority: Article XV, § 3, Constitution of Arizona and A.R.S. § 40-202 et seq.

Editor's Note: The Office of the Secretary of State publishes all Code Chapters on white paper (Supp. 02-1).

The Corporation Commission has determined that rules in this Chapter are exempt from the Attorney General certification provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)). This exemption means that the rule was not certified by the Attorney General. Because this Chapter was filed under a rulemaking exemption, as determined by the Corporation Commission, other than a statutory exemption, the Chapter is printed on green paper.

Chapter 2, consisting of Sections R14-2-104, R14-2-105, R14-2-201 through R14-2-213, R14-2-301 through R14-2-313, R14-2-401 through R14-2-411, R14-2-501 through R14-2-510, and R14-2-601 through R14-2-610, adopted effective March 2, 1982.

ARTICLE 1. GENERAL PROVISIONS

Former Sections R14-2-103, R14-2-127, and R14-2-128, renumbered as Sections R14-2-101 through R14-2-103 respectively and former Section R14-2-135 renumbered as Section R14-2-314 effective March 2, 1982.

Former Sections R14-2-101, R14-2-102, R14-2-104, R14-2-106 through R14-2-126, R14-2-129, R14-2-130, R14-2-132 through R14-2-134 repealed effective March 2, 1982.

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Article 10, consisting of Sections R14-2-1001 through R14-2-1014, adopted effective November 2, 1993, pursuant to an exemption from the regular rulemaking process as determined by the Arizona Corporation Commission (Supp. 93-4).

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ARTICLE 11. COMPETITIVE TELECOMMUNICATIONS SERVICES

Article 11, consisting of Sections R14-2-1101 through R14-2-1115, adopted effective June 27, 1995, pursuant to an exemption from the regular rulemaking process as determined by the Arizona Corporation Commission (Supp. 95-2).

Section
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ARTICLE 13. TELECOMMUNICATIONS INTERCONNECTION AND UNBUNDLING

Article 13, consisting of Sections R14-2-1301 through R14-2-1311, adopted effective September 6, 1996, pursuant to an exemption from the regular rulemaking process as determined by the Arizona Corporation Commission (Supp. 96-3).

Section
R14-2-1301. Application of Rules
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R14-2-1306. Access to Databases/other Network Functions
R14-2-1307. Unbundling

R14-2-1308. Number Portability
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R14-2-1310. Pricing
R14-2-1311. Waivers

ARTICLE 14. EMERGENCY EXPIRED

Article 14, consisting of Sections R14-2-1401 through R14-2-1409, emergency expired (Supp. 97-1).

Article 14, consisting of Sections R14-2-1401 through R14-2-1409, adopted December 22, 1995, effective for a maximum of 180 days, pursuant to an exemption from the regular rulemaking process as determined by the Arizona Corporation Commission (Supp. 95-4).

ARTICLE 15. ARBITRATION AND MEDIATION

Article 15, consisting of Sections R14-2-1501 through R14-2-1507, emergency expired; new Article 15, consisting of Sections R14-2-1501 through R14-2-1509, adopted effective August 27, 1997, pursuant to an exemption as determined by the Arizona Corporation Commission (Supp. 97-3).

Article 15, consisting of Sections R14-2-1501 through R14-2-1507, adopted January 17, 1997, effective for a maximum of 180 days, pursuant to an exemption from the regular rulemaking process as determined by the Arizona Corporation Commission (Supp. 97-1).

Article 15, consisting of Sections R14-2-1501 through R14-2-1507, adopted July 23, 1996, effective for a maximum of 180 days, pursuant to an exemption from the regular rulemaking process as determined by the Arizona Corporation Commission; filed with the Office of the Secretary of State July 15, 1996 (Supp. 96-3). Emergency expired.

Section
R14-2-1501. Application of Rules
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R14-2-1503. Negotiation
R14-2-1504. Mediation
R14-2-1505. Arbitration
R14-2-1506. Filing and Service of Request for Approval of Interconnection Agreement
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R14-2-1508. Amendments
R14-2-1509. Replacement or Subsequent Interconnection Agreements

ARTICLE 16. RETAIL ELECTRIC COMPETITION

Article 16, consisting of Sections R14-2-1601 through R14-2-1616, adopted effective December 26, 1996, pursuant to an exemption from the regular rulemaking process as determined by the Arizona Corporation Commission (Supp. 96-4).

Section
R14-2-1601. Definitions
R14-2-1602. Commencement of Competition
R14-2-1603. Certificates of Convenience and Necessity
R14-2-1604. Competitive Phases
R14-2-1605. Competitive Services
R14-2-1606. Services Required to be Made Available
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R14-2-1615. Separation of Monopoly and Competitive Services
R14-2-1616. Code of Conduct
R14-2-1617. Disclosure of Information
R14-2-1618. Environmental Portfolio Standard

ARTICLE 17. RESERVED

ARTICLE 18. RESERVED

ARTICLE 19. CONSUMER PROTECTIONS FOR UNAUTHORIZED CARRIER CHANGES

Article 19, consisting of R14-2-1901 through R14-2-1913, made by final rulemaking at 10 A.A.R. 2409, effective July 23, 2004 (Supp. 04-2).

Section
R14-2-1901. Definitions
R14-2-1902. Purpose and Scope
R14-2-1903. Application
R14-2-1904. Authorized Telecommunications Company Change Procedures
R14-2-1905. Verification of Orders for Telecommunications Service
R14-2-1906. Notice of Change
R14-2-1907. Unauthorized Changes
R14-2-1908. Notice of Subscriber Rights
R14-2-1909. Customer Account Freeze
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R14-2-1912. Severability
R14-2-1913. Script Submission

ARTICLE 20. CONSUMER PROTECTIONS FOR UNAUTHORIZED CARRIER CHARGES

Article 20, consisting of R14-2-2001 through R14-2-2011, made by final rulemaking at 10 A.A.R. 2409, effective July 23, 2004 (Supp. 04-2).

Section
R14-2-2001. Definitions
R14-2-2002. Purpose and Scope
R14-2-2003. Application
R14-2-2004. Requirements for Submitting Authorized Charges
R14-2-2005. Authorization Requirements
R14-2-2006. Unauthorized Charges
R14-2-2007. Notice of Subscriber Rights
R14-2-2008. Informal Complaint Process
R14-2-2009. Compliance and Enforcement
R14-2-2010. Severability
R14-2-2011. Script Submission

ARTICLE 1. GENERAL PROVISIONS

R14-2-101. Accident reports

A. Where not otherwise specifically prescribed by rule with respect to particular classes of public service corporations, all public service corporations shall report in writing by the end of the next working day to the Commission all accidents in which such public service corporations are involved, which result in death, personal injury to any person necessitating off-site medical attention, or property damage exceeding $5,000.00. For purposes of this rule, off-site medical attention includes any medical treatment provided by medical professionals which requires transportation of the patient by ambulance, or treatment of the patient in an emergency room, or in-patient hospitalization. For those accidents in which it is not readily determinable if the property damage exceeds $5,000.00, the public service corporation will have an additional two working

days in which to submit its report. Any associated personal injuries requiring off-site medical attention would still have to be reported within the initial business day.

B. This report shall state, as accurately as possible, the dollar amount of the damage. If this amount is not known immediately, or if investigation discloses a 15% or greater variation from the amount in this report, a follow-up report shall be submitted.

C. If such accidents result in death or injury likely to result in death, a report shall also be made within 24 hours by telegraph or telephone stating the essential facts.

Historical Note

Former Section R14-2-101 repealed, former Section R14-2-103 renumbered as Section R14-2-101 without change effective March 2, 1982 (Supp. 82-2). Amended effective February 3, 1989 (Supp. 89-1).

R14-2-102. Treatment of depreciation

A. The following definitions shall apply in this Section unless the context otherwise requires:

1. "Accumulated depreciation" means the summation of the annual provision for depreciation from the time that the asset is first devoted to public service.
2. "Cost of removal" means the cost of demolishing, dismantling, removing, tearing down, or abandoning of physical assets, including the cost of transportation and handling incidental thereto.
3. "Depreciation" means an accounting process which will permit the recovery of the original cost of an asset less its net salvage over the service life.
4. "Depreciation rate" means the percentage rate applied to the original cost of an asset to yield the annual provision for depreciation.
5. "Net salvage" means the salvage value of property retired less the cost of removal.
6. "Original cost" means the cost of property at the time it was first devoted to public service.
7. "Property retired" means assets which have been removed, sold, abandoned, destroyed, or which for any cause have been withdrawn from service and books of account.
8. "Salvage value" means the amount received for assets retired, less any expenses incurred in selling or preparing the assets for sale; or if retained, the amount at which the material recoverable is chargeable to materials and supplies, or other appropriate accounts.
9. "Service life" means the period between the date an asset is first devoted to public service and the date of its retirement from service.

B. All public service corporations shall maintain adequate accounts and records related to depreciation practices, subject to the following:

1. Annual depreciation accruals shall be recorded.
2. A separate reserve for each account or functional account shall be maintained.
3. The cost of depreciable plant adjusted for net salvage shall be distributed in a rational and systemic manner over the estimated service life of such plant.
4. Public service corporations having less than $250,000 in annual revenue shall not be required to maintain depreciation records by separate accounts but shall make annual composite accruals to accumulated depreciation for total depreciable plant.

C. Requests for depreciation rate changes and methods for estimating depreciation rates shall be as follows:

1. If a public service corporation seeks a change in its depreciation rates, it shall submit a request for such as part of a rate application in accordance with the requirements of R14-2-103.
2. A public service corporation may propose any reasonable method for estimating service lives, salvage values, and cost of removal. The method shall be fully described in a request to change depreciation rates.
3. Data and analyses supporting the change shall be submitted, including engineering data and assessment of the impact and appropriateness of the change for ratemaking purposes.
4. Changed depreciation rates shall not become effective until the Commission authorizes such changes.

D. Upon the motion of any party or upon its own motion, the Commission may determine that good cause exists for granting a waiver from one or more of the requirements of this Section.

Historical Note

Former Section R14-2-102 repealed, former Section R14-2-127 renumbered as Section R14-2-102 without change effective March 2, 1982 (Supp. 82-2). Forward to the rule corrected as filed April 13, 1973 (Supp. 89-1). Section R14-2-102 repealed, new Section adopted effective April 9, 1992 (Supp. 92-2).

R14-2-103. Defining Filing Requirements in Support of a Request by a Public Service Corporation Doing Business in Arizona for a Determination of the Value of Property of the Corporation and of the Rate of Return Thereon, or in Support of Proposed Increased Rates or Charges

A. Purpose and definitions

1. Purpose: The purpose of this General Order is to define the specific financial and statistical information required to be filed with a request by a public service corporation doing business in Arizona for a determination of the value of the property of the corporation and of the rate of return to be earned thereon, with regard to proposed increased rates or charges. This General Order does not apply to the implementation of previously approved adjustment or escalation clauses.
2. Applicability of rules: These rules shall apply to all electric, gas, telephone, telegraph, water and private fire protection public service corporations under the jurisdiction of the Commission. These rules are applicable both to all filings made after the effective date of this General Order and to any rate proceeding pending on the effective date of this General Order in which the Commission has issued no final decision. These rules are not intended to prohibit utilities from filing additional schedules, exhibits and other documents in which the Commission has issued no final decision. These rules are not intended to prohibit utilities from filing additional schedules, exhibits and other documents which may be material to the rate proceeding, nor are they intended to prohibit the Commission from considering such schedules, exhibits or other documents in making its determination. In pending proceedings, to the extent that the information required by this General Order is not included in the public service corporation's exhibits or is not otherwise in the record, such information shall be supplied as soon as possible unless a waiver is requested and granted pursuant to subsection (B)(5).
3. Definitions: Terminology used in this General Order is defined as follows:

a. "Accounting method" -- the accounting method prescribed or recognized by the Commission.
b. "Commission" -- The Arizona Corporation Commission.
c. "Cost of service" -- The total cost of providing service to a defined segment of customers, as determined by the application of logical and generally accepted cost analysis and allocation techniques.
d. "Department" -- A responsibility center within a combination utility where revenues and costs are accumulated by commodity or service rendered.
e. "Depreciated original cost" -- The cost of property to the person first devoting it to public service, less the depreciation reserve, which shall include accrued depreciation and amortization calculated in accordance with General Order R14-2-102. Depreciated original cost shall not include any goodwill or going concern value, nor shall it include certificate value in excess of payment made or costs incurred in the initial acquisition thereof.
f. "Exhibit" -- One or more schedules which support a rate filing or testimony in a rate proceeding.
g. "Filing" -- An application and required schedules, exhibits or other documents filed by a public service corporation to initiate any proceeding enumerated in subsection (A)(1). For all Class A and B utilities and for Class C electric and gas utilities, the filing shall include direct testimony in support of the application. For Class C water, sewer, and telephone utilities and for all Class D and E utilities, the filing shall include a written description of the components of the application. Nothing in this Section shall be construed to prohibit a public service corporation, prior to making a filing, from giving the Commission informal pre-filing notice of its intent to make a filing. Such pre-filing notice would permit the Commission, on a tentative basis, to assign a hearing date and would permit agreement on an appropriate test year.
h. "Original cost rate base" -- An amount consisting of the depreciated original cost, prudently invested, of the property (exclusive of contributions and/or advances in aid of construction) at the end of the test year, used or useful, plus a proper allowance for working capital and including all applicable pro forma adjustments.
i. "Pro forma adjustments" -- Adjustments to actual test year results and balances to obtain a normal or more realistic relationship between revenues, expenses and rate base.
j. "Projected year" -- The year immediately following the test year.
k. "Projections" -- Estimate of future results of operations based upon known facts or logical assumptions concerning future events.
l. "Prudently invested" -- Investments which under ordinary circumstances would be deemed reasonable and not dishonest or obviously wasteful. All investments shall be presumed to have been prudently made, and such presumptions may be set aside only by clear and convincing evidence that such investments were imprudent, when viewed in the light of all relevant conditions known or which in the exercise of reasonable judgment should have been known, at the time such investments were made.
m. "Rate schedule" -- A schedule of rates and conditions for a specific classification of customer or for other specific services.
n. "Reconstructed Cost New (RCND) Rate Base" -- An amount consisting of the depreciated reconstruction cost new of the property (exclusive of contributions and/or advances in aid of construction) at the end of the test year, used and useful, plus a proper allowance for working capital and including all applicable pro forma adjustments. Contributions and advances in aid of construction, if recorded in the accounts of the public service corporation, shall be increased to a reconstruction new basis.
o. "Staff" -- The staff of the Commission or its designated representatives.
p. "Test year" -- The one-year historical period used in determining rate base, operating income and rate of return. The end of the test year shall be the most recent practical date available prior to the filing.
q. "Utilities" -- For purposes of the Section, utilities are electric, gas, telephone, water, sewer or any other that may be supplying service and/or commodities which in the future may be adjudged a public service corporation and under the jurisdiction of this Commission, are classified as follows:

	Annual Operating Revenue				
	Class A	B	C	D	E
Electric & Gas	Exceeding $5,000,000	$1,000,000 to $5,000,000	$250,000 to $999,000	$50,000 to $249,999	Less than $50,000
Water & Sewer	Exceeding $5,000,000	$1,000,000 to $5,000,000	$250,000 to $999,000	$50,000 to $249,999	Less than $50,000
Telephone	Exceeding $1,000,000	$250,000 to $1,000,000	$100,000 to $249,000	$25,000 to $99,999	Less than $25,000

Annual operating revenues are those gross utility operating revenues derived from jurisdictional operations, including the requested rate relief. A combination utility is a utility which provides more than one of the commodities or services enumerated in this subsection. For combination utilities, the annual operating revenue, including the requested rate relief, for the specific subsidiary, department, or operating division requesting the rate change shall be used for classification purposes.

r. "Working capital" -- A proper allowance for cash, materials and supplies and prepayments.

B. Filing requirements:

1. Information required from Class A, B, C and D utilities except for electric distribution cooperatives whose filing requirements are detailed in subsection (B)(3): The infor-

mation required to be prepared and submitted by Class A, B, C and D Utilities in conjunction with a filing is presented below. Corresponding schedule formats are contained in the Appendix of this General Order and denoted. These formats are not applicable to Class E utilities. The Appendix schedule formats A-1 through A-5 are a part of this General Order, and the Applicant's schedules should conform to these formats. All other Appendix schedule formats and descriptions are illustrative and the applicant's specific formats may vary from that suggested in the Appendix. The substantive information requested, both on the Appendix schedule and in the body of this General Order, however, must be contained on the applicant's schedules together with the titles and schedule numbers provided in the Appendix. Specific information items requested on the Appendix schedules may be omitted without formal waiver, from the filing where it is evident that said items are not applicable to the applicant's business. The instructions and notes contained on the Appendix schedules shall be followed where applicable. Reconstruction Cost New Depreciated information not filed by the applicant shall be deemed waived.

Information	Filing Required by	Appendix Schedule Reference(s)
A. Summary Information:		
1. A summary of the increase in revenue requirements and the spread of the revenue increase by customer classification.	All classes	A-1
2. A summary of the results of operations for the test year and for the test year and the 2 fiscal years ended prior to the end of the test year, compared with the projected year.	All classes	A-2
3 A summary of the capital structure for the test year and the 2 fiscal years ended prior to the end of the test year, compared with the projected year.	Classes A & B	A-3
4. Construction expenditures and gross utility plant in service for the test year and the 2 fiscal years ended prior to the end of the test year, compared with the projected year.	All classes	A-4
5. A summary of changes in financial position for the test year and the 2 fiscal years ended prior to the end of the test year, compared with the projected year.	Classes A & B	A-5
B. Rate Base Information:		
1. A schedule showing the elements of original cost and RCND rate bases.	All classes	B-1
2. A schedule listing pro forma adjustments to gross plant in service and accumulated depreciation for the original cost rate base.	All classes	B-2
3. A schedule showing pro forma adjustments to gross plant in service and accumulated depreciation for the RCND rate base.	All classes	B-3
4. A schedule demonstrating the determination of reproduction cost new less depreciation at the end of the test period.	All classes	B-4
5. A schedule showing the computation of working capital allowance.	All classes	B-5
C. Test Year Income Statements:		
1. A test year income statement, with pro form adjustments.	All classes	C-1
2. A schedule showing the detail of all pro forma adjustments.	All classes	C-2
3. A schedule showing the incremental taxes and other expenses on gross revenues and the computation of an incremental gross revenue conversion factor.	All classes	C-3
D. Cost of Capital Information:		
1. A schedule summarizing the elements in the capital structure at the end of the test year and the projected year, their related costs and the computation of the total cost of capital.	All classes	D-1
2. A schedule showing the detail of long-term and short-term debt at the end of the test year and the projected year and their total cost.	Classes A & B	D-2
3. A schedule showing the detail of preferred stock at the end of the test year and the projected year, and their total cost.	Classes A & B	D-3
4. A schedule summarizing conclusions of the required return on the common equity as of the end of the test year and the projected year.	Classes A & B	D-4
E. Financial Statements and Statistical Data:		
1. Comparative balance sheets for the end of the test year and the 2 fiscal years ended prior to the end of the test year.	All classes	E-1
2. Comparative income statements for the test year and the 2 fiscal years ended prior to the end of the test year.	All classes	E-2
3. Comparative statements of changes in financial position for the test year and the 2 fiscal years ended prior to the end of the test year.	Classes A & B	E-3
4. Statements of changes in stockholder's equity for the test year and the 2 fiscal years ended prior to the end of the test year.	Classes A & B	E-4
5. A comparative schedule showing by detail account number, utility plant balances at the end of the test year and the end of prior fiscal year.	All classes	E-5
6. Comparative departmental statements of operating income for the test year and the 2 fiscal years ended prior to the end of the test year.	All classes of combination utilities	E-6
7. Comparative operating statistics on customers, consumption, revenues, and expenses for the test year and the 2 fiscal years ended prior to the end of the test year.	All classes	E-7
8. A comparative schedule of all significant taxes charged to operations for the test year and the 2 fiscal years ended prior to the end of the test year.	All classes except Class D	E-8

	Information	Filing Required by	Appendix Schedule Reference(s)
9.	Audited financial statements, if available, for the test year and the 2 fiscal years ended prior to the end of the test year. If the financial statements have not been audited, notes to the financial statements should be provided to indicate accounting method, depreciation lives and methods, income tax treatment and other important disclosures.	All classes	E-9
F.	Projections and Forecasts:		
1.	A projected income statement for the projected year compared with actual test year results, at present rates and proposed rates.	All classes	F-1
2.	Projected changes in financial position for the projected year compared with the test year, at present rates and proposed rates.	Classes A & B	F-1
3.	Projected annual construction requirements, by property classification, for 1 to 3 years subsequent to the test year, compared with the test year.	Classes A & B 3 years Classes C & D 1 year	F-3
4.	Important assumptions used in preparing forecasts and projections.	All classes	F-4
G.	Cost of Service Information		
	A utility shall submit cost of service analyses and studies if all of the following conditions prevail:		
1.	The utility is in a segment of the utility industry that recognizes cost of service studies as important tools for rate design.		
2.	Costs incurred by the utility are likely to vary significantly from 1 defined segment of customers to another.		
	A historical accounting period other than the test year may be used for cost of service purposes provided that customer mix in the historical period used is representative of the test year. When a cost of service analysis is required, the following information shall be submitted:		
1.	Schedule showing rates of return by customer classification at present and proposed rates.	Classes A, B and C if applicable	G-1 G-2
2.	Schedules showing the approach used in allocating or assigning plant and expenses to classes of service and defined functions.	Classes A, B and C if applicable	G-3 G-4 G-5 G-6
3.	Schedules showing the development of all allocation factors used in the all allocation factors used in the cost of service study.	Classes A, B and C if applicable	G-7
H.	Effect of Proposed Rate Schedules:		
1.	A comparison of revenues by customer classification or other classification of revenues for the test year, at present and proposed rates.	All classes	H-1
2.	A comparison of revenues by class of service and by rate schedule for the test year, at present and proposed rates.	Classes A & B	H-2
3.	A comparison of present and proposed rate schedules or representative rate schedules.	Class A representative schedules; Classes B, C and D - all schedules	H-3
4.	Typical bill analysis	All classes	H-4
5.	Bill count	All classes	H-5

2. Information required from Class E Utilities: The information required to be prepared and submitted by a Class E Utility in support of a filing is as follows:
   a. A statement of income for the test year similar in format to Schedule C-1 or E-2.
   b. A balance sheet as of the end of the test year similar in format to Schedule E-1.
   c. Utility plant account balances at the end of the test year similar in format to Schedule E-5.
   d. An estimate of new investment in utility plant to be added in the projected year.
   e. A schedule of current rates and proposed rates and the additional revenues to be derived from the proposed rates.

   The appendix schedules shall be used as guides in presenting the information specified in this subsection.
3. Information required from distribution electric cooperatives: The information to be prepared and submitted in support of a filing is as follows:
   a. Rural Electrification Association (REA) Form 7 (pages 1 and 2, revised 10-86; pages 3 through 7, revised 12-83), prepared in accordance with "Instructions for the Preparation of the Financial and Statistical Report, REA Form 7" and REA Bulletin 181-1 "Uniform System of Accounts prescribed for electric borrowers of the Rural Electrification Administration," dated January 1, 1978, all of which are incorporated by reference and on file in the Office of the Secretary of State and the most recent audit report for the last fiscal year information contained in Form 7.
   b. If a distribution electric cooperative wishes to have the Reconstruction Cost New value of its utility plant considered in the determination of its Fair Value, the cooperative shall, in addition, submit a schedule similar to Part E of REA Form 7, substituting appropriate Reconstruction Cost New information for Original Cost information required by Part E.
   c. A bill count for each rate schedule in the format of Schedule H-5.
   d. A schedule comparing revenues by customer classification for the test year, at present and proposed rates, in the format of Schedule H-1.
   e. A schedule listing long-term debt obligations.

f. A schedule of times interest earned ratios (TIER) for each month of the test year, the prior year, and one projected year in the following format:

	Test Year Ending	Prior Year	Projected Year
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			

g. Nothing in this rule shall be construed to prevent a distribution electric cooperative from filing any additional schedules which it may wish to have considered by the Commission. If applicable, formats suggested in the Appendix schedule formats should be used.

4. Separation of nonjurisdictional properties, revenues and expenses associated with the rendition of utility service not subject to the jurisdiction of the Commission must be identified and properly separated in a recognized manner when appropriate. In addition, all nonutility properties, revenues and expenses shall likewise be segregated. If nonutility operations are significant, appropriate allocations of capital should be made.
5. Additional information: The Commission may request that supplementary information in addition to that specifically required in subsection (B)(1) and (2) of this General Order be submitted by a utility either prior to or after a filing.
6. Waiver of requirements: Either prior to the filing or within 15 days from the date thereof, the Commission, after determining the existence of reasonable cause, by order may waive compliance with any or all of the requirements of this General Order. Such Waiver will be granted only upon written petition to the Commission. In said petition, the utility must demonstrate that the requirements sought to be waived are either not applicable to the rate matter which is the subject of the filing or that compliance therewith would place an undue burden on the utility.
7. Notice of sufficiency of a utility's filing: The staff will review each filing to ascertain whether it is in compliance with the provisions of this Section, including the instructions contained in subsection (B)(9) or in forms prescribed by the Commission. Within 30 days after receipt of the utility's filing, the staff shall file with Docket Control and serve on the utility a notice that the filing either is in compliance with the Commission's requirements or is deficient. A notice of deficiency must include an explanation of the defect found. If the staff fails to file any notice within the 30-day period, the utility's filing shall be deemed accepted as of the 31st day.
8. Production of out-of-state books and records: A utility shall produce or deliver in this state all or any of its formal accounting records and related documents requested by the Commission. It may, at its option, provide verified copies of original records and documents.
9. General filing instructions: In preparing the information specified in subsection (B)(1) and (2) of this General Order, the following instructions are applicable:
   a. All schedules shall be mathematically correct and properly cross-referenced. The applicant shall ascertain that adequate detail has been provided to explain and support all significant items and amounts.
   b. Amounts may be rounded, where appropriate, to the nearest thousand dollars for Class A utilities, to the nearest hundred dollars for Class B and C utilities and to the nearest dollar for Class D and E utilities.
   c. Except for Class E utilities, all schedules shall be numbered as provided in the Appendix. Schedules prepared by all classes of utilities shall contain a date -- generally the preparation date or the filing date.
   d. Headings on schedules shall clearly indicate the nature and intent of the schedule and the dates or time periods covered.

   At the date of filing, a minimum of 10 complete sets of the applicant's schedules and exhibits shall be provided to the Commission.
10. Staff assistance in preparing a filing: The staff will, consistent with other workload requirements, be available to provide assistance to an applicant in preparing a filing.
11. Timing of Commission action on a filing:
   a. For all Class A and B utilities and for Class C electric and gas utilities, the Hearing Officer shall issue a procedural schedule in the rate case within 30 days from the date that a filing is accepted pursuant to subsection (B)(7).
   b. Unless otherwise ordered by the Commission, the staff shall file its Staff Report and/or testimony within the following number of days from the date that a filing is accepted pursuant to subsection (B)(7):
      i. For Class A utilities, within 180 days.
      ii. For Class B utilities, within 180 days.
      iii. For Class C utilities, within 135 days.
      iv. For Class D utilities, within 75 days.
      v. For Class E utilities, within 60 days.
   c. For all Class A utilities, the Hearing Officer shall issue a recommended order in the rate case at least 20 days prior to the last regularly scheduled open meeting in the time period calculated pursuant to subsection (B)(11)(d). For all other utilities, the Hearing Officer shall issue a recommended order at least 10 days prior to the last regularly scheduled open meeting in the time period calculated pursuant to subsection (B)(11)(d).
   d. The Commission shall issue a final order that disposes of all issues involved in all parts or phases of the proceeding within the following number of days from the date that a filing is accepted pursuant to subsection (B)(7):
      i. For Class A utilities, within 360 days.
      ii. For Class B utilities, within 360 days.
      iii. For Class C utilities, within 270 days.
      iv. For Class D utilities, within 180 days.
      v. For Class E utilities, within 120 days.
   e. Upon motion of any party to the matter or on its own motion, the Commission or the Hearing Officer may determine that the time periods prescribed by sub-

section (B)(11)(d) should be extended or begin again due to:

i. Any amendment to a filing which changes the amount sought by the utility or substantially alters the facts used as a basis for the requested change in rates or charges; or

ii. An extraordinary event, not otherwise provided for by this subsection.

f. If a hearing is conducted to evaluate a filing, the time periods prescribed by subsection (B)(11)(a) shall be extended three days for each one day of actual hearing on the merits of the filing.

g. The time periods prescribed by subsection (B)(11)(a) shall not be applicable to any filing submitted by a utility which has more than one rate application before the Commission at the same time.

h. In the event no final order has been issued within the time periods specified in this subsection, the utility may request any time thereafter that the Commission schedule a hearing to consider putting new rates or charges into effect, on an interim basis subject to refund, for all consumption thereafter. To put such rates or charges into effect, the utility would be required to file a bond to be approved by the Commission payable to the state of Arizona in such amount and with sufficient security to insure prompt payment of any refunds to the persons entitled thereto, including an interest rate as determined by the Commission not to exceed the maximum interest otherwise allowable by law, if the rates or charges so put into effect are finally determined by the Commission to be excessive. The utility may substitute for the bond other arrangements satisfactory to the Commission for the protection of the parties involved. The Commission shall issue a final order on a request for interim rates within 60 days plus the number of interim hearing days from the filing date of the request.

ARIZONA CORPORATION COMMISSION
REGULATION R14-2-103
RATE APPLICATION FILING REQUIREMENTS

APPENDIX

ARIZONA CORPORATION COMMISSION
REGULATION R14-2-103
APPENDIX
INDEX OF SCHEDULES

Schedule No.	Title	Filing Required By
A. Summary Schedules		
A-1	Computation of Increase in Gross Revenue Requirements	All classes
A-2	Summary Results of Operations	All classes
A-3	Summary of Capital Structure	Classes A & B
A-4	Construction Expenditures and Gross Utility Plant in Service	All classes
A-5	Summary Changes in Financial Position	Classes A & B
B. Rate Base Schedules		
B-1	Summary of Original Cost and RCND Rate Base Elements	All classes
B-2	Original Cost Rate Base Pro forma Adjustments	All classes
B-3	RCND Rate Base Pro forma Adjustments	All classes
B-4	RCND by Major Plant Accounts	All classes
B-5	Computation of Working Capital	All classes
C. Test Year Income Statements		
C-1	Adjusted Test Year Income Statement	All classes
C-2	Income Statement Pro forma Adjustments	All classes
C-3	Computation of Gross Revenue Conversion Factor	All classes
D. Cost of Capital		
D-1	Summary Cost of Capital	All classes
D-2	Cost of Long Term and Short Term Debt	Classes A & B
D-3	Cost of Preferred Stock	Classes A & B
D-4	Cost of Common Equity	Classes A & B
E. Financial Statements and Statistical Schedules		
E-1	Comparative Balance Sheets	All classes
E-2	Comparative Income Statements	All classes
E-3	Comparative Statement of Changes in Financial Position	Classes A & B
E-4	Statement of Changes in Stockholders' Equity	Classes A & B
E-5	Detail of Utility Plant	Classes A & B
E-6	Comparative Departmental Operating Income Statements	All classes of combination utilities
E-7	Operating Statistics	All classes
E-8	Taxes Charged to Operations	Classes, A, B & C
E-9	Notes to Financial Statements	All classes

ARIZONA CORPORATION COMMISSION
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APPENDIX

INDEX OF SCHEDULES
(Continued)

Schedule No.		Title	Filing Required By
F.	Projections and Forecasts		
	F-1	Projected Income Statements - Present and Proposed Rates	All classes
	F-2	Projected Charges in Financial Position - Present and Proposed Rates	Classes A & B
	F-3	Projected Construction Requirements	Classes A & B - (3 years) Classes C & D - (1 year)
	F-4	Assumptions Used in Developing Projections	All classes
G.	Cost of Service Analyses		
	G-1	Cost of Service Summary - Present Rates	Special requirement
	G-2	Cost of Service Summary - Proposed Rates	Special requirement
	G-3	Rate Base Allocation to Classes of Service	Special requirement
	G-4	Expense Allocation to Classes of Service	Special requirement
	G-5	Distribution of Rate Base by Function	Special requirement
	G-6	Distribution of Expenses by Function	Special requirement
	G-7	Development of Allocation Factors	Special requirement
H.	Effect of Proposed Tariff Schedules		
	H-1	Summary of Revenues by Customer Classification - Present and Proposed Rates	All classes
	H-2	Analysis of Revenues by Detailed Class of Service - Present and Proposed Rates Classes	Classes A & B
	H-3	Changes in Representative Rate Schedules	Class A, representative schedules; Classes B, C, & D all schedules
	H-4	Typical Bill Analysis	All classes
	H-5	Bill Count	All classes

ARIZONA CORPORATION COMMISSION
REGULATION R14-2-103

APPENDIX A.
SUMMARY SCHEDULES

ARIZONA CORPORATION COMMISSION REGULATION R14-2-103 APPENDIX ILLUSTRATIVE SCHEDULE FORMAT	Schedule: A-1 Title: Computation of Increase in Gross Revenue Requirements.
Explanation: Schedule showing computation of increase in gross revenue requirements and spread of revenue increase by customer classification.	Required For: All Utilities [x] Special Reqmt. [ ] Class A [ ] Class B [ ] Class C [ ] Class D [ ]

		Original Cost RCND	
1.	Adjusted Rate Base	$ _____ (a)	$ _____ (a)
2.	Adjusted Operating Income	$ _____ (b)	$ _____ (b)
3.	Current Rate of Return	_____ %	_____ %
4.	Required Operating Income	$ _____	$ _____
5.	Required Rate of Return _____ %	_____ %	
6.	Operating Income Deficiency (4 - 2)	$_____	
7.	Gross Revenue Conversion Factor	_____(c)	
8.	Increase in Gross Revenue Requirements (6 x 7)	$_____	

Customer Classification	Projected Revenue Increase Due to Rates	% Dollar Increase
Residential	$	%
		(d)
	_____	_____
	$_____	_____ %

Note: For combination utilities, the above information should be presented in total and by department.

Supporting Schedules:

(a) B-1 (c) C-3

(b) C-1 (d) H-1

ARIZONA CORPORATION COMMISSION
REGULATION R14-2-103
APPENDIX
ILLUSTRATIVE SCHEDULE FORMAT

Schedule: A-2

Title: Summary Results of Operations

Explanation:
Schedule showing comparative operating results for the test year and the 2 fiscal years ended prior to the end of the test year, compared with the projected year.

Required For:

All Utilities	[x]	Special Reqmt.	[ ]
Class A	[ ]		
Class B	[ ]		
Class C	[ ]		
Class D	[ ]		

	Prior Years	Test Year		Present			Projected Year	
		Y/E __	Y/E __	Actual	Adjusted	Rates	Proposed Rates	
	Description	(a)	(a)	(a)	(b)	(c)		(c)
1.	Gross Revenues							
2.	Revenue Deductions & Operating Expenses	_____	_____	_____		_____	_____	_____
3.	Operating Income	$_____	$_____	$_____	$_____	$_____	$_____	
4.	Other Income and Deductions							
5.	Interest Expense	_____	_____	_____		_____	_____	
6.	Net Income	$_____	$_____	$_____		$_____	$_____	$_____
7.	Earned Per Average Common Share*							
8.	Dividends Per Common Share*							
9.	Payout Ratio*							
10.	Return on Average Invested Capital							
11.	Return on Year End Capital							
12.	Return on Average Common Equity							
13.	Return on Year End Common Equity							
14.	Times Bond Interest Earned - Before Income Taxes							
15.	Times Total Interest and Preferred Dividends Earned - After Income Taxes							

Supporting Schedules:
(a) E-2
(b) C-1
(c) F-1

*Optional for projected year

ARIZONA CORPORATION COMMISSION
REGULATION R14-2-103
APPENDIX
ILLUSTRATIVE SCHEDULE FORMAT

Schedule: A-3

Title: Summary of Capital Structure

Explanation:
Schedule showing comparative capital structures for the last 3 historical years, including the test year, and the projected year.

Required For:

All Utilities	☐	Special Reqmt. ☐
Class A	☒	
Class B	☒	
Class C	☐	
Class D	☐	

Description	Prior Years At ____(a)	Prior Years At ____(a)	Test Year At ____(a)	Test Year At ____(c)	Projected Year
1. Short-Term Debt					
2. Long-Term Debt					
3. TOTAL DEBT$_____	$_____	$_____			$_____
4. Preferred Stock					
5. Common Equity	_____	_____	_____		_____
6. Total Capital	$_____	$_____	$_____		$_____
Capitalization Ratios:					
7. Short-Term Debt					
8. Long-Term Debt					
9. TOTAL DEBT_____%	_____%	_____%	_____%		
10. Preferred Stock					
11. Common Equity	_____	_____	_____		_____
	100%	100%	100%		100%
12. Weighted Cost of Short-Term Debt	_____%	_____%	_____%		_____%
13. Weighted Cost of long-Term Debt	_____%	_____%	_____%		_____%
14. Weighted Cost of Senior Capitol	_____%	_____%	_____%		_____%

Supporting Schedules:
(a) E-1
(b) D-1

ARIZONA CORPORATION COMMISSION
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APPENDIX
ILLUSTRATIVE SCHEDULE FORMAT

Schedule: A-4

Title: Construction Expenditures and Gross Utility Plant in Service

Explanation:
Schedule showing construction expenditures, plant placed in service and gross utility plant in service for the test year and the 2 fiscal years ended prior to the end of the test year, compared with the projected year.

Required For:

All Utilities	x	Special Reqmt.	
Class A			
Class B			
Class C			
Class D			

Year	Construction Expenditures (a)	Net Plant Placed In Service (b)	Gross Utility Plant In Service
1. 19 ____	$	$	$
2. 19 ____			
3. Test Year			
4. Projected Year			
5. Projected _____ *			
6. Projected _____*			

* Required only for Class A and B Utilities

NOTE: For combination utilities, above information should be presented in total and by department.

Supporting Schedules:
(a) F-3
(b) E-5

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APPENDIX
ILLUSTRATIVE SCHEDULE FORMAT

Schedule: A-5

Title: Summary Changes In Financial Position

Explanation:
Schedule showing sources and application of funds in summary format.

Required For:

All Utilities	☐	Special Reqmt.	☐
Class A	x		
Class B	x		
Class C	☐		
Class D	☐		

	Description	Prior Years (a) Y/E _____	Y/E _____	Test Year (a) Y/E _____	Projected Present Rates (b)	Rates (b)	Proposed
	Sources of Funds:						
1.	Operations	$	$	$	$		$
2.	Outside Financing	_____	_____			_____	
3.	Total Funds Provided	$_____	$_____	$_____	$_____	$_____	
	Application of Funds:						
4.	Construction Expenditures	$_____	$_____	$_____	$_____	$_____	
5.	Other	_____	_____			_____	
6.	Total Funds Applied$_____	$_____	$_____	$_____	$_____		

Supporting Schedules:
(a) E-3
(b) F-2

ARIZONA CORPORATION COMMISSION
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APPENDIX B
RATE BASE SCHEDULES

ARIZONA CORPORATION COMMISSION REGULATION R14-2-103 APPENDIX ILLUSTRATIVE SCHEDULE FORMAT	Schedule: B-1 Title: Summary of Original Cost and RCND Base Elements
Explanation: Schedule showing elements of adjusted original cost and RCND rate bases.	Required For: All Utilities [x] Special Reqmt. [ ] Class A [ ] Class B [ ] Class C [ ] Class D [ ]

	Original Cost Rate Base*	Rate Base*	RCND
1. Gross Utility Plant in Service	$		
2. Less: Accumulated Depreciation		_____	_____
3. Net Utility Plant in Service	$ (a)	$	(b)
Less:			
4. Customers' Advances for Construction	(c)		(c)
5. Contributions in Aid of Construction	_____(c)	_____	(c)
Add:			
6. Allowance for Working Capital	(d)		(d)
	_____		_____
7. Total Rate Base	$ _____(e)		$ _____(e)
* Including pro forma adjustments	_____		_____

Note: For combination utilities, above information should be presented in total and by department.

Supporting Schedules:			Recap Schedules:
(a) B-2	(d) B-5	(e)	A-1
(b) B-3			
(c) E-1			

ARIZONA CORPORATION COMMISSION
REGULATION R14-2-103
APPENDIX
ILLUSTRATIVE SCHEDULE FORMAT

Schedule: B-2

Title: Original Cost Rate Base Pro forma Adjustments

Explanation:
Schedule showing pro forma adjustments to gross plant in service and accumulated depreciation for the original cost rate base.

Required For:

All Utilities	x	Special Reqmt.	
Class A			
Class B			
Class C			
Class D			

	Actual at End of Test Year (a)	Pro forma Adjustments A	B	Z	Adjusted at End of Test Year (b)
1. Gross Utility Plant in Service	$	$	$	$	$
2. Less: Accumulated Depreciation	_____	_____	_____	_____	_____
3. Net Utility Plant in Service	$ _____	$ _____	$ _____	$_____	$ _____

All pro forma adjustments should be adequately explained on this schedule or on attachments hereto.

Note: For combination utilities, above information should be presented in total and by department.

Supporting Schedules:
(a) E-1
(b)

Recap Schedules:
B-1

ARIZONA CORPORATION COMMISSION
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APPENDIX
ILLUSTRATIVE SCHEDULE FORMAT

Schedule: B-3

Title: RCND Rate Base Pro forma Adjustments

Explanation:
Schedule showing pro forma adjustments to gross plant in service and accumulated depreciation for the RCN rate base.

Required For:

All Utilities	x	Special Reqmt.	
Class A			
Class B			
Class C			
Class D			

	Actual at End of Test Year (a)	Pro forma Adjustments A	B	Z	Adjusted at End of Test Year (b)
1. Gross Utility Plant in Service	$	$	$	$	$
2. Less: Accumulated Depreciation	_____	_____	_____	_____	_____
3. Net Utility Plant in Service	$ _____	$ _____	$ _____	$ _____	$ _____

All pro forma adjustments should be adequately explained on this schedule or on attachments hereto.

Note: For combination utilities, above information should be presented in total and by department.

Supporting Schedules:
(a) B-4

Recap Schedules:
(b) B-1

ARIZONA CORPORATION COMMISSION
REGULATION R14-2-103
APPENDIX
ILLUSTRATIVE SCHEDULE FORMAT

Schedule: B-4

Title: RCND by Major Plant Accounts

Explanation:
Schedule showing the determination of Reproduction Cost New Less Depreciation at end of Test Period.

Required For:

All Utilities	x	Special Reqmt.	
Class A			
Class B			
Class C			
Class D			

Plant Account	Description	RCN	Condition Percent	RCND
	Total (a)	_____		_____
		_____		_____

Note: For combination utilities, above information should be presented in total and by department.

Supporting Schedules:		Recap Schedules:
RCND Study	a)	B-3

ARIZONA CORPORATION COMMISSION REGULATION R14-2-103 APPENDIX ILLUSTRATIVE SCHEDULE FORMAT	Schedule: B-5 Title: Computation of Working Capital
Explanation: Schedule showing computation of working capital allowance.	Required For: All Utilities [x] Special Reqmt. [ ] Class A [ ] Class B [ ] Class C [ ] Class D [ ]

		Amount
1.	Cash working capital	$
2.	Materials and Supplies Inventories	(a)
3.	Prepayments	_____(a)
4.	Total Working Capital Allowance	$ _____(b)

NOTES:

1. Adequate detail should be provided to determine the bases for the above computations.
2. Adjusted test year operating expenses should be used in computing cash working capital requirements.
3. Combination utilities should compute working capital allowances for each department.

Supporting Schedules:		Recap Schedules:
(a) E-1	b)	B-1

ARIZONA CORPORATION COMMISSION
REGULATION R14-2-103

APPENDIX C.
TEST YEAR INCOME STATEMENTS

ARIZONA CORPORATION COMMISSION REGULATION R14-2-103 APPENDIX ILLUSTRATIVE SCHEDULE FORMAT	Schedule: C-1 Title: Adjusted Test Year Income Statement
Explanation: Schedule showing statement of income for the test year, including pro forma adjustments.	Required For: All Utilities [x] Special Reqmt. [ ] Class A [ ] Class B [ ] Class C [ ] Class D [ ]

Description	(a) Actual For The Test Year Ended	Pro forma Adjustments	Test Year Results After Pro forma Adjustments
Revenues:	$	$	$
Expenses:			
Operating Income	_____ $ _____	_____ $ _____	_____ $ _____ (c)
Net Income	_____ $ _____	_____ $ _____	_____ $ _____

Note: For combination utilities, above information should be presented in total and by department.

Supporting Schedules:		Recap Schedules:
(a) E-2	(c)	A-1
(b) C-2		

ARIZONA CORPORATION COMMISSION
REGULATION R14-2-103
APPENDIX
ILLUSTRATIVE SCHEDULE FORMAT

Schedule: C-2

Title: Income Statement Pro forma Adjustments

Explanation:
Schedule itemizing pro forma adjustments to the test year income statement.

Required For:

All Utilities	x	Special Reqmt.	
Class A			
Class B			
Class C			
Class D			

Description	A	B	Z	Total (a) Adjustments
Revenues:	$	$	$	$
Expenses:				
Operating Income				
Net Income				

Note: All pro forma adjustments should be adequately explained on this schedule or on attachments thereto.

Supporting Schedules:

Recap Schedules:
(a) C-1

ARIZONA CORPORATION COMMISSION REGULATION R14-2-103 APPENDIX ILLUSTRATIVE SCHEDULE FORMAT	Schedule: C-3 Title: Computation of Gross Revenue Conversion Factor
Explanation: Schedule showing incremental taxes on gross revenues and the development of a gross revenue conversion factor.	Required For: All Utilities [x] Special Reqmt. [ ] Class A [ ] Class B [ ] Class C [ ] Class D [ ]

Description	Percentage of Incremental Gross Revenues
Federal Income Taxes	%
State Income Taxes	
Other Taxes and Expenses: (Specify):	
	_____
Total Tax Percentage	_____%

Operating Income % = 100% - Tax Percentage

$$\frac{1}{\text{Operating Income \%}} = \text{Gross Revenue Conversion Factor}$$

Note: All tax percentages shall include the effect of other taxes upon the incremental rate. The applicant may use other formulas in developing the conversion factor.

Supporting Schedules:

Recap Schedules:
A-1

ARIZONA CORPORATION COMMISSION
REGULATION R14-2-103

APPENDIX D.
COST OF CAPITAL

ARIZONA CORPORATION COMMISSION REGULATION R14-2-103 APPENDIX ILLUSTRATIVE SCHEDULE FORMAT	Schedule: D-1 Title: Summary Cost of Capital
Explanation: Schedule showing elements of capital structure and the related cost.	Required For: All Utilities [x] Special Reqmt. [ ] Class A [ ] Class B [ ] Class C [ ] Class D [ ]

	End of Test Year				End of Projected Year			
Invested Capital	Amount	%	Cost Rate (e)	Com-posite Cost	Amount	%	Cost Rate (e)	Com-posite Cost
Long-Term Debt (a)	$		%	%	$		%	%
Preferred Stock (b)								
Common Equity (c)								
Short Term Debt (a)								
Deferrals (d)			-0-				-0-	
	$	100%	%	%	$	100%	%	%

Supporting Schedules:
(a) D-2
(b) D-3
(c) D-4
(d) E-1

Recap Schedules:
(e) A-3

ARIZONA CORPORATION COMMISSION
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APPENDIX
ILLUSTRATIVE SCHEDULE FORMAT

Schedule: D-2

Title: Cost of Long-Term and Short-Term Debt

Explanation:
Schedule showing computation of cost of long and short term debt.

Required For:

All Utilities	☐	Special Reqmt.	☐
Class A	☒		
Class B	☒		
Class C	☐		
Class D	☐		

	End of Test Year		End of Projected Year	
Description of Debt	Outstanding	Annual Interest	Outstanding	Annual Interest*
Long-Term:	$	$	$	$
	_____	_____	_____	_____
Total Long-Term (a)	$_____ (b)	$_____	$_____	$_____
Cost Rate (a)	_____ %		_____ %	
Short Term:	$	$	$	$
	_____	_____	_____	_____
Total Short-Term (a)	$_____ (b)	$_____	$_____	$_____
Cost Rate (a)	_____ %		_____ %	

* Including amortization of discount, premium and expense.

Supporting Schedules:
(b) E-1

Recap Schedules:
(a) D-1

ARIZONA CORPORATION COMMISSION
REGULATION R14-2-103
APPENDIX
ILLUSTRATIVE SCHEDULE FORMAT

Schedule: D-3

Title: Cost of Preferred Stock

Explanation:
Schedule showing computation of cost of preferred stock.

Required For:

All Utilities	☐	Special Reqmt.	☐
Class A	x		
Class B	x		
Class C	☐		
Class D	☐		

	End of Test Year			End of Projected Year		
Description of Issue	Shares Outstanding	Amount $	Dividend Requirement $	Shares Outstanding	Amount $	Dividend Requirement $
	_____	_____	_____	_____	_____	_____
Total (a)	_____	$ _____ (b)	$ _____		$ _____	$ _____
Cost Rate (a)		_____ %			_____ %	

Supporting Schedules:
(b) E-1

(a)

Recap Schedules:
D-1

ARIZONA CORPORATION COMMISSION REGULATION R14-2-103 APPENDIX ILLUSTRATIVE SCHEDULE FORMAT	Schedule: D-4 Title: Cost of Common Equity
Explanation: Schedule summarizing conclusions on the required rate of return on common equity as of the end of the test year and the projected year or exhibits in support thereof.	Required For: All Utilities [ ] Special Reqmt. [ ] Class A [x] Class B [x] Class C [ ] Class D [ ]

Supporting Schedules:
Special Studies

Recap Schedules:
(D-1)

ARIZONA CORPORATION COMMISSION
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APPENDIX E.

FINANCIAL STATEMENTS AND STATISTICAL SCHEDULES

ARIZONA CORPORATION COMMISSION REGULATION R14-2-103 APPENDIX ILLUSTRATIVE SCHEDULE FORMAT	Schedule: E-1 Title: Comparative Balance Sheet
Explanation: Schedule showing comparative balance sheets at the end of the test year and the 2 fiscal years ended prior to the test year.	Required For: All Utilities [x] Special Reqmt. [ ] Class A [ ] Class B [ ] Class C [ ] Class D [ ]

ASSETS		Test Year At _____	Prior Year At _____	Prior Year At _____
Property, plant & equipment:	(a)	$	$	$
Current Assets:				
		$ _____	$ _____	$ _____
LIABILITIES and STOCKHOLDERS' EQUITY				
Capitalization:	(b)	$	$	$
Current Liabilities:				
		$ _____	$ _____	$ _____

Supporting Schedules:
(a) E-5 (b)

Recap Schedules:
A-3

ARIZONA CORPORATION COMMISSION
REGULATION R14-2-103
APPENDIX
ILLUSTRATIVE SCHEDULE FORMAT

Schedule: E-2

Title: Comparative Income Statements

Explanation:
Schedule showing comparative income statements for the test year and the 2 fiscal years ended prior to the test year.

Required For:

All Utilities	x	Special Reqmt.	
Class A			
Class B			
Class C			
Class D			

	Test Year Ended	Test Year Ended	Test Year Ended
Revenues: (a)	$	$	$
Operating Expenses: (a)			
Current Assets:			
Operating Income (a)	$	$	$
Other income and deductions:			
Interest			
Net Income	$	$	$
Preferred Dividends			
Earnings Available for Common Stock			
Earnings Per Share of Average Common Stock Outstanding			

Supporting Schedules:
(a) E-6

Recap Schedules:
A-2

ARIZONA CORPORATION COMMISSION
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APPENDIX
ILLUSTRATIVE SCHEDULE FORMAT

Schedule: E-3

Title: Comparative Statement of Changes in Financial Position

Explanation:
Schedule showing comparative changes in financial position for the test year and the 2 years ended prior to the test year.

Required For:

All Utilities	☐	Special Reqmt. ☐
Class A	☒	
Class B	☒	
Class C	☐	
Class D	☐	

	Test Year Ended _____	Test Year Ended _____	Test Year Ended _____
Source of Funds	$	$	$
From Operations:			
Financing:			
Total Funds Provided	$_____	$_____	$_____
Application of Funds:	$	$	$
Construction Expenditures			
Dividends			
Other Items:			
	$ _____	$ _____	$ _____

Supporting Schedules:

Recap Schedules:
A-5

ARIZONA CORPORATION COMMISSION
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APPENDIX
ILLUSTRATIVE SCHEDULE FORMAT

Schedule: E-4

Title: Statement of Change in Stockholders' Equity

Explanation:
Schedule showing changes in stockholders' equity for the test year and the 2 years ended prior to the test year.

Required For:

All Utilities	☐	Special Reqmt. ☐
Class A	☒	
Class B	☒	
Class C	☐	
Class D	☐	

	Preferred Shares	Stock Amount	Common Shares	Stock Amount	Additional Paid-In Capital	Retained Earnings
Balance, Jan. 1, 19 ___		$		$	$	$
Net Earnings						
Cash Dividends-Preferred						
Cash Dividends-Common						
Preferred Stock Issued:						
Common Stock Issued:	_____	_____ $	_____	_____ $	_____ $	_____ $
Balance, Dec. 31, 19 ___	_____	$ _____	_____	$ _____	$ _____	$ _____
Balance, Dec. 31, 19 ___	_____	$ _____	_____	$ _____	$ _____	$ _____
Balance, Dec. 31, 19 ___ (End of Test Year)	_____	$ _____	_____	$ _____	$ _____	$ _____

Supporting Schedules:

Recap Schedules:

ARIZONA CORPORATION COMMISSION
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APPENDIX
ILLUSTRATIVE SCHEDULE FORMAT

Schedule: E-5

Title: Detail of Utility Plant

Explanation:
Schedule showing utility plant balance, by detailed account number, at the end of the test year and the end of the prior fiscal year.

Required For:

All Utilities	x	Special Reqmt.	
Class A			
Class B			
Class C			
Class D			

Account Number	Description	End of Test Year At ____	Net Additions	End of Prior Year At ____
	Production Plant-Steam:			
XXX	Land & Land Rights	$	$	$
XXX	Structures and Improvements			
	Total Plant in Service	$ _____	_____	_____
	Accumulated Depreciation	$ _____	$ _____	$ _____
	Net Plant in Service	$	$	$
	Construction Work In Progress	_____	_____	_____
	Total Net Plant	$ _____	$ _____	$ _____

Note: For combination utilities, the above information should be presented by department.

Supporting Schedules:

Recap Schedules:
E-1
A-4

ARIZONA CORPORATION COMMISSION
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APPENDIX
ILLUSTRATIVE SCHEDULE FORMAT

Schedule: E-6

Title: Comparative Departmental Operating Income Statements

Explanation:
Schedule showing comparative departmental statements of operating income for the test year and the 2 fiscal years ended prior to the test year.

Required For:

	All Utilities	☐	Special Reqmt. ☐
x		☐	All classes of Combination Utilities
	Class A	☐	
	Class B	☐	
	Class C	☐	

Department _____

	Test Year Ended _____	Prior Year Ended _____	Prior Year Ended _____
Revenues:	$	$	$
Residential			
Total Revenues	$	$	$
Operating Expenses*:			
Total Operating Expenses	$	$	$
Operating Income	$_____	$_____	$_____

* Including allocation of general and administrative expenses.

Supporting Schedules:

Recap Schedules:
E-2

ARIZONA CORPORATION COMMISSION
REGULATION R14-2-103
APPENDIX
ILLUSTRATIVE SCHEDULE FORMAT

Schedule: E-7

Title: Operating Statistics

Explanation:
Schedule showing key operating statistics in comparative format, for the test year and the 2 fiscal years ended prior to the test year.

Required For:

All Utilities	x	Special Reqmt.	
Class A			
Class B			
Class C			
Class D			

Electric Statistics	Test Year Ended	Prior Year Ended	Prior Year Ended
KWH Sales-By Class of Service			
Avg. No. of Customers-By Class of Service			
Avg. KWH Use-By Class of Service			
Avg. Annual Revenue Per Residential Customer			
KWH Production Expense			
KWH Trans. Expense			
Gas Statistics:			
MCF or Therm Sales-By Class of Service			
Avg. No. of Customers-By Class of Service			
Avg. MCF or Therm Use-By Class of Service			
Avg. Annual Revenue Per Residential Customer			
Production Expense Per MCF or Therm			
Storage and Trans. Expense Per MCF or Therm			
Water Statistics:			
Gallons Sold-By Class of Service			
Avg. No. of Customers-By Class of Service			
Avg. Annual Gallons Per Residential Customer			
Avg. Annual Revenue Per Residential Customer			
Pumping Cost Per 1,000 Gallons			
Telephone Statistics:			
Main Telephones			
Company Telephones			
Revenue Per Main Telephone			
Messages			
Net Plant in Service Per Telephone			

ARIZONA CORPORATION COMMISSION
REGULATION R14-2-103
APPENDIX
ILLUSTRATIVE SCHEDULE FORMAT

Schedule: E-8

Title: Taxes Charged to Operations

Explanation:
A schedule showing all significant taxes charged to operations for the test year and the 2 fiscal years ended prior to the test year.

Required For:

All Utilities	☐	Special Reqmt. ☐
Class A	x	
Class B	x	
Class C	x	
Class D	☐	

Description	Test Year Ended _____	Prior Year Ended _____	Prior Year Ended _____
Federal Taxes:	$	$	$
	$	$	$
State Taxes	$	$	$
	$	$	$
Local Taxes:	$	$	$
	$	$	$
Total Taxes	$ _____	$ _____	$ _____

NOTE: For combination utilities, the above should be presented in total and by department.

Supporting Schedules:

Recap Schedules:

ARIZONA CORPORATION COMMISSION REGULATION R14-2-103 APPENDIX ILLUSTRATIVE SCHEDULE FORMAT	Schedule: E-9 Title: Notes to Financial Statements
Explanation: Disclosure of important facts pertaining to the understanding of the financial statements.	Required For: All Utilities [x] Special Reqmt. [ ] Class A [ ] Class B [ ] Class C [ ] Class D [ ]

Disclosures should include, but not be limited to the following:

1. Accounting method.
2. Depreciation lives and methods employed by major classifications of utility property.
3. Income tax treatment - normalization or flow through.
4. Interest rate used to charge interest during construction, if applicable.

Supporting Schedules: Recap Schedules:

ARIZONA CORPORATION COMMISSION
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APPENDIX F.
PROJECTIONS AND FORECASTS

ARIZONA CORPORATION COMMISSION REGULATION R14-2-103 APPENDIX ILLUSTRATIVE SCHEDULE FORMAT	Schedule: F-1 Title: Projected Income Statements - Present and Proposed Rate
Explanation: Schedule showing an income statement for the projected year, compared with actual test year results, at present rates proposed rates.	Required For: All Utilities [x] Special Reqmt. [ ] Class A [ ] Class B [ ] Class C [ ] Class D [ ]

		Projected Year	
	Actual Test Year Ended _____(a)	At Present Rates Year Ended_____ (b)	At Proposed Rates Year Ended _____ (b)
Revenues:	$	$	$
Operating Expenses:	_____	_____	_____
Operating Income	$	$	$
Other Income & Deductions:			
Interest	_____	_____	_____
Net Income	$ _____	$ _____	$ _____
	_____	_____	_____
Earnings per share of average Common Stock Outstanding	$ _____	$ Optional	$ Optional
% Return on Common Equity	_____ %	_____ %	_____ %

Supporting Schedules:
(a) E-2 (b)

Recap Schedules:
A-2

ARIZONA CORPORATION COMMISSION
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APPENDIX
ILLUSTRATIVE SCHEDULE FORMAT

Schedule: F-2

Title: Projected Changes In Financial Present and Proposed Rates

Explanation:
Schedule showing projected changes in financial position for projected year compared with the test year, at present and proposed rates.

Required For:

All Utilities	[ ]	Special Reqmt:	[ ]
Class A	[x]		
Class B	[x]		
Class C	[ ]		
Class D	[ ]		

		Projected Year	
	Test Year Ended (a)	At Present Rates Year Ended (b)	At Proposed Rates Year Ended (b)
Source of Funds:	$	$	$
Total Funds Provided	$ _____	$ _____	$ _____
Application of Funds:			
Total Funds Provided	$ _____	$ _____	$ _____

Details of Financing:

Changes in Short-term Debt:

Changes in Long-term Debt:

Changes in Preferred Stock:

Changes in Common Equity:

Supporting Schedules:
(a) E-3
(c) F-3

(b)

Recap Schedules:
A-5

ARIZONA CORPORATION COMMISSION
REGULATION R14-2-103
APPENDIX
ILLUSTRATIVE SCHEDULE FORMAT

Schedule: F-3

Title: Projected Construction Requirements

Explanation:
Schedule showing projected annual construction requirements, by property classification, for 1 to 3 years subsequent to the test year compared with the test year.

Required For:

All Utilities	[ ]	Special Reqmt. [ ]
Class A	[x]	3 yrs. projected
Class B	[x]	
Class C	[x]	1 yrs. projected
Class D	[x]	

Property Classification	Actual Test Year Ended _____	Projected Test Year Ended____	Projected Test Year Ended____	Projected Test Year Ended____
Production Plant	$	$	$	$
Transmission Plant				
Total Plant (a)	$ _____	$ _____	$ _____	$ _____

NOTE: For combination utilities, the above should be presented by department.

Supporting Schedules:

Recap Schedules:
(a) F-2 & A-4

ARIZONA CORPORATION COMMISSION REGULATION R14-2-103 APPENDIX ILLUSTRATIVE SCHEDULE FORMAT	Schedule: F-4 Title: Assumptions Used in Developing Projection
Explanation: Documentation of important assumptions used in preparing forecasts and projections.	Required For: All Utilities [x] Special Reqmt. [ ] Class A [ ] Class B [ ] Class C [ ] Class D [ ]

Important assumptions used in preparing projections should be explained.

Areas covered should include:

1. Customer growth

2. Growth in consumption and customer demand

3. Changes in expenses

4.Construction requirements, including production reserves and changes in plant capacity

5. Capital structure changes

6. Financing costs, interest rates

Supporting Schedules: Recap Schedules:

ARIZONA CORPORATION COMMISSION
REGULATION R14-2-103

APPENDIX G.
COST OF SERVICE ANALYSES

ARIZONA CORPORATION COMMISSION REGULATION R14-2-103 APPENDIX ILLUSTRATIVE SCHEDULE FORMAT	Schedule: G-1 Title: Cost of Service Summary-Present Rates
Explanation: Schedule showing rates of return by customer classification at present rates.	Required For: All Utilities ☐ Special Reqmt. ☒ Class A ☐ Class B ☐ Class C ☐ Class D ☐

		Customer Classification		
	Total	A	B	Z
Revenues (a)	$	$	$	$
Expenses (b)				
Operating Income before Income Taxes				
Income Taxes	_____	_____	_____	_____
Net Operating Income	$ _____	$ _____	$ _____	$_____
Rate Base (c)	$	$	$	$
Rate of Return	%	%	%	%

Supporting Schedules:
(a) H-1 (c) G-3
(b) G-4

Recap Schedules:

ARIZONA CORPORATION COMMISSION
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APPENDIX
ILLUSTRATIVE SCHEDULE FORMAT

Schedule: G-2

Title: Cost of Service Summary-Proposed Rates

Explanation:
Schedule showing rates of return by customer classification at proposed rates.

Required For:

All Utilities ☐ Special Reqmt. ☒
Class A ☐
Class B ☐
Class C ☐
Class D ☐

		Customer Classification		
	Total	A	B	Z
Revenues (a)	$	$	$	$
Expenses (b)				
Operating Income before Income Taxes				
Income Taxes	_____	_____	_____	_____
Net Operating Income	$ _____	$ _____	$ _____	$ _____
Rate Base (c)	$	$	$	$
Rate of Return	%	%	%	%

Supporting Schedules:
(a) H-1 (c) G-3
(b) G-4

Recap Schedules:

ARIZONA CORPORATION COMMISSION
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APPENDIX
ILLUSTRATIVE SCHEDULE FORMAT

Schedule: G-3

Title: Rate Base Allocation to Classes of Service

Explanation:
Schedule showing allocation of plant at original cost less depreciation to class of service.

Required For:

All Utilities	☐	Special Reqmt.	x
Class A	☐		
Class B	☐		
Class C	☐		
Class D	☐		

Class of Service	Total (a)		Demand Plant Function 1		2	3	etc.	Commodity Plant Function 1	2	3	etc.	Customer Gen.	Specific
	$	%	$(b)	%(c)									
A													
B													
⋮													
Z	$												
TOTAL	$	%	$(b)	(c) %									

Supporting Schedules:
(b) G-5
(c) G-7

(a) Recap Schedules:
G-1 & G-2

ARIZONA CORPORATION COMMISSION
REGULATION R14-2-103
APPENDIX
ILLUSTRATIVE SCHEDULE FORMAT

Schedule: G-4

Title: Expense Allocation to Classes of Service

Explanation:
Schedule showing allocation of operating expenses to class of service.

Required For:

All Utilities	☐	Special Reqmt.	x
Class A	☐		
Class B	☐		
Class C	☐		
Class D	☐		

Class of Service	Total (a)		Demand Plant Function 1		2	3	4	Commodity Plant Function 1	2	3	etc.	Customer Gen.	Specific	Other
	$	%	$(b)	%(c)										
A														

B

Z $ __ __ __ __ __ __ ____ __ __ __ ___ ____ ____

TOTAL $ __% $(b) (c) % __ __ __ __ __ __ __ ____ ____

Supporting Schedules:
(b) G-5
(c) G-7

(a) Recap Schedules:
G-1 & G-2

ARIZONA CORPORATION COMMISSION
REGULATION R14-2-103
APPENDIX
ILLUSTRATIVE SCHEDULE FORMAT

Schedule: G-5

Title: Distribution of Rate Base by Function

Explanation:
Schedule showing allocation of plant at original cost less depreciation to defined functions.

Required For:

All Utilities ☐ Special Reqmt. ☒
Class A ☐
Class B ☐
Class C ☐
Class D ☐

Plant Classification	Total $	Total %	Function* Demand 1*	2*	3*	4*	Commodity*	Customer* Gen.	Customer* Specific
Production									
Transmission									
$		%							

* Production or transmission, primary, secondary, etc.

Supporting Schedules: Recap Schedules:

(a) G-3

ARIZONA CORPORATION COMMISSION
REGULATION R14-2-103
APPENDIX
ILLUSTRATIVE SCHEDULE FORMAT

Schedule: G-6

Title: Distribution of Expenses by Function

Explanation:
Schedule showing allocation of operating expenses to defined functions.

Required For:

All Utilities	☐	Special Reqmt.	x
Class A	☐		
Class B	☐		
Class C	☐		
Class D	☐		

			Function*							
			Demand						Customer	
Expense Classification	Total		1*	2*	3*	4*	Commodity	Gen.	Specific	Other
	$	%	$	%						
Production:										
Transmission:										
Sales:										
Administrative:										
Total Operating Expenses (a)	$	%	$	%						

* Production Transmission, primary, secondary, etc.

Supporting Schedules:

Recap Schedules:
(a) G-4

ARIZONA CORPORATION COMMISSION REGULATION R14-2-103 APPENDIX ILLUSTRATIVE SCHEDULE FORMAT	Schedule: G-7 Title: Development of Allocation Factors
Explanation: Schedule(s) showing development of all allocation factors used in the cost of service study.	Required For: All Utilities [ ] Special Reqmt. [x] Class A [ ] Class B [ ] Class C [ ] Class D [ ]

Schedules should be provided to indicate how demand, commodity and customer allocation factors were developed. Demand method employed, e.g., peak, average and excess, non-coincident peak, should be disclosed supported with adequate detail.

Supporting Schedules:

Recap Schedules:
G-4
G-3

ARIZONA CORPORATION COMMISSION
REGULATION R14-2-103

APPENDIX H.
EFFECT OF PROPOSED TARIFF SCHEDULES

ARIZONA CORPORATION COMMISSION REGULATION R14-2-103 APPENDIX ILLUSTRATIVE SCHEDULE FORMAT	Schedule: H-1 Title: Summary of Revenues by Customer Classification-Present and Proposed Rates
Explanation: Schedule comparing revenues by customer classification for the test year, at present and proposed rates.	Required For: All Utilities [x] Special Reqmt [ ] Class A [ ] Class B [ ] Class C [ ] Class D [ ]

	Revenues in the Test Year (a)		Proposed Increase (b)	
Customer Classification	Present Rates	Proposed Rates	Amount	%
Residential	$	$	$	
Industrial				
Total Revenues	$ _____	$ _____	$ _____	$ _____

Note: For combination utilities, above information should be presented in total and by department.

Supporting Schedules:
(a) H-2
(b)

Recap Schedules:
A-1

ARIZONA CORPORATION COMMISSION
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APPENDIX
ILLUSTRATIVE SCHEDULE FORMAT

Schedule: H-2

Title: Analysis of Revenue by Detailed Class

Explanation:
Schedule comparing revenues by detailed class of service, for the test year, at present and proposed rates.

Required For:

All Utilities	☐	Special Reqmt.	☐
Class A	x		
Class B	x		
Class C	☐		
Class D	☐		

Class of Service	Average Number of Customers	Average Consumption	Revenues Present Rates	Revenues Proposed Rates	Proposed Increase Amount	Proposed Increase %
Residential:			$	$	$	
General						
Limited Service						
Total Residential			$ (a)	$ (a)	$ (a)	$ (a) %
Industrial:						
General service						
Optional service						
Total Company			$	$	$	%

Note: For combination utilities, above information should be presented by department.

Supporting Schedules:

Recap Schedules:
(a)H-1

ARIZONA CORPORATION COMMISSION
REGULATION R14-2-103
APPENDIX
ILLUSTRATIVE SCHEDULE FORMAT

Schedule: H-3

Title: Changes In Representative Rate Schedules

Explanation:
Schedule(s) comparing present rate schedules with proposed rate schedule.

Required For:

All Utilities	[ ]	Special Reqmt. [ ]
Class A	[x]	} Representative Schedules
Class B	[x]	} All Schedules
Class C	[x]	} All Schedules
Class D	[x]	} All Schedules

Rate Schedule	Description	Block	Present Rate	Proposed Rate	Change
1	Residential-Gen. Service	First 1,000 gal.	$1.00	$1.25	$ .25
		Next 1,000 gal.	$ .08/100	$ .10/100	$ .02/100
12	Industrial-Gen. Service				

Supporting Schedules:

ARIZONA CORPORATION COMMISSION
REGULATION R14-2-103
APPENDIX
ILLUSTRATIVE SCHEDULE FORMAT

Schedule: H-4

Title: Typical Bill Analysis

Explanation:
Schedule(s) comparing typical customer bills at varying consumption levels at present and proposed rates.

Required For:

All Utilities	x	Special Reqmt.	
Class A			
Class B			
Class C			
Class D			

Rate Schedule	Description	Monthly Consumption	Present Bill	Proposed Bill	% Increase
1	Residential-Gen. Service	1,000 gal. or less	$1.00	$1.25	25.0%
		5,000 gal.	$3.30	$ 3.80	15.2%

Supporting Schedules:

ARIZONA CORPORATION COMMISSION REGULATION R14-2-103 APPENDIX ILLUSTRATIVE SCHEDULE FORMAT	Schedule: H-5 Title: Bill Count
Explanation: Schedule(s) showing billing activity by block for each rate schedule.	Required For: All Utilities [x] Special Reqmt. [ ] Class A [ ] Class B [ ] Class C [ ] Class D [ ]

Rate Schedule:_____

Description:_____

Block	Number of Bills by Block	Consumption By Blocks	Cumulative Bills No.	Cumulative Bills % of Total	Cumulative Consumption Amount	Cumulative Consumption % of Total

Average Number of Customers _____

Average Consumption _____

Median Consumption _____

Supporting Schedules:

Recap Schedules:

Historical Note

Former Section R14-2-103 renumbered as Section R14-2-101, former Section R14-2-128 renumbered as Section R14-2-103 without change effective March 2, 1982 (Supp. 82-2). Amended subsection (B) effective June 18, 1987 (Supp. 87-2). Amended effective August 31, 1992 (Supp. 92-3).

R14-2-104. Inspection of annual reports

Pursuant to A.R.S. § 40-204(C), all utility annual reports and attachments thereto required to be filed pursuant to this Chapter shall be open to public inspection without further or special order of the Arizona Corporation Commission.

Historical Note

Former Section R14-2-104 repealed, new Section R14-2-104 adopted effective March 2, 1982 (Supp. 82-2).

R14-2-105. Notice of rate hearings

A. Every public service corporation shall give notice to customers affected of any hearing at which the fair value of that corporation's property is to be determined and just and reasonable rates and charges are to be established.

B. The form and manner of such notice shall be as the Commission may direct by procedural order.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2).

R14-2-106. Commission Color Code to Identify Location of Underground Facilities

A. If the location of an underground facility is marked with stakes, paint, or in some customary manner pursuant to A.R.S. § 40-360.21(13), the facility owner will use the following color code:

Facility Type	Specific Color
Electric Power Distribution and Transmission	Safety Red
Gas Distribution and Transmission; Oil Product Distribution and Transmission; Dangerous Materials, Product Lines	High Visibility Safety Yellow
Telephone and Telegraph System; Cable Television	Safety Alert Orange
Fiber Optics Communication Lines	The Letter "F" in Safety Alert Orange
Water Systems; Slurry Pipelines	Safety Precaution Blue
Reclaimed Water Systems	Purple
Sanitary Sewer Systems	Safety Green

UNACCEPTABLE FACILITY LOCATION COLORS:

Fluorescent Pink - This shall be considered a land surveyor marking.
White - This shall be reserved for excavator markings.

B. Excavators and Underground Facility Owners shall consider use of the color fluorescent pink to be indicative of land survey markings and not location markings for any underground facility. Surveyors may place aerial photogrammetric markings (targets) using the color white; such marking shall have a fluorescent pink dot not less than two inches in diameter placed within one foot of any edge of the aerial marking. Fluorescent pink shall not be used by excavators or Underground Facility Owners.

C. Excavators making markings pursuant to A.R.S. § 40-360.22(C) are required to use the color white.

D. Colors similar to those listed in R14-2-106(A) through R14-2-106(C) shall not be used for other than their listed purpose.

Historical Note

Adopted effective September 5, 1986 (Supp. 86-5).
Amended effective June 4, 1993, under an exemption from the Attorney General certification requirements of the Arizona Administrative Procedure Act (Supp. 93-2).
Amended effective August 16, 1996 (Supp. 96-3).
Amended by final rulemaking at 8 A.A.R. 971, effective February 19, 2002 (Supp. 02-1).

ARTICLE 2. ELECTRIC UTILITIES

Editor's Note: The following Section was amended under an exemption from the Attorney General approval provisions of the Arizona Administrative Procedure Act (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)), as determined by the Corporation Commission. This exemption means that the rules as amended were not approved by the Attorney General.

R14-2-201. Definitions

In this Article, unless the context otherwise requires, the following definitions shall apply. In addition, the definitions contained in Article 16, Retail Electric Competition, shall apply in this Article unless the context otherwise requires.

1. "Advance in aid of construction." Funds provided to the utility by the applicant under the terms of a line extension agreement the value of which may be refundable.
2. "Applicant." A person requesting the utility to supply electric service.
3. "Application." A request to the utility for electric service, as distinguished from an inquiry as to the availability or charges for such service.
4. "Arizona Corporation Commission." The regulatory authority of the state of Arizona having jurisdiction over public service corporations operating in Arizona.
5. "Billing month." The period between any two regular readings of the utility's meters at approximately 30 day intervals.
6. "Billing period." The time interval between two consecutive meter readings that are taken for billing purposes.
7. "Contributions in aid of construction." Funds provided to the utility by the applicant under the terms of a line extension agreement or service connection tariff the value of which is not refundable.
8. "Curtailment priority." The order in which electric service is to be curtailed to various classifications of customers, as set forth in the utility's filed tariffs.
9. "Customer." The person or entity in whose name service is rendered, as evidenced by the signature on the application or contract for that service, or by the receipt and/or payment of bills regularly issued in his name regardless of the identity of the actual user of the service.
10. "Customer charge." The amount the customers must pay the utility for the availability of electric service, excluding any electricity used, as specified in the utility's tariffs.
11. "Day." Calendar day.
12. "Demand." The rate at which power is delivered during any specified period of time. Demand may be expressed in kilowatts, kilovolt-amperes, or other suitable units.
13. "Distribution lines." The utility lines operated at distribution voltage which are constructed along public roadways or other bona fide rights-of-way, including easements on customer's property.
14. "Elderly." A person who is 62 years of age or older.
15. "Energy." Electric energy, expressed in kilowatt-hours.
16. "Handicapped." A person with a physical or mental condition which substantially contributes to the person's inability to manage his or her own resources, carry out activities of daily living, or protect oneself from neglect or hazardous situations without assistance from others.

17. "Illness." A medical ailment or sickness for which a residential customer obtains a verified document from a licensed medical physician stating the nature of the illness and that discontinuance of service would be especially dangerous to the customer's health.
18. "Inability to pay." Circumstances where a residential customer:
    a. Is not gainfully employed and unable to pay, or
    b. Qualifies for government welfare assistance, but has not begun to receive assistance on the date that he receives his bill and can obtain verification of that fact from the government welfare assistance agency.
    c. Has an annual income below the published federal poverty level and can produce evidence of this, and
    d. Signs a declaration verifying that the customer meets one of the above criteria and is either elderly, handicapped, or suffers from illness.
19. "Interruptible electric service." Electric service that is subject to interruption as specified in the utility's tariff.
20. "Kilowatt (kw)." A unit of power equal to 1,000 watts.
21. "Kilowatt-hour (kwh)." Electric energy equivalent to the amount of electric energy delivered in one hour when delivery is at a constant rate of 1 kilowatt.
22. "Line extension." The lines and equipment necessary to extend the electric distribution system of the utility to provide service to additional customers.
23. "Master meter." A meter for measuring or recording the flow of electricity that has passed through it at a single location where said electricity is distributed to tenants or occupants for their individual usage.
24. "Megawatt (Mw)." A unit of power equal to 1,000,000 watts.
25. "Meter." The instrument for measuring and indicating or recording the flow of electricity that has passed through it.
26. "Meter tampering." A situation where a meter has been illegally altered. Common examples are meter bypassing, use of magnets to slow the meter recording, and broken meter seals.
27. "Minimum charge." The amount the customer must pay for the availability of electric service, including an amount of usage, as specified in the utility's tariffs.
28. "Permanent customer." A customer who is a tenant or owner of a service location who applies for and receives permanent electric service.
29. "Permanent service." Service which, in the opinion of the utility, is of a permanent and established character. The use of electricity may be continuous, intermittent, or seasonal in nature.
30. "Person." Any individual, partnership, corporation, governmental agency, or other organization operating as a single entity.
31. "Point of delivery." The point where facilities owned, leased, or under license by a customer connects to the utility's facilities.
32. "Power." The rate of generating, transferring, or using electric energy, usually expressed in kilowatts.
33. "Premises." All of the real property and apparatus employed in a single enterprise on an integral parcel of land undivided by public streets, alleys or railways.
34. "Residential subdivision development." Any tract of land which has been divided into four or more contiguous lots with an average size of one acre or less for use for the construction of residential buildings or permanent mobile homes for either single or multiple occupancy.
35. "Residential use." Service to customers using electricity for domestic purposes such as space heating, air conditioning, water heating, cooking, clothes drying, and other residential uses and includes use in apartment buildings, mobile home parks, and other multiunit residential buildings.
36. "Service area." The territory in which the utility has been granted a Certificate of Convenience and Necessity and is authorized by the Commission to provide electric service.
37. "Service establishment charge." The charge as specified in the utility's tariffs which covers the cost of establishing a new account.
38. "Service line." The line extending from a distribution line or transformer to the customer's premises or point of delivery.
39. "Service reconnect charge." The charge as specified in the utility's tariffs which must be paid by the customer prior to reestablishment of electric service each time the electricity is disconnected for nonpayment or whenever service is discontinued for failure otherwise to comply with the utility's tariffs.
40. "Service reestablishment charge." A charge as specified in the utility's tariffs for service at the same location where the same customer had ordered a service disconnection within the preceding 12-month period.
41. "Single family dwelling." A house, an apartment, a mobile home permanently affixed to a lot, or any other permanent residential unit which is used as a permanent home.
42. "Tariffs." The documents filed with the Commission which list the services and products offered by the utility and which set forth the terms and conditions and a schedule of the rates and charges, for those services and products.
43. "Temporary service." Service to premises or enterprises which are temporary in character, or where it is known in advance that the service will be of limited duration. Service which, in the opinion of the utility, is for operations of a speculative character is also considered temporary service.
44. "Third-party notification." A notice sent to an individual or a public entity willing to receive notification of the pending discontinuance of service of a customer of record in order to make arrangements on behalf of said customer satisfactory to the utility.
45. "Utility." The public service corporation providing electric service to the public in compliance with state law, except in those instances set forth in R14-2-1612(A) and (B).
46. "Weather especially dangerous to health." That period of time commencing with the scheduled termination date when the local weather forecast, as predicted by the National Oceanographic and Administration Service, indicates that the temperature will not exceed 32 degrees Fahrenheit for the next day's forecast. The Commission may determine that other weather conditions are especially dangerous to health as the need arises.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended by exempt rulemaking at 5 A.A.R. 3933, effective September 24, 1999 (Supp. 99-3). Amended by exempt rulemaking at 6 A.A.R. 4180, effective October 13, 2000 (Supp. 00-4).

Editor's Note: The following Section was amended under an exemption from the Attorney General approval provisions of the

Arizona Administrative Procedure Act (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)), as determined by the Corporation Commission. This exemption means that the rules as amended were not approved by the Attorney General.

R14-2-202. Certificate of Convenience and Necessity for Electric Utilities

A. Application for new Certificate of Convenience and Necessity. Six copies of each application for a new Certificate of Convenience and Necessity shall be submitted to the Commission, through Docket Control, in a form prescribed by the Commission and shall include, at a minimum, the following information:
1. The proper name and correct address of the proposed utility company and its owner, if a sole proprietorship, each partner, if a partnership, or the President and Secretary if a corporation.
2. The rates proposed to be charged for the service that will be rendered.
3. A financial statement setting forth the financial condition of the applicant.
4. Maps of the proposed service area or a description of the area proposed to be served.
5. Appropriate city, county and/or state agency approvals, where appropriate.
6. The actual number of customers within the service area as of the time of filing and the estimated number of customers to be served for each of the first five years of operation.
7. Such other information as the Commission by order or the staff of the Utilities Division by written directive may request.

B. Application for discontinuance or abandonment of utility service
1. Any utility proposing to discontinue or abandon utility service currently in use by the public shall prior to such action obtain authority therefor from the Commission.
2. The utility shall include in the application, studies of past, present and prospective customer use of the subject service, plant, or facility as is necessary to support the application.
3. An application shall not be required to remove individual facilities where a customer has requested service discontinuance.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended by exempt rulemaking at 5 A.A.R. 3933, effective September 24, 1999 (Supp. 99-3). Amended by exempt rulemaking at 6 A.A.R. 4180, effective October 13, 2000 (Supp. 00-4).

Editor's Note: The following Section was amended under an exemption from the Attorney General approval provisions of the Arizona Administrative Procedure Act (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)), as determined by the Corporation Commission. This exemption means that the rules as amended were not approved by the Attorney General.

R14-2-203. Establishment of Service

A. Information from new applicants
1. A utility may obtain the following minimum information from each new applicant for service:
   a. Name or names of applicant or applicants.
   b. Service address or location and telephone number.
   c. Billing address/telephone number, if different than service address.
   d. Address where service was provided previously.
   e. Date applicant will be ready for service.
   f. Indication of whether premises have been supplied with utility service previously.
   g. Purpose for which service is to be used.
   h. Indication of whether applicant is owner or tenant of or agent for the premises.
   i. Information concerning the energy and demand requirements of the customer.
   j. Type and kind of life-support equipment, if any, used by the customer.
2. Customer-specific information shall not be released without specific prior written customer authorization unless the information is requested by a law enforcement or other public agency, or is requested by the Commission or its staff, or is reasonably required for legitimate account collection activities, or is necessary to provide safe and reliable service to the customer.
3. A utility may require a new applicant for service to appear at the utility's designated place of business to produce proof of identity and sign the utility's application form.
4. Where service is requested by two or more individuals the utility shall have the right to collect the full amount owed to the utility from any one of the applicants.

B. Deposits
1. A utility shall not require a deposit from a new applicant for residential service if the applicant is able to meet any of the following requirements:
   a. The applicant has had service of a comparable nature with the utility within the past two years and was not delinquent in payment more than twice during the last 12 consecutive months or disconnected for nonpayment.
   b. The applicant can produce a letter regarding credit or verification from an electric utility where service of a comparable nature was last received which states applicant had a timely payment history at time of service discontinuance.
   c. In lieu of a deposit, a new applicant may provide a Letter of Guarantee from a governmental or nonprofit entity or a surety bond as security for the utility.
2. The utility may issue a nonnegotiable receipt to the applicant for the deposit. The inability of the customer to produce such a receipt shall in no way impair his or her right to receive a refund of the deposit which is reflected on the utility's records.
3. Deposits shall be interest bearing; the interest rate and method of calculation shall be filed with and approved by the Commission in a tariff proceeding.
4. Each utility shall file a deposit refund procedure with the Commission, through Docket Control, subject to Commission review and approval during a tariff proceeding. However, each utility's refund policy shall include provisions for residential deposits and accrued interest to be refunded or letters of guarantee or surety bonds to expire after 12 months of service if the customer has not been delinquent more than twice in the payment of utility bills.
5. A utility may require a residential customer to establish or reestablish a deposit if the customer becomes delinquent in the payment of two bills within a 12-consecutive- month period or has been disconnected for service during the last 12 months.
6. The amount of a deposit required by the utility shall be determined according to the following terms:

a. Residential customer deposits shall not exceed two times that customer's estimated average monthly bill.
b. Nonresidential customer deposits shall not exceed 2 1/2 times that customer's estimated maximum monthly bill.

7. The utility may review the customer's usage after service has been connected and adjust the deposit amount based upon the customer's actual usage.
8. A separate deposit may be required for each meter installed.
9. If a utility Distribution Company's customer with an established deposit elects to take competitive services from an Electric Service Provider, and is not currently delinquent in payments to the Utility Distribution Company, the Utility Distribution Company will refund a portion of the customer's deposit in proportion to the expected decrease in monthly billing. A customer returning to Standard Offer Service may be required to increase an established deposit in proportion to the expected increase in monthly billing.

C. Grounds for refusal of service. A utility may refuse to establish service if any of the following conditions exist:

1. The applicant has an outstanding amount due for the same class of utility service with the utility, and the applicant is unwilling to make arrangements with the utility for payment.
2. A condition exists which in the utility's judgment is unsafe or hazardous to the applicant, the general population, or the utility's personnel or facilities.
3. Refusal by the applicant to provide the utility with a deposit when the customer has failed to meet the credit criteria for waiver of deposit requirements.
4. Customer is known to be in violation of the utility's tariffs filed with the Commission.
5. Failure of the customer to furnish such funds, service, equipment, or rights-of-way necessary to serve the customer and which have been specified by the utility as a condition for providing service.
6. Applicant falsifies his or her identity for the purpose of obtaining service.

D. Service establishments, re-establishments or reconnection charge

1. Each utility may make a charge as approved by the Commission for the establishment, reestablishment, or reconnection of utility services, including transfers between Electric Service Providers.
2. Should service be established during a period other than regular working hours at the customer's request, the customer may be required to pay an after-hour charge for the service connection. Where the utility scheduling will not permit service establishment on the same day requested, the customer can elect to pay the after-hour charge for establishment that day or the customer's service will be established on the next available normal working day.
3. For the purpose of this rule, the definition of service establishments are where the customer's facilities are ready and acceptable to the utility and the utility needs only to install a meter, read a meter, or turn the service on.
4. Service establishments with an Electric Service Provider will be scheduled for the next regular meter read date if the direct access service request is provided 15 calendar days prior to that date and appropriate metering equipment is in place. If a direct access service request is made in less than 15 days prior to the next regular read date, service will be established at the next regular meter read date thereafter. The utility may offer after-hours or earlier service for a fee. This Section shall not apply to the establishment of new service but is limited to a change of providers of existing electric service.

E. Temporary service

1. Applicants for temporary service may be required to pay the utility, in advance of service establishment, the estimated cost of installing and removing the facilities necessary for furnishing the desired service.
2. Where the duration of service is to be less than one month, the applicant may also be required to advance a sum of money equal to the estimated bill for service.
3. Where the duration of service is to exceed one month, the applicant may also be required to meet the deposit requirements of the utility.
4. If at any time during the term of the agreement for services the character of a temporary customer's operations changes so that in the opinion of the utility the customer is classified as permanent, the terms of the utility's line extension rules shall apply.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended by an emergency action effective August 10, 1998, pursuant to A.R.S. § 41-1026, in effect for a maximum of 180 days (Supp. 98-3). Emergency amendment replaced by exempt permanent amendment effective December 31, 1998 (Supp. 98-4). Amended by exempt rulemaking at 5 A.A.R. 3933, effective September 24, 1999 (Supp. 99-3). Amended by exempt rulemaking at 6 A.A.R. 4180, effective October 13, 2000 (Supp. 00-4).

Editor's Note: The following Section was amended under an exemption from the Attorney General approval provisions of the Arizona Administrative Procedure Act (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)), as determined by the Corporation Commission. This exemption means that the rules as amended were not approved by the Attorney General.

R14-2-204. Minimum Customer Information Requirements

A. Information for residential customers

1. A utility shall make available upon customer request not later than 15 days from the date of request a concise summary of the rate schedule applied for by such customer. The summary shall include the following:
   a. The monthly minimum or customer charge, identifying the amount of the charge and the specific amount of usage included in the minimum charge, where applicable.
   b. Rate blocks, where applicable.
   c. Any adjustment factor and method of calculation.
2. The utility shall to the extent practical identify its tariff that is most advantageous to the customer and notify the customer of such prior to service commencement.
3. In addition, a utility shall make available upon customer request, not later than 60 days from date of service commencement, a concise summary of the utility's tariffs or the Commission's rules and regulations concerning:
   a. Deposits
   b. Termination of service
   c. Billing and collection
   d. Complaint handling.
4. Each utility upon request of a customer shall transmit a written statement of actual consumption by such customer for each billing period during the prior 12 months unless such data is not reasonably ascertainable.

5. Each utility shall inform all new customers of their right to obtain the information specified above.

B. Information required due to changes in tariffs
1. Each utility shall transmit to affected customers a concise summary of any change in the utility's tariffs affecting those customers.
2. This information shall be transmitted to the affected customer within 60 days of the effective date of the change.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended by an emergency action effective August 10, 1998, pursuant to A.R.S. § 41-1026, in effect for a maximum of 180 days (Supp. 98-3). Emergency amendment replaced by exempt permanent amendment effective December 31, 1998 (Supp. 98-4). Amended by exempt rulemaking at 5 A.A.R. 3933, effective September 24, 1999 (Supp. 99-3).

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R14-2-205. Master Metering

A. Mobile home parks -- new construction/expansion
1. A utility shall refuse service to all new construction or expansion of existing permanent residential mobile home parks unless the construction or expansion is individually metered by the utility. Line extensions and service connections to serve such expansion shall be governed by the line extension and service connection tariff of the appropriate utility.
2. Permanent residential mobile home parks for the purpose of this rule shall mean mobile home parks where, in the opinion of the utility, the average length of stay for an occupant is a minimum of six months.
3. For the purpose of this rule, expansion means the acquisition of additional real property for permanent residential spaces in excess of that existing at the effective date of this rule.

B. Residential apartment complexes, condominiums, and other multiunit residential buildings
1. Master metering shall not be allowed for new construction of apartment complexes and condominiums unless the building or buildings will be served by a centralized heating, ventilation or air conditioning system and the contractor can provide to the utility an analysis demonstrating that the central unit will result in a favorable cost/benefit relationship.
2. At a minimum, the cost/benefit analysis should consider the following elements for a central unit as compared to individual units:
   a. Equipment and labor costs,
   b. Financing costs,
   c. Maintenance costs,
   d. Estimated kwh usage,
   e. Estimated kw demand on a coincident demand and noncoincident demand basis (for individual units),
   f. Cost of meters and installation, and
   g. Customer accounting cost (one account vs. several accounts).

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended by exempt rulemaking at 5 A.A.R. 3933, effective September 24, 1999 (Supp. 99-3).

Editor's Note: The following Section was amended under an exemption from the Attorney General approval provisions of the Arizona Administrative Procedure Act (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)), as determined by the Corporation Commission. This exemption means that the rules as amended were not approved by the Attorney General.

R14-2-206. Service Lines and Establishments

A. Priority and timing of service establishments
1. After an applicant has complied with the utility's application and deposit requirements and has been accepted for service by the utility, the utility shall schedule that customer for service establishment.
2. Service establishments shall be scheduled for completion within five working days of the date the customer has been accepted for service, except in those instances when the customer requests service establishment beyond the five working day limitation.
3. When a utility has made arrangements to meet with a customer for service establishment purposes and the utility or the customer cannot make the appointment during the prearranged time, the utility shall reschedule the service establishment to the satisfaction of both parties.
4. A utility shall schedule service establishment appointments within a maximum range of four hours during normal working hours, unless another time-frame is mutually acceptable to the utility and the customer.
5. Service establishments shall be made only by qualified utility service personnel.
6. For the purposes of this rule, service establishments are where the customer's facilities are ready and acceptable to the utility and the utility needs only to install or read a meter or turn the service on.

B. Service lines
1. Customer provided facilities
   a. Each applicant for services shall be responsible for all inside wiring including the service entrance and meter socket.
   b. Meters and service switches in conjunction with the meter shall be installed in a location where the meters will be readily and safely accessible for reading, testing and inspection and where such activities will cause the least interference and inconvenience to the customer. However, the meter locations shall not be on the front exterior wall of the home; or in the carport or garage, unless mutually agreed to between the home builder or customer and the utility. The customer shall provide, without cost to the utility, at a suitable and easily accessible location, sufficient and proper space for installation of meters.
   c. Where the meter or service line location on the customer's premises is changed at the request of the customer or due to alterations on the customer's premises, the customer shall provide and have installed at his expense all wiring and equipment necessary for relocating the meter and service line connection and the utility may make a charge for moving the meter or service line.
2. Company provided facilities
   a. Each utility shall file, in Docket Control, for Commission approval, a service line tariff which defines the maximum footage or equipment allowance to be provided by the utility at no charge. The maximum

footage or equipment allowance may be differentiated by customer class.

b. The cost of any service line in excess of that allowed at no charge shall be paid for by the customer as a contribution in aid of construction.

c. A customer requesting an underground service line in an area served by overhead facilities shall pay for the difference between an overhead service connection and the actual cost of the underground connection as a nonrefundable contribution.

C. Easements and rights-of-way

1. Each customer shall grant adequate easement and right-of-way satisfactory to the utility to ensure that customer's proper service connection. Failure on the part of the customer to grant adequate easement and right-of-way shall be grounds for the utility to refuse service.
2. When a utility discovers that a customer or customer's agent is performing work or has constructed facilities adjacent to or within an easement or right-of-way and such work, construction or facility poses a hazard or is in violation of federal, state or local laws, ordinances, statutes, rules or regulations, or significantly interferes with the utility's access to equipment, the utility shall notify the customer or customer's agent and shall take whatever actions are necessary to eliminate the hazard, obstruction, or violation at the customer's expense.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended by exempt rulemaking at 5 A.A.R. 3933, effective September 24, 1999 (Supp. 99-3). Amended by exempt rulemaking at 6 A.A.R. 4180, effective October 13, 2000 (Supp. 00-4).

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R14-2-207. Line Extensions

A. General requirements

1. Each utility shall file, in Docket Control, for Commission approval, a line extension tariff which incorporates the provisions of this rule and specifically defines the conditions governing line extensions.
2. Upon request by an applicant for a line extension, the utility shall prepare, without charge, a preliminary sketch and rough estimate of the cost of installation to be paid by said applicant.
3. Any applicant for a line extension requesting the utility to prepare detailed plans, specifications, or cost estimates may be required to deposit with the utility an amount equal to the estimated cost of preparation. The utility shall, upon request, make available within 90 days after receipt of the deposit referred to above, such plans, specifications, or cost estimates of the proposed line extension. Where the applicant authorizes the utility to proceed with construction of the extension, the deposit shall be credited to the cost of construction; otherwise the deposit shall be nonrefundable. If the extension is to include oversizing of facilities to be done at the utility's expense, appropriate details shall be set forth in the plans, specifications and cost estimates. Subdivisions providing the utility with approved plats shall be provided with plans, specifications, or cost estimates within 45 days after receipt of the deposit referred to above.
4. Where the utility requires an applicant to advance funds for a line extension, the utility shall furnish the applicant with a copy of the line extension tariff of the appropriate utility prior to the applicant's acceptance of the utility's extension agreement.
5. All line extension agreements requiring payment by the applicant shall be in writing and signed by each party.
6. The provisions of this rule apply only to those applicants who in the utility's judgment will be permanent customers of the utility. Applications for temporary service shall be governed by the Commission's rules concerning temporary service applications.

B. Minimum written agreement requirements

1. Each line extension agreement shall, at a minimum, include the following information:
   a. Name and address of applicant or applicants;
   b. Proposed service address or location;
   c. Description of requested service;
   d. Description and sketch of the requested line extension;
   e. A cost estimate to include materials, labor, and other costs as necessary;
   f. Payment terms;
   g. A concise explanation of any refunding provisions, if applicable;
   h. The utility's estimated start date and completion date for construction of the line extension; and
   i. A summary of the results of the economic feasibility analysis performed by the utility to determine the amount of advance required from the applicant for the proposed line extension.
2. Each applicant shall be provided with a copy of the written line extension agreement.

C. Line extension requirements. Each line extension tariff shall include the following provisions:

1. A maximum footage or equipment allowance to be provided by the utility at no charge. The maximum footage or equipment allowance may be differentiated by customer class.
2. An economic feasibility analysis for those extensions which exceed the maximum footage or equipment allowance. Such economic feasibility analysis shall consider the incremental revenues and costs associated with the line extension. In those instances where the requested line extension does not meet the economic feasibility criteria established by the utility, the utility may require the customer to provide funds to the utility, which will make the line extension economically feasible. The methodology employed by the utility in determining economic feasibility shall be applied uniformly and consistently to each applicant requiring a line extension.
3. The timing and methodology by which the utility will refund any advances in aid of construction as additional customers are served off the line extension. The customer may request an annual survey to determine if additional customers have been connected to and are using service from the extension. In no case shall the amount of the refund exceed the amount originally advanced.
4. All advances in aid of construction shall be noninterest bearing.
5. If after five years from the utility's receipt of the advance, the advance has not been totally refunded, the advance shall be considered a contribution in aid of construction and shall no longer be refundable.

D. Residential subdivision development and permanent mobile home parks. Each utility shall submit as a part of its line extension tariff separate provisions for residential subdivision developments and permanent mobile home parks.

E. Single phase underground extensions in subdivision developments

1. Extensions of single phase electric lines necessary to furnish permanent electric service to new residential buildings or mobile homes within a subdivision, in which facilities for electric service have not been constructed, for which applications are made by a developer shall be installed underground in accordance with the provisions set forth in this rule except where it is not feasible from an engineering, operational, or economic standpoint.
2. Rights-of-way easements
   a. The utility shall construct or cause to be constructed and shall own, operate, and maintain all underground electric distribution and service lines along public streets, roads, and highways and on public lands and private property which the utility has the legal right to occupy.
   b. Rights-of-way and easements suitable to the utility must be furnished by the developer at no cost to the utility and in reasonable time to meet service requirements. No underground electric facilities shall be installed by a utility until the final grades have been established and furnished to the utility. In addition, the easement strips, alleys and streets must be graded to within six inches of final grade by the developer before the utility will commence construction. Such clearance and grading must be maintained by the developer during construction by the utility.
   c. If, subsequent to construction, the clearance or grade is changed in such a way as to require relocation of the underground facilities or results in damage to such facilities, the cost of such relocation or resulting repairs shall be borne by the developer.
3. Installation of single phase underground electric lines within a subdivision
   a. The developer shall provide the trenching, backfill (including any imported backfill required), compaction, repaving, and any earthwork for pull boxes and transformer pad sites required to install the underground electric system all in accordance with the specifications and schedules of the utility.
   b. Each utility shall inspect the trenching provided by the developer within 24 hours after a mutually agreed upon trench opening date, and allow for phased inspection of trenching as mutually agreed upon by the developer and utility. In all cases, the utility shall make every effort to expedite the inspection of developer provided trenching. The utility shall assume responsibility for the trench within three working days after the utility has inspected and approved the trenching.
   c. The utility shall install or cause to be installed underground electric lines and related equipment in accordance with the applicable provisions of the 1997 edition (and no future editions) of ANSI C2 (National Electrical Safety Code) with sufficient capacity and suitable materials which shall assure adequate and reasonable electric service in the foreseeable future. ANSI C2 is incorporated by reference, and on file with the Office of the Secretary of State. Copies are available from the Institute of Electrical and Electronic Engineers, Inc., 345 East 47th Street, New York, New York 10017.
   d. Underground service lines from underground residential distribution systems shall be owned, operated and maintained by the utility, and shall be installed pursuant to its effective underground line extension and service connection tariffs on file with the Commission.
4. Special conditions
   a. When the application of any of the provisions of R14-2-207(E) appears to either party not to be feasible from an engineering, operational, or economic standpoint, the utility or the developer may refer the matter to the Commission for a determination as to whether an exception to the underground policy expressed within the provisions of this rule is warranted. Interested third parties may present their views to the Commission in conjunction with such referrals.
   b. Notwithstanding any provision of this regulation to the contrary, no utility shall construct overhead single phase electric lines in any new subdivision to which this rule is applicable and which is contiguous to another subdivision in which electric service is furnished underground without the approval of the Commission.
   c. Underground service lines installed pursuant to this rule (R14-2-207(E)) and accepted by the utility shall not be replaced with an overhead distribution pole line except upon a verified application of the utility, as stated in R14-2-207(E)(4)(a).
5. Nonapplicability
   a. Any underground electric distribution system requiring more than single phase service is not covered by this regulation and shall be constructed pursuant to the effective line extension rules and regulations or policies of the affected utility on file with the Commission.
   b. If there are one or more existing distribution pole lines or lines on or across a recorded subdivision at the time of the application for electrical service for the subdivision and the line will be utilized in the subdivision. (This would not apply if the pole line were serving a building or groups of buildings or any other type of service which would be removed before construction is finished.)
   c. A distribution pole line that parallels a boundary of a subdivision and this line can serve lots within the subdivision.
   d. Subdivisions recorded prior to the effective date of this rule shall be governed by the terms and conditions of R14-2-207(E).

F. Ownership of facilities. Any facilities installed hereunder shall be the sole property of the utility.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended subsection (E)(3)(c) effective April 1, 1986 (Supp. 86-2). Amended effective August 6, 1991 (Supp. 91-3). Amended effective August 16, 1996 (Supp. 96-3). Amended by exempt rulemaking at 5 A.A.R. 2054, effective June 4, 1999 (Supp. 99-2). Amended by exempt rulemaking at 5 A.A.R. 3933, effective September 24, 1999 (Supp. 99-3). Amended to correct subsection numbering (Supp. 99-4). Amended by exempt rulemaking at 6 A.A.R. 4180, effective October 13, 2000 (Supp. 00-4).

Editor's Note: The following Section was amended under an exemption from the Attorney General approval provisions of the Arizona Administrative Procedure Act (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)), as determined by the Corporation Commission. This exemption means that the rules as amended were not approved by the Attorney General.

R14-2-208. Provision of Service

A. Utility responsibility

1. Each utility shall be responsible for the safe transmission and distribution of electricity until it passes the point of delivery to the customer.
2. The entity having control of the meter shall be responsible for maintaining in safe operating condition all meters, equipment, and fixtures installed on the customer's premises by the entity for the purposes of delivering electric service to the customer.
3. The Utility Distribution Company may, at its option, refuse service until the customer has obtained all required permits and inspections indicating that the customer's facilities comply with local construction and safety standards.

B. Customer responsibility

1. Each customer shall be responsible for maintaining all customer facilities on the customer's side of the point of delivery in safe operating condition.
2. Each customer shall be responsible for safeguarding all utility property installed in or on the customer's premises for the purpose of supplying utility service to that customer.
3. Each customer shall exercise all reasonable care to prevent loss or damage to utility property, excluding ordinary wear and tear. The customer shall be responsible for loss of or damage to utility property on the customer's premises arising from neglect, carelessness, or misuse and shall reimburse the utility for the cost of necessary repairs or replacements.
4. Each customer shall be responsible for payment for any equipment damage and estimated unmetered usage resulting from unauthorized breaking of seals, interfering, tampering, or bypassing the utility meter.
5. Each customer shall be responsible for notifying the utility of any equipment failure identified in the utility's equipment.

C. Continuity of service. Each utility shall make reasonable efforts to supply a satisfactory and continuous level of service. However, no utility shall be responsible for any damage or claim of damage attributable to any interruption or discontinuation of service resulting from:

1. Any cause against which the utility could not have reasonably foreseen or made provision for, that is, force majeure.
2. Intentional service interruptions to make repairs or perform routine maintenance.
3. Curtailment.

D. Service interruptions

1. Each utility shall make reasonable efforts to reestablish service within the shortest possible time when service interruptions occur.
2. Each utility shall make reasonable provisions to meet emergencies resulting from failure of service, and each utility shall issue instructions to its employees covering procedures to be followed in the event of emergency in order to prevent or mitigate interruption or impairment of service.
3. In the event of a national emergency or local disaster resulting in disruption of normal service, the utility may, in the public interest, interrupt service to other customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.
4. When a utility plans to interrupt service for more than four hours to perform necessary repairs or maintenance, the utility shall attempt to inform affected customers at least 24 hours in advance of the scheduled date and estimated duration of the service interruption. Such repairs shall be completed in the shortest possible time to minimize the inconvenience to the customers of the utility.
5. The Commission, Consumer Services Section, shall be notified of interruption in service affecting the entire system or any significant portion thereof. The interruption of service and cause shall be reported by telephone to the Commission within two hours after the responsible representative of the utility becomes aware of said interruption and followed by a written report to the Commission.

E. Curtailment

Each utility shall file with the Commission, through Docket Control, as a part of its general tariffs a procedural plan for handling severe supply shortages or service curtailments. The plan shall provide for equitable treatment of individual customer classes in the most reasonable and effective manner given the existing circumstances. When the availability of service is so restricted that the reduction of service on a proportionate basis to all customer classes will not maintain the integrity of the total system, the utility shall develop procedures to curtail service giving service priority to those customers and customer classes where health, safety and welfare would be adversely affected.

F. Construction standard and safety

1. Each utility shall construct all facilities in accordance with the provisions of the 1997 edition (and no future editions) of ANSI C2 (National Electrical Safety Code, incorporated by reference and on file with the Office of the Secretary of State, and the 1995 edition (and no future editions) of ANSI B31.1 (ASME Code for Pressure Piping), incorporated by reference and on file with the Office of the Secretary of State. Copies of the National Electrical Safety Code are available from the Institute of Electrical and Electronic Engineers, Inc., 345 East 47th Street, New York, New York 10017. Copies of the ASME Code for Pressure Piping are available from the American Society of Mechanical Engineers, 345 East 47th Street, New York, New York 10017.
2. Each utility shall adopt a standard alternating nominal voltage or standard alternating nominal voltages (as may be required by its distribution system) for its entire service area or for each of the several districts into which the system may be divided, which standard voltage or voltages shall be stated in the rules and regulations of each utility and shall be measured at the customer's service entrance. Each utility shall, under normal operating conditions, maintain its standard voltage within the limits of the 1989 edition (and no future editions) of ANSI C84.1 (American National Standard for Electric Power Systems and Equipment-Voltage Ratings [60Hz]), incorporated by reference and on file with the Office of the Secretary of State. Copies are available from the American National Standards Institute, 1430 Broadway, New York, New York 10018.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended

subsections (D)(5) and (F)(1) and (2) effective April 1, 1986 (Supp. 86-2). Amended effective February 8, 1991 (Supp. 91-1). Amended effective August 16, 1996 (Supp. 96-3). Amended by an emergency action effective August 10, 1998, pursuant to A.R.S. § 41-1026, in effect for a maximum of 180 days (Supp. 98-3). Emergency amendment replaced by exempt permanent amendment effective December 31, 1998 (Supp. 98-4). Amended by exempt rulemaking at 5 A.A.R. 2054, effective June 4, 1999 (Supp. 99-2). Amended by exempt rulemaking at 5 A.A.R. 3933, effective September 24, 1999 (Supp. 99-3). Amended to correct subsection numbering (Supp. 99-4). Amended by exempt rulemaking at 6 A.A.R. 4180, effective October 13, 2000 (Supp. 00-4).

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R14-2-209. Meter Reading

A. Company or customer meter reading

1. Each utility, billing entity, or Meter Reading Service Provider may at its discretion allow for customer reading of meters.
2. It shall be the responsibility of the utility or Meter Reading Service Provider to inform the customer how to properly read his meter.
3. Where a customer reads his own meter, the utility or Meter Reading Service Provider will read the customer's meter at least once every six months.
4. The utility, billing entity, or Meter Reading Service Provider shall provide the customer with postage-paid cards or other methods to report the monthly reading.
5. Each utility or Meter Reading Service Provider shall specify the timing requirements for the customer to submit his or her monthly meter reading to conform with the utility's billing cycle.
6. Where the Electric Service Provider is responsible for meter reading, reads will be available for the Utility Distribution Company's or billing entity's billing cycle for that customer, or as otherwise agreed upon by the Electric Service Provider and the Utility Distribution Company or billing entity.
7. In the event the customer fails to submit the reading on time, the utility or billing entity may issue the customer an estimated bill.
8. In the event the Electric Service Provider responsible for meter reading fails to deliver reads to the Meter Reading Service Provider server within three days of the scheduled cycle read date, the Affected Utility may estimate the reads. In the event the Affected Utility responsible for meter reading fails to deliver reads to the Meter Reader Service Provider server within three days of the scheduled cycle read date, the Electric Service Provider may estimate the reads.
9. Meters shall be read monthly on as close to the same day as practical.

B. Measuring of service

1. All energy sold to customers and all energy consumed by the utility, except that sold according to fixed charge schedules, shall be measured by commercially acceptable measuring devices, except where it is impractical to install meters, such as street lighting or security lighting, or where otherwise authorized by the Commission.
2. When there is more than one meter at a location, the metering equipment shall be so tagged or plainly marked as to indicate the circuit metered or metering equipment.
3. Meters which are not direct reading shall have the multiplier plainly marked on the meter.
4. All charts taken from recording meters shall be marked with the date of the record, the meter number, customer, and chart multiplier.
5. Metering equipment shall not be set "fast" or "slow" to compensate for supply transformer or line losses.

C. Meter rereads

1. Each utility or Meter Reading Service Provider shall at the request of a customer, or the customer's Electric Service Provider, Utility Distribution Company (as defined in R14-2-1601), or billing entity reread that customer's meter within 10 working days after such a request.
2. Any reread may be charged to the customer, or the customer's Electric Service Provider, Utility Distribution Company (as defined in R14-2-1601), or billing entity making the request at a rate on file and approved by the Commission, provided that the original reading was not in error.
3. When a reading is found to be in error, the reread shall be at no charge to the customer, or the customer's Electric Service Provider, Utility Distribution Company (as defined in R14-2-1601), or billing entity.

D. Access to customer premises. Each utility shall have the right of safe ingress to and egress from the customer's premises at all reasonable hours for any purpose reasonably connected with property used in furnishing service and the exercise of any and all rights secured to it by law or these rules.

E. Meter testing and maintenance program.

1. Each utility shall file with the Commission, through the Compliance Section, a plan for the routine maintenance and replacement of meters which meets the requirements of the 1995 edition (and no future editions) of ANSI C12.1 (American National Standard Code for Electricity Metering), incorporated by reference and on file with the Office of the Secretary of State. Copies are available from the Institute of Electrical and Electronics Engineers, Inc., 345 East 47th Street, New York, New York 10017.
2. Each utility shall file an annual report with the Commission, through Docket Control, summarizing the results of the meter maintenance and testing program for that year. At a minimum, the report should include the following data:
   a. Total number of meters tested, at company initiative or upon customer request.
   b. Number of meters tested that were outside the acceptable error allowance of +3%.

F. Request for meter tests. A utility or Meter Service Provider shall test a meter upon the request of the customer, or the customer's Electric Service Provider, Utility Distribution Company (as defined in R14-2-1601), or billing entity, and each utility or billing entity shall be authorized to charge the customer, or the customer's Electric Service Provider, Utility Distribution Company (as defined in R14-2-1601), or billing entity for such meter test according to the tariff on file and approved by the Commission. However, if the meter is found to be in error by more than 3%, no meter testing fee will be charged to the customer, or the customer's Electric Service Provider, Utility Distribution Company, or billing entity.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended

subsection (E)(1) effective April 1, 1986 (Supp. 86-2). Amended effective February 8, 1991 (Supp. 91-1). Amended effective August 16, 1996 (Supp. 96-3). Amended by an emergency action effective August 10, 1998, pursuant to A.R.S. § 41-1026, in effect for a maximum of 180 days (Supp. 98-3). Emergency amendment replaced by exempt permanent amendment effective December 31, 1998 (Supp. 98-4). Amended by exempt rulemaking at 5 A.A.R. 3933, effective September 24, 1999 (Supp. 99-3). Amended by exempt rulemaking at 6 A.A.R. 4180, effective October 13, 2000 (Supp. 00-4).

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R14-2-210. Billing and Collection

A. Frequency and estimated bills

1. Unless otherwise approved by the Commission, the utility or billing entity shall render a bill for each billing period to every customer in accordance with its applicable rate schedule and may offer billing options for the services rendered. Meter readings shall be scheduled for periods of not less than 25 days or more than 35 days without customer authorization. If the utility or Meter Reading Service Provider changes a meter reading route or schedule resulting in a significant alteration of billing cycles, notice shall be given to the affected customers.
2. Each billing statement rendered by the utility or billing entity shall be computed on the actual usage during the billing period. If the utility or Meter Reading Service Provider is unable to obtain an actual reading, the utility or billing entity may estimate the consumption for the billing period giving consideration the following factors where applicable:
   a. The customer's usage during the same month of the previous year,
   b. The amount of usage during the preceding month.
3. Estimated bills will be issued only under the following conditions unless otherwise approved by the Commission:
   a. When extreme weather conditions, emergencies, or work stoppages prevent actual meter readings.
   b. Failure of a customer who reads his own meter to deliver his meter reading to the utility or Meter Reading Service Provider in accordance with the requirements of the utility or Meter Reading Service Provider billing cycle.
   c. When the utility or Meter Reading Service Provider is unable to obtain access to the customer's premises for the purpose of reading the meter, or in situations where the customer makes it unnecessarily difficult to gain access to the meter, that is, locked gates, blocked meters, vicious or dangerous animals. If the utility or Meter Reading Service Provider is unable to obtain an actual reading for these reasons, it shall undertake reasonable alternatives to obtain a customer reading of the meter.
   d. Due to customer equipment failure, a one-month estimation will be allowed. Failure to remedy the customer equipment condition will result in penalties for Meter Service Providers as imposed by the Commission.
   e. To facilitate timely billing for customers using load profiles.
4. After the third consecutive month of estimating the customer's bill due to lack of meter access, the utility or Meter Reading Service Provider will attempt to secure an accurate reading of the meter. Failure on the part of the customer to comply with a reasonable request for meter access may lead to discontinuance of service.
5. A utility or billing entity may not render a bill based on estimated usage if:
   a. The estimating procedures employed by the utility or billing entity have not been approved by the Commission.
   b. The billing would be the customer's first or final bill for service.
   c. The customer is a direct-access customer requiring load data.
   d. The utility can obtain customer-supplied meter readings to determine usage.
6. When a utility or billing entity renders an estimated bill in accordance with these rules, it shall:
   a. Maintain accurate records of the reasons therefor and efforts made to secure an actual reading;
   b. Clearly and conspicuously indicate that it is an estimated bill and note the reason for its estimation.

B. Combining meters, minimum bill information

1. Each meter at a customer's premise will be considered separately for billing purposes, and the readings of two or more meters will not be combined unless otherwise provided for in the utility's tariffs. This provision does not apply in the case of aggregation of competitive services as described in R14-2-1601.
2. Each bill for residential service will contain the following minimum information:
   a. The beginning and ending meter readings of the billing period, the dates thereof, and the number of days in the billing period;
   b. The date when the bill will be considered due and the date when it will be delinquent, if not the same;
   c. Billing usage, demand (if measured), basic monthly service charge, and total amount due;
   d. Rate schedule number or service offer;
   e. Customer's name and service account number;
   f. Any previous balance;
   g. Fuel adjustment cost, where applicable;
   h. License, occupation, gross receipts, franchise, and sales taxes;
   i. The address and telephone numbers of the Electric Service Provider, and/or the Utility Distribution Company, designating where the customer may initiate an inquiry or complaint concerning the bill or services rendered;
   j. The Arizona Corporation Commission address and toll-free telephone numbers;
   k. Other unbundled rates and charges.

C. Billing terms

1. All bills for utility services are due and payable no later than 15 days from the date of the bill. Any payment not received within this time-frame shall be considered delinquent and could incur a late payment charge.
2. For purposes of this rule, the date a bill is rendered may be evidenced by:
   a. The postmark date;
   b. The mailing date;

c. The billing date shown on the bill (however, the billing date shall not differ from the postmark or mailing date by more than two days); and
d. The transmission date for electronic bills.

3. All delinquent bills shall be subject to the provisions of the utility's termination procedures.
4. All payments shall be made at or mailed to the office of the utility or to the utility's authorized payment agency or the office of the billing entity. The date on which the utility actually receives the customer's remittance is considered the payment date.

D. Applicable tariffs, prepayment, failure to receive, commencement date, taxes

1. Each customer shall be billed under the applicable tariff indicated in the customer's application for service.
2. Each utility or billing entity shall make provisions for advance payment of utility services.
3. Failure to receive bills or notices which have been properly placed in the United States mail shall not prevent such bills from becoming delinquent nor relieve the customer of his obligations therein.
4. Charges for electric service commence when the service is actually installed and connection made, whether used or not. A minimum one-month billing period is established on the date the service is installed (excluding landlord/utility special agreements).
5. Charges for services disconnected after one month shall be prorated back to the customer of record.

E. Meter error corrections

1. If a tested meter is found to be more than 3% in error, either fast or slow, the correction of previous bills will be made under the following terms allowing the utility or billing entity to recover or refund the difference:
   a. If the date of the meter error can be definitely fixed, the utility or billing entity shall adjust the customer's billings back to that date. If the customer has been underbilled, the utility or billing entity will allow the customer to repay this difference over an equal length of time that the underbillings occurred. The customer may be allowed to pay the backbill without late payment penalties, unless there is evidence of meter tampering or energy diversion.
   b. If it is determined that the customer has been overbilled and there is no evidence of meter tampering or energy diversion, the utility or billing entity will make prompt refunds in the difference between the original billing and the corrected billing within the next billing cycle.
2. No adjustment shall be made by the utility except to the customer last served by the meter tested.
3. Any underbilling resulting from a stopped or slow meter, utility or Meter Reading Service Provider meter reading error, or a billing calculation shall be limited to three months for residential customers and six months for nonresidential customers. However, if an underbilling by the utility occurs due to inaccurate, false, or estimated information from a third party, then that utility will have a right to backbill that third party to the point in time that may be definitely fixed, or 12 months. No such limitation will apply to overbillings.

F. Insufficient funds (NSF) or returned checks

1. A utility or billing entity shall be allowed to recover a fee, as approved by the Commission in a tariff proceeding, for each instance where a customer tenders payment for electric service with a check or other financial instrument which is returned by the customer's bank or other financial institution.
2. When the utility or billing entity is notified by the customer's bank or other financial institution that the check or financial instrument tendered for utility service will not clear, the utility or billing entity may require the customer to make payment in cash, by money order, certified check, or other means to guarantee the customer's payment.
3. A customer who tenders such a check or financial instrument shall in no way be relieved of the obligation to render payment to the utility or billing entity under the original terms of the bill nor defer the utility's provision of termination of service for nonpayment of bills.

G. Levelized billing plan

1. Each utility may, at its option, offer its customers a levelized billing plan.
2. Each utility offering a levelized billing plan shall develop, upon customer request, an estimate of the customer's levelized billing for a 12-month period based upon:
   a. Customer's actual consumption history, which may be adjusted for abnormal conditions such as weather variations.
   b. For new customers, the utility will estimate consumption based on the customer's anticipated load requirements.
   c. The utility's tariff schedules approved by the Commission applicable to that customer's class of service.
3. The utility shall provide the customer a concise explanation of how the levelized billing estimate was developed, the impact of levelized billing on a customer's monthly utility bill, and the utility's right to adjust the customer's billing for any variation between the utility's estimated billing and actual billing.
4. For those customers being billed under a levelized billing plan, the utility shall show, at a minimum, the following information on their monthly bill:
   a. Actual consumption,
   b. Dollar amount due for actual consumption,
   c. Levelized billing amount due, and
   d. Accumulated variation in actual-versus-levelized billing amount.
5. The utility may adjust the customer's levelized billing in the event the utility's estimate of the customer's usage or cost should vary significantly from the customer's actual usage or cost; such review to adjust the amount of the levelized billing may be initiated by the utility or upon customer request.

H. Deferred payment plan

1. Each utility may, prior to termination, offer to qualifying residential customers a deferred payment plan for the customer to retire unpaid bills for utility service.
2. Each deferred payment agreement entered into by the utility and the customer shall provide that service will not be discontinued if:
   a. Customer agrees to pay a reasonable amount of the outstanding bill at the time the parties enter into the deferred payment agreement.
   b. Customer agrees to pay all future bills for utility service in accordance with the billing and collection tariffs of the utility.
   c. Customer agrees to pay a reasonable portion of the remaining outstanding balance in installments over a period not to exceed six months.

3. For the purposes of determining a reasonable installment payment schedule under these rules, the utility and the customer shall give consideration to the following conditions:
   a. Size of the delinquent account,
   b. Customer's ability to pay,
   c. Customer's payment history,
   d. Length of time that the debt has been outstanding,
   e. Circumstances which resulted in the debt being outstanding, and
   f. Any other relevant factors related to the circumstances of the customer.
4. Any customer who desires to enter into a deferred payment agreement shall establish such agreement prior to the utility's scheduled termination date for nonpayment of bills. The customer's failure to execute such an agreement prior to the termination date will not prevent the utility from disconnecting service for nonpayment.
5. Deferred payment agreements may be in writing and may be signed by the customer and an authorized utility representative.
6. A deferred payment agreement may include a finance charge as approved by the Commission in a tariff proceeding.
7. If a customer has not fulfilled the terms of a deferred payment agreement, the utility shall have the right to disconnect service pursuant to the utility's termination of service rules. Under such circumstances, it shall not be required to offer subsequent negotiation of a deferred payment agreement prior to disconnection.

I. Change of occupancy
1. To order service discontinued or to change occupancy, the customer must give the utility at least three working days advance notice in person, in writing, or by telephone.
2. The outgoing customer shall be responsible for all utility services provided or consumed up to the scheduled turn-off date.
3. The outgoing customer is responsible for providing access to the meter so that the utility may obtain a final meter reading.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended by an emergency action effective August 10, 1998, pursuant to A.R.S. § 41-1026, in effect for a maximum of 180 days (Supp. 98-3). Emergency amendment replaced by exempt permanent amendment effective December 31, 1998 (Supp. 98-4). Amended by exempt rulemaking at 5 A.A.R. 3933, effective September 24, 1999 (Supp. 99-3).

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R14-2-211. Termination of Service

A. Nonpermissible reasons to disconnect service. A utility may not disconnect service for any of the reasons stated below:
1. Delinquency in payment for services rendered to a prior customer at the premises where service is being provided, except in the instance where the prior customer continues to reside on the premises.
2. Failure of the customer to pay for services or equipment which are not regulated by the Commission.
3. Nonpayment of a bill related to another class of service.
4. Failure to pay for a bill to correct a previous underbilling due to an inaccurate meter or meter failure if the customer agrees to pay over a reasonable period of time.
5. A utility shall not terminate residential service where the customer has an inability to pay and:
   a. The customer can establish through medical documentation that, in the opinion of a licensed medical physician, termination would be especially dangerous to the health of a customer or a permanent resident residing on the customer's premises, or
   b. Life supporting equipment used in the home that is dependent on utility service for operation of such apparatus, or
   c. Where weather will be especially dangerous to health as defined or as determined by the Commission.
6. Residential service to ill, elderly, or handicapped persons who have an inability to pay will not be terminated until all of the following have been attempted:
   a. The customer has been informed of the availability of funds from various government and social assistance agencies of which the utility is aware.
   b. A third party previously designated by the customer has been notified and has not made arrangements to pay the outstanding utility bill.
7. A customer utilizing the provisions of subsection (A)(4) or (A)(5) above may be required to enter into a deferred payment agreement with the utility within 10 days after the scheduled termination date.
8. Disputed bills where the customer has complied with the Commission's rules on customer bill disputes.

B. Termination of service without notice
1. In a competitive marketplace, the Electric Service Provider cannot order a disconnect for nonpayment but can only send a notice of contract cancellation to the customer and the Utility Distribution Company. Utility service may be disconnected without advance written notice under the following conditions:
   a. The existence of an obvious hazard to the safety or health of the consumer or the general population or the utility's personnel or facilities.
   b. The utility has evidence of meter tampering or fraud.
   c. Failure of a customer to comply with the curtailment procedures imposed by a utility during supply shortages.
2. The utility shall not be required to restore service until the conditions which resulted in the termination have been corrected to the satisfaction of the utility.
3. Each utility shall maintain a record of all terminations of service without notice. This record shall be maintained for a minimum of one year and shall be available for inspection by the Commission.

C. Termination of service with notice
1. In a competitive marketplace, the Electric Service Provider cannot order a disconnect for nonpayment but can only send a notice of contract cancellation to the customer and the Utility Distribution Company. A utility may disconnect service to any customer for any reason stated below provided the utility has met the notice requirements established by the Commission:
   a. Customer violation of any of the utility's tariffs,
   b. Failure of the customer to pay a delinquent bill for utility service,
   c. Failure to meet or maintain the utility's deposit requirements,

d. Failure of the customer to provide the utility reasonable access to its equipment and property,
e. Customer breach of a written contract for service between the utility and customer,
f. When necessary for the utility to comply with an order of any governmental agency having such jurisdiction.

2. Each utility shall maintain a record of all terminations of service with notice. This record shall be maintained for one year and be available for Commission inspection.

D. Termination notice requirements

1. No utility shall terminate service to any of its customers without providing advance written notice to the customer of the utility's intent to disconnect service, except under those conditions specified where advance written notice is not required.
2. Such advance written notice shall contain, at a minimum, the following information:
   a. The name of the person whose service is to be terminated and the address where service is being rendered.
   b. The utility tariff that was violated and explanation thereof or the amount of the bill which the customer has failed to pay in accordance with the payment policy of the utility, if applicable.
   c. The date on or after which service may be terminated.
   d. A statement advising the customer to contact the utility at a specific address or phone number for information regarding any deferred payment or other procedures which the utility may offer or to work out some other mutually agreeable solution to avoid termination of the customer's service.
   e. A statement advising the customer that the utility's stated reason for the termination of services may be disputed by contacting the utility at a specific address or phone number, advising the utility of the dispute and making arrangements to discuss the cause for termination with a responsible employee of the utility in advance of the scheduled date of termination. The responsible employee shall be empowered to resolve the dispute and the utility shall retain the option to terminate service after affording this opportunity for a meeting and concluding that the reason for termination is just and advising the customer of his right to file a complaint with the Commission.
3. Where applicable, a copy of the termination notice will be simultaneously forwarded to designated third parties.

E. Timing of terminations with notice

1. Each utility shall be required to give at least five days' advance written notice prior to the termination date.
2. Such notice shall be considered to be given to the customer when a copy thereof is left with the customer or posted first class in the United States mail, addressed to the customer's last known address.
3. If after the period of time allowed by the notice has elapsed and the delinquent account has not been paid nor arrangements made with the utility for the payment thereof or in the case of a violation of the utility's rules the customer has not satisfied the utility that such violation has ceased, the utility may then terminate service on or after the day specified in the notice without giving further notice.
4. Service may only be disconnected in conjunction with a personal visit to the premises by an authorized representative of the utility.
5. The utility shall have the right (but not the obligation) to remove any or all of its property installed on the customer's premises upon the termination of service.

F. Landlord/tenant rule. In situations where service is rendered at an address different from the mailing address of the bill or where the utility knows that a landlord/tenant relationship exists and that the landlord is the customer of the utility, and where the landlord as a customer would otherwise be subject to disconnection of service, the utility may not disconnect service until the following actions have been taken:

1. Where it is feasible to so provide service, the utility, after providing notice as required in these rules, shall offer the occupant the opportunity to subscribe for service in his or her own name. If the occupant then declines to so subscribe, the utility may disconnect service pursuant to the rules.
2. A utility shall not attempt to recover from a tenant or condition service to a tenant with the payment of any outstanding bills or other charges due upon the outstanding account of the landlord.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended by an emergency action effective August 10, 1998, pursuant to A.R.S. § 41-1026, in effect for a maximum of 180 days (Supp. 98-3). Emergency amendment replaced by exempt permanent amendment effective December 31, 1998 (Supp. 98-4). Amended to correct subsection numbering (Supp. 99-4). Amended by exempt rulemaking at 6 A.A.R. 4180, effective October 13, 2000 (Supp. 00-4).

Editor's Note: The following Section was amended under an exemption from the Attorney General approval provisions of the Arizona Administrative Procedure Act (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)), as determined by the Corporation Commission. This exemption means that the rules as amended were not approved by the Attorney General.

R14-2-212. Administrative and Hearing Requirements

A. Customer service complaints

1. Each utility shall make a full and prompt investigation of all service complaints made by its customers, either directly or through the Commission.
2. The utility shall respond to the complainant and the Commission representative within five working days as to the status of the utility investigation of the complaint.
3. The utility shall notify the complainant and the Commission representative of the final disposition of each complaint. Upon request of the complainant or the Commission representative, the utility shall report the findings of its investigation in writing.
4. The utility shall inform the customer of his right of appeal to the Commission.
5. Each utility shall keep a record of all written service complaints received which shall contain, at a minimum, the following data:
   a. Name and address of the complainant;
   b. Date and nature of the complaint;
   c. Disposition of the complaint; and
   d. A copy of any correspondence between the utility, the customer, and the Commission.

   This record shall be maintained for a minimum period of one year and shall be available for inspection by the Commission.

B. Customer bill disputes

1. Any utility customer who disputes a portion of a bill rendered for utility service shall pay the undisputed portion of the bill and notify the utility's designated representative that such unpaid amount is in dispute prior to the delinquent date of the bill.
2. Upon receipt of the customer notice of dispute, the utility shall:
   a. Notify the customer within five working days of the receipt of a written dispute notice.
   b. Initiate a prompt investigation as to the source of the dispute.
   c. Withhold disconnection of service until the investigation is completed and the customer is informed of the results. Upon request of the customer the utility shall report the results of the investigation in writing.
   d. Inform the customer of his right of appeal to the Commission.
3. Once the customer has received the results of the utility's investigation, the customer shall submit payment within five working days to the utility for any disputed amounts. Failure to make full payment shall be grounds for termination of service.

C. Commission resolution of service and bill disputes

1. In the event a customer and utility cannot resolve a service or bill dispute, the customer shall file a written statement of dissatisfaction with the Commission; by submitting such notice to the Commission, the customer shall be deemed to have filed an informal complaint against the utility.
2. Within 30 days of the receipt of a written statement of customer dissatisfaction related to a service or bill dispute, a designated representative of the Commission shall endeavor to resolve the dispute by correspondence or telephone with the utility and the customer. If resolution of the dispute is not achieved within 20 days of the Commission representative's initial effort, the Commission shall hold an informal hearing to arbitrate the resolution of the dispute. The informal hearing shall be governed by the following rules:
   a. Each party may be represented by legal counsel, if desired.
   b. All such informal hearings may be recorded or held in the presence of a stenographer.
   c. All parties will have the opportunity to present written or oral evidentiary material to support the positions of the individual parties.
   d. All parties and the Commission's representative shall be given the opportunity for cross-examination of the various parties.
   e. The Commission's representative will render a written decision to all parties within five working days after the date of the informal hearing. Such written decision of the arbitrator is not binding on any of the parties and the parties will still have the right to make a formal complaint to the Commission.
3. The utility may implement normal termination procedures if the customer fails to pay all bills rendered during the resolution of the dispute by the Commission.
4. Each utility shall maintain a record of written statements of dissatisfaction and their resolution for a minimum of one year and make such records available for Commission inspection.

D. Notice by utility of responsible officer or agent

1. Each utility shall file with the Commission, through Docket Control, a written statement containing the name, address (business, residence and post office) and telephone numbers (business and residence) of at least one officer, agent or employee responsible for the general management of its operations as a utility in Arizona.
2. Each utility shall give notice, by filing a written statement with the Commission, through Docket Control, of any change in the information required herein within five days from the date of any such change.

E. Time-frames for processing applications for Certificates of Convenience and Necessity

1. This rule prescribes time-frames for the processing of any application for a Certificate of Convenience and Necessity issued by the Arizona Corporation Commission pursuant to this Article. These time-frames shall apply to applications filed on or after the effective date of this rule.
2. Within 120 calendar days after receipt of an application for a new Certificate of Convenience and Necessity, or to amend or change the status of any existing Certificate of Convenience and Necessity, staff shall notify the applicant, in writing, that the application is either administratively complete or deficient. If the application is deficient, the notice shall specify all deficiencies.
3. Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.
4. After receipt of a corrected application, staff shall notify the applicant within 90 calendar days if the corrected application is either administratively complete or deficient. The time-frame for administrative completeness review shall be suspended from the time the notice of deficiency is issued until staff determines that the application is complete.
5. Within 150 days after an application is deemed administratively complete, the Commission shall approve or reject the application.
6. For purposes of A.R.S. § 41-1072 et seq., the Commission has established the following time-frames:
   a. Administrative completeness review time-frame: 120 calendar days;
   b. Substantive review time-frame: 150 calendar days; and
   c. Overall time-frame: 270 calendar days.
7. If an applicant requests, and is granted, an extension or continuance, the appropriate time-frames shall be tolled from the date of the request during the duration of the extension or continuance.
8. During the substantive review time-frame, the Commission may, upon its own motion or that of any interested party to the proceeding, request a suspension of the time-frame rules.

F. Filing of tariffs

1. Each utility shall file with the Commission, through Docket Control, tariffs which are in compliance with the rules and regulations promulgated by the Arizona Corporation Commission within 120 days of the effective date of such rules.
2. Each utility shall file with the Commission, through Docket Control, any proposed changes to the tariffs on file with the Commission; such proposed changes shall be accompanied by a statement of justification supporting the proposed tariff change.
3. Any proposed change to the tariffs on file with the Commission shall not be effective until reviewed and approved by the Commission.

G. Accounts and records
1. Each utility shall keep general and auxiliary accounting records reflecting the cost of its properties, operating income and expense, assets and liabilities, and all other accounting and statistical data necessary to give complete and authentic information as to its properties and operations.
2. Each utility shall maintain its books and records in conformity with the Uniform Systems of Accounts for Class A, B, C and D Electric Utilities as adopted and amended by the Federal Energy Regulatory Commission or, for electric cooperatives, as promulgated by the Rural Utilities Service.
3. A utility shall produce or deliver in this state any or all of its formal accounting records and related documents requested by the Commission. It may, at its option, provide verified copies of original records and documents.
4. All utilities shall submit an annual report to the Commission, through the Compliance Section, Utilities Division, on a form prescribed by it. The annual report shall be filed on or before the 15th day of April for the preceding calendar year. Reports prepared by a certified or licensed public accountant on the utility, if any, shall accompany the annual report.
5. All utilities shall file with the Commission, through the Compliance Section, Utilities Division, a copy of all annual reports required by the Federal Energy Regulatory Commission and in addition, for electric cooperatives, annual reports required by the Rural Utilities Service.

H. Maps. All utilities shall file with the Commission, through Docket Control, a map or maps clearly setting forth the location and extent of the area or areas they hold under approved certificates of convenience and necessity, in accordance with the Cadastral (Rectangular) Survey of the United States Bureau of Land Management, or by metes and bounds with a starting point determined by the aforesaid Cadastral Survey.

I. Variations, exemptions of Commission rules and regulations. Variations or exemptions from the terms and requirements of any of the rules included herein (14 A.A.C. 2, Article 2) shall be considered upon the verified application of an affected party to the Commission setting forth the circumstances whereby the public interest requires such variation or exemption from the Commission rules and regulations. Such application will be subject to the review of the Commission, and any variation or exemption granted shall require an order of the Commission. In case of conflict between these rules and regulations and an approved tariff or order of the Commission, the provisions of the tariff or order shall apply.

J. Prior agreements.The adoption of these rules by the Commission shall not affect any agreements entered into between the utility and customers or other parties who, pursuant to such contracts, arranged for the extension of facilities in a provision of service prior to the effective date of these rules.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended effective December 31, 1998, under an exemption as determined by the Arizona Corporation Commission (Supp. 98-4). Amended by final rulemaking at 5 A.A.R. 3933, effective September 24, 1999 (Supp. 99-3). Amended to correct subsection numbering (Supp. 99-4). Amended by exempt rulemaking at 6 A.A.R. 4180, effective October 13, 2000 (Supp. 00-4).

R14-2-213. Conservation

Energy conservation plan

1. The Arizona Corporation Commission recognizes the need for conservation of energy resources in order to maintain an adequate and continuous supply of safe, dependable, and affordable energy. Therefore, in order to promote the state's economic development and the health and welfare of its citizenry, each class A and B electric utility shall file an energy conservation plan which encompasses at a minimum the following considerations:
   a. Development of consumer education and assistance programs to aid the populace in reducing energy consumption and cost.
   b. Participation in various energy conservation programs sponsored by other municipal, state or federal government entities having such jurisdiction.
2. Each utility shall file an energy conservation plan with the Commission, through the Compliance Section, Utilities Division, within one year of the effective date of these rules and annual updates thereafter when changes require such.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended by exempt rulemaking at 6 A.A.R. 4180, effective October 13, 2000 (Supp. 00-4).

ARTICLE 3. GAS UTILITIES

R14-2-301. Definitions

In this Article, unless the context otherwise requires, the following definitions shall apply:

1. "Advance in aid of construction." Funds provided to the utility by the applicant under the terms of a main extension agreement the value of which may be refundable.
2. "Applicant." A person requesting the utility to supply gas service.
3. "Application." A request to the utility for gas service, as distinguished from an inquiry as to the availability or charges for such service.
4. "Arizona Corporation Commission." The regulatory authority of the state of Arizona having jurisdiction over public service corporations operating in Arizona.
5. "Billing month." The period between any two regular readings of the utility's meters at approximately 30 day intervals.
6. "Billing period." The time interval between two consecutive meter readings that are taken for billing purposes.
7. "British Thermal Unit." The amount of heat required to raise the temperature of one pound of water one degree Fahrenheit (1° F) at standard conditions.
8. "Btu." British thermal unit.
9. "Commodity charge." The unit of cost per billed usage, as set forth in the utility's tariffs.
10. "Contributions in aid of construction." Funds provided to the utility by the applicant under the terms of a main extension agreement and/or service connection tariff the value of which are not refundable.
11. "Cubic foot"
    a. In cases where gas is supplied and metered to customers at the standard delivery pressure, a cubic foot of gas is the volume of gas which, at the temperature and pressure existing in the meter, occupies one cubic foot.
    b. Regardless of the pressure supplied to the customer, the volume of gas metered will be converted to the volume which the gas would occupy at standard conditions of 14.73 pounds per square inch absolute at 60° F.

c. The standard cubic foot of gas for testing the gas itself for heating value shall be that volume of gas which, when saturated with water vapor and at a temperature of 60° F and under a pressure equivalent to that of 30 inches of mercury (mercury at 32° F and under standard gravity), occupies one cubic foot.

12. "Ccf." 100 cubic feet.
13. "Curtailment priority." The order in which gas service is to be curtailed to various classifications of customers, as set forth in the utility's tariffs.
14. "Customer." The person or entity in whose name service is rendered, as evidenced by the signature on the application or contract for that service, or by the receipt and/or payment of bills regularly issued in his name regardless of the identity of the actual user of the service.
15. "Customer charge." The amount the customer must pay the utility for the availability of gas service, excluding any gas used, as specified in the utility's tariffs.
16. "Day." Calendar day.
17. "Distribution main." A gas line of the utility from which service lines may be extended to customers.
18. "Elderly." A person who is 62 years of age or older.
19. "Handicapped." A person with a physical or mental condition which substantially contributes to the person's inability to manage his or her own resources, carry out activities of daily living, or protect oneself from neglect or hazardous situations without assistance from others.
20. "Illness." A medical ailment or sickness for which a residential customer obtains a verifiable document from a licensed medical physician stating the nature of the illness and that discontinuance of service would be especially dangerous to the customer's health in the opinion of a licensed medical physician.
21. "Inability to pay." Circumstances where a residential customer:
    a. Is not gainfully employed and unable to pay, or
    b. Qualifies for government welfare assistance, but has not begun to receive assistance on the date that he receives his bill and can obtain verification from the government welfare assistance agency, or
    c. Has an annual income below the published federal poverty level and can produce evidence of this, and
    d. Signs a declaration verifying that the customer meets one of the above criteria and is either elderly, handicapped, or suffers from an illness.
22. "Interruptible gas service." Gas service that is subject to interruption or curtailment as specified in the utility's tariff.
23. "Main extension." The lines and equipment necessary to extend the existing gas distribution system to provide service to additional customers.
24. "Master meter." An instrument for measuring or recording the flow of gas at a single location where said gas is transported through an underground piping system to tenants or occupants for their individual consumption.
25. "Mcf." 1,000 cubic feet.
26. "Meter." The instrument for measuring and indicating or recording the volume of gas or flow that has passed through it.
27. "Meter tampering." A situation where a meter has been illegally altered. Common examples are meter bypassing and other unauthorized connections.
28. "Minimum charge." The amount the customer must pay for the availability of gas service, including an amount of usage, as specified in the utility's tariffs.
29. "Permanent customer." A customer who is a tenant or owner of a service location who applies for and receives gas service.
30. "Permanent service." Service which, in the opinion of the utility, is of a permanent and established character. The use of gas may be continuous, intermittent, or seasonal in nature.
31. "Person." Any individual, partnership, corporation, governmental agency, or other organization operating as a single entity.
32. "Point of delivery." The point where pipes owned, leased, or under license by a customer connect to the utility's pipes or at the outlet side of the meter.
33. "Premises." All of the real property and apparatus employed in a single enterprise on an integral parcel of land undivided by public streets, alleys or railways.
34. "Residential subdivision." Any tract of land which has been divided into four or more contiguous lots for use for the construction of residential buildings or permanent mobile homes for either single or multiple occupancy.
35. "Residential use." Service to customers using gas for domestic purposes such as space heating, air conditioning, water heating, cooking, clothes drying, and other residential uses and includes use in apartment buildings, mobile home parks, and other multiunit residential buildings.
36. "Restricted apparatus." Apparatus prohibited by the Commission or other governmental agency.
37. "Service area." The territory in which the utility has been granted a Certificate of Convenience and Necessity and is authorized by the Commission to provide gas service.
38. "Service line." A gas pipe that transports gas from a common source of supply (normally a distribution main) to the customer's point of delivery.
39. "Service establishment charge." A charge as specified in the utility's tariffs which covers the cost of establishing a new account.
40. "Service reconnect charge." A charge as specified in the utility's tariffs which must be paid by the customer prior to reestablishment of gas service each time the gas is disconnected for nonpayment or whenever service is discontinued for failure otherwise to comply with the utility's tariffs.
41. "Service reestablishment charge." A charge as specified in the utility's tariffs for service at the same location where the same customer had ordered a service disconnection within the preceding 12-month period.
42. "Single family dwelling." A house, an apartment, a mobile home permanently affixed to a lot, or any other permanent residential unit which is used as a permanent home.
43. "Standard delivery pressure." 0.25 pounds per square inch gauge at the meter or point of delivery.
44. "Tariffs." The documents filed with the Commission which list the services and products offered by the gas company and which set forth the terms and conditions and a schedule of the rates and charges for those services and products.
45. "Temporary service." Service to premises or enterprises which are temporary in character, or where it is known in advance that the service will be of limited duration. Service which, in the opinion of the utility, is for operations of a speculative character is also considered temporary service.
46. "Therm." A unit of heating value, equivalent to 100,000 British thermal units (Btu's).

47. "Third-party notice." A notice sent to an individual or a public entity willing to receive notification of the pending discontinuance of service of a customer of record in order to make arrangements on behalf of said customer satisfactory to the utility.
48. "Utility." The public service corporation providing gas service to the public in compliance with state law.
49. "Weather especially dangerous to health." That period of time commencing with the scheduled termination date when the local weather forecast, as predicted by the National Oceanographic and Administration Service, indicates that the temperature will not exceed 32 degrees Fahrenheit for the next day's forecast. The Commission may determine that any other weather conditions are especially dangerous to health as the need arises.

Historical Note
Adopted effective March 2, 1982 (Supp. 82-2).

R14-2-302. Certificate of Convenience and Necessity for gas utilities; additions/extensions; abandonments

A. Application for new Certificate of Convenience and Necessity. Six copies of each application for a new Certificate of Convenience and Necessity shall be submitted in a form prescribed by the Commission and shall include, at a minimum, the following information:
1. The proper name and correct address of the proposed utility company and its owner, if a sole proprietorship, each partner if a partnership, or the President and Secretary if a corporation.
2. The rates proposed to be charged for the service that will be rendered.
3. A financial statement setting forth the financial condition of the applicant.
4. Maps of the proposed service area and/or a description of the area proposed to be served.
5. Appropriate city, county and/or state agency approvals, where appropriate.
6. The actual number of customers within the service area as of the time of filing and the estimated number of customers to be served for each of the first five years of operation.
7. Such other information as the Commission by order or the staff of the Utilities Division by written directive may request.

B. Application for discontinuance or abandonment of utility service
1. Any utility proposing to discontinue or abandon utility service currently in use by the public shall prior to such action obtain authority therefor from the Commission.
2. The utility shall include in the application, studies of past, present and prospective customer use of the subject service, plant or facility as is necessary to support the application.
3. An application shall not be required to remove individual facilities where a customer has requested service discontinuance.

Historical Note
Adopted effective March 2, 1982 (Supp. 82-2). Amended to correct subsection numbering (Supp. 99-4).

R14-2-303. Establishment of service

A. Information from new applicants
1. A utility may obtain the following minimum information from each new applicant for service:
   a. Name or names of applicant(s).
   b. Service address or location and telephone number.
   c. Billing address or location and telephone number, if different than service address.
   d. Address where service was provided previously.
   e. Date applicant will be ready for service.
   f. Indication of whether premises have been supplied with utility service previously.
   g. Purpose for which service is to be used.
   h. Indication of whether applicant is owner or tenant of or agent for the premises.
   i. Information concerning the gas usage and demand requirements of the customers.
   j. Type and kind of life-support equipment, if any, used by the customer.
2. Each utility may require a new applicant for service to appear at the utility's designated place of business to produce proof of identity and sign the utility's application form.
3. Where service is requested by two or more individuals the utility shall have the right to collect the full amount owed to the utility from any one of the applicants.

B. Deposits
1. A utility shall not require a deposit from a new applicant for residential service if the applicant is able to meet any of the following requirements:
   a. The applicant has had service of a comparable nature with the utility at another service location within the past two years and was not delinquent in payment more than twice during the last 12 consecutive months or disconnected for nonpayment.
   b. The applicant can produce a letter regarding credit or verification from a gas utility where service of a comparable nature was last received which states that the applicant has had service of a comparable nature with the utility at another service location within the past two years and was not delinquent in payment more than twice during the last 12 consecutive months or disconnected for nonpayment.
   c. In lieu of a deposit, a new applicant may provide a Letter of Guarantee from an existing customer with service who is acceptable to the utility or a surety bond as security for the utility.
2. The utility shall issue a nonnegotiable receipt to the applicant for the deposit. The inability of the customer to produce such a receipt shall in no way impair his right to receive a refund of the deposit which is reflected on the utility's records.
3. Deposits shall be interest bearing; the interest rate and method of calculation shall be filed with and approved by the Commission in a tariff proceeding.
4. Each utility shall file a deposit refund procedure with the Commission, subject to Commission review and approval during a tariff proceeding. However, each utility's refund policy shall include provisions for residential deposits and accrued interest to be refunded or Letter of Guarantee or surety bond to expire after 12 months of service if the customer has not been delinquent more than twice in the payment of utility bills.
5. A utility may require a residential customer to establish or reestablish a deposit if the customer becomes delinquent in the payment of three or more bills within a 12-consecutive-month period or has been disconnected for service during the last 12 months.
6. The amount of a deposit required by the utility shall be determined according to the following terms:

a. Residential customer deposits shall not exceed two times that customer's estimated average monthly bill.
b. Nonresidential customer deposits shall not exceed 2 1/2 times that customer's estimated maximum monthly bill.

7. The utility may review the customer's usage after service has been connected and adjust the deposit amount based upon the customer's actual usage.
8. A separate deposit may be required for each meter installed.

C. Grounds for refusal of service. A utility may refuse to establish service if any of the following conditions exist:

1. The applicant has an outstanding amount due for the same class of utility service with the utility and the applicant is unwilling to make arrangements with the utility for payment.
2. A condition exists which in the utility's judgment is unsafe or hazardous to the applicant, the general population, or the utility's personnel or facilities.
3. Refusal by the applicant to provide the utility with a deposit when the customer has failed to meet the credit criteria for waiver of deposit requirements.
4. Customer is known to be in violation of the utility's tariffs filed with the Commission.
5. Failure of the customer to furnish such funds, service, equipment, and/or rights-of-way necessary to serve the customer and which have been specified by the utility as a condition for providing service.
6. Applicant falsifies his or her identity for the purpose of obtaining service.

D. Service establishments, reestablishment or reconnection charge

1. A utility may make a charge as approved by the Commission for the establishment, reestablishment, or reconnection of utility services.
2. Should service be established during a period other than regular working hours at the customer's request, the customer may be required to pay an after-hour charge for the service connection. Where the utility scheduling will not permit service establishment on the same day requested, the customer can elect to pay the after-hour charge for establishment that day or his service will be established on the next available normal working day.
3. For the purpose of this rule, the definition of service establishments are where the customer's facilities are ready and acceptable to the utility and the utility needs only to install a meter, read a meter, or turn the service on.

E. Temporary service

1. Applicants for temporary service may be required to pay the utility, in advance of service establishment, the estimated cost of installing and removing the facilities necessary for furnishing the desired service.
2. Where the duration of service is to be less than one month, the applicant may also be required to advance a sum of money equal to the estimated bill for service.
3. Where the duration of service is to exceed one month, the applicant may also be required to meet the deposit requirements of the utility.
4. If at any time during the term of the agreement for service the character of a temporary customer's operations changes so that in the opinion of the utility the customer is classified as permanent, the terms of the utility's main extension rules shall apply.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended to correct subsection numbering (Supp. 99-4).

R14-2-304. Minimum customer information requirements

A. Information for residential customers

1. Each utility shall make available upon customer request not later than 60 days from the date of request a concise summary of the rate schedule applied for by such customer. The summary shall include the following:
   a. Monthly minimum or customer charge, identifying the amount of the charge and the specific amount of usage included in the minimum charge, where applicable.
   b. Rate blocks, where appropriate.
   c. Any adjustment factor(s) and method of calculation.
2. The utility shall to the extent practical identify the tariff most advantageous to the customer and notify the customer of such prior to service commencement.
3. In addition, a utility shall make available upon customer request not later than 60 days from the date of request a copy of the Commission's rules and regulations concerning:
   a. Deposits
   b. Terminations of service
   c. Billing and collection
   d. Complaint handling.
4. Each utility upon request of a customer shall transmit a written statement of actual consumption by such customer for each billing period during the prior 12 months unless such data is not reasonably ascertainable.
5. Each utility shall inform all new customers of their rights to obtain the information specified above.

B. Information required due to changes in tariffs

1. Each utility shall transmit to affected customers a concise summary of any change in the utility's tariffs affecting those customers.
2. This information shall be transmitted to the affected customer within 60 days of the effective date of the change.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2).

R14-2-305. Master metering

Mobile home parks -- new construction/expansion

1. A utility shall refuse service to all new construction and/or expansion of existing permanent residential mobile home parks unless the construction and/or expansion is individually metered by the utility. Main extensions and service line connections to serve such new construction or expansion shall be governed by the main extension and/or service line connection tariff of the appropriate utility.
2. Permanent residential mobile home parks for the purpose of this rule shall mean mobile home parks where, in the opinion of the utility, the average length of stay for an occupant is a minimum of six months.
3. For the purposes of this rule, expansion means construction which has been started for additional permanent residential spaces after the effective date of this rule.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2).

R14-2-306. Service lines and establishments

A. Priority and timing of service establishments

1. After an applicant has complied with the utility's application and deposit requirements and has been accepted for service by the utility, the utility shall schedule that customer for service establishment.

2. Service establishments shall be scheduled for completion within five working days of the date the customer has been accepted for service, except in those instances when the customer requests service establishment beyond the five working day limitation.
3. When the utility has made arrangements to meet with a customer for service establishment purposes and the utility or the customer cannot make the appointment during the prearranged time, the utility shall reschedule the establishment to the satisfaction of both parties.
4. Each utility shall schedule service establishment appointments within a maximum range of four hours during normal working hours, unless another time-frame is mutually acceptable to the utility and the customer.
5. Service establishments shall be made only by qualified utility service personnel.
6. For the purposes of this rule, service establishments are where the customer's facilities are ready and acceptable to the utility and the utility needs only to install or read a meter or turn the service on.

B. Service lines
1. Customer provided facilities
   a. An applicant for services shall be responsible for the safety and maintenance of all customer piping from the point of delivery.
   b. Meters shall be installed in a location suitable to the utility where the meters will be safe from street traffic, readily and safely accessible for reading, testing and inspection, and where such activities will cause the least interference and inconvenience to the customer. The customer shall provide, without cost to the utility, at a suitable and easily accessible location, sufficient and proper space for the installation of meters.
   c. Where the meter or service line location on the customer's premises is changed at the request of the customer or due to alterations on the customer's premises, the customer shall provide and have installed at his expense all customer piping necessary for relocating the meter and the utility may make a charge for moving the meter and/or service line.
2. Company provided facilities
   a. Each utility shall file for Commission approval, a service line tariff which defines the maximum footage and/or equipment allowance to be provided by the utility at no charge; the maximum footage and/or equipment allowance may be differentiated by customer class.
   b. Any service line in excess of that allowed at no charge shall be paid by the customer as a contribution in aid of construction.
3. Easements and rights-of-way
   a. Each customer shall grant adequate easement and right-of-way satisfactory to the utility to ensure proper service connection. Failure on the part of the customer to grant adequate easement and right-of-way shall be grounds for the utility to refuse service.
   b. When a utility discovers that a customer or his agent is performing work or has constructed facilities adjacent to or within an easement or right-of-way and such work, construction or facility poses a hazard or is in violation of federal, state or local laws, ordinances, statutes, rules or regulations, or significantly interferes with the utility's access to equipment, the utility shall notify the customer or his agent and shall take whatever actions are necessary to eliminate the hazard, obstruction or violation at the customer's expense.

Historical Note
Adopted effective March 2, 1982 (Supp. 82-2).

R14-2-307. Main extensions

A. General requirements
1. Each utility shall file for Commission approval a main extension tariff which incorporates the provisions of this rule and specifically defines the conditions governing main extensions.
2. Upon request by an applicant for a main extension, the utility shall prepare, without charge, a preliminary sketch and rough estimates of the cost of installation to be paid by said applicant.
3. Any applicant for a main extension requesting the utility to prepare detailed plans, specifications, or cost estimates may be required to deposit with the utility an amount equal to the estimated cost of preparation. The utility shall upon request, make available within 90 days after receipt of the deposit referred to above, such plans, specifications, or cost estimates of the proposed main extension. Where the applicant authorizes the utility to proceed with construction of the extension, the deposit shall be credited to the cost of construction; otherwise the deposit shall be nonrefundable. If the extension is to include oversizing of facilities to be done at the utility's expense, appropriate details shall be set forth in the plans, specifications and cost estimate. Subdividers providing the utility with approved plats shall be provided with plans, specifications or cost estimates within 45 days after receipt of the deposit referred to above.
4. Where the utility requires an applicant to advance funds for a main extension, the utility shall furnish the applicant with a copy of the main extension tariff of the appropriate utility prior to the applicant's acceptance of the utility's extension agreement.
5. All main extension agreements requiring payment by the applicant shall be in writing and signed by each party.
6. The provisions of this rule apply only to those applicants who in the utility's judgment will be permanent customers of the utility. Applications for temporary service shall be governed by the Commission's rules concerning temporary service applications.

B. Minimum written agreement requirements
1. Each main extension agreement shall, at a minimum, include the following information:
   a. Name and address of applicant(s)
   b. Proposed service address or location
   c. Description of requested service
   d. Description and sketch of the requested main extension
   e. A cost estimate to include materials, labor, and other costs as necessary
   f. Payment terms
   g. A concise explanation of any refunding provisions, if applicable
   h. The utility's estimated start date and completion date for construction of the main extension
   i. A summary of the results of the economic feasibility analysis performed by the utility to determine the amount of advance required from the applicant for the proposed main extension.
2. Each applicant shall be provided with a copy of the written main extension agreement.

C. Main extension requirements.Each main extension tariff shall include the following provisions:
1. A maximum footage and/or equipment allowance to be provided by the utility at no charge. The maximum footage and/or equipment allowance may be differentiated by customer class.
2. An economic feasibility analysis for those extensions which exceed the maximum footage and/or equipment allowance. Such economic feasibility analysis shall consider the incremental revenues and costs associated with the main extension. In those instances where the requested main extension does not meet the economic feasibility criteria established by the utility, the utility may require the customer to provide funds to the utility, which will make the main extension economically feasible. The methodology employed by the utility in determining economic feasibility shall be applied uniformly and consistently to each applicant requiring a main extension.
3. The timing and methodology by which the utility will refund any advances in aid of construction as additional customers are served off the main extension. The customer may request an annual survey to determine if additional customers have been connected to and are using service from the extension. In no case shall the amount of the refund exceed the amount originally advanced.
4. All advances in aid of construction shall be noninterest bearing.
5. If after five years from the utility's receipt of the advance, the advance has not been totally refunded, the advance shall be considered a contribution in aid of construction and shall no longer be refundable.

D. Residential subdivision development and permanent mobile home parks. Each utility shall submit as a part of its main extension tariff separate provisions for residential subdivision developments and permanent mobile home parks.

E. Ownership of facilities. Any facilities installed hereunder shall be the sole property of the utility.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended to correct subsection numbering (Supp. 99-4).

R14-2-308. Provision of service

A. Utility responsibility
1. Each utility shall be responsible for the safe transmission and distribution of gas until it passes the point of delivery to the customer.
2. Each utility shall be responsible for maintaining in safe operating condition all meters, regulators, service pipe or other fixtures installed on the customer's premises by the utility for the purpose of delivering gas to the customer.
3. Each utility may, at its option, refuse service until the customer's pipes and appliances have been tested and found to be safe, free from leaks, and in good operating condition. Proof of such testing shall be in the form of a certificate executed by a licensed plumber of local inspector, certifying that the customer's facilities have been tested and are in safe operating condition.
4. Each utility shall be required to test the customer's piping for leaks when the gas is turned on. If such tests indicate leakage in the customer's piping, the utility shall refuse to provide service until such time as the customer has had the leakage corrected.

B. Customer responsibility
1. Each customer shall be responsible for maintaining all customer piping, fixtures and appliances on the customer's side of the point of delivery in safe operating condition.
2. Each customer shall be responsible for safeguarding all utility property installed in or on the customer's premises for the purpose of supplying utility service.
3. Each customer shall exercise all reasonable care to prevent loss or damage to utility property, excluding ordinary wear and tear. The customer shall be responsible for loss of or damage to utility property on the customer's premises arising from neglect, carelessness, or misuse and shall reimburse the utility for the cost of necessary repairs or replacements.
4. Each customer shall be responsible for payment for any equipment damage and/or estimated unmetered usage resulting from unauthorized breaking of seals, interfering, tampering or bypassing the utility meter.
5. Each customer shall be responsible for notifying the utility of any gas leakage identified in the customer's or the utility's equipment.

C. Continuity of service. Each utility shall make reasonable efforts to supply a satisfactory and continuous level of service. However, no utility shall be responsible for any damage or claim of damage attributable to any interruption or discontinuation of service resulting from:
1. Any cause against which the utility could not have reasonably foreseen or made provision for, i.e., force majeure
2. Intentional service interruptions to make repairs or perform routine maintenance
3. Curtailment.

D. Change in character of service. When a change is made by the utility in the type of service rendered which would adversely affect the efficiency of operation or require the adjustment of the equipment of customers, all customers who may be affected shall be notified by the utility at least 30 days in advance of the change or, if such notice is not possible, as early as feasible. Where adjustments or replacements of the utility's standard equipment must be made to permit use under such changed conditions, adjustments shall be made by the utility without charge to the customers.

E. Service interruptions
1. Each utility shall make reasonable efforts to reestablish service within the shortest possible time when service interruptions occur.
2. Each utility shall make reasonable provisions to meet emergencies resulting from failure of service, and each utility shall issue instructions to its employees covering procedures to be followed in the event of emergency in order to prevent or mitigate interruption or impairment of service.
3. In the event of a national emergency or local disaster resulting in disruption of normal service, the utility may, in the public interest, interrupt service to other customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.
4. When a utility plans to interrupt service for more than four hours to perform necessary repairs or maintenance, the utility shall attempt to inform affected customers at least 24 hours in advance of the scheduled date and estimated duration of the service interruption. Such repairs shall be completed in the shortest possible time to minimize the inconvenience to the customers of the utility.
5. The Commission shall be notified of interruptions in service affecting the entire system or any major division thereof. The interruption of service and cause shall be

reported within one hour after the responsible representative of the utility becomes aware of said interruption by telephone to the Commission and followed by a written report to the Commission.

F. Heat value standard for natural gas. Each gas utility operating under the jurisdiction of the Commission shall supply gas to its customers with an average total heating value of not less than 900 Btu's per cubic foot. The number of Btu's per cubic foot actually delivered through the customer's meter will vary according to the altitude/elevation of the location where the customer is being provided service.

G. Standard delivery pressure
1. Each utility shall maintain a standard delivery pressure at the outlet of the customer's meter of approximately 0.25 pounds per square inch gauge subject to variation under load conditions.
2. In cases where a customer desires service at greater than standard delivery pressure, the utility may supply at its option such greater pressure if and only as long as the furnishing of gas to such customer at higher than standard delivery pressure will not be detrimental to the service of other customers of the utility. The utility reserves the right to lower said delivery pressure or discontinue the delivery of gas at higher pressure at any time upon reasonable notice to the customer. Where service is provided at such higher pressure, the meter volumes shall be corrected to that higher pressure.

H. Curtailment. Each utility shall file with the Commission as a part of its general tariffs a procedural plan for handling severe supply shortages or service curtailments. The plan shall provide for equitable treatment of individual customer classes in the most reasonable and effective manner given the existing circumstances. When the availability of service is so restricted that the reduction of service on a proportionate basis to all customer classes will not maintain the integrity of the total system, the utility shall develop procedures to curtail service giving service priority to those customers and/or customer classes where health, safety and welfare would be adversely affected.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended by deleting subsection (I) effective October 23, 1987 (Supp. 87-4). Amended to correct subsection numbering (Supp. 99-4).

R14-2-309. Meter reading

A. Company or customer meter reading
1. Each utility may at its discretion allow for customer reading of meters.
2. It shall be the responsibility of the utility to inform the customer how to properly read his or her meter.
3. Where a customer reads his or her own meter, the utility will read the customer's meter at least once every six months.
4. The utility shall provide the customer with postage-paid cards or other methods to report the monthly reading to the utility.
5. Each utility shall specify the timing requirements for the customer to submit his or her monthly meter reading to conform with the utility's billing cycle.
6. In the event the customer fails to submit the reading on time, the utility may issue the customer an estimated bill.
7. Meters shall be read monthly on as close to the same day as practical.

B. Measuring of service
1. All gas sold by a utility shall be metered except in the case of gas sold according to a fixed charge schedule or when otherwise authorized by the Commission.
2. When there is more than one meter at a location, the metering equipment shall be so tagged or plainly marked as to indicate the facilities being metered.

C. Customer requested retreads
1. Each utility shall at the request of a customer reread the customer's meter within 10 working days after such request by the customer.
2. Any rereads may be charged to the customer at a rate on file and approved by the Commission, provided that the original reading was not in error.
3. When a reading is found to be in error, the reread shall be at no charge to the customer.

D. Access to customer premises. Each utility shall at all times have the right of safe ingress to and egress from the customer's premises at all reasonable hours for any purpose reasonably connected with the furnishing of service and the exercise of any and all rights secured to it by law or these rules.

E. Meter testing and maintenance program
1. Each utility shall file with the Commission subject to review and approval a plan for routine maintenance and replacement of meters.
2. Each utility shall file an annual report with the Commission summarizing the results of the meter maintenance and testing program for that year. At a minimum the report should include the following data:
   a. Total number of meters tested, at company initiative or upon customer request.
   b. Number of meters tested which were outside the acceptable error allowance ± 3%.

F. Customer requested meter tests. A utility shall test a meter upon customer request, and each utility shall be authorized to charge the customer for such meter test according to the tariff on file and approved by the Commission. However, if the meter is found to be in error by more than 3%, no meter testing fee will be charged to the customer.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended to correct subsection numbering (Supp. 99-4).

R14-2-310. Billing and collection

A. Frequency and estimated bills
1. Each utility shall bill monthly for services rendered. Meter readings shall be scheduled for periods of not less than 25 days or more than 35 days.
2. If the utility is unable to read the meter on the scheduled meter read date, the utility will estimate the consumption for the billing period giving consideration to the following factors where applicable:
   a. The customer's usage during the same month of the previous year
   b. The amount of usage during the preceding month.
3. After the second consecutive month of estimating the customer's bill for reasons other than severe weather, the utility will attempt to secure an accurate reading of the meter.
4. Failure on the part of the customer to comply with a reasonable request by the utility for access to its meter may lead to the discontinuance of service.
5. Estimated bills will be issued only under the following conditions:
   a. Failure of a customer who read his own meter to deliver his meter reading card to the utility in accor-

dance with the requirements of the utility billing cycle.
b. Severe weather conditions which prevent the utility from reading the meter.
c. Circumstances that make it impossible to read the meter, i.e., locked gates, blocked meters, vicious or dangerous animals, etc.
6. Each bill based on estimated usage will indicate that it is an estimated bill.

B. Combining meters, minimum bill information
1. Each meter at a customer's premises will be considered separately for billing purposes, and the readings of two or more meters will not be combined except those approved by the utility.
2. Each bill for residential service will contain the following minimum information:
a. Date and meter reading at the start of billing period or number of days in the billing period
b. Date and meter reading at the end of the billing period
c. Billed usage
d. Rate schedule number
e. Utility telephone number
f. Customer's name
g. Service account number
h. Amount due and due date
i. Past due amount
j. Adjustment factor, where applicable
k. Taxes
l. The Arizona Corporation Commission and address, thereof.

C. Billing terms
1. All bills for utility services are due and payable no later than 10 days from the date the bill is rendered. Any payment not received within this time-frame shall be considered past due.
2. For purposes of this rule, the date a bill is rendered may be evidenced by:
a. The postmark date
b. The mailing date
c. The billing date shown on the bill (however, the billing date shall not differ from the postmark or mailing date by more than two days).
3. All past due bills for utility services are due and payable within 15 days. Any payment not received within this time-frame shall be considered delinquent.
4. All delinquent bills for which payment has not been received within five days shall be subject to the provisions of the utility's termination procedures.
5. All payments shall be made at or mailed to the office of the utility or to the utility's duly authorized representative.

D. Applicable tariffs, prepayment, failure to receive, commencement date, taxes
1. Each customer shall be billed under the applicable tariff indicated in the customer's application for service.
2. Each utility shall make provisions for advance payment of utility services.
3. Failure to receive bills or notices which have been properly placed in the United States mail shall not prevent such bills from becoming delinquent nor relieve the customer of his obligations therein.
4. Charges for service commence when the service is installed and connection made, whether used or not.

E. Meter error corrections
1. If any meter after testing is found to be more than 3% in error, either fast or slow, proper correction between 3% and the amount of the error shall be made of previous readings and adjusted bills shall be rendered according to the following terms:
a. For the period of three months immediately preceding the removal of such meter from service for test or from the time the meter was in service since last tested, but not exceeding three months since the meter shall have been shown to be in error by such test.
b. From the date the error occurred, if the date of the cause can be definitely fixed.
2. No adjustment shall be made by the utility except to the customer last served by the meter tested.

F. Insufficient funds (NSF) checks
1. A utility shall be allowed to recover a fee, as approved by the Commission in a tariff proceeding, for each instance where a customer tenders payment for utility service with an insufficient funds check.
2. When the utility is notified by the customer's bank that there are insufficient funds to cover the check tendered for utility service, the utility may require the customer to make payment in cash, by money order, certified check, or other means which guarantee the customer's payment to the utility.
3. A customer who tenders an insufficient check shall in no way be relieved of the obligation to render payment to the utility under the original terms of the bill nor defer the utility's provision for termination of service for nonpayment of bills.

G. Levelized billing plan
1. Each utility may, at its option, offer its residential customers a levelized billing plan.
2. Each utility offering a levelized billing plan shall develop upon customer request an estimate of the customer's levelized billing for a 12-month period based upon:
a. Customer's actual consumption history, which may be adjusted for abnormal conditions such as weather variations.
b. For new customers, the utility will estimate consumption based on the customer's anticipated load requirements.
c. The utility's tariff schedules approved by the Commission applicable to that customer's class of service.
3. The utility shall provide the customer a concise explanation of how the levelized billing estimate was developed, the impact of levelized billing on a customer's monthly utility bill, and the utility's right to adjust the customer's billing for any variation between the utility's estimated billing and actual billing.
4. For those customers being billed under a levelized billing plan, the utility shall show, at a minimum, the following information on the customer's monthly bill:
a. Actual consumption
b. Amount due for actual consumption
c. Levelized billing amount due
d. Accumulated variation in actual versus levelized billing amount.
5. The utility may adjust the customer's levelized billing in the event the utility's estimate of the customer's usage and/or cost should vary significantly from the customer's actual usage and/or cost; such review to adjust the amount of the levelized billing may be initiated by the utility or upon customer request.

H. Elevation/pressure adjustment. Each gas utility shall, as a part of a general rate proceeding, file an adjustment factor to be applied to customer meter recordings to adjust for differences in pressure due to elevation.

I. Deferred payment plan
1. Each utility may, prior to termination, offer to qualifying residential customers a deferred payment plan for the customer to retire unpaid bills for utility service.
2. Each deferred payment agreement entered into by the utility and the customer due to the customer's inability to pay an outstanding bill in full shall provide that service will not be discontinued if:
   a. Customer agrees to pay a reasonable amount of the outstanding bill at the time the parties enter into the deferred payment agreement.
   b. Customer agrees to pay all future bills for utility service in accordance with the billing and collection tariffs of the utility.
   c. Customer agrees to pay a reasonable portion of the remaining outstanding balance in installments over a period not to exceed six months.
3. For the purposes of determining a reasonable installment payment schedule under these rules, the utility and the customer shall give consideration to the following conditions:
   a. Size of the delinquent account
   b. Customer's ability to pay
   c. Customer's payment history
   d. Length of time that the debt has been outstanding
   e. Circumstances which resulted in the debt being outstanding
   f. Any other relevant factors related to the circumstances of the customer.
4. Any customer who desires to enter into a deferred payment agreement shall establish such agreement prior to the utility's scheduled termination date for nonpayment of bills; customer failure to execute a deferred payment agreement prior to the scheduled termination date shall not prevent the utility from discontinuing service for nonpayment.
5. Deferred payment agreements may be in writing and may be signed by the customer and an authorized utility representative.
6. A deferred payment agreement may include a finance charge as approved by the Commission in a tariff proceeding.
7. If a customer has not fulfilled the terms of a deferred payment agreement, the utility shall have the right to disconnect service pursuant to the utility's termination of service rules and, under such circumstances, it shall not be required to offer subsequent negotiation of a deferred payment agreement prior to disconnection.

J. Change of occupancy
1. Not less than three working days advance notice must be given in person, in writing, or by telephone at the utility's office to discontinue service or to change occupancy.
2. The outgoing party shall be responsible for all utility services provided and/or consumed up to the scheduled turn-off date.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended to correct subsection numbering (Supp. 99-4).

R14-2-311. Termination of service

A. Nonpermissible reasons to disconnect service. A utility may not disconnect service for any of the reasons stated below:
1. Delinquency in payment for services rendered to a prior customer at the premises where service is being provided, except in the instance where the prior customer continues to reside on the premises.
2. Failure of the customer to pay for services or equipment which are not regulated by the Commission.
3. Nonpayment of a bill related to another class of service.
4. Failure to pay for a bill to correct a previous underbilling due to an inaccurate meter or meter failure if the customer agrees to pay over a reasonable period of time.
5. A utility shall not terminate residential service where the customer has an inability to pay and:
   a. The customer can establish through medical documentation that, in the opinion of a licensed medical physician, termination would be especially dangerous to the customer or a permanent resident residing on the customer's premises health, or
   b. Life supporting equipment used in the home that is dependent on utility service for operation of such apparatus, or
   c. Where weather will be especially dangerous to health as defined herein or as determined by the Commission.
6. Residential service to ill, elderly, or handicapped persons who have an inability to pay will not be terminated until all of the following have been attempted:
   a. The customer has been informed of the availability of funds from various government and social assistance agencies
   b. A third party previously designated by the customer has been notified and has not made arrangements to pay the outstanding utility bill.
7. A customer utilizing the provisions of subsection (A)(5) or (6) may be required to enter into a deferred payment agreement with the utility within 10 days after the scheduled termination date.
8. Failure to pay the bill of another customer as guarantor thereof.
9. Disputed bills where the customer has complied with the Commission's rules on customer bill disputes.

B. Termination of service without notice
1. Utility service may be disconnected without advance written notice under the following conditions:
   a. The existence of an obvious hazard to the safety or health of the consumer or the general population.
   b. The utility has evidence of meter tampering or fraud.
   c. Failure of a customer to comply with the curtailment procedures imposed by a utility during supply shortages.
2. The utility shall not be required to restore service until the conditions which resulted in the termination have been corrected to the satisfaction of the utility.
3. Each utility shall maintain a record of all terminations of service without notice. This record shall be maintained for a minimum of one year and shall be available for inspection by the Commission.

C. Termination of service with notice
1. A utility may disconnect service to any customer for any reason stated below provided the utility has met the notice requirements established by the Commission:
   a. Customer violation of any of the utility's tariffs.
   b. Failure of the customer to pay a delinquent bill for utility service.
   c. Failure to meet or maintain the utility's deposit requirements.

d. Failure of the customer to provide the utility reasonable access to its equipment and property.
e. Customer breach of a written contract for service between the utility and customer.
f. When necessary for the utility to comply with an order of any governmental agency having such jurisdiction.

2. Each utility shall maintain a record of all terminations of service with notice. This record shall be maintained for one year and be available for Commission inspection.

D. Termination notice requirements

1. No utility shall terminate service to any of its customers without providing advance written notice to the customer of the utility's intent to disconnect service, except under those conditions specified where advance written notice is not required.
2. Such advance written notice shall contain, at a minimum, the following information:
   a. The name of the person whose service is to be terminated and the address where service is being rendered.
   b. The utility tariff that was violated and explanation thereof or the amount of the bill which the customer has failed to pay in accordance with the payment policy of the utility, if applicable.
   c. The date on or after which service may be terminated.
   d. A statement advising the customer that the utility's stated reason for the termination of services may be disputed by contacting the utility at a specific address or phone number, advising the utility of the dispute and making arrangements to discuss the cause for termination with a responsible employee of the utility in advance of the scheduled date of termination. The responsible employee shall be empowered to resolve the dispute and the utility shall retain the option to terminate service after affording this opportunity for a meeting and concluding that the reason for termination is just and advising the customer of his right to file a complaint with the Commission.
3. Where applicable, a copy of the termination notice will be simultaneously forwarded to designated third parties.

E. Timing of terminations with notice

1. Each utility shall be required to give at least five days' advance written notice prior to the termination date.
2. Such notice shall be considered to be given to the customer when a copy thereof is left with the customer or posted first class in the United States mail, addressed to the customer's last known address.
3. If after the period of time allowed by the notice has elapsed and the delinquent account has not been paid nor arrangements made with the utility for the payment thereof or in the case of a violation of the utility's rules the customer has not satisfied the utility that such violation has ceased, the utility may then terminate service on or after the day specified in the notice without giving further notice.
4. Service may only be disconnected in conjunction with a personal visit to the premises by an authorized representative of the utility.
5. The utility shall have the right (but not the obligation) to remove any or all of its property installed on the customer's premises upon the termination of service.

F. Landlord/tenant rule. In situations where service is rendered at an address different from the mailing address of the bill or where the utility knows that a landlord/tenant relationship exists and that the landlord is the customer of the utility, and where the landlord as a customer would otherwise be subject to disconnection of service, the utility may not disconnect service until the following actions have been taken:

1. Where it is feasible to so provide service, the utility, after providing notice as required in these rules, shall offer the occupant the opportunity to subscribe for service in his or her own name. If the occupant then declines to so subscribe, the utility may disconnect service pursuant to the rules.
2. A utility shall not attempt to recover from a tenant or condition service to a tenant with the payment of any outstanding bills or other charges due upon the outstanding account of the landlord.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended to correct subsection numbering (Supp. 99-4).

Editor's Note: The following Section was amended under an exemption from the Attorney General approval provisions of the Arizona Administrative Procedure Act (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)), as determined by the Corporation Commission. This exemption means that the rules as amended were not approved by the Attorney General.

R14-2-312. Administrative and Hearing Requirements

A. Customer service complaints

1. Each utility shall make a full and prompt investigation of all service complaints made by its customers, either directly or through the Commission.
2. The utility shall respond to the complainant and/or the Commission representative within five working days as to the status of the utility investigation of the complaint.
3. The utility shall notify the complainant and/or the Commission representative of the final disposition of each complaint. Upon request of the complainant or the Commission representative, the utility shall report the findings of its investigation in writing.
4. The utility shall inform the customer of his right of appeal to the Commission.
5. Each utility shall keep a record of all written service complaints received which shall contain, at a minimum, the following data:
   a. Name and address of the complainant
   b. Date and nature of the complaint
   c. Disposition of the complaint
   d. A copy of any correspondence between the utility, the customer, and/or the Commission.

   This record shall be maintained for a minimum period of one year and shall be available for inspection by the Commission.

B. Customer bill disputes

1. Any utility customer who disputes a portion of a bill rendered for utility service shall pay the undisputed portion of the bill and notify the utility's designated representative that such unpaid amount is in dispute prior to the delinquent date of the bill.
2. Upon receipt of the customer notice of dispute, the utility shall:
   a. Notify the customer within five working days of the receipt of a written dispute notice.
   b. Initiate a prompt investigation as to the source of the dispute.
   c. Withhold disconnection of service until the investigation is completed and the customer is informed of

the results. Upon request of the customer the utility shall report the results of the investigation in writing.

d. Inform the customer of his right of appeal to the Commission.

3. Once the customer has received the results of the utility's investigation, the customer shall submit payment within five working days to the utility for any disputed amounts. Failure to make full payment shall be grounds for termination of service.

C. Commission resolution of service and/or bill disputes

1. In the event a customer and utility cannot resolve a service and/or bill dispute, the customer shall file a written statement of dissatisfaction with the Commission; by submitting such notice to the Commission, the customer shall be deemed to have filed an informal complaint against the utility.
2. Within 30 days of the receipt of a written statement of customer dissatisfaction related to a service or bill dispute, a designated representative of the Commission shall endeavor to resolve the dispute by correspondence and/or telephone with the utility and the customer. If resolution of the dispute is not achieved within 20 days of the Commission representative's initial effort, the Commission shall hold an informal hearing to arbitrate the resolution of the dispute. The informal hearing shall be governed by the following rules:
   a. Each party may be represented by legal counsel, if desired.
   b. All such informal hearings may be recorded or held in the presence of a stenographer.
   c. All parties will have the opportunity to present written or oral evidentiary material to support the positions of the individual parties.
   d. All parties and the Commission's representative shall be given the opportunity for cross-examination of the various parties.
   e. The Commission's representative will render a written decision to all parties within five working days after the date of the informal hearing. Such written decision of the arbitrator is not binding on any of the parties and the parties will still have the right to make a formal complaint to the Commission.
3. The utility may implement normal termination procedures if the customer fails to pay all bills rendered during the resolution of the dispute by the Commission.
4. Each utility shall maintain a record of written statements of dissatisfaction and their resolution for a minimum of one year and make such records available for Commission inspection.

D. Notice by utility of responsible officer or agent

1. Each utility shall file with the Commission a written statement containing the name, address (business, residence and post office) and telephone numbers (business and residence) of at least one officer, agent or employee responsible for the general management of its operations as a utility in Arizona.
2. Each utility shall give notice, by filing a written statement with the Commission, of any change in the information required herein within five days from the date of any such change.

E. Time-frames for processing applications for Certificates of Convenience and Necessity

1. This rule prescribes time-frames for the processing of any application for a Certificate of Convenience and Necessity issued by the Arizona Corporation Commission pursuant to this Article. These time-frames shall apply to applications filed on or after the effective date of this rule.
2. Within 120 calendar days after receipt of an application for a new Certificate of Convenience and Necessity, or to amend or change the status of any existing Certificate of Convenience and Necessity, staff shall notify the applicant, in writing, that the application is either administratively complete or deficient. If the application is deficient, the notice shall specify all deficiencies.
3. Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.
4. After receipt of a corrected application, staff shall notify the applicant within 30 calendar days if the corrected application is either administratively complete or deficient. The time-frame for administrative completeness review shall be suspended from the time the notice of deficiency is issued until staff determines that the application is complete.
5. Within 150 days after an application is deemed administratively complete, the Commission shall approve or reject the application.
6. For purposes of A.R.S. § 41-1072 et seq., the Commission has established the following time-frames:
   a. Administrative completeness review time-frame: 120 calendar days,
   b. Substantive review time-frame: 150 calendar days,
   c. Overall time-frame: 270 calendar days.
7. If an applicant requests, and is granted, an extension or continuance, the appropriate time-frames shall be tolled from the date of the request during the duration of the extension or continuance.
8. During the substantive review time-frame, the Commission may, upon its own motion or that of any interested party to the proceeding, request a suspension of the time-frame rules.

F. Filing tariffs

1. Each utility shall file with the Commission tariffs which are in compliance with the rules and regulations promulgated by the Arizona Corporation Commission within 120 days of the effective date of such rules.
2. Each utility shall file with the Commission any proposed changes to the tariffs on file with the Commission; such proposed changes shall be accompanied by a statement of justification supporting the proposed tariff change.
3. Any proposed change to the tariffs on file with the Commission shall not be effective until reviewed and approved by the Commission.

G. Accounts and records

1. Each utility shall keep general and auxiliary accounting records reflecting the cost of its properties, operating income and expense, assets and liabilities, and all other accounting and statistical data necessary to give complete and authentic information as to its properties and operations.
2. Each utility shall maintain its books and records in conformity with the Uniform Systems of Accounts for Class A, B, C and D Gas Utilities as adopted and amended by the Federal Energy Regulatory Commission.
3. A utility shall produce or deliver in this state any or all of its formal accounting records and related documents requested by the Commission. It may, at its option, provide verified copies of original records and documents.
4. All utilities shall submit an annual report to the Commission on a form prescribed by it. The annual report shall be filed on or before the 15th day of April for the preceding

calendar year. Reports prepared by a certified or licensed public accountant on the utility, if any, shall accompany the annual report.

5. All utilities shall file with the Commission a copy of all reports required by the Securities and Exchange Commission.
6. All utilities shall file with the Commission a copy of all annual reports required by the Federal Energy Regulatory Commission.

H. Maps. All utilities shall file with the Commission a map or maps clearly setting forth the location and extent of the area or areas they hold under approved certificates of convenience and necessity, in accordance with the Cadastral (Rectangular) Survey of the United States Bureau of Land Management, or by metes and bounds with a starting point determined by the aforesaid Cadastral Survey.

I. Variations, exemptions of Commission rules and regulations. Variations or exemptions from the terms and requirements of any of the rules included herein (Title 14, Chapter 2, Article 3) shall be considered upon the verified application of an affected party to the Commission setting forth the circumstances whereby the public interest requires such variation or exemption from the Commission rules and regulations. Such application will be subject to the review of the Commission, and any variation or exemption granted shall require an order of the Commission. In case of conflict between these rules and regulations and an approved tariff or order of the Commission, the provisions of the tariff or order shall apply.

J. Prior agreements. The adoption of these rules by the Commission shall not affect any agreements entered into between the utility and customers or other parties who, pursuant to such contracts, arranged for the extension of facilities in a provision of service prior to the effective date of these rules.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended effective December 31, 1998, under an exemption from the Attorney General certification requirements of the Arizona Administrative Procedure Act (Supp. 98-4). Amended effective December 31, 1998, under an exemption as determined by the Arizona Corporation Commission (Supp. 98-4). Amended to correct subsection numbering (Supp. 99-4).

R14-2-313. Conservation

Energy conservation plan

1. The Arizona Corporation Commission recognizes the need for conservation of energy resources in order to maintain an adequate and continuous supply of safe, dependable, and affordable energy. Therefore, in order to promote the state's economic development and the health and welfare of its citizenry, each class A and B gas utility shall file an energy conservation plan which encompasses at a minimum the following considerations:
   a. Development of consumer education and assistance programs to aid the populace in reducing energy consumption and cost.
   b. Participation in various energy conservation programs sponsored by other municipal, state or federal government entities having such jurisdiction.
2. Each utility shall file an energy conservation plan with the Commission within one year of the effective date of these rules and annual updates thereafter when changes require such.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2).

R14-2-314. Intermittent gas ignition

A. Application and scope. The provisions of this rule are applicable to the following types of gas appliances:

1. All residential gas-fired space heating equipment requiring electrical supply for operation,
2. All residential gas-fired clothes dryers,
3. All residential gas-fired household cooking appliances having an electrical supply cord or electrical junction box,
4. All residential gas-fired air conditioners,
5. All residential decorative gas lots which are automatically ignited and require electrical supply for operation,
6. All residential vented decorative gas appliances which are automatically lighted and require electrical supply for operation.

B. Prohibition of distribution, sales and installation

1. No person shall cause to be distributed, sold or installed in this state a newly produced gas appliance subject to this rule which has not been certified by the Commission. This prohibition shall not take effect for any particular type of gas appliance until 24 months after at least one model of that type of appliance has been certified by the Commission.
2. All gas appliances certified by the Commission shall have the statement, "This appliance is equipped with an intermittent type ignition device" or "Equipped with IID" or "IID Equipped" on the rating plate.

C. Definitions. For the purpose of this rule, and unless otherwise indicated, the following definitions shall apply in addition to those definitions shown in Title 40, Section 1, Chapter 7, Article 1, Paragraph 40-1201, of the A.R.S.:

1. "Certified by the Commission" means that the Commission has acknowledged receipt of one of the following for an appliance equipped with an intermittent type ignition device; a photostatic copy of the A.G.A. Appliance Certificate or the UL Listing Certificate; a listing of the appliance in the A.G.A. "Directory of Certified Appliances and Accessories" or the UL "Gas and Oil Equipment List"; or a certified test report from a recognized independent testing laboratory acceptable to the Commission stating that the appliance has been tested and conforms to the applicable American National Standards as mentioned below.
2. "Newly produced" means not previously used for the purpose for which designed or any other related purpose and constructed entirely of new unused parts and materials.
3. "Rating plate" means a plate, or combination of adjacent plates located so as to be easily read when the appliance is in a normally installed position.

D. Gas-fired space heating equipment.

1. Except as otherwise provided, all intermittent type ignition devices used on gas-fired space heating equipment shall be certified by the Commission if they comply with the standards approved by the American National Standards Institute, Inc., known as: ANSI Z21.20-1975, Automatic Gas Ignition Systems and Components.
2. Except as otherwise provided, gas-fired space heating equipment shall be certified by the Commission if it complies with one of the standards approved by the American National Standards Institute, Inc., known as:
   a. ANSI Z21.47-1973-Gas-Fired Gravity and Forced Air Central Furnaces, addenda Z21.47a-1974, and addenda Z21.47b-1975.
   b. ANSI Z21-11.1-1974-Vented Room Heaters, addenda Z21.11.1a-1975 and addenda Z21.11.1b-1976.

c. ANSI Z21.13-1974-Gas-Fired Low-Pressure Steam and Hot Water Boilers, and addenda Z21.13a-1976.
d. ANSI Z21.44-1977-Gas-Fired Gravity and Fan Type Sealed Combustion System Wall Furnaces.
e. ANSI Z21.49-1975-Gas-Fired Gravity and Fan Type Vented Wall Furnaces and addenda Z21.49a-1977.
f. ANSI Z21.48-1973-Gravity and Fan Type Floor Furnaces and addenda Z21.48a-1974 and addenda Z21.48b-1975.

E. Gas clothes dryers.
1. Except as otherwise provided, all intermittent type ignition devices used on gas clothes dryers shall be certified by the Commission if they comply with the standards approved by the American National Standards Institute, Inc., known as: ANSI Z21.20-1975-Automatic Gas Ignition Systems and Components.
2. Except as otherwise provided, gas clothes dryers shall be certified by the Commission, if they comply with the standards approved by the American National Standards Institute, Inc., known as ANSI Z21.5.1-1975-Type 1 Clothes Dryers.

F. Household cooking gas appliances.
1. Except as otherwise provided, all intermittent type ignition devices used on a household cooking gas appliance shall be certified by the Commission if they comply with the standards approved by the American National Standards Institute, Inc., known as: ANSI Z21.20-1975-Automatic Gas Ignition Systems and Component.
2. Except as otherwise provided, household cooking gas appliances shall be certified by the Commission if they comply with the standards approved by the American National Standards Institute, Inc., known as: ANSI Z21.1-1974-Household Cooking Appliances, addenda Z21.1a-1974, and addenda Z21.1b-1976.

G. Gas-fired air conditioners.
1. Except as otherwise provided, all intermittent type ignition devices used on a gas-fired air conditioner shall be certified by the Commission if they comply with the standards approved by the American National Standards Institute, Inc., known as: ANSI Z21.20-1975-Automatic Gas Ignition Systems and Components.
2. Except as otherwise provided, gas-fired air conditioners shall be certified by the Commission, if they comply with the standards approved by the American National Standards Institute, Inc., known as: ANSI Z21.40.1-1973-Gas-Fired Absorption Summer Air Conditioning Appliances, and addenda Z21.40.1a-1974.

H. Decorative gas logs.
1. Shall be certified by the Commission if they comply with the standards approved by the American National Standards Institute, Inc., known as: ANSI Z21.20-1975-Automatic Gas Ignition Systems and Components.
2. Except as otherwise provided, gas-fired decorative gas logs shall be certified by the Commission if they comply with the standards approved by the American National Standards Institute, Inc., known as: ANSI Z21.60-1975-Decorative Gas Appliances for Installation in Vented Fireplaces and addenda Z21.60a-1976.

I. Vented decorative gas appliances.
1. Shall be certified by the Commission if they comply with the standards approved by the American National Standards Institute, Inc., known as: ANSI Z21.20-1975-Automatic Gas Ignition Systems and Components.
2. Except as otherwise provided, gas-fired vented decorative appliances shall be certified by the Commission if they comply with the standards approved by the American National Standards Institute, Inc., known as: ANSI Z21.50-1973-Vented Decorative Gas Appliances, addenda Z21.50a-1974 and addenda Z21.50b-1974.

J. The statement mentioned in subsection (B)(2) which is required on the rating plate will be the Seal of Certification for Arizona. The rating plate will be furnished and applied and distributed by the manufacturer.

K. The Utilities Division of this Commission is charged with the duty of maintaining the records necessary for the control of the Certification Program and will notify manufacturers in accordance with paragraph 40-1204, Article 1, Chapter 7, Title 40 of the Arizona Revised Statutes.

L. Variance. Variation from the terms and conditions of this rule shall be permitted only upon the verified application of an affected party to the Commission, setting forth the circumstances whereby the public interest requires such variation, and upon the issuance of a special Order of the Commission. The Commission may require an application for such variation to be presented in a public hearing.

Historical Note

Former Section R14-2-135 renumbered as Section R14-2-314 without change effective March 2, 1982 (Supp. 82-2).

ARTICLE 4. WATER UTILITIES

R14-2-401. Definitions

In this Article, unless the context otherwise requires, the following definitions shall apply:

1. "Advance in aid of construction." Funds provided to the utility by the applicant under the terms of a main extension agreement the value of which may be refundable.
2. "Applicant." A person requesting the utility to supply water service.
3. "Application." A request to the utility for water service, as distinguished from an inquiry as to the availability or charges for such service.
4. "Arizona Corporation Commission." The regulatory authority of the state of Arizona having jurisdiction over public service corporations operating in Arizona.
5. "Billing month." The period between any two regular readings of the utility's meters at approximately 30 day intervals.
6. "Billing period." The time interval between two consecutive meter readings that are taken for billing purposes.
7. "Commodity charge." The unit of cost per billed usage, as set forth in the utility's tariffs.
8. "Contributions in aid of construction." Funds provided to the utility by the applicant under the terms of a main extension agreement and/or service connection tariff the value of which are not refundable.
9. "Customer." The person or entity in whose name service is rendered, as evidenced by the signature on the application or contract for that service, or by the receipt and/or payment of bills regularly issued in his name regardless of the identity of the actual user of the service.
10. "Customer charge." The amount the customers must pay the utility for the availability of water service, excluding any water used, as specified in the utility's tariffs.
11. "Day." Calendar day.
12. "Distribution main." A water main of the utility from which service connections may be extended to customers.
13. "Interruptible water service." Water service that is subject to interruption or curtailment.
14. "Main extension." The mains and ancillary equipment necessary to extend the existing water distribution system to provide service to additional customers.

15. "Master meter." A meter for measuring or recording the flow of water at a single location where said water is transported through an underground piping system to tenants or occupants for their individual consumption.
16. "Meter." The instrument for measuring and indicating or recording the volume of water that has passed through it.
17. "Meter tampering." A situation where a meter has been illegally altered. Common examples are meter bypassing, use of magnets to slow the meter recording, and broken meter seals.
18. "Minimum charge." The amount the customer must pay for the availability of water service, including an amount of usage, as specified in the utility's tariffs.
19. "Minimum delivery pressure." 20 pounds per square inch gauge at the meter or point of delivery.
20. "Permanent customer." A customer who is a tenant or owner of a service location who applies for and receives water service.
21. "Permanent service." Service which, in the opinion of the utility, is of a permanent and established character. The use of water may be continuous, intermittent, or seasonal in nature.
22. "Person." Any individual, partnership, corporation, governmental agency, or other organization operating as a single entity.
23. "Point of delivery." The point where facilities owned, leased, or under license by a customer connect to the utility's pipes or at the outlet side of the meter.
24. "Premises." All of the real property and apparatus employed in a single enterprise on an integral parcel of land undivided by public streets, alleys or railways.
25. "Residential subdivision development." Any tract of land which has been divided into four or more contiguous lots for use for the construction of residential buildings or permanent mobile homes for either single or multiple occupancy.
26. "Residential use." Service to customers using water for domestic purposes such as personal consumption, water heating, cooking, and other residential uses and includes use in apartment buildings, mobile home parks, and other multiunit residential buildings.
27. "Rules." The regulations set forth in the tariffs which apply to the provision of water service.
28. "Service area." The territory in which the utility has been granted a Certificate of Convenience and Necessity and is authorized by the Commission to provide water service.
29. "Service establishment charge." The charge as specified in the utility's tariffs which covers the cost of establishing a new account.
30. "Service line." A water line that transports water from a common source (normally a distribution main) of supply to the customer's point of delivery.
31. "Service reconnect charge." The charge as specified in the utility's tariffs which must be paid by the customer prior to reestablishment of water service each time the water is disconnected for nonpayment or whenever service is discontinued for failure otherwise to comply with the utility's fixed rules.
32. "Service reestablishment charge." A charge as specified in the utility's tariffs for service at the same location where the same customer had ordered a service disconnection within the preceding 12-month period.
33. "Single family dwelling." A house, an apartment, a mobile home permanently affixed to a lot, or any other permanent residential unit which is used as a permanent home.
34. "Tariffs." The documents filed with the Commission which list the services and products offered by the water company and which set forth the terms and conditions and a schedule of the rates and charges for those services and products.
35. "Temporary service." Service to premises or enterprises which are temporary in character, or where it is known in advance that the service will be of limited duration. Service which, in the opinion of the utility, is for operations of a speculative character is also considered temporary service.
36. "Utility." The public service corporation providing water service to the public in compliance with state law.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2).

R14-2-402. Certificate of Convenience and Necessity for water utilities; abandonments

A. Application for new Certificate of Convenience and Necessity

1. Any person or entity who desires to construct and/or operate a water utility will, prior to commencement of construction of utility facilities, file an application for a Certificate of Convenience and Necessity with the Arizona Corporation Commission.
2. Six copies of each application for a new Certificate of Convenience and Necessity shall be submitted in a form prescribed by the Commission and shall include, at a minimum, the following information:
   a. The proper name and correct address of the proposed utility company and its owner, if a sole proprietorship, each partner if a partnership, or the President and Secretary if a corporation.
   b. A copy of the Articles of Partnership or Articles of Incorporation for the applicant and/or Bylaws if the utility is a non-profit organization, or association.
   c. The type of plant, property, or facility proposed to be constructed.
   d. A complete description of the facilities proposed to be constructed, including preliminary engineering specifications in sufficient detail to properly describe the principal systems and components which meet the requirements of the health department. Final and complete engineering specifications shall be supplied when they become available.
   e. The rates proposed to be charged for the service that will be rendered.
   f. The estimated total cost of the proposed construction.
   g. The manner of capitalization and method of financing for the project.
   h. The financial condition of the applicant.
   i. The estimated annual operating revenues and expenses that are expected to accrue from the proposed construction.
   j. The estimated starting and completion date of the proposed construction.
   k. Maps of the proposed service area.
   l. Appropriate city, county and/or state agency approvals.
   m. The estimated number of customers to be served for each of the first five years of operation, including documentation to support the estimates.
3. Upon the receipt of such application, the Commission staff of the Utilities Division shall review the application for compliance with the information requirements of this regulation; additional information, amendments and/or

corrections to the application to bring the application into compliance with this regulation shall be governed by the Commission's rules of administrative and hearing requirements concerning incomplete applications.

4. Once the applicant has satisfied the information requirements of this regulation, as well as any additional information required by the staff of the Commission's Utilities Division, the Commission shall, expeditiously as reasonably practicable, schedule hearings to consider such application.

B. Application for discontinuance or abandonment of utility service

1. Any utility proposing to discontinue or abandon utility service currently in use by the public shall prior to such action obtain authority therefor from the Commission.
2. The utility shall include in the application, studies of past, present and prospective customer use of the subject service, plant or facility as is necessary to support the application.
3. An application shall not be required to remove individual facilities where a customer has requested service discontinuance.

C. Additions/extensions to outside existing Certificates of Convenience and Necessity

1. Each utility which proposes to extend utility service to a location not within its certificated service area, but located in a non-certificated area contiguous to its certificated service area, shall prior to the extension of service, notify the Commission of such service extension. Such notifications shall be in writing and shall be verified and shall set forth, at a minimum, the number of persons or entities proposed to be served by such service extension, their location in relation to the certificated area of the utility and a statement of the utility that the service extension is to a non-certificated area which is contiguous to its certificated area. Where emergency service is required to be provided to a customer in a non-certificated area contiguous to the utility certificated area the utility shall advise the Commission simultaneously of such extension and the written notification shall set forth the nature and extent of the emergency.
2. For purpose of this rule the following definition of "contiguous" is: Contiguous -- Common, ordinary and approved meaning. In actual close contact; touching; bounded or traversed by.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended by adding subsection (C) effective September 28, 1982 (Supp. 82-5).

R14-2-403. Establishment of service

A. Information from new applicants

1. A utility may obtain the following minimum information from each new applicant for service:
   a. Name or names of applicant(s).
   b. Service address or location and telephone number
   c. Billing address/telephone number, if different than service address.
   d. Address where service was provided previously.
   e. Date applicant will be ready for service.
   f. Indication of whether premises have been supplied with utility service previously.
   g. Purpose for which service is to be used.
   h. Indication of whether applicant is owner or tenant of or agent for the premises.
2. Each utility may require a new applicant for service to appear at the utility's designated place of business to produce proof of identity and sign the utility's application form.
3. Where service is requested by two or more individuals the utility shall have the right to collect the full amount owed to the utility from any one of the applicants.

B. Deposits

1. A utility may require a deposit from any new applicant for service.
2. The utility shall issue a nonnegotiable receipt to the applicant for the deposit. The inability of the customer to produce such a receipt shall in no way impair his right to receive a refund of the deposit which is reflected on the utility's records.
3. Interest on deposits shall be calculated annually at an interest rate filed by the utility and approved by the Commission in a tariff proceeding. In the absence of such, the interest rate shall be 6%.
4. Interest shall be credited to the customer's bill annually.
5. Residential deposits shall be refunded within 30 days after:
   a. 12 consecutive months of service without being delinquent in the payment of utility bills provided the utility may reestablish the deposit if the customer becomes delinquent in the payment of bills two or more times within a 12-consecutive-month period.
   b. Upon discontinuance of service when the customer has paid all outstanding amounts due the utility.
6. A separate deposit may be required for each meter installed.
7. The amount of a deposit required by the utility shall be determined according to the following terms:
   a. Residential customer deposits shall not exceed two times the average residential class bill as evidenced by the utility's most recent annual report filed with the Commission.
   b. Nonresidential customer deposits shall not exceed 2 1/2 times that customer's estimated maximum monthly bill.
   c. The utility may review the customer's usage after service has been connected and adjust the deposit amount based upon the customer's actual usage.
8. Upon discontinuance of service, the deposit may be applied by the utility toward settlement of the customer's bill.

C. Grounds for refusal of service. A utility may refuse to establish service if any of the following conditions exist:

1. The applicant has an outstanding amount due for the same class of utility service with the utility and the applicant is unwilling to make arrangements with the utility for payment.
2. A condition exists which in the utility's judgment is unsafe or hazardous to the applicant, the general population, or the utility's personnel or facilities.
3. Refusal by the applicant to provide the utility with a deposit.
4. Customer is known to be in violation of the utility's tariffs filed with the Commission or of the Commission's rules and regulations.
5. Failure of the customer to furnish such funds, service, equipment, and/or rights-of-way necessary to serve the customer and which have been specified by the utility as a condition for providing service.
6. Applicant falsifies his or her identity for the purpose of obtaining service.

D. Service establishments, re-establishments or reconnection charge
1. A utility may make a charge as approved by the Commission for the establishment, reestablishment, or reconnection of utility services.
2. Should service be established during a period other than regular working hours at the customer's request, the customer may be required to pay an after-hour charge for the service connection. Where the utility scheduling will not permit service establishment on the same day requested, the customer can elect to pay the after-hour charge for establishment that day.
3. For the purpose of this rule, service establishments are where the customer's facilities are ready and acceptable to the utility and the utility needs only to install a meter, read a meter, or turn the service on.

E. Temporary service
1. Applicants for temporary service may be required to pay the utility, in advance of service establishment, the estimated cost of installing and removing the facilities necessary for furnishing the desired service.
2. Where the duration of service is to be less than one month, the applicant may also be required to advance a sum of money equal to the estimated bill for service.
3. Where the duration of service is to exceed one month, the applicant may also be required to meet the deposit requirements of the utility.
4. If at any time during the term of the agreement for service the character of a temporary customer's operations changes so that in the opinion of the utility the customer is classified as permanent, the terms of the utility's main extension rules shall apply.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended subsections (B) and (D) effective September 28, 1982 (Supp. 82-5). Amended to correct subsection numbering (Supp. 99-4).

R14-2-404. Minimum customer information requirements

A. Information for residential customers
1. Each utility shall make available upon customer request not later than 60 days from the date of request a concise summary of the rate schedule applied for by such customer. The summary shall include the following:
   a. Monthly minimum or customer charge, identifying the amount of the charge and the specific amount of usage included in the minimum charge, where applicable.
   b. Rate blocks, where applicable.
   c. Any adjustment factor(s) and method of calculation.
2. The utility shall to the extent practical identify the tariff most advantageous to the customer and notify the customer of such prior to service commencement.
3. In addition, a utility shall make available upon customer request not later than 60 days from the date of request a copy of the Commission's rules and regulations governing:
   a. Deposits
   b. Terminations of service
   c. Billing and collection
   d. Complaint handling.
4. Each utility upon written request of a customer shall transmit a concise statement of actual consumption by such customer for each billing period during the prior 12 months unless such data is not reasonably ascertainable.
5. Each utility shall inform all new customers of their rights to obtain the information specified above.

B. Information required due to changes in tariffs
1. Each utility shall transmit to affected customers by the most economic means available a concise summary of any change in the utility's tariffs affecting those customers.
2. This information shall be transmitted to the affected customer within 60 days of the effective date of the change.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2).

R14-2-405. Service connections and establishments

A. Priority and timing of service establishments
1. After an applicant has complied with the utility's application and deposit requirements and has been accepted for service by the utility, the utility shall schedule that customer for service connection and/or establishment.
2. Service establishments shall be scheduled for completion within five working days of the date the customer has been accepted for service, except in those instances when the customer requests service establishment beyond the five working day limitation.
3. When the utility has made arrangements to meet with a customer for service establishment purposes and the utility or the customer cannot make the appointment during the prearranged time, the utility shall reschedule the service establishment to the satisfaction of both parties.
4. Each utility shall schedule service establishment appointments within a maximum range of four hours during normal working hours, unless another time-frame is mutually acceptable to the utility and the customer.
5. Service establishments shall be made only by qualified utility service personnel.
6. For the purposes of this rule, service establishments are where the customer's facilities are ready and acceptable to the utility and the utility needs only to install or read a meter or turn the service on.

B. Service lines
1. An applicant for service shall be responsible for the cost of installing all customer piping up to the meter.
2. An applicant for service shall pay to the utility as a refundable advance in aid of construction the sum as set forth in the utility's tariff for each size service and meter. Except where the refundable advances in aid of construction for meters and service lines have been included in refundable advances in aid of construction for line extensions and thus are refundable pursuant to main extension contracts approved by the Commission, each advance in aid of construction for a service line or meter shall be repaid by the utility by an annual credit of 1/10 of the amount received, said credit to be applied upon the water bill rendered in November of each year until fully paid, for each service and meter for which the advance was made, and said credit to commence the month of November for all such advances received during the preceding calendar year.
3. Where service is being provided for the first time, the customer shall provide and maintain a private cutoff valve within 18 inches of the meter on the customer's side of the meter, and the utility shall provide a like valve on the utility's side of such meter.
4. The Company may install its meter at the property line or, at the Company's option, on the customer's property in a location mutually agreed upon.

5. Where the meter or service line location on the customer's premises is changed at the request of the customer or due to alterations on the customer's premises, the customer shall provide and have installed at his expense all piping necessary for relocating the meter and the utility may make a charge for moving the meter and/or service line.
6. The customer's lines or piping must be installed in such a manner as to prevent cross-connection or backflow.
7. Each utility shall file a tariff for service and meter installations for Commission review and approval.

C. Easements and rights-of-way

1. Each customer shall grant adequate easement and right-of-way satisfactory to the utility to ensure that customer's proper service connection. Failure on the part of the customer to grant adequate easement and right-of-way shall be grounds for the utility to refuse service.
2. When a utility discovers that a customer or his agent is performing work or has constructed facilities adjacent to or within an easement or right-of-way and such work, construction or facility poses a hazard or is in violation of federal, state or local laws, ordinances, statutes, rules or regulations, or significantly interferes with the utility's access to equipment, the utility shall notify the customer or his agent and shall take whatever actions are necessary to eliminate the hazard, obstruction or violation at the customer's expense.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended subsection (B) effective September 28, 1982 (Supp. 82-5).

R14-2-406. Main extension agreements

A. Each utility entering into a main extension agreement shall comply with the provisions of this rule which specifically defines the conditions governing main extensions.

B. An applicant for the extension of mains may be required to pay to the Company, as a refundable advance in aid of construction, before construction is commenced, the estimated reasonable cost of all mains, including all valves and fittings.

1. In the event that additional facilities are required to provide pressure, storage or water supply, exclusively for the new service or services requested, and the cost of the additional facilities is disproportionate to anticipated revenues to be derived from future consumers using these facilities, the estimated reasonable cost of such additional facilities may be included in refundable advances in aid of construction to be paid to the Company.
2. Upon request by a potential applicant for a main extension, the utility shall prepare, without charge, a preliminary sketch and rough estimate of the cost of installation to be paid by said applicant. Any applicant for a main extension requesting the utility to prepare detailed plans, specifications, or cost estimates may be required to deposit with the utility an amount equal to the estimated cost of preparation. The utility shall, upon request, make available within 45 days after receipt of the deposit referred to above, such plans, specifications, or cost estimates of the proposed main extension. Where the applicant accepts utility construction of the extension, the deposit shall be credited to the cost of construction; otherwise the deposit shall be nonrefundable. If the extension is to include oversizing of facilities to be done at the utility's expense, appropriate details shall be set forth in the plans, specifications and cost estimates.
3. Where the utility requires an applicant to advance funds for a main extension, the utility shall furnish the applicant with a copy of the Commission rules on main extension agreements prior to the applicant's acceptance of the utility's extension agreement.
4. In the event the utility's actual cost of construction is less than the amount advanced by the customer, the utility shall make a refund to the applicant within 30 days after the completion of the construction or utility's receipt of invoices related to that construction.
5. The provisions of this rule apply only to those applicants who in the utility's judgment will be permanent customers of the utility. Applications for temporary service shall be governed by the Commission's rules concerning temporary service applications.

C. Minimum written agreement requirements

1. Each main extension agreement shall include the following information:
   a. Name and address of applicant(s)
   b. Proposed service address
   c. Description of requested service
   d. Description and map of the requested line extension
   e. Itemized cost estimate to include materials, labor, and other costs as necessary
   f. Payment terms
   g. A clear and concise explanation of any refunding provisions, if applicable
   h. Utility's estimated start date and completion date for construction of the main extension
2. Each applicant shall be provided with a copy of the written main extension agreement.

D. Refunds of advances made pursuant to this rule shall be made in accord with the following method: the Company shall each year pay to the party making an advance under a main extension agreement, or that party's assignees or other successors in interest where the Company has received notice and evidence of such assignment or succession, a minimum amount equal to 10% of the total gross annual revenue from water sales to each bona fide consumer whose service line is connected to main lines covered by the main extension agreement, for a period of not less than 10 years. Refunds shall be made by the Company on or before the 31st day of August of each year, covering any refunds owing from water revenues received during the preceding July 1st to June 30th period. A balance remaining at the end of the ten-year period set out shall become non-refundable, in which case the balance not refunded shall be entered as a contribution in aid of construction in the accounts of the Company, however, agreements under this general order may provide that any balance of the amount advanced thereunder remaining at the end of the 10 year period set out, shall thereafter remain payable in whole or in part and in such manner as is set forth in the agreement. The aggregate refunds under this rule shall in no event exceed the total of the refundable advances in aid of construction. No interest shall be paid by the utility on any amounts advanced. The Company shall make no refunds from any revenue received from any lines, other than customer service lines, leading up to or taking off from the particular main extension covered by the agreement.

E. Amounts advanced in aid of construction of main extensions shall be refunded in accord with the rules of this Commission in force and effect on the date the agreement therefor was executed. All costs under main extension agreements entered into after the adoption of this rule shall be refunded as provided herein.

F. The Commission will not approve the transfer of any Certificate of Public Convenience and Necessity where the transferor

has entered into a main extension agreement, unless it is demonstrated to the Commission that the transferor has agreed to satisfy the refund agreement, or that the transferee has assumed and has agreed to pay the transferor's obligations under such agreement.

G. All agreements entered into under this rule shall be evidenced by a written statement, and signed by the Company and the parties advancing the funds for advances in aid under this rule or the duly authorized agents of each.

H. The size, design, type and quality of materials of the system, installed under this rule location in the ground and the manner of installation, shall be specified by the Company, and shall be in accord with the requirements of the Commission or other public agencies having authority therein. The Company may install main extensions of any diameter meeting the requirements of the Commission or any other public agencies having authority over the construction and operation of the water system and mains, except individual main extensions, shall comply with and conform to the following minimum specifications:

1. 150 p.s.i. working pressure rating and
2. 6" standard diameter.

However, single residential customer advances in aid of construction shall not exceed the reasonable cost of construction of the 6-inch diameter main extension.

I. All pipelines, valves, fittings, wells, tanks or other facilities installed under this rule shall be the sole property of the Company, and parties making advances in aid of construction under this rule shall have no right, title or interest in any such facilities.

J. The Company shall schedule all new requests for main extension agreements, and for service under main extension agreements, promptly and in the order received.

K. An applicant for service seeking to enter into a main extension agreement may request that the utility include on a list of contractors from whom bids will be solicited, the name(s) of any bonded contractor(s), provided that all bids shall be submitted by the bid date stipulated by the utility. If a lower bid is thus obtained or if a bid is obtained at an equal price and with a more appropriate time of performance, and if such bid contemplates conformity with the Company's requirements and specifications, the Company shall be required to meet the terms and conditions of the bid proffered, or to enter into a construction contract with the contractor proffering such bid. Performance bond in the total amount of the contract may be required by the utility from the contractor prior to construction.

L. Any discounts obtained by the utility from contracts terminated under this rule shall be accounted for by credits to the appropriate account dominated as Contributions in Aid of Construction.

M. All agreements under this rule shall be filed with and approved by the Utilities Division of the Commission. No agreement shall be approved unless accompanied by a Certificate of Approval to Construct as issued by the Arizona Department of Health Services. Where agreements for main extensions are not filed and approved by the Utilities Division, the refundable advance shall be immediately due and payable to the person making the advance.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended subsections (D) and (K) effective September 28, 1982 (Supp. 82-5). Amended to correct subsection numbering (Supp. 99-4).

R14-2-407. Provision of service

A. Utility responsibility. Each utility shall be responsible for providing potable water to the customer's point of delivery.

B. Customer responsibility

1. Each customer shall be responsible for maintaining all facilities on the customer's side of the point of delivery in a safe and efficient manner and in accordance with the rules of the state Department of Health.
2. Each customer shall be responsible for safeguarding all utility property installed in or on the customer's premises for the purpose of supplying water to that customer.
3. Each customer shall exercise all reasonable care to prevent loss or damage to utility property, excluding ordinary wear and tear. The customer shall be responsible for loss of or damage to utility property on the customer's premises arising from neglect, carelessness, or misuse and shall reimburse the utility for the cost of necessary repairs or replacements.
4. Each customer shall be responsible for payment for any equipment damage resulting from unauthorized breaking of seals, interfering, tampering or bypassing the utility meter.
5. Each customer shall be responsible for notifying the utility of any failure identified in the utility's equipment.
6. Water furnished by the utility shall be used only on the customer's premises and shall not be resold to any other person. During critical water conditions, as determined by the Commission, the customer shall use water only for those purposes specified by the Commission. Disregard for this rule shall be sufficient cause for refusal or discontinuance of service.

C. Continuity of service. Each utility shall make reasonable efforts to supply a satisfactory and continuous level of service. However, no utility shall be responsible for any damage or claim of damage attributable to any interruption or discontinuation of service resulting from:

1. Any cause against which the utility could not have reasonably foreseen or made provision for, i.e., force majeure
2. Intentional service interruptions to make repairs or perform routine maintenance
3. Curtailment.

D. Service interruptions

1. Each utility shall make reasonable efforts to reestablish service within the shortest possible time when service interruptions occur.
2. Each utility shall make reasonable provisions to meet emergencies resulting from failure of service, and each utility shall issue instructions to its employees covering procedures to be followed in the event of emergency in order to prevent or mitigate interruption or impairment of service.
3. In the event of a national emergency or local disaster resulting in disruption of normal service, the utility may, in the public interest, interrupt service to other customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.
4. When a utility plans to interrupt service for more than four hours to perform necessary repairs or maintenance, the utility shall attempt to inform affected customers at least 24 hours in advance of the scheduled date and estimated duration of the service interruption. Such repairs shall be completed in the shortest possible time to minimize the inconvenience to the customers of the utility.

5. The Commission shall be notified of interruptions in service affecting the entire system or any major division thereof. The interruption of service and cause shall be reported within four hours after the responsible representative of the utility becomes aware of said interruption by telephone to the Commission and followed by a written report to the Commission.

E. Minimum delivery pressure. Each utility shall maintain a minimum standard delivery pressure of 20 pounds per square inch gauge (PSIG) at the customer's meter or point of delivery.

F. Construction standards. Each utility shall construct all facilities in accordance with the guidelines established by the state Department of Health Services.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended subsection (F) effective September 28, 1982 (Supp. 82-5). Amended to correct subsection numbering (Supp. 99-4).

R14-2-408. Meter reading

A. Frequency. Each meter shall be read monthly on as close to the same day as practical.

B. Measuring of service
1. All water delivered by the utility shall be billed upon the basis of metered volume sales except that the utility may, at its option, provide a fixed charge schedule for the following:
   a. Temporary service where the water use can be readily estimated
   b. Public and private fire protection service
   c. Water used for street sprinkling and sewer flushing, when provided for by contract between the utility and the municipality or other local governmental authority
   d. Other fixed charge schedules as shall be submitted to and approved by the Commission.
2. When there is more than one meter at a location, the metering equipment shall be so tagged or plainly marked as to indicate the facilities being metered.

C. Customer requested retreads
1. Each utility shall at the request of a customer reread the customer's meter within 10 working days after such request by the customer.
2. Any rereads shall be charged to the customer at a rate on file and approved by the Commission, provided that the original reading was not in error.
3. When a reading is found to be in error, the reread shall be at no charge to the customer.

D. Access to customer premises. Each utility shall have the right of safe ingress to and egress from the customer's premises at all reasonable hours for any purpose reasonably connected with the utility's property used in furnishing service and the exercise of any and all rights secured to it by law or these rules.

E. Meter testing and maintenance program. Each utility shall establish a regular program of meter testing taking into account the following factors:
1. Size of meter
2. Age of meter
3. Consumption
4. Characteristics of water.

F. Customer requested meter tests. A utility shall test a meter upon customer request and each utility shall be authorized to charge the customer for such meter test according to the tariff on file and approved by the Commission. However, if the meter is found to be in error by more than 3%, no meter testing fee will be charged to the customer.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended to correct subsection numbering (Supp. 99-4).

R14-2-409. Billing and collection

A. Frequency and estimated bills
1. Each utility shall bill monthly for services rendered. Meter readings shall be scheduled for periods of not less than 25 days or more than 35 days.
2. If the utility is unable to read the meter on the scheduled meter read date, the utility will estimate the consumption for the billing period giving consideration to the following factors where applicable:
   a. The customer's usage during the same month of the previous year
   b. The amount of usage during the preceding month.
3. After the second consecutive month of estimating the customer's bill for reasons other than severe weather, the utility will attempt to secure an accurate reading of the meter.
4. Failure on the part of the customer to comply with a reasonable request by the utility for access to its meter may lead to the discontinuance of service.
5. Estimated bills will be issued only under the following conditions:
   a. Failure of a customer who read his own meter to deliver his meter reading card to the utility in accordance with the requirements of the utility billing cycle.
   b. Severe weather conditions which prevent the utility from reading the meter.
   c. Circumstances that make it dangerous or impossible to read the meter, i.e., locked gates, blocked meters, vicious or dangerous animals, etc.
6. Each bill based on estimated usage will indicate that it is an estimated bill.

B. Combining meters, minimum bill information
1. Each meter at a customer's premises will be considered separately for billing purposes, and the readings of two or more meters will not be combined.
2. Each bill for residential service will contain the following minimum information:
   a. Date and meter reading at the start of billing period
   b. Previous month's meter reading
   c. Billed usage
   d. Utility telephone number
   e. Customer's name
   f. Service account number (if available)
   g. Amount due and due date
   h. Past due amount (where appropriate)
   i. Adjustment factor, where applicable
   j. Other approved tariff charges.

C. Billing terms
1. All bills for utility services are due and payable when rendered. Any payment not received within 15 days from the date the bill was rendered shall be considered delinquent.
2. For purposes of this rule, the date a bill is rendered may be evidenced by:
   a. The postmark date
   b. The mailing date:
      i. Certified mail
      ii. Certificate of mailing.

3. All delinquent bills shall be subject to the provisions of the utility's termination procedures as set forth in R14-2-410.
4. All payments shall be made at or mailed to the office of the utility or to the utility's duly authorized representative.

D. Applicable tariffs, prepayment, failure to receive, commencement date, taxes
1. Each customer shall be billed under the applicable tariff indicated in the customer's application for service.
2. Each utility shall make provisions for advance payment for utility services.
3. Failure to receive bills or notices which have been properly placed in the United States mail shall not prevent such bills from becoming delinquent nor relieve the customer of his obligations therein.
4. Charges for service commence when the service is installed and connection made, whether used or not.
5. In addition to the collection of regular rates, each utility may collect from its customers a proportionate share of any privilege, sales or use tax.

E. Meter error corrections
1. If any meter after testing is found to be more than 3% in error, either fast or slow, proper correction between 3% and the amount of the error shall be made of previous readings and adjusted bills shall be rendered according to the following terms:
   a. For the period of three months immediately preceding the removal of such meter from service for test or from the time the meter was in service since last tested, but not exceeding three months since the meter shall have been shown to be in error by such test, or
   b. From the date the error occurred, if the date of the cause can be definitely fixed.
2. No adjustment shall be made by the utility except to the customer last served by the meter tested.

F. Insufficient funds (NSF) checks
1. A utility shall be allowed to recover a fee, as approved by the Commission for each instance where a customer tenders payment for utility service with an insufficient funds check.
2. When the utility is notified by the customer's bank that there are insufficient funds to cover the check tendered for utility service, the utility may require the customer to make payment in cash, by money order, certified check, or other means which guarantee the customer's payment to the utility.
3. A customer who tenders an insufficient check shall in no way be relieved of the obligation to render payment to the utility under the original terms of the bill nor defer the utility's provision for termination of service for nonpayment of bills.

G. Deferred payment plan
1. Each utility may, prior to termination, offer to qualifying residential customers a deferred payment plan for the customer to retire unpaid bills for utility service.
2. Each deferred payment agreement entered into by the utility and the customer due to the customer's inability to pay an outstanding bill in full shall provide that service will not be discontinued if:
   a. Customer agrees to pay a reasonable amount of the outstanding bill at the time the parties enter into the deferred payment agreement.
   b. Customer agrees to pay all future bills for utility service in accordance with the billing and collection tariffs of the utility.
   c. Customer agrees to pay a reasonable portion of the remaining outstanding balance in installments over a period not to exceed six months.
3. For the purposes of determining a reasonable installment payment schedule under these rules, the utility and the customer shall give consideration to the following conditions:
   a. Size of the delinquent account
   b. Customer's ability to pay
   c. Customer's payment history
   d. Length of time that the debt has been outstanding
   e. Circumstances which resulted in the debt being outstanding
   f. Any other relevant factors related to the circumstances of the customer.
4. Any customer who desires to enter into a deferred payment agreement shall establish such agreement prior to the utility's scheduled termination date for nonpayment of bills; customer failure to execute a deferred payment agreement prior to the scheduled termination date shall not prevent the utility from discontinuing service for nonpayment.
5. Deferred payment agreements may be in writing and may be signed by the customer and an authorized utility representative.
6. A deferred payment agreement may include a finance charge as approved by the Commission in a tariff proceeding.
7. If a customer has not fulfilled the terms of a deferred payment agreement, the utility shall have the right to disconnect service pursuant to the utility's termination of service rules and, under such circumstances, it shall not be required to offer subsequent negotiation of a deferred payment agreement prior to disconnection.

H. Change of occupancy
1. Not less than three working days advance notice must be given in person, in writing, or by telephone at the utility's office to discontinue service or to change occupancy.
2. The outgoing party shall be responsible for all utility services provided and/or consumed up to the scheduled turn-off date.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended subsection (C) effective September 28, 1982 (Supp. 82-5).

R14-2-410. Termination of service

A. Nonpermissible reasons to disconnect service. A utility may not disconnect service for any of the reasons stated below:
1. Delinquency in payment for services rendered to a prior customer at the premises where service is being provided, except in the instance where the prior customer continues to reside on the premises.
2. Failure of the customer to pay for services or equipment which are not regulated by the Commission.
3. Nonpayment of a bill related to another class of service.
4. Failure to pay for a bill to correct a previous underbilling due to an inaccurate meter or meter failure if the customer agrees to pay over a reasonable period of time.

B. Termination of service without notice
1. Utility service may be disconnected without advance written notice under the following conditions:

a. The existence of an obvious hazard to the safety or health of the consumer or the general population.
b. The utility has evidence of meter tampering or fraud.
c. Unauthorized resale or use of utility services.
d. Failure of a customer to comply with the curtailment procedures imposed by a utility during supply shortages.

2. The utility shall not be required to restore service until the conditions which resulted in the termination have been corrected to the satisfaction of the utility.
3. Each utility shall maintain a record of all terminations of service without notice. This record shall be maintained for a minimum of one year and shall be available for inspection by the Commission.

C. Termination of service with notice
1. A utility may disconnect service to any customer for any reason stated below provided the utility has met the notice requirements established by the Commission:
a. Customer violation of any of the utility's tariffs filed with the Commission and/or violation of the Commission's rules and regulations.
b. Failure of the customer to pay a delinquent bill for utility service.
c. Failure to meet or maintain the utility's credit and deposit requirements.
d. Failure of the customer to provide the utility reasonable access to its equipment and property.
e. Customer breach of a written contract for service between the utility and customer.
f. When necessary for the utility to comply with an order of any governmental agency having such jurisdiction.
2. Each utility shall maintain a record of all terminations of service with notice. This record shall be maintained for one year and be available for Commission inspection.

D. Termination notice requirements
1. No utility shall terminate service to any of its customers without providing advance written notice to the customer of the utility's intent to disconnect service, except under those conditions specified where advance written notice is not required.
2. Such advance written notice shall contain, at a minimum, the following information:
a. The name of the person whose service is to be terminated and the address where service is being rendered.
b. The Commission rule or regulation that was violated and explanation thereof or the amount of the bill which the customer has failed to pay in accordance with the payment policy of the utility, if applicable.
c. The date on or after which service may be terminated.
d. A statement advising the customer to contact the utility at a specific address or phone number for information regarding any deferred payment or other procedures which the utility may offer or to work out some other mutually agreeable solution to avoid termination of the customer's service.
e. A statement advising the customer that the utility's stated reason for the termination of services may be disputed by contacting the utility at a specific address or phone number, advising the utility of the dispute and making arrangements to discuss the cause for termination with a responsible employee of the utility in advance of the scheduled date of termination. The responsible employee shall be empowered to resolve the dispute and the utility shall retain the option to terminate service.

E. Timing of terminations with notice
1. Each utility shall be required to give at least 10 days advance written notice prior to the termination date.
2. Such notice shall be considered to be given to the customer when a copy thereof is left with the customer or posted first class in the United States mail, addressed to the customer's last known address.
3. If after the period of time allowed by the notice has elapsed and the delinquent account has not been paid nor arrangements made with the utility for the payment thereof or in the case of a violation of the utility's rules the customer has not satisfied the utility that such violation has ceased, the utility may then terminate service on or after the day specified in the notice without giving further notice.
4. Service may only be disconnected in conjunction with a personal visit to the premises by an authorized representative of the utility.
5. The utility shall have the right (but not the obligation) to remove any or all of its property installed on the customer's premises upon the termination of service.

F. Landlord/tenant rule. In situations where service is rendered at an address different from the mailing address of the bill or where the utility knows that a landlord/tenant relationship exists and that the landlord is the customer of the utility, and where the landlord as a customer would otherwise be subject to disconnection of service, the utility may not disconnect service until the following actions have been taken:
1. Where it is feasible to so provide service, the utility, after providing notice as required in these rules, shall offer the occupant the opportunity to subscribe for service in his or her own name. If the occupant then declines to so subscribe, the utility may disconnect service pursuant to the rules.
2. A utility shall not attempt to recover from a tenant or condition service to a tenant with the payment of any outstanding bills or other charges due upon the outstanding account of the landlord.

Historical Note
Adopted effective March 2, 1982 (Supp. 82-2). Amended subsection (E) effective September 28, 1982 (Supp. 82-5). Amended to correct subsection numbering (Supp. 99-4).

Editor's Note: The following Section was amended under an exemption from the Attorney General approval provisions of the Arizona Administrative Procedure Act (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)), as determined by the Corporation Commission. This exemption means that the rules as amended were not approved by the Attorney General.

R14-2-411. Administrative and Hearing Requirements

A. Customer service complaints
1. Each utility shall make a full and prompt investigation of all service complaints made by its customers, either directly or through the Commission.
2. The utility shall respond to the complainant and/or the Commission representative within five working days as to the status of the utility investigation of the complaint.
3. The utility shall notify the complainant and/or the Commission representative of the final disposition of each complaint. Upon request of the complainant or the Commission representative, the utility shall report the findings of its investigation in writing.

4. The utility shall inform the customer of his right of appeal to the Commission.
5. Each utility shall keep a record of all written service complaints received which shall contain, at a minimum, the following data:
   a. Name and address of the complainant
   b. Date and nature of the complaint
   c. Disposition of the complaint
   d. A copy of any correspondence between the utility, the customer, and/or the Commission.

   This record shall be maintained for a minimum period of one year and shall be available for inspection by the Commission.

B. Notice by utility of responsible officer or agent
1. Each utility shall file with the Commission a written statement containing the name, address (business, residence and post office) and telephone numbers (business and residence) of the onsite manager of its operations.
2. Each utility shall give notice, by filing a written statement with the Commission, of any change in the information required herein within five days from the date of any such change.

C. Time-frames for processing applications for Certificates of Convenience and Necessity
1. This rule prescribes time-frames for the processing of any application for a Certificate of Convenience and Necessity issued by the Arizona Corporation Commission pursuant to this Article. These time-frames shall apply to applications filed on or after the effective date of this rule.
2. Within 30 calendar days after receipt of an application for a new Certificate of Convenience and Necessity, or to amend or change the status of any existing Certificate of Convenience and Necessity, staff shall notify the applicant, in writing, that the application is either administratively complete or deficient. If the application is deficient, the notice shall specify all deficiencies.
3. Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.
4. After receipt of a corrected application, staff shall notify the applicant within 30 calendar days if the corrected application is either administratively complete or deficient. The time-frame for administrative completeness review shall be suspended from the time the notice of deficiency is issued until staff determines that the application is complete.
5. Within 150 days after an application is deemed administratively complete, the Commission shall approve or reject the application.
6. For purposes of A.R.S. § 41-1072 et seq., the Commission has established the following time-frames:
   a. Administrative completeness review time-frame: 30 calendar days,
   b. Substantive review time-frame: 150 calendar days,
   c. Overall time-time: 180 calendar days.
7. If an applicant requests, and is granted, an extension or continuance, the appropriate time-frames shall be tolled from the date of the request during the duration of the extension or continuance.
8. During the substantive review time-frame, the Commission may, upon its own motion or that of any interested party to the proceeding, request a suspension of the time-frame rules.

D. Accounts and records
1. Each utility shall keep general and auxiliary accounting records reflecting the cost of its properties, operating income and expense, assets and liabilities, and all other accounting and statistical data necessary to give complete and authentic information as to its properties and operations.
2. Each utility shall maintain its books and records in conformity with the NARUC Uniform Systems of Accounts for Class A, B, C and D Water Utilities.
3. A utility shall produce or deliver in this state any or all of its formal accounting records and related documents requested by the Commission. It may, at its option, provide verified copies of original records and documents.
4. All utilities shall submit an annual report to the Commission on a form prescribed by it. The annual report shall be filed on or before the 15th day of April for the preceding calendar year.
5. All utilities shall file with the Commission a copy of all reports required by the Securities and Exchange Commission.
6. All utilities shall file with the Commission a copy of all annual reports required by the Federal Energy Regulatory Commission.

E. Maps. All utilities shall file with the Commission a map or maps clearly setting forth the location and extent of the area or areas they hold under approved certificates of convenience and necessity, in accordance with the Cadastral (Rectangular) Survey of the United States Bureau of Land Management, or by metes and bounds with a starting point determined by the aforesaid Cadastral Survey.

F. Variations, exemptions of Commission rules and regulations. Variations or exemptions from the terms and requirements of any of the rules included herein (Title 14, Chapter 2, Article 4) shall be considered upon the verified application of an affected party to the Commission setting forth the circumstances whereby the public interest requires such variation or exemption from the Commission rules and regulations. Such application will be subject to the review of the Commission, and any variation or exemption granted shall require an order of the Commission. In case of conflict between these rules and regulations and an approved tariff or order of the Commission, the provisions of the tariff or order shall apply.

G. Prior agreements. The adoption of these rules by the Commission shall not affect any agreements entered into between the utility and customers or other parties who, pursuant to such contracts, arranged for the extension of facilities in a provision of service prior to the effective date of these rules.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended subsection (D) effective September 28, 1982 (Supp. 82-5). Amended effective December 31, 1998, under an exemption as determined by the Arizona Corporation Commission (Supp. 98-4). Amended to correct subsection numbering (Supp. 99-4).

ARTICLE 5. TELEPHONE UTILITIES

R14-2-501. Definitions

In this Article, unless the context otherwise requires, the following definitions shall apply:
1. "Advance in aid of construction." Funds provided to the utility by the applicant under the terms of a construction agreement, which may be refundable.
2. "Applicant." A person or agency requesting the utility to supply telephone service.
3. "Application." A request to the utility for telephone service, as distinguished from an inquiry as to the availability or charges for such service.

4. "Arizona Corporation Commission." The regulatory authority of the state of Arizona having jurisdiction over public service corporations operating in Arizona.
5. "Basic exchange service." Service provided to business or residential customers at a flat or measured rate which affords access to the telecommunications network.
6. "Billing period." The time interval between the issuance of two consecutive bills for utility service.
7. "Central office." The switching equipment and operating arrangements which provide exchange and long distance service to the public and interconnection of customer telecommunication services.
8. "Contribution in aid of construction." Funds provided to the utility by the applicant under the terms of a construction agreement or construction tariff which are not refundable.
9. "Customer." The person or entity in whose name service is rendered, as evidenced by the signature on the application or contract for that service, or by the receipt and/or payment of bills regularly issued in his name regardless of the identity of the actual user of the service.
10. "Day." Calendar day.
11. "Line extension." The lines and equipment necessary to provide service to additional customers.
12. "Person." Any individual, partnership, corporation, governmental agency, or other organization operating as a single entity.
13. "Service access point." A demarcation point where facilities owned, leased, or under license by a customer connect to the utility provided access line.
14. "Premises." All of the real property and apparatus employed in a single enterprise on an integral parcel of land undivided by public streets, alleys or railways.
15. "Residential subdivision development." Any tract of land which has been divided into four or more contiguous lots with an average size of one acre or less for use for the construction of residential buildings or permanent mobile homes for either single or multiple occupancy.
16. "Rules." The regulations set forth in the tariffs which apply to the provision of telephone service.
17. "Service area." The territory in which the utility has been granted a Certificate of Convenience and Necessity and is authorized by the Commission to provide telephone service.
18. "Service charge." The charge as specified in the utility's tariffs which covers the cost of establishing moving, changing or reconnecting service or equipment.
19. "Access line." A communications facility that connects service from a common distribution source to the service access point.
20. "Tariffs." The documents filed with the Commission which list the utility services and products offered by the utility and which set forth the terms and conditions and a schedule of the rates and charges for those services and products.
21. "Terminal equipment." The equipment through which communication services are furnished.
22. "Temporary service." Service to premises or enterprises which are temporary in character, or where it is known in advance that the service will be of limited duration. Service which, in the opinion of the utility, is for operations of a speculative character is also considered temporary service.
23. "Toll service." Service between stations in different exchange areas for which a long distance charge is applicable.
24. "Utility." The company providing telephone service to the public in compliance with state law.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2).

R14-2-502. Certificate of Convenience and Necessity for telephone utilities; additions/extensions; abandonments

A. Application for new Certificate of Convenience and Necessity

1. Six copies of each application for a new Certificate of Convenience and Necessity shall be submitted in a form prescribed by the Commission and shall include, at a minimum, the following information:
   a. The proper name and correct address of the proposed utility company and its owner if a sole proprietorship, each partner if a partnership, or the President and Secretary if a corporation.
   b. A copy of the Articles of Partnership or Articles of Incorporation for the applicant and/or Bylaws if the utility is a non-profit organization, or association.
   c. The rates proposed to be charged for the service that will be rendered.
   d. A financial statement setting forth the financial condition of the applicant.
   e. Maps of the proposed service area and/or a description of the area proposed to be served.
   f. Appropriate city, county and/or state agency approvals, where appropriate.
   g. The actual number of customers within the service area as of the time of filing and the estimated number of customers to be served for each of the first five years of operation.
   h. Such other information as the Commission by order or the staff of the Utilities Division by written directive may request.
2. Once the applicant has satisfied the information requirements of this regulation, as well as any additional information required by the staff of the Commission's Utilities Division, the Commission shall, as expeditiously reasonably practicable, schedule hearings to consider such application.

B. Additions/extensions to existing Certificates of Convenience and Necessity. Each utility which extends utility service to a person not located within its certificated service area, but located in a non-certificated area contiguous to its certificated service area, shall, notify the Commission of such service extension.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended to correct subsection numbering (Supp. 99-4).

R14-2-503. Establishment of service

A. Information from new applicants

1. A utility may obtain the following minimum information from each new applicant for service:
   a. Name or names of applicant(s).
   b. Service address or location and telephone number
   c. Billing address, if different than service address.
   d. Address and telephone number where service was provided previously.
   e. Date applicant will be ready for service.
   f. Indication of whether premises have been supplied with telephone utility service previously.
   g. Class of service to be provided.
   h. Indication of whether applicant is owner or tenant of or agent for the premises.

2. A utility may require a new applicant for service to appear at the utility's designated place of business to produce proof of identity and sign the utility's application form.
3. Where service is requested by two or more individuals the utility shall have the right to collect the full amount owed to the utility from any one of the applicants.

B. Deposits

1. A utility shall not require a deposit from a new applicant for residential service if the applicant is able to meet any of the following requirements:
   a. The applicant has had continuous telephone service of a comparable nature with the utility at another service location within the past two years and was not delinquent in payment more than once during the last 12 consecutive months or disconnected for nonpayment.
   b. The applicant can produce a letter regarding credit or verification from a telephone utility where service of a comparable nature was last received which states:
      i. Applicant had a timely payment history at time of service discontinuation.
      ii. Applicant has no outstanding liability from prior service.
   c. In lieu of a deposit, a new applicant may provide a Letter of Guarantee from an existing customer with service who is acceptable to the utility or a surety bond as security for the utility. The utility shall review and release an existing customer as a guarantor for the new applicant after 12 consecutive months if no obligations are delinquent and has maintained a timely payment history.
2. The utility shall issue a nonnegotiable receipt to the applicant for the deposit. The inability of the customer to produce such a receipt shall in no way impair his right to receive a refund of the deposit which is reflected on the utility's records.
3. Deposits shall be interest bearing; the interest rate and method of calculation shall be filed with and approved by the Commission in a tariff proceeding.
4. Each utility shall file a deposit refund policy with the Commission, subject to Commission review and approval during a tariff proceeding. However, each utility's refund policy shall include provisions for residential deposits and accrued interest to be refunded after 12 months of service if the customer has not been delinquent in the payment of utility bills or applied to the closing bill upon discontinuance of service.
5. A utility may require a residential customer to establish a deposit if the customer becomes delinquent in the payment of two or more bills within a 12-consecutive-month period or has been disconnected for service during the last 12 months.
6. The amount of a deposit required by the utility shall be determined according to the following terms:
   a. Residential customer deposits shall not exceed two times that customer's estimated average monthly bill or the average monthly bill for the customer class for that customer which ever is greater.
   b. Nonresidential customer deposits shall not exceed 2 1/2 times that customer's estimated maximum monthly bill.
7. The utility may review the customer's usage after service has been connected and adjust the deposit amount based upon the customer's actual usage.

C. Grounds for refusal of service. A utility may refuse to establish service if any of the following conditions exist:

1. The applicant has an outstanding amount due for similar utility services and the applicant is unwilling to make acceptable arrangements with the utility for payment.
2. A condition exists which in the utility's judgment is unsafe or hazardous to the applicant, the general population, or the utility's personnel or facilities.
3. Refusal by the applicant to provide the utility with a deposit when the customer has failed to meet the credit criteria for waiver of deposit requirements.
4. Customer is known to be in violation of the utility's tariffs filed with the Commission.
5. Failure of the customer to furnish such funds, suitable facilities, and/or rights-of-way necessary to serve the customer and which have been specified by the utility as a condition for providing service.
6. Applicant falsifies his or her identity for the purpose of obtaining service.

D. Service establishments, re-establishments or reconnection charge

1. Each utility may make a charge as approved by the Commission for the establishment, reestablishment, or reconnection of utility services.
2. Should service be established during a period other than regular working hours at the customer's request, the customer may be required to pay an after-hour charge for the service connection.
3. For the purpose of this rule, service establishments are where the customer's and utility's facilities are ready and acceptable.

E. Temporary service

1. Applicants for temporary service may be required to pay the utility, in advance of service establishment, the funds provided under the terms of a construction agreement or the cost of installing and removing the facilities necessary for furnishing the desired service.
2. Where the duration of service is to be less than one month, the applicant may also be required to advance a sum of money equal to the estimated bill for service.
3. If at any time the character of a temporary customer's operations changes so that in the opinion of the utility the customer is classified as permanent, the terms of the utility's construction agreement or tariff shall apply.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended to correct subsection numbering (Supp. 99-4).

R14-2-504. Minimum customer information requirements

A. Information for residential customers

1. Each utility shall make available upon customer request not later than 60 days from the date of request a concise summary of the rate schedule applied for by such customer. The summary shall include the following:
   a. The charges for basic service and incremental ancillary services requested by the applicant.
2. In addition, a utility shall make available upon customer request not later than 60 days from date of service commencement a concise summary of the utility's tariffs or the Commission's rules and regulations concerning:
   a. Deposits
   b. Terminations of service
   c. Billing and collection
   d. Complaint handling.

B. Information required due to changes in tariffs

1. Each utility shall transmit to affected customers by the most economic means available a concise summary of any change in the utility's tariffs affecting those customers.
2. This information shall be transmitted to the affected customer within 60 days of the effective date of the change.

Historical Note
Adopted effective March 2, 1982 (Supp. 82-2).

R14-2-505. Service connections and establishments

A. Priority and timing of service establishments
1. After an applicant has complied with the utility's application, construction agreement, or tariff, deposit requirements and has been accepted for service by the utility, the utility shall schedule that customer for service connection and/or establishment.
2. Service establishments shall be scheduled for completion within 10 working days of the date the customer has been accepted for service, except in those instances when the customer requests service establishment beyond the 10 working day limitation.
3. The maximum interval of 10 working days applies to single line residence and business installations only. Multiline services and any special equipment configurations shall be installed within a reasonable time-frame based on availability of necessary equipment.
4. When a utility has made arrangements to meet with a customer for service establishment purposes and the utility or the customer cannot make the appointment during the prearranged time, the utility shall reschedule the establishment to the satisfaction of both parties.
5. Unless another time-frame is mutually acceptable to the utility and the customer, each utility shall schedule service establishment appointments within a maximum range of four hours during normal working hours.
6. For the purposes of this rule, service establishments are where the utility's and customer's facilities are available and the utility needs only to connect the service.

B. Access line connection
1. Provision of services beyond service access point
   a. Facilities beyond the service access point may be provided by either the utility or the customer. Where the facilities are provided by the customer the installation shall be in accordance with the utility's specifications.
   b. The cost of all new construction of inside customer premise wiring shall be the responsibility of the customer.
2. Company provided facilities
   a. The utility shall provide all facilities up to the service access point.
   b. A customer requesting an underground service connection in an area served by overhead facilities shall pay for the difference between the cost of an overhead service connection and the actual cost of the underground connection as a nonrefundable contribution. The customer may elect to provide the underground trenching on private property as an offsetting portion of the additional cost of the underground facilities.
   c. In those instances where the utility is supplying the customer's terminal equipment, the utility may provide any inside wiring beyond the point of access in accordance with approved tariffs filed with the Commission.
3. Easements and rights-of-way
   a. Each customer shall grant adequate easement and right-of-way satisfactory to the utility to ensure that customer's proper service connection. Failure on the part of the customer to grant adequate easement and right-of-way shall be grounds for the utility to refuse service.
   b. When a utility discovers that a customer or his agent is performing work or has constructed facilities adjacent to or within an easement or right-of-way and such work, construction or facility poses a hazard or is in violation of federal, state or local laws, ordinances, statutes, rules or regulations, or significantly interferes with the utility's access to equipment, the utility shall notify the customer or his agent and shall take whatever actions are necessary to eliminate the hazard, obstruction or violation at the customer's expense.

Historical Note
Adopted effective March 2, 1982 (Supp. 82-2).

R14-2-506. Construction Agreements

A. General requirements
1. Each utility shall file for Commission approval a tariff which incorporates the provisions of this rule and specifically defines the conditions governing construction agreements. Subsections (A), (B), (C), and (D) of this Section do not apply to tariffs providing for construction charges fixed by zone.
2. Upon request by an applicant for service, the utility shall provide, without charge, a preliminary sketch and rough estimates of the cost of installation to be paid by said applicant.
3. Any applicant for service requesting the utility to prepare detailed plans, specifications, or cost estimates may be required to deposit with the utility an amount equal to the estimated cost of preparation. The utility shall, upon request, make available within 90 days after receipt of the deposit referred to above, such plans, specifications, or cost estimates of the proposed construction. Where the applicant authorizes the utility to proceed with construction of the extension, the deposit shall be credited to the cost; otherwise the deposit shall be nonrefundable. If the extension is to include oversizing of facilities to be done at the utility's expense, appropriate details shall be set forth in the plans, specifications and cost estimates.
4. Where the utility requires an applicant to advance funds for construction, the utility shall furnish the applicant with a copy of the agreement or tariff of the appropriate utility prior to the applicant's acceptance.
5. All construction agreements requiring payment by the applicant shall be signed by each party.
6. In the event the utility's actual cost of construction is less than the amount advanced by the customer under a construction agreement, the utility shall make a refund to the applicant within 120 days of service commencement.
7. The provisions of this rule apply only to those applicants who in the utility's judgment will be permanent customers of the utility. Applications for temporary service shall be governed by the Commission's rules concerning temporary service applications.

B. Minimum written agreement requirements
1. Each construction agreement shall, at a minimum, include the following information:
   a. Name and address of applicant or applicants
   b. Proposed service address or location
   c. Description of requested service

d. Description and sketch of the requested construction
e. A cost estimate to include materials, labor, and other costs as necessary
f. Payment terms
g. A concise explanation of any refunding provisions, if applicable
h. Utility's estimated start date and completion date for construction
i. A summary of the results of the economic feasibility analysis performed by the utility to determine the amount of advance required from the applicant for the proposed construction.

2. Each applicant shall be provided with a copy of the construction agreement.

C. Construction requirements. Each construction tariff shall include the following provisions:

1. A maximum footage and/or equipment allowance to be provided by the utility at no charge. The maximum footage and/or equipment allowance may be differentiated by customer class.
2. An economic feasibility analysis for construction which exceed the maximum footage and/or equipment allowance. Such economic feasibility analysis shall consider the incremental revenues and costs associated with the construction. In those instances where the requested construction does not meet the economic feasibility criteria established by the utility, the utility may require the customer to provide funds to the utility, which will make the construction economically feasible. The methodology employed by the utility in determining economic feasibility shall be applied uniformly and consistently to each applicant requiring a construction.
3. The timing and methodology by which the utility will refund any advances in aid of construction as additional customers are served off the construction project. The customer may request an annual survey to determine if additional customers have been connected to and are using service from the project. In no case shall the amount of the refund exceed the amount originally advanced.
4. All advances in aid of construction shall be noninterest bearing.
5. If after five years from the utility's receipt of the advance, the advance has not been totally refunded, the advance shall be considered a contribution in aid of construction and shall no longer be refundable.

D. Residential subdivision development and permanent mobile home parks. Each utility shall submit as a part of its construction tariff provisions for residential subdivision developments and permanent mobile home parks.

E. Underground extension of communication lines

1. Extension of communication lines necessary to furnish permanent communication service to new residential buildings or mobile homes within a new or undeveloped subdivision and to residential development in which facilities for communication service have not been constructed for which applications are made by a developer shall be installed underground in accordance with the provisions set forth in this regulation and in accordance with applicable tariffs on file with this Commission except where it is not feasible from an engineering, operational or economic standpoint.
2. Rights-of-way and easements
   a. The utility shall construct or cause to be constructed and shall own, operate and maintain all underground communication feeder, distribution and service lines along public streets, roads and highways and on public lands and private property which the utility has the legal right to occupy.
   b. Rights-of-way and easements suitable to the utility must be furnished by the developer at no cost to the utility and in reasonable time to meet service requirements. No underground communication facilities shall be installed by a utility until the final grades have been established and furnished to the utility. In addition, the easement strips, alleys and streets must be graded to within six inches of final grade by the developer before the utility will commence construction. Such clearance and grading must be maintained by the developer during construction by the utility.
   c. If, subsequent to construction, the clearance or grade is changed in such a way as to require relocation of the underground facilities, the cost of such relocation shall be borne by the developer or subsequent owners.
3. Installation of underground communication lines within subdivision and multiple occupancy residential developments:
   a. The developer shall provide the trenching backfill (including any imported backfill required), compaction, repaving, and any earthwork required to install the underground communication system all in accordance with the reasonable specifications and schedules of other utilities in the same area when feasible. At its option, if the utility's cost therefore is equal to or less than that which the developer would otherwise have to bear, the utility may elect at the developer's expense to perform the activities necessary to fulfill the developer's responsibility hereunder.
   b. Each utility shall promptly inspect the trenching provided by the developer and allow for phased inspection of trenching. In all cases, the utility shall make every effort to expedite the inspection of developer provided trenching.
   c. The utility shall install or cause to be installed underground communication lines and related equipment in accordance with the applicable provisions of the 1997 edition (an no future editions) of ANSI C2 (National Electrical Safety Code) with sufficient capacity and suitable materials which shall assure adequate and reasonable communication service in the foreseeable future.
   d. When developer is required to provide a trench for other underground utilities and services, the utility shall use such common trench as long as the utility's design layout, easement specification, routing and scheduling requirements can be met, unless otherwise agreed upon by utility and developer in writing or as otherwise established by the Commission.
4. Special conditions
   a. When the application of any of the provisions of the regulation appears to either party not to be feasible from an engineering, operational or economic standpoint, the utility or the developer may refer the matter to the Commission for a determination as to whether an exception to the underground policy expressed within the provisions of this regulation is warranted. Interested third parties may present their views to the Commission in conjunction with such referrals.

b. Notwithstanding any provision of this regulation to the contrary, no utility shall construct overhead communication lines in any new subdivision or new multiple occupancy residential development to which this regulation is applicable and which is contiguous to another subdivision or multiple occupancy residential development in which service is furnished underground without the approval of the Commission after a public hearing.

F. Nonapplicability. Any underground communication distribution system requiring more than normal communication service is not covered by this regulation and shall be constructed pursuant to the effective rules and regulations of the affected utility as approved by the Commission.

G. Ownership of facilities. Any facilities installed hereunder shall be the sole property of the utility.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended by exempt rulemaking at 5 A.A.R. 2054, effective June 4, 1999 (Supp. 99-2). Amended to correct subsection numbering (Supp. 99-4).

Editor's Note: The following Section was amended under an exemption from the Attorney General certification provisions of the Arizona Administrative Procedure Act (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)), as determined by the Corporation Commission. This exemption means that the rules as amended were not certified by the Attorney General.

R14-2-507. Provision of Service

A. Utility responsibility. Each utility shall be responsible for maintaining in safe operating condition all equipment and fixtures used in providing utility service to the customer that are owned by and under the exclusive control of the utility.

B. Customer responsibility

1. Each customer shall be responsible for safeguarding all utility property installed in or on the customer's premises for the purpose of supplying utility service to that customer.
2. Each customer shall be responsible for maintaining in safe operating condition all customer provided equipment and fixtures.
3. Each customer shall exercise all reasonable care to prevent loss or damage to utility property, excluding ordinary wear and tear. The customer shall be responsible for loss of or damage to utility property on the customer's premises arising from neglect, theft, carelessness, or misuse and shall reimburse the utility for the cost of necessary repairs or replacements.
4. Each customer shall be responsible for payment for any equipment damage and/or use resulting from unauthorized use, interfering or tampering of the utility's equipment on the customer's premises.
5. Each customer shall notify the utility of any equipment failure identified in the utility's equipment.

C. Continuity of service. Each utility shall make reasonable efforts to supply a satisfactory and continuous level of service. However, no utility shall be responsible for any damage or claim of damage attributable to any interruption or discontinuation of service resulting from but not limited to:

1. Any cause against which the utility could not have reasonably foreseen or made provision for, that is, force majeure.
2. Intentional service interruptions to make repairs or perform routine maintenance of services constituting excusable negligence.

D. Service interruptions

1. Each utility shall make reasonable efforts to reestablish service within the shortest possible time when service interruptions occur.
2. Each utility shall make reasonable provisions to meet emergencies resulting from failure of service, and each utility shall issue instructions to its employees covering procedures to be followed in the event of emergency in order to prevent or mitigate interruption or impairment of service.
3. In the event of a national emergency or local disaster resulting in disruption of normal service, the utility may, in the public interest, interrupt service to other customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.
4. When a utility plans to interrupt service for more than four hours to perform necessary repairs or maintenance, the utility shall attempt to inform affected customers at least 24 hours in advance of the scheduled date and estimated duration of the service interruption. Such repairs shall be completed in the shortest possible time to minimize the inconvenience to the customers of the utility.
5. The Commission shall be notified of major interruptions in service affecting the entire system or any major division.

E. Construction standards. Each utility shall construct all facilities in accordance with the provisions of the 1997 edition (and no future editions) of ANSI C2 (National Electrical Safety Code), incorporated by reference and on file with the Office of the Secretary of State. Copies are available from the Institute of Electrical and Electronic Engineers, Inc., 345 East 47th Street, New York, New York 10017.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended effective August 16, 1996 (Supp. 96-3). Amended by exempt rulemaking at 5 A.A.R. 2054, effective June 4, 1999 (Supp. 99-2). Amended to correct subsection numbering (Supp. 99-4).

R14-2-508. Billing and collection

A. Frequency. Each utility shall bill monthly for services rendered.

B. Minimum bill information. Each utility shall provide the following minimum information on customer bills:

1. Monthly charge for basic exchange service including delineation of the following:
   a. Total charge for customer requested services and/or equipment.
   b. Installation costs or other service fees, where applicable.
   c. Reconnect fee, where applicable.
2. Toll charges broken down to include the following details by toll call:
   a. Date of call
   b. Time of call
   c. Location called
   d. Phone number called
   e. Duration of call
   f. Indication of any rate class applied.
3. Miscellaneous charges and credits shall be shown separately.
4. Any taxes included in the customer's billing.
5. Total amount due and due date.
6. Past due amount.
7. Utility telephone number.

8. Customer's name.
9. Service account number.

C. Billing terms: Each utility shall file a tariff which incorporates the following billing procedures:
1. The billing date shall be printed on the bill and the date rendered shall be the mailing date.
2. Bills for telephone services may be considered delinquent 15 days after the date the bill is rendered.
3. Delinquent accounts for which payment has not been received may be terminated 22 days after the date the bill is rendered.
4. All payments shall be made at or mailed to the office of the utility or to the utility's duly authorized representative.

D. Applicable tariffs, prepayment, failure to receive, commencement date, taxes
1. Each customer shall be billed under the applicable tariff.
2. Each utility shall make provisions for advance payment for utility services.
3. Failure to receive bills or notices which have been properly placed in the United States mail shall not prevent such bills from becoming delinquent nor relieve the customer of his obligations therein.
4. Charges for service commence when the service is installed and connection made, whether used or not.
5. In addition to the collection of regular rates, each utility may collect from the customer a proportionate share of any privilege, sales or use tax, or other imposition based on the gross revenues received by the utility.

E. Insufficient funds (NSF) checks
1. A utility shall be allowed to recover a fee, as approved by the Commission in a tariff proceeding, for each instance where a customer tenders payment for utility service with an insufficient funds check.
2. When the utility is notified by the customer's bank that there are insufficient funds to cover the check tendered for utility service, the utility may require the customer to make payment in cash, by money order, certified check, or other means which guarantee the customer's payment to the utility.
3. A customer who tenders an insufficient check shall in no way be relieved of the obligation to render payment to the utility under the original terms of the bill nor defer the utility's provision for termination of service for nonpayment of bills.

F. Deferred payment plan
1. Each utility may, prior to termination, offer to qualifying residential customers a deferred payment plan for the customer to retire unpaid bills for utility service.
2. Each deferred payment agreement entered into by the utility and the customer due to the customer's inability to pay an outstanding bill in full shall provide that service will not be discontinued if:
   a. Customer agrees to pay a reasonable amount of the outstanding bill at the time the parties enter into the deferred payment agreement.
   b. Customer agrees to pay all future bills for utility service in accordance with the billing and collection tariffs of the utility.
   c. Customer agrees to pay a reasonable portion of the remaining outstanding balance in installments over a period not to exceed six months.
3. For the purposes of determining a reasonable installment payment schedule under these rules, the utility and the customer shall give consideration to the following conditions:
   a. Size of the delinquent account
   b. Customer's ability to pay
   c. Customer's payment history
   d. Length of time that the debt has been outstanding
   e. Circumstances which resulted in the debt being outstanding
   f. Any other relevant factors related to the circumstances of the customer.
4. Any customer who desires to enter into a deferred payment agreement shall establish such agreement prior to the utility's scheduled termination date for nonpayment of bills; customer failure to execute a deferred payment agreement prior to the scheduled termination date shall not prevent the utility from discontinuing service for nonpayment.
5. Deferred payment agreements may be in writing and may be signed by the customer and an authorized utility representative.
6. A deferred payment agreement may include a finance charge as approved by the Commission in a tariff proceeding.
7. If a customer has not fulfilled the terms of a deferred payment agreement, the utility shall have the right to disconnect service pursuant to the utility's termination of service rules and, under such circumstances, it shall not be required to offer subsequent negotiation of a deferred payment agreement prior to disconnection.

G. Late payment penalty
1. Each utility may include in its tariffs a late payment penalty which may be applied to delinquent bills.
2. The amount of the late payment penalty shall be indicated upon the customer's bill when rendered by the utility.
3. In the absence of an approved tariff, the amount of the late payment penalty shall not exceed 1-1/2% of the delinquent bill.

H. Change of responsibility or occupancy
1. Not less than three working days advance notice must be given in person, in writing, or by telephone at the utility's office to discontinue service, to change occupancy or to change account responsibility.
2. The customer in whose name service is being rendered shall be responsible for all utility services provided and/or consumed up to the scheduled date of service discontinuation.
3. Existing business service may be continued for a new subscriber only if the former subscriber consents and an agreement acceptable to the utility is made to pay all outstanding charges against the service.
4. Change of responsibility on a residence account shall occur only in those cases where both parties previously shared telephone service.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended to correct subsection numbering (Supp. 99-4).

R14-2-509. Termination of service

A. Nonpermissible reasons to disconnect service. A utility may not disconnect service for any of the reasons stated below:
1. Delinquency in payment for services rendered to a prior customer at the premises where service is being provided, except in the instance where the prior customer continues to reside on the premises.
2. Failure of the customer to pay for services or equipment which are not regulated by the Commission.
3. Residential service may not be disconnected due to nonpayment of a bill related to another class of service.

4. Failure to pay for a bill to correct a billing error if the customer agrees to pay over a reasonable period of time.
5. Failure to pay the bill of another customer as guarantor thereof unless guarantor does not make acceptable payment arrangements.
6. Disputed bills where the customer has complied with the Commission's rules on complaints.

B. Termination of service without notice

1. Utility service may be disconnected without advance written notice under the following conditions:
   a. The existence of an obvious hazard to the safety or health of the consumer or the general population or the utility's personnel or facilities.
   b. The utility has evidence of tampering or evidence of fraud.
2. The utility shall not be required to restore service until the conditions which resulted in the termination have been corrected to the satisfaction of the utility.
3. Each utility shall maintain a record of all terminations of service without notice. This record shall be maintained for a minimum of one year and shall be available for inspection by the Commission.

C. Termination of service with notice

1. A utility may disconnect service to any customer for any reason stated below provided the utility has met the notice requirements established by the Commission:
   a. Customer violation of any of the utility's tariffs filed with the Commission and/or violation of the Commission's rules and regulations.
   b. Failure of the customer to pay a bill for utility service.
   c. Failure to meet or maintain the utility's credit and deposit requirements.
   d. Failure of the customer to provide the utility reasonable access to its equipment and property.
   e. Customer breach of contract for service between the utility and customer.
   f. When necessary for the utility to comply with an order of any governmental agency having such jurisdiction.
   g. Unauthorized resale of equipment or service.
2. Each utility shall maintain a record of all terminations of service with notice. This record shall be maintained for one year and be available for Commission inspection.

D. Termination notice requirements

1. No utility shall terminate service to any of its customers without providing advance written notice to the customer of the utility's intent to disconnect service, except under those conditions specified where advance written notice is not required.
2. Such advance written notice shall contain, at a minimum, the following information:
   a. The name of the person whose service is to be terminated and the telephone number where service is being rendered.
   b. The utility rules or regulation that was violated and explanation thereof or the amount of the bill which the customer has failed to pay in accordance with the payment policy of the utility, if applicable.
   c. The date on or after which service may be terminated.
   d. A statement advising the customer to contact the utility at a specific phone number for information regarding any deferred billing or other procedures which the utility may offer or to work out some other mutually agreeable solution to avoid termination of the customer's service.

E. Timing of terminations with notice

1. Each utility shall be required to give at least five days advance written notice prior to the termination date.
2. Such notice shall be considered to be given to the customer when a copy thereof is left with the customer or posted first class in the United States mail, addressed to the customer's last known address.
3. If after the period of time allowed by the notice has elapsed and the delinquent account has not been paid nor arrangements made with the utility for the payment thereof or in the case of a violation of the utility's rules the customer has not satisfied the utility that such violation has ceased, the utility may then terminate service on or after the day specified in the notice without giving further notice.
4. The utility may terminate service on a temporary basis by discontinuing the customer's line access at the central office.
5. The utility shall have the right (but not the obligation) to remove any or all of its property installed on the customer's premises upon the termination of service.
6. The terms and conditions of these rules shall apply in all circumstances except those superseded by the provisions of the high toll usage notification procedures.

F. High toll usage monitoring/notification procedures

1. Each telephone utility may establish a high toll usage monitoring/notification system to identify unexplained or excessive increases in customer toll usage during interim periods between the issuance of bills in accordance with the utility's established billing cycle. The intent of such a monitoring/notification system is to enable telephone utilities to identify situations where it is unlikely that the customer will be able to pay for toll services already provided as well as to prevent the accrual of additional billings when the risk of loss is increasingly evident.
2. Each utility which establishes a high toll monitoring/notification system shall develop and operate such system and be governed by the following provisions and procedures:
   a. Each utility shall establish a "normal" amount of toll usage by customer class and length of service. The normal amount of toll usage shall be based upon the actual average usage by the customer class.
   b. Increases in toll usage shall not be considered unexplained or excessive until the amount of toll usage incurred between billing periods is at least two times the normal amount of monthly toll usage for that customer or customer class.
   c. When this situation occurs, the utility shall review:
      i. The individual customer's billing history to determine if the volume of toll usage should be considered excessive for that particular customer
      ii. Prior payment history
      iii. Amount of customer deposit held, if any
      iv. Length of customer service to assess the ability of the customer to pay such toll charges according to the payment terms of the utility when a normal billing is rendered.
   d. If the review of the customer's previous billing and payment history indicates it is unlikely that the customer shall be able to pay such bill, the utility may contact the customer to make inquiries concerning the abnormal usage. If the explanation is not satis-

factory, the utility may require security and/or payment of charges on the account to continue service.

e. The utility may terminate service provided the customer is given 48 hours advance notice and the customer makes no further attempt to secure and or pay the account in order to continue service.

f. The 48-hour notification rule shall be waived and service may be terminated immediately in those situations where intentional customer abuse of toll usage is evident.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended to correct subsection numbering (Supp. 99-4).

Editor's Note: The following Section was amended under an exemption from the Attorney General approval provisions of the Arizona Administrative Procedure Act (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)), as determined by the Corporation Commission. This exemption means that the rules as amended were not approved by the Attorney General.

R14-2-510. Administrative and Hearing Requirements

A. Customer service complaints

1. Each utility shall make a full and prompt investigation of all service complaints made by its customers, either directly or through the Commission.
2. The utility shall respond to the complainant and/or the Commission representative within five working days as to the status of the utility investigation of the complaint.
3. The utility shall notify the complainant and/or the Commission representative of the final disposition of each. Upon request of the complainant or the Commission representative, the utility shall report the findings of its investigation in writing.
4. Each utility shall keep a record of all written service complaints received which shall contain, at a minimum, the following data:
   a. Name and address of complainant
   b. Date and nature of the complaint
   c. Disposition of the complaint
   d. A copy of any correspondence between the utility, the customer, and/or the Commission.
5. This record shall be maintained for a minimum period of one year and shall be available for inspection by the Commission.

B. Customer bill disputes

1. Any utility customer who disputes a portion of a bill rendered for utility service shall pay the undisputed portion of the bill and notify the utility's designated representative that such unpaid amount is in dispute prior to the delinquent date of the bill.
2. Upon receipt of the customer notice of dispute, the utility shall:
   a. Notify the customer within five working days of the receipt of a written dispute notice.
   b. Initiate a prompt investigation as to the source of the dispute.
   c. Withhold disconnection of service until the investigation is completed and the customer is informed of the results.
3. Once the customer has received the results of the utility's investigation, the customer shall submit payment within five working days to the utility for any disputed amounts. Failure to make full payment shall be grounds for termination of service. Prior to termination inform the customer of his right of appeal to the Commission.

C. Commission resolution of service and/or bill disputes

1. In the event a customer and utility cannot resolve a service and/or bill dispute, the customer shall file a written statement of dissatisfaction with the Commission; by submitting such notice to the Commission, the customer shall be deemed to have filed an informal complaint against the utility.
2. Within 30 days of the receipt of a written statement of customer dissatisfaction related to a service or bill dispute, a designated representative of the Commission shall endeavor to resolve the dispute by correspondence and/or telephone with the utility and the customer. If resolution of the dispute is not achieved within 20 days of the Commission representative's initial effort, the Commission shall hold an informal hearing to arbitrate the resolution of the dispute. The informal hearing shall be governed by the following rules:
   a. Each party may be represented by legal counsel, if desired.
   b. All such informal hearings may be recorded or held in the presence of a stenographer.
   c. All parties will have the opportunity to present written or oral evidentiary material to support the positions of the individual parties.
   d. All parties and the Commission's representative shall be given the opportunity for cross-examination of the various parties.
   e. The Commission's representative will render a written decision to all parties within five working days after the date of the informal hearing. Such written decision of the arbitrator is not binding on any of the parties and the parties will still have the right to make a formal complaint to the Commission.
3. The utility may implement normal termination procedures if the customer fails to pay all bills rendered during the resolution of the dispute by the Commission.

D. Notice by utility of responsible officer or agent

1. Each utility shall file with the Commission a written statement containing the name, address (business, residence and post office) and telephone numbers (business and residence) of at least one officer, agent or employee responsible for the general management of its operations as a utility in Arizona.
2. Each utility shall give notice, by filing a written statement with the Commission, of any change in the information required herein within five days from the date of any such change.

E. Time-frames for processing applications for Certificates of Convenience and Necessity

1. This rule prescribes time-frames for the processing of any application for a Certificate of Convenience and Necessity issued by the Arizona Corporation Commission pursuant to this Article. These time-frames shall apply to applications filed on or after the effective date of this rule.
2. Within 30 calendar days after receipt of an application for a new Certificate of Convenience and Necessity, or to amend or change the status of any existing Certificate of Convenience and Necessity, staff shall notify the applicant, in writing, that the application is either administratively complete or deficient. If the application is deficient, the notice shall specify all deficiencies.
3. Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.
4. After receipt of a corrected application, staff shall notify the applicant within 30 calendar days if the corrected

application is either administratively complete or deficient. The time-frame for administrative completeness review shall be suspended from the time the notice of deficiency is issued until staff determines that the application is complete.

5. Within 150 days after an application is deemed administratively complete, the Commission shall approve or reject the application.
6. For purposes of A.R.S. § 41-1072 et seq., the Commission has established the following time-frames:
   a. Administrative completeness review time-frame: 30 calendar days,
   b. Substantive review time-frame: 150 calendar days,
   c. Overall time-frame: 180 calendar days.
7. If an applicant requests, and is granted, an extension or continuance, the appropriate time-frames shall be tolled from the date of the request during the duration of the extension or continuance.
8. During the substantive review time-frame, the Commission may, upon its own motion or that of any interested party to the proceeding, request a suspension of the time-frame rules.

F. Filing of rules and regulations

1. Each utility shall file with the Commission tariffs which are in compliance with the rules and regulations promulgated by the Arizona Corporation Commission within 120 days of the adoption of such rules by the Commission.
2. Any proposed changes to the tariffs on file with the Commission shall be accompanied by a statement of justification supporting the proposed change in tariff.
3. Any proposed change to the tariffs on file with the Commission shall not be effective until reviewed and approved by the Commission, except as provided for by law.

G. Accounts and records

1. Each utility shall keep general and auxiliary accounting records reflecting the cost of its properties, operating income and expense, assets and liabilities, and all other accounting and statistical data necessary to give complete and authentic information as to its properties and operations.
2. Each utility shall maintain its books and records in conformity with the Uniform Systems of Accounts for Class A, B, C and D Telephone Utilities as adopted and amended by the Federal Communications Commission or, for telephone cooperatives, as promulgated by the Rural Electrification Administration.
3. A utility shall produce or deliver in this state any or all of its formal accounting records and related documents requested by the Commission. It may, at its option, provide verified copies of original records and documents.
4. All utilities shall submit an annual report to the Commission on a form prescribed by it. The annual report shall be filed on or before the 15th day of April for the preceding calendar year. Reports prepared by a certified or licensed public accountant on the utility, if any, shall accompany the annual report.
5. All utilities shall file with the Commission a copy of all reports required by the Securities and Exchange Commission.
6. All utilities shall file with the Commission a copy of all annual reports required by the Federal Communications Commission and in addition, for telephone cooperatives, annual reports required by the Rural Electrification Administration.

H. Maps. All utilities shall file with the Commission a map or maps clearly setting forth the location and extent of the area or areas they hold under approved certificates of convenience and necessity, in accordance with the Cadastral (Rectangular) Survey of the United States Bureau of Land Management, or by metes and bounds with a starting point determined by the aforesaid Cadastral Survey.

I. Variations, exemptions of Commission rules and regulations. Variations or exemptions from the terms and requirements of any of the rules included herein (Title 14, Chapter 2, Article 5) shall be considered upon the verified application of an affected party to the Commission setting forth the circumstances whereby the public interest requires such variation or exemption from the Commission rules and regulations. Such application will be subject to the review of the Commission, and any variation or exemption granted shall require an order of the Commission. In case of conflict between these rules and regulations and an approved tariff or order of the Commission, the provisions of the tariff or order shall apply.

J. Prior agreements. The adoption of these rules by the Commission shall not affect any agreements entered into between the utility and customers or other parties who, pursuant to such contracts, arranged for the extension of facilities in a provision of service prior to the effective date of these rules.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended effective December 31, 1998, under an exemption as determined by the Arizona Corporation Commission (Supp. 98-4). Amended to correct subsection numbering (Supp. 99-4).

ARTICLE 6. SEWER UTILITIES

R14-2-601. Definitions

In this Article, unless the context otherwise requires, the following definitions shall apply:

1. "Advance in aid of construction." Funds provided to the utility by the applicant under the terms of a collection main extension agreement the value of which may be refundable.
2. "Applicant." A person requesting the utility to supply sewer service.
3. "Application." A request to the utility for sewer service, as distinguished from an inquiry as to the availability or charges for such service.
4. "Arizona Corporation Commission." The regulatory authority of the state of Arizona having jurisdiction over public service corporations operating in Arizona.
5. "Billing month." The period between any two regular billings -- approximately 30 day interval.
6. "Billing period." The time interval between two consecutive billings.
7. "Collection main." A sewer main of the utility from which service collection lines are extended to customers.
8. "Commodity charge." The unit of cost per billed discharge as set forth in the utility's tariffs.
9. "Contributions in aid of construction." Funds provided to the utility by the applicant under the terms of a collection main extension agreement and/or service connection tariff the value of which are not refundable.
10. "Customer." The person or entity in whose name service is rendered, as evidenced by the signature on the application or contract for that service, or by the receipt and/or payment of bills regularly issued in his name regardless of the identity of the actual user of the service.
11. "Customer charge." The amount the customer must pay the utility for the availability of sewer service, excluding

any amount of discharged, as specified in the utility's tariffs.

12. "Day." Calendar day.
13. "Minimum charge." The amount the customer must pay for the availability of sewer service, including an amount of discharge, as specified in the utility's tariffs.
14. "Permanent customer." A customer who is a tenant or owner of a service location who applies for and receives sewer service.
15. "Permanent service." Service which, in the opinion of the utility, is of a permanent and established character. The use of sewer service may be continuous, intermittent, or seasonal in nature.
16. "Person." Any individual, partnership, corporation, governmental agency, or other organization operating as a single entity.
17. "Point of collection." The point where pipes owned, leased, or under license by a customer connect to the utility's collection system.
18. "Premises." All of the real property and apparatus employed in a single enterprise on an integral parcel of land undivided by public streets, alleys or railways.
19. "Residential subdivision development." Any tract of land which has been divided into four or more contiguous lots for use for the construction of residential buildings or permanent mobile homes for either single or multiple occupancy.
20. "Residential use." Service to customers discharging sewage for domestic purposes.
21. "Rules." The regulations set forth in the tariffs which apply to the provision of sewage service.
22. "Service area." The territory in which the utility has been granted a Certificate of Convenience and Necessity and is authorized by the Commission to provide sewer service.
23. "Service establishment charge." The charge as specified in the utility's Schedule of Rates which covers the cost of establishing a new account.
24. "Service line." A sewer line that transports sewage from a customer's point of collection to a common source (normally a collection main) of collection of the utility's.
25. "Service reconnect charge." The charge as specified in the utility's tariffs which must be paid by the customer prior to reconnection of sewer service each time the sewer service is disconnected for nonpayment or whenever service is discontinued for failure otherwise to comply with the utility's fixed rules.
26. "Service reestablishment charge." A charge as specified in the utility's tariffs for service at the same location where the same customer had ordered a service disconnection within the preceding 12-month period.
27. "Sewage." Ground garbage, human or animal excretions, and other domestic, commercial or industrial waste normally disposed of through a sanitary sewer system.
28. "Single family dwelling." A house, an apartment, a mobile home permanently affixed to a lot, or any other permanent residential unit which is used as a permanent home.
29. "Tariffs." The documents filed with the Commission which list the services and products offered by the sewer company and which set forth the terms and conditions and a schedule of the rates and charges for those services and products.
30. "Temporary service." Service to premises or enterprises which are temporary in character, or where it is known in advance that the service will be of limited duration. Service which, in the opinion of the utility, is for operations of a speculative character is also considered temporary service.
31. "Utility." The public service corporation providing sewer service to the public in compliance with state law.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2).

R14-2-602. Certificate of Convenience and Necessity for sewer utilities; additions/extensions; abandonments

A. Application for new Certificate of Convenience and Necessity

1. Any person or entity who desires to construct and/or operate a sewer utility will, prior to commencement of construction of utility facilities, file an application for a Certificate of Convenience and Necessity with the Arizona Corporation Commission.
2. Six copies of each application for a new Certificate of Convenience and Necessity shall be submitted in a form prescribed by the Commission and shall include, at a minimum, the following information:
   a. The proper name and correct address of the proposed utility company and its owner, if a sole proprietorship, each partner if a partnership, or the President and Secretary if a corporation.
   b. A copy of the Articles of Co-Partnership or Articles of Incorporation for the applicant and/or Bylaws if the utility is a non-profit organization or association.
   c. The type of plant, property, or facility proposed to be constructed.
   d. A complete description of the facilities proposed to be constructed, including preliminary engineering specifications in sufficient detail to properly describe the principal systems and components, and final and complete engineering specifications when they become available.
   e. The rates proposed to be charged for the service that will be rendered because of the proposed construction.
   f. The estimated total cost of the proposed construction.
   g. The manner of capitalization and method of financing for the project.
   h. The financial condition of the applicant.
   i. The estimated annual operating revenues and expenses that are expected to accrue from the proposed construction.
   j. The estimated starting and completion date of the proposed construction.
   k. Maps of the proposed service area.
   l. Appropriate city, county and/or state agency approvals.
   m. Estimated number of customers to be served for the first five years of operation, including documentation to support the estimates.
3. Upon the receipt of such application, the Commission staff shall review the application for compliance with the information requirements of this regulation; additional information, amendments and/or corrections to the application to bring the application into compliance with this regulation shall be governed by the Commission's rules of administrative and hearing requirements concerning incomplete applications.
4. Once the applicant has satisfied the information requirements of this regulation, the Commission shall, as expeditiously as reasonably practicable, schedule hearings to consider such application.

B. Additions/extensions to existing Certificates of Convenience and Necessity. Each utility which proposes to extend utility service to a person not located within its certificated service area, but located in a non-certificated area contiguous to its certificated service area, shall, prior to the extension of service, notify the Commission of such service extension. Such notification shall be in writing and shall be verified and shall set forth, at a minimum, the number of persons or entities proposed to be served by such service extension, their location in relation to the certificated area of the utility and a statement of the utility that the service extension is to a non-certificated area which is contiguous to its certificated area. Where emergency service is required to be provided to a customer in a non-certificated area contiguous to the utility certificated area, the utility shall advise the Commission simultaneously of such extension and the written notification shall set forth the nature and extent of the emergency.

C. Application for authority to abandon, sell, lease, transfer, or otherwise dispose of a utility. Any utility proposing to sell, lease, transfer, or otherwise dispose of the utility shall, prior to such sale, lease, transfer, or other disposal, file an application for authority to do so including the following information:
1. The address of the applicant.
2. A description of the utility property proposed to be abandoned, sold, leased, transferred or otherwise disposed of.
3. The financial condition of the applicant.
4. The name of the purchaser, lessee or assignee.
5. The terms and conditions of the proposed abandonment, sale, lease, or assignment and copies of any agreement which has been or will be executed concerning the same.
6. The effect of the proposed transaction upon the service of the applicant.
7. The method by which the proposed transaction is to be financed.
8. The effect the proposed transaction will have on any other utility and, if so, in what respect.

D. Application for discontinuance or abandonment of utility service
1. Any utility proposing to discontinue or abandon any type of utility service currently in use by the public shall prior to such action obtain authority therefor from the Commission.
2. The utility shall include in the application, studies of past, present and prospective customer use of the subject service, plant or facility as is necessary to support the application.
3. An application shall not be required to remove individual facilities where a customer has requested service discontinuance.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended to correct subsection numbering (Supp. 99-4).

R14-2-603. Establishment of service

A. Information from new applicants
1. A utility may obtain the following minimum information from each new applicant for service:
   a. Name or names of applicant(s).
   b. Service address or location and telephone number.
   c. Billing address or location and telephone number, if different than service address.
   d. Address where service was provided previously.
   e. Date applicant will be ready for service.
   f. Indication of whether premises have been supplied with utility service previously.
   g. Purpose for which service is to be used.
   h. Indication of whether applicant is owner or tenant of or agent for the premises.
2. Each utility may require a new applicant for service to appear at the utility's designated place of business to produce proof of identity and sign the utility's application form.
3. Where service is requested by two or more individuals the utility shall have the right to collect the full amount owed to the utility from any one of the applicants.

B. Deposits
1. A utility may require a deposit from any new applicant for service.
2. The utility shall issue a nonnegotiable receipt to the applicant for the deposit. The inability of the customer to produce such a receipt shall in no way impair his right to receive a refund of the deposit which is reflected on the utility's records.
3. Interest on deposits shall be calculated annually at an interest rate filed by the utility and approved by the Commission in a tariff proceeding. In the absence of such, the interest rate shall be 6%.
4. Interest shall be credited to the customer's bill annually.
5. Residential deposits shall be refunded within 30 days after:
   a. 12 consecutive months of service without being delinquent in the payment of utility bills provided the utility may reestablish the deposit if the customer becomes delinquent in the payment of bills three or more times within a 12 consecutive month period.
   b. Upon discontinuance of service when the customer has paid all outstanding amounts due the utility.
6. A separate deposit may be required for each service installed.
7. The amount of a deposit required by the utility shall be determined according to the following terms:
   a. Residential customer deposits shall not exceed two times the average residential class bill as evidenced by the utility's most recent annual report filed with the Commission.
   b. Nonresidential customer deposits shall not exceed 2 1/2 times that customer's estimated maximum monthly bill.
8. The utility may review the customer's discharge after service has been established and adjust the deposit amount based upon the customer's actual discharge.
9. Upon discontinuance of service, the deposit may be applied by the utility toward settlement of the customer's bill.

C. Grounds for refusal of service. A utility may refuse to establish service if any of the following conditions exist:
1. The applicant has an outstanding amount due for the same class of utilities services with the utility, and the applicant is unwilling to make arrangements with the utility for payment.
2. A condition exists which in the utility's judgment is unsafe or hazardous to the applicant, the general population, or the utility's personnel or facilities.
3. Refusal by the applicant to provide the utility with a deposit.
4. Customer is known to be in violation of the utility's tariffs filed with the Commission or of the Commission's rules and regulations.
5. Failure of the customer to furnish such funds, service, equipment, and/or rights-of-way necessary to serve the customer and which have been specified by the utility as a condition for providing service.

D. Service establishments, re-establishments or reconnect charge
1. A utility may make a charge as approved by the Commission for the establishment, reestablishment, or reconnection of utility service.
2. For the purpose of this rule, service establishments are where the customer's facilities are ready and acceptable to the utility and do not require construction on the part of the utility.

E. Temporary service
1. Applicants for temporary service may be required to pay the utility, in advance of service establishment, the estimated cost of installing and removing the facilities necessary for furnishing sewer service.
2. Where the duration of service is to be less than one month, the applicant may also be required to advance a sum of money equal to the estimated bill for service.
3. Where the duration of service is to exceed one month, the applicant may also be required to meet the deposit requirements of the utility.
4. If at any time during the term of the agreement for service the character of a temporary customer's operations changes so that in the opinion of the utility the customer is classified as permanent, the terms of the utility's main extension rules shall apply.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended to correct subsection numbering (Supp. 99-4).

R14-2-604. Minimum customer information requirements

A. Information for residential customers
1. Each utility shall make available upon customer request not later than 60 days from the date of request a concise summary of the rate schedule applied for by such customer. The summary shall include the following:
   a. Monthly minimum or customer charge, identifying the amount of the charge and the specific amount of minimum discharge included in the minimum charge, where applicable.
   b. Rate calculation, including where applicable, computations based upon seasonal or annual water usages.
2. The utility shall to the extent practical identify the tariff most advantageous to the customer and notify the customer of such prior to service commencement.
3. In addition, a utility shall make available upon customer request not later than 60 days from the date of request a copy of the Commission's rules and regulations governing:
   a. Deposits
   b. Terminations of service
   c. Billing and collection
   d. Complaint handling.
4. Each utility shall inform all new customers of their rights to obtain the information specified above.

B. Information required due to changes in tariffs
1. Each utility shall transmit to affected customers by the most economic means available a concise summary of any change in the utility's tariffs affecting those customers.
2. This information shall be transmitted to the affected customer within 60 days of the effective date of the change.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2).

R14-2-605. Service connections

A. Priority and timing
1. After an applicant has complied with the utility's application and deposit requirements and has been accepted for service by the utility, the utility shall schedule that customer for service connection.
2. Service connections shall be scheduled for completion within five working days of the date the customer has been accepted for service, except in those instances when the customer requests service connection beyond the five working day limitation.
3. When the utility has made arrangements to meet with a customer for service establishment purposes and the utility or the customer cannot make the appointment during the prearranged time, the utility shall reschedule the connection to the satisfaction of both parties.
4. For the purposes of this rule, establishment of service takes place only when the customer's facilities are ready and acceptable to the utility.

B. Customer provided facilities
1. An applicant for service shall be responsible for the installation of all plumbing up to the applicant's property line. In addition, the applicant is responsible for the proper grade or leveling of the sewer connection so that it conforms with the collection system of the utility.
2. Funds collected for service connections may be nonrefundable contributions to the utility.

C. Customer provided equipment safety and operation. Each customer shall be responsible for maintaining all equipment and facilities using or used for utility services located on his side of the point of collection in safe operating condition.

D. Easements and rights-of-way
1. Each customer shall grant adequate easement and right-of-way satisfactory to the utility to ensure that customer's proper service connection. Failure on the part of the customer to grant adequate easement and right-of-way shall be grounds for the utility to refuse service.
2. When a utility discovers that a customer or his agent is performing work or has constructed facilities adjacent to or within an easement or right-of-way and such work, construction or facility poses a hazard or is in violation of federal, state or local laws, ordinances, statutes, rules or regulations, or significantly interferes with the utility's access to equipment, the utility shall notify the customer or his agent and shall take whatever actions are necessary to eliminate the hazard, obstruction or violation at the customer's expense.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended to correct subsection numbering (Supp. 99-4).

R14-2-606. Collection main extension agreements

A. General requirements
1. Each utility entering into a main extension agreement shall comply with the provisions of this rule, which specifically defines the conditions governing collection main extensions.
2. Upon request by a potential applicant for a collection main extension, the utility shall prepare, without charge, a preliminary sketch and rough estimate of the cost of installation to be paid by said applicant.
3. Any applicant for a collection main extension requesting the utility to prepare detailed plans, specifications, or cost estimates may be required to deposit with the utility an amount equal to the estimated cost of preparation. The utility shall, upon request, make available within 90 days after receipt of the deposit referred to above, such plans, specifications, or cost estimates of the proposed collec-

tion main extension. Where the applicant accepts the plans and the utility proceeds with construction of the extension, the deposit shall be credited to the cost of construction; otherwise the deposit shall be nonrefundable. If the extension is to include oversizing of facilities to be done at the utility's expense, appropriate details shall be set forth in the plans, specifications and cost estimates.

4. Where the utility requires an applicant to advance funds for a collection main extension, the utility shall furnish the applicant with a copy of the extension tariff of the appropriate utility prior to the applicant's acceptance of the utility's extension agreement.
5. All collection main extension agreements requiring payment by the applicant shall be in writing and signed by each party before the utility commences construction.
6. In the event the utility's actual cost of construction is different from the amount advanced by the customer, the utility shall make a refund to or collect additional funds from, the applicant within 120 days after the completion of the construction.
7. The provisions of this rule apply only to those applicants who in the utility's judgment will be permanent customers of the utility. Applications for temporary service shall be governed by the Commission's rules concerning temporary service applications.

B. Minimum written agreement requirements

1. Each collection main extension agreement shall, at a minimum, include the following information:
   a. Name and address of applicant(s)
   b. Proposed service address or location
   c. Description of requested service
   d. Description and sketch of the requested main extension
   e. A cost estimate to include materials, labor, and other costs as necessary
   f. Payment terms
   g. A clear and concise explanation of any refunding provisions, if appropriate
   h. The utility's estimated start date and completion date for construction of the collection main extension
2. Each applicant shall be provided with a copy of the written collection main extension agreement.

C. Main extension requirements. Each main extension tariff shall include the following provisions:

1. A maximum footage and/or equipment allowance to be provided by the utility at no charge. The maximum footage and/or equipment allowance may be differentiated by customer class.
2. An economic feasibility analysis for those main extensions which exceed the maximum footage and/or equipment allowance. Such economic feasibility analysis shall consider the incremental revenues and cost associated with the main extension. In those instances where the requested main extension does not meet the economic feasibility criteria established by the utility, the utility may require the customer to provide funds to the utility, which will make the main extension economically feasible. The methodology employed by the utility in determining economic feasibility shall be applied uniformly and consistently to each applicant requiring a main extension.
3. The timing and methodology by which the utility will refund any advances in aid of construction as additional customers are served off the main extension. The customer may request an annual survey to determine if additional customers have been connected to and are using service from the main extension. In no case shall the amount of the refund exceed the amount originally advanced.
4. All advances in aid of construction shall be noninterest bearing.
5. If after five years from the utility's receipt of the advance, the advance has not been totally refunded, the advance shall be considered a contribution in aid of construction and shall no longer be refundable.

D. Residential subdivision development and permanent mobile home parks. Each utility shall submit as a part of its main extension tariff separate provisions for residential subdivision developments and permanent mobile home parks.

E. Ownership of facilities. Any facilities installed hereunder shall be the sole property of the utility.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended to correct subsection numbering (Supp. 99-4).

R14-2-607. Provision of service

A. Utility responsibility

1. Each utility shall be responsible for the safe conduct and handling of the sewage from the customer's point of collection.
2. The utility may, at its option, refuse service until the customer has obtained all required permits and/or inspections indicating that the customer's facilities comply with local construction and safety standards.

B. Customer responsibility

1. Each customer shall be responsible for maintaining all facilities on the customer's premises in safe operating condition and in accordance with the rules of the state Department of Health.
2. Each customer shall be responsible for safeguarding all utility property installed in or on the customer's premises for the purpose of supplying utility service to that customer.

C. Continuity of service. Each utility shall make reasonable efforts to supply a satisfactory and continuous level of service. However, no utility shall be responsible for any damage or claim of damage attributable to any interruption or discontinuation of service resulting from:

1. Any cause against which the utility could not have reasonably foreseen or made provision for, i.e., force majeure
2. Intentional service interruptions to make repairs or perform routine maintenance
3. Any temporary overloading of the utility's collection or treatment facilities.

D. Service interruption

1. Each utility shall make reasonable efforts to reestablish service within the shortest possible time when service interruptions occur.
2. Each utility shall make reasonable provisions to meet emergencies resulting from failure of service, and each utility shall issue instructions to its employees covering procedures to be followed in the event of emergency in order to prevent or mitigate interruption or impairment of service.
3. In the event of a national emergency or local disaster resulting in disruption of normal service, the utility may, in the public interest, interrupt service to other customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.

4. When a utility plans to interrupt service for more than four hours to perform necessary repairs or maintenance, the utility shall attempt to inform affected customers at least 24 hours in advance of the scheduled date and estimated duration of the service interruption. Such repairs shall be completed in the shortest possible time to minimize the inconvenience to the customers of the utility.
5. The Commission shall be notified of interruptions in service affecting the entire system or any major division thereof. The interruption of service and cause shall be reported within four hours after the responsible representative of the utility becomes aware of said interruption by telephone to the Commission and followed by a written report to the Commission.

E. Construction standards. The design, construction and operation of all sewer plants shall conform to the requirements of the Arizona Department of Health Services or its successors and any other governmental agency having jurisdiction thereof. Phase construction is acceptable.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended to correct subsection numbering (Supp. 99-4).

R14-2-608. Billing and collection

A. Frequency. Each utility shall bill monthly for services rendered.

B. Minimum bill information. Each bill for residential service will contain the following minimum information:
1. Billed discharge, where applicable
2. Utility telephone number
3. Amount due and due date
4. Customer's name
5. Service account number, if available
6. Past due amount, where appropriate
7. Adjustment factor, where applicable
8. Other approved tariff charges.

C. Billing terms
1. All bills for utility services are due and payable no later than 10 days from the date the bill is rendered. Any payment not received within this time-frame shall be considered past due.
2. For purposes of this rule, the date a bill is rendered may be evidenced by:
   a. The postmark date
   b. The mailing date.
3. All past due bills for utility services are due and payable within 10 days. Any payment not received within this time-frame shall be considered delinquent.
4. All delinquent bills for which payment has not been received within five days shall be subject to the provisions of the utility's termination procedures.
5. All payments shall be made at or mailed to the office of the utility or to the utility's duly authorized representative.

D. Applicable tariffs, prepayment, failure to receive, commencement date, taxes
1. Each customer shall be billed under the applicable tariff indicated in the customer's application for service.
2. Each utility shall make provisions for advance payment for sewer services.
3. Failure to receive bills or notices which have been properly placed in the United States mail shall not prevent such bills from becoming delinquent nor relieve the customer of his obligations therein.
4. Charges for service commence when the service is installed and connection made, whether used or not.
5. In addition to the collection of regular rates, each utility may collect from its customers a proportionate share of any privilege, sales or use tax, or other imposition based on the gross revenues received by the utility.

E. Insufficient funds (NSF) checks
1. A utility shall be allowed to recover a fee, as approved by the Commission for each instance where a customer tenders payment for utility service with an insufficient funds check.
2. When the utility is notified by the customer's bank that there are insufficient funds to cover the check tendered for utility service, the utility may require the customer to make payment in cash, by money order, certified check, or other means which guarantee the customer's payment to the utility.
3. A customer who tenders an insufficient check shall in no way be relieved of the obligation to render payment to the utility under the original terms of the bill nor defer the utility's provision for termination of service for nonpayment of bills.

F. Late payment penalty
1. Each utility may include in its tariffs a late payment penalty tariff which may be applied to delinquent bills.
2. The amount of the late payment penalty shall be indicated upon the customer's bill when rendered by the utility.
3. In the absence of an approved tariff, the amount of the late payment penalty shall not exceed 1-1/2% of the delinquent bill.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended to correct subsection numbering (Supp. 99-4).

R14-2-609. Termination of service

A. Nonpermissible reasons to disconnect service. A utility may not disconnect service for any of the reasons stated below:
1. Delinquency in payment for services rendered to a prior customer at the premises where service is being provided, except in the instance where the prior customer continues to reside on the premises.
2. Failure of the customer to pay for services or equipment which are not regulated by the Commission.
3. Nonpayment of a bill related to another class of service.
4. Failure to pay for a bill to correct a previous underbilling due to a billing error if the customer agrees to pay over a reasonable period of time.
5. Disputed bills where the customer has complied with the Commission's rules and regulations.

B. Termination of service without notice
1. Utility service may be disconnected without advance written notice under the following conditions:
   a. The existence of an obvious hazard to the safety or health of the consumer or the general population.
   b. The utility has evidence of fraud.
2. The utility shall not be required to restore service until the conditions which resulted in the termination have been corrected to the satisfaction of the utility.
3. Each utility shall maintain a record of all terminations of service without notice. This record shall be maintained for a minimum of one year and shall be available for inspection by the Commission.

C. Termination of service with notice
1. A utility may disconnect service to any customer for any reason stated below provided the utility has met the notice requirements established by the Commission:
   a. Customer violation of any of the Commission's rules.

b. Failure of the customer to pay a delinquent bill for utility service.
c. Failure to meet or maintain the utility's credit and deposit requirements.
d. Failure of the customer to provide the utility reasonable access to its equipment and property.
e. Customer breach of a written contract for service between the utility and customer.
f. When necessary for the utility to comply with an order of any governmental agency having such jurisdiction.

2. Each utility shall maintain a record of all terminations of service with notice. This record shall be maintained for one year and be available for Commission inspection.

D. Termination notice requirements

1. No utility shall terminate service to any of its customers without providing advance written notice to the customer of the utility's intent to disconnect service, except under those conditions specified where advance written notice is not required.
2. Such advance written notice shall contain, at a minimum, the following information:
   a. The name of the person whose service is to be terminated and the address where service is being rendered.
   b. The Commission rule or regulation that was violated and explanation thereof or the amount of the bill which the customer has failed to pay in accordance with the payment policy of the utility, if applicable.
   c. The date on or after which service may be terminated.
   d. A statement advising the customer that the utility's stated reason for the termination of services may be disputed by contacting the utility at a specific address of phone number, advising the utility of the dispute and making arrangements to discuss the cause for termination with a responsible employee of the utility in advance of the scheduled date of termination. The responsible employee shall be empowered to resolve the dispute and the utility shall retain the option to terminate service after affording this opportunity for a meeting and concluding that the reason for termination is just and advising the customer of his right to file a complaint with the Commission.

E. Timing of terminations with notice

1. Each utility shall be required to give at least five days' advance written notice prior to the termination date.
2. Such notice shall be considered to be given to the customer when a copy thereof is left with the customer or posted first class in the United States mail, addressed to the customer's last known address.
3. If after the period of time allowed by the notice has elapsed and the delinquent account has not been paid nor arrangements made with the utility for the payment thereof or in the case of a violation of the utility's rules the customer has not satisfied the utility that such violation has ceased, the utility may then terminate service on or after the day specified in the notice without giving further notice.

F. Landlord/tenant rule. In situations where service is rendered at an address different from the mailing address of the bill or where the utility knows that a landlord/tenant relationship exists and that the landlord is the customer of the utility, and where the landlord as a customer would otherwise be subject to disconnection of service, the utility may not disconnect service until the following actions have been taken:

1. Where it is feasible to so provide service, the utility, after providing notice as required in these rules, shall offer the occupant the opportunity to subscribe for service in his or her own name. If the occupant then declines to so subscribe, the utility may disconnect service pursuant to the rules.
2. A utility shall not attempt to recover from a tenant or condition service to a tenant with the payment of any outstanding bills or other charges due upon the outstanding account of the landlord.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended to correct subsection numbering (Supp. 99-4).

Editor's Note: The following Section was amended under an exemption from the Attorney General approval provisions of the Arizona Administrative Procedure Act (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)), as determined by the Corporation Commission. This exemption means that the rules as amended were not approved by the Attorney General.

R14-2-610. Administrative and Hearing Requirements

A. Customer service complaints

1. Each utility shall make a full and prompt investigation of all service complaints made by its customers, either directly or through the Commission.
2. The utility shall respond to the complainant and/or the Commission representative within five working days as to the status of the utility investigation of the complaint.
3. The utility shall notify the complainant and/or the Commission representative of the final disposition of each complaint. Upon request of the complainant or the Commission representative, the utility shall report the findings of its investigation in writing.
4. The utility shall inform the customer of his right of appeal to the Commission should the results of the utility's investigation prove unsatisfactory to the customer.
5. Each utility shall keep a record of all written service complaints received which shall contain, at a minimum, the following data:
   a. Name and address of the complainant
   b. Date and nature of the complaint
   c. Disposition of the complaint
   d. A copy of any correspondence between the utility, the customer, and/or the Commission.

   This record shall be maintained for a minimum period of one year and shall be available for inspection by the Commission.

B. Notice by utility of responsible officer or agent

1. Each utility shall file with the Commission a written statement containing the name, address (business, residence and post office) and telephone numbers (business and residence) of at least one officer, agent or employee responsible for the general management of its operations as a utility in Arizona.
2. Each utility shall give notice, by filing a written statement with the Commission, of any change in the information required herein within five days from the date of any such change.

C. Time-frames for processing applications for Certificates of Convenience and Necessity

1. This rule prescribes time-frames for the processing of any Application for a Certificate of Convenience and Necessity issued by the Arizona Corporation Commission pur-

suant to this Article. These time-frames shall apply to applications filed on or after the effective date of this rule.

2. Within 30 calendar days after receipt of an application for a new Certificate of Convenience and Necessity, or to amend or change the status of any existing Certificate of Convenience and Necessity, staff shall notify the applicant, in writing, that the application is either administratively complete or deficient. If the application is deficient, the notice shall specify all deficiencies.
3. Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.
4. After receipt of a corrected application, staff shall notify the applicant within 30 calendar days if the corrected application is either administratively complete or deficient. The time-frame for administrative completeness review shall be suspended from the time the notice of deficiency is issued until staff determines that the application is complete.
5. Within 150 days after an application is deemed administratively complete, the Commission shall approve or reject the application.
6. For purposes of A.R.S. § 41-1072 et seq., the Commission has established the following time-frames:
   a. Administrative completeness review time-frame: 30 calendar days,
   b. Substantive review time-frame: 150 calendar days,
   c. Overall time-frame: 180 calendar days.
7. If an applicant requests, and is granted, an extension or continuance, the appropriate time-frames shall be tolled from the date of the request during the duration of the extension or continuance.
8. During the substantive review time-frame, the Commission may, upon its own motion or that of any interested party to the proceeding, request a suspension of the time-frame rules.

D. Accounts and records

1. Each utility shall keep general and auxiliary accounting records reflecting the cost of its properties, operating income and expense, assets and liabilities, and all other accounting and statistical data necessary to give complete and authentic information as to its properties and operations.
2. Each utility shall maintain its books and records in conformity with the NARUC Uniform Systems of Accounts for Class A, B, C and D Sewer Utilities.
3. A utility shall produce or deliver in this state any or all of its formal accounting records and related documents requested by the Commission. It may, at its option, provide verified copies of original records and documents.
4. All utilities shall submit an annual report to the Commission on a form prescribed by it. The annual report shall be filed on or before the 15th day of April for the preceding calendar year. Reports prepared by a certified or licensed public accountant on the utility, if any, shall accompany the annual report.
5. All utilities shall file with the Commission a copy of all reports required by the Securities and Exchange Commission.

E. Maps. All utilities shall file with the Commission a map or maps clearly setting forth the location and extent of the area or areas they hold under approved certificates of convenience and necessity, in accordance with the Cadastral (Rectangular) Survey of the United States Bureau of Land Management, or by metes and bounds with a starting point determined by the aforesaid Cadastral Survey.

F. Variations, exemptions of Commission rules and regulations. Variations or exemptions from the terms and requirements of any of the rules included herein (Title 14, Chapter 2, Article 6) shall be considered upon the verified application of an affected party to the Commission setting forth the circumstances whereby the public interest requires such variation or exemption from the Commission rules and regulations. Such application will be subject to the review of the Commission, and any variation or exemption granted shall require an order of the Commission. In case of conflict between these rules and regulations and an approved tariff or order of the Commission, the provisions of the tariff or order shall apply.

G. Prior agreements. The adoption of these rules by the Commission shall not affect any agreements entered into between the utility and customers or other parties who, pursuant to such contracts, arranged for the extension of facilities in a provision of service prior to the effective date of these rules.

Historical Note

Adopted effective March 2, 1982 (Supp. 82-2). Amended effective December 31, 1998, under an exemption as determined by the Arizona Corporation Commission (Supp. 98-4). Amended to correct subsection numbering (Supp. 99-4).

ARTICLE 7. RESOURCE PLANNING

R14-2-701. Definitions

The following definitions shall apply unless the context otherwise requires:

1. "Appliance efficiency" - the energy usage per unit of output of a particular type of energy-using equipment.
2. "Appliance saturation" - the proportion of customers in a given customer class who have a particular type of energy-using equipment.
3. "Average price" - revenue from the customer class divided by the number of kilowatt hours sold to that customer class.
4. "Baseload demand" - demand for energy that is insensitive to temperature.
5. "Benchmark" - to calibrate against a known set of values or standards.
6. "Book life" - the expected time period over which a power supply source will be available for use by the utility.
7. "Capacity" - the amount of electric power which a power source is rated to provide, either by the user, the supplier, or the manufacturer.
8. "Capital costs" - the construction and installation cost of facilities including land, land rights, structures, and equipment.
9. "Cogeneration" - the sequential production of electricity and heat, steam, or useful work from the same fuel source.
10. "Customer class" - a group of customers with similar characteristics such as amount of energy consumed, amount of demand placed on the energy supply system at the system peak, hourly, daily, or seasonal load pattern, type of activity engaged in by the customer, and location. Customer classes may include residential, commercial, industrial, agricultural, municipal, and other categories.
11. "Decommissioning" - the process of safely and economically removing a unit from service.
12. "Degree day" - the difference in degrees Fahrenheit between the reference temperature and the average temperature for a particular day. The average temperature is the high temperature plus the low temperature divided by 2. If a day's average temperature exceeds the reference

temperature, the day is a cooling degree day; if the day's average temperature is less than the reference temperature, the day is a heating degree day.

13. "Demand management" - beneficial reduction in the total cost of meeting electric energy service needs by reducing or shifting in time the demand for electricity.
14. "Derating" - reduction in a unit's capacity.
15. "Discount rate" - the interest rate used to calculate the present value of a cost or other economic variable.
16. "End use" - the final application of electric energy such as heating, cooling, running a particular appliance, or lighting.
17. "Energy losses" - electric energy not available for sale to end users, for resale, or for use by the utility, attributable to transmission, conversion, distribution, and unaccounted for losses.
18. "Escalation" - the change in costs due to inflation, changes in manufacturing processes, availability of labor or materials, or other factors.
19. "Forced outage rate" - the proportion of hours in a period, excluding those hours set aside for planned outages, in which a power source, such as a generating unit, suffers unplanned outages due to unplanned component failures or other conditions requiring that the source be removed from service immediately or before the next planned outage.
20. "Heat rate" - a measure of generating station thermal efficiency expressed in British thermal units (Btus) per net kilowatt hour and computed by dividing the total Btu content of fuel used for electric generation by the kilowatt hours of electricity generated.
21. "Household income pattern" - the proportion of households falling in each of several income ranges.
22. "Interchange" - electric energy received by the electric utility from another provider of electricity or supplied by the electric utility to another provider of electricity which is not purchased or sold under the terms of a long-term agreement.
23. "Interruptible power" - power made available under agreements which permit curtailment or cessation of delivery by the supplier.
24. "In-service date" - the date a power supply source becomes available for use by the utility.
25. "Maintenance" - the repair of generation, transmission, distribution, and administrative and general facilities, replacement of minor items, and installation of materials to preserve the efficiency and working condition of the facilities.
26. "Maintenance schedule" - the specific days during which a power production unit is removed from service for inspection or overhaul of one or more major components; such work is planned well in advance.
27. "Mothballing" - the temporary removal of a unit from active service and accompanying long-term storage activities.
28. "Operate" - to manage or otherwise be responsible for the production of electricity from a generating facility, whether that facility is owned by the operator, in whole or in part, or whether that facility is owned by another entity.
29. "Operating costs" - the power production costs that are directly related to producing electricity.
30. "Participation rate" - the proportion of customers who take part in a specific program.
31. "Probabilistic analysis" - a systematic evaluation of the effect on costs, reliability, or other measures of performance of the range of possible events affecting factors which influence performance, considering the chances that the events will occur.
32. "Production cost" - the variable operating and maintenance cost (including fuel cost) of producing electricity through generation and purchases of power sufficient to meet demand.
33. "Refurbish" - to make major changes in the power production, transmission, or distribution characteristics of a component of the power supply system more extensive than maintenance or repair, such as changing the fuels which can be used in a generating unit or changing the capacity of a generating unit.
34. "Reliability" - a measure of the ability of the utility's generation, transmission, and distribution systems to provide power without failures. Reliability should be measured separately for generation, transmission, and distribution systems. Measures may reflect the proportion of time that each system is unable to meet demand or the kilowatt hours of demand that could not be supplied.
35. "Reserve requirements" - the capacity which the utility must maintain in excess of its peak load to provide for scheduled maintenance, forced outages, unforeseen loads, emergencies, system operating requirements, and power pool requirements.
36. "Resource planning" - integrated supply and demand analysis for the purpose of identifying the means of meeting electric energy service needs at the lowest total cost, taking into account uncertainty.
37. "Self generation" - the production of electricity by an end user by any means including cogeneration.
38. "Sensitivity analysis" - a systematic assessment of the degree of response of costs, reliability, or other measures of performance to changes in assumptions about factors which influence performance.
39. "Spinning reserve" - the capacity which the utility must maintain connected to the system and ready to deliver power promptly. The capacity may be expressed as a percentage of peak load, as a percentage of the largest unit, or as fixed megawatts.
40. "Total cost" - all capital, operating, maintenance, fuel, and decommissioning costs incurred in the provision or conservation of electric energy services borne by end users, utilities, or others, and any adverse environmental effects.
41. "Unit" - a specific device or set of devices that converts one form of energy (such as heat or solar energy) into electric energy such as a turbine and generator or set of photovoltaic cells; a power plant may have multiple units.
42. "Utility" - the entity providing electric service to the public.

Historical Note

Adopted effective February 3, 1989 (Supp. 89-1).

R14-2-702. Applicability

A. All electric utilities under the jurisdiction of the Commission pursuant to Arizona Constitution Art. XV and Arizona Revised Statutes Title 40 which operate or own (in part or in whole) generating facilities, whether the power generated is for sale to end users or is for resale, are subject to the provisions of this Article.

B. Any other electric utility under the jurisdiction of the Commission pursuant to Arizona Constitution Art. XV and Arizona Revised Statutes Title 40 is subject to the provisions of this Article upon two years' notice by the Commission.

C. The Commission may exempt a utility from these requirements upon a demonstration by the utility that the burden of

compliance with this Article exceeds the potential for cost savings resulting from its participation.

Historical Note

Adopted effective February 3, 1989 (Supp. 89-1).

R14-2-703. Utility reporting requirements

A. Demand side data. Each utility shall provide the Commission staff the demand data in subsections (A)(1) through (9) below, within 90 days of the effective date of these rules and shall provide staff with updated and revised data by April 1 of each year thereafter. If records are not maintained for any item, the utility shall provide its best estimates, such as sample survey data, application of factors from one year's data to another year, or other methods, and fully describe how such estimates were made.

1. Hourly demand for the previous calendar year disaggregated by:
   a. Sales to end users,
   b. Sales for resale,
   c. Energy losses, and
   d. Other disposition of energy such as energy furnished without charge and energy used by the utility.
2. If available, hourly demand for the previous calendar year disaggregated by:
   a. Residential customers,
   b. Nonresidential customers by customer class and by type of business,
   c. Entitles purchasing power for resale.
3. Coincident peak demand (megawatts) and energy demand (megawatt hours) by month for the previous 10 years disaggregated by customer class and, for nonresidential customers, if available, disaggregated by type of business.
4. Number of customers by customer class by year for the previous 10 years.
5. Heating and cooling degree days by month for the previous 10 years. The utility may provide these data by climatic region at its option.
6. Residential customer characteristics and end use data collected in the last 10 years which the utility has available, including:
   a. Mix of dwelling unit types (single family, multifamily, mobile homes),
   b. Household income patterns,
   c. Appliance saturation by types of appliance,
   d. Appliance saturation by household income pattern and dwelling unit type,
   e. End use metering data,
   f. Appliance efficiency data,
   g. Appliance connected load data, and
   h. Data relating customer usage and heating and cooling degree days or temperature.
7. Nonresidential customer characteristics and usage data collected in the last 10 years which the utility has available, including:
   a. Number of customers by type of business,
   b. Number of employees by type of business,
   c. Electricity usage by major end use of power including space cooling, and
   d. Hourly demand for major types of industrial and commercial customers for baseload, heating, and cooling uses.
8. Reduction in load due to existing demand management measures, by type of demand management measure, in the previous calendar year.
9. Annual average prices of electricity charged to each nonresidential customer class, by type of business, and to residential customers, for the previous 10 years.

B. Supply side data. Each utility shall provide the Commission staff the supply data indicated in subsection (B)(1) through (4) within 90 days of the effective date of these rules and shall provide staff with updated and revised data by April 1 of each year thereafter. If records are not maintained for any item, the utility shall provide its best estimates and fully describe how those estimates were made.

1. For each generating unit and purchased power contract for the previous calendar year:
   a. In-service date,
   b. Book life or contract period,
   c. Capacity in megawatts (utility share),
   d. Maximum unit or contract capacity by hour, day, or month, if such capacity varies over the year.
   e. Forced outage rate (generating units only),
   f. Average heat rate of generating units and, if available, heat rates at selected output levels,
   g. Fuel cost for generating units in dollars per million Btu for each type of fuel,
   h. Other variable operating and maintenance costs for generating units in dollars per megawatt hour,
   i. Purchased power energy costs for contract purchases in dollars per megawatt hour,
   j. Fixed operating and maintenance costs of generating units in dollars per megawatt for the year,
   k. Demand charges for purchased power,
   l. Fuel types for generating units,
   m. Minimum capacity at which the unit would be run or power must be purchased,
   n. Whether, under standard operating procedures, the generating unit must be run if it is available to run,
   o. Maintenance schedules for generating units,
   p. Other data related to generation units and purchased power contracts which the utility uses in its production, planning, and supply models.
2. For the power supply system for the previous calendar year:
   a. A description of unit commitment procedures,
   b. Production cost,
   c. Reserve requirements,
   d. Spinning reserve,
   e. Reliability of generating, transmission, and distribution systems,
   f. Interchange purchase and sale prices, and
   g. Energy losses.
3. The level of cogeneration and other forms of self generation in the utility's service area for the previous calendar year.
4. As available, a description and map of the utility's transmission system, including the capacity of each segment of the transmission system.

C. Demand forecasts. Each utility shall provide the following data and analyses to the Commission by December 31, 1989, and every three years thereafter. If no changes are forecast for any item, the utility may refer to previous filings for that item.

1. Ten-year forecast of system coincident peak load (megawatts) and energy demanded (megawatt hours) by month and year, separately for residential, commercial, industrial, interruptible, and other customers, for resale, and for energy losses.
2. Hourly demand forecasts for 10 years, if requested by staff.

3. Disaggregation of the demand forecast of subsection (C)(1) into a component in which no additional demand management measures are assumed, and a component indicating the change in load due to forecasted demand management measures.
4. Descriptions of demand management programs and measures included in the demand forecast, including:
   a. Plans for implementing the demand management measures,
   b. The participation rate of customers by customer class with regard to each demand management measure,
   c. The expected change in demand resulting from each of the measures, and
   d. The life of each program.
5. Description of each demand management program which was considered but rejected and the reasons for rejecting each program.
6. The capital and operating and maintenance costs of each demand management measure considered, including practical measures which were rejected.
7. Documentation of all data, analyses, methods, and assumptions used in making the demand forecasts, including:
   a. A description of how the forecasts were benchmarked,
   b. Justifications for selecting the methods and assumptions used, and
   c. If requested by the staff, data used in the analyses.

D. Supply plans. Each utility shall provide the following data and analyses to the Commission by December 31, 1989, and every three years thereafter. If no changes are forecast for any item, the utility may refer to previous filings for that item.

1. Ten-year plan providing for each year:
   a. The data required in subsection (B)(1)(a) through (p) of this Section for each generating unit and purchased power source, and the data required in subsection (B)(2)(a) through (g) of this Section.
   b. For each generating unit that is new or refurbished during the period:
      i. The data required in subsection (B)(1) of this Section for applicable years, and
      ii. The capital cost, construction time, and construction spending schedule.
   c. The escalation levels assumed for each component of cost for each generating unit and purchased power source.
   d. For the discontinuation, decommissioning, or mothballing of any power source and permanent deratings of any generating facility:
      i. Identification of the power sources or units involved,
      ii. The costs and spending schedule of such discontinuation, decommissioning, mothballing, or derating, and
      iii. The reasons for discontinuation, decommissioning, mothballing, or derating.
   e. The capital and operating and maintenance costs of new or refurbished transmission and distribution facilities, and a description of the need for and purpose of such facilities.
2. Documentation of the data, assumptions, and methods or models used to forecast production costs and power production in subsection (D)(1) of this Section, including the method by which the forecast was calibrated or benchmarked.
3. Description of each potential power source which was rejected, the capital and operating and maintenance costs of each rejected source, and the reasons for rejecting each source.
4. Ten-year forecast of cogeneration and other self generation by customers of the utility in terms of annual peak production (megawatts) and annual energy production (megawatt hours).
5. Disaggregation of the forecast of subsection (D)(4) of this Section into a component in which no additional efforts are made to encourage such generation, and a component consisting of the change in supply due to additional forecasted cogeneration and self generation measures.
6. Ten-year forecast of capital and operating and maintenance costs by year of all cogeneration and other self generation included in subsection (D)(5) of this Section.
7. Documentation of the analysis of cogeneration and other self generation in subsection (D)(4) through (6) of this Section.

E. Analyses of uncertainty. Each utility shall provide to the Commission the following information by December 31, 1989, and every three years thereafter:

1. Analyses using appropriate methods such as sensitivity analyses and probabilistic analyses, to assess errors and uncertainty in:
   a. Demand forecasts,
   b. The costs of demand management measures and power supply,
   c. The availability of sources of power,
   d. Changes in fuel prices, and
   e. Other factors which the utility wishes to consider.
2. Identification of those options which enable the utility to best respond to significant changes in conditions whose future characteristics are uncertain, including:
   a. Continual monitoring of critical variables and making commensurate changes in plans if those variables deviate significantly from the forecast,
   b. Building several smaller units instead of one large unit,
   c. Sharing capacity with other utilities, and
   d. Conducting well monitored pilot programs.

F. Integrated resource plan. Each utility shall provide the Commission with an integrated resource plan by December 31, 1989, and every three years thereafter containing:

1. The 10 year plan or flexible set of plans which, on the basis of the analyses required in this Article, including the uncertainty analysis, will tend to minimize the present value of the total cost of meeting the demand for electric energy services.
2. Complete description and documentation of the least cost plan, including supply and demand side conditions, costs, and discount rates utilized.
3. An action plan indicating the supply and demand-related actions to be undertaken by the utility over the next three years in furtherance of the ten-year plan.

Historical Note

Adopted effective February 3, 1989 (Supp. 89-1).

R14-2-704. Commission review of utility plans

A. Within 120 days of the submission of demand forecasts, supply plans, uncertainty analyses, and integrated resource plans by the utilities, the Commission shall schedule a hearing or hearings to review utility filings and to determine the degree of consistency between these filings and analyses conducted by the staff and information provided by other parties.

B. The Commission may request additional analyses to be conducted by the utilities to improve specified components of the utilities' analyses.

C. In making its consistency determination, the Commission shall consider the following factors:

1. The total cost of electric energy services.
2. The degree to which the factors which affect demand, including demand management, have been taken into account.
3. The degree to which non-utility supply alternatives, such as cogeneration and self generation, have been taken into account.
4. Uncertainty in demand and supply analyses, forecasts, and plans, and the flexibility of plans enabling response to unforeseen changes in supply and demand factors.
5. The reliability of power supplies.

D. The Commission may subsequently consider its consistency determination in its review of financing applications, in general rate cases, and in other matters in which the supply of or demand for energy services is a significant factor.

Historical Note

Adopted effective February 3, 1989 (Supp. 89-1).

ARTICLE 8. PUBLIC UTILITY HOLDING COMPANIES AND AFFILIATED INTERESTS

R14-2-801. Definitions

In this Article, unless the context otherwise requires:

1. "Affiliate," with respect to the public utility, shall mean any other entity directly or indirectly controlling or controlled by, or under direct or indirect common control with, the public utility. For purposes of this definition, the term "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any entity, shall mean the power to direct the management policies of such entity, whether through ownership of voting securities, or by contract, or otherwise.
2. "Commission." The Arizona Corporation Commission.
3. "Entity." A corporation, partnership, limited partnership, joint venture, trust, estate, or natural person.
4. "Holding Company" or "Public Utility Holding Company." Any affiliate that controls a public utility.
5. "Reorganize" or "Reorganization." The acquisition or divestiture of a financial interest in an affiliate or a utility, or reconfiguration of an existing affiliate or utility's position in the corporate structure or the merger or consolidation of an affiliate or a utility.
6. "Subsidiary." Any affiliate controlled by a utility.
7. "System of Accounts. The accounting system or systems prescribed for utilities by the Commission.
8. "Utility" or "Public Utility. Any Class A investor-owned public service corporation subject to the jurisdiction of the Arizona Corporation Commission.

Historical Note

Adopted effective July 30, 1992 (Supp. 92-3).

R14-2-802. Applicability

A. These rules are applicable to all Class A investor-owned utilities under the jurisdiction of the Commission and are applicable to all transactions entered into after the effective date of these rules.

B. Information furnished to the Commission in compliance with these rules will not be open to public inspection, or made public, except on order of the Commission, or by the Commission, or a Commissioner in the course of a hearing or proceeding.

Historical Note

Adopted effective July 30, 1992 (Supp. 92-3).

R14-2-803. Organization of Public Utility Holding Companies

A. Any utility or affiliate intending to organize a public utility holding company or reorganize an existing public utility holding company will notify the Commission's Utilities Division in writing at least 120 days prior thereto. The notice of intent will include the following information:

1. The names and business addresses of the proposed officers and directors of the holding company;
2. The business purposes for establishing or reorganizing the holding company;
3. The proposed method of financing the holding company and the resultant capital structure;
4. The resultant effect on the capital structure of the public utility;
5. An organization chart of the holding company that identifies all affiliates and their relationships within the holding company;
6. The proposed method for allocating federal and state income taxes to the subsidiaries of the holding company;
7. The anticipated changes in the utility's cost of service and the cost of capital attributable to the reorganization;
8. A description of diversification plans of affiliates of the holding company; and
9. Copies of all relevant documents and filings with the United States Securities and Exchange Commission and other federal or state agencies.
10. The contemplated annual and cumulative investment in each affiliate for the next five years, in dollars and as a percentage of projected net utility plant, and an explanation of the reasons supporting the level of investment and the reasons this level will not increase the risks of investment in the public utility.
11. An explanation of the manner in which the utility can assure that adequate capital will be available for the construction of necessary new utility plant and for improvements in existing utility plant at no greater cost than if the utility or its affiliate did not organize or reorganize a public utility holding company.

B. The Commission staff will, within 30 days after receipt of the notice of intent, notify the Applicant of any questions which it has concerning the notice or supporting information. The Commission will, within 60 days from the receipt of the notice of intent, determine whether to hold a hearing on the matter or approve the organization or reorganization without a hearing.

C. At the conclusion of any hearing on the organization or reorganization of a utility holding company, the Commission may reject the proposal if it determines that it would impair the financial status of the public utility, otherwise prevent it from attracting capital at fair and reasonable terms, or impair the ability of the public utility to provide safe, reasonable and adequate service.

Historical Note

Adopted effective July 30, 1992 (Supp. 92-3).

R14-2-804. Commission Review of Transactions Between Public Utilities and Affiliates

A. A utility will not transact business with an affiliate unless the affiliate agrees to provide the Commission access to the books and records of the affiliate to the degree required to fully audit, examine or otherwise investigate transactions between the public utility and the affiliate. In connection therewith, the Commission may require production of books, records,

accounts, memoranda and other documents related to these transactions.

B. A utility will not consummate the following transactions without prior approval by the Commission:
1. Obtain a financial interest in any affiliate not regulated by the Commission, or guarantee, or assume the liabilities of such affiliate;
2. Lend to any affiliate not regulated by the Commission, with the exception of short-term loans for a period less than 12 months in an amount less than $100,000; or
3. Use utility funds to form a subsidiary or divest itself of any established subsidiary.

C. The Commission will review the transactions set forth in subsection (B) above to determine if the transactions would impair the financial status of the public utility, otherwise prevent it from attracting capital at fair and reasonable terms, or impair the ability of the public utility to provide safe, reasonable and adequate service.

D. Every transaction in violation of subsection (A) or (B) above is void, and the transaction shall not be made on the books of any public service corporation.

E. The system of accounts used by the public utility will include the necessary accounting records needed to record and compile transactions with each affiliate.

Historical Note
Adopted effective July 30, 1992 (Supp. 92-3).

R14-2-805. Annual Filing Requirements of Diversification Activities and Plans

A. On or before April 15th of each calendar year, all public utilities meeting the requirements of R14-2-802 and public utility holding companies will provide the Commission with a description of diversification plans for the current calendar year that have been approved by the Boards of Directors. As part of these filings, each public utility meeting the requirements of R14-2-802 will provide the Commission the following information:
1. The name, home office location and description of the public utility's affiliates with whom transactions occur, their relationship to each other and the public utility, and the general nature of their business;
2. A brief description of the business activities conducted by the utility's affiliates with whom transactions occurred during the prior year, including any new activities not previously reported;
3. A description of plans for the utility's subsidiaries to modify or change business activities, enter into new business ventures or to acquire, merge or otherwise establish a new business entity;
4. Copies of the most recent financial statements for each of the utility's subsidiaries;
5. An assessment of the effect of current and planned affiliated activities on the public utility's capital structure and the public utility's ability to attract capital at fair and reasonable rates;
6. The bases upon which the public utility holding company allocates plant, revenue and expenses to affiliates and the amounts involved; an explanation of the derivation of the factors; the reasons supporting that methodology and the reasons supporting the allocation;
7. An explanation of the manner in which the utility's capital structure, cost of capital and ability to raise capital at reasonable rates have been affected by the organization or reorganization of the public utility holding company;
8. The dollar amount transferred between the utility and each affiliate during the annual period, and the purpose of each transfer;
9. Contracts or agreements to receive, or provide management, engineering, accounting, legal, financial or other similar services between a public utility and an affiliate;
10. Contracts or agreements to purchase or sell goods or real property between a public utility and an affiliate; and
11. Contracts or agreements to lease goods or real property between a public utility and an affiliate.

B. After reviewing the diversification plans, the Commission may, within 90 days after plans have been provided, request additional information, or order a hearing, or both, should it conclude after its review that the business activities would impair the financial status of the public utility, otherwise prevent it from attracting capital at fair and reasonable terms, or impair the ability of the public utility to provide safe, reasonable and adequate service.

Historical Note
Adopted effective July 30, 1992 (Supp. 92-3).

R14-2-806. Waiver from the Provisions of this Article

A. The Commission may waive compliance with any of the provisions of this Article upon a finding that such waiver is in the public interest.

B. Any affected entity may petition the Commission for a waiver by filing a verified application for waiver setting forth with specificity the circumstances whereby the public interest justifies noncompliance with all or part of the provisions of this Article.

C. If the Commission fails to approve, disapprove, or suspend for further consideration an application for waiver within 30 days following filing of a verified application for waiver, the waiver shall become effective on the 31st day following filing of the application.

Historical Note
Adopted effective July 30, 1992 (Supp. 92-3).

ARTICLE 9. CUSTOMER-OWNED PAY TELEPHONES

R14-2-901. Definitions

In this Article, unless the context otherwise requires:
1. "Affiliate" means any other entity directly or indirectly controlling or controlled by, or under direct or indirect common control with, a customer of record. For purposes of this subsection, the term "control, (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any entity, means the power to direct the management policies of such entity, whether through the ownership of voting securities, by contract, or otherwise.
2. "Customer of record" means a premises owner or vendor, who has either applied to, or who has obtained from, an LEC an access line to be a COPT provider.
3. "Customer-owned pay telephone (COPT) provider" means an entity authorized by the Commission to provide public pay telephone service to end-users and which is not a certificated LEC on the effective date of this Article. For purposes of compliance with Article 5 of this Chapter, "COPT provider" does not mean a "utility" as defined in R14-2-501(24).
4. "`800' service" means calls to telephone numbers which normally can be reached without charge to the calling party by dialing 1-800 plus 7 digits.
5. "Entity" means a corporation, partnership, limited partnership, joint venture, trust, estate, or natural person.

6. "Local exchange company (LEC)" means a company which is certificated to operate the local public switched telecommunications network.
7. "Public access line (PAL)" means any LEC tariff under which COPT providers are authorized to obtain access to the local and interexchange telecommunications network.

Historical Note

Adopted effective September 16, 1992 (Supp. 92-3).

Editor's Note: The following Section was amended under an exemption from the Attorney General approval provisions of the Arizona Administrative Procedure Act (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)), as determined by the Corporation Commission. This exemption means that the rules as amended were not approved by the Attorney General.

R14-2-902. Application for Certificate of Convenience and Necessity

A. Within 30 days of the effective date of this Article, all LEC's shall provide written notification of the requirements of this Article to each of their existing customers of record. Such notification shall be in a form acceptable to the Commission and shall explain that all customers of record are required to file either an application for a certificate of convenience and necessity (CC&N) pursuant to this Section or an application for an adjudication not a public service corporation pursuant to R14-2-904.

B. Any customer of record requesting PAL service subsequent to the effective date of this Article who was not subject to the provisions of subsections (A) and (E) of this Section, or whose PAL service was terminated pursuant to the provisions of this Article, shall provide to the LEC proof of either:
1. A CC&N granted pursuant to this Section; or
2. An adjudication order declaring that it is not a public service corporation pursuant to R14-2-904.

C. All customers of record shall submit to the Commission an original and 10 copies of an application for a CC&N. A customer of record who has COPT's placed in more than one location may apply for a single CC&N to cover all locations served.

D. Each customer of record shall submit an application on a form provided by the Commission which includes all of the following information:
1. The name and address of the customer of record, including a contact person for coordinating communications with the Commission and a contact person or telephone number for maintenance and complaint handling. If the customer of record is other than an individual, a listing of the officers, directors, or partners and a copy of the articles of incorporation, partnership agreement, or other organizational document shall be provided.
2. A description of all affiliated relationships between the customer of record and any public service corporation or telecommunications company.
3. The addresses and descriptions of locations to be served, including the name of the serving LEC.
4. A description of the equipment being used to provide service.
5. A list of services provided and the proposed rates.
6. An example of the contract between the customer of record and the premises owner, if different.
7. A description of how information posting and complaint handling requirements will be met.
8. A customer of record planning to serve more than 50 locations shall submit relevant financial data, including current financial statements, the method of financing operations, and projected annual operating expenses. For purposes of this subsection, the number of service locations shall include all those of the customer of record and affiliates.
9. One of the following also shall be included:
   a. A commitment to provide service under the Generic (Streamlined) COPT Tariff; or
   b. A request for approval of services under a Special (Non- Streamlined) COPT Tariff.

E. Time-frames for processing applications for Certificates of Convenience and Necessity
1. This rule prescribes time-frames for the processing of any application for a Certificate of Convenience and Necessity issued by the Arizona Corporation Commission pursuant to this Article. These time-frames shall apply to applications filed on or after the effective date of this rule.
2. Within 30 calendar days after receipt of an application for a new Certificate of Convenience and Necessity, or to amend or change the status of any existing Certificate of Convenience and Necessity, staff shall notify the applicant, in writing, that the application is either administratively complete or deficient. If the application is deficient, the notice shall specify all deficiencies.
3. Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.
4. After receipt of a corrected application, staff shall notify the applicant within 30 calendar days if the corrected application is either administratively complete or deficient. The time-frame for administrative completeness review shall be suspended from the time the notice of deficiency is issued until staff determines that the application is complete.
5. Within 150 days after an application is deemed administratively complete, the Commission shall approve or reject the application, unless a formal hearing is held.
6. For purposes of A.R.S. § 41-1072 et seq., the Commission has established the following time-frames:
   a. Administrative completeness review time-frame: 30 calendar days,
   b. Substantive review time-frame: 150 calendar days,
   c. Overall time-frame: 180 calendar days.
7. If an applicant requests, and is granted, an extension or continuance, the appropriate time-frames shall be tolled from the date of the request during the duration of the extension or continuance.
8. During the substantive review time-frame, the Commission may, upon its own motion or that of any interested party to the proceeding, request a suspension of the time-frame rules.

F. Subsequent to adoption of this Article, the Commission shall issue an order setting time limitations within which LECs, as well as all customers of record providing service as of the effective date of this Article, shall comply with the requirements contained herein.

Historical Note

Adopted effective September 16, 1992 (Supp. 92-3).
Amended effective December 31, 1998, under an exemption as determined by the Arizona Corporation Commission (Supp. 98-4).

R14-2-903. Grant of Certificate of Convenience and Necessity

A. The Commission shall analyze an application for a CC&N to determine if it is complete and correct. If necessary, the Com-

mission may request additional information from the CC&N applicant.

B. The Commission shall hold a hearing to review an application for a CC&N. The type of hearing held shall depend on the tariff requested by the CC&N applicant:
1. The Commission may hold periodic consolidated hearings to review all applications which request the Generic (Streamlined) COPT Tariff described in R14-2-905.
2. The Commission shall hold individual hearings to review applications which request a Special (Non-Streamlined) COPT Tariff as described in R14-2-906.

C. The Commission shall notify in writing the CC&N applicant and the appropriate LEC of the Commission's determination made pursuant to this Section. A CC&N granted under this Section shall be issued in the name of the customer of record.

D. All CC&N's granted under this Section shall include both of the following:
1. An obligation to serve all users in a non-discriminatory manner, and
2. An obligation to comply with all Commission requirements relevant to the provision of intraLATA service.

E. A holder of a CC&N shall notify the Commission in writing prior to discontinuing or abandoning COPT service at any location.

Historical Note
Adopted effective September 16, 1992 (Supp. 92-3).

R14-2-904. Application for Adjudication not a Public Service Corporation

A. Any entity intending to provide COPT service, or any customer of record, may submit to the Commission an original and 10 copies of an application to be adjudicated not a public service corporation.

B. The Commission shall determine whether the adjudication applicant is a public service corporation by examining all of the following factors:
1. What business activities the adjudication applicant conducts or will conduct.
2. Whether the pay telephone service is or will be dedicated to public use.
3. Whether the adjudication applicant accepts or will accept substantially all requests for service.
4. Whether the adjudication applicant is or will be the sole offeror of pay telephone service in the area, or is in competition with other providers.
5. Whether the public safety and convenience requires maintenance of public telephone facilities at the locations designated in the application.

C. The Commission shall notify in writing the adjudication applicant and the appropriate LEC of the Commission's determination made pursuant to subsection (B) of this Section. Such notification shall be made within 180 days of receipt of an application submitted pursuant to subsection (A) of this Section.

D. An adjudication applicant adjudicated a public service corporation under the provisions of this Section shall submit an application for a certificate of convenience and necessity pursuant to R14-2-902 within 30 days of receiving notice of the Commission's determination.

E. An adjudication applicant adjudicated not a public service corporation under this Section shall be exempt from the requirements contained in this Article.

Historical Note
Adopted effective September 16, 1992 (Supp. 92-3).

R14-2-905. Generic (Streamlined) COPT Tariff

A. All COPT providers holding CC&N's granted under this Article shall comply with the terms of the Generic (Streamlined) COPT Tariff, unless otherwise ordered by the Commission pursuant to R14-2-906.

B. In the Generic (Streamlined) COPT Tariff, the Commission shall specify the rates, terms, and conditions associated with the following standards:
1. The rates and charges to end-users for local calling.
2. The rates and charges to end-users for intrastate toll calling.
3. The application of toll charges, if any, for use of "800" services.
4. The accessibility by end-users of alternative toll carriers.
5. Limitations on service to local calling and access to local operators.
6. Instructions on how to make a call and how to obtain refunds.
7. Duration of local calls before additional charges apply.
8. The provision of emergency service and local directory assistance.
9. Acceptable methods of payment by end-users.
10. Design and technical specifications for instruments.
11. The provision of operator services.
12. Procedures for obtaining approval for provision of services not included in the tariff.
13. The termination of PAL service at any location for violation of tariff provisions.

C. The Commission may approve and revise the Generic (Streamlined) COPT Tariff as necessary.

Historical Note
Adopted effective September 16, 1992 (Supp. 92-3).

R14-2-906. Special (Non-Streamlined) COPT Tariff

A. Instead of concurring with the Generic (Streamlined) COPT Tariff, a COPT provider may file a proposed Special (Non-Streamlined) COPT Tariff with an application for a CC&N submitted pursuant to R14-2-902.

B. The Commission shall analyze each proposed Special (Non-Streamlined) COPT Tariff on an individual basis. In reviewing the proposed Special (Non-Streamlined) COPT Tariff, the Commission shall consider the standards listed in R14-2-905(B).

C. While a proposed Special (Non-Streamlined) COPT Tariff is pending before the Commission, the COPT provider shall comply with the provisions of the Generic (Streamlined) COPT Tariff.

D. Following a hearing, the Commission may approve, modify, or reject any proposed Special (Non-Streamlined) COPT Tariff.

E. Changes may be made to a Special (Non-Streamlined) COPT Tariff as a result of a tariff filing made pursuant to A.R.S. § 40-250(B) or an individual rate proceeding.

Historical Note
Adopted effective September 16, 1992 (Supp. 92-3).

R14-2-907. Reporting Requirements and Safety Standards

A. All COPT providers shall submit an annual report to the Commission on a form prescribed by the Commission. The annual report shall be filed on or before the first day of February for the preceding calendar year. The annual report shall include all of the following information:
1. A description of any material changes in the information provided by the COPT provider in the original CC&N application or in the last annual report.
2. An updated list of all locations served by the COPT provider.

3. The COPT provider's gross operating revenues derived from intrastate operations during the preceding calendar year.

B. A COPT provider having gross operating revenues derived from intrastate operations during the preceding calendar year which exceed $250,000 shall be subject to the annual assessment described in A.R.S. § 40-401.

Historical Note

Adopted effective September 16, 1992 (Supp. 92-3).

R14-2-908. Violations

A. The Commission may order a LEC to immediately terminate PAL service to any customer of record which:

1. Fails to do one of the following:
   a. Obtain a CC&N to provide service pursuant to R14-2-902 and R14-2-903; or
   b. Receive an adjudication that it is not a public service corporation pursuant to R14-2-904.
2. Violates any applicable pricing or service standard as described in approved tariffs and R14-2-903, R14-2-905, and R14-2-906.

B. A LEC shall not offer PAL service to a customer of record unless one of the following requirements has been met:

1. The customer of record has received a CC&N from the Commission; or
2. The customer of record has been adjudicated not a public service corporation.

C. A LEC in violation of subsection (B) of this Section shall be subject to the penalty provisions contained in A.R.S. §§ 40-421 to 40-433.

D. Any COPT provider found by the Commission to be in violation of subsection (A)(2) of this Section shall be subject to revocation of its CC&N.

Historical Note

Adopted effective September 16, 1992 (Supp. 92-3).

R14-2-909. Variations or Exemptions from the Commission's Rules

Variations or exemptions from the terms and requirements of any of the rules included in this Article shall be considered upon the verified application of an affected party to the Commission setting forth the circumstances whereby the public interest requires such variation or exemption from the Commission's rules. Such application will be subject to the review of the Commission, and any variation or exemption granted shall require an order of the Commission. In case of conflict between these rules and an approved tariff or order of the Commission, the provisions of the tariff or order shall apply.

Historical Note

Adopted effective September 16, 1992 (Supp. 92-3).

ARTICLE 10. ALTERNATIVE OPERATOR SERVICES

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General certification provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1001. Definitions

In this Article, unless the context otherwise requires:

1. "Access code" means a sequence of numbers that, when dialed, connects a caller to the provider of operator services associated with that sequence of numbers.
2. "Affiliate" means any other entity directly or indirectly controlling or controlled by, or under direct or indirect common control with, the entity making alternative operator services available to the public. For purposes of this definition, the term "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any entity, means the power to direct the management policies of such entity, whether through the ownership of voting securities, by contract, or otherwise.
3. "Aggregator" or "Traffic Aggregator" means any person or entity that, in the ordinary course of its operations and using a provider of operator services, makes telephones available to the public or to transient users of its premises, for intrastate telephone calls. Each entity that exercises control over telephone equipment, whether through ownership of the equipment, control of access to the equipment, or some other means, will be responsible as an aggregator.
4. "Alternative Operator Services" or "AOS" means provision by an entity, other than a local exchange carrier or a certificated interexchange carrier with authorized operator service tariffs, of any telecommunications service initiated from an aggregator location where automated and/or live assistance is provided to a consumer in order to arrange for billing or completion of an intrastate telephone call. Store and forward payphones are not included within this definition.
5. "AOS Provider" means any public service corporation that provides alternative operator services.
6. "Billing Agency" means any third party authorized by the AOS provider to submit bills to end users and to handle billing disputes.
7. "Blocking" means the process of screening the calls dialed from the presubscribed telephone in order to prevent the completion of calls that would allow the caller to reach a preferred interexchange carrier.
8. "Call splashing" means the transfer of a telephone call from one provider of operator services to another such provider in such a manner that the subsequent provider is unable or unwilling to determine the originating location of the call and consequently bills the call without properly reflecting the originating and terminating points of the telephone call.
9. "Consumer," "Caller," or "End User" means a person initiating any intrastate telephone call by means of alternative operator services.
10. "Entity" means a corporation, partnership, limited partnership, joint venture, trust, estate, or natural person.
11. "Interexchange carriers" or "IXCs" means any long-distance telephone carriers authorized by the Commission to provide long distance, interLATA telecommunications service, but not local exchange services, within the state borders.
12. "IntraLATA long-distance service" means all long-distance service originating and terminating in the same LATA, as defined by the F.C.C.
13. "LATA" means one of the geographic local access and transport areas established as a result of the AT&T divestiture.
14. "Local exchange carriers" or "LECs" means telephone companies currently certified to provide local telephone service in designated areas of the state.
15. "Operator Service Charges" or "charges" means all tariffed charges, other than rate usage charges, and surcharges authorized by the Commission and charged to the end user for live or automated operator-assisted calls.
16. "Rate" means any usage charges, as approved by this Commission.

17. "Surcharge" or "Location-specific Surcharge" means a charge imposed by an aggregator upon an end user and paid in addition to the usage rates and operator service charges of the alternative operator services provider.
18. "Waiver" refers to the Commission's ability to dispense with a requirement under these rules.
19. "Zero-minus call" means a call that is made by dialing a single zero.

Historical Note

Adopted effective November 2, 1993, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 93-4).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General certification provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1002. Application for Certificate of Convenience and Necessity

A. Upon the effective date of this Article, all LECs shall provide written notification of the requirements of this Article to all AOS providers for which they provide billing service. Such notification shall be in a form acceptable to the Commission and shall explain that all AOS providers are required to file an application for a certificate of convenience and necessity (CC&N) pursuant to this Section.

B. Any AOS provider requesting billing services subsequent to the effective date of this Article shall provide to the LEC proof that it has made application for or has received a CC&N granted pursuant to this Section.

C. All AOS providers shall submit to the Commission an original and the number of copies required by the Commission of an application for a CC&N.

D. Each AOS applicant shall submit an application which includes all of the following information:
1. The name and address of the AOS provider, including a contact person responsible for maintenance and complaint handling. If the AOS provider is other than an individual, a listing of the officers, directors, or partners and a copy of the articles of incorporation, partnership agreement, or other organizational document shall be provided.
2. An organizational chart which shows all affiliated relationships of the AOS provider.
3. The addresses and descriptions of locations to be served, including the name of the serving LEC. Applicant may apply for a partial waiver of this rule pursuant to R14-2-1014 requesting that all or part of this information be held confidential by the Commission.
4. A description of the equipment being used to provide service, including the Federal Communications Commission registration number.
5. A list of services provided and the proposed rates, operator service charges, and surcharges.
6. A description of how information posting and complaint-handling requirements will be met.
7. Relevant financial data, including current financial statements, the method of financing operations, and projected annual operating expense.
8. Any other requirements that the Commission may require.

E. Time-frames for processing applications for Certificates of Convenience and Necessity
1. This rule prescribes time-frames for the processing of any Application for a Certificate of Convenience and Necessity issued by the Arizona Corporation Commission pursuant to this Article. These time-frames shall apply to applications filed on or after the effective date of this rule.
2. Within 365 calendar days after receipt of an application for a new Certificate of Convenience and Necessity, or to amend or change the status of any existing Certificate of Convenience and Necessity, staff shall notify the applicant, in writing, that the application is either administratively complete or deficient. If the application is deficient, the notice shall specify all deficiencies.
3. Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.
4. After receipt of a corrected application, staff shall notify the applicant within 30 calendar days if the corrected application is either administratively complete or deficient. The time-frame for administrative completeness review shall be suspended from the time the notice of deficiency is issued until staff determines that the application is complete.
5. Within 365 calendar days after an application is deemed administratively complete, the Commission shall approve or reject the application.
6. For purposes of A.R.S. § 41-1072 et seq., the Commission has established the following time-frames:
   a. Administrative completeness review time-frame: 365 calendar days,
   b. Substantive review time-frame: 365 calendar days,
   c. Overall time-frame: 730 calendar days.
7. If an applicant requests, and is granted, an extension or continuance, the appropriate time-frames shall be tolled from the date of the request during the duration of the extension or continuance.
8. During the substantive review time-frame, the Commission may, upon its own motion or that of any interested party to the proceeding, request a suspension of the time-frame rules.

Historical Note

Adopted effective November 2, 1993, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 93-4). Amended effective December 31, 1998, under an exemption as determined by the Arizona Corporation Commission (Supp. 98-4).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General certification provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1003. Grant of Certificate of Convenience and Necessity

A. The Commission shall analyze an application for a certificate of convenience and necessity ("CC&N") to determine if it is complete and correct. If necessary, the Commission may request additional information from the CC&N applicant.

B. The Commission shall hold a hearing to determine whether it is in the public interest to grant a CC&N to the applicant.

C. The Commission shall notify in writing the CC&N applicant and the appropriate LECs of the Commission's determination made pursuant to this Section. A CC&N granted under this Section shall be issued in the name of the AOS provider.

D. All CC&Ns granted under this Section shall include both of the following:
1. An obligation to serve all end-users and subscribers in a nondiscriminatory manner, and

2. An obligation to comply with all Commission requirements relevant to the provision of telecommunications service.

Historical Note

Adopted effective November 2, 1993, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 93-4).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General certification provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1004. Rates, Operator Service Charges, and Surcharges

The rates, operator service charges, and surcharges assessed by AOS providers to their end-users of AOS service shall be limited to those specified in Commission-approved tariffs. All rates, operator service charges, and surcharges shall be stated in the tariffs. Location-specific surcharges imposed by the aggregator may only be charged once, either on the AOS bill or at the aggregator location, but under no circumstances shall a location-specific surcharge be imposed both on the bill and at the aggregator location.

Historical Note

Adopted effective November 2, 1993, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 93-4).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General certification provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1005. End-user Notification and Choice Requirements

A. Each AOS provider shall:
1. Identify itself with a live or automated message at the outpulse of the terminating number which informs the end-user that a named AOS provider has been reached and that such provider's rates, operator service charges, and surcharges apply to the call. This message shall be provided before the end-user incurs any charge for the call, including a usage rate, operator service charge, and surcharge.
2. Disclose immediately to the consumer, upon request and at no charge to the consumer, any of the following information:
   a. A quotation of tariffed rates, operator service charges, and location-specific surcharges;
   b. The methods by which such rates, operator service charges, and surcharges will be collected;
   c. The methods by which complaints concerning such rates, operator service charges, and surcharges or collection practices will be resolved; and
   d. That the end-user's preferred carrier can be reached by an access code or toll-free customer service number.

B. The contents and methods of posting shall be described in each AOS provider's tariff. At a minimum, each aggregator shall post all of the following information, through the use of tent cards or stickers on or near the telephone instrument, in plain view of the end-user:
1. The name, address, and toll-free telephone number of the AOS provider;
2. A written disclosure that the rates, operator service charges, and location-specific surcharges of the AOS provider apply for all operator-assisted calls;
3. A statement that interLATA calls made with calling cards, including IXC cards, may be carried by the AOS provider;
4. Dialing instructions;
5. A toll-free number for billing inquiries;
6. A description of complaint procedures; and
7. That end-users have a right to obtain access to the interexchange carrier of their choice.

C. Each AOS provider shall ensure, by contract or tariff, that each aggregator using the AOS provider's services is in compliance with the requirements of subsection (B) of this Section.

D. Neither the AOS provider nor the subscriber shall require or participate in blocking any end-user's access to a preferred carrier. AOS providers and their affiliates shall be required to withhold on a location-specific basis, the payment of any compensation, including commissions, to an aggregator that is blocking end-users' access to preferred carriers.

E. Waivers from the blocking ban will be considered only if accompanied by a detailed cost/benefit analysis and will be granted by the Commission only if the evidence compels a finding that without blocking the risk of fraud and revenue erosion to the AOS provider would be significant.

Historical Note

Adopted effective November 2, 1993, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 93-4).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General certification provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1006. Public Safety Requirements

A. AOS providers shall route all zero-minus calls immediately to the originating LEC.

B. The Commission may, upon application of the AOS provider, issue a waiver to subsection (A) of this Section if the AOS provider has clearly and convincingly demonstrated that it has the capability to process such calls with equal quickness and accuracy as provided by the LEC

Historical Note

Adopted effective November 2, 1993, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 93-4).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General certification provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1007. Billing and Collection

A. Each AOS provider shall bill monthly for services rendered.

B. Bills issued for the intrastate interLATA AOS service provided by AOS providers shall include the minimum information required by R14-2-508(B) and identify the AOS provider to the extent that the LEC has the capability to do so. In the absence of that capability, the identification of the billing agent or clearinghouse and its toll-free customer service number shall be required.

C. The LEC will not process billing for any intraLATA calls carried by the AOS provider, whether intentional or incidental,

where the required compensation has not been paid to the LEC.

D. Each AOS applicant shall comply with all of the following billing procedures:
1. The billing date shall be printed on the bill and shall be the date the bill was issued;
2. The AOS provider shall provide a full refund of any charge levied for an uncompleted call; and
3. AOS providers or their billing agents shall be prohibited from billing for calls which occur more than 60 days prior to the billing date.
4. AOS providers or their agents are prohibited from billing for any intraLATA calls carried by the AOS provider, whether intentional or incidental, where the required compensation has not been paid to the LEC.

E. The disconnection of local service for the nonpayment of intrastate interLATA AOS usage charges, operator service charges, and surcharges by end-users shall be permitted only in accordance with the detailed procedures set forth in R14-2-509.

Historical Note
Adopted effective November 2, 1993, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 93-4).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General certification provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1008. Call Splashing Requirements

A. AOS providers' tariffs shall require the transfer of calls to other carriers at no charge so that rating and billing properly reflect the originating and terminating points of the telephone call.

B. When transfers, as described in subsection (A) of this Section are not possible, the tariffs shall require the provider to inform the end-user that the call cannot be completed and that the preferred carrier may be reached by an access code or toll-free customer service number.

Historical Note
Adopted effective November 2, 1993, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 93-4).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General certification provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1009. Complaint Processing

A. AOS applicants for certificates of convenience and necessity shall submit to the Commission a tariff or schedule containing a detailed description of complaint processing procedures.

B. The name, address, and telephone number of a representative for complaint matters shall be submitted with these procedures.

Historical Note
Adopted effective November 2, 1993, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 93-4).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General certification provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1010. Quality of Service

AOS providers applying for certificates of convenience and necessity shall develop quality of service standards for operator response time and call processing time and submit those standards to the Commission for review and approval.

Historical Note
Adopted effective November 2, 1993, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 93-4).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General certification provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1011. Reports

A. AOS providers holding certificates of convenience and necessities shall submit Utility Division annual reports to the Commission pursuant to A.R.S. § 40-204.

B. AOS providers holding certificates of convenience and necessity shall submit annual reports to the Commission comparing the company's actual monthly performance with the standards in R14-2-1010.

C. AOS providers that have been certificated shall annually submit to the Commission a list of subscribers and locations served.

Historical Note
Adopted effective November 2, 1993, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 93-4).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General certification provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1012. Violations

A. The Commission may order an LEC to immediately terminate service to AOS providers which:
1. Fail to make application for or obtain a CC&N to provide service pursuant to R14-2-1002, or
2. Violate any applicable quality of service standards as described in this Article.

B. An LEC shall not offer service to an AOS provider unless the AOS provider has made application for or received a CC&N from the Commission.

C. An LEC in violation of subsection (B) of this Section shall be subject to the penalty provisions contained in A.R.S. §§ 40-421 through 40-433.

D. Any AOS provider found by the Commission to be in violation of subsection (A)(2) of this Section shall have its CC&N subject to revocation.

Historical Note
Adopted effective November 2, 1993, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 93-4).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney

General certification provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1013. IntraLATA Long-distance Service is Prohibited

AOS providers may not carry intraLATA toll calls where the required compensation has not been paid to the LEC. All intraLATA calls where arrangements have not been made for compensation to the LEC by the IXC must be switched to the authorized LEC of the aggregator.

Historical Note

Adopted effective November 2, 1993, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 93-4).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General certification provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1014. Variations or Exemptions from the Commission's Rules

Variations or exemptions from the terms and requirements of any of the rules included in this Article shall be considered upon the verified application of an affected party to the Commission setting forth the circumstances whereby the public interest requires such variation or exemption from the Commission's rules. Such application will be subject to the review of the Commission and any variation or exemption granted shall require an order of the Commission. In case of conflict between these rules and an approved tariff or order of the Commission, the provisions of the tariff or order shall apply.

Historical Note

Adopted effective November 2, 1993, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 93-4).

ARTICLE 11. COMPETITIVE TELECOMMUNICATIONS SERVICES

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General certification provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1101. Application of Rules

These rules shall govern the provision of competitive, intrastate telecommunications services to the public by telecommunications companies subject to the jurisdiction of the Arizona Corporation Commission. Unless otherwise ordered by the Commission, these rules shall not govern the provision of service by independently or local exchange carrier-owned pay telephones (COPTs) and alternative operator service (AOS) providers, which shall instead be governed by Articles 9 and Article 10 of this Chapter, respectively. The provision of local exchange service also shall be governed by Article 5 of this Chapter, to the extent that Article is not inconsistent with these rules.

Historical Note

Adopted effective June 27, 1995, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 95-2).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General certification provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1102. Application of Rule

Article, unless the context otherwise requires, the following definitions shall apply:

1. "Arizona Corporation Commission" or "Commission." The regulatory agency of the state of Arizona having jurisdiction over public service corporations operating in Arizona.
2. "Bona Fide Request." A written request submitted by a telecommunications company to a local exchange carrier for intraLATA equal access service or for interconnection arrangements.
3. "Central Office." A facility within a telecommunications system where calls are switched and which contains all the necessary equipment, operating arrangements, and interface points for terminating and interconnecting facilities such as subscribers' line and interoffice trunks.
4. "Competitive Telecommunications Service." Any telecommunications service where customers of the service within the relevant market have or are likely to have reasonably available alternatives.
5. "Docket Control Center." The Commission section responsible for the acceptance and processing of all applications and other filings, and for official record maintenance.
6. "Equal Access." An arrangement where a local exchange company provides all telecommunications companies operating in an equal access central office with dialing arrangements and other service characteristics that are equivalent in type and quality to what the local exchange carrier utilizes in the provision of its service.
7. "Local Exchange Carrier." A telecommunications company that provides local exchange service as one of the telecommunications services it offers to the public.
8. "Local Exchange Service." The telecommunications service that provides a local dial tone, access line, and local usage within an exchange or local calling area.
9. "Monopoly Service." A monopoly service is any telecommunications service provided by a telecommunications company that is not subject to competition in the relevant market.
10. "Primary Interexchange Company" or "PIC." The telecommunications company with whom a customer may presubscribe to provide 1+/0+ toll service, without the use of access codes, following equal access implementation.
11. "Rate." Within the context of this Article, this term refers to the maximum tariffed rate approved by the Commission, from which the competitive telecommunications service provided may be discounted down to the total service long-run incremental cost of providing the service.
12. "Relevant Market." Where buyers and sellers of a specific service or product, or a group of services or products, come together to engage in transactions. For telecommunications services, the relevant market may be identified on a service-by-service basis, a group basis, and/or by geographic location.
13. "Staff." The staff of the Arizona Corporation Commission or its designated representative or representatives.
14. "Tariffs." The documents filed with the Commission which list the services and products offered by a telecommunications company and which set forth the terms and conditions and a schedule of the rates and charges for those services and products.

15. "Telecommunications Company." A public service corporation, as defined in the Arizona Constitution, Article 15, § 2, that provides telecommunications services within the state of Arizona and over which the Commission has jurisdiction.
16. "Telecommunications Service." Any transmission of interactive switched and non-switched signs, signals, writing, images, sounds, messages, data, or other information of any nature by wire, radio, lightwave, or any other electromagnetic means (including access services), which originate and terminate in this state and are offered to or for the public, or some portion thereof, for compensation.
17. "Total Service Long Run Incremental Cost." The total additional cost incurred by a telecommunications company to produce the entire quantity of a service, given that the telecommunications company already provides all of its other services. Total Service Long-run Incremental Cost is based on the least cost, most efficient technology that is capable of being implemented at the time the decision to provide the service is made.
18. "2-PIC Toll Equal Access." The equal access option that affords customers the opportunity to select one telecommunications company for all interLATA 1+/0+ toll calls and, at the customer's option, to select another telecommunications company for all intraLATA 1+/0+ toll calls.
19. "Unbundled." Disaggregation of the local exchange carrier network services.

Historical Note
Adopted effective June 27, 1995, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 95-2).

R14-2-1103. Certificates of Convenience and Necessity Required

All telecommunications companies providing intrastate telecommunications services shall obtain a Certificate of Convenience and Necessity from the Commission, either under this Article, if competitive services are to be provided or, under Article 5. If the Commission determines that the services identified in an Application filed under this Article are not competitive, the Commission may nevertheless grant a Certificate of Convenience and authorize provision of the services on a noncompetitive basis pursuant to Article 5.

Historical Note
Adopted effective June 27, 1995, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 95-2). Amended effective December 31, 1998, under an exemption as determined by the Arizona Corporation Commission (Supp. 98-4). Amended by final rulemaking at 8 A.A.R. 4789, effective December 15, 2002 (Supp. 02-4).

R14-2-1104. Expanded Certificates of Convenience and Necessity for Telecommunications Companies with Existing Certificates; Initial Tariffs

A. Effective July 1, 1995, every telecommunications company, except a local exchange carrier, that has received a Certificate of Convenience and Necessity under Article 5, and that provides or intends to provide competitive, intraLATA telecommunications service shall file with the Docket Control Center 10 copies of an Application to expand its existing Certificate of Convenience and Necessity to provide competitive, intraLATA telecommunications service. In support of the request for an expanded Certificate of Convenience and Necessity, the Application shall, at a minimum, include the following information:

1. A description of the telecommunications company and of the telecommunications services it offers or intends to offer.
2. The proper name and correct intrastate address of the telecommunications company and:
   a. The full name of its owner if a sole proprietorship,
   b. The full name of each partner if a partnership,
   c. A full list of the officers and directors if a corporation, or
   d. A full list of the members if a limited liability company.
3. A tariff for each service to be provided that states the maximum rate as well as the initial price to be charged, and that also states other terms and conditions that will apply to provision of the service by the telecommunications company. The telecommunications company shall provide economic justification or cost support data if required by the Commission or by Staff.
4. A detailed description of the geographic market to be served and maps depicting the area.
5. Appropriate city, county and/or state agency approvals, where appropriate.
6. Such other information as the Commission or the Staff may request.

B. As part of the Application for an expanded Certificate of Convenience and Necessity, the telecommunications company shall also petition the Commission for a determination that the intraLATA service being provided or to be provided is competitive, pursuant to the requirements of R14-2-1108.

C. The Commission shall review the initial tariffs submitted by the telecommunications company and shall determine whether the rates, terms, and conditions for the proposed services are reasonable.

D. If it appears, based upon Staff review or upon comments filed with Commission Docket Control Center, that a rate, term, or condition of service stated in a tariff may be unjust or unreasonable, or that a service to be offered by the applicant may not be competitive, the Commission or Staff may require further information and/or changes to the application or to the tariff.

E. When the Application is submitted to the Docket Control Center, it will not be filed until it is found to be in proper form. The telecommunications company shall, no later than 20 days after the Application is filed publish legal notice of the Application in all counties where services will be provided. The notice shall describe with particularity the contents of the Application on file with the Commission. Interested persons shall have 20 days from the publication of legal notice to file objections to the Application and to submit a motion to intervene in the proceeding.

Historical Note
Adopted effective June 27, 1995, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 95-2). Amended by final rulemaking at 8 A.A.R. 4789, effective December 15, 2002 (Supp. 02-4).

R14-2-1105. Certificates of Convenience and Necessity for Telecommunications Companies Offering Competitive Services; Initial Tariff

A. Effective July 1, 1995, every other telecommunications company, except a local exchange carrier, that has not previously received a Certificate of Convenience and Necessity, and that provides or intends to provide intrastate competitive telecommunications services shall file with the Docket Control Center 10 copies of an Application for a Certificate of Convenience

and Necessity to provide competitive telecommunications services. In support of the request for a Certificate of Convenience and Necessity, the Application shall, at a minimum, include all the information required in R14-2-1104(A) and shall also include the following information:

1. A description of the telecommunications company's technical capability to provide the proposed services and a description of its facilities.
2. Information describing the financial resources of the telecommunications company, including:
   a. A current intrastate balance sheet,
   b. A current income statement (if applicable),
   c. A pro forma income statement, and
   d. Comparable financial information evidencing sufficient financial resources.
3. A copy of the Partnership Agreement, Articles of Incorporation, Articles of Organization, Joint Venture Agreement, or any other contract, agreement, or document that evidences the formation of the telecommunications company.

B. An Application filed under subsection (A) of this Section shall also petition the Commission for a determination that the service being provided or to be provided is competitive under the requirements of R14-2-1108.

C. An Application filed under subsection (A) of this Section shall be subject to the provisions of subsections R14-2-1104(D) and (E).

D. In appropriate circumstances, the Commission may require, as a precondition to certification, the procurement of a performance bond sufficient to cover any advances or deposits the telecommunications company may collect from its customers, or order that such advances or deposits be held in escrow or trust.

Historical Note

Adopted effective June 27, 1995, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 95-2). Amended by final rulemaking at 8 A.A.R. 4789, effective December 15, 2002 (Supp. 02-4).

R14-2-1106. Grant of Certificate of Convenience and Necessity

A. The Commission, after notice and hearing, may deny certification to any telecommunications company which:

1. Does not provide the information required by this Article;
2. Is not offering competitive services, as defined in this Article;
3. Does not possess adequate financial resources to provide the proposed services;
4. Does not possess adequate technical competency to provide the proposed services; or
5. Fails to provide a performance bond, if required.

B. Every telecommunications company obtaining a Certificate of Convenience and Necessity under this Article shall obtain certification subject to the following conditions:

1. The telecommunications company shall comply with all Commission rules, orders, and other requirements relevant to the provision of intrastate telecommunications service.
2. The telecommunications company shall maintain its accounts and records as required by the Commission.
3. The telecommunications company shall file with the Commission all financial and other reports that the Commission may require, and in a form and at such times as the Commission may designate.
4. The telecommunications company shall maintain on file with the Commission all current tariffs and rates, and any service standards that the Commission may require.
5. The telecommunications company shall cooperate with Commission investigations of customer complaints.
6. The telecommunications company shall participate in and contribute to a universal service fund, as required by the Commission.
7. Failure by a telecommunications company to comply with any of the above conditions may result in rescission of its Certificate of Convenience and Necessity.

Historical Note

Adopted effective June 27, 1995, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 95-2). Amended by final rulemaking at 8 A.A.R. 4789, effective December 15, 2002 (Supp. 02-4).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General certification provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1107. Application to Discontinue or Abandon Local Exchange or Interexchange Services

A. Any telecommunications company providing competitive local exchange or interexchange service on a resold or facilities-based basis that intends to discontinue service or to abandon all or a portion of its service area shall file an application for authorization with the Commission setting forth the following:

1. Any reasons for the proposed discontinuance of service or abandonment of service area;
2. Verification that all affected customers have been notified of the proposed discontinuance or abandonment, and that all affected customers will have access to an alternative local exchange service provider or interexchange service provider;
3. Where applicable, a plan for the refund of deposits collected pursuant to subsection R14-2-503(B);
4. A list of all alternative utilities providing the same or similar service within the affected geographic area.

B. When the application is submitted to the Docket Control Center, it will not be filed until it is found to be in proper form. No later than 20 days after the application is filed, the telecommunications company shall publish legal notice of the application in all counties affected by the application. The legal notice shall describe with particularity the substance of the application. Interested persons shall have 30 days from the publication of legal notice to file objections to the application, to request a hearing, and to submit a motion to intervene in the proceeding.

C. Once proper notice is effected and if no objection is filed, the Commission may grant the application without a hearing.

Historical Note

Adopted effective June 27, 1995, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 95-2). Amended by final rulemaking at 10 A.A.R. 1030, effective April 26, 2004 (Supp. 04-1).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General certification provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel.

Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1108. Determination of a Competitive Telecommunications Service

A. A telecommunications company may petition the Commission to classify as competitive any service or group of services provided by the company. The telecommunications company shall file with the Docket Control Center 10 copies of its petition. The telecommunications company also shall provide notice of its application to each of its customers, if any, and to each regulated telecommunications company that serves the same geographic area or provides the same service or group of services, or a service or group of services similar to the service or group of services for which the competitive classification is requested.

B. The petition for competitive classification shall set forth the conditions within the relevant market that demonstrate that the telecommunications service is competitive, providing, at a minimum, the following information:
1. A description of the general economic conditions that exist which make the relevant market for the service one that is competitive;
2. The number of alternative providers of the service;
3. The estimated market share held by each alternative provider of the service;
4. The names and addresses of any alternative providers of the service that are also affiliates of the telecommunications company, as defined in R14-2-801;
5. The ability of alternative providers to make functionally equivalent or substitute services readily available at competitive rates, terms, and conditions; and
6. Other indicators of market power, which may include growth and shifts in market share, ease of entry and exit, and any affiliation between and among alternative providers of the services.

C. Alternatively, where the Commission has already classified a specific service within the relevant market as competitive, the petition shall provide the date and decision number of the Commission order.

D. In any competitive classification proceeding, the telecommunications company filing the petition, and any telecommunications company supporting the petition, shall have the burden of demonstrating that the service at issue is competitive. Classification of the petitioners' service as competitive does not constitute classification of any service provided by another telecommunications company as competitive, unless expressly ordered by the Commission.

E. The Commission may initiate classification proceedings on its own motion and may require all regulated telecommunications companies potentially affected by the classification proceeding to participate in the proceeding. In an Order classifying a service as competitive, the Commission will specify whether the classification applies to the service provided by a specific company or companies or to that service provided by all telecommunications companies.

F. If the Commission finds that a telecommunications company's service is competitive, the telecommunications company providing the service may obtain a rate change for the service by applying for streamlined rate treatment pursuant to R14-2-1110.

G. Any finding by the Commission, pursuant to the provisions of this Section, that a telecommunications service is competitive so as to qualify for streamlined rate treatment shall not constitute a finding that the service is deregulated.

H. Any telecommunications service classified by the Commission as competitive may subsequently be reclassified as noncompetitive if the Commission determines that reclassification would protect the public interest. Notice and hearing would be required prior to any reclassification. The burden of proof would be on the party seeking reclassification.

Historical Note
Adopted effective June 27, 1995, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 95-2).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General certification provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1109. Pricing of Competitive Telecommunications Services

A. Pricing of Competitive Services. A telecommunications company governed by this Article may price a competitive telecommunications service at any level at or below the maximum rate stated in the company's tariff on file with the Commission, provided that the price for the service is not less than the company's total service long-run incremental cost of providing the service.

B. Changing a Price. A telecommunications company governed by this Article may effect a price change for a competitive service so long as two conditions are met:
1. The changed price comports with the limitations stated in subsection (A); and
2. The Commission is provided with concurrent, written notice of the price change.

C. No Cross-subsidization. A competitive telecommunications service shall not be subsidized by any rate or charge for any noncompetitive telecommunications services. To ensure that no cross-subsidization exists, each competitive telecommunications service must provide revenues that equal or exceed the company's total service long-run incremental cost of providing the service.

Historical Note
Adopted effective June 27, 1995, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 95-2).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General certification provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1110. Competitive Telecommunications Services -- Procedures for Rate Change

A. Telecommunications companies governed by this Article may apply to the Commission for an increase in any rate for a competitive service using the procedures set forth below. All applications and supporting information shall be submitted with 10 copies and filed with Docket Control Center.

B. In order to increase the maximum tariffed rate for a competitive telecommunications service, the applicant shall submit an application to the Commission containing the following information:
1. A statement setting forth the reasons for which a rate increase is required;
2. A schedule of current rates and proposed rates and the additional revenues to be derived from the proposed rates;

3. An affidavit verifying that appropriate notice of the proposed rate increase has been provided to customers of the service;
4. The Commission or staff may request any additional information in support of the application.

C. The Commission may, at its discretion, act on the requested rate increase with or without an evidentiary hearing; in an expeditious manner.

Historical Note

Adopted effective June 27, 1995, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 95-2).

R14-2-1111. Requirement for IntraLATA Equal Access

A. Each local exchange carrier shall provide 2-PIC toll equal access where technically and economically feasible, and in accordance with any procedures the Commission may order.

B. The sequence for implementation of intraLATA equal access shall occur in the following manner:

1. In response to a bona fide request for intraLATA equal access, a local exchange carrier shall complete implementation of intraLATA equal access within nine months of receiving the request. A person making such a bona fide request shall also provide a copy to the Arizona Corporation Commission.
2. The local exchange carrier may implement intraLATA equal access in any central office on its own initiative but, in any event, shall make intraLATA equal access available in all its central offices no later than July 1, 1996, unless otherwise ordered by the Commission

C. A local exchange carrier may petition the Commission for a waiver of the requirement in subsection (B)(1) on the grounds that compliance is not technically or economically feasible. A local exchange carrier may also petition the Commission for an extension of the requirement in subsection (B)(2) on the grounds that intraLATA equal access cannot reasonably or economically be provided within any specific exchanges within the required time-frame. The Commission may grant either of these waivers with or without a hearing. The local exchange carrier filing the waiver petition shall bear the burden of proof.

Historical Note

Adopted effective June 27, 1995, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 95-2). Amended by final rulemaking at 8 A.A.R. 4789, effective December 15, 2002 (Supp. 02-4).

R14-2-1112. Interconnection Requirements

All local exchange carriers must provide appropriate interconnection arrangements with other telecommunications companies at reasonable prices and under reasonable terms and conditions that do not discriminate against or in favor of any provider, including the local exchange carrier. Appropriate interconnection arrangements shall provide access on an unbundled, nondiscriminatory basis to physical, administrative, and database network components. Local exchange carriers shall provide appropriate interconnection arrangements within six months of receiving a bona fide request for interconnection. The interconnection arrangements must be in the form of a tariff and shall be filed with the Commission for its approval before becoming effective.

Historical Note

Adopted effective June 27, 1995, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 95-2). Amended by final rulemaking at 8 A.A.R. 4789, effective December 15, 2002 (Supp. 02-4).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General certification provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1113. Establishment of Universal Service Fund

The Commission shall establish an intrastate universal service fund which shall assure the continued availability of basic telephone service at reasonable rates. The universal service fund shall be structured and administered as required by the Commission.

Historical Note

Adopted effective June 27, 1995, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 95-2).

R14-2-1114. Service Quality Requirements for the Provision of Competitive Services

A. General Requirement. Telecommunications companies governed by this Article shall provide quality service in accordance with this rule and with any other service quality requirements established by the Commission.

B. Telecommunications Company Responsibility. Each telecommunications company governed by this Article:

1. Shall be responsible for maintaining in safe operating condition all equipment and fixtures owned by and under the exclusive control of the telecommunications company that are used in providing telecommunications services to the customer.
2. Shall make known to applicants for its service and to its subscribers any information necessary to assist the subscriber or customer in obtaining adequate, efficient, and reasonably priced service.

C. Continuity of Service. Each telecommunications company providing competitive telecommunications services pursuant to this Article shall make reasonable efforts to supply a satisfactory and continuous level of service.

D. Billing and Collection

1. Each telecommunications company governed by this Article shall bill monthly for any competitive services rendered. The following minimum information must be provided on all customer bills:
   a. A description of the service provided;
   b. The monthly charge for each service provided;
   c. The company's toll-free number for billing inquiries;
   d. The amount or percentage rate of any privilege, sales, use or other taxes that are passed on to the customer as part of the charge for the service provided;
   e. Any access or other charges that are imposed by order of or at the direction of the Federal Communications Commission; and
   f. The date on which the bill becomes delinquent.
2. If the telecommunications company does not provide direct billing to its customers, it shall make arrangements for monthly bills to be rendered to all its customers. However, a local exchange carrier shall not provide billing and collection services for intrastate telecommunications services to any telecommunications company that does not have a Certificate of Convenience and Necessity from the Commission, and that does not have a certification application pending before the Commission.

E. Insufficient Funds (NSF) Checks. A telecommunications company governed by this Article may include in its tariffs a fee

for each instance where a customer tenders payment for the competitive telecommunications service with an insufficient funds check. When a customer tenders an insufficient check, the telecommunications company may require the customer to make payment in cash, by money order, certified check, or other means which guarantees the customer's payment to the telecommunications company.

F. Deferred Payment Plan.
1. Each telecommunications company may, in lieu of terminating service, offer any customer a deferred payment plan to retire unpaid bills for telecommunications company service. If a deferred payment arrangement is made, current service shall not be discontinued if the customer agrees to pay a reasonable portion of the outstanding balance in installments over a period not to exceed six months and agrees to pay all future bills in accordance with the billing and collection tariffs of the telecommunications company.
2. If a customer does not fulfill the terms of a deferred payment agreement, the telecommunications company shall have the right to disconnect service pursuant to the Commission's termination of service rule, R14-2-509.

G. Late Payment Penalty. A telecommunications company governed by this Article may include in its tariffs a late payment penalty which may be applied to delinquent bills. The amount of the late payment penalty shall be stated on a customer's bill when rendered by the telecommunications company or its agent.

H. Service Interruptions.
1. Each telecommunications company shall make reasonable efforts to reestablish service within the shortest possible time when service interruptions occur. The telecommunications company shall issue instructions to its employees covering procedures to be followed in the event of any emergency, including national emergencies or local disasters, in order to prevent or mitigate interruption or impairment of service. The Commission shall be notified of major interruptions in service affecting the entire system or any major division.
2. When a telecommunications company plans to interrupt service to perform necessary repairs or maintenance, the telecommunications company shall attempt to inform affected customers at least 24 hours in advance of the scheduled date and estimated duration of the service interruption. Such repairs shall be completed in the shortest possible time to minimize the inconvenience to the customers of the telecommunications company.

I. Nonpermissible Termination of Service. A telecommunications company governed by this Article may not disconnect service for:
1. The failure of a customer to pay for services or equipment which are not regulated by the Commission, or
2. For disputed bills where the customer has complied with the Commission's rules on complaints.

J. Permissible Termination of Service. Termination of service without notice may occur in accordance with the provisions of subsection R14-2-509(B). Termination of service with notice shall occur in accordance with provisions of R14-2-509(C) through (E). All local exchange carriers are prohibited from discontinuing local service for alleged delinquency of nonlocal bills.

K. Notice of Responsible Officer or Agent. Each telecommunications company governed by this Article shall file a written statement with the Commission which provides the name, address (business, residence, and post office) and telephone numbers (business and residence) of at least one officer, agent, or one employee responsible for the general management of its operations as a telecommunications company in Arizona. Each telecommunications company shall give notice of any change in this information by filing a written statement with the Commission within five days from the date of any such change.

L. Competitive Local Exchange Service. Any telecommunications company providing competitive local exchange service shall comply with the Commission's rules for establishment of service set forth in R14-2-503.

M. Denial of Service/Noncertificated Utilities. A local exchange carrier shall deny service to a noncertificated telecommunications company that intends to use the service requested to provide telecommunications service for hire, sale, or resale to the general public within the state of Arizona. Service shall not be denied if the telecommunications company has an Application for a Certificate of Convenience and Necessity pending before the Commission.

Historical Note

Adopted effective June 27, 1995, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 95-2). Amended by final rulemaking at 8 A.A.R. 4789, effective December 15, 2002 (Supp. 02-4).

R14-2-1115. Administrative Requirements

A. Customer Service Complaints. All customer service complaints concerning competitive telecommunications services shall be governed by the provisions of subsection R14-2-510(A).

B. Customer Bill Disputes. All customer bill disputes concerning competitive telecommunications services shall be governed by the provisions of R14-2-510(B) and (C).

C. Filing of Tariffs, Price Levels, and Contracts. Each telecommunications company governed by this Article shall file with the Commission current tariffs, price levels, and contracts that comply with the provisions of this Article and with all Commission rules, orders, and all other requirements imposed by the laws of the state of Arizona.
1. Current tariffs for competitive services shall be maintained on file with the Commission pursuant to the requirements of A.R.S. § 40-365.
2. Current price levels for competitive services shall be filed with the Commission pursuant to the requirements of R14-2-1109(B).
3. Contracts of telecommunications companies governed by this Article shall be filed with the Commission not later than five business days after execution. If the contract includes both competitive and noncompetitive services, it must be filed at least five business days prior to the effective date of the contract and must separately state the tariffed rate for the noncompetitive services and the price for the competitive services.
4. Contracts filed pursuant to this Article shall not be open to public inspection or made public except on order of the Commission, or by the Commission or a Commissioner in the course of a hearing or proceeding.

D. Accounts and Records.
1. Each telecommunications company shall keep general and subsidiary accounting books and records reflecting the cost of its intrastate properties, assets and liabilities, operating income and expenses, and all other accounting and statistical data which reflect complete, authentic, and accurate information regarding to its properties and operations. These accounting records shall be organized and maintained in such a way as to provide an audit trail

through all segments of the telecommunications company's accounting system.

2. With the exception of local exchange companies, each telecommunications company providing competitive telecommunications services shall maintain its books and records in accordance with Generally Accepted Accounting Principles as promulgated by the Financial Accounting Standards Board and its successors, as amended by any subsequent modification or official pronouncement thereto, which directly relates to regulated industries.

E. Production of Accounts, Records, and Documents.

1. All telecommunications companies governed by this Article shall immediately make available, at the time and place the Commission may designate, any accounting records that the Commission may request. Accounting records shall include all or any portion of a telecommunications company's formal and informal accounting books and records along with any underlying and/or supporting documents regardless of the physical location of such books, records, and documents. Accounting records shall also include all books, records or documents which specifically identify, support, analyze, or otherwise explain the reasonableness and accuracy of affiliated interest transactions.
2. The Commission, at its sole discretion, may inspect any telecommunications company's formal and/or informal accounting books, records, and documents at the company's business premises or at its authorized representative's business premises which may be outside the state of Arizona. If inspection of the telecommunications company's accounting records does take place outside the state of Arizona, the telecommunications company will, to the extent legally permissible, assume all reasonable costs of travel, lodging, per diem, and all other miscellaneous costs incurred by participating personnel employed by the Commission or personnel contracted to represent the Commission in any manner.

F. Annual Reports to the Commission. All telecommunications companies providing competitive telecommunications services pursuant to this Article shall submit an annual report to the Commission which shall be filed on or before the 15th day of April for the preceding calendar year.

1. The annual report shall be in a form prescribed by the Commission and, at a minimum, shall contain the following information:
   a. A statement of income for the reporting year similar in format to R14-2-103, Schedule (C)(1) or (E)(2). The income statement shall be Arizona-specific and reflect operating results in Arizona.
   b. A balance sheet as of the end of the reporting year similar in format to R14-2-103, Schedule (E)(1). The balance sheet shall be Arizona-specific.
2. Annual reports filed pursuant to this Article shall not be open to public inspection or made public except on order of the Commission, or by the Commission or a Commissioner in the course of a hearing or proceeding.

G. Reports to the Securities and Exchange Commission. All telecommunications companies shall file with the Commission a copy of all reports required by the Securities and Exchange Commission.

H. Other Reports. All telecommunications companies shall file with the Commission a copy of all annual reports required by the Federal Communications Commission and, where applicable, annual reports required by the Rural Electrification Administration or any other agency of the United States.

I. Variations, Exemptions of Commission Rules. The Commission may consider variations or exemptions from the terms or requirements of any of the rules included herein (14 A.A.C. 2, Article 11) upon the verified application of an affected party. The application must set forth the reasons why the public interest will be served by the variation or exemption from the Commission rules and regulations. Any variation or exemption granted shall require an order of the Commission. Where a conflict exists between these rules and an approved tariff or order of the Commission, the provisions of the approved tariff or order of the Commission shall apply.

Historical Note

Adopted effective June 27, 1995, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 95-2). Amended by final rulemaking at 8 A.A.R. 4789, effective December 15, 2002 (Supp. 02-4).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General approval provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

ARTICLE 12. ARIZONA UNIVERSAL SERVICE FUND

R14-2-1201. Definitions

In this Article, unless the context otherwise requires, the following definitions shall apply:

1. "Administrator" is the person designated pursuant to R14-2-1212 to administer the AUSF and perform the functions required by this Article.
2. "Arizona Corporation Commission" or "Commission." The regulatory agency of the state of Arizona having jurisdiction over public service corporations operating in Arizona.
3. "Arizona Universal Service Fund" or "AUSF" is the funding mechanism established by this Article through which surcharges are collected and support paid in accordance with this Article.
4. "AUSF Support" is the amount of money, calculated pursuant to this Article, which a provider of basic local telephone exchange service is eligible to receive from the AUSF pursuant to this Article.
5. "AUSF Support Area" is the geographic area for which a local exchange carrier's eligibility to receive AUSF support is calculated.
6. "Basic local exchange telephone service" is telephone service that provides the following features:
   a. Access to 1-party residential service with a voice grade line;
   b. Access to touchtone capabilities;
   c. Access to an interexchange carrier;
   d. Access to emergency services, including but not limited to emergency 911;
   e. Access to directory assistance service;
   f. Access to operator service;
   g. Access to a white page or similar directory listing; and
   h. Access to telephone relay systems for the hearing and speech impaired.
7. "Benchmark rates" for a telecommunications services provider are those rates approved by the Commission for that provider for basic local exchange telephone service, plus the Customer Access Line Charge approved by the Federal Communications Commission.

8. "Commercial Mobile Radio Service" is any radio communication service carried on between mobile stations or receivers and land stations, or by mobile stations communicating among themselves, that is provided for profit and that makes available to the public service that is connected to the public switched network.
9. "Conversion Factor" is a multiplier that is used to convert a quantity of interconnecting trunks for both wireless and wireline customers into equivalent access lines, for the sole purpose of developing Category 1 surcharges. The value of the Conversion Factor shall be 10 until completion of the review provided for in R14-2-1216.
10. "Interconnecting Trunk" is a 1-way or 2-way voice grade or equivalent voice grade switched message transmission channel furnished by a local switched access provider to a provider of wireless services or to a wireline customer of such local switched access provider to interconnect the provider of wireless services or wireline customer to the public switched network.
11. "Intermediate Local Exchange Carriers" are incumbent providers of basic local exchange telephone service with more than 20,000 access lines but fewer than 200,000 access lines in Arizona.
12. "Large Local Exchange Carriers" are incumbent providers of basic local exchange telephone service serving 200,000 or more access lines in Arizona.
13. "Small Local Exchange Carriers" are incumbent providers of basic local exchange telephone service with 20,000 or fewer access lines in Arizona.
14. "Total Service Long Run Incremental Cost" is the total additional cost incurred by a telecommunications company to produce the entire quantity of a service, given that the telecommunications company already provides all of its other services. Total Service Long Run Incremental Cost is based on the least cost, most efficient technology that is capable of being implemented at the time the decision to provide the service is made.
15. "U.S. Census Blocks" are geographic areas defined by the U.S. Department of Commerce. The areas, which define the way in which census data is aggregated, generally contain between 250 and 550 housing units.

Historical Note
Adopted effective April 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-2).

R14-2-1202. Calculation of AUSF Support

A. The amount of AUSF support to which a provider of basic local exchange telephone service is eligible for a given AUSF support area shall be based upon the difference between the benchmark rates for basic local exchange telephone service provided by the carrier, and the appropriate cost to provide basic local exchange telephone service as determined by the Commission, net of any universal service support from federal sources.

B. For a small local exchange carrier, the AUSF support area shall include all exchanges served by the local exchange carrier in Arizona. The appropriate cost of providing basic local exchange telephone service for purposes of determining AUSF support for a small local exchange carrier shall be the embedded cost of the incumbent provider. For any request for AUSF support by a small local exchange carrier filed more than three years after the effective date of this Article, the AUSF support area shall be the geographic areas as determined by the Commission.

C. For an intermediate local exchange carrier, the AUSF support area shall be either all exchanges in Arizona served by that carrier, or such other support area as may be approved by the Commission. The appropriate cost of providing basic local exchange telephone service for purposes of determining AUSF support for an intermediate local exchange carrier shall be the embedded cost of the incumbent provider. For any request for AUSF support by an intermediate local exchange carrier filed more than three years after the effective date of this Article, the AUSF support area shall be geographic areas as determined by the Commission, and the appropriate cost of providing basic local exchange telephone service for purposes of determining AUSF support shall be the Total Service Long Run Incremental Cost of the incumbent provider. In the event that the FCC adopts a somewhat different forward-looking costing methodology and/or a different geographic study/support area for the Federal universal service fund program, a local exchange carrier may request a waiver from this rule in order to utilize the same cost study methodology and/or geographic study areas in both jurisdictions.

D. For a large local exchange carrier, the AUSF support area shall be U.S. census block groups, and the appropriate cost of providing basic local exchange telephone service for purposes of determining AUSF support shall be the Total Service Long Run Incremental Cost. In the event that the FCC adopts a somewhat different forward-looking costing methodology and/or a different geographic study/support area for the Federal universal service fund program, a local exchange carrier may request a waiver from this rule in order to utilize the same cost study methodology and/or geographic study areas in both jurisdictions. Any request for AUSF support by a large local exchange carrier shall include a Total Service Long Run Incremental Cost study, or cost study based on FCC adopted methodology, of basic local exchange service. The cost study shall be developed and presented in a manner that identifies the cost for the individual support areas for which AUSF funding is being requested.

Historical Note
Adopted effective April 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-2).

R14-2-1203. Request for AUSF Support

A provider of basic local exchange telephone service may request that the Commission authorize AUSF support with a filing under R14-2-103 or other method as the Commission may prescribe, and upon compliance with all applicable rules set forth in R14-2-1101 through R14-2-1115. A request for AUSF support shall include a statement describing the need for such funding. The Commission shall determine the appropriate cost of providing basic local exchange service for each AUSF support area for which AUSF support is requested and shall calculate in accordance with R14-2-1202 the amount of AUSF support, if any, to which the applicant is entitled.

Historical Note
Adopted effective April 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-2).

R14-2-1204. Funding of the AUSF

A. The AUSF shall be funded in accordance with this Article by all telecommunications service providers that interconnect to the public switched network. Within 30 days of the effective date of this Article, and thereafter on or before October 1 of each year, each telecommunications provider shall provide to

the Administrator a list of all other telecommunications providers that interconnect to its facilities or network.

B. The AUSF shall be funded equally by toll and local customers of the providers of telecommunications services, and shall be assessed in the following manner:

1. Category 1 - Providers of basic local exchange service, as discussed in R14-2-1204(B)(1)(a), and other service providers as required under R14-2-1204(B)(1)(a)(i) or permitted under R14-2-1204(B)(3)(b), shall be considered providers of Category 1 service.
   a. One-half of the AUSF funding requirement will be collected through Category 1 service providers. Category 1 AUSF assessment will be based upon access lines and interconnecting trunks, and assessed by providers of local switched access as either an access line or interconnecting trunk surcharge. The "per access line" surcharge to be in place during a given year will be calculated by the Administrator using the total number of access lines and equivalent access lines deriving from interconnecting trunks that were in service for all Category 1 service providers on October 1 of the previous year. Access lines shall include business and residence lines, public access lines, and other identifiable access lines. All wireless providers including but not limited to paging and other Commercial Mobile Radio Service providers, that interconnect to the public switched network will contribute to the AUSF under the requirements of Category 1. The number of interconnecting trunks obtained from the local access provider by the wireless provider shall be utilized in conjunction with a Conversion Factor to determine AUSF support from such wireless provider by means of a surcharge on such interconnecting trunks. A wireless provider that fails to contribute to the AUSF as required by this Article shall be subject to termination of its interconnection arrangements pursuant to R14-2-1214(C).
   b. On or before November 1 of each year, each Category 1 local switched access service provider shall provide to the Administrator the number of access lines and number of interconnecting trunks that were in service on October 1 of that year. The Administrator will use these numbers together with the Conversion Factor in calculating the per access line surcharge and per interconnecting trunk surcharge for the following year. The Administrator will multiply the total number of interconnecting trunks by the Conversion Factor to obtain an equivalent number of access lines for the purpose of calculating the surcharges.
2. Category 2 - Providers of intrastate toll service, or other service providers as permitted under R14-2-1204(B)(3), shall be considered providers of Category 2 service and shall be assessed AUSF charges as follows:
   a. One-half of the AUSF funding requirement will be collected through Category 2 service providers. The Category 2 AUSF assessment will be based on total Arizona intrastate toll revenue, and assessed as a percent of revenue. The percent of revenue assessment to be in place during a given year will be calculated by the Administrator using the annual Arizona intrastate revenue for all Category 2 service providers for the previous year.
   b. On or before November 1 of each year, each Category 2 service provider shall report to the Administrator the total Arizona intrastate revenue collected between August 1 of the current year and August 1 of the previous year. The Administrator will use this revenue so reported to calculate the AUSF assessment rate for the following year.
3. New telecommunications service providers.
   a. Telecommunications providers that begin providing basic local exchange service after the effective date of this Article shall be assessed AUSF charges pursuant to R14-2-1204(B)(1). Telecommunications providers that begin providing toll service after the effective date of this Article shall be assessed AUSF charges pursuant to R14-2-1204(B)(2).
   b. All other telecommunications service providers that interconnect to the public switched network and begin providing telecommunications service after the effective date of this Article, shall choose to be considered either a Category 1, Category 2, or both Category 1 and Category 2 service provider. Such election shall be made in writing to the Administrator within 30 days of beginning to provide telecommunications service in Arizona, with a copy to the Director of Utilities. Written concurrence of the Director of Utilities must be received by the Administrator for such selection to be effective. Such selection will be irrevocable for a period of at least three years.
4. A telecommunications provider that provides both Category 1 and Category 2 services shall be assessed AUSF charges pursuant to both R14-2-1204(B)(1) and R14-2-1204(B)(2).

Historical Note

Adopted effective April 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-2).

R14-2-1205. Calculation of Surcharges

A. The Administrator will calculate the total AUSF support due all local exchange carriers who have been granted AUSF support by the Commission. Administrative costs and audit fees will be added to this amount. The amount of any excess funds in the AUSF will then be subtracted to determine the total funding requirement. The funding requirements from Category 1 and Category 2 service providers will then be calculated. One-half of the funding will be obtained from Category 1 providers through surcharges applied to access lines and interconnecting trunks in service. The other half will be obtained from Category 2 providers through surcharges on intrastate toll revenues.

B. For the purpose of determining the surcharges, the Administrator will develop growth factors to apply to the total reported access lines and toll revenues. Such growth factors will be calculated at 1/2 of the estimated annual percentage growth in access lines and in toll revenues.

C. Category 1 Surcharge. One-half of the total annual AUSF support approved by the Commission for all eligible recipients will be obtained from Category 1 service providers. A monthly per access line surcharge and a monthly per interconnecting trunk surcharge required to obtain this funding will be calculated as follows:

1. Adding together the number of access lines and equivalent access lines for all Category 1 service providers, adjusted by the growth factor;
2. Dividing the total annual AUSF support approved by the Commission for all eligible recipients by 2 to obtain the

portion of AUSF support required from Category 1 service providers;

3. Dividing the amount of Category 1 AUSF support calculated in subsection (C)(2) by the sum of access lines calculated in subsection (C)(1) to yield the per access line surcharge;
4. Dividing the per access line surcharge calculated in subsection (C)(3) by 12 to determine the monthly access line assessment;
5. Multiplying the surcharge obtained in subsection (C)(4) by the Conversion Factor to determine the monthly interconnecting trunk surcharge.

D. Category 2 Surcharge. One-half of the total annual AUSF support approved by the Commission for all eligible recipients will be obtained from Category 2 service providers. A percent of revenue surcharge required to obtain this funding will be calculated as follows:

1. Totaling the annual intrastate toll revenues of all Category 2 service providers, adjusted by the growth factor;
2. Dividing the total AUSF support approved by the Commission for all eligible recipients by 2 to obtain the portion of AUSF support required from Category 2 service providers;
3. Dividing the amount of Category 2 AUSF support requirement calculated in subsection (D)(2) by the total annual intrastate toll revenues calculated in subsection (D)(1) to arrive at a percentage of revenue surcharge.

E. Recipients of lifeline or other low-income support shall be exempt from paying a Category 1 surcharge.

Historical Note
Adopted effective April 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-2).

R14-2-1206. Implementation

A. Any provider of telecommunications service may file either an AUSF tariff or price list, if appropriate, establishing a flow-through mechanism to collect the surcharge approved by the Commission and calculated by the Administrator.

B. On or before the 20th day of each month, each Category 1 service provider responsible for collecting AUSF surcharges shall remit to the Administrator the AUSF surcharge, including any surcharge on wireless providers, collected by that provider during the preceding month. The Category 1 provider shall submit such documentation of AUSF revenues from the AUSF surcharge as may be required by the Administrator.

C. On or before the 20th day of each month, each Category 2 service provider responsible for collecting AUSF surcharges shall remit to the Administrator the AUSF surcharge collected by that provider during the third preceding month. The Category 2 provider shall submit such documentation of AUSF revenues from the AUSF surcharge as may be required by the Administrator.

D. Eligible recipients of AUSF support are:

1. Providers of telecommunications service engaged in providing basic local exchange telephone service in Arizona which have obtained a Commission order authorizing payments from the AUSF; and
2. Providers that become entitled to AUSF support based upon the provisions of R14-2-1206(E).

E. If the Commission approves AUSF support to a provider of telecommunications service for a defined area, such AUSF support shall also be available to competitive providers of basic local exchange service in the same defined area that are contributing to the AUSF, and that are willing to provide service to all customers in the specific AUSF support area as defined by the Commission. The AUSF support to which the competitive provider is eligible shall be calculated on a per-customer basis, at the same level at which the incumbent provider of telecommunications service receives AUSF support, and shall not result in an increase in the total AUSF support available for the specific census block groups or study area. If basic exchange service is provided through the resale of another carrier's local loop facilities, AUSF support will only be available to the retail service provider if AUSF support is not included in the wholesale price for the resold local service. This Section shall not apply to small local exchange carriers nor to the universal service support being received by any telecommunications service provider as of the effective date of this Article.

F. For small local exchange carriers and for any basic local exchange telephone service provider receiving universal service support as of the effective date of this Article, the AUSF support shall not be available to competitive providers of basic local exchange service prior to completion of the review provided for in R14-2-1216. Following completion of the review, AUSF support provided to small and intermediate local exchange carriers shall be available to all competitive providers of basic local exchange service in the same defined area that are contributing to AUSF, and that are willing to provide service to all customers in the specific geographic study area as defined by the Commission, unless otherwise ordered by the Commission.

G. Defined area, study area, geographic area, and support area mean the same area during the first three years of the effective date of this Article. After the first three years, they will still have the same meaning unless otherwise ordered by the Commission.

Historical Note
Adopted effective April 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-2).

R14-2-1207. Calculation of Monthly Payments and the Associated Collections

A. For the monthly Category 1 AUSF payment, each provider of local switched access shall remit to the Administrator an amount equal to the number of access lines in service on the first day of the month, times the monthly surcharge per access line plus the number of interconnecting trunks in service on the first day of the month, times the monthly interconnecting trunk surcharge.

B. The monthly AUSF payment that each Category 2 provider shall remit to the Administrator is an amount equal to its monthly intrastate toll revenue times the monthly surcharge percentage.

C. Payments must be received by the Administrator by the 20th day of each month. If the payment amount is greater than $10,000, then it shall be wire transferred to the Administrator.

D. The Administrator shall enter into an appropriate non-disclosure agreement with each telecommunications service provider to assure that information necessary to allocate AUSF funding obligations and to calculate surcharges is reported, maintained, and used in a manner that will protect the confidentiality of company specific data. The Administrator shall not use confidential data for any purpose other than administering the AUSF.

Historical Note
Adopted effective April 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-2).

R14-2-1208. Monthly AUSF Disbursements

A. AUSF disbursement shall be made 30 days following the date of AUSF collections.

B. The Administrator shall not make AUSF support payments to a provider of telecommunications service until the Administrator has received a copy of a Commission decision authorizing the provider to receive such support.

Historical Note

Adopted effective April 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-2).

R14-2-1209. Procedures for Handling AUSF Rate Changes

A. Category 1 and Category 2 AUSF surcharges shall be revised when the Commission authorizes new or revised AUSF payments to any provider of telecommunications service. The Administrator shall calculate the new AUSF flow-through surcharges in accordance with this Article, which surcharges shall become effective upon the Commission's approval of the new or revised AUSF payments.

B. An annual calculation to revise AUSF flow-through surcharges shall be made by the Administrator on December 1 of each year with an effective date the following January 1. The flow-through surcharges shall be calculated so that the total AUSF funding will equal the AUSF revenue requirements, plus administrative costs as well as any corrections and true-ups. No later than December 1 of each year, the Administrator shall provide notice to the Commission and all telecommunication service providers who pay into the AUSF of the flow-through surcharge rates for the following calendar year.

Historical Note

Adopted effective April 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-2).

R14-2-1210. Statement of Participation of All Telecommunications Service Providers in the AUSF

A. Within 30 days of the effective date of this Article, each telecommunications service provider shall provide a letter to the Administrator acknowledging that provider's obligation under this Article to pay AUSF surcharges. Failure to provide such a letter shall be grounds for termination after written notice from the Administrator of the provider's interconnection with the public switched network.

B. Any telecommunications service provider which begins providing telecommunications service after the effective date of this Article shall, within 30 days of beginning to provide intrastate service in Arizona, provide a letter to the Administrator acknowledging that provider's obligation under this Article to make monthly payments for the local and/or toll portion, as appropriate, of the AUSF contribution in accordance with this Article. Failure to provide such a letter shall be grounds for denying to the provider interconnection with the public switched network.

Historical Note

Adopted effective April 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-2).

R14-2-1211. Duties and Responsibilities of the AUSF Administrator

The Administrator shall:

1. Develop, obtain, and, on or before December 15 of each year, file with the Commission such information and documentation as the Administrator deems necessary for the establishment and calculation of the Category 1 and Category 2 surcharges for the succeeding year. Such a filing shall also be made each time the Commission authorizes a change in the AUSF funding requirement.
2. Monitor the AUSF payments of all telecommunications providers.
3. Oversee the billing of AUSF surcharges.
4. Prepare the necessary forms to be used in reporting the AUSF collections and disbursements and maintain monthly records.
5. Coordinate the collection and disbursement of AUSF monies in accordance with this Article.
6. Prepare an annual report that provides a detailed accounting of the AUSF collections and disbursements and that identifies the annual cost of administration. The report shall be filed with the Commission on or before April 15 of each year.
7. Monitor procedures for auditing the AUSF collections and disbursements. The audit function shall be performed by an independent outside auditor.

Historical Note

Adopted effective April 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-2).

R14-2-1212. Interim Administrator

US WEST Communications, Inc., will serve as interim Administrator of the AUSF and will perform the functions detailed herein that are required of the Administrator for a transition period until a private, neutral third party is appointed by the Commission to serve as Administrator of the AUSF. A neutral third party selected through the competitive bid process shall be appointed no later than July 1, 1997.

Historical Note

Adopted effective April 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-2).

R14-2-1213. Guidelines for Auditing the AUSF

A. The AUSF records covering both collections and disbursements shall be audited at the end of the first year following the designation of a third party administrator. The AUSF records will then be audited at least once every other year in the subsequent years of operations.

B. The records shall be examined for accuracy and the existence of effective internal controls to ensure that the AUSF is being administered appropriately and properly.

C. An independent external auditor selected by the Commission shall be utilized to provide an unbiased audit opinion concerning the AUSF administration procedures and controls.

D. Any costs for conducting audits will be deducted from the revenues of the AUSF prior to disbursement of funds.

Historical Note

Adopted effective April 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-2).

R14-2-1214. Enforcement of Collection of Delinquent AUSF Amounts

A. The Administrator shall issue past due notices to each provider of telecommunications service that is 15 days or more delinquent in submitting its AUSF payments to the Administrator. A copy of this notice shall be provided to the Commission.

B. AUSF support payments shall be withheld from any provider of telecommunications service that is delinquent in submitting its AUSF payments to the Administrator. Each provider of telecommunications service will be fully liable for any accrued

interest owing on its AUSF contributions that remain unpaid for 30 days. Such delinquent AUSF payments will begin accruing interest at the rate of 1 and 1/2% per month beginning with the 31st day until such amount is paid in full along with all accrued interest.

C. The local switched access service provider shall promptly notify the Commission and the Administrator of the identity of any wireless provider which fails or refuses to pay its AUSF surcharge. Such notice shall also be directed to the wireless provider. If the wireless provider has not paid the amount due within 30 days of such notice, the interconnection provider shall terminate the wireless provider's interconnection until the full amount together with all accrued interest, is paid in full (unless the payment is in bonafide dispute and the wireless carrier has paid the undisputed amount).

D. Failure by a telecommunications service provider to comply with the provisions of this Article may result in sanctions as determined by the Commission.

Historical Note
Adopted effective April 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-2).

R14-2-1215. AUSF Annual Report

A. On or before April 1 of each year, the Administrator shall file with the Commission an annual report which shall summarize the preceding year activity and contain the following:
1. A statement of AUSF collections and disbursements.
2. A record of the total cost of administration of the AUSF.
3. Audit reports from the audits conducted during the year.

B. A copy of the annual report shall be provided to each provider of telecommunications service who contributes to the AUSF.

Historical Note
Adopted effective April 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-2).

R14-2-1216. Review Process

A. Not later than three years from the effective date of this Article, the Commission staff shall initiate a comprehensive review of this Article and shall provide the Commission with recommendations regarding any necessary changes to the Article. Any interested party may also make such recommendations. The Commission shall consider these recommendations in such proceeding as the Commission deems appropriate.

B. The costs used to calculate AUSF funding levels for a given provider or AUSF support area shall be reviewed by the Commission at least every three years following the effective date for any authorized AUSF support for the provider or study area. The Commission may reduce the authorized funding level and require that the AUSF surcharge be recalculated on the basis of this review.

Historical Note
Adopted effective April 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-2).

R14-2-1217. Supersession of Existing USF Mechanism

The universal service funding mechanism initially approved by the Commission in Decision No. 56639 (September 22, 1989) is superseded by this Article, except that any calculation, contribution or collection of, or entitlement to, universal service fund support approved by the Commission prior to the adoption of this Article shall remain in effect until otherwise ordered by the Commission or until the application of this Article leads to a different result.

Historical Note
Adopted effective April 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-2).

Editor's Note: The Arizona Corporation Commission has determined that the following Article is exempt from the Attorney General approval provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

ARTICLE 13. TELECOMMUNICATIONS INTERCONNECTION AND UNBUNDLING

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General approval provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1301. Application of Rules

These rules govern interconnection requirements as provided in R14-2-1112. These rules apply to the provision of local exchange services by and between local exchange carriers as those terms are defined in R14-2-1102.

Historical Note
Adopted effective September 6, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-3).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General approval provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1302. Definitions

In this Article, unless the context otherwise requires, the following definitions shall apply:

1. "800 data base" means an 800 service data base that contains information on the screening and routing of 800 numbers that are in service.
2. "AIN data base" means a data base that is used in connection with an Advanced Intelligent Network (AIN) architecture. The AIN architecture enables telecommunications service providers to introduce advanced telecommunications services.
3. "ALI" or "Automatic Location Identification" means the process of electronically identifying and displaying the name of the subscriber and address of the calling telephone number to a person answering a 911 call.
4. "Central Office Code" means the first three digits of a seven-digit telephone number. Central office codes are assigned to telecommunications providers by the central office code administrator in accordance with the industry's central office code assignment guidelines.
5. "Centralized Message Distribution System" or "CMDS" means the system managed by Bellcore that assists in billing third party calls. Access to CMDS requires a Bellcore client company host.
6. "Directory Assistance Database Listings" means customer name, address, and telephone number listings in the LEC directory assistance database.
7. "E911" access means the ability of a LEC to interconnect with and deliver emergency calls, and associated ANI and ALI information, where available, to the E-911 controlling office

for further routing to the appropriate Public Safety Answering Point.

8. "Essential facility or service" means any portion, component, or function of the network or service offered by a provider of local exchange service: that is necessary for a competitor to provide a public telecommunications service; that cannot be reasonable duplicated; and for which there is no adequate economic alternative to the competitor in terms of quality, quantity, and price.
9. "Extended Area Service" or "EAS" means local (toll-free) calling provided between local exchange carrier exchanges (service areas).
10. "Incumbent Local Exchange Carrier" means any company providing service as a local exchange carrier in Arizona prior to June 23, 1995.
11. "Interconnection Services" means those features and functions of a local exchange carriers network that enable other local exchange carriers to provide local exchange and exchange access services. Interconnection services include, but are not limited to, those services offered by local exchange carriers which have been classified by the Commission as essential services.
12. "LIDB" or "Line Information Data Base" means a data base that contains access line information that is used by telecommunications service providers for billing validation.
13. "Local Exchange Carrier" or "LEC" means a telecommunications company that provides local exchange service as one of the telecommunications services it offers to the public.
14. "Local Number Portability" means permitting customers to choose between authorized providers of local exchange services within a given wire center without changing their telephone number and without impairment of quality, functionality, reliability, or convenience of use.
15. "Mutual traffic exchange" means the exchange of terminating local and EAS traffic between LECs such that all LECs terminate the local exchange traffic of all other LECs without explicitly charging each other for such traffic exchange.
16. "New Entrant Local Exchange Carrier" or "NELEC" means any company certificated by the Commission after June 23, 1995, as a local exchange carrier.
17. "Numbering Plan Administration" or "NPA" means a specific geographic area identified by a unique NPA code. The NPA (area code) is a 3-digit code that identifies the NPA for purposes of call routing. The NPA Administrator is the entity within a NPA that assigns central office prefixes (telephone numbers) to users in the NPA.
18. "Public Safety Answering Point" or "PSAP" means a communications facility operated on a 24-hour basis that is assigned the responsibility to receive 911 calls and, as appropriate, to dispatch public or private safety services or to extend, transfer, or relay 911 calls to the appropriate public or private safety agencies.
19. "Rate Center" means specific geographic locations from which airline mileage measurements are determined for the purpose of rating local, Extended Area Service (EAS), and toll traffic.
20. "Reciprocal Compensation" means the arrangement by which local exchange carriers compensate each other for like services used in the termination of local calls between the customers of the two carriers.
21. "Resale of local service" means the purchase by a local exchange carrier from another local exchange carrier a local exchange service provisioned directly to an end-user customer and rebrands it as its own service.
22. "Total Service Long Run Incremental Cost" or "TSLRIC" is as defined in R14-2-1102(17).
23. "White Pages Listings" means customer name, address, and telephone number listings in the white pages Section of LEC telephone directories.
24. "Yellow Pages Listings" means customer name, address, and telephone number listings in the yellow pages Section of LEC telephone directories.

Historical Note

Adopted effective September 6, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-3).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General approval provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1303. Points of Interconnection

A. Incumbent LECs and NELECs shall, by mutual agreement, arrange for the points of interconnection of their respective networks.

B. Each company interconnecting pursuant to the provisions of this Section shall be responsible for building and maintaining its own facilities to the point of interconnection. Companies are free to negotiate points of interconnection that involve the recurring and non-recurring compensation by one carrier for the transport facilities of another carrier.

C. Each company interconnecting pursuant to the provisions of this Section shall be responsible for the traffic that originates on its network up to the point of interconnection, and for the terminating traffic handed off at the point of interconnection to the call's destination.

D. Should the companies negotiating interconnection arrangements not be able to agree upon the points of interconnection, written notice to that effect shall be made to the Commission Staff by the carrier responding to the interconnection request. The notice shall contain a detailed description of the request itself and why interconnection at the point requested is not feasible.

Historical Note

Adopted effective September 6, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-3).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General approval provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1304. Reciprocal Compensation

A. Local and EAS traffic shall be terminated by the LECs over the interconnection facilities described in R14-2-1303 on the basis of mutual traffic exchange, for a period of 24 months from the effective date of Commission approval of the first interconnection agreement pursuant to R14-2-1506.

B. Any charges for the underlying transport facilities between the carriers shall be limited to the construction and maintenance charges specified in R14-2-1303.

C. Notwithstanding the provisions of subsection (A), compensation arrangements may be made by mutual agreement between companies.

D. If incumbent local exchange carriers and new entrant local exchange carriers do not arrive at compensation arrangements for local call termination by mutual agreement, they shall each file tariffs proposing permanent compensation mechanisms for

terminating local calls within 18 months of the effective date of Commission approval of the first interconnection agreement pursuant to R14-2-1506. This Commission has expressed a preference for flat rate local calling and therefore those tariffs shall not contain usage-sensitive call termination charges, unless otherwise approved by the Commission.

Historical Note
Adopted effective September 6, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-3).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General approval provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1305. Local and Toll Rating Centers

A. The incumbent LEC's local calling areas and existing EAS boundaries will be utilized for the purpose of classifying traffic as local, EAS, or toll for purposes of intercompany compensation.

B. All LECs will use central office codes with rate centers matching the incumbent LEC's rate centers.

C. All LECs shall be assigned the necessary central office codes for rate purposes.

D. Until a central office code administrator is designated by the Federal Communications Commission to replace US West Communications, Inc., central office codes will be assigned to LECs, at no charge, in accordance with the industry's central office code assignment guidelines.

E. No LEC may charge another LEC for changes to switch routing software necessitated by the creation, assignment, or reassignment of NPA or central office codes.

Historical Note
Adopted effective September 6, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-3).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General approval provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1306. Access to Databases and other Network Functions

A. All LECs, including new and incumbent LECs, are required to provide nondiscriminatory access to all necessary network functions, databases, and service components required to provide competitive local exchange services. These elements include, but are not limited to, directory assistance database listings, white page listings, yellow page listings, 800 LIDB and AIN databases, CMDS hosting, Busy Line Verification and Busy Line Interrupt operator services, distribution of telephone directories, inclusion of NELEC information in the Call Guide Section of the directory, and E-911.

B. Access to additional network functions, databases, and service components may be required from time to time by order of the Commission. This provision does not preclude the incumbent LEC and NELECs from negotiating voluntary arrangements for access to additional network functions, databases, or service components so long as the contracts for the voluntary arrangements are filed with the Commission and such access is made available to all other NELECs, upon request, under nondiscriminatory terms and conditions, including price.

C. Incumbent LECs shall provide access that is at least equal in type, quality, and price to that provided to themselves, to any affiliate, from any affiliate, or to another incumbent LEC.

D. LECs shall make available the call setup signaling resources and information necessary for setting up local and interexchange connections, including the use of signaling protocols used in the querying of data bases such as 800 and LIDB. LECs shall be prohibited from interfering with the transmission of signaling information between customers and network operators. LECs and NELECs shall have a duty to correct errors, support network management in a way that promotes network integrity, and prevent fraudulent use of a LEC's network.

E. All LECs and NELECs shall cooperate in the development of a process to handle intercompany service ordering, provisioning, and billing, and, repair service referrals.

Historical Note
Adopted effective September 6, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-3).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General approval provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1307. Unbundling

A. Local exchange carriers with less than 200,000 access lines shall be exempt from the unbundling requirements in these rules. Such exemption shall expire upon the receipt of a bona fide request from a certificated local exchange carrier for an unbundled facility, or if a carrier voluntarily chooses to offer unbundled services.

B. The local exchange carrier's network facilities or services which are determined to be essential shall be provided on terms and under conditions that are equivalent to the terms and conditions under which a local exchange carrier provides such essential facilities or services to itself in the provision of the local exchange carrier's services. The pricing of essential facilities or services shall be pursuant to R14-2-1310 on pricing.

C. The following local exchange carrier network capabilities are classified as essential facilities or services:
1. Termination of local calls,
2. Termination of long distance calls,
3. Interconnection with E911 and 911 services,
4. Access to numbering resources,
5. Dedicated channel network access connections, and
6. Unbundled loops.

D. Incumbent local exchange carriers shall make essential facilities or services available for purchase and use pursuant to negotiated agreements or an approved statement of terms and conditions which shall be filed with the Commission.

E. The following guidelines apply when a certificated telecommunications company makes a bona fide request of an incumbent local exchange carrier to unbundle any network facility or service capability not identified in subsection (C) or when a certificated telecommunications company makes a bona fide request to a NELEC that is the sole owner of essential facilities in the geographic area to unbundle any network facility or service capability. The request shall specify whether the network facility or service is considered by the requesting company to be essential.
1. For the 12 months following the effective date of these rules, the local exchange carrier shall respond to any such

request in writing within 120 days. Thereafter, the local exchange carrier shall respond to any such request in writing within 90 days.

2. The response to an unbundling request shall clearly state whether the LEC or NELEC intends to provide the network facility or service on an unbundled basis and, if requested, whether it will be offered as an essential facility or service. If the LEC or NELEC does not intend to provide the requested network facility or service, the response shall state the basis for such refusal.
3. If the local exchange carrier or NELEC agrees to provide the network facility or service on an unbundled basis, the facility or service shall be provided pursuant to negotiated agreements or an approved statement of terms and conditions which shall be filed with the Commission.
4. If the local exchange carrier or NELEC asserts that unbundling the network facility or service is not technically feasible, notice to that effect shall be made to the requesting party and to the Commission.

Historical Note

Adopted effective September 6, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-3).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General approval provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1308. Number Portability

A. All local exchange carriers shall make local number portability available to facilitate the ability of a customer to switch between authorized local exchange carriers within a given wire center without changing their telephone number and without impairment of quality, functionality, reliability, or convenience of use. Implementation of local number portability or other forms of local number portability shall be based on a technically and economically feasible solution that meets the needs of Arizona consumers and carriers in a competitively neutral manner.

B. An incumbent local exchange carrier serving less than 200,000 access lines will not be required to implement local number portability solutions absent the certification and commitment by a new entrant local exchange carrier to provide service on a facilities basis in the incumbent's service territory.

C. Until such time as local number portability becomes available through database technology, local exchange carriers shall provide interim local number portability pursuant to negotiated agreements or an approved statement of terms and conditions, which shall be filed with the Commission, and shall in addition comply with such other or additional requirements as may be adopted by the Commission.

D. All telecommunication providers who terminate traffic into an exchange, or exchanges, in which the local number portability database solution has been implemented shall utilize the database solution to ensure efficient and appropriate routing of traffic to Arizona customers.

Historical Note

Adopted effective September 6, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-3).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General approval provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R-14-2-1309. Cost Methodology

TSLRIC is the cost standard to be employed by the incumbent local exchange carrier in conducting the cost studies that establish the underlying cost of local exchange carrier services including unbundled essential facilities and services.

Historical Note

Adopted effective September 6, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-3).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General approval provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1310. Pricing

A. Pricing of Basic Communication Services.

1. The incumbent local exchange carrier shall provide the Commission with price floor calculations for local exchange and long distance services to ensure the avoidance of anti-competitive pricing practices. A NELEC can price below an incumbent LEC's TSLRIC price.
2. Whenever the incumbent local exchange carrier introduces a new local exchange service or long distance service, or proposes to change the rate for an existing local exchange service or long distance service, the local exchange carrier shall provide to the Commission information that demonstrates that the proposed rate equals or exceeds a price floor calculation for that service using an imputation test described in subsection (C).

B. Pricing of Interconnection Services by Local Exchange Providers.

1. Incumbent local exchange carriers shall establish the price of each interconnection service, including access to databases and other network functions as described in R14-2-1306, at a level equivalent to its TSLRIC-derived costs which may include an assignment of verifiable indirect costs or a 10% addition for indirect costs to the TSLRIC direct costs at the choice of the incumbent LEC.
2. Interim number portability shall be provided by the incumbent local exchange carrier at a price equal to TSLRIC. Any compensation which would otherwise have been received had a local or EAS call to a forwarded number been terminated directly to a customer's chosen carrier, should be passed through from the carrier from whose network the forwarded number is assigned, to the customer's chosen carrier to whose network the number is forwarded.

C. Imputation

1. An incumbent local exchange carrier shall recover in the retail price of each telecommunications service offered by the company the TSLRIC of all nonessential, and the imputed prices of all essential services, facilities, components, functions, or capabilities that are utilized to provision such telecommunications service, whether such service is offered pursuant to tariff or private contract.
2. Imputation requirements of this Section shall be applied in a manner that will permit a carrier providing a service to a customer that is or that becomes eligible for universal service support by order of the Commission to provide such retail service at a price that is net of any Commission-ordered universal service support funding, pursuant

to the provisions of the Arizona Universal Service Fund rules.

Historical Note
Adopted effective September 6, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-3).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General approval provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1311. Waivers
The Commission may consider variations or exemptions from the terms or requirements of any of the rules included herein (14 A.A.C. 2, Article 13) upon application of an affected party. The application must set forth the reasons why the public interest will be served by the variation or exemption from the Commission rules. Any variation or exemption granted shall require an order of the Commission. Where a conflict exists between these rules and an approved tariff or order of the Commission, the provision of the approved tariff or order of the Commission shall apply.

Historical Note
Adopted effective September 6, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-3).

ARTICLE 14. EMERGENCY EXPIRED

R14-2-1401. Emergency Expired

Historical Note
Emergency rule adopted effective December 22, 1995, effective for a maximum of 180 days, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 95-4). Emergency expired.

R14-2-1402. Emergency Expired

Historical Note
Emergency rule adopted effective December 22, 1995, effective for a maximum of 180 days, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 95-4). Emergency expired.

R14-2-1403. Emergency Expired

Historical Note
Emergency rule adopted effective December 22, 1995, effective for a maximum of 180 days, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 95-4). Emergency expired.

R14-2-1404. Emergency Expired

Historical Note
Emergency rule adopted effective December 22, 1995, effective for a maximum of 180 days, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 95-4). Emergency expired.

R14-2-1405. Emergency Expired

Historical Note
Emergency rule adopted effective December 22, 1995, effective for a maximum of 180 days, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 95-4). Emergency expired.

R14-2-1406. Emergency Expired

Historical Note
Emergency rule adopted effective December 22, 1995, effective for a maximum of 180 days, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 95-4). Emergency expired.

R14-2-1407. Emergency Expired

Historical Note
Emergency rule adopted effective December 22, 1995, effective for a maximum of 180 days, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 95-4). Emergency expired.

R14-2-1408. Emergency Expired

Historical Note
Emergency rule adopted effective December 22, 1995, effective for a maximum of 180 days, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 95-4). Emergency expired.

R14-2-1409. Emergency Expired

Historical Note
Emergency rule adopted effective December 22, 1995, effective for a maximum of 180 days, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 95-4). Emergency expired.

Editor's Note: The Arizona Corporation Commission has determined that the following Article is exempt from the Attorney General approval provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

ARTICLE 15. ARBITRATION AND MEDIATION

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General approval provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1501. Application of Rules
These rules govern procedures mandated by the Telecommunications Act of 1996, 47 U.S.C. 252, regarding the mediation, arbitration, review, and approval of interconnection agreements.

Historical Note
Emergency rule adopted effective July 23, 1996, effective for a maximum of 180 days, under a court-ordered exemption as determined by the Arizona Corporation Commission; filed with the Office of the Secretary of State July 15, 1996 (Supp. 96-3). Emergency expired. Emergency rule adopted again effective January 17, 1997, for a maximum of 180 days, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 97-1). Emergency expired. New Section adopted effective August 27, 1997, under an exemption as determined by the Arizona Corporation Commission (Supp. 97-3).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General approval provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1502. Definitions

A. "Arbitration" means an alternative dispute resolution process in which the Arizona Corporation Commission decides the matter in dispute after the parties have had an opportunity to present their respective positions.

B. "Arizona Corporation Commission" or "Commission" means the regulatory agency of the state of Arizona that has jurisdiction over public service corporations operating in Arizona.

C. "Duty to Negotiate in Good Faith" means that parties meet and confer at reasonable times and places with minds open to persuasion and with an eye toward reaching agreement on mandatory subjects of bargaining.

D. "Interconnection Agreement" means a formal agreement between any telecommunications carriers providing or intending to provide telecommunications services in Arizona, setting forth the particular terms and conditions under which interconnection and resale services, as appropriate, will be provided.

E. "Mediation" means a voluntary alternative dispute resolution process in which a neutral third party assists the parties in reaching their own settlement. The mediator does not have the power to impose a resolution. The role of the mediator and the goal of the process is to help the parties achieve their own resolution.

F. "Petition for arbitration" means the petition requesting arbitration of issues unresolved in the negotiation of an interconnection agreement.

G. "Petitioner" means the party to the negotiation that files the petition for arbitration with the Commission.

H. "Request for negotiation" means a formal request made by any telecommunications carrier providing or intending to provide telecommunications services in Arizona to another telecommunications carrier to negotiate an interconnection agreement.

I. "Respondent" or "responding party" means the nonpetitioning party to the request for arbitration.

Historical Note

Emergency rule adopted effective July 23, 1996, effective for a maximum of 180 days, under a court-ordered exemption as determined by the Arizona Corporation Commission; filed with the Office of the Secretary of State July 15, 1996 (Supp. 96-3). Emergency expired. Emergency rule adopted again effective January 17, 1997, for a maximum of 180 days, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 97-1). Emergency expired. New Section adopted effective August 27, 1997, under an exemption as determined by the Arizona Corporation Commission (Supp. 97-3).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General approval provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1503. Negotiation

A telecommunications carrier initiating a request to negotiate shall notify the Commission when a request for negotiation has been made pursuant to 47 U.S.C. 252. The notification shall include the names of the negotiating parties and the date of the request. The notification shall be served on all parties to the negotiation.

Historical Note

Emergency rule adopted effective July 23, 1996, effective for a maximum of 180 days, under a court-ordered exemption as determined by the Arizona Corporation Commission; filed with the Office of the Secretary of State July 15, 1996 (Supp. 96-3). Emergency expired. Emergency rule adopted again effective January 17, 1997, for a maximum of 180 days, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 97-1). Emergency expired. New Section adopted effective August 27, 1997, under an exemption as determined by the Arizona Corporation Commission (Supp. 97-3).

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R14-2-1504. Mediation

A. Any party negotiating an agreement under 47 U.S.C. 252 may, at any point in the negotiation, ask the Commission to participate in the negotiation and to mediate any differences arising in the course of the negotiation.

B. If a party requests mediation by the Commission, a non-Hearing Division employee of the Commission will be appointed to act as mediator.

C. A request for mediation shall contain a brief statement of the nature of the dispute and the names, addresses, and telephone and telefax numbers of the parties or their representatives. Copies of the request shall be served on all parties to the negotiation.

D. The mediator shall have discretion to regulate the course of the mediation, including scheduling of mediation sessions, in consultation with the parties. The following general procedures apply:

1. The mediator will not impose a settlement but can offer proposals for settlement;
2. The mediator may meet individually with the parties or attorneys during mediation;
3. Only the parties to the negotiation may attend the mediation session or sessions, unless all parties consent to the presence of others;
4. Parties shall provide the mediator with a brief statement of position and relevant background information prior to the first mediation session. The mediator may ask for this information to be supplemented;
5. The mediator will not provide legal advice to the parties, nor will any mediator's statements as to law or policy be binding on the Commission, unless later adopted by the Commission;
6. The mediation process is confidential, to the extent permitted by law. No stenographic record will be kept.

E. All parties participating in a requested Commission mediation have a duty to negotiate in good faith. The mediator may terminate the mediation if it appears that the likelihood of agreement is remote or if a party is not participating in good faith, or for other good cause. Ordinarily, a mediation should not be terminated prior to the completion of at least one mediation session.

Historical Note

Emergency rule adopted effective July 23, 1996, effective for a maximum of 180 days, under a court-ordered exemption as determined by the Arizona Corporation Commission; filed with the Office of the Secretary of State July 15, 1996 (Supp. 96-3). Emergency expired. Emergency rule adopted again effective January 17, 1997, for a maximum of 180 days, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 97-1). Emergency expired. New Sec-

tion adopted effective August 27, 1997, under an exemption as determined by the Arizona Corporation Commission (Supp. 97-3).

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R14-2-1505. Arbitration

A. Filing and Service of a Petition for Arbitration.
1. During the period from the 135th to the 160th day (inclusive) after the date on which an incumbent local exchange carrier receives a request for negotiation under 47 U.S.C. 252(b)(1), any party to the negotiation may petition the Arizona Corporation Commission to arbitrate any open issues. The petition shall request arbitration of all issues which are unresolved at the time the petition is filed. Parties may continue to negotiate or otherwise resolve the disputed issues after arbitration is requested. The pendency of a mediation shall not bar a party from petitioning the Commission for arbitration.
2. An original and 10 copies of a petition for arbitration shall be filed with the Commission. The petitioner shall deliver to the respondent a complete copy of the petition and all accompanying documentation on the same day that the petition is filed with the Commission.

B. Contents of Petition and Documentation.
1. A petition for arbitration shall clearly set forth the date upon which the original request for negotiation was received and the dates 135 days, 160 days, and nine months thereafter.
2. A petition for arbitration shall be accompanied by all relevant documentation concerning the unresolved issues, the position of each of the parties with respect to those issues, and any other issue discussed and resolved by the parties. Relevant documentation includes, but is not limited to, the following:
   a. A brief or other written statement addressing the disputed issues. The brief should address, in addition to any other matters, how the parties' positions and any conditions requested meet or fail to meet the requirements of 47 U.S.C. 251; any applicable Federal Communication Commission regulations; and any applicable regulation, order, or policy of this Commission.
   b. Where prices are in dispute, the petitioner shall submit its proposed rates or charges and related supporting materials.
   c. Any conditions which petitioner requests be imposed.
   d. A proposed schedule for implementation of the terms and conditions of the agreement.
   e. The petition may include a recommendation as to any information which should be requested from the parties by the arbitrator pursuant to 47 U.S.C. 252(b)(4)(B). The recommendation should state why the information is necessary for the arbitrator to reach a decision on the unresolved issues.
   f. A proposed interconnection agreement.
   g. Any other documents relevant to the dispute, including copies of all documents in their possession or control on which they rely in support of their positions or which they intend to present at the arbitration.

C. Opportunity to Respond. The respondent may respond to the petition for arbitration within 25 days of the filing of the petition. The respondent shall respond to all the specific issues raised in the petition for arbitration.

D. Confidentiality. Petitions, responses, accompanying material, and any documents provided to the Commission pursuant to a request under 47 U.S.C. 252(b)(4)(B) may be subject to the Arizona public disclosure law. However, a petition or response may include a request for issuance of a protective order.

E. Discovery.
1. Parties must cooperate in good faith in the voluntary, prompt, and informal exchange of all documents and other information relevant to the disputed issues, subject to claims of privilege or confidentiality. Parties must exchange copies of all documents relevant to the dispute, including those on which they rely in support of their position or which they intend to present at the arbitration.
2. At the time of filing of a petition for arbitration, or a response, the petitioner may file discovery requests on the responding party, with an information copy provided to the arbitrator.
3. Discovery requests not responded to may be submitted to the arbitrator, with a request that the arbitrator order the discovery, pursuant to 47 U.S.C. 252(b)(4)(B). The request should include an explanation of why the information is necessary to reach a decision on the unresolved issues.
4. Failure to cooperate in discovery may be considered as a failure to negotiate in good faith.

F. Appointment and Authority of Arbitrator.
1. Arbitrations will be conducted by Commission Hearing Officers.
2. The arbitrator will exercise all authority necessary to conduct the arbitration, subject to the provisions of these rules.
3. The arbitrator may, in the arbitrator's discretion and to the extent practical, consolidate proceedings under 47 U.S.C. 252 in order to reduce administrative burdens on telecommunications carriers, other parties to the proceedings, and the Commission.
4. The arbitrator may request the assistance of members of the Commission staff in reviewing the petition and accompanying materials, to the extent such staff members have not acted as mediator with respect to the same interconnection agreement between the same parties.
5. The arbitrator will be authorized to recommend to the Commission a resolution of the disputed issues and any appropriate conditions to be imposed in the form of a Recommended Opinion and Order. The Commission will issue a final decision not later than nine months after the date on which the local exchange carrier received the request to negotiate.

G. Arbitration Proceeding. Arbitration allows an opportunity for parties to present their positions. However, arbitration does not require sworn testimony or cross-examination of witnesses. Arbitration proceedings will be conducted pursuant to procedures established by the Hearing Officer.

H. Fees and Costs. Each party shall be responsible for bearing its own fees and costs.

I. Any person wishing to comment on the Recommended Opinion and Order may do so by filing written comments with the Commission prior to the Commission's final decision.

Historical Note

Emergency rule adopted effective July 23, 1996, effective for a maximum of 180 days, under a court-ordered exemption as determined by the Arizona Corporation

Commission; filed with the Office of the Secretary of State July 15, 1996 (Supp. 96-3). Emergency expired. Emergency rule adopted again effective January 17, 1997, for a maximum of 180 days, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 97-1). Emergency expired. New Section adopted effective August 27, 1997, under an exemption as determined by the Arizona Corporation Commission (Supp. 97-3).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General approval provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1506. Filing and Service of Request for Approval of Interconnection Agreement

A. An interconnection agreement shall be submitted to the Commission for approval under 47 U.S.C. 252(e) within 30 calendar days of the issuance of the Commission's final decision on the petition for arbitration, in the case of arbitrated agreements, or, in the case of negotiated agreements, within 30 calendar days of the execution of the agreement. The 30-day deadline may be extended by the Commission for good cause.

B. An original and 10 copies of requests for approval shall be filed with the Docket Control section of the Commission. Any party to the agreement may submit a request for approval. Unless filed jointly by all parties, the request for approval and any accompanying materials should be served on the other signatories on the day of the filing.

C. A request for approval shall include the documentation set out in this subsection. The materials can be filed jointly or separately by the parties to the agreement but should all be filed by the 30-day deadline set out in subsection (A).

1. Negotiated Agreements. The following documentation must be filed:
   a. A complete copy of the signed agreement, including any attachments or appendices.
   b. A brief or memorandum summarizing the main provisions of the agreement, setting forth the party's position as to why the agreement should be adopted, including a statement as to why the agreement does not discriminate against nonparty telecommunications carriers, is consistent with the public interest, convenience, and necessity, and is consistent with applicable state law requirements.
2. Arbitrated Agreements. The following documentation must be filed:
   a. A complete copy of the signed agreement, including any attachments or appendices.
   b. A brief or memorandum summarizing the main provisions of the agreement, setting forth the party's position as to why the agreement should or should not be adopted, in whole or in part, and a statement explaining how the agreement, in whole or in part, meets or does not meet each of the applicable specific requirements of 47 U.S.C. 251, including any applicable Federal Communications Commission regulations.
   c. Complete and specific information to enable the Commission to make the determinations required by 47 U.S.C. 252(d).
   d. A party may file a statement with the signed interconnection agreement, indicating that it has executed the agreement under protest and does not waive its right to appeal specified provisions of the agreement that were mandated by Order of the Commission.
3. Combination Agreements (Arbitrated/Negotiated). Any agreement containing both arbitrated and negotiated provisions shall include the foregoing materials as appropriate, depending on whether a provision is negotiated or arbitrated. The memorandum should clearly identify which provisions were negotiated and which were arbitrated.

D. Any filing not containing the required materials will be rejected and must be refiled when complete. The statutory timelines will not begin to run until a request has been properly filed.

E. Agreements containing both arbitrated and negotiated provisions will be subject to the 30-day deadline specified in 47 U.S.C. 252(e)(4).

Historical Note

Emergency rule adopted effective July 23, 1996, effective for a maximum of 180 days, under a court-ordered exemption as determined by the Arizona Corporation Commission; filed with the Office of the Secretary of State July 15, 1996 (Supp. 96-3). Emergency expired. Emergency rule adopted again effective January 17, 1997, for a maximum of 180 days, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 97-1). Emergency expired. New Section adopted effective August 27, 1997, under an exemption as determined by the Arizona Corporation Commission (Supp. 97-3).

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R14-2-1507. Approval Procedure

A. Unless otherwise ordered by the Commission, a hearing will not be held for a request for approval of an interconnection agreement.

B. The Commission will enter an order approving or rejecting the interconnection agreement within 30 days of request for approval of arbitrated agreements and agreements containing both arbitrated and negotiated provisions, or within 90 days of request for approval of negotiated agreements, with written findings as to any deficiencies.

Historical Note

Emergency rule adopted effective July 23, 1996, effective for a maximum of 180 days, under a court-ordered exemption as determined by the Arizona Corporation Commission; filed with the Office of the Secretary of State July 15, 1996 (Supp. 96-3). Emergency expired. Emergency rule adopted again effective January 17, 1997, for a maximum of 180 days, under a court-ordered exemption as determined by the Arizona Corporation Commission (Supp. 97-1). Emergency expired. New Section adopted effective August 27, 1997, under an exemption as determined by the Arizona Corporation Commission (Supp. 97-3).

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v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1508. Amendments

Any amendments to an interconnection agreement shall be filed with the Commission and, if not rejected by the Commission within 30 days of filing, such amended agreements will become effective.

1. For negotiated amendments, including amendments resolved by Commission or private mediation, Commission rejection shall be limited to discrimination against nonparty telecommunications carriers, lack of consistency with the public interest, convenience, and necessity, or lack of consistency with applicable state law requirements.
2. For amendments resolved through arbitration, whether by the Commission or private arbitrator, Commission rejection shall be limited to failure to meet any of the applicable specific requirements of 47 U.S.C. 251, including any applicable Federal Communications Commission regulations.

Historical Note

Adopted effective August 27, 1997, under an exemption as determined by the Arizona Corporation Commission (Supp. 97-3).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General approval provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1509. Replacement or Subsequent Interconnection Agreements

Replacement or subsequent interconnection agreements are subject to the provisions of this Article.

Historical Note

Adopted effective August 27, 1997, under an exemption as determined by the Arizona Corporation Commission (Supp. 97-3).

ARTICLE 16. RETAIL ELECTRIC COMPETITION

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General approval provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1601. Definitions

In this Article, unless the context otherwise requires:

1. "Affected Utilities" means the following public service corporations providing electric service:
   Tucson Electric Power Company, Arizona Public Service Company, Citizens Utilities Company, Arizona Electric Power Cooperative, Trico Electric Cooperative, Duncan Valley Electric Cooperative, Graham County Electric Cooperative, Mohave Electric Cooperative, Sulphur Springs Valley Electric Cooperative, Navopache Electric Cooperative, Ajo Improvement Company, and Morenci Water and Electric Company.
2. "Aggregation" means the combination and consolidation of loads of multiple customers.
3. "Aggregator" means an Electric Service Provider that, as part of its business, combines retail electric customers into a purchasing group.
4. "Ancillary Services" means those services designated as ancillary services in Federal Energy Regulatory Commission Order 888, including the services necessary to support the transmission of electricity from resource to load while maintaining reliable operation of the transmission system in accordance with good utility practice.
5. "Bundled Service" means electric service provided as a package to the consumer including all generation, transmission, distribution, ancillary and other services necessary to deliver and measure useful electric energy and power to consumers.
6. "Competition Transition Charge" (CTC) is a means of recovering Stranded Costs.
7. "Competitive Services" means all aspects of retail electric service except those services specifically defined as "Noncompetitive Services" pursuant to R14-2-1601(29) or noncompetitive services as defined by the Federal Energy Regulatory Commission.
8. "Consumer Education" is the provision of impartial information to consumers about competition or Competitive and Noncompetitive Services and is distinct from advertising and marketing.
9. "Control Area Operator" is the operator of an electric system or systems, bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other such systems and contributing to frequency regulation of the interconnection.
10. "Current Transformer" (CT) is an electrical device used in conjunction with an electric meter to provide a measurement of energy consumption for metering purposes.
11. "Delinquent Accounts" means customer accounts with outstanding past-due payment obligations that remain unpaid after the due date.
12. "Direct Access Service Request" (DASR) means a form that contains all necessary billing and metering information to allow customers to switch electric service providers. This form must be submitted to the Utility Distribution Company by the customer's Electric Service Provider.
13. "Distribution Primary Voltage" is voltage as defined under the Affected Utility's Federal Energy Regulatory Commission (FERC) Open Access Transmission Tariff, except for Meter Service Providers, for which Distribution Primary Voltage is voltage at or above 600 volts (600V) through and including 25 kilovolts (25 kV).
14. "Distribution Service" means the delivery of electricity to a retail consumer through wires, transformers, and other devices that are not classified as transmission services subject to the jurisdiction of the Federal Energy Regulatory Commission; Distribution Service excludes Metering Services, Meter Reading Services, and billing and collection services, as those terms are used herein.
15. "Electric Service Provider" (ESP) means a company supplying, marketing, or brokering at retail any Competitive Services pursuant to a Certificate of Convenience and Necessity.
16. "Electric Service Provider Service Acquisition Agreement" or "Service Acquisition Agreement" means a contract between an Electric Service Provider and a Utility Distribution Company to deliver power to retail end users or between an Electric Service Provider and a Scheduling Coordinator to schedule transmission service.
17. "Electronic Data Interchange" (EDI) is the computer-to-computer electronic exchange of business documents using standard formats which are recognized both nationally and internationally.
18. "Generation" means the production of electric power or contract rights to the receipt of wholesale electric power.

19. "Green Pricing" means a program offered by an Electric Service Provider where customers elect to pay a rate premium for renewable generated electricity.
20. "Independent Scheduling Administrator" (ISA) is an entity, independent of transmission-owning organizations, intended to facilitate nondiscriminatory retail direct access using the transmission system in Arizona.
21. "Independent System Operator" (ISO) is an independent organization whose objective is to provide nondiscriminatory and open transmission access to the interconnected transmission grid under its jurisdiction, in accordance with the Federal Energy Regulatory Commission principles of independent system operation.
22. "Load Profiling" is a process of estimating a customer's hourly energy consumption based on measurements of similar customers.
23. "Load-Serving Entity" means an Electric Service Provider, Affected Utility, or Utility Distribution Company, excluding a Meter Service Provider, and Meter Reading Service Provider.
24. "Meter Reading Service" means all functions related to the collection and storage of consumption data.
25. "Meter Reading Service Provider" (MRSP) means an entity providing Meter Reading Service, as that term is defined herein and that reads meters, performs validation, editing, and estimation on raw meter data to create billing-ready meter data; translates billing-ready data to an approved format; posts this data to a server for retrieval by billing agents; manages the server; exchanges data with market participants; and stores meter data for problem resolution.
26. "Meter Service Provider" (MSP) means an entity providing Metering Service, as that term is defined herein.
27. "Metering and Metering Service" means all functions related to measuring electricity consumption.
28. "Must-Run Generating Units" are those local generating units that are required to run to maintain distribution system reliability and to meet load requirements in times of congestion on certain portions of the interconnected transmission grid.
29. "Net Metering" or "Net Billing" is a method by which customers can use electricity from customer-sited solar electric generators to offset electricity purchased from an Electric Service Provider. The customer only pays for the "Net" electricity purchased.
30. "Noncompetitive Services" means Distribution Service, Standard Offer Service, transmission, and any ancillary services deemed to be non-competitive by the Federal Energy Regulatory Commission, Must-Run Generating Units services, provision of customer demand and energy data by an Affected Utility or Utility Distribution Company to Electric Service Providers, and those aspects of Metering Service set forth in R14-2-1612(K).
31. "OASIS" is Open Access Same-Time Information System, which is an electronic bulletin board where transmission-related information is posted for all interested parties to access via the Internet to enable parties to engage in transmission transactions.
32. "Operating Reserve" means the generation capability above firm system demand used to provide for regulation, load forecasting error, equipment forced and scheduled outages, and local area protection to provide system reliability.
33. "Potential Transformer (PT)/Voltage Transformer (VT)" is an electrical device used to step down primary voltages to 120V for metering purposes.
34. "Provider of Last Resort" means a provider of Standard Offer Service to customers within the provider's certificated area whose annual usage is 100,000 kWh or less and who are not buying Competitive Services.
35. "Public Power Entity" incorporates by reference the definition set forth in A.R.S. § 30-801.16.
36. "Retail Electric Customer" means the person or entity in whose name service is rendered.
37. "Scheduling Coordinator" means an entity that provides schedules for power transactions over transmission or distribution systems to the party responsible for the operation and control of the transmission grid, such as a Control Area Operator, Arizona Independent Scheduling Administrator, or Independent System Operator.
38. "Self-Aggregation" is the action of a retail electric customer that combines its own metered loads into a single purchase block.
39. "Standard Offer Service" means Bundled Service offered by the Affected Utility or Utility Distribution Company to all consumers in the Affected Utility's or Utility Distribution Company's service territory at regulated rates including metering, meter reading, billing and collection services, demand side management services including but not limited to time-of-use, and consumer information services. All components of Standard Offer Service shall be deemed noncompetitive as long as those components are provided in a bundled transaction under R14-2-1606(A).
40. "Stranded Cost" includes:
    a. The verifiable net difference between:
        i. The net original cost of all the prudent jurisdictional assets and obligations necessary to furnish electricity (such as generating plants, purchased power contracts, fuel contracts, and regulatory assets), acquired or entered into prior to December 26, 1996, under traditional regulation of Affected Utilities; and
        ii. The market value of those assets and obligations directly attributable to the introduction of competition under this Article;
    b. Reasonable costs necessarily incurred by an Affected Utility to effectuate divestiture of its generation assets;
    c. Reasonable employee severance and retraining costs necessitated by electric competition, where not otherwise provided; and
    d. Other transition and restructuring costs as approved by the Commission as part of the Affected Utility's Stranded Cost determination under R14-2-1607.
41. "System Benefits" means Commission-approved utility low income, demand side management, Consumer Education, environmental, renewables, long-term public benefit research and development, and nuclear fuel disposal and nuclear power plant decommissioning programs, and other programs that may be approved by the Commission from time to time.
42. "Transmission Primary Voltage" is voltage above 25 kV as it relates to metering transformers.
43. "Transmission Service" refers to the transmission of electricity to retail electric customers or to electric distribution facilities and that is so classified by the Federal Energy Regulatory Commission or, to the extent permitted by law, so classified by the Arizona Corporation Commission.
44. "Unbundled Service" means electric service elements provided and priced separately, including, but not limited to, such service elements as generation, transmission, dis-

tribution, Must Run Generation, metering, meter reading, billing and collection, and ancillary services. Unbundled Service may be sold to consumers or to other Electric Service Providers.

45. "Universal Node Identifier" is a unique, permanent, identification number assigned to each service delivery point.
46. "Utility Distribution Company" (UDC) means the electric utility entity regulated by the Commission that operates, constructs, and maintains the distribution system for the delivery of power to the end user point of delivery on the distribution system.
47. "Utility Industry Group" (UIG) refers to a utility industry association that establishes national standards for data formats.

Historical Note

Adopted effective December 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-4). Amended by an emergency action effective August 10, 1998, pursuant to A.R.S. § 41-1026, in effect for a maximum of 180 days (Supp. 98-3). Emergency amendment replaced by exempt permanent amendment effective December 31, 1998 (Supp. 98-4). Amended by exempt rulemaking at 5 A.A.R. 3933, effective September 24, 1999 (Supp. 99-3). Amended by exempt rulemaking at 6 A.A.R. 4180, effective October 13, 2000 (Supp. 00-4). Amended by exempt rulemaking at 7 A.A.R. 1661, effective March 30, 2001 (Supp. 01-1).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General approval provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1602. Commencement of Competition

A. An Affected Utility's customers will be eligible for competitive electric services, subject to the phase-in schedule in R14-2-1604, on the date set by Commission Order in each Affected Utility's Stranded Cost and Unbundled Tariff proceeding.

B. An Affected Utility's competitive electric affiliates or an affiliate of which it is a member shall not be permitted to offer Competitive Services in any other Affected Utility's service territory until the Commission has ordered the service area of the potential competitor's affiliated Affected Utility opened to competition.

Historical Note

Adopted effective December 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-4). Section repealed; new Section adopted by exempt rulemaking at 5 A.A.R. 3933, effective September 24, 1999 (Supp. 99-3).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General approval provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1603. Certificates of Convenience and Necessity

A. Any Electric Service Provider intending to supply Competitive Services shall obtain a Certificate of Convenience and Necessity from the Commission pursuant to this Article. An Affected Utility need not apply for a Certificate of Convenience and Necessity to continue to provide electric service in its service area during the transition period set forth in R14-2-1604. A Utility Distribution Company providing Standard Offer Service, or services authorized in R14-2-1615, after January 1, 2001, need not apply for a Certificate of Convenience and Necessity. All other Affected Utility affiliates created in compliance with R14-2-1615(A) shall be required to apply for appropriate Certificates of Convenience and Necessity.

B. Any company desiring such a Certificate of Convenience and Necessity shall file with the Docket Control Center the required number of copies of an application. In support of the request for a Certificate of Convenience and Necessity, the following information must be provided:

1. A description of the electric services that the applicant intends to offer;
2. The proper name and correct address of the applicant, and
   a. The full name of the owner if a sole proprietorship,
   b. The full name of each partner if a partnership,
   c. A full list of officers and directors if a corporation, or
   d. A full list of the members if a limited liability corporation;
3. A tariff for each service to be provided that states the maximum rate and terms and conditions that will apply to the provision of the service;
4. A description of the applicant's technical ability to obtain and deliver electricity if appropriate and to provide any other proposed services;
5. Documentation of the financial capability of the applicant to provide the proposed services, including the most recent income statement and balance sheet, the most recent projected income statement, and other pertinent financial information. Audited information shall be provided if available;
6. A description of the form of ownership (for example, partnership, corporation);
7. For an applicant that is an affiliate of an Affected Utility, a statement of whether the Affected Utility has complied with the requirements of R14-2-1616, including the Commission Decision approving the Code of Conduct, where applicable; and
8. Such other information as the Commission or the staff may request.

C. The applicant shall report in a timely manner during the application process any changes in the information initially reported to the Commission in the application for a Certificate of Convenience and Necessity.

D. The applicant shall provide public notice of the application as required by the Commission.

E. At the time of filing for a Certificate of Convenience and Necessity, each applicant shall notify the Affected Utilities, Utility Distribution Companies, or an electric utility not subject to the jurisdiction of the Arizona Corporation Commission in whose service territories it wishes to offer service of the application by providing a copy of the application to the Affected Utilities, Utility Distribution Companies, or an electric utility not subject to the jurisdiction of the Arizona Corporation Commission. No later than 10 days after application is filed, each applicant shall provide written notice to the Commission, through Docket Control, that it has provided notification to each of the respective Affected Utilities, Utility Distribution Companies, or an electric utility not subject to the jurisdiction of the Arizona Corporation Commission. The attachment to the CC&N application should include a listing of the names and addresses of the notified Affected Utilities, Utility Distribution Companies or an electric utility not subject to the jurisdiction of the Arizona Corporation Commission.

F. The Commission may issue a Certificate of Convenience and Necessity that is effective for a specified period of time if the

applicant has limited or no experience in providing the retail electric service that is being requested. An applicant receiving such approval shall have the responsibility to apply for appropriate extensions.

G. The Commission may deny certification to any applicant who:
1. Does not provide the information required by this Article;
2. Does not possess adequate technical or financial capabilities to provide the proposed services;
3. Seeks certification as a Load-Serving Entity and does not have an Electric Service Provider Service Acquisition Agreement with a Utility Distribution Company and Scheduling Coordinator, if the applicant is not its own Scheduling Coordinator;
4. Fails to provide a performance bond, if required;
5. Fails to demonstrate that its certification will serve the public interest;
6. Seeks certification as a Load-Serving Entity and fails to submit an executed Service Acquisition Agreement with a Utility Distribution Company or a Scheduling Coordinator for approval by the Director, Utilities Division, prior to the offering of service to potential customers. Agreements are to be filed with the Compliance Section, Utilities Division.

H. A Request for approval of an executed Service Acquisition Agreement may be included with an application for a Certificate of Convenience and Necessity. In all negotiations relative to Service Acquisition Agreements, Affected Utilities or their successor entities are required to negotiate in good faith.

I. Every Electric Service Provider obtaining a Certificate of Convenience and Necessity under this Article shall obtain certification subject to the following conditions:
1. The Electric Service Provider shall comply with all Commission rules, orders, and other requirements relevant to the provision of electric service;
2. The Electric Service Provider shall maintain accounts and records as required by the Commission;
3. The Electric Service Provider shall file with the Director, Utilities Division, through the Compliance Section, all financial and other reports that the Commission may require and in a form and at such times as the Commission may designate;
4. The Electric Service Provider shall maintain on file with the Commission all current tariffs and any service standards that the Commission shall require;
5. The Electric Service Provider shall cooperate with any Commission investigation of customer complaints;
6. The Electric Service Provider shall obtain all necessary permits and licenses, including relevant tax licenses;
7. The Electric Service Provider shall comply with all disclosure requirements pursuant to R14-2-1617;
8. Failure to comply with any of the above conditions may result in rescission of the Electric Service Provider's Certificate of Convenience and Necessity.

J. In appropriate circumstances, the Commission may require, as a precondition to certification, the procurement of a performance bond sufficient to cover any advances or deposits the applicant may collect from its customers, or order that such advances or deposits be held in escrow or trust.

K. Time-frames for processing applications for Certificates of Convenience and Necessity
1. This rule prescribes time-frames for the processing of any application for a Certificate of Convenience and Necessity issued by the Arizona Corporation Commission pursuant to this Article. These time-frames shall apply to applications filed on or after the effective date of this rule.
2. Within 120 calendar days after receipt of an application for a new Certificate of Convenience and Necessity, or to amend or change the status of any existing Certificate of Convenience and Necessity, staff shall notify the applicant, in writing, that the application is either administratively complete or deficient. If the application is deficient, the notice shall specify all deficiencies.
3. Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.
4. After receipt of a corrected application, staff shall notify the applicant within 90 calendar days if the corrected application is either administratively complete or deficient. The time-frame for administrative completeness review shall be suspended from the time the notice of deficiency is issued until staff determines that the application is complete.
5. Within 180 calendar days after an application is deemed administratively complete, the Commission shall approve or reject the application.
6. For purposes of A.R.S. § 41-1072, et seq., the Commission has established the following time-frames:
   a. Administrative completeness review time-frame: 120 calendar days;
   b. Substantive review time-frame: 180 calendar days;
   c. Overall time-frame: 300 calendar days.
7. If an applicant requests, and is granted, an extension or continuance, the appropriate time-frames shall be tolled from the date of the request during the duration of the extension or continuance.
8. During the substantive review time-frame, the Commission may, upon its own motion or that of any interested party to the proceeding, request a suspension of the time-frame rules.

Historical Note

Adopted effective December 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-4). Amended by an emergency action effective August 10, 1998, pursuant to A.R.S. § 41-1026, in effect for a maximum of 180 days (Supp. 98-3). Emergency amendment replaced by exempt permanent amendment effective December 31, 1998 (Supp. 98-4). Amended effective December 31, 1998, under an exemption as determined by the Arizona Corporation Commission (Supp. 98-4). Amended by exempt rulemaking at 5 A.A.R. 3933, effective September 24, 1999 (Supp. 99-3). Amended by exempt rulemaking at 6 A.A.R. 4180, effective October 13, 2000 (Supp. 00-4).

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R14-2-1604. Competitive Phases

A. At the date established under R14-2-1602(A), each Affected Utility shall make available at least 20% of its 1995 system retail peak demand for competitive generation supply on a first-come, first-served basis as further described in this rule. First-come, first-served, for the purpose of this rule, shall be determined for nonresidential customers by the date and time of an Electric Service Provider's filing of a Direct Access Service Request with the Affected Utility or Utility Distribution Company. The effective date of the Direct Access Service Request must be within 60 days of the filing date of the Direct

Access Service Request. Residential customer selection will be determined under approved residential phase-in programs as specified in subsection (B)(4).

1. All Affected Utility customers with single premise non-coincident peak demand load of 1 MW or greater will be eligible for competitive electric services upon the commencement of competition. Customers meeting this requirement shall be eligible for competitive services until at least 20% of the Affected Utility's 1995 system peak demand is served by competition.
2. Any class of customer may aggregate into a minimum combined load of 1 MW or greater within an Affected Utility's service territory and be eligible for competitive electric services. From the commencement of competition under R14-2-1602 through December 31, 2000, aggregation of new competitive customers will be allowed until such time as at least 20% of the Affected Utility's 1995 peak demand is served by competitors.
3. Affected Utilities shall notify customers eligible under this subsection of the terms of the subsection no later than 60 days prior to the start of competition within its service territory.
4. Effective January 1, 2001, all Affected Utility customers irrespective of size will be eligible for Aggregation and Self-Aggregation. Aggregation and Self-Aggregation customers purchasing their electricity and related services at any time after the effective date of these rules must do so from a certificated Electric Provider as provided for in these rules.

B. As part of the minimum 20% of 1995 system peak demand set forth in subsection (A), each Affected Utility shall reserve a residential phase-in program that provides an increasing minimum percentage of residential customers with access to competitive electric services according to the following schedule:

1. January 1, 1999 1 1/4%
   April 1, 1999 2 1/2%
   July 1, 1999 3 3/4%
   October 1, 1999 5%
   January 1, 2000 6 1/4%
   April 1, 2000 7 1/2%
   July 1, 2000 8 3/4%
   October 1, 2000 10%
2. Access to the residential phase-in program will be on a first-come, first-served basis. The Affected Utility shall create and maintain a waiting list to manage the residential phase-in program, which list shall promptly be made available to any certificated Load-Serving Electric Service Provider upon request.
3. Residential customers participating in the residential phase-in program shall be permitted to use load profiling to satisfy the requirements for hourly consumption data; however, they may choose other metering options offered by their Electric Service Provider consistent with the Commission's rules on metering.
4. If not already done, each Affected Utility shall file a residential phase-in program proposal to the Commission, through Docket Control, for approval by Director, Utilities Division, by September 15, 1999. Interested parties will have until September 30, 1999, to comment on any proposal. At a minimum, the residential phase-in program proposal will include specifics concerning the Affected Utility's proposed:
   a. Process for customer notification of residential phase-in program;
   b. Selection and tracking mechanism for customers based on first-come, first-served method;
   c. Customer notification process and other education and information services to be offered;
   d. Load Profiling methodology and actual load profiles, if available; and
   e. Method for calculation of reserved load.
5. After the commencement of competition under R14-2-1602, each Affected Utility shall file quarterly residential phase-in program reports with the Compliance Section, Utilities Division, within 45 days of the end of each quarter. The first such report shall be due within 45 days of the first quarter ending after the start of the phase-in of competition for that Affected Utility. The final report due under this rule shall be due within 45 days of the quarter ending December 31, 2002. As a minimum, these quarterly reports shall include:
   a. The number of customers and the load currently enrolled in residential phase-in program by Energy Service Provider,
   b. The number of customers currently on the waiting list,
   c. A description and examples of all customer education programs and other information services including the goals of the education program and a discussion of the effectiveness of the programs, and
   d. An overview of comments and survey results from participating residential customers.
6. Aggregation or Self-Aggregation of residential customers is allowed subject to the limitations of the phase-in percentages in this rule.

C. Each Affected Utility shall file a report by November 1, 1999, detailing possible mechanisms to provide benefits, including rate reductions of 3% - 5%, to all Standard Offer customers.

D. All customers shall be eligible to obtain competitive electric services no later than January 1, 2001.

E. Retail consumers served under existing contracts are eligible to participate in the competitive market prior to expiration of the existing contract only if the Affected Utility and the consumer agree that the retail consumer may participate in the competitive market.

F. Schedule Modifications for Cooperatives

1. An electric cooperative may request that the Commission modify the schedule described in subsections (A) through (E) so as to preserve the tax-exempt status of the cooperative or to allow time to modify contractual arrangements pertaining to delivery of power supplies and associated loans.
2. As part of the request, the cooperative shall propose methods to enhance consumer choice among generation resources.
3. The Commission shall consider whether the benefits of modifying the schedule exceed the costs of modifying the schedule.

Historical Note

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R14-2-1605. Competitive Services

Except as provided in R14-2-1615(C), Competitive Services shall require a Certificate of Convenience and Necessity and a tariff as described in R14-2-1603. A properly certificated Electric Service Provider may offer Competitive Services under bilateral or multilateral contracts with retail consumers.

Historical Note

Adopted effective December 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-4). Amended by an emergency action effective August 10, 1998, pursuant to A.R.S. § 41-1026, in effect for a maximum of 180 days (Supp. 98-3). Emergency amendment replaced by exempt permanent amendment effective December 31, 1998 (Supp. 98-4). Amended by exempt rulemaking at 5 A.A.R. 3933, effective September 24, 1999 (Supp. 99-3).

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R14-2-1606. Services Required to be Made Available

A. On the date its service area is open to competition under R14-2-1602, each Affected Utility or Utility Distribution Company shall make available Standard Offer Service and Noncompetitive Services at regulated rates. After January 1, 2001, Standard Offer Service and Noncompetitive Services shall be provided by Utility Distribution Companies who shall also act as Providers of Last Resort.

B. After January 1, 2001, power purchased by an investor owned Utility Distribution Company for Standard Offer Service shall be acquired from the competitive market through prudent, arm's length transactions, and with at least 50% through a competitive bid process.

C. Standard Offer Tariffs

1. By July 1, 1999, or pursuant to Commission Order, whichever occurs first, each Affected Utility shall file proposed tariffs to provide Standard Offer Service. Such rates shall not become effective until approved by the Commission. Any rate increase proposed by an Affected Utility or Utility Distribution Company for Standard Offer Service must be fully justified through a rate case proceeding.
2. Standard Offer Service tariffs shall include the following elements, each of which shall be clearly unbundled and identified in the filed tariffs:
   a. Competitive Services:
      i. Generation, which shall include all transaction costs and line losses;
      ii. Competition Transition Charge, which shall include recovery of generation related regulatory assets;
      iii. Generation-related billing and collection;
      iv. Transmission Services;
      v. Metering Services;
      vi. Meter Reading Services; and
      vii. Optional Ancillary Services, which shall include spinning reserve service, supplemental reserve, regulation and frequency response service, and energy imbalance service.
   b. Non-Competitive Services:
      i. Distribution services;
      ii. Required Ancillary services, which shall include scheduling, system control and dispatch service, and reactive supply and voltage control from generation sources service;
      iii. Must-Run Generating Units;
      iv. System Benefit Charges; and
      v. Distribution-related billing and collection.
3. Affected Utilities and Utility Distribution Companies may file proposed revisions to such rates with the Commission through Docket Control. Any rate increase proposed by an Affected Utility or Utility Distribution Company for Standard Offer Service must be fully justified through a rate case proceeding, which may be expedited at the discretion of the Utilities Division Director.
4. Such rates shall reflect the costs of providing the service.
5. Consumers receiving Standard Offer Service are eligible for potential future rate reductions as authorized by the Commission.
6. After January 2, 2001, tariffs for Standard Offer Service shall not include any special discounts or contracts with terms, or any tariff that prevents the customer from accessing a competitive option, other than time-of-use rates, interruptible rates, or self-generation deferral rates.

D. By the effective date of these rules, or pursuant to Commission Order, whichever occurs first, each Affected Utility or Utility Distribution Company shall file an Unbundled Service tariff that shall include a Noncompetitive Services tariff. The Unbundled Service tariff shall calculate the items listed in R14-2-1606(C)(2)(b) on the same basis as those items are calculated in the Standard Offer Service tariff.

E. To manage its risks, an Affected Utility or Electric Service Provider may include in its tariffs deposit requirements and advance payment requirements for Unbundled Services.

F. Affected Utilities and Utility Distribution Companies must accept power and energy delivered to their distribution systems by other Load-Serving Entities and offer distribution and distribution-related ancillary services comparable to services they provide to themselves at their Noncompetitive Services tariffed rates.

G. Customer Data

1. Upon written authorization by the customer, a Load-Serving Entity shall release in a timely and useful manner that customer's billing data, including consumption, demand, and power factor (if available), for the most recent 12-month period to a customer-specified properly certificated Electric Service Provider.
2. The Electric Service Provider requesting such customer data shall provide an accurate account number for the customer.
3. The form of data shall be mutually agreed upon by the parties and such data shall not be unreasonably withheld.
4. Utility Distribution Companies shall be allowed access to the Meter Reading Service Provider server for customers served by the Utility Distribution Company's distribution system.

H. Rates for Unbundled Services

1. The Commission shall review and approve rates for Competitive Services and Noncompetitive Services subject to Commission jurisdiction, before such services can be offered.
2. Such rates shall reflect the costs of providing the services.

3. Such rates may be downwardly flexible if approved by the Commission.

I. Electric Service Providers offering Competitive Services under this R14-2-1606 shall provide adequate supporting documentation for their proposed rates. Where rates are approved by another jurisdiction, such as the Federal Energy Regulatory Commission, those rates shall be provided as part of the supporting documentation.

Historical Note

Adopted effective December 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-4). Amended by an emergency action effective August 10, 1998, pursuant to A.R.S. § 41-1026, in effect for a maximum of 180 days (Supp. 98-3). Emergency amendment replaced by exempt permanent amendment effective December 31, 1998 (Supp. 98-4). Amended by exempt rulemaking at 5 A.A.R. 3933, effective September 24, 1999 (Supp. 99-3). Amended by exempt rulemaking at 6 A.A.R. 4180, effective October 13, 2000 (Supp. 00-4).

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R14-2-1607. Recovery of Stranded Cost of Affected Utilities

A. The Affected Utilities shall take every reasonable, cost-effective measure to mitigate or offset Stranded Cost by reducing costs, expanding wholesale or retail markets, or offering a wider scope of permitted regulated utility services for profit, among others.

B. The Commission shall allow a reasonable opportunity for recovery of unmitigated Stranded Cost by Affected Utilities.

C. The Affected Utilities shall file estimates of unmitigated Stranded Cost on or before July 1, 1999, or pursuant to Commission Order, whichever occurs first. Such estimates shall be fully supported by analyses and by records of market transactions undertaken by willing buyers and willing sellers.

D. An Affected Utility shall request Commission approval, on or before July 1, 1999, or pursuant to Commission Order, whichever occurs first, of distribution charges or other means of recovering unmitigated Stranded Cost. The filing may include a discounted stranded cost exit methodology that a consumer may choose to use to determine an amount due the Affected Utility in lieu of making monthly distribution charge or other payments.

E. The Commission shall, after hearing and consideration of analyses and recommendations presented by the Affected Utilities, staff, and intervenors, determine for each Affected Utility the magnitude of Stranded Cost, and appropriate Stranded Cost recovery mechanisms and charges. In making its determination of mechanisms and charges, the Commission shall consider at least the following factors:

1. The impact of Stranded Cost recovery on the effectiveness of competition;
2. The impact of Stranded Cost recovery on customers of the Affected Utility who do not participate in the competitive market;
3. The impact, if any, on the Affected Utility's ability to meet debt obligations;
4. The impact of Stranded Cost recovery on prices paid by consumers who participate in the competitive market;
5. The degree to which the Affected Utility has mitigated or offset Stranded Cost;
6. The degree to which some assets have values in excess of their book values;
7. Appropriate treatment of negative Stranded Cost;
8. The time period over which such Stranded Cost charges may be recovered. The Commission shall limit the application of such charges to a specified time period;
9. The applicability of Stranded Cost to interruptible customers.

F. A Competition Transition Charge (CTC) may be assessed on all retail customers based on the amount of generation purchased from any supplier. Any reduction in electricity purchases from an Affected Utility resulting from self-generation, demand side management, or other demand reduction attributable to any cause other than the retail access provisions of this Article shall not be used to calculate or recover any Stranded Cost from a consumer.

G. Stranded Cost shall be recovered from customer classes in a manner consistent with the specific company's current rate treatment of the stranded asset, in order to effect a recovery of Stranded Cost that is in substantially the same proportion as the recovery of similar costs from customers or customer classes under current rates. In no event shall the Competition Transition Charge be utilized as a mechanism for double recovery of Stranded Cost from Standard Offer Service customers.

H. The Commission may consider securitization as a financing method for recovery of Stranded Cost of the Affected Utility if the Commission finds that such method of financing will result in a lower cost alternative to customers.

I. The Commission may, after notice and hearing, order regular revisions to estimates of the magnitude of Stranded Cost.

Historical Note

Adopted effective December 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-4). Amended by an emergency action effective August 10, 1998, pursuant to A.R.S. § 41-1026, in effect for a maximum of 180 days (Supp. 98-3). Emergency amendment replaced by exempt permanent amendment effective December 31, 1998 (Supp. 98-4). Amended by exempt rulemaking at 5 A.A.R. 3933, effective September 24, 1999 (Supp. 99-3). Amended by exempt rulemaking at 6 A.A.R. 4180, effective October 13, 2000 (Supp. 00-4).

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R14-2-1608. System Benefits Charges

A. Each Affected Utility or Utility Distribution Company shall file for Commission review non-bypassable rates or related mechanisms to recover the applicable pro-rata costs of System Benefits from all consumers located in the Affected Utility's or Utility Distribution Company's service area. Affected Utilities or Utility Distribution Companies shall file for review of the Systems Benefits Charge at least every three years. The amount collected annually through the System Benefits charge shall be sufficient to fund the Affected Utilities' or Utility Distribution Companies' Commission-approved System Benefits. Filings shall be made with the Commission through Docket Control.

B. Each Affected Utility or Utility Distribution Company shall provide adequate supporting documentation for its proposed rates for System Benefits.

C. An Affected Utility or Utility Distribution Company shall recover the costs of System Benefits only upon hearing and approval by the Commission of the recovery charge and mechanism. The Commission may combine its review of System Benefits charges with its review of filings pursuant to R14-2-1606.

Historical Note

Adopted effective December 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-4). Amended by an emergency action effective August 10, 1998, pursuant to A.R.S. § 41-1026, in effect for a maximum of 180 days (Supp. 98-3). Emergency amendment replaced by exempt permanent amendment effective December 31, 1998 (Supp. 98-4). Amended by exempt rulemaking at 5 A.A.R. 3933, effective September 24, 1999 (Supp. 99-3). Amended by exempt rulemaking at 6 A.A.R. 4180, effective October 13, 2000 (Supp. 00-4).

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R14-2-1609. Transmission and Distribution Access

A. The Affected Utilities shall provide nondiscriminatory open access to transmission and distribution facilities to serve all customers. No preference or priority shall be given to any distribution customer based on whether the customer is purchasing power under the Affected Utility's Standard Offer or in the competitive market. Any transmission capacity that is reserved for use by the retail customers of the Affected Utility's Utility Distribution Company shall be allocated among Standard Offer customers and competitive market customers on a pro-rata basis.

B. Utility Distribution Companies shall retain the obligation to assure that adequate transmission import capability is available to meet the load requirements of all distribution customers within their service areas. Utility Distribution Companies shall retain the obligation to assure that adequate distribution system capacity is available to meet the load requirements of all distribution customers within their service areas.

C. The Commission supports the development of Federal Energy Regulatory Commission-approved Regional Transmission Organization (RTO), an Independent System Operator (ISO) or, absent a Regional Transmission Organization or an Independent System Operator, an Arizona Independent Scheduling Administrator (AISA). The Commission believes that such organizations are necessary in order to provide nondiscriminatory retail access and to facilitate a robust and efficient electricity market.

D. Affected Utilities that own or operate Arizona transmission facilities shall form an Arizona Independent Scheduling Administrator that shall file with the Federal Energy Regulatory Commission within 60 days of this Commission's adoption of final rules herein, for approval of an Independent Scheduling Administrator having the following characteristics:

1. The Arizona Independent Scheduling Administrator shall calculate Available Transmission Capacity (ATC) for Arizona transmission facilities that belong to the Affected Utilities or other Arizona Independent Scheduling Administrator participants and shall develop and operate an overarching statewide OASIS.
2. The Arizona Independent Scheduling Administrator shall implement and oversee the nondiscriminatory application of operating protocols to ensure statewide consistency for transmission access. These operating protocols shall include, but are not limited to, protocols for determining transmission system transfer capabilities, committed uses of the transmission system, available transfer capabilities, Must-Run Generating Units, energy scheduling, and energy imbalances.
3. The Arizona Independent Scheduling Administrator shall provide dispute resolution processes that enable market participants to expeditiously resolve claims of discriminatory treatment in the reservation, scheduling, use, and curtailment of transmission services.
4. All requests (wholesale, Standard Offer retail, and competitive retail) for reservation and scheduling of the use of Arizona transmission facilities that belong to the Affected Utilities or other Arizona Independent Scheduling Administrator participants shall be made to, or through, the Arizona Independent Scheduling Administrator using a single, standardized procedure.
5. The Arizona Independent Scheduling Administrator shall implement a transmission planning process that includes all Arizona Independent Scheduling Administrator participants and aids in identifying the timing and key characteristics of required reinforcements to Arizona transmission facilities to assure that the future load requirements of all participants will be met.

E. If not previously filed, the Affected Utilities that own or operate Arizona transmission facilities shall file a proposed Arizona Independent Scheduling Administrator implementation plan with the Commission, through Docket Control, within 30 days of the Commission's adoption of final rules herein. The implementation plan shall address Arizona Independent Scheduling Administrator governance, incorporation, financing, and staffing; the acquisition of physical facilities and staff by the Arizona Independent Scheduling Administrator; the schedule for the phased development of Arizona Independent Scheduling Administrator functionality and proposed transition to a regional Independent System Operator or Regional Transmission Organization; contingency plans to ensure that critical functionality is in place no later than three months following adoption of final rules herein by the Commission; and any other significant issues related to the timely and successful implementation of the Arizona Independent Scheduling Administrator.

F. Each of the Affected Utilities shall make good faith efforts to develop a regional, multi-state Independent System Operator or Regional Transmission Organization, to which the Arizona Independent Scheduling Administrator should transfer its relevant assets and functions and characteristics as specified in R14-2-1609(D) as the Independent System Operator or Regional Transmission Organization becomes able to carry out those functions. Absent Federal Energy Regulatory Commission approval of an Arizona Independent Scheduling Administrator, the functions and characteristics as specified in R14-2-1609(D) will be assumed by the Independent System Operator or Regional Transmission Organization.

G. It is the intent of the Commission that prudently-incurred costs incurred by the Affected Utilities in the establishment and operation of the Arizona Independent Scheduling Administrator, and subsequently the Independent System Operator or Regional Transmission Organization, should be recovered from customers using the transmission system, including the Affected Utilities' wholesale customers, Standard Offer retail customers, and competitive retail customers on a nondiscrimi-

natory basis through Federal Energy Regulatory Commission-regulated prices. Proposed rates for the recovery of such costs shall be filed with the Federal Energy Regulatory Commission and this Commission through Docket Control. In the event that the Federal Energy Regulatory Commission does not permit recovery of prudently incurred Independent Scheduling Administrator costs within 90 days of the date of making an application with the Federal Energy Regulatory Commission, the Commission may authorize Affected Utilities to recover such costs through a distribution surcharge.

H. The Commission supports the use of "Scheduling Coordinators" to provide aggregation of customers' schedules to the Independent Scheduling Administrator and the respective Control Area Operators simultaneously until the implementation of a regional Independent System Operator or Regional Transmission Organization, at which time the schedules will be submitted to the Independent System Operator or Regional Transmission Organization. The primary duties of Scheduling Coordinators are to:

1. Forecast their customers' load requirements;
2. Submit balanced schedules (that is, schedules for which total generation is equal to total load of the Scheduling Coordinator's customers plus appropriate transmission and distribution line losses) and North American Electric Reliability Council/Western Systems Coordinating Council tags;
3. Arrange for the acquisition of the necessary transmission and ancillary services;
4. Respond to contingencies and curtailments as directed by the Control Area Operators, Arizona Independent Scheduling Administrator, or Independent System Operator or Regional Transmission Organization;
5. Actively participate in the schedule checkout process and the settlement processes of the Control Area Operators, Arizona Independent Scheduling Administrator, or Independent System Operator or Regional Transmission Organization.

I. The Affected Utilities and Utility Distribution Companies shall provide services from the Must-Run Generating Units to Standard Offer Service retail customers and competitive retail customers on a comparable, nondiscriminatory basis at regulated prices. The Affected Utilities shall specify the obligations of the Must-Run Generating Units in appropriate sales contracts prior to any divestiture. Under auspices of the Arizona Independent Scheduling Administrator, the Affected Utilities and other stakeholders shall develop statewide protocols for pricing and availability of services from Must-Run Generating Units. These protocols shall be filed with Docket Control for Commission review and, when appropriate, approval, prior to being filed with the Federal Energy Regulatory Commission in conjunction with the Arizona Independent Scheduling Administrator tariff filing. Fixed Must-Run Generating Units costs are to be recovered through a regulated charge to end-use customers. This charge must be set by the Commission as part of the end-use customer distribution service charges.

J. The Affected Utilities and other stakeholders, under the auspices of the Arizona Independent Scheduling Administrator, shall identify statewide services to be settled on and develop fair and reasonable pricing mechanisms to assure a consistent and fair settlement process.

Historical Note

Adopted effective December 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-4). Amended by an emergency action effective August 10, 1998, pursuant to A.R.S. § 41-1026, in effect for a maximum of 180 days (Supp. 98-3). Emergency amendment replaced by exempt permanent amendment effective December 31, 1998 (Supp. 98-4). Section repealed; new Section R14-2-1609 renumbered from R14-2-1610 and amended by exempt rulemaking at 5 A.A.R. 3933, effective September 24, 1999 (Supp. 99-3). Amended by exempt rulemaking at 6 A.A.R. 4180, effective October 13, 2000 (Supp. 00-4).

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R14-2-1610. In-state Reciprocity

A. The service territories of Arizona electric utilities that are not Affected Utilities or Public Power Entities shall not be open to competition under the provisions of this Article, nor shall Arizona electric utilities which are not Affected Utilities be able to compete for sales in the service territories of the Affected Utilities.

B. An Arizona electric utility, subject to the jurisdiction of the Commission, that is not an Affected Utility or a Public Power Entity may voluntarily participate under the provisions of this Article if it makes its service territory available for competing sellers, if it agrees to all of the requirements of this Article, and if it obtains an appropriate Certificate of Convenience and Necessity.

C. An Arizona electric utility, not subject to the jurisdiction of the Commission, and that is not a Public Power Entity, may submit a statement to the Commission, through Docket Control, stating that it voluntarily opens its service territory for competing sellers in a manner similar to the provisions of this Article. Such statement shall be accompanied by the electric utility's nondiscriminatory Standard Offer Tariff, electric supply tariffs, Unbundled Services rates, Stranded Cost charges, System Benefits charges, Distribution Services charges and any other applicable tariffs and policies for services the electric utility offers, for which these rules otherwise require compliance by Affected Utilities or Electric Service Providers. Such filings shall serve as authorization for such electric utility to utilize the Commission's Rules of Practice and Procedure and other applicable rules concerning any complaint that an Affected Utility or Electric Service Provider is violating any provision of this Article or is otherwise discriminating against the filing electric utility or failing to provide just and reasonable rates in tariffs filed under this Article.

D. If an electric utility is an Arizona political subdivision or municipal corporation other than a Public Power Entity, then the existing service territory of such electric utility shall be deemed open to competition if the political subdivision or municipality has entered into an intergovernmental agreement with the Commission that establishes nondiscriminatory terms and conditions for Distribution Services and other Unbundled Services, provides a procedure for complaints arising therefrom, and provides for reciprocity with Affected Utilities or their affiliates. The Commission shall conduct a hearing to consider any such intergovernmental agreement.

E. An affiliate of an Arizona electric utility which is not an Affected Utility or a Public Power Entity shall not be allowed to compete in the service territories of Affected Utilities unless the affiliate's parent company, the nonaffected electric utility, submits a statement to the Commission, through Docket Control, indicating that the parent company will voluntarily open its service territory for competing sellers in a manner similar to

the provisions of this Article and the Commission makes a finding to that effect.

Historical Note

Adopted effective December 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-4). Amended by an emergency action effective August 10, 1998, pursuant to A.R.S. § 41-1026, in effect for a maximum of 180 days (Supp. 98-3). Emergency amendment replaced by exempt permanent amendment effective December 31, 1998 (Supp. 98-4). Former Section R14-2-1610 renumbered to R14-2-1609; new Section R14-2-1610 renumbered from R14-2-1611 and amended by exempt rulemaking at 5 A.A.R. 3933, effective September 24, 1999 (Supp. 99-3). Amended by exempt rulemaking at 6 A.A.R. 4180, effective October 13, 2000 (Supp. 00-4).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General approval provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1611. Rates

A. Market determined rates for Competitive Services, as defined in R14-2-1601 shall be deemed to be just and reasonable.

B. Each Electric Service Provider selling services under this Article shall have on file with the Commission tariffs describing such services and maximum rates for those services, but the services may not be provided until the Commission has approved the tariffs.

C. Prior to January 1, 2001, competitively negotiated contracts governed by this Article customized to individual customers which comply with approved tariffs do not require further Commission approval. However, all such contracts whose term is one year or more and for service of 1 MW or more must be filed with the Director, Utilities Division, through the Compliance Section, as soon as practicable. If a contract does not comply with the provisions of the Load Serving Entity's approved tariffs, it shall not become effective without a Commission order. The provisions of such contracts shall be kept confidential by the Commission.

D. Contracts entered into on or after January 1, 2001, which comply with approved tariffs need not be filed with the Director, Utilities Division. If a contract does not comply with the provisions of the Load Serving Entity's approved tariffs, it shall not become effective without a Commission order.

E. An Electric Service Provider holding a Certificate pursuant to this Article may price its Competitive Services, at or below the maximum rates specified in its filed tariff, provided that the price is not less than the marginal cost of providing the service.

F. Requests for changes in maximum rates or changes in terms and conditions of previously approved tariffs may be filed with the Commission through Docket Control. Such changes shall become effective only upon Commission approval.

Historical Note

Adopted effective December 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-4). Amended by an emergency action effective August 10, 1998, pursuant to A.R.S. § 41-1026, in effect for a maximum of 180 days (Supp. 98-3). Emergency amendment replaced by exempt permanent amendment effective December 31, 1998 (Supp. 98-4). Former Section R14-2-1611 renumbered to R14-2-1610; new Section R14-2-1611 renumbered from R14-2-1612 and amended by exempt rulemaking at 5 A.A.R. 3933, effective September 24, 1999 (Supp. 99-3). Amended by exempt rulemaking at 6 A.A.R. 4180, effective October 13, 2000 (Supp. 00-4).

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R14-2-1612. Service Quality, Consumer Protection, Safety, and Billing Requirements

A. Except as indicated elsewhere in this Article, R14-2-201 through R14-2-212, inclusive, are adopted in this Article by reference. However, where the term "utility" is used in R14-2-201 through R14-2-212, the term "utility" shall pertain to Electric Service Providers providing the services described in each subsection of R14-2-201 through R14-2-212. R14-2-203(E) and R14-2-212(H) shall pertain only to Utility Distribution Companies.

B. The following shall not apply to this Article:
1. R14-2-202 in its entirety,
2. R14-2-206 in its entirety,
3. R14-2-207 in its entirety,
4. R14-2-212 (F)(1),
5. R14-2-213,
6. R14-2-208(E) and (F).

C. No consumer shall be deemed to have changed providers of any service authorized in this Article (including changes from the Affected Utility to another provider) without written authorization by the consumer for service from the new provider. If a consumer is switched to a different ("new") provider without such written authorization, the new provider shall cause service by the previous provider to be resumed and the new provider shall bear all costs associated with switching the consumer back to the previous provider. A new provider who switches a customer without written authorization shall also refund to the retail electricity customer the entire amount of the customer's electricity charges attributable to the electric generation service from the new provider for three months, or the period of the unauthorized service, whichever is more. A Utility Distribution Company may request the Commission's Consumer Services Section to review or audit written authorizations to assure a customer switch was properly authorized. A written authorization that is obtained by deceit or deceptive practices shall not be deemed a valid written authorization. Electric Service Providers shall submit reports within 30 days of the end of each calendar quarter to the Commission, through the Compliance Section, Utilities Division, itemizing the direct complaints filed by customers who have had their Electric Service Providers changed without their authorization. Violations of the Commission's rules concerning unauthorized changes of providers may result in penalties, or suspension or revocation of the provider's certificate. The following requirements and restrictions shall apply to the written authorization form requesting electric service from the new provider:
1. The authorization shall not contain any inducements;
2. The authorization shall be in legible print with clear and plain language confirming the rates, terms, conditions, and nature of the service to be provided;
3. The authorization shall not state or suggest that the customer must take action to retain the customer's current electricity supplier;

4. The authorization shall be in the same language as any promotional or inducement materials provided to the retail electric customer; and
5. No box or container may be used to collect entries for sweepstakes or a contest that, at the same time, is used to collect authorization by a retail electric customer to change their electricity supplier or to subscribe to other services.

D. A residential customer may rescind its authorization to change providers of any service authorized in this Article within three business days, without penalty, by providing written notice to the provider.

E. Customer-specific information shall not be released without specific prior written customer authorization unless the information is requested by a law enforcement or other public agency, or is requested by the Commission or its Staff, or is reasonably required for legitimate account collection activities, or is necessary to provide safe and reliable service to the customer.

F. Each Electric Service Provider providing service governed by this Article shall be responsible for meeting applicable reliability standards and shall work cooperatively with other companies with whom it has interconnections, directly or indirectly, to ensure safe, reliable electric service. Utility Distribution Companies shall make reasonable efforts to notify customers of scheduled outages and also provide notification to the Commission.

G. Each Electric Service Provider shall provide at least 45 days' written notice to all of its affected consumers of its intent to cease providing generation, transmission, distribution, or ancillary services necessitating that the consumer obtain service from another supplier of generation, transmission, distribution, or ancillary services.

H. All Electric Service Providers rendering service under this Article shall submit accident reports, through the Compliance Section, as required in R14-2-101.

I. An Electric Service Provider providing firm electric service governed by this Article shall make reasonable efforts to reestablish service within the shortest possible time when service interruptions occur and shall work cooperatively with other companies to ensure timely restoration of service where facilities are not under the control of the Electric Service Provider.

J. Electric Service Providers shall give at least five days' notice to their customer of scheduled return to Standard Offer Service. Electric Service Providers shall provide 15 calendar days' notice prior to the next scheduled meter read date to the appropriate Utility Distribution Company regarding the intent to terminate a service agreement. Return of that customer to Standard Offer Service will be at the next regular billing cycle if appropriate metering equipment is in place and the request is provided 15 calendar days prior to the next regular meter read date. Responsibility for charges incurred between the notice and the next scheduled read date shall rest with the Electric Service Provider.

K. Each Electric Service Provider shall ensure that bills rendered on its behalf include its address and the toll-free telephone numbers for billing, service, and safety inquiries. The bill must also include the address and toll-free telephone numbers for the Phoenix and Tucson Consumer Service Sections of the Arizona Corporation Commission Utilities Division. Each Electric Service Provider shall ensure that billing and collections services rendered on its behalf comply with subsection (A).

L. Additional Provisions for Metering and Meter Reading Services

1. When authorized by the consumer, an Electric Service Provider who provides metering or meter reading services pertaining to a particular consumer shall provide appropriate meter reading data via standardized formats, approved by the Director, Utilities Division, to all applicable Electric Service Providers serving that same consumer.
2. Any person or entity relying on metering information provided by an Electric Service Provider may request a meter test according to the tariff on file and approved by the Commission. However, if the meter is found to be in error by more than 3%, no meter testing fee will be charged.
3. Each competitive point of delivery shall be assigned a Universal Node Identifier by the Affected Utility or the Utility Distribution Company whose distribution system serves the customer.
4. Unless the Commission grants a specific waiver all competitive metered and billing data shall be translated into consistent, statewide formats, approved by the Director, Utilities Division, that shall be used by the Affected Utility or the Utility Distribution Company and the Electric Service Provider.
5. Unless the Commission grants a specific waiver, the standardized data exchange formats approved by the Director, Utilities Division, shall be used for all data exchange transactions from the Meter Reading Service Provider to the Electric Service Provider, Utility Distribution Company, and Schedule Coordinator. This data will be transferred via the Internet using a secure sockets layer or other secure electronic media.
6. Minimum metering requirements for competitive customers over 20 kW, or 100,000 kWh annually, should consist of hourly consumption measurement meters or meter systems. Predictable loads will be permitted to use load profiles to satisfy the requirements for hourly consumption data. The Load-Serving Entity developing the load profile shall determine if a load is predictable.
7. Competitive customers with hourly loads of 20 kW (or 100,000 kWh annually) or less will be permitted to use Load Profiling to satisfy the requirements for hourly consumption data, however, they may choose other metering options offered by their Electric Service Provider consistent with the Commission rules on Metering.
8. Metering equipment ownership will be limited to the Affected Utility, Utility Distribution Company, and the Electric Service Provider, or the customer, who must obtain the metering equipment through the Affected Utility, Utility Distribution Company, or an Electric Service Provider.
9. Maintenance and servicing of the metering equipment (including Current Transformers and Potential Transformers) will be limited to the Affected Utility, Utility Distribution Company, and the Electric Service Provider.
10. Distribution primary voltage Current Transformers and Potential Transformers may be owned by the Affected Utility, Utility Distribution Company, or the Electric Service Provider.
11. Transmission primary voltage Current Transformers and Potential Transformers may be owned by the Affected Utility or Utility Distribution Company only.
12. North American Electric Reliability Council-recognized holidays will be used in calculating "working days" for meter data timeliness requirements. If a holiday officially occurs on a Saturday, the preceding Friday will be recognized as the date of the holiday. If a holiday officially

occurs on a Sunday, the following Monday will be recognized as the date of the holiday.

13. The Director, Utilities Division shall approve operating procedures to be used by the Utility Distribution Companies and the Meter Service Providers for performing work on primary metered customers.
14. The Director, Utilities Division shall approve operating procedures to be used by the Meter Reading Service Provider for validating, editing, and estimating metering data.
15. The Director, Utilities Division shall approve performance metering specifications and standards to be used by all entities performing metering.

M. Electric Service Providers shall comply with applicable reliability standards and practices established by the Western Systems Coordinating Council and the North American Electric Reliability Council or successor organizations.

N. Electric Service Providers shall provide notification and informational materials to consumers about competition and consumer choices, such as a standardized description of services, as ordered by the Commission.

O. Billing Elements. After the commencement of competition within a service territory pursuant to R14-2-1602, all customer bills, including bills for Standard Offer Service customers within that service territory, will list, at a minimum, the following billing cost elements:

1. Competitive Services:
   a. Generation, which shall include generation-related billing and collection;
   b. Competition Transition Charge;
   c. Transmission and Ancillary Services;
   d. Metering Services; and
   e. Meter Reading Services.
2. Non-Competitive Services:
   a. Distribution services, including distribution-related billing and collection, required Ancillary Services and Must-Run Generating Units; and
   b. System Benefit Charges
3. Regulatory assessments; and
4. Applicable taxes.
5. In cases where the Utility Distribution Company and the Electric Service Provider provide separate bills to customers, the Electric Service Provider is not required to list the billing cost elements for non-competitive services. In cases where the Utility Distribution Company and the Electric Service Provider provide separate bills to customers, the Utility Distribution Company is not required to list the billing cost elements for competitive services if the customer is obtaining competitive services from an Electric Service Provider.

P. The operating procedures approved by the Director, Utilities Division, will be used for Direct Access Service Requests as well as other billing and collection transactions.

Historical Note

Adopted effective December 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-4). Amended by an emergency action effective August 10, 1998, pursuant to A.R.S. § 41-1026, in effect for a maximum of 180 days (Supp. 98-3). Emergency amendment replaced by exempt permanent amendment effective December 31, 1998 (Supp. 98-4). Former Section R14-2-1612 renumbered to R14-2-1611; new Section R14-2-1612 renumbered from R14-2-1613 and amended by exempt rulemaking at 5 A.A.R. 3933, effective September 24, 1999 (Supp. 99-3). Amended by exempt rulemaking at 6 A.A.R. 4180, effective October 13, 2000 (Supp. 00-4).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General approval provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1613. Reporting Requirements

A. Reports covering the following items, as applicable, shall be submitted to the Director, Utilities Division, through the Compliance Section, by Affected Utilities or Utility Distribution Companies and all Electric Service Providers granted a Certificate of Convenience and Necessity pursuant to this Article. These reports shall include the following information pertaining to competitive service offerings, Unbundled Services, and Standard Offer services in Arizona:

1. Type of services offered;
2. kW and kWh sales to consumers, disaggregated by customer class (for example, residential, commercial, industrial);
3. Revenues from sales by customer class (for example, residential, commercial, industrial);
4. Number of retail customers disaggregated as follows: residential, commercial/industrial under 21 kW, commercial/industrial 21 to 999 kW, commercial/industrial 1000 kW or more, agricultural (if not included in commercial), and other;
5. Retail kWh sales and revenues disaggregated by term of the contract (less than one year, one to four years, longer than four years), and by type of service (for example, firm, interruptible, other);
6. Amount of revenues from each type of Competitive Service and, if applicable, each type of Noncompetitive Service provided (using breakdown from R14-2-1612(O);
7. Value of all assets used to serve Arizona customers and accumulated depreciation;
8. Tabulation of Arizona electric generation plants owned by the Electric Service Provider broken down by generation technology, fuel type, and generation capacity;
9. The number of customers aggregated and the amount of aggregated load; and
10. Other data requested by staff or the Commission.

B. Reporting Schedule

1. For the period through December 31, 2003, semi-annual reports shall be filed by April 15 (covering the previous period of July through December) and October 15 (covering the previous period of January through June). The first such report shall cover the period January 1 through June 30, 1999.
2. For the period after December 31, 2003, annual reports shall be filed by April 15 (covering the previous period of January through December). The first such report shall cover the period January 1 through December 31, 2004.

C. The information listed above may, at the provider's option, be provided on a confidential basis. However, staff or the Commission may issue reports with aggregate statistics based on confidential information that do not disclose data pertaining to a particular seller or purchases by a particular buyer.

D. Any Electric Service Provider, Affected Utility, or Utility Distribution Company governed by this Article which fails to file the above data in a timely manner may be subject to a penalty imposed by the Commission or may have its Certificate rescinded by the Commission.

E. Any Electric Service Provider holding a Certificate pursuant to this Article shall file a request in Docket Control to discon-

tinue any competitive tariff as soon as practicable after the decision to discontinue offering service is made.

F. In addition to the above reporting requirements, Electric Service Providers, Affected Utilities, and Utility Distribution Companies governed by this Article shall participate in Commission workshops or other forums whose purpose is to evaluate competition or assess market issues.

Historical Note

Adopted effective December 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-4). Amended by an emergency action effective August 10, 1998, pursuant to A.R.S. § 41-1026, in effect for a maximum of 180 days (Supp. 98-3). Emergency amendment replaced by exempt permanent amendment effective December 31, 1998 (Supp. 98-4). Former Section R14-2-1613 renumbered to R14-2-1612; new Section R14-2-1613 renumbered from R14-2-1614 and amended by exempt rulemaking at 5 A.A.R. 3933, effective September 24, 1999 (Supp. 99-3). Amended by exempt rulemaking at 6 A.A.R. 4180, effective October 13, 2000 (Supp. 00-4).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General approval provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1614. Administrative Requirements

A. Any Electric Service Provider certificated under this Article may file with the Commission, through Docket Control, proposed additional tariffs for Competitive Services at any time which include a description of the service, maximum rates, terms, and conditions.

B. Contracts filed pursuant to this Article shall not be open to public inspection or made public except on order of the Commission, or by the Commission or a Commissioner in the course of a hearing or proceeding.

C. The Commission may consider variations or exemptions from the terms or requirements of any of the rules in this Article upon the application of an affected party. The application must set forth the reasons why the public interest will be served by the variation or exemption from the Commission rules and regulations. Any variation or exemption granted shall require an order of the Commission. Where a conflict exists between these rules and an approved tariff or order of the Commission, the provisions of the approved tariff or order of the Commission shall apply.

D. The Commission may develop procedures for resolving disputes regarding implementation of retail electric competition.

E. Prior to October 1, 1999, the Director, Utilities Division, shall implement a Consumer Education Program as approved by the Commission.

Historical Note

Adopted effective December 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-4). Amended by an emergency action effective August 10, 1998, pursuant to A.R.S. § 41-1026, in effect for a maximum of 180 days (Supp. 98-3). Emergency amendment replaced by exempt permanent amendment effective December 31, 1998 (Supp. 98-4). Former Section R14-2-1614 renumbered to R14-2-1613; new Section R14-2-1614 renumbered from R14-2-1615 and amended by exempt rulemaking at 5 A.A.R. 3933, effective September 24, 1999 (Supp. 99-3). Amended by exempt rulemaking at 6 A.A.R. 4180, effective October 13, 2000 (Supp. 00-4).

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R14-2-1615. Separation of Monopoly and Competitive Services

A. All competitive generation assets and competitive services shall be separated from an Affected Utility prior to January 1, 2001. Such separation shall either be to an unaffiliated party or to a separate corporate affiliate or affiliates. If an Affected Utility chooses to transfer its competitive generation assets or competitive services to a competitive electric affiliate, such transfer shall be at a value determined by the Commission to be fair and reasonable.

B. Beginning January 1, 2001, an Affected Utility or Utility Distribution Company shall not provide Competitive Services as defined in R14-2-1601.

1. This Section does not preclude an Affected Utility or Utility Distribution Company from billing its own customers for distribution service, or from providing billing services to Electric Service Providers in conjunction with its own billing, or from providing Meter Services and Meter Reading Services for Load Profiled residential customers. Nor does this Section preclude an Affected Utility or Utility Distribution Company from providing billing and collections, Metering and Meter Reading Service as part of the Standard Offer Service tariff to Standard Offer Service customers.
2. This Section does not preclude an Affected Utility or Utility Distribution Company from owning distribution and transmission primary voltage Current Transformers and Potential Transformers.

C. An Electric Distribution Cooperative is not subject to the provisions of R14-2-1615 unless it offers competitive electric services outside of its distribution service territory.

Historical Note

Adopted effective December 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-4). Amended by an emergency action effective August 10, 1998, pursuant to A.R.S. § 41-1026, in effect for a maximum of 180 days (Supp. 98-3). Emergency amendment replaced by exempt permanent amendment effective December 31, 1998 (Supp. 98-4). Former Section R14-2-1615 renumbered to R14-2-1614; new Section R14-2-1615 renumbered from R14-2-1616 and amended by exempt rulemaking at 5 A.A.R. 3933, effective September 24, 1999 (Supp. 99-3).

Editor's Note: The Arizona Corporation Commission has determined that the following Section is exempt from the Attorney General approval provisions of the Arizona Administrative Procedure Act (A.R.S. § 41-1041) by a court order (State ex. rel. Corbin v. Arizona Corporation Commission, 174 Ariz. 216 848 P.2d 301 (App. 1992)).

R14-2-1616. Code of Conduct

A. If not previously filed, no later than 90 days after adoption of these Rules, each Affected Utility which plans to offer Noncompetitive Services and which plans to offer Competitive Services through its competitive electric affiliate shall propose a Code of Conduct to prevent anti-competitive activities. Each Affected Utility that is an electric cooperative, that plans to

offer Noncompetitive Services, and that is a member of any electric cooperative that plans to offer Competitive Services shall also submit a Code of Conduct to prevent anti-competitive activities. All Codes of Conduct shall be filed in Docket Control and be subject to Commission approval after a hearing.

B. The Code of Conduct shall address the following subjects:
1. Appropriate procedures to prevent cross subsidization between the Utility Distribution Company and any competitive affiliates, including but not limited to the maintenance of separate books, records, and accounts;
2. Appropriate procedures to ensure that the Utility Distribution Company's competitive affiliate does not have access to confidential utility information that is not also available to other market participants;
3. Appropriate guidelines to limit the joint employment of personnel by both a Utility Distribution Company and its competitive affiliate;
4. Appropriate guidelines to govern the use of the Utility Distribution Company's name or logo by the Utility Distribution Company's competitive affiliate;
5. Appropriate procedures to ensure that the Utility Distribution Company does not give its competitive affiliate any preferential treatment such that other market participants are unfairly disadvantaged or discriminated against;
6. Appropriate policies to eliminate joint advertising, joint marketing, or joint sales by a Utility Distribution Company and its competitive affiliate;
7. Appropriate procedures to govern transactions between a Utility Distribution Company and its competitive affiliate; and
8. Appropriate policies to prevent the Utility Distribution Company and its competitive affiliate from representing that customers will receive better service as a result of the affiliation.
9. Complaints concerning violations of the Code of Conduct shall be processed under the procedures established in R14-2-212.

Historical Note

Adopted effective December 26, 1996, under an exemption as determined by the Arizona Corporation Commission (Supp. 96-4). Section R14-2-1616 repealed by emergency action; emergency new Section adopted by an emergency action effective August 10, 1998, pursuant to A.R.S. § 41-1026, in effect for a maximum of 180 days (Supp. 98-3). Emergency amendment replaced by exempt permanent amendment effective December 31, 1998 (Supp. 98-4). Former Section R14-2-1616 renumbered to R14-2-1615; new Section R14-2-1616 adopted by exempt rulemaking at 5 A.A.R. 3933, effective September 24, 1999 (Supp. 99-3). Amended by exempt rulemaking at 6 A.A.R. 4180, effective October 13, 2000 (Supp. 00-4).

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R14-2-1617. Disclosure of Information

A. Each Load-Serving Entity providing either generation service or Standard Offer Service shall prepare a consumer information label that sets forth the following information:
1. Price to be charged for generation services,
2. Price variability information,
3. Customer service information,
4. Time period to which the reported information applies.

B. Each Load-Serving Entity providing either generation service or Standard Offer Service shall provide, upon request, the following information (to the extent reasonably known):
1. Composition of resource portfolio,
2. Fuel mix characteristics of the resource portfolio,
3. Emissions characteristics of the resource portfolio.

C. The Director, Utilities Division, shall develop the format and reporting requirements for the consumer information label to ensure that the information is appropriately and accurately reported and to ensure that customers can use the labels for comparisons among Load-Serving Entities. The format developed by the Director, Utilities Division, shall be used by each Load-Serving Entity.

D. Each Load-Serving Entity shall include the information disclosure label in a prominent position in all written marketing materials specifically targeted to Arizona. When a Load-Serving Entity advertises in nonprint media, or in written materials not specifically targeted to Arizona, the marketing materials shall indicate that the Load-Serving Entity shall provide the consumer information label to the public upon request.

E. Each Load-Serving Entity shall prepare an annual disclosure report that aggregates the resource portfolios of the Load-Serving Entity and its affiliates.

F. Each Load-Serving Entity shall prepare a statement of its terms of service that sets forth the following information:
1. Actual pricing structure or rate design according to which the customer with a load of less than 1 MW will be billed, including an explanation of price variability and price level adjustments that may cause the price to vary;
2. Length and description of the applicable contract and provisions and conditions for early termination by either party;
3. Due date of bills and consequences of late payment;
4. Conditions under which a credit agency is contacted;
5. Deposit requirements and interest on deposits;
6. Limits on warranties and damages;
7. All charges, fees, and penalties;
8. Information on consumer rights pertaining to estimated bills, third-party billing, deferred payments, and recision of supplier switches within three days of receipt of confirmation;
9. A toll-free telephone number for service complaints;
10. Low income programs and low income rate eligibility;
11. Provisions for default service;
12. Applicable provisions of state utility laws; and
13. Method whereby customers will be notified of changes to the terms of service.

G. The consumer information label, the disclosure report, and the terms of service shall be distributed in accordance with the following requirements:
1. Prior to the initiation of service for any retail customer,
2. Prior to processing written authorization from a retail customer with a load of less than 1 MW to change Electric Service Providers,
3. To any person upon request,
4. Made a part of the semi-annual and annual reports required by R14-2-1613.
5. The information described in this subsection shall be posted on any electronic information medium of the Load-serving Entities.

H. Failure to comply with the rules on information disclosure or dissemination of inaccurate information may result in suspension or revocation of certification or other penalties as determined by the Commission.

I. The Commission shall establish a consumer information advisory panel to review the effectiveness of the provisions of this Section and to make recommendations for changes in the rules.

Historical Note

Adopted by an emergency action effective August 10, 1998, pursuant to A.R.S. § 41-1026, in effect for a maximum of 180 days (Supp. 98-3). Emergency adoption replaced by exempt permanent adoption effective December 31, 1998 (Supp. 98-4). Former Section R14-2-1617 repealed; new Section R14-2-1617 renumbered from R14-2-1618 and amended by exempt rulemaking at 5 A.A.R. 3933, effective September 24, 1999 (Supp. 99-3). Amended by exempt rulemaking at 6 A.A.R. 4180, effective October 13, 2000 (Supp. 00-4).

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R14-2-1618. Environmental Portfolio Standard

A. Upon the effective implementation of a Commission-approved Environmental Portfolio Standard Surcharge tariff, any Load-Serving Entity selling electricity or aggregating customers for the purpose of selling electricity under the provisions of this Article must derive at least .2% of the total retail energy sold from new solar resources or environmentally-friendly renewable electricity technologies, whether that energy is purchased or generated by the seller. Solar resources include photovoltaic resources and solar thermal resources that generate electricity. New solar resources and environmentally-friendly renewable electricity technologies are those installed on or after January 1, 1997.

1. Electric Service Providers, that are not UDCs, are exempt from portfolio requirements until 2004, but could voluntarily elect to participate. ESPs choosing to participate would receive a pro rata share of funds collected from the Environmental Portfolio Surcharge delineated in R14-2-1618.A.2 for portfolio purposes to acquire eligible portfolio systems or electricity generated from such systems.
2. Utility Distribution Companies would recover part of the costs of the portfolio standard through current System Benefits Charges, if they exist, including a re-allocation of demand side management funding to portfolio uses. Additional portfolio standard costs will be recovered by a customer Environmental Portfolio Surcharge on the customers' monthly bill. The Environmental Portfolio Surcharge shall be assessed monthly to every metered and/or non-metered retail electric service. This monthly assessment will be the lesser of $0.000875 per kWh or:
   a. Residential Customers: $.35 per service,
   b. Non-Residential Customers: $13 per service,
   c. Non-Residential Customers whose metered demand is 3,000 kW or more for three consecutive months: $39.00 per service. In the case of unmetered services, the Load-Serving Entity shall, for purposes of billing the Environmental Portfolio Standard Surcharge and subject to the caps set forth above, use the lesser of (i) the load profile or otherwise estimated kWh required to provide the service in question; or (ii) the service's contract kWh.
3. Customer bills shall reflect a line item entitled "Environmental Portfolio Surcharge, mandated by the Corporation Commission."
4. Utility Distribution Companies or ESPs that do not currently have a renewables program may request a waiver or modification of this Section due to extreme circumstances that may exist.

B. The portfolio percentage shall increase after December 31, 2000.

1. Starting January 1, 2001, the portfolio percentage shall increase annually and shall be set according to the following schedule:

YEAR	PORTFOLIO PERCENTAGE
2001	.2%
2002	.4%
2003	.6%
2004	.8%
2005	1.0%
2006	1.05%
2007-2012	1.1%

2. The Commission would continue the annual increase in the portfolio percentage after December 31, 2004, only if the cost of environmental portfolio electricity has declined to a Commission-approved cost/benefit point. The Director, Utilities Division shall establish, not later than January 1, 2003, an Environmental Portfolio Cost Evaluation Working Group to make recommendations to the Commission of an acceptable portfolio electricity cost/benefit point or portfolio kWh cost impact maximum that the Commission could use as a criteria for the decision to continue the increase in the portfolio percentage. The recommendations of the Working Group shall be presented to the Commission not later than June 30, 2003. In no event, however, shall the Commission increase the surcharge caps as delineated in R14-2-1618(A)(2).
3. The requirements for the phase-in of various technologies shall be:
   a. In 2001, the Portfolio kWh makeup shall be at least 50 percent solar electric, and no more than 50 percent other environmentally-friendly renewable electricity technologies or solar hot water or R&D on solar electric resources, but with no more than 10 percent on R&D.
   b. In 2002 and 2003, the Portfolio kWh makeup shall be at least 50 percent solar electric, and no more than 50 percent other environmentally-friendly renewable electricity technologies or solar hot water or R&D on solar electric resources, but with no more than 5 percent on R&D.
   c. In 2004, through 2012, the portfolio kWh makeup shall be at least 60 percent solar electric with no more than 40 percent solar hot water or other environmentally-friendly renewable electricity technologies.

C. Load-Serving Entities shall be eligible for a number of extra credit multipliers that may be used to meet the portfolio standard requirements. Extra credits may be used to meet portfolio requirements and extra credits from solar electric technologies will also count toward the solar electric fraction requirements in R14-2-1618(B)(3). With the exception of the Early Installation Extra Credit Multiplier, which has a five-year life from operational start-up, all other extra credit multipliers are valid for the life of the generating equipment.

1. Early Installation Extra Credit Multiplier: For new solar electric systems installed and operating prior to December 31, 2003, Load-Serving Entities would qualify for

multiple extra credits for kWh produced for five years following operational start-up of the solar electric system. The five-year extra credit would vary depending upon the year in which the system started up, as follows:

YEAR	EXTRA CREDIT MULTIPLIER
1997	.5
1998	.5
1999	.5
2000	.4
2001	.3
2002	.2
2003	.1

Eligibility to qualify for the Early Installation Extra Credit Multiplier would end in 2003. However, any eligible system that was operational in 2003 or before would still be allowed the applicable extra credit for the full five years after operational start-up.

2. Solar Economic Development Extra Credit Multipliers: There are two equal parts to this multiplier, an in-state installation credit and an in-state content multiplier.
   a. In-State Power Plant Installation Extra Credit Multiplier: Solar electric power plants installed in Arizona shall receive a .5 extra credit multiplier.
   b. In-State Manufacturing and Installation Content Extra Credit Multiplier: Solar electric power plants shall receive up to a .5 extra credit multiplier related to the manufacturing and installation content that comes from Arizona. The percentage of Arizona content of the total installed plant cost shall be multiplied by .5 to determine the appropriate extra credit multiplier. So, for instance, if a solar installation included 80% Arizona content, the resulting extra credit multiplier would be .4 (which is .8 X .5).
3. Distributed Solar Electric Generator and Solar Incentive Program Extra Credit Multiplier: Any distributed solar electric generator that meets more than one of the eligibility conditions will be limited to only one .5 extra credit multiplier from this subsection. Appropriate meters will be attached to each solar electric generator and read at least once annually to verify solar performance.
   a. Solar electric generators installed at or on the customer premises in Arizona. Eligible customer premises locations will include both grid-connected and remote, non-grid-connected locations. In order for Load-Serving Entities to claim an extra credit multiplier, the Load-Serving Entity must have contributed at least 10% of the total installed cost or have financed at least 80% of the total installed cost.
   b. Solar electric generators located in Arizona that are included in any Load-Serving Entity's Green Pricing program.
   c. Solar electric generators located in Arizona that are included in any Load-Serving Entity's Net Metering or Net Billing program.
   d. Solar electric generators located in Arizona that are included in any Load-Serving Entity's solar leasing program.
   e. All Green Pricing, Net Metering, Net Billing, and Solar Leasing programs must have been reviewed and approved by the Director, Utilities Division in order for the Load-Serving Entity to accrue extra credit multipliers from this subsection.
4. All multipliers are additive, allowing a maximum combined extra credit multiplier of 2.0 in years 1997-2003, for equipment installed and manufactured in Arizona and either installed at customer premises or participating in approved solar incentive programs. So, if a Load-Serving Entity qualifies for a 2.0 extra credit multiplier and it produces 1 solar kWh, the Load-Serving Entity would get credit for 3 solar kWh (1 produced plus 2 extra credit).

D. Load-Serving Entities selling electricity under the provisions of this Article shall provide reports on sales and portfolio power as required in this Article, clearly demonstrating the output of portfolio resources, the installation date of portfolio resources, and the transmission of energy from those portfolio resources to Arizona consumers. The Commission may conduct necessary monitoring to ensure the accuracy of these data. Reports shall be made according to the Reporting Schedule in R14-2-1613(B).

E. Photovoltaic or solar thermal electric resources that are located on the consumer's premises shall count toward the Environmental Portfolio Standard applicable to the current Load-Serving Entity serving that consumer unless a different Load-Serving Entity is entitled to receive credit for such resources under the provisions of R14-2-1618(C)(3)(a).

F. Any solar electric generators installed by an Affected Utility to meet the environmental portfolio standard shall be counted toward meeting renewable resource goals for Affected Utilities established in Decision No. 58643.

G. Any Load-Serving Entity that produces or purchases any eligible kWh in excess of its annual portfolio requirements may save or bank those excess kWh for use or sale in future years. Any eligible kWh produced subject to this rule may be sold or traded to any Load-Serving Entity that is subject to this rule. Appropriate documentation, subject to Commission review, shall be given to the purchasing entity and shall be referenced in the reports of the Load-Serving Entity that is using the purchased kWh to meet its portfolio requirements.

H. Environmental Portfolio Standard requirements shall be calculated on an annual basis, based upon electricity sold during the calendar year.

I. A Load-Serving Entity shall be entitled to receive a partial credit against the portfolio requirement if the Load-Serving Entity or its affiliate owns or makes a significant investment in any solar electric manufacturing plant that is located in Arizona. The credit will be equal to the amount of the nameplate capacity of the solar electric generators produced in Arizona and sold in a calendar year times 2,190 hours (approximating a 25% capacity factor).
   1. The credit against the portfolio requirement shall be limited to the following percentages of the total portfolio requirement:
      2001: Maximum of 50% of the portfolio requirement
      2002: Maximum of 25% of the portfolio requirement
      2003 and on: Maximum of 20% of the portfolio requirement
   2. No extra credit multipliers will be allowed for this credit. In order to avoid double-counting of the same equipment, solar electric generators that are used by other Load-Serving Entities to meet their Arizona portfolio requirements will not be allowable for credits under this Section for the manufacturer/Electric Service Provider to meet its portfolio requirements.

J. The Director, Utilities Division shall develop appropriate safety, durability, reliability, and performance standards necessary for solar generating equipment and environmentally-friendly renewable electricity technologies and to qualify for the portfolio standard. Standards requirements will apply only

to facilities constructed or acquired after the standards are publicly issued.

K. A Load-Serving Entity shall be entitled to meet up to 20% of the portfolio requirement with solar water heating systems or solar air conditioning systems purchased by the Load-Serving Entity for use by its customers, or purchased by its customers and paid for by the Load-Serving Entity through bill credits or other similar mechanisms. The solar water heaters must replace or supplement the use of electric water heaters for residential, commercial, or industrial water heating purposes. For the purposes of this rule, solar water heaters will be credited with 1 kWh of electricity produced for each 3,415 British Thermal Units of heat produced by the solar water heater and solar air conditioners shall be credited with kWhs equivalent to those needed to produce a comparable cooling load reduction. Solar water heating systems and solar air conditioning systems shall be eligible for Early Installation Extra Credit Multipliers as defined in R14-2-1618(C)(1) and Solar Economic Development Extra Credit Multipliers as defined in R14-2-1618(C)(2)(b).

L. A Load-Serving Entity shall be entitled to meet the portfolio requirement with electricity produced in Arizona by environmentally-friendly renewable electricity technologies that are defined as in-state landfill gas generators, wind generators, and biomass generators, consistent with the phase-in schedule in R14-2-1618(B)(3). Systems using such technologies shall be eligible for Early Installation Extra Credit Multipliers as defined in R14-2-1618(C)(1) and Solar Economic Development Extra Credit Multipliers as defined in R14-2-1618(C)(2)(b).

Historical Note

Adopted by an emergency action effective August 10, 1998, pursuant to A.R.S. § 41-1026, in effect for a maximum of 180 days (Supp. 98-3). Emergency adoption replaced by exempt permanent adoption effective December 31, 1998 (Supp. 98-4). Section R14-2-1618 renumbered to R14-2-1617 by exempt rulemaking at 5 A.A.R. 3933, effective September 24, 1999 (Supp. 99-3). New Section adopted by exempt rulemaking at 7 A.A.R. 1661, effective March 20, 2001 (Supp. 01-1).

ARTICLE 17. RESERVED

ARTICLE 18. RESERVED

ARTICLE 19. CONSUMER PROTECTIONS FOR UNAUTHORIZED CARRIER CHANGES

Article 19, consisting of R14-2-1901 through R14-2-1913, made by final rulemaking at 10 A.A.R. 2409, effective July 23, 2004 (Supp. 04-2).

R14-2-1901. Definitions

A. "Authorized Carrier" means any Telecommunications Company that submits, on behalf of a Customer, a change in the Customer's selection of a provider of telecommunications service, with the Subscriber's authorization verified in accordance with the procedures specified in this Article.

B. "Commission" means Arizona Corporation Commission.

C. "Customer" means the person or entity in whose name service is rendered, as evidenced by the signature on the application or contract for service, or by the receipt or payment of bills regularly issued in their name regardless of the identity of the actual user of service.

D. "Executing Telecommunications Carrier" means a Telecommunications Company that effects a request that a Subscriber's Telecommunications Company be changed.

E. "Letter of Agency" means written authorization, including internet enabled with electronic signature, by a Subscriber authorizing a Telecommunications Company to act on the Subscriber's behalf to change the Subscriber's Telecommunications Company.

F. "Subscriber" means the Customer identified in the account records of a Telecommunications Company; and any person authorized by such Customer to change telecommunications services or to charge services to the account; or any person contractually or otherwise lawfully authorized to represent such Customer.

G. "Telecommunications Company" means a public service corporation, as defined in the Arizona Constitution, Article 15, § 2, which provides telecommunications services within the state of Arizona and over which the Commission has jurisdiction.

H. "Unauthorized Carrier" means any Telecommunications Company that submits, on behalf of a Customer, a change in the Customer's selection of a provider of telecommunications service without the subscriber's authorization verified in accordance with the procedures specified in this Article.

I. "Unauthorized Change" ("slamming") means a change in a Telecommunications Company submitted on behalf of a Subscriber that was not authorized in accordance with R14-2-1904 or not verified in accordance with R14-2-1905.

J. "Unauthorized Charge" means any charge incurred as a result of an Unauthorized Change.

Historical Note

New Section made by final rulemaking at 10 A.A.R. 2409, effective July 23, 2004 (Supp. 04-2).

R14-2-1902. Purpose and Scope

These rules shall be interpreted to ensure that all Customers in this state are protected from an Unauthorized Change in their intraLATA, or interLATA long-distance Telecommunications Company. The rules shall be interpreted to promote satisfactory service to the public by local and intraLATA or interLATA long-distance Telecommunications Companies and to establish the rights and responsibilities of both company and Customer. The rules shall be interpreted to establish liability standards and penalties to ensure compliance.

Historical Note

New Section made by final rulemaking at 10 A.A.R. 2409, effective July 23, 2004 (Supp. 04-2).

R14-2-1903. Application

These rules apply to each Telecommunications Company. These rules do not apply to providers of wireless, cellular, personal communications services, or commercial mobile radio services.

Historical Note

New Section made by final rulemaking at 10 A.A.R. 2409, effective July 23, 2004 (Supp. 04-2).

R14-2-1904. Authorized Telecommunications Company Change Procedures

A. A Telecommunications Company shall not submit a change on behalf of a Subscriber prior to obtaining authorization from the Subscriber and obtaining verification of that authorization in accordance with R14-2-1905.

B. A Telecommunications Company submitting a change shall maintain and preserve records of verification of individual Subscriber authorization for 24 months.

C. An Executing Telecommunications Carrier shall not contact the Subscriber to verify the Subscriber's selection received from a Telecommunications Company submitting a change.

D. An Executing Telecommunications Carrier shall execute such changes as promptly as reasonable business practices will permit, which shall not exceed 10 business days from the receipt of a change notice from a submitting Telecommunications Company. The Executing Telecommunications Carrier shall have no liability for processing an Unauthorized Change.

E. If a Telecommunications Company is selling more than one type of service, for example, local, intraLATA, or interLATA, it may obtain authorizations from the Subscriber for all services authorized during a single contact.

Historical Note

New Section made by final rulemaking at 10 A.A.R. 2409, effective July 23, 2004 (Supp. 04-2).

R14-2-1905. Verification of Orders for Telecommunications Service

A. A Telecommunications Company shall not submit a change order unless it confirms the order by one of the following methods:

1. The Telecommunications Company obtains the Subscriber's written authorization, including internet enabled authorization with electronic signature, in a form that meets the requirements of this Section.
2. The Telecommunications Company obtains the Subscriber's electronic or voice-recorded authorization for the change that meets the requirements of this Section.
3. An independent third party, qualified under the criteria set forth in subsection (F), obtains and records the Subscriber's verbal authorization for the change that confirms and includes appropriate verification data pursuant to the requirements of this Section.

B. Written authorization obtained by a Telecommunications Company shall:

1. Be a separate document containing only the authorizing language in accordance with verification procedures of this Section,
2. Have the sole purpose of authorizing a Telecommunications Company change, and
3. Be signed and dated by the Subscriber requesting the Telecommunications Company change.

C. A Letter of Agency may be combined with a marketing check subject to the following requirements. The Letter of Agency when combined with a marketing check shall not contain promotional language or material. The Letter of Agency when combined with a marketing check shall have on its face and near the endorsement line a notice in bold-face type that the Subscriber authorizes a Telecommunications Company change by signing the check. The notice shall be in easily readable, bold-face type and shall be written in both English and Spanish, as well as in any other language which was used at any point in the sales transaction. If a Telecommunications Company cannot comply with the requirements of this Section, it may not combine a Letter of Agency with a marketing check.

D. An electronically signed Letter of Agency is valid written authorization.

E. A Telecommunications Company that obtains a Subscriber's electronic voice recorded authorization shall confirm the Customer identification and service change information. If a Telecommunications Company elects to verify sales by electronic voice recorded authorization, it shall establish one or more toll-free telephone numbers exclusively for that purpose. A call to the toll-free number shall connect the Subscriber to a recording mechanism that shall record the following information regarding the Telecommunications Company change:

1. The identity of the Subscriber,
2. Confirmation that the person on the call is authorized to make the Telecommunications Company change,
3. Confirmation that the person on the call wants to make the Telecommunications Company change,
4. The name of the newly authorized Telecommunications Company,
5. The telephone numbers to be switched, and
6. The types of service involved.

F. A Telecommunications Company that verifies a Subscriber's authorization by an independent third party shall comply with the following:

1. The independent third party shall not be owned, managed, or controlled by the Telecommunications Company or the company's marketing agent.
2. The independent third party shall not have any financial incentive to verify that Telecommunications Company change orders are authorized.
3. The independent third party shall operate in a location physically separate from the Telecommunications Company or the company's marketing agent.
4. The independent third party shall inform the Subscriber that the call is being recorded and shall record the Subscriber's authorization to change the Telecommunications Company.
5. All third party verification methods shall elicit and record, at a minimum:
   a. The identity of the Subscriber,
   b. Confirmation that the person on the call is authorized to make the Telecommunications Company change,
   c. Confirmation that the person on the call wants to make the Telecommunications Company change,
   d. The name of the newly authorized Telecommunications Company,
   e. The telephone numbers to be switched, and
   f. The types of service involved.
6. The independent third party shall conduct the verification in the same language as was used in the initial sales transaction.

Historical Note

New Section made by final rulemaking at 10 A.A.R. 2409, effective July 23, 2004 (Supp. 04-2).

R14-2-1906. Notice of Change

When an Authorized Carrier changes a Subscriber's service, the Authorized Carrier, or its billing and collection agent, shall clearly and conspicuously identify any change in service provider, including the name of the new Authorized Carrier and its telephone number on a bill, a bill insert, or in a separate mailing to the Subscriber. The notice of change shall be printed in both English and Spanish.

Historical Note

New Section made by final rulemaking at 10 A.A.R. 2409, effective July 23, 2004 (Supp. 04-2).

R14-2-1907. Unauthorized Changes

A. A Subscriber shall notify the alleged Unauthorized Carrier within a reasonable period of time after receiving notice of an Unauthorized Change. Any period of time of 60 days or less shall automatically be presumed to be reasonable, and any period of time longer than 60 days may be reasonable based on the circumstances.

B. After a Subscriber notifies the alleged Unauthorized Carrier that the change was unauthorized, the alleged Unauthorized Carrier shall take all actions within its control to facilitate the Subscriber's return to the original Telecommunications Company as promptly as reasonable business practices will permit,

but no later than five business days from the date of the Subscriber's notification to it.

C. If an alleged Unauthorized Carrier has been notified that an Unauthorized Change has occurred and the alleged Unauthorized Carrier cannot verify within five business days that the change was authorized pursuant to R14-2-1905, the alleged Unauthorized Carrier shall:

1. Pay all charges to the original Telecommunications Company associated with returning the Subscriber to the original Telecommunications Company as promptly as reasonable business practices will permit, but no later than 30 business days from the date of the alleged Unauthorized Carrier's failure to confirm authorization of the change;
2. Absolve the Subscriber of all charges incurred during the first 90 days of service provided by the alleged Unauthorized Carrier if a Subscriber has not paid charges to the alleged Unauthorized Carrier;
3. Forward relevant billing information to the original Telecommunications Carrier within 15 business days of a Subscriber's notification. The original Telecommunications Company may not bill the Subscriber for unauthorized service charges during the first 90 days of the alleged Unauthorized Carrier's service but may thereafter bill the Subscriber at the original Telecommunications Company's rates; and
4. Refund to the original Telecommunications Company, 100% of any alleged Unauthorized Carrier's charges that a Subscriber paid to the alleged Unauthorized Carrier. The original Telecommunications Company shall apply the credit of 100% to the Subscriber's authorized charges.

D. Until the alleged Unauthorized Carrier certifies with supporting documentation to the Subscriber that the change was verified pursuant to R14-2-1905, the billing Telecommunications Company shall not:

1. Suspend, disconnect, or terminate telecommunications service to a Subscriber who disputes any billing charge pursuant to this Section or for nonpayment of a charge related to an unauthorized change unless requested by the Subscriber, or
2. File an unfavorable credit report against a Customer who has not paid charges that the Subscriber has alleged were unauthorized.

E. The Customer shall remain obligated to pay any charges that are not disputed.

F. The alleged Unauthorized Carrier shall maintain and preserve individual Customer records of Unauthorized Change complaints for 24 months.

G. Each occurrence of slamming to an individual account shall constitute a separate violation of this Article, subject to individual enforcement actions and penalties as prescribed herein.

Historical Note

New Section made by final rulemaking at 10 A.A.R. 2409, effective July 23, 2004 (Supp. 04-2).

R14-2-1908. Notice of Subscriber Rights

A. A Telecommunications Company shall provide to each of its Subscribers notice of the Subscriber's rights regarding Unauthorized Changes and Unauthorized Charges.

B. The Subscriber notice shall include the following:

1. The name, address and telephone numbers where a Subscriber can contact the Telecommunications Company;
2. A Telecommunications Company is prohibited from changing telecommunications service to another company without the Subscriber's permission;
3. A Telecommunications Company that has switched telecommunications service without the Subscriber's permission is required to pay all charges associated with returning the Customer to the original Telecommunications Company as promptly as reasonable business practices will permit, but no later than 30 business days from the Subscriber's request;
4. An Unauthorized Carrier shall absolve a Subscriber of all unpaid charges which were incurred during the first 90 days of service provided by the Unauthorized Carrier;
5. If a Subscriber incurred charges for service provided during the first 90 days of service with the Unauthorized Carrier, the Unauthorized Carrier shall forward the relevant billing information to the original Telecommunication Company. The original Telecommunications Company may not bill the Subscriber for unauthorized service charges during the first 90 days of the Unauthorized Carrier's service but may thereafter bill the Subscriber at the original Telecommunications Company's rates;
6. If a Subscriber has paid charges to the Unauthorized Carrier, the Unauthorized Carrier must pay 100% of the charges to the original Telecommunications Company and the original Telecommunications Company shall apply the 100% as credit to the Customer's authorized charges;
7. A Subscriber who has been slammed can contact the Unauthorized Carrier to request the service be changed back in accordance with R14-2-1907;
8. A Subscriber who has been slammed can report the Unauthorized Change to the Arizona Corporation Commission;
9. The name, address, web site, and toll free consumer services telephone number of the Arizona Corporation Commission; and
10. A Subscriber can request their local exchange company place a freeze on the Customer's long distance telecommunications service account.

C. Distribution, language, and timing of notice.

1. A Telecommunications Company shall provide the notice described in this Section to new Customers at the time service is initiated, and upon a Subscriber's request.
2. A Telecommunications Company that publishes a telephone directory or contracts for publication of a telephone directory, shall arrange for the notice to appear in the white pages of its annual telephone directory.
3. A Telecommunications Company with a web site shall display the notice described in this Section on the company's web site.
4. The notice of subscriber rights described in this Section shall be written in both English and Spanish.

Historical Note

New Section made by final rulemaking at 10 A.A.R. 2409, effective July 23, 2004 (Supp. 04-2).

R14-2-1909. Customer Account Freeze

A. A Customer account freeze prevents a change in a Subscriber's intraLATA and interLATA Telecommunications Company selection until the Subscriber gives consent to lift the freeze to the local exchange company that implemented the freeze.

B. A local exchange company that offers a freeze shall do so on a nondiscriminatory basis to all Subscribers.

C. A Telecommunications Company that offers information on freezes shall clearly distinguish intraLATA and interLATA telecommunications services.

D. A local exchange carrier shall not implement or remove a freeze without authorization obtained consistent with R14-2-1904 and verification consistent with R14-2-1905. However, a local exchange carrier shall remove a freeze if authorized by the subscriber in a three-way conference call meeting the requirements of 47 C.F.R. 64.1190(e)(2) incorporated by reference. This reference to 47 C.F.R. 64.1190(e)(2) is to the version in effect as of January 1, 2004 and no future editions or amendments. Copies of 47 C.F.R. 64.1190(3)(2) are available from the Federal Communications Commission at 445 12th Street SW, Washington D.C. 20554 and at the offices of the Arizona Corporations Commission at 1200 W. Washington Street, Phoenix, Arizona 85007 and online at www.gpoaccess.gov and are on file with the Office of the Secretary of State.

E. A Telecommunications Company shall not charge the Customer for imposing or removing a freeze except under a Commission approved tariff.

F. A Telecommunications Company shall maintain records of all freeze authorizations and repeals for the duration of the Customer account freeze or at least 24 months following the cancellation of the Customer account freeze or discontinuance of service provided to that account.

Historical Note

New Section made by final rulemaking at 10 A.A.R. 2409, effective July 23, 2004 (Supp. 04-2).

R14-2-1910. Informal Complaint Process

A. A Subscriber may file an informal complaint within 90 days of receiving notice of an Unauthorized Charge, or, thereafter, upon a showing of good cause. The complaint shall be submitted to the Commission Staff in writing, telephonically, or via electronic transmission, and shall include:

1. Complainant's name, address, telephone number;
2. The names of the Telecommunications Companies involved;
3. The approximate date of the alleged Unauthorized Change;
4. A statement of facts, including documentation, to support the complainant's allegation;
5. The amount of any disputed charges, including any amount already paid; and
6. The specific relief sought.

B. Commission Staff shall:

1. Assist the parties in resolving the informal complaint;
2. Notify the Executing Telecommunications Company, original Telecommunications Company, and alleged Unauthorized Carrier of the alleged Unauthorized Change;
3. Require the alleged Unauthorized Carrier to provide an initial response within five business days of receipt of notice from the Commission;
4. Require the alleged Unauthorized Carrier to provide documentation of the Subscriber's authorization. If such information is not provided to Staff within 10 business days of the initial Staff notification, Staff shall presume that an Unauthorized Change occurred;
5. Advise the Telecommunications Company that it shall provide Staff with any additional information requested by Staff within 10 business days of Staff's request; and
6. Inform the Telecommunications Company that failure to provide the requested information or a good faith response to Commission Staff within 15 business days shall be deemed an admission to the allegations contained within the request and the Telecommunications Company shall be deemed in violation of the applicable provisions of this Article.

C. If the parties do not resolve the matter, the Staff will conduct a review of the informal complaint and related materials to determine if an Unauthorized Change has occurred, which review shall be completed within 30 days of the Staff's receipt of the informal complaint.

D. Upon conclusion its review, Staff shall render a written summary of its findings and recommendation to all parties. Staff's written summary is not binding on any party. Any party shall have the right to file a formal complaint with the Commission under A.R.S. § 40-246. Staff's written summary shall not be admissible in the formal complaint proceeding.

Historical Note

New Section made by final rulemaking at 10 A.A.R. 2409, effective July 23, 2004 (Supp. 04-2).

R14-2-1911. Compliance and Enforcement

A. A Telecommunications Company shall provide a copy of its records of Subscriber verification and Unauthorized Changes maintained under the requirements of this Article to Commission Staff upon request.

B. If the Commission finds that a Telecommunications Company is in violation of this Article, the Commission shall order the company to take corrective action as necessary, and the Commission may impose such penalties as are authorized by law. The Commission may sanction a Telecommunications Company in violation of this Article by prohibiting further solicitation of new customers for a specified period, or by revocation of its Certificate of Convenience and Necessity. The Commission may take any other enforcement actions authorized by law.

C. The Commission Staff shall coordinate its enforcement efforts regarding the prosecution of fraudulent, misleading, deceptive, and anti-competitive business practices with the Arizona Attorney General.

Historical Note

New Section made by final rulemaking at 10 A.A.R. 2409, effective July 23, 2004 (Supp. 04-2).

R14-2-1912. Severability

If any provision of this Article is found to be invalid, it shall be deemed severable from the remainder of this Article and the remaining provisions of this Article shall remain in full force and effect.

Historical Note

New Section made by final rulemaking at 10 A.A.R. 2409, effective July 23, 2004 (Supp. 04-2).

R14-2-1913. Script Submission

A. Each Telecommunications Company shall file under seal in a docket designated by the Director of the Utilities Division ("Director") a copy of all sales or marketing scripts used by its (or its agent's) sales or customer service workers. For the purpose of this rule, "sales or marketing scripts" means all scripts that involve proposing a change in Telecommunications Company or responding to an inquiry regarding a possible change in Telecommunications Company.

B. A Telecommunications Company shall make the filing described in R14-2-1913(A) at the following times:

1. 90 days from the day these rules are first published in a Notice of Final Rulemaking in the Arizona Administrative Register;
2. On April 15 of each year;
3. Whenever directed to do so by the Director; and

4. Whenever a material change to a script occurs or a new script is used that is materially difference from a script on file with the Director.

C. The Director may request further information or clarification on any script, and the Telecommunications Company shall respond to the Director's request within 10 days.

D. The Director may initiate a formal complaint under R14-3-101 through R14-3-113 to review any script. The failure to file such a complaint or request further information or clarification does not constitute approval of the script, and the fact that the script is on file with the Commission may not be used as evidence that the script is just, reasonable, or not fraudulent.

Historical Note
New Section made by final rulemaking at 10 A.A.R. 2409, effective July 23, 2004 (Supp. 04-2).

ARTICLE 20. CONSUMER PROTECTIONS FOR UNAUTHORIZED CARRIER CHARGES

Article 20, consisting of R14-2-2001 through R14-2-2011, made by final rulemaking at 10 A.A.R. 2409, effective July 23, 2004 (Supp. 04-2).

R14-2-2001. Definitions

A. "Commission" means the Arizona Corporation Commission.

B. "Customer" means the person or entity in whose name service is rendered, as evidenced by the signature on the application or contract for service, or by the receipt or payment of bills regularly issued in their name regardless of the identity of the actual user of service.

C. "Subscriber" means the Customer identified in the account records of a Telecommunications Company; any person authorized by such Customer to change telecommunications services or to charge services to the account; or any person contractually or otherwise lawfully authorized to represent such Customer.

D. "Telecommunications Company" means a public service corporation, as defined in the Arizona Constitution, Article 15, § 2, that provides telecommunications services within the state of Arizona and over which the Commission has jurisdiction. The phrase "Telecommunications Company" does not include providers of wireless, cellular, personal communications services, or commercial mobile radio services.

E. "Unauthorized Charge" ("cramming") means any recurring charge on a Customer's telephone bill that was not authorized or verified in compliance with R14-2-2005. This does not include one-time pay-per-use charges or taxes and other surcharges that have been authorized by law to be passed through to the Customer.

Historical Note
New Section made by final rulemaking at 10 A.A.R. 2409, effective July 23, 2004 (Supp. 04-2).

R14-2-2002. Purpose and Scope

The provisions of this Article shall be interpreted to ensure all Customers in this state are protected from Unauthorized Charges on their bill from a Telecommunications Company.

Historical Note
New Section made by final rulemaking at 10 A.A.R. 2409, effective July 23, 2004 (Supp. 04-2).

R14-2-2003. Application

This Article applies to each Telecommunications Company.

Historical Note
New Section made by final rulemaking at 10 A.A.R. 2409, effective July 23, 2004 (Supp. 04-2).

R14-2-2004. Requirements for Submitting Authorized Charges

A. A Telecommunications Company shall provide its billing agent with its name, telephone number, and a list with detailed descriptions of the products and services it intends to charge on a Customer's bill so that the billing agent may accurately identify the product or service on the Customer's bill.

B. A Telecommunications Company or its billing agent shall specify the product or service being billed and all associated charges.

C. A Telecommunications Company or its billing agent shall provide the Subscriber with a toll-free telephone number the Subscriber may call for billing inquiries.

Historical Note
New Section made by final rulemaking at 10 A.A.R. 2409, effective July 23, 2004 (Supp. 04-2).

R14-2-2005. Authorization Requirements

A. A Telecommunications Company shall record the date of a service request and shall obtain from the Subscriber requesting a product or service the following:
1. The name and telephone number of the Customer,
2. Verification that Subscriber is authorized to order the product or service, and
3. Explicit Subscriber acknowledgement that the charges will be assessed on the Customer's bill.

B. A Telecommunications Company shall communicate the following information to a Subscriber requesting a product or service:
1. An explanation of each product or service offered,
2. An explanation of all applicable charges,
3. A description of how the charge will appear on the Customer's bill,
4. An explanation of how a product or service can be cancelled, and
5. A toll-free telephone number for Subscriber inquiries.

C. The authorization required by R14-2-2005(A) and the communications required by R14-2-2005(B) shall be given in all languages used at any point in the sales transaction. At the beginning of any sales transaction, the Telecommunications Company must offer to conduct the transaction in English or Spanish and must comply with the Customer's choice or shall not complete the transaction.

D. During each contact in which the Telecommunications Company offers to establish residential service or in which a person requests the establishment of residential service, the Telecommunications Company shall inform the subscriber of the cost of "basic local exchange telephone service" as defined in R14-2-1201(6), if provided. A Telecommunications Company shall not use the term "basic" or any other misleading language in describing any product or service. The term "basic" can only be used for a plan that includes only basic local exchange telephone service.

E. The individual Subscriber authorization record shall be maintained by the Telecommunications Company for 24 months.

Historical Note
New Section made by final rulemaking at 10 A.A.R. 2409, effective July 23, 2004 (Supp. 04-2).

R14-2-2006. Unauthorized Charges

A. Upon discovery of an Unauthorized Charge or upon notification by a Subscriber of an Unauthorized Charge, the billing Telecommunications Company shall:
1. Immediately cease charging the Customer for the unauthorized product or service;

2. Remove the Unauthorized Charge from the Customer's bill within 45 days;
3. Refund or credit to the Customer all money paid by the Customer at the Customer's option for any Unauthorized Charge. If any Unauthorized Charge is not refunded or credited within two billing cycles, the Telecommunications Company shall pay interest on the amount of any Unauthorized Charges at an annual rate established by the Commission until the Unauthorized Charge is refunded or credited;
4. Provide the Subscriber all billing records under the control of the Telecommunications Company related to any Unauthorized Charge. The billing records shall be provided within 15 business days of the Subscriber's notification; and
5. Maintain a record of each Unauthorized Charge of every Customer who has experienced any Unauthorized Charge for 24 months. The record shall include:
   a. The name of the Telecommunications Company,
   b. Each affected telephone number,
   c. The date the Subscriber requested the Unauthorized Charge be removed from the Customer's bill, and
   d. The date the Customer was refunded or credited the amount that the Customer paid for any Unauthorized Charge.

B. After a charge is removed from the Customer's bill, the Telecommunications Company shall not rebill the charge unless one of the following occurs:
1. The Subscriber and the Telecommunications Company agree the customer was accurately billed.
2. The Telecommunications Company certifies with supporting documentation to the Subscriber that the charge was authorized pursuant to R14-2-2005.
3. A determination is made pursuant to R14-2-2008 that the charge was authorized.

C. Until a charge is reinstated pursuant to subsection (B), a Telecommunications Company shall not:
1. Suspend, disconnect, or terminate telecommunications service to a Subscriber who disputes any billing charge pursuant to this Article or for nonpayment of an alleged Unauthorized Charge unless requested by the Subscriber; or
2. File an unfavorable credit report against a Customer who has not paid charges that the Subscriber has alleged were unauthorized.

D. The Customer shall remain obligated to pay any charges that are not disputed.

E. Each occurrence of cramming an individual account shall constitute a separate violation of this Article, subject to individual enforcement actions and penalties as prescribed herein.

Historical Note

New Section made by final rulemaking at 10 A.A.R. 2409, effective July 23, 2004 (Supp. 04-2).

R14-2-2007. Notice of Subscriber Rights

A. A Telecommunications Company shall provide to each of its Subscribers a notice of the Subscriber's rights regarding Unauthorized Charges.

B. The notice may be combined with the notice required by R14-2-1908.

C. The notice shall include the following:
1. The name, address and telephone number where a Subscriber can contact the Telecommunications Company;
2. A statement that a Telecommunications Company is prohibited from adding products and services to a Customer's account without the Subscriber's authorization;
3. A statement that the Telecommunications Company is required to return the service to its original service provisions if an Unauthorized Charge is added to a Customer's account;
4. A statement that the Telecommunications Company shall not charge for returning the Customer to their original service provisions;
5. A statement that the Telecommunications Company must refund or credit, at the Customer's option, to the Customer any amount paid for any Unauthorized Charge. If any Unauthorized Charge is not refunded or credited within two billing cycles, the Telecommunications Company shall pay interest on the amount of any Unauthorized Charges at an annual rate established by the Commission until the Unauthorized Charge is refunded or credited;
6. A statement that a Customer who has been crammed can report the Unauthorized Charge to the Arizona Corporation Commission; and
7. The name, address, web site, and toll-free consumer services telephone number of the Arizona Corporation Commission.

D. Distribution, language, and timing of notice.
1. A Telecommunications Company shall provide the notice described in this Section to new Customers at the time service is initiated, and upon Subscriber's request.
2. A Telecommunications Company that publishes a telephone directory or contracts for publication of a telephone directory, shall arrange for the notice to appear in the white pages of its annual telephone directory.
3. A Telecommunications Company with a web site shall display the notice described in this Section on the company's web site.
4. The notice of subscriber rights described in this Section shall be written in both English and Spanish.

Historical Note

New Section made by final rulemaking at 10 A.A.R. 2409, effective July 23, 2004 (Supp. 04-2).

R14-2-2008. Informal Complaint Process

A. A Subscriber may file an informal complaint within 90 days of receiving notice of an Unauthorized Charge, or, thereafter, upon a showing of good cause. The complaint shall be submitted to the Commission Staff in writing, telephonically or via electronic transmission, and shall include:
1. Complainant's name, address, telephone number;
2. The name of the Telecommunications Company that submitted the alleged Unauthorized Charge;
3. The approximate date of the alleged Unauthorized Charge;
4. A statement of facts, and documentation, to support the complainant's allegation;
5. The amount of any disputed charges including the amount already paid; and
6. The specific relief sought.

B. The Commission Staff shall:
1. Assist the parties in resolving the complaint;
2. Notify the Telecommunications Company of the alleged Unauthorized Charge;
3. Require the Telecommunications Company to provide an initial response within five business days of receipt of notice from the Commission;
4. Require the Telecommunications Company to provide documentation of the Subscriber's new service or product request. If such information is not provided to the Staff within 10 business days of the initial Staff notification,

Staff shall presume than an Unauthorized Charge occurred;

5. Advise the Telecommunications Company that it shall provide Staff any additional information requested within 10 business days of Staff's request; and
6. Inform the Telecommunications Company that failure to provide the requested information or a good faith response to Commission Staff within 15 business days shall be deemed an admission to the allegations contained within the request and the Telecommunications Company shall be deemed in violation of the applicable provisions of this Article.

C. If the parties do not resolve the matter, the Staff will conduct a review of the informal complaint and related materials to determine if an Unauthorized Charge has occurred, which review shall be completed within 30 days of the Staff's receipt of the informal complaint.

D. Upon conclusion of its review, Staff shall render a written summary of its findings and recommendation to all parties. Staff's written summary is not binding on any party. Any party shall have the right to file a formal complaint with the Commission under A.R.S. § 40-246. Staff's written summary shall not be admissible in the formal complaint proceeding.

Historical Note

New Section made by final rulemaking at 10 A.A.R. 2409, effective July 23, 2004 (Supp. 04-2).

R14-2-2009. Compliance and Enforcement

A. A Telecommunications Company shall provide a copy of records related to a Subscriber's request for services or products to Commission Staff upon request.

B. If the Commission finds that a Telecommunications Company is in violation of this Article, the Commission shall order the company to take corrective action as necessary, and the company may be subject to such penalties as are authorized by law. The Commission may sanction a Telecommunications Company in violation of this Article by prohibiting further solicitation of new customers for a specified period, or by revocation of its Certificate of Convenience and Necessity. The Commission may take any other enforcement actions authorized by law.

C. The Commission Staff shall coordinate its enforcement efforts regarding the prosecution of fraudulent, misleading, deceptive, and anti-competitive business practices with the Arizona Attorney General.

Historical Note

New Section made by final rulemaking at 10 A.A.R. 2409, effective July 23, 2004 (Supp. 04-2).

R14-2-2010. Severability

If any provision of this Article is found to be invalid, it shall be deemed severable from the remainder of this Article and the remaining provisions of this Article shall remain in full force and effect.

Historical Note

New Section made by final rulemaking at 10 A.A.R. 2409, effective July 23, 2004 (Supp. 04-2).

R14-2-2011. Script Submission

A. Each Telecommunications Company shall file under seal in a docket designated by the Director of the Utilities Division ("Director") a copy of all sales or marketing scripts used by its (or its agent's) sales or customer service workers. For the Purposes of this rule, "sales or marketing scripts" means all scripts that involve an offer to sell a product or service or a response to a request for a product or service, including all scripts for unrelated matters that include a prompt for the sales or customer service workers to offer to sell a product or service.

B. A Telecommunications Company shall make the filing described in R14-2-2011(A) at the following times:

1. 90 days from the day these rules are first published in a Notice of Final Rulemaking in the Arizona Administrative Register;
2. On April 15 of each year;
3. Whenever directed to do so by the Director; and
4. Whenever a material change to a script occurs or a new script is used that is materially different from a script on file with the Director.

C. The Director may request further information or clarification on any script, and the Telecommunications Company shall respond to the Director's request within 10 days.

D. The Director may initiate a formal complaint under R14-3-101 through R14-3-113 to review any script. The failure to file such a complaint or request further information or clarification does not constitute approval of the script, and the fact that the script is on file with the Commission may not be used as evidence that the script is just, reasonable, or not fraudulent.

Historical Note

New Section made by final rulemaking at 10 A.A.R. 2409, effective July 23, 2004 (Supp. 04-2).