

May 2, 2001

The Honorable David P. Boergers
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: **Compliance Filing of Arizona Independent Scheduling
Administrator Association, Docket No. ER00-3583-___**

Dear Mr. Boergers:

Pursuant to the Federal Energy Regulatory Commission's ("Commission's") order, *Arizona Independent Scheduling Administrator Association, et al.*, 93 FERC ¶ 61,231 (2000), *order on reh'g*, 94 FERC ¶61,302 (2001) (hereinafter "Order"), attached please find an original and five copies of the compliance filing of the Arizona Independent Scheduling Administrator Association ("Az ISA").

Included as Tab A is a clean copy of the revised tariff sheets. Included as Tab B are redlined tariff sheets showing changes made to the Az ISA tariff pursuant to the Order. These changes are as follows:

1. Changes to the Protocols Manual

- (a) *Definitions (Protocol II)*—The following definitions were modified to conform to the definitions as set forth in the Commission's Order No. 888 *Pro Forma* Tariff: Ancillary Services, Control Area, and Curtailment. The *Pro Forma* definition of both Ancillary Services and Curtailment refer to the term "Good Utility Practice." Accordingly, this term, as set forth in the *Pro Forma* Tariff, was added to the Protocols Manual's definitions. The revised Protocols Manual definition of "Transmission Provider" and the *Pro Forma* definition of this term continue to have a single substantive difference – the *Pro Forma* definition equates a "Transmission Provider" with a "public utility" while the revised Protocols Manual definition refers to an "entity." This difference is also

necessary because one Transmission Provider, as that term is defined by the Az ISA Tariff, is not a public utility. For this reason, Az ISA submits this minor modification to the *Pro Forma* definition is warranted. Finally, separate definitions for Standard Offer SCs and Competitive SCs were deleted, and conforming changes were made to the Introduction (Protocol I), ARNT (Protocol V), the ISA-SC-TP Agreement (Section 1.08) and Rate Schedule No. 1 (Section 2.12), to reflect the elimination of separate definitions for these two terms.

- (b) *Ancillary Services (Protocol VII)*- Section 5 (Interface Requirements for Self-Provision) has been modified as agreed to by the Az ISA in its October 10, 2000 Answer (“Az ISA Answer”) in response to the request of APS Energy Services, Inc.
- (c) *Must Run (Protocol VIII)* – Sections 4.8 and 4.9 have been modified to clarify that all must run charges will be recovered by the respective Transmission Provider in accordance with a rate on file with the Commission.
- (d) *Energy Imbalance (IX)* – Modifications have been made to accord identical treatment to all SCs. In addition, the unaccounted-for-energy provision and provisions permitting recovery of losses on an hourly basis have been eliminated. With respect to the elimination of hourly losses, conforming changes have also been made to Sections 3 and 4 of ARNT (Protocol V) and Section 7 of Scheduling (Protocol VI).

2. Clarifying Changes

- (a) As set forth in the Az ISA Answer, in response to the request of APS, minor changes have been made to Section 4.03 of the ISA-SC-TP Agreement and to Section 3 of Rate Schedule No. 1 to clarify that SCs providing standard offer services are also obligated to make the Scheduling Coordinator Monthly Payment.
- (b) Several minor typographical errors contained in the Az ISA tariff, as filed on September 1, 2000, were also corrected

The Order also instructs the Az ISA to identify the level of Start-Up Costs owed to participating Transmission Providers and the expected amortization period. Attached as Tab C is a schedule with the requested information.

The Order permitted the Az ISA tariff to take effect November 1, 2000. However, to date, no service has been provided under the Az ISA tariff because of participating Transmission Provider objections to some of the modifications required to be made to the Az ISA Tariff pursuant to the Order. In response to those concerns, the Az ISA and two of the participating

The Honorable David P. Boergers
May 2, 2001
Page 3

Transmission Providers – APS and TEP – have mutually agreed to add a “Sunset Provision” to their ISA-TP and ISA-SC-TP Agreements¹ to limit their obligation to continue to participate in the Az ISA should the parties be unsuccessful in efforts to convince the Commission to restore these elements to the Az ISA Protocols Manual. Accordingly, the Az ISA is filing, simultaneous with this compliance filing, a new Section 205 filing that includes ISA-TP and ISA-SC-TP Agreements signed by both APS and TEP, each containing the Sunset Provision, and requesting that these agreements be permitted to take effect May 3, 2001. Collectively, these filings will allow the Az ISA and APS/TEP to implement the Az ISA’s Protocols Manual effective May 3, 2001.

Finally, a Notice of Filing, suitable for publication in the Federal Register, with a computer disk, is included at Tab D. A copy of this compliance filing has been served upon all persons on the official service list in this proceeding. Thank you for your attention to this matter.

Respectfully submitted,

ARIZONA INDEPENDENT SCHEDULING
ADMINISTRATOR ASSOCIATION

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Attachments

cc: All Parties

¹ These agreements set forth the terms and conditions pursuant to which the Az ISA, the TPs and SCs will provide retail electric service and obligate the parties to comply with the Az ISA’s Protocols Manual.