

PINNACLE WEST CAPITAL CORP

FORM 8-K (Current report filing)

Filed 08/06/98 for the Period Ending 08/05/98

Address	400 NORTH FIFTH STREET MS8695 PHOENIX, AZ 85004
Telephone	602 250 1000
CIK	0000764622
Symbol	PNW
SIC Code	4911 - Electric Services
Industry	Electric Utilities
Sector	Utilities
Fiscal Year	12/31

PINNACLE WEST CAPITAL CORP

FORM 8-K (Unscheduled Material Events)

Filed 8/6/1998 For Period Ending 8/5/1998

Address	400 NORTH FIFTH STREET . PHOENIX, Arizona 85004
Telephone	602-379-2500
CIK	0000764622
Industry	Electric Utilities
Sector	Utilities
Fiscal Year	12/31

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 5, 1998

PINNACLE WEST CAPITAL CORPORATION

(Exact name of registrant as specified in its charter)

Arizona

1-8962

86-0512431

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(IRS Employer
Identification Number)

400 East Van Buren St., P.O. Box 52132, Phoenix, Arizona

85072-2132

(Address of principal executive offices)

(Zip code)

(602) 379-2500

(Registrant's telephone number, including area code)

NONE

(Former name or former address, if changed since last report)

Item 5. Other Events

ACC Rules. In December 1996, the Arizona Corporation Commission (the "ACC") adopted rules that provide for a framework for the introduction of retail electric competition. On August 4, 1998, the ACC adopted amendments to the rules.

The major components of the amended rules, which apply to all "Affected Utilities," including the Arizona Public Service Company ("APS"), are outlined below:

- + Each Affected Utility is expected to provide competitive generation service to 20% of its 1995 retail peak demand by January 1, 1999. Customers eligible for the 20% phase-in beginning January 1, 1999 include (a) customers with specified loads of at least 1 MW and (b) customers with load demands of at least 40kW that are aggregated into a combined load of at least 1 MW. In addition, the rules require 100% of retail customers (including residential customers) access to competitive services beginning January 1, 2001.
- + Prior to January 1, 2001, residential customers will have access to competitive services through a quarterly phase-in of one-half percent of residential customers per quarter beginning January 1, 1999.
- + The rules establish that the ACC shall allow Affected Utilities a "reasonable opportunity" to recover unmitigated stranded cost. Affected Utilities are still expected to take reasonable, cost-effective steps to mitigate stranded costs.
- + Absent a waiver from the ACC, each Affected Utility must separate itself of all competitive generation assets and services prior to January 1, 2001. The separation must be either to an unaffiliated party or to a separate corporate affiliate or affiliates.
- + The rules contain "affiliate transaction rules" generally prohibiting an Affected Utility and its competitive electric affiliates from sharing personnel, office space, equipment, services, and systems, except to the extent appropriate to perform certain permissible shared corporate support functions.
- + The rules become effective immediately upon filing with the Arizona Secretary of State; however, the ACC must complete a public process to formalize the amended rules within six months. APS anticipates the completion of this process by year-end 1998 or early 1999.
- + The rules contain a number of other provisions and details related to operational issues, such as solar power, customer data standards and an independent system administrator or operator.

All Affected Utilities are required to make the following filings in the next several months:

- + August 21, 1998 - proposed plan for quantification and recovery of stranded costs;
- + September 15, 1998 - report "detailing possible mechanisms to provide benefits, such as rate reductions of 3% to 5%, to all 'standard offer' customers";
- + September 15, 1998 - proposed plan for residential phase-in implementation;
- + December 31, 1998 - affiliate rule compliance and restructuring plan.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PINNACLE WEST CAPITAL CORPORATION
(Registrant)

Dated: August 6, 1998

By: Faye Widenmann

Faye Widenmann
Vice President of Corporate Relations
and Administration and Secretary

End of Filing

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