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Dear Corporation Commissioners and Staff

AZ CORP COMMISSION
DOCUMENT CONTROL

Re: APS proposed rate increases.

Arizona Corporation Commission
DOCKETED

FEB 20 2004

DOCKETED BY

My name is Dennis VanLaecken, I'm an APS customer on the Combined Advantage Electric Rate. I have some concerns about APS' application for a rate increase and rate redesign. I hope you will be able to answer my questions and put my fears to rest. In reading the application I was astonished to discover the following:

In the summer months APS is proposing to raise my 'off peak' KWH's by 27.7%, that's when I use 70% of my power, so 70% of my bill is going up 27.7%! On peak KWH's are proposed to increase 15.5% and the only charge going down is my demand by 1.5%. My aggregate increase to my summer bills are going to be along the lines of 20% plus.

In the winter months the proposal is to raise what has been my 'off peak' KWH's by 21%. This is when I use 85% of my power!! In the winter APS is proposing a reduction of 15% for KWH's, that use to be 'on peak' but, that represents only 15% of my usage.

The worst part is they want to eliminate 'off peak' all together. Now with no 'off peak' periods to heat water, dry clothes or to circulate my pool, my demand will be substantially higher! I estimate 100% higher. I use to run at a demand of 4 in the winter, now I'll have to be set at least 8 to be able to heat my home, have hot water, do the drying, and run the pool pump etc. With all this considered demand charge going up. 01% but being charged 24/7, 85% of my use is going up 21% and 15% of my use going down 15%. I expect my winter bill to go up an aggregate of 26% and my annual electric bill to go up by 23%! THIS IS OUTRAGEOUS!!! I don't know what figures APS used to show an increase of only 6.9% which is located on schedule H-2, page 1, of line 7, or the 4.9% increase on schedule H-4, page 11 of line 15, or the 12.4% increase on schedule H-4, page 12 of line 15. My simple math shows an increase of 23%+ annually!!

I have worked hard and have spent a lot of money over the years to make my home energy efficient and peak demand efficient. I have done what I thought APS wanted me to do and up until now have been rewarded with a lower electric bill! With the higher KWH cost and lower demand cost my savings will erode. I'll be paying the same or just slightly less than Time Advantage Customers!

Whatever happened to the idea of making power plants operate more efficiently by using point of use control? Has APS abandoned this idea?

My demand charge, in the summer, use to be \$13.05 per KW of demand and over the last 15 years I have seen it drop to \$11.33, yet KWH's have gone up.

Now KW is dropping again and KWH's are increasing substantially. It's as though APS wants combined advantage to be just another time of use rate with no rewards for controlling demand. I believe that in the long term, we must

control demand at point of use. Shouldn't this be encouraged and reward customers that do so? Instead the proposed changes to the Combined Advantage rate do just the opposite.

With only 5.6% of APS customers on Combined Advantage I would think APS would do a lot more to promote it. After all, people on this rate, who use it properly, are helping our environment and power supply problems. They do this in two ways: 1) They shift usage from high peak demand periods to low demand periods. 2) The bigger benefit comes from maintaining a low level of demand during the high demand periods. People on Time Advantage may keep their homes temperature at 84 degrees during the day, but when they get home between 4pm-6pm they lower the thermostat, they do not wait until 9 PM!!! This actually would create a higher demand on the APS system trying to recover lost temperatures during 'on peak' time. My house, on the other hand, will not cool down until 9 PM because of my demand computer, thus during the system peak times I do not add to the problems as Time Advantage customers do.

I believe APS should do a better job of educating their customers to this rate!! Can you imagine if 270,000 customers were on this Combined Advantage Rate and cut their peak demands? This would allow the power plants to run more efficient, less power plants would need to be built, there would be less stress on power lines and trippers and would give a larger reserve margin of demand and a huge benefit to our society with less pollution!! It would also deter the rolling brown outs and black outs like California had!!

With only 5.6% of APS customers on Combined Advantage, they should make it more attractive, not less attractive. Keep KWH's charge low, raise KW charge, this way if it is used as intended (controlling demand) their bills are less. If they don't use it as intended their bill will be the same or more than if they were on any other rate.

My opinion is:

E-10 and E-12 customers should pay the most because they do nothing to contribute to load shifting or demand control.

Time Advantage customers should have the opportunity of paying less if they shift load use because they help the utility by shifting 'on peak' to 'off peak'. If they do not shift usage they should pay the same or more than E-10 and E-12.

Combined Advantage customers should have the opportunity to pay the least if they shift load use and control demand to reasonable load factors because they help the utility by load shifting to 'off peak', and more importantly maintaining low and level demands during 'on peak'. If they don't use it as intended they should pay the same or more than E-10 and E-12.

Here are my questions and I hope you can answer them.

1. Would the Corporation Commission allow APS to eliminate the ECT-1R (Combined Advantage) rate altogether?
2. Does the Corporation Commission support and encourage the use of demand rates? Or is it the utilities choice?

3. Does the Corporation Commission share the same concerns?

4. Can I count on the Corporation Commission to voice my concerns and to represent my views and the other 47,000 customers on Combined Advantage at the upcoming hearings?

5. Is it to late for me to intervene personally? And what is the proper procedure?

It's not that I don't think APS should not be granted a rate increase; they may need it to continue to provide us power and stay profitable. It's just that I don't think they are looking down the road very far. With the growth of the Southwest it will not be long before we wished we had been more aggressive at using point of use demand rate or DMS.

It is to bad that APS doesn't see the value in point of use control, and get more aggressive at design and education of such rates. Instead of lowering demand charges and increasing KWH's, leave KWH's as is and increase KW charge to reward customers who us it as it was intended and penalize those who don't. If they raised the KW charge to \$16.20 per point in the summer and raise winter to \$11.60 that would give them the increase they are looking for yet will preserve the intention of the rate to control demand and shift usage.

It would also be innovative of APS to make positive changes to the ECT-1R rate by:

- 1. Giving certain holidays as off peak.
- 2. Shorten on peak periods to reflect actual system peaks in summer, 1:00 PM to 8:00 AM and in the winter 5:00 AM to 9:00 AM and from 5:00 PM to 9:00 PM, as SRP does.

I would really appreciate a response to my questions. I have talked to several staff members at the Corporation Commission; however, no one has been able to answer these questions.

Sincerely Dennis VanLaecken

PS I prepared this E-mail before the staff opinions came out on February 3rd. After reading them I am very encouraged to learn of Barbara Keens' testimony on DSM and also Erinn Andreasen's testimony on rate structure and increases proposed by APS.

I do have one more questions; did I read Mr. Andreasen's testimony properly in that he recommends a decrease to the residential rates vs. the increase APS had proposed?

I am looking forward to hearing from you at www.whyworry8387@aol.com.

Thank You

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