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Arizona Corporation Commission
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AZ CORP COMMISSION
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Chairman Marc Spitzer
Commissioner Bill Mundell
Commissioner Jeff Hatch-Miller
Commissioner Mike Gleason
Commissioner Kristin K. Mayes

Docket Nos.

E-01032C-00-0751
G-01032A-02-0598
E-01933A-02-0914
E-01032C-02-0914
G-01032A-02-0914

Subject: UniSource/Pinnacle West Contract Renegotiations

Re: Commissioner Mayes letter of 7 July 2004, this subject (NOTAL)

Dear Commissioners.

The referenced Mayes' "Draft Policy Statement on the Encouragement of Retention of Large Electric Customer" provides a retention mechanism for large electric users; however, business movement into the service area is a major concern, especially in our border county where household incomes are below the poverty line and unemployment reaches 15-20% during some months. Using the same "retention" philosophy to "assist new" business and industrial customers in relocating in these service areas, could greatly benefit our local economic development efforts.

I would suggest a minor, but significant change to this policy, to ensure it "assists new businesses and industrial customers to relocate in the respective service areas."

The reference letter, along with those of several other Commissioners on the UniSource/Pinnacle West Contract Renegotiations, supports holding public meetings to explain the results.

The public in the former Citizens service areas are poorly informed about their utilities, and probably only a small percentage can name the current public service companies. The new companies have not been proactive in explaining significant public issues or hearing public concerns.

Areas needing public explanation of the PWCC renegotiations include:

a. That Citizens did not litigate "overcharges" "paid under protest" to APS in a contract dispute. Most parties to PPFAC docket testified that Citizens should have gone to court with APS first, before going to the ACC and ratepayers to make up any deficit.
b. That the 22% electricity rate increase was simply UNS Electric passing through the increased costs Citizens had paid monthly since June 2000, due to renegotiation of its APS contract with PWCC.
c. That the wholesale electricity rate of $58.79/MWhr is still considerably higher than the market rates since July 2000.
d. That the City of Nogales had several 5-year bids in the mid-$40's for the same kind of PWCC contract, about a 20% reduction in rates instead of a 22% increase.

e. Providing actual negotiation results with numbers and details about why the PWCC contact talks failed. Identity of bidders is of no interest; however explaining *why none of ten bids could be accepted is very difficult to understand.* One usually submits bids to win, otherwise, they no bid.

Meetings need to be well advertised, with TV, radio and news announcements along with billing inserts, and arranged at a central venue to host a large number of ratepayers and elected officials, and business leaders. Presentations should be in PLAIN ENGLISH. The public will not arrive understanding what PPFAC means to their bills.

Another ways to improve public communications need to be re-established and could be the subject of another public meeting or event, such as an "expo" or "fair" to cover other smaller but important issues.

The local Citizens Advisory Committee, established by the 1999 Settlement Agreement, has not met since TEP took over responsibilities for a new transmission line in June 2000. That group was provided status reports, updates, briefings, and relevant information to keep a core group informed about what the public service utilities were planning and accomplishing, in particular, in areas of service improvements and reliability in the Santa Cruz area. Meetings could be in the affected area and open, so the public and media can participate. This would reduce rumors and provide a dialog mechanism and discussions so that future actions are consistent with the characteristics of the local area. For example, we just updated our county's Comprehensive Plan with goals, objectives and policies for underground utility cables in future developments, a voluntary green building (energy efficient) program, and encouragement of renewable energy, in particular residential solar voltaic systems, in a county with not one residence currently tied to the grid.

Frequent, perhaps quarterly, newsletters about "what's going on" are important. There has been minimal information provided concerning, for example, a new 46 kV line, ongoing "Green Watts" and "buydown" initiatives, retail competition, and other matters in the implementing the ACC Order for these dockets. Our county has the highest number of lightning strikes in Arizona; so why not tell us about home grounding, lightning rods, and ways to protect our computers and telephones from strikes to utility equipment. An adjacent utility sells uninterruptible electronic equipment services to its ratepayers sharing ways to reduce the possible effects of lightning strikes.

*The **public** is a vital part of these **public service companies**.* The public's role is much more important than as simply ratepayers providing steady cash flow to a utility.

Your consideration is, as always, appreciated.

Sincerely,

Marshall Magruder

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Cc: Known Parties of record via e-mail; Santa Cruz County: Board of Supervisors and County Manager (hand); City of Nogales: Mayor, Councilmen, and City Manager (hand); Rio Rico Property Owners Association, Santa Cruz Valley Citizens Council, Tubac Chamber of Commerce, Nogales/Santa Cruz County Chamber of Commerce, by email