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0000048125

E-01345A-06-0009

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April 25, 2005

2006 APR 26 P 2: 22



AZ CORP COMMISSION
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The Honorable Jeff Hatch-Miller, Chairman
The Honorable William Mundell, Commissioner
The Honorable Marc Spitzer, Commissioner
The Honorable Mike Gleason, Commissioner
The Honorable Kristin Mayes, Commissioner

Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007-2996

Dear Commissioners:

As members of the business community who care deeply about the future of Arizona, we are engaged in many of the significant economic and social issues that impact the State's economy and quality of life. Whether the issue is education, taxes, roads or the environment, we strive to understand and engage it with the goal of improving our community.

One of the issues you currently are addressing is the increased cost of energy and the impacts of that increase on the individual citizens of Arizona as well as the economic vitality of our state. Each of us personally and in our business and/or organization bears the brunt of these costs, having to decide whether and to what extent to pass these costs along to our customers or allow them to affect our financial health. No one likes price increases but we know that increased costs, particularly attendant to fuel and energy, are a reality in today's marketplace.

Currently before you is an Emergency Interim Rate case filed by Arizona Public Service Company (APS). While we do not like rate increases, we understand APS' costs of doing business – including fuel costs – have gone up, just as they have for the rest of us. For many, if not most, of us, our pricing is determined by the free market, and the guiding principle is to remain solvent and competitive. We calculate the cost of doing business and what it takes to remain competitive, and set our prices accordingly. Simply put, businesses must recover their costs of providing products or services if they are to remain financially viable. With regard to APS, the calculus is much more complicated because of its regulated obligations. Most important, the issue of its financial health has broader meaning than for most companies. APS' fiscal health and its ability to meet the infrastructure and energy needs of a growing Arizona economy are fundamental to all of us. There can be little doubt that a fiscally weak electric company can cast doubt on electricity reliability, resulting in Arizona becoming a less desirable place for companies to relocate and expand. For Arizona to prosper and grow, APS must remain financially healthy.

We appreciate the important responsibility you have in the matters that come before you including the APS request, and we respect the work you do to understand these issues prior to making a

decision. In the matter of APS, we encourage you to act expeditiously and fairly with the understanding that a healthy electric company is integral to Arizona's progress and economy.

Sincerely,

Rose Arck

Maria Baier

Cheri Brady

Art Brooks, Brooks Engineers and Surveyors

Keith Earnest

Charley Freericks, DMB Associates

Rick Hearn

Curt Johnson, Coe & Van Loo Consultants, Inc.

Don Keuth, Phoenix Community Alliance

Willis Martin, Pulte Homes

David Scholl, Westcor

Jay Tubbs, Ryan Companies US, Inc.

Sean Walters, Sunbelt Holdings



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