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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission
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Carl Kunasek
Chairman
William Mundell
Commissioner
Jim Irvin
Commissioner

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AZ CORP COMMISSION
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JUL 19 1999

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IN THE MATTER OF UNBUNDLED AND)
STANDARD OFFER TARIFFS)
IN THE MATTER OF CITIZENS UTILITIES)
STRANDED COSTS)

DOCKET NO.
E-01032C-97-0774
DOCKET NO.
RE-00000C-94-0165

ACAA's SUPPLEMENTAL COMMENTS

Arizona Community Action Association hereby files supplemental comments to our previous set of comments dated June 14th. Based on review of Citizens' responses to our data requests, it is imperative to address two issues which are specific to low-use low-income customers. First, the proposed cost shifting to redistribute costs among classes has an extremely negative impact. Second, the low-income rate discount, the CARES tariff, should be adjusted to offset the negative impact.

1. Citizens proposes to redistribute costs among rate classes to achieve a movement of at least 50% toward equalized rates of return. Their rationale for doing so is "to improve fairness and economic efficiency of Citizens' rates." The net result is a rate increase of up to 21% to residential consumers over three years. Is this the intended benefit of a competitive market?

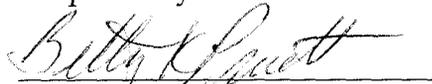
While this proposal may satisfy the economic textbook definition of equity in a competitive market, it does not factor in the human component. How equitable is it to raise the electric bill of a low-income elderly head of household who is raising three grandchildren and caring for an ailing spouse? What advice do you give to this family when they have to find an extra dollar or ten to pay their electric bill? Take it out of the already-stretched-thin food budget? Skimp on the spouse's prescription drugs by cutting the dose in half? Reduce their electric consumption, when all they are using is the refrigerator, lighting, and evaporative cooler? What do they unplug, the refrigerator keeping milk cold and safe for the children or the evaporative cooler keeping their home barely cool enough to keep

the ailing spouse out of the hospital? Remember that the hard cold numbers of any rate proceeding ultimately come out of someone's pocket. In this proceeding, those who are most likely to experience this 21% increase are also those least likely to be able to afford it.

While the number-crunchers and the textbook thumpers support a definition of fairness and economic efficiency which allows a 21% rate/cost increase to low-income residential consumers, ACAA finds it abhorrent.

2. In light of anticipated rate increases to low-use low-income customers due to cost shifting, it is necessary to review the CARES low-income rate discount for the net financial effect on these customers. ACAA does not want to see Citizens' most financially vulnerable customers disadvantaged from this unbundling and stranded cost proceeding. It may be necessary to propose adjustments to the CARES tariffs to offset the rate/cost shifts. ACAA invites Citizens and other parties to join in a discussion to propose a resolution of this issue to the Hearing Officer and Commission.

Respectfully submitted this 19th day of July, 1999 by



Betty K. Pruitt

**Original and ten copies of the foregoing
filed this 19th day of July, 1999 in:**

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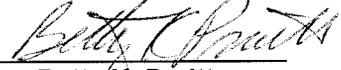
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