

OPEN MEETING AGENDA ITEM



Greater Phoenix
Chamber of
Commerce

Arizona Corporation Commission

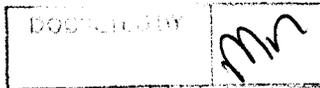
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Commissioners
Arizona Corporation Commission
1200 West Washington
Second Floor
Phoenix, Arizona 85007

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On behalf of the Greater Phoenix Chamber of Commerce, I am writing to express concern over the continued financial stability of a corporation that is critical to the economic future of our state—Arizona Public Service (APS).

The Greater Phoenix Chamber of Commerce (GPCC) is the oldest and largest business organization in the state, representing over 3400 small and large companies in the greater metro Phoenix area. Each one of our member businesses relies on consistent and affordable access to power—the power to run their computer systems, light their office buildings and retail outlets, or electrify the manufacturing lines that create their products. Our members assume that this power will be here today and tomorrow. Frankly, they don't give a lot of thought to the infrastructure that exists to deliver that power and they don't often think of the continuing capital investments required to maintain that system and build new capacity to meet the growing demands of our city.

Until now.

With the recent upheavals in our national economy and the intense media focus on our banking system, we have all become aware of how swiftly good companies can be harmed when their access to the capital markets is restricted. We were alarmed to learn that of 139 public utilities in the United States, APS now has the third lowest credit rating. Much of the downward pressure on this credit rating has been the result of analyst reaction to what they perceive as an unduly negative regulatory climate in Arizona. It appears that these analysts do not believe that APS will be able to obtain the rate increases necessary to remain financially viable. Teetering on the edge of junk bond status is a dangerous position for the company that must maintain and invest in the power system that makes our economic future possible.

Commissioners, we understand the important role that the Arizona Corporation Commission has within our community. We appreciate the care and detailed consideration of each case that is brought before the commission and know that an effective regulatory body is an essential component of our economic system. The relationship between the regulated utilities and the public is a two-way street. It is important to protect the public against unnecessary increases in their utility costs, while at the same time ensuring that these providers remain financially strong. Therefore, we were heartened to see the recent steps APS has taken to eliminate more than 500 internal

positions, while cutting operating expenses by almost \$50 million and capital expenditure budgets by \$700 million.

The national economy is in a fragile transition. Our own state economy has been deeply affected as well. Against this backdrop, APS cannot sustain a business model in which its costs continue to exceed the prices it is allowed to charge for the services provided. It is the responsibility of the Commission to balance both the present and future needs of Arizona's citizens and businesses.

The Chamber urges your careful consideration of the APS request for an interim rate hike of 4%.

Most sincerely,

A handwritten signature in black ink, appearing to read "Katie Pushor", with a stylized flourish at the end.

Katie Pushor
President & CEO
Greater Phoenix Chamber of Commerce