

E-01345A-08-0172



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ORIGINAL

ARIZONA CORPORATION COMMISS

UTILITY COMPLAINT FORM RECEIVED

Investigator: Trish Meeter

Phone: [REDACTED] 2009 JAN 29 1P Fax: [REDACTED]

Priority: Respond Within Five Days

AZ CORP COMMISSION DOCKET CONTROL

Opinion No. 2009 75028

Date: 1/28/2009

Complaint Description: 08Z Rate Case Items - Other
N/A Not Applicable

Complaint By: First: David Last: Stoker

Account Name: [REDACTED]

Home: [REDACTED]

Street: n/a

Work:

City: n/a

CBR: [REDACTED]

State: AZ Zip: n/a

is: E-Mail

Utility Company: Arizona Public Service Company

Division: Electric

Contact Name: [REDACTED]

Contact Phone: [REDACTED]

Nature of Complaint:

DOCKET NO. E-01345A-08-0172

1/27

From: David Stoker [REDACTED]
Sent: Sunday, January 25, 2009 4:04 PM
To: Utilities Div - Mailbox
Subject: Arizona Public Service and Auction Rate Securities.

Arizona Corporation Commission DOCKETED

JAN 29 2009

DOCKETED BY [Signature]

To the Utilities Division,

I received in my last APS electric bill a notice that a rate increase is being considered for electricity users. While I have no problem having my monthly rates increased for legitimate needs, I do have one concern that I wanted to bring to your attention. I am employed in the securities industry and I'm aware that APS is the obligor on at least four separate Auction Rate Securities (ARS). This type of security has a variable interest rate and is reset each week through a dutch auction process. Since February 2008, many of these auctions have been failing because traditional institutional buyers have pulled their investments out of these securities. As a result, when an auction fails, the rate is reset at a pre-determined maximum rate. In the case of the auction rates securities where APS is an obligor, that rate is 14%. Since auctions began regularly failing last year, many issuers have refinanced their ARS into vehicles that provide a much lower cost of capital. APS has not refinanced their ARS and has been paying an interest rate that seems well above market averages. I have expected APS to refinance these securities but I've been watching them continue to pay these extremely high interest rates. If APS is asking for a rate increase, I feel they should be doing all they can to eliminate unnecessary expenses first. Refinancing these ARS seem to me to be a prudent step.

**ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM**

If you have any questions, please feel to contact me at [REDACTED]

Sincerely,

David Stoker

Please contact the customer to address his concerns and provide the Commission with a written response to same.

End of Complaint

Utilities' Response:

Investigator's Comments and Disposition:

1/27

Sent as an inquiry to the company for response. See Inquiry No. 75027.

End of Comments

Date Completed:

Opinion No. 2009 - 75028
