

Jennifer Ybarra



0000097974

E-01345A-08-0172

From: bill eich [like@esedona.net]
Sent: Saturday, August 15, 2009 1:52 PM
To: Newman-Web
Subject: electric rate consideration

ORIGINAL

Dear Mr Newman,

Please skim the article below, which I got off the internet today. Note that electric demand is shrinking, prices the utilities pay is down, all due to several factors such as lower natural gas costs, less industrial activity, and a generally conservative population. I do not see how any consideration can be given to electric rate increases, either for APS or SRP, at this time. Let them wait until their costs are up, costs such as what they pay to buy electricity and what they pay for natural gas.

Sincerely,
Bill Eich
Sedona

"Electricity Prices Plummet as Recession Shrinks Demand for Power," screamed the lead headline of Wednesday's Wall Street Journal.

Granted, the Journal under consummate media mogul Rupert Murdoch isn't the paper of yesteryear, which was usually the sultan of stodginess. And this is far from the first time that the enigmatic Australian has tried to catch eyeballs with a hyped-up lead on a subject that might otherwise appear mundane.

It's also indisputable, however, that the price of wholesale electricity has been dropping like a stone across much of the nation over the past year. As the Journal notes, the price of power in the PJM market area--short for Pennsylvania/Jersey/Maryland--has dropped by about a third from the record high set last summer.

In parts of Texas, where power prices are pegged to that of the primary plant fuel, natural gas, the drop has been even more dramatic, with June prices less than half year-earlier levels.

Because natural gas is the primary fuel for "peaker" plants, it also tends to drive wholesale power prices. It's no great shock that the fuel's fall from the low-teens last year to under \$4 per million British thermal units for the last six months is having a major impact on power prices across the nation.

Power prices, however, are also being impacted by the most dramatic dip in electricity demand since the early 1950s. Demand is already down nationwide from 2.5 percent to 3 percent over the last 12 months, paced mainly by a steep drop in industrial demand.

Conservation measures are kicking in, and industrial demand is stabilizing slowly, if at all, in most regions. It may dip further over the next 12 months, triggering the first consecutive annual declines in decades.

Arizona Corporation Commission
DOCKETED

AUG 18 2009

DOCKETED BY

AZ CORP COMMISSION
DOCKET CONTROL

2009 AUG 18 P 2:30

RECEIVED