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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

July 1, 2009

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

RE: Arizona Public Service Company, Docket No. E-01345A-08-0172

To Whom It May Concern:

Pursuant to the May 11, 2009 Procedural Order in the above-referenced matter, enclosed please find the original and thirteen copies of Direct Testimony of Cynthia Zwick.

Thank you for your assistance.

Sincerely,

Cynthia Zwick
1940 E. Luke Avenue
Phoenix, AZ 85016

Arizona Corporation Commission
DOCKETED

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

IN THE MATTER OF THE APPLICATION OF)
ARIZONA PUBLIC SERVICE COMPANY FOR)
A HEARING TO DETERMINE THE FAIR)
VALUE OF THE UTILITY PROPERTY OF THE)
COMPANY FOR RATEMAKING PURPOSES,)
TO FIX A JUST AND REASONABLE RATE OF)
RETURN THEREON, TO APPROVE RATE)
SCHEDULES DESIGNED TO DEVELOP SUCH)
RETURN)

DOCKET NO. E-01345A-08-0172

DIRECT TESTIMONY OF CYNTHIA ZWICK

July 1, 2009

Q.1 Please state your name.

A.1 My name is Cynthia Zwick.

Q.2 What is the purpose of your testimony at this time?

A.2 I have participated in the settlement discussions and have signed the Settlement Agreement. Pursuant to the Procedural Order issued by Chief Administrative Law Judge Lyn Farmer on May 3, 2009, I am filing this Direct Testimony in support of the Settlement Agreement as it relates to the interests and welfare of low-income families throughout the APS service territory.

Q.3 Why do you believe this is a beneficial agreement?

A.3 My participation in the rate case was limited to Section XVI Low Income Programs and I believe the elements contained in the agreement are beneficial to low-income rate payers, to the Company and to the greater community of rate payers.

In this Agreement, E-3 and E-4 ratepayers will be held harmless from any increase in this case, which will enhance these customers' ability to continue to pay their bills, remain current customers, reducing or eliminating the Company's need for collections activity to take place. Additionally, customers new to APS, newly enrolled in the E-3 or E-4 rates, or only recently eligible for these rates, will be able to access this discount during these very difficult times which continue to create hardships for many formerly middle income and low-income families and individuals.

As more and more families are struggling to pay their utility bills due to the current state of the economy, in a state with an extremely high energy burden, the augmentation of the bill assistance program will provide options for relief to customers who are now at 200% of poverty, consistent with federal assistance programs.

A family that is living at 150% of poverty, \$15,600 for an individual annually and \$31,800 for a family of four, struggles to make ends meet, and many more individuals are finding themselves unemployed than ever before— 253,700 since December 2007 . The discount, coupled with the agreement in this case that the Company will waive the collection of an additional security deposit from customers on low-income schedules E-3 and E-4 under the circumstances stated in the Agreement, will also assist in the customer's ability to stay connected or get reconnected. This new policy will improve the Company's position and reduce the likelihood the customer will be placed in any danger.

Finally, the continued exemption of low-income customers from the DSMAC charge is one more way to provide the support needed by the low-income community to remain current on their utility bills, with minimal impact on rate payers.

It is my belief that low-income customers are extremely vulnerable to high utility bills at this particular time as unemployment rates in Arizona continue to rise, as the number of families without health insurance increase daily, and seniors living on fixed incomes continue to have to make difficult choices about which bills to pay. Providing families one option for staying healthy, safe and in their homes reduces greater community costs, reduces costs the Company may have to incur due to disconnections, collections or accidents occurring. Additionally, these provisions ensure that many more customers will be able to receive assistance in the event of a crisis, or are now able to maintain current accounts, which is also beneficial to the entire community.

Q.4 Does this conclude your testimony?

A.4 Yes, it does.