

E-01345A-08-0172



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ARIZONA CORPORATION COMMI  
UTILITY COMPLAINT FORM

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Investigator: Carmen Madrid

Phone: [REDACTED]  
2007 JUL 24 A 10: 52

Fax: [REDACTED]

Priority: Respond Within Five Days

Opinion No. 2009 80575

Date: 7/23/2009

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

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission  
DOCKETED

JUL 24 2009

Complaint By: First: Carl

Last: Faulkner

Account Name: Sonora Development LLC

Home: (000) 000-0000

DOCKETED BY [Signature]

Street: [REDACTED]

Work: (000) 000-0000

City: Douglas

CBR: [REDACTED]

State: AZ Zip: 85607

is: E-Mail

Utility Company: Arizona Public Service Company

Division: Electric

Contact Name: For Assignment

Contact Phone: (602) 250-2922

Nature of Complaint:

Dear Sirs & Madams,

My name is Carl Faulkner. I live in Douglas, Arizona. I am a managing member of Sonora Utah Development, LC, which is a "Foreign" Arizona limited liability company "Sonora". We have been in the process of developing our property in City of Douglas for nearly five years. Our partnership owns approximately two hundred acres of partially developed land within the City of Douglas.

My partners and I wish to express our opposition to the current Arizona Public Service Company's (APS) policy entitled, "Service Schedule 3 - Conditions Governing Extensions of Electric Distribution Lines and Services" (APS Policy). We are seeking the help and support from all persons and organizations which we believe are adversely impacted by this policy.

The APS policy has changed from the traditional Line Extension policies of the past. It states, "All extensions shall be made in accordance with good utility construction practices, as determined by (APS), and are subject to the availability of adequate capacity, voltage and Company facilities at the beginning point of an extension as determined by Company. All payments received for new or upgraded service under provisions of this schedule shall be non-refundable" (A.C.C. No. 5695 canceling A.C.C. No. 5683; Service Schedule 3 Revision No. 10 Effective: February 27, 2008). It is this last sentence, shown in italics, in which we base our opposition and highest concern. There may be other issues that are divisive in the APS Policy but this provision is the most objectionable and unfair.

As you can see, the effective date was February 27, 2008. Unfortunately, it was under the radar for many if not most of us in the housing industry and certain municipalities who also were not aware of the changes. Sonora did not know of the current APS Policy until recently when we attempted to start our second phase of our project. If due notice of the policy change was provided it failed to inform much of the housing industry and many if not all of the rural municipalities.

Please consider the impact and affect this APS Policy has, from our perspective, on our industry and the public

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in general. Our objections to the current APS policy include, but are not limited to:

- 1) It appears to us that the APS policy violates Federal anti-trust laws in its intent, scope, administration and impact;
- 2) It unfairly burdens the public with the cost of APS doing business and provides, free of such costs, the facilities to deliver APS electrical power services to their customers (wouldn't we all enjoy a business without facility and delivery costs);
- 3) All new service is subject to additional charges for upgrading or adding facilities for the benefit and profit of APS.
- 4) The struggling new housing market will be further devastated by driving housing costs higher in a market unable to grow under current economic conditions;
- 5) The cost of new and existing housing will rise. It is certain that the public will actually pay more from the rising costs of housing and increased taxes;
- 6) Rural Arizona, in areas where APS is the only source of electrical power services, will be most adversely affected because they lack the market strength to absorb the additional cost;
- 7) According to the current policy, APS is able to operate as a true monopoly without adequate project oversight or competition.
- 8) Many businesses involved in housing industry will be forced to close (including Sonora's development operations in Douglas);
- 8) APS will update their old equipment and facilities at their own discretion without oversight or cost and the public will bear the entire cost of these new facilities;
- 9) It is the antithesis of APS's asserted original intent that "growth will pay for growth" which was the actual impact under the old policy. However, in this current APS Policy growth will pay for APS's growth on the backs of their customers;
- 10) In the foreseeable future, the housing industry in Arizona will be unable to provide or grow jobs; etc.
- 11) Douglas, Arizona has been adversely affected. There was a large thread manufacturer who was contemplating moving their operations to Douglas near a major new "T-shirt" operation to be located in Agua Prieta, Mexico but was discouraged by APS policies and procedures. They moved to Deming, New Mexico.

I have only mentioned a few of the adverse conditions which exist under this new APS Policy. I am confident there are others which could be included. We are not asking APS to bear the developer's risk but to reimburse us for the facilities from which they will profit .

The APS "Consumer Advocate" in attempting to justify the Policy asserted to me that, "APS has millions of dollars of facilities in the ground which have never been connected to end customers". I reminded her that while it is true they own millions of dollars worth of facilities in the ground, these facilities did not cost APS anything! The entire costs were paid, in advance, to APS by developers. The "poor sap" developer, whose dreams were shattered by a poor economy, bad management, or unforeseen circumstances, etc., lost his development to others. APS will never have to reimburse the costs of these facilities to the failed developer but, they still keep the facilities together with the easements granting total access to them and eventually will receive revenue for every kilowatt delivered to new customers.

The APS Policy is outrageous, simply wrong in every way and certainly counterproductive as we struggle to

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recover from the affects of a devastating economic environment. Why shouldn't APS have to compete like the rest of us? Why should anyone have to pay for their facilities? The truth is we should not and we all ought to unite to change this egregious policy and encourage the Arizona Corporation Commission (ACC) to reverse its approval. And, we can! There is a scheduled review of A.C.C. No. 5695 Service Schedule 3 Revision No. 10 Effective: February 27, 2008. A public hearing will occur on August 10th, 2009. There will follow a formal meeting of the Board of ACC with public comments on August 12th, 2009 to review and decide the fate of this current APS Policy.

Thank you for reading my invitation to participate in changing the APS Policy. If you agree with our position, please participate in these meetings and express your opposition to the current APS Line Extension Policy, let our voices be heard!

Sincerely,

Carl R. Faulkner  
Managing Member  
Sonora Development, LC  
[REDACTED]  
Douglas, Arizona [REDACTED]

Utah Cell: ([REDACTED])  
Arizona Cell: [REDACTED]  
[REDACTED]

\*End of Complaint\*

**Utilities' Response:**

7/23/09 This is associated to complaint #79757 see that complaint for more details.

Opinion filed in docket no. E-01345A-08-0172. closed

\*End of Response\*

**Investigator's Comments and Disposition:**

Opinion noted and filed in APS rate case in docket no. E-01345A-08-0172. closed

\*End of Comments\*

**Date Completed: 7/23/2009**

**Opinion No. 2009 - 80575**

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