

E-01345A-08-0172



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ORIGINAL

ARIZONA CORPORATION COMMIS

UTILITY COMPLAINT FORM

RECEIVED

47

Investigator: Guadalupe Ortiz

Phone: [REDACTED]

2009 SEP **Fax:** [REDACTED]

Priority: Respond Within Five Days

AZ CORP COMMISSION
DOCKET CONTROL

Opinion No. 2009 81898

Date: 9/18/2009

Complaint Description: 09D Rates/Tarriffs - Explanation of
N/A Not Applicable

First: Howard and Patricia **Last:** Olson

Complaint By: Howard and Patricia Olson

Account Name: Howard and Patricia Olson

Home: [REDACTED]

Street: [REDACTED]

Work:

City: Buckeye

CBR:

State: AZ **Zip:** [REDACTED]

is:

Utility Company: Arizona Public Service Company

Division: Electric

Contact Name: [REDACTED]

Contact Phone: [REDACTED]

Nature of Complaint:

REFERRED FROM CHAIRMAN MAYES OFFICE - OPINION OPPOSED:

RE: DOCKET NO. E-01345A-08-0172

September 4, 2009

APS
P.O. Box 53999
Phoenix, AZ 85072-3999

Arizona Corporation Commission
DOCKETED
SEP 18 2009

Re: Acct. number [REDACTED] Howard and Patricia Olson
Attn: Melissa Smith, A.P.S. Consumer Advocate.

DOCKETED BY [Signature]

Dear Ms. Smith,

We appreciate your kind attention to our letter (copy attached), although it was not addressed to you. Your time is valuable and so is ours. You had a job to do and were paid to address the issues we raised and responded in a timely and formatted manner. We simply are out of pocket for the cost of the APS service bill, as well as our time and YOURS.

There is no meeting of the minds as far as these charges are concerned. We feel that you have so many fees, APPROVED BY THE COMMISSION, that it makes the bill look ridicules. That is our opinion. They are not warranted, but added to every consumer's bill, it is a lot of money.

Please understand that we do appreciate your response but when you got to the last paragraph, it is quite obvious that you didn't know our name. We sure do feel that this was a form letter that you have sent out to other people, such as us. NOT VERY COOL in one way, but lets us know the Thompson's had a problem.

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Sincerely,

Howard and Patricia Olson
Cc: k.mayes, d.brandt, j.mullholland
(Attachments)

ATTACHED LETTER FROM APS TO CUSTOMER:

APS A subsidiary of Pinnacle West Capital Corporation
PO Box 53999
Phoenix, AZ 85072-3999
www.aps.com

August 18, 2009

Mr. & Ms. Howard Olson

[REDACTED]
Buckeye, AZ 85396

Re: APS Account # [REDACTED]

Dear Mr. & Ms. Howard:

This letter is a follow up to our recent telephone committed to providing excellent customer service and we work hard to resolve it.

I would like to start by providing you with an explanation of why APS bills appear in the format that they do. As the result of an agreement reached with the Arizona Corporation Commission, APS began itemizing customer bills on April 1, 2005. This itemized format provides customers the ability to view a detailed breakdown of their bill. These charges have always been a part of customer's bill but prior to April 1, 2005 were "bundled" in the price per kWh.

Following is a brief explanation for each item you see on your bill:

The first item listed on your bill is the "Basic Service Charge". This is a daily charge to pay costs for services such as accounting and administration. This charge is a minimum amount for providing service, even if you use little or no energy during the month.

The "Delivery Service Charge" is a charge, based on your kWh usage and kW demand, to build and operate the equipment for delivering electricity to your business, including lines, poles, transformers and substations.

The "Environmental Benefits Surcharge" is a fee to cover the costs of energy efficiency and renewable energy projects. Some of the current programs provide incentives to customers who choose to install customer owned solar panels or windmills. The charge is calculated by the monthly kWh usage and currently cannot exceed \$3.17 per month for residential customers.

The "Federal Environmental Improvement Surcharge" is to recover a portion of the cost of investments for environmental improvements at APS' generation facilities designed to comply with environmental standards mandated by federal laws or regulations. This charge allows APS to fund the installation of additional pollution control equipment at power plants and to comply with upcoming environmental standards required by federal, state, tribal, or local laws or regulations. This charge is calculated using a customers total kWh each month.

The "Competition Rules Compliance Charge" is a fee, based on you kWh usage, to cover costs associated with compliance and implementation of the Electric Competition Rules. This charge will expire on April 01, 2010.

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

The "System Benefits Charge" is a fee to cover the costs of programs approved by the Arizona Corporation Commission such as low-income assistance, demand side management, customer education and nuclear fuel disposal and nuclear power plant decommissioning.

The "Power Supply Adjustor" (PSA): In an effort to deal with the rapid changes in fuel and purchased power costs, APS was allowed to charge its customers fuel and purchased power costs beyond those covered in the base rates using a mechanism called the PSA. This Adjustment enables APS to pass on to its customers, through a cents per kWh charge, the cost of fuel and purchased power necessary to provide quality service to its customers. Through this charge, APS is allowed to recover expenses that have already been incurred. This charge is recalculated annually which means that if these costs were to decline below the base level, the adjustor rate would be revised downward and would result in a credit on customer bills.

The "Metering" charge is a fixed daily fee for providing and servicing the meter. In contrast, the "Meter Reading" charge is a daily fee to recover costs associated with obtaining monthly meter reads.

The itemized charge listed as "Billing" is a daily charge and recovers the cost of calculating and providing your monthly statement.

The next item on your bill is the "on-peak generation" and "off-peak generation" charges. This is the cost to produce the electricity used during the month.

Transmission and Ancillary Services is a cost per kWh that recovers the expense of moving high voltage electricity from generating facilities and other sources to the APS distribution lines.

In July 2008, the Arizona Corporation Commission approved the Transmission Cost Adjustment. This charge is calculated based on your kWh usage, to adjust for annual changes in transmission-related costs procured to serve retail customers.

In December 2008, the Arizona Corporation Commission approved APS's request for an "Interim Rate Increase". This charge is calculated using the total kWh usage each month. This charge is subject to refund with interest pending the outcome of the Company's general rate case, which we anticipate to end in the fall of 2009.

The "Franchise Fee" listed at the bottom of each bill is a charge APS pays to each city in which we provide service to compensate the city for APS's use of the public rights-of-way for our facilities.

During our conversation, you also inquired about the taxes on your monthly bill. As we discussed, the State of Arizona does not have a sales tax but does have a "Transaction Privilege Tax" (Arizona Revised Statute 42-1306) that retail businesses pay the State based on the amount of the company's gross receipts. Furthermore, the Arizona Administrative Code allows companies such as APS to recover the costs of this tax. A.A.C. R15-5-2210 states 'The vendor may pass on the economic burden of the Transaction Privilege Tax, either as an unspecified portion of the overall selling price or as a separate and distinct item of charge.

APS is different from many other businesses, as an electric utility; APS has an obligation to serve customers within its service territory. The costs involved in building and maintaining the required infrastructure required to provide safe and reliable electric service is passed on through the various unbundled charges listed on your monthly bill, such as the delivery service charge, generation of electricity, transmission and ancillary services and metering.

Mr. and Ms. Thompson, I hope this letter has clarified some of your concerns with the charges on your electric bill. If you have any questions that I have not addressed in this letter, please feel free to contact me directly at

Sincerely,

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Melissa Smith
APS Consumer Advocate

ATTACHED LETTER FROM CUSTOMER TO APS:

July 23, 2009

Mr. Dalton H. Cole, Chairman

[REDACTED]
Phoenix, Arizona 85007-2697

Re: Electricity Services, Acct. # [REDACTED]
Patricia Olson

Dear Mr. Cole,

My Husband and I have new service with Arizona Power and received our first bill for 13 days of service. We have called to speak to your customer service staff and they are very nice. The standard answer to the different charges on the bill is, THE ARIZONA COMMISSION APPROVED THIS AMOUNT FOR THIS CHARGE. Then I was told by Gloria that this was a monthly charge and wouldn't be doubled for a full month of service. I was also told by Gloria that there was no credit for a partial month's bill. We called back two more times and talked to Roxanne and Noel, they were all nice and still told us that these amounts had been approved and that we were welcome to complain to the Commission and gave us the following address. 1200 W. Washington St. Phoenix, AZ, 85007. Roxanne and Noel told my Husband that these fees would be doubled since they were for partial months billing and the next would be for a full month. NOW we are very upset because:

1. You are a for profit Company and you think you deserve to be paid for your employee's time by all of your customers. There are fifteen (15) lines of charges to account for a very official looking bill. Did your customers have to pay for a consultant to figure out this number (15) of charges to each customer?
2. Examples: Metering \$ 2.15, Meter reading \$.72, Billing \$.81
3. Interim rate charge \$ 1.58 It says MAY get that back pending litigation results. HELLO, you get to use everybody's money for who knows how long. You are wrong to bill it.
4. You charge on peak and off peak generation and also a delivery service charge. From what I can tell this will be more than a DOLLAR a day for delivery and more than double on the Generation charge.
5. Power supply adjustments, you mean to tell me you don't have contracts that are binding and there would be no need for Power Supply Adjustments, I find that hard to believe.
6. Environmental Improvement \$.11 and then Benefits \$ 1.79. What is your liability, here? People make money on power. Cost of doing business.
7. Along with all of the above you have a Basic Service Charge \$ 2.74. Now just what does that cover? Billing NO separate fee, Metering NO separate fee, Meter reading NO separate fee. Etc etc.

Now what I want to know is how do you expect people in their 60's to keep up with all this garbage? Just because you put it on our bill and explain that you have approval from the COMMISSION do you think it is fair to double and triple dip into our pockets?

Mr. Cole, you even charged tax on a Service establishment fee of \$ 25.00. How can that be? You billed us \$118 in tax on the \$25.00.

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

We are dumbfounded and our challenge to you is to explain this in a way that we will understand and not feel that we have been taken to the cleaners by Arizona Power. This bill, in this day and time, makes us feel like you think the Arizona Citizens, who use your service, are SLOW in the head.

We will look forward to your speedy answers.

Sincerely,

Howard and Patricia Olson

Cc: Richard S. Walden, Vice Chairman
Attachments (copy of bill and payment check)
End of Complaint

Utilities' Response:

9/18/09 - Email from APS:

September 18, 2009

Lupe,

Per our telephone conversation this morning, I have attached an apology letter that I mailed to Mr. & Ms. Olson on September 17, 2009.

Please let me know if you have any questions.

Thanks-

Melissa Smith
APS Consumer Advocate

ATTACHED:

September 17, 2009

Howard & Patricia Olson

Buckeye, AZ

Dear Mr. & Mrs. Olson:

Please accept my sincerest apology for using a different customer's name in my earlier letter to you. One of APS's core values is to provide every customer with exceptional service and it is clear I fell short in this instance.

The frustration expressed in your letters regarding the various charges on your bill is understandable, in particular during these difficult economic times. While it is always disappointing when we are unable to resolve a customer's complaint I want to assure you that your concerns have been carefully reviewed and are being considered by both APS management and Commission Staff as part of the Company's current rate case.

Again, I apologize for the mistake in my letter and thank you for the time taken to bring this matter to my

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

attention.

Sincerely,

Melissa Smith
APS Consumer Advocate

[REDACTED]
End of Response

Investigator's Comments and Disposition:

9/18/09 @9:10am Left Message for Melissa Smith at APS, requesting a return call in regard to the letter received from customer who appeared to be questioning the items billed on a monthly recurring basis.

9/18/09 at 10:49am Received a return call from Melissa at APS. Melissa stated that she also received the letter from the customer and immediately sent the customer a letter of apology. Melissa provided the telephone number of record for customer [REDACTED]

9/18/09 at 10:53am - Called customer, advised that I am calling on behalf of Chairman Mayes office. Customer appreciated staff calling to acknowledge her letter and states that she just does not understand why APS bills contain so many items that appear to be the same. Customer recently moved to Arizona from Nevada and states that she has never seen a Company bill so many charges. Customer comes from a family of nine children and does not understand how people can manage to get by with electric bills this high. I advised the customer that I would file an opinion on her behalf and docket it with the Docket Control Center of the Commission to be made part of the record. Customer appreciates staff's assistance in this matter. CLOSED
End of Comments

Date Completed: 9/18/2009

Opinion No. 2009 - 81898

E.01345A.08.0172

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Investigator: Guadalupe Ortiz

Phone: [REDACTED]

Fax: [REDACTED]

Priority: Respond Within Five Days

Opinion No. 2009 81848 Date: 9/16/2009

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

First:

Last:

Complaint By: Mrs. Ron

Beasley

Account Name: Mrs. Ron Beasley

Home: [REDACTED]

Street: [REDACTED]

Work:

City: unknown

CBR:

State: AZ

Zip: [REDACTED]

is:

Utility Company: Arizona Public Service Company

Division: Electric

Contact Name: [REDACTED]

Contact Phone: ([REDACTED])

Nature of Complaint:

CORRESPONDENCE RECEIVED - OPINION OPPOSED:

RE: DOCKET NO. E-01345A-08-0172

09/07/09

Arizona Corporation Commission:

Why don't you tune into the real facts? You APS company is breaking our society's back by your price gouging. Do like everyone else and get back reduce costs and get creative and resourceful instead of beating up poor families everywhere. To your way of thinking we're are an easy mark to hit on. So no hike.

Sincerely,

Mrs. Ron Beasley
End of Complaint

Utilities' Response:

Investigator's Comments and Disposition:

Opinion docketed with the Docket Control Center of the Commission to be made part of the record. CLOSED
End of Comments

Date Completed: 9/16/2009

Opinion No. 2009 - 81848

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]