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ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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**APS Settlement Proposal**

Docket No. E-01345A-98-0473  
E-01345A-97-0773  
RE-00000C-94-0165

To All Parties of Record:

I would like to thank all of the parties for their comments and testimony during the hearing in this matter. I will, of course, consider the entire record in deciding how to cast my vote.

There are obviously some parties who continue to have strong opposition to the Settlement Agreement, and who have raised serious concerns. My firm belief is that negotiations should not have to cease simply because the hearing is over. I encourage the parties to continue discussions in order to attempt to resolve remaining issues.

In particular, it seems to me that some of the issues raised by the Arizona Consumers Council in their June 30, 1999, comments are especially deserving of additional discussion among the parties. At the very least, they are issues that interest me. Those matters deal with the Commission's ability to make future rate or rule changes which affect APS during the term of the Settlement Agreement, the Commission's ability to consider petitions brought pursuant to A.R.S. § 40-246, and provisions in the Settlement Agreement purporting to bind future Commissions to its terms.

There should be no dispute that the considerable delay in bringing about electric competition in Arizona has cost consumers the benefits of choice and lower rates. In addition, shareholders of Arizona's investor-owned utilities have watched their stock holdings drop with the increase in uncertainty during the process initiated at the beginning of this year. As such, parties should work in making any resulting Settlement Agreement able to withstand legal challenges based on constitutionality grounds, primarily to ensure that competition can be implemented with a high degree of certainty that an open market will remain.

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I am confident that all parties are closer to settling their differences than perceived. As a Commissioner, I am encouraged that by addressing the issues outlined above, parties – including the Commission – can move forward in producing a generation market that will benefit all consumers. Thank you for your time and consideration in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Jim Irvin".

Jim Irvin, Commissioner  
Arizona Corporation Commission

Cc: Carl J. Kunasek, Chairman  
William Mundell, Commissioner