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ARIZONA CORPORATION COMMISSION

1999 AUG 17 P 2:51

August 17, 1999

AZ CORP COMMISSION
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Ms. Phyllis Rowe, President
Arizona Consumers Council
P.O. Box 1288
Phoenix, Arizona 85001

Arizona Corporation Commission

DOCKETED

AUG 17 1999

Re: E-01345A-98-0473, E-01345A-97-0773, RE-00000C-94-0165

DOCKETED BY *yjm*

Dear Ms. Rowe:

Thank you for your letter dated August 11, 1999, in which you outline concerns on behalf of the Arizona Consumers Council pertaining to deregulation efforts by this Commission. I cannot agree with you more wholeheartedly that, if structured well, competition can be very beneficial for all consumers.

During my examination of Greg Patterson -- Director of the Residential Utility Consumer Office (RUCO) -- in the APS settlement hearings, I was shocked to learn that no critical analysis or study of the settlement was performed on behalf of consumers. As referenced in your letter, the traditional protections offered by the Commission are being lost through proposed settlements, and detailed analysis of APS' proposal is warranted.

My position on stranded cost recovery is no secret; since the changes made to the Stranded Cost Order in this matter, my continuing dissent focuses on the impact these changes will have on small business and residential consumers. I am particularly disturbed that any reference to stranded "benefits" was deleted over my objections. Whatever the final result this Commission determines on the issue, any financial burden should be carried equally among all classes of consumers.

Furthermore, I have called for changes in the Rules to allow residential consumers to aggregate their loads so that significant savings can be shared. I am confident that my colleagues support me in this endeavor.

Finally, there are many constitutional issues brought forth by your counsel, Mr. Tim Hogan, which are of great interest to me. While APS contends that approval of the proposed settlement agreement will result in less litigation for the Commission, I assume from the comments provided by various parties to this docket that, in fact, more litigation will ensue unless the contentious provisions are dealt with.

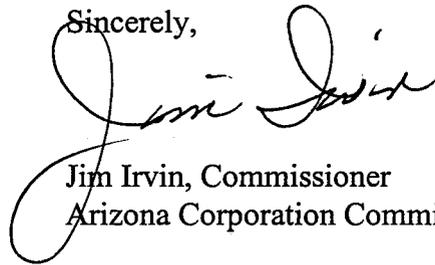
August 17, 1999

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I remain hopeful that Arizona consumers will see the fruits of electric competition sometime before my term expires. Because of the magnitude of this process, I agree with you that the Commission should do everything within its power to ensure the "public interest" and see that consumers – especially residential consumers – have adequate protections. To this end, I will continue to act as a voice for consumers as the Commission looks to implement competition in the near future.

Thank you for your interest and consideration in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Irvin". The signature is written in a cursive style with a large initial "J".

Jim Irvin, Commissioner
Arizona Corporation Commission

Cc: Chariman Kunasek
Commissioner Mundell
Docket Control

cc: CJK, WAA

Arizona Consumers Council

August 11, 1999

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Commissioners Irvin, Kunasek and Mundell
Arizona Corporation Commission
1200 West Washington St.
Phoenix, Arizona 85007

Dear Commissioners:

The Arizona Consumers Council has participated in the processes of electric deregulation workshops, rules and hearings now for years. We started formal intervention in the stranded cost hearings in 1998. We began as enthusiasts for competition because we felt that, if structured well, competition could be very beneficial to all consumers. Our emphasis, of course, is on the residential and small users, both rural and urban.

At this point in time we are most concerned that the proposed deregulation or restructuring will not be beneficial to small users. Too much emphasis has been placed on quick restructuring that will benefit large users. Some of our major concerns are:

1. Stranded costs are being born by consumers instead of shareholders.
2. Standard offer customers are paying more than their fair share of the burden.
3. There are almost no options for small users to be anything other than standard offer customers.
4. Aggregation could be restructured to help small users.
5. The traditional protections offered the consumer by full hearings re stranded costs filings, etc. at the Arizona Corporation Commission are being lost through proposed settlements. There has been inadequate analysis of the financial and other significant implications of these settlements.
6. Last but not least, there is no objective non-market driven education program to date to inform consumers of their options.

We will be happy to answer any questions you may have regarding our positions. For your information, our Board has recently authorized Tim Hogan, Executive Director of the Center for Law in the Public Interest to be our counsel at the Corporation Commission hearings.

Sincerely,



Phyllis Rowe, President

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