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Arizona Corporation Commission
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SEP 13 1999

Mr. Ray Williamson
Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007

Dear Mr. Williamson:

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In an effort to more fully understand the ramifications of certain aspects of the proposed Arizona Public Service ("APS") settlement agreement, I am requesting Staff's analysis of the financial savings consumers will receive if such settlement is approved. In particular, I want to know about:

- 1) The proposed combined 7.5% rate reduction for Standard Offer residential consumers, which is scheduled to be completed by July 1, 2003; in terms of estimated dollar savings, a) how much does each yearly 1.5% reduction represent in annual residential savings, and b) what is the estimated total savings for the entire 7.5%?
- 2) The proposed settlement indicates that the 1.5% rate reduction scheduled for July 1, 1999 includes a rate reduction already required by Decision No. 59601. What portion of the July 1, 1999, rate reduction is actually already required by Decision No. 59601 (in percentage terms), and has APS complied with the ordered reduction to date?

To the extent that Staff is able to provide answers to these inquiries, please provide such as quickly as possible. As you are aware, the Commission has requested that all parties submit proposed amendments no later than September 17, 1999. Thank you for your assistance in this matter.

Sincerely,

Patrick Black, Executive Assistant

Cc: Chairman Kunasek
Commissioner Mundell
Deborah Scott
Docket Control - All Parties