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AZ CORP COMMISSION

RAY M. LORETTE
9712 Desert Hills Dr.
Sun City, AZ 85351

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August 5, 1998

Commissioner Renz Jennings
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

Dear Mr. Irvin:

I have been a resident since 1942, and a farmer for 18 years. I am now in banking and as a voter, an investor in Arizona Utilities, am very much concerned about the upcoming competition in the retail sale of electricity that will begin in Arizona next year.

I believe deregulation of the electric utilities companies will result in the same chaos that happened when the telephones were deregulated. And, no matter what happens, the customers and shareholders alike are going to get royally screwed.

I firmly believe Arizona electric utilities should not have to sell their low cost power plants in order to recover shareholder investments. If divestiture is appropriate in some cases, the decision should be made by management, not government regulators. Please review your decisions on stranded cost recover and devise a method that makes more sense for the companies' shareholders and customers.

Sincerely,

Ray M. Lorette

Arizona Corporation Commission
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cc: Bill Meeks
Jim Irvin