



Southwest Gas
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OPEN MEETING AGENDA ITEM

ARIZONA CORPORATION COMMISSION

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**Statement of Arizona
Corporation Commissioner Paul Newman
On Southwest Gas Case**

Thanks to everyone for taking the time to attend this important hearing for SW Gas. Arizonans have been slammed with high unemployment, falling home values and rising costs. My heart goes out to our most vulnerable citizens: the elderly on fixed incomes, the 1.2 million people on food stamps, and families struggling to make ends meet.

We're here to hear from you about SW Gas' proposed rate increase. The case includes a concept called 'decoupling', a complicated subject in the very arcane world of electric utilities, and here are some important reasons to consider decoupling.

Arizona passed one of the highest Energy Efficiency standards in the U.S. last year. Arizona will save an estimated \$9 BILLION over 20 years with this high standard. We'll also reduce pollution, water use, coal ash, mercury and other toxics.

Utilities, like most businesses, have a model that rewards them for selling more. However, more electricity usually means more pollution and higher fuel costs.

With our high Energy Efficiency standard, *we are asking utilities to sell less electricity.* Utilities have high 'fixed' costs because it's expensive to run coal and nuclear plants. Utilities make money when they sell us MORE electricity, yet we are asking them to sell LESS electricity.

So why 'decoupling'? It's because decoupling allows utilities to "even out" the ups and downs in revenues due to higher or lower sales, or extreme weather events.

Clearly, we are entering an era of extreme weather events. Just look at Texas this year, where drought killed half the cotton crop and cost \$5 billion.

I have not made up my mind yet on how to vote. But I know that this is an important issue, and I look forward to hearing from you.

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