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Mohave Electric Cooperative  
E-01750A-11-0136 RECEIVED

March 21, 2012

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Arizona Corporation Commission  
DOCKETED

Honorable Gary Pierce  
Chairman  
Arizona Corporation Commission  
Commissioners Wing  
1200 W. Washington - 2nd Floor  
Phoenix, Arizona 85007

AZ CORP COMMISSION  
DOCKET CONTROL

MAR 22 2012

DOCKETED BY

RE: IN THE MATTER OF THE APPLICATION OF MOHAVE ELECTRIC COOPERATIVE, INCORPORATED, AN ELECTRIC COOPERATIVE NONPROFIT MEMBERSHIP CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS PROPERTY FOR RATEMAKING PURPOSES, TO FIX A JUST AND REASONABLE RETURN THEREON AND TO APPROVE RATES DESIGNED TO DEVELOP SUCH A RETURN

(DOCKET NO. E-01750A-11-0136)

Dear Mr. Chairman:

As a non-intervener in this case, AARP Arizona submits the following comments regarding the proposed prepaid service rate included in Mohave Electric Cooperative's ("Mohave") pending rate case, Docket No. E-01750A-11-0136. AARP has approximately 800,000 Grand Canyon State members, some of whom are members of Mohave and all of whom may impacted by any precedents established for the offering of prepaid service.

AARP Arizona supports the recommendation of the Staff of the Utilities Division of the Arizona Corporation Commission ("Staff") that the prepaid service proposal should be considered in a separate docket. Although Mohave would offer prepaid service as an optional rate, this type of service has significant implications for consumer protection which should be reviewed and addressed before any such program is approved. As the Commission is aware, AARP is currently involved in a stakeholder group discussing the prepaid service pilot of APS. Based on this experience it is clear that the consumer protections around prepaid are essential. As stated in our comments on the APS pilot, AARP recommends a proceeding in which consumer protections for prepaid service are established for all utilities.

Of primary concern to AARP is the provision in Mohave's proposed Prepaid Metering Agreement, which is the Coop's contract with customers (JTC Rebuttal Exhibit 2). This agreement states, in bold typeface:

Electric service is subject to immediate disconnection any time an account does not have a (prepaid) credit balance, even if the customer has submitted medical documentation that termination would be especially dangerous to a permanent resident of the premises or where life supporting equipment dependent on utility service is in use.

W. Lee Hammond, President  
Addison Barry Rand, Chief Executive Officer

AARP finds this language shocking. In the APS pilot such a customer is not eligible for prepaid service. AARP is familiar with prepaid pilots in other states which also screen out customers whose very lives are dependent on electricity. While Mohave may believe a bold typeface disclosure is sufficient, we do not. As Mohave states repeatedly in its testimony, some of their members would be attracted to prepaid service because they cannot afford a deposit. These financial circumstances may induce some customers to choose prepay, even when they should not for medical reasons. We anticipate customers will have every intention of maintaining a credit balance, but some could find that *under financial stress*, they cannot do so, and are disconnected. Further, because prepay is a new service, customers may not fully appreciate the speed with which service would be disconnected. Mohave would shut off service that could literally end a life.

AARP is also troubled that several claims made in response to Staff Data Requests (JTC Rebuttal Exhibit 3) do not appear in proposed Subsection 102, or the Prepaid Metering Agreement, which, absent a tariff, are the only legally binding documents. These include, but are not limited to, statements regarding the waiver of the Establishment of Service Fee for disconnections less than 30 days (CA-5.31 G); handling of adjustor rates (CA-10.6); and disconnection on severe weather days (CA 10.14 and 10.15). These are but a few examples of the types of issues that would be better addressed in a separate docket.

Thank you for this opportunity to submit comments. AARP urges the Commission to adopt Staff's recommendation regarding Mohave's proposed prepaid rate. If the rate offering is not moved to a separate docket, AARP urges the Commission to prohibit Mohave from offering prepaid service to anyone with documentation that termination of service would be medically dangerous or who is depending on life support equipment.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Mitchell". The signature is fluid and cursive, with the first name "D." and the last name "Mitchell" clearly visible.

David Mitchell  
State Director