

ORIGINAL



0000140197

**AARP**<sup>SM</sup>  
DOCKETEE

RECEIVED

OCT 25 2012

2012 OCT 25 P 12:03

DOCKETED  
*JM*

Testimony of Ritch Steven  
on behalf of AARP  
SPECIAL OPEN MEETING

ARIZONA CORPORATION COMMISSION  
SECRET CONTROL

OF THE ARIZONA CORPORATION COMMISSION

ACC Workshop on the 2012 Integrated Resource Planning Assessment

Docket No. E-00000A-11-0113

October 25, 2012

Thank you for this opportunity to make comments on the issue of resource planning for utilities and on the discussion of potential restructuring the electricity market in Arizona. AARP does not support moving to retail competition in gas and electricity markets. More than 10 years of experience in other states has shown it is not in the best interest of residential consumers.

In theory, a competitive market should produce consumer benefits on both price and service. However, electricity is not like other products and services. It is essential for health and the economy, and there's no alternative. The theory of competitive benefits has not been proven in those states that did adopt retail competition. In states where electricity rates were above the national average prior to retail competition, residential customers have seen significant rate increases, and their rates are still higher than the national average. Meanwhile, consumers in Texas, which had electricity rates below the national average, now pay electric rates that are higher than the national average under competition. Recently released data from New York shows that a high majority of residential customers who chose competitive suppliers for gas and electricity paid higher rates than those who were on the default, safety net service.

In addition to higher rates, deregulation has created other problems for consumers. It's often difficult for consumers to sort through competing offers for electric service, and some do not make affordable choices and end up locked into costly contracts with high termination fees. Door to door sales and other types of marketing have preyed on vulnerable customers, including the elderly. Some other states have experienced gaming

or manipulation of wholesale energy markets, which has driven up costs for consumers. Without the ACC involved we cannot be sure that the state will have enough generation built to meet our needs. That is what has happened in Texas, where the state is now considering policies to raise electric rates even higher to induce generators to build needed power plants in the state.

The situation today is much like it was in the mid-90's when retail competition for energy was first proposed--that is, the price of natural gas is low. Some are tempted to believe they could get a lower rate from competitive suppliers (who run natural gas powered generation plants) than the regulated rates charged by the traditional utility. More than 10 years of history has shown that lower prices and better service is not the reality for residential customers. Arizona was wise to pull back from restructuring after the California energy crisis in 2000. Let's not go backwards. A comprehensive integrated resource plan, which balances fuel diversity and resource cost, provides the best option for consumers for long term price stability and reliable service.

A handwritten signature in black ink that reads "Stephen M. Jennings". The signature is written in a cursive style with a large, looping "J" at the end.