

ORIGINAL

**FREEMPORT-McMoRAN  
COPPER & GOLD**



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Arizona Corporation Commission  
**DOCKETED**

November 14, 2012

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Zachary Fryer  
Manager, Revenue Requirement  
Arizona Public Service Company  
P.O. Box 53999  
Phoenix, Arizona 85072-3999

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CORP COMMISSION  
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RE: Bill Presentation  
Docket No. E-01345A-11-0224

Dear Mr. Fryer:

I reviewed the Bill Presentation Draft Prototypes for residential bills delivered to the stakeholders on October 24, 2012 in the above-referenced matter. Based on communications with you, I understand that Arizona Public Service Company ("APS") will be proposing similar modifications to commercial and industrial ("C&I") customer bills, though I have yet to see any of these proposed changes.

Based upon the information we received thus far, Freeport-McMoRan Copper & Gold, Inc. ("Freeport"), APS' largest customer, cannot support the APS proposed changes at this time. Additionally, I do not support the APS changes as an individual APS residential customer. All competitive elements in the current bill format have been removed, and items previously listed under 'taxes and fees' are now listed under "cost of electricity used." Although electric retail competition and direct access is not currently being utilized in Arizona, the Arizona Corporation Commission ("ACC") has yet to fully address and resolve the issues surrounding its Retail Electric Competition rules. Furthermore, it is the current public policy of this state that competition should exist for electric generation.

As you are aware, all APS ratepayers paid a competition transition charge in order to cover the cost for facilitating competition. This included changing bill formats to educate and inform ratepayers on what services were being paid for, so that informed choices could be made. APS is now asking APS customers to directly or indirectly pay for these unnecessary billing modifications. The current bill format presents residential and C&I customers a more complete picture of the individual services that make up an electric bill, and as pointed out during our last stakeholder

meeting – APS already enjoys a high customer satisfaction rating with respect to the information being provided. As part of the most recent APS rate case settlement, the parties agreed to stakeholder meetings with the goal of making the bill easier to understand. Freeport does not believe the proposed changes achieve this goal.

As part of this exercise, stakeholders were informed that APS was going to conduct customer interviews and surveys on the proposed bill format changes. However, those results were not provided with your October 24, 2012 material. I am hopeful that these surveys and customer reviews will be discussed during the November 19<sup>th</sup> meeting if not provided beforehand.

APS stated at the July '12 Stakeholder meeting that we could expect no changes would be made to C&I industrial invoices, and that the focus was primarily on residential invoices. At the Sep '12 meeting, attendees were told APS was not sure how the proposed residential invoice changes would affect the C&I billings. However, APS assured us that any changes made to the C&I invoice would be minimal, and that the billing system would still gather competitive information in the future. Unfortunately, we are now being informed to expect changes to C&I invoices despite not showing us proposed invoice samples at this time. Without these samples, I anticipate that APS has not surveyed C&I customers for comment in the same manner that APS has been surveying residential customers within the past few months.

Freeport continues to believe that retail competition will be implemented in Arizona in some form to the benefit all ratepayers. Freeport, along with other large customers, is in the process of testing the APS AG-1 (Alternative Generation) Program. This fact is in contrast to APS' proposal to eliminate competitive service designations from its current C&I bill format. If APS is successful in its effort to remove competitive service information from its current billing format, then all costs to redesign and modify the bill once a fully ACC-approved competitive market exists should be borne by APS, not its ratepayers. As I mentioned – we previously paid to assist APS in transitioning to a competitive environment, and Freeport will not pay for these changes to be removed by APS nor pay for them to be reprogrammed once again in the future.

Pursuant to the timelines already provided by APS at prior Stakeholder meetings, APS will be seeking to fast-track its proposed changes within the next few months for ACC approval. To this point, we have not received any detailed comments or survey responses from APS customers who have been involved in the effort to modify residential and C&I bills. We have only received final invoice samples of the new residential invoice prototypes.

If APS looks to move forward with its proposed invoice modifications, Freeport requests the following information be shared with all interested parties well in advance of the next Stakeholder meeting: 1) A written detailed explanation of why

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APS is proposing the suggested invoice modifications when the company's own outside consultant explained that it currently has one of the best customer invoices in the nation; 2) Comments from all residential sample invoices surveyed; 3) a highlight of specific comments from customers who suggest that competitive service information be removed from current APS invoices; 4) a projected timeline of the customer survey program, if any, to modify the current C&I invoice; 5) a list of the company's current C&I customers to be surveyed on potential invoice modifications; and 6) a projected timeline of when APS' invoice format change proposal will be filed with the ACC.

If the above information cannot be provided by APS well in advance of the scheduled November 19th meeting, the meeting should be delayed a significant amount of time to allow Stakeholders to receive and review the requested documentation prior to the meeting. Should you have any questions, please do not hesitate to call. I look forward to discussing these issues at the next Stakeholder meeting.

Sincerely,



Thomas R. Knudsen  
Manager – Energy

cc: Docket Control  
Parties of Record