

**ORIGINAL**

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Arizona Corporation Commission  
Docket Control Center  
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Phoenix, AZ

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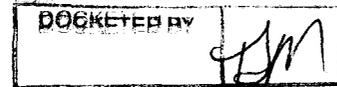
AZ CORP COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission

**DOCKETED**

JUN 19 2013

Re: Docket # E- 01345A-13-0069



Dear Commissioners,

I write to ask that you re-examine your oversight of APS. I can understand how tricky it must be "to balance the customers' interest in affordable and reliable utility service with the utility's interest in earning a fair profit." Let me tell you why I think the scales of regulation are heavily skewed in favor of APS.

First you allowed APS to levy an "environmental benefits surcharge" that benefits a few at the expense of many. The programs funded by these fees were to make homes and businesses more energy efficient. The solar energy home rebate was so successful that it backfired financially. APS was trying to expand its solar grid and exploit these homes by selling them extra electricity more expensively than they bought it back. Incredibly they didn't foresee that these homes would generate enough electricity to buy so much less than before. Decreased revenues also resulted from the Solutions for Business programs, again give-aways funded by the many for the few. All those subsidies, rate cuts, etc. to light, refrigerate and/or air-condition the workplaces also cut their electricity costs. In short APS was gradually depleting its resources to the point where it had to request the LFCR fee. Though the goals of these programs are noble, their ongoing implementation is fiscally irresponsible and smacks of gross mismanagement. Why do you all at the ACC allow APS to continue these programs that lose money? Why do you then allow APS to ask for (and then grant them) another fee (LFCR) to recompense itself for its ineptitude?

Secondly, you granted this Lost Fixed Cost Recovery fee, an egregious tax which must be unprecedented in American capitalism. You are ordering us to pay a fee to keep APS afloat, when we receive no extra service or benefit in return. Imagine if all businesses decided to add a help-our-bottom-line-we-screwed-up fee. People would be so poor they wouldn't be able to spend any money; so the economy would collapse. This fee defies all the tenets of free enterprise upon which America was built. Legally it seems criminal and feels like the ACC is legitimizing APS's ineptitude as a form of extortion. Why are you allowing APS to commit fraud? Is APS too big to fail?

Thirdly, you are allowing APS to install smart meters. Are you doing so because the meters often overcharge customers and/or APS can make 8-10% profit on capital investments? Maine's PUC showed that smart meters, instead of saving \$363m, cost ratepayers \$99m. A study by Connecticut's Attorney General discovered ratepayers had to spend \$444 to save only \$11 over 20 years. Moreover, other studies of smart meters have proved them to be unhealthy for a surprising number of people. Where in this scenario are you at the ACC regulating APS for the public good?

Then to add insult to injury, APS wants you to consider an initial and then monthly opt-out fees, which will add 25-40% to customers' bills, which would be especially hard for those on fixed incomes. A fee for a service that one has declined. That must be another first in economic malfeasance and even more extortion

and fraud. Why are you even allowing APS to spend monies they don't have on replacing perfectly operable and safe analog meters? Especially when the salary of the APS CEO has risen from \$5.66m (2010) to \$7.9 (2011) to over \$11m (2012). How can you justify your inaction?

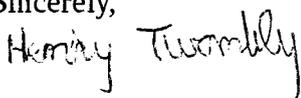
You have had all sorts of red flags flying in your face. Yet you do not acknowledge them, let alone act on them. I don't mean to impugn your integrity, but something is amiss and askew with your oversight. A jaded political and/or economic observer might think that you had stock in APS; and that your gross negligence is due to your conflict of interest. I am sure that this is NOT the case. But from the outside looking in, your lack of regulation for the public good does not look good.

Any business executive brought in to turn around a company would take these measures with APS. He would eliminate all those so-called energy efficient programs that cost the company money. He would never have started and now would stop the installation of smart meters, because it's a waste of time and money. Why destroy good equipment for unhealthy, more expensive substitutes? He would cut the salaries of the CEO and other overpaid management and allow attrition to eliminate jobs. Simultaneously he would stop outsourcing some APS operations and thus would save some jobs for APS employees. He would cut dividends to shareholders. After all APS is a public utility, not a hedge fund for venture capitalists. Obviously it is not the ACC's job to manage the company, but it is also not the ACC's job to prop it up and enable its further ineptitude. Furthermore, it IS the ACC's job to prevent APS from gouging the public. So eliminate all these fees, i.e. the environmental benefits surcharge, the LCFR, and the opt-out fees. Make APS get its financial house in order the good old capitalist way.

In conclusion, your balance is lopsided. "Customers' interest in **affordable** and reliable utility service" is being ignored in favor of the "utility's interest in earning a fair [*unfair?*] profit." Is it fair for the ACC to enable APS mismanagement at the public expense? Is it fair for APS to subsidize businesses at residents' expense? Is it fair for APS to foist unhealthy meters and higher costs on its customers? I urge all of you commissioners to right the scales and protect the public at the expense of APS. Let APS fail, if it must. Someone will come in and run it more efficiently. As regulators of utilities and corporations, your allegiance should be more heavily weighted towards the public rather than corporations, which are more apt to exploit the public.

I thank you for reading this long letter, taking in my observations and opinions. I know your job is not easy, as you are caught between vying interests. I just ask that you act for the highest good of everybody, instead of a few special interests. Thank you again for all your hard work and your consideration of my concerns.

Sincerely,



Henry Twombly