



RECEIVED

July 12, 2013

2013 JUL 15 10:18

AZ CORP COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission  
**DOCKETED**

JUL 15 2013

Bob Stump, Chair  
Gary Pierce, Commissioner  
Brenda Burns, Commissioner  
Bob Burns, Commissioner  
Susan Bitter Smith, Commissioner

|             |    |
|-------------|----|
| DOCKETED BY | nr |
|-------------|----|

RE: Docket No. E-00000W-13-0135

Dear Commissioners:

On behalf of the Arizona Community Action Association and low-income Arizonans and ratepayers, I am writing to express our concern and opposition to retail electric competition in Arizona.

Basic electric service is essential to all residential customers and the affordability of those services for low-income customers whose energy burden is much higher in relationship to their income, is crucial. While news reports generally reflect an improving Arizona economy, more and more Arizona families are struggling to make ends meet. Retail electric competition is not a positive step for the nearly one million Arizonans living at the federal poverty level or the two million working-poor families.

Nationwide, in states that have adopted retail competition, rates have gone up significantly. California residential customers saw increases as high as 40-50%, and in Texas the average increase was 48%.

Unsophisticated residential customers, especially low-income customers, face the greatest barriers in an unregulated market because they lack the expertise and the resources to fully evaluate the varied and complex choices they may face.

Additionally, residential, low-income and senior customers are particularly vulnerable to high pressure, door-to-door, telephone and other aggressive sales tactics, which occur in deregulated states.

The various impacts of retail competition on low-income customers must be taken into consideration during this discussion.

Low-income customers face a significantly higher energy burden than other residential customers. For Arizona families living at or below 50% of the federal poverty level, 59.6% of their household income goes to pay their home energy bill.

The gap between their income and their bill is on average \$552, the 20<sup>th</sup> highest nationally. For Arizona families living at or below 100% of the federal poverty level, 17% of their household income goes to pay their home energy bill. (On the Brink: 2011, The Home Energy Affordability Gap, June 2012, Fisher, Sheehan & Colton)

The average residential utility customer pays 3-4% of their income for energy.

Poverty is an ever-growing issue in Arizona. Consider that:

- Individuals at 50% of the federal poverty level have annual household incomes of \$5,745, or, for a family of four, \$11,775. 433,779 Arizona households live at this level.
- Individuals living at 100% of the federal poverty level have annual household incomes of \$11,400, or, for a family of four, \$23,500. 933,113 households live at this level.
- Individuals living at 200% of the federal poverty level (the working poor, the largest growing group in Arizona), have an annual income of \$22,900, or, for a family of four, \$47,100. 2,137,786 households live at this level.

Many of the households with the lowest poverty levels include disabled individuals, seniors living on a fixed income, and children.

While bill assistance programs are available for vulnerable Arizona utility customers, the largest program, the Low Income Home Energy Assistance Program (LIHEAP), serves just 16.3% of all eligible households, 47<sup>th</sup> nationally.

Reliable and consistent electric service, particularly during the hot Arizona summers, is essential for all residential customers. Low-income customers who cannot pay their bills and are at risk of service disconnection face a number of serious threats including: death, choosing between keeping the air on or taking their medication, inability to feed themselves and their families, and maintaining access to life-saving medical devices.

Arizona Corporation Commission  
July 15, 2013  
Page Three

Last year in Arizona, 43 of 102 heat-related deaths in Maricopa County occurred indoors, according to the Maricopa County Health Department. Heat-related deaths are the most common weather-related issues in the U.S. (Sharon Harlan, Sociologist at ASU as quoted by Jude Joffey-Block, KJZZ, July 12, 2013.)

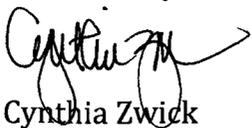
Utilities currently doing business in Arizona have an investment in their communities, living and participating in all aspects of community life. As a result, they understand and are concerned about all customers in their service area. They have invested in their communities by providing support to low-income households through discount rate programs, bill assistance and weatherization programs. Utility staff also spends a great deal of time helping all customers – particularly low-income customers – understand rate options and by resolving and creating plans to ensure families stay connected throughout the year and remain current with their utility bills.

Research shows that most states investigate a deregulated market when their energy prices are higher than the national average and there is a history and tradition of poor customer service, conditions that do not exist in Arizona.

Retail electric competition is not needed at this time, and, based upon experience in other states, will have a significantly negative impact on low-income customers.

On behalf of Arizona Community Action Association, we ask that the Arizona Corporation Commission curtail any further discussion related to implementation of retail electric competition in Arizona.

Sincerely,



Cynthia Zwick  
Executive Director

c: Arizona Community Action Association Board of Directors  
Docket Control – 13 Copies

**Copies** of the foregoing delivered  
this 15th day of July, 2013, to:

Jodi Jerich, Executive Director  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Steve Olea, Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Janice Alward, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007