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Chairman Bob Stump
Commissioner Gary Pierce
Commissioner Brenda Burns
Commissioner Bob Burns
Commissioner Susan Bitter Smith
Arizona Corporation Commission
1200 West Washington – 2nd Floor
Phoenix, Arizona 85007



RE: The Arizona Corporation Commission's inquiry into whether it is in the public interest to restructure the retail electric market pursuant to Generic Docket No. E-00000W-13-0135

Dear Commissioners:

The purpose of this letter is to convey my concerns as the Mayor of the City of Farmington, New Mexico regarding the potential adverse economic impacts of the above-referenced inquiry, and to urge the Arizona Corporation Commission (ACC) to end this inquiry at the earliest opportunity.

The City of Farmington is located within San Juan County in Northwest New Mexico. It is populated by 46,000 people. The local economic base is heavily reliant on the extractive industries – primarily oil and gas exploration and production, and coal production with associated power generation. Clearly, we have a vested economic interest in the continuing viability of the private sector businesses that fuel these industries, including Four Corners Power Plant (FCPP).

Continuing with this inquiry at this time will terminate pending agreements between FCPP, the majority interest owner of which is Arizona Public Service (APS), and the Navajo Transitional Energy Company (NTEC), which is owned by the Navajo Nation (Nation). The Nation created NTEC with the primary purposes of acquiring the company that owns the Navajo Mine operations, and providing fuel to FCPP pursuant to an amended and restated Coal Supply Agreement (CSA). As part of this agreement, FCPP's three older, smaller, and less-efficient generating units would be

OFFICE of the MAYOR

shut down; and APS would purchase the ownership interests of Southern California Edison (SCE) in FCPP's remaining two units.

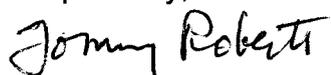
Additionally, APS would retrofit the remaining two units with the most-costly Best Available Retrofit Technology (BART)—Selective Catalytic Reduction (SCR), which—along with shutting down the other three units—would allow FCPP to operate with about eighty-percent (80%) less pollution overall. All of these actions would culminate in a cleaner, more-efficient FCPP, which would still provide low-cost electricity to Arizona, New Mexico, and the Nation. Importantly, these actions would keep rates cheaper for retail consumers across the southwest, and ensure that the jobs and economic benefits from FCPP and Navajo Mine operations are not lost. These jobs and economic benefits from FCPP and Navajo Mine operations are critical to the economic and social well-being of the City of Farmington and San Juan County, as well as the State of New Mexico and the Nation.

However, although NTEC and APS have completed negotiations and are ready to close on the CSA to make all of this possible, the ACC's current inquiry has created so much uncertainty about the future regulatory environment that APS will not close on the deal. Moreover, I am told that if APS does not have the certainty it needs to close on its pending agreement with NTEC by the end of 2013, it will make plans to shut down FCPP.

The future economic health of the City of Farmington and San Juan County, together with that of the State of New Mexico and the Nation, will be severely threatened if the CSA is not consummated. Hundreds of high-paying jobs will be lost and the local tax base will be dramatically reduced.

In conclusion, I urge the ACC to end this inquiry at the earliest possible date.

Respectfully,



Tommy Roberts, Mayor
City of Farmington