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AZ CORP COMMISSION
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Statement of Position in Opposition to: Exploration of "Deregulation" of the Energy Market in the State of Arizona, #E-0000W-13-0135

Arizona Corporation Commission

DOCKETED

SEP 10 2013

To Corporation Commissioner Chair Bob Stump
Commissioner Brenda Burns
Commissioner Gary Pierce
Commissioner Bob Burns,
Commissioner Susan Bittersmith:

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The Small Business Alliance (SBA) is an advocacy organization that represents over 600 small businesses in Arizona. We are a fast growing organization, and a key element of our mission is to inform our membership of policy issues on both local and state levels, and then represent and advocate for their interests.

This is Re-regulation NOT Deregulation

The Small Business Alliance would like to express our opposition to the exploratory docket to "deregulate" the energy markets in the State of Arizona. Although this issue is currently being sold as a free market shift, in reality it is far from it. While the discussion centers around adding to the number of energy providers in the market place, there is less discussion concerning limiting the current policy making body's authority in the marketplace. More providers with equal or more ACC control may indeed result in many additional mandates and rate caps; which is more likely to inject new distortions in the market. It would be fairer then to label this exploratory docket as "re-regulation" not deregulation.

Inevitably More Bureaucracy With Federal Infringement

Not only are there no reforms being proposed in relation to the seemingly limitless policy power of the Corporation Commission; but there will most assuredly be *additional* regulation and added regulatory layers. Increased bureaucracy has a cost, and it will be Arizonans that pay for that cost. One such regulatory body acting as a Regional Transmission Organization will be overseen by the Federal Energy Regulatory Commission.

Most Arizonans do not welcome the federal government to any more authority in this State and generally support more State sovereignty and control.

We assume that current energy providers will be required to divest their transmission lines, as a result our electric grid will no longer be controlled by those directly answerable to the voters; but this regional body controlled by the federal government. This is not the picture of deregulation; but it is an extremely unsettling one.

Reregulation Hurts Small Businesses

“Deregulation” will only benefit the very large power users in the state; which is why the majority of the supporters are those very large power users. As these large consumers of electricity negotiate lower costs, it will be the everyday residential ratepayers and small businesses that will see higher rates to subsidize the rates of the large utility users that are capable of negotiating lower rates. As if middle class Arizonans have not suffered enough in this lengthy recession or small businesses in very difficult markets; an increase in their energy rates to help heavy consumers of power will be salt on the wound.

Blast From the Past

Arizona already visited this issue in the 1990’s when Enron was one of the chief proponents of the “deregulation” movement. We all know how that turned out. It was quickly abandoned after the illustrious scandals of Enron manifested through rolling brown outs, and manipulated power shortages, supporting unscrupulous trading of energy on purportedly open markets. The result for ratepayers in that regime were disastrous - huge price spikes and shortages in many “deregulated” parts of the country; most specifically the California market. We have the luxury of looking at many test labs of this “deregulation” experiment in other states that have already adopted this model. The results for average consumers of these experiments should be evidence enough for the Corporation Commission to expel the idea.

What is Broken?

Currently Arizonans enjoy some of the lowest cost energy in the country, and these lower costs are enjoyed equitably by all users. This means certain communities are not de-centrized through energy costs, small businesses are able to more reasonably compete in the marketplace, and citizens and businesses enjoy power no matter where they establish in the state. Overall, our system is serving the vast interests of Arizona’s users. Of course the obvious answer to this “enigma” of re-regulation now is the small group of benefactors of such a change is willing to bank on their singular windfall at the expense of the rest of the State.

Commissioners, we *implore* you; please do not proceed with your so called "deregulated" state. Until there exists a courageous effort to implement true free market practices with reforms to policy power and regulation; this is not an improvement to energy in Arizona; at least not for everyone.

Respectfully Submitted,

Free enterprise Committee
Small Business Alliance