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Arizona Corporation Commission

DOCKETED

JAN 31 2014

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL January 31, 2013

ORIGINAL

DOCKETED BY

RE: Commission's Inquiry into Potential Impacts to the Current Utility Model Resulting from Innovation and Technological Developments in Generation and Delivery of Energy Docket No. E-00000J-13-0375 (pertaining to closed Docket No. E-00000W-13-0135, Commission's Inquiry into Retail Electric Competition)

Dear Mr. Loquvam:

This letter is a follow up to your letter dated December 20, 2013. In that letter, you indicated that Arizona Public Service ("APS"), through Pinnacle West, spent approximately \$410,000 in support of its position on retail electric competition. I am seeking further clarification regarding this amount for two reasons. First, in your previous letter dated November 6, 2013, responding to my inquiry into net metering campaign expenditures, you stated that Pinnacle West spent approximately \$9 million on both net metering and retail competition/deregulation campaign expenditures. You further stated that \$3.7 of that \$9 million amount was spent on net metering. If so, it would appear from your November 6, 2013 letter that the remaining \$5.3 million was spent on retail competition expenditures.

Similarly, page 67 of Pinnacle West's 10Q Securities and Exchange Commission filing for the quarterly period ending on September 30, 2013, states that the Company had "[a]n increase of \$9 million related to communication and other costs associated with net metering and deregulation." Again, if \$3.7 million was spent on net metering, it would appear from the 10Q that the remaining \$5.3 million was spent on retail electric competition. However, this amount is substantially different from the \$410,000 identified in your December 20, 2013 letter.

In my letter dated December 6, 2013, I asked the ACC-regulated utilities and other stakeholders to answer three questions related to retail competition/deregulation expenditures. The first part of the first question specifically asked, "[h]ow much money did your company, organization, shareholders and/or parent company *spend to support your positions on retail electric competition?*" I had intended that my question was broad in scope, and requested that *all* expenditures related to retail competition were to be reported in the responses. Because of the apparent discrepancies, I want to be very clear in this letter. Please provide me a detailed

accounting of the \$5.3 million that appears to have been spent on retail electric competition, including the \$4.9 million that was unaddressed in your December 20, 2013 response.

Thank you for your prompt attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert L. Burns". The signature is written in a cursive style with a large, stylized initial "R".

Robert L. Burns