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BEFORE THE ARIZONA CORPORATION COM

COMMISSIONERS

DOUG LITTLE, Chairman
BOB STUMP
BOB BURNS
TOM FORESE
ANDY TOBIN

ORIGINAL

IN THE MATTER OF THE
APPLICATION OF UNS ELECTRIC,
INC. FOR THE ESTABLISHMENT OF
JUST AND REASONABLE RATES AND
CHARGES DESIGNED TO REALIZE A
REASONABLE RATE OF RETURN ON
THE FAIR VALUE OF THE
PROPERTIES OF UNS ELECTRIC,
INC. DEVOTED TO ITS OPERATIONS
THROUGHOUT THE STATE OF ARIZONA,
AND FOR RELATED APPROVALS.

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**AARP Comments in Response to
Letters by Commissioner Bob Burns,
Commissioner Tom Forese, and
Chairman Doug Little** Arizona Corporation Commission

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**AARP Comments in Response to Letters by Commissioner Bob Burns, Commissioner
Tom Forese and Chairman Doug Little**

AARP Arizona appreciates the opportunity to provide these comments in response to the letters by Commissioner Bob Burns, Commissioner Tom Forese, and Chairman Doug Little requesting input on UniSource Electric's rate case, including the rate design proposals under consideration and the impact those proposals would have on ratepayers in the service territory.

AARP is a nonprofit, nonpartisan organization that advocates for people who are 50 years of age and older, seeking to promote their independence, choice and control in ways that are beneficial and affordable to them and to society as a whole. AARP has 870,000+ members in the State of Arizona. Advocacy for fair, affordable utility rates and reliable service is one of AARP's priority issues.

AARP strongly supports the withdrawal of the mandatory residential demand charge proposal. In addition AARP continues to strongly oppose UniSource's proposal to increase the mandatory monthly fee (or "basic service charge"). AARP urges the Commission to oppose this proposal and to recover any rate increases through volumetric energy charges instead.

Under the UniSource proposal, the mandatory monthly fee would be increased by 50% from \$10 to \$15 per month. This increase would be unavoidable: Arizona's seniors would see

utility bills rise by \$60 a year before they use even turn on a single light bulb. Notably UniSource already has a higher than average mandatory fee when compared with other utilities in the west. If this new proposal is approved; UniSource will have one of the highest fees in the country.

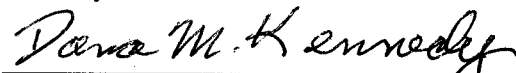
For many older Arizonans, managing monthly household expenses is not easy. Seniors on limited or fixed incomes are already struggling: they have much higher out-of-pocket medical expenses and spend a higher percentage of their household income on utilities than younger age groups. As a result elderly, low- and fixed-income Arizonans would be disproportionately impacted by UniSource's proposal, forcing many to choose between food, rent, medicine, transportation, and utility bills.

Increasing the mandatory monthly fee also discourages conservation and energy efficiency. The proposed fee hike means that even if a consumer turns off all of the electric appliances in her home, she will still owe \$60 more per year. Many older Arizonans diligently work to conserve their energy usage, trying to keep their bills affordable. Why should older Arizonans not receive the full economic benefit of their careful conservation efforts?

AARP believes that electric service is essential to all residential customers, and that the affordability of this service for low- and fixed- income customers — whose energy burden is high in relationship to their income — is crucial. Affordable electricity is essential for lighting, refrigeration, and cooling, a characteristic not shared by most other consumer goods and services (for which substitutes exist). Unaffordable electricity in Arizona's often-severe summer climate has dire consequences for residential customer health and safety. Low-income families, and households with medically frail and very old or very young members, are particularly vulnerable to high mandatory fees over which they have no control.

For these reasons AARP strongly urges the Commission to oppose any increases to the mandatory monthly fee. Instead we recommend that any rate increases be recovered through volumetric energy charges. Recovery through volumetric energy charges will ensure that Arizona consumers remain in control of their energy bills and are not forced to make the tough choices between food, rent, medicine, transportation, and utility bills.

Respectfully submitted this 3rd day of May 2016 by:



Dana Kennedy
AARP

ORIGINAL and thirteen copies filed this 3rd day of May 2016 with:

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