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Jo Smith  
Vice President, Public Policy

May 6, 2016

Re: Docket No. E-04204A-15-0142

Dear Commissioner Forese:

I am writing in response to your April 28, 2016 letter regarding the health and economic conditions in areas served by UNS Electric, Inc. (UNSE). We share your concern for the well-being of residents who rely on our company for safe, reliable electric service. That's why we focus so intently on controlling our costs and making sound investments that allow us to maintain reasonable rates. Even if the increase proposed in this matter is approved, our rates will remain among the lowest in the state. We seek to keep our service as affordable as possible for all customers, including those who face economic hardship.

UNSE's service territory includes rural communities and smaller towns in Santa Cruz and Mohave Counties. An estimated 18.7 percent of Mohave County residents and 23.6 percent of Santa Cruz County residents live in poverty, compared to 18.2 percent statewide, according to the U.S. Census Bureau's 2014 Small Area Income and Poverty Estimates.

We have sought to address the needs of low-income customers in UNSE's pending request for new rates by increasing the discounts available through our Customer Assistance Residential Energy Support, or CARES, program. We've proposed a fixed discount of \$16 per month for CARES customers, with a larger \$28 discount for those who rely on life-sustaining medical equipment in their homes.

These discounts more than offset the proposed increase to UNSE's monthly customer charge for residential customers. They also would more than double total CARES discounts to approximately \$1.3 million per year. While no utility program could hope to address all of the challenges faced by families living in poverty, we do believe these expanded discounts address the interests of low-income customers within the scope of this proceeding.

Our proposal also would promote new job opportunities for low-income customers and other local residents through economic development rates. These rates would provide temporary discounts to new or existing businesses that create new jobs or satisfy other requirements, helping our communities attract and retain employers.

Finally, UNSE provides philanthropic contributions and employee volunteer support for agencies that support low-income families. These efforts, combined with low rates and safe, reliable service, help us keep our commitment to improve the quality of life in the communities we serve.

Thank you for your continued interest in the welfare of utility customers across Arizona. I hope I have addressed your concerns. Please feel free to contact me with any further questions you may have.

Sincerely,

Jo Smith

Arizona Corporation Commission  
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