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BEFORE THE ARIZONA CORPORATION COMMISSION

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**AARP Comments on the Proposed Increase in the Fixed Customer Charge**

Arizona Corporation Commission  
**DOCKETED**

MAY 17 2016

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IN THE MATTER OF THE APPLICATION OF SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC. FOR A HEARING TO DETERMINE THE FAIR VALUE OF ITS PROPERTY FOR RATEMAKING PURPOSES, TO FIX A JUST AND REASONABLE RETURN THEREON, TO APPROVE RATES DESIGNED TO DEVELOP SUCH RETURN AND RELATED APPROVALS.

**AARP Comments on the Proposed Increase in the Fixed Customer Charge**

AARP Arizona appreciates the opportunity to provide these comments on the proposed increase in the fixed customer charge in the Sulphur Springs Valley Electric Cooperative's (SSVEC) 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 opposes Sulphur Spring Valley Electric Cooperative'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 SSVEC proposal, the mandatory monthly fee would be increased by over 140 percent from \$10.25 to \$25 per month. This increase would be unavoidable: Arizona's seniors would see utility bills rise by \$177.00 a year before they use even turn on a single light bulb.

Utilities—such as telecommunications, electricity, natural gas, water, and sewer services—are crucial to health and well-being. People must be able to contact police, fire, medical, and other responders during emergencies; to drink and bathe in affordable, safe water; and to pay a reasonable rate for summer air-conditioning and ample heat in winter. Older Americans particularly need these services, and many find these services eat up a sizable share of their household budget.

Telephone, energy, water, and sewer services typically account for about 7 percent of household expenses, according to the US Bureau of Labor Statistics' 2013 Consumer Expenditure Survey. That figure is higher for seniors and other low-income populations; it is 12 percent among adults age 65 and older who have income below 200 percent of the federal poverty line. On average, a greater share of family income goes toward utility costs than to such necessities as health care or property taxes.

SSVEC proposed 140%+ increase in the customer charge could significantly affect residential customers. SSVEC is seeking to recover more of their costs through fixed customer charges that all users pay, while deemphasizing charges that vary based on the amount of electricity consumed. To the extent that this occurs, it shifts the burden of paying for these costs away from customers who use more electricity and thus toward those who use less.

The greater the percentage of the bill that is incurred before the first light switch is thrown reduces the percentage of the bill over which a residential user has control.

2016 saw no Cost Of Living Adjustment (COLA) for those on Social Security.

If SSVEC requires more revenue, it should be required to increase the volumetric charge only. When customers' bills are more greatly based on how much electricity they use, residential consumers have the greatest ability to control their electric expenses.

The proposed fee hike means that even if a consumer turns off all of the electric appliances in her home, she will still owe \$177 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?

**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 17th day of May 2016 by:

  
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Stephen Jennings  
AARP

ORIGINAL and thirteen copies filed this 17th day of May 2016 with:

Docket Control  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, Arizona 85007