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RECEIVED ARIZONA CORPORATION COMMISSION

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February 16, 2011

ARIZONA CORPORATION COMMISSION
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RE: A.R.S. §§ 40-253 and 40-252 proceedings concerning Litchfield Park Service Company Rate Case (Decision No. 72026), Docket Nos. SW-01428A-09-0103, W-01427A-09-0104, W-01427A-09-0116, W-01427A-09-0120

Dear Colleagues and Parties:

After further consideration of the Commission's vote at the January 18, 2011 Staff Open Meeting (based on my motion) to reopen Litchfield Park Service Company's (LPSCO's) recent rate case Order (Decision No. 72026), I believe it is in the public interest to reconsider both our decision to grant rehearing to LPSCO pursuant to A.R.S. § 40-253, and to reopen the matter, as requested by RUCO, pursuant to A.R.S. § 40-252. Although I initially expressed concerns about the way the cost of equity component was determined at the December 2010 Open Meeting that resulted in Decision No. 72026, upon further reflection and consideration of the balancing of interests of all parties, I believe the compromise 8.01 percent return on equity that I offered as an amendment during that Open Meeting produces just and reasonable rates based on the facts of the case.

I had initially thought that the rehearing/reopening of Decision No. 72026 would enable me, and other Commissioners, to engage in additional deliberations in an expedited manner through a streamlined process. However, the parties' recent filings, and positions taken at a procedural conference, suggest that an efficient and timely process is unlikely in these matters. As I indicated at the February 2, 2011 Staff Open Meeting, I have concerns about LPSCO's incurrence of additional rate case expenses, which could ultimately be borne by ratepayers, and the drain on the parties' resources, as well as the limited Staff and Commission resources. I have also taken into account the extensive public comments received in this case before and after the issuance of Decision No. 72026, and following the vote to revisit the issues on rehearing/reopening.

Therefore, in the interests of mitigating additional ratepayer costs and furthering the goal of finality of Commission decisions, by this letter I am requesting that the Commission's decision at the January 18, 2011 Staff Open Meeting to grant rehearing/reopening of Decision No. 72026 be placed on the next available Open Meeting agenda, with notice and an opportunity to be heard for the parties. In making this request, it is my intent that the discussion of this matter at the Open Meeting would be limited to reconsideration of the decision at the January 18, 2011 Staff Open Meeting to grant rehearing/reopening, but would not include discussions or deliberations on the substantive merits of the issues for which rehearing/reopening was granted on January 18, 2011, pursuant to A.R.S. §§ 40-253 and 40-252.

Sincerely,



Paul Newman
Commissioner

Arizona Corporation Commission

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