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June 16, 2016

The Honorable Doug Little  
Chairman  
Arizona Corporation Commission  
1200 W. Washington  
Phoenix, AZ 85007-2996  
RE: Docket No. E-01345A-16-0036

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Dear Chairman Little:

We write to express our opposition to utility proposals to impose mandatory demand charges on Arizona families. We understand that such charges have been proposed in the APS rate case. We are concerned they may be imposed in future rate cases, as well.

Mandatory demand charges dramatically undercut customers' ability to manage their energy costs. This is why they have been rejected by state legislatures and utility commissions across the country and should be rejected here in Arizona.

Residential customer utility bills operate in a simple format whereby the more a customer consumes, the higher the bill. This bill format reflects how much energy a customer uses over the course of a month. It is easy to understand and promotes energy efficiency because the customer has a clear incentive to consume less.

Demand charges operate differently and will lead to tremendous confusion. These charges measure use (or demand) during a period of time - often 15, 30, or 60 minute intervals. This means customers must monitor their use of electricity in these smaller intervals rather than the normal monthly period.

Because these charges are difficult to understand and far too complicated for most families and small businesses to monitor in a way that saves them money, demand charges effectively operate as a new fixed charge that the customer cannot reduce. The result is that simple daily activities, like turning on a hair dryer, washing machine, or the air conditioner, can result in significantly higher bills depending on the time they are being used.

This approach is highly problematic for low income families and those on fixed incomes. Demand charges have the potential to lead to dramatic price spikes. As a result, low-income and fixed-income customers are at risk of expensive and unexpected utility bills that could quickly create financial hardship.

It is imperative the Commission reject the use of mandatory demand charges for customers. There are better ways to promote energy efficiency and reduce demand on the utility. Demand charges effectively operate as a means for the utility to make more money without providing any clear benefit to consume less.

We ask that you reject the proposed mandatory demand charges in the APS rate case and reject all similar proposals in all rate cases.

Sincerely,

Recreation Centers of Sun City  
Arizona Utility Ratepayer Alliance (AURA)  
Conservative Alliance for Solar Energy (CASE) Arizona

Arizona Corporation Commission  
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Physicians for Social Responsibility Arizona  
Conservatives for Energy Freedom  
Green Tea Coalition  
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Environment Arizona  
Puente Movement  
Living United for Change in Arizona (LUCHA)  
Latino Victory Project  
Southwest Voter Registration and Education Project  
William C. Velazquez Institute  
GreenLatinos

CC: Governor Doug Ducey  
Commissioner Andy Tobin  
Commissioner Tom Forese  
Commissioner Bob Stump  
Commissioner Bob Burns