

# Protecting Consumers and Small Businesses from “Deregulation” in Arizona

**AZ POWER CONSUMERS**  
COALITION

# Arizona's System is Working

- Residential rates in Arizona are below the national average. Of the 16 states with the highest electricity rates in the country, 13 are deregulated markets
- Average rates show residential rates in deregulated states are 26% higher than those in regulated states. While prices continue to increase in all states, price increases in restructured states have tended to increase at a faster pace than in traditionally regulated states
- Arizona's current utilities are at the top of the lists in customer satisfaction by J.D. Power, providing reliable, affordable energy supplies.



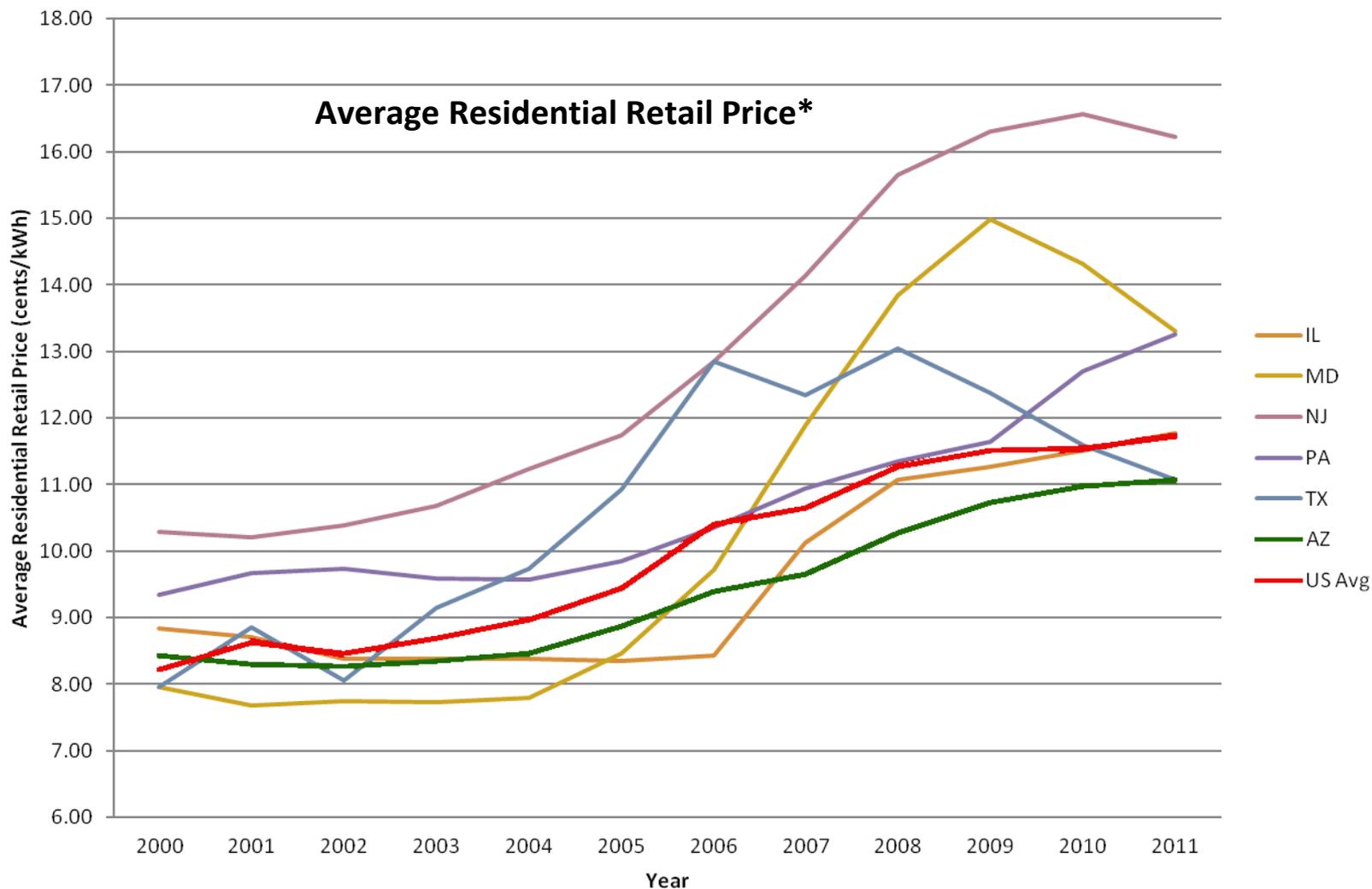


# Arizona's system is reliable and keeps prices stable

- Arizona residents already enjoy below-average energy costs
- Arizona's current system is constantly innovating – providing customers a great deal of choice and reliability, while keeping prices stable and low
- When it comes to long term energy innovation, we should count on the companies who are invested in Arizona and here to stay, not the hedge fund buyers looking to make a quick profit and move on



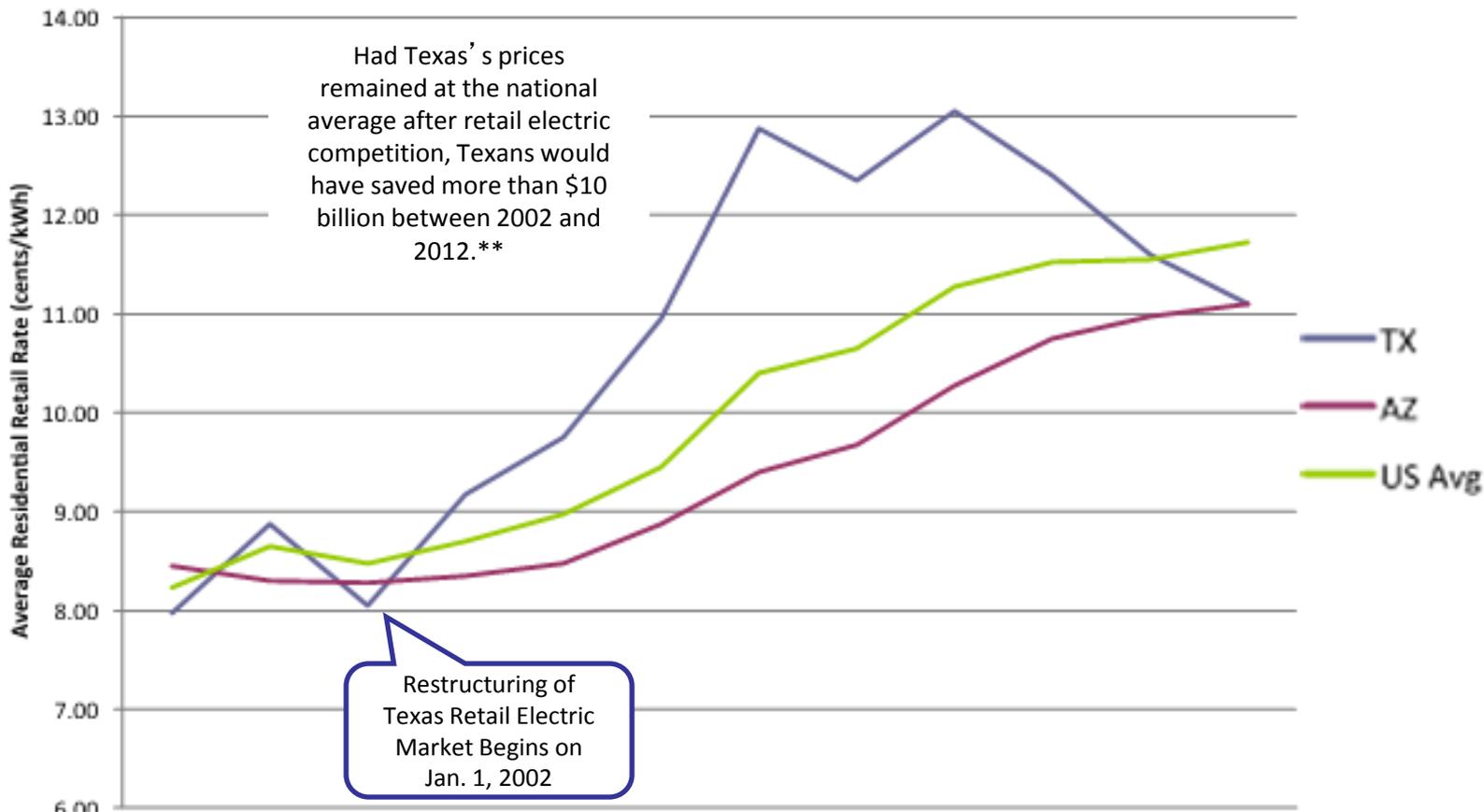
# Arizona Has Stable Prices



\*Energy Information Administration, Electric Sales, Revenue and Price, Table 4. Average retail price for bundled and unbundled consumers by sector, Census Division, and State 2011 (Release Date: September 27, 2012)

# Arizona Has Stable Prices

## Average Residential Retail Rate\*

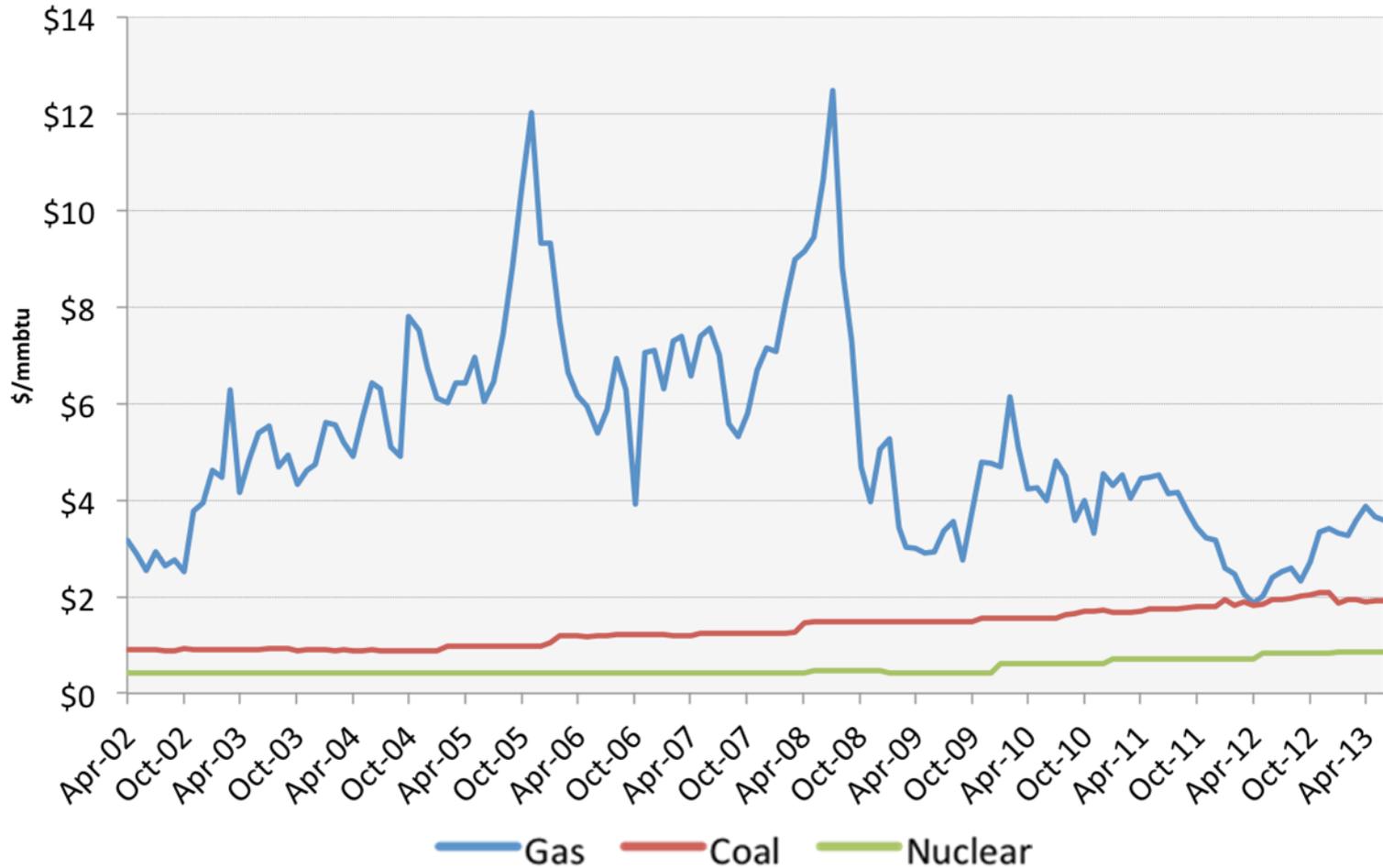


\*Energy Information Administration, Electric Sales, Revenue and Price, Table 4. Average retail price for bundled and unbundled consumers by sector, Census Division, and State 2011 (Release Date: September 27, 2012)

\*\* Texas Coalition for Affordable Power, Deregulated Electricity in Texas, A History of Retail Competition (December 2012)

# Diversity Offers Stability

## Volatility of Gas, Coal, and Nuclear Costs





# Deregulation Hurts Consumers and Small Businesses

- New merchant energy companies typically operate like hedge funds
- Providers “cherry pick” large consumers like Wal-Mart who negotiate special low rates
- Residential customers and small businesses left “holding the bag,” paying higher costs
- Residential customers face numerous competing options, but none offer the savings realized by large customers





# Deregulation was a disaster in other states

When they tried deregulation  
in California it was a complete  
disaster

- Power shortages
- Blackouts
- Out of control pricing
- ENRON and other companies  
manipulated the market to  
increase costs for power so  
they could make more money



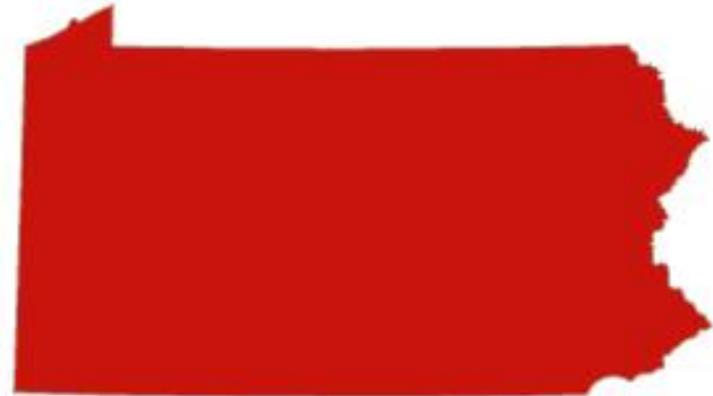
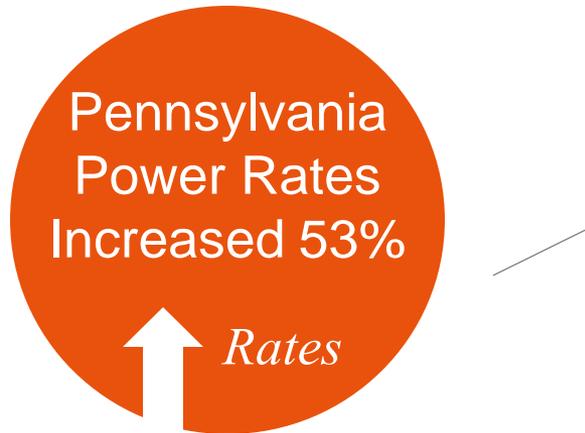


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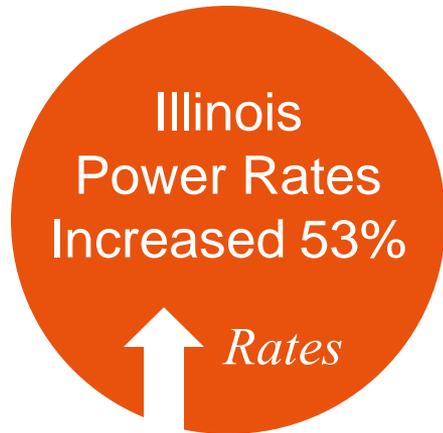


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# Deregulation was a disaster in other states





**50 Biggest Power Users in Texas** have come out against market changes that will lead to increased wholesale prices. Generators say that increases are needed if the fast growing Texas is to avert looming shortages and rolling blackouts.



**Grid Operator predicts rolling blackouts**

-August 8, 2013

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\*"Texas power retailers face tight supply, higher \$5,000 price cap," Reuters. June 4, 2013.



# Arizona's system works

**Arizona Constitution Article 15, Section 3:** *“The corporation commission shall have full power to, and shall, prescribe just and reasonable classifications to be used and just and reasonable rates and charges to be made and collected, by public service corporations within the state for service rendered therein, and make reasonable rules, regulations, and orders, by which such corporations shall be governed in the transaction of business within the state...”*

- The Arizona Constitution requires that the Arizona Corporation Commission set electric utility rates. They have done a good job making sure the market is fair, prices are stable and customers are protected.
- It's worked pretty well so far, so why upend the whole system, just to give the federal government more authority?



# Arizona Power Consumers Coalition

## Coalition Chairman: Jay Heiler

Hundreds of individuals, community leaders, companies, and organizations including:

- Arizona Association for Economic Development
- Arizona Association of REALTORS
- Arizona Cattlemen's Association
- Arizona Charter Schools Association
- Arizona Construction Association
- Arizona Diamondbacks
- Arizona Hispanic Chamber of Commerce
- Arizona Investment Council
- Arizona Municipal Power Users' Association
- Arizona's Generation & Transmission Cooperatives
- Central Arizona Project Association
- Central Arizona Regional Economic Development
- Central Arizona Water Conservation District
- Chino Valley Area Chamber of Commerce
- Cottonwood Economic Development Council
- East Valley Partnership
- Greater Phoenix Economic Council
- Greater Phoenix Leadership
- Scottsdale Chamber of Commerce
- Southern Arizona Leadership Council
- Southwest Valley Chamber of Commerce
- Surprise Regional Chamber of Commerce
- United Dairymen of Arizona
- Western Growers Association
- WESTMARC
- Wickenburg Chamber of Commerce
- Yuma County Chamber of Commerce
- And many more...

**Thank you!**

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