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BOB STUMP



**BOB STUMP**  
Commissioner

**ARIZONA CORPORATION COMMISSION**

April 23, 2009

RE: Extension policy – 1,000 foot free-line extension, Docket No. E-01575A-08-0328

Dear Parties to the Docket:

In order to conform to the Commission's rules and regulations, there are discussions in the Sulphur Springs Valley Electric Cooperative rate case to "eliminate the construction allowance for line extensions"<sup>1</sup>. Therefore, it would be helpful for my future full consideration of these matters if the parties would address whether or not this is the correct policy moving forward.

I believe that an analysis of how this policy may have affected growth in a time of economic crisis would be illuminating. Information regarding any cost-analyses would also be helpful in determining what, if any, affect the 1,000 foot free-line extension has had on consumer rates. Legislators, county officials, and homeowners have commented that this policy has had a serious adverse affect on rural communities, in particular.

In an effort to clarify the nature and effects of this policy, I would ask the parties to provide more information in the docket on the following:

1. What cost would consumers incur if the Commission were to re-instate the 1,000 foot free-line extension?
2. Should there be a cap on the amount a utility can charge the development for the extension?
3. If a utility were to put in a line extension, is there is a benefit to all users in that extension area, including the utility and its customers?
4. If a developer were to put in the extension, would the developer be subsidizing all development which occurs later?
5. What policies, if any, could be put into place to re-pay the initial developer for the 1,000 foot free-line extension?
6. What is the average cost to a developer to put in the line extension?
7. What is the average cost to an individual homeowner to put in the line extension?

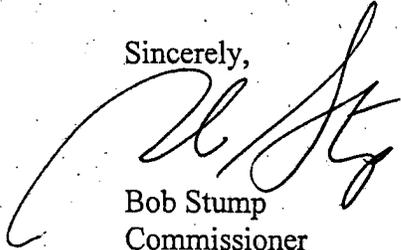
<sup>1</sup> Direct Testimony of Julie McNeely-Kirwan, pg. 14, line 17

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In order to have a full record in this case, I would also ask the parties to gather data on the effects of this policy from the homebuilding industry and rural counties, and include this information in the filings in the docket.

Thank you in advance for helping the Commission gain a better understanding of this policy.

Sincerely,

A handwritten signature in black ink, appearing to read 'B. Stump', written over the typed name and title.

Bob Stump  
Commissioner

cc: Chairman Kristin Mayes  
Commissioner Gary Pierce  
Commissioner Paul Newman  
Commissioner Sandra Kennedy  
Ernest Johnson  
Janice Alward  
Lyn Farmer  
Mike Kearns  
Rebecca Wilder