

Good Afternoon - Thank you for coming.

Yesterday, I filed my response to the Attorney General's Petition for Special Action that attempts to over ride the voter's decision to elect me to serve as a Corporation Commissioner in 2012.

Facts Matter. The Arizona Corporation Commission and our decisions are driven by fact, not perception, not innuendo, and certainly not by unsupported conclusions.

Understanding the complexity of the various services within the telecommunications industry is vital in understanding the delineation and every changing arenas of regulation among a variety of agencies that include the Federal Communications Commission, the Arizona Corporation Commission, and local governments.

The Arizona Constitution and the Federal Government have limited the jurisdiction of the Commission. Not included within the Commission's jurisdiction are cable and broadband or internet services. VOIP involves the transmission of data over the internet and therefore is outside the Commission's current jurisdiction.

The AG takes the view that any company loosely affiliated with a regulated telephone entity is subject to the Commission's jurisdiction. Using that theory, if a company has one regulated entity, then all of its entities are subject to regulation. So, for example, Berkshire Hathaway which owns the Burlington Northern Rail Road, a regulated company for railroad crossing issues, under the AG's theory, would then find all of its other subsidiaries such as Dairy Queen, BenBridge Jewelers, See's Candies, Fruit of the Loom, World Book Encyclopedia, and many others subject to our regulation. I doubt that is a correct interpretation of the Commission's jurisdiction.

For the last three years, I have worked hard to fulfill my obligations as a Commissioner and my obligations to the Southwest Cable Communications Association. By all accounts, I have done a good job in both roles. My work here at the Commission has been consistent and tireless, having not missed one open meeting or staff meeting and having led numerous initiatives to benefit the ratepayers of Arizona. Ask anyone here at the Commission their thoughts on my engagement. My work at the Association, as it has been for 35 years, has continued to serve my members well. Neither of the paychecks I receive come from entities subject to regulation by the Commission.

Facts matter - the AG alleges I have a pecuniary interest in a corporation subject to regulation. Our Supreme Court has definitively stated that "pecuniary interest" means an "equity or ownership interest in an entity regulated by the Commission". I receive a salary from an association whose members are cable companies not regulated by the Commission. Period. How much clearer can that be?

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During my tenure on the Commission, we have established water company rate reforms to insure that we have sustainable infrastructure, we have reformed the Corporations Division filing process to allow for all electronic filing, we led the way in the country on the growing issue of grid access charges, and we have created a positive path for the state to deal with the implications of the federal Clean Power Plan.

The Commission has important work ahead of it, with numerous water company rate cases coming in the next year, not to mention significant decisions regarding the increase of distributed energy and its impacts on the regulated utility monopolies.

That is why it is so concerning that the action by the AG, reacting to a dark money group's continued attack on the entire Commission, continues to create distractions from the important work of the Commission.

I fear that this distraction will continue. The public deserves the full attention of the Commission and its staff to the upcoming body of work facing the Commission. Despite my great love for this job and pride in our successes, my overriding goal is to insure that the work of the people gets done with the appropriate attention it deserves. That was my promise to the voters in 2012 and I have always respected that charge and obligation. In light of this, I have decided to resign effective January 4th, to allow for time for the Governor to appoint a replacement and to do a short transition. It is my hope that the Supreme Court will see this matter through and provide guidance to others on the important issues presented.

I want to thank the very special staff at the Commission for their dedicated hard work, particularly the two outstanding women on my team. I also want to thank my fellow Commissioners for their support and work on our important issues and I wish them the best of luck. In addition, I want to thank the very patient members of the Southwest Cable Communications Association as they have continued to understand the facts and support me, as have the members of my family who have been unwavering in their support. I look forward to continuing to serve the fine ladies and gentleman who are the members of the Southwest Cable Communications Association. Finally, thank you to Ed Novak and Rick Romley for their outstanding legal guidance and advice. They, as many others who have reviewed this issue, do know that facts matter.

Questions?

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