

**Warren Woodward
55 Ross Circle
Sedona, Arizona 86336
928 204 6434**

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John Lopez, Solicitor General
Don Conrad, Criminal Division Chief
Office of the Attorney General
1275 West Washington Street
Phoenix, AZ 85007-2926

Re: Arizona Corporation Commission (ACC) Corruption Investigation

Sirs;

I have information that I believe dovetails with and may enhance your investigation of corruption at the ACC. It's not exactly eye witness reports of bags of money being exchanged but it does demonstrate what at best may be called the inappropriate relationship between the ACC and APS.

Before I get to that however, I want to say that I and other Arizonans expect a broad-based and thorough investigation. The mainstream media has painted the ACC corruption story as basically former ACC commissioner Gary Pierce in cahoots with APS. From the actual ACC whistleblower's letter however, it is obvious others at the ACC are involved. Many questions arise as a result of the letter, and inappropriate (if not illegal) behavior is described that needs investigation.

In addition to being a resident of Arizona and therefore someone who suffers under ACC decisions, my interest in this is that I am an Intervenor in two "smart" meter related dockets at the ACC. My appeal of one of the ACC decisions involving APS and "smart" meters is currently pending at the ACC. That ACC decision was made when three of the commissioners implicated in corruption by the whistleblower's letter were sitting on the commission. That ACC decision was made when ACC staff members implicated in corruption by the whistleblower's letter worked at the ACC. I also have a consumer fraud complaint against APS pending at the ACC as well. How can I expect anything resembling justice at the ACC assuming the whistleblower's allegations are true?

I'll note here that I am still miffed and very disappointed that your office refused to investigate my consumer fraud complaint against APS, and instead directed me to the ACC. *There is no exemption for utilities in the consumer fraud statute!* It was your office's job to investigate, but your office dropped the ball and now I am doing your office's work and not getting paid for it. Anyway, after being very involved with the "smart" meter issue and the ACC for four years, I have long suspected corruption at the ACC. So do not cop out this time. Don't blow this investigation.

Here are some questions raised by the whistleblower's letter that need answers. The answers may then lead to other questions and a broader, deeper investigation. For instance, they may explain why Utilities Division Director Steven Olea is retiring from his job after just getting a raise this year to the ridiculously overpaid amount of \$150,000 per year (+ benefits). Is he getting out while the getting's good in spite of his plum salary – a rat leaving the sinking ship? In my opinion the entire ACC should be under investigation and, as I have written elsewhere, sealed off with yellow crime scene tape while

multiple search warrants are issued. Well over one month has passed since the whistleblower wrote his letter; why haven't you issued any search warrants? What are you waiting for, confessions?

Why did Gary Pierce and Brenda Burns want ACC Executive Director Ernest Johnson out and Jodi Jerich in? Why did Pierce, Burns and Jerich want the Director and Assistant Director at the Corporations Division out? When Pierce and Burns told ACC Chairman Stump about their plan for the Corporations Division, did that constitute an open meeting law or some other violation like racketeering? According to the whistleblower, Stump told the whistleblower at their lunch meeting that he thought the plan was a “disaster.” But did Stump do anything about the “disaster” then? Was what Stump told the whistleblower about the plan being a disaster the truth, or did Stump say the plan was a disaster so the whistleblower might feel as though he was heard and being responded to?

What was the *real* reason Jodi Jerich contacted the whistleblower outside normal ACC channels to discuss operations at the Corporations Division? In my opinion, contacting him via his wife is just downright creepy and very suspicious. Jerich is an attorney and is *not* a novice administrator; shouldn't she have known her behavior was improper, so why was she doing it?

The whistleblower says he gave Chairman Stump a mass of serious corruption allegations at their lunch meeting. Why did Stump do nothing with that information? Doesn't that make him complicit in the corruption? By keeping his mouth shut wasn't he aiding and abetting criminal acts?

According to the whistleblower, it took Stump almost two weeks to actually meet with the whistleblower after hearing his initial allegations in the parking lot. Isn't that amazing and suspicious? Wouldn't a prudent person in Stump's position, and with the public interest at heart, set up a meeting the very next day or at least as soon as possible? What was Stump doing as the time passed? When Stump finally met with the whistleblower, he did so inappropriately at lunch instead of in a formal office setting. Stump, then, would have sat on the whistleblower's information, doing nothing for almost six months until the whistleblower seemingly lost patience and wrote his letter exposing the whole mess.

When the whistleblower's letter became public, Stump had the gall to say, “I have not received a copy of the letter and so I have not seen the allegations in it. Rest assured that this Commission takes all allegations seriously and I am confident that a thorough investigation will be conducted.”

Assuming the whistleblower's letter is true, it would appear that Stump took the allegations so “seriously” that he did absolutely nothing about them at a time when he was Chairman of the commission. This man still sits and votes on the Commission? Incredible! Why haven't I read about his computers and files seized, his office sealed off and him being taken away in handcuffs?

What's up with Gary Pierce and Brenda Burns hiring Ron Ludders, a guy who used to work at APS? Here is what Gary Pierce told me about Ludders in a 3/16/13 email:

It is a new day at the ACC. The elections have enabled us to make changes at the staff level which now allow for a closer scrutiny of the smart meter issue.

Brenda Burns and I have hired an outside consultant, Ron Ludders, to advise us on meters as well as other policies which have concerned us.

That email also contained Pierce's invitation to meet with me. I met with him and Ludders for a couple hours twelve days later. After a while at the meeting I became so exasperated by Ludders' near-

complete ignorance of the “smart” meter subject that I told Pierce (in front of Ludders) words to the effect that 'why did you hire this guy; he doesn't know anything; you should have hired me.' My point is, what was the *real* reason Gary Pierce and Brenda Burns hired the former APS guy, Ludders? It certainly was not for Ludders' knowledge about “smart” meters (as Pierce implied) because Ludders didn't have any. According to the whistleblower's letter, Ludders produced no work relevant to any docket either, the entire time he worked for Pierce and Burns. So what was he doing there?

By the way, there was never any “closer scrutiny of the smart meter issue” due to “changes at the staff level” as Pierce wrote in his email. The ACC staff remained as dumb as a post on the issue, and almost everything I and others brought to the commissioners about “smart” meters remained ignored. So again, why the “changes at the staff level?” It certainly had nothing to do with “closer scrutiny of the smart meter issue” because there wasn't any.

When I got Pierce's invitation to meet with him (which came out of the blue and was unsolicited by me), I naively thought it was because he had a sincere interest in understanding the “smart” meter issue and wanted to do something about it. After the meeting that thought changed however. I now think I was contacted because I was probably the most outspoken opponent of APS's “smart” meters, and that Pierce and Ludders wanted to evaluate me as a threat – “Keep your friends close and your enemies closer” type of thing. Given what I know of Pierce's background, I think duplicity comes easy for him. My meeting with Pierce came around the time he was also meeting with APS's CEO Don Brandt. Perhaps I am inflating my importance but I can't help thinking Pierce reported back to Brandt on our meeting.

Pierce lied to me straight-faced at the close of our meeting. He told me in no uncertain terms there would be no charge for people who wanted to refuse a “smart” meter. I said words to the effect of 'C'mon Gary, you are just one person on the commission. There's four other commissioners and I doubt the rest of them are in favor of that.' Gary then insisted there would be no refusal charge, like it was in the bag, a done deal in which the other commissioners were in complete agreement. I wanted to believe him but I couldn't let myself just in case. In hindsight I suspect his lie was a ploy to get me to lay off APS, to stop my research and exposés of APS's lies. Topping off his lie, when the ACC made their decision on a refusal fee, Pierce voted in favor of the fee and the commission vote was unanimous.

Another occurrence at my meeting with Pierce is instructive. I mentioned that APS had blatantly lied in an ACC meeting in which APS claimed analog meters were no longer available. Pierce's response, and this is a direct quote, was, “We know that's not true.” Note that his response was not, “I know that's not true,” but “We know that's not true.” So Pierce and others at the ACC knew that was not true but never went public with that? Doesn't that make them complicit in fraud? Doesn't that show an untoward favoritism for APS? Why would Pierce and others at the ACC display this favoritism?

Pierce seemed to have a “special relationship” with APS. Here's another story which bears that out. I have a cage made out of re-bar and security screwed to the wall around my electric meter. I installed it to keep APS from giving me a “smart” meter. It is in violation of APS's clearance requirements but I have to protect myself. It's a fact that APS has installed “smart” meters at locations where they were refused. After the cage was up for about a year and a half, one day APS put a violation notice on my cage. I decided to ignore the notice. Months went by and nothing happened. A friend buttonholed Pierce at a political event to talk with him about an issue she was having with APS. In the conversation, Pierce mentioned my meter cage, using it as an example of how influential he is, how he can help people (even though I never asked for his “help” and had no idea he had involved himself in my issue with APS). Pierce told my friend that he and APS had discussed what they should do about

my meter cage. Pierce told my friend that he told APS to leave me and my cage alone. And so they have to this day. What the heck is the largest utility in the state doing discussing with a sitting ACC commissioner what to do about some guy's meter cage? Is that how policy is made at the ACC? It's sleazy and it stinks of corruption to me.

I also witnessed Pierce lie to entire room full of Republicans in Camp Verde about one month after our initial meeting. The meeting was on April 27th, 2013, not too long after APS started adding on an extra fee (the “LFCR”) to our bills, a fee they were granted by the ACC for – wait for it – not selling enough electricity because their customers were conserving electricity too well. Pierce was the featured speaker at the Republican meeting. In the Q & A session that followed his talk, someone complained about the fee. Pierce said it was a mistake, an unintended consequence of a previous ACC decision and that the ACC would be fixing it as soon as possible. That was two years ago. The fee is still on our bills and has actually increased. The point is, in my experience Pierce cannot be trusted.

Commissioner Brenda Burns supplied a perfect example of her “special” and inappropriate relationship with APS when she bragged at an ACC open meeting last December about having worked for APS as a mystery shopper while at the same time serving as an ACC commissioner. Her work for APS was in lieu of actually enforcing laws against APS that she was sworn to uphold, ARS 40-203 and ARS 40-422. The whole story is detailed in my appeal of ACC Decision 74871 starting on page 19 here: <http://images.edocket.azcc.gov/docketpdf/0000159183.pdf> .

It would behoove you to read my appeal in its entirety since there are other examples of what can only be attributed to either widespread corruption or absolute incompetence – or perhaps both – at the ACC. You'll read about the ACC wantonly ignoring laws and procedures. For example, you'll read about commissioner Smith in denial of state statutes that she was specifically told about (page 24). You'll read about the Administrative Law Judge never issuing a Recommend Order and Opinion (ROO) and nobody caring (page 32). You'll read that, despite me pointing it out, APS doctored an ACC decision and nobody cared (page 31). You'll read that there have been “smart” meter related fires in APS's service territory but the ACC's so-called “investigation” amounted to negligent disregard (page 5). And on and on.

If you need them, additional examples of blatant ACC bias in favor of APS can be found in my Response to Filing of Sample Orders here: <http://images.edocket.azcc.gov/docketpdf/0000162532.pdf> . One can only wonder why all the favoritism towards APS at the ACC. How deep does the corruption go? In my Response I posit that the ACC is a “captured” agency. The public is at risk as a result.

I recently made a public records request at the ACC. Even that turned out unethical. Emails were missing and also improperly redacted. It looks like the ACC has indiscretions to hide. You can read about that here: <http://images.edocket.azcc.gov/docketpdf/0000161503.pdf> .

In short, there is a pattern at the ACC that in my view is unmistakable and obvious. It is a pattern of constant and seemingly deliberate unethical behavior, and it extends beyond the incidents and actors mentioned in the whistleblower's letter. The ACC is rotten. Do your duty. Restore the rule of law by enforcing the law. Do it today.

Sincerely,

Warren Woodward