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BEFORE THE ARIZONA CORPORATION COMMISSION

JEFF HATCH-MILLER, CHAIRMAN
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
GARY PIERCE

IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY FOR A HEARING TO DETERMINE THE FAIR VALUE OF THE UTILITY PROPERTY OF THE COMPANY FOR RATEMAKING PURPOSES, TO FIX A JUST AND REASONABLE RATE OF RETURN THEREON, TO APPROVE RATE SCHEDULES DESIGNED TO DEVELOP SUCH RETURN, AND TO AMEND DECISION NO. 67744	Docket No. E-01345A-05-0816 E-01345A-05-0826 E-01345A-05-0827 **WRA/SWEEP REPLY BRIEF (CORRECTED)**
IN THE MATTER OF THE INQUIRY INTO THE FREQUENCY OF UNPLANNED OUTAGES DURING 2005 AT PALO VERDE NUCLEAR GENERATING STATION, THE CAUSES OF THE OUTAGES, THE PROCUREMENT OF REPLACEMENT POWER AND THE IMPACT OF THE OUTAGES ON ARIZONA PUBLIC SERVICE COMPANY'S CUSTOMERS	Arizona Corporation Commission DOCKETED FEB 20 2007 DOCKETED BY KK
IN THE MATTER OF THE AUDIT OF THE FUEL AND PURCHASED POWER PRACTICES AND COSTS OF THE ARIZONA PUBLIC SERVICE COMPANY.	

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WESTERN RESOURCE ADVOCATES

INTRODUCTION

Western Resource Advocates (WRA) addressed five issues in its testimony and initial post-hearing brief: green power tariffs, demand side management (DSM) to reduce the urban heat island effect, renewable energy, Arizona Public Service Company's (APS') proposed Environmental Improvement Charge, and a climate change management plan and commitment. This reply brief addresses other parties' initial post-hearing briefs concerning these five issues. WRA continues to recommend adoption of the policies set forth in its initial post-hearing brief for the reasons given in that brief.

WRA agrees with the Solar Advocates' assessment (Closing Statement, pp. 8, 11, 12) that APS must plan for present and future energy challenges. This case is not only about APS extricating itself from current financial difficulties. The Commission's decision in this case can also affect how APS plans for the future to solve long term problems. The next 10 years and beyond will see increasingly expensive fossil fuels and adoption of limitations on the emission of greenhouse gases. APS needs to reduce its exposure to volatile and increasing fossil fuel prices and to reduce its greenhouse gas emissions and associated cost exposure. To modernize its portfolio, APS must acquire significant amounts of renewable energy and energy efficiency and must prepare and implement a meaningful plan for reducing greenhouse gas emissions. Business as usual with its continued pursuit of obsolescent technologies will not prepare APS or Arizona for successfully navigating the next 50 years.

RENEWABLE ENERGY

A broad theme in APS' initial post-hearing brief is that long term exposure to high natural gas prices is just an unavoidable cost of doing business and that ratepayers should pay any resulting cost increases. APS discounts the role of low cost, stably priced renewable energy in limiting its exposure to high natural gas prices (APS initial post-hearing brief, p. 115) by arguing that the cost of renewable energy is higher than the "current" cost of natural gas and therefore renewable energy is not a cost-effective hedge against future high natural gas prices. Further, APS asserts that financial hedges can be secured at a relatively small cost over prevailing market prices. In addition, APS implies that competing with other utilities for out-of-state renewable energy resources is somehow bad. And APS argues that revising its scheduling of gas purchases to deal with intermittent wind resources is problematic. These arguments are flawed as summarized below:

a. Wind and geothermal resources are cost competitive with natural gas at gas prices that have prevailed in the last few years (Berry, direct testimony, Exhibits DB-2 and DB-3, and pages 8-10).

b. The purpose of using renewable energy as a hedge against high natural gas prices is to limit APS' and ratepayers' exposure to high natural gas prices over the next 15 years or longer (the term of a renewable energy contract or life of a utility-owned renewable energy project). Because natural gas prices have been volatile, have tended to increase, and cannot be predicted with any reliability (Berry, direct testimony, Exhibit DB-2, and Berry surrebuttal, pp . 8-9), low cost, stably priced renewable resources, such as wind and geothermal resources, provide a reasonable hedge in a very uncertain world.

c. APS cannot know the price of natural gas over the next 15 to 25 years, so it cannot argue that low cost, stably priced renewable resources are more expensive than gas fired generation. But APS can know what it will pay for renewable energy either by continuing to sign contracts with fixed prices or a pre-determined schedule of prices, or by building its own renewable energy projects, the costs of which are largely fixed capital costs, paid up-front. There are no uncertain fuel costs to pay.

d. The cost premium APS claims to be paying for renewable energy under recent contracts includes an exaggerated estimate of wind integration costs (Berry, direct testimony, pp. 14-15; Ormond direct testimony, pp. 2-5).

e. A comparison with financial hedges is inapt. As used by APS, financial hedges are short term instruments and cannot limit cost exposure over the long run. If gas prices trend upward over the long run, the price of hedged gas will trend upward as well. In contrast, long term acquisition of renewable energy at fixed or stable prices effectively limits cost exposure over the long run.

f. There is no inherent problem with APS competing with other utilities for wind or geothermal resources. APS competes with other utilities for natural gas. There are hundreds of MW of geothermal resource potential in the Salton Sea of California and thousands of MW of wind energy potential in Arizona, New Mexico, and Colorado which could serve Arizona consumers, for example (Berry direct testimony, pp. 10-11).

g. With regard to the costs associated with scheduling gas on a system with significant amounts of intermittent wind energy, Public Service Company of Colorado found, for the case where wind penetration is 10 percent of peak load, that the cost is small -- between $1.26 per MWh of wind energy and $2.17 per MWh, depending on whether the additional benefits of gas storage are considered (Berry, surrebuttal, p. 8, note 9). The costs of scheduling gas should be investigated as part of APS' on-going wind integration study (Berry surrebuttal, p. 8).

In conclusion, low cost, stably priced renewable energy is a reasonable hedge against high gas prices over the next 15 to 25 years. APS has not asked that its ability to recover the costs of natural gas be capped, so ratepayers' exposure to high natural gas prices over the long run will continue unchecked unless significant amounts of gas generation are displaced with low cost, stably priced renewable energy.

URBAN HEAT ISLAND REDUCTION PROGRAM

APS and WRA agree that an urban heat island reduction program would be beneficial (APS initial post-hearing brief, p. 124). However, APS' reluctance to proceed with an urban heat island reduction program (initial post-hearing brief, pp. 124-125) is hard to fathom. APS has not identified a good reason why it should delay developing a demand side management program that could significantly reduce peak period demand for electricity.[1] APS' ostensible reasons for delay are that APS has a long relationship

[1] APS states in note 101 (p. 124 of its initial post-hearing brief) that the Commission found cool roofs to be a cost ineffective DSM program in Decision No. 68488 at page 33. This decision pertains to non-residential DSM programs. APS' characterization of the Commission's decision is incomplete: Staff found that in retrofit applications, cool roofs were not cost effective on non-residential structures. However, Staff also found that for new roofs and for existing buildings where the roof was going to be replaced anyway, the marginal cost of reflective coatings was zero or negative. Consequently, cool roofs

with Arizona State University, that urban heat island "issues" are unique, and that APS anticipates that the university will produce valuable findings over the next few years (APS initial post-hearing brief, p, 125). APS has never stated what research it expects the university to complete or when that research will be completed (Orlick, rebuttal testimony, pp. 12-14). APS is simply proposing a delay of unknown duration to obtain unspecified information. Conversely, WRA has indicated that there is already over a decade of research on urban heat island effects and measures to reduce those effects (Berry surrebuttal, p. 3, note 1). This existing research and experience, which includes research on Arizona, can be used to develop a heat island reduction program. WRA recommends that the Commission direct APS to move forward with developing and implementing a cost-effective urban heat island reduction program now.

GREEN POWER TARIFF

WRA believes that a green power tariff is in the public interest. APS proposes to offer a green power tariff with an initial surcharge of $0.01 per kWh and with a minimum block size of 100 kWh per month; WRA agrees with APS on these features of the green power tariff (WRA initial post-hearing brief, pp. 1-2). However, there remain several contested issues regarding APS' green power tariff. A rate design with multiple sets of prices, as proposed by APS, may confuse customers. In addition, APS' proposed rate design does not reflect the stable costs of renewable energy relative to the fluctuating costs of natural gas. Under APS' proposal, if natural gas costs go up, the premium for renewable energy would not go down until the next rate case. As explained in WRA's initial post-hearing brief (pp. 2-3), WRA recommends a single green power tariff and a single set of green power rates for which APS would propose annual revisions that take

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on new buildings or cool roofs on existing buildings where the roof is going to be replaced anyway are obviously cost effective since they yield energy savings but have zero or negative incremental cost.

into account the costs of existing renewable resources, the costs of any additional renewable energy resources serving green power customers, and APS' estimated avoided costs. Under WRA's proposal, if natural gas costs go up, the premium for renewable energy would go down at the next annual cost review. Thus, WRA's proposal better signals to ratepayers the contrast in costs between renewable energy and conventional generation. Further, WRA recommends that the 10% option apply only to non-residential customers to be consistent with the requirements for Green-e certification. Otherwise, APS might not receive Green-e certification.

ENVIRONMENTAL IMPROVEMENT CHARGE (EIC)

Staff (initial post-hearing brief, pp. 53-54), AECC (initial post-hearing brief, pp. 14-16), and RUCO (initial post-hearing brief, pp. 44-45) oppose the EIC while APS (initial post-hearing brief, pp. 99-107) and WRA (initial post-hearing brief, pp. 10-12) believe that the EIC has merit. The benefit of the EIC is that it encourages APS to either accelerate programs to comply with existing or anticipated environmental standards early or undertake voluntary environmental improvements that are not required by law by making cost recovery more timely and more certain. These actions would benefit Arizona and the Arizona environment, and may reduce APS' exposure to potential compliance costs in the future. WRA recognizes that the EIC departs from traditional ratemaking as argued by RUCO, AECC, and Staff, but believes that the public interest is served by innovation to encourage a reduction of the environmental impact of power production. As APS stated (initial post-hearing brief, p. 106), "innovation is not a valid criticism."

CLIMATE CHANGE MANAGEMEMT PLAN AND COMMITMENT

Reducing greenhouse gas emissions and the costs of such reductions are critical issues facing business, government at all levels, and society in general. As actions to deal with greenhouse gases accelerate, it is prudent for APS and the Commission to systematically address emission reductions, costs, and cost recovery. WRA proposed that the Commission direct APS to undertake a climate change management plan, carbon emission reduction study, and commitment and action plan with public input and Commission review (WRA initial post-hearing brief, pp. 12-15). WRA could find no objections to this proposal in any other party's initial post-hearing brief. We continue to recommend adoption of our climate change proposal.

CONCLUSION

In addition to consideration of APS' financial health, this rate case can also begin to set the course for APS' management of fossil fuel price risk, reduction of greenhouse gas emissions, and reduction of other environmental impacts of power production and delivery. WRA has proposed detailed actions to manage these risks and recommends that the Commission adopt our proposals on green power tariffs, reducing the urban heat island effect, increasing the use of renewable energy, encouraging environmental improvements through the EIC, and developing and implementing a climate change management plan and commitment.

SOUTHWEST ENERGY EFFICIENCY PROJECT

INTRODUCTION

The Southwest Energy Efficiency Project (SWEEP) agrees with Western Resource Advocates (WRA) and the Solar Advocates that this rate case is about more than APS extricating itself from its current financial difficulties. The decision in this case must put APS on the right path to address both present and future energy challenges, and to meet the current and future needs of its customers for reliable and affordable energy resources.

SWEEP has demonstrated to the Commission, in this case (Schlegel direct and surrebuttal testimony, SWEEP post hearing brief), and in other cases and forums before the Commission, that cost-effective energy efficiency DSM programs reduce total costs for customers and are in the public interest. In this case the Commission should direct APS to increase its cost-effective energy efficiency programs significantly, and adopt the SWEEP-proposed Energy Efficiency Standard (EES) as a multi-year goal, to reduce total costs for customers and to mitigate the future costs and associated risks that would otherwise be passed on to customers.

APS must change its resource mix significantly and must reduce its exposure (and the exposure of its customers) to the uncertain and volatile prices of fossil fuels and their environmental and climate risks. To do so, APS must increase its reliance on cost-effective energy efficiency. Therefore, APS should be directed to maximize the acquisition of cost-effective energy efficiency resources. Otherwise, future APS rate cases will likely be dominated by the same issues as in this case – APS financial difficulties and the pass-through of even higher costs and risks to customers. The Commission must set the vision to get off of the treadmill of higher costs and higher risks by increasing investments in cost-effective energy efficiency.

SWEEP addressed the following issues in its testimony and post hearing brief, and hereby submits this reply brief.

THE COMMISSION SHOULD NOT APPROVE SIGNIFICANT INCREASES IN COSTS FOR CUSTOMERS WITHOUT FIRST DIRECTING APS TO INCREASE COST-EFFECTIVE ENERGY EFFICIENCY, SIGNIFICANTLY AND AGGRESSIVELY, IN THE APS SERVICE TERITORY

Increasing energy efficiency through cost-effective programs is in the public interest and will provide significant and cost-effective benefits for APS customers (residential consumers and businesses), the electric system, the economy, and the environment. (Schlegel direct testimony, p. 4).

The Commission should direct APS to maximize the acquisition of all cost-effective energy efficiency resources in its service territory. As a step towards this important policy objective, the Commission should adopt the Energy Efficiency Standard (EES) proposed by SWEEP, and direct APS to develop an implementation plan and propose adequate funding to achieve the EES goals

By definition, every unit of cost-effective energy efficiency not acquired by APS will lead to higher total costs for customers. SWEEP testified that there were many opportunities for cost-effective energy efficiency in the APS service territory, and many APS customers to reach with APS DSM programs (Schlegel testimony and response to cross-examination, October 23, 2006; Exhibit SWEEP-JS-3). No party contested this portion of SWEEP's testimony.

The Commission should set the vision to increase energy efficiency programs and achieve the benefits of cost-effective energy efficiency resources, as it has with the Renewable Energy Standard for renewable energy resources.

THE COMMISSION SHOULD INCREASE ENERGY EFFICIENCY FOR APS CUSTOMERS BY ADOPTING THE ENERGY EFFICIENCY STANDARD (EES) PROPOSED BY SWEEP

Specifically, the Commission should set APS DSM energy efficiency program goals in the form of an Energy Efficiency Standard (EES). (Schlegel direct testimony, p. 4). The EES should require APS DSM energy efficiency programs to: (1) achieve energy savings equal to at least 5% of total energy resources needed to meet retail load in 2010, and at least 15% in 2020; and (2) reduce summer peak demand by at least 5% of total capacity resources needed to meet retail peak demand in 2010, and at least 15% in 2020. (Schlegel direct testimony, p. 4).

The EES, as a multi-year goal, sets the vision necessary to increase energy efficiency to benefit APS customers.

AGGRESSIVE ACTION TO INCREASE ENERGY EFFICIENCY IS BOTH NECESSARY AND IN THE PUBLIC INTEREST. THE GOALS OF THE ESS ARE REASONABLE, AND THEY CAN BE ACHIEVED WITH COST-EFFECTIVE ENERGY EFFICIENCY PROGRAMS

APS labeled SWEEP's proposed EES as "aggressive" (APS post hearing brief, p. 118). SWEEP believes it is essential to be deliberate and aggressive in pursuing cost-effective energy efficiency resources that meet customer needs, to reduce total costs and risks for customers. Significant increases in energy efficiency goals and adequate funding to achieve the goals is in the interest of customers and the public – and diversifying the resource mix is also be in the interest of APS shareholders.

SWEEP submits that aggressively pursuing cost-effective energy efficiency resources is a good thing. To stand by complacently would lead to higher total costs and risks for customers.

APS appears to assume that APS customers will sit still and accept even higher costs and risks associated with the resource portfolio APS is planning. The APS position that DSM costs should remain at their current level, while there are huge amounts of cost-effective energy efficiency to be acquired, is not in the public interest.

The proposed EES goals are both reasonable and achievable. (Schlegel direct testimony, p. 5). Other states and utilities have achieved energy savings equivalent to or greater than the EES goals that SWEEP proposes. (Schlegel direct testimony, p. 5-6). Similar savings goals are supported by other policy makers in the west, including by the Western Governors Association (WGA) in its goal to increase energy efficiency 20% by 2020, and by the Arizona Climate Change Advisory Group in its consensus recommendation to set electric energy savings goals of 5% savings by 2010 and 15%

savings by 2020 through DSM programs, which is equivalent to the SWEEP EES proposal. (Schlegel surrebuttal testimony, p. 3). The Commission should adopt the EES goals for APS.

THE ENERGY EFFICIENCY STANDARD (EES) GOALS SHOULD BE ADOPTED IN THIS PROCEEDING, AND THE GOALS SHOULD BE BASED ON EFFECTS AND IMPACTS, NOT ON SPENDING

APS testified that it is premature to set energy and peak demand savings goals, and APS recommended spending targets. (Rebuttal Testimony of Teresa Orlick, APS, p. 3-4).

SWEEP testified that it is essential to set goals to implement Commission policy, in this proceeding. Clear, multi-year goals help utilities, stakeholders, and customers understand how the future electric system will meet future customer load, in a manner consistent with the policies of the Commission. Therefore, it is essential to have a goal for APS to achieve, with a clear commitment and explicit requirement, and to increase that goal beyond what APS was ordered to achieve in 2005. (Schlegel surrebuttal testimony, p. 3; Schlegel testimony and response to cross-examination, October 23, 2006).

SWEEP testified that it is important to focus primarily on the *effects and impacts* of energy and utility policies for setting goals, not primarily on the funding or spending levels. Simply spending money, even cost-effectively, should not be the primary focus of future goals for energy efficiency programs. (Schlegel surrebuttal testimony, p. 3-4). The EES is focused on achieving effects and impacts.

IT IS ESSENTIAL TO INCREASE ENERGY EFFICIENCY EFFORTS TO REACH MORE APS CUSTOMERS

In response to SWEEP's data requests, APS provided data on energy efficiency program spending through September 2006, and on the number of customers that participated, are committed to participate, or are in the pipeline to potentially participate in the future. (Schlegel testimony, October 23, 2006). Based on review of the APS responses to SWEEP's data requests, it is clear that the total number of APS customers yet to reach is much greater than the number of customers participating to date. (Schlegel testimony, October 23, 2006; Exhibit SWEEP-JS-3).

Given how many APS customers there are to reach, and the high rate of customer and load growth in the APS territory, it is *not* premature to increase the APS DSM energy efficiency program goals. (Schlegel testimony, October 23, 2006).

APPARENTLY, APS BELIEVES THAT IT IS ACCEPTABLE TO ACQUIRE MORE EXPENSIVE RESOURCES, LEADING TO HIGHER COSTS AND RISKS FOR CUSTOMERS, WHILE ASSERTING THAT THE BUDGET FOR COST-EFFECTIVE ENERGY EFFICIENCY DSM PROGRAMS SHOULD REMAIN AT ITS CURRENT LEVEL. APS IS PUTTING THE INTERESTS OF SHAREHOLDERS BEFORE THE INTERESTS OF RATEPAYERS

APS asserts that DSM spending should remain at its current level (APS post hearing brief, pgs. 117-118). Yet APS is requesting a very large rate increase in this case, and APS plans to acquire more expensive resources to meet future customer needs. Apparently, APS believes that it is fine to pass on higher costs for more costly resources to customers, while limiting the ability of customers to benefit from cost-effective energy efficiency resources. The Commission should see the APS position for what it clearly is – an APS preference for the interests of shareholders over the interests of customers. Then the Commission should direct APS to meet the goals of the EES, and to develop an implementation plan and propose adequate funding to achieve the EES goals.

ADEQUATE FUNDING SHOULD BE AUTHORIZED TO ACHIEVE THE GOALS OF THE EES AND SECURE THE ASSOCIATED BENEFITS

The Commission should authorize adequate funding to achieve the goals of the EES. (Schlegel direct testimony, p. 6-7). Also, the energy efficiency programs are required to be cost-effective when compared to other potential investments APS is planning or implementing to meet customer needs. (Schlegel response to cross-examination, October 23, 2006).

Inadequate funding for DSM energy efficiency programs and the resulting underachievement of cost-effective energy efficiency would lead to higher total costs for customers. (Schlegel surrebuttal testimony, p. 5).

APS SHOULD FILE AN ESS IMPLEMENTATION PLAN FOR COMMISSION REVIEW AND APPROVAL

APS should file, in 2007, an Implementation Plan to achieve the goals of the EES, covering the 2008-2020 program years. The EES Implementation Plan should be developed by APS with input from and review by the Collaborative DSM Working Group, which includes Staff and interested parties. The EES Implementation Plan should be reviewed by Staff, and then be reviewed and approved by the Commission prior to implementation for 2008 and future years. (Schlegel direct testimony, p. 9; Schlegel surrebuttal testimony, p. 6).

The EES Implementation Plan should include the historical DSM results for 2005-2006, and should include a forecast for the expansion of the existing Commission-approved DSM energy efficiency programs in 2007. The expansion of approved DSM programs in 2007 should proceed as a result of the order in this proceeding, and should not be postponed for the development, review, and Commission approval of the EES Implementation Plan (which should cover 2008-2020 DSM programs, plus potentially any remaining period in 2007 after Commission review and approval). (Schlegel surrebuttal testimony, p. 6).

Since Staff will participate directly in the development of the EES Implementation Plan as part of the DSM Collaborative Working Group, the Commission should provide up to 60 days for Staff review of the EES Implementation Plan after it is filed by APS. (Schlegel direct testimony, p. 9).

IF THE COMMISSION IS CONCERNED ABOUT POTENTIAL RATE IMPACTS OF ENERGY EFFICIENCY PROGRAMS, ADDITIONAL DSM FUNDING AND COST-RECOVERY MECHANISMS SHOULD BE CONSIDERED

The Commission could choose to expand the current two-part funding and cost-recovery approach or build upon it by using an additional DSM funding and cost-recovery mechanism for some or all of the additional funding needed to meet the goals of the EES, including amortization or capitalization mechanisms that would reduce the rate impacts of the DSM program funding increase in the early years of the EES. (Schlegel surrebuttal testimony, p. 6). The Commission could choose to amortize or capitalize a portion of the DSM expenditures, similar to how investments in power plants are recovered through customer rates over time, thereby reducing the customer rate impacts of DSM programs in the early years of the EES. (Schlegel direct testimony, p. 8). For example, the Commission could spread the additional DSM costs to ratepayers across several years (e.g., 5 years) in a manner that acknowledges that the energy efficiency benefits are achieved over several years. (Schlegel direct testimony, p. 8). The Commission should order APS to consider these additional mechanisms as part of the development of the EES implementation plan.

ANY UNDERSPENDING OF THE $48 MILLION DSM ENERGY EFFICIENCY SPENDING REQUIREMENT FOR 2005-2007 SHOULD BE CARRIED OVER AND SPENT IN SUBSEQUENT YEARS

APS may be able to meet the requirement set forth in Decision 67744 to spend $48 million on Commission-approved DSM programs by the end of 2007, depending on customer and market response to recently-implemented programs. However, it is possible that APS may not meet the spending requirement. As APS proposed,[2] any underspending of the $48 million through 2007 should be carried over and spent in subsequent years, in addition to the annual budget for each of the future program years. (Schlegel surrebuttal testimony, p. 2). SWEEP requests an explicit Commission order on this issue in this proceeding, in case APS does not meet its $48 million spending requirement. (Schlegel surrebuttal testimony, p. 2).

THE COMMISSION SHOULD APPROVE THE DSM PERFORMANCE INCENTIVE

SWEEP supports the proposed performance incentive, including the basis of 10% of net benefits (APS share), and the cap of 10% of spending, inclusive of the performance incentive. This mechanism was reviewed and supported by the DSM Collaborative, and was included in the APS DSM Portfolio Plan. (Schlegel surrebuttal testimony, pgs. 6-7). SWEEP agrees with APS that (1) net benefits going forward should be based on measured savings, (2) net benefits should be calculated as of the time DSM measures are placed into service and expenditures are incurred, and (3) APS should continue to use the Societal Test to calculate net benefits (APS brief, p. 121).

THE COMMISSION SHOULD REJECT APS' PROPOSAL FOR NET LOST REVENUE RECOVERY

SWEEP supports the position of Staff (Anderson)[3] that net lost revenue recovery not be allowed. SWEEP does not support the recovery of net lost revenues in any event, even if there was not a performance incentive for APS. (Schlegel surrebuttal testimony, p. 7).

[2] Rebuttal Testimony of Teresa Orlick, APS, p. 3.
[3] Direct Testimony of Jerry Anderson, Staff, p. 8-9.

APS SHOULD DEVELOP AN URBAN HEAT ISLAND EFFECT PROGRAM OR PROGRAM ELEMENT

SWEEP supports WRA's testimony[4] proposing mitigation of Urban Heat Island Effects in metropolitan areas through APS DSM programs. APS sponsorship of ASU initiatives (APS brief, pgs. 124-125), while laudable, should not be viewed as a sufficient effort for addressing the urban heat island problem. The Commission should direct APS to implement an Urban Heat Island Effect DSM program, or to further develop an Urban Heat Island Effect program element within the already-approved programs, with input from the APS DSM Collaborative. (Schlegel surrebuttal testimony, p. 7).

THE COMMISSION SHOULD ADOPT WRA's RECOMMENDATIONS ON CLIMATE CHANGE RISK MANAGEMENT

SWEEP supports WRA's recommendations on climate change risk management.[5] Specifically, the Commission should direct APS, with input from the DSM Collaborative, to prepare a climate change management plan, a carbon emission reduction study, and a climate change commitment and action plan, within 12-18 months of the Commission's decision in this case. (Schlegel surrebuttal testimony, p. 8).

DATED this 20th day of February, 2007.

ARIZONA CENTER FOR LAW IN
THE PUBLIC INTEREST

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[4] Direct Testimony of David Berry, WRA, p. 15.
[5] Direct Testimony of David Berry, WRA, Summary of Recommendations, p. 28.

ORIGINAL and 17 COPIES of the foregoing filed this 20th day of February, 2007, with:

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COPIES of the foregoing transmitted electronically this 20th day of February, 2007, to:

All Parties of Record