

OPEN MEETING AGENDA ITEM
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BEFORE THE ARIZONA CORPORATION COMMISSION

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IN THE MATTER OF COMPETITIVE
PROCUREMENT ISSUES IN THE
GENERIC INVESTIGATION INTO
ELECTRIC RESOURCE PLANNING

DOCKET NO. E-00000E-05-0431

**Comments of Interwest Energy
Alliance on Competitive
Procurement Issues**

The Interwest Energy Alliance ("Interwest") submits the following comments on Staff's proposed Recommended Best Practices for Procurement. Interwest was an active participant in the workshop series on resource procurement held by Staff in 2007 and filed comments on July 26 2007.

Interwest supports the concept to adopt Best Practices for procurement of resources for regulated electric utilities. The proposed Best Practices may create more fairness in resource procurement. At the conclusion of the workshop process there was general agreement that adoption of procurement policy in rules was not necessary at this time and that procurement recommendations should be subsumed into the resource planning process. Since the resource planning process does not seem to be active and its outcome uncertain, it is important that the Commission adopt the Best Practices to provide policy direction on procurement.

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Interwest strongly supports adoption of the entire section on the *Independent Monitor* and believes third-party oversight of competitive procurement processes will be beneficial for the utilities, bidders and ratepayers.

In the section *Procurement Methods*, Interwest believes the list of procurement methods (1A – 1F) is complete and represents all appropriate methods to obtain resources.

Interwest also supports the statement in the *Procurement Methods*, section that states “Utilities should seek to use an RFP as the primary acquisition process.” However, sections 2A – 2F list possible exceptions when utilities will not use an RFP process. This list is broad and could be implemented in a manner not intended or expected by the Commission. Rather than try to anticipate all possible implementation problems, **Interwest recommends that the Commission adopt the Best Practices but also establish a performance period (such as two or three years) after which the resource procurement processes are revisited and interested parties are allowed to provide comments on the effectiveness and fairness of procurement processes conducted since adoption of the Best Practices.**

Respectfully submitted this 19th day of November 2007.



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2 The original and 13 copies have been filed this 19^h day of November, 2007 with:

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4 Docket Control

5 Arizona Corporation Commission

6 1200 W. Washington

7 Phoenix, AZ. 85007

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9 Copies have been transmitted electronically to the service list.