

OPEN MEETING AGENDA ITEM



0000091710

ORIGINAL



Arizona Corporation Commission
DOCKETED

December 10, 2008 **DEC 11 2008**

Chairman Mike Gleason
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

DOCKETED BY 

Dear Chairman Gleason:

E-01345A-08-0172

On behalf of the Arizona Chamber of Commerce and Industry, I write to express support for APS's interim rate relief request. The evidence is clear that the current rate structure is not sufficient for the utility to cover its costs. In large part as a result of this disparity, out of 139 electric utilities only two are lower rated, and APS is on the verge of "junk" status. In what is already a historically challenging time to gain access to credit, any further deterioration would result in much higher long term rates for consumers (business and residential), inadequate attention to infrastructure development as Arizona grows, and difficulty fully implementing the Arizona Corporation Commission's landmark Environmental Portfolio Standard.

APS's investment grade rating determines the cost of the money it borrows. It is in everyone's interests for APS to have as strong a credit rating as possible. If APS is downgraded to "junk," it could result in \$3 billion of higher financing costs as compared to a BBB rating. Ultimately, this would be passed on to electricity consumers. It seems there is a choice: pay a little more today or considerably more in the future. In terms of infrastructure, a recent report from Arizona State University, "Preparing for an Arizona of 10 Million People," concluded that there will be a \$109 billion electricity infrastructure funding shortfall over the next 25 years. Again, maintaining APS's investment grade rating is critical to meeting this challenge with affordable borrowing costs.

Finally, this Commission has done more to create a climate for meaningful solar generation than any other state in the country. As the former chief executive of the national Solar Energy Industries Association, I know that Arizona utilities have been far ahead of the curve in making renewables a significant portion of their energy mix. As a result of the Commission's leadership, the Arizona Legislature's decision this year (HB 2614) to extend the favorable property tax treatment of renewable generation until



1850 N. Central Ave, Suite 1433 • Phoenix, AZ 85004
www.azchamber.com • Phone 602-248-9172 • Fax 602-265-1262



2040 and the recent eight year extension of the federal solar investment tax credit, Arizona's use of solar is poised to explode. However, if financing companies cannot count on a financially sound utility, otherwise viable projects will be abandoned. Reports indicate the Solana venture between APS and Abengoa Solar is suffering as a result of the tightening of the credit markets. We should do everything possible to ensure these cost-effective, environmentally beneficial projects go forward and Arizona becomes the nation's leader in solar generation.

Thank you for your consideration of the points raised in this letter.

Sincerely,

Glenn Hamer



1850 N. Central Ave, Suite 1433 • Phoenix, AZ 85004
www.azchamber.com • Phone 602-248-9172 • Fax 602-265-1262