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January 29, 2009

AZ CORP COMMISSION
DOCKET CONTROL

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

RE: Arizona Public Service Company's DSM Program Budget
Docket No. E-01345A-07-0712

On January 12, 2009, APS filed its updated budget of the "Portfolio Plan Update 2008-2010," pursuant to Decision No. 70637.

"APS shall reallocate its DSM program budget for the 2008 through 2010 planning years to be consistent with the re-definition(s) of the Small Non-Residential, Non-Residential Existing, and Non-Residential New program customer size categories ordered herein or any other changes ordered herein; and that APS shall either inform Staff that no reallocation is necessary, or file an update to the budget portion of its "portfolio Plan Update 2008 - 2010," filed in Docket No. E-01345A-07-0712, to reflect such redefinition(s) or other changes not later than 30 days after a Decision in this matter."

APS is amending that update. Enclosed is the revised version replacing the January 12, 2009 filing. The actual 2008 expenditures will be finalized and documented in the upcoming July-December 2008 Semi-Annual Report.

The 2009 and 2010 Non-Residential average annual budget has been reallocated with the following major changes:

- All Building Operator Training budget amounts have been rolled into the Large Existing program since program was eliminated in Decision 70637.
- Money was shifted out of the Large Existing program to the Small Business program to recognize the anticipated future activity of the Direct Install measure.
- Money was shifted out of the New Construction program to Small Business to recognize the future slow down of Construction due to the economy.
- The total Non-Residential Training and Technical Assistance category has been increased to \$250,000 to support more training. Additional training is based upon previous success of these classes, which are highly rated by our customers.

If you have any questions or concerns, please call Jeff Johnson at 602-250-2661.

Sincerely,

Leland R. Snook

Attachments

LS/dst

CC: Brian Bozzo
Ernest Johnson

Arizona Corporation Commission
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2008 DSM Budget – As Originally Filed

Program	Plan & Admin	Program Marketing	Program Implement	Rebates & Incentives	Training & Tech Assistance	Consumer Education	Program Total Cost
Residential							
Consumer Products	104,000	146,000	1,295,000	2,500,000	1,000	15,000	4,061,000
Existing Home HVAC	48,000	414,000	420,000	1,711,000	68,000	140,000	2,801,000
Res New Construction	79,000	302,000	169,000	1,200,000	59,000	9,000	1,818,000
Low Income	75,000	10,000	96,000	1,366,000	10,000	10,000	1,567,000
Total for Residential	\$306,000	\$872,000	\$1,980,000	\$6,777,000	\$138,000	\$174,000	\$10,247,000
Non Residential							
Large Existing	182,000	562,000	1,283,000	4,790,000	20,000	14,000	6,851,000
New Construction	112,000	432,000	510,000	950,000	15,000	2,000	2,021,000
Small Business	68,000	106,000	220,000	947,000	10,000	12,000	1,363,000
BOT	6,000	6,000	11,000	-	41,000	2,000	66,000
EIS	10,000	10,000	6,000	89,000	5,000	2,000	122,000
Schools	31,000	145,000	253,000	540,000	5,000	6,000	980,000
Total for Non Residential	\$409,000	\$1,261,000	\$2,283,000	\$7,316,000	\$96,000	\$38,000	\$11,403,000
Segment Totals	\$715,000	\$2,133,000	\$4,263,000	\$14,093,000	\$234,000	\$212,000	\$21,650,000

Program Costs	\$21,650,000
MER	\$1,300,000
Performance Incentive*	\$2,550,000
TOTAL	\$25,500,000

Average Annual DSM Budget for 2009 & 2010 -- Reallocated

Program	Plan & Admin	Program Marketing	Program Implement	Rebates & Incentives	Training & Tech Assistance	Consumer Education	Program Total Cost
Residential							
Consumer Products	104,000	146,000	1,295,000	2,500,000	1,000	15,000	4,061,000
Existing Home HVAC	48,000	414,000	420,000	1,711,000	68,000	140,000	2,801,000
Res New Construction	79,000	302,000	169,000	1,200,000	59,000	9,000	1,818,000
Low Income	75,000	10,000	96,000	1,366,000	10,000	10,000	1,567,000
Total for Residential	\$306,000	\$872,000	\$1,980,000	\$6,777,000	\$138,000	\$174,000	\$10,247,000
Non Residential							
Large Existing	222,000	600,000	1,454,000	3,800,000	150,000	35,000	6,261,000
New Construction	116,000	440,000	280,000	800,000	25,000	10,000	1,671,000
Small Business	110,000	186,000	510,000	1,369,000	40,000	10,000	2,225,000
EIS	10,000	6,000	10,000	150,000	10,000		186,000
Schools	32,000	200,000	253,000	540,000	25,000	10,000	1,060,000
Total for Non Residential	\$490,000	\$1,432,000	\$2,507,000	\$6,659,000	\$250,000	\$65,000	\$11,403,000
Segment Totals	\$796,000	\$2,304,000	\$4,487,000	\$13,435,000	\$388,000	\$239,000	\$21,650,000

Program Costs	\$21,650,000
MER	\$1,300,000
Performance Incentive	\$2,550,000
TOTAL	\$25,500,000