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Arizona Clean Energy Industries Alliance

2000 NOV 16 P 2:31

AZ CORP COMMISSION
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November 16, 2000

Arizona Corporation Commission
DOCKETED

Arizona Corporation Commission NOV 16 2000

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Chairman Carl J. Kunasek
Commissioner Jim Irvin
Commissioner William A. Mundell

Our purpose in writing is to request that the Commissioners encourage the Hearing Officer in control of Docket No ~~RE-000000-00-0577~~ Environmental Portfolio Standard (Rulemaking) to take the necessary steps to implement the Standard by January 1, 2001. The Public Hearing held on November 9, 2000 to take public comments on the Rulemaking demonstrated that most participants believe that the draft Rule as changed in minor ways by staff after review of written comments can achieve the objectives of the Commission without undue risk to utilities or ratepayers. The following points summarize our position as reflected in our public comments:

1. A Rulemaking was started by the Commission's Order in May 2000 with the effective date of January 1, 2001. Utilities and industry alike have begun to make investments and commit resources to respond to the requirements of the Standard. Momentum and literally years of analysis and public participation are in favor of completing the Rulemaking. To slow now, would be to cause a serious disruption of planning and implementation by many participants.
2. There appear to be adequate funds in the proposed surcharge to make a significant contribution to the Portfolio until at least 2004. Also, costs for the solar electric and other renewable technologies are coming down, and we believe these costs will continue to decrease.
3. Any difficulties that could be caused by a mismatch of funds for the utilities to meet the Standard requirements after 2003 can be addressed by the Cost/Benefit Analysis action already built into the Rule.



Based on these considerations, we urge the Commissioners to direct the Hearing Officer to proceed on the following schedule:

- November 22, 2000 – Hearing Division docket the Proposed Order for interested parties to review;
- December 6 or 7, 2000 – Commission considers the Rule at a Special Open Meeting and orders implementation of the Rule on January 1, 2001, and signs the Order;
- By December 28 or 29, 2000, the Commission considers and acts on any Requests for Reconsideration;
- Direct Commission Staff to take all necessary steps to implement the Rule on January 1, 2001.

No speaker at the hearing denied that the Rule had a good chance to attain the Commissioners' objectives to catalyze economic development, provide environmental benefits to Arizona citizens, and provide greater diversity in the mix of electrical generation available in the State. While the mines and AEPCo voiced their concern the Rule might cause an increase in rates, we believe the Rule has sufficient flexibility and stages of review to preclude such impacts. We also believe the utilities and industry can work together to make the Environmental Portfolio Standard a success in Arizona; it is likely that other states will follow our lead.

Please continue the leadership the Corporation Commissioners have shown in development of this Portfolio Standard.

Thank you,



Robert Annan

cc: Commissioner-Elect Mark Spitzer