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ARIZONA CORPORATION COMMISSION

February 17, 2004

Dear Stakeholder in the Environmental Portfolio Standard process:

Docket No. RE-00000C-00-0377

As you may know, on February 10, 2004, the Arizona Corporation Commission approved an order that continued the increase in the Environmental Portfolio Standard ("EPS") to the maximum of 1.1% in 2007. In addition to that approval, the Commission directed the Commission Staff to add some items for consideration as a part of the EPS Change Workshop series that will commence on March 5.

You may have received a February 6, 2004 letter from Utilities Division Director, Ernest G. Johnson, requesting comments on four major issues that the Commissioners identified at a January 6, 2004 Commission Staff meeting. Now, based on the February 10 Open Meeting action of the Commission, the list of issues open for comment is expanded to seven issues.

Issues for Discussion in the EPS Change Workshops

Original Four Issues:

1. A discussion of increasing Environmental Portfolio Standard ("EPS") funding issues.
2. Elimination of the EPS expiration date.
3. Restoration of Demand Side Management ("DSM") funding.
4. Allocation of funding among various technologies.

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Additional Issues:

5. Whether or not Arizona can and should increase its commitment to renewable energy by increasing the surcharge and the portfolio percentage.
6. Review of the requirements for the phase-in of renewable technologies found in A.A.C. R14-2-1618 B. 3. Review whether the approach of static percentages is still justified and if so, whether those percentages should be reconfigured.
7. Consideration of inclusion of new and emerging technologies as part of the review of the appropriate resource mix.

Due to the change in issues, Staff has extended the deadline for comments to February 23, 2004. Those interested in submitting comments should send them via e-mail, in an attachment, with the name of the organization providing the comments on the top of the document. **Comments should be submitted via e-mail by February 23, 2004 to the two following e-mail addresses:** rwilliamson@cc.state.az.us and bkeene@cc.state.az.us.

Sincerely,

Ray T. Williamson

Ray T. Williamson, Utilities Engineer
Utilities Division

Arizona Corporation Commission

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