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BEFORE THE ARIZONA CORPORATIC

IN THE MATTER OF THE APPLICATION OF)
ARIZONA PUBLIC SERVICE COMPANY FOR)
A HEARING TO DETERMINE THE FAIR)
VALUE OF THE UTILITY PROPERTY OF)
THE COMPANY FOR RATEMAKING PURPOSES,)
TO FIX A JUST AND REASONABLE RATE)
OF RETURN THEREON, AND TO APPROVE)
RATE SCHEDULES DESIGNED TO DEVELOP)
SUCH RETURN.)

DOCKET NO.
E-01345A-08-0172

PERMANENT RATES

PUBLIC COMMENTS

At: Phoenix, Arizona
Date: March 30, 2009
Filed: **APR 22 2009**

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1 BE IT REMEMBERED that the above-entitled and
2 numbered matter came on regularly to be heard before the
3 Arizona Corporation Commission, in Hearing Room 1 of said
4 Commission, 1200 West Washington Street, Phoenix, Arizona,
5 commencing at 10:00 a.m., on the 30th day of March, 2009.

6

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8 BEFORE: KRISTIN K. MAYES, Chairman
9 GARY PIERCE, Commissioner
10 PAUL NEWMAN, Commissioner
11 SANDRA D. KENNEDY, Commissioner

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KATE E. BAUMGARTH, RPR
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1 10:07 a.m.

2 CHMN. MAYES: Okay. Let's go on the record.

3 This is the public comment session for the APS
4 general rate case, Docket No. E-01345A-08-0172.

5 We are here to hear public comment in, as I said,
6 the Arizona Public Service Company's request for rate
7 increase.

8 I'm Kris Mayes, the chairman of the Arizona
9 Corporation Commission. With me on the bench today are
10 Commissioner Gary Pierce and Commissioner Paul Newman.

11 I want to make a few preliminary comments,
12 procedural comments to let you know where this case
13 stands.

14 As many of you know, this public comment session
15 was originally scheduled to precede the full hearing in
16 this case that was -- the full hearing was postponed in
17 light of the decision of the parties and intervenors to
18 enter into settlement negotiations.

19 It's my understanding that the parties have been
20 engaged in those settlement negotiations and that the
21 negotiations are ongoing. Of course, even if a settlement
22 is reached by those parties, it is subject to approval,
23 rejection or alteration by the commissioners. It would be
24 presented to our hearing division, to the judge in this
25 case, for her to write a Recommended Opinion and Order for

1 the commissioners. It would then come to the
2 commissioners, and we would then hold, what would likely
3 be, several days of open meetings to vet that Recommended
4 Opinion and Order.

5 The commissioners, as many of you know, then have
6 the opportunity to either accept it, reject it or modify
7 through amendment. And as you know, some of us are prone
8 to writing amendments.

9 So that would be the process if a settlement is
10 reached. Now, if a settlement is not reached in this
11 case, the parties would come back and tell the judge and
12 the commissioners that the settlement negotiations did not
13 bear fruit, and then a hearing would be set in this case.
14 So a full hearing would be held and attended, by obviously
15 the judge and the commissioners, when that occurs.

16 So today is the opportunity for the public to be
17 heard by the commissioners. And we take these public
18 comment sessions very, very seriously. A transcript is
19 being prepared of all the comments that will be made
20 today, and those transcripts are available to the
21 commissioners who were not able today to attend. And they
22 are reviewed by all of the commissioners before we decide
23 the case. Commissioners can also watch and hear this
24 proceeding over the Internet, as can the entire public.

25 And I just want to say before we get started, and

1 certainly want to turn it over to my colleagues for their
2 comments, we -- I take my duties in reviewing these rate
3 increase requests very seriously. A case like this in an
4 economy like the one we are experiencing will receive very
5 serious scrutiny by this Commission.

6 People are hurting, and this Commission owes a
7 very special duty to our consumers to closely scrutinize
8 any efforts by utilities to raise rates in these difficult
9 economic times. And so we will be looking at this case
10 over very closely, asking a lot of tough questions, and
11 making sure that whatever comes out of this process is in
12 the public interest.

13 So with that, let me -- colleagues, does anyone
14 want to say anything before we get started with the public
15 comments?

16 Commissioner Newman.

17 COM. NEWMAN: Just real briefly.

18 I reiterate the Chairman's comments. This rate
19 increase will have strict scrutiny. We look forward to
20 your comments today.

21 I noted in today's Republic that some of the
22 members of the Commissioners are not physically here
23 today, but they will get the testimony and they will
24 probably be in and out. And this is a very long hearing,
25 as you know.

1 This is my first full rate hearing for APS. I
2 was just elected in November, and I have been serving for
3 three months. And I just wanted to reiterate what the
4 Chairman said but also to remind everybody here, if you
5 didn't know, because many of the people here are here a
6 lot, but for the newcomers here, they should know that the
7 Commission is a public utility commissioned by the State.
8 We bend over backwards, if we can, for consumers, but we
9 do need to look at a fair rate of return for the utility
10 groups. That is in the constitution. But we cannot do
11 that in a void of not knowing -- of knowing how the
12 economy is in, you know, know the state of the economy.
13 And there are a lot of people working very hard on this
14 case, including the Residence Utility Consumers Office,
15 which represents all consumers in this state. That is a
16 legislative agency that works with the Commission, also
17 representing residential consumers.

18 So I look forward to your comments today, and
19 good morning to you all.

20 CHMN. MAYES: Okay. We will go ahead and get
21 started. I guess I can't help myself, having just come
22 from there this week and having been born there, I will
23 start with Barbara Jacobson from Prescott.

24 If you can come on up. Come up to the microphone
25 here. And what I will do, as Commissioner Pierce always

1 admonishes me, I will read off the next person on after
2 you and the person who is on deck, which is
3 Leslie Kyman Cooper.

4 MS. JACOBSEN: I am very new to this process, so
5 I know I have a few minutes.

6 But when I heard about this, it just strikes my
7 heart as a very important matter.

8 I have lived in Arizona for 35 years. 29 of
9 those years I have used APS's service. For six of those
10 years I was off the grid on solar power.

11 I am -- this is a state where the sun shines
12 360 days of the year. It is just crazy to me that we do
13 not utilize solar power more for all of our needs.

14 I think efficiency is extremely important, and I
15 have doing some reading recently about that.

16 I think before a company, to me, gets rewarded
17 with additional money, they ought to have looked at every
18 means of efficiency possible and every way to make the
19 power more efficient to each household.

20 Personally I would like to see solar panels on
21 every house in this Valley and most of the state. Because
22 when you even build a solar plant, you are losing power
23 when it travels to those houses. And I don't understand
24 why they don't put more effort into that.

25 However, I understand they are a business and

1 they are in a business to make money as well as to provide
2 a service.

3 I'm just really concerned for the way that we do
4 it, and I think there are many better ways. And I just
5 don't think a rate increase is going to give that now.

6 I do know I recently got something where I could
7 pay a little extra to use different sources of energy
8 every month, you know, a couple dollars. That is good.
9 They get a little extra money that way. That is enough.

10 I think we vote for them and for the way they
11 produce energy by saying, okay, we will give you a little
12 extra if you will use more renewable sources of energy.
13 And I think they were asking for that vote. I don't know
14 how that came about, if you all had a part in them doing
15 that or not, but I give them my vote in that way and I
16 give them a little extra money that way.

17 CHMN. MAYES: Okay. And thank you very much for
18 coming down from Prescott. Let me just make a couple
19 comments.

20 You are doing your part in supporting solar
21 energy in Arizona through the renewable energy surcharge
22 that you pay every day. If you look at your bill, your
23 APS bill, it's probably running in the \$2 range right now,
24 which goes into a fund. That then is used by consumers to
25 put solar panels on their rooftops. The utility is

1 mandated by this Commission to have a renewable energy
2 program and to help consumers put solar panels on the
3 rooftops, if they choose to do that.

4 So that is something that we have. It is a
5 15 percent requirement by 2025. Some folks, including
6 myself, think it ought to be higher, and perhaps we will
7 look at that down the road.

8 But in term of energy efficiency; I appreciate
9 your comments. On Friday this Commission was here. We
10 had workshops. Commission Newman and I, Commission
11 Kennedy attended those workshops to look at how we
12 increase the amount of energy efficiency we do in Arizona
13 and how we can get our utilities more involved in that.

14 And one of the things we are looking at is on
15 20 percent energy-efficiency standard by 2020. And I
16 certainly think that is something that could be addressed
17 in a generic form, like the one we are engaged in in the
18 energy-efficiency workshops, but it can also be addressed
19 in this rate case.

20 So thanks for being here, and I promise we will
21 continue to ask those questions in this case.

22 Is it Leslie Kyman Cooper?

23 MS. KYMAN COOPER: It Leslie Kyman Cooper. Yes,
24 I'm the executive director of the Arizona Consumers
25 Council. I want to thank the three of you for taking time

1 to listen to public comments on this important issue this
2 morning.

3 The Arizona Consumers Council has been
4 protecting, educating, and advocating on behalf of Arizona
5 consumers for over 40 years now, and utility issues have
6 long been important to the Consumers Council. And, of
7 course, our members include many APS customers.

8 We submitted written comments last week in
9 connection with this proceeding today and also in
10 connection with the March 6th energy-efficiency workshops.
11 And so I will keep my comments this morning brief.

12 We are in favor of the 20 percent by 2020 energy
13 efficiency standard that you just mentioned. We see
14 energy efficiency as an untapped resource here in Arizona.
15 It will -- increased energy efficiency will benefit APS
16 customers, because it will give them the opportunity to
17 lower their bills.

18 It will also benefit Arizonans at large. Energy
19 efficiency means that we use less water, build fewer
20 plants, need fewer transmission lines. And energy
21 efficiency has an extra benefit in these difficult
22 economic times because many of the jobs that it offers are
23 local, meaning that more money stays here in our state's
24 economy.

25 There is one additional point that I would like

1 to stress as the executive director of the Arizona
2 Consumers Council. It's important that consumers find it
3 relatively simple to make the right energy-efficiency
4 decisions for their home so they don't end up spending too
5 much money on something that provides too little
6 efficiency benefit. And it should be easy for them to
7 find qualified contractors to do the right work.

8 Thanks for your time this morning.

9 CHMN. MAYES: Thank you. I appreciate your
10 comments. I agree, you know, energy efficiency is the
11 cheapest form of electricity we have. The cheapest form
12 of electricity is the kind that you don't create and use.
13 And so I would like us to -- I would like APS to be using
14 more megawatts than they are now. And, you know, in fact,
15 there was a report done for APS that was ordered by the
16 Commission that showed that APS could be doing twice as
17 much energy efficiency as they are now economically in an
18 economic fashion. And so one has to ask the question, why
19 aren't they doing more? So we will continue to press that
20 issue home.

21 MS. KYMAN COOPER: Thank you. We very much
22 appreciate your efforts in that regard.

23 CHMN. MAYES: Commissioner Newman.

24 COM. NEWMAN: Thank you for coming today, and
25 your presence is needed and wanted.

1 I was going to ask you about the rate increase
2 itself, if you would like to comment on it.

3 MS. HYMAN COOPER: We are not in the position to
4 common on the rate increase. But thank you.

5 COM. NEWMAN: Thank you.

6 CHMN. MAYES: And I want to note for the record
7 that Commissioner Sandra Kennedy is here as well.

8 Jeanne -- is it Scown?

9 MS. SCOWN: Scown, like clown.

10 CHMN. MAYES: And after Jean is William Scown.

11 MS. SCOWN: Thank you so much for having us here
12 today.

13 I am a physics instructor, and yesterday my
14 husband and I in our volunteer work had 100 people -- over
15 100 people at ASU talking about energy efficiency and
16 water efficiency and all of the problems that Arizona
17 faces.

18 When I moved here 10 years ago, I was so
19 surprised that there wasn't solar on all of the buildings
20 here, and I was from a farm in Illinois and had been using
21 passive solar for a long time.

22 There are a lot of us who if there is a rate
23 increase and if it is used to educate the people in the
24 area, you will be surprised how many people would be for a
25 rate increase.

1 Yesterday at this panel discussion we had seven
2 speakers. It is really obvious that people do not know
3 about energy efficiency, global warming, or all of those
4 things. I have a degree in physics, so I understand
5 things like that. It took my husband studying MIT
6 curriculum on-line in order to get my solar, which is
7 8.4, on top of my home.

8 We are for the rate increase if it's going to be
9 used to educate people. Because once people understand
10 what this is all about -- this is a really serious
11 problem. For the first time in my life when I am running
12 outside at my boot camp, I'm getting asthma. I am looking
13 at the mountains, and they are covered with smog and it's
14 not a good thing. We really, really have to do something
15 in Arizona to utilize the sunshine.

16 One of my suggestions -- and I have written a
17 proposal for other people that are in energy -- is to put
18 solar on schools. We have tremendous amounts of square
19 footage, and we have tremendous bills. If we get a check
20 back from our solar, the school could get a check back and
21 hire extra teachers and they could also make their school
22 buildings more efficient.

23 If the money is used -- if the rate increase is
24 used to support programs of that nature, we are willing to
25 pay a little bit more. Thank you.

1 CHMN. MAYES: Thank you. I appreciate those
2 comments. You know, it's an interesting question. It's
3 my hope, actually -- these are tough economic times, and
4 so, you know, rate increases are certainly not something
5 that I think any Commissioner up here wants to do.

6 What I hope will encourage solar energy is a
7 combination of providing people rebates and helping with
8 purchasing solar panels, but also, you know, the
9 marketplace driving down the cost of solar, which I think
10 is one of the arguments for renewable energy standards.

11 You look at companies like First Solar, which is
12 now -- built its first gigawatt of -- it has its first
13 gigawatt of solar right now in place, and they are
14 actually selling panels that are economical and they are
15 the price parity with some forms of traditional fire and
16 electricity. And that would not have happened if states
17 like Arizona had not adopted renewable energy standards
18 like we did about a decade ago.

19 So that is it how I hope we do it.

20 And just a final comment, Jean, I know that the
21 governor, who has authority over how the federal stimulus
22 money, some of it that is coming to Arizona, is looking a
23 solar schools program. So she is looking at -- which I
24 think is fabulous, and these commissioners are looking
25 forward with helping to advise her on that. But I am

1 hopeful that she will go ahead and carve out some of that
2 stimulus funding to take it and make it available to
3 schools to put solar panels on the rooftops. They are
4 actually not -- because of their tax status, they are not
5 eligible for the IPC, which is too bad.

6 COM. NEWMAN: Madam Chair, correct me if I'm
7 wrong. There is also a bill in the legislature. I'm not
8 sure if it's running through the system, but it is in and
9 had been dropped in order to help the schools take
10 advantage of the incentives, sort of changing their
11 structure to work with the Department of Administration
12 and other agencies to get that done.

13 CHMN. MAYES: That's right.

14 William Scown. Are you in physics too?

15 MR. SCOWN: No. I'm a retired business guy from
16 Intel.

17 So thank you for the opportunity to speak. I
18 have been a resident of Arizona for 19 years, and for 15
19 of those I was an APS customer, currently SRP customer.

20 I would like to note the past successes that APS
21 has had with their efficiency programs. They are
22 certainly one of the more innovative utilities in Arizona.

23 I have, however, from my volunteer work for PIRG
24 and for the UN education on sustainability effort, and
25 just through my own personal interest seen what has been

1 done in some other cities, like Austin and Portland, with
2 very innovative programs, we know that a whole lot more
3 can be done.

4 Efficiency is the cleanest, most cost-efficient
5 way to add additional capacity. And it produces more jobs
6 per dollar of investment, which is, of course, a great
7 interest for the current economic collapse that we are
8 going through.

9 I would urge that we step up to the objective of
10 20 percent efficiency gained by 2020. From our
11 experience, as Jeanne related earlier, we know that a lot
12 of consumers are ready and willing to pay for having those
13 incentives in their rates -- supported by their rates.

14 I mentioned Austin and Portland. Those are
15 wonderful examples of the kind of programs, the kind of
16 efforts that can be successful. I know APS has had great
17 success already with some of their programs. There is
18 clearly a track record for continued success by expanding
19 those programs.

20 You know, I would urge APS to consider expanding
21 the incentives for sealing and insulating the shells and
22 ducts in residents. In schools, as Jeanne mentioned, you
23 know, the energy-efficiency measures should received solar
24 programs. You know, that is a foundation to build on.
25 Extending those programs to small businesses, these are

1 programs that have worked well elsewhere and have large
2 potential.

3 So I think it's a wonderful opportunity for APS
4 to address, not only the addition of low-cost capacity,
5 but addressing global warming, the environmental
6 sustainability that we are all concerned about.

7 Thank you for the opportunity.

8 CHMN. MAYES: Thank you for being here.

9 Nancy Erickson and then Jamie Welsh.

10 MS. ERICKSON: Good morning. I'm Nancy Erickson.
11 I have lived in Arizona for six years.

12 I'm unfamiliar with -- not very familiar with the
13 rate structure and issues that -- or details of the
14 concerns that you are talking about, but I'm really
15 concerned about the kind of climate and world that we are
16 leaving to the next generation.

17 So I am -- if a small -- maybe a small increase
18 in the rate might be a good idea only if it's used towards
19 sustainability and for development, along that line.

20 Thank you.

21 CHMN. MAYES: Thank you very much for being here.

22 Jamie Welsh, and after Jamie, Roy Erickson.

23 MS. WELSH: Thank you. My name is Jamie Welsh.

24 I am a proud Arizona native. I have lived here all my
25 life and grew up in Gilbert. And I am here to speak in

1 favor of the proposed energy-efficiency plan put forward
2 by the southwest efficiency programming.

3 I will say that as the population in this state
4 continues its growth, it is going to be crucial to take
5 steps to improve energy efficiency, to continue and
6 maintain the quality of life for state inhabitants.

7 Currently this plan shows itself to be the most
8 cost-efficient and environmentally-friendly way to achieve
9 the goals of the reduced flow growth, save diversified
10 energy resources, and enhance reliability.

11 A slight increase in the utility cost now
12 provides immediate incentives for people to begin taking
13 personal measures to educate themselves. Because let's
14 face it, people don't always move to change unless they
15 have personal interest or unless things get uncomfortable
16 for them.

17 It also provides for the longer-term goal of
18 creating funds to reach ways to increase energy efficiency
19 and to educate the general public over the next decade on
20 energy-efficiency issues.

21 It's also worthwhile to increase the rates to
22 invest in high performance and zero net energy buildings,
23 the home performance program, and the customer repayment
24 program.

25 Other states have already implemented

1 energy-efficiency programs and are already achieving
2 annual energy savings. And increasing energy efficiency
3 20 percent by 2020 in Arizona is a solid goal.

4 Over the long run energy-efficiency programs have
5 the ability to save money by saving energy. So I think
6 this is definitely something that involves or is good to
7 look into.

8 CHMN. MAYES: Okay. Thank you very much. I
9 appreciate you coming down.

10 Roy Erickson and then B. Paul Barnes.

11 MR. ERICKSON: Just very briefly, I would like
12 to -- I think an increase in the rates is good if used for
13 education, education that motivates people because the
14 sooner we do things, the sooner the cost of all of these
15 energy-efficient systems will become more cost effective.

16 Last Thursday evening on PBS, a program called
17 NOVA, they dealt with extreme ice, and it was a very
18 scary, scary program. It -- the melting of the ice in
19 Greenland is scaring everybody, and it's increasing very
20 quickly. And I recommend anyone, if have you a chance to
21 see that, to view that because it will scare you.

22 We need to do things, even if there is a rate
23 increase, to educate people. Education, I think, is the
24 key to change.

25 That is really all I have to say.

1 CHMN. MAYES: Thank you very much.

2 B. Paul Barnes. Mr. Barnes, and then
3 Tevesa Brice.

4 MR. BARNES: Thank you, Chairwoman.

5 My name is Paul Barnes, and when the young lady
6 gave me a slip outside, she asked me if I was an
7 intervenor, and I don't know what an intervenor is. It
8 sounded to me like that that's an interloper.

9 But in any event, I'm here. And I did submit a
10 letter to each of the commissioners. I represent a group
11 called the Neighborhood Coalition of Greater Phoenix. And
12 we work with neighborhoods throughout Phoenix in each of
13 the eight city council districts, primarily in support of
14 neighborhood preservation.

15 And frankly, unlike the gentleman just before me,
16 I'm not at all sure that I believe in global warming, but
17 I don't think that that is all that necessary to want to
18 be supportive of energy efficiency.

19 Efficiency, whether you are talking about energy
20 or anything else in life, is just something that makes a
21 great deal of sense and something that all of us should
22 pursue and all of us should follow.

23 I read the December testimony about SWEEP. It
24 was very interesting. I think the goal and objective of a
25 20 percent saving by 2020 is -- should be pursued, even if

1 it comes as part of a rate increase, which I would then
2 support.

3 The only thing I would ask -- we talk about
4 goals, and goals, and goals. Goals are great. I hope
5 there is some definitive way to measure the accomplishment
6 against those goals and a reporting out of those
7 accomplishments. That is very important. If you are
8 going to get the public involved in these programs, you
9 will get them to commit to these programs, you will get
10 them to sacrifice with an additional rate increase, they
11 deserve to know we are making process on those goals.

12 Thank you very much.

13 CHMN. MAYES: Mr. Barnes, I couldn't agree with
14 you more. I have been thinking about this for a while. I
15 have been on the Commission for, I guess, almost six years
16 now -- I can't believe that. But, you know, we have
17 reporting. We have a reporting process for each utility
18 and each utility's energy-efficiency programs, but it
19 seems to me it's a very clumsy reporting process and very
20 hard for the public to get access to because it's a
21 twice-a-year reporting process for each utility, and it's
22 not put together in one overarching report.

23 I think that one thing that this Commission ought
24 to look at is either requiring that the utilities come
25 together and produce a report or this Commissioner itself

1 should produce a report and each year provide to the
2 public a quantification of all of the achievements of our
3 energy efficiency -- of their energy-efficiency programs,
4 including the environmental achievement, as well as the
5 economic achievements and related energy efficiency.

6 Because there are, you know, hundreds of millions
7 of pounds of carbon dioxide that is prevented by these
8 programs, hundred of millions of gallons of water that
9 don't get used at each of the utilities as a result of
10 the programs that the people like you are supporting, but
11 that is not arrogated. I think it is something we should
12 look at.

13 MR. BARNES: It would be wonderful and have the
14 effect of getting the public to want to do even more,
15 which would be good thing. Thank you very much.

16 CHMN. MAYES: I think if people had any idea how
17 much pollution we are preventing and how many gallons of
18 water we are saving through our current energy-efficiency
19 programs, there would be real support in the community for
20 expanding these efforts.

21 Commissioner Newman.

22 COM. NEWMAN: First of all, I want to thank you
23 for coming up. You are a particularly good witness
24 because, first of all, you have a tie on and people think
25 you are an intervenor, and also because your view of not

1 being sure about climate change, it just shows how the
2 idea of energy efficiency, whether you believe in climate
3 change, which many people do and some people don't, but
4 that it's -- that energy efficiency is a win-win no matter
5 who you are along the political spectrum. So I really
6 thank you for that.

7 I wanted to address something that you mentioned
8 with the question to the Chair, because several of the
9 speakers have come up in favor of a goal that SWEEP is
10 proposing and we are thinking about, of 20 percent by
11 2020. And we are also here about the APS rate case. And
12 there are rulemaking functions that we have to go through
13 and get approved, I believe, by the attorney general's
14 office if we are going to go in that direction.

15 So my question for the Chair is, even though a
16 lot of people are giving very good public comment about
17 that rule, I think we should tell them that that would
18 have to go through a rulemaking process and may or may not
19 be involved in this case. And I guess I'm asking that
20 question as a new commissioner.

21 We couldn't -- could we -- in the rate case can
22 we ask APS about participating in energy-efficiency
23 programs? Can we make them commit to it before
24 rulemaking?

25 CHMN. MAYES: And let me just say off the top of

1 my head, I don't believe that I can respond to that
2 question --

3 COM. NEWMAN: Okay.

4 CHMN. MAYES: -- because we can't discuss the
5 specifics of cases.

6 Before you got here, though, Commissioner Newman,
7 I laid out my view that energy-efficiency issues, like the
8 ones that have been raised by the folks, the public
9 commenters, can be -- can, and I think should be,
10 addressed in the rate case and it can be also addressed in
11 the rulemaking.

12 So I made that comment before you arrived.

13 COM. NEWMAN: That was the reason why I asked the
14 question. I didn't hear. I'm sorry.

15 CHMN. MAYES: That's okay.

16 Thank you very much for being here.

17 Tevesa Brice and then Jake Horowitz.

18 MS. BRICE: Thank you, Madam Chair, members of
19 the Commission. My name is Tevesa Brice. I'm with the
20 Local Initiative Support Corporation.

21 CHMN. MAYES: Is it Tevesa?

22 MS. BRICE: Tevesa. As long as you can roll your
23 Rs.

24 CHMN. MAYES: Thank you.

25 MS. BRICE: LISC is a national intermediary,

1 which means we provide technical assistance, funding, and
2 support for local nonprofits and residents in
3 neighborhoods across Phoenix.

4 LISC Phoenix has been in Phoenix since 1992, and
5 our mission is to help neighbors build sustainable
6 communities. The residents and the nonprofits that we
7 work with are in primarily low- and moderate-income
8 neighborhoods. And these neighborhoods are the areas that
9 APS serves.

10 I'm looking at downtown Phoenix, the Garfield
11 neighborhood, the Sunnyslope neighborhood. These are all
12 neighborhoods that LISC has invested in funding and has
13 also be supporting nonprofits doing revitalization work on
14 these neighborhood.

15 I appreciated the comments of Chairman Mayes, who
16 indicated that the economy affects all of us. But
17 especially in lower-income neighborhoods, they are
18 suffering from more than just one issue. Certainly
19 foreclosures are high in these neighborhoods. This is
20 older-housing stock, which doesn't begin to meet current
21 modern energy-efficiency standards.

22 LISC would support a slight increase in utility
23 rates conditioned on the fact that this additional revenue
24 would go to support energy-efficiency programs. It is
25 critical that residents of these low-income areas have the

1 information and the skills, the tools that they need to
2 increase energy efficiency in their homes.

3 We believe that the increased rates would be more
4 than offset by the fact that the energy usage would go
5 down as a result of effective energy-efficiency programs.

6 We do support the energy-efficiency goals of
7 20 percent by 2020, which has been stated earlier. But we
8 believe that, as the earlier speaker indicated, that these
9 need to have clear measurable benchmarks that are similar
10 to other things that we have in place so we can see the
11 progress on these energy-efficiency programs.

12 Again, we feel that on behalf of the low- and
13 moderate-income residents of the community, it's
14 especially important to make sure that energy-efficiency
15 programs are accessible and available through education
16 and other tools.

17 Thank you for your time.

18 CHMN. MAYES: Thank you.

19 Commissioner Newman.

20 COM. NEWMAN: I just have a short question.

21 You have been in town since '92. With regards to
22 the federal dollars, everyone is trying to figure out how
23 this stimulus will impact the Commission and impact the
24 governor's office and impact the utilities.

25 And with regard to your company, I mean, it's

1 your goal to do this. There is going to be a lot of
2 weatherization money coming to Arizona, and most of it
3 will probably be matriculated through the governor's
4 energy office in the current model.

5 I had suggested a couple weeks ago that perhaps
6 the Commission have some of that money so we can help
7 maybe keep some of the tariffs down for ratepayers but
8 then still do energy-efficiency projects as well, sort of
9 getting a bigger bang for the buck.

10 But I'm just curious how your agency and
11 similar-situated agencies fit into the model and how you
12 can take advantage of the new stimulus money.

13 MS. BRICE: Thank you, Commissioner Newman.

14 Actually LISC is very involved in looking at the
15 stimulus money and how to combine various pots of money.
16 Certainly one of the largest allocations is the
17 neighborhood stabilization program, which City of Phoenix
18 is getting approximately \$40 million; \$120 million
19 throughout the state.

20 That money is targeted specifically to foreclosed
21 properties, but what we are hoping to do, and LISC has
22 proposed a pilot project with our partner, the Arizona
23 State University Starter Center for Affordable Homes and
24 Their Families, that we create a template that would allow
25 property owners to increase the energy efficiency of their

1 homes by using a series of steps that would create and
2 generate additional reduced energy costs on those
3 properties.

4 We think that bringing together the various
5 sources of money -- whether it's the housing money, the
6 energy money, whatever funds that are out there -- we need
7 to combine them to expand those. And so we are looking at
8 addressing that issue, not only with the City of Phoenix
9 as they look at the rehab standards, because we think that
10 is real critical, but also the owner-occupied
11 weatherization programs out there so that we can spread
12 this money up as far as possible.

13 LISC's role is helping to bring the nonprofit
14 sector, provide training so these nonprofits can go out
15 and create green jobs and to utilize these funds
16 throughout the community.

17 So we are very involved in taking a look at how
18 this stimulus money can be leveraged, from the private
19 sector, whether it's from Home Depot, whether it's from
20 utilities providing us additional funding to leverage
21 public funds. And as a matter of fact, I have a 1:00
22 appointment with Charlie Golman, so I will make sure that
23 we discuss that in that meeting as well.

24 COM. NEWMAN: Thank you.

25 CHMN. MAYES: Before you go, can you tell me

1 again what LISC stands for?

2 MS. BRICE: Local Initiative Support Corporation.

3 CHMN. MAYES: Okay. Thank you.

4 And then Jake Horowitz. After Jake is
5 Tiffany Sprague.

6 MR. HOROWITZ: Thank you so much, Commissioners,
7 for the opportunity to come here this morning and speak.

8 Again, my name is Jake Horowitz. I am an APS
9 customer. I am here today to say that I would like to see
10 more energy-efficient measures taken by APS and the ACC.
11 First and foremost, by utilizing energy-efficiency
12 measures we help to protect our environment, whether this
13 be just retrofitting homes or weatherization process or
14 just better light bulbs, more efficient light bulbs.

15 Like was said before, with Arizona being the
16 second-fastest growing state in the country, we need to do
17 more and more to conserve our energy, which will thus help
18 protect our national environment.

19 Now, secondly, these measures ultimately save
20 people money. I'm not opposed to a rate increase. In the
21 long run what this does is gives us, A, more
22 energy-efficient measures, but, B, lower its overall
23 energy bills, not to mention energy efficiency creates
24 jobs and it helps to stimulate the economy.

25 So this is a multidimensional process that not

1 only helps protect our environment, but it helps in this
2 economic time to stimulate our economy and creates more
3 jobs.

4 Thank you.

5 CHMN. MAYES: Thank you very much.

6 Tiffany Sprague. And then after Tiffany,
7 Linda Brown.

8 MS. SPRAGUE: Thank you, Madam Chairperson,
9 members of the Commission. My name is Tiffany Sprague. I
10 am an APS customer, and I support increasing efficiency as
11 part of this rate case.

12 This past December my husband and I bought our
13 very first house, which is quite exciting, but as you
14 likely know it's very daunting and it's a significant
15 financial investment.

16 As we were moving in, we went out to purchase our
17 very first washer and dryer as well. We knew that we
18 wanted an energy-efficient unit, and we were willing to
19 pay a little bit more for that, but we didn't know just
20 how much more we were going to pay for it.

21 Every store that we went to, though, we were
22 told, "Don't worry. SRP offers this wonderful rebate.
23 You won't be paying that much." And we were pretty sure
24 that APS offers that rebate too.

25 But when he checked the APS web site we were very

1 disappointed to find out they don't. They do not offer
2 any rebates for energy-efficient washer or other efficient
3 appliances, which we can no longer afford at this time.

4 I'm very supportive of raising the energy
5 efficiency because it is going to save customers money.
6 My husband and I were committed to buying these units, and
7 we did so. But that dug deeply into our savings, and we
8 have not been able to make many of the other efficiency
9 improvements that we would have wanted to.

10 My concern, however, is for the people who don't
11 have the means to start up these improvements. We need to
12 find a way to move them past that up-front cost;
13 especially with today's economic situation, people are
14 looking at that price tag. They are looking at the
15 up-front cost, and they are not looking at the long-term
16 savings.

17 So we need to find a way to move them past that
18 up-front cost into the long-term savings. It will save
19 customers money, and it will save all of us money and also
20 resources. Fewer power plants will be built. Fewer
21 resources will be used, and less pollution will be
22 availed.

23 So I am willing to pay a higher rate in order to
24 make this change for the future. I support increasing
25 efficiency 20 percent by 2020.

1 CHMN. MAYES: Thank you for being here. Your
2 comments are very well taken.

3 Let me ask you a question. There is one proposal
4 that I have seen that I'm intrigued by, and I think it
5 ought to be addressed in this rate case, which is
6 on-the-bill financing for energy-efficiency programs. And
7 I want to ask you if this would be something that you
8 would be interested in.

9 And the way it works, as I understand it, is that
10 consumers, customers of APS would be able to get an
11 energy-efficient appliance or have their house weatherized
12 or install some other sort of energy-efficiency measure
13 and then finance that by taking -- by taking the savings
14 that you achieve through that measure on your bill and
15 paying for it that way.

16 In other words, the measure is paid for by the
17 customer by the savings that are generated on the bill.
18 And in that way consumers -- and it sort of pays itself
19 off over time, and then after that time period you have
20 sort of a free savings.

21 What are your thoughts about that?

22 MS. SPRAGUE: Personally I think that sounds like
23 a fantastic program. Of course, I'd have to talk with my
24 husband before getting involved with anything like that.
25 But I think it sounds great.

1 CHMN. MAYES: And I think it's an intriguing
2 idea, and it may be one way that we can increase the
3 amount of participation in our programs, not only by
4 residential consumers, but also small businesses that have
5 trouble coming up with the up-front cash associated with
6 some large-scale energy-efficiency measures.

7 And then the last thing, and then I will turn it
8 over to Commissioner Newman, it's my understanding that
9 APS did have an appliance program a few years back. It
10 proved not to be economically effective. If I am not
11 mistaken, we eliminated the program because it didn't pass
12 our societal test measurement, which is the measurement
13 that we apply to all energy-efficiency programs.

14 But I do think it's something that is worth going
15 back and looking at it again to see if some of the new
16 energy-efficiency appliances would pass the societal cost
17 test. Because we want to make sure that the measures we
18 are spending money on are actually cost effective for our
19 consumers and for the utilities and for ratepayers
20 primarily.

21 Commissioner Newman.

22 COM. NEWMAN: That was a good sector to what I
23 was going to talk about, which is, I have been -- I
24 haven't seen them all, but I have been told that there is
25 real improvement in the air-conditioning systems using

1 national gas, using different sorts of things and that you
2 could really get energy efficiency savings, literally,
3 that can be used for saving up to do solar water heater
4 and then it really could be important.

5 So I didn't know that there was a prior program.
6 That was beyond my knowledge until this morning. But I do
7 think that some of these air-conditioning units -- I
8 mentioned the energy-efficiency workshop that we had last
9 week -- and I like some of the work groups that we have
10 working on this to looking at that particularly. Because
11 I think that would be a real boom when the temperatures go
12 up to 120 this summer.

13 MS. SPRAGUE: I wish we could afford a new
14 energy-efficient air conditioner. It's out of our cost
15 range at this point.

16 COM. NEWMAN: Thank you.

17 CHMN. MAYES: Thank you for being here.

18 Linda Brown, and then after Linda Brown,
19 Sandy Bahr.

20 MS. BROWN: Thank you, Madam Chairman and members
21 of the Commission, for the opportunity to speak.

22 My name is Linda Brown, and I'm here today
23 representing the Arizona Advocacy Network. We work for
24 social, economic, racial, and environmental justice by
25 educating the public and giving voice to those that are

1 frequently left out of public policy matters that directly
2 affect our lives.

3 We have worked, in particular, to increase LIHEAP
4 funding for cooling. Energy efficiency makes a lot more
5 sense.

6 I am also an APS customer, by the way.

7 We are very grateful that this thoughtful body
8 has jurisdiction over this important and timely issue
9 because it directly affects the lives of so many
10 Arizonans, most of whom are at work today, and unlike
11 those of us in this room, could not take time out of their
12 workday to be here.

13 So frequently I would hear complaints about the
14 cost of taking actions such as this one. It's too costly
15 for the utility company; it will be too costly for the
16 companies. In this case the cost of not taking action
17 must be considered. If we don't take every action
18 available to us now to reduce our dependence on dirt and
19 sources of energy, we will ensure far more cases of
20 respiratory illness, far more no-breathe days, and decline
21 the quality of life that will result in loss of potential
22 business and as they choose to locate elsewhere.

23 On a personal note, I had the good fortune to
24 travel to Mexico City and to some Eastern European cities,
25 and they are experiencing displeasure of breathing in air

1 like we often have in Phoenix. Air should not be
2 chewable. One should not feel the need to cleanse one's
3 pallet after inhaling. Imagine where we would be today if
4 we had taken these actions, your predecessors had taken
5 these actions 10 or 20 years ago.

6 The benefits of taking this action are abundant.
7 The increased efficiency standard will save us money
8 because no other resource is as economical as energy
9 efficiency. It makes sense that folks will be glad to pay
10 an increase in our utility rates to prevent further
11 jeopardy to the health of our children and vulnerable
12 Arizonans.

13 And the likelihood is that our bills will go down
14 if we implement greater efficiency standards. Revenues
15 could be used to help businesses and households increase
16 the energy efficiency of their homes through incentive
17 campaigns coupled with education campaigns. But like some
18 of us remember from the 1970's energy crisis, it can spur
19 a lot of low-cost energy saving actions.

20 On another personal note, when I bought my 1957
21 Central Phoenix home, I discovered that it is not uncommon
22 for homes here to have been constructed without any
23 insulation whatsoever. These houses, like mine, have
24 fantastic radiant heat in the summertime.

25 I was fortunate to be able to educate myself

1 because I have several friends who are architects, and I
2 learned that simply painting my house white would be the
3 cheapest and quickest way to reduce consumption. I don't
4 like how it looks, and I had to borrow money to do it, but
5 the difference was truly amazing. We no longer have to
6 move our beds away from the wall in the summertime.

7 Imagine if we could educate all of our customers,
8 all Arizonans on these simple actions.

9 And, by the way, I did have to borrow money to
10 paint the house. I think that we need to provide
11 incentives so that people can afford --
12 lower/moderate-income people can afford these actions.

13 We can do this, just as we are moving along
14 towards our renewable standards. You can set clear
15 measurable benchmarks as you have done in that program.
16 The Arizona Advocacy Network strongly supports increasing
17 the energy-efficiency standard to at least 20 percent by
18 2020. It is the most economical, cleanest, and fastest
19 way to meet Arizona's growing energy needs.

20 Thank you very much.

21 CHMN. MAYES: Thank you for being here.

22 Sandy Bahr and then Donald Gene Begalke.

23 MS. BAHR: Thank you, Madam Chair,
24 Commissioner Newman, Commissioner Kennedy.

25 My name is Sandy Bahr, and I'm the chapter

1 director for the Sierra Club's Grand Canyon Chapter.

2 I very much appreciate you having this public
3 meeting today for us to express our concerns, ideas and
4 support for various ideas related to the APS rate case.

5 I will say I'm also an APS customer. I have been
6 an APS customer for about 10 years, and actually was an
7 SRP customer for 13 years prior to that. And the Sierra
8 Club also has thousands of members that are APS customers.
9 So we have a significant interest in this.

10 I did note that -- I marked support of the rate
11 increase on the card, but it's really very specific to
12 energy efficiency, and so I just wanted to make sure that
13 was very clear.

14 We are strongly encouraging the Commission to
15 require APS to invest more heavily in energy-efficiency
16 programs. It always makes sense to invest in efficiency.

17 I think Mr. Barnes referred to how efficiency in
18 all areas makes sense. But I think it especially makes
19 sense in tough economic times, which we have been talking
20 a lot about. Because, as you have noted, energy
21 efficiency is the cheapest energy resource for as little
22 as 2 to 3 cents per kilowatt hour saved. And that is much
23 lower than any rates we are paying and certainly lower
24 than the generation from conventional resources.

25 We do support this process as well as in the open

1 docket on energy efficiency and you looking at increasing
2 energy efficiency by 20 percent by 2020. We think that
3 that should be the minimum, the basement, if you will, and
4 not the ultimate.

5 Obviously, reducing energy saves us money. It
6 saves water. We haven't talked much about that, but
7 obviously we use a lot of water in Arizona to produce
8 energy. And even in your home, if you are more efficient
9 with -- well, if you are more efficient with water, you
10 could also save energy.

11 It helps reduce pollution from power plants
12 because we are consuming less.

13 And something that has been mentioned -- I
14 disagree with Mr. Barnes on this. I do believe global
15 warming is real, and that we need to act aggressively.
16 And energy-efficiency programs help us to reduce
17 greenhouse gas emission.

18 And I wanted to encourage the Commissioners to
19 look at the Climate Change Advisory Group's recommendation
20 that went to Governor Napolitano several years ago --
21 about three years ago, I guess. And in that you will see
22 there are a number of recommendations, including energy
23 efficiency. And a lot of the reductions will come from
24 efficiency measures. And if you look at the cost
25 effectiveness, they are the best ones. So I really think

1 it make sense on so many levels.

2 I did want to note that we are supportive of
3 holding low-income ratepayers harmless in this rate
4 increase because we know that that is -- again, it's a
5 very, very tough time, and I think that would be an
6 appropriate thing to do as part of this as well.

7 Some of the things -- the other people have
8 mentioned a lot of things, so I won't repeat it. And we
9 are going to provide more detailed written comments.

10 But education programs, obviously, are critical.
11 Looking at APS's current residential new construction
12 program and nonresidential new construction programs, and
13 looking at doing things, like providing support for the
14 zero net energy homes and zero net energy businesses where
15 you combined efficiency measures with renewable. We think
16 there could be a lot to be gained there.

17 The on-the-bill repayment program, that makes
18 total sense. That will help schools and certainly help
19 small business. Again, a lot of time it's those up-front
20 capital investments that are the problem.

21 I wanted to mention the heat island effect and
22 encouraging APS to invest in programs to help mitigate
23 heat island effect in places like Phoenix. Shade tree
24 programs, cool pavements, cool roofs, those are things
25 that cannot only make us more efficient but can make it

1 more pleasant to live in places like Phoenix. And I think
2 it's an overall quality of life issue.

3 I personally -- on a personal note, I want to say
4 I would be willing to pay \$3 to \$5 more a month on my bill
5 for energy-efficiency programs. I am paying gladly,
6 willingly, happily for the renewable energy standard
7 provisions and would be happy to pay for this as well.

8 And I just want -- one other personal note I
9 wanted to mention, I did a few years ago, my husband and
10 I, invested in a new air-conditioning unit. And because
11 we felt like it was important to go for as efficient as
12 possible, we did. It was at some hardship, and it meant
13 that we couldn't do a lot of other things for a while.

14 But I will tell you that it cut our electric bill
15 in half for July. I mean, it was immediately the next
16 year. And so just one thing like that -- and it was right
17 before APS had the AC programs available. So those kind
18 of programs can make a difference. And informing,
19 educating people about experiences like mine, I think if
20 in July you can see your electric bill cut in half when
21 those are the highest bills, it makes a real difference.

22 On a final note, I just want to say that I think
23 the report that the Chairman or Chairwoman mentioned is a
24 great idea. A report that tells the people of Arizona
25 what you are doing, how it's affecting us economically,

1 what it's doing as far as reducing emission and water
2 usage, and other benefits, I think that would be a really,
3 really great idea, and we're supportive of that and other
4 accountability measures.

5 Thank you.

6 CHMN. MAYES: Thank you, Mr. Bahr. I have a
7 couple comments, and then I want to ask you a question
8 about something I have been thinking about.

9 First, the zero net energy homes, that is
10 something we have been working on for about a year now.
11 In three cases I offered an amendment, which passed,
12 mandating that the utilities -- APS, TEP and UniSource
13 Electric -- begin developing the zero energy homes. So
14 those programs are being developed at the utilities as we
15 speak and will come to the Commissioner for our approval
16 probably sometime this year. I totally agree with you on
17 that. It's a good idea. And that goes to new
18 construction -- new construction.

19 On-the-bill repayment programs, you mentioned
20 small businesses, and I agree that that makes sense for
21 small businesses.

22 Had you given any thought to whether residential
23 customers could make use of that for big-ticket items?

24 MS. BAHR: Absolutely. Madam Chair, we are very
25 supportive of having that available for residential

1 customers. Again, the thing that holds a lot of people
2 back is that up-front capital investment. And obviously,
3 you would have to establish standards like we do for
4 everything to make sure that that is being invested in in
5 an effective manner. But I think a lot of people would do
6 it. And if you can pay for it with your savings, it
7 drives home, you know, I'm using less energy; I'm saving
8 money and paying for something that is really -- and then
9 once it's paid for, you know, that is a reduction in your
10 bills overall.

11 CHMN. MAYES: And, yeah, I think that -- I would
12 agree with you on that point.

13 You know, one of the things that I worry about is
14 that with these programs we are not hitting enough people,
15 we are not reaching out to enough people and making them
16 available to enough people. And it's my view that APS and
17 every other utility in Arizona should be reaching out to
18 every single one of their customers and offering them the
19 opportunity to participate in the energy-efficiency
20 program.

21 I mean, we should be reaching out and touching
22 every person, every utility customer in the state of
23 Arizona, and saying, hey, would you like CFL light bulbs?
24 Would you like weatherization on your home? Would you
25 like to participate in a rebate program for appliances?

1 And Southern California Edison in California,
2 which I have had, you know, issues with in the past, but I
3 have to say that they do a really good job -- I know you
4 have too -- they do a really good job with their energy
5 outreach efforts. In fact, they have a direct install
6 program where they literally go and knock on people's
7 doors and they say, would you like us to weatherize your
8 home or would you like us to provide you this
9 energy-efficiency program?

10 What are your thoughts on that? I mean, you
11 mentioned that you would be willing to pay more. I
12 suspect that there are a lot of people that would be
13 willing to support these programs, but I also suspect
14 there would be a great deal more support for these
15 programs if everybody knew they had access to them and if
16 everybody was given direct access to them.

17 MS. BAHR: Absolutely, Madam Chair. It has to go
18 beyond the little newsletter in the electric bill. I'm
19 one of those geeky people that does read that, but I don't
20 know how many people put it right in the recycling.

21 But, yeah, the more -- and also, I think it would
22 be helpful if it was explained exactly how it benefits
23 them. Because sometimes it's not immediately clear to
24 people.

25 Personally I think the best way to inform people

1 is to give them examples of what other people have done.
2 And, you know, APS could do that too. They could gather
3 information from their customers, sort of like case
4 studies or just good examples, and in the process go out.

5 And I think the knocking on people's doors is a
6 great idea because you have that personal interaction and
7 an opportunity to answer their questions right away.

8 And, you know, from APS's perspective it would
9 probably help their image. You know, because people -- I
10 mean, just to be very frank, you know, not everyone thinks
11 of the utility as being friendly. But if they are
12 knocking on your door and offering you a significant
13 benefit, I think it helps them.

14 CHMN. MAYES: Thank you. I appreciate it.
15 Commissioner Newman.

16 COM. NEWMAN: Yeah, Madam Chair. On CEA, I had a
17 chance to talk with one of the new leaders of CEA a couple
18 times actually. But in private conversations with him he
19 actually told me that decoupling -- speaking of another
20 term -- that one of the reasons why CEA is so active in
21 that industry is because of Arizona's decoupled
22 environment; it gives them more incentives to go out and
23 do business because their business structure is not
24 aligned with profit.

25 That is what he told me personally, which I think

1 is interesting. We will have a discussion about
2 decoupling in our engineer efficiency workshop.

3 I wanted to take you up on the low-income portion
4 of what you said, because I probably will be looking at
5 some sort of amendment on that. I'm trying to keep
6 low-income consumers held harmless.

7 Any suggestions for that or would you like to
8 work with my office on that?

9 Is low-income defined by any age, senior
10 communities, you know, or all communities?

11 MS. BAHR: Madam Chair, Commissioner Newman,
12 yeah, we would be happy to work with you. But I would say
13 that better than the Sierra Club working with you on that,
14 there are the low-income advocates who are the experts
15 that could help you come up.

16 COM. NEWMAN: Some of them are in the room.

17 MS. BAHR: Exactly. Exactly. And they are
18 probably the best people to work with you on that.

19 COM. NEWMAN: And then also, on the low-income
20 again, I'm really concerned that even if we have some of
21 these new programs, that it won't be hitting low-income
22 communities. Partly education, partly the -- you know how
23 tough life is out there, it just doesn't rise to the level
24 of doing something about it, even though it would be a
25 huge benefit. There would probably be more food on

1 people's tables if we figured out some way to work with
2 the low-income community.

3 And I know we have had some people come and talk
4 about that today, but it might be a good idea just to have
5 APS -- and I imagine I will be asking questions about this
6 as the hearing continues -- but to have them do some
7 specially low-income outreach to try to get, and even
8 maybe even special subsidies, to try to get truly, truly
9 low-income people who may not even have the initial
10 startup money to do anything, be involved in that project.

11 MS. BAHR: Commissioner Newman, I think maybe
12 some of the first doors they should knock on are some of
13 the low-income residents and our customers.

14 And I think there may be also some opportunities
15 to take advantage of what some of the organizations are
16 doing, such as LISC, and as Tevesa noted, combining
17 resources. And it seems like APS would be really
18 interested in doing that, theirs with the economic
19 stimulus dollars, and whatever else is out there, to reach
20 the low-income people that might not otherwise be reached,
21 because obviously, proportionately, they are the hardest
22 hit, percentage of income, those utility bills, you know,
23 hitting them the hardest.

24 COM. NEWMAN: Thank you.

25 CHMN. MAYES: Thank you.

1 Donald Gene Begalke and then Walter Sainsburg.

2 MR. BEGALKE: Good morning, Commissioners. My
3 name is Donald Begalke. I reside in Central Phoenix, and
4 I'm an APS customer. And I'm also one of those people
5 that is called intervenor.

6 As some may know, Devers-Palo Verde 1 in 1978 and
7 Devers-Palo Verde 2 in 2006 and 2007, and I was a public
8 commenter on the APS application in favor of Solano Solar
9 Energy Project.

10 CHMN. MAYES: Mr. Begalke, you are not an
11 intervenor in this case; correct?

12 MR. BEGALKE: Oh, no. I'm not an intervenor.
13 I'm not even an interloper.

14 CHMN. MAYES: Never.

15 MR. BEGALKE: My presentation is sort of
16 multifaceted, but I don't want to repeat a lot of good
17 presentations that have already been made.

18 As a businessman in San Diego, California, I was
19 a manager of the San Diego Graphic Arts Supply Company.
20 Not only were we concerned with our energy bills but our
21 customers were. And especially since we sold manufactured
22 products from across the United States and our customers
23 wanted to know, is this going to take up more energy to
24 use those products.

25 When I came to Arizona in 1976, I became an

1 orchardist. I know the advantage of using new technology
2 to help save costs. My brother -- oldest brother also was
3 there, and we installed drip irrigation systems. And you
4 would be surprised how much water we saved in doing that
5 rather than to do flooding irrigation.

6 So a similar pattern can occur with technologies
7 regarding energy. And I think that here in Arizona you
8 also have to consider that there are many Arizona
9 businessmen who need to improve on their energy
10 efficiencies for the operation of their businesses, and it
11 would be a savings to them.

12 In my neighborhood, general area of the city,
13 there are two Fry's stores, and sometimes I don't think
14 Fry's at times worries about their energy costs that much
15 because even in the heat of the summer they have open
16 doors all the time. Their air-conditioning units must be
17 just awful.

18 Well, I don't want to linger on that, but there
19 are other businesses that with the increase in rates to
20 help APS help the businesses, as well as the residents,
21 would be great.

22 I'm a resident in Central Phoenix now. I'm a
23 retiree of eight years, and I watch my bills. And just
24 changing to the CFL light bulbs, I was surprised how good
25 a savings I was accumulating as far back as 2005. And so

1 I am ahead of the game. But the few other things I have
2 done have been beneficial. So to educate the public, the
3 families, that is great too.

4 But we also have to educate some people in a
5 government, like city government, because some of their
6 buildings are not so great, and maybe they need to be
7 improved energywise. I don't know whether they will be
8 included in the presentations by APS, but I just want to
9 make a mention of that.

10 And I thank the Commission for holding this
11 public comment presentation today. I thank the previous
12 commissioners, the set of commissioners that passed the
13 renewable energy standard and any other commissions who
14 approved standards here in Arizona. Because if we do not
15 improve together, we will lag behind or maybe falter
16 somewhere together.

17 Thank you very much.

18 CHMN. MAYES: Thank you, Mr. Begalke. Good to
19 see you again.

20 MR. BEGALKE: Thank you. You too.

21 CHMN. MAYES: Walter Sainsbury.

22 MR. SAINSBURY: Good morning. And I just want to
23 say thank you to Chairperson Mayes and Commissioners for
24 having me. I am very interested to have an opportunity to
25 talk with you all about this.

1 So my name is Walter Sainsbury, and I'm the
2 program associate for Environment Arizona.

3 Environment Arizona is a nonprofit environmental
4 advocacy group committed to bringing energy efficiency and
5 clean renewable energy to Arizona.

6 Energy efficiency will not only help to reduce
7 our pollution level but can also return savings for
8 ratepayers and create jobs that are needed all across this
9 state. So I'm here to convey Environment Arizona's
10 support for increasing energy-efficiency requirements to
11 at least 20 percent by 2020 as part of both the APS rate
12 case and the general hearings on energy efficiency.

13 And I believe that it is appropriate for this
14 Commission to do this requirement as it is beneficial to
15 consumers and businesses.

16 So energy efficiency will help to save both
17 businesses and consumers money as it reduces their energy
18 consumption. In fact, the Federal weatherization program
19 returns \$1.50 for every \$1 invested in energy efficiency.

20 And in addition, by using less energy, Arizona
21 will also save water that is currently used to produce
22 coal fire energy. These are benefits that every APS rate
23 user -- I'm sorry -- every APS user in Arizona.

24 Increasing energy efficiency is also an
25 opportunity to tackle pollution on a local level. By

1 reducing the amount of energy ratepayers use, we can also
2 reduce the amount of particulates released by such energy
3 sources as coal. The American Lung Association has
4 actually identified Arizona as having one of the highest
5 rates of asthma in the country. Approximately 548,000
6 Arizonans suffer from asthma. So we definitely owe it to
7 future generations to make Arizona a cleaner and healthier
8 place to live.

9 And I urge the Commission to do its part for
10 energy efficiency in this state.

11 CHMN. MAYES: Thank you.

12 COM. NEWMAN: Madam Chair.

13 CHMN. MAYES: Commissioner Newman.

14 COM. NEWMAN: I just wanted to say, those are
15 very good remarks and well written. If you don't mind --
16 I know we are taking a transcript, but if you don't mind
17 making a copy and having it available for my office, I
18 would like that.

19 MR. SAINSBURG: Definitely. I can do that,
20 Commissioner Newman.

21 COM. NEWMAN: Thank you.

22 CHMN. MAYES: Dean Kure and then after Dean,
23 Diane Brown.

24 MR. KURE: Hello. Thank you for having my voice
25 heard.

1 My name is Dean Kure, and I'm a relatively new
2 resident to Arizona. I have been here for some time now,
3 and I think this is pertinent to me, energy efficiency.

4 I know we have kind of talked about quite of the
5 few things I wanted to talk about, but I felt like
6 personally I had to get out there again to talk about it,
7 how I feel about it.

8 There are three things that kind of, I think, are
9 critical to the issue of energy efficiency in Arizona.
10 The first is our consumption of water and how it
11 correlates to our consumption of water with energy
12 consumption. And then in turn, on that correlation, the
13 quality of water we have here in the Valley and across the
14 state of Arizona. So that is one of my big concerns
15 coming from a place that had a higher quality of water, I
16 think.

17 The next thing, obviously, we talk about the
18 economy right now being a big problem. The fact that -- I
19 know that by us investing in energy efficiency we can
20 learn about rates, which is good for my pocket, obviously.
21 And obviously with the economic times, it's a good thing
22 for everybody across the state.

23 And the last thing is our air pollution levels
24 here. I had childhood asthma growing up in the Los Angeles
25 Valley, and it went away when I moved away from there,

1 because of all the air pollution; it wasn't present
2 anymore. Now that I'm back in the Valley, it's similar.
3 It's reoccurring again now, which is a problem for my
4 quality of life as well as just my health in general.

5 So I know that investing in energy efficiency,
6 not only will it help my quality of life better and the
7 quality of life for other Arizonans by reducing air
8 pollution and having safe and good water.

9 Thank you very much.

10 CHMN. MAYES: Thank you very much.

11 Diane Brown. And after Diane, Malissa Buzan.

12 And that is all the speaker slips that I have of folks who
13 want to speak.

14 So if you want to speak, if you could fill out a
15 slip for me and then come forward after Malissa.

16 And now Diane Brown.

17 MS. BROWN: Thank you, Chairperson Mayes and
18 Commissioners. My name is Diane Brown, and I'm the
19 executive director of the Arizona PIRG Education Fund.

20 The Arizona PIRG Education Fund conducts research
21 in educational and public interest issues.

22 I'm here today on behalf of our organization and
23 particularly our members that are APS customers. I want
24 to thank you for the opportunity to speak and encourage
25 you, as the chorus behind me has done, to increase the

1 effective efficiency program requirements as part of the
2 APS rate case.

3 The Arizona PIRG Education Fund has three main
4 principles for the electric system: one, access to safe,
5 reliable affordable electricity service. As you consider
6 the APS rate case, we encourage you to keep in mind that
7 the goal of electricity regulation should be to provide
8 adequate, reliable to consumers at the lowest cost,
9 including external costs, such as public health, economic,
10 and socially impact.

11 Two, balance the long-term and short-term needs
12 of consumers as well as the interest of various classes of
13 consumers. We believe that electricity rates should be
14 designed to promote economically-efficient and
15 socially-responsible outcomes, including energy
16 efficiency, rate stability, and the protection of
17 low-income consumers.

18 Three, consumers should be assured that the
19 public's interest guides all decisions with regard to the
20 electric system. Marketed regulatory barriers that deter
21 the use of energy efficiency should be removed. System
22 planning must take place in public, including ample
23 opportunities for broad public participation in decision
24 making and insure that the view of small consumers are
25 adequately represented in the process.

1 We appreciate the Commission for holding this
2 hearing today and encourage you to continue the
3 transparent and accountable process in this and in other
4 cases.

5 As many folks have already said, increasing
6 energy efficiency to at least 20 percent by 2020 tops the
7 list of achieving the involved principles. Energy
8 efficiency is the quickest, cheapest, and cleanest way for
9 APS to meet growing energy needs in its territory and will
10 help jump start our economy.

11 Also, many folks have mentioned the economic
12 situation here in Arizona and across the nation. We
13 believe that energy efficiency offers an immediate,
14 proven, and important step consumers and businesses can
15 take to save money, stimulate the economy, and reduce
16 overall energy prices.

17 The Arizona PIRG Education Fund also recognizes
18 that APS may raise rates to support an increase of
19 energy-efficiency programs; however, we recognize that in
20 doing so, by having effective energy-efficiency programs,
21 consumers and businesses will ultimately save money on
22 their monthly electric bill.

23 Several folks have alluded to other proceedings
24 and other policies that the Commission has set forth. We
25 would encourage you, as part of this process, to mirror

1 the Commission successful renewal energy standard and
2 include aspects such as yearly ramp-ups, benchmarks, and
3 evaluation to ensure, again, that energy efficiency is a
4 good, sound investment for APS ratepayers.

5 In addition to the cost-saving benefit, air
6 quality and public health benefits are also created
7 through energy efficiency. We have all seen the brown
8 cloud hanging too often over Phoenix. We anticipate
9 continued population growth in our state, which will
10 generate additional energy and water demands.

11 Folks have talked about high asthma and other
12 respiratory illness that would be contributed in part to
13 current nonrenewable energy resources; therefore, energy
14 efficiency is a clean and healthy way for APS ratepayers
15 to be able to benefit and to see some of these policies
16 take place.

17 Again, thank you for the opportunity to provide
18 comment on this. We encourage you to help make sure that
19 APS, if they are going to raise rates, does so in a way
20 that helps to benefit consumers through ratepayers and to
21 do so with energy-efficiency programs.

22 CHMN. MAYES: Thank you.

23 Malissa Buzan from Globe. Good to see you again.

24 MS. BUZAN: Good morning. Thank you, Chairman

25 Mayes and Commissioners.

1 My name is Malissa Buzan. I'm from Gila County.
2 I'm the weatherization manager for Gila County. I'm also
3 an APS customer. I represent the low-income customers of
4 Gila County, and I'm a member of the Arizona Community
5 Action Association.

6 I have been running a weatherization program for
7 15 years. I know that weatherization -- firsthand I know
8 that weatherization helps the low income, helps the
9 environment and concretes jobs in our local community.

10 I would just like to ask you to give energy
11 efficiency and weatherization a priority in this rate
12 case. I would also like to ask for the federal poverty
13 level that we use right now for the low income be raised
14 to 200 percent.

15 CHMN. MAYES: Thank you. I think that is
16 something that the multiple commissioners are interested
17 in looking at as part of this and for all future rate
18 cases. I know it's something that the Arizona community
19 action associations are pushing for and that is being
20 advocated at the federal level as well.

21 So I think that the 200 percent federal poverty
22 issue is something we will most likely address in this
23 case, which would bring more people under -- which would
24 make more people eligible for low-income assistance
25 programs like weatherization.

1 And then I just want to ask you, and perhaps I
2 should have asked this of some of the other folks who have
3 advocated that we give energy efficiency a priority in the
4 rate case, can you be more specific about that? Do you
5 mean that any rate increase should be accompanied by the
6 20 percent by 2020 requirement, or do you mean that any
7 rate increase should be reduced by the amount that we
8 would spend on energy efficiency or both?

9 I mean, can you be more specific about how you
10 think this Commission should make it a priority in the
11 rate case?

12 MS. BUZAN: I actually think it should probably
13 be both. I think you need to look at both sides of it in
14 a sense because there are so many other programs besides
15 weatherization in energy efficiency that I cannot speak to
16 with any real knowledge base. I can speak to
17 weatherization and variable income.

18 CHMN. MAYES: And for the record, I was hoping
19 you would describe what you are doing to ramp up Gila
20 County's efforts in preparation for the stimulus money
21 that you are going to be asked to spend on weatherization
22 and energy efficiency. You talked about that last week in
23 our energy-efficiency workshop, but not everybody here was
24 there.

25 It's an interesting issue, which is the degree to

1 which the community action associations and counties are
2 really going to have to ramp up to be able to spend all
3 the money that is now been set aside for weatherization.

4 MS. BUZAN: I do have a proposal and a plan into
5 my director and our board of supervisors for this very
6 thing.

7 Because of the housing crunch -- let me give you
8 just a little background. I have a lot of contractors,
9 general contractors, and HVAC contractors contacting me.
10 And a lot of people want a piece of the pie.

11 I believe or Gila County believes that we need to
12 put as much money on the street and in private hands as
13 possible since this money is coming to us. So we are
14 taking steps, and I have reserved spaces in -- Foundation
15 for Senior Living has a training center here in Phoenix.
16 And I have eight contractors -- and in little Gila County
17 that is a lot -- that are interested in and are booked and
18 scheduled to go there. I will be hiring one additional
19 person, and they will be taught how to do the audits and
20 the blower doors.

21 Right now in Gila County there are no BPI or
22 building performance certified contractors. Because APS
23 has their rebate program, they are not able to access that
24 because it's more than just replacing an energy-efficient
25 appliance; it's replacing it and tightening the duct

1 system and adding that insulation and all of those things.

2 What I will be doing is putting the money out on
3 the streets. They will doing the blower door audits, and
4 I will be doing quality control. I will go into so many
5 houses and do quality control to make sure it's being done
6 properly and the money is being spent well.

7 We do combine APS money with DOE money, that is
8 the stimulus money that will be coming in or the regular
9 money. We get Department of Energy money.

10 Department of Energy money helps with the
11 infrastructure for the weatherization program, so I'm able
12 to keep the trucks on the street, so to speak, in order to
13 use the APS money for the fruit, the low-hanging fruit,
14 just the fruit, all the energy-efficiency things.

15 DOE and the LIHEAP dollars -- we got extra LIHEAP
16 dollars this year -- we keep that as our base so we are
17 able to give the fruit to APS. Southwest Gas, we have a
18 program with them also.

19 So right now we get \$60,000 for all of Gila
20 County. We can go up to 6,000 per unit. That lets you
21 know how many units I can do. Now, I don't go up to 6,000
22 on every one. It's a leverage. It's a combination of
23 lots of different funds so that when I leave that house,
24 it's energy efficient, it's healthy, it's safe. If I need
25 to put a shower in for a senior -- I mean, I try to do

1 everything at once so that home -- that I don't have to go
2 back, that that home stand on its own now.

3 CHMN. MAYES: Thank you.

4 Commissioner Pierce.

5 COM. PIERCE: Hi. I just want to ask a couple
6 questions.

7 What percentage of the population in Gila County
8 is below 200 percent of the poverty level?

9 MS. BUZAN: It depends on the part of Gila
10 County, but we are running at about 13 to 16 percent right
11 now.

12 COM. PIERCE: In total?

13 MS. BUZAN: That is 150. I can't tell you the
14 exact number for 200 percent at this time, but I can get
15 that information to you.

16 COM. PIERCE: Sure. In recent cases -- and there
17 has been cases where I think that -- well, in looking at
18 the various percentages that we are looking at on the
19 poverty level issue, it comes down to the amount. Once
20 you set a revenue that the companies are allowed, whether
21 this case or any case, it's spread out to ratepayers. And
22 if you eliminate some, it's spread out higher to more
23 ratepayers.

24 And when you start adding energy efficiency on
25 top of that, which is more money, it's spread out, not to

1 the ones that are under 200 that you like, but to the
2 other ratepayers.

3 So really what we find is that the middle
4 class -- of course, if you are at 201 percent, you are
5 just under and you get to the enjoy the benefits of the
6 higher rates but you aren't held harmless.

7 So it's always a bit of a gamble as to who you
8 help and who you hurt when you do this. Because if you
9 make someone else's artificially higher while you're
10 making someone else's efficiently lower; there never seems
11 to be a good cutoff.

12 MS. BUZAN: Well, my comment to that would be
13 that with the stimulus dollars are coming into Gila
14 County -- and I can speak to my county -- and the middle
15 income that are 201 percent of the federal poverty level,
16 they will have rebates and certified contractors now that
17 were never available to them before.

18 When certified contractors -- energy-efficient
19 contractors come in, part of the package is saving them
20 money if they can even afford -- or if they can afford to
21 replace an appliance or upgrade their AC unit, what will
22 help now is that their duct system is also sealed. It's
23 just part of the whole package that they will save money,
24 and they will see a savings on a monthly -- on their bill.

25 COM. PIERCE: And I agree to the extent that

1 stimulus --

2 MS. BUZAN: I know that not everybody will be
3 able to afford that, but that will be something that is on
4 the street. And it will be an industry change, I believe,
5 that we haven't seen before. There are several in the
6 urban areas, but they are not in the rural areas at all.

7 COM. PIERCE: You know, we don't see a lot of
8 people in Gila County taking advantage of, for instance,
9 any of our solar programs. And it happens -- primarily
10 where it's taken advantage of is in Paradise Valley, North
11 Scottsdale and in the Sun City area. That is, by ZIP
12 code, where we are seeing it's being taken care of.

13 So it's always -- as I took about the 200 percent
14 that don't pay, the ones that do pay often can't afford to
15 take advantage of it, but they continue to pay for others
16 to take advantage of it. So there is some inequities in
17 it no matter how you go with a subsidy like this.

18 That is why I heard earlier about putting them on
19 school rooftops or any government rooftop, which we all
20 own then, so even if we don't get it on our house, at
21 least we have sort of a piece of the rock. And I think
22 there is a lot of value and economies of scale on big
23 rooftops that are owned by people.

24 But I appreciate your point. Thank you very
25 much.

1 COM. NEWMAN: Madam Chair?

2 CHMN. MAYES: Commissioner Newman.

3 COM. NEWMAN: Yes. I used to serve on the board
4 for the Southeastern Arizona Community Action and have
5 been aware of the program for a long time through
6 legislature. And one of the things I was going to ask you
7 about was, even though you are situated in Gila County, I
8 know there is sort of a brotherhood and sisterhood in a
9 national organization -- state organization.

10 So what is going on in other rural counties, if
11 you know?

12 MS. BUZAN: They are all ramping up. We are all
13 getting ready to spend this money properly, trying to get
14 it to the low income.

15 And like I said before, and I will make this
16 point again, I think it takes time for things to ramp up
17 so that not only the low-income benefit or the richest
18 part of the population benefits but also the middle class.
19 They seem to be at times the last one on the list, in my
20 opinion.

21 But I think this will help statewide. I think it
22 will help with jobs. I think it will help with the
23 certification process. And I think it will be a different
24 industry standard that you will see in the next couple of
25 years.

1 I also think solar will be part of that industry
2 standard that you will see in the next couple of years.
3 Because solar hot water heating at this point in certain
4 parts of the state are a wash with rebates. So there is
5 no reason -- I think it is more in some household's
6 education and just moving on it.

7 Right now everyone is struggling, from
8 Warren Buffett to the low income, obviously, but we
9 just -- we need to ramp up, and this whole state needs to
10 ramp up and take a look at this educationwise. Because
11 it's out there. It's out there for the middle class, and
12 it's -- I don't think it's just a rich person.

13 COM. NEWMAN: No, I don't either.

14 The reason why I asked you about other chapters
15 of community action, they serve a lot of the folks in
16 rural Arizona and all over and a lot of APS territory.

17 MS. BUZAN: Ten agencies across the state --
18 serve statewide the weatherization program, and I can tell
19 you every one of those community action programs is
20 committed to spending this money right and doing the job
21 and getting as many people out on the streets as we can
22 that are certified and ready to go.

23 COM. NEWMAN: My second question was under
24 current weatherization funds that come to the community
25 action; it was a very low number. You said something like

1 60,000 you are able to do ten homes.

2 MS. BUZAN: I can only talk for Gila County.

3 COM. NEWMAN: And it's similar in Cochise County
4 and Graham County and Greenlee County and Santa Cruz
5 County, which are the counties that I served on the board
6 and knew about the program.

7 But what are you expecting? How many homes are
8 you expecting to be able to serve under the incentive
9 program?

10 MS. BUZAN: The AARA?

11 COM. NEWMAN: Under the new --

12 MS. BUZAN: I'll have to go -- and these are very
13 low numbers and are not very impressive, but for Gila
14 County they are. We do 30 --

15 COM. NEWMAN: That will be what it is for IRA?

16 MS. BUZAN: No. I will go from 30 currently
17 to -- I'm expected after the ramp-up to do 150.

18 COM. NEWMAN: That is impressive.

19 THE WITNESS: So you take that percentage across
20 the state, and we are going from 700 to 800 a year to
21 5,000. They want 5,000 a year.

22 COM. NEWMAN: Thank you very much.

23 CHMN. MAYES: Thank you, Malissa. I appreciate
24 your being here.

25 MS. BUZAN: Thank you.

1 CHMN. MAYES: Do we have anyone else who wants to
2 provide public comment? I don't think I have any slips of
3 anyone who says they want to speak.

4 I will just say for the record that I think it's
5 Paige Murphy Young is here. She writes "Energy efficiency
6 is essential in any contemporary rate decision."

7 Mara Defilippis is here.

8 Jeff Frost is here.

9 Alex Nelson says, "I support a rate increase if
10 it's coupled with an increase in energy-efficiency
11 programs."

12 And let me just say finally, and then I will give
13 my colleagues an opportunity to close, thank you all for
14 being here. I want to reiterate that people can continue
15 to provide written comments in this case.

16 Probably if there is a hearing, we will have
17 another public comment session before the hearing.
18 Written comments can be provided to the docket all the way
19 through a vote by the commissioners on this case.

20 We have received hundreds, if not thousands, of
21 written comments, e-mails, letters on this case, frankly,
22 many from people who are opposed to the rate increase and
23 want the Commission to scrutinize it very closely. And
24 again, I want to reinforce that we are going to scrutinize
25 this case very closely, including the degree to which this

1 company is managing its own costs.

2 The Commission received, as we ordered from APS,
3 a report not too long ago delineating the cuts that they
4 are going to be making this year. They will make about
5 \$26 million in cuts, and I think we will be asking this
6 company whether that is enough and whether they can do
7 more to tighten their own belts in this difficult economic
8 time and at a time when they are asking their consumers to
9 pay more.

10 I also want to note that a management study is
11 due in this docket that this Commission ordered be done of
12 APS's management practices. That study is designed to
13 compare APS's performance results and expenses,
14 considering management expense, operational costs, FFO to
15 debt ratios, and other measures with a group of
16 similarly-situated utilities. I understand that report
17 will be publicly docketed in this case in the next couple
18 of weeks.

19 So the case goes on. Thank you all for being
20 here and providing your comments, and we certainly urge
21 your continued participation in the case.

22 Colleagues, any closing remarks from you?

23 COM. KENNEDY: Madam Chair, I want to say thank
24 you to those who came out today to participate. And I
25 heard you very loudly and very clearly.

1 CHMN. MAYES: Commissioner Pierce or Newman?

2 COM. NEWMAN: I also want to thank you again.

3 This is Commissioner Kennedy and I's first major rate
4 case. We have had a couple other things, but this is very
5 impressive testimony today. And the collective wisdom in
6 the room is very high, and I invite you to work with my
7 office so you can continue to educate me on the programs
8 that you run because I think they are very interesting.

9 And I am so glad you showed up. You do
10 represent, I must say, probably, you know, hundreds of
11 thousands of people with all of your organizations, and
12 it's -- you did a very good job today. Thank you.

13 CHMN. MAYES: Okay. This public comment session
14 is adjourned. Thank you all.

15 (TIME NOTED: 11:45 a.m.)

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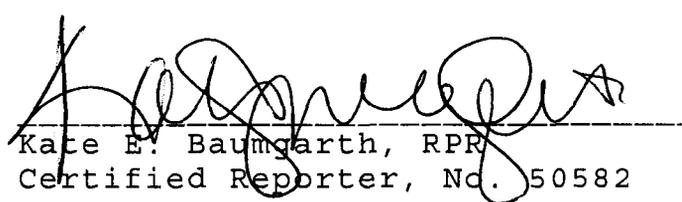
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1 STATE OF ARIZONA)
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I, KATE E. BAUMGARTH, RPR, Certified Reporter
 No. 50582, for the State of Arizona, do hereby certify
 that the foregoing printed pages constitute a full, and
 accurate transcript of the proceedings had in the
 foregoing matter, all done to the best of my skill and
 ability.

WITNESS my hand this 14th day of April, 2009.


 Kate E. Baumgarth, RPR
 Certified Reporter, No. 50582