

**NEW APPLICATION  
ORIGINAL**



0000098256

**BEFORE THE ARIZONA CORPORATION COMMISSION**

COMMISSIONERS

Arizona Corporation Commission

**DOCKETED**

2009 MAY -8 P 3:06

KRISTIN K. MAYES, Chairman

GARY PIERCE

MAY -8 2009

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

PAUL NEWMAN

SANDRA D. KENNEDY

DOCKETED BY

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BOB STUMP

E-01345A-09-0216

IN THE MATTER OF ARIZONA PUBLIC SERVICE COMPANY'S REQUEST FOR CLARIFICATION OF THE APPLICATION OF THE AMERICAN RECOVERY AND RENEWAL ACT OF 2009 FUNDING TO ARIZONA PUBLIC SERVICE COMPANY'S DEMAND SIDE MANAGEMENT INCENTIVES

DOCKET NO. E-01345A-09-\_\_\_\_\_

**REQUEST FOR CLARIFICATION**

**EXPEDITED TREATMENT  
REQUESTED**

Arizona Public Service Company ("APS" or the "Company") is seeking a clarification from the Arizona Corporation Commission ("Commission") regarding the impact of the American Recovery and Reinvestment Act of 2009 ("ARRA") funding on the payment of incentives under the Company's Demand Side Management ("DSM") programs. Specifically, APS is seeking clarification of the language in Decision No. 70637,<sup>1</sup> which imposes an obligation on the Company to take into account "rebates, incentives and tax credits" and to limit the sum of all known monetary incentives to APS's established caps in determining the amount of DSM incentives that can be paid to customers.

**BACKGROUND**

The ARRA is federal legislation that was passed by Congress in February 2009 to address the unheralded national economic recession. This legislation provided extraordinary funding in an attempt to jumpstart the economy and facilitate the recovery of an unprecedented economic crisis. The overall intent of the ARRA is to infuse federal funds into the economy as quickly as possible through targeted investments and there is a strong

<sup>1</sup> Issued December 11, 2008.

1 preference for “quick-start” activities – those projects that can be started and completed  
2 expeditiously. Among the numerous provisions of this legislation is the allocation of funding  
3 to assist state and local governments and other businesses to invest in energy efficiency.<sup>2</sup>

4 Under APS’s DSM programs, customers that have facilities in APS’s service territory  
5 are eligible for DSM incentives. However, the maximum APS payment is limited up to a pre-  
6 determined percentage of a project’s incremental cost, as the DSM programs have “caps” that  
7 have been established by the Commission.<sup>3</sup> In Decision No. 70637, the Commission  
8 expressly stated that the Company must consider “rebates, incentives and tax credits” that a  
9 customer is receiving or will receive in calculating the APS incentive, so that a customer will  
10 not exceed the 50 percent to 75 percent cap on incentives.<sup>4</sup> This means that in every case, a  
11 customer will be required to make some personal financial investment in energy efficiency  
12 upgrades.

### 13 **CLARIFICATION SOUGHT**

14 Both the extent of the national economic crisis and Congress’ response to it was  
15 unknown at the time the Commission issued Decision No. 70637. Therefore, when issuing  
16 this decision, the extraordinary financial allocation to business customers was not a  
17 consideration. It is for this reason that APS is seeking clarification regarding these ARRA  
18 funds. APS does not know whether the ARRA funding would be considered a “rebate,

19 \_\_\_\_\_  
20 <sup>2</sup> The Rapid Deployment Energy Efficiency (“RDEE”) Program Planning Guide (April 3, 2009), which was  
21 developed through a joint effort of the US Environmental Protection Agency and the US Department of  
22 Energy, identifies the factors that will be considered when providing funding for State Energy Programs  
23 (“SEP”). These include, among others: job impact, collaboration/leverage of funds, significance of savings,  
24 cost of savings, and sustainability and market transformation.

25 <sup>3</sup> For example, APS can pay up to 50 percent of incremental project costs for custom measures and up to 75  
26 percent for prescriptive measures in the Solutions for Business program.

27 <sup>4</sup> Decision No. 70637 stated:

28 IT IS THEREFORE ORDERED that:

(15) APS shall continually research and monitor other energy-efficiency rebates and incentives,  
including tax credits, that may be available to its Non-Residential DSM program participants  
throughout its service territory; and that the Company limit its incentive payments to program  
participants to ensure that the sum of all known monetary incentives, either paid or available to APS  
program participants from other entities for the same measure, is limited to APS’ established measure  
cap, such as 50 percent or 75 percent of incremental cost, unless a different cap is ordered by the  
Commission.

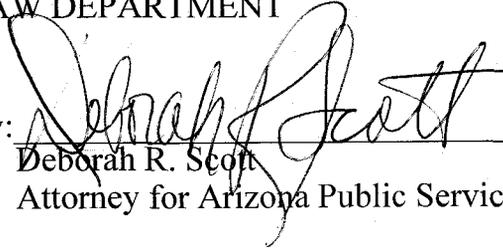
Page 10, lines 15-20.

1 incentive or tax credit" as intended by the language specified in Decision No. 70637.  
2 Therefore, APS requests that the Commission clarify whether the ARRA funds are outside of  
3 the intent of Decision No. 70637, so that these payments need not be taken into consideration  
4 in determining the DSM incentive that is paid to a customer.

5 APS is requesting that the Commission provide clarification on this issue on an  
6 expedited basis, as the ARRA has specific requirements for the timely implementation of  
7 funded projects.

8 RESPECTFULLY SUBMITTED this 8th day of May, 2009.

9  
10 PINNACLE WEST CAPITAL CORPORATION  
LAW DEPARTMENT

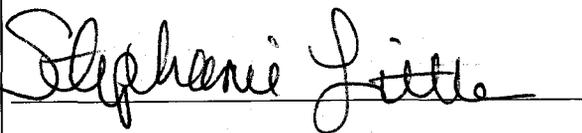
11  
12 By: 

13 Deborah R. Scott

14 Attorney for Arizona Public Service Company

15 ORIGINAL and thirteen (13) copies  
16 of the foregoing filed this 8th day of  
May, 2009, with:

17 Docket Control  
18 ARIZONA CORPORATION COMMISSION  
19 1200 West Washington Street  
Phoenix, Arizona 85007

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