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ARIZONA CORPORATION COMMISSION

Gary Pierce
Commissioner

Direct Line (602) 542-3933
Fax: (602) 542-0765

June 3, 2009

Re: Membership requirements to participate in APS's HVAC rebate program;
Docket E-01345A-07-0712

Dear Mr. Brandt:

In Decision No. 70960, the Commission approved revisions to Arizona Public Service Company's (APS) HVAC efficiency demand-side management programs. One of the revisions requested by APS, and approved by the Commission, was a requirement that HVAC contractors become members of the Electric League of Arizona and the Arizona Heat Pump Council in order to participate in APS's rebate programs for the installation of energy efficient HVAC units. Since the adoption of that decision, my office has heard from several HVAC contractors who believe the requirement is unfair and unnecessary. I am enclosing a letter I received from Ron Ballard and Susan Ballard of Ballard A/C & Heating, LLC in that regard.

While I remember discussing the APS's request to limit rebate payments to "qualified contractors," which would be limited to dues paying members of the Arizona Heat Pump Council and the Electric League of Arizona, I do not recall APS explaining that dues for these organizations are around \$2,000 per year. In part because no one contested the requirement at our Open Meeting, we did not discuss at the magnitude of the cost. In light of the additional information I have received, I would like APS to explain to me why it believes it is necessary and appropriate for the Commission to require HVAC contractors to become members of these two associations to be eligible for APS rebates. To be clear, I am not questioning the need to ensure that energy efficient appliances are installed by qualified contractors; I simply want to know why membership in the Electric League and the Heat Pump Council is necessary to ascertain that qualification. In other words, is the requirement narrowly tailored to the need?

Depending on your response, I may offer a motion to reopen Decision No. 70960 pursuant to ARS § 40-252 to remove the membership requirement.

Thank you for your attention to this letter.

Sincerely,

Commissioner Gary Pierce

Arizona Corporation Commission

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cc. Chairman Kristin Mayes
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Commissioner Paul Newman
Janice Alward
Lyn Farmer
Mike Kearns
Rebecca Wilder
Ronald I. Ballard
Susan Ballard

Ballard A/C & Heating, LLC

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AZ CORP COMMISSION
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DATE: May 12, 2009

TO: The Arizona Corporation Commission/Docket Control

RE: Decision NO. 70960
Docket E-01345A-07-0712

Dear Commissioners,

I am an H.V.A.C. contractor licensed in the state of Arizona for the past 25 years and am in good standing with the Registrar of Contractors and BBB. We are bonded, properly insured, a Carrier Factory Authorized Dealer and my service technicians are NATE certified.

Upon learning of the newly revised rebate program (see above referenced) offered by APS and SRP to their electric consumers purchasing new replacement cooling and heating equipment, I have been informed by APS and SRP that I have to NOW become a member of the Electric League of Arizona and the Arizona Heat Pump Council in order to offer the rebate program to my customers.

Becoming a member of the Electric League and the Heat Pump Council requires a large monetary fee along with fees charged for training classes. To join these organizations my estimated cost would be approximately \$2000.00 including classes EACH year. In today's economic times this is extremely expensive for my small H.V.A.C. business just so I can offer my customers the APS and SRP rebates when selling and installing new replacement equipment. Which was something I was able to offer in the past years when they were available.

During a meeting at Sigler, Inc., Mr. Jim Holbrook of APS more or less indicated that not becoming a member of these two organizations would brand our Company as a company doing substandard work. I highly resent this implication as we have never had any complaints against us in all the years with either the Registrar of Contractors or the Better Business Bureau. We pride ourselves in taking excellent care of our customers whenever a problem arises.

The intent, it appears, of APS and SRP is to have a preferential H.V.A.C. contractor membership through the Electric League and the Heat Pump Council with the membership obtaining work by offering APS and SRP rebates to homeowners with APS (not sure about SRP) giving a financial kickback to the contractor and drive non-members out of business. This seems highly unethical.

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Arizona Corporation Commission/Docket Control

I am requesting an immediate STAY and HOLD on the above listed Decision and Dockets until further examination of the impact of this situation is reviewed.

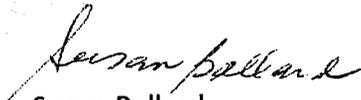
I await your decision and reply.

Cordially,

BALLARD A/C & HEATING, LLC

A handwritten signature in black ink, appearing to read "R. Ballard", written in a cursive style.

Ronald I. Ballard
President

A handwritten signature in black ink, appearing to read "Susan Ballard", written in a cursive style.

Susan Ballard
Vice President