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AZ CORP COMMISSION  
DOCKET CONTROL

August 4, 2009 ORIGINAL

Docket Control  
Arizona Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007

Arizona Corporation Commission  
**DOCKETED**

AUG - 4 2009

Re: E-01345A-08-0172, APS rate case

DOCKETED BY	<i>MS</i>
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Dear Commissioners:

I am writing on behalf of the Sierra Club's Grand Canyon Chapter and our 13,000 members in Arizona to support the energy efficiency and renewable energy provisions in the Arizona Public Service (APS) Company rate case settlement. Many of our members are APS customers and these programs will benefit them by helping to lower their electric bills and reduce pollution.

We support increasing energy efficiency programs in this proposed settlement for the rate case, which will result in energy efficiency savings that represent 3.75% of the APS retail load by the end of 2012. This will help reduce emissions of carbon dioxide and other pollutants and help lower electric bills, even though it will result in a higher electric rate.

We support programs that provide rebates and technical assistance to electric utility customers who purchase energy efficient lighting, air conditioners, and other equipment, or invest in measures in their home, office or other buildings. These programs result in reductions in energy use and are good investments for the future. We would also like to see APS significantly invest in programs to help reduce the urban heat island effect through shading, cool roofs, and cool pavements.

In the agreement, APS will implement a customer repayment program for certain energy efficiency technologies as well as promote efficiency in homes, schools, and businesses. More than 100 schools will be served by programs to reduce electricity demand and 1000 homes will be served by the Home Performance energy efficiency program by December 2010. These and other programs will result in energy savings of about 320,000 megawatt hours in 2010. This is great news for APS customers and for our state overall and represents a significant commitment to energy efficiency.

As you know, energy efficiency is the cleanest and cheapest energy resource we have. The Western Governors' Association *Energy Efficiency Task Force Report* indicates that the average cost for energy efficiency programs is \$0.02 to \$0.03 per lifetime kilowatt-hour (kWh) saved – much lower than the cost of new conventional generation and lower than current electric rates (. The less electricity we use, the less pollution we generate. That means fewer greenhouse gas

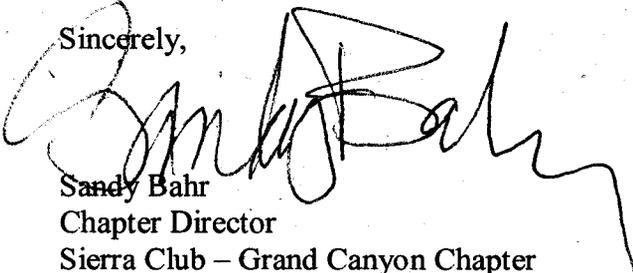
emissions, fewer mercury emissions, and less pollution overall. It also means we use less water as most power-generation requires significant amounts of water. It is a true win-win – we reduce pollution, conserve water, and save money.

We also support provisions in the settlement agreement that include a ramp-up in clean renewable energy. The settlement requires the company to exceed the current Renewable Energy Standard requirements and meet 10% of its retail electric load with clean renewable energy by 2015. It also requires a significant investment in renewable energy projects in schools and government buildings. The Sierra Club has long supported the various efforts by the Arizona Corporation Commission to encourage the use of renewable energy. It is clear that the economic and environmental benefits of doing so are many for Arizona.

We support holding harmless low income customers of APS relative to this rate increase. That, along with the programs to help lower bills via efficiency measures will help those who are struggling in our difficult economy.

Thank you for considering our comments as you review the provisions in the APS rate case settlement agreement.

Sincerely,



Sandy Bahr  
Chapter Director  
Sierra Club – Grand Canyon Chapter