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Arizona's Most *Excelling* School District

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2009 AUG 25 A 9:22

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August 21, 2009

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
Attn: Kristen K. Mayes, Chairman
1200 West Washington
Phoenix, AZ 85007-2996

Arizona Corporation Commission
DOCKETED

AUG 25 2009

Docket #E-20690A-09-0346

DOCKETED BY

Dear Kristen:

Like many in our state, Arizona public schools have a fixed income. From this revenue we must fund the classrooms as well as the 'administrative costs' that make functioning classrooms possible. This includes utility costs for lights, air, heat, computers, etc. Over the course of the last decade, we have seen a 20 percent increase in rates while the availability of both flexible and dedicated revenue we might otherwise use to cover these increases have declined. Though schools had previously been able to go to the local property tax to make up the difference, that program is now repealed. In its place is a utility formula that the state cannot afford to fund. Additionally, given the State's current revenue crisis, this year's budget does not include the small annual inflation adjustment that helps schools absorb these and other cost increases. Obviously, every penny that goes for utility costs limits what goes into the classroom. Therefore, utility costs and energy policy have become areas of increasing interest for our district and voters.

As a result, Scottsdale Unified School District is a leader in energy efficiency and has been the driver of recent efforts to put solar panels and other renewable infrastructure in or on schools. Renewable technology in our schools benefits both the schools and state citizens. For example, solar power not only can bring down costs for public schools, it can free up power generated at Arizona's power plants and cut back on the amount of electricity utility providers have to purchase from out of state. This keeps costs lower for everyone. Additionally, the financing mechanisms available for solar panel purchases creates *predictable* costs which is beneficial in helping public entities make the best use of taxpayer dollars – especially in those years when power providers are asking for steep rate increases.

In recent days, we have followed the debate about how to use renewable energy incentives that have gone unused used by homeowners. Some have suggested that allowing schools to use the money that homeowners are not will help the utilities reach the requirement that they offer 15% of their power using renewable sources while at the same time providing a funding option to the school community for solar panels.

Given the situation, we feel a responsibility to share a few facts.

To begin, schools do not fit neatly into the two categories used to design power policy and rates. We are neither residential nor commercial and are often an afterthought, if any thought. Historically, public users have not been as big a part of the public policy debate about power usage and incentives as they should be and so we commend the Commission's recent attention to this situation.

In the meantime, because we do not fit neatly into the structure, there are some misconceptions that have come to light in this debate. First, it is clear that some are under the impression that schools do not pay the tariff from which residential and commercial incentives are funded. Like homeowners and businesses, schools are charged the tariff in our monthly bill. This means we are paying into *both* incentive programs and do so with taxpayer money.

Secondly, because we are neither commercial nor residential, we are not prioritized for use of the incentives that we play a large part in funding. So, regardless of which program(s) we are assigned to – residential or commercial, we belong there by virtue of the fact that we are treated as both by the utilities - depending on our usage. Yet there seems to be some inconsistency on how to treat our applications for incentive dollars.

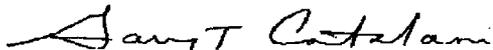
That being said, SUSD has no interest in using up residential rebate dollars that our home-owning constituents can use. We simply believe that there is an argument to be made that *if* dollars are available then schools are a reasonable option for use of these dollars if the only other option is for them to go mostly unused. Allowing schools this option is also a nice return on the taxpayer dollar that helps to fund these incentive pools.

It is our understanding that any remaining capacity in the residential rebate program is used to buy-down the homeowner costs in the following year but that, even with this incentive, dollars still go unused. If our understanding of this program is accurate then we support a modification to the incentive program that gives public schools access to those dollars. We will not argue that we should have full access but shared access for unused dollars seems to be a fair solution for the short term. In the long term, we hope that the utilities and the Commission continue to consider the role large public users play in power use and to consider us specifically during the design phase of such programs in the future.

Schools are a partner in the community for both residential and commercial constituents. We educate the children of the families in our neighborhoods and train the commercial workers of tomorrow. Arizona's schools have thousands of buildings in all of Arizona's various climates. We have a role to play in energy conservation and energy innovation and we are happy to play as large of a role as our voters and regulators can agree upon.

Please let us know if we can provide you additional information.

Sincerely,



Dr. Gary Catalani
Superintendent

cc: Paul Newman, Commissioner
Gary Pierce, Commissioner
Sandra D. Kennedy, Commissioner
Bob Stump, Commissioner