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BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES
Chairman
GARY PIERCE
Commissioner
PAUL NEWMAN
Commissioner
SANDRA D. KENNEDY
Commissioner
BOB STUMP
Commissioner

Arizona Corporation Commission
DOCKETED

OCT -7 2009

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IN THE MATTER OF ARIZONA PUBLIC
SERVICE COMPANY'S REQUEST FOR
APPROVAL OF MODIFICATIONS TO
DECISION NO. 70960

DOCKET NO. E-01345A-07-0712

DECISION NO. 71283

ORDER

Open Meeting
September 22 and 23, 2009
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Arizona Public Service Company ("APS") is certificated to provide electric service as a public service corporation in the State of Arizona.

Background

2. On June 12, 2009, APS filed a request for approval of modifications to Decision No. 70960 (April 7, 2009). Decision No. 70960 approved revisions to APS' Residential Existing Home Heating, Ventilation and Air Conditioning ("Residential HVAC") demand-side management program.

3. The Residential HVAC program promotes the replacement of air conditioners and heat pumps in existing homes with more energy-efficient equipment. Because actual measured energy savings from the Residential HVAC program were found to be lower than had been expected, Decision No. 70960 approved revisions to the program that would make it more cost-effective. Revisions include combining equipment rebates with quality installation rebates to

1 increase the likelihood that each rebated installation is properly installed to achieve the expected
2 energy savings.

3 4. Decision No. 70960 also provides that the combined equipment and quality
4 installation rebates are only available if the HVAC installations are installed by APS Qualified
5 Contractors. In order to be an APS-certified Qualified Contractor, a company has to be a member
6 of the Arizona Heat Pump Council ("Council") and the Electric League of Arizona ("ELA"), and at
7 least 10 percent of the company's technicians need to complete all of the Arizona Heat Pump
8 Council's training classes required for Master Technician certification. There is also a continuing
9 education requirement that requires the company's technicians as a whole to complete on average a
10 minimum of one class per technician per year. There are currently 147 Qualified Contractors.

11 5. The cost of annual membership is \$1,400 for the Council and \$321 for the ELA.
12 The total cost for each technician employed by a contractor in the Qualified Contractor program to
13 take the classes for Master Technician certification is \$452. The total costs for each technician of
14 a contractor, not a member of the Council, to take the classes for Master Technician certification is
15 \$1,159.

16 APS Request

17 6. APS' request for modification of Decision No. 70960 proposes the following:

18 a. Contractors that are not members of the Council and ELA could offer rebates if:

- 19 i. They are licensed, bonded and insured, and
20 ii. They complete the same training required of APS Qualified Contractors.

21 b. APS would pay contractors who do not want to remain members of the Council
22 and ELA the prorated remainder of their annual membership dues, and such
payments would be recoverable program expenses.

23 7. If the above modifications are approved, APS would list on its website the
24 contractors eligible to offer rebates. To keep track of training, APS would require contractors
25 which are not members of the Council and ELA to send APS a list of their Master Technicians at
26 the end of each month. The contractor would also need to send a certificate of completion of the
27 class work required to satisfy the on-going training requirement. The contractor would be
28 removed from the eligibility list if the contractor has less than the required number of Master

1 Technicians or is not in compliance with the on-going training requirement until the situation is
2 corrected. APS expects this tracking to add an additional \$10,000 to \$15,000 annual expense to
3 the program, but the cost may be balanced by additional energy savings resulting from increased
4 participation in the program.

5 8. On July 23, 2009, APS' request for modification of Decision No. 70960 was placed
6 on a Commission Staff Open Meeting agenda for consideration. At that time, the Commission
7 directed Staff to evaluate APS' request.

8 Staff Analysis and Recommendations

9 9. Staff believes that eliminating the requirement that contractors be members of the
10 Council and ELA would have no impact on the cost-effectiveness of the APS Residential HVAC
11 program as long as the quality of the installations is maintained. It is training that would be
12 expected to contribute to properly installing HVAC equipment, not membership in particular
13 organizations.

14 10. Staff has recommended that the Commission amend Decision No. 70960 to allow
15 contractors to offer rebates through the APS Residential HVAC program without being members
16 of the Council and ELA if they (1) are licensed, bonded and insured, and (2) obtain training or
17 certification from the Council or equivalent training or certification that is acceptable to APS.
18 Examples of equivalent training or certification may include, but not be limited to, certification in
19 air conditioning installation or heat pump installation provided by North American Technician
20 Excellence, training provided or sponsored by the Arizona Energy Office, certification by the
21 Building Performance Institute, training provided through Air Conditioning Contractors of
22 America, certification by HVAC Excellence, or training provided or sponsored by a utility.

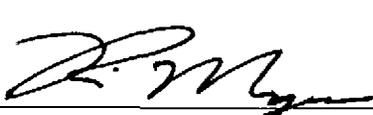
23 11. Staff has further recommended denial of APS' proposal to pay contractors who do
24 not want to remain members of the Council and ELA the prorated remainder of their annual
25 membership dues, and recover such payments as program expenses. Ratepayers should not be
26 responsible for the cost. If the Commission were to decide otherwise, the payments could total
27 about \$31,000.

28 ...

1 IT IS FURTHER ORDERED that all other requirements of Decision No. 70960 shall
2 remain.

3 IT IS FURTHER ORDERED that this Order shall become effective immediately.

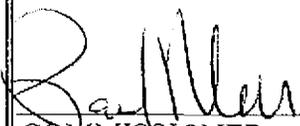
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5 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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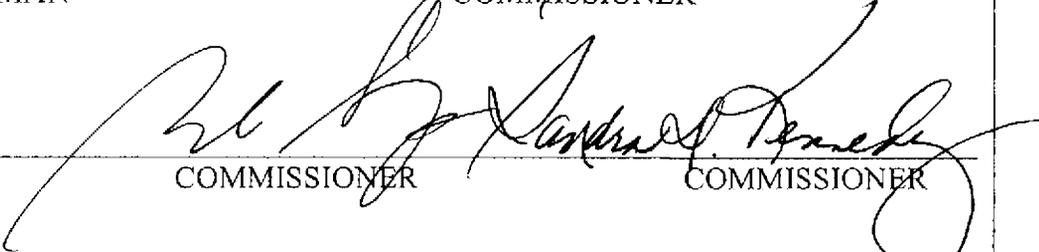
7 CHAIRMAN

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9 COMMISSIONER

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11 COMMISSIONER

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13 COMMISSIONER

14 COMMISSIONER

15 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
16 Executive Director of the Arizona Corporation Commission,
17 have hereunto, set my hand and caused the official seal of
18 this Commission to be affixed at the Capitol, in the City of
19 Phoenix, this 7th day of October, 2009.

20 

21 ERNEST G. JOHNSON
22 EXECUTIVE DIRECTOR

23 DISSENT: _____

24 DISSENT: _____

25 SMO:BEK:lhmvJFW

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