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AZ CORP COMMISSION  
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November 16, 2009

The Honorable Kristin Mayes, Chairman  
The Honorable Gary Pierce  
The Honorable Bob Stump  
The Honorable Sandra Kennedy  
The Honorable Paul Newman  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, Arizona 85007

Arizona Corporation Commission  
DOCKETED

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RE: Comments on Procedural Order for Proposed Resource Planning Rules  
Arizona Corporation Commission Docket Number RE-00000A-09-0249

Dear Chairman Mayes and Commissioners,

Price volatility for fossil fuels, uncertainty about future climate policy, emergence of both renewable energy resources and energy efficiency as mainstream technologies, and difficult credit markets make it a challenging time for electric utilities. The proposed Resource Planning rules, if enacted, will provide the Arizona Corporation Commission (Commission) and interested parties with a comprehensive overview of resource choices for each utility. They will provide the data necessary to evaluate electric service reliability, environmental impact of resource choices, assure compliance with renewable and energy efficiency policy and management of risk to help achieve a reasonable total cost for customers.

However, to be useful these plans must not become a shelf document but remain a tool which is used by the Commission and its staff to approve resource acquisitions. To this end the resource plans must be reviewed in a timely manner and the Commission needs to provide approvals for the procurement of energy resources submitted by an electric utility that are consistent with the action plans [R14-2-703(H)]. With that in mind here are specific comments on the proposed rule:

Section R14-2-702(B) - Applicability. This section requires that an entity that has a generating capacity of at least 5 MW will be regulated by the proposed rule and such entity will have to file a resource plan. The threshold capacity should be increased to be a size where conducting a resource plan is reasonable, where the staff will not be burdened with numerous filings that will have impact on few customers and where the amount of energy is significant in the Arizona system. Interwest does not have a specific suggestion and defers to the suggestion of Western Resource Advocates to regulated entities that have about 250 MW of generating capacity.

R14-2-704 - Commission review. Subsection A allows the Commission staff to have one year from the utility filing date to prepare a report on the filing. Having to wait one year to have any action taken on the plan will negate its usefulness. A six month time frame for staff review is more reasonable. This would allow a utility to have a decision on its plan's adequacy from the commission in nine months instead of the currently proposed 15 months.

R14-2-705 –Procurement. Interwest supports the inclusion of this section in the Resource Planning rules. This section tries to balance the need for flexibility for an electric utility to procure resources along with a requirement to use a competitive process to obtain resources to ensure the best price for consumers.

R14-2-706 -Independent Monitor. Interwest supports this section of the proposed rule as it will help assure that the Request for Proposal process used to acquire energy resource will be done in a manner that is fair to bidders while not being overly burdensome for the utility.

Interwest has been active in the development of portions of these rules and believes the adoption of a resource planning process will create a valuable decision making tool for regulators at a time of great uncertainty. Conducting a public resource planning process by utilities will allow us to have a full picture of resource options as Arizona and other states begin to look beyond state borders for future resources and transmission needs.

Respectfully submitted,

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Interwest Energy Alliance is a 501(c)(6) trade association partnership of the renewable energy industry and West's advocacy community.