



0000108180

**ORIGINAL**

MEMORANDUM

27

TO: Docket Control Center

FROM: Steven M. Olea  
Director  
Utilities Division

DATE: March 2, 2010

RE: STAFF'S RESPONSE TO WRITTEN COMMENTS IN THE MATTER OF PROPOSED RULEMAKING REGARDING RESOURCE PLANNING (DOCKET NO. RE-00000A-09-0249)

Attached is the Staff Report regarding written comments made by interested parties on Proposed Rulemaking Regarding Resource Planning, pursuant to Decision No. 71435. Decision No. 71435 ordered the Utilities Division to file with the Commission's Docket Control on or before March 2, 2010, a document including (1) a summary of any initial written comments filed by interested persons between the effective date of that Decision (December 15, 2009) and February 23, 2010, and (2) the Utilities Division's responses to those comments.

SMO:BEK:lh\MAS

Originator: Barbara Keene

RECEIVED  
2010 MAR - 2 P 2:38  
ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission  
**DOCKETED**  
MAR - 2 2010

DOCKETED BY

Service List for: PROPOSED RULEMAKING REGARDING RESOURCE PLANNING  
Docket No. RE-00000A-09-0249

Mr. Jeff Schlegel  
Sweep  
1167 West Samalayuca Drive  
Tucson, Arizona 85704

Mr. Robert Annan  
Annan Group  
6605 East Evening Glow  
Scottsdale, Arizona 85262

Ms. Deborah R. Scott  
Pinnacle West Capital Corporation  
400 North 5<sup>th</sup> Street  
Post Office Box 53999, MS 8695  
Phoenix, Arizona 85072-3999

Mr. David Berry  
Western Resource Advocates  
Post Office Box 1064  
Scottsdale, Arizona 85252

Ms. Amanda Ormond  
The Ormond Group, LLC  
7650 South McClintock Drive,  
Suite 103-282  
Tempe, Arizona 85284

Mr. Michael Grant  
Gallagher & Kennedy  
2575 East Camelback Road  
Phoenix, Arizona 85016

Mr. C. Webb Crockett  
Mr. Patrick J. Black  
Fennemore Craig  
3003 North Central Avenue, Suite 2600  
Phoenix, Arizona 85012

Ms. Donna M. Bronski  
Scottsdale City Attorney's Office  
3939 North Drinkwater Boulevard  
Scottsdale, Arizona 85251

Mr. Jerry Coffey  
Mr. Erick Bonner  
Ms. Rebecca Turner  
Gila River Power, L.P.  
702 North Franklin Street  
Tampa, Florida 33602

Ms. Karen Haller  
Southwest Gas Corporation  
5421 Spring Mountain Road  
Las Vegas, Nevada 89102

Mr. Paul R. Michaud  
Michaud Law Firm, P.L.C.  
46 Eastham Bridge Road  
East Hampton, Connecticut 06424

Mr. Larry Killman  
Greystone Environmental  
8222 S. 48<sup>th</sup> Street, Suite 140  
Phoenix, Arizona 85044-5353

Mr. Dave Couture  
Tucson Electric Power Company  
Post Office Box 711  
Tucson, Arizona 85702

Mr. Jerry Payne  
Cooperative International Forestry  
333 Broadway SE  
Albuquerque, New Mexico 87102

Mr. Brian Hageman  
Ms. Caren Peckerman  
Mr. Richard Brill  
Deluge, Inc.  
4116 East Superior Avenue, Suite D3  
Phoenix, Arizona 85040

Mr. Jay Moyes  
Moyes Sellers & Sims  
1850 North Central Avenue, Suite 1100  
Phoenix, Arizona 85004

Mr. Dan Pozefsky  
Ms. Jodi Jerich  
RUCO  
1110 West Washington Street, Suite 220  
Phoenix, Arizona 85007

Mr. John Wallace  
Grand Canyon State Electric Cooperative  
Association, Inc.  
120 North 44<sup>th</sup> Street, Suite 100  
Phoenix, Arizona 85034

Mr. Clifford A. Cathers  
Sierra Southwest Cooperative Services, Inc.  
1000 South Highway 80  
Benson, Arizona 85602

Ms. Jana Brandt  
Ms. Kelly Barr  
Salt River Project  
PO Box 52025, MS PAB221  
Phoenix, Arizona 85072

Mr. Dan Austin  
Comverge, Inc.  
16013 South Desert Foothills Parkway,  
Suite 1127  
Phoenix, Arizona 85048

Mr. Theodore Roberts  
Mr. Lawrence V. Robertson, Jr.  
Post Office Box 1448  
Tubac, Arizona 85646

Mr. Troy Anatra  
Comverge, Inc.  
120 Eagle Rock Avenue, Suite 190  
East Hanover, New Jersey 07936

Mr. Michael Patten  
Mr. Jason Gellman  
Roshka DeWulf & Patten, LLC  
One Arizona Center  
400 East Van Buren Street, Suite 800  
Phoenix, Arizona 85004

Mr. Philip Dion  
UniSource Energy Corporation  
One South Church Avenue, Suite 200  
Tucson, Arizona 85701-1623

Mr. Dan Austin  
Comverge, Inc.  
16013 South Desert Foothills Parkway  
Suite 1127  
Phoenix, Arizona 85048

Mr. Dennis Hughes  
Navopache Electric Cooperative, Inc.  
1878 West White Mountain Boulevard  
Lakeside, Arizona 85929

Mr. Tyler Carlson  
Mohave Electric Cooperative, Inc.  
Post Office Box 1045  
Bullhead City, Arizona 86430

Mr. Michael Curtis  
Mr. William Sullivan  
Curtis, Goodwin, Sullivan,  
Udall & Schwab, PLC  
501 East Thomas Road  
Phoenix, Arizona 85012-3205

**STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION**

**PROPOSED RULEMAKING REGARDING RESOURCE PLANNING**

**DOCKET NO. RE-00000A-09-0249**

**STAFF RESPONSE TO WRITTEN COMMENTS**

**MARCH 2, 2010**

## STAFF ACKNOWLEDGMENT

The Staff Response to Written Comments for Proposed Rulemaking Regarding Resource Planning, Docket No. RE-00000A-09-0249, was the responsibility of the Staff member listed below.

A handwritten signature in cursive script that reads "Barbara Keene".

Barbara Keene  
Public Utilities Analyst Manager

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b>INTRODUCTION .....</b>	<b>1</b>
<b>SUMMARY OF WRITTEN COMMENTS REGARDING THE PROPOSED RESOURCE PLANNING RULES .....</b>	<b>1</b>
<b>STAFF'S RESPONSE TO THE WRITTEN COMMENTS .....</b>	<b>2</b>

## **Introduction**

The Arizona Corporation Commission ("Commission") issued Decision No. 71435 on December 15, 2009. In that Decision, the Commission ordered that a Notice of Proposed Rulemaking including proposed Resource Planning Rules be filed with the Office of the Secretary of State for publication. The Notice of Proposed Rulemaking was published in the *Arizona Administrative Register* on January 8, 2010.

Decision No. 71435 requested that interested parties provide initial comments concerning the Notice of Proposed Rulemaking by filing written comments with the Commission's Docket Control by February 16, 2010, and comments in response to other interested parties' comments by February 23, 2010.

Decision No. 71435 also ordered the Utilities Division to file with the Commission's Docket Control on or before March 2, 2010, a document including (1) a summary of any initial written comments filed by interested persons between the effective date of that Decision (December 15, 2009) and February 23, 2010, and (2) the Utilities Division's responses to those comments.

On February 16, 2010, written comments were received from Western Resource Advocates. No other comments were received.

## **Summary of Written Comments Regarding the Proposed Resource Planning Rules**

Western Resource Advocates ("WRA") supports the proposed Resource Planning rule changes but requests the following clarifications:

### ***R14-2-701(33)***

The proposed rule changes strike the phrase "(including fuel cost)" from the definition of "Production cost." WRA believes that the phrase "(including fuel cost)" should be retained in the definition of "Production cost" because fuel costs are the most important component of production costs.

### ***R14-2-703(F)(6)***

The proposed rules provide for resource plans to address energy efficiency so as to meet any requirements set in rule by the Commission. WRA states that the Commission has already, and may in the future, set energy efficiency requirements in orders. Therefore, WRA suggests that the rule be rewritten to read: "6. Will address energy efficiency so as to meet any requirements set in rule by the Commission or in an order of the Commission."

### ***R14-2-704(B)***

Several passages in the proposed rules pertain to analysis and consideration of the environmental aspects of generation resources and their alternatives. However, environmental impacts are not included in the list of factors to be considered by the Commission in R14-2-

704(B). Therefore, WRA recommends that the oversight be addressed by inserting: "7. Environmental impacts of resource choices and alternatives;" and renumbering the remainder of the list accordingly.

**Staff's Response to the Written Comments**

Staff agrees with WRA's comments as described above. Staff believes that WRA's suggested revisions would help to clarify the rules without making any substantive changes.