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MEMORANDUM

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TO: Docket Control

FROM: Steven M. Olea
Director
Utilities Division

ALL CORP. COMMISSION
DOCKET CONTROL

DATE: April 1, 2010

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

Attached is the Staff Report regarding oral 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 by March 29, 2010, a document including (1) a summary of any oral comments received at the oral proceeding in this matter; (2) the Utilities Division's responses to those comments; and (3) a revised Economic, Small Business, and Consumer Impact Statement or a memorandum explaining why no revision of the prior Economic, Small Business, and Consumer Impact Statement is necessary.

SMO:BEK:tdp

Originator: Barbara Keene

Arizona Corporation Commissioner
DOCKETED

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Docket No. RE-00000A-09-0249

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**STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION**

PROPOSED RULEMAKING REGARDING RESOURCE PLANNING

DOCKET NO. RE-00000A-09-0249

STAFF RESPONSE TO ORAL COMMENTS

APRIL 1, 2010

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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.

Pursuant to Decision No. 71435, Staff filed the Economic, Small Business, and Consumer Impact Statement that addressed the economic impacts of the recommended changes to the Resource Planning rules on January 15, 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. On March 2, 2010, Staff filed a summary of the written comments and the Utilities Division's responses to those comments.

Decision No. 71435 also provided for an opportunity for interested parties to provide oral comments at a proceeding to be held on March 4, 2010. The Utilities Division was to file with the Commission's Docket Control by March 29, 2010, a document including (1) a summary of any oral comments received at the oral proceeding in this matter; (2) the Utilities Division's responses to those comments; and (3) a revised Economic, Small Business, and Consumer Impact Statement or a memorandum explaining why no revision of the prior Economic, Small Business, and Consumer Impact Statement is necessary.

Summary of Oral Comments Regarding the Proposed Resource Planning Rules

Amanda Ormond, representing Interwest Energy Alliance, stated that that the rules were developed through a very good public process with a broad number of entities participating. The rules contain procurement methodology and an independent monitor section which are very important for independent developers and getting good resources in the future. The rules will be a very important tool for Commissioners, utilities, and stakeholders going forward in evaluating complex energy issues.

William Scown and Jeannie Scown, residents of Mesa, urged the adoption of energy efficiency standards and goals.

Administrative Law Judge Sarah Harpring asked Staff several questions that lead to Staff's recommended clarifications to the rules as discussed below.

R14-2-703(F)(4)

Staff recommends that the language "Will include renewable energy resources so as to meet at least the greater of the Annual Renewable Energy Requirement in R14-2-1804 or the following annual percentages of retail kWh sold by the load-serving entity:" be changed to "Will include renewable energy resources to meet or exceed the greater of the Annual Renewable Energy Requirement in R14-2-1804 or the following annual percentages of retail kWh sold by the load-serving entity:" for clarity.

R14-2-703(F)(5)

Staff recommends that the language "Will include distributed generation energy resources so as to meet at least the greater of the Distributed Renewable Energy Requirement in R14-2-1805 or the following annual percentages as applied to the load-serving entity's Annual Renewable Energy Requirement:" be changed to "Will include distributed generation energy resources to meet or exceed the greater of the Distributed Renewable Energy Requirement in R14-2-1805 or the following annual percentages as applied to the load-serving entity's Annual Renewable Energy Requirement:" for clarity.

R14-2-706(D)

Staff recommends that the language "Staff shall issue a notice identifying each candidate on the vendor list that Staff considers to be qualified" be changed to "Staff shall issue a notice identifying each candidate on the vendor list that Staff has determined to be qualified" for clarity.

Discussion of the Economic, Small Business, and Consumer Impact Statement

Staff believes that it is not necessary to make any revisions to the Economic, Small Business, and Consumer Impact Statement that was filed on January 15, 2010.