

APS ORIGINAL



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April 29, 2010

Docket Control
Arizona Corporation Commission
1200 West Washington
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RE: Arizona Corporation Commission Proposed Rulemaking Regarding Electric Energy
Efficiency Rules
Docket No. RE-00000C-09-0427

Arizona Public Service Company ("APS") submits the attached comments in response to Staff's Response to Oral Comments filed April 16, 2010, in the above-referenced matter.

If you have any questions on the enclosed information, please contact Erinn Andreasen at (602)250-3276.

Sincerely,

Susan Casady

SC/sl
Attachment

cc: Steve Olea
Janice Alward
Lyn Farmer
Parties of Record

Arizona Corporation Commission
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**APS Comments
Regarding Staff's Responses to Oral Comments
In the Matter of the
Proposed Rulemaking on Electric Energy Efficiency
(Docket No. RE-00000C-09-0427)**

Arizona Public Service Company ("APS" or "Company") believes that many of the changes to the Proposed Rulemaking on Electric Energy Efficiency contained in the Staff Report issued on April 16, 2010, provide clarity and are responsive to the Oral Comments provided at the March 5, 2010, Public Comment meeting.

However, APS has concerns with the changes to R14-2-2404(A), R14-2-2414(A) and Section B.1, first paragraph, second sentence in the Economic, Small Business, and Consumer Impact Statement. APS's comments regarding changes to R14-2-2404(A) and the Economic, Small Business, and Consumer Impact Statement are grouped together because parallel changes were made to both sections.

R14-2-2404(A) and Section B.1, first paragraph, second sentence of the Economic, Small Business, and Consumer Impact Statement

The Staff Report's wording changes in these two sections dropped the reference of the cumulative annual energy savings of 22% to "the affected utility's retail electric energy sales for the prior calendar year (2019)" which leaves uncertainty regarding to what value the 22% applies. It was unclear from examination of the record¹ why this change was made.

APS believes the 22% requirement is vague unless it is stated as 22% of an identified, known, or measurable value. The chart in R14-2-2404(B) properly identifies the columns of Annual Energy Savings and Cumulative Energy Savings and, thus, provides some of the clarity that the text lacks. However, because this 22% requirement lies at the very core of the Proposed Electric Energy Efficiency Rules, and to be consistent with the chart in R14-2-2404(B), the requirement should be explicitly stated by restoring the former wording to R14-2-2404(A).

Additionally, conforming changes should be made to Section B.1, first paragraph, second sentence of the Economic, Small Business, and Consumer Impact Statement, by restoring the former wording with the addition of the full date requirement, "by December 31, 2020."

R14-2-2414(A)

APS believes that the Staff Report's change to this section not only expanded and provided additional detail regarding this requirement, but it resulted in a substantive change in the requirement. APS agrees with Ms. Keene's testimony that "Fuel neutral means that ratepayer funds should not be used to promote one fuel over another." As currently written, however, the provision appears to allow DSM funded fuel switching if "the new appliance results in reduced overall energy use."

This issue was discussed during 2003 and 2004 workshops about the Proposed Electric Energy Efficiency Rules, and was addressed in the Staff Report on DSM Policy, February 7, 2005. The changes to this section introduced in the April 16, 2010, Staff Report, however, appear to reverse the intent of R14-2-2414. Again, it is unclear why this change was made. Therefore, APS believes the former wording should be restored to R14-2-2414(A). Alternatively, the new wording could be retained, but with the final phrase "unless the new appliance results in reduced overall energy use" removed.

¹ Transcript of the Public Comment Proceedings, In the Matter of the Notice of Proposed Rulemaking Regarding Electric Energy Efficiency Rules, Docket No. RE-00000C-09-0427, March 5, 2010.