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**Arizona PIRG**  
Education Fund

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Arizona Corporation Commission  
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Arizona Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007

January 9, 2012

RE: Docket Number E-01345A-11-0232

Dear members of the Arizona Corporation Commission,

Since our inception, the Arizona PIRG Education Fund has supported strong state, federal, and local energy efficiency programs due in part to the important customer and economic benefits these programs deliver. We have been very encouraged by recent energy efficiency efforts advanced by the Arizona Corporation Commission, including the adoption of the Electric and Gas Energy Efficiency Standards and the adoption of a full revenue decoupling mechanism in the Southwest Gas rate case.

Today, I write to offer comments on the Arizona Public Service Company's (APS) 2012 Demand Side Management Implementation Plan ("Plan"). The Arizona PIRG Education Fund encourages your swift approval of cost-effective energy efficiency opportunities presented by APS in its Plan and recommended for approval by Commission Staff.

The Arizona PIRG Education Fund has developed three Principles to define a robust electric system:

1. **Access to safe, reliable, affordable electricity service.**  
The goal of electricity regulation should be to provide adequate, reliable service to consumers at the lowest cost – including external costs such as public health, economic, and social impacts.
2. **Balance of long-term and short-term consumer needs and diverse consumer classes.**  
Electricity rates should be designed to promote economically-efficient and socially responsible outcomes – including energy efficiency, rate stability, and the protection of low-income consumers.
3. **Consumers should be assured that the public interest guides all decisions with regard to the electric system.**  
System planning must take place in the public sphere, include ample opportunities for

broad public participation in decision-making, and ensure that the views of small consumers are adequately represented and accounted for in the process.

**The energy efficiency opportunities found cost-effective by Commission Staff meet the aforementioned electric system principles of the Arizona PIRG Education Fund.**

These opportunities will ensure that APS continues to comply with the Electric Energy Efficiency Standard, while allowing more ratepayers the ability to participate and save money. The Arizona PIRG Education Fund is especially supportive of programs that encourage more energy efficient homes and businesses, as the financial rewards from these programs are likely to deliver savings for years.

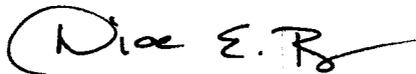
**The Arizona PIRG Education Fund supports budget flexibility for cost-effective energy efficiency programs.**

We believe that budget flexibility helps to ensure that programs favored by ratepayers continue to operate. We are concerned that the imposition of restrictive caps could impact certainty to customers and to the utility. For these reasons, we favor program budget flexibility at 15%, not 5%.

Finally, we have reviewed the Southwest Energy Efficiency Project's (SWEET) comments and proposed amendments and strongly encourage you to support those recommendations.

Thank you for your consideration of our comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Diane E. Brown". The signature is written in a cursive style with a large initial "D" and a long horizontal stroke at the end.

Diane E. Brown  
Executive Director