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Docket No. E-00000XX-13-0214

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2014 NOV 12 P 1:17

Dear Commissioners:

I am writing in hopes of getting your views on the proposal by the ACC staff concerning their proposal to rollback Arizona's energy efficiency standards for utilities. The proposal as I view it falls short of explaining the rationale for the change.

AZ CORP COMMISSION DOCKET CONTROL

I was alerted to the matter today by a newsletter from the ACEEE. ACEEE is non-profit organization that promotes energy efficiency. I follow their work for professional reasons, and have found it to be reliable. (Among their Board members is Mr. Carl Blumstein, the Chairman of the Institute for Energy and Environment at UC Berkeley, who Chairman Stump may know.)

As someone who has worked in power industry, I understand the dilemma posed by energy efficiency and demand side management measures to energy utilities. For regulated utility companies that operate around the premise of growing revenues through higher use and growth in customer base (growing their *ratebase*), actively promoting a reduction in usage seems to be an oxymoron.

However, we should not assume that the baseline operations (in absence of performance standards) of these utilities indicates the best, most optimal way of delivering energy (power and gas) to customers. In many cases, improvements in productivity of labor and capital generate savings for the utilities and their customers without compromising returns for shareholders. This is just smart business, and a smart way of using our scarce resources. Performance standards simply "nudge" the utilities to speed up the process of becoming better at their jobs. Unless the utilities can demonstrate they have exhausted all possible productivity gains, there is always more room for improvement.

Also, as you may know better than I do, Arizona is not the first nor the last jurisdiction to implement energy efficiency standards at utility level, and companies adapt their business models to respond to the new operating realities and develop new revenue sources. Moreover, in many of these jurisdictions, including Arizona, shareholders of utilities are shielded from excessive downside that may arise due to energy efficiency or DSM programs through customer charges that utilities collect to pay for these programs (so-called systems benefits charges).

In the end, though, we all win. The utilities use resources more efficiently, eliminate waste, and we all save money. These standards are simply mileposts to surpass and continue to innovate in delivery, customer care, operations and maintenance. Funds saved upstream and downstream can be diverted to better uses - better in many ways; better for shareholders and customers, and the communities they live in.

Arizona Corporation Commission

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I am concerned that rolling back these standards, especially after they have been so successful in Arizona, will cause many to question the Commission's and Staff's reasons, and to doubt the commitment of our utilities to outperforming their peers and to work "smarter".

As the responsible, concerned regulatory body that it is, I would like the ACC and Staff to make a better social, economic and environmental argument for eliminating or changing the nature of these energy efficiency standards; specifically, changing the wording from standards to goals in <http://images.edocket.azcc.gov/docketpdf/0000157723.pdf> item #19.

Kind regards,

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