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MICHAEL KEARNS
Acting Executive Director

ARIZONA CORPORATION COMMISSION

January 27, 2009

Mr. Don Brandt
President and CEO
Arizona Public Service
400 No. Fifth Street
M.S. 9042
Phoenix, AZ 85004

Paul Bonavia
President and CEO
Tucson Electric Power/UniSource Energy
P.O. Box 711
Tucson, AZ 85702

Mr. Jeffrey W. Shaw
CEO
Southwest Gas
5241 Spring Mountain Road
Las Vegas, NV 89193

Re: Impact of Federal Stimulus monies on Energy Efficiency Efforts; Utility Plans and Preparations for Additional Funding.

Dear Sirs:

As you know, recent Congressional discussions regarding the contemplated Federal Economic Recovery package have included several proposals for heightened energy efficiency and renewable energy spending. Some of the proposals have included the possibility of a Federal match for energy efficiency spending at the state level, whereby existing dollars being spent in utility energy efficiency and renewable energy programs like the ones mandated by this Commission at the state's utility companies would be matched at a specific percentage, allowing for expanded outreach and programs. Other proposals have included expansion of low-income weatherization and performance-based funding for utility sector programs.

In light of the likelihood that federal stimulus monies could be directed at energy efficiency and renewable energy programs at utilities, the Commission would like to know how you are planning and preparing to utilize the proposed increased funding. Accordingly, please identify for this Commission any plans you currently have, additional programs you may propose and further outreach you may employ on behalf of your customers if and when the federal stimulus

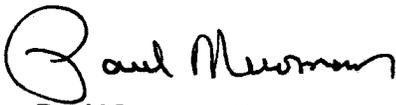
package passes with additional energy efficiency and renewable energy funding. Please also describe for the Commission any efforts you have undertaken to ensure that the interests of Arizona ratepayers are taken into account by the contemplated federal stimulus spending. As you know, in 2009, Arizona utilities will collectively spend in excess of \$37 million dollars on energy efficiency programs, which have been found to cost as little as 1.02 cents per kWh. If these funds were to double via a federal match, this Commission will expect Arizona utilities to be prepared to act quickly on behalf of their customers.

Thank you for your attention to this matter.

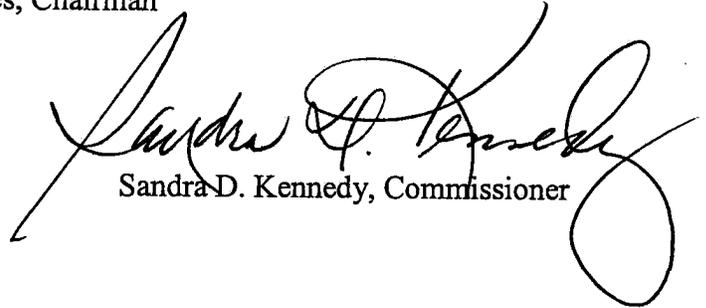
Sincerely,



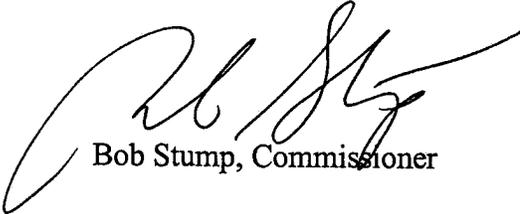
Kristin K. Mayes, Chairman



Paul Newman, Commissioner



Sandra D. Kennedy, Commissioner



Bob Stump, Commissioner

Cc: Ernest Johnson
Janice Alward
Michael Kearns
Rebecca Wilder