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GARY PIERCE
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BOB STUMP



MICHAEL KEARNS
Acting Executive Director

ARIZONA CORPORATION COMMISSION

January 29, 2009

The Honorable Jon Kyl
U. S. Senate
730 Hart Senate Building
Washington, DC 20510-0304

The Honorable John McCain
U.S. Senate
241 Russell Senate Office Building
Washington, DC 20510-0303

The Honorable Ann Kirkpatrick
U.S. House of Representatives
1123 Longworth House Office Building
Washington, DC 20515-0301

The Honorable Trent Franks
U.S. House of Representatives
1237 Longworth House Office Building
Washington, DC 20515-0302

The Honorable John Shadegg
U.S. House of Representatives
436 Cannon House Office Building
Washington, DC 20515-0303

The Honorable Ed Pastor
U.S. House of Representatives
2465 Rayburn House Office Building
Washington, DC 20515-0304

The Honorable Harry Mitchell
U.S. House of Representatives
1410 Longworth House Office Building
Washington, DC 20515-0305

The Honorable Jeff Flake
U.S. House of Representatives
240 Cannon House Office Building
Washington, DC 20515-0306

The Honorable Raul Grijalva
U.S. House of Representatives
1440 Longworth House Office Building
Washington, DC 20515-0307

The Honorable Gabrielle Giffords
U.S. House of Representatives
1728 Longworth House Office Building
Washington, DC 20515-0308

Dear Senators and Congress members:

We are writing to strongly encourage you to advocate for some changes to the economic stimulus legislation currently under consideration in Congress. These changes will create jobs and other economic opportunities for thousands of Arizonans throughout our state.

First we strongly urge the inclusion of added investments in existing state energy efficiency programs in the economic stimulus bill. The strategy of adding investments in energy efficiency projects is a quick way to create new jobs for local contractors, technicians, and other skilled labor. At the same time, it will generate energy savings to consumers which will free up disposable income for consumer spending.

The Arizona Corporation Commission has allocated \$37 million for energy efficiency efforts through our investor owned utilities. These dollars have resulted in various demand side management projects ranging from hiring consultants to assisting business owners in reducing energy consumption

through retrofit renovations to working with individual consumers in providing subsidy for the purchase of energy efficient devices and appliances.

We recommend that Congress adopt provisions for 100% federal match for existing utility sector and third party energy efficiency programs in each state. These programs, under the oversight of state utility commissions, save between \$2 and \$4 for every \$1 invested by helping consumers install efficient appliances and lighting, weatherize homes and offices, and upgrade commercial and industrial equipment. However, consumer demand for these programs significantly outstrips available resources and there are long waiting lists for services. Roughly \$3.5 billion is currently invested annually in energy efficiency through these state programs so the federal match would invest at least \$3.5 billion in efficiency for each of the next three years. The \$10.5 billion investment in expanding existing programs would create hundreds of thousands of jobs. On the Senate side, Senators Whitehouse, Leahy, Lieberman, Stabenow, and Sanders recently sent you a letter encouraging its inclusion. We recognize this is a significant amount of money, and note that depending on the availability of funds the percentage match could be decreased in proportion to the reduction in total funding.

We also recommend funding the State Energy Program (SEP) at no less than \$3.4 billion to bolster their energy-efficiency and renewable programs. This matches the House mark-up number and since the SEP Program delivers vital energy efficiency services and innovations and generates renewable investment it should be funded at the level recommended by the House Committee. By approving the Inslee-Welch Amendment last week, House Energy and Commerce has prioritized this investment towards “the expansion of existing energy efficiency and renewable programs approved by the State,” which ensures funds will be invested in expanding energy efficiency programs quickly. If necessary, the SEP could be a vehicle for the matching fund proposal. If it is, the \$3.4 billion should be increased by \$3-4 billion to meet the opportunity to use an existing federal program to match existing state approved utility and third party efficiency investments.

Additionally we ask you to consider funding the Weatherization Assistance Program (WAP) at \$6.2 billion or more. WAP is an invaluable program for hundreds of thousands families whose homes leak energy year-round and who suffer from impossibly high energy bills as a result. This level of investment will create jobs in auditing and retrofitting homes, matches and House mark and would enable this critical program to expand several-fold to meet President Obama’s goal of weatherizing one million low-income homes per year.

Finally we urge you to amend the DOE Grant Program. The DOE Grant Program currently being considered in Section 1721 of H.R. 598 “The American Economic Recovery and Reinvestment Plan of 2009” is a reasonable solution, however, changes must be made to ensure that solar projects can effectively participate:

- Solar projects should be eligible for the grant program if:
 - Construction has commenced by December 31st 2010, and
 - the project is completed by December 31st, 2016, which is the current expiration date of the solar ITC

Payments would be made to these projects at the conclusion of construction and once placed in service.

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Congressional Delegation

This change would allow the Solana Generating Station, a 280 MW concentrating solar power project, approved by the ACC to take advantage of this grant program, helping to ensure the project continues to progress on schedule to completion.

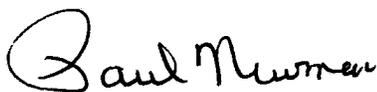
In summary, the ACC has direct knowledge of the capabilities and demand for efficiency programs. We ask that you join with our current efforts to invest in the efficiency of our buildings and industry. And we also ask for changes specified above to assist in the completion of the Solana Generating Station. More than ever, now is the time to act quickly to stimulate the economy. We see the investment in current energy efficiency efforts as the quickest way to create jobs and at the same time, assist businesses and consumers reduce their energy consumption, freeing up disposable income.

We stand ready to brief your offices about the current programs underway, should you require more information.

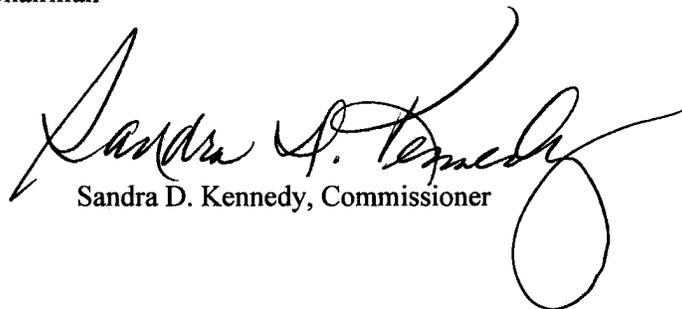
Sincerely,



Kristin K. Mayes, Chairman



Paul Newman, Commissioner



Sandra D. Kennedy, Commissioner

cc: Ernest Johnson
Janice Alward
Michael Kearns
Rebecca Wilder