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ARIZONA CORPORATION COMMISSION

August 21, 2008

Deborah R. Scott
Attorney at Law
Arizona Public Service
400 East Van Buren Street
Phoenix, Arizona 85004-2202

RE: Arizona Public Service Company's Request for Clarification of Biomass Thermal Energy Pursuant to the Renewable Energy Standard Rules
E-01345A-08-0254

Dear Ms. Scott:

In reviewing the item listed above, several unanswered questions have come to mind that I would like to pose for your consideration before the Commission takes up this matter at our upcoming Open Meeting:

1. How important is it that the Commission provide APS with latitude in reaching their obligations under the Renewable Energy Standard (REST) requirements?
2. What are the cost savings involved in the proposed project wherein Drake Cement will utilize biomass instead of coal to generate electricity?
3. Is there any inherent societal benefit in saving coal for use elsewhere?
4. What specifically is the air quality benefit to using biomass instead of coal? Is this benefit quantifiable and has it been quantified?
5. How will this project benefit APS in maintaining the reliability of the electricity grid?
6. How will this project benefit APS in meeting increasing load?
7. How will this pilot program help APS promote the evolution of technologies that will be necessary to meet future energy needs?
8. How important is it that the REST rules advance certain technologies over others?

I look forward to hearing your responses to these questions when the Commission considers Item 15 at the Open Meeting next week. Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Hatch-Miller".

Jeff Hatch-Miller
Commissioner

Deborah R. Scott
August 21, 2008

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cc: Mike Gleason, Chairman
William A. Mundell, Commissioner
Kristin K. Mayes, Commissioner
Gary Pierce, Commissioner
Brian McNeil
Janice Alward
Ernest Johnson
Lyn Farmer
Docket Control