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ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES
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August 28, 2006

Mr. Jack Davis
President and CEO
Arizona Public Service Company
Mail Station 9080
P.O. Box 53999
Phoenix, AZ 85072-3999

Re: Renewable Energy Advertising by Arizona Public Service Company, Docket No. E-01345A-05-0816

Dear Mr. Davis:

In an August 16, 2006 filing in the Docket, Arizona Public Service ("Company") provided to the Commission scripts of conservation, renewables and safety advertisements. I appreciate the inclusion of conservation and safety messages in APS' advertising portfolio, but I was surprised by the apparent dearth of advertising by the Company about renewable energy.

In its August 1, 2006 *Regulatory Update*, the Company told the Commissioners "our advertising commitments have been directed to conservation, load management, *renewables* and safety." As a follow-up to this letter, I asked for the scripts of these messages. The packet of scripts sent to the Commissioners did not include any messages concerning the Commission's Environmental Portfolio Standard ("EPS") program or the Uniform Credit Purchase Program ("UCPP"), both of which are administered by APS, paid for by ratepayers and available to customers of APS who would like to place solar or other forms of renewable energy at their homes and businesses. The ads sent to the Commission make no reference to renewable energy in our state.

Earlier this year, the Commission approved changes to the UCPP and added an additional $4.25 million in funding to ensure that Arizonans would be able to continue to install solar energy systems through the remainder of 2006. As of August 21, 2006, the Company had $1,775,441 remaining in the 2006 UCPP program. The Company has distributed $6,724,559 under this program for 2006. As you know, the Commission has given our preliminary approval to a dramatic expansion of the Environmental Portfolio Standard, which, if given final approval next month, will mean that APS will be responsible for helping to facilitate thousands of additional solar systems per year in Arizona.[1] Essential to the successful launch of the more ambitious

[1] As you know, the new Renewable Energy Standard would require the state's regulated electric utilities to produce 15 percent of their retail energy by the Year 2025 from renewable sources. Currently, a little more than one percent of your retail load comes from renewable sources.

Environmental Portfolio Standard (soon to be called the Renewable Energy Standard) will be a serious commitment by APS to spreading the word about the availability of these programs.

I would like the Company to tell the Commission why there appears to have been no discernable advertising in 2006 about the renewable energy programs that are mandated by the ACC, paid for by ratepayers and administered by APS. If the Company intends to begin advertising the RES in the near future, please provide any scripts of advertisements that the Company has planned, along with information about the placement of those ads.

Thank you for your attention to this matter.

Sincerely,

Kris Mayes
Commissioner

cc: Chairman Jeff Hatch-Miller
Commissioner William Mundell
Commissioner Mike Gleason
Commissioner Barry Wong
Brian McNeil
Heather Murphy
Docket