



# CITY OF FLAGSTAFF

## FLAGSTAFF CITY COUNCIL

211 West Aspen Avenue, Flagstaff, Arizona 86001

Main Line: 928-213-2000

Website: <https://www.flagstaff.az.gov>

September 27, 2024

Arizona Corporation Commission  
1200 W Washington St.  
Phoenix, AZ 85007

RE: City of Flagstaff comment letter *In the Matter of the Proposed Modifications to the Electric Energy Efficiency Standards Rules – Article 24 (Docket RE-00000A-24-0025)* and Appeal to the Arizona Corporation Commission in Support of Energy Efficiency Programs

Dear Chairman O'Connor and Commissioners,

The City of Flagstaff submits this comment letter in response to *the Proposed Modifications to the Electric Energy Efficiency Standards Rules – Article 24 (Docket RE-00000A-24-0025)* and appeals to the Arizona Corporation Commission to support Energy Efficiency Programs.

Thank you for the opportunity to share our input. The City of Flagstaff requests that the Arizona Corporation Commission reject the proposal to modify the Electric Energy Efficiency Standards Rules. The energy efficiency programs established under Article 24 provide critical resources that benefit Arizona households, businesses, workers, and ratepayers. A Commission's decision to abolish these programs would have a direct negative impact on Arizona residents and businesses.

The electric energy efficiency programs provide the following critical benefits to Arizona businesses and residents.

- **Energy and Cost Savings**: Energy efficiency upgrades save money for households and businesses. According to National Renewable Energy Laboratory modeling, improvements such as duct sealing and insulation would be cost-effective for over 65% of Arizona households, with annual savings of \$86 per year, for a total statewide savings potential of \$98 million.<sup>1</sup> Improvements such as heat pumps to replace old air conditioners or electric baseboard heating can yield even higher savings. Still, customers often must overcome the upfront costs, which makes the utility energy efficiency incentives a critical component in unlocking these potential savings.
- **Cost Effective**: Per R14-2-2412, Cost-effectiveness, these programs are already required to be cost-effective, meaning they generate more significant benefits for Arizonans than their overall program costs. These programs are highly cost-effective, with benefit-to-cost ratios of more than two-to-one. At a time of rising utility rates, the Commission should be working to expand all cost-effective energy savings options, not repealing them.
- **Leverage of Federal Benefits**: The energy efficiency programs also bring in federal benefits, supporting the Arizona economy through increased federal tax credits and grants. Over 46,000 Arizonans received the 25C energy efficiency home improvement tax credit in 2023, representing \$41 million in federal tax credits returned



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- to the Arizona economy.<sup>2</sup> The utility energy efficiency programs will also support Arizonans in taking advantage of the over \$150 million in Home Energy Rebates authorized for Arizona by the Inflation Reduction Act.
- **Benefits to Local Small Businesses:** Electric energy efficiency programs provide critical support to the local energy efficiency industry, primarily composed of small businesses. Over 88% of plumbing, heating, and air-conditioning contractors and 79% of drywall and insulation contractors in Arizona have fewer than 20 employees.<sup>3</sup>
- **Support for Local Jobs:** Energy efficiency is the largest energy sector in Arizona, employing over 44,000 workers across every county in 2023, and has the potential to create even more local jobs and economic activity.<sup>4</sup> This represents 15% of Arizona's construction workforce.<sup>5</sup>
- **Support for Equity:** Energy efficiency programs help protect the most vulnerable Arizonans, including seniors, low-income households, and disproportionately impacted communities. These households face the most significant risks from extreme weather and the highest energy burdens. Energy efficiency programs can significantly improve resilience and health for the most vulnerable, representing a critical pathway to supporting equity in the energy sector.

The City of Flagstaff urges the Arizona Corporation Commission to support Arizona residents and businesses and protect these critical resources.

Thank you for considering our comments on this crucial issue.

Best regards,

Becky Daggett,  
Mayor of Flagstaff, on behalf of the Flagstaff City Council

Enclosures:

<sup>1</sup> National Renewable Energy Laboratory, "Residential Energy Efficiency Potential – Arizona," based upon ResStock model, <https://resstock.nrel.gov/factsheets/AZ>

<sup>2</sup> "SOI tax stats - Clean energy tax credit statistics," Internal Revenue Service, <https://www.irs.gov/statistics/soi-tax-stats-clean-energy-tax-credit-statistics>

<sup>3</sup> 2021 Statistics of U.S. Businesses Annual Data Tables by Establishment Industry, U.S. Census Bureau, December 2023, <https://www.census.gov/data/tables/2021/econ/susb/2021-susb-annual.html>

<sup>4</sup> Energy Employment By State 2024, United States Energy & Employment Report 2024, U.S. Department of Energy, [https://www.energy.gov/sites/default/files/2024-09/USEER%202024%20States\\_0913.pdf](https://www.energy.gov/sites/default/files/2024-09/USEER%202024%20States_0913.pdf)

<sup>5</sup> Arizona Energy Efficiency Jobs in America, E4TheFuture, <https://e4thefuture.org/wp-content/uploads/2023/10/Arizona.pdf>