

Comments from Phelps Dodge Mining Company
March 2, 2004

Ray and Barbara,

I am working out of the country this week, but wanted to offer a couple of thoughts for the meeting on March 5, as I will not be able to attend. Having been through some of these workshops now, I must say I admire your perseverance for enduring the process.

ERM - Bio-mass and bio-diesel should be added to the renewable fuel mix, now that the renewable fuel horizons are expanding.

(a) Bio-mass could be a political solution to help clear the forests of bark beetle killed trees before a forest fire totally clears the forest. Bio-mass generation could offset the cost of ridding the forest of dead trees, allowing more acres of beetle damaged forest to be made safe from fire.

(b) Bio-diesel is made from used deep fryer oil, another waste product. This product would have limited availability, thus would be self limiting in applicability. I wonder if it would smell like French fries when burned?

DSM - My home is on the APS TOU rate and recently APS sent out the annual statement showing how much \$ was saved by shifting consumption from peak to non-peak hours. In my case, the only "tool" installed to help us manage consumption is a water heater timer. My savings over the standard rate was \$138 in 2003. The point is that TOU can shift a lot of energy from peak to off-peak with only the price of a new meter. Accordingly my proposal would be to encourage voluntary standard rate to TOU conversion by exempting TOU customers from the surcharge until a predetermined level of TOU penetration is achieved. This would maximize TOU conversion as customers who chose to convert would save themselves \$ through shifted consumption and avoidance of the surcharge as well as reduce system costs for all.

Thanks for allowing me to input.

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