

Investing Exxon Restitution Funds in Arizona



**A Report to Governor Bruce Babbitt
From the Exxon Review Committee**

July 21, 1986

Bruce Babbitt, Governor

State of Arizona

A REPORT TO GOVERNOR BRUCE BABBITT
FROM THE EXXON REVIEW COMMITTEE

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Bruce Babbitt, Governor
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EXXON RESTITUTION FUND

HISTORY

The history of oil pricing in the United States is a story of price controls, partial deregulation and, finally, deregulation. Until the oil embargo of 1973 shocked the nation, oil had federal price controls which kept the cost of gasoline and heating fuel low. After the embargo, the federal government wanted to promote new domestic oil supplies, so it began a limited decontrol for new exploration. From this came the expressions "new oil," for newly developed oil sources and "old oil," for previously developed oil fields. In 1981, President Reagan decontrolled all oil prices.

During the period of limited price controls, oil companies had difficulty accounting for new and old oil supplies. Consequently, the Justice Department uncovered a number of instances of oil price overcharges and began legal actions which resulted in petroleum violation settlements and court cases. Billions of dollars of overcharges have been identified and pursued. Chevron Oil Corporation settled out of Court in 1981 and Arizona received \$857,200 in restitution funds. In December, 1982, Senator John Warner led Congressional debate which authorized \$200 million be returned to the states for restitution. Arizona received \$1.98 million for the five eligible programs designated by Senator Warner's amendment to the budget reconciliation act. The Warner amendment required that the funds "supplement, not supplant" existing funding and it prohibited expenditure of funds on administration. Congress specified that the Governor utilize these funds as if they were one of the following energy-related programs:

- * State Energy Conservation Program
- * Energy Extension Service
- * Institutional Conservation Program
- * Low-Income Weatherization Assistance Program
- * Low-Income Home Energy Assistance Program

In Arizona, the first four of these are administered by the Arizona Energy Office of the Department of Commerce and the fifth by the Department of Economic Security.

Exxon Restitution Fund

The Exxon Corporation was accused by the federal government of overcharging customers for oil from the Hawkins Field in West Texas during the period 1975-81. Judge Thomas Flannery ruled that Exxon did overcharge its customers and ordered it to return \$2.1 billion in overcharges and accrued interest. The Judge determined that it was virtually impossible to compensate individual drivers who were overcharged and that the most equitable form of restitution was to follow the Warner Amendment provisions. In February, 1986, the Supreme Court

upheld Judge Flannery's opinion and Exxon deposited the funds in the U.S. Treasury. Arizona received an electronic transfer of funds for \$21.6 million as its share of the settlement based on petroleum consumption during the overcharge period. The funds were deposited in a special trust account, the Exxon Restitution Fund, in the state Treasurer's Office.

When the Secretary of Energy, John Herrington, notified Arizona of its share of funds, Governor Bruce Babbitt signed a required form stating the funds would be used in accordance with the Warner Amendment framework and that Arizona would report back to the Court at the end of a year with a plan of expenditures. Governor Babbitt then began a process to determine the best ways to utilize the funds within the five eligible energy-related programs.

Exxon Review Committee

The Governor appointed an independent, citizens review panel to prepare recommendations for investing Exxon Restitution Funds. The committee was composed of members who had no vested interests and did not represent any groups or constituents who would benefit from the funds. Rather, the committee was charged with the larger task of representing the best interests of the state and was asked by the Governor to look for those things that could have the largest long-term benefit to the state and the greatest energy savings impact.

The Exxon Review Committee met four times over a period of eight weeks and received comments from over one hundred individuals and organizations. The committee examined how other states are investing their funds, the rules and regulations of the court-ordered programs, and innovative opportunities. After a thorough review of options, the committee recommended funding for a package of programs that is incorporated in this report.

In addition to broad categories for funding, the committee made the following recommendations:

- * Wherever possible, funds should be placed in trust accounts or revolving loan arrangements to increase the impact and benefits from the funds.
- * All expenditures should undergo a thorough evaluation for effectiveness and, if warranted, be altered or cancelled.
- * Programs recommended for funding over several years should be seen through to completion.

EXXON RESTITUTION FUND

Recommended Programs

1. Low-Income Energy Programs

Weatherization - The typical home requires \$500 - \$1600 to improve its energy efficiency. There are approximately 80,000 homes eligible for the U.S. Department of Energy Low-Income Weatherization Assistance program. With four million dollars invested over five years, up to 6,000 households would benefit from reduced energy consumption. Training should be emphasized to assure effective installation and to improve the skills of weatherization crews. Continuous evaluation should be conducted and, at least annually, the program should be thoroughly reviewed for effectiveness.

Partnership Programs - Partnership programs have been established to leverage existing funds with other money for greater impact. The Seniors Helping Seniors Energy Savings Program is an example of the Energy Office and Southwest Gas working together to install low-cost energy savings devices in the homes of eligible senior citizens. Arizona Public Service will match dollar-for-dollar in a Neighbors Helping Neighbors program and Murphy Engineering is developing community match for Project RENEW. These programs are prototypes of additional partnerships that can be developed through a Request for Proposals process to reduce energy waste in homes. In addition, a new Community Energy Partnerships is being formed as a non-profit foundation to provide a stable source of funds for low-income energy conservation programs. In addition to oil overcharges, it would be funded from a variety of sources and offer services after a competitive proposals process.

Innovative Programs - The current federal rules and regulations for Weatherization Assistance do not allow for some measures that can be most effective in Arizona. There are new energy saving devices and techniques that need to be explored in demonstrations or pilot programs. A Request for Proposals process and direct technical services would create alternatives to overcome these problems and would attract original, creative programs targeted for Arizona's climate, lifestyle and housing stock.

Low-Income Energy Assistance - The Department of Economic Security administers these income transfer funds that provide utility bill payments, energy emergency assistance and weatherization. Funds should be used principally for emergency crisis intervention programs to assist the homeless, provide a revolving fund for utility deposits, assure no shut-offs for disabled or elderly people, and weatherize homes. The remaining funds should be distributed in a way to benefit rural counties since current rules provide substantial funds for the two urban counties.

2. Energy-Related Air Quality Programs

Tune-Ups for Low-Income People - Low-income people affected by the new emissions law need assistance to tune-up their cars which may fail emissions tests. It is estimated \$1,200,000 could help approximately 10,000 vehicles to reduce energy waste and pollution. A program must be designed and then delivered in both Maricopa and Pima Counties. The Energy Office will provide services and issue a Request for Proposals to implement the program.

Technical Assistance - Much of the success in the air quality effort will come from technical improvements in traffic flow, traffic light synchronization, alternate commuting modes and tune-up training. Direct technical services to cities, counties and other groups and Requests for Proposals can produce needed benefits.

Corporate Incentives - The committee strongly recommends design and implementation of incentives recommended by the Governor's Urban Air Quality Task Force to help large employers promote air quality strategies. The participating companies would receive a rideshare match computer terminal, forms and promotional material. Fifty of the largest employers in Phoenix and Tucson would participate to help achieve the goal of doubling ridesharing commuters to twenty percent of area commuters.

Compressed Natural Gas (CNG) - Conversion of 100 state vehicles to CNG can demonstrate the value and reduce carbon monoxide emissions to one-half of one percent of gasoline engines. An analysis of the cost-effectiveness of this and other alternate fuels will be conducted. After the program has operated for one year, a complete report with recommendations for other fleet vehicles should be prepared.

Education and Awareness Programs - If progress is to be made in future years, the motoring public and students in grades 1-12 should receive information about ways to reduce energy waste and to mitigate air pollution. Public information, classroom materials and teachers training will be funded.

Bicycling Demonstrations and Incentives - Commuter bicycling can reduce automobile traffic, energy use and fuel emissions. A study should identify possible routes as they relate to large employment sites. In addition, large employers should receive incentives to install showers and lockers, public transit should demonstrate support with bike racks on buses and at stops, and signs should be installed to promote bike routes.

3. Schools and Hospitals Conservation

There are 300 school districts with eligible buildings and dozens of hospitals that qualify for matching funds to conduct engineering studies and install energy savings measures. Emphasis should be given to providing energy audits and technical assistance to institutions, particularly those in economic hardship areas. The typical grant repays itself from

energy savings in three or four years. Thus schools can devote limited funds to education excellence and hospitals to health care rather than energy costs. Funds will be provided to supplement the existing Institutional Conservation Program.

4. Energy Efficient Building Programs

Residential Energy Incentives - Improving the energy efficiency of homes from present levels of air-conditioner efficiency to what is available on the market could save \$3.6 billion in unneeded electric generation construction and save 1,440 megawatts (more than Palo Verde unit one and our Hoover Dam hydropower allocation). Other innovative strategies should be explored with homebuilders, lenders and the building industry to increase the energy efficiency of new homes.

Revolving Loan Fund - A revolving loan fund could provide a lasting legacy to improve energy savings in residential, commercial and industrial buildings. There is some question whether the Department of Energy will approve revolving loan funds for residential retrofit. However, the committee recommends that revolving loan funds should be implemented if at all possible. Loans would help overcome the problem of initial cost, which is the single largest barrier to installation of energy conservation measures.

State Buildings - An energy audit completed by our office identified measures to save hundreds of thousands of dollars in capitol complex facilities. There are additional cost-effective demonstrations and innovations which can save substantial amounts of money on energy costs in state buildings.

5. Energy Innovation and Demonstration Grants

One of the most successful programs from early oil overcharges was the innovation and demonstration grant program. Schools, local governments, energy organizations, small businesses and other energy users can benefit from funds made available through several sequenced cycles of Requests for Proposals that screen energy impact and encourage originality. Projects with energy saving opportunities might include cogeneration, training programs, streetlight conversion and other light pollution strategies, agriculture programs, community energy programs, feasibility studies, economic analyses, energy data, demonstrations, workshops and other energy savings strategies.

6. Solar Economic Development Programs

Solar energy represents a significant opportunity for Arizona's economy and energy future. The committee strongly supports efforts to promote the photovoltaic industry but it had only one photovoltaic proposal submitted: a plan to build a photovoltaic-powered central electric generating station at the Ocotillo oil-fired plant operated by Arizona Public Service. The committee would prefer that a greater variety of options be sought by the Energy Office. A Request for Proposals should seek alternative proposals, especially those with an emphasis on

energy-related economic development opportunities. In addition, the committee recommends proposals be sought for innovations such as funding for preliminary planning and design for the Solar Oasis project that has been proposed for downtown Phoenix.

7. Indian Programs

The Navajo Nation has sought and obtained from DOE special status since it crosses state borders. An agreement has been reached to provide funds based on the population of the Navajo Nation as a percentage of Arizona's population. Other Indian tribes are eligible for energy programs and services provided through the five eligible energy-related programs.

Additional Recommendations

The committee emphasizes its desire to see funds placed in trust accounts or revolving loan funds where possible. The long-term value of the program would be enhanced by such arrangements. The committee recommends that all expenditures be screened for energy savings impact or through a Request for Proposals process. During the course of program delivery and at the end of each year, programs should be reviewed for effectiveness and altered or cancelled if warranted. The committee strongly recommends that assurances be given service providers that programs recommended for funding over several years will be seen through to completion. The committee offers its assistance to serve as a continuing source of review and comment to help assure effective utilization of these restitution funds.

EXXON RESTITUTION FUND
Recommended Funding
(Millions of Dollars)

1. Low-Income Energy Programs		\$ 7.4	31.3%
Weatherization	\$4.0		
Training	.5		
Innovations-Partnerships	1.5		
LIEAP (DES)	1.4		
2. Energy-Related Air Quality Programs		5.7	24.1%
Tune-Ups for low-income	1.2		
Technical assistance	2.0		
Corporate incentives	.5		
Compressed natural gas and analysis	.5		
Education and awareness programs	1.0		
Bicycling demonstrations and incentives	.5		
3. School and Hospital Conservation	2.0	2.0	8.4%
4. Energy Efficiency in Buildings		4.0	16.9%
Residential energy incentives	2.0		
Revolving loan fund	1.5		
State building demonstrations	.5		
5. Energy Innovation and Demonstration Grants		2.1	8.9%
Small business			
Local Government			
Agriculture			
Energy Economic Development			
6. Solar Economic Development Programs		1.9	8.0%
Photovoltaics	1.4		
Innovations	.5		
7. Navajo Nation		<u>.5</u>	2.4%
TOTAL		\$23.6*	

* Total includes anticipated interest earnings.

SECTION IV

Suggestions for Expenditures

Over one hundred individuals and organizations submitted ideas that totaled over \$100 million when everything is taken into account.

The following pages reflect many of the ideas submitted. This list does not reflect whether the projects are eligible or whether they should be funded. It is included to provide the reader with an indication of the variety of options people suggested.

Suggestions for Exxon Expenditures

The following organizations have made suggestions for the expenditures of Exxon Restitution Funds. This listing is intended to provide a sample of their written, verbal or reported comments. It is not to be construed as an endorsement of any ideas nor does it represent all the possible uses.

Arizona Community Foundation

The Foundation has offered to serve as a distribution agent for community-based programs. They feel they would add credibility to the process. They would not need administrative funds and could monitor the effectiveness of the grants.

Arizona Energy Data System

Data is a key to future energy analysis. The data system was started with oil overcharge funds and could expand its analytical and evaluation services with additional funds. An advisory committee is composed of representatives from the universities and energy suppliers. It is administered by the Arizona Energy Office.

Arizona Solar Energy Commission

The Commission has proposed a variety of activities to promote solar energy in Arizona. The most ambitious proposal is a Solar Oasis in Phoenix in conjunction with the Disney organization. A \$3 million investment would help lure the project and create an exciting demonstration. The next idea is a solar community planned on state land in Tucson. Estimated funding ranges from \$150,000 to \$1 million for planning and design. A third solar option is promotion of economic development by demonstrating the value of photovoltaics and doing economic analyses and job recruitment. About \$1.5 million could develop a very effective program. Additional solar funds are sought for information and education workshops and promotion.

Community Partnerships in Energy

A non-profit foundation is being developed to endow weatherization assistance and other community-based energy savings programs. Depending on revolving loan arrangements, this fund could be a pioneering and innovative way to create a lasting source of energy conservation activities.

Consumer Energy Council of America

This national organization proposes a wide range of services in energy research, program design and technical analyses.

Energy Source Education Council

This Minneapolis company has energy education materials available for primary and secondary school programs.

Guaranty Fuels, Inc.

This Kansas company proposes alternative transportation fuel production in a facility owned and operated by them. They seek financial support.

Historic Preservation Office

The state agency proposes saving the energy costs associated with new construction by saving historic buildings. Staff for technical assistance and funds for retrofit are of interest to the agency.

JHK and Associates

These transportation consultants suggest they could conduct traffic flow improvement programs and other transportation projects.

Kitt Peak and Local Governments

The astronomy industry needs reduced light pollution to compete successfully for a new world-class telescope on Mt. Graham. New energy-efficient lighting technologies help reduce light pollution while saving energy on streetlights.

Low Income Advocates

A large assortment of low-income advocates (including the Governor's Advisory Council on Aging, MAG, DES, and individuals) have recommended a large portion go for weatherization assistance. Others seek renewed funding for our Seniors Helping Seniors and Neighbors programs. Funding for the homeless has been sought and homeless centers may be eligible for DES-type funding.

Rockland Industries

This Baltimore company suggests their insulation products are cost-effective and should be installed.

Schools and Local Governments

A variety of schools and local governments have proposed a wide range of services and grants to help these public institutions to reduce energy waste. Both the Institutional Conservation Program and grants from the SECP would fill this need.

Service Station Dealers Association

A training program for mechanics was very successful and they seek expanded funding.

State Agencies

State government has great energy savings potential. Funding for energy engineering studies, demonstrations and improvements would pay itself back very quickly in reduced operating costs.

Tucson Metropolitan Energy Commission

The Commission has made great strides in community energy planning and economic analysis. It is suggesting some new funding and also endorses several other projects such as the state lands solar plan and low-income funding.

U of A College of Agriculture

Dean B. P. Cardon recommends funds be spent on improving energy efficiency in agriculture.

Urban Air Quality Task Force, MAG, PAG, ADOT, DHS

A wide variety of proponents have recommended a comprehensive package of energy-related air quality programs. These include ridesharing, traffic light synchronization, community awareness, tune-up promotion, fleet efficiency, CNG conversion, bicycling promotion and related projects.

Utilities and Building Industries

Informal discussions with both utility representatives and the buildings industry resulted in suggestions for incentive programs to promote energy savings in new homes. Both financial incentives and staff technical assistance (a grant to the homebuilders association for an energy expert, for example) are possible.

XENERGY

This "full-serve" energy services company proposes it be hired to conduct a wide variety of energy auditing and training programs.

Augspurger Engineering, Inc., Quent Augspurger

As a member of the Solar Energy Commission and as a practicing Consulting Engineer, he strongly recommends that the Exxon Funds be distributed to the Solar Energy Commission

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Suggestions for Exxon Expenditures
(Continued)

Arizona Community Action Association Inc.

The Association recommends that 40% of the funds be allocated to the Low Income Home Energy Assistance Program (LIHEAP) and 40% to the DOE Weatherization Assistance Program (DOE-WAP). It also recommends a trust fund concept for weatherization funds.

Tucson Unified School District

The school district proposes that matching funds be provided to permit them to speed-up replacement of school buses, to allow quicker replacement of its antiquated absorption chiller units and for purchase of computerized energy management systems.

Arizona Solar Energy Commission

The Commission, in addition to other suggestions, proposes to use \$3 million to fund its participation in the Photovoltaic Excellence Program. The Arizona Public Service, the Salt River Project and the Electric Power Research Institute would also participate in the \$6.5 million project. Under the program a one megawatt test facility would be planned and constructed. The Commission also proposes \$300,000 for a two year feasibility study to determine if it is technically feasible to power a water reclamation plant with solar energy and to utilize solar energy to supplant some current chemical methods (e.g., chlorine, ozone or silver ions) used to purify water.

League of Arizona Cities and Towns

The League recommends that \$6 million be earmarked for a competitive grant program for energy conservation for local governments.

Housing Authority of the City of Flagstaff

The Authority recommends that 85% of the funds be allocated to the Low Income Weatherization Assistance Program and the Low Income Energy Assistance Program.

Reynolds Electrical and Engineering Co., Inc.

Driver Energy Conservation Awareness Training has a long-term effect and has low administrative costs.

Arizona Community Foundation

The Foundation proposes that the State allocate 10 percent of the funds for a demonstration grant program to be administered by the Foundation on a statewide basis. The grants program would be geared to the needs of the low-income and the organizations that serve them.

Realty World

The bulk of the money should go to the Institutional Conservation Program to install passive energy generation and energy conservation devices and materials on all state buildings and vehicles.

Energy Simulation Specialists

Recommends the State Energy Conservation Program and the Institutional Program because these programs have resulted in the greatest energy savings, are administered well and are efficient in reaching the citizens.

Rockwell International - Energy Technology Engineering Center

EETEC is capable of providing technical support, technical evaluation and technical monitoring for energy programs including the State Energy Conservation Program (SECP), the Energy Extension Service (EES) and the Weatherization Program.

Navajo Nation Health Foundation

All 5 programs are useful but the Institutional Conservation Program should be emphasized.

Salt River Project

All oil overcharge funds should be put in a trust account. Most of the investment earnings should be directed toward the Low-Income Weatherization and Energy Assistance Programs.

Ride Share - Pima Association of Governments

The ridesharing activity can be strengthened by 1) stronger support for the corporate rideshare network, 2) increased development and use of park and ride facilities, and 3) exploring solutions to parking management, transportation and land use management.

Lothar Schmidt - Electrical Engineer

\$50,000 to design, build and demonstrate a minimum cost conversion system for geothermal and other types of low grade heat energy. Also, creation of a revolving loan fund managed by the utilities for energy retrofits.

Northern Arizona University - Steve Chambers, Management Research Analyst

The State Energy Conservation Program and the Institutional Conservation Program (ICP) are the most beneficial to the State universities. State universities have benefited tremendously from energy audits and conservation measures funded by the ICP. Mr. Chambers also suggests a reduction in the matching funds required to give NAU more flexibility and that added weight be given to areas with harsh climates when distributing the funds.

Metropolitan Energy Commission Tucson - Pima County

Supports the Solar Energy Commission's proposals because they represent both a short and long-term opportunity for placing Arizona at the forefront of states in promoting Solar Energy for today and our future needs.

Project S.H.A.R.E - John Acer

Some of the Exxon funds should be channeled through S.H.A.R.E which provides an annual one-time assistance payment for a utility bill for the elderly and handicapped in need. The Salvation Army distributes the funds throughout the State.

U of A, College of Agriculture, Cooperative Extension Service

Use Exxon funds to develop an extensive extension education program directed at energy conservation through improved pumping plant and irrigation efficiency. Farmers could reduce their cost of irrigation from 20 to 50 percent.

Engineering Economics, Inc., Golden Colorado

All program proposals should be evaluated by two criteria - leveraging and overall energy impact. Leveraging through the use of cost share programs, etc. should provide a 3 or 4 to 1 end result for each dollar spent.

Kino Community Hospital

The Kino Community Hospital has become an active participant in the Institutional Conservation Program and requests that it be kept informed on the availability of any funding. The technical assistance energy conservation study of the institution recommended investing more than \$420,000 in order to achieve significant energy consumption savings.

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Suggestions for Exxon Expenditures
(Continued)

Arizona Corporation Commission - Renz Jennings

Supports the Solar Energy Commission's proposals, in particular, the Photovoltaic Electric Power Project. Also a low-income program that puts evaporative cooling on homes where there is only refrigerated air conditioning or no cooling. Southern California Edison has an evaporative cooling rebate program that is funded in part by Exxon money. This would permanently help low-income people pay their utility bills.

Arizona Legislative Council

Request up to \$25,000 to pay costs for materials to change the lighting in the Senate and House Chambers. Estimated pay back is 3 years.

Pima County Board of Supervisors, Iris Dewhirst

Supports funds for the Solar Village which would take a piece of State land and provide an example of how developers can establish an energy conserving and conscious community.

Lothar Schmidt, Energy Task Force, Yuma

\$40,000 to weatherize 19 low-income houses which will be constructed by the Yuma County Housing Authority.

Community Advocates for Shelter Alternatives (CASA)

CASA proposes the following:

1. Put some of the Exxon money into a trust fund and provide that CASA use the interest to fund monthly utility bills.
2. \$10,000 for a revolving loan program to pay the initial utility deposits for homeless families.
3. Funding for bus tickets and gas to run their van to job interviews and job sites (\$5,000 for bus tickets and \$5,000 for gas).
4. \$70,000 to develop a low-income energy efficient housing demonstration project.

Harry Reed, Arizona Department of Transportation

1. 50% of the funds could be spent in three air quality planning areas:
 - 1) transportation control measures e.g. transit or van pooling;
 - 2) alternate fuels e.g. propane or alcohol to power our state fleet and
 - 3) nonvehicular forms of transportation e.g. bicycling and ride sharing.

2. 50% of the funds could be spent on strategies which can help save energy indirectly, such as:
 - 1) energy information and education
 - 2) grants for transportation management e.g. vehicle maintenance and driver training
 - 3) energy research and demonstration projects.

U of A, Environmental Research Laboratory - Carl Hodges

Interested in the Solar Oasis and will be providing increased documentation as more specific plans are developed with the Disney organization.

Yuma Metropolitan Planning Organization - Robert Vaughan

Suggests that we choose programs with lasting results and that will improve quality of life in terms of efficiencies in transportation, personal safety and related environmental issues. Suggests that the Low Income Energy Assistance Program be coordinated with APS's Project S.H.A.R.E.

JHK & Associates - Coleen Dillon

Expressed interest in learning the outcome of Governor Babbitt's decision on funding, particularly with the State Energy Conservation Program.

City of Flagstaff - John Roberts

They feel a major portion of the Exxon funds should be placed in the Low Income Weatherization Assistance Program since this program has the most direct impact in assisting our citizens and reducing the overall energy consumption.

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Suggestions for Exxon Expenditures
(Continued)

City of Glendale - George Renner

Since 1978, the City has been including energy conservation (weatherization) items in housing rehabilitation funded by the Community Development Block Grant. They propose a grant program for eligible homeowners to cover the weatherization items in the rehabilitation work.

Governor's Arizona Bicycle Task Force

Request \$1,600,000 to implement the following programs:

- 1) Bicycle Facility Planning - \$350,000 to undertake an aggressive program of matching local funds and providing technical engineering and planning assistance to local units of government to facilitate and assist their development of bikeway facilities.
- 2) Bicycle Education - \$500,000 to establish a statewide program of bicycle safety education for grade school students.
- 3) Demonstration Projects - \$80,000 for a feasibility study of using the Central Arizona Project right-of-way as a major bikeway; \$50,000 for a commuter bicycling project; and, \$220,000 for lines and signs to designate bicycle lanes.
- 4) Bicycle Coordinator - \$400,000 for a bicycle coordinator for 5 years. The funding includes secretarial support services, travel, and supplies.

Sunfree Enterprises

Proposes that Exxon funds be used to purchase and send Sunfree's "Energy Conservation Made Fun, Inexpensive and Easy" manual to all households in Arizona.

U of A - Greg McPherson

Demonstrate to developers and land planners the benefits and costs for a wide variety of energy conserving options by developing an energy conserving site design. The purpose is to illustrate how a resource conserving development might look and the magnitude of potential savings.

National Energy Management Institute(NEMI)

NEMI is a non-profit corporation that has had experience in developing energy conservation programs for public institutions and small businesses. They strongly encourage investment of oil overcharge funds in these areas. One example is a grant program for surveys and energy audits.

Suggestions for Exxon Expenditures
(Continued)

State Weatherization Policy Advisory Committee

Trish Georgeoff, Chairman, recommends that 85% of Exxon go to the Weatherization Assistance and Low-Income Energy Assistance programs and 15% to the State Energy Conservation Program and Energy Extension Service.

Lyle Minkler - Yavapai College

Mr. Minkler supports Solar Commission requests for Solar Village and photovoltaics. He is a member of the Solar Commission.

Jim Warnock - Arizona Solar Energy Commission

Mr. Warnock clarifies his earlier proposals and indicates he wants to integrate the energy information center into the Solar Oasis proposal.

UA College of Agriculture

L. W. Dewhirst, Director of the Agricultural Experiment Station, recommends \$1 million be spent over three years for the following activities:

1. Drip irrigation and minimum tillage demonstration in cooperation with Sundance Farms.
2. Development and dissemination of well energy use testing program and electrical load management software for agricultural water pumpers.
3. On-farm irrigation management feasibility using remote sensing.

Suggestions for Exxon Expenditures
(Continued)

Arizona Energy and Older Adult Network

Patricia Brown, Chair of the Issues Committee, writes that the organization urges a program to repair hazardous conditions in the homes of senior citizens. The program should include funds to repair coolers and disconnected, unsafe appliances.

Enercom

Enercom is a Tempe-based energy services company that has programs in eighteen states. They propose the \$21.6 million be spent on programs they have developed in partnership with utilities in other states. In Arizona, they want to establish a program with Arizona Public Service to weatherize the homes of low-income people and provide shared savings for schools, hospitals and government facilities.

Energy Source Education Council

This non-profit, tax-exempt organization proposes distributing its energy conservation kits to the 577,492 elementary and secondary students in Arizona's schools. Each packet costs about \$1 and they request \$500,000 per year.

Arizona State Parks

Don Charpio, the Executive Director, seeks \$1,480,000 from Exxon to fund the following at Oracle State Park near Tucson: study and design of energy-efficient buildings at the Park; build them; design environmental education programs, displays and exhibits; and implement them.

Suggestions for Exxon Expenditures
(Continued)

ARCO Solar - Ray Kosanke

The manager of new business development proposes the Exxon funds be devoted to two options:

1. The photovoltaic array of 1-5 megawatts, with the possibility of the revenues from the plant going to help offset electricity bills.
2. A 2 kilowatt photovoltaic array on 500 low-income eligible homes thereby adding one megawatt of peak power to Arizona's utilities, reducing the household's utility bill and providing technology experience.

Tucson-Pima Metropolitan Energy Commission

The Chairman, Bill Mapes, seeks supplementary funding for low-income weatherization assistance.

Maricopa Association of Governments

Tempe Councilmember, Patricia Hatton, requests a portion be allocated to low-income weatherization and energy assistance.

International District Heating and Cooling Association

The association promotes the use of appropriate local energy sources to heat and cool communities. They recommend small grants be made available to local governments for feasibility analysis and identification of opportunities.

Council of Energy Resource Tribes (CERT)

Glen Lane, the Principal Engineer/Physical Scientist for CERT, recommends the state invest funds for a photovoltaic project submitted by Dr. Charles Backus of ASU. He wants to incorporate photovoltaics in a multimegawatt solar electric generating station in southeastern California.

NAU School of Forestry

The Director of Research Programming recommends Exxon funds fund a solar kiln to save energy used in drying lumber, reduce air pollution and help the wood processing industry.

Residential Utility Consumer Office

The Director, Susan Williams, endorses a proposal to be submitted by the Mayor of the City of Yuma and the Chairman of the Yuma County Board of Supervisors to reduce cooling costs for Yuma-area low income, medically needy and senior citizens.

City of Phoenix - Water and Environmental Resources Department

George Britton proposes a research and demonstration home like Tucson's Casa del Agua to collect data about the interrelationship between water use in and around the house and energy demand. A home would be built to incorporate low flow plumbing and water recycling as well as passive solar design featuring high mass, good insulation and landscaping. The house would also be used to inform professionals and the public. To design, construct and operate the house for two years, it is estimated it would cost \$400,000. Outside matching funds would be sought in addition to Exxon.

Arizona Public Service

The Manager of Community and Consumer Affairs, Pat Tillery, reaffirms interest in funding for the Neighbors Helping Neighbors energy saving program, particularly in an area such as Yuma where high temperatures and low incomes create unusual problems. APS and the Energy Office have worked together to develop a pilot project funded from Warner oil overcharge funds. APS now seeks considerably higher level of funding for a larger demonstration of the program.

The Salvation Army

Lt. Colonel Bruce Harvey, Divisional Commander, seeks funding to continue the services offered by the Salvation Army.

Northern Arizona Council of Governments

Ken Sweet, Executive Director, endorses funding low-income energy assistance and weatherization programs.

Yuma Officials

The Mayor of Yuma and Chairman of the Yuma County Board of Supervisors propose expenditures for three projects in Yuma. These have been developed from input by a wide variety of public and private organizations:

- o Rural Retrofit - The Weatherization program for low-income people should be supplemented to allow repairs of \$2500, rather than \$1600 under current rules.
- o Energy Efficient Air Conditioner Replacements - Through grants or loans, low-income people or fixed-income people would be able to obtain more energy efficient refrigeration, pre-coolers or evaporative coolers.
- o Energy Exposition - An energy expo would bring consumers together with producers to expose the community to new approaches in energy conservation.

Inter-Faith Coalition on Energy (ICE)

The Inter-Faith Coalition on Energy has formed to address the problems of energy costs in religious facilities. The Committee would like to see funds made available for training and installation of measures.