

REFERENCE TITLE: energy and water savings accounts

State of Arizona
Senate
Fiftieth Legislature
First Regular Session
2011

SB 1172

Introduced by
Senator Nelson

AN ACT

AMENDING TITLE 9, CHAPTER 4, ARTICLE 8, ARIZONA REVISED STATUTES, BY ADDING SECTION 9-499.16; AMENDING TITLE 11, CHAPTER 2, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION 11-254.08; AMENDING SECTION 15-213.01, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2009, CHAPTER 101, SECTION 1; REPEALING SECTION 15-213.01, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 117, SECTION 4; REPEALING SECTION 15-342, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 117, SECTION 6 AND AS AMENDED BY LAWS 2010, CHAPTER 332, SECTION 10; AMENDING TITLE 15, CHAPTER 12, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-1453; AMENDING TITLE 15, CHAPTER 13, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-1650.02; AMENDING TITLE 34, CHAPTER 1, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 34-105; REPEALING SECTION 34-201, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2010, CHAPTER 117, SECTION 12 AND AS AMENDED BY LAWS 2010, CHAPTER 244, SECTION 24; REPEALING SECTIONS 34-455 AND 34-456, ARIZONA REVISED STATUTES; AMENDING SECTION 35-142, ARIZONA REVISED STATUTES; AMENDING TITLE 35, CHAPTER 1, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 35-156; REPEALING LAWS 2009, CHAPTER 101, SECTIONS 12, 13 AND 14 AND LAWS 2010, CHAPTER 117, SECTION 27; AMENDING LAWS 2010, CHAPTER 244, SECTION 43 AND LAWS 2010, CHAPTER 332, SECTION 38; RELATING TO ENERGY AND WATER SAVINGS ACCOUNTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 9, chapter 4, article 8, Arizona Revised Statutes, is
3 amended by adding section 9-499.16, to read:

4 9-499.16. Energy and water savings accounts

5 A. THE GOVERNING BODY OF A CITY OR TOWN MAY ESTABLISH AN ENERGY AND
6 WATER SAVINGS ACCOUNT THAT CONSISTS OF A DESIGNATED POOL OF CAPITAL
7 INVESTMENT MONIES TO FUND ENERGY OR WATER SAVINGS PROJECTS IN PUBLIC
8 FACILITIES. A CITY OR TOWN MAY DEPOSIT IN THE ACCOUNT MONIES FROM ONE OR
9 MORE COMPANIES THAT PROVIDE UTILITY, ENERGY OR WATER SERVICES TO THE CITY OR
10 TOWN PURSUANT TO CONTRACTS THAT ARE EXECUTED BETWEEN THE COMPANIES AND THE
11 CITY OR TOWN AND THAT ARE DESIGNED TO SAVE ENERGY OR WATER IN PUBLIC
12 FACILITIES. A CITY OR TOWN MAY USE MONIES IN THE ENERGY AND WATER SAVINGS
13 ACCOUNT FOR PAYMENTS UNDER A CONTRACT ENTERED INTO PURSUANT TO SECTION
14 34-105.

15 B. A CITY OR TOWN SHALL USE MONIES DEPOSITED IN AN ENERGY AND WATER
16 SAVINGS ACCOUNT AS A DESIGNATED POOL OF CAPITAL INVESTMENT MONIES TO PAY FOR
17 THE INCREMENTAL COST OF ENERGY OR WATER SAVINGS MEASURES IN FACILITIES THAT
18 ARE OWNED OR OPERATED BY THE CITY OR TOWN. ANY CONTRACT THAT IS ENTERED INTO
19 PURSUANT TO THIS SECTION SHALL CONTAIN AN AGREEMENT BETWEEN THE QUALIFIED
20 PROVIDER OR UTILITY, ENERGY OR WATER SERVICES COMPANY AND THE CITY OR TOWN
21 THAT EACH PARTY HAS PERFORMED A REASONABLE INVESTIGATION TO DETERMINE THAT
22 THE MEASURES CONTEMPLATED BY THE CONTRACT WILL RESULT IN STATED ENERGY OR
23 WATER SAVINGS. CONTRACT TERMS MAY EXTEND THE PERIOD OF THE CAPITAL
24 INVESTMENT REPAYMENT SCHEDULE PRESCRIBED IN SUBSECTION E OF THIS SECTION UP
25 TO THE EXPECTED LIFE OF THE ENERGY OR WATER SAVINGS MEASURES, OR TWENTY-FIVE
26 YEARS, WHICHEVER IS SHORTER.

27 C. A CITY OR TOWN SHALL USE EXPENDITURES FROM AN ENERGY AND WATER
28 SAVINGS ACCOUNT ONLY FOR THE FOLLOWING:

29 1. PROJECTS OR MEASURES PURSUANT TO A CONTRACT PURSUANT TO THIS
30 SECTION OR SECTION 34-105 THAT SAVE ENERGY OR WATER IN FACILITIES THAT ARE
31 OWNED OR OPERATED BY THE CITY OR TOWN. MONIES MAY BE USED PURSUANT TO THIS
32 PARAGRAPH TO PROVIDE TECHNICAL ASSISTANCE REGARDING ENERGY OR WATER SAVINGS
33 TO CITIES OR TOWNS BY A QUALIFIED PROVIDER OR A UTILITY, ENERGY OR WATER
34 SERVICES COMPANY.

35 2. REPAYMENT TO THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER
36 SERVICES COMPANY OF CAPITAL INVESTMENT MONIES DEPOSITED IN THE ACCOUNT PLUS
37 REASONABLE CARRYING CHARGES PURSUANT TO THE TERMS OF THE CONTRACT.
38 REASONABLE CARRYING CHARGES FOR INVESTOR OWNED UTILITIES ARE THE MOST RECENT
39 AUTHORIZED RATE OF RETURN APPROVED BY THE ARIZONA CORPORATION COMMISSION.

40 D. BEFORE THE IMPLEMENTATION OF THE ENERGY OR WATER SAVINGS MEASURES
41 OR SERVICES, THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER SERVICES
42 COMPANY SHALL COMPUTE, AND THE CITY OR TOWN SHALL REVIEW AND APPROVE, THE
43 ESTIMATED AMOUNT OF THE ENERGY OR WATER SAVINGS AND THE ASSOCIATED IMPACT ON
44 ENERGY OR WATER COSTS TO BE ACHIEVED BY THE CITY OR TOWN ON AN ANNUAL AND
45 MONTHLY BASIS OVER THE EXPECTED LIFE OF THE MEASURES AND SHALL INCLUDE THESE

1 ESTIMATES IN THE CONTRACT. THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR
2 WATER SERVICES COMPANY AND THE CITY OR TOWN SHALL UPDATE THE ANNUAL AND
3 MONTHLY ENERGY OR WATER SAVINGS AND ASSOCIATED COST IMPACT ESTIMATES ANNUALLY
4 BASED ON ACTUAL EXPERIENCE.

5 E. BEFORE THE IMPLEMENTATION OF THE ENERGY OR WATER SAVINGS MEASURES
6 OR SERVICES, THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER SERVICES
7 COMPANY AND THE CITY OR TOWN SHALL JOINTLY DEVELOP A SCHEDULE OF MONTHLY
8 PAYMENTS FOR REPAYMENT OF THE CAPITAL INVESTMENT MONIES TO THE QUALIFIED
9 PROVIDER OR UTILITY, ENERGY OR WATER SERVICES COMPANY. THE REPAYMENT
10 SCHEDULE MUST RESULT IN LOWER ENERGY OR WATER COSTS, WHICH SHALL INCLUDE THE
11 COST OF THE INSTALLED ENERGY OR WATER SAVINGS MEASURES FOR THE CITY OR TOWN
12 OVER THE LIFE OF THE INSTALLED MEASURES THAT THE CITY OR TOWN WOULD HAVE
13 EXPERIENCED WITHOUT THE INSTALLATION OF THE MEASURES. THE REPAYMENT SCHEDULE
14 SHALL BE INCLUDED IN THE CONTRACT.

15 F. THE CITY OR TOWN SHALL TRANSFER ON A MONTHLY BASIS THE AMOUNT OF
16 THE MONTHLY PAYMENT PRESCRIBED PURSUANT TO SUBSECTION E OF THIS SECTION TO
17 THE ENERGY AND WATER SAVINGS ACCOUNT FROM THE MAINTENANCE AND OPERATION
18 PORTION OF THE CITY'S OR TOWN'S BUDGET TO REPAY ANY UNPAID BALANCE OF THE
19 CAPITAL INVESTMENT PREVIOUSLY DEPOSITED IN THE ENERGY AND WATER SAVINGS
20 ACCOUNT FROM THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER SERVICES
21 COMPANY PLUS A REASONABLE CARRYING CHARGE. FOR THE PERIOD OF TIME THAT THE
22 COMPANY'S CAPITAL INVESTMENT MONIES AND REASONABLE CARRYING CHARGE REMAIN
23 UNPAID, THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER SERVICES COMPANY
24 SHALL PROVIDE A SEPARATE BILLING OR BILLING COMPONENT TO REPAY THE CAPITAL
25 INVESTMENT ON A MONTHLY BASIS, PURSUANT TO THE REPAYMENT SCHEDULE PRESCRIBED
26 PURSUANT TO SUBSECTION E OF THIS SECTION, WHICH SHALL BE PAID BY THE CITY OR
27 TOWN FROM THE ENERGY AND WATER SAVINGS ACCOUNT.

28 G. AFTER THE BALANCE OF THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR
29 WATER SERVICES COMPANY'S CAPITAL INVESTMENT MONIES DEPOSITED IN THE ENERGY
30 AND WATER SAVINGS ACCOUNT PLUS A REASONABLE CARRYING CHARGE ARE REPAYED IN
31 FULL BY THE CITY OR TOWN, THE CITY OR TOWN MAY DISCONTINUE THE DEPOSIT IN THE
32 ENERGY AND WATER SAVINGS ACCOUNT OF AMOUNTS THAT ARE PRESCRIBED IN SUBSECTION
33 E OF THIS SECTION.

34 H. ANY MONIES ASSOCIATED WITH AN ENERGY OR WATER SAVINGS PROJECT
35 REMAINING IN THE ENERGY AND WATER SAVINGS ACCOUNT AFTER THE CAPITAL
36 INVESTMENT MONIES OF THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER
37 SERVICES COMPANY PLUS A REASONABLE CARRYING CHARGE ARE REPAYED IN FULL MAY BE
38 TRANSFERRED TO THE MAINTENANCE AND OPERATION PORTION OF THE CITY'S OR TOWN'S
39 BUDGET.

40 I. A CITY OR TOWN MAY DEPOSIT ENERGY-RELATED REBATE OR GRANT MONIES IN
41 THE ENERGY AND WATER SAVINGS ACCOUNT TO ASSIST IN FUNDING ENERGY OR WATER
42 SAVINGS PROJECTS. A CITY OR TOWN SHALL USE THESE REBATE OR GRANT MONIES TO
43 REDUCE THE TOTAL COST OF ENERGY OR WATER SAVINGS PROJECTS AND TO REDUCE THE
44 AMOUNT OF CAPITAL INVESTMENT MONIES RECEIVED FROM AND REPAYED TO UTILITY,
45 ENERGY OR WATER SERVICES COMPANIES. A CITY OR TOWN IS NOT REQUIRED TO REPAY

1 THE REBATE OR GRANT MONIES IN THE MANNER DESCRIBED IN SUBSECTION E OF THIS
2 SECTION PURSUANT TO THE AGREEMENTS WITH THE PROVIDERS OF REBATE OR GRANT
3 FUNDS.

4 J. A CITY OR TOWN MAY DEPOSIT MONIES FROM OTHER FUNDING SOURCES,
5 INCLUDING CLEAN RENEWABLE ENERGY BONDS AND THE AMERICAN RECOVERY AND
6 REINVESTMENT ACT OF 2009 (P.L. 111-5) FUNDING, IN THE ENERGY AND WATER
7 SAVINGS ACCOUNT TO FUND ENERGY OR WATER SAVING PROJECTS IN PUBLIC FACILITIES.
8 THESE MONIES SHALL BE REPAID IN A MANNER CONSISTENT WITH THIS SECTION AND
9 PURSUANT TO THE CONTRACT BETWEEN THE CITY OR TOWN AND THE PROVIDER OF THE
10 FUNDING.

11 K. THIS SECTION DOES NOT IMPOSE AN OBLIGATION ON ANY ENERGY UTILITY,
12 WATER UTILITY, PUBLIC SERVICE CORPORATION OR AGRICULTURAL IMPROVEMENT
13 DISTRICT TO INVEST MONIES OR CONTRACT WITH ANY CITY OR TOWN.

14 L. FOR ALL PROJECTS CARRIED OUT UNDER THIS SECTION, A CITY OR TOWN
15 SHALL REPORT TO THE DEPARTMENT OF COMMERCE ENERGY OFFICE:

- 16 1. THE NAME OF THE PROJECT.
- 17 2. THE QUALIFIED PROVIDER.
- 18 3. THE TOTAL COST OF THE PROJECT.
- 19 4. THE EXPECTED ENERGY AND COST SAVINGS.

20 Sec. 2. Title 11, chapter 2, article 4, Arizona Revised Statutes, is
21 amended by adding section 11-254.08, to read:

22 11-254.08. Energy and water savings accounts

23 A. THE BOARD OF SUPERVISORS MAY ESTABLISH AN ENERGY AND WATER SAVINGS
24 ACCOUNT THAT CONSISTS OF A DESIGNATED POOL OF CAPITAL INVESTMENT MONIES TO
25 FUND ENERGY OR WATER SAVINGS PROJECTS IN COUNTY FACILITIES. THE COUNTY MAY
26 DEPOSIT IN THE ACCOUNT MONIES FROM ONE OR MORE COMPANIES THAT PROVIDE
27 UTILITY, ENERGY OR WATER SERVICES TO THE COUNTY PURSUANT TO CONTRACTS THAT
28 ARE EXECUTED BETWEEN THE COMPANIES AND THE COUNTY AND THAT ARE DESIGNED TO
29 SAVE ENERGY OR WATER IN PUBLIC FACILITIES. THE COUNTY MAY USE MONIES IN THE
30 ENERGY AND WATER SAVINGS ACCOUNT FOR PAYMENTS UNDER A CONTRACT ENTERED INTO
31 PURSUANT TO SECTION 34-105.

32 B. THE AUDITOR GENERAL SHALL PRESCRIBE THE APPROPRIATE DESIGNATION OF
33 THE ENERGY AND WATER SAVINGS ACCOUNTS IN THE UNIFORM SYSTEM OF FINANCIAL
34 RECORDS AND SHALL PRESCRIBE REPORTING REQUIREMENTS ON THE APPROPRIATE BUDGET
35 FORMS AND ANNUAL FINANCIAL REPORT FORMS.

36 C. A COUNTY SHALL USE MONIES DEPOSITED IN AN ENERGY AND WATER SAVINGS
37 ACCOUNT AS A DESIGNATED POOL OF CAPITAL INVESTMENT MONIES TO PAY FOR THE
38 INCREMENTAL COST OF ENERGY OR WATER SAVINGS MEASURES IN FACILITIES THAT ARE
39 OWNED OR OPERATED BY THE COUNTY. ANY CONTRACT THAT IS ENTERED INTO PURSUANT
40 TO THIS SECTION SHALL CONTAIN AN AGREEMENT BETWEEN THE QUALIFIED PROVIDER OR
41 UTILITY, ENERGY OR WATER SERVICES COMPANY AND THE COUNTY THAT EACH PARTY HAS
42 PERFORMED A REASONABLE INVESTIGATION TO DETERMINE THAT THE MEASURES
43 CONTEMPLATED BY THE CONTRACT WILL RESULT IN STATED ENERGY OR WATER SAVINGS.
44 CONTRACT TERMS MAY EXTEND THE PERIOD OF THE CAPITAL INVESTMENT REPAYMENT
45 SCHEDULE PRESCRIBED IN SUBSECTION F OF THIS SECTION UP TO THE EXPECTED LIFE

1 OF THE ENERGY OR WATER SAVINGS MEASURES, OR TWENTY-FIVE YEARS, WHICHEVER IS
2 SHORTER.

3 D. A COUNTY SHALL USE EXPENDITURES FROM AN ENERGY AND WATER SAVINGS
4 ACCOUNT ONLY FOR THE FOLLOWING:

5 1. PROJECTS OR MEASURES PURSUANT TO A CONTRACT PURSUANT TO THIS
6 SECTION OR SECTION 34-105 THAT SAVE ENERGY OR WATER IN FACILITIES THAT ARE
7 OWNED OR OPERATED BY THE COUNTY. MONIES MAY BE USED PURSUANT TO THIS
8 PARAGRAPH TO PROVIDE TECHNICAL ASSISTANCE REGARDING ENERGY OR WATER SAVINGS
9 TO COUNTIES BY A QUALIFIED PROVIDER OR A UTILITY, ENERGY OR WATER SERVICES
10 COMPANY.

11 2. REPAYMENT TO THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER
12 SERVICES COMPANY OF CAPITAL INVESTMENT MONIES DEPOSITED IN THE ACCOUNT PLUS
13 REASONABLE CARRYING CHARGES PURSUANT TO THE TERMS OF THE CONTRACT.
14 REASONABLE CARRYING CHARGES FOR INVESTOR OWNED UTILITIES ARE THE MOST RECENT
15 AUTHORIZED RATE OF RETURN APPROVED BY THE ARIZONA CORPORATION COMMISSION.

16 E. BEFORE THE IMPLEMENTATION OF THE ENERGY OR WATER SAVINGS MEASURES
17 OR SERVICES, THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER SERVICES
18 COMPANY SHALL COMPUTE, AND THE COUNTY SHALL REVIEW AND APPROVE, THE ESTIMATED
19 AMOUNT OF THE ENERGY OR WATER SAVINGS AND THE ASSOCIATED IMPACT ON ENERGY OR
20 WATER COSTS TO BE ACHIEVED BY THE COUNTY ON AN ANNUAL AND MONTHLY BASIS OVER
21 THE EXPECTED LIFE OF THE MEASURES AND SHALL INCLUDE THESE ESTIMATES IN THE
22 CONTRACT. THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER SERVICES
23 COMPANY AND THE COUNTY SHALL UPDATE THE ANNUAL AND MONTHLY ENERGY OR WATER
24 SAVINGS AND ASSOCIATED COST IMPACT ESTIMATES ANNUALLY BASED ON ACTUAL
25 EXPERIENCE.

26 F. BEFORE THE IMPLEMENTATION OF THE ENERGY OR WATER SAVINGS MEASURES
27 OR SERVICES, THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER SERVICES
28 COMPANY AND THE COUNTY SHALL JOINTLY DEVELOP A SCHEDULE OF MONTHLY PAYMENTS
29 FOR REPAYMENT OF THE CAPITAL INVESTMENT MONIES TO THE QUALIFIED PROVIDER OR
30 UTILITY, ENERGY OR WATER SERVICES COMPANY. THE REPAYMENT SCHEDULE MUST
31 RESULT IN LOWER ENERGY OR WATER COSTS, WHICH SHALL INCLUDE THE COST OF THE
32 INSTALLED ENERGY OR WATER SAVINGS MEASURES FOR THE COUNTY OVER THE LIFE OF
33 THE INSTALLED MEASURES THAT THE COUNTY WOULD HAVE EXPERIENCED WITHOUT THE
34 INSTALLATION OF THE MEASURES. THE REPAYMENT SCHEDULE SHALL BE INCLUDED IN
35 THE CONTRACT.

36 G. THE COUNTY SHALL TRANSFER ON A MONTHLY BASIS THE AMOUNT OF THE
37 MONTHLY PAYMENT PRESCRIBED PURSUANT TO SUBSECTION F OF THIS SECTION TO THE
38 ENERGY AND WATER SAVINGS ACCOUNT FROM THE MAINTENANCE AND OPERATION PORTION
39 OF THE COUNTY'S BUDGET TO REPAY ANY UNPAID BALANCE OF THE CAPITAL INVESTMENT
40 PREVIOUSLY DEPOSITED IN THE ENERGY AND WATER SAVINGS ACCOUNT FROM THE
41 QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER SERVICES COMPANY PLUS A
42 REASONABLE CARRYING CHARGE. FOR THE PERIOD OF TIME THAT THE COMPANY'S
43 CAPITAL INVESTMENT MONIES AND REASONABLE CARRYING CHARGE REMAIN UNPAID, THE
44 QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER SERVICES COMPANY SHALL PROVIDE
45 A SEPARATE BILLING OR BILLING COMPONENT TO REPAY THE CAPITAL INVESTMENT ON A

1 MONTHLY BASIS, PURSUANT TO THE REPAYMENT SCHEDULE PRESCRIBED PURSUANT TO
2 SUBSECTION F OF THIS SECTION, WHICH SHALL BE PAID BY THE COUNTY FROM THE
3 ENERGY AND WATER SAVINGS ACCOUNT.

4 H. AFTER THE BALANCE OF THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR
5 WATER SERVICES COMPANY'S CAPITAL INVESTMENT MONIES DEPOSITED IN THE ENERGY
6 AND WATER SAVINGS ACCOUNT PLUS A REASONABLE CARRYING CHARGE ARE REPAYED IN
7 FULL BY THE COUNTY, THE COUNTY MAY DISCONTINUE THE DEPOSIT IN THE ENERGY AND
8 WATER SAVINGS ACCOUNT OF AMOUNTS THAT ARE PRESCRIBED IN SUBSECTION F OF THIS
9 SECTION.

10 I. ANY MONIES ASSOCIATED WITH AN ENERGY OR WATER SAVINGS PROJECT
11 REMAINING IN THE ENERGY AND WATER SAVINGS ACCOUNT AFTER THE CAPITAL
12 INVESTMENT MONIES OF THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER
13 SERVICES COMPANY PLUS A REASONABLE CARRYING CHARGE ARE REPAYED IN FULL MAY BE
14 TRANSFERRED TO THE MAINTENANCE AND OPERATION PORTION OF THE COUNTY'S BUDGET.

15 J. A COUNTY MAY DEPOSIT ENERGY-RELATED REBATE OR GRANT MONIES IN THE
16 ENERGY AND WATER SAVINGS ACCOUNT TO ASSIST IN FUNDING ENERGY OR WATER SAVINGS
17 PROJECTS. A COUNTY SHALL USE THESE REBATE OR GRANT MONIES TO REDUCE THE
18 TOTAL COST OF ENERGY OR WATER SAVINGS PROJECTS AND TO REDUCE THE AMOUNT OF
19 CAPITAL INVESTMENT MONIES RECEIVED FROM AND REPAYED TO UTILITY, ENERGY OR
20 WATER SERVICES COMPANIES. A COUNTY IS NOT REQUIRED TO REPAY THE REBATE OR
21 GRANT MONIES IN THE MANNER DESCRIBED IN SUBSECTION F OF THIS SECTION,
22 PURSUANT TO THE AGREEMENTS WITH THE PROVIDERS OF REBATE OR GRANT FUNDS.

23 K. A COUNTY MAY DEPOSIT MONIES FROM OTHER FUNDING SOURCES, INCLUDING
24 CLEAN RENEWABLE ENERGY BONDS AND THE AMERICAN RECOVERY AND REINVESTMENT ACT
25 OF 2009 (P.L. 111-5) FUNDING, IN THE ENERGY AND WATER SAVINGS ACCOUNT TO FUND
26 ENERGY OR WATER SAVING PROJECTS IN COUNTY FACILITIES. THESE MONIES SHALL BE
27 REPAYED IN A MANNER CONSISTENT WITH THIS SECTION AND PURSUANT TO THE CONTRACT
28 BETWEEN THE COUNTY AND THE PROVIDER OF THE FUNDING.

29 L. THIS SECTION DOES NOT IMPOSE AN OBLIGATION ON ANY ENERGY UTILITY,
30 WATER UTILITY, PUBLIC SERVICE CORPORATION OR AGRICULTURAL IMPROVEMENT
31 DISTRICT TO INVEST MONIES OR CONTRACT WITH ANY COUNTY.

32 M. FOR ALL PROJECTS CARRIED OUT UNDER THIS SECTION, THE COUNTY SHALL
33 REPORT TO THE DEPARTMENT OF COMMERCE ENERGY OFFICE:

- 34 1. THE NAME OF THE PROJECT.
- 35 2. THE QUALIFIED PROVIDER.
- 36 3. THE TOTAL COST OF THE PROJECT.
- 37 4. THE EXPECTED ENERGY AND COST SAVINGS.

38 Sec. 3. Section 15-213.01, Arizona Revised Statutes, as amended by
39 Laws 2009, chapter 101, section 1, is amended to read:

40 15-213.01. Procurement practices; guaranteed energy cost
41 savings contracts; definitions

42 A. Notwithstanding section 15-213, subsection A, a school district may
43 contract for the procurement of a guaranteed energy cost savings contract
44 with a qualified provider through a competitive sealed proposal process as

1 provided by the procurement practices adopted by the state board of
2 education.

3 B. A school district may enter into a guaranteed energy cost savings
4 contract with a qualified provider if it determines that the amount it would
5 spend on the energy cost savings measures recommended in the proposal would
6 not exceed the amount to be saved in energy and operational costs over the
7 expected life of the energy cost savings measures implemented or within
8 twenty-five years, whichever is shorter, after the date installation or
9 implementation is complete, if the recommendations in the proposal are
10 followed. The school district shall retain the cost savings achieved by a
11 guaranteed energy cost saving contract, and these cost savings may be used to
12 pay for the contract and project implementation. A school district shall not
13 use excess utilities monies for the contract or for project implementation.

14 C. The school district shall use objective criteria in selecting the
15 qualified provider, including the cost of the contract, the energy and
16 operational cost savings, the net projected energy savings, the quality of
17 the technical approach, the quality of the project management plan, the
18 financial solvency of the qualified provider and the experience of the
19 qualified provider with projects of similar size and scope. The school
20 district shall set forth each criterion with its respective numerical
21 weighting in the request for proposal.

22 D. In selecting a contractor to perform any construction work related
23 to performing the guaranteed energy cost savings contract, the qualified
24 provider may develop and use a prequalification process for contractors.
25 These prequalifications may require the contractor to demonstrate that the
26 contractor is adequately bonded to perform the work and that the contractor
27 has not failed to perform on a prior job.

28 E. A study shall be performed by the selected qualified provider in
29 order to establish the exact scope of the guaranteed energy cost savings
30 contract, the fixed cost savings guarantee amount and the methodology for
31 determining actual savings. This report shall be reviewed and approved by
32 the school district before the actual installation of any equipment. The
33 qualified provider shall transmit a copy of the approved study to the school
34 facilities board and the department of commerce energy office.

35 F. The guaranteed energy cost savings contract shall require that, in
36 determining whether the projected energy savings calculations have been met,
37 the energy or operational cost savings shall be computed by comparing the
38 energy baseline before installation or implementation of the energy cost
39 savings measures with the energy consumed and operational costs avoided after
40 installation or implementation of the energy cost savings measures. The
41 qualified provider and the school district may agree to make modifications to
42 the energy baseline only for any of the following:

- 43 1. Changes in utility rates.
- 44 2. Changes in the number of days in the utility billing cycle.
- 45 3. Changes in the square footage of the facility.

- 1 4. Changes in the operational schedule of the facility.
- 2 5. Changes in facility temperature.
- 3 6. Significant changes in the weather.
- 4 7. Significant changes in the amount of equipment or lighting utilized
- 5 in the facility.
- 6 8. Significant changes in the nature or intensity of energy use such
- 7 as the change of classroom space to laboratory space.
- 8 G. The information to develop the energy baseline shall be derived
- 9 from actual energy measurements or shall be calculated from energy
- 10 measurements at the facility where energy cost savings measures are to be
- 11 installed or implemented. The measurements shall be taken in the year
- 12 preceding the installation or implementation of energy cost savings measures.
- 13 H. When submitting a proposal for the installation of equipment, the
- 14 qualified provider shall include information on the projected energy savings
- 15 associated with each proposed energy cost savings measure. **AT THE QUALIFIED**
- 16 **PROVIDER'S EXPENSE, THE PROPOSAL SHALL INCLUDE AN INDEPENDENT, THIRD-PARTY**
- 17 **VALIDATION OF COST SAVINGS CALCULATIONS BY A LICENSED, REGISTERED**
- 18 **PROFESSIONAL ENGINEER WHO HAS DEMONSTRATED EXPERIENCE IN ENERGY ANALYSIS.**
- 19 I. A school district, or two or more school districts, may enter into
- 20 an installment payment contract or lease-purchase agreement with a qualified
- 21 provider for the purchase and installation or implementation of energy cost
- 22 savings measures. The guaranteed energy cost savings contract may provide
- 23 for payments over a period of not more than the expected life of the energy
- 24 cost savings measures implemented or twenty-five years, whichever is shorter.
- 25 The contract shall provide that all payments, except obligations on
- 26 termination of the contract before its expiration, shall be made over time.
- 27 **IF A SCHOOL DISTRICT PURCHASES THE ENERGY COST SAVINGS MEASURE, THE QUALIFIED**
- 28 **PROVIDER SHALL GUARANTY THAT THE ENERGY OR OPERATIONAL COSTS SAVINGS MEET OR**
- 29 **EXCEED THE SCHOOL DISTRICT'S TOTAL COST OF PURCHASE. THE QUALIFIED**
- 30 **PROVIDER'S WRITTEN GUARANTEE OF COST SAVINGS PURSUANT TO SUBSECTION J OF THIS**
- 31 **SECTION SHALL AUTOMATICALLY TERMINATE WHEN A SCHOOL DISTRICT'S COST SAVINGS**
- 32 **MEET OR EXCEED ITS TOTAL COST TO PURCHASE THE ENERGY SAVINGS MEASURE.**
- 33 J. The guaranteed energy cost savings contract shall include a written
- 34 guarantee of the qualified provider that either the energy or operational
- 35 costs savings, or both, will meet or exceed the costs of the energy cost
- 36 savings measures over the expected life of the energy cost savings measures
- 37 implemented or within twenty-five years, whichever is shorter, **EXCEPT AS**
- 38 **PROVIDED IN SUBSECTION I OF THIS SECTION.** The qualified provider shall:
 - 39 1. For the first three years of savings, prepare a measurement and
 - 40 verification report on an annual basis in addition to an annual
 - 41 reconciliation of savings.
 - 42 2. Reimburse the school district for any shortfall of guaranteed
 - 43 energy cost savings on an annual basis basis, **EXCEPT THAT ADDITIONAL SAVINGS**
 - 44 **ACHIEVED IN PRIOR YEARS SHALL BE APPLIED AND CREDITED AGAINST ANY SHORTFALL**
 - 45 **IN SUBSEQUENT YEARS.**

1 K. The school district may obtain any required financing as part of
2 the original competitive sealed proposal process from the qualified provider
3 or a third-party financing institution.

4 L. A qualified provider that is awarded the contract shall give a
5 sufficient bond to the school district for its faithful performance of the
6 equipment installment.

7 M. The qualified provider is required to make public information in
8 the subcontractor's bids only if the qualified provider is awarded the
9 guaranteed energy cost savings contract by the school district.

10 N. For all projects carried out under this section, the district shall
11 report to the department of commerce energy office and the school facilities
12 board:

- 13 1. The name of the project.
- 14 2. The qualified provider.
- 15 3. The total cost of the project.
- 16 4. The expected energy and cost savings.

17 O. For all projects carried out under this section, the district shall
18 report to the school facilities board, by October 15 each year, the actual
19 energy and cost savings.

20 P. This section does not apply to the construction of new buildings.

21 Q. A school district may utilize a simplified energy performance
22 contract for projects less than five hundred thousand dollars. Simplified
23 energy performance contracts are not required to include an energy savings
24 guarantee and shall comply with all requirements in this section except for
25 the requirements that are specifically related to the energy savings
26 guarantee and the measurement and verification of the guaranteed savings.

27 R. For the purposes of this section:

28 1. "Construction" means the process of building, altering, repairing,
29 improving or demolishing any school district structure or building, or other
30 public improvements of any kind to any school district real property.
31 Construction does not include the routine operation, routine repair or
32 routine maintenance of existing structures, buildings or real property.

33 2. "Energy baseline" means a calculation of the amount of energy used
34 in an existing facility before the installation or implementation of the
35 energy cost savings measures.

36 3. "Energy cost savings measure" means a training program or facility
37 alteration designed to reduce energy consumption or operating costs and may
38 include one or more of the following, and any related meters or other
39 measuring devices:

- 40 (a) Insulating the building structure or systems in the building.
- 41 (b) Storm windows or doors, caulking or weather stripping, multiglazed
42 windows or door systems, additional glazing, reductions in glass area, or
43 other window and door system modifications that reduce energy consumption.
- 44 (c) Automated or computerized energy control systems.

1 (d) Heating, ventilating or air conditioning system modifications or
2 replacements.

3 (e) Replacing or modifying lighting fixtures to increase the energy
4 efficiency of the lighting system without increasing the overall illumination
5 of a facility unless an increase in illumination is necessary to conform to
6 the applicable state or local building code for the lighting system after the
7 proposed modifications are made.

8 (f) Indoor air quality improvements to increase air quality that
9 conform to the applicable state or local building code requirements.

10 (g) Energy recovery systems.

11 (h) Installing a new or retrofitting an existing day lighting system.

12 (i) Any life safety measures that provide long-term operating cost
13 reductions and that comply with state and local codes.

14 (j) Implementing operation programs through education, training and
15 software that reduce the operating costs.

16 (k) Procurement of low-cost utility supplies of all types, including
17 electricity, natural gas, propane and water.

18 (l) Devices that reduce water consumption and water costs or that
19 reduce sewer charges.

20 (m) Rainwater harvesting systems.

21 (n) Combined heat and power systems.

22 (o) Renewable and alternative energy projects and renewable energy
23 power service agreements.

24 (p) Self-generation systems.

25 (q) Any additional building systems and infrastructure that produce
26 energy, or that provide utility or operational cost savings not specifically
27 mentioned in this paragraph, if the improvements meet the life cycle cost
28 requirement and enhance building system performance or occupant comfort and
29 safety.

30 4. "Guaranteed energy cost savings contract" means a contract for
31 implementing one or more energy cost savings measures.

32 5. "Life cycle cost" means the sum of present values of investment
33 costs, capital costs, installation costs, energy costs, operating costs,
34 maintenance costs and disposal costs over the life of the project, product or
35 measure as provided by federal life cycle cost rules, regulations and
36 criteria contained in the United States department of energy federal energy
37 management program "guidance on life-cycle cost analysis" required by
38 executive order 13423, January 2007.

39 6. "Operational savings" means reductions in actual budget line items
40 currently being expended or savings realized from the implementation or
41 installation of energy cost savings measures.

42 7. "Qualified provider" means a person or a business experienced in
43 designing, implementing or installing energy cost savings measures.

1 Sec. 4. Repeal

2 A. Section 15-213.01, Arizona Revised Statutes, as amended by Laws
3 2010, chapter 117, section 4 is repealed.

4 B. Section 15-342, Arizona Revised Statutes, as amended by Laws 2010,
5 chapter 117, section 6 is repealed.

6 C. Section 15-342, Arizona Revised Statutes, as amended by Laws 2010,
7 chapter 332, section 10.

8 Sec. 5. Title 15, chapter 12, article 3, Arizona Revised Statutes, is
9 amended by adding section 15-1453, to read:

10 15-1453. Energy and water savings accounts

11 A DISTRICT BOARD MAY ESTABLISH AN ENERGY AND WATER SAVINGS ACCOUNT IN
12 THE SAME MANNER AS A SCHOOL DISTRICT PURSUANT TO SECTION 15-910.02 AND MAY
13 FUND AND USE MONIES FOR GUARANTEED ENERGY SAVINGS CONTRACTS PURSUANT TO
14 SECTION 34-105.

15 Sec. 6. Title 15, chapter 13, article 2, Arizona Revised Statutes, is
16 amended by adding section 15-1650.02, to read:

17 15-1650.02. Energy and water savings accounts

18 THE ARIZONA BOARD OF REGENTS MAY ESTABLISH AN ENERGY AND WATER SAVINGS
19 ACCOUNT IN THE SAME MANNER AS A SCHOOL DISTRICT PURSUANT TO SECTION 15-910.02
20 AND MAY FUND AND USE MONIES FOR GUARANTEED ENERGY SAVINGS CONTRACTS PURSUANT
21 TO SECTION 34-105.

22 Sec. 7. Title 34, chapter 1, article 1, Arizona Revised Statutes, is
23 amended by adding section 34-105, to read:

24 34-105. Guaranteed energy savings contracts; definitions

25 A. AN AGENT MAY CONTRACT FOR THE PROCUREMENT OF A GUARANTEED ENERGY
26 COST SAVINGS CONTRACT WITH A QUALIFIED PROVIDER.

27 B. AN AGENT MAY ENTER INTO A GUARANTEED ENERGY COST SAVINGS CONTRACT
28 WITH A QUALIFIED PROVIDER IF IT DETERMINES THAT THE AMOUNT IT WOULD SPEND ON
29 THE ENERGY COST SAVINGS MEASURES RECOMMENDED IN THE PROPOSAL WOULD NOT EXCEED
30 THE AMOUNT TO BE SAVED IN ENERGY AND OPERATIONAL COSTS OVER THE EXPECTED LIFE
31 OF THE ENERGY COST SAVINGS MEASURES IMPLEMENTED OR WITHIN TWENTY-FIVE YEARS,
32 WHICHEVER IS SHORTER, AFTER THE DATE THAT INSTALLATION OR IMPLEMENTATION IS
33 COMPLETE, IF THE RECOMMENDATIONS IN THE PROPOSAL ARE FOLLOWED. AN AGENT
34 SHALL RETAIN THE COST SAVINGS ACHIEVED BY A GUARANTEED ENERGY COST SAVING
35 CONTRACT, AND THESE COST SAVINGS MAY BE USED TO PAY FOR THE CONTRACT AND
36 PROJECT IMPLEMENTATION. AN AGENT SHALL NOT USE EXCESS UTILITIES MONIES FOR
37 THE CONTRACT OR FOR PROJECT IMPLEMENTATION.

38 C. AN AGENT SHALL USE OBJECTIVE CRITERIA IN SELECTING THE QUALIFIED
39 PROVIDER, INCLUDING THE COST OF THE CONTRACT, THE ENERGY AND OPERATIONAL COST
40 SAVINGS, THE NET PROJECTED ENERGY SAVINGS, THE QUALITY OF THE TECHNICAL
41 APPROACH, THE QUALITY OF THE PROJECT MANAGEMENT PLAN, THE FINANCIAL SOLVENCY
42 OF THE QUALIFIED PROVIDER AND THE EXPERIENCE OF THE QUALIFIED PROVIDER WITH
43 PROJECTS OF SIMILAR SIZE AND SCOPE. AN AGENT SHALL STATE EACH CRITERION WITH
44 ITS RESPECTIVE NUMERICAL WEIGHTING IN THE REQUEST FOR PROPOSAL.

1 D. IN SELECTING A CONTRACTOR TO PERFORM ANY CONSTRUCTION WORK RELATED
2 TO PERFORMING THE GUARANTEED ENERGY COST SAVINGS CONTRACT, THE QUALIFIED
3 PROVIDER MAY DEVELOP AND USE A PREQUALIFICATION PROCESS FOR CONTRACTORS.
4 THESE PREQUALIFICATIONS MAY REQUIRE THE CONTRACTOR TO DEMONSTRATE THAT THE
5 CONTRACTOR IS ADEQUATELY BONDED TO PERFORM THE WORK AND THAT THE CONTRACTOR
6 HAS NOT FAILED TO PERFORM ON A PRIOR JOB.

7 E. THE SELECTED QUALIFIED PROVIDER SHALL PERFORM A STUDY IN ORDER TO
8 ESTABLISH THE EXACT SCOPE OF THE GUARANTEED ENERGY COST SAVINGS CONTRACT, THE
9 FIXED COST SAVINGS GUARANTEE AMOUNT AND THE METHODOLOGY FOR DETERMINING
10 ACTUAL SAVINGS. THE AGENT SHALL REVIEW AND APPROVE THIS REPORT BEFORE THE
11 ACTUAL INSTALLATION OF ANY EQUIPMENT. THE QUALIFIED PROVIDER SHALL TRANSMIT
12 A COPY OF THE APPROVED STUDY TO THE DEPARTMENT OF COMMERCE ENERGY OFFICE.

13 F. THE GUARANTEED ENERGY COST SAVINGS CONTRACT SHALL REQUIRE THAT IN
14 DETERMINING WHETHER THE PROJECTED ENERGY SAVINGS CALCULATIONS HAVE BEEN MET,
15 THE ENERGY OR OPERATIONAL COSTS SAVINGS SHALL BE COMPUTED BY COMPARING THE
16 ENERGY BASELINE BEFORE INSTALLATION OR IMPLEMENTATION OF THE ENERGY COST
17 SAVINGS MEASURES WITH THE ENERGY CONSUMED AND OPERATIONAL COSTS AVOIDED AFTER
18 INSTALLATION OR IMPLEMENTATION OF THE ENERGY COST SAVINGS MEASURES. THE
19 QUALIFIED PROVIDER AND THE AGENT MAY AGREE TO MAKE MODIFICATIONS TO THE
20 ENERGY BASELINE ONLY FOR ANY OF THE FOLLOWING:

- 21 1. CHANGES IN UTILITY RATES.
- 22 2. CHANGES IN THE NUMBER OF DAYS IN THE UTILITY BILLING CYCLE.
- 23 3. CHANGES IN THE SQUARE FOOTAGE OF THE FACILITY.
- 24 4. CHANGES IN THE OPERATIONAL SCHEDULE OF THE FACILITY.
- 25 5. CHANGES IN FACILITY TEMPERATURE.
- 26 6. SIGNIFICANT CHANGES IN THE WEATHER.
- 27 7. SIGNIFICANT CHANGES IN THE AMOUNT OF EQUIPMENT OR LIGHTING UTILIZED
28 IN THE FACILITY.
- 29 8. SIGNIFICANT CHANGES IN THE NATURE OR INTENSITY OF ENERGY USE SUCH
30 AS THE CHANGE OF CLASSROOM SPACE TO LABORATORY SPACE.

31 G. THE INFORMATION TO DEVELOP THE ENERGY BASELINE SHALL BE DERIVED
32 FROM ACTUAL ENERGY MEASUREMENTS OR SHALL BE CALCULATED FROM ENERGY
33 MEASUREMENTS AT THE FACILITY WHERE ENERGY COST SAVINGS MEASURES ARE TO BE
34 INSTALLED OR IMPLEMENTED. THE MEASUREMENTS SHALL BE TAKEN IN THE YEAR
35 PRECEDING THE INSTALLATION OR IMPLEMENTATION OF ENERGY COST SAVINGS MEASURES.

36 H. WHEN SUBMITTING A PROPOSAL FOR THE INSTALLATION OF EQUIPMENT, THE
37 QUALIFIED PROVIDER SHALL INCLUDE INFORMATION ON THE PROJECTED ENERGY SAVINGS
38 ASSOCIATED WITH EACH PROPOSED ENERGY COST SAVINGS MEASURE. AT THE QUALIFIED
39 PROVIDER'S EXPENSE, THE PROPOSAL SHALL INCLUDE AN INDEPENDENT, THIRD-PARTY
40 VALIDATION OF COST SAVINGS CALCULATIONS BY A LICENSED, REGISTERED
41 PROFESSIONAL ENGINEER WHO HAS DEMONSTRATED EXPERIENCE IN ENERGY ANALYSIS.

42 I. AN AGENT, OR TWO OR MORE AGENTS, MAY ENTER INTO AN INSTALLMENT
43 PAYMENT CONTRACT OR LEASE-PURCHASE AGREEMENT WITH A QUALIFIED PROVIDER FOR
44 THE PURCHASE AND INSTALLATION OR IMPLEMENTATION OF ENERGY COST SAVINGS
45 MEASURES. THE GUARANTEED ENERGY COST SAVINGS CONTRACT MAY PROVIDE FOR

1 PAYMENTS OVER A PERIOD OF NOT MORE THAN THE EXPECTED LIFE OF THE ENERGY COST
2 SAVINGS MEASURES IMPLEMENTED, OR TWENTY-FIVE YEARS, WHICHEVER IS SHORTER.
3 THE CONTRACT SHALL PROVIDE THAT ALL PAYMENTS, EXCEPT OBLIGATIONS ON
4 TERMINATION OF THE CONTRACT BEFORE ITS EXPIRATION, SHALL BE MADE OVER TIME.
5 IF AN AGENT PURCHASES THE ENERGY COST SAVINGS MEASURE, THE QUALIFIED PROVIDER
6 SHALL GUARANTY THAT THE ENERGY OR OPERATIONAL COST SAVINGS MEET OR EXCEED THE
7 AGENT'S TOTAL COST OF PURCHASE. THE QUALIFIED PROVIDER'S WRITTEN GUARANTEE
8 OF COST SAVINGS PURSUANT TO SUBSECTION J SHALL AUTOMATICALLY TERMINATE WHEN
9 AN AGENT'S COST SAVINGS MEET OR EXCEED ITS TOTAL COST TO PURCHASE THE ENERGY
10 SAVINGS MEASURE.

11 J. THE GUARANTEED ENERGY COST SAVINGS CONTRACT SHALL INCLUDE A WRITTEN
12 GUARANTEE OF THE QUALIFIED PROVIDER THAT EITHER THE ENERGY OR OPERATIONAL
13 COST SAVINGS, OR BOTH, WILL MEET OR EXCEED THE COSTS OF THE ENERGY COST
14 SAVINGS MEASURES OVER THE EXPECTED LIFE OF THE ENERGY COST SAVINGS MEASURES
15 IMPLEMENTED, OR WITHIN TWENTY-FIVE YEARS, WHICHEVER IS SHORTER, EXCEPT AS
16 PROVIDED IN SUBSECTION I. THE QUALIFIED PROVIDER SHALL:

17 1. FOR THE FIRST THREE YEARS OF SAVINGS, PREPARE A MEASUREMENT AND
18 VERIFICATION REPORT ON AN ANNUAL BASIS IN ADDITION TO AN ANNUAL
19 RECONCILIATION OF SAVINGS.

20 2. REIMBURSE THE AGENT FOR ANY SHORTFALL OF GUARANTEED ENERGY COST
21 SAVINGS ON AN ANNUAL BASIS, EXCEPT THAT ANY ADDITIONAL SAVINGS ACHIEVED IN
22 PRIOR YEARS SHALL BE APPLIED AND CREDITED AGAINST ANY SHORTFALL IN SUBSEQUENT
23 YEARS.

24 K. THE AGENT MAY OBTAIN ANY REQUIRED FINANCING AS PART OF THE ORIGINAL
25 COMPETITIVE SEALED PROPOSAL PROCESS FROM THE QUALIFIED PROVIDER OR A
26 THIRD-PARTY FINANCING INSTITUTION.

27 L. A QUALIFIED PROVIDER THAT IS AWARDED THE CONTRACT SHALL GIVE A
28 SUFFICIENT BOND TO THE AGENT FOR ITS FAITHFUL PERFORMANCE OF THE EQUIPMENT
29 INSTALLMENT.

30 M. THE QUALIFIED PROVIDER IS REQUIRED TO MAKE PUBLIC INFORMATION IN
31 THE SUBCONTRACTOR'S BIDS ONLY IF THE QUALIFIED PROVIDER IS AWARDED THE
32 GUARANTEED ENERGY COST SAVINGS CONTRACT BY THE AGENT.

33 N. FOR ALL PROJECTS CARRIED OUT UNDER THIS SECTION, THE AGENT SHALL
34 REPORT TO THE DEPARTMENT OF COMMERCE ENERGY OFFICE:

- 35 1. THE NAME OF THE PROJECT.
- 36 2. THE QUALIFIED PROVIDER.
- 37 3. THE TOTAL COST OF THE PROJECT.
- 38 4. THE EXPECTED ENERGY AND COST SAVINGS.

39 O. THIS SECTION DOES NOT APPLY TO THE CONSTRUCTION OF NEW BUILDINGS.

40 P. AN AGENT MAY USE A SIMPLIFIED ENERGY PERFORMANCE CONTRACT FOR
41 PROJECTS LESS THAN FIVE HUNDRED THOUSAND DOLLARS. SIMPLIFIED ENERGY
42 PERFORMANCE CONTRACTS ARE NOT REQUIRED TO INCLUDE AN ENERGY SAVINGS GUARANTEE
43 AND SHALL COMPLY WITH ALL REQUIREMENTS IN THIS SECTION EXCEPT FOR THE
44 REQUIREMENTS THAT ARE SPECIFICALLY RELATED TO THE ENERGY SAVINGS GUARANTEE
45 AND THE MEASUREMENT AND VERIFICATION OF THE GUARANTEED SAVINGS.

- 1 Q. FOR THE PURPOSES OF THIS SECTION:
- 2 1. "AGENT" HAS THE SAME MEANING PRESCRIBED IN SECTION 34-101 BUT ALSO
- 3 INCLUDES A COMMUNITY COLLEGE DISTRICT ORGANIZED UNDER TITLE 15, CHAPTER 12,
- 4 THE DEPARTMENT OF ADMINISTRATION AND THE ARIZONA BOARD OF REGENTS.
- 5 2. "CONSTRUCTION" MEANS THE PROCESS OF BUILDING, ALTERING, REPAIRING,
- 6 IMPROVING OR DEMOLISHING ANY STRUCTURE OR BUILDING, OR OTHER PUBLIC
- 7 IMPROVEMENTS OF ANY KIND TO ANY REAL PROPERTY. CONSTRUCTION DOES NOT INCLUDE
- 8 THE ROUTINE OPERATION, ROUTINE REPAIR OR ROUTINE MAINTENANCE OF EXISTING
- 9 STRUCTURES, BUILDINGS OR REAL PROPERTY.
- 10 3. "ENERGY BASELINE" MEANS A CALCULATION OF THE AMOUNT OF ENERGY USED
- 11 IN AN EXISTING FACILITY BEFORE THE INSTALLATION OR IMPLEMENTATION OF THE
- 12 ENERGY COST SAVINGS MEASURES.
- 13 4. "ENERGY COST SAVINGS MEASURE" MEANS A TRAINING PROGRAM OR FACILITY
- 14 ALTERATION DESIGNED TO REDUCE ENERGY CONSUMPTION OR OPERATING COSTS AND MAY
- 15 INCLUDE ONE OR MORE OF THE FOLLOWING, AND ANY RELATED METERS OR OTHER
- 16 MEASURING DEVICES:
- 17 (a) INSULATING THE BUILDING STRUCTURE OR SYSTEMS IN THE BUILDING.
- 18 (b) STORM WINDOWS OR DOORS, CAULKING OR WEATHER STRIPPING, MULTIGLAZED
- 19 WINDOWS OR DOOR SYSTEMS, ADDITIONAL GLAZING, REDUCTIONS IN GLASS AREA, OR
- 20 OTHER WINDOW AND DOOR SYSTEM MODIFICATIONS THAT REDUCE ENERGY CONSUMPTION.
- 21 (c) AUTOMATED OR COMPUTERIZED ENERGY CONTROL SYSTEMS.
- 22 (d) HEATING, VENTILATING OR AIR CONDITIONING SYSTEM MODIFICATIONS OR
- 23 REPLACEMENTS.
- 24 (e) REPLACING OR MODIFYING LIGHTING FIXTURES TO INCREASE THE ENERGY
- 25 EFFICIENCY OF THE LIGHTING SYSTEM WITHOUT INCREASING THE OVERALL ILLUMINATION
- 26 OF A FACILITY UNLESS AN INCREASE IN ILLUMINATION IS NECESSARY TO CONFORM TO
- 27 THE APPLICABLE STATE OR LOCAL BUILDING CODE FOR THE LIGHTING SYSTEM AFTER THE
- 28 PROPOSED MODIFICATIONS ARE MADE.
- 29 (f) INDOOR AIR QUALITY IMPROVEMENTS TO INCREASE AIR QUALITY THAT
- 30 CONFORM TO THE APPLICABLE STATE OR LOCAL BUILDING CODE REQUIREMENTS.
- 31 (g) ENERGY RECOVERY SYSTEMS.
- 32 (h) INSTALLING A NEW OR RETROFITTING AN EXISTING DAY LIGHTING SYSTEM.
- 33 (i) ANY LIFE SAFETY MEASURES THAT PROVIDE LONG-TERM OPERATING COST
- 34 REDUCTIONS AND THAT COMPLY WITH STATE AND LOCAL CODES.
- 35 (j) IMPLEMENTING OPERATION PROGRAMS THROUGH EDUCATION, TRAINING AND
- 36 SOFTWARE THAT REDUCE THE OPERATING COSTS.
- 37 (k) PROCUREMENT OF LOW-COST UTILITY SUPPLIES OF ALL TYPES, INCLUDING
- 38 ELECTRICITY, NATURAL GAS, PROPANE AND WATER.
- 39 (l) DEVICES THAT REDUCE WATER CONSUMPTION AND WATER COSTS OR THAT
- 40 REDUCE SEWER CHARGES.
- 41 (m) RAINWATER HARVESTING SYSTEMS.
- 42 (n) COMBINED HEAT AND POWER SYSTEMS.
- 43 (o) RENEWABLE AND ALTERNATIVE ENERGY PROJECTS AND RENEWABLE ENERGY
- 44 POWER SERVICE AGREEMENTS.
- 45 (p) SELF-GENERATION SYSTEMS.

1 (q) ANY ADDITIONAL BUILDING SYSTEMS AND INFRASTRUCTURE THAT PRODUCE
2 ENERGY, OR THAT PROVIDE UTILITY OR OPERATIONAL COST SAVINGS NOT SPECIFICALLY
3 MENTIONED IN THIS PARAGRAPH, IF THE IMPROVEMENTS MEET THE LIFE CYCLE COST
4 REQUIREMENT AND ENHANCE BUILDING SYSTEM PERFORMANCE OR OCCUPANT COMFORT AND
5 SAFETY.

6 5. "GUARANTEED ENERGY COST SAVINGS CONTRACT" MEANS A CONTRACT FOR
7 IMPLEMENTING ONE OR MORE ENERGY COST SAVINGS MEASURES.

8 6. "LIFE CYCLE COST" MEANS THE SUM OF THE PRESENT VALUES OF INVESTMENT
9 COSTS, CAPITAL COSTS, INSTALLATION COSTS, ENERGY COSTS, OPERATING COSTS,
10 MAINTENANCE COSTS AND DISPOSAL COSTS OVER THE LIFE OF THE PROJECT, PRODUCT OR
11 MEASURE AS PROVIDED BY FEDERAL LIFE CYCLE COST RULES, REGULATIONS AND
12 CRITERIA CONTAINED IN THE UNITED STATES DEPARTMENT OF ENERGY FEDERAL ENERGY
13 MANAGEMENT PROGRAM "GUIDANCE ON LIFE-CYCLE COST ANALYSIS" REQUIRED BY
14 EXECUTIVE ORDER 13123, JANUARY 2007.

15 7. "OPERATIONAL COST SAVINGS" MEANS REDUCTIONS IN ACTUAL BUDGET LINE
16 ITEMS CURRENTLY BEING EXPENDED OR SAVINGS REALIZED FROM THE IMPLEMENTATION OR
17 INSTALLATION OF ENERGY COST SAVINGS MEASURES.

18 8. "QUALIFIED PROVIDER" MEANS A PERSON OR A BUSINESS EXPERIENCED IN
19 DESIGNING, IMPLEMENTING OR INSTALLING ENERGY COST SAVINGS MEASURES.

20 Sec. 8. Repeal

21 A. Section 34-201, Arizona Revised Statutes, as amended by Laws 2010,
22 chapter 117, section 12, is repealed.

23 B. Section 34-201, Arizona Revised Statutes, as amended by Laws 2010,
24 chapter 244, section 24, is repealed.

25 Sec. 9. Repeal

26 Sections 34-455 and 34-456, Arizona Revised Statutes, are repealed.

27 Sec. 10. Section 35-142, Arizona Revised Statutes, is amended to read:

28 35-142. Monies kept in funds separate from state general fund:
29 receipt and withdrawal

30 A. All monies received for and belonging to the state shall be
31 deposited in the state treasury and credited to the state general fund except
32 the following, which shall be placed and retained in separate funds:

33 1. The unexpendable principal of monies received from federal land
34 grants shall be placed in separate funds and the account of each such
35 separate fund shall bear a title indicating the source and the institution or
36 purpose to which such fund belongs.

37 2. The interest, rentals and other expendable money received as income
38 from federal land grants shall be placed in separate accounts, each account
39 bearing a title indicating the source and the institution or purpose to which
40 the fund belongs. Such expendable monies shall be expended only as
41 authorized, regulated and controlled by the general appropriation act or
42 other act of the legislature.

43 3. All private or quasi-private monies authorized by law to be paid to
44 or held by the state treasurer shall be placed in separate accounts, each
45 account bearing a title indicating the source and purpose of such fund.

1 4. All monies legally pledged to retirement of building indebtedness
2 or bonds issued by those institutions authorized to incur such indebtedness
3 or to issue such bonds shall be placed in separate accounts.

4 5. Monies of a multi-county water conservation district authorized by
5 law to be paid to or held by the state treasurer shall be placed in separate
6 accounts, each account bearing a title indicating the source and purpose of
7 such fund.

8 6. All monies collected by the Arizona game and fish department shall
9 be deposited in a special fund known as the state game and fish protection
10 fund for the use of the Arizona game and fish commission in carrying out the
11 provisions of title 17.

12 7. All federal monies that are received by the department of economic
13 security for family assistance benefits and medical eligibility as a result
14 of efficiencies developed by the department of economic security and that
15 would otherwise revert to the state general fund pursuant to section 35-190
16 shall be retained for use by the department of economic security in
17 accordance with the terms and conditions imposed by the federal funding
18 source in an account or accounts established or authorized by the state
19 treasurer.

20 8. Monies designated by law as special state funds shall not be
21 considered a part of the general fund. Unless otherwise prescribed by law,
22 the state treasurer shall be the custodian of all such funds.

23 9. All monies received and any accounts established and maintained by
24 the director of the Arizona state retirement system or the administrator of
25 the public safety personnel retirement system, the corrections officer
26 retirement plan and the elected officials' retirement plan.

27 10. ALL MONIES REQUIRED TO BE DEPOSITED IN THE ENERGY AND WATER SAVINGS
28 ACCOUNT ESTABLISHED PURSUANT TO SECTION 35-156.

29 B. No money shall be received or held by the state treasurer except as
30 authorized by law, and in every instance the treasurer shall issue a receipt
31 for money received and shall record the transaction in the statewide
32 accounting system. No money shall be withdrawn from the treasury except on
33 the warrant or electronic funds transfer voucher of the department of
34 administration.

35 C. All federal monies granted and paid to the state by the federal
36 government shall be accounted for in the accounts or funds of the state in
37 the necessary detail to meet federal and state accounting, budgetary and
38 auditing requirements, and all appropriations for matching such federal
39 monies shall be transferred from the general fund to such separate funds as
40 needed, except as otherwise required by the federal government.

41 D. Nothing in this section requires the establishment of separate
42 accounts or funds for such federal monies unless otherwise required by
43 federal or state law. The department of administration has the authority to
44 use the most efficient system of accounts and records, consistent with legal
45 requirements and standard and necessary fiscal safeguards.

1 E. Nothing in this section precludes the creation by the department of
2 administration of a clearing account or other acceptable accounting method to
3 effect prompt payment of claims from an approved budget or appropriation.
4 The department of administration shall report each account or fund
5 established or cancelled to the directors of the joint legislative budget
6 committee and the governor's office of strategic planning and budgeting.

7 F. Nothing in this section or any other section precludes the use of
8 monies kept in funds separate from the general fund, the interest from which
9 accrues to the general fund, for payment of claims against the general fund,
10 provided sufficient monies remain available for payment of claims against
11 such funds.

12 G. The department of administration may issue warrants for qualified
13 expenditures of federal program monies before they are deposited in the state
14 treasury. The receipt of federal monies shall be timed to coincide, as
15 closely as administratively feasible, with the redemption of warrants by the
16 state treasurer. The department of administration shall limit expenditures
17 to the amount that has been made available for the use under the grant award
18 by the federal government. The state agency initiating the expenditures is
19 responsible for ensuring that expenditures qualify for coverage under the
20 guidelines of the federal grant award.

21 H. The department of administration shall establish the policies and
22 procedures for all state agencies for drawing federal monies. When the
23 established method results in federal monies being held by this state, the
24 department of administration may use the interest earned on the monies to pay
25 the federal government for any related interest liability. If an interest
26 liability is incurred due to a state agency varying from the established
27 policies and procedures, the department of administration shall charge the
28 appropriate agency account or fund. Interest payment charges to agencies
29 shall be reported by the department of administration to the joint
30 legislative budget committee on or before March 1. Any federal interest
31 liability owed to this state as a result of the delayed federal disbursements
32 shall be used to offset this state's interest liability to the federal
33 government. Any remaining interest earnings shall be deposited in the state
34 general fund.

35 I. Any state agency or authorized agent of a state agency may accept
36 credit cards pursuant to an agreement entered into by the state treasurer
37 pursuant to section 35-315 for the payment of any amount due to that agency
38 or agent or this state.

39 J. Except for the department of revenue for tax payments, agencies or
40 authorized agents on behalf of state agencies that accept credit cards shall
41 deduct any applicable discount fee and processing fee associated with the
42 transaction amount before depositing the net amount in the appropriate state
43 fund. No other reduction is permitted against the transaction amount. The
44 net amount deposited in the appropriate state fund shall be considered as the
45 full deposit required by law of monies received by the agency or the

1 authorized agent. Payment of any applicable discount fee and processing fee
2 shall be accounted for in the annual report submitted to the governor's
3 office of strategic planning and budgeting in accordance with section
4 41-1273. The transaction amount of any credit card transaction shall not be
5 reduced by any discount fee or processing fee in an amount in excess of the
6 merchant card settlement fees reflected in the state banking contract with
7 the state treasurer's office.

8 K. Any state agency that contracts with an authorized agent for the
9 electronic processing of transactions pursuant to title 41, chapter 23 may
10 include a provision in the contract to allow the authorized agent to impose a
11 convenience fee. If allowed, the convenience fee shall be charged to the
12 cardholder in addition to the transaction amount, except for the following:

13 1. Except as provided in subsection R of this section, any permits,
14 licenses or other authorizations needed to pursue a trade or occupation in
15 this state.

16 2. Except as provided in subsection R of this section, any permits,
17 licenses or other authorizations needed to establish, expand or operate a
18 business in this state.

19 3. Except as provided in subsection R of this section, any permits,
20 licenses or other authorizations needed to register a vehicle or license a
21 driver in this state.

22 L. Each state agency or its authorized agent shall:

23 1. Deduct the amount of the convenience fee before depositing the
24 transaction amount or the transaction amount reduced by the discount fee or
25 the processing fee, or both, into the appropriate state fund.

26 2. Not deduct any part of the convenience fee from the transaction
27 amount before depositing the net amount into the appropriate state fund.

28 3. Deduct the amount of the discount fee or the processing fee, or
29 both, from the transaction amount before depositing the net amount into the
30 appropriate state fund.

31 M. The net amount deposited in the appropriate state fund pursuant to
32 subsection K or L of this section shall be considered as the full deposit of
33 monies that is required by law and that is received by the agency.

34 N. Notwithstanding section 35-142.01, convenience fees received by a
35 state agency or its authorized agent are limited to, and may be used to
36 offset, the costs imposed by the authorized agent in processing the
37 transactions.

38 O. When the percentage of electronic transactions first exceeds at
39 least thirty per cent of a state agency's total transactions, the state
40 agency shall perform a cost benefit report, including costs of convenience
41 fees, the amount of revenue generated and any realized cost savings. The
42 state agency shall submit the cost benefit report to the joint legislative
43 budget committee within six months after reaching the thirty per cent
44 threshold.

1 P. State agencies shall report the number of transactions, the number
2 of electronic transactions, the total dollar amount of transactions
3 processed, the total dollar amount of any discount fee, the total dollar
4 amount of any processing fee and the total dollar amount of any convenience
5 fee charged, deducted or paid pursuant to subsections J and K of this section
6 annually by October 1 to the governor, the government information technology
7 agency and the joint legislative budget committee.

8 Q. Nothing in this section or any other provision of law authorizes
9 any state agency, authorized agent of any state agency or budget unit to
10 establish a bank account for any government monies. All monies received by
11 or on behalf of this state shall be deposited with and in the custody of the
12 state treasurer or in an account that is authorized by the state treasurer
13 pursuant to this section. This subsection does not apply to monies received
14 and any accounts established and maintained by the director of the Arizona
15 state retirement system or the administrator of the public safety personnel
16 retirement system, the corrections officer retirement plan and the elected
17 officials' retirement plan.

18 R. If a state agency provides an alternative method of payment, the
19 convenience fee may be charged to the cardholder in addition to the
20 transaction amount.

21 Sec. 11. Title 35, chapter 1, article 3, Arizona Revised Statutes, is
22 amended by adding section 35-156, to read:

23 35-156. Energy and water savings account

24 A. THIS STATE MAY ESTABLISH AN ENERGY AND WATER SAVINGS ACCOUNT THAT
25 CONSISTS OF A DESIGNATED POOL OF CAPITAL INVESTMENT MONIES TO FUND ENERGY OR
26 WATER SAVINGS PROJECTS IN PUBLIC FACILITIES. THIS STATE MAY DEPOSIT IN THE
27 ACCOUNT MONIES FROM ONE OR MORE COMPANIES THAT PROVIDE UTILITY, ENERGY OR
28 WATER SERVICES TO THIS STATE PURSUANT TO CONTRACTS THAT ARE EXECUTED BETWEEN
29 THE COMPANIES AND THE DEPARTMENT OF ADMINISTRATION AND THAT ARE DESIGNED TO
30 SAVE ENERGY OR WATER IN PUBLIC FACILITIES. THE DEPARTMENT OF ADMINISTRATION
31 MAY USE MONIES IN THE ENERGY AND WATER SAVINGS ACCOUNT FOR PAYMENTS UNDER A
32 CONTRACT ENTERED INTO PURSUANT TO SECTION 34-105.

33 B. THE DEPARTMENT OF ADMINISTRATION SHALL USE MONIES DEPOSITED IN THE
34 ENERGY AND WATER SAVINGS ACCOUNT AS A DESIGNATED POOL OF CAPITAL INVESTMENT
35 MONIES TO PAY FOR THE INCREMENTAL COST OF ENERGY OR WATER SAVINGS MEASURES IN
36 FACILITIES THAT ARE OWNED OR OPERATED BY THIS STATE. ANY CONTRACT THAT IS
37 ENTERED INTO PURSUANT TO THIS SECTION SHALL CONTAIN AN AGREEMENT BETWEEN THE
38 QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER SERVICES COMPANY AND THE
39 DEPARTMENT OF ADMINISTRATION THAT EACH PARTY HAS PERFORMED A REASONABLE
40 INVESTIGATION TO DETERMINE THAT THE MEASURES CONTEMPLATED BY THE CONTRACT
41 WILL RESULT IN STATED ENERGY OR WATER SAVINGS. CONTRACT TERMS MAY EXTEND THE
42 PERIOD OF THE CAPITAL INVESTMENT REPAYMENT SCHEDULE PRESCRIBED IN SUBSECTION
43 E OF THIS SECTION UP TO THE EXPECTED LIFE OF THE ENERGY OR WATER SAVINGS
44 MEASURES, OR TWENTY-FIVE YEARS, WHICHEVER IS SHORTER.

1 C. THE DEPARTMENT OF ADMINISTRATION SHALL USE EXPENDITURES FROM THE
2 ENERGY AND WATER SAVINGS ACCOUNT ONLY FOR THE FOLLOWING:

3 1. PROJECTS OR MEASURES PURSUANT TO A CONTRACT PURSUANT TO THIS
4 SECTION OR SECTION 34-105 THAT SAVE ENERGY OR WATER IN FACILITIES THAT ARE
5 OWNED OR OPERATED BY THIS STATE. MONIES MAY BE USED PURSUANT TO THIS
6 PARAGRAPH TO PROVIDE TECHNICAL ASSISTANCE REGARDING ENERGY OR WATER SAVINGS
7 TO THIS STATE BY A QUALIFIED PROVIDER OR A UTILITY, ENERGY OR WATER SERVICES
8 COMPANY.

9 2. REPAYMENT TO THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER
10 SERVICES COMPANY OF CAPITAL INVESTMENT MONIES DEPOSITED IN THE ACCOUNT PLUS
11 REASONABLE CARRYING CHARGES PURSUANT TO THE TERMS OF THE CONTRACT.
12 REASONABLE CARRYING CHARGES FOR INVESTOR OWNED UTILITIES ARE THE MOST RECENT
13 AUTHORIZED RATE OF RETURN APPROVED BY THE ARIZONA CORPORATION COMMISSION.

14 D. BEFORE THE IMPLEMENTATION OF THE ENERGY OR WATER SAVINGS MEASURES
15 OR SERVICES, THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER SERVICES
16 COMPANY SHALL COMPUTE, AND THE DEPARTMENT OF ADMINISTRATION SHALL REVIEW AND
17 APPROVE, THE ESTIMATED AMOUNT OF THE ENERGY OR WATER SAVINGS AND THE
18 ASSOCIATED IMPACT ON ENERGY OR WATER COSTS TO BE ACHIEVED BY THIS STATE ON AN
19 ANNUAL AND MONTHLY BASIS OVER THE EXPECTED LIFE OF THE MEASURES AND SHALL
20 INCLUDE THESE ESTIMATES IN THE CONTRACT. THE QUALIFIED PROVIDER OR UTILITY,
21 ENERGY OR WATER SERVICES COMPANY AND THE DEPARTMENT OF ADMINISTRATION SHALL
22 UPDATE THE ANNUAL AND MONTHLY ENERGY OR WATER SAVINGS AND ASSOCIATED COST
23 IMPACT ESTIMATES ANNUALLY BASED ON ACTUAL EXPERIENCE.

24 E. BEFORE THE IMPLEMENTATION OF THE ENERGY OR WATER SAVINGS MEASURES
25 OR SERVICES, THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER SERVICES
26 COMPANY AND THE DEPARTMENT OF ADMINISTRATION SHALL JOINTLY DEVELOP A SCHEDULE
27 OF MONTHLY PAYMENTS FOR REPAYMENT OF THE CAPITAL INVESTMENT MONIES TO THE
28 QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER SERVICES COMPANY. THE
29 REPAYMENT SCHEDULE MUST RESULT IN LOWER ENERGY OR WATER COSTS, WHICH SHALL
30 INCLUDE THE COST OF THE INSTALLED ENERGY OR WATER SAVINGS MEASURES FOR THE
31 STATE OVER THE LIFE OF THE INSTALLED MEASURES THAT THIS STATE WOULD HAVE
32 EXPERIENCED WITHOUT THE INSTALLATION OF THE MEASURES. THE REPAYMENT SCHEDULE
33 SHALL BE INCLUDED IN THE CONTRACT.

34 F. THE DEPARTMENT OF ADMINISTRATION SHALL TRANSFER ON A MONTHLY BASIS
35 THE AMOUNT OF THE MONTHLY PAYMENT PRESCRIBED PURSUANT TO SUBSECTION E OF THIS
36 SECTION TO THE ENERGY AND WATER SAVINGS ACCOUNT FROM THE MAINTENANCE AND
37 OPERATION PORTION OF THIS STATE'S BUDGET TO REPAY ANY UNPAID BALANCE OF THE
38 CAPITAL INVESTMENT PREVIOUSLY DEPOSITED IN THE ENERGY AND WATER SAVINGS
39 ACCOUNT FROM THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER SERVICES
40 COMPANY PLUS A REASONABLE CARRYING CHARGE. FOR THE PERIOD OF TIME THAT THE
41 COMPANY'S CAPITAL INVESTMENT MONIES AND REASONABLE CARRYING CHARGE REMAIN
42 UNPAID, THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER SERVICES COMPANY
43 SHALL PROVIDE A SEPARATE BILLING OR BILLING COMPONENT TO REPAY THE CAPITAL
44 INVESTMENT ON A MONTHLY BASIS, PURSUANT TO THE REPAYMENT SCHEDULE PRESCRIBED

1 PURSUANT TO SUBSECTION E OF THIS SECTION, WHICH SHALL BE PAID BY THE
2 DEPARTMENT OF ADMINISTRATION FROM THE ENERGY AND WATER SAVINGS ACCOUNT.

3 G. AFTER THE BALANCE OF THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR
4 WATER SERVICES COMPANY'S CAPITAL INVESTMENT MONIES DEPOSITED IN THE ENERGY
5 AND WATER SAVINGS ACCOUNT PLUS A REASONABLE CARRYING CHARGE ARE REPAID IN
6 FULL BY THE DEPARTMENT OF ADMINISTRATION, THE DEPARTMENT OF ADMINISTRATION
7 MAY DISCONTINUE THE DEPOSIT IN THE ENERGY AND WATER SAVINGS ACCOUNT OF
8 AMOUNTS THAT ARE PRESCRIBED IN SUBSECTION E OF THIS SECTION.

9 H. ANY MONIES ASSOCIATED WITH AN ENERGY OR WATER SAVINGS PROJECT
10 REMAINING IN THE ENERGY AND WATER SAVINGS ACCOUNT AFTER THE CAPITAL
11 INVESTMENT MONIES OF THE QUALIFIED PROVIDER OR UTILITY, ENERGY OR WATER
12 SERVICES COMPANY PLUS A REASONABLE CARRYING CHARGE ARE REPAID IN FULL MAY BE
13 TRANSFERRED TO THE MAINTENANCE AND OPERATION PORTION OF THIS STATE'S BUDGET.

14 I. THE DEPARTMENT OF ADMINISTRATION MAY DEPOSIT ENERGY-RELATED REBATE
15 OR GRANT MONIES IN THE ENERGY AND WATER SAVINGS ACCOUNT TO ASSIST IN FUNDING
16 ENERGY OR WATER SAVINGS PROJECTS. THE DEPARTMENT OF ADMINISTRATION SHALL USE
17 THESE REBATE OR GRANT MONIES TO REDUCE THE TOTAL COST OF ENERGY OR WATER
18 SAVINGS PROJECTS AND TO REDUCE THE AMOUNT OF CAPITAL INVESTMENT MONIES
19 RECEIVED FROM AND REPAID TO UTILITY, ENERGY OR WATER SERVICES COMPANIES. THE
20 DEPARTMENT OF ADMINISTRATION IS NOT REQUIRED TO REPAY THE REBATE OR GRANT
21 MONIES IN THE MANNER DESCRIBED IN SUBSECTION E OF THIS SECTION PURSUANT TO
22 THE AGREEMENTS WITH THE PROVIDERS OF REBATE OR GRANT FUNDS.

23 J. THE DEPARTMENT OF ADMINISTRATION MAY DEPOSIT MONIES FROM OTHER
24 FUNDING SOURCES, INCLUDING CLEAN RENEWABLE ENERGY BONDS AND THE AMERICAN
25 RECOVERY AND REINVESTMENT ACT OF 2009 (P.L. 111-5) FUNDING, IN THE ENERGY AND
26 WATER SAVINGS ACCOUNT TO FUND ENERGY OR WATER SAVING PROJECTS IN PUBLIC
27 FACILITIES. THESE MONIES SHALL BE REPAID IN A MANNER CONSISTENT WITH THIS
28 SECTION AND PURSUANT TO THE CONTRACT BETWEEN THE DEPARTMENT OF ADMINISTRATION
29 AND THE PROVIDER OF THE FUNDING.

30 K. THIS SECTION DOES NOT IMPOSE AN OBLIGATION ON ANY ENERGY UTILITY,
31 WATER UTILITY, PUBLIC SERVICE CORPORATION OR AGRICULTURAL IMPROVEMENT
32 DISTRICT TO INVEST MONIES OR CONTRACT WITH THIS STATE.

33 L. FOR ALL PROJECTS CARRIED OUT UNDER THIS SECTION, THE DEPARTMENT OF
34 ADMINISTRATION SHALL REPORT TO THE DEPARTMENT OF COMMERCE ENERGY OFFICE:

- 35 1. THE NAME OF THE PROJECT.
- 36 2. THE QUALIFIED PROVIDER.
- 37 3. THE TOTAL COST OF THE PROJECT.
- 38 4. THE EXPECTED ENERGY AND COST SAVINGS.

39 Sec. 12. Repeal

40 A. Laws 2009, chapter 101, sections 12, 13 and 14 are repealed.

41 B. Laws 2010, chapter 117, section 27 is repealed.

42 Sec. 13. Laws 2010, chapter 244, section 43 is amended to read:

43 Sec. 43. Effective date

44 ~~A. This act is effective from and after September 30, 2011 except as~~
45 ~~provided in subsection B of this section.~~

1 ~~B. Section 34-201, Arizona Revised Statutes, as amended by section 24~~
2 ~~of this act, is effective from and after June 30, 2013.~~

3 Sec. 14. Laws 2010, chapter 332, section 38 is amended to read:

4 Sec. 38. Effective date

5 ~~A.~~ Sections 15-1781, 15-1782, 15-1783, 15-1784 and 15-1851, Arizona
6 Revised Statutes, as amended by this act, are effective from and after June
7 30, 2011.

8 ~~B. Section 15-342, Arizona Revised Statutes, as amended by section 10~~
9 ~~of this act, is effective from and after June 30, 2013.~~