

ORIGINAL

Docket RE-00000C-94-0165

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June 21, 1999

Arizona Corporation Commission

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DOCKETED BY *[Signature]*

Mr. Jim Irvin  
Commissioner  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, AZ 85007

Dear Commissioner *[Signature]* Irvin:

I noticed your comments in Saturday's paper concerning the "solar portfolio" wherein you reference my "environmental portfolio" as vague and ambiguous. For the record, the plan that you reference was meant as a starting point. It is not a final product.

The purpose of the April 14<sup>th</sup> discussion and vote was to begin a process that would involve all parties who will help shape a final proposal. To date, most parties have made recommendations and the Hearing Division has issued a procedural order that asked the parties to comment on a number of specific questions. The goal is to find a cost-effective way to implement solar and other environmentally friendly alternatives in the coming years.

Last year no record or financial analysis for the solar portfolio standard was developed that would allow for an informed decision. My intention is to base decisions on the record, not on speculation. The need for this process is evidenced in your comments of April 14<sup>th</sup> wherein you suggest that the solar portfolio of last year cost 15 cents per customer per year (approximately \$600,000 per year). No one, not even the staunchest supporters of solar, concur with that view. I think it's time we find out and stop this never ending politicization of an issue that is not well understood. I've enclosed a portion of the transcript with your comments for your review.

You have also made statements concerning aggregation that are not true. First, there was no change in aggregation levels from the rule that you supported last year and the rule approved this year. For that matter, there has never been a rule proposal that would allow for aggregation of residential loads during the phase-in period. Second, the Hearing Division is taking comments on how we might fashion an aggregation proposal that would allow for residential aggregation during the remainder of 1999 and 2000. Provided reliability issues are resolved, I will support residential aggregation.

The one change that was made eliminated self-aggregation and required aggregation to be done through an Energy Service Provider (ESP). This change was made for a couple of reasons. First,

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in the rule that you supported last year, staff had changed the definition of aggregator to mean an ESP. Therefore, there was an inconsistency in the rules that were approved of last year that Commissioner West and I corrected on April 14<sup>th</sup>.

Second, there were no rules in place that would allow for self-aggregation. Again, the Hearing Division is taking suggestions on proposed rules and if a workable solution is found, I will support it.

Jim, my purpose in writing this letter is to encourage you to actively participate in the final rules formulation as opposed to politicizing issues before they have been resolved. I think it's important for you to work with staff and the Hearing Division to make sure your efforts and intentions are considered. Finally, I expect that you will offer amendments to those provisions that you are not comfortable with.

Though we've had our disagreements, I can assure you that good proposals supported in the record will receive support from me no matter the author.

Sincerely,



Carl J. Kunasek  
Chairman

cc: Brian McNeil  
Ray Williamson  
Paul Bullis

1 that can be brought back out and looked at in future  
2 proceedings.

3 CHMN. IRVIN: I got a number that was less  
4 than 15 cents per household per annum.

5 MR. WILLIAMSON: One of the examples as I  
6 recall that was given was an assumed customer of a  
7 thousand kilowatt hours, and it was based on certain  
8 price assumptions of different solar technologies as  
9 they were priced in 1997. And I think the estimate  
10 was that the additional cost of solar would be on an  
11 average of 70 cents per customer, and that was --

12 CHMN. IRVIN: Is that per annum?  
13 70 cents per month.

14 MR. WILLIAMSON: But the projection was also  
15 that rates were going down, so the net cost to have  
16 the customer was he was going to pay less on his bill  
17 because of competition. But without competition, it  
18 would have cost him 70 cents more per month.

19 COM. KUNASEK: Mr. Chairman, if I may, on the  
20 solar issue, I do have a proposal under agenda item  
21 U-5 that will attempt to provide a framework of just  
22 what you're seeking to find out now.

23 CHMN. IRVIN: We'll get to that. Please  
24 continue.

25 COM. KUNASEK: I just want to let everybody