

E-01345A-10-0394  
E-01345A-12-0290  
E-01933A-12-0296  
E-04204A-12-0297

**ORIGINAL**  
**ARIZONA CORPORATION COM**  
**UTILITY COMPLAINT FORM**



Investigator: Richard Martinez      Phone:      Fa

Priority: Respond Within Five Days

Opinion No. 2013 - 110781

Date: 5/22/2013  
Arizona Corporation Commission

Complaint Description: 08A Rate Case Items - Opposed  
N/A Not Applicable

**DOCKETED**

JUN 03 2013

Complaint By: First: Walter      Last: Kalback

Account Name: Walter Kalback

DOCKETED BY [Signature] Home: (000) 000-0000

Street:  
City: Goodyear  
State: AZ      Zip: 85395

Work:  
CBR:  
is:  
ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL  
2013 JUN - 3 1 A 8:37  
RECEIVED

Utility Company: Arizona Public Service Company

Division: Electric

Contact Name: For assignment

Contact Phone:

Nature of Complaint:

(\*\*\*\*\*Docket Numbers E-01345A-10-0394, E-01345A-12-0290, E-01933A-12-0296, E-04204A-12-0297\*\*\*\*\*)

Commissioners:

A little over three years ago we installed a solar voltaic system on the roof of our residence. We are tied into the Arizona Public Service (APS) grid and our system is regulated by a net metering policy. I have noted recently that APS is now claiming that net metering customers are being overpaid for the electricity that they generate and APS is applying for a reduction in the rate paid per kWh. A recent column in the Arizona Republic notes that APS will be applying to the Commission in July for such a reduction. If such a reduction is indeed granted, then I would hope that existing systems would be grandfathered in since we install these systems with the notion that net metering would be available for the life of the system.

I am of the opinion that APS is being somewhat deceptive in their public discussions about the true costs and benefits to them of having rooftop solar systems. There is a stipulation in the terms of the credit purchase payment made at system installation that they conveniently neglect to mention. This is the matter relating to ownership of the environmental credits or renewable energy certificates (RECs) generated by the system each year.

I will use our installation as a typical example of the benefits that APS receives through rooftop systems. Each 1,000 kWh generated per year qualifies for one renewable energy certificate. Our system generates about 15,000 kWh per year so we earn 15 RECs per year. Typically, these certificates can return as much as \$200 or more per certificate when traded on the open market. Therefore, our system may be generating an environmental credit worth as much as \$3,000 each year.

**ARIZONA CORPORATION COMMISSION**  
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In return for the credit purchase payment made by APS upon installation of our system, we assigned the title and ownership for all of the RECs generated by the system for the life of the system (20 + years) to APS. By my calculation, this is at least a \$70,000 return to APS based on an initial credit payment of about 1/4 of this amount. Not a bad deal for APS that they don't generally mention in their press release.

Thus, the so-called "rebate" that is paid to APS customers upon system installation is not actually a rebate but a purchase of the lifetime value of the RECs generated by the system. In our case I declared the APS credit purchase payment as income in the year of installation and paid additional federal and state taxes on this amount.

In summary, I believe that APS is not revealing the true monetary benefit of rooftop solar systems to them. Therefore, rather than being overpaid for their electricity, customers using net metering plans are perhaps being underpaid. I would encourage you to take these factors into account during your deliberations this summer. I thank you for your consideration.

Yours truly,

Walter Kalback  
\*End of Complaint\*

**Utilities' Response:**

**Investigator's Comments and Disposition:**

5/23  
Emailed to ACC Phoenix office for docketing.  
FILE CLOSED.  
\*End of Comments\*

**Date Completed: 5/23/2013**

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