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ARIZONA CORPORATION COMMISSION



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E-01933A-12-0296 ✓
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July 3, 2013

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AZ CORP COMMISSION
DOCKET CONTROL

The Honorable Steve Pierce
Arizona State Senate
1700 W. Washington
Phoenix, AZ 85007

Dear Senator Pierce,

Thank you for your thoughtful letter regarding two significant issues facing the Arizona Corporation Commission, net metering rules and retail competition. I, too, believe these are serious issues for our state and not to be taken lightly.

To that end, the Commission has decided to hold hearings on net metering that will allow all parties to comment, on the record, on the issues surrounding net metering rules. Your letter will become part of the docket relative to that hearing and I appreciate your willingness to weigh in on this important issue.

In addition, the Commission has opened a docket on the retail competition issue which again will allow for open dialogue on this complicated issue. Your letter will also be docketed in the retail competition docket so that it becomes part of the formal record on this issue.

Thank you again for alerting me to your thoughts on issues in front of the Commission that have impact upon our mutual constituents. I know you are extremely busy dealing with impacts of the Yarnell fire. Please know my thoughts and prayers are with you and the residents of your District as they continue to work through the grief and challenges of this invasive fire.

Sincerely,

Susan Bitter Smith
Commissioner

Arizona Corporation Commission
DOCKETED

JUL 03 2013

DOCKETED BY

SENATOR STEVE PIERCE

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Arizona State Senate

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CHAIRMAN

JUDICIARY

TRANSPORTATION

June 25, 2013

The Honorable Susan Bitter Smith
Commissioner
Arizona Corporation Commission
Commissioners Wing
1200 West Washington
Phoenix, AZ 85007-2996

Re: Electric Deregulation and the use of Net Metering in Arizona

Dear Commissioner Bitter Smith,

I am very concerned about all the misinformation flying around about our utility partners. Arizona utility companies have demonstrated a strong commitment to the use of renewable energy by embracing solar power. I have read that some energy users throughout Arizona have chosen to adopt customer-installed solar panels for their rooftops; as a result, they have enjoyed the benefits of a sustainable lifestyle and cost-savings.

Today utilities remain supportive of customers who have chosen to install rooftop solar panels on their homes and businesses. Nevertheless, companies also recognize the need to extend that same support to their entire customer base. This includes those who cannot afford or choose not to install solar panels.

Under Arizona's current Net Energy Metering Program, utility customers are seeing inconsistent energy costs between solar and non-solar ratepayers. Although metering is a beneficial tool that has led to an increased public interest in solar use, it has also lead to increasingly higher rates for those non-participating customers.

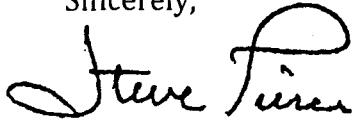
Under current law, a utility such as APS, is required to compensate those residential customers with rooftop solar systems who produce more energy than they use. However, this net excess energy is required to be bought at a substantially higher rate than APS would normally purchase through other outside generators in the market. In addition, these same residential customers do not pay their full share of the electricity grid used to power their homes. To compensate for the difference, the outstanding expenses are passed on to those customers without solar systems in the form of a subsidy or higher rate.

Applications for rooftop solar systems are escalating because of new leasing arrangements and lower costs. As a result, we are inclined to see higher electricity rates for residential customers in the future. Arizona is not alone in facing this situation. Presently, many states are holding discussions on the issue of cross-subsidies between solar and nonsolar customers.

Recently, there has been talk of moving Arizona to a deregulated market; however, the basic necessity of power will be subject to volatile prices in a driven marketplace. This transition is expensive to implement; in addition, deregulation has a long record of power shortages, rolling blackouts, and price manipulation.

This is a serious issue for the state of Arizona, and I implore the Arizona Corporation Commission to shy away from experimenting with the option of deregulation. I encourage the ACC to facilitate an open dialogue, which hopefully leads to a workable solution benefiting both residential customers and the solar industry alike.

Sincerely,

A handwritten signature in cursive script that reads "Steve Pierce". The signature is written in black ink and is positioned to the left of the typed name.

Senator Stephen M. Pierce
District 1

CC: The Honorable Bob Stump, Chairman
CC: The Honorable Brenda Burns, Commissioner
CC: The Honorable Bob Burns, Commissioner
CC: The Honorable Gary Pierce, Commissioner