

E-01345A-13-0248

ORIGINAL



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ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

Investigator: Deb Reagan

Phone:

Fax:

Priority: Respond Within Five Days

Opinion No. 2013 - 111878

Date: 7/26/2013

Complaint Description: 19Y Other -
N/A Not Applicable

Arizona Corporation Commission

DOCKETED

Complaint By: First: Greg Last: Field

Account Name: Greg Field

Home: JUL 26 2013

Street: n/a

Work: DOCKETED BY NR

City: n/a

CBR:

State: AZ Zip: n/a

is:

Utility Company: Arizona Public Service Company

Division: Electric

Contact Name: For assignment

Contact Phone:

Nature of Complaint:

***** E-01345A-13-0248 *****

RECEIVED
2013 JUL 26 P 1:35
AZ CORP COMMISSION
DOCKET CONTROL

Customer sent the following -

Subject: APS Is Inflating Homeowner Costs of Net Metering

Dear ACC

Please include this article from the AZCentral.com in the public record for your upcoming net metering discussion.

"Sometimes the limitations of TV and the press of deadline don't allow me to explain something as fully as I'd like. Usually it involves numbers, which don't play well on TV. This is one of those times.

An AZ Fact Check I reported Tuesday evening on 12 News examined a claim in a TV ad supporting APS' proposed overhaul of Arizona's regulations on rooftop solar:

"The average home solar system adds \$20,000 in costs for customers who don't get the benefits."

That 20 grand is a big number - the bottom line in APS' argument to rewrite the solar rules. How accurate is that statement? Let's unpack it. First, some background.

The claim that rooftop solar customers are shifting huge costs to non-solar customers, with APS as the pass-through, is at the heart of the utility's arguments to revamp the regulations governing rooftop solar in Arizona:

- It's not fair. Non-solar customers are shelling out a massive subsidy that helps give rooftop solar customers a

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break on their electricity bills.

-It's not sustainable. APS must maintain the power lines and grid for 24/7 service to solar-powered homes, because they can't generate their own power full-time. As solar customers continue to grow, APS has to shift more of the costs, which at some point become unbearable for non-solar customers.

Now that statement again:

"The average home solar system adds \$20,000 in costs for customers who don't get the benefits." Do you take that to mean every non-solar customer is stuck with a \$20,000 bill because of solar customers? You're forgiven if you do. But you would be wrong.

The \$20,000 is derived from an APS-commissioned study showing rooftop solar customers were able to avoid paying about \$1,000 in costs every year - for power lines, maintenance, operations and more. That \$1,000 grows to \$20,000 by spreading it over the estimated 20-year lifespan of a rooftop solar installation.

Let's assume the study is correct and the \$20,000 is a real number. Here's what else the ad and APS don't say: That \$20,000 isn't just your problem - it's everyone's problem. Everyone, as in the 932,000 APS residential customers who don't have rooftop solar.

All you math students can see where this is going. But you need one more number to get at the most accurate cost of the subsidy, based on APS' numbers: the number of solar customers.

The number is quite small - about 18,000, just 1 percent of APS' customer base.

Let's do the math to get at the cost of the subsidy per year, because who really looks at their costs and expenses over 20 years:

18,000 solar customers x \$1,000 in avoided costs per year = \$18 million a year in avoided costs.

That \$18 million a year is picked up by the 932,000 customers. That's \$19.31 each. Per year. 19 bucks. \$380 over 20 years.

Again, that assumes the accuracy of the source of the numbers in the APS-commissioned study.

"I think those numbers are too high," said Shayle Kann, VP of research at GTM Research in Boston. "APS is taking one side of this issue, and this is essentially - a negotiating position."

Indeed, a May study for the solar industry association concludes APS has it backwards - solar customers are subsidizing the power grid. Both sides will hash this out before the Arizona Corporation Commission over the next several months.

I ran the numbers by APS Communications VP John Hatfield. He confirmed my math was correct. Why is APS waging war over 19 bucks a year? (By the way, the 1 buck difference between the blog and my TV story is a result of updated info from APS.)

Hatfield sent this response:

"Arizona can only continue its national leadership in solar by acting now to make our policies on rooftop solar fair to everyone and sustainable for the long term. We shouldn't wait until the problem becomes larger and more difficult to solve."

You'll note I did not run the numbers by the ad's producer, ProsperHQ.org. That 501©4 group is run by former Republican House Speaker Kirk Adams. He is working with lobbyist Sean Noble, who has connections to the 60

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Plus Association, the group behind the AZ Solar Facts site, which also supports APS. Noble has been hired by APS parent Pinnacle West to handle the solar regulation issue.

So all roads lead back to APS on this statement. In fact, APS CEO Don Brandt made the exact same claim in an April op-ed in the Arizona Republic."

Brahm Resnik
Channel 12 News
End of Complaint

Utilities' Response:

Investigator's Comments and Disposition:

Customer comments entered for the record and filed with Docket Control.
End of Comments

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