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ORIGINAL

August

Dear ACC Commissioner:

I am concerned about APS and their plea for fairness concerning the Solar Industry.

Some History. In the lat 80's APS offered a lower rate to users who purchased a load controller.

I paid the \$600.00 plus \$150.00 to have it installed. It worked, I did not keep track, but I probably about broke even. I was not to concerned because I felt I had made an investment that would increase my property value. WRONG, I was not allowed to pass the lower rate to the new homeowner.

Not only that, I was not allowed to take the controller with me to my next house. This rendered my investment worthless. Was that fair? I think NOT.

Now I am in a similar situation. My solar was turned on 6/24/13. I received a letter (copy enclosed) from APS grandfathering my unit.

The APS statement that current customers should not be significantly impacted by this change is defiantly misleading.

After a conversation with an APS representative what I suspected is true.

The insignificant change APS refers to would prohibit me from passing on my system under the present rules were I to sell my home. The new owners of my home would be subject to the new rules what ever they might turn out to be, thus severely affecting the value of my home.

When I signed the lease for solar I looked on this as an investment increasing the value of my property.

I ask in the spirit of fairness that my system and that of all the other early solar users be totally grand-fathered, without insignificant or any other changes.

You will be asked to make some very important decisions concerning this issue. When APS pleas for fairness please consider my plea for fairness.

Neal Dederich

Neal Dederich

Phoenix, AZ 85053

[Redacted]

Arizona Corporation Commission
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ACC CORP COMMISSION
DOCKET CONTROL

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July 16, 2013



NEAL DEDERICH
13821 N 40TH AVE
PHOENIX, AZ 85053-5301

Dear Neal,

We have important information to share with our customers who plan to install rooftop solar systems.

Arizona Public Service recently filed a proposal with the Arizona Corporation Commission (ACC) that changes the way future owners of residential rooftop solar systems will be credited for the generation produced from their systems. I want to let you know what we are doing, why we are doing it and where you can go for more information.

First, and most important, APS believes customers who are in the process of installing rooftop solar systems, like you, should not be significantly impacted by this change. We asked you to "go solar" and you responded. Thank you for helping us to meet Arizona's goals for renewable energy.

We have proposed that current rooftop solar customers be "grandfathered" under today's net metering rules for 20 years. Though your solar system is not yet tied to the electrical grid, we have proposed a way for you to still be eligible for grandfathering if you meet the following criteria:

- Your signed installer contract and your interconnection application must be submitted to APS by October 15, 2013; and
- Your system must be installed within 180 days of reservation approval.

More details of this grandfathering proposal were included in our recent filing and are subject to change. To read through the details of our filing, please visit **azenergyfuture.com**.

Importantly, our filing only applies to residential customers and proposes no changes to commercial net metering customers. Commercial customers already fairly contribute to the fixed costs of the electrical grid.

Let me provide more background on the issue we're trying to address. When solar was just beginning in Arizona, solar systems were even more expensive than they are today, there were limited financing options, and the payback periods were very long. At that time, the ACC implemented the current net metering program to help customers adopt solar. And it worked. Since then, prices have dropped and new financing options make

it easier for customers to add solar. We now need to evaluate those initial policies to ensure they are fair to all customers, solar and non-solar, for the long term.

And here's what we mean by fairness. Rooftop solar systems rely on the electrical grid, whether it's at night, when it rains, on hot days when more power is needed to run air conditioners, to send excess energy back to the grid, and so on. The grid ensures that solar customers like you have the power you need, whenever you need it.

Current Arizona net metering rules allow solar customers to enjoy the benefits of a reliable grid around the clock, but at little to no cost. As more customers install solar, it becomes more important for all customers who use the grid to pay their fair share to keep it operating at all times. We're trying to fix the problem now before it grows beyond repair.

Our proposal with the ACC contains two options and each allows rooftop customers to get fair credit for their solar energy while still paying their fair share for the costs of the grid. We also support an increase in upfront cash incentives for future customers who want the choice of rooftop solar.

And that's because solar is important to us and our customers. APS has been a leader in solar energy for more than 60 years and we've committed more than \$1 billion in solar projects throughout Arizona. We are proud that Arizona ranks first in solar per capita. APS has helped drive these results, ranking fourth among all U.S. utilities for solar installed in 2012.

We want this success to continue. Our goals with this proposal are to create a system that ensures all customers pay their fair share for the grid, protect customers who already have installed rooftop solar (or who are in the process of installing their solar systems), and preserve over the long term the choice of rooftop solar for future customers.

If you have questions, please call the APS Green Team at 602-216-0318 or toll-free at 800-659-8148.

Thank you for your time and continued commitment to solar energy.

Sincerely,



Barbara Lockwood
General Manager
APS Energy Innovation