E-01345A-13-0248

ORIGINAL

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ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

Investigator: Tom Davis

Priority: Respond Within Five Days

Arizona Corporation Commission
DOCKETED
AUG 19 2013
DOCKETED BY

Opinion No. 2013 - 112322 **Date:** 8/19/2013

Complaint Description: 19Y Net Metering
08A Rate Case Items - Opposed

	First:	Last:
Complaint By:	Dwain E.	Blum
Account Name:	Dwain E. Blum	
Street:		
City:	Scottsdale	
State:	AZ **Zip:** 85266	

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CBR:
is:

Utility Company. Arizona Public Service Company
Division: Electric
Contact Name:
Nature of Complaint:

OPPOSED E-01345A-13-0248 ELECTRIC

AZ CORP COMMISSION DOCKET CONTROL
2013 AUG 19 P 2:19
RECEIVED

Re: Response to Your Letter dated July 12, 2013

Dear Ms. Lockwood,

Thank you for your informative letter to APS solar system users, which raises several issues and concerns that I would like you to address.

Fair Share of Cost of the Grid

What is APS definition of "fair share"?

Before solar systems/users came on the scene, wasn't the "cost of the grid" pro- rated on the basis of usage (Kwhr)? Thus, the customer that used more power, paid more toward the "cost of the grid" than the energy efficient user (including those that took advantage of the various APS energy rebates) or the low-income user that gets reduced rates. So, why do you propose a special classification for solar providers/users?

For example, Southwest Gas includes its "cost of its grid" (pipeline and storage and distribution systems) in its basic monthly fee (same for all users based on meter size) and in its additional fees based on client Therm usage. Seems a lot simpler! The consumer of more BTUs (Therms) pays more for their grid connection. And every customer pays a basic "grid" connection fee.

In a sense APS customers already pay basic monthly fees Customer account charge, $1.89; Metering $2.79, Billing $2.10, LFCR adjustor $0.02, Regulatory assessment $0.02, and Franchise fee $0.17, according to my last billing statement)

What we pay for a gallon gasoline includes the "cost of infrastructure of highway systems and road way

maintenance as federal, state and local taxes. A 1O00- gallon user then pays say $30.00 for the infrastructure whereas a 100 gallon (a hybrid owner or week-end driver) user pays $3.00 for the infrastructure. So you are asking a 100-gallon user to pay the some or all of the $27.00 difference to drive on the same highway system in America? Is that what you call "fair share"?

How do current commercial net-metering customers already contribute their fair share?

Doesn't the grid ensure that all customers have the power they need, whenever they need it? What differentiates a day-time solar user (who provides power to the grid) from an absent property owner who consumes very little day-time power? •

May we conclude that your definition of "fair share" is like that definition often proposed in Washington, DC? And that is, whatever they define "fair share" is to be.

Way Solar System owners will be Credited for power generated

Are you talking about the excess (net) power produced over a 12-month period? Or the total power produced by a user solar's system?

Some solar customers have systems that produce more power than they consume over a 12-month period. Who uses this excess power and what rates (including grid costs) are they charged for it? Does APS make a "profit" on this transfer of power? What is a fair cost to APS for this power? Should this lower cost not reduce the cost to end-user? Should the end-user not benefit from this low cost "renewable" energy?

Why not simplify the crediting system and credit KWhr instead of converting to dollar amounts? I would prefer this approach rather than pay monthly fees for meter reading, billing, etc. Just let solar producers receive equivalent energy in return for what they upload to the grid and pay their usage fees (which include allocated "grid costs" as all users) in the excess energy that they use.

Grandfathered

Doesn't grandfathering mean permanent? Why limit 28 years? Why not 25 years, 40 years, or lifetime (which is what I had always thought grandfathering meant)? You say solar customers are to be grandfathered. Why not solar systems which have a life expectancy of about 25 years?

For example, my net (of tax and other incentives) solar system cost was $7,500. If we amortize that over 20 years, we have and annual auxiliary grid cost (not paid for by other APS customers) of $375 or $31.25 per month. So, I am paying that additional cost to connect to the APS grid. Does your average non-solar customer pay that much toward their use of the grid?

Current Net Metering Program

What does the cost (past or current) of a Solar System installation have to do with the net-metering program? Why should it address non-solar users? This program only affects those users that produce excess power and provides very little incentive to go solar.

For example, my solar system produced 9,352 Kwhr last year, and we consumed 7,756 Kwhr (4,647 Kwhr was downloaded from the grid, and 6,243 Kwhr uploaded), resulting in a net uploaded excess of 1,596 Kwhr provided to the grid. In this instance, the Grid did not supply any net power to our residence. My account was credited $88.12 for the excess power provided to the grid. My monthly fees (billing, metering, etc.) totaled $116.01! That $88.12 is supposed to be some great net-metering incentive to go solar? It did not even cover the cost of the fixed monthly fees! In essence, I paid a net of $27.89 for receiving no net power/service from APS for the 12-month period. And as described above, I paid another $375.00 for the amortized solar system cost. Wow!

And APS received 1,596 Kwhrs of power for $0.0552/Kwhr. Do you want me to pay you more to up-load this energy? So, are saying that if I consume more energy and up-load less or no excess energy at all I will avoid any additional "fair share" costs of the grid.

I would prefer the banking of net-excess Kwhr for future use over the current annual tru-up crediting of $0.0552/Kwhr.

You say that the "current net-metering rules allow solar customers to enjoy benefits of a reliable grid around the clock, but at little or no cost." What about the up front-fixed cost of the system paid for by solar customers to connect to the grid and supply power to the grid when it needs it the most, during the day?
Should they not be part of that user's "grid cost"? See above for discussion of our monthly grid connection/usage cost determination.

Solar Energy Mandate

APS has been a leader in generating solar energy customers. This has resulted in less demand for energy resulting in less need for additional power generating plants (i.e. lower grid costs). By distributing energy production to end-user locations, it has also resulted in reduced transmission costs. However, this reduced energy demand has also resulted in lower revenues to APS because of this distributed energy production and distributed consumption process.

As cost of solar systems decline and more are installed and connected to the grid, APS will gain more distributed power-generating systems that will further reduce the load on their existing grid systems at no or very little additional grid costs.

Eventually, when the cost of solar energy storage systems becomes more economic and APS continues raising fees on solar customers, the incentive for them to go "off the grid" will increase.

The Dilemma of Promoting Solar: Unintended Consequences

Herein lies the dilemma. The more solar provider/users added to APS grid, the less net usage of the grid and therefore, less revenue generated for APS.

Only two solutions exist to this dilemma: raise revenues (customer rates) or cut costs (administrative, over-head, grid maintenance, incentives for solar users/providers, power generation facilities, etc.)

The current proposal by APS to ACC is to cut costs by reducing net-metering rates to paid excess solar energy producers. The alternative from APS perspective, is to raise rates to all users to maintain the same level of revenues/

If APS was a non-regulated, non-monopoly business, then it would be forced to reduce its operating and administrative/overhead costs to remain competitive in the energy marketplace.

The solution in the long run is to pass the reduced costs of the energy produced by distributed solar production to all users and reduce grid and administration/ overhead costs to correspond to the reduced revenue level resulting from the declining power demand.

However, the world changes and as indicated in a recent review of the new 2014
BMW i3 (all electric vehicle) by Motor Trend, even BMW foresees the use of its battery at its" end-of-life (about 60% for automotive use), it that it might be permanently located in your home where it could be charged at night to defray daytime power rates." A world of distributed solar generators with their electric vehicles completely "off the APS grid"?

ARIZONA CORPORATION COMMISSION

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Thank you for your timely response to my questions.

Dwain Blum

APS Solar Customer

Cc: Arizona Corporation Commission 1200 W. Washington St, Phoenix, AZ 85007
End of Complaint

Utilities' Response:

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Investigator's Comments and Disposition:

8/19/13: Entered for the record and docketed

CLOSED
End of Comments

Date Completed: 8/19/2013

Opinion No. 2013 - 112322