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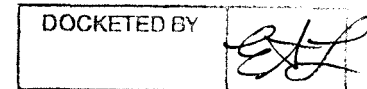
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October 28, 2013

Arizona Corporation Commission
Commissioners Wing
1200 West Washington Way
Phoenix, AZ 85007-2996Arizona Corporation Commission
DOCKETED

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Subject: APS Rooftop Solar Credit Issues



Dear Commissioners,

I'm the owner of a rooftop solar array, which my wife and I purchased and had installed in 2008. So I have a vested interest in the discussions taking place regarding Arizona Public Service Company's desire for a rate structure revision related to credits for power transmitted to the grid from residential solar arrays. The primary purpose of this letter is to respectfully suggest that you consider the following steps to achieve a solution that's equitable to all parties:

- 1) Task APS to compile and present to the ACC, and to the public, statistics providing their true costs for installing, operating, maintaining, expanding, and upgrading their power distribution grid. These statistics need to be detailed, accurate, relevant, and verifiable by ACC staff experts and/or an independent audit.
 - a) Recognizing that the variability and unpredictability of electricity fed back into the grid from residential rooftop solar arrays, and the technical challenges of integrating that power into the grid, APS's cost figures should include any necessary load-integrating technical upgrades.
- 2) Task APS to calculate the percentage that their costs directly attributable to the grid represent of their total cost structure that's included in their residential billing rate. Then apply the complement of that percentage to the amount that APS credits to rooftop solar array owners for the electricity they feed back to the APS grid.
 - a) For example, if APS's grid-attributable costs are 15% of their total costs, then they could credit residential rooftop solar customers for 85% of the current billing rate for electricity residential solar owners feed back to the grid, instead of the 100% "net metering" rate APS now credits.
 - b) This procedure should compensate APS for their true grid-attributable costs, should be fair and equitable to both non-solar and rooftop solar customers, and should be acceptable to APS's customers and to the ACC.
 - c) The Arizona Republic's Robert Robb proposed in an October 9, 2013 op-ed piece that a compromise solution would be for the ACC to allow APS to credit rooftop solar customers at a

rate at corresponding to the wholesale price at which APS can purchase solar-generated power from a large commercial-scale array owner. But, I would expect this process to be more variable to APS's billing program and too opaque to their customers for it to gain public acceptance. I would think it would be more variable over time than the procedure I'm recommending.

- d) I don't know how "net metering at the 100% level" became enshrined in the current rate structure, but to me it lacks economic and technical sense. I believe the ACC, and the public, would accept a revision if APS provided the type of detailed statistics described above.
- e) I also don't share in the passion over the issue of "grandfathering" existing rooftop solar customers at the current "100% net metering" rate. I'm sure APS wants to avoid lawsuits claiming "breach of contract" from people who have previously purchased their solar arrays, but creating a two-class crediting structure would be technically and administratively cumbersome and would be unfair to the later purchasers of rooftop solar.
- i) My wife and I purchased our rooftop solar system in 2008, so we would presumably be grandfathered. But our main goals in purchasing our solar system were more to reduce the rate of climate change (dirty coal) and reduce US dependence on foreign oil, rather than to getting the shortest possible payback period on our solar investment. So we would not be among the screamers if we weren't grandfathered at the current net metering rate – provided the new ACC-approved crediting rate is based on detailed, accurate, and verifiable cost data.

By way of personal background, the second of my two 20-year careers was spent as a project and program manager for a major defense contractor, managing telephone system upgrades on US military bases worldwide, including hundreds of miles of copper and fiber cable plant installations. While I don't claim that this background gives me any expertise on power distribution systems, it does lead me to believe that APS should be able to compile fairly precise figures for current and projected costs attributable directly to their power distribution grid.

Thank you for considering these suggestions.

Respectfully submitted,



Phil Korzilius