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BEFORE THE ARIZONA CORPORATION COMMISSION

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- GARY PIERCE
- BRENDA BURNS
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Arizona Corporation Commission

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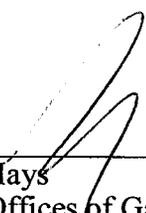
IN THE MATTER OF APPLICATION OF)
 ARIZONA PUBLIC SERVICE COMPANY)
 FOR APPROVAL OF NET METERING)
 COST SHIFT SOLUTION)

DOCKET NO. E-01345A-13-0248

NOTICE OF FILING

Arizona Solar Deployment Alliance hereby files responses to Commissioners Bob Burns
 October 30th, 2013 letter and Commissioner Pierce's October 17th, 2013 letter.

RESPECTFULLY SUBMITTED this 6th day of November, 2013



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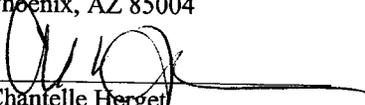
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RESPONSE TO COMMISSIONER BOB BURNS' OCTOBER 30 LETTER

The Arizona Solar Deployment Alliance ("ASDA") submits this response to Commissioner Bob Burns' October 30 letter regarding net metering. The questions asked by Commissioner Burns are listed below with ASDA's response immediately following.

- 1) *How much money did your company, organization, shareholders, members and/or parent company spend concerning net metering?*

ASDA is an organization that is comprised of a five-member board of directors who are involved in the solar installation industry in Arizona. ASDA and its board have spent no money on outside PR, advertising, email campaigns or anything that involved the recent amount of attention on net metering. ASDA did employ a lobbyist that was responsible for multiple issues for the organization and has updated its web site with information on net metering. While ASDA did not break out the pay for the lobbyist by project or the web developer by page or update, based upon the amount of time both parties spent on net metering, ASDA assumes less than was \$10,000 was spent on net metering.

- 2) *Please provide the approximate number of hours your salaried staff spent on the public relations campaign to support your position.*

ASDA and its members have not had any of its employees work on any PR or advertising campaign for net metering.

- 3) *If you are a regulated utility, will you be seeking to recover in a future rate case funds expended to promote your views?*

N/A

RESPONSE TO COMMISSIONER PIERCE'S OCTOBER 17 LETTER

The Arizona Solar Deployment Alliance ("ASDA") submits this response to Commissioner Pierce's October 17 letter regarding net metering.

Rate Case

ASDA believes a full evidentiary hearing is needed on this matter. Your letter states:

"If the Commission were to conclude that Net Metering results in a cost shift, the question becomes how and when the Commission should offer a policy solution that addresses it. The fact is that APS will not be filing a rate case until 2015, with new rates going into effect no sooner than July 2016. The length of time involved would increase the problem that would need to be solved at that time."

Due to the ratemaking nature of APS' application, ASDA believes the Commission risks overcharging residential DG solar customers between now and the next rate case, should APS even bring this issue to the Commission when they file their next rate case. As Staff stated in their recommendation, there are "subjective" and "objective" values associated with DG solar that have yet to be defined. The only way to ensure a just, fair and reasonable assignment of these values to the benefit of DG solar customers is to hold workshops to define the values and then follow them with evidentiary hearings as part of a rate case. It is possible that the Commission could find, after defining the values of DG solar and applying them to APS' customer base during a rate case, that a cost-shift between DG solar customers and non-DG solar customers is not occurring or is negligible compared to other known cost-shifts that have been accepted and absorbed into rates as part of prior rate cases.

Staff Alt 2

ASDA strongly opposes Staff Alt 2 and similar proposals. The possibility of imposing charges of the amount contemplated by Staff Alt 2 and similar proposals, such as RUCO's, runs the risk of:

1. Significantly overcharging DG solar customers with PV systems.
2. Creating "rate shock" on new DG solar customers.
3. Elimination of market participation and ensuing loss of industry.
4. Failure to attain RES compliance objectives for residential DG carve-out.

Additionally, ASDA has concerns about Staff Alt 2's design. Your letter raises the following question:

"What is the most realistic Assumed Utility Scale PPA Rate?"

At this time, this data is unknown to ASDA and we are unaware of existing PPAs in the size range you call out in your letter that have been installed in APS service territory. ASDA believes the Commission has data from APS indicating historical PPA prices and recommends it not look at theoretical PPA costs, but rather the costs of existing Utility Scale PPA Rates for contemplating Staff Alt 2. APS has, in its 2012 REST Compliance Report, used excess DG solar to offset wholesale renewable resources, one for one. As such, ASDA recommends the Commission apply the existing methodology used to determine the "Annual Purchase Rates for Excess Generation" found in APS Rate Plan EPR-6 and substitute existing Utility Scale Solar PPAs for conventional generation to determine a fair offset value. Additionally, because transmission is part of the offset value, corresponding transmissions charges should identified and included in the offset value of Utility Scale Solar PPAs used in Staff Alt 2.

Clearly, if APS adds new Utility Scale Solar PPAs in the future, the blended average would decrease if the cost of the new PPAs was below the blended average prior to the addition of the new PPAs to APS' portfolio, thereby eliminating theoretical costs from Staff's model.