

ORIGINAL

OPEN MEETING AGENDA ITEM

November 11, 2013

Scott and Tiffany Sprague
2141 W. Indianola Ave.
Phoenix, AZ 85004

Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

RE: Arizona Public Service Company's Net Metering Proposals (Docket E-01345A-13-0248)

Dear Chairman Stump and members of the Commission:

When we installed solar on our roof in 2009, we knew that it was a good decision for us and for our community. Solar makes sense for Arizona, for its residents and businesses, and for its economy. Not only does solar benefit those who install it on their homes or businesses, but it also benefits all consumers who use that grid as well as the utility companies.

APS claims that customers with solar on their roofs do not pay their fair share of infrastructure costs. However, by having solar on our roof, we are benefiting the company as well as other rate-payers by delaying the need for new power plants and transmission lines. Our house is its own power plant, supplying electricity for us as well as for other consumers, and we use minimal power from the grid. The more energy we produce, the less APS needs to and the fewer costs it incurs with regards to construction, operation, and maintenance of its infrastructure. As more people install solar, the need for new infrastructure further decreases. If a sufficient number of people go solar, we could even eliminate the need for new power plants. This is a very important benefit for customers and for the APS!

A study¹ published earlier this year indicates that the economic benefits realized by APS and its customers from rooftop solar are significant. According to this study, starting in 2015, APS and its customers will receive \$34 million in grid benefits each year from delayed power plant and transmission line construction as well as reduced power loss due to long-distance transmission. Additional value is realized through public health benefits and energy independence.

Net metering is a very important component of our utility system. Solar customers, such as us, are compensated at the fair market rate for excess energy they generate that the company then sells. However, with the changes being proposed, APS would be able to turn a profit from energy that we generate. How can this be considered fair? We pay numerous fees to the company for the services it provides; it should be willing to pay for services provided by its customers, as well.

¹ Beach, R. T., and P. G. McGuire. May 2013. The Benefits and Costs of Solar Distributed Generation for Arizona Public Service. Crossborder Energy report. Available online at <http://www.seia.org/sites/default/files/resources/AZ-Distributed-Generation.pdf>.



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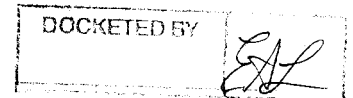
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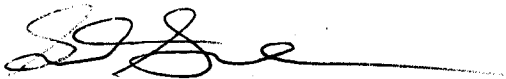
One of the reasons we were able to commit to installing solar was the knowledge that we were significantly increasing the value of our home. However, under APS's original proposal, if a future buyer is not able to sign a contract with APS that grants fair and equitable financial benefits for the solar system, then our house will be significantly devalued. Recently, APS proposed an amendment to its proposal to grandfather existing systems into the current net metering policy. While this is a step in the right direction, it does not necessarily benefit us in the long-term as we do not plan to stay in our current house indefinitely. If we move into a new home in APS's territory, we will either need to find another house that already has a solar system and was also grandfathered into the system, or we need to determine how to pay for a new solar system as well as the higher fees (or lower net metering rate) incurred with that system. For many people, including for us when we move, this may not be a possibility. Even if we are able to make that happen, we will still end up generating energy that will be used by other APS customers, and yet we will not be fairly compensated for that production. By eliminating fair net metering, APS could greatly diminish the solar industry in its territory. As detailed above, this not only hurts customers, our state, and our economy, but it hurts the utility company, as well.

If equity and not profit margins are truly what APS is after, and if it believes that solar customers are not contributing fairly to the grid infrastructure, then the only fair solution is a complete restructuring of all APS rates. To make it fair, every APS customer should be charged separate per-watt rates for energy production (covering all costs associated with generating the energy and construction of new power plants, transmission lines, and other infrastructure) and for transmission (covering all costs associated only with maintenance of existing transmission infrastructure). Those customers who are putting energy back into the grid should then be charged for the full transmission maintenance cost but only production costs for the net energy received. This is the only way that all customers can fairly contribute according to usage of resources and infrastructure without one group subsidizing another group's energy bill or the profit margins of APS. However, a restructuring of this magnitude should be done as part of an appropriate rate case, not as a separate side issue.

APS needs to stop worrying about its short-term profits and needs to instead look toward the future. Solar works for Arizona. APS needs to continue its commitment to its customers and to our state by promoting the benefits of distributed solar energy and by providing fair compensation for its production. We strongly urge the Arizona Corporation Commission to stand up for the people it serves by denying APS's proposed changes to its net metering program.

Thank you for considering our comments.

Sincerely,



Scott and Tiffany Sprague

