



BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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

Docket No. E-01345A-13-0248

**RUCO'S RESPONSE TO TASC'S MOTION TO TERMINATE LFCR AND TASC'S AND  
APS' RESPONSE TO COMMISSIONER BURNS**

The Residential Utility Consumer Officer ("RUCO") hereby files this narrow response to address a couple points raised in several of TASC's pleadings.

RUCO feels compelled to address these points prior to the Open Meeting in order to clarify its position. First, RUCO's proposal does not create any fair value issues and does not present a question of single issue ratemaking. In Arizona, the Courts have repeatedly found that the Commission is required to make a fair value finding of a utility's property and use such finding as a rate base for purpose of calculating fair and reasonable rates. See *Scates*, 118 Ariz. 531, 534, 578 P.2d 612, 616 (1978), *Simms v. Round Valley Light & Power Co.*, 80 Ariz. 145, 151, 294 P.2d 378, 382 (1956). In other words, when ascertaining the utility's rate base, the Commission is required to find fair value. *Id.*

RUCO's proposal is revenue neutral and will not affect the Company's ratebase as determined in the last rate case. Moreover, the parties in the last rate case contemplated potential modifications to the LFCR and wanted to make sure the Commission had flexibility which explains Sections 9.11 and 9.13 of the Settlement Agreement. The

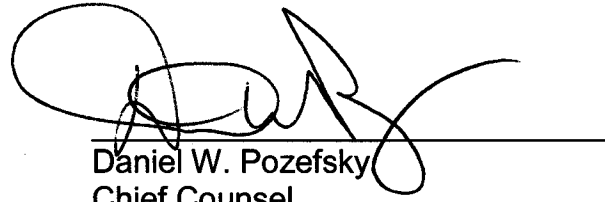
1 Commission is well within its authority to change/modify the LFCR under the terms of the  
2 Settlement Agreement as well as within its own statutory and Constitutional powers. There  
3 is no single issue ratemaking or fair value issue at play with RUCO's proposal.

4 The Commission can do what TASC ultimately requests for reasons other than legal  
5 concerns. For instance, if the Commission believes that the amount of the cost shift is too  
6 large for any meaningful interim solution to mitigate, then the Commission could consider  
7 taking DG out of the LFCR. The Commission's action would be consistent with the  
8 flexibility that it has under paragraph 9.13 of the Settlement. The Commission would then  
9 be able, under paragraph 9.11 of the Settlement to lift the moratorium for APS' next rate  
10 case and order APS to file a rate case in 2014.

11 RUCO would also like to reiterate its concern that whatever solution the  
12 Commission considers, the Commission provides some rate certainty to the solar industry  
13 and customers. RUCO's proposal suggests "locking-in" the fixed charge for a 20 year  
14 period. While some may disagree with RUCO's proposed numbers, it should be self-  
15 evident that providing some regulatory certainty is crucial to any business model that  
16 involves a long-term investment. RUCO understands that this Commission cannot bind  
17 future Commissions on rates, but this Commission could express its intent in its Decision  
18 by incorporating the following language in the Decision:

19 "The Commission acknowledges that solar customers need  
20 certainty. The Commission, however, cannot bind future  
21 Commissions with regard to rates. It is the policy of this  
22 Commission to promote solar and to provide certainty to the  
23 solar industry and its customers to the extent possible. It is the  
24 intent of the Commission that each new solar customer's  
charge shall be locked in for 20 years, and linked to the system  
not the homeowner."

1 RESPECTFULLY SUBMITTED this 12<sup>TH</sup> day of November 2013.

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5 Daniel W. Pozefsky  
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7 AN ORIGINAL AND THIRTEEN COPIES  
8 of the foregoing filed this 12<sup>th</sup> day of November, 2013.

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