

OPEN MEETING AGENDA ITEM



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AZ CORP COMMISSION
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BEFORE THE ARIZONA CORPORATION COMMISSION

Bob Stump, Chairman
Brenda Burns, Commissioner
Susan Bitter Smith, Commissioner

Gary Pierce, Commissioner
Robert L. Burns, Commissioner

IN THE MATTER OF THE APPLICATION)
OF ARIZONA PUBLIC SERVICE COMPANY)
FOR APPROVAL OF NET METERING COST) Docket No. E-01345A-13-0248
SHIFT SOLUTION)
_____)

**Comments of Charles F. McErlean, Jr.
Arizona Corporation Commission
November 13, 2013 Meeting**

I previously filed a formal written Protest, and subsequently an Addendum, in this proceeding pursuant to A.A.C. R14-3-106. Attached is a copy of the comments I made orally to the Commission, or would have made had I been given the time.

Respectfully submitted.

C. F. McErlean, Jr.
Charles F. McErlean, Jr.

Arizona Corporation Commission
DOCKETED

NOV 13 2013

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**AZ Corporation Commission 11/13/2013 Meeting
Oral Comments of Charles McErlean**

Good morning. I am Charles McErlean. I live in Goodyear, have rooftop solar, and am considering rooftop solar for my daughter's home.

I retired from United Airlines where I was Assistant General Counsel, Corporate and Finance Legal Affairs.

In the past, I represented the company in rate matters before the CAB and FCC.

After reading many of the submissions, I feel that the legal rights and interests of solar customers are not being identified and given proper attention.

Grandfathering

With respect to Grandfathering, I believe the rule proposed by Staff and APS is required by law.

Relationship

With respect to future solar, there are inconsistencies among the proposals because the relationship of the parties is not clearly defined.

We are sometimes treated as power companies and sometimes as competitors.

Solar customers do not install these systems to become power companies or to compete with APS.

Solar customers satisfy a portion of the APS solar obligations under the Commission's solar policy.

Thus, the relationship I find most compelling, and consistent with policy, is partnership.

Net Metering

Under net metering, my excess energy is sold by my partner, APS, as my agent.

APS credits me with the revenue through the net metering device and retains the revenue in payment of the energy being offset.

Thus, net metering is simply an accounting device and not the real problem.

Real Issues

The real issues are capacity control and uncompensated Grid Support.

The substantial homeowner investments in rooftop systems must be taken into account when deciding capacity cost issues.

Solar customers should not pay twice for capacity or for APS failure to adequately manage capacity.

With respect to Grid support, ^{puruant to § 40-332(B)} APS must identify the support elements and associated costs and define an appropriate charge taking into account benefits solar provides to the service area. C7mg

The charge must apply equitably between solar customers having different size installations and, thus, different grid support needs.

Next, the Commission must determine whether the charge permits rooftop solar to remain economical.

If not, does public policy require other alternatives to cover APS costs?

Excepting Staff alternative 1, I would suffer a loss under the APS, Staff and RUCO proposals.

Note also: APS tariffs that provide payments to solar customers for their energy that are less than cost plus a reasonable return are not just and reasonable and, therefore, are unlawful.

Protest

These and other points are covered in more detail in my formal written Protest and separately filed Addendum which I respectfully urge the Commission to review and consider.

Thank you for your time.

Are there any questions?