

0000150881

BEFORE THE ARIZONA CORPORATION CO.....

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

BOB STUMP
CHAIRMAN
GARY PIERCE
COMMISSIONER
BRENDA BURNS
COMMISSIONER
BOB BURNS
COMMISSIONER
SUSAN BITTER SMITH
COMMISSIONER

2014 JAN 17 P 3:34

ARIZONA CORP COMMISSION
DOCKET CONTROL

ORIGINAL

IN THE MATTER OF THE COMMISSION'S
INQUIRY INTO POTENTIAL IMPACTS TO
THE CURRENT UTILITY MODEL
RESULTING FROM INNOVATION AND
TECHNOLOGICAL DEVELOPMENTS IN
GENERATION AND DELIVERY OF
ENERGY.

Docket No. E-00000J-13-0375

Arizona Corporation Commission
DOCKETED

JAN 17 2014

DOCKETED BY

RUCO'S COMMENTS

RUCO appreciates Commissioner Bob Burns initiating dialogue in this important docket. The electric industry is at a critical juncture in its evolution and Arizona must understand new technology developments and their implications. In addition to the topics outlined in Commissioner Burns' December 5th letter, RUCO would like to share a few specific topics of interests and add possible end goals for this docket. The list presented below is by no means exhaustive and RUCO anticipates filing additional comments as the docket unfolds.

To start, RUCO would like to see the workshop cover the following questions:

- 1. How do different "disruptive" technologies impact non-participating ratepayers?
 - a. How will Arizona deal with stranded costs stemming from a rapid adoption of a particular technology and what can regulators do to mitigate the buildup of stranded costs in order to prevent a possible large cost shift in the future?

1 b. How should regulated utilities get involved in these new technologies? What are
2 the benefits and disadvantages of allowing utilities to become more involved in
3 customer side of the meter technologies?

4 **2. How can Arizona utilities properly respond to customer choice?**

- 5 a. What mechanisms are in place to gauge what customers want?
6 b. Should there be a more formalized approach to how utilities gauge and respond to
7 customer wants?
8 c. Do Arizona's regulated utilities have the proper regulatory incentives to respond to
9 customer needs and wants?

10 **3. Should Arizona's utilities offer an "economic development rate" to new and**
11 **expanding businesses?**

- 12 a. How will this impact other ratepayers?
13 b. What should be the guidelines to ensure such a rate would be a net positive for
14 the state?

15 **4. How can Arizona capitalize off of mutual reinforcing technologies?**

- 16 a. For example, linking distributed energy with demand response. Are there
17 synergies between the two groups that can minimize weaknesses and enhance
18 benefits?
19 b. Can firm "virtual power plants" be formed by connecting customer sited
20 technologies together?

21
22 **Possible end goal of workshop process:**

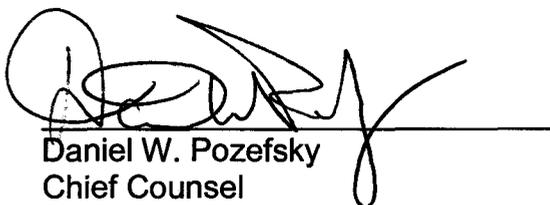
- 23 1. **Scenario building** – RUCO recommends examining the financial impacts of various
24 technology adoption scenarios. This will help the Commission understand the near-term

1 and long-term impacts of possible occurrences in the market. For instance, what if 10%
2 of large commercial customers installed new fuel cell technology and disconnected from
3 the grid? How would this impact the residential and small commercial ratepayer? If a
4 customer does not draw electricity from the grid but would like to be connected to the
5 system for back up, this scenario exercise can help inform the Commission as to the
6 appropriate level of stand-by charges and the cost of power if the customer ends up
7 drawing from the grid.

8
9 **2. A technology valuation model** - Not all technology provides a net benefit to the electric
10 system. There are also diminishing returns with deploying one type of a certain energy
11 product heavily. Therefore, RUCO recommends building a valuation model to help guide
12 the Commission on policy decisions. The utilities already possess models used for IRP
13 calculations and RUCO envisions building a similar model but for statewide application.
14 The model would contain inputs detailing both the costs and benefits of the evaluated
15 technology.

16
17 In sum, RUCO looks forward to participating in this docket and learning not just about new
18 energy technologies but also the accompanying ratepayer impacts and policy implications.
19 RUCO firmly believes that being proactive on these issues instead of reactive will pay dividends
20 down the road to ratepayers.

21 RESPECTFULLY SUBMITTED this 17th day of January, 2014.

22
23
24 
Daniel W. Pozefsky
Chief Counsel

1 AN ORIGINAL AND THIRTEEN COPIES
2 of the foregoing filed this 17th day
3 of January 2014 with:

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington
6 Phoenix, Arizona 85007

5 COPIES of the foregoing hand delivered/
6 mailed this 17th day of January 2014 to:

7 Lyn Farmer, Chief Administrative
8 Law Judge
9 Hearing Division
10 Arizona Corporation Commission
11 1200 West Washington
12 Phoenix, Arizona 85007

Michael Patten
Jason Gellman
Roshka DeWulf & Patten, PLC
400 E. Van Buren St., Suite 800
Phoenix, AZ 85004

10 Janice Alward, Chief Counsel
11 Legal Division
12 Arizona Corporation Commission
13 1200 West Washington
14 Phoenix, Arizona 85007

Law Office of Christopher Hitchcock
P.O. Box AT
Bisbee, AZ 85603-0115

13 Steve Olea, Director
14 Utilities Division
15 Arizona Corporation Commission
16 1200 West Washington
17 Phoenix, Arizona 85007

Jack Blair
SSVEC
311 E. Wilcox Dr.
Sierra Vista, AZ 85635-2527

16 Thomas Loquvam
17 Thomas L. Mumaw
18 Pinnacle West Capital Corporation
19 400 N. 5th St., MS 8695
20 Phoenix, Arizona 85004

John Wallace
GCSECA
2210 S. Priest Dr.
Tempe, AZ 85282

19 Bradley Carroll
20 Kimberly A. Ruht
21 Tucson Electric Power Co.
22 88 E. Broadway Blvd
23 MS HQE910
24 P.O. Box 711
Tucson, AZ 85702

Lawrence Robertson, Jr.
P.O. Box 1448
Tubac, AZ 85646

Dillon Holmes
Clean Power Arizona
9635 N. 7th St., #47520
Phoenix, AZ 85068

Greg Bass
Noble Americas Energy Solutions LLC
401 W. A. St., Ste 500
San Diego, CA 92101-3017

- 1 Leland Snook
Jeffrey Johnson
- 2 Arizona Public Service
P.O. Box 53999, MS 9708
- 3 Phoenix, AZ 85072-3999
- 4 James Hamilton
Hamilton Consulting
- 5 822 N. 5th Ave.
Phoenix, AZ 85003
- 6 Anthony Wanger
- 7 Alan Kierman
IO Data Centers
- 8 615 N. 48th St.
Phoenix, AZ 85008
- 9 Sidney Smith
- 10 HoHoKam Irrigation & Drainage District
142 S. Arizona Blvd
- 11 Coolidge, AZ 85128
- 12 Michael Curtis
William Sullivan
- 13 501 E. Thomas Rd
Phoenix, AZ 785012-3205
- 14 Heather McInnelly
- 15 Navopache Electric Cooperative
1878 W. White Mountain Blvd
- 16 Lakeside, AZ 85929
- 17 Stephanie Wojcik
Town of Wickenburg
- 18 155 N. Tegner, Suite A
Wickenburg, AZ 85390
- 19 Peggy Gillman
- 20 Mohave Electric Cooperative
P.O. Box 1045
- 21 Bullhead City, AZ 86430
- 22 Christopher Thomas
Fred Breedlove III
- 23 Squire Sanders LLP
1 E. Washington, 27th Fl
- 24 Phoenix, AZ 85004

By Cheryl Fraulob
Cheryl Fraulob