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Arizona Corporation Commission

DOCKETED

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From: Tom Lammie <solartom@cox.net>  
Sent: RE: Tuesday, February 11, 2014 1:42 PM  
To: AZ CORP BitterSmith-Web  
Subject: DOCKET electricity

ORIGINAL

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2014 FEB 21 PM 3 43

Greetings Ms. Bittersmith I hope this finds you well. I just wanted to take a minute and weigh in on the conversation that seems to be getting all of the attention lately, at least for those of you on the Corp Commission. In Mr. Burns recent open letter he concluded with this statement ..."The energy that the utility is buying at that retail rate is the energy that the utility is using to serve its other Customers. It is my understanding that typically the utility would buy energy and/or produce its own energy to serve its customers at a wholesale rate which is less than the retail rate. The lower cost of the energy generated or purchased by the utility at the lower retail costs is presumably passed through to all utility customers." which I think captures one of the essential questions in this debate, who is suffering from a cost shift?

As was mentioned, APS would certainly have acquired the energy needed to service customer demand on the open market had that energy not been flowing through the system as a result of over production from roof top solar systems. I think the disconnect here is the stated presumption that somehow the lower cost of open market energy would have been passed along in the form of rate savings to their customers. My experience is that executives, of businesses that make money at this level, are more inclined to pay bonuses and pat themselves on the back for their foresightedness than they are to return any money to customers. In fact my research shows their executives are among the best compensated in Arizona, this for running a business with a guaranteed market and margin. Excuse my bluntness here but a monkey could profitably run a company operating in that sort of environment. APS is not only a for profit business, they are an extremely profitable business which reported over \$300 million in earnings on a 10% net margin last year.

I suspect there are many other businesses that would love to see that sort of bottom line, including any you owned during your time in the private sector. I don't think any of us want to see any problems with our electrical service, we are too dependent upon it day to day, and a summer day without electricity could prove life threatening for some of our citizens. That said it seems short sighted to allow our fear, of what could happen if, determine our policies for this weird egg of a business we call APS. In some ways our relationship with this company seems to represent both the best and worst of private /public partnerships.

We as a state have entrusted APS, and others, with our energy security. We have been promised a reliable supply of electricity for our homes and businesses, and in exchange we have guaranteed a market and a margin. While they have delivered on providing a stable supply of power it also seems as if APS has fallen prey to to a sense of entitlement in this relationship. I don't have an MBA but my understanding is that markets and prices are typically driven by fundamental economic principles like price being a relationship between supply and demand. And since we have artificially fixed two of these elements by guaranteeing both a price and demand we have given excessive leverage to this one company. This is further evidenced by the resistance APS has to our attempts to introduce new APSources for the third leg of this curve the supply of energy.

The overwhelming facts that support increased use of solar energy include: the massive amount of energy that falls to the ground in Arizona everyday, the advances in technology that have made harvesting solar energy cost effective for an individual consumer, and the need for re-investment as older power generation systems age towards obsolescence. These transitions require investments that APS is more than happy to make so long as there is a corresponding increase in rates. (see assumed increases for production enhancements) Once again I know that there are many businesses that would line up to get that deal, after all who else gets to have their

business machine built at no cost by the public with the assurance that not only will there be profits, but they will be theirs to be distributed privately. Were these profits 2-3% net, or inline with the return we typically get with no risk investments, the resulting rates would diminish the public appetite for installing their own generators but they are not.

However, it seems we go hat in hand whenever we ask APS to consider the public nature of their business and work towards the public good. Which in this case means supporting distributed energy generation. I realize they put on a public face in this regard however it seems a false one. This is evidenced every day when a consumer makes the choice to create some of their own electricity and faces the gauntlet of administrative hurdles erected by APS. We also see this in their language when they refer to funds collected from rate payers for the express purpose of developing alternative energy sources as theirs, as if they came from the company's coffers. Never mind that this is a policy towards solar that is completely contradictory to what is supported by nearly all Arizonans, it disregards the fact that the best model for efficient collection and distribution of solar energy is for this to be done as close as possible to the site of consumption, which means on our rooftops.

One significant difference between now and 100 years ago and the beginning of electrification is that we now know that we don't want traditional power plants within our communities. We have on the other hand embraced solar whole heartedly, and are using generators not only for electricity but to provide shade for our school playgrounds. Just try and imagine a coal or nuclear powered generating plant being built in a school yard. True as well is that solar can't yet provide for all of our electricity needs and there is still a need for both large power plants in remote places, as well as the grid to move this energy from where it is made to where it is used. We however also need to redefine the current private/ partnership such that adoption of transformative technologies like solar are not intentionally stifled in an effort to preserve a model in which the balance of benefit has become skewed by a hundred years of practice.

There is no shortage of data regarding the degree of cost shifting nor are there any shortage of contradictory interpretations. Like most issues with polarized opinionated constituents, the sweet spot is the empty space which exists somewhere near the middle. Should solar creators be covering their share of grid costs, absolutely. Should a private company doing business as a public monopoly be entitled to a 10% net profit, I don't think so. That sort of margin should be the reward for those companies which earn it through innovation and performance in an open market. So where is the cost shift actually occurring today? I would say from APS to rate payers, and while the picture is often painted differently, until our corp commission authorizes additional rate increases, this will be how it works. Which in the scheme of things seems to be a pretty good mechanism for rebalancing the relationship between our public utility and our public.

**Teresa Tenbrink**

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**From:** pkdonohue@cox.net  
**Sent:** Thursday, January 09, 2014 8:18 AM  
**To:** BitterSmith-Web  
**Subject:** Possible End To Net Metering Puts Existing And Future School Solar Projects At Risk

Pat Donohue  
7339 E Sierra Morena Circle  
Mesa, AZ 85207-1834

January 9, 2014

Commissioner Susan Bitter Smith  
1200 West Washington  
Phoenix, AZ 85007-2996

Dear Commissioner Bitter Smith:

As a member of the Arizona Corporation Commission please do not eliminate or reduce the credits that can be obtained by schools selling excess power from school solar projects back to their utility company. The net metering process allows school districts and charter schools to reduce their utility costs and put more dollars into educational programs for students. The program is good for schools and good for Arizona.

Net metering provides a benefit to BOTH schools and the utility company. Eliminating net metering will have a negative financial impact on schools currently using solar while the utility companies continue to benefit from the excess solar energy production. Utility companies currently charge added fees, such as, rate riders, REAC, LFCR and other adjustments to compensate for lost revenue due to solar.

Sincerely,

Pat Donohue

## **Teresa Tenbrink**

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**From:** myriam.roa@phxschools.org  
**Sent:** Tuesday, January 07, 2014 3:43 PM  
**To:** BitterSmith-Web  
**Subject:** Possible End To Net Metering Puts Existing And Future School Solar Projects At Risk

Myriam Roa  
1817 N 7th St  
Phoenix, AZ 85006-2133

January 7, 2014

Commissioner Susan Bitter Smith  
1200 West Washington  
Phoenix, AZ 85007-2996

Dear Commissioner Bitter Smith:

As a member of the Arizona Corporation Commission please do not eliminate or reduce the credits that can be obtained by schools selling excess power from school solar projects back to their utility company. The net metering process allows school districts and charter schools to reduce their utility costs and put more dollars into educational programs for students. The program is good for schools and good for Arizona.

Sincerely,

Myriam Roa

**Teresa Tenbrink**

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**From:** cdavis@fUSD1.org  
**Sent:** Tuesday, January 07, 2014 12:58 PM  
**To:** BitterSmith-Web  
**Subject:** Possible End To Net Metering Puts Existing And Future School Solar Projects At Risk

D. Christy Davis  
3285 E. Sparrow Ave  
Flagstaff, AZ 86004-7794

January 7, 2014

Commissioner Susan Bitter Smith  
1200 West Washington  
Phoenix, AZ 85007-2996

Dear Commissioner Bitter Smith:

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Sincerely,

D. Christy Davis

## Teresa Tenbrink

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**From:** cmahon@kyrene.org  
**Sent:** Tuesday, January 07, 2014 12:38 PM  
**To:** BitterSmith-Web  
**Subject:** Possible End To Net Metering Puts Existing And Future School Solar Projects At Risk

Carol Mahoney  
8700 South Kyrene Road  
Tempe, AZ 85284-2108

January 7, 2014

Commissioner Susan Bitter Smith  
1200 West Washington  
Phoenix, AZ 85007-2996

Dear Commissioner Bitter Smith:

As a member of the Arizona Corporation Commission please do not eliminate or reduce the credits that can be obtained by schools selling excess power from school solar projects back to their utility company. The net metering process allows school districts and charter schools to reduce their utility costs and put more dollars into educational programs for students. The program is good for schools and good for Arizona.

Sincerely,

Carol Mahoney  
480.541.1115