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2014 FEB 24 P 4:44

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Arizona Corporation Commission  
DOCKETED

FEB 24 2014

DOCKETED BY

February 24, 2014

Docket Control  
Arizona Corporation Commission  
1200 W Washington  
Phoenix, AZ 85007Re: Docket No. E-00000J-14-0023  
Value and Cost of Distributed Generation (Including Net Metering)

Dear Chairman, Commissioners, and Mr. Olea,

In reviewing the submissions in response to Mr. Olea's request for comments regarding the Value and Cost of Distributed Generation (DG) workshop agenda, I would like to express a few observations.

First, a predominant talking point from those interested parties against DG is that the Commission has established that there is a cost shift taking place which harms non-solar customers. The simple fact that the Commission ruled both to assess a *temporary* DG fee and to host yet *another* set of workshops to investigate the value and cost of DG tells us that those parties should consider relying less heavily on the "admission of cost shift" as their primary argument. Again, the Commission has agreed that further examination is necessary to determine whether or not DG results in a net benefit to those they are tasked with protecting.

Additionally, several submissions on both sides of the argument refer to an inherent flaw with our utilities' allocation of fixed costs to a variable cost recovery mechanism. The reason for my addressing this is to ensure that we do not look only at the effects of DG with respect to the current rate structure. In turn, we must also consider refreshing this archaic rate structure to take best advantage of the positive effects of DG on the consumers the ACC must protect. For example, a proper investigation should consider the effects of DG on a rate system which moves away from the cost-plus markup, guaranteed rate-of-return model.

I will also express that I feel it will be extremely difficult to evaluate true avoided costs unless we are given access to the utilities' cost data which is often kept confidential. We need to hold our utilities accountable for their claims so that we may engage in a fair and honest investigation.

Finally, while utility ratemaking has historically given no consideration to the environmental and societal impacts of their generation sources, I would respectfully remind utilities that it's not the 19th Century anymore. These categories absolutely deserve thorough discussion and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Dillon Holmes". The signature is fluid and cursive, with the first name "Dillon" being more prominent than the last name "Holmes".

Dillon Holmes