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Commissioner Susan Bitter Smith
Arizona Corporation Commission
1200 W Washington Street
Phoenix, AZ 85007

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Arizona Corporation Commission

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JUN 20 2014

RE: Value and Cost of Distributed Generation
Docket No. E-00000J-14-0023

DOCKETED BY	
VJM	NR

Arizona Public Service Company, Tucson Electric Power, the Residential Utility Consumer Office, Arizona Solar Deployment Alliance, and Arizona Solar Energy Industries Association ("Parties") jointly believe there is value in working together to find solutions that will ensure both a healthy distributed solar market and healthy utilities for the long-term benefit of Arizona.

The Parties have appreciated the opportunity to participate in discussions about the costs and benefits of distributed solar generation and the electric grid with the Arizona Corporation Commission and stakeholders. The presentations made at the May 7th workshop in this docket, as well as those that have been offered as part of the workshops that Commissioner Bob Burns is leading on innovative technologies, have highlighted an important underlying concept: the basic design of utility rates needs to improve in order to capture the opportunities of emerging energy technologies.

The rate design principles presented by SEIA on May 7th raise concepts and ideas worthy of broader discussion and consideration. Therefore, the Parties believe that utilities in Arizona should begin to explore the opportunities that modernizing utility rate design would have for customers. We jointly agree that the following guiding principles would provide a framework for future rate design discussions:

- I. Customer-focused** – Customer rate design should provide options to fit customer lifestyles and electricity use.
- II. Forward-thinking** – Today's rate design needs to be modernized to enable technology innovation and a cleaner energy mix, adapting to future technologies and maintaining reliable service.
- III. Affordable and Fair** – Utility rate design for residential and commercial customers should be fair, affordable and transparent. Rate design should be thoughtfully implemented and accurately reflect the services and products that customers use and provide.

The Parties respectfully submit these comments and suggested principles in joint acknowledgement that improvements in utility rate design can ultimately support the development of emerging technologies for utilities, regulators, and the customers they serve.

Letter to Commissioner Susan Bitter Smith
June 20, 2014
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[Signatures appear on the following pages]

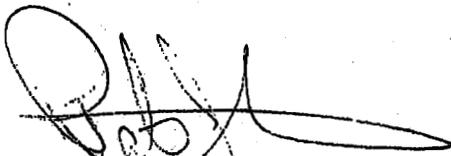
cc: Chairman Bob Stump
Commissioner Gary Pierce
Commissioner Brenda Burns
Commissioner Robert L. Burns
Steve Olea
Terri Ford
Parties of Record



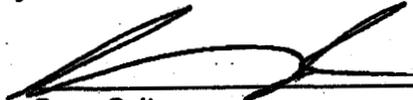
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