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BOB STUMP - Chairman
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BOB BURNS
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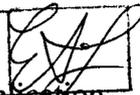
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Arizona Corporation Commission
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July 30, 2014

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RE: ~~Docket No. E-01345A-13-0248 - In the Matter of Arizona Public Service Company's Application for Approval of Net Metering Cost Shift Solution; E-00000J-13-0375 Innovations and Technological Developments~~

ORIGINAL

Dear Chairman, Fellow Commissioners, and all Stakeholders:

On July 22, 2014, the Commission voted in a Staff Meeting to reopen Decision 74202 for the purpose of considering modifying Decision No. 74202 to eliminate the requirement that Arizona Public Service Company (APS) file its next general rate case in June of 2015. During that meeting we also discussed the possible merits of a generic proceeding to address rate design issues. The issue regarding an examination of rate design has been raised by participants in a number of venues, including; Docket Nos. E-01345A-13-0248 In the Matter of the Application of Arizona Public Service Company for Approval of Net metering Cost Shift Solution, E-00000J-13-0375 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, and a multi session technical conference conducted by APS in 2013¹ in compliance with Decision No. 73636².

I appreciate the questions posed by the Chairman in his letter of July 25, 2014 to Stakeholders regarding the potential merits of net metering rate design issues. I was also impressed with the very thoughtful comments and questions of Commissioner Bob Burns in his letter of July 29, 2014 regarding whether the rate design proceeding should encompass more than net metering and in which docket the rate design conversation should take place. In the July 22, 2014 Staff Meeting I expressed support for the consideration of a broader examination of rate design topics in the possible generic proceeding. I also appreciate Commissioner Brenda Burns' well-articulated July 30, 2014 analysis regarding the necessity for clarity outlining the goals for the rate design process.

I have attended all of the workshops and reviewed materials presented in Docket E-00000J-13-0375 and the materials therein could undoubtedly be cited or referenced in any generic proceedings on rate design. However, I would like to discuss with my colleagues the merits of the Commission opening a new docket in which to have the rate design conversation, because as Commissioner Brenda Burns noted it is very important to set proper parameters and to be clear in how we envision the discussion to proceed. I would like all stakeholders and interested parties to respond to the following questions: Should the rate design proceedings be conducted in a new generic docket? What are the advantages / disadvantages of such a process?

¹ See <http://www.aps.com/en/residential/renewableenergy/solarfuturearizona/Pages/home.aspx>

² See <http://images.edocket.azcc.gov/docketpdf/0000142620.pdf> Page 27, lines 17-20.

I look forward to reviewing the responses to Chairman Stump's, Commissioner Bob Burns', Commissioner Brenda Burns' and my questions to assist my full future consideration of these matters.

Sincerely,

A handwritten signature in cursive script that reads "Susan Bitter Smith". The signature is written in black ink and is positioned below the word "Sincerely,".

Susan Bitter Smith
Commissioner