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BEFORE THE ARIZONA CORPORATION COMMISSION

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ARIZONA CORPORATION COMMISSION
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DOCKETED BY

Bob Stump, Chairman
Gary Pierce, Commissioner
Brenda Burns, Commissioner
Bob Burns, Commissioner
Susan Bitter Smith, Commissioner

IN THE MATTER OF THE APPLICATION
OF ARIZONA PUBLIC SERVICE
COMPANY FOR APPROVAL OF NET
METERING COST SHIFT SOLUTION

Docket No. E-01345A-13-0248

ORIGINAL

**COMMENTS OF THE SOLAR ENERGY INDUSTRIES ASSOCIATION ON
MODIFYING DECISION NO. 74202**

The Solar Energy Industries Association (SEIA)¹ appreciates the opportunity to respond to the letters filed by Chairman Stump, Commissioner Brenda Burns, Commissioner Bob Burns, and Commissioner Bitter Smith regarding the reopening of Decision No. 74202. Our comments below respond to the questions raised in each of these letters.

1. Should net metering rate design issues be considered in Docket No. E-000005-14-0023 (In the Matter of the Commission's Investigation of Value and Cost of Distributed Generation)? If not, why not?

SEIA encourages a broad-based discussion of rate design issues. Rate design is a complex subject with many interrelated components and should therefore be considered in a holistic fashion. We do not support singling out any one aspect of rate design – such as net metering – from the overall conversation. As such, we believe rate design issues should not be taken up in Docket No. E-000005-14-0023 (*In the Matter of the Commission's Investigation of Value and Cost of Distributed Generation*).

Instead, we support Commissioner Bob Burns' suggestion that rate design issues instead be discussed in *Docket No. E-00000J-13-0375 (Innovations and Technological Developments)*. We also could support Commissioner Bitter-Smith's suggestion of opening a new docket to discuss these issues. Furthermore, we agree with Commissioner Brenda Burns that whatever forum is

¹ The comments contained in this filing represent the position of SEIA as an organization, but not necessarily the views of any particular member with respect to any issue.

1 chosen for the broader discussion should establish the proceeding's goals and guidelines. In this
2 regard, SEIA suggests that the proceeding should not seek to permanently resolve any specific
3 rate design issues. In fact, we urge the Commission not to make any substantive decisions
4 regarding APS' rate design prior to the company's next general rate case. In recent years, utilities
5 and other stakeholders in Arizona have successfully been able to reach settlement agreements on
6 general rate case issues, thereby avoiding more litigious processes that occur in other states. The
7 settlement process gives all parties the opportunity to arrive at a mutually agreeable compromise
8 on both rate design and revenue requirement issues. Separating decisions on rate design from the
9 general rate case would substantially diminish the fairness and quality of any settlement
10 agreement and may lead to a more litigious hearing process in the end – a result SEIA would not
11 support.

12 ***2. Regardless of any net metering rate design issues, why should APS be required to file a
13 general rate case prior to the time APS believes it is under-earning or the Commission is
14 concerned that APS may be over-earning?***

15 SEIA's understanding of the Commission's rationale for requiring APS to file its rate case on a
16 certain date in the near future was to address any remaining "cost shift" issues not fully resolved
17 in Decision No. 74202. At the time, APS argued that the cost shift associated with net metering
18 was very detrimental to its non-solar customers and substantial enough to warrant a monthly bill
19 increase of \$50-100 for solar customers. Instead, the Commission determined that a \$5 increase
20 was warranted based on a compromise level reached by several parties including SEIA. We
21 believe this is more than adequate and may even overcompensate non-solar customers. Thus no
22 further changes are necessary at this time. However, if APS still supports its previous position
23 (i.e. the cost shift is still not fully resolved) then the company may feel obligated to file a general
24 rate case as soon as possible to achieve a rate design that more fully addresses the distribution of
25 costs and benefits from solar. As explained above, we don't believe these rate design issues
26 should be decided outside of a general rate case.

27 Respectfully submitted this 7th day of August, 2014,

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Giancarlo G. Estrada
Kamper, Estrada & Simmons, LLP
3030 N 3rd St., Suite 200
Phoenix, Arizona 85012
Telephone: (602) 635-7414, Fax: (602) 635-7421
Email: gestrada@lawphx.com

1 **Original and 13 copies filed on this 7th day of August, 2014 with:**

2 Docket Control, Arizona Corporation Commission
3 1200 W. Washington Street
4 Phoenix, Arizona 85007

5 *I hereby certify that I have this day served the foregoing documents on all parties of record in*
6 *this proceeding by sending a copy by mail or email to:*

7 All Parties of Record

8
9 Janice Alward, Chief Counsel
10 Legal Division
11 Arizona Corporation Commission
12 1200 West Washington Street
13 Phoenix, AZ 85007

14 Steven Olea, Director
15 Utilities Division
16 Arizona Corporation Commission
17 1200 West Washington Street
18 Phoenix, AZ 85007

19 Lyn Farmer
20 Arizona Corporation Commission
21 1200 West Washington Street
22 Phoenix, AZ 85007

23
24
25
26
27
28
By: G. E.

Giancarlo Estrada