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BEFORE THE ARIZONA CORPORATION COMMISSION

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- 1 Bob Stump, Chairman
- 2 Gary Pierce, Commissioner
- 3 Brenda Burns, Commissioner
- 4 Bob Burns, Commissioner
- 5 Susan Bitter Smith, Commissioner

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AZ CORP COMMISSION
DOCKET CONTROL

6 IN THE MATTER OF THE
7 APPLICATION OF SULPHUR SPRINGS
8 VALLEY ELECTRIC COOPERATIVE,
9 INC. FOR THE 2014 NET METERING
10 TARIFF WITH THE UPDATED
11 AVOIDED COST AND PROPOSED
12 TARIFF MODIFICATIONS

Docket No. E-01575A-14-0232

Arizona Corporation Commission

DOCKETED

AUG 20 2014

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COMMENTS OF THE SOLAR ENERGY INDUSTRIES ASSOCIATION AND THE ARIZONA SOLAR INDUSTRIES ASSOCIATION

13 The Solar Energy Industries Association (SEIA)¹ and the Arizona Solar Industries
14 Association (AriSEA) provide these comments in response to Sulphur Springs Valley Electric
15 Coop, Inc.'s (SSVEC) recent application to modify its net metering tariff. SEIA and AriSEA
16 are particularly concerned with SSVEC's proposed Fixed Cost Recovery Fee (FCRF), which
17 would have a negative impact on solar customers and installers in SSVEC's service territory.
18 SSVEC's proposal is similar in some ways to the net metering surcharge the Arizona
19 Corporation Commission (ACC) recently approved for APS (Decision No. 74202). Given the
20 highly contested nature of that proceeding (Docket No. E-01345A-13-0248), we urge the
21 Commission not to approve SSVEC's application without equally thorough review and robust
22 stakeholder discussion. Additionally, the Commission's recent consideration of appropriate
23 parameters and docket for rate design during the Staff meeting on August 13, 2014, the
24 understanding that the APS's LCFR was an interim solution to an issue based in modern rate
25 design as well as the specific and identifiable flaws of the proposed FCRF listed below, we
26 urge the Commission to consider placing a moratorium on fixed cost charges until such a time
27 that equitable rate designs can be established.

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 • **Singles out PV:** SSVEC unfairly singles out solar photovoltaic (PV) customers as a
2 source of lost revenue for fixed costs. However, there are a variety of factors that could
3 cause SSVEC to lose fixed cost revenue from customers. SEIA and AriSEA believe a
4 more sound approach would be for SSVEC to identify lost fixed cost revenue across its
5 entire customer base and seek a solution accordingly. This might be accomplished
6 through mechanisms such as full revenue decoupling.²
- 7 • **No grandfathering:** SSVEC does not appear to grandfather current PV customers.
8 Instead it only offers a reduced fee for PV systems installed before 2015. We note that
9 grandfathering was a crucial aspect of the APS net metering decision around which
10 there was general agreement.
- 11 • **No distinction made for self-consumption:** SSVEC does not distinguish between
12 energy from PV systems that is exported versus that used for self-consumption.
13 Additional information is needed to account for different customer usage profiles. In
14 our opinion, energy from PV used for self-consumption should be excluded from
15 consideration of surcharges of this kind.
- 16 • **Benefits not fully considered:** SSVEC's analysis on the benefits to SSVEC from
17 PV does not appropriately consider the benefits of future avoided costs. We believe
18 SSVEC should also consider future avoided costs that account for potential changes in
19 AEPSCO and Southwest Transco rates (including new demand charges) as capital
20 investments are made.
- 21 • **Premature in light of ongoing proceedings:** Virtually all of these issues are part of the
22 ongoing discussion occurring in the Value of Solar workshops, and are also likely to be
23 raised in a rate design proceedings that will begin in the near future.³ It is premature to
24 decide on a major rate design change.

25 As a final note, we are particularly concerned that SSVEC is attempting to use the
26 recent APS decision as a precedent for establishing a new surcharge that unfairly penalizes

27 ² In its filing, SSVEC refers to a “de-coupled” rate model where fixed costs are recovered with fixed
28 charges and the energy is a “pass through” charge (SSVEC, p4). In most jurisdictions, this type of rate model is
known as a “straight-fixed-variable” rate, whereas a “decoupled” rate refers to a volumetric rate that is adjusted to
account for variations in sales (i.e. due to weather, economic effects, or customer programs – including DG).

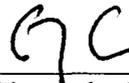
³ On August 12, 2014, during an Open Staff Meeting the ACC voted to discuss the creation of a new docket to
discuss rate design issues at its next Open Meeting in September 2014.

1 solar customers. Given the unique circumstances from which the APS matter arose, we caution
2 the Commission from using that decision as a precedent for other Arizona utilities to follow.

3 Additionally, it has come to our attention that this matter has been placed on a Staff
4 meeting agenda for tomorrow, August 21 for a vote. SEIA and AriSEA strongly urge the
5 Commission not to vote on this Application without having provided adequate time for the
6 public to provide comment. As you know, the Staff Report on the SSVEC Application was
7 only issued on August 12th. R14-3-110(B) guarantees stakeholders at least ten (10) days to
8 respond to Recommended Orders. Even without that requirement, providing the public fewer
9 than ten (10) days to submit a response on such an important issue is unreasonable. As you
10 know, the Commission has a long tradition of transparency and openness to public
11 involvement in its processes, and we do not believe that a vote on this item tomorrow would
12 comport with that tradition. And as we have delineated in these comments, this proposal
13 contains provisions that are highly controversial, have been heavily contested in the past, and
are premature for decision in light of the ongoing Value of Solar discussion.

14 We request that the Commission withdraw this item from the Aug. 21 agenda.

15 Respectfully submitted this 20th day of August, 2014,

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18 _____
Giancarlo G. Estrada
19 Kamper, Estrada & Simmons
20 3030 N 3rd St., Suite 200
Phoenix, Arizona 85012
21 Telephone: (602) 635-7414, Fax: (602) 635-7421
Email: gestrada@lawphx.com

22
23 

24 _____
Mark Holohan, Board Chairman
25 Arizona Solar Energy Industries Association
600 East Gilbert Road
26 Tempe, AZ 85281
Telephone: 480-505-6559
27 Email: mark.holohan@wilsonelectric.net
28

