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BEFORE THE ARIZONA CORPORATION CC

COMMISSIONERS

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ARIZONA CORPORATION COMMISSION
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Arizona Corporation Commission

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IN THE MATTER OF THE COMMISSION'S
INQUIRY INTO CONSIDERATION OF
DEVELOPING PROCEDURES FOR RATE
CASES OR OTHER UTILITY SPECIFIC
APPLICATION PROCESSES IN ORDER TO
STUDY AND CONSIDER RATE DESIGN
OPTIONS FOR ELECTRIC AND GAS PUBLIC
SERVICE CORPORATIONS

Docket No. AU-00000C-14-0329

SWEEP COMMENTS

ORIGINAL

COMMENTS THE SOUTHWEST ENERGY EFFICIENCY PROJECT

The Southwest Energy Efficiency Project (SWEEP) appreciates the opportunity to comment on the Commission Staff notice describing a sample process for considering rate design issues at the beginning of a utility rate case.

SWEEP remains significantly concerned about any process that would resolve rate design issues in isolation from a full rate case proceeding

SWEEP's position remains consistent¹: We have significant concerns about any process that would resolve specific rate design issues or any rate design issues for a particular group of customers in isolation from a full rate case proceeding.

SWEEP shares many of the specific concerns articulated by Freeport-McMoRan Copper & Gold Inc., Arizonans for Electric Choice and Competition, the Residential Utility Consumer Office, Western Resource Advocates, and the Solar Energy Industries Association. In particular SWEEP believes that a "bifurcated" rate case process would be detrimental to the public interest because it would hinder public participation; limit the ability of the Commission to fully consider important trade-offs; and inhibit creative solutions via settlement.

SWEEP supports a generic proceeding or a workshop process to discuss a broad range of rate design issues

A generic proceeding or workshop process would offer the Commission and stakeholders the best forum to explore rate design issues across companies and to examine models that have been effective in other jurisdictions. SWEEP believes a broad, open conversation is necessitated in order to understand how

¹ See SWEEP comments filed on August 8, 2014 in Docket No. E-01345A-13-0248: Southwest Energy Efficiency Project, "Re: E-01345A-13-0248, In the matter of the application of Arizona Public Service Company for approval of net metering cost shift solution." <http://images.edocket.azce.gov/docketpdf/0000155251.pdf>

significant changes to rate design would impact ratepayers, market actors, shareholders, and the utility business model. For example, one rate design change utilities might seek would be a significant increase in the basic monthly service charge. A generic workshop process would allow the Commission to evaluate this change and whether:

- Customers should be compensated for the shift in risk from the utility to ratepayers;
- Utility services to customers should be enhanced in step with the basic service charge increase;
- Performance standards should be enacted to ensure that the utility remains committed to cost efficient operations; and
- Innovation and customer adoption of emerging technologies would be impacted.

Notably, these important and other related issues would be challenging to address in a bifurcated rate case process that determines rate design separately from a final determination of rate of return, revenue requirement, utility performance metrics, etc.

Respectfully submitted this 23rd day of October 2014 by:



Jeff Schlegel & Ellen Zuckerman
Southwest Energy Efficiency Project

ORIGINAL and thirteen (13) copies filed this 23rd day of October 2014, with:

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