



0000160009

RECEIVED

2015 FEB 13 P 12: 42

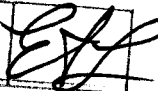
February 13, 2015

AZ CORP COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission  
**DOCKETED**  
FEB 13 2015

Docket Control  
Arizona Corporation Commission  
1200 W. Washington  
Phoenix, AZ 85007

**ORIGINAL**

DOCKETED BY 

Re: In the Matter of the Commission's Inquiry into Solar Distributed Generation  
Business Models and Practices and Their Impacts on Public Service Corporations  
and Their Ratepayers; *Docket No. E-00000J-14-0415*

Dear Sir/Madam:

The Grand Canyon State Electric Cooperative Association ("GCSECA"), on behalf of its Arizona cooperative members,<sup>1</sup> submits the attached comments in response to Chairman Bitter Smith's letter dated January 13, 2015. In that letter, the Chairman requested interested parties file comments concerning the Commission's inquiry.

GCSECA welcomes the Commission's generic docket to study business models related to solar distributed generation. As stated at the Open Meeting held on December 19, 2014, the Cooperatives have received inquiries and complaints from their members regarding solar

---

<sup>1</sup> The Arizona cooperative members are: Duncan Valley Electric Cooperative, Inc.; Graham County Electric Cooperative, Inc.; Mohave Electric Cooperative, Inc.; Navopache Electric Cooperative, Inc.; Sulphur Springs Electric Cooperative, Inc.; and Trico Electric Cooperative, Inc. (collectively, the "Cooperatives").

company lease agreements and business practices. The Cooperatives only course of action has been to refer these members to the Arizona Attorney General's office and/or the Better Business Bureau. The Cooperatives' members' inquiries or complaints have fallen into one or more of the following categories:

- Member did not realize they had signed an agreement with a lease term of 20 years.
- Member is not realizing the savings on their bills that were promised by solar provider.
- Member did not realize that a lien was placed on their home when lease was signed and that lien must be satisfied or transferred to new owner when home is sold.
- Member systems installed before the solar company submits an application for Cooperative approval, resulting in: an increased delay for system commissioning and increased calls from Members, who were not made aware by the solar company, of the application timelines for review and completion of interconnection inspections; and some Members incurring costs to modify their installed systems because they do not meet the net metering or interconnection requirements.

Concerning this Commission inquiry, the Cooperatives support an initial workshop where solar companies are asked to outline the major elements of their lease, finance or purchase documents, including the length, how finance charges and interest rates are determined, how monthly payments are calculated, how finance charges and interest rates are determined, what security must be provided, who performs maintenance on the units, what is included as maintenance and what representations, warranties and disclaimers are included in documentation. Additionally, the solar companies should speak to how their sales force and local distributors are compensated and how complaints are handled.

The Cooperatives deem such a workshop is necessary for the Commission to gain a working understanding of the practices within and among the various solar companies. Such an understanding is necessary before the Commission can begin to identify topics for further investigation.

GCSECA concurs that unless and until there is a determination that some or all of the models and practices engaged in by the solar industry constitute the activity of a public service corporation, their regulation may fall within the purview of other Arizona state agencies and that collaboration with those agencies is appropriate. However, the information gained from the workshop may shed new light on whether any of these models or practices are synonymous with the activities of a public service corporation and thus subject to direct supervision by the Commission. The Cooperatives, however, believe that the Commission should focus its limited resources on those areas where it determines it does have regulatory authority (such as addressing the unintended cost shift created by large number of individual customers who have installed solar).

In addition, the Cooperatives request the Commission ensure the costs of this inquiry are not placed upon the backs of the Cooperatives and utilities already subject to the Commission's regulation. The Cooperatives will provide whatever information that they may have available to them and will encourage their members to participate in public comment sessions aimed at identifying issues and complaints arising from current solar industry models and practices.

However, the Cooperatives and their members should not be burdened with undertaking a full scale inquiry of the extent and types of issues and complaints that may exist with the solar industry generally.

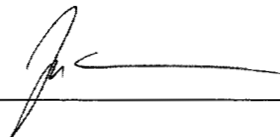
For these reasons, the Cooperatives recommend that the Commission hold the suggested work sessions, coupled with public comment sessions at this time. The Cooperatives believe that it is premature to pursue formal evidentiary hearings. Such hearings would only be warranted if specific issues within the Commission's jurisdiction are identified requiring an evidentiary record to support potential Commission action.

**Conclusion**

In conclusion, the Cooperatives urge the Commission continue its investigation into business models and practices of solar providers in a manner consistent with the comments above. We look forward to the inquiry into is matter.

RESPECTFULLY SUBMITTED this 13<sup>th</sup> day of February, 2015.

GRAND CANYON STATE ELECTRIC  
COOPERATIVE ASSOCIATION

By  \_\_\_\_\_

John Wallace  
CEO

Docket Control  
February 13, 2015  
Page 5

**Original and 13 copies** filed with Docket  
Control this 13<sup>th</sup> day of February, 2015, with:

Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007