



0000164359

ORIGINAL

Court S. Rich AZ Bar No. 021290
Rose Law Group pc
7144 E. Stetson Drive, Suite 300
Scottsdale, Arizona 85251
Direct: (480) 505-3937
Fax: (480) 505-3925
Attorney for The Alliance for Solar Choice

Arizona Corporation Commission

DOCKETED RECEIVED

OCT 19 2015

2015 OCT 19 P 12:16

DOCKETED BY

AZ CORP COMMISSION
DOCKET CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION

SUSAN BITTER SMITH
CHAIRMAN

BOB STUMP
COMMISSIONER

BOB BURNS
COMMISSIONER

TOM FORESE
COMMISSIONER

DOUG LITTLE
COMMISSIONER

)	DOCKET NO. E-01345A-13-0248
IN THE MATTER OF THE)	
APPLICATION OF ARIZONA)	THE ALLIANCE FOR SOLAR
PUBLIC SERVICE COMPANY FOR)	CHOICE'S RESPONSE RUCO'S REPLY
APPROVAL OF NET METERING)	TO APS'S MOTION TO AMEND
COST SHIFT SOLUTION.)	INTERLOCUTORY ORDER

RUCO's Reply to APS's Motion to Amend Interlocutory Order¹ (the "Reply") does not set forth any reasons why the Commission should continue to consider raising the solar surcharge. APS, Commission Staff, and the Alliance for Solar Choice ("TASC") all agree that the Commission can continue to investigate costs and benefits of distributed generation solar ("DG Solar") even if the move to increase the solar surcharge is withdrawn. TASC agrees with RUCO that the Commission should put in place a proper process for fully evaluating the costs and benefits of DG Solar between now and the upcoming APS rate case proceeding. TASC offers the following in response to the Reply.

I. Discussion

- 1. There is no need to consider raising the solar surcharge to continue an investigation into costs and benefits of DG Solar.**

¹ TASC notes that despite APS's title to its Motion, Decision 75251 is not an "interlocutory order" and the arguments that APS offers in an effort to characterize the Decision as "interlocutory" are not supported by law.

1 RUCO conflates a continued meaningful investigation of the costs and benefits of DG Solar
2 with continuing to move forward to raise the solar surcharge. The former can no doubt continue
3 without the later. RUCO offers no argument at all in support of its position that the Commission
4 should move forward with raising the solar surcharge. Instead, RUCO spends its entire Reply
5 arguing for a continued investigation of the costs and benefits of solar and fails to so much as even
6 attempt to explain why that investigation cannot occur in the absence of APS's requested increase
7 in the solar surcharge.

8 TASC believes that the investigation into the costs and benefits of DG Solar can and should
9 continue forward without the corresponding move to raise the solar surcharge. It is noteworthy
10 that APS, TASC, and ACC Staff, while all having different views of what an investigation looks
11 like, all believe this investigation can continue *without the simultaneous pursuit of an increase in*
12 *the solar surcharge.*

13 **2. RUCO's primary concern is an ongoing process of investigation into costs and**
14 **benefits**

15 RUCO is clear throughout the Reply that its primary goal is to continue an investigation
16 into the costs and benefits of DG Solar; a goal TASC shares. RUCO's intent is made clear in
17 several locations where it states:

- 18 • [A]t a minimum, the Commission should pursue every available avenue to obtain
19 facts and provide direction before the rate case.²
- 20 • RUCO urges the Commission to do what is right for ratepayers, build a substantive
21 record, examine the issues and arm itself with the knowledge needed to make a
22 decision.³
- 23 • RUCO firmly believes that the Commission can craft a ratepayer focused analysis
24 that looks at the true benefits likely to accrue to non-participants.⁴

27 _____
28 ² Reply, 7:13-15

³ *Id.*, 7:16-17

⁴ *Id.*, 8:1-2

1 The Commission can easily address RUCO's valid concerns by making sure an
2 investigation of costs and benefits of DG Solar continues after the solar surcharge request is
3 withdrawn.

4 **3. RUCO endorses continuing to a hearing on raising the solar surcharge even**
5 **though that will cost more than it can save non-solar ratepayers**

6 As TASC explained in its Application for Rehearing, individual non-solar customers can
7 expect to save a maximum of *less than one penny* (a total of less than \$10,000) as a result of
8 increasing the solar surcharge between now and the institution of new rates in the next rate case.⁵
9 RUCO does not even attempt to address the fact that continuing to process the solar surcharge
10 increase will cost taxpayers, ratepayers, and intervenors exponentially more than it will ever return
11 to non-solar customers before new rates go into effect as a result of the next rate case.

12 Simply put, APS's request to amend the earlier decision and stop consideration of the
13 increased solar surcharge will save ratepayers and taxpayers hundreds of thousands if not millions
14 of dollars. RUCO's unsupported demand to continue down that path altogether fails to consider
15 that the best economic investment for the ratepayers it is duty-bound to watch out for is to cease
16 the pursuit of the increased solar surcharge and instead focus on costs and benefits.

17 **4. RUCO mischaracterizes TASC's position in other states.**

18 RUCO includes references to positions that TASC has taken in proceedings in other states
19 in an effort to support its position. TASC believes that further context is warranted and that
20 RUCO's cursory review of dockets it is unfamiliar with lead it to reach unsupportable conclusions.

21 TASC has consistently advocated in Arizona and other states that rates should only be set
22 in a utility rate case and that rates must be set on the basis of substantial evidence. When utilities
23 have proposed to single out solar and net metering customers for discriminatory rate treatment
24 without a sufficient evidentiary basis, TASC has argued that such charges should be dismissed
25 from a rate case and addressed in a separate proceeding. This is a critical step for commissions to
26 undertake in reaching a reasoned decision. TASC has highlighted in prior comments that multiple
27 net metering benefit-cost analyses and value of solar studies conducted by public utility

28 ⁵ See, TASC's Application for Rehearing at 18.

1 commissions across the country over the last two years have shown that the benefits of rooftop-
2 distributed solar have outweighed the costs. For example, Nevada's *Net Energy Metering Impacts*
3 *Evaluation* concluded that grid benefits of rooftop-distributed energy installed through 2016
4 exceed costs by approximately \$36 million.⁶ Maine's *Distributed Solar Valuation Study* found that
5 the value of solar power produced in Maine is \$0.337/kWh,⁷ which is approximately \$0.20 more
6 than the average net metering credit on solar customers' bills in that state.⁸ Massachusetts' study
7 *Evaluating the Costs and Benefits of Alternative Net Metering and Solar Policy Options*, which
8 covers net metering and the states' incentive program, concludes, "Under all scenarios, the benefits
9 of the solar program exceed the costs by more than 2 to 1."⁹ Mississippi's net metering analysis,
10 done to help evaluate whether or not the state should require net metering, showed that net
11 metering has the potential to provide net benefits to the state in 14 out of 15 scenarios/sensitivities
12 analyzed and that generation from rooftop solar will most likely displace generation from the
13 state's peaking resources – oil and natural gas combustion turbines.¹⁰ As a result, the Mississippi
14 Public Service Commission found that "it is in the best interest of ratepayers to proceed with the
15 development of proposed net metering and interconnection rules."¹¹ Mississippi will likely become
16 the 45th state to require its investor-owned utilities to offer net metering.¹² In addition, Vermont's

18 ⁶ Snuller Price et al., *Nevada Net Energy Metering Impacts Evaluation*, NEV. PUB. UTIL. COMM., 7-8 (July 2014),
19 available at http://puc.nv.gov/About/Media_Outreach/Announcements/Announcements/7/2014_-_Net_Metering_Study/.

20 ⁷ Benjamin L. Norris et al., *Final Value of Solar Study*, ME. PUB. UTIL. COMM. (revised April 2015), available at
21 <https://mpuc-cms.maine.gov/CQM.Public.WebUI/Common/CaseMaster.aspx?CaseNumber=2014-00171>

22 ⁸ *Rooftop Solar Power Delivers More Value Than Electricity Derived from Power Plants*, NATURAL RES. COUNCIL
23 OF MAINE (March 3, 2015), available at <http://www.nrcm.org/news/nrcm-news-releases/maine-puc-solar-power-study/>

24 ⁹ Robert Grace et al., *Massachusetts Net Metering and Solar Task Force: Final Report to the Legislature*, Task 3-
25 Evaluating the Costs and Benefits of Alternative Net Metering and Solar Policy Options in Massachusetts, p. 128,
26 (April 27, 2015), available at <http://www.mass.gov/eea/docs/doer/renewables/final-net-metering-and-solar-task-force-report.pdf>

27 ¹⁰ Elizabeth A. Stanton, PhD et al., *Net Metering in Mississippi: Cost, Benefits, & Policy Considerations*. MISS. PUB.
28 SERV. COMM., (September 19, 2014) available at
http://www.psc.state.ms.us/InsiteConnect/InSiteView.aspx?model=INSITE_CONNECT&queue=CTS_ARCHIV EQ&docid=337867

29 ¹¹ *Order Seeking Comments on Proposed Rules*, Docket 2011-AD-002 MISS. PUB. SERV. COMM., (August 3, 2015),
30 available at
http://www.psc.state.ms.us/InsiteConnect/InSiteView.aspx?model=INSITE_CONNECT&queue=CTS_ARCHIV EQ&docid=349139

31 ¹² *Net Metering Policies Detailed Summary Map*, DSIRE (March 2015), available at <http://ncsolarcen-prod.s3.amazonaws.com/wp-content/uploads/2015/04/Net-Metering-Policies.pdf>

1 Public Service Department's 2014 *Evaluation of Net Metering in Vermont* found a net benefit to
2 ratepayers and society when analyzing fixed solar PV systems.¹³

3 RUCO's Reply agrees with TASC's reasoning that there is merit in pulling solar issues out
4 of a rate case when substantial evidence on which to base rate decisions is lacking. RUCO
5 acknowledges that a rate case "does not shed light on the long-term benefits and costs of DG or
6 new technologies and their respective capabilities, and how these attributes should be evaluated."
7 RUCO further acknowledges that developing a framework for understanding costs and benefits of
8 DG is "an important statewide issue" that should be addressed consistently in different utility rate
9 cases. TASC agrees. Accordingly, TASC has consistently advocated that state commissions
10 develop a framework for assessing DG costs and that a cost-benefit study consistent with
11 commission-established methodologies and a cost of service study are necessary prerequisites to
12 evaluating the justness and reasonableness of any proposal to impose discriminatory rate treatment
13 on solar or net metering customers. This is fully consistent with the Commission's net metering
14 rules, which state:

15 Net Metering charges shall be assessed on a nondiscriminatory basis. Any proposed charge
16 that would increase a Net Metering Customer's costs beyond those of other customers with
17 similar load characteristics or customers in the same rate class that the Net Metering
18 Customer would qualify for if not participating in Net Metering shall be filed by the
19 Electric Utility with the Commission for consideration and approval. The charges shall be
20 fully supported with cost of service studies and benefit/cost analyses. The Electric Utility
21 shall have the burden of proof on any proposed charge.

22
23 TASC has consistently argued that utilities must provide cost-benefit studies and cost of
24 service studies to justify any proposed discriminatory rate treatment. Where such support has been
25 lacking in the rate case filing, TASC has pressed to have proposed solar and NEM charges removed
26 from rate cases and for commissions to consider cost-benefit issues in a separate proceeding. That

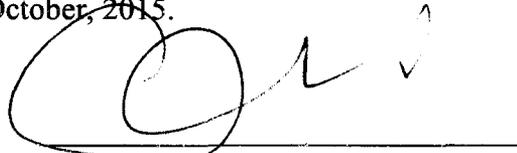
27
28 ¹³ *Evaluation of Net Metering in Vermont Conducted Pursuant to Act 99 of 2014*, VT. PUB. SERV. DEP'T. (Revised
November 2015), available at
<http://psb.vermont.gov/sites/psb/files/Act%2099%20NM%20Study%20Revised%20v1.pdf>

1 is not inconsistent with TASC's perspective that solar rates should only be modified in a rate case.
2 As discussed above, states that have done so have overwhelmingly concluded that benefits
3 outweigh costs or the two are roughly equal. Arizona should follow a similar process.

4 **II. Conclusion**

5 In conclusion, there is no reason that the increase in the solar surcharge must be pursued in
6 order for the Commission to consider the costs and benefits of DG Solar between now and the next
7 APS rate case. APS, Commission Staff and TASC all agree on this point. It is telling that RUCO
8 does not even offer a single argument to support its contention that the surcharge increase has any
9 relationship to the continued study of costs and benefits of DG Solar. RUCO does appear primarily
10 concerned with continued study and TASC encourages that outcome. Further, RUCO fails to
11 address that continued pursuit of the increase solar surcharge will cost ratepayers, taxpayers, and
12 intervenors more than non-solar customers could ever hope to save as a result of the charge
13 between now and the end of the next rate case.

14
15 Respectfully submitted this 19th day of October, 2015.

16
17 

18 Court S. Rich
19 Rose Law Group pc
20 Attorney for TASC
21
22
23
24
25
26
27
28

1 **Original and 13 copies filed on**
2 **this 14th day of October, 2015 with:**

3 Docket Control
4 Arizona Corporation Commission
5 1200 W. Washington Street
6 Phoenix, Arizona 85007

6 Copy of the foregoing sent by electronic and regular mail to:

7 Janice Alward
8 Arizona Corporation Commission
9 1200 W. Washington Street
10 Phoenix, Arizona 85007
11 jalward@azcc.gov

12 Dwight Nodes
13 Arizona Corporation Commission
14 1200 W. Washington Street
15 Phoenix, Arizona 85007-2927
16 dnodes@azcc.gov

17 Thomas Broderick
18 Arizona Corporation Commission
19 1200 W. Washington Street
20 Phoenix, Arizona 85007
21 tbroderick@azcc.gov

22 Timothy Hogan
23 ACLPI
24 514 W. Roosevelt
25 Phoenix, Arizona 85003
26 thogan@aclpi.org

27 Michael Patten
28 Snell & Wilmer L.L.P.
One Arizona Center
400 East Van Buren Street, Suite 1900
Phoenix, Arizona 85004
mpatten@swlaw.com

Thomas Loquvam
Pinnacle West Capital Corp.
400 N. 5Th St, MS 8695
Phoenix, Arizona 85004
thomas.loquvam@pinnaclewest.com

Greg Patterson
Munger Chadwick
916 W. Adams, Suite 3
Phoenix, Arizona 85007
greg@azcpa.org

Daniel Pozefsky
Residential Utility Consumer Office
1110 W. Washington, Suite 220
Phoenix, Arizona 85007
dpozefsky@azruco.gov

Kristin Mayes
Kris Mayes Law
3030 N. Third St. Suite 200
Phoenix, Arizona 85012
kmayes@krismayeslaw.com

Giancarlo Estrada
Kamper, Estrada and Simmons, LLP
3030 N. 3rd Street, Suite 770
Phoenix, Arizona 85012
gestrada@lawphx.com

Garry Hays
Law Office of Gary D. Hays, P.C.
1702 E. Highland Ave. - 204
Phoenix, Arizona 85016
ghays@lawgdh.com

Mark Holohan
Arizona Solar Energy Industries Association
2122 West Lone Cactus Drive, Suite 2
Phoenix, Arizona 85027
mark@ariseia.org

David Berry
Western Resource Advocates
P.O. Box 1064
Scottsdale, Arizona 85252-1064
david.berry@westernresources.org

W.R. Hansen
Property Owners and Residents Assoc.
13815 W. Camino del Sol
Sun City West, Arizona 85375
president@porascw.org

1 Craig A. Marks
2 Craig A. Marks, PLC
3 10645 N. Tatum Blvd.; Suite 200-676
4 Phoenix, Arizona 85028
5 craig.marks@azbar.org

6 Patrick Quinn
7 Arizona Utility Ratepayer Alliance
8 5521 E. Cholla Street
9 Scottsdale, Arizona 85254
10 Pat.quinn47474@gmail.com

11 Gary Yaquinto
12 Arizona Investment Council
13 2100 N. Central Avenue, Suite 210
14 Phoenix, Arizona 85004
15 gyaquinto@arizonaic.org

16 Coash & Coash, Inc.
17 1802 North 7th Street
18 Phoenix, Arizona 85006
19 mh@coashandcoash.com

20 Lewis Levenson
21 1308 E. Cedar Lane
22 Payson, Arizona 85541
23 equality@centruylink.net

24 Peter Schelstraete
25 40 N Central Avenue Suite 1400
26 Phoenix, Arizona 85004
27 schelstraetelaw@msn.com

28 John Wallace
Grand Canyon State Electric Coop.
Association, Inc.
2210 South Priest Dr
Tempe, Arizona 85282
jwallace@gcseca.coop

Tim Lindl, Kevin Fox, Erica Schroeder
Keyes, Fox & Wiedman LLP
436 14th St. - 1305
Oakland, California 84612
tlindl@kfwlaw.com
kfox@kfwlaw.com
eschroeder@kfwlaw.com

Todd Glass
Wilson Sonsini Goodrich & Rosati, PC
701 Fifth Ave. - 5100
Seattle, Washington 98104
tglass@wsgr.com

Hugh Hallman
Hallman & Affiliates, PC
2011 N. Campo Alegre Rd. - 100
Tempe, Arizona 85281
hallmanlaw@pobox.com

David P. Brooks
Brooks & Affiliates, PLC
1515 N. Greenfield Road
Mesa, Arizona 85205
dbrooks@brooksandaffiliates.com

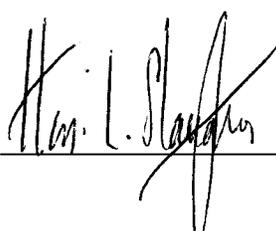
Albert Gervenack
14751 W. Buttonwood Drive
Sun City West, Arizona 85375
agervenack@bmi.net

Patty Ihle
304 E. Cedar Mill Rd
Star Valley, Arizona 85541
apattywack@yahoo.com

Meghan Grabel
2929 N. Central Avenue Suite 2100
Phoenix, Arizona 85012
mgrabel@omlaw.com

Bradley Carroll
Tucson Electric Power Company
88 E. Broadway Blvd. MS HQE910
P.O. Box 711
Tucson, Arizona 85701
bcarroll@tep.com

Alliance for Solar Choice
45 Fremont Street, 32nd Floor
San Francisco, California 94105

25
26
27 By: 
28