

July 27, 2015



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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

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IN THE MATTER OF THE APPLICATION OF ARIZONA ELECTRIC POWER COOPERATIVE TO IMPLEMENT AN ENVIRONMENTAL COMPLIANCE ADJUSTMENT RIDER SURCHARGE MECHANISM	DOCKET NO. E-01773A-12-0305 Public Comment
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This comment is in response to the ACC-directed requirement that AEPCO publish in TRICO's monthly Livewire Newsletter the Notice regarding AEPCO's Application to the ACC per Docket No. E-01773A-12-0305 for authority to implement an Environmental Compliance Adjustment Rider (ECAR). The Notice received from TRICO included an invitation to submit comments.

The TRICO insert includes the following table (Table 1) containing AEPCO-provided possible monthly impact estimates related to the proposed ECAR.

ORIGINAL

Table 1.

Year	Possible Monthly Impact from Capital Costs	Possible Monthly Impact from Chemical Operating Costs	Possible Total Monthly Impact
2016	\$0.11 to 0.19	\$0.61 to \$2.10	\$0.72 to \$2.29
2017	\$0.53 to \$0.90	\$0.84 to \$2.91	\$1.37 to \$3.81
2018	\$0.94 to \$1.61	\$0.59 to \$2.34	\$1.52 to \$3.95
Yrs after 2018	No Estimates Provided	No Estimates Provided	No Est. Provided

The 2018 maximum Possible Total Monthly Impact datum point in Table 1 was selected for the purposes of the following discussion. On an annual basis this case leads to an additional estimated annual charge of \$47.40 for each TRICO residential customer.

Using the annual charge of \$47.40 per residential customer, Table 2 provides the volumetric energy charge (\$/kWh) for different annual consumption levels, representing three different customer consumption classes: Conservative (6000-kWh/yr), Average (12,000-kWh/yr), and Robust (24,000-kWh/yr). The resulting volumetric charge rate (in \$/kWh) based on the fixed annual charge rate (\$47.40 per year) is \$0.007900/kWh, \$0.003950/kWh, and \$0.001975/kWh for the Conservative, Average, and Robust consumption classes, respectively.

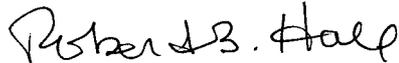
Table 2.

Customer Consumption	Annual Consumption (kWh/year)	Annual estimate 2018 ECAR Surcharge (\$)	Energy Surcharge (\$/kwh)
Conservative	6,000	\$47.40	0.007900
Average	12,000	\$47.40	0.003950
Robust	24,000	\$47.40	0.001975

By employing the fixed-charge-per-month-method to allocate the EUR surcharge there is an effective cost shift in cost per energy consumed (\$/kWh) from the Robust consumers to the Conservative consumers, clearly an unfair situation. With this fixed-charge-per-month-method to allocate the EUR surcharge, the Conservative Customer class is being penalized by having to pay an additional \$0.007900/kWh, whereas the Robust Consumption Customer class is paying only \$0.001975/kWh in additional EUR-related charges. Thus, the former (Conservative) customer class is in essence subsidizing the latter Robust consuming class (and the Average consuming class as well).

Given this situation, along with several other developments in the electricity production marketplace, it is now time to change the accounting method by which electricity generators cover their fixed costs. The fixed-charge-per-billing-period (month, year) is clearly no longer effective, or fair. It is time to do what is necessary to employ volumetric accounting (\$/kWh) to cover fixed costs. The implementation of volumetric accounting (\$/kWh) for all charges will lead to fairness among customer classes, and will facilitate a more equitable determination of the value of new alternatives for providing electricity to the grid.

RESPECTFULLY SUBMITTED this 27th day of July, 2015.



Robert B. Hall
809 Pier Mountain Place
Marana, AZ 85658

(207) 564-8318 (summer)
Solar_Bob@msn.com

ORIGINAL of foregoing **MAILED** this 27th day of July, 2015 to:

Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington
Phoenix, Arizona 85007

COPY of the foregoing was **MAILED** this 27th day of July, 2015 to:

Vincent Nitido
TRICO Electric Cooperative
8600 W. Tangerine Road
Marana, AZ 85658

Kristin K. Mayes
3030 North Third Street, Suite 200
Phoenix, AZ 85012
Attorney for the Solar Energy Industries
Association