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OPEN MEETING AGENDA ITEM

1 Court S. Rich AZ Bar No. 021290
2 Rose Law Group pc
3 7144 E. Stetson Drive, Suite 300
4 Scottsdale, Arizona 85251
5 Direct: (480) 505-3937
6 Fax: (480) 505-3925
7 *Attorney for The Alliance for Solar Choice*

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AZ CORP COMMISSION
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BEFORE THE ARIZONA CORPORATION COMMISSION

SUSAN BITTER SMITH
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COMMISSIONER

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COMMISSIONER

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COMMISSIONER

DOUG LITTLE
COMMISSIONER

11) DOCKET NO. E-01345A-13-0248
12)
13) **IN THE MATTER OF THE**
14) **APPLICATION OF ARIZONA**
15) **PUBLIC SERVICE COMPANY FOR**
16) **APPROVAL OF NET METERING**
17) **RECOMMENDED OPINION AND**
18) **COST SHIFT SOLUTION.**) **ORDER**

19
20 The Alliance for Solar Choice ("TASC") hereby files in support of the Recommended Opinion
21 and Order issued in this Docket. While TASC has extensively briefed the issues presented in
22 this case it wishes to offer the following brief comments in support of the ROO.

23
24 *There is little regulatory wisdom in undertaking a proceeding that is severely*
25 *handicapped from the beginning in the way of possible solutions to a problem that*
26 *can be readily addressed in a rate case which will be filed in less than one year.¹*

27
28 This quote from the ROO nicely sums up the issues with APS's proposal. Further proceedings in
this docket are indeed "severely handicapped" for many reasons:

¹ ROO para 168.

Arizona Corporation Commission
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1 **1. Further Hearing In This Docket Will Not Resolve The Issue**

2 This issue deserves proper treatment in a rate case and further, one-off, incomplete examinations
3 will only serve to waste substantial resources. All parties agree, including the Applicant that this
4 docket offers no chance for the Commission to arrive at a full solution to the alleged issues
5 presented.

6
7 **2. The Commission Does Not Have All Options On The Table**

8
9 This Docket does not afford the Commission any alternative options for dealing with a rate
10 design issue that is far bigger than merely rooftop solar energy and is therefore “handicapped
11 from the beginning.” All parties indicate that the issue is one of rate design yet not a single rate
12 design modification can be accomplished in this docket. As the ROO points out the request does
13 not even touch upon Energy Efficiency which passes on substantially more costs through the
14 LFCR than does solar. Rate design is the way to address cost shifts such as EE or numerous
15 other shifts that have been installed in rates since the beginning of regulated utilities. This
16 docket does not afford the Commission any options to deal with these issues.

17
18 **3. There Is No Cost Shift Of The Nature Complained Of**

19
20 The ROO confirms what TASC has long pointed out when it states, “[a]s APS clarified in this
21 proceeding, there is currently no accumulation of lost fixed costs that must be addressed on a
22 deferral basis in its next rate case through the LFCR deferral mechanism.²” At the end of the day
23 we are talking about an alleged cost shift that can only manifest itself in the LFCR mechanism
24 and not in other arenas as APS has implied for far too long. The LFCR, as pointed out in the
25 ROO, is recovering below its 1% cap and is working exactly as it was designed to function in the
26 last rate case. This is hardly an urgent matter as the ROO agrees.

27
28

² ROO para. 163.

1 **4. There Will Be No Benefit Bestowed Upon Non-Solar Customers By This Increase**
2 **While Risking The Entire Rooftop Solar Industry**

3
4 As TASC has pointed out, APS's rosy prognostications of the \$21 charge being a precursor to
5 unprecedented growth in the rooftop solar industry are complete fantasy. While APS wants us to
6 believe that the \$21 charge will redistribute \$3 million annually to non-solar customers, this
7 assumes that more than 12,000 people will adopt solar in the year after the \$21 charge is put in
8 place. This would be a roughly 50% increase in solar adoption after the massive charge is
9 imposed. The Applicant's growth assumption is simply far-fetched.

10
11 The reality is that the solar industry will be crushed by this charge and the resulting payback to
12 non-solar customers will be next to nothing while ratepayers, intervenors, and taxpayers will be
13 on the hook for the substantial costs in litigating this issue in this docket and then all over again
14 in the rate case. In addition, there are thousands of rooftop solar installers in APS service
15 territory and this proposal risks each of their jobs despite offering the promise of potentially no
16 discernable benefit to any ratepayer.

17
18 **5. Return On Equity Will Be Impacted But Cannot Adequately Be Addressed**

19
20 Granting APS an extraordinary and unprecedented revenue mitigation device will no doubt
21 impact its return on equity as TASC has briefed extensively. While APS may not like it, the
22 resolution it seeks requires an investigation of the impact of this one of a kind device on its ROE
23 and how that impact hits ratepayers. A rate case is the only place to have such an examination.

24
25 **6. There Are A Number Of Legal Deficiencies That Are Not An Issue In The Rate**
26 **Case Setting**

1 TASC has fully briefed several legal deficiencies that further illustrate the problems with dealing
2 with this issue outside of a rate case. The last rate case Settlement Agreement created the LFCR
3 for a specific purpose and it is meeting that purpose. The Commission does retain flexibility
4 under the Agreement however, this flexibility does not give it carte blanche to rewrite the LFCR
5 entirely as contemplated by APS. Recall also that the LFCR was designed with an opt-out
6 option that was available to any customers who did not want to pay the LFCR charge (a charge
7 that APS has now called a cost shift yet that they fully supported in the rate case).

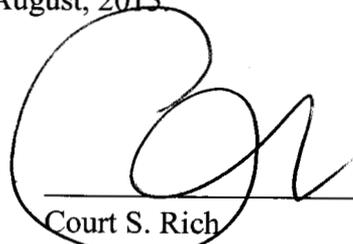
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9 Further, this request constitutes prohibited single issue ratemaking and TASC is confident that
10 Arizona courts will find fault should the Commission take the action APS has proposed.

11
12 The bottom line is that the rate case provides the Commission with a forum that is not replete
13 with obvious legal deficiencies and challenges.

14
15 **7. Charging Solar Customers More Now Will Not Change The Result In The Next**
16 **Rate Case**

17
18 Finally, no point illustrates the “lack of regulatory wisdom” of moving forward in this docket
19 better than the fact that no matter what solar customers are charged today it will not change the
20 issues or the potential solutions in the next rate case. Money charged against solar customers
21 between now and the end of the next rate case cannot be used to pay down any cost shift if such
22 is found to exist. It will not be counted to minimize any changes to future rates. The fact that a
23 given subset of rooftop solar customers pays \$1/month or \$1,000/month will not change the
24 ratemaking equation on a going-forward basis in the next rate case. APS’s allegations about a
25 cost shift do not support that charging new solar customers an exorbitant amount today will do
26 anything to impact what rate design solutions are deemed appropriate in the future. In the end,
27 this charge is designed to stop people from going solar between now and the conclusion of the
28 next rate case. Any other conclusion is simply unsupportable.

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2 Respectfully submitted this 12th day of August, 2015

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6 Court S. Rich
7 Rose Law Group pc
8 Attorney for TASC

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1 **Original and 13 copies filed on**
2 **this 17th day of August, 2015 with:**

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

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

8 Janice Alward
9 Arizona Corporation Commission
10 1200 W. Washington Street
11 Phoenix, Arizona 85007

COASH & COASH
1802 North 7th Street
Phoenix, Arizona 85006

12 Dwight Nodes
13 Arizona Corporation Commission
14 1200 W. Washington Street
15 Phoenix, Arizona 85007-2927

Greg Patterson
Water Utility Association of Arizona
916 W. Adams, Suite 3
Phoenix, Arizona 85007

16 Thomas Broderick
17 Arizona Corporation Commission
18 1200 W. Washington Street
19 Phoenix, Arizona 85007

Daniel Pozefsky
1110 W. Washington, Suite 220
Phoenix, Arizona 85007

20 Tim Lindl
21 Keyes, Fox & Wiedman LLP
22 436 14th St. - 1305
23 Oakland, California 84612

Kristin Mayes
3030 N. Thrid St. Suite 200
Phoenix, Arizona 85012

24 Timothy Hogan
25 514 West Roosevelt
26 Phoenix, Arizona 85003

Giancarlo Estrada
Estrada-Legal, PC
3030 N. 3rd Street, Suite 770
Phoenix, Arizona 85012

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

Garry Hays
1702 E. Highland Ave. - 204
Phoenix, Arizona 85016

Thomas Loquvam
400 N. 5Th St, MS 8695
Phoenix, Arizona 85004

Mark Holohan
Arizona Solar Energy Industries Association
2122 West Lone Cactus Drive, Suite 2
Phoenix, Arizona 85027

David Berry
Western Resource Advocates
P.O. Box 1064
Scottsdale, Arizona 85252-1064

1 John Wallace
2 2210 South Priest Dr
3 Tempe, Arizona 85282

4 W.R. Hansen
5 Property Owners and Residents Assoc.
6 13815 W. Camino del Sol
7 Sun City West, Arizona 85375

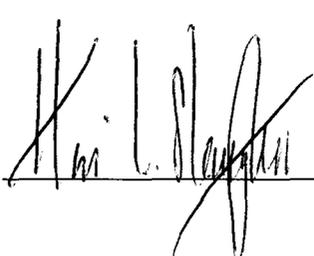
8 Albert Gervenack
9 14751 W. Buttonwood Drive
10 Sun City West, Arizona 85375

11 Lewis Levenson
12 1308 E. Cedar Lane
13 Payson, Arizona 85541

14 Patty Ihle
15 304 E. Cedar Mill Rd
16 Star Valley, Arizona 85541

17 Bradley Carroll
18 88 E. Broadway Blvd. MS HQE910
19 P.O. Box 711
20 Tucson, Arizona 85701

21 Anne Smart
22 Alliance for Solar Choice
23 45 Fremont Street, 32nd Floor
24 San Francisco, California 94105

25
26
27
28
By: 

Kevin Fox
Keyes & Fox LLP
436 14th St. - 1305
Oakland, California 94612

Erica Schroeder
436 14th Street
Suite 1305
Oakland, California 94612

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