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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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8 IN THE MATTER OF THE APPLICATION OF
 9 ARIZONA PUBLIC SERVICE COMPANY
 FOR APPROVAL OF NET METERING COST
 SHIFT SOLUTION.

Docket No. E-01345A-13-0248

RUCO'S REPLY TO APS'S MOTION TO AMEND INTERLOCUTORY ORDER

12 RUCO is puzzled by, and objects to APS's Motion to Amend Interlocutory Order filed on
 13 September 25, 2015. While the political antics of a certain segment of the solar industry may
 14 have risen to a higher level than anticipated, their reaction is not at all unexpected. APS should
 15 have known that this type of rancor was coming before making its request to reset the Grid
 16 Access Charge. Now after a favorable decision by the Commission and months of work and
 17 countless hours spent on this issue by RUCO, Commission staff, and other parties, APS has
 18 requested a modification to Decision No. 75251 which would allow for a much narrower
 19 hearing, as well as foregoing APS's request to reset the Grid Access Charge. RUCO finds this
 20 request disappointing and not in the best interest of ratepayers.

21 RUCO is tasked with doing what is best for the ratepayers. RUCO has stayed out of the
 22 on-going politics that has consumed the Commission on the issue of net metering. Both the
 23 utility and a section of the solar industry, have brought the Commission into the center of a
 24

1 debate and have used tactics that, at the very least, are against the ratepayer's best interests
2 and unquestionably have slowed the Commission's process down. Stated another way, the on-
3 going debate between roof-top solar and the utilities on the issue of net metering has affected
4 the Commission's ability to conduct a fair and measured process. Politics should not prevent
5 the Commission from exploring issues and determining facts. The Commission must act
6 independently and allow for a process which will provide it with the necessary information to
7 ultimately make a decision. That is exactly what the Commission has done in Decision No.
8 75251 – it has set forth a process that is thoughtful, reasonable and fair to all of the
9 stakeholders. The Commission should deny APS's Motion and leave Decision No. 75251
10 unchanged. If the Commission cannot have a process which allows it to obtain foundational
11 facts on important ratepayer issues, then RUCO has no forum in which to advocate for the best
12 interests of ratepayers.

13 The on-going politics played by both sides of this debate has stalled the Commission's
14 progress on other important issues as well. If the Commission had continued and ultimately
15 concluded its investigation into the value and costs of distributed generation solar ("DG")
16 (Docket #14-0023) the Commission would have been armed with the knowledge to make an
17 informed decision much sooner. Unfortunately, the Commission neglected the following critical
18 portion of Decision No. 74202 in the 2013 proceeding, to which RUCO was a party:

19 *"IT IS FURTHER ORDERED that the Commission will open a generic*
20 *docket on the net metering issue and hold workshops with all*
21 *stakeholders to help inform future Commission policy on the value that*
22 *DG installations bring to the grid.*

1 *IT IS FURTHER ORDERED that the workshops shall investigate the*
2 *currently non-monetized benefits of DG with the goal of developing a*
3 *methodology for assigning DG values, because the NM cost-shift*
4 *issue will be faced by all Arizona electric utilities as the penetration*
5 *level of DG increases in each of the companies' individual service*
6 *territories. The workshops shall be based upon the Commission's*
7 *determination of the presence of a cost shift from DG customers to*
8 *non DG residential customers, and shall provide for the Commission's*
9 *future full consideration of the net metering cost shift issue, the*
10 *development of a method(s) by which the value of DG can be*
11 *considered in balancing the public interest, and the evaluation of the*
12 *role and value of the electric grid as it relates to rooftop solar, other*
13 *forms of distributed generation, and customer-sited technology*
14 *generally. In a future Commission/Staff Open Meeting the*
15 *Commission may give Staff further direction on the content and*
16 *process of the workshops."*

17 RUCO specifically advocated for the above provisions to avoid the lack of information
18 that has contributed to industry backlash on several utility proposals around net metering. In
19 fact, in February of 2014, RUCO put forward a framework for Commission consideration. Then
20 in a Commission workshop, RUCO advocated for a clear path forward that seemed agreeable
21 to participants, but no follow-up was conducted. All of RUCO's proposals were dismissed.

22 RUCO also offered advice in Decision No. 74202 docketed on August 21, 2014. RUCO
23 advocated for a statewide discussion on important issues facing ratepayers and more work in
24 the value of DG docket, stating "If a limited discussion is pursued, RUCO sees little reason to

1 push out the APS case.” When the Commission voted to delay the APS rate case no such
2 consideration was given and with that decision, the Commission invited the current political
3 circus. RUCO has continually provided thoughtful, fair, and insightful guidance on this issue.
4 RUCO is ideally situated and likely the most independent, unbiased party to comment on this
5 issue. RUCO has invested considerable time and expense to develop expertise in this area
6 and moving forward, RUCO stands ready and willing to help craft a solution to this issue.
7 However, one needs a forum to do this.

8 Regardless of the Commission’s decision on APS’s latest request, RUCO recommends
9 that the Commission set forth an analytical framework through a Commission vote. This
10 framework should then be used to conduct an examination into the costs and benefits of DG.
11 Without the adoption of an analytical framework to work from, the Commission will be setting
12 itself up for another political firestorm with no path towards resolution. Two preliminary
13 workshops in an unresolved proceeding has not come close to advancing the Commission’s
14 understanding or approach to these complicated issues that affect all ratepayers.

15 Without a path forward, we will just see ‘more of the same’. In other states and on
16 multiple occasions, TASC or its member companies have demanded that solar issues be
17 pulled from rate cases – the exact opposite request they have repeatedly made before the
18 Commission here in Arizona. The following quotes taken from various rate cases in other
19 states:

- 20 1. "Consideration of solar DG rate design issues in a separate matter would
21 also promote administrative efficiency in the Westar rate case by condensing
22 and focusing the issues pertaining specifically to Westar's revenue
23
24

1 requirement, class cost allocations, and rate design for commercial and
2 industrial customers"¹

3
4 2. "Solar City's Watters said El Paso Electric's proposal has not yet dampened
5 El Paso area homeowners' interest in getting solar systems. The young
6 proposal has a long regulatory process to go through, he noted. **It would be**
7 **better if the solar issue was taken out of the larger rate case and**
8 **handled by regulators in a separate case as is being done now in at**
9 **least one state, he said.**²

10
11 3. "TASC recommends the Commission open a separate proceeding to
12 "develop a comprehensive cost-benefit framework that could be used in
13 future rate cases..... a delay will allow PacifiCorp to provide critical
14 information that is currently missing to assess the costs and benefits of the
15 net metering program."³

16
17 4. The theme of not having enough information in rate cases was also
18 reiterated in Colorado and Wisconsin:
19
20

21 ¹<http://estar.kcc.ks.gov/estar/ViewFile.aspx/S20150626155652.pdf?Id=f19c9e71-3e28-4e49-a9a2-254b2adba8ca>

22 ² http://archive.elpasotimes.com/news/ci_28772704/el-paso-electric-wants-increase-charges-solar-homes/

23 ³ <http://psc.utah.gov/utilities/electric/elecindx/2013/documents/26006513035184rao.pdf>

- 1 • <http://cleanenergyaction.org/2014/04/14/colorado-puc-takes-the-next-bite-at-net-metering/>
- 2
- 3 • <http://urbanmilwaukee.com/pressrelease/solar-groups-take-next-step-in-appeal-of-public-service-commission-decision-on-2014-we-energies-rate-case/>
- 4
- 5
- 6

7 The general reason TASC or TASC member companies have advocated to pull solar
8 issues out of a rate case is because they claim not enough information was present. There is
9 some merit in this reasoning, which is why RUCO is advocating that the Commission adopt an
10 analytical framework to DG, just as it has other issues such as energy efficiency. This will
11 prevent obstructionists from attempting to delay or side track rate cases. It is important to note
12 that the development of this framework will not be possible in a rate case setting. A rate case
13 only gives a glimpse into costs and provides the tools to address those costs. It does not shed
14 light on the long-term benefits and costs of DG or new technologies and their respective
15 capabilities, and how these attributes should be evaluated. Moreover, as RUCO has asked in
16 the past, why litigate an important statewide issue in one utility's rate case?

17 For these reasons, not only is RUCO opposed to APS's Motion to Amend, RUCO is also
18 opposed to APS's proposed revised scope. APS proposes to mostly look at one side of the
19 cost-benefit equation. What is the point of limiting the analysis? Having an understanding of
20 both are critical to moving forward on DG issues. The urgency surrounding this analysis can't
21 be overstated, as there are other rate cases affected by DG currently before the Commission.
22 That is why the Commission must move forward and continue with the Grid Access Charge
23 hearing.

24

1 If the Commission allows APS to withdraw its Motion to Reset the Grid Access Charge,
2 the Commission will not be able to *fully* investigate the matter with parties under oath or
3 determine whether any changes could benefit ratepayers until the new rates of a 2016 rate
4 case go into effect in or about late 2017 or 2018. RUCO believes APS' action is short-sighted
5 and the Commission should move forward with the process outlined in Decision No.72521.


6 Some have said that the Commission should not examine any issue before concluding
7 the value of solar docket, saying that doing so would be putting the "cart before the horse".
8 RUCO believes that developing an analytical framework to guide a hearing and obtaining
9 information under oath, can only help inform the value of solar docket, which will be more
10 holistic in nature and broader in scope. Resetting the charge, either through the LFCR or
11 another mechanism, is a limited scope policy call capped at a \$21 per month charge at the
12 most. In essence one track is a narrowly scoped trial run and the other is a broader more
13 generic examination. RUCO sees little downside to having both tracks. Again, at a minimum,
14 the Commission should pursue every available avenue to obtain facts and provide direction
15 before the rate case.

16 RUCO urges the Commission to do what is right for ratepayers, build a substantive
17 record, examine the issues and arm itself with the knowledge needed to make a decision. This
18 is the only way to ensure that the time before the rate case is well spent. Arizona is a leader in
19 solar energy (particularly distributed generation) yet it is the only state not taking heed of the
20 good policy and wisdom of its own 2013 decision. Other states that witnessed what happened
21 in Arizona, some of which have only a fraction of the solar resources Arizona possess, have
22 carried out comprehensive analyses into the costs and benefits of solar. Not all have done this
23 in a way that maximizes benefits for non-solar ratepayers, however, they all at least attempted
24

1 to study the matter. RUCO firmly believes that the Commission can craft a ratepayer focused
2 analysis that looks at the true benefits likely to accrue to non-participants.

3 In conclusion, RUCO recommends that the Commission reject APS' Motion and not
4 narrow the scope in any manner. If the Commission decides to approve APS's Motion to
5 Amend, RUCO respectfully requests that dockets for both cost of service and value of solar,
6 are quickly moved forward, so that the interested parties can have a forum to provide the
7 Commission with the best record to decide this matter and protect residential ratepayers.

8 RESPECTFULLY SUBMITTED this 7th day of October, 2015.

9
10 
11 Daniel W. Pozefsky
12 Chief Counsel

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