

E-04204A-15-0142



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**ORIGINAL** Arizona Corporation Commis  
Utilities Complaint Form

**Investigator:** Tom Davis      **Phone:** <<< REDACTED >>>      **Opinion Date:** 4/4/2016  
**Opinion Number:** 2016 - 129928      **Priority:** Respond within 5 business days  
**Opinion Codes:** Rate Case Items - Opposed      **Closed Date:** 4/4/2016 3:28 PM

**First Name:** Steven P.      **Last Name:** Latoski      **Account Name:** Mohave County  
Public Works  
**Address:** <<< REDACTED >>>  
**City:** Kingman      **State:** AZ      **Zip Code:** 86402  
**Work:** <<< REDACTED >>>

**Company:** Unisource \*\* Energy Services (UNS)      **Division:** Electric

**Nature Of Opinion**

**Docket Number:** E-04204A-15-0142      **Docket Position:** Against

March 30, 2016

Arizona Corporation Commission

**DOCKETED**

APR 05 2016

Arizona Corporation Commission Consumer Services Section

1200 West Washington Street Phoenix, AZ 85007

DOCKETED BY

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2016 APR -5 A 10:42  
AZ CORP COMMISSION  
DOCKET CONTROL

RE: Opposition to Unisource Energy Services Rate Case Proposal Docket E-04204A-15-0142

Dear Arizona Corporation Commission:

Mohave County opposes the demand-based rate proposal set forth by Unisource Energy Services (UES), under Docket E- 04204A-15-0142. The County operates approximately 57 buildings countywide, and approximately half are 12,000 sq. ft. or less. These buildings serve many missions that by their nature cannot control the peak demand. These facilities are under small or medium commercial rate structures and will be subject to the higher electric bills. While technologies exist to reduce energy (volume) use, there are no economically feasible technologies to reduce I control small user demand. In the future, systems such as battery storage or similar technologies may be available, but a demand rate design should not be implemented until those technologies are available. The following denote general challenges underscoring the anticipated undue impact in operating Mohave County government building facilities under the contemplated rate proposals for Small and Medium General Service.

Demand-based rates should exist as an opt-in only alternative for small/medium commercial users, and incentives should be developed with focus on attaining win-win outcomes promoting user opt-in.

Large electricity users are well equipped to respond to such tariffs because they are more likely to have at least some ability to monitor and control demand levels. Historically, small commercial users have been less equipped to perform this monitoring and respond to the pricing signals that the rate structure provides. Such

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is the present position of Mohave County Public Works in monitoring electricity consumption at County owned and/or operated buildings.

A notable barrier has been the limited deployment of advanced metering capabilities for small/medium commercial customers, which electricity providers need to record and bill for the hourly or sub-hourly customer demand data on which demand-based rates are calculated.

The industry goal of demand-based rates is to encourage customer behavior change, but it is essential that customers understand the rate design, be able to access and evaluate their own energy demand profiles, and be able to respond to the pricing signals. Without these capabilities, customers are unable to control their usage and reduce their risk for incurring large or unanticipated demand-based costs. Even with automated controls, certain customers such as government agencies charged with delivering essential services without consideration for service delivery timing may not be capable of responding to demand-based rates.

Mohave County agrees that any electric power rate design should reflect a fair cost of service. However, with the exception of the Gila River Plant purchase, it is not evident that Unisource Energy Services has attempted to control its cost of service. For example, green power is demonstrably more expensive on a per kW basis than gas, coal or nuclear generated power. However UES has not aggressively pursued legislative avenues to change mandatory minimum green power purchases. Review of submittals in the initial application dated May 5, 2015 and amendments dated June 3, 2015 and September 18, 2015 indicate if purchased power was freed from the mandatory green power requirement to market rates only - rates being held constant - UES economic health would be maintained.

A large portion of Mohave County is served by Unisource Energy Services. Like UES, Mohave County has experienced declining revenues as a result of mine closures, lower industrial activity and other economic conditions. The County has responded not by raising taxes, but by lowering costs, cutting back on expenses, and generally "doing more with less." We look to Unisource Energy Services to do the same.

Thank you for your consideration on this important matter to Mohave County.

Sincerely,

Steven P. Latoski, P.E., PTOE Public Works Director

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<b>Investigation</b>			
<b>Date:</b>	<b>Analyst:</b>	<b>Submitted By:</b>	<b>Type:</b>
4/4/2016	Tom Davis	Telephone	Investigation
Entered for the record and docketed. CLOSED			

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