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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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AZ CORP COMMISSION  
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IN THE MATTER OF THE APPLICATION OF  
UNS ELECTRIC, INC. FOR THE  
ESTABLISHMENT OF JUST AND  
REASONABLE RATES AND CHARGES  
DESIGNED TO REALIZE A REASONABLE  
RATE OF RETURN ON THE FAIR VALUE  
OF THE PROPERTIES OF UNS ELECTRIC,  
INC. DEVOTED TO ITS OPERATIONS  
THROUGHOUT THE STATE OF ARIZONA  
AND FOR RELATED APPROVALS.

Docket No. E-04204A-15-0142

Greg Eisert  
Director, Chairman Government Affairs  
Sun City Home Owners Association  
10401 W Coggins Drive  
Sun City, AZ 85351

PUBLIC COMMENT

The battle has begun over sunshine, threatening the traditional utilities that have dominated electricity generation for a century or more. In terms of infrastructure, large centralized solar fits as comfortably as a coal-fired power plant in the traditional electricity business model which involves large plants transmitting electricity over a grid of conducting lines through transformers and into individual homes and businesses. The trouble, from an electric utility's perspective, is the tens of thousands of Arizona's total of three million or so homes that have installed small solar (rooftop photovoltaic panels). With many homes making their own electricity, utilities will encounter a dwindling base effecting difficulties justifying future expensive infrastructure investments that they want to make.

1 Utilities make money when they make big infrastructure investments such as new power  
2 plants. However, if utility customers are generating much of their own power with solar  
3 energy, the utility may not be able to make those investments. So, while solar represents  
4 an opportunity for many customers to save money and lower the rates of all customers,  
5 utilities see it encroaching on their ability to make more money in the future.

6 The traditional utilities counter that the net-metered customer (rooftop solar customer),  
7 does not share equally in the overhead costs associated with the grid or other services  
8 provided by a utility, producing a subsidy funded by all other utility customers who must  
9 pay proportionately more.

10  
11 So far, many of these homeowners have installed photovoltaic panels on their rooftops  
12 with the help of now expired cash incentives and a state law that requires the local  
13 electricity provider to buy any excess power produced by an individual home. Such "net  
14 metering" programs allow homeowners to get credit for energy that their solar power plant  
15 generates which allows them to reduce their monthly electric bills. Utility companies argue  
16 that the lost revenue from solar-powered customers will necessitate price increases for  
17 people without solar panels, because the electric grid and other critical infrastructure must  
18 still be maintained thereby creating a cost shift. The solar companies note, the utilities do  
19 not mention all the avoided infrastructure investments (investments we would all have to  
20 pay for) that result from solar customers building rooftop power plants with their own  
21 money (rather than socializing the cost among all ratepayers). Obviously, there are good  
22 points on both sides of the equation.

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1 Currently, our electricity system is very much a centralized system. In the future, we could  
2 see a more decentralized system, with the home as centric, with supply and demand of  
3 electricity being generated in that home, particularly in the Arizona desert southwest. It is  
4 no wonder that the traditional electric utility is pushing hard to protect its position.  
5 Nevertheless, given the arrow has left the bow, renewable energy is likely here to stay and  
6 a paradigm shift is in order. The game is changing and it will better serve all parties,  
7 including ratepayers, for the DG suppliers and traditional utilities to collaborate for viable  
8 future solutions rather than wage war that will only exacerbate increased costs for all  
9 ratepayers. It is also likely that the AZ Corporation Commission and the Constitution will  
10 need tweaking to better meet the needs of the coming wave of changes just around the  
11 corner. It seems we still cater to being the "Wild West" state. Sounds like fun but usually  
12 proves expensive.

13  
14 Yes, there are a few immediate issues that need to be addressed, but customer choice  
15 and ability to save money should not be compromised.

16  
17 In the meantime, it is not advisable to initiate dramatic changes in rate design for all  
18 customers or just solar customers for that matter. The players have a tendency to use the  
19 "ready - fire - aim" approach toward attempted solutions, as problematic situations  
20 present themselves. Given the "war room" mentality of conflicting parties, collaboration will  
21 not be easy. However, the Commission in the long term best interest of the industry,  
22 ratepayers as well as competitive factions, must find a way to lead the way.

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1 It is interesting watching and listening to the various characters that are brought in to testify  
2 at out rate case hearings. We live in the Arizona Desert. We don't need "paid" consultants  
3 from the NW, upper Mid-West, East Coast and Canadian Provinces telling us (our ACC  
4 Staff, RUCO, ALJs and Commissioners) how things should be done – here in the  
5 Southwest Deserts. The numbers are the numbers and as far as rate design, you folks  
6 have plenty of knowledgeable personnel to make the right decisions in house. Actually,  
7 the in-house personnel are much more qualified than the paid third party testifiers; as most  
8 will construct their testimony to suit the "payor". Another case of wasting the ratepayers'  
9 hard earned money.

10  
11 Listening to various testimony in the current UNSE Rate Case it is evident that establishing  
12 "mandatory demand charge rate schedules" on any subset of residential ratepayers is  
13 another case of the "cart before the horse" syndrome. Based on testimony there is  
14 definitely a lack of solid information relating to the impacts on ratepayers, especially those  
15 categorized as fixed (generally retired) and/or low income users. It is premature to force  
16 such a radical design change on the general ratepayer base. There is much more vetting  
17 necessary before such design changes are made mandatory across the general ratepayer  
18 population. It makes more sense to use the APS model of "choice" concerning the three  
19 tier demand charge type rate.

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21 I implore the Commission to take charge and lead the way by challenging all parties to  
22 collaborate for a better future for all parties. Eliminate ready-fire-aim...

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RESPECTFULLY SUBMITTED this 5th day of April, 2016.

Greg Ewert, Director

AN ORIGINAL AND THIRTEEN COPIES  
of the foregoing filed this 5th day  
of April, 2016 with:

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COPIES of the foregoing hand delivered/  
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By Carole Stoddard