

E-00000V-15-0094

ORIGINAL
Arizona Corporation Commis
Utilities Complaint Form



Investigator: Al Amezcua **Phone:** <<< REDACTED >>> **Opinion Date:** 4/13/2016
Opinion Number: 2016 - 130099 **Priority:** Respond within 5 business days
Opinion Codes: Other - Solar **Closed Date:** 4/13/2016 2:58 PM

First Name: Terry **Last Name:** Finefrock **Account Name:** Terry Finefrock
Address:
City: **State:** **Zip Code:**

Company: Miscellaneous Solar **Division:** solar

Nature Of Opinion

Arizona Corporation Commission **Docket Position:** Neutral

From: <<< REDACTED >>> [mailto:<<< REDACTED >>>]
Sent: Friday, April 08, 2016 3:27 PM
To: MAILBOX E-docket <<< REDACTED >>>
Cc: <<< REDACTED >>>
Subject: Ratepayer Feedback: TEP Preliminary 2016 IRP (Docket 15-0094)

DOCKETED
APR 15 2016
DOCKETED BY *[Signature]*

RECEIVED
2016 APR 15 P 2:17
AZ CORP COMMISSION
DOCKET CONTROL

eDocket,

I am writing to provide feedback requested by TEP in its filing of their 2016 preliminary IRP on 3/1/16; docket # E-00000V-15-0094).

It is apparent and encouraging that TEP recognizes the need to responsibly reduce fossil fuel fired electricity generation, develop and deploy new lower cost technology, and to solicit feedback from stakeholders.

My feedback/suggestion to the Commissioners and TEP for potential improvement of the preliminary IRP is to not purchase any more NEW natural gas generating capacity and instead replace that capacity when needed with LOCAL utility scale solar facilities, augmented by energy storage when needed, and to accelerate their development the modern "Delivery" system(page 49) to mange the Distribution Grid, create essential microgrid on DG feeder/circuits.

There is significant data in TEP's plan that clearly indicates that the ratepayer return on investment(ROI) in solar and energy storage assets is greater than that provided by natural gas fired assets, with much less risk and no need for capital(Solar PPA's).

- Greater ROI. Fixed cost Solar PPA's provide a much more reliable ROI than long life natural gas fired generating assets subject to annual and significant increases in the Operating, Maintenance and fuel costs (Per ADOA, utilities have the highest average annul wage, \$98,400, ergo labor costs, of any industry in AZ)
- Tucson has sufficient local dispatchable generation/peakers to manage the increased solar generation (Intermittancy); years ago Springerville baseload plant production was interrupted for several days due to wildfire threats to transmission infrastructure
- Fuel Costs. TEP's Market Assumptions(pg. 78) recognize that natural gas costs will double by 2024, long before the useful life, full depreciation of the gas assets, full recovery of ratepayer funds can be achieved. It

Arizona Corporation Commission

Utilities Complaint Form

is also likely that some expense will be added to the fuel cost to mitigate methane's heat-trapping properties, 26x greater than carbon.

- New technology obsolescence/stranding. World demand, and the application of resources to develop new energy technology, greatly increases the risk for the 'stranding' of long life assets before full value can be derived.
- LCOE(pgs. 68-74, tables 11 RE & 12 Conventional) indicate that today solar is significantly less expensive than remote fossil fueled generation of energy
- Solar costs continue to decrease, require no transmission infrastructure and energy loss costs, PPA's require no capital, lose no precious potable well water needed for human consumption to evaporation (Sundt/SGS Plants) and provide significant ITC benefits, that promote ROI via accelerated (prior to 2020) and increased capacity deployment of solar facilities. Unlike a fossil fueled plant, Solar capacity can be implemented in smaller increments; Their shorter asset/cost recovery life makes reduces risk of obsolescence by new technology and allows quicker phase-out and deployment of improved technology if appropriate.
- Increased demand for local solar electric and energy storage systems will provide higher wage jobs, perhaps recurring component Manufacturing facilities and jobs, an export economy(Western USA; Mexico REST?), economic development, enabling population growth, more ratepayers and taxpayers to recover fixed costs, rather than greater rates, taxes and fees; benefits to all including the IOU.
- Increased solar, less convntional steam generation, will reduce the amount, costs and rates of new water supplies that our water utilities managed by the ACC will need to develop; per CAP Modeer, 10-50x more costly than current sources.

The early harnessing and management of Distributed(Customer)Energy Resources will provide TEP IOU and their selected technology partners the capacity to diversify their revenue streams, provide new services to their customers for a nominal fee that will provide them with more value than cost, increase IOU revenues.

Rather than continuing the incremental and iterative rate design and surcharges currently practiced by regulated utilities and tolerated by the Commission, I'd recommend that the Commission consider eliminating the current calculation of Return on Rate(Profit or fee) as a percent of costs, which encourages sub-optimal cost decisions, constant increases in energy costs, when compounded create a huge economic burden on the community, and pay the ROR, fee or profit, via sharing of cost reductions between ratepayers and shareholders. For conceptual EXAMPLE, if the utility reduces the costs recovered by current rates-surcharges by 10%, reduce the rates by just 6%(Ratepayer quantified value), utilities EARN 4%. This 'reward' structure would promote Utility development of continuous performance improvement culture and improved management of ratepayer funds.

The sooner we make the transformations identified by TEP's IRP the sooner we will have more reliable and cost effective energy & climate solutions.

Thanks for the opportunity to provide feedback.

Sincerely,

Mr. Terry Finefrock, CPIM

TEP Rtepayer;

Long term Tucson area resident;

Former high tech corporate manufacturing Director;

Arizona Corporation Commission Utilities Complaint Form

Provider of testimony to the ACC;

Solar advocate, contracted for 16MW of PV/SSA's, first 1MW PV SAT in Southern AZ

Investigation

Date:	Analyst:	Submitted By:	Type:
4/13/2016	Al Amezcua	Telephone	Investigation

Comments noted for the record and docketed. CLOSED.
