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RE: Sulphur Springs Valley Electric Cooperative (SSVEC Rate) Application Case, Docket E-01575A-15-0312

Arizona Corporation Commission
DOCKETED

AZ CORP COMMISSION
DOCKET CONTROL

MAY 12 2016

Dear Commissioners,

DOCKETED BY [Signature] 2016 MAY 12 PM 11 23

I am a member of the Sulphur Springs Valley Electric Cooperative (SSVEC) and an existing distributed generation (DG) residential customer, so this rate case will directly affect me now and in the future. These higher-level comments are primarily based upon the SSVEC Rate Application Case, Docket E-01575A-15-0312, 18 March Direct Rate Design Testimony of ACC Staff and the 22 April SSVEC Rebuttal:

1. I support the Arizona Corporation Commission (ACC) Staff's Proposed Residential Service Rate's service availability charges of \$18.25 in year one and \$27.00 in year two for all residential customers based upon the ACC staff's preference to not differentiate between distributed generation (DG) or non-DG SSVEC customers that make up the residential class of customers. I understand that this is an interim rate structure proposal and I appreciate the incremental approach of the ACC staff. The entire issue of how to fairly charge customers for fixed infrastructure costs based upon anticipated changes in the electric utility industry philosophy and type of power mix supports the ACC staff's incremental approach, as some of the anticipated changes will not occur or not occur as predicted and other unanticipated changes might have a significant impact. I recommend waiting until the next SSVEC rate case to make any larger service availability charge adjustments than the ACC Staff proposed, as there will be additional information to make a more informed decision.

2. I support the ACC Staff recommendation and appreciate the SSVEC rebuttal support that the current rate schedule be retained for existing DG customers (installed or signed agreement) before 15 April 2015. In addition, I suggest these recommendations should be enhanced in the following ways:

a) The ACC staff does not appear to have indicated how long the current rate schedule should remain in effect for existing DG customers before 15 April 2015, but the SSVEC rebuttal indicates 20 years from the date the customer's solar system provided energy to the grid. I support the SSVEC's clarification of 20 years, as this is a reasonable timeframe based upon the warranty ranges of the currently installed solar generation components. In addition, the 20-year grandfathering period should be transferrable to all subsequent owners of the DG system up to the 20-year period end date. SSVEC DG customers made a long-term investment and they should get the return from the entire 20-year period.

b) SSVEC distributed a short/no reaction time notice to its members that close of business 14 April 2015 was the last date members could install or obtain a signed agreement that allowed them to remain under the current rules or tariff. I strongly recommend the ACC should rule that the cutoff date for the current SSVEC rules and tariff is not 14 April 2015, but at least the date the ACC announces its rate case decision or the future date when the ACC rate case decision rates take effect. This enhancement is supported by the principle that a utility should not be allowed to change the rules of the game with so little notice that those effected do not have any time to react in a meaningful way and without getting the prior approval of the ACC. I

believe this is especially true of electric cooperatives, such as SSVEC, where the members are the owners. In this case, I believe the ACC should not support the concept where a utility can change the rules (rate structure, etc.) before the ACC has made a considered decision on the utility's rate application. The ACC is charged with oversight of Arizona utilities and is responsible for approving rate changes, so no utility should be allowed to make or indicate that it can make any rate related changes before an ACC decision. Finally, the utilities know roughly how long it takes the ACC to decide a rate case, so why should a utility's customers be surprised and penalized for the lack of planning on the part of the utility?

3. I do not support the ACC staff recommendation to eliminate the banking of excess kWh and the elimination of the current SSVEC net-zero process. The ACC staff talked about the possibility of DG customers installing DG systems that produce far in excess of the DG customer's needs. I believe SSVEC has created a net-zero process that has precluded this from happening and could make further enhancements to ensure it does not happen in the future. In addition, I believe the net-zero system is easy to administer where the "true-up" occurs on an annual basis rather than a monthly basis.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Harder', with a long horizontal flourish extending to the right.

Jerry Harder
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Sierra Vista, AZ 85650