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SSVEC Rate Case Hearing Testimony of Ross B. Lampert

My name is Ross Lampert. I am a resident of Hereford and a customer and member of the Sulphur Springs Valley Electric Cooperative (SSVEC). I own a rooftop solar electricity (DG-solar) system but otherwise have no financial connection to the rooftop solar industry. I am representing a group of similar system owners.

I have read the entire contents of SSVEC's rate case filing, the ACC Staff's rebuttal testimony, and SSVEC's response to the staff. It is clear from these documents that this case, and the entire matter of setting fair and appropriate rates for electricity sold to residential customers and purchased from those having distributed generation systems is very complex. I am going to concentrate here on the rates SSVEC proposes to inflict on DG-system owners and those proposed by the ACC staff, and how SSVEC has treated DG-system owners in recent months.

First I need to establish some facts. In the 2014 test year, residential customers accounted for an average of about 80% of all of SSVEC's customer accounts but only 42% of the kilowatt-hours sold. Of those approximately 41,000 residential customers, DG-system owners accounted for just over 1,000, or about 2.5% and about 1% of all of the electricity sold monthly during that year. Today, if there are now about 1,250 DG-solar customers and about 41,000 residential customers, those percentages rise to only 3% of customers and 2% of energy sold. And yet, SSVEC lays the blame for its \$1.14 million under-collection on that tiny percentage of its customers.

SSVEC has argued—and the staff has agreed—that its \$10.25 a month service availability rate is far less than the over \$80 per month per residential customer their infrastructure costs to operate and maintain, so it would seem an increase in the service availability rate is justified. SSVEC proposes to raise this rate for all regular residential customers to \$25 per month. But for DG-solar customers, that rate would rise to a punitive \$50 a month, twice what other residential customers would be charged. However, nowhere in SSVEC's testimony is there any evidence that DG-solar customers use the co-op's infrastructure twice as much as regular residential customers do. Indeed it's possible that DG-solar customers use it slightly less, since there are times when they will draw all their electricity from their own solar panels.

Thus, this proposed \$50 rate—which was not removed from SSVEC's rebuttal testimony, even though they only show the first year of their proposed fee structure there—is unjustified and punitive.

SSVEC claims in its public pronouncements that their proposed rate hike would average only 3.7% for residential customers. Averages can hide ugly truths however. I have looked at a large number of individual example situations. I have provided those calculations on the last two pages of this testimony. In some cases, what I will call the monthly "base cost"—the cost of a given consumer's service availability rate plus their energy rate times their usage—actually goes down. In other cases, it goes up—significantly.

In the worst case, for a DG-solar user who purchase only 250kWh/month and installed their system before SSVEC's arbitrary April 15, 2015, cut-off date, their base cost would rise by over 85% while that same customer, without a DG-solar system, would see only a 21% rise. Under the rate proposal the ACC staff made, the greatest comparable increase is less than 25%.

This cut-off date also affects different DG-solar owners differently. While the access component of the energy charge assessed against the post-April 14, 2015, installers goes to zero, it remains at nearly 5 cents/kWh for the earlier installers. That is actually higher than the current charge. This is the primary reason why early-installers like me will fare so much worse under the co-op's plan, yet SSVEC has offered no justification for this difference.

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In almost every one of the many scenarios I tested, under SSVEC's proposal, the base costs for DG-solar customers shrink less or rise significantly more than they do for other residential customers. And in every case I tested, DG-solar customers who installed or reserved their systems before the cut-off date fare far worse than those who installed afterward. I show all of these calculations in the attached spreadsheets.

There is no apparent reason for the date SSVEC has proposed to distinguish among DG-solar customers—indeed, there is no reason why they should distinguish among us at all—and the proposal contradicts long-standing ACC policy against retroactive rate changes. Any rate change should only go into effect on or after the date the Commission makes its final decision, not at some time in the past when the affected rate-payers cannot react to such changes.

While claiming to be pro-solar, since this case began SSVEC has behaved badly toward its DG-system-owning customers. It has publicly attacked those of us who have installed DG systems. In its mailings to all members it has accused us of being thieves, saying we have used services we didn't pay for, even though, by its own data, which I referred to earlier, it is clear that no residential customer pays for all of their share of the co-op's service availability costs.

SSVEC has engaged in what feels to us like a bait-and-switch scheme. For many years—and still today—the co-op has encouraged its members to install rooftop solar systems, offering rebates to help reduce the cost of the installed system and payment for the electricity we provide to the grid. Now, all of a sudden, they propose to implement punitive service availability fees on the very people they have encouraged in the past and are still encouraging today to install such systems. I don't know whether such behavior meets the legal definition of "bait-and-switch" but I know what it feels like.

SSVEC has engaged in other deceptive practices. It has proposed a "grandfathering" arrangement for those of us who had installed or reserved systems by their arbitrary cut-off date. The proposal is less than it seems, however, since the grandfathering period starts at the date of installation. If someone installed a system 7 years ago, the effective length of the grandfathering period is 13 years. This fact was buried in their announcements and testimony, and many owners I've spoken with did not realize the truth. SSVEC has thus offered a "benefit" that such owners can only reap a part of, while the co-op gets 100% of the benefits that accrue to it.

In its rebuttal testimony, SSVEC makes a big issue of how it has revised its proposed rates for DG-solar owners, yet the only thing that has changed is the name of the rates. Their goal is still a punitive \$50/month service availability rate for those owners.

In sum, SSVEC has chosen to treat badly the very customers it encouraged to install DG-solar systems. It has attacked us in public and seeks the ACC's concurrence to engage in a "soak the rich" rate structure for which it has offered no legitimate justification. It blames us for a small financial loss it could have avoided simply by charging all residential customers a slightly higher service availability rate.

Finally, it's possible that we are not, in fact, SSVEC's target, but just collateral damage. If SSVEC's true intent is to drive the rooftop solar industry out of its service area, we are still the ones who will literally pay the price, not only in higher costs for our electricity but also in potential problems when no one is available to service our systems. We could be left with unusable equipment we paid thousands of dollars for because of SSVEC's fear of competition.

On behalf of the DG-solar owners I represent, and all others within SSVEC's service area, I urge the Commission to reject in total SSVEC's proposed residential rate structure. SSVEC proposes to punish us for not only doing what we think is right but what we thought they wanted us to do. That, combined with their behavior toward us, is wrong and it needs to be stopped.

**Rate Comparison: Current SSVEC Rates vs. Proposed Rates,
With Example Base Costs**

SSVEC original proposal

Rate Class	Phase ³	Charge Type	Power Supply	Metering	Meter Reading	Billing	Distribution Charges		Total Rate	900 kWh Total Monthly bill ⁴		763 kWh bill		500 kWh bill		250 kWh bill	
							Access	Subtotal		Monthly Payment	% from SSVEC (5) Phase 0 (6)	Monthly Payment	% from SSVEC Phase 0	Monthly Payment	% from SSVEC Phase 0	Monthly Payment	% from SSVEC Phase 0
Residential (R)	0	Svc Avail ¹		\$3.67	\$0.10	\$6.04	0.44	\$10.25	\$10.25	\$123.68							
		Energy ²	\$ 0.078634	\$4.57	\$0.49	\$6.16	\$3.78	\$0.047404	\$15.00	\$106.42							
	1	Svc Avail		\$4.57	\$0.49	\$6.16	\$3.78	\$0.047404	\$15.00	\$73.27							
	(p148)	Energy	\$ 0.071165	\$4.57	\$0.49	\$6.16	\$0.046353	\$0.117518	\$120.77	\$104.67	-1.6%	\$73.76	0.7%	\$44.38	6.3%		
Residential (R)	2	Svc Avail		\$4.57	\$0.49	\$6.16	\$6.78	\$18.00	\$119.57								
		Energy	\$ 0.071165	\$4.57	\$0.49	\$6.16	\$0.041693	\$0.112858	\$118.09	\$104.11	-2.2%	\$74.43	1.6%	\$46.21	10.7%		
	3	Svc Avail		\$4.57	\$0.49	\$6.16	\$10.78	\$22.00	\$118.09								
	(p246)	Energy	\$ 0.071165	\$4.57	\$0.49	\$6.16	\$0.035599	\$0.106764	\$118.09	\$103.46	-2.8%	\$75.38	2.9%	\$48.69	16.6%		
Residential with existing DG service on/before 4/14/2015 (R-DG E)	4	Svc Avail		\$3.67	\$0.10	\$6.04	0.44	\$10.25	\$10.25	\$116.83							
		Energy	\$ 0.078634	\$4.57	\$0.49	\$6.16	\$0.048603	\$0.119768	\$126.38	\$109.12	13.8%	\$75.97	18.7%	\$44.46	29.9%		
	1	Svc Avail		\$4.57	\$0.49	\$6.16	\$13.78	\$25.00	\$119.08								
	(p150)	Energy	\$ 0.071165	\$4.57	\$0.49	\$6.16	\$0.048603	\$0.119768	\$119.08	\$119.08	9.1%	\$87.58	28.4%	\$57.64	42.0%		
Residential with existing DG service on/before 4/15/2015 (R-DG E)	2	Svc Avail		\$4.57	\$0.49	\$6.16	\$21.78	\$33.00	\$127.08								
		Energy	\$ 0.071165	\$4.57	\$0.49	\$6.16	\$0.048603	\$0.119768	\$143.49	\$127.08	13.5%	\$95.58	25.8%	\$65.64	47.6%		
	3	Svc Avail		\$4.57	\$0.49	\$6.16	\$28.78	\$40.00	\$134.08								
	(p249)	Energy	\$ 0.071165	\$4.57	\$0.49	\$6.16	\$0.048603	\$0.119768	\$134.08	\$144.08	7.4%	\$112.58	48.2%	\$82.64	85.9%		
Residential with DG service on/after 4/15/2015 (R-DG)	4	Svc Avail		\$3.67	\$0.10	\$6.04	0.44	\$10.25	\$10.25	\$126.38							
		Energy	\$ 0.078634	\$4.57	\$0.49	\$6.16	\$0.047404	\$0.126038	\$126.38	\$109.12	12.2%	\$75.97	18.7%	\$44.46	29.9%		
	1	Svc Avail		\$4.57	\$0.49	\$6.16	\$13.78	\$25.00	\$119.08								
	(p152)	Energy	\$ 0.071165	\$4.57	\$0.49	\$6.16	\$0.036452	\$0.107617	\$124.56	\$109.81	7.2%	\$81.51	29.7%	\$54.60	42.0%		
Residential with DG service on/after 4/15/2015 (R-DG)	2	Svc Avail		\$4.57	\$0.49	\$6.16	\$21.78	\$33.00	\$127.08								
		Energy	\$ 0.071165	\$4.57	\$0.49	\$6.16	\$0.024302	\$0.095467	\$121.62	\$108.54	10.0%	\$83.43	34.0%	\$59.57	49.2%		
	3	Svc Avail		\$4.57	\$0.49	\$6.16	\$28.78	\$40.00	\$134.08								
	(p248)	Energy	\$ 0.071165	\$4.57	\$0.49	\$6.16	\$0.021251	\$0.083316	\$117.68	\$106.27	9.1%	\$84.36	30.5%	\$63.53	54.0%		
Residential with DG service on/after 4/15/2015 (R-DG)	4	Svc Avail		\$3.67	\$0.10	\$6.04	0.44	\$10.25	\$10.25	\$116.83							
	(p271)	Energy	\$ 0.071165	\$4.57	\$0.49	\$6.16	\$0.00	\$0.00	\$116.83	\$107.00	7.6%	\$88.28	16.2%	\$70.49	58.6%		

- Notes
- Page numbers (pnm) refer to the page in SSVEC's original rate case submission.
 - Service availability charge: \$ per customer per month. Fixed total charge.
 - Energy charge: \$ per kWh per month. Multiply this rate by the number of kWh used to get total charge.
 - Proposed phase start dates: 0: current rates. 1: 1 Jan 2017. 2: 1 Jan 2018. 3: 1 Jan 2019. 4: 1 Jan 2020.
 - Example monthly bill for customers with DG-solar systems installed calculated as follows:
[Service Availability Rate (flat fee)] + [Energy charge (variable fee)] * 900 kWh + Net metering surcharge (\$2.70).
DOES NOT include taxes, rebates, or other fees or surcharges. Regular residential example costs do not include the net metering surcharge.
 - 900 kWh is based on a 12-month average usage. March 2015 to February 2016. 763 kWh is the SSVEC-reported average residential customer's usage.
 - Percent change compared to the current rate (Phase 0) for this rate class.

Rate Comparison: Current SSVEC Rates vs. ACC Staff Proposed Rates,
With Example Monthly Base Costs

Rate Class		Phase ³	Change Type	Power Supply	Distribution Charges					Subtotal	Total Rate	900 kWh Total Monthly bill ⁴		763 kWh bill		500 kWh bill		250 kWh bill	
					Metering	Meter Reading	Billing	Access	Monthly Payment			% from SSVEC Phase 0	Monthly Payment	% from SSVEC Phase 0	Monthly Payment	% from SSVEC Phase 0	Monthly Payment	% from SSVEC Phase 0	
Residential (R)	0	SVC Avail ¹			\$3.67	\$0.10	\$6.04	\$0.44	\$10.25	\$10.25	\$123.68		\$106.42		\$73.27		\$41.76		
			Energy ²	\$0.078634				\$0.047404	\$0.047404	\$0.126038									
	1 (p38)	SVC Avail			\$4.57	\$0.49	\$6.16	\$7.03	\$18.25	\$18.25	\$120.00		\$103.04		\$74.78		\$46.51		\$46.51
			Energy	\$0.113053				\$0.113053	\$0.113053	\$0.113053									
2 (p38)	SVC Avail			\$4.57	\$0.49	\$6.16	\$15.78	\$27.00	\$27.00	\$27.00	\$117.03		\$102.02		\$77.01		\$52.01		\$52.01
		Energy	\$0.100028				\$0.100028	\$0.100028	\$0.100028										

These total monthly bills assume no income from excess energy generated by the DG system. Any income from excess energy generated might be used to reduce the total bill.