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ARIZONA CORPORATION COMMISSION

May 27, 2016

To: Docket Control

RE: Sulphur Springs Valley Electric Cooperative, Inc. – Customer Comments

Docket No. E-01575A-15-0312

Please docket the attached 7 customer comments OPPOSING the above filed case.

Customer comments can be reviewed in E-docket under the above docket number.

Filed by: Utilities Division – Consumer Services

Arizona Corporation Commission
DOCKETED

JUN 2 2016

DOCKETED BY *MC*

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

2016 JUN -2 P 1:14

RECEIVED

E-01575A-15-0312

**Arizona Corporation Commission
Utilities Complaint Form**

Investigator: Tom Davis **Phone:** <<< REDACTED >>> **Opinion Date:** 5/16/2016
Opinion Number: 2016 - 131583 **Priority:** Respond within 5 business days
Opinion Codes: Rate Case Items - Opposed **Closed Date:** 5/16/2016 12:12 PM

First Name: Jason **Last Name:** Zibart **Account Name:** Jason Zibart
Address: <<< REDACTED >>>
City: Benson **State:** AZ **Zip Code:** 85602

Company: Sulphur Springs Valley Electric Cooperative, Inc. **Division:** Electric

Nature Of Opinion

Docket Number: E-01575A-15-0312

Docket Position: Against

Dear Commissioner Arizona Corporation Commission,

I urge you to reject Sulphur Springs Valley Electric Cooperative's proposal in docket E-01575A-15-0312.

The proposed fixed fees for solar customers are the highest we have ever seen proposed in the state. Raising fees 286% is a punitive and arbitrary attempt to block solar adoption. If passed, the solar industry would be forced out of the territory, threatening solar jobs and eliminating energy choice for all members of the cooperative. Additionally, this excessive fee would render current solar savings in the territory mute, leaving homeowners upside down in their investment.

Attempting to collect lost revenue from your ratepayers who are elderly, on fixed incomes, or low-income is just bad business. A 143% increased fixed fee on the residential class is also detrimental to these residents as it is to the solar customers.

I urge you to reject this proposal. Please protect the interests of the cooperative's members. These drastic fee increases are not in our best interest.

Regards,

Jason Zibart

Investigation

Date: 5/16/2016 **Analyst:** Tom Davis **Submitted By:** Telephone **Type:** Investigation

Entered for the record and docketed. CLOSED

E-01575A-15-0312

Arizona Corporation Commission Utilities Complaint Form

Investigator: Michael Buck **Phone:** 602-364-1065 **Opinion Date:** 5/27/2016
Opinion Number: 2016 - 131889 **Priority:** Respond within 5 business days
Opinion Codes: Rate Case Items - Opposed **Closed Date:** 5/27/2016 8:44 AM

First Name: Petition **Last Name:** Petition **Account Name:** Petition Petition
Address:
City: **State:** **Zip Code:**

Company: Sulphur Springs Valley Electric Cooperative, Inc. **Division:** Electric

Nature Of Opinion

Docket Number: E-01575A-15-0312 **Docket Position:** Against

Received the following identical comments from 3 customers opposed to the proposed rate case -

Dear Commissioner Arizona Corporation Commission,

I urge you to reject Sulphur Springs Valley Electric Cooperative's proposal in docket E-01575A-15-0312.

The proposed fixed fees for solar customers are the highest we have ever seen proposed in the state. Raising fees 286% is a punitive and arbitrary attempt to block solar adoption. If passed, the solar industry would be forced out of the territory, threatening solar jobs and eliminating energy choice for all members of the cooperative. Additionally, this excessive fee would render current solar savings in the territory mute, leaving homeowners upside down in their investment.

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I urge you to reject this proposal. Please protect the interests of the cooperative's members. These drastic fee increases are not in our best interest.

Danial Fahncke

Jim Wisbey

Cheryle Ditton

Investigation			
Date:	Analyst:	Submitted By:	Type:
5/27/2016	Michael Buck	Telephone	Investigation

Entered for the record and docketed. Closed.

E-01575A-15-0312

Arizona Corporation Commission
Utilities Complaint Form

E-01575A-15-0312

**Arizona Corporation Commission
Utilities Complaint Form**

Investigator: Michael Buck **Phone:** <<< REDACTED >>> **Opinion Date:** 5/27/2016
Opinion Number: 2016 - 131888 **Priority:** Respond within 5 business days
Opinion Codes: Rate Case Items - Opposed **Closed Date:** 5/27/2016 8:30 AM

First Name: Andrew **Last Name:** Ybarra **Account Name:** Andrew Ybarra
Address: <<< REDACTED >>>
City: Benson **State:** AZ **Zip Code:** 85602
Email: <<< REDACTED >>>

Company: Sulphur Springs Valley Electric Cooperative, Inc. **Division:** Electric

Nature Of Opinion

Docket Number: E-01575A-15-0312 **Docket Position:** Against

Dear Commissioner Arizona Corporation Commission,

I urge you to reject Sulphur Springs Valley Electric Cooperative's proposal in docket E-01575A-15-0312.

The proposed fixed fees for solar customers are the highest we have ever seen proposed in the state. Raising fees 286% is a punitive and arbitrary attempt to block solar adoption. If passed, the solar industry would be forced out of the territory, threatening solar jobs and eliminating energy choice for all members of the cooperative. Additionally, this excessive fee would render current solar savings in the territory mute, leaving homeowners upside down in their investment.

Attempting to collect lost revenue from your ratepayers who are elderly, on fixed incomes, or low-income is just bad business. A 143% increased fixed fee on the residential class is also detrimental to these residents as it is to the solar customers.

I urge you to reject this proposal. Please protect the interests of the cooperative's members. These drastic fee increases are not in our best interest.

Regards,

Andrew Ybarra

<<< REDACTED >>>

Benson, AZ 85602

Investigation			
Date:	Analyst:	Submitted By:	Type:
5/27/2016	Michael Buck	Telephone	Investigation

Entered for the record and docketed. Closed.

E-01575A-15-0312

Arizona Corporation Commission Utilities Complaint Form

Investigator: Deborah Reagan **Phone:** <<< REDACTED >>> **Opinion Date:** 5/31/2016
Opinion Number: 2016 - 131912 **Priority:** Respond within 5 business days
Opinion Codes: Rate Case Items - Opposed **Closed Date:** 5/31/2016 12:26 PM

First Name: Lisa **Last Name:** S.B. **Account Name:** Lisa S.B.
Address: <<< REDACTED >>>
City: Benson **State:** AZ **Zip Code:** 85602

Company: Sulphur Springs Valley Electric Cooperative, Inc. **Division:** Electric

Nature Of Opinion

Docket Number: E-01575A-15-0312 **Docket Position:** Against

Dear Commissioner Arizona Corporation Commission,

IF this is true, Please....

I urge you to reject Sulphur Springs Valley Electric Cooperative's proposal in docket E-01575A-15-0312.

The proposed fixed fees for solar customers are the highest we have ever seen proposed in the state. Raising fees 286% is a punitive and arbitrary attempt to block solar adoption. If passed, the solar industry would be forced out of the territory, threatening solar jobs and eliminating energy choice for all members of the cooperative. Additionally, this excessive fee would render current solar savings in the territory mute, leaving homeowners upside down in their investment.

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I urge you to reject this proposal. Please protect the interests of the cooperative's members. These drastic fee increases are not in our best interest.

Regards,

Lisa S.B

Investigation

Date:	Analyst:	Submitted By:	Type:
5/31/2016	Deborah Reagan	Telephone	Investigation

Comments entered for the record and filed with Docket Control.

E-01575A-15-0312

Arizona Corporation Commission Utilities Complaint Form

Investigator: Deborah Reagan **Phone:** <<< REDACTED >>> **Opinion Date:** 5/31/2016
Opinion Number: 2016 - 131911 **Priority:** Respond within 5 business days
Opinion Codes: Rate Case Items - Opposed **Closed Date:** 5/31/2016 10:53 AM

First Name: Sandra **Last Name:** Bradfield **Account Name:** Sandra Bradfield
Address: <<< REDACTED >>>
City: Benson **State:** AZ **Zip Code:** 85602

Company: Sulphur Springs Valley Electric Cooperative, Inc. **Division:** Electric

Nature Of Opinion

Docket Number: E-01575A-15-0312 **Docket Position:** Against

Dear Commissioner Arizona Corporation Commission,

I urge you to reject Sulphur Springs Valley Electric Cooperative's proposal in docket E-01575A-15-0312.

The proposed fixed fees for solar customers are the highest we have ever seen proposed in the state. Raising fees 286% is a punitive and arbitrary attempt to block solar adoption. If passed, the solar industry would be forced out of the territory, threatening solar jobs and eliminating energy choice for all members of the cooperative. Additionally, this excessive fee would render current solar savings in the territory mute, leaving homeowners upside down in their investment.

Attempting to collect lost revenue from your ratepayers who are elderly, on fixed incomes, or low-income is just bad business. A 143% increased fixed fee on the residential class is also detrimental to these residents as it is to the solar customers.

I urge you to reject this proposal. Please protect the interests of the cooperative's members. These drastic fee increases are not in our best interest.

Regards,

Sandra Bradfield

Investigation			
Date:	Analyst:	Submitted By:	Type:
5/31/2016	Deborah Reagan	Telephone	Investigation

Comments entered for the record and filed with Docket Control.

**Arizona Corporation Commission
Utilities Complaint Form**

Investigator: Deborah Reagan **Phone:** <<< REDACTED >>> **Opinion Date:** 5/31/2016
Opinion Number: 2016 - 131910 **Priority:** Respond within 5 business days
Opinion Codes: Rate Case Items - Opposed **Closed Date:** 5/31/2016 10:50 AM

First Name: Carla **Last Name:** Simpson **Account Name:** Carla Simpson
Address: <<< REDACTED >>>
City: Sierra Vista **State:** AZ **Zip Code:** 85635

Company: Sulphur Springs Valley Electric Cooperative, Inc. **Division:** Electric

Nature Of Opinion

Docket Number: E-01575A-15-0312 **Docket Position:** Against

Dear Commissioner Arizona Corporation Commission,

I urge you to reject Sulphur Springs Valley Electric Cooperative's proposal in docket E-01575A-15-0312.

The proposed fixed fees for solar customers are the highest we have ever seen proposed in the state. Raising fees 286% is a punitive and arbitrary attempt to block solar adoption. If passed, the solar industry would be forced out of the territory, threatening solar jobs and eliminating energy choice for all members of the cooperative. Additionally, this excessive fee would render current solar savings in the territory mute, leaving homeowners upside down in their investment.

Attempting to collect lost revenue from your ratepayers who are elderly, on fixed incomes, or low-income is just bad business. A 143% increased fixed fee on the residential class is also detrimental to these residents as it is to the solar customers.

I urge you to reject this proposal. Please protect the interests of the cooperative's members. These drastic fee increases are not in our best interest.

Regards,
Carla Simpson

Investigation

Date: 5/31/2016 **Analyst:** Deborah Reagan **Submitted By:** Telephone **Type:** Investigation

Comments entered for the record and filed with Docket Control.

E-01575A-15-0312

Arizona Corporation Commission Utilities Complaint Form

Investigator: Michael Buck **Phone:** <<< REDACTED >>> **Opinion Date:** 5/26/2016
Opinion Number: 2016 - 131880 **Priority:** Respond within 5 business days
Opinion Codes: Rate Case Items - Opposed **Closed Date:** 5/26/2016 4:28 PM

First Name: Patricia Esser **Last Name:** Cooper **Account Name:** Patricia Esser and James F. Sr. Cooper
Address: <<< REDACTED >>>
City: Saint David **State:** AZ **Zip Code:** 85630
Cell: <<< REDACTED >>> **Email:** <<< REDACTED >>>

Company: Sulphur Springs Valley Electric Cooperative, Inc. **Division:** Electric

Nature Of Opinion

Docket Number: E-01575A-15-0312

Docket Position: Against

PART 1 OF 2 PARTS: We, members of Sulphur Springs Valley Electric Cooperative (SSVEC), are writing to protest the rate filing of SSVEC with the Arizona Corporation Commission (ACC). We ask that their petition be denied. Both the requested solar power rate structure and the new requested residential rate structures are untested, experimental, and out-of-place for a small rural electric cooperative in small, poor, rural Cochise County, Arizona. (The median household income in Cochise County is \$45,974. Some 18.7 percent of its people live in poverty.) It will create financial and other problems for the people here, many of whom are already on the edge. It will have impacts on more than on power costs, societal impacts that have not even been considered. In addition, higher cost power will make lower-cost housing more unattractive. The public interest will not be met and a public good and public necessity will be made unaffordable to many. In short, the goal of a regulatory system designed to meet the regulatory compact in a monopoly setting will have gone awry if SSVWC's filing is approved. Historically, the ACC has employed a light-handed regulatory policy when dealing with the rural electric cooperatives in Arizona. However, since SSVEC has left the regulatory ambit of the Rural Utilities Service (RUS) of the US Department of Agriculture and diminished its cooperative basis through other management actions, the ACC has an additional public policy rationale and a resulting legal responsibility to protect SSVEC's ratepayers through increased scrutiny of SSVEC's rates, operations, and finances. The Solar Rate: SSVEC has repeatedly detailed the harm inflicted on SSVEC and each member by the "tiny" percentage who have solar units on their homes. They have pitted cooperative member against member, neighbor against neighbor by a claim of an \$800 loss to serve each solar customer with backup power. That this "tiny percentage" is costing the rest of us "millions of dollars to subsidize them." This argument doesn't even meet a common sense maths test. Especially when the 2015 Annual Report indicates a 7.9 percent net margin and comprehensive income (profit) of \$7,686.473. More importantly, it does not meet the historic and guiding basic principle of a rural electric cooperative: to share the burdens and benefits among the members to provide reliable electric power to us all. Instead, it builds member resentment of other "free riding" members, an unheard of concept in the cooperative world. Such a self-serving concept never would have built SSVEC when it was founded as a result of the Rural Electrification Act of 1936 (REA), which provided federal loans, channeled through cooperative electric power companies, for the installation of electrical distribution systems to serve isolated rural areas of the United States. We do not have, and do not contemplate having solar power setup. Yet, just as hooking up a new member benefits us (and all other EC members) by adding to the system reliability, economy, and cost sharing, so does the addition of a solar power setup benefit all of us members. It reduces demand on the system (especially on hot sunny summer days), the need to purchase power, the need for power plants to be built. It reduces the "externality" costs which affect each of us, such as climate change, use of scarce water, ill effects on health from air pollution, use of other mineral resources, regional haze, need for transmission lines, and so on. We can recall a time when SSVEC promoted solar power and contracted a set price with its

Arizona Corporation Commission Utilities Complaint Form

customers. Recognizing the benefits to the system, SSVEC, in conjunction with then Arizona Electric Power Cooperative, offered to lease systems to members in remote areas for residential irrigation use. Solar then met the utility's obligation to serve without need to build additional lines. It helped to meet the ACC solar portfolio and obviated demand and the need for an increase in purchased power. Solar to those members, in turn, benefitted all SSVEC cooperative members. Presumably, for these same reasons, SSVEC further encouraged members to install solar over the years since, as adjuncts to their existing SSVEC hookups. They extolled the benefits of solar, provided advice about it, were helpful and encouraging. Critically, SSVEC offered a power buy back rate that made the systems affordable and a sensible choice. This, coupled with a state public policy to promote solar power in Arizona for environmental reasons which granted tax incentives, gave further impetus for residential solar installation. The public policy rationale for solar power remains. The benefits to all of us remain. What does not remain is SSVEC's profits. As profits have fallen, SSVEC's management has found an easy villain: the "tiny percentage" of solar customers on the system.

CONTINUED IN PART 2

Investigation

Date:	Analyst:	Submitted By:	Type:
5/26/2016	Michael Buck	Telephone	Investigation

PART 2 OF 3 PARTS: And, typically, SSVEC's management has again jumped on the latest bandwagon that comes by, a restructured solar rate as its salvation. This ignores the last 20 some years of SSVEC's management blunders as it has taken a small successful rural electric cooperative with a mission to serve its members and the community, and turned it into an IOU equivalent without the restraining hand of shareholders. This "solar rate structure" is just the latest "new, new thing" in the utility world for SSVEC to embrace, heedless of the effect on its members. Other "Rate Case" Considerations: SSVEC rid itself of the regulatory hand of the low interest Federal government lender Rural Utilities Service (RUS) with its financial, construction, and member services strictures and mortgaged itself to Wall Street bondholders through CoBank and CFC. Ostensibly, this was billed to save SSVEC money. Coincidentally, it came at a time when it was the first step for profitable electric cooperatives to go private, as some did then, and as was discussed by SSVEC's management. Then, wrongly forecasting a tremendous new customer base in 2005 and riding the deregulated generation trend, SSVEC reduced its "full requirements" relationship with AEPSCO, with its fixed power cost, seriously weakening that generation company's future along with that of its employees which are, ironically, SSVEC members. It capped its power needs with AEPSCO at "partial requirements" and played on the open market for purchased power. This necessitated new contracts (presumably some "take or pay") and hiring consultants, schedulers, dispatch, etc. costs previously included in AEPSCO's power rates, which SSVEC's members now needed to pay. The population did not increase as anticipated, however. Ten years later there were only 5,709 more people in the county. In 2014, Cochise County lost a larger percentage of its population, 1.7 percent, than any other county in the United States, a net loss of loss of 2,262 residents who moved elsewhere, who didn't buy electric power here. Yet the increased costs remained. In addition, SSVEC's line extension policy was drastically changed to an IOU model several years ago. Until then, SSVEC followed the REA founding principle of cooperative funding of basic costs of construction. Private utility companies, who supplied electric power to 90 percent of the nation's consumers in 1936, had argued that it was too expensive to string electric lines to isolated rural farmsteads with most farmers too poor to be able to afford electricity. In addition, the farmer was expected to advance to the private power company most or all of the costs of construction and such costs were, and still are, prohibitive for most farmers. SSVEC, through the REA stepped in. Nevertheless, there are still significant parts of the rural service area with no electric power, made even more unaffordable now. Many in the community blame SSVEC's current line extension policies for the dearth in single family residential building by individual lot owners in Cochise County and its resulting effects on the local economy. Others find it more than coincidental that once members had to pay for line extensions, SSVEC lost interest in supporting distributed generation through individual solar power installations. The changes proposed to SSVEC's line extension policies in this rate case would include the cost of any right of way needed for the line, which would then be considered a contribution in aid of construction (CIAC). This puts even more burden on an individual residential member, lessens the cooperative sharing of costs and would create large swaths of Cochise County inhospitable to the small parcel owner looking to site a manufactured home. Perhaps these CIAC requirements should be limited to the development of subdivisions as they are defined by Arizona law. This would, at least, more fairly apportion costs. It would also recognize SSVEC's benefit to its system from the potential increase in availability of power to others on the line extended to the individual residential member. Furthermore, last year SSVEC reduced member representation on its Board of Directors, decreasing their number and combining their geographic voting districts. Opponents of the plan charged that it made the long-serving directors "ballot proof" and took SSVEC even further from its REA cooperative roots, reducing individual member strength and increasing the probability of a management-captive Board. The Rate

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Case: The second piece in SSVEC's rate case is possibly the most far-reaching and deleterious to the members over the long term: the adoption of a significantly higher monthly service availability charge. This "new, new thing" in the utility industry is its attempt to capitalize on the cell phone pricing model: institute a higher monthly charge so the utility profits no matter the use or demand for its product. GO TO PART 3

Date:	Analyst:	Submitted By:	Type:
5/26/2016	Michael Buck	Telephone	Investigation

PART 3 OF 3 PARTS: This is proposed along with an increase the General Service Rate and Time of Use Rate; discontinuing the General Service RV Rate and Seasonal Power Service Rate; and changing certain miscellaneous service charges. All of this follows the customer gouging model of cable TV, cell phone and internet providers: Pay Even If You Don't Use or Need It. The ACC should see through this federal lobbyist and trade organizations model. It is unnecessary. It ignores such important electrical precepts as demand-side management, conservation, affordable pricing of a public good, fundamental fairness, and the regulatory compact. The model proposed is an investor owned utility, profit- first model. SSVEC is no longer member centered or member- first. It is no longer a rural electric cooperative. It has become just like APS or TEP. ACC should prohibit the use of this model by SSVEC. Especially in a rural, poor county. Especially as an untried experiment in an electric distribution-only utility totally dependent on purchased power.

Date:	Analyst:	Submitted By:	Type:
5/27/2016	Michael Buck	Telephone	Investigation

Entered into the record and docketed. Closed.
