

E-01575A-15-0312



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Investigator: Mary Mee Phone: <<< REDACTED >>> Opinion Date: 10/27/2016  
Opinion Number: 2016 - 135336 Priority: Respond within 5 business days  
Opinion Codes: Rate Case Items - Opposed Closed Date: 10/27/2016 11:01 AM  
Other - Net Metering

Arizona Corporation Commission

First Name: Ingeborg Last Name: Scheumann Account Name: Ingeborg Scheumann DOCKETED

Address: <<< REDACTED >>> OCT 27 2016

City: Sierra Vista State: AZ Zip Code: 85650 DOCKETED BY

Home: <<< REDACTED >>> Email: <<< REDACTED >>>

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

Nature Of Opinion

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

Dear Commissioners:

I am a member of the Sulphur Springs Valley Electric Cooperative (SSVEC) residing in Sierra Vista, AZ. I wish to express the following concerns and suggestions regarding the Cooperative's proposed changes to rate design and net metering:

1. In general, I believe the recommendations of Administrative Law Judge Belinda A. Martin are fair and reasonable. I strongly support the recommendation to hold the net metering and rate design portion of the docket for the Residential classes open for a

second phase of the proceeding to commence shortly after conclusion of the Value of Solar docket. This will allow the findings in that docket to be applied to SSVEC's net metering tariffs. Net metering is a critically important issue and has national attention.

Changes must be fully informed and carefully considered. I strongly disagree with SSVEC's proposal to establish a new net metering tariff and rate design now for Distributed Generation (DG) prior to the conclusion of the Value of Solar docket. I believe the

Commission will need to review that docket very carefully and consider it's far-reaching implications. There is no need to rush to judgment now for SSVEC's rate case. As stated by Judge Martin, it is anticipated that the Value of Solar docket will yield significant

new information about how DG solar should be compensated. Also, as pointed out by Staff, SSVEC's proposed tariff for DG-E customers may in fact be prohibited. It would certainly result in disproportionate rate increases. How is it justified that DG customers

would have higher total electric bills with solar than without it? That doesn't make sense. I strongly agree with the Judge's recommendation that in the interim, DG customers will be treated the same as non-DG customers under the various rate options.

2. The Commission should reject the requests filed by SSVEC on October 21, 2016 as they have already been fully considered and rejected by both Staff and Judge Martin. The document filed by Judge Martin reflects the Staff's assertion that SSVEC has not

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met its burden of proving that a separate residential DG rate class is in the public interest. Further, the SSVEC proposed residential DG rates would create an adverse solar market, i.e., rooftop solar would not be a commercially viable investment for SSVEC's

customers. The Judge's comments reiterated that SSVEC did not provide sufficient evidence to support creation of a separate residential DG customer class. I believe the Commission should support the Judge's recommendation and reject SSVEC's rehashing

of previously considered comments.

3. I strongly agree with and support the comments filed by the Energy Freedom Coalition of America (EFCA) on October 21, 2016. Please give them careful consideration. In my view, it is important to re-look the balance between the fixed and variable

(volumetric) charges as suggested by EFCA. It appears to me the fixed rate increases will create "sticker shock" and will harm consumers who are diligent about energy conservation and reducing their energy costs. Perhaps a modest increase in the volumetric

rate could replace the need to ratchet up the fixed rate by 143 percent. Also, allowing a utility to recoup more of its costs by raising the fixed rate would seem to negate any incentive for the utility to minimize costs going forward. But whatever the decision,

please consider a more gradual phase in of the ultimate rate increase. I also support EFCA's comments about grandfathering existing DG customers. The SSVEC's proposed rates do not truly grandfather existing DG customers and as pointed out by EFCA,

would in fact result in "grandfathered" DG customers paying higher rates than those DG customers who were not "grandfathered" under SSVEC's proposal.

In summary, I believe that consumers who have invested in rooftop solar energy (Distributed Generation) are making an important contribution to a sustainable, low cost energy mix for Arizona utilities. These consumers are using their own capital and do not

require additional transmission lines and utility infrastructure as is frequently the case with new utility scale solar farms. The rooftop solar contribution does not require diversion of large land areas for solar panels nor heavy use of groundwater that is required

for some utility scale wet-cooled solar technology. I urge the Commission to make their decisions with an eye toward keeping and sustaining a viable rooftop solar component for Arizona's existing and future energy mix. Thank you for your consideration.

Sincerely,

Inge Scheumann

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Investigation			
Date:	Analyst:	Submitted By:	Type:
10/27/2016	Mary Mee	Telephone	Investigation
Comments noted for the record and docketed. CLOSED			

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