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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

OCT 24 2016

DOCKETED BY P.A.

COMMISSIONERS

- DOUG LITTLE - CHAIRMAN
- BOB STUMP
- BOB BURNS
- TOM FORESE
- ANDY TOBIN

IN THE MATTER OF THE APPLICATION OF TUCSON ELECTRIC POWER COMPANY FOR APPROVAL OF ITS 2016 RENEWABLE ENERGY STANDARD IMPLEMENTATION PLAN.

DOCKET NO. E-01933A-15-0239

IN THE MATTER OF THE APPLICATION OF TUCSON ELECTRIC POWER COMPANY FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF THE PROPERTIES OF TUCSON ELECTRIC POWER COMPANY DEVOTED TO ITS OPERATIONS THROUGHOUT THE STATE OF ARIZONA AND FOR RELATED APPROVALS.

DOCKET NO. E-01933A-15-0322

POSTHEARING BRIEF OF BRUCE PLENK

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INTRODUCTION

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Bruce Plenk, an individual intervenor in this case, hereby submits this post-hearing brief on several selected issues. Failure to discuss any other issues in this brief should not be taken as agreement to any other parties’ position on those other issues. Many of the issues in this case are significant as to fundamental fairness to all ratepayers as well as critical to the development of additional solar resources in Arizona, which should be the fundamental underlying policy perspective in this matter. Such development will assist all Arizona residents in preserving the environment and responding to climate change and global warming. In addition, the expansion of affordable electric service to TEP’s low income customers must be a high priority as well.

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1 TEP's proposals in this matter are detrimental to the expansion of  
2 non-company owned solar, one essential element in Arizona's solar  
3 portfolio. They are also not helpful in providing necessary new ideas for  
4 affordable electric service to TEP's low income customers. TEP's customers  
5 deserve better.

6 **I The monthly residential service charge should remain at**  
7 **\$10.00**  
8

9 In this case, TEP has proposed a massive increase in the monthly  
10 customer charge for residential customers, initially proposing a 100%  
11 increase from \$10.00 to \$20.00. Over the course of filing rebuttal and  
12 rejoinder testimony and finally in testimony at the hearing, the Company has  
13 now restated its position as seeking a monthly service charge of \$15.00, but  
14 only if another of their proposals, changing the number of tiers for  
15 residential service from four to two is adopted. If more than two tiers are  
16 adopted, as urged by many parties, the Company wants the charge to go up  
17 to \$20, the original excessive proposal.<sup>1</sup>

18 Many witnesses criticized the huge increase in the customer charge,  
19 pointing out that such an increase violated the basic utility regulation  
20 principle of gradualism to an excessive degree. In addition, several witnesses

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<sup>1</sup> See testimony of Craig Jones, Tr. at 2623

1 including Baatz<sup>2</sup>, Schlegel<sup>3</sup>, and Zwick<sup>4</sup> proposed keeping the charge at  
2 \$10, despite their studies showing it should actually be lower. Others,  
3 including RUCO, suggested varying amounts, all lower than the company's  
4 \$15-20 proposal.<sup>5</sup>

5 The Company's reasoning for dramatically increasing the basic  
6 customer charge was clear: increase and stabilize revenue. In fact, Witness  
7 Baatz calculated that if the full \$20/month charge was adopted, TEP would  
8 be assured of a large additional amount of revenue, perhaps as much as \$43  
9 million, whether it sold any electricity or not.<sup>6</sup> As he put it, this would be  
10 good for the Company but not for the customer.

11 The problem with this approach, again as discussed by numerous  
12 witnesses, is that an increase in fixed charges is paired with a decrease in  
13 volumetric charges, which decreases the customer's ability to control their  
14 bill. This, along with the already approved rate increase, is the "double  
15 whammy" one witness reported. And the whammy is really more than  
16 doubled if other proposed charges are adopted, such as the meter charge for  
17 DG (distributed generation, aka solar) customers. Luckily, the Company,

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<sup>2</sup> Tr. at 498

<sup>3</sup> SWEEP-2 at 4

<sup>4</sup> ACAA-2 at 10; Tr. at 613

<sup>5</sup> RUCO-11 at 4-5

<sup>6</sup> Tr. at 495

1 following the Commission's Order in the UNSE case, has agreed to drop the  
2 last whammy, mandatory residential demand charges.<sup>7</sup>

3 Even without the demand charge, the large increase in the Basic  
4 Service (customer) Charge and the drop in volumetric rates serve as a  
5 disincentive to customers interested in adding solar or energy efficiency  
6 improvements to their home or business by extending the payback period.  
7 Even Company Witness Tilghman agreed with this concern.<sup>8</sup> Such a policy  
8 would result in fewer solar and energy efficiency installations in Arizona,  
9 contrary to the state's policy of encouraging conservation and the important  
10 concept of slowing climate change and improving our environment.

11 **II TEP's proposals for low income customers must be altered to**  
12 **truly assist these customers**

13 TEP has proposed several changes in existing policy to help low  
14 income customers meet their bills. These proposals have some valuable  
15 aspects but fall far short of what should be done to assist these customers. In  
16 addition, low income customers have historically been left out of TEP's  
17 solar offerings and should be included in some fashion. Finally, the proposed  
18 changes for all residential customers (increased basic service charge

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<sup>7</sup> However, these are still an issue for some commercial users who will be subject to such charges for the first time, including many schools, cities and county if TEP's proposal for such rate changes is adopted.

<sup>8</sup> Tr. at 683

1 especially) will have an especially negative effect on those least able to  
2 modulate their electric bills, despite best efforts.<sup>9</sup>

3 For the reasons set forth above and emphasized especially by ACCA  
4 Witness Zwick, low income customers would be the most affected by the  
5 50-100% proposed increase in the customer charge because this would  
6 increase their energy burden dramatically and would be regressive policy. In  
7 this, Witness Zwick agrees with SWEEP and RUCO.<sup>10</sup> She also agreed with  
8 other witnesses that such an increase would make it more difficult for low  
9 income customers to control and thus pay their bills and suggested that the  
10 charge remain at \$10.00.<sup>11</sup>

11 TEP has proposed changes in the Lifeline programs offered to low  
12 income customers. But the biggest problem remains the lack of participation:  
13 only about 20% of eligible customers now participate in this important and  
14 worthwhile program. Obviously, to make it effective, this participation rate  
15 must increase and the program modified to better utilize the funding  
16 available for the program, which should be increased in any event. The  
17 option suggested by Witness Zwick to increase enrollment seems almost  
18 obvious: automatic enrollment in TEP's Lifeline program when customers

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<sup>9</sup> See, e.g., Tr. at 502 (Baatz); Tr. at 567 (Schlegel)

<sup>10</sup> Tr. at 613; ACAA-2 at 10

<sup>11</sup> Tr. at 613

1 are certified for bill assistance through one of several local agencies.<sup>12</sup> If the  
2 customers need assistance with their bill, they are almost certainly qualified  
3 for the Lifeline program. Customers could, of course, decline to pay those  
4 lower rates after automatic enrollment, but that seems extremely unlikely.  
5 Since SRP has such a program in effect with few privacy or other  
6 concerns,<sup>13</sup> such a program should be ordered for TEP. Finally regarding  
7 Lifeline, the program should be tiered as Witness Zwick suggested, to assure  
8 the lowest rates are available for those most in need<sup>14</sup> and the overall funded  
9 increased.

10 No witness disputed the fact that few low income households have  
11 solar equipment or participate in TEP's community solar programs such as  
12 Bright Tucson Community Solar. TEP Witness Hutchens said he would  
13 support new programs to increase solar penetration among TEP's low  
14 income customers.<sup>15</sup> Such a program could include donating panels to low  
15 income customers, offering panels at a subsidized low cost, paying part of  
16 lease or loan payments for panels, or possibly creating separate programs for  
17 low income multifamily housing buildings. And a pilot program of this sort

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<sup>12</sup> Tr. at 617

<sup>13</sup> This automatic enrollment would likely actually reduce the administrative costs of the program for TEP since the other agency would handle the enrollment process.

<sup>14</sup> Tr. at 618

<sup>15</sup> Tr. at 292-3

1 might even include transferring some funds from the Lifeline budget to  
2 study direct solar support for low income customers,<sup>16</sup> an idea Company  
3 witnesses agreed would be worthwhile to study. Financing could also come  
4 from a small increase in the REST charge that would be earmarked for this  
5 purpose, from “end of year” net metering payments to DG customers or a  
6 variety of other sources. .

7       It is high time for a low income solar program to be instituted in TEP  
8 territory. MASH and SASH are successful California programs ordered by  
9 the CPUC to assure that low income utility customers can benefit from the  
10 installation of solar. These programs have been successful and were recently  
11 renewed.<sup>17</sup> Arizona has never had such a program but it is well within the  
12 authority of the Commission to order TEP to establish such a pilot, study its  
13 impacts on all customers and its effects particularly on low income TEP  
14 customers. Doing so in this case would be timely.

15       Such a program would help end the current system which, as  
16 Company Witness Tilghman testified “...tend[s]to benefit the upper, middle  
17 to upper income customers.”<sup>18</sup> Sharing the benefits of solar with low income  
18 customers could also be achieved by authorizing third party community

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<sup>16</sup> Tr. at 293 (Hutchens); Tr. at 684-5 (Tilghman)

<sup>17</sup> See, <http://www.lowincomesolar.org/models/multi-family-california/>

<sup>18</sup> Tr. at 684

1 solar programs only for (or with a designated portion for) low income  
2 customers or by earmarking a percentage of the Bright Solar Community  
3 Solar project, the RCS program or the proposed TORS program (if  
4 approved) for low income customers. These carve outs would be the easiest  
5 way to get solar to low income customers and should be started as soon as  
6 possible if the expanded RCS and/or TORS go forward and/or third party  
7 community solar programs are approved in this or a later proceeding.

8 **III TEP's residential rate tiers should be reduced from four to three,**  
9 **not two**

10 Another aspect of TEP's proposal that would hurt low users and only  
11 benefit high kWh users is the Company's proposal to eliminate the top two  
12 tiers of the residential class. I support the proposal of SWEEP/WRA Witness  
13 Baatz<sup>19</sup> and RUCO Witness Huber<sup>20</sup> to modify TEP's present residential rate  
14 design to include three tiers, eliminating the highest tier but rejecting TEP's  
15 proposal to go to a two tier design. This will encourage conservation and  
16 send the appropriate price signal to TEP customers.

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<sup>19</sup> Tr. at 499-500  
<sup>20</sup> RUCO-10 at 23-27

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**IV No fee should be imposed for meters for new solar customers**

Various parties have proposed a solar meter fee of up to \$8.62 per month for new solar customers .<sup>21</sup> This would supposedly cover the additional cost of installing a second meter at the home or business that had a photovoltaic system. Yet numerous witnesses testified that there was no need or value to the customer of having this second meter. Witness Koch, a solar installer, testified that his company routinely installed solar monitoring systems that customers could access via cell phone or otherwise and that his company monitors as well, but all of the information comes directly from the inverter and not from the second meter. In fact, solar customers are required by TEP to pay for the meter base installation and disconnect so that the TEP meter can be installed.<sup>22</sup> Yet Company Witness Jones described the use of the production meter as primarily for the Company to comply with REST rules and gather information for the LFCR<sup>23</sup>, neither of which is of specific benefit to the solar owner. Nonetheless, TEP wants them to pay for this meter.

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<sup>21</sup> For example Company Witness Jones proposed the \$8.62 figure (TEP-32 at 23-24). Vote Solar Witness Kobor proposed a \$2.00/month figure. (Tr. at 2129)  
<sup>22</sup> Tr. at 1789-91  
<sup>23</sup> Tr. at 2833-4



1 qualify for bill assistance should automatically be enrolled for Lifeline, the  
2 funding should be increased to at least \$3.5 million, and portions of TEP's  
3 Bright Solar Community Solar program, as well as portions of the proposed  
4 RCS and TORS programs, if approved, should be earmarked for low income  
5 customers. This will help these customers meet their electricity needs and  
6 bring them into the solar age.

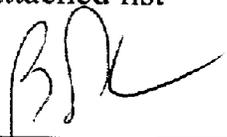
7 Respectfully submitted this 19<sup>th</sup> day of October, 2016.

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