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9 **BEFORE THE ARIZONA CORPORATION COMMISSION**

10 COMMISSIONERS

Arizona Corporation Commission

DOCKETED

11 **TOM FORESE, Chairman**
12 **BOB BURNS**
13 **ANDY TOBIN**
14 **BOYD DUNN**
15 **JUSTIN OLSEN**

MAR 21 2018

DOCKETED BY

16 IN THE MATTER OF THE FORMAL
17 COMPLAINT AGAINST ARIZONA
18 PUBLIC SERVICE COMPANY FILED
19 BY STACEY CHAMPION AND OTHER
20 ARIZONA PUBLIC SERVICE
21 COMPANY CUSTOMERS.

DOCKET NO. E-01345A-18-0002

**COMPLAINANT STACEY
CHAMPION'S RESPONSE TO
ARIZONA PUBLIC SERVICE
COMPANY'S PROCEDURAL AND
PROCESS RECOMMENDATIONS**

22 Complainant Stacey Champion, by and through counsel undersigned, responds to
23 Arizona Public Service Company's ("APS") Procedural and Process Recommendations
24 filed March 8, 2018. While APS is correct that the parties have not been able to agree on
25 a specific path forward for this proceeding, APS' filing misstates Ms. Champion's
26 claims.

Ms. Champion's Complaint does not at this time allege "that APS has violated
Decision No. 76295" nor does it "erroneously assert that Decision No. 76295 required an
average 4.54% bill impact for residential customers" as APS suggests.¹ Ms. Champion's

¹ APS' Procedural and Process Recommendations at 2:3-5 (emphasis added).

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1 Complaint, brought pursuant to A.R.S. § 40-246(A) and signed by more than 25
2 customers of APS, concerns the reasonableness of the rates and charges adopted in the
3 Settlement Agreement and approved by Decision No. 72579. As evidence that these rates
4 are not reasonable, Ms. Champion proposes to show that the actual average bill impact
5 experienced by residential customers under the rates approved by Decision No. 76295 is
6 significantly greater than the 4.54% projection.

7 Article 15, Section 3 of the Arizona Constitution empowers and requires the
8 Commission to set “just and reasonable rates.” Arizona courts “have consistently held
9 that ‘just and reasonable rates’ are those that are fair to both consumers and public
10 service corporations.” *Phelps Dodge Corp. v. Arizona Elec. Power Co-op., Inc.*, 207
11 Ariz. 95, 106, 83 P.3d 573, 584 (App. 2004). The Arizona Supreme Court has made it
12 clear that “[t]he effect of the rate upon persons to whom services are rendered is as deep
13 a concern in the fixing thereof as is the effect upon the stockholders or bondholders.”
14 *Arizona Cmty. Action Ass’n v. Arizona Corp. Comm’n*, 123 Ariz. 228, 231, 599 P.2d 184,
15 187 (1979) (quoting *Salt River Valley Canal Co. v. Nelssen*, 10 Ariz. 9, 13, 85 P. 117,
16 119 (1906)).

17 The estimated bill impact on APS’ residential customers was considered by the
18 Commission in making its determination that the Settlement rates approved in Decision
19 No. 76295 would be “just and reasonable.” According to the Settlement Agreement,
20 under the new rates “[r]esidential customers will have on average a 4.54 percent bill
21 impact.”² This indicates that the real-life bill impact of the new rates on actual residential
22 customers was expected to be close to the 4.54% estimated bill impact. In the
23 Commission’s August 16, 2017 press release announcing its Decision, the Commission
24 stated that “[t]he impact on the average residential bill is estimated to be a 4.54% increase
25 which equates to a \$6 monthly increase.”³ APS issued its own press release about the rate

26 ² Settlement Agreement Section 4 (page 8) (emphasis added).

³ Arizona Corporation Commission 08/16/2017 News Release, attached as Exhibit 1.

1 increase stating: "The revenue increase is the company's first base rate increase in five
2 years with the typical monthly residential bill increasing 4.5 percent, or about \$6 per
3 month."⁴ On APS' website, azenergyfuture.com, the rate case Summary for Residential
4 Customers states: "The monthly bill for a typical residential customer (using 1,035 kWh)
5 is projected to rise 4.5%, or about \$6."⁵ In speaking to the media, APS has also indicated
6 that this percentage was applicable prospectively. APS consumer advocate, Beth McFall,
7 told the Republic that even though APS had received complaints from customers that the
8 rate increase is greater than the 4.54% or \$6 that was advertised, the average increase
9 across residential consumers should be in line with the estimated bill impact; however,
10 she indicated that it was impossible to confirm this until the new rates have been in effect
11 for a year, stating: "We are very confident of those numbers."⁶

12 After the rates in the Settlement Agreement were approved by the Commission,
13 APS' residential customers expected to see an increase of approximately 4.54% on their
14 monthly bills compared to their bills from the prior month or from the same month the
15 previous year. Why? Because that is the comparison that APS provides to its customers
16 on their monthly bills.⁷ When APS' customers go to the company's website to use the
17 rate plan comparison tool to choose a new rate plan, that comparison is based on the
18 customer's historical usage over the previous twelve months.⁸

19 Conspicuously absent from APS' narrative to its residential customers about the
20 rate increase is the description of what the 4.54% "represents" that APS included in its

21 ⁴ APS' August 15, 2017 Press Release, attached as Exhibit 2.

22 ⁵ APS' Summary for Residential Customers, available at
23 <http://www.azenergyfuture.com/getmedia/c20a6ca6-7e3a-4327-a1ce-0cea35e8bd5d/Decision-Summary-for-Residential-Customers.pdf?ext=.pdf>, attached as Exhibit 3.

24 ⁶ Ryan Randazzo, [APS rate hike shocks customers; loophole could allow rate rehearings](#), The Republic, November 14, 2017, available at
25 <https://www.azcentral.com/story/money/business/energy/2017/11/14/aps-rate-hike-shocks-customers-loophole-could-allow-rate-rehearings/836271001/>, attached as Exhibit 4.

26 ⁷ See APS residential bill attached as Exhibit 5.

⁸ See printout of APS service plan comparison attached as Exhibit 6.

1 Procedural and Process Recommendations filed March 8, 2018.⁹ Ms. Champion is not
2 disputing how the 4.54% estimated residential bill impact was calculated. She is
3 disputing that the projection accurately predicted what the actual bill impact to residential
4 consumers would be. The effect of the rate increase upon APS' customers is equally
5 important as the effect on its shareholders in determining if those rates are "just and
6 reasonable." If the Commission concluded that the Settlement Agreement's rates are "just
7 and reasonable" based on an estimated residential bill impact that grossly understated the
8 actual impact on residential customer's bills (and possibly APS' revenue), then it calls
9 into question the reasonableness and justness of those rates.

10 The burden is on Ms. Champion to show that there is sufficient evidence to
11 warrant a full-scale rate hearing, not "that the rates approved by Decision No. 76295
12 produce more revenue when applied to the adjusted 2015 Test Year billing determinants
13 (kWh, kW, and customers) than authorized by that Decision."¹⁰ Ms. Champion needs
14 more time to conduct her preliminary analysis of the residential bills. Accordingly, she
15 cannot agree to APS' proposed schedule. Such a schedule might be acceptable if all the
16 dates are pushed out by 60 to 90 days. As for the November 2018 election, it is irrelevant
17 to this proceeding and APS' professed concern that it "risks distorting this process and
18 increasing customer confusion"¹¹ should not trump Ms. Champion's right to due process.

19 RESPECTFULLY SUBMITTED this 21st day of March, 2018.

20 WONG 和 CARTER P.C.

21
22 By: 

23 Adam L. Stafford

24 *Attorneys for Complainant Stacey Champion*

25 ⁹ APS' Procedural and Process Recommendations at 2:10-23.

26 ¹⁰ APS' Procedural and Process Recommendations at 3:6-8.

¹¹ APS' Procedural and Process Recommendations at 3:19-20.

1 ORIGINAL and thirteen (13) copies
2 of the foregoing filed this 21st day of
3 March, 2018, with:

4 Docket Control
5 ARIZONA CORPORATION COMMISSION
6 1200 W. Washington Street
7 Phoenix, Arizona 85007

8 COPY of the foregoing mailed/emailed
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EXHIBIT 1



ARIZONA CORPORATION COMMISSION
Powering Arizona's Future

(/)

News Release

For Immediate Release:08/16/2017

Media Contact | Angie Holdsworth

Direct | (602) 542-0844

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Commission Approves APS Rate Case Which Offers Rate Options, Low-income Assistance, and Incentivizes the Use of New Technology

PHOENIX — The Arizona Corporation Commission approved a rate application for the state's largest electricity provider with a 4 to 1 vote.

Arizona Public Service Company (APS) was originally seeking a \$165.9 million increase in its base revenue. The impact would have meant a 7.96% increase on the average customer's bill totaling an estimated \$11 increase per month. The Commissioners approved a much lower increase that was presented in the Recommended Opinion and Order which was based on settlement terms between APS and 29 of the 39 intervenors. The impact on the average residential bill is estimated to be a 4.54% increase which equates to a \$6 monthly increase. The new rates will take effect on August 19, 2017.

Commissioners introduced several amendments, most that passed unanimously, adding cost-saving options, exploring environmental innovations, and expanding technology initiatives.

"This is a great opportunity to thank the Commission Staff for their hard work on such a long and difficult proceeding," said Chairman Tom Forese. "The potential economic impact of the AG-X program for Arizona business, the \$1.25 million to assist customers struggling to pay bills, and the programs that help schools save on energy are decisions made today that will contribute to making Arizona a great place to raise a family and do business."

The approved APS application creates more rate design options including new Time of Use and demand rates which provide more options for current and new customers to manage their energy and save money. The company was ordered to create a comprehensive education campaign to help customers understand their choices and make decisions about what best benefits their family's needs. With new options in rate design, Commissioner Boyd Dunn introduced an amendment which orders APS to create an accelerated timeline for the roll out of its consumer education program.

"One major thing I wanted to focus on in one of my amendments was ensuring customers have enough time to try out the options that are out there," said Dunn. "I felt it was important, also, to extend the time where some current rate options will disappear."

Commissioner Andy Tobin added an amendment that requires APS to develop a program for water utilities that would result in a reduction of water loss, improved energy consumption, and reduction in peak demand.

Several Commissioner amendments focused on creating incentives for battery storage. Commissioner Doug Little's amendment creates a new, optional, storage-friendly rate for businesses and large utility users. Commissioner Tobin's amendment instructed APS to do a cost benefit analysis of getting storage when acquiring new resources and making a full comparison to current resources and technology.

"Energy storage is a valuable tool for electric utilities to comply with the states' energy policies," said Commissioner Tobin. "APS should explore these energy storage opportunities on a more regular and specific basis because of the potential of helping utilities manage demand while offering opportunities for new investment and consumer service options."

The decision also emphasizes gradualism in the step down from net-metering by grand-fathering current distributed generation customers. New solar export rates were determined by methodologies in the Value of Solar Decision. (<http://docket.images.azcc.gov/0000180669.pdf>)

(<http://docket.images.azcc.gov/0000180669.pdf>) Distributed Generation customers also have more options in rate design to help maximize their solar benefit. The new export rates will be implemented September 1, 2017. Customers who file for solar installation before August 31 will be grandfathered under net-metering.

Other key points include:

- APS will create a program to support AZ Sun with \$10-\$15 million yearly allocations to give low-income families and multi-family homes access and the opportunity to benefit from solar.
- APS will fund \$1.25 million annually to the crisis bill assistance program to help customers with overdue bills.
- APS will provide a discount energy rate for schools.
- Time of Use rates will change to 3 p.m. until 8 p.m., and new holiday off-peak days will be added.

Commissioner Bob Burns was the only dissenting vote. His office is issuing a separate statement.

Tuesday's proceedings will be archived on the Commission's website and can be viewed at www.azcc.gov (/). The docket can be viewed by going to eDocket. The docket number is E-01345A-16-0036.

Established by Article 15 of the state's constitution, the Arizona Corporation Commission is responsible for the regulation of public utilities and the oversight of incorporation or registration of companies wishing to do business in Arizona. Additionally, the Commission registers and oversees securities offerings and dealers, and enforces railroad and pipeline safety. The five commissioners who make up the Commission are elected by the people of Arizona for a four-year term, with the option of serving for two consecutive terms. To learn more about the Arizona Corporation Commission and its Commissioners, visit <http://azcc.gov> (<http://azcc.gov/>).

###

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EXHIBIT 2



news and press release archive

previous article | next article

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august 15, 2017

acc approves aps rate review agreement

customers to benefit from continued investment in reliability, clean energy, innovation

PHOENIX – The Arizona Corporation Commission today approved a comprehensive and broadly supported agreement to resolve Arizona Public Service's first rate review in five years. ACC Staff, the Residential Utility Consumer Office, limited-income advocates, private rooftop solar organizations and dozens of other stakeholders supported the consensus agreement, which encompasses a wide range of customer interests and shows what can be accomplished when people come together to resolve complex policy issues.

The ACC approved the previously established agreement with modifications, but the changes do not materially affect the overall economic terms of the agreement.

"Arizona's energy consumers are the clear winners here because this agreement enables investment in a smarter, cleaner energy infrastructure, gives customers more choice and control through new rate options, and continues Arizona's solar leadership," said **Don Brandt** (<http://www.pinnaclewest.com/about-us/leadership/donald-e-brandt/>), APS Chairman, President and CEO.

The agreement brings substantial benefits to Arizona while minimizing the impact on customer bills. Specifically, it allows for a 3.3 percent overall revenue increase, effective Aug. 19. The revenue increase is the company's first base rate increase in five years with the typical monthly residential bill increasing 4.5 percent, or about \$6 per month. The agreement also includes:

- A \$10 million to \$15 million per year investment in an AZ Sun II rooftop solar program in which limited- and moderate-income customers would receive a monthly credit to allow APS to install rooftop solar systems on their homes.
- A \$15 million refund of surplus energy efficiency program funds to customers;
- Increased program funding, annual crisis bill assistance and a simplified monthly bill discount for limited-income customers;
- Grandfathering for existing private solar customers; and
- Four new off-peak holidays, increasing the total number to 10.

"This allows us to continue investing in Arizona's future and continue making efficient, cost-effective investments while providing safe, reliable service for our customers," said Brandt. "It is a needed step in creating a long-term, sustainable energy policy for our customers and the state."

Specifically, resolution of the rate review allows APS to:

- Invest significantly over the next three years in upgrades and maintenance for the energy grid;
- Reduce emissions and water use through a \$500 million investment to modernize the Ocotillo Power Plant;
- Reduce emissions and comply with more stringent federal environmental standards through a \$400 million investment at the Four Corners Power Plant; and



“Arizona's energy consumers are the clear winners here because this agreement enables investment in a smarter, cleaner energy infrastructure, gives customers more choice and control through new rate options, and continues Arizona's solar leadership.”

– Don Brandt, APS
Chairman, President
and CEO

- Fund the continued development of innovative technologies such as battery storage, microgrids and advanced solar research.

The ACC's decision also builds on a previous Commission decision that aims to ensure private solar customers are fairly compensated when they produce excess electricity, while reducing the generous subsidies previously paid for by customers without rooftop solar. Future solar customers will be compensated for their excess electricity at a credit starting at 12.9 cents/kilowatt-hour.

What Happens Next?

The rate adjustment will take effect on Aug. 19. Customers do not need to take any immediate action. APS will communicate with customers starting in the fall about how they can pick a new rate plan. The new rate options include incentives for more efficient use of energy and additional opportunities to save money. Among the benefits of the rate plans:

- An updated time-of-use plan that will become the standard rate for future customers
- Two optional demand rate plans, plus a pilot demand rate for customers with certain types of technology at their homes, all of which would provide even more opportunities to save;
- Additional savings for customers with two more off-peak hours on weekdays (3 p.m. to 8 p.m. instead of noon to 7 p.m.) and four more off-peak holidays; and
- A plan that includes a super off-peak period of 10 a.m. to 3 p.m. weekdays in winter to encourage customers to use more electricity at midday when solar production is abundant and demand is low.

For business customers, the agreement:

- Establishes a special discount rate for public schools;
- Caps the net impact bill increase for military installations;
- Offers a new economic development rate option to encourage businesses to relocate or expand, along with a rural municipal economic development rate;
- Creates a new rate to attract highly efficient customers, such as data centers, that need affordable, highly reliable electricity;
- Provides an aggregation rate that lowers energy costs for qualifying chain accounts such as grocery stores; and
- Improves time-of-use options to work better with the operating schedules of many businesses.

APS will not file another request for a comprehensive review of its rates before June 1, 2019, meaning three years between rate reviews.

"Our entire rate review has been open, collaborative and inclusive of a broad range of customer classes and stakeholders," said Brandt. "Nearly 15 months after we filed our initial proposal, we have a resolution that benefits our customers and positions Arizona as a leader in smart energy policy."

APS serves about 2.7 million people in 11 of Arizona's 15 counties, and is the Southwest's foremost producer of clean, safe and reliable electricity. Using a balanced energy mix that is nearly 50 percent carbon-free, APS has one of the country's cleanest energy portfolios, including both Palo Verde Generating Station and renewable energy. The company is also a proven leader in introducing technology and services that offer customers choice and control over their energy consumption. With headquarters in Phoenix, APS is the principal subsidiary of **Pinnacle West Capital Corp.** (<http://www.pinnaclewest.com/>) (NYSE: PNW).

EXHIBIT 3

Rate review decision highlights for residential customers

The Arizona Corporation Commission (ACC) has approved a decision in our first rate review in five years. The decision enables our customers to benefit from more choice and control through new rate options, investment in a cleaner, smarter energy infrastructure and continued solar leadership for Arizona. This is a needed step in creating a long-term, sustainable energy policy for our customers and Arizona.



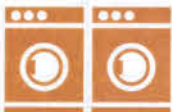
A cleaner energy mix

- Investment in the Ocotillo Modernization Project for a cleaner, more efficient plant
- Added investment to reduce emissions at Four Corners Power Plant
- Continue industry-leading performance at Palo Verde Nuclear Generating Station, which produces 80% of Arizona's carbon-free electricity



A reliable power grid that encourages innovation

- Invest significantly in upgrades and maintenance for stronger, smarter infrastructure
- Spend \$10 million to \$15 million annually in the AZ Sun II rooftop solar program, which expands rooftop solar access for limited- and moderate-income customers
- Fund the continued development and deployment of advanced technologies such as battery storage, microgrids and advanced solar research
- Implement an advanced energy management system, plus hundreds of smaller projects to enhance safety, efficiency and customer value



More customer control of their energy costs

- An updated time-of-use (TOU) rate plan with fewer on-peak hours, four more off-peak holidays and a super off-peak period in winter
- Two optional TOU plans with peak-hour usage, plus a pilot program that supports home energy technologies
- Refund \$15 million of surplus energy efficiency program funds to customers



Safeguards for select customer groups

- Increased funding for limited-income customer programs, including crisis bill assistance
- A simple rate option for customers who use less energy
- Grandfathering for existing private solar customers

The Details

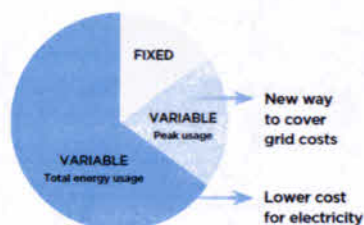
Updated rate plans

The agreement includes rate options that create more choices for customers to control their energy costs. Among the options:

- An updated TOU plan that includes a winter super off-peak period of 10 a.m.–3 p.m. to encourage energy use at midday, when solar production is abundant
- Two optional TOU plans with peak-hour usage and a pilot program that supports home energy technologies, all of which provide customers more opportunities to save
- An extra-small rate for customers who use less than 600 kilowatt-hours monthly

OTHER WAYS TO SAVE

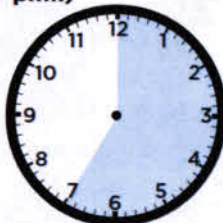
- **Shift** the use of appliances to off-peak hours
- **Stagger** the use of major appliances during on-peak hours
- **Save** on your overall usage



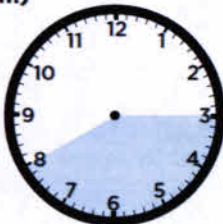
Reduced and realigned on-peak hours

Customers can save with two additional off-peak (lower cost) hours each weekday and later on-peak hours. This more accurately reflects when customers' peak usage and energy costs are highest.

Current on-peak hours (noon–7 p.m.)



New on-peak hours (3–8 p.m.)



Added holidays with off-peak pricing

Customers on TOU plans now have 10 off-peak holidays when they can save all day. The new holidays are:

- Martin Luther King Jr. Day
- Presidents Day
- Cesar Chavez Day
- Veterans Day

Grandfathering for solar customers

Existing private rooftop solar customers would be grandfathered for 20 years under the rules in place at the time of their interconnection. The rules stay with the property even if the customer moves.

New private solar customers would be grandfathered under current rules if we receive their completed application by Aug. 31 and the system is installed by Feb 27, 2018.

Options for future solar customers

Future private solar customers choose from up to four rate options, including a TOU rate plan with a grid access charge and two TOU plans with a peak-hour usage charge and without a grid access charge.

The credit future solar customers receive for excess energy sent to the grid would start at 12.9 cents per kilowatt-hour.

Bill Impact

The monthly bill for a typical residential customer (using 1,035 kWh) is projected to rise 4.5%, or about \$6.

What's Next

The rate adjustment takes effect on Aug. 19. No immediate action is needed. Current customers have the option to choose a new plan for which they are eligible. New customers and current customers who move after Aug. 19 will choose their plan from among the new options.

We will support customers through the transition period to help them choose a plan that best fits their energy needs.

APS will not request another general rate review before June 1, 2019, which will be three years between filings.

EXHIBIT 4

APS rate hike shocks customers; loophole could allow rate rehearings

Ryan Randazzo, The Republic | azcentral.com Published 5:00 a.m. MT Nov. 14, 2017 | Updated 7:18 a.m. MT Nov. 14, 2017



(Photo: David Wallace/The Republic)

Arizona Public Service Co. customers are reporting much higher bills than expected after the state's utility regulators allowed the company to raise rates in mid-August.

APS had projected that the average residential bill would increase approximately \$6 a month, or 4.5 percent. But some customers are saying their bills increased significantly more than \$6.

"This is literally taking food directly out of my mouth," Phoenix customer Ron Gedding wrote to the regulators after getting his first new bill. "This is absolutely the worst robbery of my money I have ever seen ... I will now be going hungry in order to make APS a little richer."

Gedding said his September bill was \$50 more than August, even though he used less electricity. That jump nearly doubled his monthly expense, he said.

Gedding is on the E-3 rate plan for low-income customers, where qualified residents can get a 25 percent discount on their bill. Before the rate increase, customers on that plan could qualify for as much as a 65 percent discount if they used very little electricity.

An APS representative says the higher bills likely are the result of higher temperatures over the summer, expressing confidence in the utility's projections on the impact on customers. And the company's new rate plans may help lower bills once customers switch over, officials said.

MORE: [Phoenix's heat killed more people in 2016 than ever before \(/story/news/local/arizona-environment/2017/10/19/human-cost-heat-those-who-paid-record-year-deaths-metro-phoenix/646194001/\)](http://story/news/local/arizona-environment/2017/10/19/human-cost-heat-those-who-paid-record-year-deaths-metro-phoenix/646194001/)

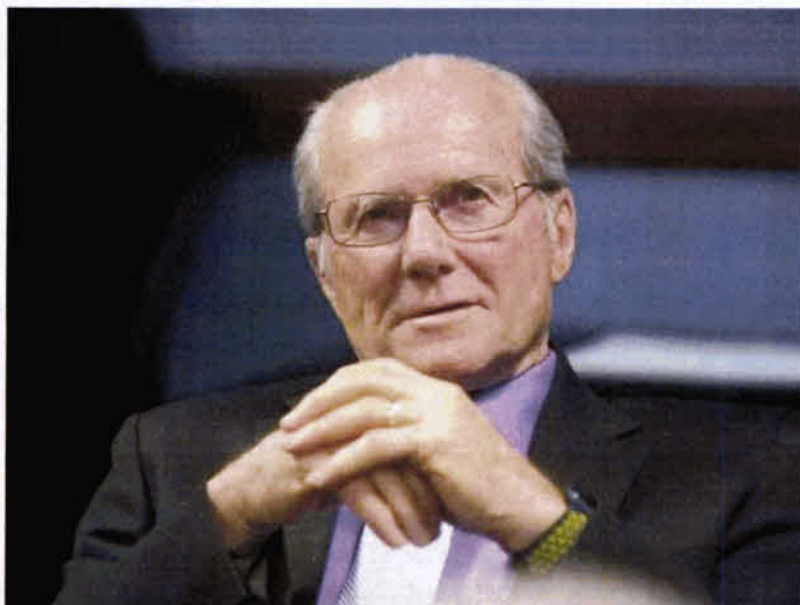
But a provision in state law could allow those who think the hike is inappropriate to ask the commission for a rehearing on the increase.

One Arizona Corporation Commission member and one intervenor to the APS case already have asked for a rehearing because they opposed the price hike, and customers can do the same.

The debate over higher bills renews questions about the rate-approval, which was completed in a hearing in which regulators did not challenge the company's core financial assumptions or demand meaningful changes before approving it on a 4-1 vote.

Robert Burns, the only Corporation Commissioner to oppose the increase, asked for the rehearing. He also [continues to battle APS in court \(/story/opinion/op-ed/laurieroberts/2017/08/23/roberts-arizona-supreme-court-asked-void-aps-rate-hike/595418001/\)](http://story/opinion/op-ed/laurieroberts/2017/08/23/roberts-arizona-supreme-court-asked-void-aps-rate-hike/595418001/) over the company's spending on political issues.

Burns said the most recent vote didn't get enough scrutiny and that the commissioners could have reduced the increase or made other changes had they wanted to stand up to APS.



Arizona Corporation Commissioner Robert Burns filed a petition Sunday with the Arizona high court saying the recent vote by the commission to grant APS a \$95 million annual rate hike was unconstitutional. (Photo: David Wallace/The Republic)

MORE: [Roberts: Arizona regulator sues to erase APS rate hike \(/story/opinion/op-ed/laurieroberts/2017/08/23/roberts-arizona-supreme-court-asked-void-aps-rate-hike/595418001/\)](#)

First bill a shock

For many customers, their bill received in early October for September usage was the first full month under the new prices.

APS' estimate for a \$6 increase is based on the average monthly bill for all residential customers across all rate plans and includes large homes and apartments. It also is averaged over the year. APS says the average residential customers use about 1,100 kilowatt-hours of electricity a month.

So a big house that uses more than the average amount of electricity will see a larger increase, and the increase in summer months will be even more still when compared with winter.

Beth McFall, a consumer advocate for APS, said that despite complaints that the increase is more than advertised, the average increase across the more than 1 million customers should be \$6 a month. Until the rates have been in place a year, it is not possible to determine whether the average is true to that figure.

"We are very confident of those numbers," McFall said.

She said the company has gotten a large number of high-bill complaints going back to June before the rates changed because the summer was so hot.

"Hotter weather has caused higher bills," she said. "I would say for really the entire summer, before the rates going into effect, we received more calls than typical."

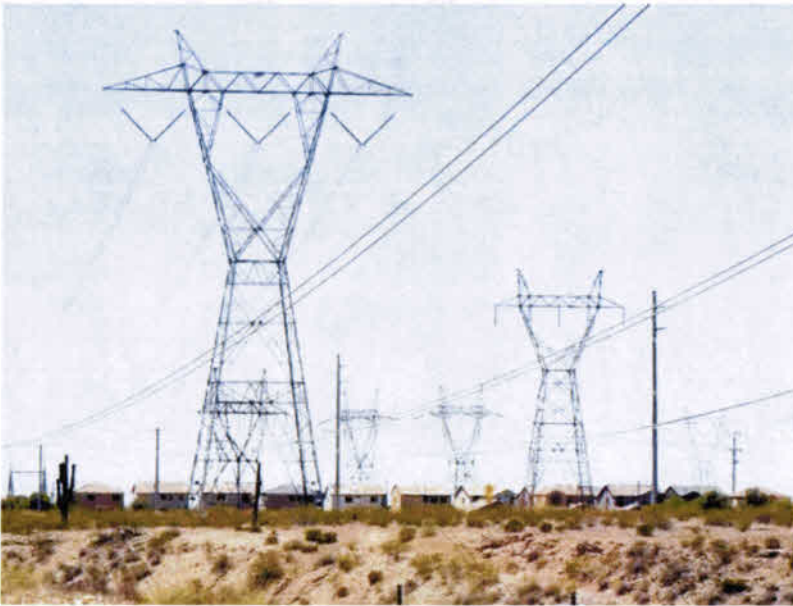
She said that customers might believe they are not using more electricity because, for example, they might keep their thermostat set at 83, as usual. But if the weather is hotter, it requires more work from their air-conditioner to maintain that 83 degrees indoors.

Cave Creek APS customer Réal Bernier was able to reduce his electricity usage this September compared with last year. But the more than \$400 bill he got Oct. 4 was a shock nonetheless.

His cost per day for electricity was \$14.94 compared with \$12.40 a year ago, despite APS reporting the average temperature was 83 in both months and despite his lower usage.

Bernier is frustrated the increase is more than the \$6 APS advertised and is also upset the Corporation Commission did not do more to mitigate the rate hike (/story/money/business/energy/2017/08/12/aps-rate-hike-vote/556396001/).

"Weren't they supposed to represent the citizens?" he said. "This is no longer a commission. This is a gang."



Arizona Public Service Co. customers are reporting much higher bills than expected. An APS representative says the higher bills likely are the result of higher temperatures over the summer. (Photo: Deirdre Hamill/The Republic)

MORE: [Roberts: Can Arizona's utility regulators look any worse? You bet \(/story/opinion/op-ed/laurieroberts/2017/08/07/can-arizonas-utility-regulators-look-any-worse-why-yes-they-can/547097001/\)](https://www.azcentral.com/story/opinion/op-ed/laurieroberts/2017/08/07/can-arizonas-utility-regulators-look-any-worse-why-yes-they-can/547097001/)

Two-step increase

APS is implementing the new rates in two steps. First, the current rate plans increased in price Aug. 19. Next, customers need to choose a new rate plan, as all current choices are being replaced. The new plans have significant changes in the basic service fee and the cost of each kilowatt-hour of electricity.

Customers who choose time-of-use plans or plans with demand rates get a break on their basic service fees as a way to encourage them to sign up for one of those plans. The higher rates charged during peak hours on those time-sensitive plans then encourages customers to reduce demand on the power grid during the peak, APS officials said.

APS will move existing customers to the new plans in phases through May, or they can call and choose to get on one of the new plans before that.

Time-of-use rate plans, which charge higher rates for on-peak usage, now will have new peak hours, 3 p.m. to 8 p.m. during summer. That is fewer hours than the noon to 7 p.m. peak hours on the old plans but also could compel customers to delay tasks such as laundry later in the evening.

APS officials said that once on the new plans, customers who have seen a big rate increase since October might see their bills go down as they adjust to the new offerings and peak hours.

"I believe customers can see a savings by switching over to a new rate plan," McFall said.

"We have had some existing customers change over to the new rates," she said. "The new rates are giving customers the ultimate control over their energy usage."

But most customers are not yet on the new rate schedules, except people who are new APS customers since Aug. 19.

APS officials report that while all business customers are now on the new rates, more than 1 million residential customers still need to choose a new rate plan. The company has been advertising the new plans broadly and will send customers a personalized letter this month explaining the choice for them.

McFall suggested customers log onto their accounts at APS.com and review what suggestions the utility has for saving on bills.

"It is so critical for them to educate themselves on how they use energy," McFall said. "It really is an asset to them if they understand how they use energy."

How a rehearing can happen

Burns was the only Corporation Commissioner to oppose the increase, and he continues to battle APS in court over the company's spending on political issues, which Burns said should be disclosed to customers.

He filed for a rehearing in the rate case as well. So did Sedona resident Warren Woodward, a vocal critic of the commission who has forced changes in APS' fees for certain customers in the past.

"Some of the letters I've seen, they say the usage has gone down in addition to rates going up," Burns said. "So that wouldn't go with the weather argument (from APS)."

A provision in state law could force the commissioners to at least consider whether a rehearing is appropriate.

Arizona Revised Statute 40-246 allows customers to petition the Corporation Commission if they believe a utility is violating a commission order. If at least 25 utility customers sign on to a complaint, it would automatically trigger legal proceedings at the commission in which APS would be required to respond to the complaint and an administrative-law judge would be assigned to the case.

That hasn't happened yet, though. Customers who have written the commission have only complained about the prices, not asked for a rehearing or accused APS of violating the order by charging more than what commissioners approved.

"A collection of written grievances filed in the docket by ratepayers does not usually qualify as a complaint under ARS 40-246 — nor would that trigger an automatic rehearing," Commission Communication Director Holly Ward said. "The rule contemplates a formal pleading filed with the Commission naming the public service corporation and setting forth the specific allegations. And with that pleading, the filer would have to attach the 25 signatures."

It's unlikely the commissioners who approved the rate hike would come to different conclusions even if they reheard the case. Commission Chairman Tom Forese and those who voted with him on the increase, Andy Tobin, Boyd Dunn and now-departed commissioner Doug Little, issued a news release praising the agreement after they approved it.

The commissioners' decisions on the rate case "will contribute to making Arizona a great place to raise a family and do business," Forese said in the news release.



Arizona Revised Statute 40-246 allows customers to petition the Corporation Commission if they believe a utility is violating a commission order. If at least 25 utility customers sign on to a complaint, it would automatically trigger legal proceedings. (Photo: Tom Tingle/The Republic)

MORE: [APS customers who refuse to use 'smart meters' now will be charged \\$5 a month \(/story/money/business/energy/2017/09/12/aps-customers-who-refuse-use-smart-meters-now-charged-5-month/658552001/\)](https://story.money/business/energy/2017/09/12/aps-customers-who-refuse-use-smart-meters-now-charged-5-month/658552001/)

Few questions at final rate hearing

Burns questioned the settlement. APS first asked for a hike averaging \$11 a month on residential customers, and the commission staff and state consumer advocate at the Residential Utility Consumer Office initially said the company shouldn't get any increase.

Then APS met with the commission staff, RUCO and dozens of other parties in the case, including consumer advocates, renewable-energy interests and AARP. About 30 of the 40 parties in the case settled on the \$6 a month hike that was presented to the commissioners and approved.

Burns said it appears APS intentionally asks for more than it needs to begin settlement negotiations from an artificially high level of increase.

Other than Burns, the commissioners had few questions when they approved the deal during a meeting Aug. 15.

Commissioners had no questions for APS that day regarding how customer bills would be affected in different seasons or on different rate plans.

Forese did question some of those who attended the meeting opposing the rate increase, including Doug Bland, a pastor at Community Christian Church in Tempe. Forese wanted to know if Bland was familiar with efforts to assist places of worship.

Bland said he was, and he complained that demand charges from APS always cost the church most during its events for homeless people. Forese moved on.

The commissioners only made minor amendments to the rate increase not related to the impact on customer bills. They targeted issues such as the effective date of the hike and programs they would like to see in the future, such as bioenergy and battery storage.

When Dunn proposed an amendment to lower basic-service fees on small homes and transfer that bill impact to larger homes, APS protested and the commissioners backed off making any changes.

"This agreement has 29 corners and we don't pull a corner without having it impact the other points, which is fine," Forese said to Dunn before the latter withdrew his amendment apologetically.

Forese said he was frustrated with not being able to make changes to the rate settlement without possibly upsetting the entire agreement.

"My concerns here don't necessarily matter, but I don't know that I like the way these agreements are made," Forese said during the hearing.

Commissioners didn't even discuss a suggestion from Burns that APS not be allowed to ask for another increase for three years, rather than the two agreed upon in the settlement.

The decision came quickly. The meeting that day started at 8 a.m. and the final vote was done at 2:22 p.m.

The last time the commission voted on an APS rate hike was May 2012, before any current commissioners were in office. That meeting started at 10 a.m. and ran to almost 5 p.m., and in the end, commissioners allowed no increase in base rates. APS also wasn't allowed to seek another increase until 2016, when it applied for the increase approved in August (<http://APS%20electricity%20bills%20going%20up%20as%20rate%20increase%20is%20approved>).

A 2009 APS increase passed the commission on a 4-1 vote. Regulators added more than a dozen amendments to that settlement and didn't take a final vote until after 8 p.m. following multiple meetings held over two weeks. Commissioners that year asked detailed questions regarding how the hike would affect customers on different rate plans.

Before that, APS was approved in December 2008 for a rate hike after two full days of meetings that ran to almost 6 p.m. that included several tough questions for APS executives.

"I don't want this commission to look like the lottery redemption center," Commissioner Jeff Hatch-Miller told APS officials during that 2008 hearing.

Commissioner Mike Gleason that year voted against the increase and called APS' argument for the increase a "scare tactic."

Burns said the most recent vote didn't get enough scrutiny from the other commissioners, who he said could have reduced the increase or made other changes.

"How many of those folks (that signed the settlement) would have been happy with a different settlement?" Burns said.

But without two other votes on the commission, the increase will not be reconsidered, Burns said.

"I don't know how many letters it will take to shake things loose at the commission," he said.

READ MORE:

[Fullscreen](#)

Keeping power flowing to Arizona electric customers

[APS proposes free thermostats in exchange for control of your AC \(/story/money/business/energy/2017/09/15/aps-proposes-free-thermostats-exchange-control-your-ac-energy/664511001/\)](#)

[APS electricity bills going up as rate increase is approved \(/story/money/business/energy/2017/08/15/aps-electricity-bills-going-up-rate-increase-approved/565388001/\)](#)

[10 things to know about APS' rate hike \(/story/money/business/energy/2017/07/07/aps-rate-case-10-things-know-ahead-arizona-regulators-vote/452362001/\)](#)

[APS: Power outage affecting more than 4K customers in downtown Phoenix \(/story/news/local/phoenix-breaking/2017/11/13/aps-power-outage-downtown-phoenix/858594001/\)](#)

Read or Share this story: <http://azc.cc/2AFDnrx>

EXHIBIT 5

Your electricity bill
February 19, 2018

Service plan: Time Adv 9pm-9am

Your account number

Meter number:

Meter reading cycle:

Charges for electricity services

Cost of electricity you used

Customer account charge	\$7.70
Delivery service charge	\$29.54
Environmental benefits surcharge	\$5.21
System benefits charge	\$2.62
Power supply adjustment*	\$4.33
Metering*	\$6.02
Meter reading*	\$2.02
Billing*	\$2.27
Generation of electricity on-peak*	\$39.26
Generation of electricity off-peak*	\$12.04
Federal transmission and ancillary services*	\$10.41
Federal transmission cost adjustment*	\$3.10
LFCR adjustor	\$2.86
Cost of electricity you used	\$127.38

Taxes and fees

Regulatory assessment	\$0.35
State sales tax	\$7.30
County sales tax	\$0.91
City sales tax	\$2.87
Franchise fee	\$2.55
Cost of electricity with taxes and fees	\$141.36

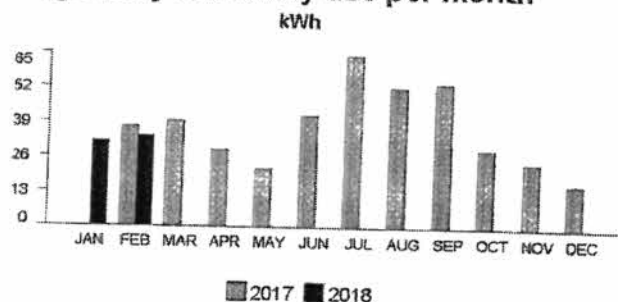
Total charges for electricity services **\$141.36**

* These services are currently provided by APS but may be provided by a competitive supplier.

Amount of electricity you used

Meter reading on Feb 19	98111
Meter reading on Jan 22	97162
Total electricity you used, in kWh	949
On-peak meter reading on Feb 19	25805
On-peak meter reading on Jan 22	25486
On-peak electricity you used, in kWh (9 am to 9 pm Monday to Friday)	319
Off-peak electricity you used, in kWh (9 pm to 9 am weekdays and all day Saturday and Sunday)	630

Average daily electricity use per month



Comparing your monthly use

	This month	Last month	This month last year
Billing days	28	33	27
Average outdoor temperature	60°	59°	59°
Your total use in kWh	949	1050	1012
Percentage of on-peak use	34%	31%	36%
Your average daily cost	\$5.05	\$4.51	\$4.87

EXHIBIT 6



service plan compare

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IMPORTANT: This plan comparison is calculated based on your historical energy usage, including your usage during our **previous** on-peak time-of-use hours of noon to 7pm, weekdays. The cost estimates **do not assume or reflect** any changes you might make to reduce your energy use during **the on-peak hours for our new time-of-use service plans, which are from 3pm to 8pm, weekdays**. Shifting your weekday energy use to before 3pm or after 8pm can help **reduce your monthly bill compared to the estimates** shown for the new time-of-use plans.

for service at

[REDACTED ADDRESS]

please select up to two service plans to compare to your current rate

 compare

- * Premier Choice Large
- * Saver Choice
- Saver Choice Plus
- Saver Choice Max

compare

 Want to know more about our service plan comparison tool? See [frequently asked questions](#).

change now

months	current *	premier choice large	difference	impact		saver choice	difference	impact	
Nov 2016	\$131.74	\$179.43	\$47.69	increased	↑	\$153.20	\$21.46	increased	↑
Dec 2016	\$160.36	\$213.92	\$53.56	increased	↑	\$182.89	\$22.53	increased	↑
Jan 2017	\$141.92	\$181.15	\$39.23	increased	↑	\$157.55	\$15.63	increased	↑
Feb 2017	\$145.88	\$183.82	\$37.94	increased	↑	\$160.66	\$14.78	increased	↑
Mar 2017	\$186.17	\$233.54	\$47.37	increased	↑	\$204.50	\$18.33	increased	↑
Apr 2017	\$127.35	\$157.39	\$30.04	increased	↑	\$139.64	\$12.29	increased	↑
May 2017	\$108.07	\$125.81	\$17.74	increased	↑	\$113.70	\$5.63	increased	↑
Jun 2017	\$162.42	\$233.48	\$71.06	increased	↑	\$199.87	\$37.45	increased	↑
Jul 2017	\$212.13	\$331.35	\$119.22	increased	↑	\$280.21	\$68.08	increased	↑
Aug 2017	\$189.27	\$284.42	\$95.15	increased	↑	\$242.38	\$53.11	increased	↑
Sep 2017	\$188.63	\$282.04	\$93.41	increased	↑	\$243.20	\$54.57	increased	↑
Oct 2017	\$123.69	\$160.57	\$36.88	increased	↑	\$142.68	\$18.99	increased	↑
Total	\$1,877.63	\$2,566.92	\$689.29	increased	↑	\$2220.48	\$342.85	increased	↑

* The pricing for your current plan reflects new pricing implemented on Aug. 19, 2017, and therefore, differs from your previous billed amount. The cost estimates **for our time-of-use service plans, the difference, and the impact do not assume or reflect** any changes you might make to reduce your energy use during **the new on-peak hours, which are from 3pm to 8pm, weekdays**. **Shifting your weekday energy use to before 3pm or after 8pm can help reduce your monthly bill on the new time-of-use plans.**

 Learn how saving on your plan is as easy as [Shift, Stagger & Save](#).



service plan compare

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IMPORTANT: This plan comparison is calculated based on your historical energy usage, including your usage during our **previous** on-peak time-of-use hours of noon to 7pm, weekdays. The cost estimates **do not assume or reflect** any changes you might make to reduce your energy use during **the on-peak hours for our new time-of-use service plans, which are from 3pm to 8pm, weekdays**. Shifting your weekday energy use to before 3pm or after 8pm can help **reduce your monthly bill compared to the estimates** shown for the new time-of-use plans.

for service at



please select up to two service plans to compare to your current rate

compare

Premier Choice Large

Saver Choice

☒ Saver Choice Plus

☒ Saver Choice Max

compare

Want to know more about our service plan comparison tool? See [frequently asked questions](#).

change now

months	current *	saver choice plus	difference	impact	saver choice max	difference	impact
Nov 2016	\$131.74	\$164.17	\$32.43	increased ↑	\$155.40	\$23.66	increased ↑
Dec 2016	\$160.36	\$184.89	\$24.53	increased ↑	\$167.97	\$7.61	increased ↑
Jan 2017	\$141.92	\$161.90	\$19.98	increased ↑	\$149.85	\$7.93	increased ↑
Feb 2017	\$145.88	\$169.29	\$23.41	increased ↑	\$158.82	\$12.94	increased ↑
Mar 2017	\$186.17	\$240.04	\$53.87	increased ↑	\$236.84	\$50.67	increased ↑
Apr 2017	\$127.35	\$154.49	\$27.14	increased ↑	\$149.84	\$22.49	increased ↑
May 2017	\$108.07	\$129.86	\$21.79	increased ↑	\$157.06	\$48.99	increased ↑
Jun 2017	\$162.42	\$172.96	\$10.54	increased ↑	\$162.33	-\$0.09	decreased ↓
Jul 2017	\$212.13	\$221.58	\$9.45	increased ↑	\$184.89	-\$27.24	decreased ↓
Aug 2017	\$189.27	\$213.90	\$24.63	increased ↑	\$204.91	\$15.64	increased ↑
Sep 2017	\$188.63	\$218.66	\$30.03	increased ↑	\$214.48	\$25.85	increased ↑
Oct 2017	\$123.69	\$142.16	\$18.47	increased ↑	\$154.98	\$31.29	increased ↑
Total	\$1,877.63	\$2,173.90	\$296.27	increased ↑	\$2,097.37	\$219.74	increased ↑

* The pricing for your current plan reflects new pricing implemented on Aug. 19, 2017, and therefore, differs from your previous billed amount. The cost estimates **for our time-of-use service plans, the difference, and the impact do not assume or reflect** any changes you might make to reduce your energy use during **the new on-peak hours, which are from 3pm to 8pm, weekdays**. Shifting your **weekday energy use to before 3pm or after 8pm can help reduce your monthly bill on the new time-of-use plans**.

Learn how saving on your plan is as easy as [Shift, Stagger & Save](#).

https://www.aps.com/_layouts/ApsCom/RateComparison/CompareRatePlans.aspx