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Arizona Corporation Commission
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6 Attorneys for Arizona Public Service Company

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

10 SUSAN BITTER SMITH, Chairman
11 BOB STUMP
12 ROBERT L. BURNS
13 DOUG LITTLE
14 TOM FORESE

ORIGINAL

13 IN THE MATTER OF THE
14 APPLICATION OF ARIZONA PUBLIC
15 SERVICE COMPANY FOR APPROVAL
16 OF AUTOMATED METER OPT-OUT
17 SERVICE SCHEDULE 17.

DOCKET NO. E-01345A-13-0069

**COMMENTS OF ARIZONA PUBLIC
SERVICE COMPANY ON SAMPLE
ORDERS**

17 Arizona Public Service Company (“APS” or “Company”) submits the following
18 Comments on the three “Sample Orders” filed on March 10, 2015 by the Arizona
19 Corporation Commission’s (“Commission”) Legal Division in the above captioned
20 matter. These Sample Orders were filed pursuant to the Commission’s direction at an
21 Open Meeting held on March 2, 2015. Each of the Sample Orders is a proposed
22 Commission response to requests for rehearing/reconsideration filed by Intervenors
23 Warren Woodward and Patricia Ferre (“Intervenors”).

The Sample Orders

25 The first Sample Order would vacate Decision No. 74871 (December 18, 2014)
26 and permit APS to defer the additional costs necessitated by those customers who
27 continue to retain or who subsequently request non-standard (*i.e.*, non-AMI) metering.
28

1 Although this Sample Order does not require APS to raise the issue of opt-out in its next
2 general rate case, it appears to leave no other venue in which to resolve this matter.
3 Thus, for purposes of these Comments, the Company will refer to this Sample Order as
4 the "Rate Case Option."

5 The second Sample Order appears to retain Schedule 17, as approved by Decision
6 No. 74871, intact pending the outcome of an evidentiary hearing. This Sample Order
7 does not indicate when such a hearing will take place and, more importantly, gives the
8 Hearing Division no guidance as to the scope of such a hearing. There is also mention
9 of a deferral of costs not recovered by APS in the interim by the monthly and one-time
10 charges authorized by Decision No. 74871. For purposes of these Comments, APS will
11 refer to this Sample Order as the "Hearing Option."

12 The third Sample Order is a simple denial of relief to the Intervenors and
13 effectively denies their requests for rehearing/reconsideration of Decision No. 74871.
14 Again, for purposes of its Comments, the Company will refer to this Sample Order as
15 the "Denial Option."

16 **The Denial Option is Appropriate**

17
18 The Commission has already devoted nearly two years to ruling on a service
19 schedule filing by the Company that by statute could be resolved in as few as 30 days
20 without even the necessity of an Open Meeting, let alone a full blown hearing. *See*
21 A.R.S. Section 40-367. This is because all hearings conducted pursuant to A.R.S. §0-
22 250(B) are entirely discretionary. In fact, the Commission has devoted multiple Open
23 Meetings to Intervenors' claims and received an overwhelming amount of written and
24 oral comments on the Company's proposed Service Schedule 17. The Commission
25 caused the Arizona Department of Health Services ("ADHS") to conduct a study on the
26 Company's AMI meters, as well as those of other Arizona utilities, in conjunction with
27 the Arizona Radiation Regulatory Authority. This represents an unprecedented degree
28

1 of attention devoted by the Commission in consideration of Intervenors' interest in
2 Service Schedule 17. And finally, Decision No. 74871 resulted in charges far below
3 those requested by the Company and recommended by its own Staff.

4 Enough is enough. By their own admission, there is simply no pleasing
5 Intervenors short of a complete ban on AMI technology – something no state or country
6 has even seriously entertained to APS's knowledge. This Commission has itself
7 repeatedly noted the many advantages of AMI in allowing new rate options, improved
8 service, and lower costs. Thus, an appeal by Intervenors of any Commission action
9 short of a total ban of AMI seems inevitable.

10
11 **The Hearing Option, if Selected by the Commission, Must be Limited**
12 **Both in its Scope and Duration**

13 The Hearing Option keeps any evidentiary hearing where it belongs procedurally
14 (if anywhere), which is in the same docket APS filed its original Service Schedule 17.
15 Moreover, this Option maintains the Company's Opt-Out program in effect until the
16 matter is finally resolved.¹ That is critical for all APS residential customers, both those
17 who have contemplated opting out of AMI and those comfortable with this modern
18 technology. If the Commission believes that additional hearings are necessary, such
19 hearings should be limited in scope and duration.

20 *Limited Scope:*

21 Intervenors have shown a clear propensity to raise every conceivable issue about
22 not only AMI, but the Commissioners (both in Arizona and elsewhere), Commission
23 Staff, ADHS and its staff, Open Meeting Law, weapons of mass destruction, mutated
24 broccoli, etc. Virtually all of these contentions have literally nothing whatsoever to do
25 with Service Schedule 17 and litigating them all would drag this matter on for another

26
27 ¹ Although the Sample Order adopting the Hearing Option makes no mention of a potential refund
28 should the Commission ultimately adopt lower charges than those authorized by Decision No. 74871,
APS has no objection to such a treatment of Service Schedule 17 charges pending the outcome of the
contemplated hearing.

1 two years. In fact, there are only two issues even arguably in need of further
2 examination: (1) the monthly and one-time charges authorized for Service Schedule 17
3 by Decision No. 74871; and (2) the application of Service Schedule 17 to residential
4 customers having distributed generation. Any Commission decision adopting the
5 Hearing Option should be clear as to the appropriately limited scope of such a hearing.²

6 *Limited Duration:*

7 APS has already produced to Staff cost information supporting charges as high as
8 \$21 per month and a one-time charge of \$75 for customers switching from AMI to
9 analog metering. Although Intervenors' dispute the Company's information and Staff's
10 subsequent findings, they have not offered let alone presented any evidence to the
11 contrary. The application of Service Schedule 17 to residential rooftop solar customers,
12 although perhaps less straightforward, is itself a relatively narrow issue despite claims
13 by Intervenors to the contrary. There is no reason why this proceeding need last more
14 than 180 days, start to finish. APS has attached as Exhibit A suggested amendments to
15 this Sample Order limiting the scope of the proceeding. The Company realizes that
16 duration of any proceeding is subject to unforeseen circumstances and thus did not
17 address duration in its amendment but trusts that the Commission's Hearing Division
18 and any assigned Administrative Law Judge will do their best to expeditiously bring a
19 recommendation on each of the two issues discussed above back to the Commission.
20

21 **The Rate Case Option is not an Appropriate Way to Resolve this Matter**

22 To APS's knowledge, only two jurisdictions having an opt-out rate or even an
23 opt-out policy have chosen to adopt such rate or policy in a general rate case. In each
24 instance, the concurrent existence of a rate case was purely fortuitous as shown by
25 Michigan's approval of an opt-out rate for Consumers Power in a rate case but also for
26 Detroit Edison in a simple tariff proceeding. The same is true in Georgia. Although

27
28 ² APS would also note that Mr. Woodward is also pursuing his broad agenda of AMI-related issues in
Docket No. E-01345A-14-0113, a complaint proceeding in which Ms. Ferre is a party as well.

1 Arizona's "fair value" requirement as to rate increases is arguably unique, many states
2 have procedural distinctions between general rate cases and the myriad of other tariff,
3 service schedule, and compliance filings processed routinely by utility regulatory
4 agencies. Therefore, the fact that no state has thought that AMI opt-out necessitated a
5 general rate case or in most instances, not even an evidentiary hearing is telling. See
6 Exhibit B, attached.

7 This is not accidental. A general rate case of necessity deals with numerous often
8 intertwined issues. Service Schedule 17 merely introduces a new offering for residential
9 customers wishing to retain specialized metering. The focus of such a filing is limited to
10 that offering with the issues generally being pricing and availability. Service Schedule
11 17 should be treated no differently than other filings pursuant to A.R.S. Sections 40-
12 250(B) and 40-367.

13 Given the propensity of Intervenors and other opponents of AMI to endlessly
14 prolong debate on an ever-expanding list of issues, an examination of Service Schedule
15 17 in the Company's next rate case would likely significantly extend the proceeding,
16 making compliance with A.A.C. R14-2-103(B) (11)³ all but impossible. Any chance for
17 a comprehensive settlement of that rate case would be lost, and the probability of an
18 appeal, with all the attendant market uncertainty, of the final rate decision greatly
19 increased. APS strongly urges the Commission to reject the Rate Case Option.

20 21 **Conclusion**

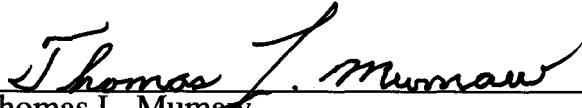
22 The Denial Option would stop the constant drain of this matter on Commission
23 resources and leave Intervenors to whatever judicial review of Decision No. 74871 is
24 possible. APS urges its adoption. If the Commission nonetheless believes a hearing is
25 appropriate, it should adopt the Hearing Option with the amendatory language set forth
26

27
28

³ This is the Commission's so-called "time clock" rule for the processing of general rate cases.

1 in the attached Exhibit A. Under no circumstances should Decision No. 74871 be
2 vacated and a determination left to the Company's next general rate case.

3 RESPECTFULLY SUBMITTED this 18th day of March 2015.
4

5
6 By: 
Thomas L. Mumaw
Melissa M. Krueger

7
8 Attorney for Arizona Public Service Company

9 ORIGINAL and thirteen (13) copies
10 of the foregoing filed this 18th day
of March 2015, with:

11 Docket Control
12 ARIZONA CORPORATION COMMISSION
13 1200 West Washington Street
Phoenix, Arizona 85007

14 COPY of the foregoing mailed/delivered
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Attn: By-

Exhibit A

APS Supports the “Sample Order Denying Rehearing and Denying Relief.” If however, the Commission prefers the “Sample Order Granting Evidentiary Hearing” APS offers the following proposed Amendments.

APS Amendments to Sample Order Granting Evidentiary Hearing

Delete Paragraph 16 and Replace with the following language:

16. At this time, we elect to grant the applications for rehearing for the limited purpose of allowing the parties to pursue an evidentiary hearing on (1) the monthly and one-time charges authorized for Service Schedule 17 by Decision No. 74871, and (2) the application of Service Schedule 17 to residential customers having rooftop solar.

Page 3, line 19

Delete

“on APS’s application”

Insert after the word “hearing”

“on the following two issues: (1) the monthly and one-time charges authorized for Service Schedule 17 by Decision No. 74871, and (2) the application of Service Schedule 17 to residential customers having distributed generation.”

All conforming changes.

Electric Utility AMI Opt-Out Programs

Electric Utilities with Opt-Out Clauses		Implemented in Rate Case?		One-Time Fee	Monthly Fee
Arizona	SRP	No; Board Vote		None	\$20
California	PG&E, SCE, SDG&E	No; Tariff App 11-03-014		\$75 (\$10 LI)	\$10 (\$5 LI)
California	SMUD	No; City Council Vote		\$127	\$14
California	City of Glendale	No; City Council Vote		None	\$59
Colorado	La Plata Electric Assoc	No; Board Vote		TBD	\$20
Florida	Florida Power and Light	No; Tariff Docket 130223-EI		\$95	\$13
Georgia	Georgia Power	Yes; Rate Case Docket 36989		None	\$19
Illinois	Naperville	No; City Council Vote		\$68.35	\$24.75
Maine	Central Maine Power	No; Investigation 2011-085 et. al.		\$20 - \$40	\$10.50 - \$12
Maryland	Baltimore G&E	No; Tariff Case No. 9208		\$75 (\$25/3 months)	\$11
Maryland	Delmarva	No; Tariff Case No. 9207		\$75 (\$25/3 months)	\$17
Michigan	Consumers Energy	Yes; Rate Case No. U-17087		\$69 - \$123	\$9.72
Michigan	Detroit Edison	No; Tariff Case No. U-17053		\$67.20	\$9.80
Nevada	NV Energy	No; Tariff Case No. 14-01020		\$52 - \$73.58	\$8.72 - \$9.07
Oregon	Portland General	No; Tariff Advice Ltr 11-15		\$254	\$51
Texas	Oncor	No; Rulemaking Docket 41111		\$191 - \$475	\$26 - \$31
Texas	AEP Texas	No; Rulemaking Docket 41111		\$105 - \$214	\$19
Vermont	Green Mountain Power	No; by Statute 30 VSA §2811		None	None

