The Alliance for Solar Choice ("TASC") hereby files in support of the Recommended Opinion and Order issued in this Docket. While TASC has extensively briefed the issues presented in this case it wishes to offer the following brief comments in support of the ROO.

There is little regulatory wisdom in undertaking a proceeding that is severely handicapped from the beginning in the way of possible solutions to a problem that can be readily addressed in a rate case which will be filed in less than one year.¹

This quote from the ROO nicely sums up the issues with APS’s proposal. Further proceedings in this docket are indeed “severely handicapped” for many reasons:

¹ ROO para 168.
1. **Further Hearing In This Docket Will Not Resolve The Issue**

This issue deserves proper treatment in a rate case and further, one-off, incomplete examinations will only serve to waste substantial resources. All parties agree, including the Applicant that this docket offers no chance for the Commission to arrive at a full solution to the alleged issues presented.

2. **The Commission Does Not Have All Options On The Table**

This Docket does not afford the Commission any alternative options for dealing with a rate design issue that is far bigger than merely rooftop solar energy and is therefore “handicapped from the beginning.” All parties indicate that the issue is one of rate design yet not a single rate design modification can be accomplished in this docket. As the ROO points out the request does not even touch upon Energy Efficiency which passes on substantially more costs through the LFCR than does solar. Rate design is the way to address cost shifts such as EE or numerous other shifts that have been installed in rates since the beginning of regulated utilities. This docket does not afford the Commission any options to deal with these issues.

3. **There Is No Cost Shift Of The Nature Complained Of**

The ROO confirms what TASC has long pointed out when it states, “[a]s APS clarified in this proceeding, there is currently no accumulation of lost fixed costs that must be addressed on a deferral basis in its next rate case through the LFCR deferral mechanism.” At the end of the day we are talking about an alleged cost shift that can only manifest itself in the LFCR mechanism and not in other arenas as APS has implied for far too long. The LFCR, as pointed out in the ROO, is recovering below its 1% cap and is working exactly as it was designed to function in the last rate case. This is hardly an urgent matter as the ROO agrees.

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2 ROO para. 163.
4. There Will Be No Benefit Bestowed Upon Non-Solar Customers By This Increase While Risking The Entire Rooftop Solar Industry

As TASC has pointed out, APS’s rosy prognostications of the $21 charge being a precursor to unprecedented growth in the rooftop solar industry are complete fantasy. While APS wants us to believe that the $21 charge will redistribute $3 million annually to non-solar customers, this assumes that more than 12,000 people will adopt solar in the year after the $21 charge is put in place. This would be a roughly 50% increase in solar adoption after the massive charge is imposed. The Applicant’s growth assumption is simply far-fetched.

The reality is that the solar industry will be crushed by this charge and the resulting payback to non-solar customers will be next to nothing while ratepayers, intervenors, and taxpayers will be on the hook for the substantial costs in litigating this issue in this docket and then all over again in the rate case. In addition, there are thousands of rooftop solar installers in APS service territory and this proposal risks each of their jobs despite offering the promise of potentially no discernable benefit to any ratepayer.

5. Return On Equity Will Be Impacted But Cannot Adequately Be Addressed

Granting APS an extraordinary and unprecedented revenue mitigation device will no doubt impact its return on equity as TASC has briefed extensively. While APS may not like it, the resolution it seeks requires an investigation of the impact of this one of a kind device on its ROE and how that impact hits ratepayers. A rate case is the only place to have such an examination.

6. There Are A Number Of Legal Deficiencies That Are Not An Issue In The Rate Case Setting
TASC has fully briefed several legal deficiencies that further illustrate the problems with dealing with this issue outside of a rate case. The last rate case Settlement Agreement created the LFCR for a specific purpose and it is meeting that purpose. The Commission does retain flexibility under the Agreement however, this flexibility does not give it carte blanche to rewrite the LFCR entirely as contemplated by APS. Recall also that the LFCR was designed with an opt-out option that was available to any customers who did not want to pay the LFCR charge (a charge that APS has now called a cost shift yet that they fully supported in the rate case).

Further, this request constitutes prohibited single issue ratemaking and TASC is confident that Arizona courts will find fault should the Commission take the action APS has proposed.

The bottom line is that the rate case provides the Commission with a forum that is not replete with obvious legal deficiencies and challenges.

7. Charging Solar Customers More Now Will Not Change The Result In The Next Rate Case

Finally, no point illustrates the “lack of regulatory wisdom” of moving forward in this docket better than the fact that no matter what solar customers are charged today it will not change the issues or the potential solutions in the next rate case. Money charged against solar customers between now and the end of the next rate case cannot be used to pay down any cost shift if such is found to exist. It will not be counted to minimize any changes to future rates. The fact that a given subset of rooftop solar customers pays $1/month or $1,000/month will not change the ratemaking equation on a going-forward basis in the next rate case. APS’s allegations about a cost shift do not support that charging new solar customers an exorbitant amount today will do anything to impact what rate design solutions are deemed appropriate in the future. In the end, this charge is designed to stop people from going solar between now and the conclusion of the next rate case. Any other conclusion is simply unsupportable.
Respectfully submitted this 7th day of August, 2015.

[Signature]

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