



ARIZONA CORPORATION COMMISSION

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Commissioners Approve UNS Electric Rate Case and Make Significant Steps towards a Resolution to End Disparity between Solar and Utilities over Net-Metering

(Phoenix) The Arizona Corporation Commission approved new rates for UNS Electric application which include minimal increases for customers. UNS Electric, a subsidiary of UniSource Energy Services, provides electric service to 95,000 customers in Santa Cruz and Mohave Counties.

Commissioners voted 4 to 1 to approve the first phase of this case, which does not address the final rate design for net-metering. Under the approved rates, the average residential customer will see an estimated increase of \$4.20 in their monthly bill. The new rates will go into effect by September 1, 2016.

“I want to thank all the parties that participated in the development of the rate case for UNS Electric,” said Chairman Doug Little. “As Commissioners we must rely on the hearing record to make our decisions. Having a record that is thorough and complete helps us in our complex decision making process. Our primary objective is to arrive at a decision that is not only fair and just, but ensures that our ratepayers receive reliable and affordable energy from their service provider. In this rate case, I believe we were able to achieve a fair and balanced result. I would also like to thank the Administrative Law Judge on the case, Jane Rodda, for all of her hard work during the hearing and preparation of the recommended opinion and order. This was a difficult, complex case and she did an exemplary job on it.”

The approved rate design creates incentives for customers to go from a standard two-part rate to a “Time-of-Use” plan. The company will develop educational materials to inform customers how they can manage their bills and save money using Time-of-Use.

A three-part rate, which includes the demand charge, will also be optional for customers. UNS Electric agreed, at the Commission’s urging, to create an out-reach program to help consumers understand demand charges and how they can be used to save money. Demand charges, at one point, were being proposed as mandatory for UNS Electric customers and the concept of mandatory demand charges has been introduced in other rate cases.

“In terms of demand rates, the companies have failed in teaching the public how it works and how they can see some real savings,” said Commissioner Andy Tobin. “I am encouraged that UNS Electric recognized my comments as a direction for them to create a comprehensive education effort for customers to really understand everything that is available to them and if it can help them save money. I also feel we made a great first step with amendments from myself and my colleagues that expedite the Value for Solar docket and to offer some options right now in resolving the net-metering issue.”

In addition to adopting education programs for customers to use in comparing their bills with the optional demand rate, the Commission also moved forward on a new approach that will allow more customers with low incomes to enroll on money-saving programs.

“Some of the worst poverty in the state is located in this service area,” said Commissioner Tom Forese. “I’m proud of the fact that we were able to keep rates low and protect those who are struggling or unable to pay their bill.”

The Commission decided to hold decisions on net-metering rate design until Phase II after the Commission’s Value of Solar docket is complete. That docket was opened in January of 2014 to fully analyze Distributed Generation (DG) costs and values to all customers. That docket will provide a guideline for adopting rate designs which are equitable to both DG and non-DG customers.

Commissioners passed innovative amendments to expedite the Value for Solar docket. Some of those amendments offer options to be implemented immediately but will reviewed and possibly adjusted in Phase II of UNS Electric’s rate design case.

Commissioner Tobin forwarded amendments which spell out grandfathering of current (DG) customers as a default policy with no retroactive increases prior to a Commission decision, phase in net-metering rates for new solar customers, and direct the parties in Phase II to explore a new template that could take savings from future adjustments to the current net-metering policy and return money to customers and reinvest in new energy efficiency programs, demand reduction technology, and energy storage to reduce system peak demand. Commissioner Stump offered an option for current and new solar customers an additional rate option for how they are compensated for their production and whether their credit applies to all solar production or just solar exports.

“Instead of acting on the exhausted old accusation that we’d ‘kill solar,’ this Commission gave it more life with an innovative new solar program” said Commissioner Bob Stump. “Of course, the “big lie” that the Corporation Commission is anti-solar will continue. I am confident Arizonans will reject the voices of division and cynicism. Meanwhile, I am confident Commissioners will refuse to hug the shore. We will delve into the critical task of spurring innovation as we continue to seek policies that will ensure that Arizonans are on solid footing as we enter a new energy era.”

The Commission approved an interim meter charge of \$1.58 for a DG customers who now require a second meter.

Commissioner Burns was the only Commissioner to vote against UNS Electric’s application. He explained his vote.

“Although I appreciated much of what was approved by the Commission—including rejecting mandatory demand rates and the policy statement on grandfathering solar customers—I could not support raising residential customers’ rates by approximately \$4.20/month,” Commissioner Burns said. “I believe this rate increase will cause undue hardship on these customers in rural Arizona.”

The Value of Solar Docket could go to a vote as early as the Commission’s October 2016’s Open Meeting. Phase II in the UNS Electric case is expected to conclude in a Commission vote no later than its March 2017 Open Meeting.