



ARIZONA CORPORATION COMMISSION

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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>) 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 <http://www.azcc.gov>. The docket can be viewed by going to eDocket. The docket number is E-1235A-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://www.azcc.gov>.

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