APS 2016 Rate Case

- Last APS rate increase was in 2012
- Would like new rate to go into effect July 1, 2017
- Requests increase in base rate revenue $165.9m
- 2nd escalation in 2019 (about $3/mo for res customer) based on scrubber installation at 4 corners
- 3 part demand rate for res and small commercial
- Net metering changes
### Three Part Demand Rate Specifics

<table>
<thead>
<tr>
<th>Rate name</th>
<th>Summer Energy Charge (on/off Peak $/kWh)</th>
<th>Winter Energy Charge (on/off Peak $/kWh)</th>
<th>Demand charge</th>
<th>Basic service charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>R-1</td>
<td>$0.15/$0.08</td>
<td>$0.13/$0.08</td>
<td>$6.60/kW</td>
<td>$24</td>
</tr>
<tr>
<td>R-2</td>
<td>$0.15/$0.08</td>
<td>$0.13/$0.08</td>
<td>$8.40/kW</td>
<td>$14.50</td>
</tr>
<tr>
<td>R-3*</td>
<td>$0.09/$0.05</td>
<td>$0.07/$0.05</td>
<td>$16.40/kW summer $11.50/kW winter</td>
<td>$24</td>
</tr>
<tr>
<td>Extra Small**</td>
<td>$0.10324</td>
<td>$0.10324</td>
<td>None</td>
<td>$18</td>
</tr>
</tbody>
</table>

*New rooftop solar customers eligible for R3 rate only. Existing solar customers grandfathered for 20 yrs.  
**Only for customers using less than 600kWh/mo on average
• APS would be first IOU with mandatory residential demand rates

• Current voluntary demand rate with 120,000 customers. Between 60-90% of these customers have saved with this rate, possibly bc they were self selecting

• Application argues that rooftop solar shifts $42.7m in costs
APS Rate Case: Questions & Answers

• Q: Why is APS requesting these changes?
  • A: APS claims that energy charge will be reduced and basic service charge will be made “more cost based” which will prevent customer rates from correspondingly increasing.

• Q: Why change TOU on peak hours?
  • A: APS says it will better reflect the highest system load hours. The demand will be measured on the highest average use over an on-peak hour.

• Q: How will APS address potential sticker shock if the demand rate is adopted?
  • A: APS plans customer education via bill inserts, videos, and presentations at town halls and HOA meetings.
Need for customer education on demand rates

3 ways to save during on-peak hours  Weekdays, 3-8 pm

**shift**
from on-peak to off-peak
For example, set your dishwasher to run on a delay cycle, run your pool pump at night, or do your laundry on the weekend.

**stagger**
Avoid running large appliances at the same time during on-peak hours. For example, instead of using the oven and doing laundry at the same time, stagger use of one after the other to save.

**save**
with tips and tools
Remember to turn off appliances and lights when not in use. Replace lights with energy-saving LEDs. For more tips, visit aps.com

Off-peak hours  Weekdays, 8 pm - 3 pm and weekends, 24/7 No On-Peak, No Peak Usage
Proposed Net Metering change specifics

- “Onsite” consumption credited at retail rate

- “Exported” generation shall be
  - a) measured on instantaneous basis and
  - b) credited through PSA at avoided cost rate
# Rate case timeline

<table>
<thead>
<tr>
<th>Phase</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff &amp; Intervenor Direct Testimony (except rate design)</td>
<td>December 21, 2016</td>
</tr>
<tr>
<td>Staff &amp; Intervenor Direct Testimony (rate design)</td>
<td>January 27, 2017</td>
</tr>
<tr>
<td>APS Rebuttal Testimony</td>
<td>February 17, 2017</td>
</tr>
<tr>
<td>Staff &amp; Intervenor Surrebuttal Testimony</td>
<td>March 10, 2017</td>
</tr>
<tr>
<td>Prehearing Conference</td>
<td>March 13, 2017</td>
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<tr>
<td>APS Rejoinder Testimony</td>
<td>March 17, 2017</td>
</tr>
<tr>
<td>Proposed Hearing Commencement Date</td>
<td>March 22, 2017</td>
</tr>
</tbody>
</table>
Value of Solar Docket #E-00000J-14-0023

ITS NOT RAINING
RAIN YOU KNOW
ITS RAINING KILOWATTS
• Establishing a methodology for distributed solar resources to be incorporated into future rate cases, other dockets

• Commissions and third parties in other states have conducted studies into value of solar.
VOS docket status

- ALJ’s Recommended Opinion and Order (ROO) published in October
- Methodologies suggested by several parties: APS, TEP/UNSE, Vote Solar, TASC, RU.CO, AIC, Commission staff
- Docket will be discussed at December 19th & 20th Open Meetings
Benefits of Rooftop Solar

• Less need to pay for expensive infrastructure
• No fuel costs
• More efficient; no electricity lost in transmission
• Less money spent on fuel hedging
• Greater water conservation
• Less pollution and fewer health impacts
• More local jobs
• Coupled with new tech (batteries), several more benefits will be realized, including electricity regulation and greater reliability.
THANK YOU!!!