

2019 RMEL Spring Conference

An Overview of APS's Residential Rates

Leland Snook
Director, Rates & Rate Strategy

May 22, 2019





59
PERCENT

RESIDENTIAL
CUSTOMERS ON
TIME-OF-USE
RATES

RESIDENTIAL
CUSTOMERS ON
DEMAND RATES



ABOUT
234
THOUSAND

APS's SETTLEMENT RESIDENTIAL RATES

- Approved without modification, ACC Decision No. 76295
- Cancels existing residential rates rather than freeze them
- Transition rates phased out May 1, 2018 after customer education and outreach
- Customers were advised of the best rate and options, but customers choose their rate plan
- Customers who did not choose a new rate moved to the “most like” rate

APS's SETTLEMENT RESIDENTIAL RATES

New suite of rates:

- Three Time of Use Demand rates (on-peak 3pm – 8pm, weekdays)
 - Includes a new technology pilot rate, R-TECH
- Three basic rates, without an inclining block
- One Time of Use Energy rate (on-peak 3pm – 8pm, weekdays, plus a winter season super off-peak 10am – 3pm, weekdays)
- New solar customers must be on Time of Use Demand or Energy rates
 - A Grid Access Charge of \$0.93 per installed kW-dc applies on TOU-E;
 - GAC designed to achieve a self-consumption offset rate of \$0.105 per kWh;
 - Instantaneously exported energy is purchased at a Resource Comparison Proxy price of \$0.129 per kWh for 10 years;
 - RCP is reset each year, creating tranches, reduced by no more than 10%;
 - Arizona Corporation Commission will use RCP and avoided cost to determine export compensation in APS's next rate case
- Existing solar customers are grandfathered for 20 years from date of interconnection on legacy rates

APS's SETTLEMENT RESIDENTIAL RATES

	BASIC SERVICE CHARGE (\$ per Month)	ON-PEAK DEMAND CHARGE (\$/kW)	SUMMER ENERGY CHARGE (On/Off Peak \$/kWh)	WINTER ENERGY CHARGE (On/Off/Super-Off Peak \$/kWh)
R-XS (≤ 600 kWh per Mo.)	\$10	None	\$0.11672	\$0.11672
R-BASIC ($> 600 \leq 1,000$ kWh per Mo.)	\$15	None	\$0.12393	\$0.12393
R-BASIC L ($> 1,000$ kWh per Mo.)	\$20	None	\$0.13412	\$0.13412
TOU-E	\$13	None	\$0.24314/\$0.10873	\$0.23068/\$0.10873/ \$0.032
R-2	\$13	\$8.40	\$0.1316/\$0.07798	\$0.11017/\$0.07798
R-3	\$13	\$17.438 Summer/ \$12.239 Winter	\$0.08683/\$0.0523	\$0.06376/\$0.0523
R-TECH	\$15	\$20.25 Summer/ \$14.25 Winter/ \$6.50 Off-peak above 5 kW	\$0.0909/\$0.05475	\$0.06670/\$0.05475

After May 1, 2018: (1) R-Basic L will be frozen; (2) customers who do not qualify for R-XS must try a TOU Demand or Energy rate for at least 90 days; and (3) after 90 days, a customer may opt-out to R-Basic if they qualify, but must remain for a year



CORE CUSTOMER MESSAGE

SHIFT, STAGGER, SAVE

3 ways to save during on-peak hours (3pm-8pm on weekdays)



shift

usage from on-peak
to off-peak



stagger

the use of major
appliances



save

with tips and tools

APS's RESIDENTIAL RATE MIGRATION MARCH 2019

- 1,050,900 residential customers on new suite of rates
- 76,000 grandfathered solar customers (approximately 7%)
- Customers received information in advance about their “most like” and “best” rates.
- Customers could choose a new rate beginning August 19, 2017
- Auto-migration began in mid-February, complete May 1, 2018
- If customers did not proactively select a new rate, they were placed on their “most like” rate as part of the auto-migration
- 33% of customers “most like” and “best” rate were the same
- 77% of customers were auto-migrated to the “most like” rate
- 23% of customers proactively selected a rate

APS's RESIDENTIAL RATE MIGRATION MARCH 2018

WHAT RATES ARE CUSTOMERS SELECTING?

- 20.8% on three-part demand time-of-use rates (233.8k)
 - 0.3% on legacy demand rates (3.5k)
 - 20.5% on new demand rates (230.3k)
 - 7 out of 10 have selected the higher demand rate option (R-3)
- 38.4% on time-of-use energy only rates (432.1k)
 - 3.8% on legacy TOU (42.8k)
 - 34.6% on new TOU-E (389.3k)
- 40.8%, or 460.5k, on basic rates
 - 2.6% on legacy E-12 (29.3k)
 - 24.2% on Extra Small (R-XS) (272.9k)
 - 11.2% on Medium (R-Basic) (120k)
 - 3.6% on Large (R-Basic Large) (38.3k)