

WATER AND POWER ASSOCIATES, INC. *Newsletter*

Year 45, Volume 4 — October 2016



Opposition to proposed Charter Changes regarding the LADWP on the November ballot

The Water and Power Associates (Associates) oppose the proposed amendments to the City Charter dealing with the governance of the Los Angeles Department of Water and Power (LADWP) that will be voted on in the November, 2016 election.

The Water and Power Associates, a non-profit corporation, was established in 1971 to inform and educate its members, public officials and the general public on critical water and energy issues affecting the citizens of Los Angeles, of Southern California and of the State of California. It also promotes preservation of the history of how the development of water and energy has affected the development of Los Angeles and California.

The Associates concur in the premise that changes in the governance of LADWP are appropriate to reduce political interference in the business activities of the Department while maintaining the appropriate governmental oversight of the policies and performance of this vital asset of the City of Los Angeles. However, the Associates believe that the proposed amendments would likely greatly increase political interference and would be counter-productive to those goals.

The last major revisions to the City Charter, dealing with LADWP, which were implemented on July 1, 2000, culminated from the activities of two separate commissions working over a period of two years with extensive and open public input. By contrast, these measures were prepared in a whirlwind with little public involvement.

In the previous Charter Changes the public knew exactly what they were voting for. However, the current proposal allows the determination of changes to the Civil Service Procedures by future Memorandums of Understanding (MOUs) between the labor unions and the Department, subject to maintaining generic and non-specific requirements. *(Continued on page 2)*

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is a non profit, independent, private organization incorporated in 1971 to inform and educate its members, public officials and the general public on critical water and energy issues affecting the citizens of Los Angeles, of Southern California and of the State of California.



Opposition to proposed Charter Changes regarding the LADWP on the November ballot



(Continued from page 1) The Department currently operates under a number of constraints that were previously approved through the MOU process, such as required union approval for all contracts affecting union membership, a requirement that all employees affected by contracting out be offered a minimum of 10% overtime, and the Letter of Agreement granting generous Longevity Pay originally intended to go only to linemen, which was extended to 86 different classes including easy to hire and retain classes such as painters, roofers and plumbers. This is not the appropriate process for making such major changes as substantially modifying the Civil Service System.

The Associates agree that LADWP needs the ability to work within the Civil Service System to streamline the processes, improve flexibility in hiring and promoting qualified candidates, and be able to fill positions in a timely manner. The proposed amendment, as written, could change many Department jobs from Civil Service status to "At Will" status and open the door to political appointments rather than merit-based appointments. The proposal also allows the Council to delegate the salary setting authority to the LADWP Board. Allowing changes to this system, which has safeguarded the City from corruption for nearly a century without thorough analysis and full public participation in determining the details is not the way to accomplish this. Nor does it benefit either the Department or other City Departments to curtail the interdepartmental transfers that would occur with the removal of the Civil Service System

from the Department, as allowed in this Charter change. Much could be done within the current system with proper planning and funding.

The proposed charter changes also transfers water and electricity rate setting authority from the City Council to the bureaucracy. Rates would be established based upon a determination of the funds needed to meet policy goals that would be proposed by the Department and approved by the City Council. The Associates believe that the setting of rates should not be delegated by the Council. The setting of rates provides the City Council, whose members are responsible directly to the people of Los Angeles as their elected representatives, with the appropriate and ultimate level of oversight of the Department.

As stated in the Ralph M Brown Act, 1953, -- *"The people of this State do not yield their sovereignty to the agencies which serve them. The people, in delegating authority, do not give their public servants the right to decide what is good for the people to know and what is not good for them to know. The people insist on remaining informed so that they may retain control over the instruments they have created."* The Department needs reforms, but they should not be left in the hands of the unions and politicians.

The Associates recommend that the proposed charter changes be rejected at the November 2016 ballot box, namely, Measure RRR.



Thanks



Claudine Ajrnte
LAUSD Principal
Adult Education,
Retired



**Diane Erskine-
Hellrigel,**
Executive Director
Santa Clarita
Community Hiking
Club



**Erlinda L.
Fielden**
Kaiser Permanente,
Retired



John Labana



Juan Lozano
Animal Control
City of
Huntington Park,



Allan Pollack
President Santa
Clarita Historical
Society,

quest
speakers



**NATIONAL MEMORIAL
& PRESERVATION
OF SAINT FRANCIS DAM**



One-hundred and three years ago with the water crisis in Los Angeles apparent, the LA Aqueduct was built, but with the collapse of the St. Francis Dam the building of the Hoover Dam was at risk of being canceled.

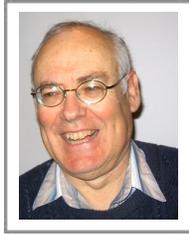
At our July meeting Diane Erskine-Hellrigel, Executive Director of the Santa Clarita Hiking Club and Allan Pollack, President of the Santa Clarita Historical Society, discussed their activities to make the Saint Francis Dam collapse site a national memorial site and historical monument. Erskine-Hellrigel spent 50 years in the film industry as a director and Pollack is a physician with a love for history. They worked on seven bills to Congress and have received excellent support for the project. They spoke of the heroes of the collapse, people saved, and the many inspirational stories involved.

The Johnstown, Pennsylvania Flood of 1889, where some 2,000 died, has such a memorial.

The Santa Clarita Historical Society is looking for 470 acres of wilderness, a museum site, and visitors center. Their proposal is carried in HR 5244. On July 5, 2016, the resolution was passed by the full House of Representatives. The Historical Society is establishing a **Saint Francis National Foundation** to seek funding. They are looking to collaborate with the Associates to create the Memorial Center.

Only 17 States and the District of Columbia have national monuments and this will be the first one run by the US Forest Service, and the **only one in California**. The Historical Society will approach Senator Diane Feinstein to gain support in the Senate.

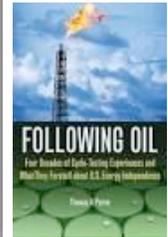




By Abraham
Hoffman

FOLLOWING OIL: *Four Decades of Cycle-Testing Experiences and What They Foretell about U.S. Energy Independence*, by Thomas A. Petrie.

Norman: University of Oklahoma Press, 2015. 254 pp. Figures, Notes, Bibliography, Index. Paper, \$16.95. oupres.com.



Although the subtitle suggests a technical study, this book provides a narrative accessible to both general readers and specialists. Partly autobiography and partly economic history, it traces Thomas Petrie's forty-plus years as an investment banker specializing in mergers, acquisitions, and financing in the petroleum industry. Far from being an apologist or a promoter of Big Oil, Petrie critically assesses events affecting the energy industry from the Six-Day War of 1967 to the present day. He examines such factors as economic growth, both globally and domestically, and charts the ups and downs of the energy marketplace. Contrary to the doomsday predictions of environmentalists about finite fossil resources, Petrie argues that new developments in technology are resulting in a move towards U.S. domestic energy independence. In doing so, he makes a strong case for the oil and gas industry and supports his view with impressive facts and figures.

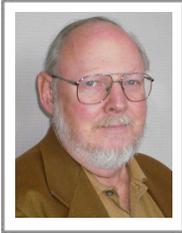
To be sure, Petrie doesn't disrespect the environmental movement, just the overreach in hastily drawn legislation that may actually harm the protection of natural resources. He favors the Keystone XL Pipeline and notes its economic importance while discounting the protests against it. On the global arena, he sees a lessening dependence on foreign oil, as American entrepreneurs use new technology to recover oil and develop new fields. Interestingly, he takes a critical look at environmental pet projects in solar and wind energy, finding they provide only a small

percentage of the energy resources needed for a modern industrial society. Coal is out, natural gas is in; he even sees a time in the future when LNG will power personal automobiles; ethanol is of limited value, and nuclear power seems to be at a dead end.

Petrie traces the sequence of international crises that have affected energy production since 1967—the Yom Kippur War of 1973, the Iranian Revolution of 1979, Saddam Hussein's invasion of Kuwait in 1990, as well as the rise and decline of OPEC influence in the international market. These “black swan” events are hard to predict, and the best way to prepare for them is to think in the long term. Conventional oil supplies may shrink, but horizontal drilling, the discovery of new oil and gas fields, and other modern exploration methods will buy the United States some time while wind and solar technologies will continue to improve in efficiency.

This paperback edition includes a new preface in which Petrie updates his conclusions in the hardback edition to bring developments up through 2014. In sum, Petrie is optimistic about America's energy future, its balance of trade, new jobs, and the reduction of U.S. dependence on foreign oil.

Abraham Hoffman teaches history at Los Angeles Valley College



Edward A. Schlotman

President's Communication

As you all know we are in the midst of a presidential election campaign. This year's election is more interesting than those in some past years because there is no incumbent seeking to be reelected. Rather there are two people with considerably different views as to why they should win. It is a time when we, the electorate, take stock of our country and the direction in which it seems to be headed, and hope and pray we choose the best candidate to be our president.

I would suggest to you that it is also a good time to take stock of the provision of electric energy and water on which the 4 million people of Los Angeles depend. The people rely on the city's Department of Water and Power to supply electricity and water to meet their needs. So how is the DWP doing? Do you have water? Do you have electricity? Are there shortages? I'll bet you the answer to those questions is, "Yes we have water. "Yes we have electricity. And, no, there are no shortages.

I would also suggest that conservation measures are not necessarily the sign of a shortage but rather prudent governance, so that when lean years come along there will be water and electricity available for your use

Those who live within the City of Los Angeles will have a meaningful opportunity this November to voice how DWP is governed. There are measures on the ballot to make significant changes at DWP. Some have suggested that the proposed measures would politicize DWP to a great extent. Some would suggest that the hiring and retention of good people to work at DWP will also be politicized and not a matter for civil service. These are important questions for you, the people, to study and about which to make an informed decision. We bring this matter to your attention not to suggest one result or another, as that is not our role, but to strongly suggest that you read the available material and each and every one of you, the voters of Los Angeles, make your own informed decision.



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Electronic Newsletters are Available for Associates Members

Send your request to dormfull@att.net



History Mystery

By Jack Feldman,
Webmaster



Photo of early Los Angeles Civic Center.

This view is looking west toward Bunker Hill showing an unpaved road with horse-drawn wagons parked along the curb.

Question 1: What is the name of this well-known Los Angeles Civic Center intersection?

Question 2: What year was this photo taken?

- A) 1874 B) 1884
- C) 1894 D) 1904

Answers at http://waterandpower.org/museum/Mystery_History.html



By Robert
Yoshimura



The drought is apparently over in California, and the State, instead of setting new statewide conservation water limits, is allowing individual water agencies to set their own limits, with the required assumption that the next three years will have the same quantity of water available as the past three years.

Metropolitan Water District put 125,000 acre feet of water back into Castaic Lake and 125,000 acre feet into Diamond Valley Reservoir. In Ventura County, Casitas Water District went to Stage 3 conservation (Ventura gets a third of its water from Lake Casitas) and is considering approaching the State Project for more water, though they have been paying for the connection to the State Project for 15 years without service. San Diego is pursuing desalination at a cost of \$2700 an acre foot under a take-or-pay contract.



The following link will get you access to our current quarterly Water and Power Associates Newsletter: http://waterandpower.org/sitebuildercontent/sitebuilderfiles/July_2016_Newsletter.pdf

We also invite you to visit our Website Virtual Museum. The content has grown tremendously over the last year. We now offer 95 sections and 12,000 photos, covering over 100 years of local history: <http://waterandpower.org/museum/museum.html>





By Thomas J. McCarthy

Electric Companies' Drone Plans Primed to Take Off



Electric companies across the United States are wasting no time taking advantage of new FAA rules authorizing use of drones for commercial purposes. "We've certainly heard from our members that they're excited about this technology," said Chris Hickling, the director of government relations for the Edison Electric Institute. "They see it as part of building a smarter infrastructure. We see it as an area that's going to continue to grow." More



than 20 electric companies have already tested unmanned aerial vehicles for inspecting transmission and distribution lines for damage from storm and normal wear and tear, using temporary rules from the Federal Aviation Administration, and are now ready to demonstrate them even more, writes Bill Loveless in his column for USA Today.



USA Today, Aug. 30

Economist: Paris Deal Will Cost at Least \$1.28T



With signals President Obama is on the verge of formally joining the landmark Paris climate agreement, an environmental economist is investigating whether the United States can actually afford to hold up its end of the deal. "The rough estimate for the cost of hitting the target ranges from \$42 billion to \$176 billion every year until 2050, according to Columbia University's Geoffrey Heal," Environment & Energy Publishing reports.



Environment & Energy Publishing, Aug. 31

Electric Companies Applaud FCC Vote to Allow Service-Related Autocalls, Texts



The electric power industry welcomed a Federal Communications Commission decision that allows electric companies to make robocalls and send automated texts to customers on service-related issues, including power outages and warnings of possible service interruptions. The FCC on Thursday granted part of a petition from the Edison Electric Institute and American Gas Association that sought exemptions for these "emergency" notifications

under the Telephone Consumer Protection Act. In its decision, the commission said utility companies could make service-related calls and texts because customers gave consent when they provided their phone numbers to the utilities.

EEI praised the commission's decision. "The vote ... removes a significant regulatory barrier and allows electric companies to provide customers with important and timely information about their electricity service," EEI President Tom Kuhn said in a statement.

SNL, Aug. 5



OBAMA LEGACY: QUIET BUT BIG CHANGES IN ENERGY, POLLUTION

September 6, 2016

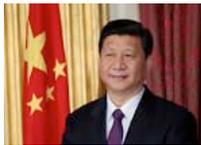
By Seth Borenstein, Associated Press and Josh Lederman, Associated Press



HANGZHOU, China (AP) — Mostly unnoticed amid the political brawl over climate change, the United States has undergone a quiet transformation in how and where it gets its energy during Barack Obama's presidency, slicing the nation's output of polluting gases that are warming Earth. *[Native Advertisement]*

As politicians tangled in the U.S. and on the world stage, the U.S. slowly but surely moved away from emissions-spewing coal and toward cleaner fuels like natural gas, nuclear, wind and solar. The shift has put the U.S. closer to achieving the goal Obama set to cut emissions by more than a quarter over the next 15 years, but experts say it is nowhere near enough to prevent the worst effects of global warming.

The overlooked changes took center stage Saturday in China. Obama and Chinese President Xi Jinping entered the world's two worst polluters into a historic agreement to ratchet down heat-trapping pollution. Obama hailed "the investments that we made to allow for incredible innovation in clean energy."



U.S. Department of Energy statistics show jolts in where America gets its volts:

—In 2008, 48 percent of America's electricity came from coal, the dirtiest power source; now it's about 30 percent. That's less than the combined U.S. output of carbon-free nuclear and renewable energy.

—There are now more than three solar power jobs in the U.S. for every job mining coal.

—In just the first five months of 2016, more solar power was generated than 2006 through 2012.

—In 2008, the U.S. imported about two-thirds of its oil, and politicians spoke longingly of energy independence. Now, America imports less than half its oil.

—U.S. emissions of carbon dioxide — the main greenhouse gas — are down more than 10 percent, and

this year is on pace to be the lowest in about a quarter-century.

"There were gigantic changes happening in the energy world, gigantic tectonic changes," said Peter Fox-Penner of the Boston University Institute for Sustainable Energy. "It's a sea change. There is no question."

Facing steep obstacles in Congress, Obama never aggressively pursued new emissions-curbing legislation, aside from a half-hearted attempt at cap-and-trade in his first term that was politically disastrous for Democrats. Instead, he relied on executive authority and regulations at home while largely going above lawmakers' heads by focusing on brokering global deals to curb carbon and other greenhouse gases.

So how much credit does Obama deserve? And how much was completely outside his control? That debate is playing out in Obama's final months in office, as the president tries to go out with a bang on climate and the environment.



Jack Gerard, president of the American Petroleum Institute, the oil and gas lobby, pointed out that Obama pitched his sweeping pollution limits on coal-fired power plants as the main driver of lower future emissions — but the courts have put those rules indefinitely on hold. Meanwhile, emissions have fallen due to a dramatic increase in cleaner-burning natural gas, which Obama was slow to try to regulate.

"We are leading the world in carbon reductions today, and it's driven primarily by cleaner-burning, affordable natural gas that was brought to you by innovation and technological advances in the oil and natural gas industry," Gerard said.

But Brian Deese, Obama's senior adviser, said the seeds of the fracking technology that enabled the natural gas revolution were found in federal Energy Department research conducted in the 1970s. He noted that the people who warned Obama's policies — like his "Clean Power Plan" emissions limits — would be disastrous are the same people now celebrating the natural gas revolution. *(Continued on page 9)*



POWER

Emissions

Most carbon credits go unsold at auction, lowering the price of CO₂

Mark Chediak

Joe Ryan



In 2012, when California began its cap-and-trade program, it was hailed as a model for the rest of the world. While Congress had failed to pass a similar system two years earlier, California was going to demonstrate how a large, industrialized economy could cut greenhouse gases while also raising billions of dollars for clean energy projects. The idea was fairly straightforward: By forcing oil refiners, power plants, and factories to buy permits to emit greenhouse gases and then gradually shrinking the supply of those permits, the state could steadily raise the cost of carbon

dioxide pollution and compel businesses to lower their carbon footprint.

State officials initially set a minimum price of \$10 per metric ton of CO₂. The California Air Resources Board, which runs the auctions where companies bid on carbon permits, projected that prices could eventually reach \$50 a ton. Instead, prices have traded closer to \$12 per ton, leading to far less revenue than anticipated and raising questions about what, if any, effect the program has had in lowering the state's carbon emissions.



PRESIDENT OBAMA LEGACY

(Continued from page 8)

"You can't on the one hand argue that the Clean Power Plan is an overarching regulation that's going to impose all these costs, enforce all these changes in the industry, and on the other hand argue that change is happening independent of what government is doing and therefore these regulations are meaningless," Deese said in an interview.

The advent of fracking, or hydraulic fracturing, produced much more natural gas, which became much cheaper and elbowed out coal as America's fuel of choice. That has surprised all sorts of experts.

In 2000, Dana Fisher, director of the University of Maryland's Program for Society and the Environment, predicted the U.S. was unlikely to wean itself off coal because it was cheap and plentiful. And John Reilly of MIT's Joint Program on the Science and Policy of Global Change, predicted heat-trapping gas emissions would grow.

Both admit they were wrong, with an embarrassed Reilly calling the subsequent decline "a dramatic turnaround from what everyone has expected."

Obama had little to do with the fracking boom, except to not get in the way with regulations, energy experts said. But Obama pushed through 2009's stimulus package that goosed spending and research in renewables, like solar, wind and hydro. His administration also increased fuel mileage requirements for cars and trucks and ratcheted up appliance and building energy efficiency standards.

"His war is against fossil fuels, and natural gas is a fossil fuel," said Sen. Jim Inhofe, R-Okla., the Senate's most prominent climate change doubter. "You can't separate that out and say it's somehow different than other fossil fuels. It's not."

Natural gas is a "bridge fuel" from coal, which spews about twice as much heat-trapping carbon dioxide, but America still needs to wean itself from that fossil fuel too, said Granger Morgan, Carnegie Mellon University engineering and public policy professor.



California's Cooling Carbon Market



In the last fiscal year, ended on June 30, California cap-and-trade revenue fell about \$600 million short of the \$2.4 billion that Democratic Governor Jerry Brown had forecast. This year the shortfall looks to be much larger. The latest cap-and-trade auction, held on Aug. 16, fetched just \$8 million for the state, with about two-thirds of the emission permits going unsold. That follows a May auction where only 10 percent of the permits were sold and only \$10 million raised. Brown had hoped cap-and-trade revenue would hit \$2 billion this fiscal year, money he was counting on to help fund his pet green projects, specifically a \$64 billion high-speed rail system.

❖ One reason companies have stopped buying carbon permits is that they may soon become worthless. The California Chamber of Commerce has challenged the constitutionality of the auctions, arguing in a lawsuit that cap and trade amounts to an illegal tax. An appeals court is expected to rule sometime in 2017. In the meantime companies are hedging their bets and buying futures contracts, which allow them to lock in a price to purchase carbon permits at a later date, while only paying about 10 percent of the cost upfront. “Why would anybody bid into the auction right now and pay hard cash?” asks Alex Rau, a principal at the carbon-trading advisory group Climate Wedge.

❖ Even if cap and trade in California survives the legal challenge, its future is unclear. There’s a debate over whether the state has the authority to operate the program beyond 2020. Despite his best efforts, Brown hasn’t persuaded the legislature to renew it. “The cap-and-trade program has been a failure,” says California State Senator Jim Nielsen, a Republican. “It really is a poor way to fund programs. It’s just a big way to get money for government.” Brown is considering whether to put a cap-and-trade measure on the ballot in 2018 and let voters decide its fate.

❖ Lawmakers have tightened California’s carbon emissions standards, passing a bill on Aug. 24 that requires a cut to 40 percent below 1990 levels by 2030. The previous target was to reach 1990 levels by 2020. Those stiffer emissions rules could breathe new life into cap and trade if it survives past 2020, says Bloomberg Intelligence analyst Rob Barnett. “I think it probably could increase demand for those permits, but that’s over the long term,” he says.

❖ California’s program is one of a host of climate initiatives the state put in place over the past decade,

including mandates that require refiners to cut the carbon intensity of their fuel and utilities to buy more solar and wind power. Those other initiatives may also have undercut the effectiveness of cap and trade.

❖ Instead of spending money on carbon permits, some of the state’s biggest emitters are focusing on complying with other mandates. Sacramento’s municipal utility, for example, is buying more renewable energy and investing in energy conservation so it can comply with the Renewable Portfolio Standard that Brown signed into law last year requiring utilities to get half their electricity from renewables by 2030. One of the state’s largest utilities, Southern California Edison, is doing the same thing and says the RPS will drive future emissions cuts and ultimately reduce its need to buy carbon permits at auction.

❖ Alex Jackson, legal director of the Natural Resources Defense Council’s California Climate Project, concedes that cap-and-trade revenue is lower than expected. “But let’s not lose sight of the fact that the program is about reducing emissions, not raising revenue,” he says. “If emissions are staying below the cap, then it is working as designed.” Greenhouse gas emissions from California’s power sector are already 20 percent below their 1990 levels, but the state’s overall emissions fell by just 1.5 percent from 2012 to 2014.

❖ California’s cap-and-trade program is hardly the only one struggling with low prices and weak demand. The price of permits in the world’s largest carbon market, covering the European Union, is down 51 percent this year. It’s not that carbon markets are inherently flawed. It’s that they’re not getting a fair chance, says Louis Redshaw, who runs an emissions-trading company, Redshaw Advisors in London. Instead of establishing strict emission ceilings and allowing carbon markets to work, politicians set lax limits and buttress cap and trade with renewable energy subsidies and other environmental measures. “In theory, carbon markets are the perfect answer,” says Redshaw. “The problem is the implementation by the politicians.”

The bottom line: California’s cap-and-trade program is being challenged in court, leading to a lack of demand for the carbon permits it auctions.



Bloomberg Business News on Sept. 18, 2016



The Dark Side Of State Solar-Power Handouts

Guest commentary curated by Forbes Opinion. Tom Jenney. Mr. Jenney is the Arizona state director for Americans for Prosperity.

EnterSolar develops Bloomberg-JFK Airport park solar project. This enables the first New York City skyscraper to be powered by solar energy using Remote Net Metering. (PRNewsFoto/EnterSolar,Bloomberg)

Some bright ideas should never see the light of day. Take the example of a common state energy policy that enriches a select few companies while allowing some consumers to lower their own utility bills at the expense of their friends and neighbors. These so-called “net-metering” schemes, which exist in over 40 states, are finally getting the critical attention they deserve—and as my home state of Arizona shows, the special interests that benefit from them are fighting to protect their handouts.

Net-metering policies have swept the nation in recent years, driven by state lawmakers attempting to burnish their green-energy credentials. Each program, while different in some respects, is built around the same basic policy: They allow consumers who generate their own power from rooftop solar panels to sell their excess electricity back to the grid at a generous rate.

Ostensibly, this is a downside-free way for consumers to lower their energy bills and achieve some level of energy independence. But this sunny-sounding deal looks much darker when examined closely.

When net-metering users sell their extra power, utilities are legally prohibited from purchasing it at the wholesale rate, which is how much they would pay to generate the power themselves. Instead, they must buy it at the retail rate. This is the rate that consumers pay when buying power from the grid; it is significantly higher because it includes the cost of the poles, wires and other infrastructure that keeps the grid functioning. The wholesale rate in Arizona is roughly [73%](#) lower than the retail rate. net-metering users are thus being paid for a service they don’t provide—a subsidy that adds up fast. This also allows them to become “free riders.” They rely on the grid to sell excess electricity and buy it back when the sun isn’t shining, yet they don’t actually pay for the infrastructure they use. They get all the benefits but pay none of the costs.

Somebody has to foot the bill, though. Sure enough, the rest of a state’s electricity users—read: everyone else—cover the difference via higher rates. The Arizona Public Service Company, the state’s largest utility, estimates that net-metering is already responsible for [\\$42.7 million in higher costs](#)—a number that grows by [\\$740,000 a day](#). On the current trajectory, the company estimates its consumers will be forced to [pay over \\$1 billion in higher rates](#) thanks to net-metering

These costs necessarily fall hardest on the poor and the elderly, who don’t have the spare income to pay ever-higher energy bills. [Census Bureau data](#) show that the 722,000 Arizonans who make less than \$30,000 a year—30% of the state’s households—pay at least 20% of their after-tax income on energy. This is a much higher percentage than other income groups. Every dollar they pay in higher electricity rates as a result of net-metering is a dollar they can’t put towards savings, education, rent or a mortgage, or even daily necessities.

This explains why [over a dozen states](#) are working to reform their net-metering policies. Arizona’s is perhaps the most contentious battle.

In recent months, utilities and the companies that manufacture and install rooftop solar panels have skirmished over whether to reform the state’s net-metering system. The latter are [pushed unsuccessfully to place a constitutional amendment](#) on the November ballot that, if passed, would have guaranteed that net-metering users forever maintained their special deal. Utilities—which, admittedly, are government-regulated monopolies—subsequently [proposed](#) to increase net-metering fees and end the retail-rate purchase mandate. One [minor increase](#) in fees was recently approved for some rural customers.

But the fact remains that the current system is fundamentally unfair, and the net-metering system needs to be ended for good. The solar industry and its media allies have condemned any changes whatsoever. They [point to Nevada](#) as an example of the supposed horrors that follow on the heels of net-metering reform. Last year, the Nevada Public Utilities Commission [accurately noted](#) that its net-metering scheme “unreasonably increases the costs that are ultimately borne by other ratepayers.” It unanimously voted in December to swap the retail-rate requirement for wholesale, also making the change retroactive for existing users.

Now net-metering is effectively dead in the state. The rooftop-solar companies—including Elon Musk’s SolarCity, Vivint Solar and Sunrun, Inc.—have [pulled out of Nevada entirely](#). And while consumers can still technically enroll in net-metering, they see little reason to do so now that their subsidies have disappeared. It turns out that electricity generated from rooftop solar panels is prohibitively expensive when you can’t pass the costs on to someone else.

The same lesson holds true in other states, including mine. At the end of the day, net-metering is little more than corporate welfare for a select few companies and a reverse transfer of wealth in which the unlucky many subsidize a lucky few. Arizona—as well as every other state—should do the right thing and pull the plug on this special-interest handout.

