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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

GARY PIERCE - Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

AZ CORP COMMISSION
DOCKET Arizona Corporation Commission
2012 SEP 10
DOCKETED
SEP 10 2012

DOCKETED BY *EJM*

IN THE MATTER OF THE APPLICATION OF
TUCSON ELECTRIC POWER COMPANY FOR
THE ESTABLISHMENT OF JUST AND
REASONABLE RATES AND CHARGES
DESIGNED TO REALIZE A REASONABLE
RATE OF RETURN ON THE FAIR VALUE OF
ITS OPERATIONS THROUGHOUT THE STATE
OF ARIZONA.

DOCKET NO. E-01933A-12-0291

**RATE CASE
PROCEDURAL ORDER**

BY THE COMMISSION:

On July 2, 2012, Tucson Electric Power Company ("TEP" or "Company") filed with the Arizona Corporation Commission ("Commission") an Application for a rate increase.

On August 2, 2012, the Commission's Utilities Division ("Staff") notified the Company that its Application was sufficient under A.A.C. R14-2-103 and classified TEP as a Class A utility.

On August 3, 2012, TEP and Staff filed a Request for Procedural Schedule and submitted a proposed schedule.

On August 6, 2012, the Residential Utility Consumer Office ("RUCO") filed a Response to the Joint Request for Procedural Schedule, suggesting some modification of the proposed schedule.

On August 6, 2012, Staff and TEP filed a Proposed Form of Public Notice.

On August 13, 2012, TEP, Staff and RUCO filed a Revised Proposed Procedural Schedule.

On August 17, 2012, Intervention was granted to RUCO, the Southern Arizona Homebuilders Association ("SAHBA"), Freeport-McMoRan and Arizonans for Electric Choice and Competition (collectively "AECC"), EnerNOC, Inc., The Kroger Co. ("Kroger"), and Arizona Public Service Company ("APS"). The same date, TEP docketed a Notice of Errata, providing corrected bill impact schedules.¹

¹ TEP also filed a notice of Revision to Proposed Form of Notice.

1 By Procedural Order dated August 17, 2012, a Procedural Conference for the purpose of
2 discussing the schedule convened on August 28, 2012, at the Commission's Tucson office.
3 Appearing through counsel were TEP, RUCO, APS, AECC, and Staff. In addition, also appearing
4 were counsel for prospective intervenors the Southwest Energy Efficiency Project ("SWEEP") and
5 the International Brotherhood of Electrical Workers Local 1116 ("IBEW Local 1116") and the Sierra
6 Club.²

7 On August 23, 2012, SWEEP and IBEW Local 1116 filed requests to intervene in this matter.
8 At the August 28, 2012 Procedural Conference TEP indicated no objection to either intervention.

9 On August 28, 2012, the Sierra Club filed a Petition to Intervene. The Sierra Club states that
10 many of its members are residential customers of TEP, and that it is particularly interested in TEP's
11 proposed Environmental Compliance Adjustor as well as proposals related to investments in energy
12 efficiency and renewable energy. TEP has not objected to the Sierra Club's intervention.

13 Pursuant to A.A.C. R14-3-101, the Commission now issues this Procedural Order to govern
14 the preparation and conduct of this proceeding.

15 IT IS THEREFORE ORDERED that the **intervention requests of SWEEP, IBEW Local**
16 **1116, and the Sierra Club are granted.**

17 IT IS FURTHER ORDERED that a **hearing in this matter is hereby scheduled to**
18 **commence on March 6, 2013, at 10:00 a.m.** at the Commission's Tucson offices 400 West
19 Congress, **Room 222**, Tucson, Arizona 85701, continuing at **9:30 a.m. on March 7, 8, 11, 13, 14**
20 **and 15, 2013, as needed.**

21 IT IS FURTHER ORDERED that a **pre-hearing conference** in this matter for the purpose of
22 scheduling witnesses and other matters affecting the conduct of the hearing shall commence on
23 **March 4, 2013, at 10:00 a.m.** at the Commission's Tucson offices, 400 West Congress, **Room 222**,
24 Tucson, Arizona 85701.

25 IT IS FURTHER ORDERED that a **public comment meeting** shall commence on **March 4,**
26 **2013, at 5:30 p.m.** at the Commission's Tucson offices, 400 West Congress, Room 222, Tucson,

27 _____
28 ² On August 23, 2012, counsel for intervenors EnerNOC and SAHBA, who had a scheduling conflict, docketed comments on the proposed schedule.

1 Arizona 85701.

2 IT IS FURTHER ORDERED that **direct testimony** and associated exhibits (except that
3 related to rate design and cost of service) to be presented at hearing on behalf of **Staff and**
4 **intervenors shall** be reduced to writing and filed on or before **December 21, 2012**.

5 IT IS FURTHER ORDERED that **direct testimony** and associated exhibits **related to rate**
6 **design and cost of service** to be presented at hearing on behalf of **Staff and intervenors** shall be
7 reduced to writing and filed on or before **January 11, 2013**.

8 IT IS FURTHER ORDERED that **formal settlement discussions between the parties shall**
9 **commence by January 15, 2013, and if a settlement agreement is reached, it shall be filed by**
10 **February 4, 2013.**³

11 IT IS FURTHER ORDERED that **in the event a settlement agreement is not reached,**
12 **rebuttal** testimony and associated exhibits to be presented at hearing by TEP shall be reduced to
13 writing and filed on or before **February 4, 2013**.

14 IT IS FURTHER ORDERED that **if a settlement agreement is reached, direct testimony in**
15 **support of, or in opposition to, the settlement shall be filed by February 15, 2013**.

16 IT IS FURTHER ORDERED that **any responsive testimony in support or opposition to the**
17 **direct settlement testimony shall be filed by March 1, 2013**.

18 IT IS FURTHER ORDERED that **in the event there is no settlement agreement, any**
19 **surrebuttal testimony** and associated exhibits to be presented by **Staff or intervenors** shall be
20 reduced to writing and filed on or before **February 25, 2013**.

21 IT IS FURTHER ORDERED that any **rejoinder testimony and associated exhibits** to be
22 presented at hearing **by TEP** shall be reduced to writing and filed on or before **March 1, 2013**.

23 IT IS FURTHER ORDERED that **all filings shall be made by 4:00 p.m. on the date the**
24 **filing is due, unless otherwise indicated above**.

25 IT IS FURTHER ORDERED that any **objections to testimony or exhibits that have been**

26 ³ During the August 28, 2013, Procedural Conference, the only objections by intervenors who did not participate in the
27 discussions that led to the proposed schedule were that the time frame for settlement discussions and filing a settlement
28 agreement was too tight. In light of the decision to have only one hearing date whether there is a settlement or a litigated
proceeding, additional time is built into the proposed schedule for settlement discussions. If there is only a partial
settlement, the settlement track will be followed.

1 prefiled as of March 1, 2013, shall be made before, or at, the March 4, 2013, pre-hearing
2 conference.

3 IT IS FURTHER ORDERED that each party shall individually prepare, and bring to the
4 March 4, 2012 pre-hearing conferences, copies of an issues matrix setting forth all disputed
5 issues in the case. Each party's matrix shall indicate the position of each party on each
6 disputed issue and shall indicate whether the disputed issue remains in dispute or has been
7 resolved, in prefiled testimony or otherwise. Alternatively, parties may prepare a Joint Matrix
8 of Issues.

9 IT IS FURTHER ORDERED that all testimony filed shall include a table of contents which
10 lists the issues discussed.

11 IT IS FURTHER ORDERED that any substantive corrections, revisions, or supplements to
12 prefiled testimony, with the exception of rejoinder testimony, shall be reduced to writing and filed no
13 later than five calendar days before the witness is scheduled to testify. Substantive corrections,
14 revisions, or supplements to prefiled rejoinder testimony shall be reduced to writing and presented on
15 the first day of hearing.

16 IT IS FURTHER ORDERED that the parties shall prepare a brief, written summary of the
17 prefiled testimony of each of their witnesses and shall file each summary at least two working
18 days before the witness is scheduled to testify.

19 IT IS FURTHER ORDERED that copies of summaries shall be served upon the
20 Administrative Law Judge, the Commissioners, and the Commissioners' aides as well as the parties
21 of record.

22 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105,
23 except that all motions to intervene must be filed on or before February 15, 2013.

24 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and
25 regulations of the Commission, except that until January 15, 2013, any objection to discovery
26 requests shall be made within 7 calendar days of receipt⁴ and responses to discovery requests shall be
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28 ⁴ The date of receipt of discovery requests is not counted as a calendar day, and requests received after 4:00 p.m. MST will be considered as received the next business day.

1 made within 10 calendar days of receipt. Thereafter, objections to discovery requests shall be made
2 within 5 calendar days and responses shall be made within 7 calendar days. The response time may
3 be extended by mutual agreement of the parties involved if the request requires an extensive
4 compilation effort.

5 IT IS FURTHER ORDERED that for any pleadings or testimony, if a receiving party requests
6 service to be made electronically, and the sending party has the technical capability to provide service
7 electronically, service to that party shall be made electronically.

8 IT IS FURTHER ORDERED that, in the alternative to filing a written motion to compel
9 discovery, any party seeking resolution of a discovery dispute may telephonically contact the
10 Commission's Hearing Division to request a date for a procedural hearing to resolve the discovery
11 dispute; that upon such a request, a procedural hearing will be convened as soon as practicable; and
12 that the party making such a request shall forthwith contact all other parties to advise them of the
13 hearing date and shall at the hearing provide a statement confirming that the other parties were
14 contacted.⁵

15 IT IS FURTHER ORDERED that any motions which are filed in this matter and which are
16 not ruled upon by the Commission within 20 calendar days of the filing date of the motion shall be
17 deemed denied.

18 IT IS FURTHER ORDERED that any responses to motions shall be filed within five calendar
19 days of the filing date of the motion.

20 IT IS FURTHER ORDERED that any replies shall be filed within five calendar days of the
21 filing date of the response.

22 IT IS FURTHER ORDERED that the Company shall provide public notice of the hearing in
23 this matter, in the following form and style with the heading in no less than 24-point bold type and
24 the body in no less than 10-point regular type:

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28 ⁵ The parties are encouraged to attempt to settle discovery disputes through informal, good-faith negotiations before seeking Commission resolution of the controversy.

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PUBLIC NOTICE OF HEARING
ON THE APPLICATION OF
TUCSON ELECTRIC POWER COMPANY
FOR A PERMANENT BASE RATE INCREASE
(DOCKET NO. E-01933A-12-0291)

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Summary

On July 2, 2012, Tucson Electric Power Company ("TEP") filed an Application with the Arizona Corporation Commission ("Commission") for a permanent base rate increase. The Application seeks a \$127.7 million increase in non-fuel base rates. As a result of this Application, the current monthly bill for the average residential customer, using 812 kWh per month, would increase by \$10.65 or 12.5 %, from \$85.17 to \$95.82. The actual bill impact for individual customers that would result from the Application will vary depending upon the type and quantity of service provided.

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In addition, TEP's Application seeks to establish: (i) a lost fixed-cost recovery mechanism related to energy efficiency and distributed renewable generation requirements; and (ii) an environmental compliance cost-recovery mechanism. TEP also is requesting elimination of certain rate options, modification to its rate design, including the structure of its Purchased Power and Fuel Adjustment Clause, and is proposing a new approach to funding cost-effective demand-side management and energy efficiency programs.

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The Commission's Utilities Division ("Staff") is in the process of reviewing and analyzing the Application and has not yet made a recommendation regarding TEP's request. The Commission will issue a Decision regarding TEP's Application following consideration of testimony and evidence presented at an evidentiary hearing. THE COMMISSION IS NOT BOUND BY THE PROPOSALS MADE BY TEP, STAFF, OR ANY INTERVENORS, AND THE FINAL RATES APPROVED BY THE COMMISSION MAY BE HIGHER OR LOWER THAN THE RATES REQUESTED BY TEP OR RECOMMENDED BY OTHER PARTIES.

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How You Can View or Obtain a Copy of the Rate Proposal

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Copies of the Application are available on the Internet via TEP's website (www.tep.com), at the Joel D. Valdez Main Library at 101 N. Stone, Tucson, Arizona, 85701, at the Commission's offices at 400 W. Congress, Room 218, Tucson, Arizona, 85701 or 1200 West Washington, Phoenix, Arizona, 85007 for public inspection during regular business hours, and on the Internet via the Commission's website (www.azcc.gov) using the e-Docket function.

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Arizona Corporation Commission Public Hearing Information

THE COMMISSION WILL HOLD A HEARING ON THIS MATTER BEGINNING ON MARCH 6, 2013, AT 10:00 A.M., OR AS SOON THEREAFTER AS PRACTICAL IN THE COMMISSION'S OFFICES, ROOM NO. 222, 400 W. CONGRESS, TUCSON, ARIZONA.

1 **PUBLIC COMMENTS WILL BE TAKEN ON MARCH 4, 2013 AT 5:30**
2 **P.M. AT THE COMMISSION'S OFFICES, ROOM NO. 222, 400 W.**
3 **CONGRESS, TUCSON, ARIZONA.**

4 Written public comments may be submitted by mailing a letter referencing
5 Docket No. E-01933A-12-0291 to Arizona Corporation Commission, Consumer
6 Services Section, 1200 West Washington, Phoenix, AZ 85007, or by e-mail. For
7 a form to use and instructions on how to e-mail comments to the Commission, go
8 to http://www.azcc.gov/divisions/utilities/forms/public_comment.pdf. If you
9 require assistance, you may contact the Commission's Consumer Services Section
10 at 1-800-222-7000 or (520) 628-6550.

11 **About Intervention**

12 The law provides for an open public hearing at which, under appropriate
13 circumstances, interested parties may intervene. Any person or entity entitled by
14 law to intervene and having a direct and substantial interest in the matter will be
15 permitted to intervene. If you wish to intervene, you must file an original and 13
16 copies of a written motion to intervene with the Commission no later than
17 February 15, 2013, and send a copy of the motion to TEP or its counsel and to all
18 parties of record. Your motion to intervene must contain the following:

- 19 1. Your name, address, and telephone number, and the name, address, and
20 telephone number of any party upon whom service of documents is to be made, if
21 not yourself;
- 22 2. A short statement of your interest in the proceeding (e.g., a customer of
23 TEP, a shareholder of TEP, etc.); and
- 24 3. A statement certifying that you have mailed a copy of the motion to
25 intervene to TEP or its counsel and to all parties of record in the case.

26 The granting of motions to intervene shall be governed by A.A.C. R14-3-105,
27 except that all motions to intervene must be filed on or before February 15, 2013.
28 All parties must comply with Arizona Supreme Court Rules 31 and 38 and A.R.S.
§40-243 with respect to the practice of law. For information about requesting
intervention, visit the Commission's website at
<http://www.azcc.gov/divisions/utilities/forms/interven.pdf>. The granting of
intervention, among other things, entitles a party to present sworn evidence at
hearing and to cross-examine other witnesses. However, failure to intervene will
not preclude any interested person or entity from appearing at the hearing and
providing public comment on the application or from filing written comments in
the record of the case.

29 **ADA/Equal Access Information**

30 The Commission does not discriminate on the basis of disability in admission to
31 its public meetings. Persons with a disability may request a reasonable
32 accommodation such as a sign language interpreter, as well as request this

1 document in an alternative format, by contacting the ADA Coordinator, Shaylin
2 Bernal, e-mail SABernal@azcc.gov, voice phone number (602)-542-3931.
3 Requests should be made as early as possible to allow time to arrange the
4 accommodation.

5 **Who to Contact if you have Questions**

6 For further information on the TEP rate increase request and procedural schedule,
7 please contact TEP at (502) 884-3742 or the Commission's Consumer Services
8 Section at (520) 628-6550, (602) 542-4251, or 1 (800) 222-7000,
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10 IT IS FURTHER ORDERED that TEP shall **mail** to each of its customers a copy of the above
11 notice, (may be included as a bill insert) **such mailing to be complete by October 31, 2013**, and
12 shall cause a copy of such notice to be **published** at least once in a newspaper of local circulation in
13 the Company's service territories, with **publication to be completed no later than October 31,**
14 **2013.**

15 IT IS FURTHER ORDERED that TEP shall **post the notice on its website** and shall in its
16 **January/February 2013 bill cycle include a notice of the date, time and place of the March 4,**
17 **2013, Public Comment meeting in a form approved by Staff.**

18 IT IS FURTHER ORDERED that TEP shall **file certification of mailing/publication** as soon
19 as practicable after the mailing/publication has been completed.

20 IT IS FURTHER ORDERED that notice shall be deemed complete upon mailing/publication
21 of same, notwithstanding the failure of an individual customer to read or receive the notice.

22 IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the Rules
23 of the Arizona Supreme Court and A.R.S. § 40-243 with respect to the practice of law and admission
24 *pro hac vice*.

25 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance
26 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the
27 Rules of the Arizona Supreme Court). Representation before the Commission includes appearances
28 at all hearings and procedural conferences, as well as all Open Meetings for which the matter is
scheduled for discussion, unless counsel has previously been granted permission to withdraw by the
Administrative Law Judge or the Commission.

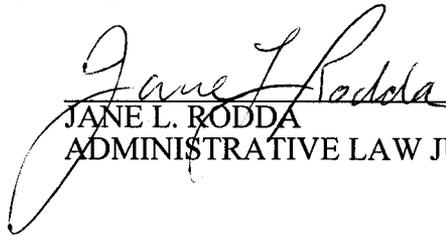
IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized

1 Communications) applies to this proceeding and shall remain in effect until the Commission's
2 Decision in this matter is final and non-appealable.

3 IT IS FURTHER ORDERED that the time periods specified herein shall not be extended
4 pursuant to Rule 6(a) or (e) of the Rules of Civil Procedure.

5 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend,
6 or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at
7 hearing.

8 DATED this 6th day of September, 2012.

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10 
11 JANE L. RODDA
12 ADMINISTRATIVE LAW JUDGE

13 Copies mailed this 6th day
14 of September, 2012 to:

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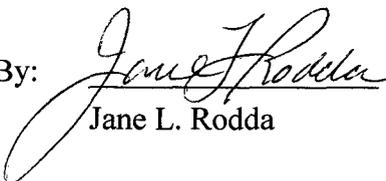
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