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VIA FEDERAL EXPRESS  
Docket Control Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

**Subject:** DoD/FEA's Notice of Filing Surrebuttal Testimony  
**Re:** Docket Nos. E-01345A-10-0394; E-01345A-12-0290; E-01933A-12-0296;  
E-04204A-12-0297 (Consolidated)

Dear Clerk:

Please find attached hereto the U.S. Department of Defense and all other Federal Executive Agencies' ("DoD/FEA") Notice of Filing Direct Testimony on behalf of DoD/FEA in the above captioned consolidated matter.

Thank you in advance for your attention to this important matter. Please call if there are any problems or if any further action is needed. I can be reached at (703) 693 – 1274 or by e-mail at kyle.j.smith124.civ@mail.mil.

Regards,

Kyle J. Smith  
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Enclosure: Notice of Filing with attached Surrebuttal Testimony

Cc: See Service List

Arizona Corporation Commission  
**DOCKETED**

MAY 22 2013

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

**COMMISSIONERS**

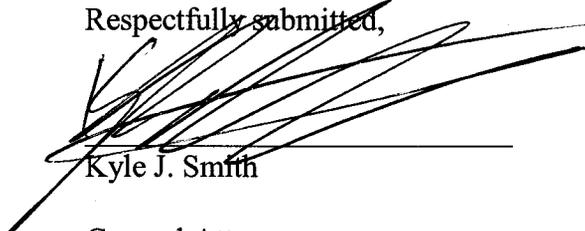
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BRENDA BURNS  
BOB BURNS  
SUSAN BITTER SMITH

IN THE MATTER OF ARIZONA PUBLIC SERVICE COMPANY REQUEST FOR APPROVAL OF UPDATED GREEN POWER RATE SCHEDULE GPS-1, GPS-2, AND GPS-3.	<b>DOCKET NO. E-01345A-10-0394</b>
IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY FOR APPROVAL OF ITS 2013 RENEWABLE ENERGY STANDARD IMPLEMENTATION FOR RESET OF RENEWABLE ENERGY ADJUSTOR.	<b>DOCKET NO. E-01345A-12-0290</b>
IN THE MATTER OF THE APPLICATION OF TUCSON ELECTRIC POWER COMPANY FOR APPROVAL OF ITS 2013 RENEWABLE ENERGY STANDARD IMPLEMENTATION PLAN AND DISTRIBUTED ENERGY ADMINISTRATIVE PLAN AND REQUEST FOR RESET OF ITS RENEWABLE ENERGY ADJUSTOR.	<b>DOCKET NO. E-01933A-12-0296</b>
IN THE MATTER OF THE APPLICATION OF UNS ELECTIC, INC. FOR APPROVAL OF ITS 2013 RENEWABLE ENERGY STANDARD IMPLEMENTATION PLAN AND DISTRIBUTED ENERGY ADMINISTRATIVE PLAN AND REQUEST FOR RESET OF ITS RENEWABLE ENERGY ADJUSTOR.	<b>DOCKET NO. E-04204A-12-0297</b>

**NOTICE OF FILING SURREBUTTAL TESTIMONY ON BEHALF OF THE  
U.S. DEPARTMENT OF DEFENSE AND  
ALL OTHER FEDERAL EXECUTIVE AGENCIES**

The United States Department of Defense and all other Federal Executive Agencies  
("DoD/FEA"), through undersigned counsel, hereby files the Surrebuttal Testimony of  
Cynthia J. Córdova.

Respectfully submitted,



Kyle J. Smith

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For  
The United States Department of Defense  
And  
All Other Federal Executive Agencies

## SERVICE LIST

The original and thirteen (13) copies of the foregoing is being transmitted Federal Express overnight delivery this 21<sup>st</sup> day of May 2013 to be received and filed on the 22<sup>nd</sup> day of May 2013 with:

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Arizona Corporation Commission  
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A copy of same is being served by e-mail or first class mail on the date of filing (May 22<sup>nd</sup>, 2013) to the following:

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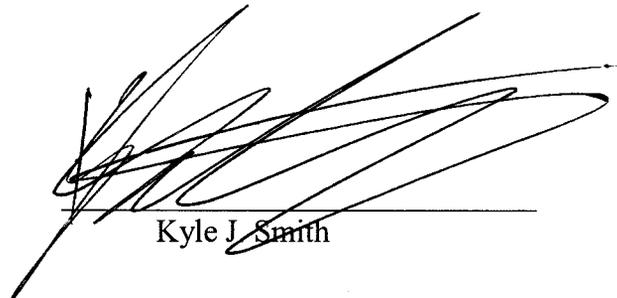
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**BEFORE THE ARIZONA CORPORATION COMMISSION**

**DOCKET NO. E-01345A-12-0290**

**DOCKET NO. E-01345A-10-0394**

**DOCKET NO. E-01933A-12-0296**

**DOCKET NO. E-04204A-12-0297**

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**Surrebuttal Testimony of Cynthia J. Córdova**

**On Behalf of**

**The Department of Defense and All Other Federal Executive Agencies**

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**Track and Record Renewable Energy Credits Proposal**

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**May 22, 2013**

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1 **I. INTRODUCTION.**

2  
3 **Q. Please state your name, employer, and business address.**

4 A. Cynthia Córdova, Department of Veterans Affairs (VA), 810 Vermont Avenue NW,  
5 Washington, D.C. 20420.  
6

7 **Q. Did you file Direct Testimony in this proceeding?**

8 A. Yes.  
9

10 **Q. What is the purpose of your Surrebuttal Testimony?**

11 A. The purpose of my Surrebuttal Testimony is to respond to the Rebuttal Testimony of  
12 Carmine Tilghman on behalf of Tucson Electric Power Company (TEP) and UNS  
13 Electric, Inc.  
14

15 **II. SURREBUTTAL TO TEP AND UNS.**

16  
17 **Q. Does the “Track and Monitor” plan supported by Mr. Tilghman in his Rebuttal  
18 Testimony alleviate VA’s concerns with Renewable Energy Certificate ownership  
19 and double counting?**  
20

21 A. It does not. “Track and Monitor” (T&M), as proposed by Arizona Corporation  
22 Commission Staff Robert Gray, supposedly differs from “Track and Record” (T&R)  
23 because under T&M “no credit is taken for those systems that are ‘monitored’ . . . .”<sup>1</sup>  
24 This difference is critical, but is far from clear. In his Rebuttal testimony, Mr. Tilghman  
25 describes T&M as “almost identical to the Track and Reduce mechanism . . . .”<sup>2</sup> He also  
26 states that T&M “would reduce the utilities’ percentage requirement by the amount of  
27 renewable energy interconnected to their systems – and allow the utilities to meet the  
28 *remaining* RES percentage requirement through the use of the other eligible renewable  
29 energy sources”<sup>3</sup> (emphasis added). It is not clear whether T&M is merely another form  
30 of T&R, or whether T&M unequivocally changes the REST rules. Accordingly, it is  
31 unclear whether T&M would induce a double counting situation.  
32

33 **Q. How could T&M induce a double counting situation?**

34  
35 A. So long as the 15% REST requirement and the 4.5% distributed generation requirement  
36 remain in place, there is the potential that even the monitoring for “informational  
37 purposes” proposed under T&M would be considered a form of counting for compliance.

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<sup>1</sup> Rebuttal Testimony of Carmine Tilghman on Behalf of Tucson Electric Power and UNS Electric, May 8, 2013, page 12:8-11.

<sup>2</sup> *Id.* at 7:7-8.

<sup>3</sup> *Id.* at 8:8-11.

1  
2 As proposed, T&M would use the kWhs produced by distributed generators to comply  
3 with the REST rules. Under T&M, utilities would report the kWhs for which they own  
4 the RECs for compliance purposes, and would report the kWhs for which they do not  
5 own the RECs for “informational purposes.” However, the renewable energy  
6 requirement within Arizona’s REST would remain at 15%, and the distributed renewable  
7 energy requirement would remain at 4.5%. Utilities would be found in compliance with  
8 the REST rules if, within their service territories, the requirements were met by total  
9 generation, even where the utility did not own the RECs associated with that generation.  
10 The kWhs produced by the customers used to meet the REST rules, either in the form of  
11 direct compliance, or in the form of reducing the compliance burden on the utilities, are  
12 thus counted, the associated RECs could be used by the customer for any commercial or  
13 compliance purpose without encountering a double counting problem, and customers  
14 would be deprived of a significant portion of the investment they have made in renewable  
15 energy.

16  
17 **Q. Does VA agree with Mr. Tilghman’s implication that Arizona’s distributed**  
18 **generation carve out has had, and will have, little impact on VA’s investment in**  
19 **distributed generation in Arizona?**

20  
21 A. Not exactly. In his testimony, Mr. Tilghman correctly stated that VA made its  
22 investments in distributed renewable energy “irrespective of the Company’s DG  
23 [distributed generation] Requirement . . . .”<sup>4</sup> He concludes that because VA did not rely  
24 on Arizona utility incentives, that distributed renewable energy growth would not be  
25 affected by any DG requirement. Let me first reiterate that the purpose of my testimony,  
26 and VA’s prime concern in this matter, is protecting the integrity of its RECs. That said,  
27 Mr. Tilghman’s conclusion misses the mark in two ways. First, by implying that  
28 renewable and distributed generation incentives and mandates had no effect on VA’s  
29 investment, Mr. Tilghman ignores the multiple federal mandates and incentives that  
30 spurred VA to make its investments. State incentives and carve-outs have not, to this  
31 point, affected VA, but it does not follow that they have not affected DG growth in  
32 Arizona. Second, the changes to the REST rules endorsed by Mr. Tilghman on behalf of  
33 TEP and UNS threaten the integrity of RECs, and thus threaten future investment by VA.

34  
35 **Q. Can you please explain the statement from your Direct Testimony that utilities**  
36 **continue to purchase RECs to meet the Distributed Renewable Energy**  
37 **Requirement?**

38  

---

<sup>4</sup> Rebuttal Testimony of Carmine Tilghman, page 11:24-26.

1 A. In my Direct Testimony I stated that Affected Utilities could purchase the RECs they  
2 need to meet the REST rules. This proposal protects the integrity of RECs, and properly  
3 compensates REC holders for their investment. However, it is not VA's role or intent to  
4 recommend Arizona law or policy, only to protect the value of its investment. VA would  
5 be amicable to other solutions that do not create double counting situations.  
6

7 **Q. Does this conclude your testimony?**  
8

9 A. Yes it does. Thank you for the opportunity to testify before the Commission.  
10  
11  
12  
13  
14  
15