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May 24, 2013

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Arizona Corporation Commission
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Subject: DoD/FEA's Notice of Filing Errata

**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 Errata 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
General Attorney
Regulatory Law Office (JALS-RL/IP)
Office of the Judge Advocate General
U. S. Army Legal Services Agency
9275 Gunston Road
Fort Belvoir, VA 22060-5546
kyle.j.smith124.civ@mail.mil

Enclosure: Notice of Filing Errata with attached Corrected Surrebuttal Testimony

Cc: See Service List

Arizona Corporation Commission

DOCKETED

MAY 28 2013

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

**BOB STUMP - Chairman
GARY PIERCE
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.	DOCKET NO. E-01345A-10-0394
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.	DOCKET NO. E-01345A-12-0290
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.	DOCKET NO. E-01933A-12-0296
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.	DOCKET NO. E-04204A-12-0297

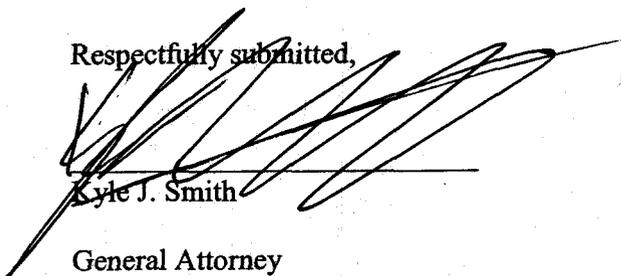
**NOTICE OF FILING ERRATA ON BEHALF OF THE
U.S. DEPARTMENT OF DEFENSE AND
ALL OTHER FEDERAL EXECUTIVE AGENCIES**

On May 22, 2013 the United States Department of Defense and all other Federal Executive Agencies ("DoD/FEA") filed the Surrebuttal Testimony of Cynthia J. Córdova. The sentence beginning on Page 2, Line 10 and ending on Page 2, Line 15 contains a typographical error, omitting the word "not" after "could" and before "be" on Page 2, Line 12. The sentence should read as follows:

The KWhs produced by the customers used to meet the REST rules, either in the form of direct compliance, or in the form of reducing the compliance burden on the utilities, are thus counted, the associated RECs could not be used by the customer for any commercial or compliance purpose without encountering a double counting problem, and customers would be deprived of a significant portion of the investment they have made in renewable energy.

A revised copy of the Surrebuttal Testimony of Cynthia J. Córdova with the only change being the one described herein is attached and should replace the Surrebuttal Testimony of Cynthia J. Córdova filed on May 22, 2013. DoD/FEA apologizes for any inconvenience which this may cause.

Respectfully submitted,



Kyle J. Smith

General Attorney
Regulatory Law Office (JALS-RL/IP)
Office of the Judge Advocate General
U.S. Army Legal Services Agency
9275 Gunston Road
Fort Belvoir, VA 22060-5546

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 24th day of May 2013 to be received and filed on the 28th day of May 2013 with:

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

A copy of same is being served by e-mail or first class mail on the date of filing (May 28th, 2013) to the following:

Janice Alward, Chief Counsel
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
jalward@azcc.gov

Steven M. Olea, Director
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
solea@azcc.gov

Bradley S. Carroll
Tucson Electric Power Company
88 E. Broadway Blvd., MS HQE910
P.O. Box 711
Tucson, Arizona 85702
Attorney for Tucson Electric Power
bcarroll@tep.com

Michael W. Patten
ROSHKA DEWULF & PATTEN, PLC
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004
Attorney for Tucson Electric Power
mpatten@rdp-law.com

Kevin C. Higgins, Principal
Energy Strategies, LLC
215 South State Street
Suite 200
Salt Lake City, Utah 84111
Consultant to Freeport-McMoran
and AECC
KHiggins@Energystrat.com

C. Webb Crockett
Patrick J. Black
FENNEMORE CRAIG, P.C.
3003 North Central Avenue
Suite 2600
Phoenix, Arizona 850 12-29 13
Attorneys for Freeport-McMoRan
and AECC
wrockett@fclaw.com
pblack@fclaw.com

Court S. Rich
ROSE LAW GROUP, PC
6613 N. Scottsdale Road, Suite 200
Scottsdale, AZ 85250
Attorney for Solar Energy Industries
Association (SEIA)
crich@roselawaroup.com

Kevin Koch
2333 E 1st St.
P.O. Box 42103
Tucson, AZ 85733

Christopher D. Thomas
Fred E. Breedlove III
Squire Sanders
1 E. Washington, 27th Floor
Phoenix, AZ 85004

Annie C. Lappè
Rick Gilliam
The Vote Solar Initiative
1120 Pearl St., Suite 200
Boulder, CO 80302
annie@votesolar.org
rick@votesolar.org

Douglas V. Fant
Law Offices of Douglas V. Fant
3655 W. Anthem Way, Suite A-109, PMB
411
Anthem, AZ 85086

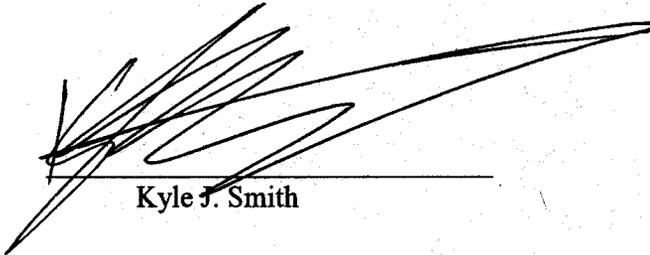
Michael L. Neary
Executive Director
Arizona Solar Energy Industries Association
(AriSEIA)
111 W. Renee Dr.
Phoenix, AZ 85027
mneary@arizonasolarindustry.org

Thomas A. Loquvam
Pinnacle West Capital Corporation
400 N. 5th St., MS 8695
Phoenix, AZ 85004

Scott S. Wakefield
Ridenour Hienton & Lewis, P.L.L.C.
201 N. Central Ave., Suite 330
Phoenix, AZ 85004-1052

Daniel W. Pozefsky
RUCO
1110 W Washington St., Suite 220
Phoenix, AZ 85007
DPozefsky@azruco.gov

Timothy M. Hogan
Arizona Center for Law in the Public
Interest
202 E. McDowell Rd., Suite 153
Phoenix, AZ 85004



Kyle J. Smith

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

Corrected Surrebuttal Testimony of Cynthia J. Córdova

On Behalf of

The Department of Defense and All Other Federal Executive Agencies

Track and Record Renewable Energy Credits Proposal

May 28, 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’”¹**
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”² 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”³ (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.**

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

² *Id.* at 7:7-8.

³ *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 not be used by the customer for any commercial
13 or 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”⁴ 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

⁴ 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