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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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AZ CORP COMMISSION
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IN THE MATTER OF THE APPLICATION OF
TRICO ELECTRIC COOPERATIVE, INC., AN
ARIZONA NONPROFIT CORPORATION, FOR
(1) APPROVAL OF NET METERING TARIFFS;
AND (2) PARTIAL WAIVER OF THE NET
METERING RULES.

) DOCKET NO. E-01461A-15-0057

REQUEST FOR:

- 1. EXPEDITED CONSIDERATION**
- AND**
- 2. PROCEDURAL CONFERENCE**

Trico Electric Cooperative, Inc., an Arizona nonprofit corporation, (“Trico” or “Company”) requests expedited consideration of its application in this docket without a hearing. Trico submits that expedited consideration is appropriate to: (i) mitigate the uncertainty over net metering in Trico’s service area, which will benefit Trico, its members and the solar contractor community and (ii) minimize the time before the new net metering tariff applies to New DG Members, which will reduce potential confusion regarding changes in billing.¹

A. Expedited Consideration.

Trico filed the application in this docket on February 26, 2015. In the application, Trico proposed a cutoff date of midnight on February 28, 2015 for DG interconnection applications that would be grandfathered under the current tariff. Applications received on March 1, 2015 or later would become subject to the new net metering tariff upon Commission approval. During that two day grace period, Trico received 99 interconnection applications (of which 32 were incomplete).

¹ Trico members who have installed distributed generation (“DG”) facilities that are eligible for net metering will be referred to as “DG Members.” DG Members that will not be grandfathered under Trico’s existing form of net metering tariff will be referred to “New DG Members.”

1 Since the cutoff date, Trico has received 4 applications, one of which was filed shortly after
2 midnight and had an approved construction permit dated before the cutoff date.²

3 On March 3, 2015, at the request of Commission Staff, Trico filed a waiver of any
4 applicable 30-day time clock under which Trico's proposed net metering tariff may be considered
5 automatically in effect. Given the open meeting schedule, the Commission was not in a position
6 to easily adopt an order to suspend the application. However, Trico requests that the Commission
7 expedite consideration of the application.

8 First, prompt resolution of the application will mitigate the uncertainty over net metering
9 in Trico's service area. Net metering currently provides a significant subsidy for DG installations
10 that is factored into DG system pricing, leasing models and estimated "payback" periods. A
11 change in the subsidy likely changes the calculations. Uncertainty over net metering leads to
12 uncertainty over the appropriate sizing of the DG system and the financial benefit of installing a
13 DG system. Once the net metering proposal is resolved, Trico members will be in a better
14 position to receive and understand options for installing DG systems. The solar contractors also
15 will be able to operate in a more stable environment.

16 Second, prompt resolution helps avoid having tariff changes for new DG Members. It is
17 possible that a New DG Member will have a DG system installed and interconnected before the
18 Commission rules on Trico's application. In that case, the New DG Member may operate under
19 the existing net metering tariff for a few months and then shift over to the new net metering tariff.
20 Trico does not intend to delay interconnection for New DG Members until its application is
21 resolved. However, Trico also wants to avoid as much confusion as possible over switching
22 tariffs.

23 Third, prompt resolution also can act to mitigate further increases in the lost fixed revenue
24 recovery and cost shifting. If resolution of this docket takes many months and Trico interconnects
25 a significant number of New DG Members in the interim, there will also be significant lost
26

27 ² Trico has accepted applications after February 28, 2015 that include permit applications dated prior to
March 1, 2014, as "grandfathered" applications.

1 revenue and cost shifting in the interim until those New DG Members can be shifted to the new
2 net metering tariff.³

3 Finally, the proposed net metering tariff is intended to slow the erosion of Trico's
4 revenues. Presently, Trico will under-recover more than \$500,000 per year as a result of the
5 current net metering tariff and another \$500,000 per year will be shifted on to non-DG Members.
6 This under-recovery interferes with Trico's opportunity to earn its authorized revenue requirement
7 and rate of return, as set in its last rate case. Even with the proposed net metering tariff, Trico will
8 continue to suffer a significant erosion of its revenue and rate of return – just not as severe erosion.
9 A prompt resolution benefits Trico and the vast majority of its members.

10 **B. Approval without a Hearing.**

11 Trico submits that a hearing is unnecessary in this docket. The Commission already has
12 acknowledged the lost fixed cost recovery and the cost shifting impacts of net metering. See
13 Decision No. 74202 (December 3, 2013) (APS net metering charge). It has also reduced subsidies
14 for DG systems without a hearing. See, e.g., Decision No. 72639 (October 18, 2011)(reducing
15 Trico's upfront incentive from \$1.25 per watt to \$0.75 per watt). The Commission regularly
16 changes the avoided cost rate in net metering tariffs without a hearing. See, e.g., Decision No.
17 74693 (August 12, 2014) (approving revised avoided cost rate for Mohave Electric).

18 The focus of this application is a policy issue – should the Commission approve a modified
19 net metering tariff that will reduce lost fixed cost recovery and mitigate cost shifting. This
20 approval also would continue the trend of reducing subsidies for DG systems. A hearing is not
21 necessary for such a policy determination. To the extent legal issues are raised, briefing can
22 address those issues.

23 Moreover, Arizona law suggests that hearing for an electric cooperative is not necessary,
24 *even if* the cooperative is seeking an increase in a rate (which is not the case here). Even for a rate
25 increase (or other action that effectively increases a rate), A.R.S. 40-250 states that a “showing
26

27 ³ Trico reiterates that *even under the new net metering tariff* Trico will continue to suffer lost fixed cost recovery and some of those lost fixed costs will be shifted to non-DG Members.

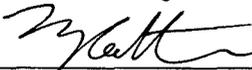
1 before the commission . . . by a member-owned nonprofit cooperative corporation may be made
2 with *or without* a hearing as determined by order or rule of the commission.” (emphasis supplied).

3 **C. Procedural Conference**

4 Should the Commission believe a hearing is critical to resolving a policy issue regarding
5 its own rule, Trico requests that such a hearing be expedited. The Company is concerned that this
6 time sensitive matter may linger for weeks only to have someone eventually request a hearing,
7 thus delaying the matter further. Therefore, although Trico does not believe a hearing is
8 necessary, Trico asks that a procedural conference be set in the immediate future to address the
9 need for a hearing and how to best expedite this docket.

10
11 RESPECTFULLY SUBMITTED this 11th day of March, 2015.

12 Trico Electric Cooperative, Inc.

13 By 

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21 Original and thirteen copies of the foregoing
22 filed this 11th day of March, 2015, with:

23 Docket Control
24 Arizona Corporation Commission
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27 Copy of the foregoing hand-delivered
this 11th day of March, 2015, to:

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