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BEFORE THE ARIZONA CORPORATION COMMISSION RECEIVED

COMMISSIONERS

SUSAN BITTER SMITH - Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

Arizona Corporation Commission

2015 APR -3 P 12: 25

DOCKETED

AZ CORP COMMISSION
DOCKET CONTROL

APR 3 2015

DOCKETED BY

DOCKET NO. E-01461A-15-0057

IN THE MATTER OF THE APPLICATION OF TRICO ELECTRIC COOPERATIVE, INC. FOR APPROVAL OF A NEW NET-METERING TARIFF, THE PARTIAL WAIVER OF THE COMMISSION'S NET METERING RULES AND A REVISED AVOIDED COST RATE IN THE COMPANY'S EXISTING NET METERING TARIFF.

ORIGINAL

PROCEDURAL ORDER

BY THE COMMISSION:

On February 26, 2015, Trico Electric Cooperative, Inc. ("Trico" or "Company") filed an Application for Approval of Net Metering Tariffs and Partial Waiver of the Net Metering Rules.

On March 3, 2015, Trico filed a Notice of Waiver of any 30-day "time clock" that would apply to the Application.

On March 11, 2015, Trico filed a Request for Expedited Consideration and Procedural Conference. Trico seeks quick resolution of its request to avoid new Distributed Generation ("DG") members experiencing tariff changes and to mitigate increases in lost fixed revenue recovery and cost shifting. Trico expressed the belief that the focus of the application is a policy issue and that a hearing is not necessary, but that in the event the Commission believed that a hearing is required, Trico requested expedited consideration.

On March 19, 2015, the Commission's Utilities Division ("Staff") filed a Response to Trico's Request for Procedural Order. Staff expressed the position that Trico's requested relief would be more appropriately addressed in a rate case, but that if Trico did not voluntarily withdraw all but the avoided cost portion of the its Application, that an evidentiary hearing was required. Staff proposed a

1 hearing schedule.

2 On March 26, 2015, Trico filed a Reply to Staff's Response. Trico indicated that it opted to
3 proceed in this docket and not withdraw any part of the Application. Trico stated that it did not oppose
4 a hearing, only that a hearing not be conducted in "conjunction with hearings on any other similar
5 applications." Trico did not object to Staff's proposed schedule, and requested a Procedural Order be
6 issued promptly setting forth the public notice requirements.

7
8 By Procedural Order dated March 27, 2015, it was determined that a hearing on the
9 Application would be necessary, and a Procedural Conference was set to discuss a hearing schedule
10 and process.

11 On March 25, 2015, the Pascua Yaqui Tribe (the "Tribe"), a customer of Trico, filed an
12 Application to Intervene.

13 The Procedural Conference convened on April 2, 2015. Appearing through counsel were
14 Trico, and Intervenors Mohave Electric Cooperative, Inc., Navopache Electric Cooperative, Inc., The
15 Alliance for Solar Choice ("TASC"), the Arizona Solar Deployment Alliance ("ASDA"), and Staff;
16 Mr. Hall, an individual Intervenor appeared on his own behalf. The Tribe appeared through its
17 counsel as a pending intervenor.

18
19 No party objected to the intervention of the Tribe and the Tribe was granted intervention at the
20 Procedural Conference.

21 A Statement to the Docket from Commissioner Burns was read into the record; a copy of the
22 statement is attached hereto as Exhibit A. Commissioner Burns requested that the parties brief the
23 following question by April 10, 2015, and present oral argument on their briefs at the Commission's
24 scheduled April 14-15, 2015 Open Meeting:
25

26 Should Trico's Application be considered in a hearing process now, or instead,
27 should its application be dismissed without prejudice, and the matter considered
28 in the Company's next rate case?

1 Having the issue of whether the Commission could, or should, consider Trico's Application in
2 a hearing separate and apart from a rate case hearing is a central issue raised by the Application, and
3 having this issue resolved at the beginning of the process rather than after the time and expense of a
4 hearing will promote judicial economy and efficiency. Consequently, at the Procedural Conference,
5 the parties were directed to address the above question in legal briefs.

6 Trico's Application makes three requests: (1) the approval of a new net metering tariff for
7 future net metered members that credits excess energy produced from an eligible net metering facility
8 at the avoided cost rate; (2) approval of a partial waiver of the Commission's net metering rules
9 (A.A.C. R14-2-2301 et seq.); and (3) approval of a revised avoided cost rate for Trico's existing net
10 metering tariff.¹ The issue of the revised avoided cost rate affects both the newly proposed net
11 metering tariff and the existing net metering tariff. Trico asserts that the Commission has historically
12 acted on requests to modify the avoided cost rate in net metering tariffs for other utilities without a
13 hearing and outside of a rate case, and that the avoided cost issue can, and should, proceed with
14 alacrity whatever the Commission decides with respect to the process for considering the newly
15 proposed net metering tariff for future DG members. On March 31, 2015, Staff docketed a Staff-
16 prepared Memorandum and Proposed Order concerning the request to re-set the avoided cost rate, and
17 there was discussion about whether the Staff-proposed Order would appear on the agenda for the April
18 14-15, 2015 Commission Open Meeting.² At the Procedural Conference, TASC requested a hearing
19 on the avoided cost issue.

20 The parties are directed to file briefs discussing the legal issues affecting whether the actions
21 requested under Trico's Application must be considered in a rate case proceeding. This directive
22 affects all aspects of Trico's request: whether a proposed net metering tariff that would affect only
23 future DG members can be heard outside of a rate case proceeding; and whether modification of the
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28 ¹ Application at 1.

² At the time of the Procedural Conference the agenda for the April 14-15, 2015 Open Meeting had not been issued.

1 existing Trico net metering tariff that applies to current DG members can be heard outside of a rate
2 case hearing.

3 In addition, at the Procedural Conference, Staff requested that the Commission's ex parte rule
4 be invoked. No party objected.

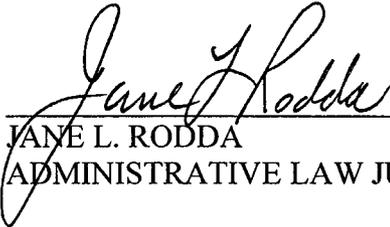
5 IT IS THEREFORE ORDERED that the parties shall file briefs on the issues identified
6 herein no later than 3 p.m. on April 10, 2015, and be prepared for oral argument on their briefs at
7 a date and time to be set.

8 IT IS FURTHER ORDERED that the Tribe's request for intervention is granted.

9 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized
10 Communications) applies to this proceeding and shall remain in effect until the Commission's
11 Decision in this matter is final and non-appealable.

12 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive
13 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

14 DATED this 3rd day of April, 2015.

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JANE L. RODDA
ADMINISTRATIVE LAW JUDGE

19 Copies of the foregoing mailed
20 this 3rd day of April, 2015 to:

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By: 
Tammy Velarde
Assistant to Jane L. Rodda

Exhibit A

Statement from Commissioner Burns

In Staff's filing on March 19, Staff indicated that its first preference would be for Trico's application to be handled as part of Trico's next rate case. Staff's second alternative view was that there needed to be a hearing on Trico's application for the majority of the issues raised. Just yesterday, I learned that a procedural conference had been scheduled in this case for today, April 2.

Given that there has been little to no discussion regarding which option would be most appropriate under the circumstances presented by Trico's application, it would be helpful for me in my consideration of this case to delay setting the hearing date and instead have the parties brief the following query:

Should Trico's application be considered in a hearing process now, or instead, should its application be dismissed without prejudice, and the matter considered in the Company's next rate case?

I would like the parties to file written briefs in this docket on the question by April 10, 2015. I would also like the parties to present oral argument on their briefs at the Commission Open Meeting now scheduled for April 14-15.

I appreciate your consideration of my request.

Sincerely,
Bob Burns