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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH, CHAIRMAN
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AZ CORP COMMISSION
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IN THE MATTER OF THE APPLICATION OF
TUCSON ELECTRIC POWER COMPANY FOR
(1) APPROVAL OF A NET METERING TARIFF
AND (2) PARTIAL WAIVER OF THE NET
METERING RULES.

) DOCKET NO. E-01933A-15-0100

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)
) **TUCSON ELECTRIC POWER
COMPANY'S RESPONSE TO
STAFF'S REQUEST FOR
PROCEDURAL ORDER**
)
)
)

On March 25, 2015, Tucson Electric Power Company ("TEP" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for: (1) approval of a new net-metering tariff for future net metered customers that provides monthly bill credits for any excess energy produced from an eligible net metering facility at a "Renewable Credit Rate" and (2) approval of a partial waiver of the Commission's Net Metering Rules (A.A.C. R14-2-2301 *et seq.*) ("Application"). On April 14, 2015, the Commission's Utilities Division ("Staff") filed a Request for Procedural Order ("Staff Request"). The Staff Request recommends that "TEP withdraw its application so that the Commission may consider these matters in a rate case."¹ The Staff Request further recommends that if TEP is not inclined to voluntarily withdraw its Application, that "the Commission establish a briefing schedule so that the parties may file briefs addressing whether the case should be dismissed."²

Arizona Corporation Commission

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¹ Staff Request at page 2, line 4.

² *Id.* at line 8.

1 TEP respectfully must decline Staff's recommendation for the Company to voluntarily
2 withdraw its Application in favor of bringing the matters requested therein as part of its next rate
3 case. TEP does not plan on filing a rate case in the near future.³ Even if the Company was to
4 utilize 2015 as its test year and file a rate case in 2016, it would take at least two years from this
5 point in time at a minimum, before the Commission could address the important issues raised in its
6 Application. This is not a reasonable or realistic option. The Commission may consider the
7 Company's pending Application in as little as six (6) months with an evidentiary hearing.
8 Although the relief requested in the Application will not completely address the distributed
9 generation ("DG") cost shift, it will at the very least, help mitigate the increasing amount of utility
10 fixed costs that are being shifted to other customers over the next two to three years until TEP's
11 next rate case is decided. Staff's recommendation would require TEP to prematurely spend
12 hundreds of thousands of dollars (or more) to have the Commission address this single issue when
13 a legal and viable procedural alternative is available. The Company will more fully discuss this
14 recommendation from a legal and policy perspective in its brief.

15 The Company believes that it would be appropriate to consider Staff's Request as to
16 whether this Application should be dismissed and the issues discussed in a rate case at the same
17 Open Meeting that it considers such issues in the Trico net metering docket. It is unlikely that
18 Staff's proposed briefing schedule could achieve this given that it appears that the Trico schedule
19 could allow the Commission to consider this matter as early as the June Open Meeting. Final
20 briefing in the Trico docket will be completed by April 30. Although TEP believes that the
21 Commission must consider each utility's' application independently, the Commission should
22 consider both the TEP and Trico applications at the June Open Meeting to the extent possible.

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25 ³ TEP's affiliate UNS Electric, Inc. ("UNS Electric") filed on March 25, 2015 an identical net metering
26 application in Docket No. E-04204-15-0099. On April 14, 2015 Staff filed a motion recommending that
27 the application be consolidated with the rate case that UNS Electric intends to file in early May 2015.
Because UNS Electric is going to file a rate case in the ordinary course that will be decided within
approximately the next year, UNS Electric has accepted Staff's recommendation and has filed a motion to
withdraw its application and will bring forth its DG cost shift issues as part of its rate case filing. TEP does
not have this option.

1 Finally, TEP agrees with Staff that it may be appropriate to delay the establishment of a
2 procedural schedule for a hearing and the filing of testimony until after the Commission considers
3 the motions to dismiss. Accordingly, TEP requests that discovery also be stayed so the parties
4 would not have to devote time and resources unnecessarily should the Commission decide to
5 dismiss the Application.

6 RESPECTFULLY SUBMITTED this 20th day of April, 2015.

7
8 Tucson Electric Power Company

9 By 

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24 Original and thirteen copies of the foregoing
25 filed this 20th day of April, 2015, with:

26 Docket Control
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Copy of the foregoing hand-delivered
this 20th day of April, 2015, to:

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