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**BEFORE THE ARIZONA CORPORATION COMMISSION**

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Arizona Corporation Commission

**DOCKETED**

APR 14 2015

2 COMMISSIONERS

- 3 SUSAN BITTER SMITH - CHAIRMAN
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- 5 TOM FORESE

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AZ CORP COMMISSION  
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*Re*

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7 **IN THE MATTER OF THE APPLICATION**  
 8 **OF UNS ELECTRIC, INC. FOR APPROVAL**  
 9 **OF A NEW NET-METERING TARIFF FOR**  
 10 **FUTURE NET METERED CUSTOMERS**  
 11 **AND A PARTIAL WAIVER OF THE**  
 12 **COMMISSION'S NET METERING RULES.**

**DOCKET NO. E-04204A-15-0099**

**MOTION TO CONSOLIDATE**

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The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") moves to consolidate Docket No. E-04204A-15-0099 (In the matter of the application of UNS Electric, Inc. for approval of a new net-metering tariff for future net metered customers and a partial waiver of the Commission's net metering rules.) with Docket No. E-04204A-15-0067 (In the matter of the application of UNS Electric, Inc. for establishment of just and reasonable rates.) A separate motion is being filed in each of these dockets.

On March 2, 2015, UNS Electric, Inc. ("UNSE" or "Company") filed a Notice of Intent to File a Rate Case Application ("Notice of Intent"). In that Notice of Intent, the Company indicated that it would be filing a rate case application on or about May 1, 2015, using a test year ending December 31, 2014. In the Notice of Intent the Company listed a number of factors that have arisen that require UNSE to file a rate case. Pertinent to this motion is the Company's assertion that UNSE has "experienced a reduction in retail sales volumes due to the loss of two significant customers, the increasing deployment of net metered solar photovoltaic rooftop distributed generation ("rooftop PV") and the adoption of energy efficiency measures." Further, the Company indicates that "the deployment of net metered residential rooftop PV systems in UNS Electric's service area is shifting a significant amount of fixed cost recovery from net metered customers to non-net metered customers

1 through UNS Electric's Lost Fixed Cost Recovery ("LFCR") mechanism. Finally, the Company  
2 states in the Notice of Intent that "in addition to the cost recoveries being shifted to the non-net  
3 metered customers, the Company is also suffering lost revenues because the LFCR is not designed to  
4 capture all of the lost fixed cost revenues associated with meeting the Commission's Renewable  
5 Energy Standard and Energy Efficiency Rules." In part, the Company maintains that it is filing a rate  
6 case to "adopt updated rate designs that equitably allocate the recovery of the Company's fixed  
7 costs."

8 On March 25, 2015, UNSE filed an application ("Application") for 1) approval of a new net  
9 metering tariff for future net metered customers that provides monthly bill credits for any excess  
10 energy produced from an eligible net metering facility at a "Renewable Credit Rate" and 2) approval  
11 of a partial waiver of the Commission's Net Metering Rules (A.A.C. R14-2-2301 *et seq.*) In that  
12 Application, UNSE indicates that it "is experiencing exponential growth in the number of distributed  
13 solar rooftop systems in its service territory." As in the Notice of Intent, the Company similarly  
14 asserts in the Application that this increase results in an increasing amount of utility costs that are  
15 ultimately shifted to other customers, and that "UNSE has suffered a substantial rise in unrecovered  
16 fixed costs due to net metering." The Company claims that "this cost shift will continue to rise for  
17 the foreseeable future absent some fundamental change in UNSE's *rate design, its net metering tariff*  
18 *or both.*"

19 It is clear that the Company is intending to address the alleged under-recovery of fixed costs  
20 and the alleged cost shifts in both its rate case and its pending net metering tariff filing. Staff  
21 believes that the framework of a rate case better suits addressing the issues raised by the Company in  
22 the tariff filing. The Company acknowledges that it may require a change in rate design, the net  
23 metering tariff or both to address these issues. Further, the Company seems to acknowledge that  
24 some of the under recovery of lost fixed costs is due to other issues, such as the Commission's  
25 Energy Efficiency Rules and Renewable Energy Standard Rules. All of these can be analyzed in the  
26 Company's rate case, whereas in the tariff filing, the review may be more limited. Addressing these  
27 issues in the rate case will be more efficient since the parties would not have to address them in the  
28 tariff filing and then again in the rate case. Staff believes that addressing the issues raised by the

1 Company in a rate case will allow the parties, and ultimately the Commission, to address the issues  
2 more holistically.

3 Staff therefore requests that the Administrative Law Judge ("ALJ") consolidate Docket No. E-  
4 04204A-15-0099 with Docket No. E-04204A-15-0067. If the Company ultimately files the rate case  
5 application in another docket, the rate case docket should be consolidated with these matters at that  
6 time.

7 RESPECTFULLY SUBMITTED this 14<sup>th</sup> day of April, 2015.

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15 Original and thirteen (13) copies of the  
16 foregoing filed this 14<sup>th</sup> day of April,  
2015, with:

17 Docket Control  
18 Arizona Corporation Commission  
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21 Copy of the foregoing mailed this  
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