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BEFORE THE ARIZONA CORPORATION COMMISSION

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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

**STAFF'S REQUEST FOR
PROCEDURAL ORDER**

The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") hereby requests that the Administrative Law Judge ("ALJ") schedule a procedural conference in the above captioned matter at her earliest convenience.

On March 25, 2015, Tucson Electric Power Company ("TEP" or "Company") filed an application in the above referenced docket seeking 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.*). The Company claims that it is experiencing exponential growth in the number of distributed solar rooftop systems in its service territory due to recent reductions in costs and due to subsidies that DG Customers receive through rate design and net metering. TEP also asserts in its application that although users with distributed generation systems ("DG Customers") "remain connected to the grid and benefit from that connection, they avoid paying much of the fixed costs of operating and maintaining the grid" and that "[t]his results in an increasing amount of utility costs that are ultimately shifted to other customers."¹ TEP further states that this cost shift will continue to rise for the foreseeable future absent some fundamental change in TEP's *rate design, its net-metering tariff or both.*

¹ TEP's App. at 2.

1 **I. These issues should be addressed in a full rate case.**

2 The Company ultimately acknowledges that its proposal only partially addresses the twin
3 issues of unrecovered fixed costs and cost shifts between customer groups. In order to more fully
4 address these issues, Staff recommends that TEP withdraw its application so that the Commission
5 may consider these matters in a rate case. Addressing these issues in a rate case will increase the
6 remedies available to the Commission, which may facilitate a result that better serves the public
7 interest.

8 If the Company is not inclined to voluntarily withdraw its application, Staff recommends that
9 the Commission establish a briefing schedule so that the parties may file briefs addressing whether
10 this case should be dismissed. Staff proposes the following schedule:

11 Initial Briefs: May 15, 2015

12 Responsive Briefs: May 29, 2015

13 An oral argument on these issues may also be helpful. Once the proceedings related to any motions
14 to dismiss have been concluded, Staff suggests that the ALJ prepare a recommended opinion and
15 order ("ROO") for the Commission's consideration.

16 **II. The applications filed by TEP and UNS Electric, Inc. should be considered separately.**

17 In its Application, TEP recognizes that a hearing is likely to be necessary in this matter. TEP
18 asks for the hearing to be held in conjunction with any hearing that is ultimately scheduled on the
19 similar application filed by UNS Electric, Inc. (TEP's affiliate). TEP argues that, because the issues
20 and the witnesses will be the same, a joint hearing will maximize efficiencies. If both of these
21 matters were to be addressed in a similar time frame, Staff agrees that there could be efficiencies
22 gained by hearing them at the same time, as long as steps would be taken to minimize ratepayer
23 confusion and to produce a clear record.

24 However, it appears unlikely that these matters will be processed in a similar time frame.
25 UNS Electric has an open docket for an upcoming rate case, and Staff believes that it is appropriate to
26 consolidate UNS Electric's net metering tariff filing with that case. If UNS Electric's application is
27 addressed in conjunction with its rate case, it will not be reasonable to bundle TEP's application with
28 that of its affiliate.

1 At this time, a procedural conference may be helpful to establish the procedural course for
2 this matter. A procedural order should include notice requirements and due dates for intervention.
3 Although a procedural schedule establishing a date for a hearing and due dates for pre-filed testimony
4 may eventually be required, it may be appropriate to delay that inquiry until the conclusion of any
5 proceedings on potential motions to dismiss.

6 Therefore, Staff respectfully requests that a procedural conference be scheduled as soon as
7 practical to discuss this matter and that the *ex parte* rule (A.A.C. R14-3-113) be put into effect.

8 RESPECTFULLY SUBMITTED this 14th day of April, 2015.

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11 _____
12 Wesley C. Van Cleve
13 Robin Mitchell
14 Attorney, Legal Division
15 Arizona Corporation Commission
16 1200 West Washington Street
17 Phoenix, Arizona 85007
18 (602) 542-3402

16 Original and thirteen (13) copies of the
17 foregoing filed this 14th day of April,
18 2015, with:

18 Docket Control
19 Arizona Corporation Commission
20 1200 West Washington Street
21 Phoenix, Arizona 85007

20 Copy of the foregoing mailed this
21 14th day of April, 2015, to:

22 Michael W. Patten
23 Jason D. Gellman
24 SNELL & WILMER, LLP
25 One Arizona Center
26 400 East Van Buren Street, Suite 1900
27 Phoenix, Arizona 85004

Daniel W. Pozefsky
Chief Counsel
Residential Utility Consumer Office
1110 West Washington Street, Suite 220
Phoenix, Arizona 85007

25 Bradley S. Carroll
26 Tucson Electric Power Company
27 88 East Broadway Blvd., MS HQE910
28 P.O. Box 711
Tucson, Arizona 85702

