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BEFORE THE ARIZONA CORPORATION COM

Arizona Corporation Commission

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IN THE MATTER OF THE MOTION OF
ARIZONA PUBLIC SERVICE COMPANY
FOR APPROVAL OF NET METERING COST
SHIFT SOLUTION.

Docket No. E-01345A-13-0248

RUCO'S REPLY BRIEF ON INTERIM NET METERING SOLUTION

The Residential Utility Consumer Office ("RUCO") submits the following Reply Brief with additional comments on the issue of whether or not it would be legal to 1) decide Arizona Public Service Company's ("APS" or Company) Application outside of a rate case and if so 2) whether it would be appropriate to decide APS' Application outside of a rate case under the circumstances of this case.

The Settlement Agreement that is referenced by the various parties, among other things, contained provisions which were designed to give the Commission the maximum amount of flexibility in designing and implementing changes to DG policy. Paragraph 9.2 of the Settlement was designed for "preserving maximum flexibility for the Commission to adjust EE and DG requirements, either upward or downward, as the Commission may deem appropriate as a matter of policy. Nothing in this Agreement is intended to bind the Commission to any specific EE or DG policy or standard." Furthermore, nowhere in the Settlement are there terms that specify the LFCR as the only mechanism at the Commission's disposal to address net

1 metering issues. In fact, from RUCO's review, the Settlement makes it clear that the
2 Commission is not bound to only the LFCR in addressing net metering.

3 APS' proposal would modify the LFCR at a time other than the annual adjustment.
4 Nonetheless, the terms of the Settlement clearly make it acceptable for the Commission to
5 modify the LFCR more than once a year. A modification made other than the annual
6 modification described in paragraph 9.6 of the Settlement would be consistent with the
7 flexibility that the Commission has under paragraphs 9.2 and 9.11 of the Settlement
8 Agreement. APS' proposal is nothing more than an ask for the Commission to do something
9 that it is able to do under the terms of the Settlement approved by the Commission in Decision
10 No. 73183.

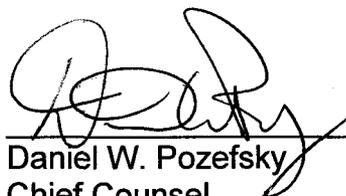
11 It is RUCO's position that present circumstances presents a unique situation. APS has
12 previously stated that it would not seek relief on this until its next rate case and that was the
13 intent back in 2013; however, the next rate case filing at that time was scheduled for 2015.
14 That has changed and now the filing is scheduled for 2016. This change in time is critical
15 given the rapid deployment of rooftop solar. RUCO believes the responsible choice is to
16 address this now rather than later. It is clear to RUCO that in the last APS net metering
17 Decision, Decision No. 74202, the Commission paved the way for a periodic adjustment of the
18 LFCR for new solar customers. Paragraph 81 of the Decision specifically stated that the interim
19 "LFCR DG adjustment" would remain in effect until the Company's next rate case "...unless
20 otherwise ordered by the Commission." There is no other interpretation other than the
21 Commission left open the possibility of further review prior to the next rate case. Therefore,
22 action at this time would be appropriate and help mediate the effects of the cost shift.

23 The parties' argument regarding gradualism brings up an important conversation that
24 will need to be deliberated as the application moves forward. However, the issue is not

1 pertinent to hearing the application now. The issue before the commission is whether APS'
2 application should be heard now as opposed to a future rate case. Policy considerations can
3 and should be discussed as we move forward, but shouldn't preclude the commission from
4 hearing the application.

5 RUCO believes, and has previously stated, that the best place for a long-term solution
6 on this issue is in a rate case. There is no question that a full vetting of the issues with all of
7 the stakeholders is necessary to reach anything more than an interim solution. RUCO would
8 not object should the Commission determine that the matter is best dealt with in a rate case.
9 However, RUCO does not feel there are legal limitations to hearing the issue of net metering
10 now. Furthermore, RUCO would recommend, for all of the reasons stated above and in its
11 Opening Brief that the Commission start to address the cost shift prior to the Company's next
12 rate case and hear APS' Application now.

13 RESPECTFULLY SUBMITTED this 5th day of June, 2015.

14 
15 _____
16 Daniel W. Pozefsky
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