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BEFORE THE ARIZONA CORPORATION CC

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AZ CORP COMMISSIO
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

JUL 20 2015

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IN THE MATTER OF TUCSON ELECTRIC
POWER COMPANY, INC. 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 SUPPLEMENTAL RESPONSE TO
TUCSON ELECTRIC POWER
COMPANY'S NOTICE OF WITHDRAWAL
AND RESPONSE TO JULY 6, 2015
PROCEDURAL ORDER**

The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") hereby files a Supplemental Response to Tucson Electric Power Company's ("TEP" or "Company") Notice of Withdrawal of Application filed on June 19, 2015 and a Recommendation to the Administrative Law Judge ("ALJ") regarding an appropriate disclaimer for TEP's interconnection application for the interim period until TEP files the expected rate case. Staff has been informed that TEP and certain other parties have reached an agreement upon the disclaimer language. For the reasons discussed below Staff recommends that the Company be allowed to use this agreed-upon disclaimer language.

On June 19, 2015, TEP filed a Notice of Withdrawal of Application ("Notice of Withdrawal") indicating that it is withdrawing the Application that it filed in this docket and will be filing a rate case before the end of 2015.¹ Among other things the Company indicated that it will be seeking to have its rate case concluded before the end of 2016, and have the rates go into effect by January 1, 2017.² Further, TEP indicated that it intends to propose that its modified net metering tariff apply to DG system applications submitted after 5:00 p.m. on June 1, 2015, and that it will modify its interconnection application disclaimer to reflect the changed circumstance³

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¹ TEP's Notice of Withdrawal of Application at 2.

² *Id.*

³ *Id.*

1 Ultimately, because the Company acknowledged that a rate case would be a better vehicle for
2 addressing alleged cost shifting from distributed generation systems and that it would be filing a rate
3 case later this year, Staff filed a response to the Company's Notice of Withdrawal indicating that
4 Staff has no objection to the withdrawal of the Application. Staff further recommended that the
5 docket be administratively closed.

6 On June 30, 2015, Vote Solar filed a response to the Company's Notice of Withdrawal,
7 indicating support for the withdrawal of the Application but raising a concern regarding the
8 disclaimer language that TEP intends to use for the disclaimer on its interconnection applications.⁴
9 Following Vote Solar's filing, the ALJ issued a procedural order which in part asked the parties to
10 confer and attempt to agree on an appropriate disclaimer for TEP's interconnection applications for
11 the interim period until TEP files the expected rate case. It further indicated that if the parties are
12 unable to reach an agreement, they should file recommendations on whether, and how, the current
13 disclaimer should be modified.

14 It appears that the Company and most, if not all, of the other parties to this case have agreed
15 to specific disclaimer language for TEP's interconnection applications for the interim period until
16 TEP files its rate case. This is the language agreed to by the other parties:

17 In its upcoming rate case that will be filed before the end of 2015, TEP intends
18 to ask the Commission for approval to change the retail customer credit for
19 excess energy placed on the grid and to eliminate the monthly energy
20 carryover (banked credits). These changes, if approved by the Commission,
may affect your bill. The Commission may accept, reject, or modify this
proposal.

21 Staff believes that reaching an agreement regarding this language is the best solution. Since
22 the proposed language appears to be factually accurate, Staff does not have any objection to this
23 language.

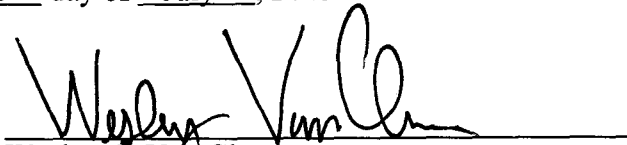
24 However, it is important to put the parties on notice in this case, that regardless of what the
25 Company puts in this disclaimer language or may request in its upcoming rate case, Staff may
26 propose something completely different. Staff may recommend changes to the Lost Fixed Cost

27 _____
28 ⁴ Vote Solar's Response to Tucson Electric Power's Notice of Withdrawal of Application at 1-2.

1 Recovery Mechanism ("LFCR") and rate design. This could include changing the application of the
2 LFCR, increasing monthly minimums, applying a demand charge, and introducing new rate
3 schedules. Most importantly, despite the Company's request for an effective date of June 1, 2015,
4 Staff may recommend that whatever is approved by the Commission in the rate case should apply to
5 all customers, regardless of installation date, i.e. no grandfathering.

6 Therefore, Staff recommends that the Company be allowed to utilize its proposed disclaimer
7 language, as agreed to with the other parties, and further continues to recommend that this docket be
8 administratively closed.

9 RESPECTFULLY SUBMITTED this 20th day of July, 2015.

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16 Original and thirteen (13) copies of the
17 foregoing filed this 20th day of July,
18 2015, with:

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21 Copy of the foregoing mailed this
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