

ORIGINAL



0000164043

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH - Chairman  
BOB STUMP  
BOB BURNS  
DOUG LITTLE  
TOM FORESE

RECEIVED  
AZ CORP COMMISSION  
DOCKET CONTROL

2015 SEP 3 PM 1 46

IN THE MATTER OF THE APPLICATION OF  
GARKANE ENERGY COOPERATIVE, INC. FOR  
A DETERMINATION OF THE FAIR VALUE OF  
ITS PROPERTY FOR RATEMAKING PURPOSES,  
TO FIX A JUST AND REASONABLE RETURN  
THEREON, AND TO APPROVE RATES  
DESIGNED TO DEVELOP SUCH RETURN AND  
REQUEST A WAIVER.

DOCKET NO. E-01891A-15-0176

PROCEDURAL ORDER

BY THE COMMISSION:

On June 1, 2015, Garkane Energy Cooperative, Inc. ("Garkane") filed with the Arizona Corporation Commission ("Commission") an Application and Request for Waivers requesting that the Commission determine the fair value of Garkane's property for ratemaking purposes; fix a just and reasonable return thereon; approve rates, charges, and tariffs designed to result in such return; approve a Prepaid Service Tariff, a Net Metering Service Tariff, and a Line Extension Policy consistent with terms and conditions applicable to Garkane's Utah member/customers; approve corrected and updated Garkane Electric Service Regulations; grant Garkane a waiver of Commission rules inconsistent with the rates, tariffs, and regulations for which approval is requested, including Arizona Administrative Code ("A.A.C.") R14-2-207, R14-2-2301 *et seq.*, R14-2-203(B), R14-2-209(A), R14-2-210, and R14-2-211; and for purposes of Prepaid Service, grant Garkane a waiver of Garkane Electric Service Regulations 19, 20, 21, 22, 47, 51, and 53.

On June 18, 2015, Garkane filed a Notice of Errata along with a replacement Schedule H-3.

On June 30, 2015, Garkane filed a Notice of Errata along with a replacement Schedule H-2.1.1.

On June 30, 2015, the Commission's Utilities Division ("Staff") issued a Letter of Sufficiency informing Garkane that, as amended by the replacement schedules, Garkane's application had met the

Arizona Corporation Commission  
DOCKETED

SEP 03 2015

DOCKETED BY  
BAU

1 sufficiency requirements outlined in A.A.C. R14-2-103. Staff further stated that Garkane had been  
2 classified as a Class B utility.

3 On July 2, 2015, a Rate Case Procedural Order was issued scheduling a hearing in this matter  
4 to commence on March 7, 2016 and a pre-hearing conference to be held on March 1, 2016, and  
5 establishing other procedural requirements and deadlines. In addition, Garkane was ordered to file  
6 copies of the updated and corrected Garkane Electric Service Regulations referenced in its  
7 application.

8 On July 29, 2015, Garkane filed a Supplement to its Application and Request for Waivers,  
9 which included the updated and corrected Electric Service Regulations, a Curtailment Plan, and a  
10 Proposed Line Extension Policy.

11 On August 14, 2015, Staff filed a Request for Modification of the Procedural Order  
12 ("Request"), stating that Staff needs additional time to formulate its rate design recommendations  
13 because of the complexity of Garkane's net metering proposal. Staff proposed the following  
14 revisions to the procedural schedule:

| 15 | <b>Item/Event</b>                      | <b>Current Schedule</b> | <b>Proposed Schedule</b> |
|----|--|-------------------------|--------------------------|
| 16 | Direct—Non-Rate Design/Cost of Service | December 21, 2015       | December 8, 2015         |
| 17 | Direct—Rate Design/Cost of Service     | December 28, 2015       | January 20, 2016         |
| 18 | Rebuttal                               | January 20, 2016        | February 9, 2016         |
| 19 | Surrebuttal                            | February 12, 2016       | February 23, 2016        |
| 20 | Rejoinder                              | February 23, 2016       | None to be filed         |
|    | Pre-hearing conference                 | March 1, 2016           | No change                |
|    | Hearing starts                         | March 7, 2016           | No change                |

21 Staff stated that it had conferred with Garkane, and Garkane had indicated that it did not object to  
22 Staff's Request. Staff requested that a Procedural Order be issued reflecting Staff's proposed  
23 procedural schedule.

24 On August 14, 2015, Garkane filed Comments on Staff's Request to Modify Procedural  
25 Order, stating that Garkane does not oppose Staff's proposed schedule changes, but that Garkane  
26 requested no Procedural Order be filed regarding Staff's Request until after August 31, 2015, as  
27 Garkane desired to meet with Staff and discuss alternatives that might impact the schedule. Garkane  
28

1 stated that if no further request were submitted by August 31, 2015, then Garkane would not oppose  
2 adoption of Staff's proposed schedule.

3         On August 26, 2015, The Alliance for Solar Choice ("TASC") filed an Application for Leave  
4 to Intervene. TASC stated that it is a solar energy advocacy association whose membership  
5 represents the majority of the nation's rooftop solar market. TASC asserted that it would be directly  
6 and substantially affected by this matter because TASC's members and their customers will be  
7 negatively impacted by Garkane's request to "alter rate structures for solar customers and end the  
8 policy of net metering in its service territory." TASC asserted that its intervention can assist the  
9 Commission in evaluating the issues in this matter and will not delay the proceeding, unduly broaden  
10 the issues, or prejudice other parties.

11         On September 2, 2015, Garkane filed Opposition to Intervention, asserting that TASC has  
12 failed to demonstrate that it will be directly and substantially affected by the net metering tariff  
13 proposed and that TASC's participation will unduly broaden the issues in this matter. Garkane also  
14 points out that TASC's statement regarding Garkane's ending net metering in its service territory is  
15 erroneous, as Garkane does not currently have a net metering tariff. Garkane acknowledges that it is  
16 seeking a waiver of the Commission's net metering rules, but attributes its net metering proposal to a  
17 desire to create uniformity for all of its customers by adopting its Utah net metering tariff in Arizona.  
18 Garkane points out that the vast majority of its customers are served in Utah.

19         It is now reasonable and appropriate to make a ruling on each of the outstanding motions.

20 Staff's Proposed Schedule

21         Although Staff's Request suggests that Garkane's net metering proposal is unusually  
22 complex, Staff's proposed schedule would eliminate one stage of pre-filed testimony, would reduce  
23 the period each party has to respond to testimony, and would reduce the period between surrebuttal  
24 testimony and the prehearing conference. While Staff and Garkane have agreed upon the proposed  
25 schedule, the proposed schedule's elimination of pre-filed rejoinder testimony and reduction of the  
26 period during which the parties' contrasting rate design/cost of service positions can be reviewed and  
27 compared could adversely impact both the Commission's ability to examine fully and comprehend  
28 the parties' positions and the usefulness of the pre-hearing conference. Neither of these potential

1 results would serve the public interest. Additionally, it is foreseeable that Garkane could find itself in  
 2 a difficult position if Staff's rate design/cost of service testimony raises more, or more complex,  
 3 disputed issues than Garkane currently anticipates.

4 Thus, it is reasonable and appropriate to grant Staff's Request only in part by allowing Staff  
 5 additional time to file its direct testimony regarding rate design and cost of service. The remainder of  
 6 the procedural schedule, and the time clock for this matter, will be adjusted accordingly. Because  
 7 Garkane's deadline to provide public notice is September 4, 2015, and notice has likely been  
 8 provided or arranged, the March 7, 2016, hearing date shall be retained for a public comment  
 9 proceeding.

#### 10 TASC's Intervention

11 While TASC's Application for Leave to Intervene incorrectly characterized the impact that  
 12 this matter will have on TASC's members and their customers,<sup>1</sup> the Commission decision in this  
 13 matter will directly and substantially impact TASC's membership by changing the cost-benefit  
 14 analysis for rooftop solar installation in Garkane's service territory. By including a proposed net  
 15 metering tariff and proposing a waiver of the Commission's net metering rules, Garkane placed the  
 16 rooftop solar net metering issue squarely on the table for this matter, regardless of Garkane's desire to  
 17 characterize its net metering issue very narrowly. TASC's participation in consideration of the issue  
 18 will not unduly broaden the issue and may provide the Commission with useful information that  
 19 would not otherwise be made available. Thus, TASC's Application for Leave to Intervene will be  
 20 granted.

21 IT IS THEREFORE ORDERED that the procedural schedule adopted in the Rate Case  
 22 Procedural Order issued on July 2, 2015, is hereby revised as follows:

23 ...

24 ...

25 ...

26 ...

27

28 <sup>1</sup> The direct testimony included with Garkane's Application clearly indicates that Garkane does not currently have a net metering tariff in place.

| Item/Event   | Old Schedule   | New Schedule   |
|--|--|--|
| Staff & Intervenor Direct—Other than Rate Design and Cost of Service                         | December 21, 2015                                    | December 21, 2015  |
| Staff & Intervenor Direct—Rate Design and Cost of Service                                    | December 28, 2015                                    | January 20, 2016   |
| Garkane Rebuttal   | January 20, 2016                                     | February 12, 2016  |
| Staff & Intervenor Surrebuttal   | February 12, 2016                                    | March 7, 2016  |
| Garkane Rejoinder  | February 23, 2016                                    | March 18, 2016   |
| Objections to pre-filed testimony or exhibits  | Before or at pre-hearing conference on March 1, 2016 | Before or at pre-hearing conference on March 23, 2016    |
| Substantive corrections, revisions, or supplements to pre-filed testimony (except Rejoinder) | March 1, 2016  | March 23, 2016   |
| Pre-hearing conference   | March 1, 2016, 10 a.m.                               | March 23, 2016, 10 a.m., Hrg. Rm. 1                      |
| First day of Hearing   | March 7, 2016, 10 a.m., Hrg. Rm. 1                   | March 30, 2016, 10 a.m., Hrg Rm. 1                       |
| Additional Hearing days, if needed   | March 8-11, 2016, 9 a.m., Hrg. Rm. 1                 | March 31 and April 1, 4, and 5, 2016, 9 a.m., Hrg. Rm. 1 |

IT IS FURTHER ORDERED that the pre-hearing conference scheduled for **March 1, 2016**, is hereby **vacated**.

IT IS FURTHER ORDERED that the hearing scheduled for **March 7, 2016**, shall proceed for purposes of receiving **public comment** and, if appropriate, holding a procedural conference on that date.

IT IS FURTHER ORDERED that the hearing dates of **March 8 through 11, 2016**, are hereby **vacated**.

IT IS FURTHER ORDERED that the provisions of the Procedural Order of July 2, 2015, that are not expressly revised herein shall remain in full force and effect.

IT IS FURTHER ORDERED that the Commission's timeclock in this matter is hereby extended by 25 days.

1 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend,  
2 or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at  
3 hearing.

4 DATED this 3rd day of September, 2015.

6   
7 SARAH N. HARPRING  
8 ADMINISTRATIVE LAW JUDGE

9 Copies of the foregoing mailed  
10 this 3rd day of September, 2015 to:

11 William P. Sullivan  
12 Curtis, Goodwin, Sullivan, Udall & Schwab,  
13 P.L.C.  
14 501 East Thomas Road  
15 Phoenix, AZ 85012-3205  
16 Attorneys for Garkane Energy Cooperative,  
17 Inc.

COASH & COASH, INC.  
Court Reporting, Video and  
Videoconferencing  
1802 North 7<sup>th</sup> Street  
Phoenix, AZ 85006

15 Court S. Rich  
16 Rose Law Group pc  
17 7144 East Stetson Drive, Suite 300  
18 Scottsdale, AZ 85251  
19 Attorneys for The Alliance for Solar Choice

By:   
20 Tammy Velarde  
21 Assistant to Sarah N. Harpring

18 Janice Alward, Chief Counsel  
19 Legal Division  
20 ARIZONA CORPORATION COMMISSION  
21 1200 West Washington Street  
22 Phoenix, AZ 85007

21 Thomas Broderick, Director  
22 Utilities Division  
23 ARIZONA CORPORATION COMMISSION  
24 1200 West Washington Street  
25 Phoenix, AZ 85007

26  
27  
28