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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Arizona Corporation Commission

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

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AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
SULPHUR SPRINGS VALLEY ELECTRIC
COOPERATIVE, INC. FOR APPROVAL OF A
NET METERING TARIFF SCHEDULE NM-2
AND REVISIONS TO THE EXISTING NET
METERING TARIFF SCHEDULE NM.

DOCKET NO. E-01575A-15-0127

ORIGINAL

DOCKET NO. E-01575A-15-0312

IN THE MATTER OF THE APPLICATION
OF SULPHUR SPRINGS VALLEY
ELECTRIC COOPERATIVE, INC., FOR A
HEARING TO DETERMINE THE FAIR
VALUE OF ITS PROPERTY FOR
RATEMAKING PURPOSES, TO FIX A
JUST AND REASONABLE RETURN
THEREON, TO APPROVE RATES
DESIGNED TO DEVELOP SUCH RETURN
AND FOR RELATED APPROVALS.

REPLY TO SSVEC'S OPPOSITION TO
STAFF'S MOTION TO CONSOLIDATE

The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") hereby files a Reply in support of the Motion to Consolidate filed on September 2, 2015. On September 18, 2015, Sulphur Springs Electric Cooperative, Inc. ("SSVEC" or "Cooperative") filed a response in opposition to Staff's Motion to Consolidate ("Staff's Motion"). The Cooperative argues that the relief requested by Staff's Motion will result in prejudice to the Cooperative as a result of the delay. SSVEC asserts that it filed the Net Metering Application because it must immediately address the serious cost shift that is occurring as a result of the rapid increase in customers installing rooftop photovoltaic ("PV") systems pursuant to the SSVEC's existing net metering tariff. As Staff will explain below, granting Staff's Motion will not prejudice the Cooperative's rights; indeed, the rule cited by the Cooperative, at page 2 of its Response supports the Staff's Motion, instead of the Cooperative's Response. A.A.C. R14-3-109(H) provides as follows:

...

1 Consolidation. The Commission or the presiding officer may consolidate Two or
2 more proceedings in one hearing when it appears that **the issues are substantially**
3 **the same** and that the rights of the parties will not be prejudiced by such procedure.
4 At such consolidated hearing the presiding officer shall determine the order in which
all parties shall introduce their evidence and which party or parties shall open and
close (emphasis added).

5 The Cooperative essentially argues that delay equals prejudice, and presents no other argument to
6 support its contention that granting Staff's Motion will prejudice the Cooperative. However, as Staff
7 pointed out in its opening brief in the Net Metering docket (Docket 15-0127, p.3, lines 11-17), there
8 may be other reasons that SSVEC's unrecovered fixed costs have increased other than the
9 installation of PV systems in its service area. There are a range of options that the Commission may
10 consider for mitigation before arriving at a specific relief measure. *Id.* These issues are best addressed
11 in a full rate case. The Cooperative has not demonstrated that it is being prejudiced by any under
12 recovery of fixed costs resulting solely from the installation of PV systems or that any cost shift is
13 occurring. In other words, the Cooperative has not shown that delay equals prejudice in this case.

14 In addition, the Cooperative maintains that it is filing a rate case to "update its current rate
15 design, which is inadequate to address the recovery of the Cooperative's fixed costs." The
16 Cooperative clearly intends to address the alleged under-recovery of fixed costs and alleged costs
17 shifts in its rate case and its pending net metering filing; the following statement is from SSVEC's
18 Rate Case Application merits repeating:

19 While (the Cooperative) is not withdrawing its application in Docket E-01575A-15-
20 0127 at this time, the proposal in this Application supersedes and replaces the
21 Proposal with respect to net metering set forth in Docket E-01575A-15-0127 (Rate
Case Application at page 5, lines 6-8).

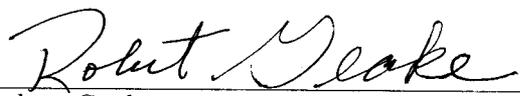
22 Furthermore, the Cooperative makes it clear (Response, pages 4-5, lines 27-3, and lines 6-9)
23 that the Cooperative's main objection to Staff's Motion is that the more comprehensive resolution of
24 the cost shift issue, which only a rate case can provide, and which can only begin (and not finish) in a
25 tariff application, will delay action on the net metering application until the rate case is decided. In
26 other words, SSVEC does not rebut Staff's arguments that a rate case is the best method of
27 addressing the cost shift and underrecovery of fixed costs issues.

1 It would be difficult to find a case where the issues are more “substantially the same” as the
2 issues in the dockets at issue in these cases. The Cooperative has pointed out, in its Rate Case
3 Application, that its net metering proposal in the Rate Case Application supersedes and replaces the
4 net metering proposal in Docket 15-0127. The Cooperative, therefore, would have the Commission
5 and the other parties litigate the net metering proposal twice, simply to begin to address it in the Net
6 Metering Application without waiting for the rate case to be decided. This would, of course, require
7 the Staff and the other parties to expend their time and limited resources to reach, in effect, a
8 temporary solution that may be completely different from the final outcome.

9 Staff submits that the consolidation of cases such as these is the reason that A.A.C. R14-3-
10 109(H) exists.

11 Staff requests that the Administrative Law Judge reject the Cooperative’s opposition to Staff’s
12 Motion, and grant Staff’s motion to consolidate Docket No. E-01575A-15-0127 with Docket No. E-
13 01575A-15-0312.

14 RESPECTFULLY SUBMITTED this 23rd day of September, 2015.

15
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21 (RE: Docket No. E-01575A-15-0137)
22 Original and thirteen (13) copies of the
23 foregoing filed this 23rd day
24 of September, 2015, with:

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