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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

Arizona Corporation Commission
DOCKETED
SEP 04 2015

DOCKETED BY *Btu*

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

DOCKET NO. E-01345A-13-0248
**ARIZONA PUBLIC SERVICE
COMPANY'S COMMENTS
CONCERNING SCOPE OF
PROCEEDING**

APS appreciates the opportunity to provide its Comments regarding the proper scope of the recently-ordered Grid Access Charge Reset Proceeding. Paragraph 164 of Decision No. 75251 provided clear direction regarding the appropriate scope, stating that this proceeding "can establish the cost of service and the existence of and size of the alleged cost shift and determine to what extent the LFCR adjustor should be reset." Accordingly, the Grid Access Charge Reset Proceeding should focus on, be limited to, and resolve the following issues:

- The cost to serve customers with DG;
- The existence and size of the cost shift; and, as a result,
- The extent to which the Grid Access Charge should be reset.

By setting these parameters for the proceeding, and focusing the parties on presenting evidence about these issues, the Commission will provide the structure needed to ensure

1 that the Grid Access Charge Reset Proceeding is conducted and concluded in a manner
2 that addresses the primary concern raised during the August 18, 2015 Open Meeting:
3 how to have an efficient and timely hearing that concludes before APS's next rate case.
4 To further assist in the efficient conduct of the Grid Access Charge Reset Proceeding,
5 APS attaches to these Comments a proposed procedural schedule that would result in a
6 decision, resolving the issues identified above, in early 2016 and before APS files its
7 next rate case.

8 The discussion that took place during the August 18, 2015 Open Meeting
9 provides additional information regarding the proceeding, and specifically, what is NOT
10 included in the scope of the proceeding. It is clear from the August 18 discussion that
11 this Grid Access Charge Reset Proceeding is not a rate case. Consequently, discovery,
12 evidence, and testimony regarding (i) the value of APS's entire rate base; (ii) detailed
13 cost of capital information; (iii) audited financial statements; (iv) a detailed inquiry into
14 the cost to serve all APS customers; and (v) proposed revenue levels based on that cost
15 of service study, are unnecessary to resolve the issues identified above and assess
16 whether to reset the Grid Access Charge. These categories of information appear in
17 A.A.C. R14-2-103 and are required in the course of a rate case. As such, they concern
18 APS's entire business enterprise, and it would be inappropriate to include them in this
19 hearing because they are beyond the scope of the Grid Access Charge Reset Proceeding.

20 The Grid Access Charge Reset Proceeding does not require evaluating APS's
21 entire business enterprise. It is a revenue neutral adjustment, is designed only to mitigate
22 the cost shift impacts of residential customers who might install solar after a
23 Commission decision in this proceeding, and is an interim solution while a broader rate
24 design solution can be crafted in APS's next rate case. Decision No. 75251
25 contemplated that this proceeding would commence and conclude before APS's rate
26 case, and only examine "the issue of resetting the [Grid Access Charge] mechanism." It
27 is clear from Decision No. 75251 that this proceeding is not a rate case. APS believes
28 that clear direction from the Commission on this issue—that this proceeding does not

1 include the broad categories of information addressed in A.A.C. R14-2-103—will
2 facilitate an efficient proceeding, and permit a thoughtful “examination of an interim
3 solution in an evidentiary hearing.”¹

4 In addition, it does not appear that the Commission intended this hearing to be an
5 inquiry into the value of solar. Multiple amendments were offered that would have
6 involved assessing the value of solar in connection with this proceeding. The
7 Commission declined to adopt any of those amendments, and instead invited a value of
8 solar discussion in a manner that could include all electric utilities and all technology
9 types. APS believes that the value of solar can be an important part of any resource
10 planning discussion, and looks forward to discussing the topic further. But to include the
11 value of solar in this Grid Access Charge Reset Proceeding would introduce what are
12 fundamentally resource planning concepts into an otherwise narrow proceeding that is
13 solely about the revenue-neutral Grid Access Charge. Doing so would needlessly
14 prolong the proceeding, and ultimately risk achieving the Commission’s objective of
15 considering an interim solution to the cost shift before APS’s rate case. APS believes
16 that Commission direction regarding the value of solar, and specifically, whether and the
17 extent to which rooftop solar might provide long-term value as a resource, is not within
18 the scope of this proceeding.

19 Finally, the need for an orderly and efficient hearing may warrant establishing
20 classes of interested parties as provided for under the Commission’s rules. A.A.C. R14-
21 3-105(C) establishes a mechanism for an Administrative Law Judge to group like-
22 minded intervenors into one or more classes of interested persons:

23 “[w]hen two or more interested persons under this rule have substantially
24 like interests and positions, the presiding officer may declare them a class
25 of interested persons for purposes of the hearing. The members of the class
26 shall designate to be spokesman for the class one of their number, or his
27 attorney, or such greater of their number, or attorneys, as the presiding
28 officer shall determine.”

¹ Decision No. 75251 at P 164.

1 Establishing a group of interested intervenors ensures that each party's perspective is
2 heard, but also avoids unnecessary duplication of discovery, testimony, and cross
3 examination. APS believes that the number of parties, and the substantially identical
4 positions of several parties, may warrant reviewing the benefits of establishing a class of
5 intervenors. Currently, numerous parties appear to have identical substantive positions in
6 this proceeding, including TASC, Sunrun, SEIA, AriSEIA, WRA, and IREC. In light of
7 concerns raised about efficiency, concerns raised by some of these same parties, APS
8 urges that creating a class of interested persons under A.A.C. R14-3-105(C) be
9 considered both during the initial procedural conference and throughout the proceeding,
10 as necessary.

11 APS believes that further direction from the Commission on the parameters of
12 this hearing is critical. During the deliberations on Decision No. 75251, there was much
13 discussion about efficiency and duplication of efforts. The best way to avoid an
14 inefficient proceeding is to clarify what is in scope, but also specifically clarify what is
15 outside of scope. This will provide parties with guidance in preparing testimony and
16 requesting discovery, and generally assist in the orderly administration of the hearing
17 and a timely resolution of the issues identified above.

18
19 RESPECTFULLY SUBMITTED this 4th day of September, 2015.

20
21 By: Malissa M. Kueger for
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22 Attorney for Arizona Public Service Company

23 ORIGINAL and thirteen (13) copies
24 of the foregoing filed this 4th day of
September, 2015, with:

25 Docket Control
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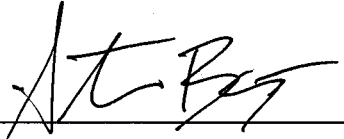


EXHIBIT 1
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Proposed Procedural Schedule
APS Motion to Reset Grid Access Charge

Procedural Conference	Monday, September 14, 2015
Motions to Intervene deadline	Friday, September 18, 2015
APS Direct Testimony including COSS	Friday, October 2, 2015
Staff and Intervenor Direct Testimony	Monday, November 9, 2015
Last Day to Serve Discovery	Friday, November 20, 2015
APS Rebuttal Testimony	Friday, November 20, 2015
Pre-hearing Procedural Conference (includes any objections to pre-filed testimony)	Friday, November 20, 2015
Hearing (Staff and Intervenor Surrebuttal given orally at hearing)	November 30 – December 4, 2015
Initial Post-Hearing Briefs	Friday, December 18, 2015
Reply Post-Hearing Briefs	Friday, January 8, 2016
Recommended Order	On or before February 19, 2016
Exceptions to ROO	February 29, 2016
Open Meeting	March 2016
Rate Effective Date	April 1, 2016