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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
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IN THE MATTER OF THE COMMISSION'S
INVESTIGATION OF VALUE AND COST OF
DISTRIBUTED GENERATION.

DOCKET NO. E-00000J-14-0023

ARIZONA INVESTMENT
COUNCIL'S WRITTEN
COMMENTS REGARDING THE
SCOPE AND TIMING OF THE
PROCEEDING

OSBORN
MALEDON

A PROFESSIONAL ASSOCIATION
ATTORNEYS AT LAW

As requested by the Administrative Law Judge at the November 4, 2015
Procedural Conference, Arizona Investment Council ("AIC") hereby submits its written
comments regarding the scope and timing of the proceedings in this docket.

With respect to scope, AIC recommends that the proceeding address the
following issues:

- (1) How does the cost of serving residential solar distributed generation ("DG") customers compare to the cost of serving residential customers who have not installed solar DG?
- (2) How should that cost of service information be used in utility pricing and rate design? Do any particular rate designs best address the difference, if any, in the cost of serving solar DG versus non-solar DG customers?
- (3) What method should be used to calculate the "Value of Solar?" What particular inputs should be considered in calculating that value, and how can and should those inputs be measured and quantified, if at all? Does a single method and calculation for the Value of Solar apply to all utilities generically, or should it be specific to individual utilities?

1 (4) How is the “Value of Solar” relevant to ratemaking proceedings, if at all?

2 (5) How is the “Value of Solar” determination relevant to net metering
3 requirements, if at all?

4 With respect to timing, AIC supports the timeline that Commission Staff outlined
5 at the Procedural Conference: (1) all parties submit Direct Testimony regarding these
6 issues on December 22, 2015; (2) all parties submit Responsive Testimony on
7 January 29, 2015; and (3) a hearing on the matter be held in early February. Such a
8 timeline would allow the upcoming utility rate cases to proceed without interrupting
9 their existing procedural schedules – a critical priority.

10 At the procedural conference, several parties commented that Commission Staff’s
11 proposed schedule was unrealistic. AIC disagrees. This proceeding culminates from the
12 conversations that occurred in the APS docket seeking approval of a net metering cost-
13 shift solution (Docket No E-01345A-13-0248). Those conversations have been ongoing
14 in various forms since early 2013, and the issues to be heard in this proceeding have
15 been raised and discussed multiple times in the prior APS matter by many of the same
16 parties who have intervened in this docket. The Arizona Corporation Commission has
17 conducted expedited testimony and hearing schedules in the past, and similar schedules
18 are common in court proceedings and other regulatory venues in this state and
19 throughout the country. Any necessary discovery can begin immediately upon entry of
20 the procedural order, with questions based on what each party believes is relevant to its
21 ability to address the issues identified in the procedural order. Those questions can be
22 based on information submitted by the parties in prior Arizona Corporation Commission
23 dockets or elsewhere, given that many of these issues have been the subject of regulatory
24 proceedings and both solar and utility industry conversations throughout the country.


25 To the extent this proceeding extends beyond the schedule recommended by
26 Commission Staff, AIC urges that any such delay not be used as a reason to interrupt the
27 utility rate case proceedings that have been or will be filed. This docket, if efficiently
28 litigated and timely concluded, may result in findings that inform certain issues in the

1 upcoming rate case proceedings. But rate cases include additional topics that are largely
2 irrelevant to this docket, including the timely recovery of capital investments.
3 Postponing the resolution of those rate case issues until the value and cost of solar are
4 identified and their relevance determined would likely result in protracted regulatory lag
5 and the consequent setting of rates that are not just and reasonable – an untenable result.

6 AIC appreciates the opportunity to offer these written comments and looks
7 forward to participating in this matter.
8

9 RESPECTFULLY SUBMITTED this 13th day of November, 2015.

10 OSBORN MALEDON, P.A.

11
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17 **Original and 13 copies** filed this
18 13rd day of November, 2015, with:

19 Docket Control
20 Arizona Corporation Commission
21 1200 West Washington Street
22 Phoenix, AZ 85007

23 **Copies** of the foregoing mailed
24 this 13rd day of November, 2015, to:

25 All Parties of Record

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