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BEFORE THE ARIZONA CORPORATION COMMISSION

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2015 NOV 13 PM 4 09

COMMISSIONERS

SUSAN BITTER SMITH - Chairman
BOB STUMP
BOB BURNS
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TOM FORESE

Arizona Corporation Commission
DOCKETED

NOV 13 2015

DOCKETED BY [Signature]

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

DOCKET NO. E-00000J-14-0023

STAFF'S COMMENTS

I. INTRODUCTION.

Arizona Corporation Commission ("Commission") Staff hereby files its comments on the issues raised in the October 28, 2015 Procedural Order. The issues include the appropriate public notice that should be provided for this docket, the scope of the proceeding, sponsoring witnesses, timeframes for the provision of documentation in preparation for the evidentiary proceeding, and appropriate means for making the evidentiary record produced through this generic hearing process available to specific ratemaking proceedings.

II. DISCUSSION.

A. Public Notice of the Docket.

While Staff believes the most effective form of notice for this docket would be a bill insert, notice provided through publication in a newspaper of general circulation or record throughout the utility service areas would also be acceptable. We agree with the views expressed by Western Resource Advocates ("WRA") and the Vote Solar Initiative ("Vote Solar") that since this case may have the effect of impacting customer rates, a broad based notice intended to inform ratepayers of the docket is appropriate.¹ It may be possible for all electric utilities in the State to agree on a form of notice and submit that notice to the ALJ. Staff and others should be allowed to comment on the proposed form of notice prior to its adoption. Once the ALJ rules on the form and contents of a notice, each utility should be responsible for publication in its respective service area.

¹ Tr. (Nov. 4, 2015 Procedural Conference) at 15.

1 A Commission press release would also be appropriate to inform the general public of the
2 proceeding, but should be used in addition to, and not in lieu of, publication in a newspaper of
3 general circulation.

4 **B. Service List.**

5 With respect to the service list for this case, since this is a generic docket, Staff recommends
6 that all electric companies operating in the State be included on the list, as well as interested parties
7 that have been granted intervention. We also recommend that a notice be sent to entities in related
8 dockets, including at a minimum, the most recent utility rate cases, the various utility net metering
9 cases, and any other related proceedings. This notice should inform all participants in these other
10 dockets of this proceeding and that its outcome may be used by the Commission and its Staff to
11 inform the resolution of similar issues in present and future matters before the Commission. Staff is
12 willing to prepare and send the notice if this would be helpful.

13 **C. Scope of the Proceeding.**

14 Staff supports the comments of ALJ Jibilian at the outset of the November 4, 2015 procedural
15 conference on this issue. The goal of the evidentiary hearing should be to obtain a complete record
16 on all issues. It should allow for the full participation of all interested parties in a manner that is both
17 fair and efficient.

18 To accomplish this, Staff supports allowing all interested parties an opportunity to file studies,
19 components of studies, or proposed methodologies on both the cost of serving distributed generation
20 (“DG”) customers and the value associated with DG. The proceeding should be designed at the
21 outset to address both cost of service and value of solar rather than postponing one of these issues to a
22 later phase of the proceeding. We would leave it to the discretion of the ALJ to determine how the
23 issues should be sorted and staged since some parties may only be interested in certain issues.

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1 Staff would encourage all utilities, or other entities, with their own specific cost methodologies to file
2 those studies in this docket for consideration. Parties could rely on methodologies filed in previous
3 dockets or they could submit their own studies. With respect to value of solar, parties could rely on
4 previous filings in this docket or submit their own methodology for quantifying the value of solar.
5 However, there should be a witness to support any study or methodology that is offered.

6 The studies, proposed methodologies, or proposed components of a cost or value study that
7 parties want considered, should be filed in the first round of testimony. The Staff would like to see
8 an identification of individual components in a value of solar study and an effort to specify how each
9 of these various components could be measured and quantified. Staff is also interested in parties'
10 views on whether the value and cost of DG is unique to each utility or whether a statewide
11 application of a single methodology may be appropriate. Staff is also interested in parties' positions
12 on whether there are multiple methodologies that could be used, and if so, an identification of the
13 benefits associated with each. In other words, is there a menu of options that would be appropriate
14 for consideration in specific matters going forward?

15 Finally, Staff is interested in parties' positions on whether it is appropriate to arrive at a
16 preliminary methodology with recognition that it may need to evolve over time as electric markets
17 progress. Since this is a generic docket, it may be appropriate for the Hearing Division to issue an
18 initial or preliminary set of recommendations based upon the record evidence, but it may be helpful
19 that the recommendations also contemplate the resolution of new issues that are likely to arise in the
20 future.

21 **D. Timeframe for the Proceeding.**

22 The objective of the procedural schedule in this case would allow for the presentation of
23 evidence sponsored by witnesses who would be available for cross-examination. The proceeding
24 should be structured to allow the evidentiary record to be available to specific ratemaking
25 proceedings where the factual record has relevance.²

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28 ² Tr. (November 4, 2015 Procedural Conference) at 9.

1 Staff generally supports a procedural schedule with the following timeframe:

2	Proposed Cost/Value of DG Studies or Methodologies and Supporting Testimony	December 22, 2015
3		
4	Responsive Testimony	January 29, 2016
5	Hearing	February 10, 2016

6 There are many rate cases in progress at the Commission currently and Staff is involved in all
7 of them. Whatever schedule is adopted by the Commission, it should attempt to avoid conflicts with
8 pending cases and it should be designed to allow for adequate discovery time. While the schedule
9 proposed by Staff is aggressive, Staff believes that the timeframe is adequate to allow for some initial
10 findings in this docket which can then be used to the maximum extent possible in other matters where
11 these issues are relevant. Staff also agrees that it may be appropriate for parties with similar positions
12 to explore the possibility of filing joint testimony. This may result in a more streamlined process and
13 eliminate the possibility of duplicative and overlapping testimony being filed by multiple parties.

14 **E. Availability of Record in Future Proceedings.**

15 Staff agrees that the proceeding should be structured to allow the evidentiary record in this
16 docket to be available to specific ratemaking proceedings where relevant. As APS suggests, judicial
17 notice could be taken in future rate proceedings of the outcome in this docket.³ Anyone would be
18 able to use what is produced in this proceeding in specific rate cases where the same or similar issues
19 are raised and the record produced in this proceeding is relevant. At the same time, however, parties
20 should not be precluded from bringing in other evidence in specific rate cases contrary to the results

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³ Tr. (November 4, 2015 Procedural Conference) at 12-13.

1 reached in this case. If the party bringing in contrary evidence was a participant in the generic
2 proceeding, that party should be prepared to demonstrate the reasons as to why that evidence was not
3 produced in the generic proceeding.

4 RESPECTFULLY SUBMITTED this 13th day of November 2015.

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