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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

DOCKETED

2015 NOV 24 A 10: 52

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

NOV 24 2015

AZ CORP COMMISSION
DOCKET CONTROL

DOCKETED BY	<i>NSK</i>
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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 sufficiency requirements outlined in A.A.C. R14-2-103. Staff further stated that Garkane had been

1 classified as a Class B utility.

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

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

9 On August 14, 2015, Staff filed a Request for Modification of the Procedural Order, stating that
10 Staff needed additional time to formulate its rate design recommendations and including a proposed
11 schedule.

12 On August 14, 2015, Garkane filed Comments on Staff's Request to Modify Procedural Order.

13 On August 26, 2015, The Alliance for Solar Choice ("TASC") filed an Application for Leave
14 to Intervene.

15 On September 2, 2015, Garkane filed its Opposition to Intervention.

16 On September 3, 2015, a Procedural Order was issued adopting a revised procedural schedule,
17 to include a hearing beginning on March 30, 2016; a pre-hearing conference to be held on March 23,
18 2016; and a public comment proceeding to be held on the original hearing date of March 7, 2016. The
19 Procedural Order also granted TASC's intervention¹ and extended the timeclock in this matter by 25
20 days.

21 On September 17, 2015, Garkane filed Certification of Compliance with Public Notice
22 Requirements, stating that notice had been mailed beginning on August 6, 2015; published in the
23 *Southern Utah News* on August 13, 2015; and posted on Garkane's website as of August 10, 2015. The
24 Notice included the original hearing date of March 7, 2016.

25 On November 19, 2015, Garkane contacted the Hearing Division to request that a procedural
26 conference be scheduled for the next day.

27

28 ¹ Although the Procedural Order stated that TASC's intervention would be granted, the ordering paragraph granting the intervention was inadvertently omitted.

1 On November 20, 2015, a telephonic procedural conference was held, with Garkane, Staff, and
2 TASC appearing through counsel. At the outset, it was clarified that TASC had been granted
3 intervention in the Procedural Order of September 3, 2015. Garkane then explained that the parties, in
4 recognition of other matters in which the Commission is currently considering net metering policy, had
5 agreed for the net metering issues in this matter to be segregated to allow for the rest of the ratemaking
6 proceeding to move forward, with two provisos: (1) Garkane would be required to file a standard
7 Arizona Net Metering Tariff in a separate docket, for expedited review by Staff; and (2) the record in
8 this matter would remain open for up to 12 months after the ratemaking decision is issued, to allow for
9 litigation of the net metering issues following the Commission's decisions in the currently pending
10 matters involving net metering policy. The parties explained that they desired to have the net metering
11 issues segregated at this time so that they would not need to be addressed in prefiled testimony.

12 A.A.C. R14-2-2307(A) required each electric utility to file, by September 20, 2009, for
13 Commission approval, a Net Metering Tariff including, *inter alia*, financial information and supporting
14 data sufficient to allow the Commission to determine the electric utility's fair value for the purposes of
15 evaluating any specific proposed charges.

16 Garkane does not currently have a Net Metering Tariff for its operations in Arizona.

17 The parties' proposal should result in Garkane's coming into compliance with the A.A.C. R14-
18 2-2307(A) requirement for a Net Metering Tariff and should also result in a better use of the parties'
19 and the Commission's resources concerning litigation of the net metering issues for Garkane's Arizona
20 service area. Additionally, no prejudice to any party herein or to the public interest should result from
21 the parties' proposal.

22 IT IS THEREFORE ORDERED that all issues related to Garkane's proposed Net Metering
23 Service Tariff and the rule waiver requests associated therewith shall not be litigated during the initial
24 ratemaking phase of this matter but instead in a separate phase of this matter.

25 IT IS FURTHER ORDERED that, in order to allow the parties to litigate the issues related to
26 Garkane's proposed Net Metering Service Tariff and the rule waiver requests associated therewith, the
27 evidentiary record in this matter shall remain open for up to 12 months after the ratemaking decision
28 is issued in this matter.

1 IT IS FURTHER ORDERED that none of the parties has, by agreeing to segregate the issues
2 related to Garkane's proposed Net Metering Service Tariff and the rule waivers associated therewith,
3 waived its right to litigate those issues in this matter.

4 IT IS FURTHER ORDERED that Garkane shall, by December 7, 2015, file with the
5 Commission's Docket Control, in a new docket, a standard Arizona Net Metering Tariff for the
6 Commission's review and approval.

7 IT IS FURTHER ORDERED that Staff shall process Garkane's standard Arizona Net Metering
8 Tariff in an expedited fashion.

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

12 DATED this 24th day of November, 2015.

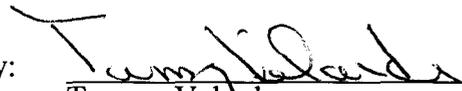

SARAH N. HARPRING
ADMINISTRATIVE LAW JUDGE

17 Copies of the foregoing mailed
18 this 24th day of November, 2015 to:

19 William P. Sullivan
20 Curtis, Goodwin, Sullivan, Udall & Schwab,
21 P.L.C.
22 501 East Thomas Road
Phoenix, AZ 85012-3205
Attorneys for Garkane Energy Cooperative,
Inc.

Thomas Broderick, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

23 Court S. Rich
24 Rose Law Group pc
25 7144 East Stetson Drive, Suite 300
Scottsdale, AZ 85251
Attorneys for The Alliance for Solar Choice

By: 
Tammy Velarde
Assistant to Sarah N. Harpring

26 Janice Alward, Chief Counsel
27 Legal Division
28 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007