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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

DEC 14 2015

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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

**GCSECA'S OBJECTION AND
REQUEST FOR
CLARIFICATION RE
DECEMBER 3, 2015
PROCEDURAL ORDER**

**(EXPEDITED CONSIDERATION
REQUESTED)**

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Grand Canyon State Electric Cooperative Association, Inc. ("GCSECA"), on behalf of its electric cooperative members,¹ hereby objects to the portions of the December 3, 2015 Procedural Order (the "PO") purporting to (1) join "all Arizona jurisdictional electric utilities" as parties to this docket and (2) require them to mail a generic hearing notice to their customers. Additionally, GCSECA requests clarification as to whether and to what extent the record and findings in this docket will be binding on future ratemaking proceedings.

OBJECTION TO JOINDER AND NOTICE REQUIREMENT

GCSECA filed comments on November 13, 2015 responding to the Administrative Law Judge's queries regarding notice, scope, and scheduling of the hearing to be held in this docket.

¹ GCSECA's members include six utilities mandatorily joined by the Procedural Order at issue: Arizona Electric Power Cooperative, Inc. ("AEPSCO"), Duncan Valley Electric Cooperative, Inc., Graham County Electric Cooperative, Inc., Navopache Electric Cooperative, Inc., Mohave Electric Cooperative, Inc., and Trico Electric Cooperative, Inc. Sulphur Springs Valley Electric Cooperative, Inc., also a GCSECA member, voluntarily intervened in this docket prior to the December 3 order.

1 At that time, GCSECA opposed any requirement that individual utilities publish or mail notice to
2 their end-use customers because such notice is unnecessary and will create customer confusion
3 as well as place a financial burden on the utilities that is unreasonable given the generic nature of
4 this docket and hearing. The terms of the PO substantiate and magnify GCSECA's initial
5 concerns.

6 Specifically, the public notice set forth in the PO states that the hearing "is intended to
7 produce a factual record that will be available for the Commission to use in future proceedings
8 for all Arizona electric public service corporations" and that the notice is being provided because
9 the outcome of the hearing "may impact you as a customer." As discussed below, the scope and
10 binding nature of the hearing is unclear to GCSECA and its members even though they are
11 familiar with the Commission's practices and procedures. If entities that appear before the
12 Commission on a regular basis are confused by this statement, there can be no doubt that end-use
13 customers will be confused as well. Compounding the impropriety of issuing a confusing notice
14 is the PO's requirement that the individual utilities mail the notice directly to their customers on
15 an expedited basis.² Forcing individual utilities – especially rural electric cooperatives that
16 operate with limited resources – to comply with this notice requirement is unfair and
17 unreasonable.³

18 GCSECA also objects to the PO's attempt to join "all Arizona jurisdictional electric
19 utilities" as parties to this docket. Not only was the action taken without providing the utilities
20 notice and an opportunity to be heard, but the PO does not cite any authority for mandating

21 ² The PO was issued on December 3 and mailed to the utilities that had not sought intervention or consented to e-
22 mail service. It requires that notice be mailed by December 30, 2015 – a period of less than four weeks, including a
23 holiday. Although the PO permits the utilities to distribute the notice as a bill insert, the December 30 deadline
24 eliminates this option, thereby forcing utilities to incur the cost of a separate mailing.

³ In fact, many of GCSECA's members may be unable to complete a direct mailing by the December 30 deadline
given their limited resources and the scheduling requirements of their third-party vendors.

1 participation in a generic docket, and GCSECA is unaware of any precedent for such an order.
2 Even in the context of rulemaking dockets, utility joinder and participation are discretionary.
3 Further, aside from using the utilities to mail the hearing notice to end-use customers, it is
4 unclear what mandatory joinder in the docket will entail. Are all electric utilities required to
5 prepare and submit individual cost of service studies or will the hearing focus on Arizona Public
6 Service Company's cost of service related to DG and non-DG customers? The former
7 requirement places an onerous burden on utilities, especially rural cooperatives, that have no
8 present intent to revise their net metering tariffs.⁴ It is also unreasonable to force utilities with
9 currently-pending rate cases to litigate their cost of service studies and proposed net metering
10 revisions in duplicate dockets. Meanwhile, if the hearing will focus on APS, then it seems
11 unnecessary to force all other electric utilities to participate in the docket. Finally, and as
12 addressed in greater detail below, the PO does not indicate whether a mandatorily joined utility
13 that does not actively participate in the generic proceeding does so at its peril.

14 **REQUEST FOR CLARIFICATION RE BINDING EFFECT OF HEARING**

15 Reflected in the above set of objections is a foundational issue that needs to be addressed,
16 especially if the PO's mandatory joinder provision stands. That issue is whether and to what
17 extent the record and findings in this docket will be binding on future ratemaking proceedings.

18 Several parties, including GCSECA, discussed this issue in their comments and argued
19 that the findings in this docket should not be binding. Unfortunately, the PO does not address
20 this issue directly or provide any clarification other than to indicate that the record will be
21 "available" to the Commission in the future. On one hand, the PO's mandatory joinder of all

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23 ⁴ In fact, one of the cooperatives mandatorily joined to the docket – AEPCO – has no retail customers and, therefore,
24 no direct interest in the topics of distributed generation or net metering. Thus, at a minimum, AEPCO should be
removed as a party and relieved of the obligations imposed by the PO.

1 electric utilities indicates an intent to bind all such utilities. On the other hand, the abbreviated
2 timeline for preparation of cost of service studies and testimony is inconsistent with creating the
3 kind of fully-developed record necessary to bind parties in future rate cases.

4 Further, even if the intent is to create some sort of binding record, additional clarification
5 is needed as to which portions of the record will be binding. As discussed in GCSECA's earlier
6 comments, to the extent that the record is based on a particular utility's cost data for a particular
7 test year, the conclusions derived from that data cannot be binding on a future rate case with a
8 new test year. Likewise, if the goal is to develop general, but still binding principles on the
9 subject of distributed generation (including preferred methodologies or calculations), the
10 appropriate procedural mechanism is a formal rulemaking docket, not this generic investigation
11 docket.

12 Given that the scope of this proceeding is so critical to the utilities and will dictate
13 whether and to what extent they invest their time and resources in it, these issues require
14 clarification as soon as possible.

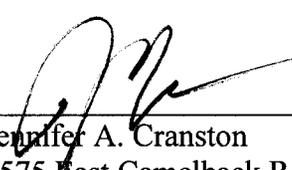
15 CONCLUSION

16 Based on the foregoing, GCSECA respectfully requests that the Commission rescind the
17 portions of the December 3, 2015 Procedural Order (1) mandating joinder of all Arizona
18 jurisdictional electric utilities and (2) requiring the utilities to mail the hearing notice to all their
19 customers. Additionally, GCSECA requests that the Commission clarify the intended scope of
20 this generic proceeding and, for the reasons stated herein, confirm that the record and findings in
21 this docket will not be binding on the utilities, even those that elect to intervene in the docket.
22 Lastly, given the aggressive deadlines established in the Procedural Order, GCSECA requests
23 that the Commission consider these issues on an expedited basis.

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RESPECTFULLY SUBMITTED this 14th day of December, 2015.

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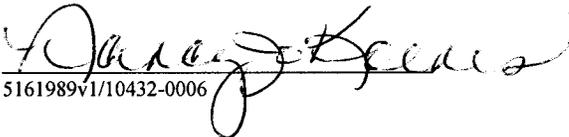
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