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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

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AZ CORP COMMISSION
DOCKET CONTROL

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

DOCKET NO. E-00000J-14-0023

**STAFF'S REQUEST FOR A PROCEDURAL
ORDER**

On December 15, 2015, Arizona Corporation Commission ("ACC") Staff filed a request for a procedural conference to address the issues raised by Mohave Electric Cooperative ("Mohave") and the Grand Canyon State Electric Cooperative Association, Inc. ("GCSECA") in recent filings in this docket. The issues raised by Mohave and GCSECA relate to their inclusion in this docket, the costs of customer notice, the costs associated with participating in the docket and the extent that findings in this case will be binding in future proceedings.

With the holidays rapidly approaching, Staff recognizes that it may be difficult with parties' schedules, to convene a procedural conference before the end of the year. In addition, Staff has talked to the attorneys for both Mohave and GCSECA and believes that with further discussion, the parties may be able to resolve the issues raised by Mohave and GCSECA in a manner satisfactory to everyone.

With respect to the issue of joinder in this docket, this is a generic docket designed to evaluate the cost and value of distributed generation. Staff views this docket to be an important effort to develop information and perspectives for the Commission's use on these issues. Because it is a generic docket, Staff views much of what will be occurring as "information gathering" so that these issues can be fairly and fully evaluated. The more information and input Staff and the Commission are able to garner from the various electric utilities, the more meaningful the results of the docket are likely to be in the end. Staff, in fact, may issue data requests or requests for information in this

1 docket if necessary to fully evaluate the issues raised. While Staff would expect all public service
2 corporations to respond to any data requests it sends, beyond this the level of participation by any
3 entity is subject to its discretion.

4 The December 3, 2015 Procedural Order allows any entity that so desires to submit a cost
5 study or value of solar study for consideration in this docket. It does not, in Staff's opinion, **require**
6 any entity to file a cost study, value of solar study or make any filing unless it so chooses. Staff
7 believes that the cooperatives' participation would be beneficial to this proceeding; however, if they
8 would prefer to forego participation, Staff is not inclined to pursue efforts to compel them to
9 participate. In the end, Staff recognizes that the quality of an entity's participation is likely to be of a
10 higher magnitude, if that entity's participation is voluntary.

11 With respect to customer notice, Staff understands that several entities have expressed
12 concern that they are likely to have difficulty meeting the December 30, 2015 deadline to mail a
13 notice to their customers informing them of this proceeding and the fact that it could impact them as
14 customers of the utility. Staff, therefore, recommends that the December 30, 2015 notice deadline
15 contained in the Commission's December 3, 2015 Procedural Order be suspended until parties have
16 an opportunity to suggest customer notice deadlines that are feasible for them and which they believe
17 can be met.

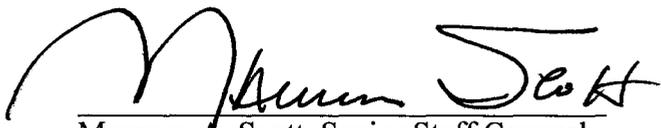
18 Staff recognizes that the cooperatives are much smaller than some of the investor owned
19 utilities in the state and that they serve largely rural areas. For this reason, Staff is sensitive to the
20 cooperatives' concerns regarding the costs associated with customer notice and their participation in
21 this docket. However, because this is a generic docket, and customers in all service areas have
22 expressed an interest in these issues, Staff continues to support the December 3, 2015 Procedural
23 Order's requirement that customers of all electric companies regulated by the Commission receive
24 notice of this proceeding. Nonetheless, Staff believes that there may be less costly alternatives than
25 direct mailings to customers that cooperatives could use given their size and unique attributes. For
26 instance, many cooperatives send newsletters to their customers which could be used to provide
27 notice to their customers. Posting notice of the proceeding on the cooperatives' web-site, could also
28 be used to notify customers.

1 Mohave was also concerned that their customers may be confused by the form of notice
2 required in the December 3, 2015 Procedural Order. Again, due to the unique nature of the
3 cooperatives, Staff would support the cooperatives having the opportunity to draft and submit their
4 own form of notice for consideration by the ALJ; especially if they believe that they can draft
5 something that would be less confusing to their customers. It is Staff's understanding that the
6 cooperatives are working on a form of notice for their customers at this time.

7 Finally, GCSECA requested clarification on the scope of the proceeding and the extent that
8 findings in this docket would be binding in future proceedings. As to the scope of the proceedings,
9 GCSECA argues that it would be unreasonable to force utilities with currently-pending rate cases to
10 litigate their cost of service studies and proposed net metering revisions in duplicate dockets. Staff
11 does not believe that the December 3, 2015 Procedural Order requires this nor would this be Staff's
12 recommendation. As to the findings that come out of this docket, it has always been Staff's position
13 that parties should be able to refer to the findings in this docket in future rate cases or other dockets.
14 However, at the same time if a party can show that the findings in this docket are not useful for
15 resolving the issues in a future case, then they can simply make the required demonstration. It is not
16 Staff's intent that the findings would have preclusive effect in any future proceeding.

17 For the reasons stated above, Staff respectfully requests that the December 30, 2015 deadline
18 for publishing notice in this case be suspended and that a procedural conference be held after the
19 holidays only if necessary to discuss the issues raised by Mohave and GCSECA. In the interim, Staff
20 is available to discuss the notice provisions and related issues with any party in order to attempt to
21 resolve these issues.

22 RESPECTFULLY SUBMITTED this 16th day of December 2015.

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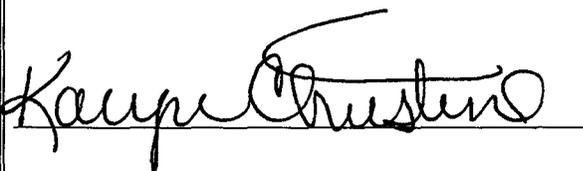
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