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BEFORE THE ARIZONA CORPORATION COMMISSION

2 COMMISSIONERS

3 DOUG LITTLE – Interim Chairman
4 BOB STUMP
4 BOB BURNS
5 TOM FORESE
5 VACANT

Arizona Corporation Commission

DOCKETED

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AZ CORP COMMISSION
DOCKET CONTROL

7 IN THE MATTER OF THE APPLICATION OF
8 UNS ELECTRIC, INC. FOR THE
8 ESTABLISHMENT OF JUST AND REASONABLE
9 RATES AND CHARGES DESIGNED TO
9 REALIZE A REASONABLE RATE OF RETURN
10 ON THE FAIR VALUE OF THE PROPERTIES OF
10 UNS ELECTRIC, INC. DEVOTED TO ITS
11 OPERATIONS THROUGHOUT THE STATE OF
11 ARIZONA AND FOR RELATED APPROVALS.

DOCKET NO. E-04204A-15-0142

PROCEDURAL ORDER

12 **BY THE COMMISSION:**

13 On May 5, 2015, UNS Electric, Inc. (“UNSE” or “Company”) filed an Application with the
14 Arizona Corporation Commission (“Commission”) for a rate increase.

15 By Procedural Order dated June 22, 2015, the matter was set for hearing to commence on March
16 1, 2016, and with a schedule for pre-filed written testimony as follows: Staff/Intervenor Direct (except
17 Cost of Service (“COS”) and rates) on November 6, 2015; Staff/Intervenor Direct on COS and Rates
18 on December 9, 2015; UNSE Rebuttal on January 19, 2016; Staff/Intervenor Surrebuttal on February
19 19, 2016; Company Rejoinder on February 26, 2016.

20 On November 6, 2015, the following parties filed Direct Testimony on rate base, cost of capital
21 and/or revenue requirement: the Commission’s Utilities Division (“Staff”), the Residential Utility
22 Consumer Office (“RUCO”), The Alliance for Solar Choice (“TASC”), the Southwest Energy
23 Efficiency Project (“SWEEP”), Wal-Mart and the Arizona Community Action Association (“ACAA”).

24 On December 9, 2016, the following parties filed Direct Testimony addressing COS and rate
25 design: Staff, RUCO, TASC, Arizona Utility Ratepayer Alliance (“AURA”), Arizonans for Electric
26 Choice and Competition and Noble Solutions, Arizona Public Service, Western Resource Advocates
27 (“WRA”), Vote Solar, SWEEP, Nucor Steel, Arizona Investment Council (“AIC”), Fresh Produce
28 Association of the Americas, Wal-Mart and ACAA.

1 On January 19, 2016, UNSE and ACAA filed Rebuttal Testimony. In its Rebuttal Testimony,
2 UNSE stated it was supporting Staff's proposed migration of all residential and small general service
3 customers to three-part rates. Originally, UNSE proposed a mandatory three-part rate for residential
4 and small commercial "New DG Customers" and an optional three-part rate for non-DG residential
5 and small general service customers.

6 On January 26, 2016, AURA filed a Motion to Extend Procedural Schedule ("Motion"). AURA
7 seeks to extend and reschedule the rate design portion of the hearing because it claims that UNSE "has
8 completely changed its rate-design proposal" and it would be difficult for AURA and other parties to
9 evaluate the new proposal, conduct discovery and prepare Surrebuttal Testimony by February 19, 2016.
10 AURA also posits that given the change in UNSE's rate design position, re-notice of the proceeding
11 may be in the public interest, although AURA takes no position on the adequacy of the notice.

12 On January 26, 2016, RUCO filed a Response to AURA's Motion.

13 On January 27, 2016 Vote Solar, SWEEP and WRA, ACAA and UNSE filed Responses to
14 AURA's Motion.

15 On January 28, 2016, AIC filed a Response to AURA's Motion.

16 RUCO supports AURA's request to extend the time for the rate-design portion of the case.
17 RUCO also supports extending the date for intervention because of the "depth and gravity of the
18 Company's proposal" and states that the Commission should schedule public comment meetings in the
19 Company's service territory and the Phoenix area.

20 Vote Solar supports AURA's motion to extend the procedural schedule because it needs
21 additional time to respond to UNSE's 171 pages of new rate design testimony. Vote Solar also asserts
22 that extending the procedural schedule may also allow the pending generic "Value of Solar" docket to
23 provide important data and insights into UNSE's rate design.

24 SWEEP and WRA support AURA's Motion for the reasons expressed therein. SWEEP and
25 WRA assert that intervenors will be attempting to do extensive discovery in the "compressed
26 timeframe" while also identifying potential new witnesses. They note that given the Company's and
27 Staff's proposal, there may be other groups interested in participating as a party.

28 ...

1 ACAA supports AURA's Motion for the reasons stated therein. ACAA states the Company's
2 Rebuttal position on rate design is a major departure from the testimony filed on May 2015, and
3 believes that this case will provide guidance on future rate cases for Tucson Electric Power Company
4 and APS.

5 UNSE opposes AURA's Motion because: as an intervenor ARUA must accept the procedural
6 status of the case as is, and AURA has known of Staff's proposal since December 9, 2015; a three-part
7 rate design at least for some customers has been part of the case from the time the Company filed its
8 Direct Testimony in May; the rate design testimony of other parties shows that everyone understood
9 that three-part rates would be addressed in this case (and even AURA's witness addresses three-part
10 rates); AURA has unduly delayed in bringing its Motion, and offers no explanation why it waited 48
11 days after being on notice that Staff recommended extending three-part rates to all residential
12 customers; and an extension of time is not warranted under the Commission's time clock rule, as UNSE
13 agreeing with Staff's recommendation is not an "extraordinary event" under A.A.C. R14-2-
14 103(B)(11)(e)(ii). In response to AURA's claim that many other organizations are just learning about
15 the scope and importance of UNSE's rate design, UNSE asserts there has been no deficiency of notice
16 in this case as it was broadly disseminated, it included the standard description in the notice that the
17 adopted rates may be different than those proposed by any party, and there has already been a broad
18 range of intervenors.

19 AIC opposed the Motion because it is premised on the faulty notion that UNSE's rebuttal
20 position to adopt Staff's recommended rate design created a new rate design case. AIC asserts that
21 AURA knew that three-part rates were part of this docket when it intervened and that this would be the
22 first in a series of electric utility rate cases that would focus on rate design.

23 The fact that rate design was going to be a major issue in the UNSE rate case has been known
24 since before the Company filed its application in May 2015. It was also widely known that the UNSE
25 rate case would be the first of several electric utility rate cases in Arizona. Fourteen parties with diverse
26 interests intervened. The recommendation that the Commission should adopt mandatory three-part
27 rates for all residential and small commercial customers was proposed in Staff's testimony filed on
28 December 9, 2015. It is not unusual for utilities to accept the recommendations of other parties in

1 Rebuttal Testimony. The parties to this case have had since at least December 9, 2015, to engage in
2 discovery about the effects of adopting mandatory three-part rates for residential and small commercial
3 customers, which makes AURA's request at this point in the process unreasonable and not in the public
4 interest.

5 Moreover, as a practical matter, a delay in this proceeding would affect the schedule of other
6 dockets in which hearings have been scheduled and which include many of the same parties
7 participating in this case. The Commission has a responsibility to UNSE and all parties to process rate
8 applications pursuant to Commission rules.

9 In response to a suggestion that this rate case should be re-noticed, the recommendations made
10 to date in this proceeding have not changed the scope or nature of the issues to be adjudicated to warrant
11 such action. The public notice in this proceeding provided in part that UNSE was seeking
12 "modifications to its rate design, its PPFAC, Lost Fixed Cost Recovery mechanism, and Net Metering
13 Tariff for new metered customers submitting applications for interconnection after June 1, 2015," and
14 that the Commission will determine the appropriate rate relief based on the evidence, but is not bound
15 by the proposals of the parties. UNSE mailed the notice to all of its customers, made copies available
16 at various libraries in its service area and published it in several newspapers. The notice informs
17 potentially interested individuals how to obtain copies of the filings in the docket, how to make public
18 comment, and how to intervene. No party objected to the notice. The form and dissemination of the
19 notice in this case was a reasonable and sufficient means of alerting interested parties about the nature
20 of the proceeding.

21 IT IS THEREFORE ORDERED that AURA's Motion is denied.

22 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive
23 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

24 DATED this 29th day of January, 2016.

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26 
27 JANE L. RODDA
28 ADMINISTRATIVE LAW JUDGE

1
2 Copies of the foregoing mailed/delivered/emailed
this 29th day of January, 2016 to:

3
4 Bradley S. Carroll
5 UNS Electric, Inc.
6 88 East Broadway, MS HQE910
7 PO Box 711
8 Tucson, AZ 85702

9 Michael W. Patten
10 Jason D. Gellman
11 Snell & Wilmer LLP
12 One Arizona Center
13 400 East Van Buren Street
14 Phoenix, AZ 85004
15 Attorneys for UNSE

16 Daniel W. Pozefsky, Chief Counsel
17 RUCO
18 1110 West Washington, Suite 220
19 Phoenix, AZ 85007
20 dpozefsky@azruco.gov
21 **Consented to Service by Email**

22 Eric J. Lacey
23 Stone Mattheis Xenopoulos & Brew, PC
24 1025 Thomas Jefferson St, NW
25 8th Floor, West Tower
26 Washington DC 20007-5201
27 Attorneys for Nucor
28 EJL@smxblaw.com
Consented to Service by Email

Robert J. Metli
Munger Chadwick PLC
2398 East Camelback Road, Suite 240
Phoenix, AZ 85016
Attorneys for Nucor
rjmetli@mungerchadwick.com
Consented to Service by Email

Lawrence V. Roberson, Jr.
PO Box 1448
Tubac, AZ 85646
Attorney for Noble Solutions

Court S. Rich
Rose Law Group PC
7144 E. Stetson Dr., Suite 300
Scottsdale, AZ 85251
Attorneys for TASC
crich@roselawgroup.com
Consented to Service by Email

Thomas A. Loquvam
Melissa M. Krueger
Pinnacle West Capital Corporation
PO Box 53999, MS 8695
Phoenix, AZ 85072-3999
Thomas.Loquvam@pinnaclewest.com
Melissa.Krueger@pinnaclewest.com
Consented to Service by Email

Timothy M. Hogan
Arizona Center for Law in the Public Interest
514 W. Roosevelt Street
Phoenix, AZ 85003
Attorneys for Vote Solar, WRA and SWEEP
thogan@aclpi.org
Consented to Service by Email

Michael Alan Hiatt
Katie Dittelberger
Earthjustice
633 17th Street, Suite 1600
Denver, CO 80202
mhiatt@earthjustice.org
kdittelberger@earthjustice.org
jtauber@earthjustice.org
Consented To Service By Email

Rick Gilliam
Director of Research and Analysis
The Vote Solar Initiative
1120 Pearl Street, Suite 200
Boulder, CO 80302
rick@votesolar.org
Consented to Service by Email

Briana Kobor, Program Director
Vote Solar
360 22nd St., Suite 730
Oakland, CA 94612
Briana@votesolar.org
Consented to Service by Email

Ken Wilson
Western Resource Advocates
2260 Baseline Road, Suite 200
Boulder, CO 80302
ken.wilson@westernresources.org
Consented to Service by Email

1 Scott S. Wakefield
 2 Hienton & Curry, PLLC
 3 5045 N. 12th Street, Suite 110
 4 Phoenix, AZ 85014-3302
 5 Attorney for Wal-Mart Stores, Inc.

6 Steve W. Chriss
 7 Senior Manager, Energy Regulatory Analysis
 8 Wal-Mart Stores, Inc.
 9 2011 S.E. 10th Street
 10 Bentonville, AR 72716-0550

11 Jeff Schlegel
 12 SWEEP Arizona Representative
 13 1167 W. Samalayuca Dr.
 14 Tucson, AZ 85704-3224

15 Ellen Zuckerman
 16 SWEEP Senior Associate
 17 4231 E. Catalina Dr.
 18 Phoenix, AZ 85018

19 C. Webb Crockett
 20 Patrick J. Black
 21 FENNEMORE CRAIG, PC
 22 2394 East Camelback Road, Suite 600
 23 Phoenix, AZ 85016-3429
 24 Attorneys for AECC
 25 wcrocket@fclaw.com
 26 pblack@fclaw.com

27 **Consented To Service By Email**

28 Meghan H. Grabel
 Osborn Maladon, PA
 2929 North Central Avenue, #2100
 Phoenix, AZ 85012
 Attorneys for AIC
mgrabel@omlaw.com

Consented to Service by Email

Gary Yaquinto, President & CEO
 Arizona Investment Council
 2100 North Central Avenue, #210
 Phoenix, AZ 85004

gyaquinto@arizonaic.org

Consented to Service by Email

Cynthia Zwick
 Executive Director
 Arizona Community Action Association
 2700 N 3rd St, Suite 3040
 Phoenix, AZ 85004-1122

czwick@azcaa.org

Consented to Service by Email

Timothy Sabo
 Snell & Wilmer LLP
 One Arizona Center
 400 East Van Buren Street
 Phoenix, AZ 85004
 Attorneys for Trico

Vincent Nitido
 Trico Electric Cooperative, Inc.
 8600 West Tangerine Road
 Marana, AZ 85653

Jason Y. Moyes
 MOYES SELLERS & HENDRICKS
 1850 N. Central Ave., Suite 1100
 Phoenix, AZ 85004

Attorneys for Fresh Produce Association
 Of the Americas

jasonmoyes@law-msh.com

kes@krsaline.com

jimoyes@law-msh.com

Consented to Service by Email

Craig A. Marks
 Craig A. Marks, PLC
 10645 N. Tatum Blvd., Suite 200-676
 Phoenix, AZ 85028
 Attorney for AURA

Craig.Marks@azbar.org

Consented To Service By Email

Jeffrey W. Crockett
 CROCKET LAW GROUP PLLC
 2198 E. Camelback Road, Suite 305
 Phoenix, AZ 85016
 Attorney for Sulphur Springs Valley Electric
 Cooperative, Inc.

jeff@jeffcrockettlaw.com

kchapman@ssvec.com

Consented to Service by Email

Mark Holohan, Chairman
 Arizona Solar Energy Industries Association
 2122 W. Lone Cactus Dr., Suite 2
 Phoenix, AZ 85027

Garry D. Hays
 Law Offices of Garry D. Hays, PC
 2198 East Camelback Road, Suite 305
 Phoenix, AZ 85016
 Attorney for the Arizona Solar Deployment
 Alliance

1 Janice Alward, Chief Counsel
2 Legal Division
3 ARIZONA CORPORATION COMMISSION
4 1200 W. Washington Street
5 Phoenix, Arizona 85007

Thomas Broderick, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, Arizona 85007

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7
8
9
10
11
12
13
14
15
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18
19
20
21
22
23
24
25
26
27
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By: 

Tammy Velarde
Assistant to Jahe L. Rodda