

OPEN MEETING



0000168000

MEMORANDUM

ORIGINAL

RECEIVED

2015 DEC 29 P 12: 04

TO: THE COMMISSION

Arizona Corporation Commission  
DOCKETED

FROM: Utilities Division

DEC 29 2015

AZ CORP COMMISSION  
DOCKET CONTROL

DATE: December 29, 2015

DOCKETED BY

RE: IN THE MATTER OF THE APPLICATION OF GARKANE ENERGY COOPERATIVE, INC. FOR APPROVAL OF A NET METERING TARIFF. (DOCKET NO. E-01891A-15-0402)

Garkane Energy Cooperative, Inc. ("Garkane" or "Company") is a member-owned, Utah-based non-profit cooperative association that supplies electricity to its members – most of which are located in the State of Utah.

On December 1, 2015, Garkane filed an application and request for expedited action. Garkane has requested the approval of a net metering tariff pursuant to the Arizona Corporation Commission's ("Commission") net metering rules ("A.A.C. R14-2-2301" *et seq.*)

**BACKGROUND**

Garkane initially filed a net metering tariff with the Commission on April 15, 2009 as attachment 23 to a compliance filing made in Commission Docket No. E-01891A-08-0061. No action was taken by the Commission and Garkane currently has no Commission approved net metering tariff. Garkane does have a net metering tariff in effect for its Utah customers. Approximately ninety percent (90%) of Garkane's customers are located in Utah.

As part of the Company's 2015 rate case application Docket No. E-01891A-15-0176 ("Rate Case"), Garkane requested a net metering tariff for its Arizona customers identical to the net metering tariff used for its Utah customers. After consultation with Staff, the parties in the Rate Case requested the Administrative Law Judge separate the net metering issue to allow the rate case proceeding to move forward. This request was accompanied by two additional stipulations: (1) Garkane would file a standard Arizona Net Metering Tariff in a separate docket, for expedited review by Staff; to meet immediate requests for net metering by Arizona customers; and (2) the record in the rate matter would remain open for up to 12 months after the ratemaking decision was issued, to allow for litigation of the net metering issues following the Commission's decisions in the currently pending matters involving net metering policy.

On November 24, 2015, a procedural order was issued granting the Company's request and ordering them to file a standard Arizona Net Metering Tariff in a separate docket by December 7, 2015 for Commission review, approval and expedited processing.

On December 1, 2015, Garkane filed its request in compliance with the November 24, procedural order. Garkane seeks approval of the attached net metering tariff ("Exhibit 1"). Garkane would note that it continues to support having all its net metering customers subject to a uniform net metering tariff and intends to pursue a Utah type net metering tariff at the appropriate time. Further, Garkane would like to use this filing as an opportunity to place its Arizona customers on notice that the Commission may, in the future, authorize Garkane to significantly alter the nature and type of the net metering tariff and how it is applied in Arizona.

### **ANALYSIS**

Staff has reviewed Schedule No. ACG33, the Net Metering Tariff attached as Exhibit 1, and found that it is in compliance with the rules outlined in A.A.C. R14-2-2301. Further, Staff believes the aforementioned Tariff is consistent with Net Metering Tariffs of other small cooperative electric companies in Arizona.

As it pertains to the language imbedded in the Company's filing which addresses future Net Metered Customers and provides notice, Staff believes that the implications associated with said language suggests a policy direction that the Commission has not yet made. Further, Staff believes that a tariff filing is not an effective venue to notice customers and would suggest the Company provide notice to its customers of its intent in the Company's Interconnection Agreement, or at the time in which a customer transitions onto a Net Metering Tariff.

Staff would add that although there is agreement with regard to what has been outlined in the procedural order, there are still a number of policy decisions involving net metering that are yet to be discussed or decided. Staff would suggest that the Company and any other interested parties monitor the ancillary dockets which are concurrently addressing net metering and proceed as appropriate.

### **RECOMMENDATIONS**

Staff recommends that Garkane Energy Cooperative, Inc.'s proposed Schedule No. ACG33, the Net Metering Tariff attached as Exhibit 1, be approved by the Commission as discussed herein.

Staff further recommends that Garkane Energy Cooperative, Inc. provide notice to its customers of its intent with regard to Net Metering in the Company's interconnection agreement.

Staff further recommends that Garkane Energy Cooperative, Inc. work with Staff to develop the aforementioned notice language to be included in the interconnection agreement. Staff's suggested notice language would include:

"The Arizona Corporation Commission may, in the future, authorize Garkane to significantly alter the nature and type of its electricity rates, basic charges and service fees, which could include the net metering tariff, applied to customers in Arizona. Future adjustments to these items may positively or negatively impact potential savings or the value of a customer's Net Metering Facility."

THE COMMISSION

December 29, 2015

Page 3

Staff further recommends that Garkane Energy Cooperative, Inc. file a revised Net Metering Schedule ACG33 in compliance with the Decision in this case within 15 days of the effective date of the Decision.

Thomas M. Broderick  
Director  
Utilities Division

Handwritten signature of Thomas M. Broderick, consisting of a stylized 'TMB' followed by 'for'.

TMB:EMV:vsc\RRM

ORIGINATOR: Eric Van Epps

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

BEFORE THE ARIZONA CORPORATION COMMISSION

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

IN THE MATTER OF THE APPLICATION  
OF GARKANE ENERGY COOPERATIVE,  
INC. FOR APPROVAL OF A NET  
METERING TARIFF.

DOCKET NO. E-01891A-15-0402  
DECISION NO. \_\_\_\_\_  
ORDER

Open Meeting  
January 12, 2016  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Garkane Energy Cooperative, Inc. ("Garkane" or "Company") is a public service company certificated to provide electric service to customers located in specifically designated areas within the State of Arizona.

2. Garkane is a member-owned, Utah-based non-profit cooperative association that supplies electricity to its members – most of which are located in the State of Utah.

3. On December 1, 2015, Garkane filed an application and request for expedited action. Garkane has requested the approval of a net metering tariff pursuant to the Arizona Corporation Commission's ("Commission") net metering rules ("A.A.C. R14-2-2301" *et seq.*)

**Background**

4. Garkane initially filed a net metering tariff with the Commission on April 15, 2009 as attachment 23 to a compliance filing made in Commission Docket No. E-01891A-08-0061. No action

1 was taken by the Commission and Garkane currently has no Commission approved net metering tariff.  
2 Garkane does have a net metering tariff in effect for its Utah customers. Approximately ninety percent  
3 (90%) of Garkane's customers are located in Utah.

4 5. As part of the Company's 2015 rate case application Docket No. E-01891A-15-0176  
5 ("Rate Case"), Garkane requested a net metering tariff for its Arizona customers identical to the net  
6 metering tariff used for its Utah customers. After consultation with Staff, the parties in the Rate Case  
7 requested the Administrative Law Judge separate the net metering issue to allow the rate case proceeding  
8 to move forward. This request was accompanied by two additional stipulations: (1) Garkane would file  
9 a standard Arizona Net Metering Tariff in a separate docket, for expedited review by Staff; to meet  
10 immediate requests for net metering by Arizona customers; and (2) the record in the rate matter would  
11 remain open for up to 12 months after the ratemaking decision was issued, to allow for litigation of the  
12 net metering issues following the Commission's decisions in the currently pending matters involving net  
13 metering policy.

14 6. On November 24, 2015, a procedural order was issued granting the Company's request  
15 and ordering them to file a standard Arizona Net Metering Tariff in a separate docket by December 7,  
16 2015 for Commission review, approval and expedited processing.

17 7. On December 1, 2015, Garkane filed its request in compliance with the November 24,  
18 procedural order. Garkane seeks approval of the attached net metering tariff ("Exhibit 1"). Garkane  
19 would note that it continues to support having all its net metering customers subject to a uniform net  
20 metering tariff and intends to pursue a Utah type net metering tariff at the appropriate time. Further,  
21 Garkane would like to use this filing as an opportunity to place its Arizona customers on notice that the  
22 Commission may, in the future, authorize Garkane to significantly alter the nature and type of the net  
23 metering tariff and how it is applied in Arizona.

#### 24 Analysis

25 8. Staff has reviewed Schedule No. ACG33, the Net Metering Tariff attached as Exhibit 1,  
26 and found that it is in compliance with the rules outlined in A.A.C. R14-2-2301. Further, Staff believes  
27 the aforementioned Tariff is consistent with Net Metering Tariffs of other small cooperative electric  
28 companies in Arizona.

1           9.       As it pertains to the language imbedded in the Company's filing which addresses future  
2 Net Metered Customers and provides notice, Staff believes that the implications associated with said  
3 language suggests a policy direction that the Commission has not yet made. Further, Staff believes that  
4 a tariff filing is not an effective venue to notice customers and would suggest the Company provide  
5 notice to its customers of its intent in the Company's Interconnection Agreement or at the time in which  
6 a customer transitions onto a Net Metering Tariff.

7           10.       Staff would add that although there is agreement with regard to what has been outlined  
8 in the procedural order, there are still a number of policy decisions involving net metering that are yet  
9 to be discussed or decided. Staff would suggest that the Company and any other interested parties  
10 monitor the ancillary dockets which are concurrently addressing net metering and proceed as  
11 appropriate.

## 12 **Recommendations**

13           11.       Staff has recommended that Garkane Energy Cooperative, Inc.'s proposed Schedule  
14 No. ACG33, the Net Metering Tariff attached as Exhibit 1, be approved by the Commission as  
15 discussed herein.

16           12.       Staff has further recommended that Garkane Energy Cooperative, Inc. provide notice  
17 to its customers of its intent with regard to Net Metering in the Company's interconnection agreement.

18           13.       Staff has further recommended that Garkane Energy Cooperative, Inc. work with Staff  
19 to develop the aforementioned notice language to be included in the interconnection agreement.

20 Staff's suggested notice language would include:

21                   "The Arizona Corporation Commission may, in the future, authorize Garkane to  
22 significantly alter the nature and type of its electricity rates, basic charges and service fees, which  
23 could include the net metering tariff, applied to customers in Arizona. Future adjustments to  
24 these items may positively or negatively impact potential savings or the value of a customer's  
25 Net Metering Facility."

26           14.       Staff has further recommended that Garkane Energy Cooperative, Inc. file a revised Net  
27 Metering Schedule ACG33 in compliance with the Decision in this case within 15 days of the effective  
28 date of the Decision.

CONCLUSIONS OF LAW

1  
2 1. Garkane Energy Cooperative, Inc. is a public service company within the meaning of  
3 Article XV, Section 2 of the Arizona Constitution.

4 2. The Commission has jurisdiction over Garkane Energy Cooperative, Inc. and the  
5 subject matter of the application.

6 3. The Commission, having reviewed the application and Staff's memorandum dated  
7 December 24, 2015, concludes that it is in the public interest to approve Garkane Energy Cooperative,  
8 Inc.'s proposed net metering tariff as specified in this order.

9 ORDER

10 IT IS THEREFORE ORDERED that Garkane Energy Cooperative, Inc.'s proposed Net  
11 Metering Tariff Schedule No. ACG33 be and hereby is approved as discussed herein.

12 IT IS FURTHER ORDERED that Garkane Energy Cooperative, Inc. provide notice to its  
13 customers, of its intent with regard to Net Metering, in the Company's interconnection agreement.

14 IT IS FURTHER ORDERED Garkane Energy Cooperative, Inc. work with Staff to develop  
15 the aforementioned notice language to be included in the interconnection agreement.

16 IT IS FURTHER ORDERED Garkane Energy Cooperative, Inc. file a revised Net Metering  
17 Schedule ACG33 in compliance with the Decision in this case within 15 days of the effective date of  
18 the Decision.

19 ...

20 ...

21 ...

22 ...

23 ...

24 ...

25 ...

26 ...

27 ...

28 ...

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

IT IS FURTHER ORDERED that this Order shall become effective immediately.

**BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
JODI JERICH  
EXECUTIVE DIRECTOR

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

TMB:EMV :vsc /RRM

1 SERVICE LIST FOR: Garkane Energy Cooperative, Inc.  
2 DOCKET NO. E-01891A-15-0402

3 William P. Sullivan  
4 Curtis, Goodwin, Sullivan, Udall & Schwab, P.L.C.  
5 501 East Thomas Road  
6 Phoenix, Arizona 85012-3205

7 Mr. Court S. Rich, Esq.  
8 Rose Law Group  
9 7144 E Stetson Drive, Suite 300  
10 Scottsdale, Arizona 85251

11 Mr. Thomas M. Broderick  
12 Director, Utilities Division  
13 Arizona Corporation Commission  
14 1200 West Washington Street  
15 Phoenix, Arizona 85007

16 Ms. Janice M. Alward  
17 Chief Counsel, Legal Division  
18 Arizona Corporation Commission  
19 1200 West Washington Street  
20 Phoenix, Arizona 85007

21 Mr. Dwight Nodes  
22 Chief Administrative Law Judge, Hearing Division  
23 Arizona Corporation Commission  
24 1200 West Washington Street  
25 Phoenix, AZ 85007

26  
27  
28