

ORIGINAL



0000168950

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

2016 MAR 11 P 2:29

AZ CORP COMMISSION
DOCKET CONTROL

1
2 DOUG LITTLE
CHAIRMAN
3 BOB STUMP
COMMISSIONER
4 BOB BURNS
COMMISSIONER
5 TOM FORESE
COMMISSIONER
6 ANDY TOBIN
COMMISSIONER

7
8 IN THE MATTER OF THE APPLICATION OF
TUCSON ELECTRIC POWER COMPANY
9 FOR APPROVAL OF ITS 2016 RENEWABLE
ENERGY STANDARD IMPLEMENTATION
10 PLAN.

Docket No. E-01933A-15-0239

11 NOTICE OF FILING

12 The Residential Utility Consumer Office ("RUCO") hereby provides notice of filing the
13 Direct Testimony of Lon Huber in the above-referenced matter.

14 RESPECTFULLY SUBMITTED this 11th day of March, 2016.

17 /s/ Daniel W. Pozefsky

Daniel W. Pozefsky
Chief Counsel

19
20 AN ORIGINAL AND THIRTEEN COPIES
21 of the foregoing filed this 11th day
of March, 2016 with:

22 Docket Control
23 Arizona Corporation Commission
1200 West Washington
24 Phoenix, Arizona 85007

Arizona Corporation Commission

DOCKETED

MAR 11 2016

DOCKETED BY

1 COPIES of the foregoing hand delivered/
2 mailed this 11th day of March, 2016 to:

3 Jane Rodda
4 Hearing Division
5 Arizona Corporation Commission
6 1200 West Washington
7 Phoenix, Arizona 85007

8 Janice Alward
9 Legal Division
10 Arizona Corporation Commission
11 1200 West Washington
12 Phoenix, Arizona 85007

13 Thomas Broderick
14 Utilities Division
15 Arizona Corporation Commission
16 1200 West Washington
17 Phoenix, Arizona 85007

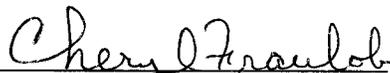
18 Bradley Carroll
19 Tucson Electric Power Company
20 88 East Broadway, MS HQE910
21 P.O. Box 711
22 Tucson, Arizona 85702

23 Michael Patten
24 Snell & Wilmer L.L.P.
400 E. Van Buren St., Suite 1900
Phoenix, Arizona 85004
Tucson, Arizona 85733

Court S. Rich
Rose Law Group pc
7144 E. Stetson Drive, Suite 300
Scottsdale, Arizona 85251

Kerri Carnes
Arizona Public Service Company
P.O. Box 53999, MS 9712
Phoenix, Arizona 85072

Thomas Loquvam
Pinnacle West Capital Corporation
P.O. Box 53999, MS 8695
Phoenix, Arizona 85072

By 
Cheryl Braulob

TUCSON ELECTRIC POWER COMPANY
2016 RENEWABLE ENERGY STANDARD IMPLEMENTATION PLAN
DOCKET NO. E-01933A-15-0239

DIRECT TESTIMONY
OF
LON HUBER

ON BEHALF OF THE
RESIDENTIAL UTILITY CONSUMER OFFICE

MARCH 11, 2016

TABLE OF CONTENTS

1 INTRODUCTION 1
2
3 RUCO'S RESPONSE..... 2

ATTACHMENTS

Lon Huber Resume A

1 **I. INTRODUCTION**

2 **Q. Please state your name, position, employer and address.**

3 A. Lon Huber. I am a Director at Strategen Consulting LLC, located at 2150 Allston
4 Way # 210, Berkeley, CA 94704.

5
6 **Q. Please state your educational background and work experience.**

7 A. My career in the energy industry began in 2007 when I started working at a
8 research institute housed within the University of Arizona. In 2010, I became
9 the governmental affairs staffer for TFS Solar, a solar photovoltaic ("PV")
10 installation company based in Tucson. I was hired by Suntech America in 2011
11 where I led the company's regulatory and policy efforts in numerous US states
12 until December 2012. In 2013 I served as a consultant for the Residential Utility
13 Consumer Office ("RUCO") on energy issues. I joined RUCO as a full time
14 employee in January 2014. I left RUCO in March 2015 to join Strategen
15 Consulting, where I continue to advise RUCO on energy policy matters.

16
17 I obtained a Bachelor of Science Public Administration degree in Public Policy
18 and Management from the University of Arizona in 2009. I also received a
19 Master of Business Administration degree from the Eller College of
20 Management at the same university. A full resume is attached as Attachment
21 A.

22

23

1 **Q. What is the purpose of your testimony?**

2 A. The purpose of my testimony is to communicate RUCO's position on several
3 elements of the Company's 2016 Renewable Energy Standard and Tariff
4 ("REST") Implementation Plan ("IP" or "Plan").

5

6 **Q. What are the specific elements your testimony will focus on?**

7 A. The Company's request to expand its utility-owned distributed generation
8 program and its proposal for a new residential community solar program. Also,
9 the request for a waiver from the residential portion of the REST and a
10 distributed generation (DG) definition change in the REST.

11

12 **Q. Do you have previous experience with REST plans?**

13 A. Yes, I have followed and/or drafted comments on REST plans, including TEP's
14 past REST plans, for many years on behalf of different clients.

15

16 **II. RUCO'S RESPONSE**

17 **Q. What is RUCO's view of TEP's 2016 REST filing?**

18 A. In general, RUCO is supportive of the filing. That said, RUCO is open to
19 considering the perspectives of other parties on certain issues within the REST
20 plan. Finally, RUCO would like to see modifications to the proposed community
21 solar program.

22

1 **Q. What is RUCO's view of utility owned residential solar program?**

2 A. RUCO views the expansion of the utility owned residential solar program as
3 largely a prudence question for the upcoming rate case.
4

5 **Q. Why does RUCO view it that way?**

6 A. The Company is not seeking any cost recovery through the annual REST
7 implementation tariff. As the Company states "Cost recovery and prudence for
8 TEP's program will be determined through the Company's next general rate
9 case, subject to Commission review and approval."¹
10

11 **Q. Should there be no consideration of program elements through this
12 proceeding?**

13 A. Not necessarily. They may be improvements or policy considerations to be
14 made to help shape the program. For instance, refining research objectives,
15 creating a stronger link between DSM programs and this solar program, or
16 tailoring the overall program size.
17
18
19
20

¹ See Direct Testimony of Carmine Tilghman page 7, lines 23 - 25

1 **Q. Does RUCO have any suggestions regarding these topics for the**
2 **residential program?**

3 A. Not at this time. Given that 4,044 traditional residential PV applications were
4 submitted in 2015, only 600 coming from TEP seems reasonable.²

5

6 **Q. Is RUCO making any claims as to the prudence of the Company's existing**
7 **or future rooftop solar investments?**

8 A. No.

9

10 **Q. Does RUCO still support the "cost parity" rule?**

11 A. Yes. RUCO will be analyzing this very closely in the TEP rate case.

12

13 **Q. What is RUCO's view of the new residential community solar program?**

14 A. RUCO finds it encouraging that the Company is looking into new and innovative
15 ways to deliver renewable energy to customers. Finding the lowest cost ways
16 to do this should be applauded. Nonetheless, RUCO respectfully believes that
17 the proposed community solar program can be improved and expanded upon
18 due to both program design and market equity issues.

19

20

² See Direct Testimony of Carmine Tilghman page 10

1 **Q. Please explain the programmatic issues as you see them.**

2 A. RUCO sees two major issues with this program. The first major issue is that this
3 program is primarily designed for homeowners. The second major issue is that
4 the program doesn't provide market/business model equity in the form of an
5 alternate third-party centric model.

6

7 Community solar holds so much promise precisely because it can reach a much
8 broader spectrum of residential customers than traditional rooftop solar, like
9 renters. The program, as proposed, does not capture this foundational benefit.

10

11 A secondary issue involves not allowing customers to make an upfront
12 payment. This has the potential to reduce program costs and provide some
13 savings to participants. RUCO views this as an item that can be added down
14 the road. Another option that should be explored is community storage. A
15 program of this nature can help firm up the solar generation of participants and
16 provide other services to the utility system.

17

18 **Q. Can these issues be corrected?**

19 A. Yes, it would not be hard to fix this program design and add new elements.
20 Specifically, the Company could offer a shorter term offering to non-
21 homeowners at a different price to solve the renter issue.

22

1 **Q. Please explain the market equity issue as you see it.**

2 A. The program as proposed is a utility-centric product offering in a market sector
3 absent of third-party participation. This is the exact opposite situation from the
4 rooftop solar sector (before TEP's program) where it was a third-party
5 dominated market sector with almost no utility participation. RUCO believes that
6 a diversity of business models can be a good thing for all ratepayers, which is
7 one of the reasons why RUCO supported TEP's jump into the residential rooftop
8 solar market. The same can be said for the community solar market and third
9 parties.

10

11 **Q. Can this issue be corrected?**

12 A. Yes. RUCO proposes exploring a third party-centric community solar model of
13 equivalent size. This could be done through a stakeholder process with a
14 program filing for Commission consideration in the 2017 REST plan.

15

16 **Q. Is RUCO advocating for virtual net metering?**

17 A. While RUCO is not pushing for a specific model at this time, RUCO is not
18 proposing nor would it support virtual "full retail" net metering for community
19 solar. RUCO envisions competitive cost based procurement and crediting
20 mechanisms.

21

22

1 **Q. How could this work without virtual net metering?**

2 A. Ultimately the stakeholder process will help determine what program design is
3 most favorable to different parties, but a “sleeving” arrangement could be
4 utilized where the utility takes possession of the power and is the intermediary
5 or the Commission can setup distribution related wheeling charges. There are
6 likely more arrangements that can be explored.

7
8 **Q. Could RUCO support the community solar program as proposed?**

9 A. No, not without expanding the program to a wider field of participants and not
10 without exploring a third party model for community solar.

11
12 **Q. Moving to a new issue, is RUCO supportive of TEP’s request for a waiver
13 from the residential portion of the REST?**

14 A. RUCO is comfortable with a one-year waiver of the residential DG requirement.
15 As illustrated by the 4,000 plus applications submitted in 2015, the DG market
16 appears to be robust for the time being.

17
18 **Q. Why is a waiver necessary?**

19 A. RUCO views it as a by-product of the lack of a long-term renewable energy
20 credit (REC) exchange system.

21

1 **Q. Is this REC issue related to the distributed generation definition change**
2 **the Company is seeking?**

3 A. In part, but not entirely. There could be a chronic shortage of RECs to meet the
4 residential targets even with a "healthy" DG market. Depending on Commission
5 action, new programs may be needed to fulfill REST targets.

6

7 **Q. What is RUCO view of this definition modification request?**

8 A. RUCO supports the concept of allowing renewable energy facilities located
9 within the distribution system, serving residential customers, to count toward
10 the residential REST requirement.

11

12 **Q. Does this conclude your testimony?**

13 A. Yes, it does.

ATTACHMENT A

Lon Huber
928-380-5540
lonmhuber@gmail.com

EDUCATION

January 2010 – May 2011
Eller College of Management - University of Arizona
Masters of Business Administration (MBA)

August 2005 – May 2009
School of Government & Public Policy - University of Arizona
Bachelor of Science - Public Policy and Management

RELEVANT WORK EXPERIENCE

Strategen Consulting

Director – March 2015 to present

Arizona's Residential Utility Consumer Office (RUCO)

Special Projects Advisor and former consultant – April 2013 to March 2015

- Responsibilities: policy analysis and design, advocacy, case testimony, constituent outreach, and financial analysis.
 - Team lead on net metering, utility-owned rooftop solar, and new resource procurement policies.

Suntech America

Manager, Regional Policy – September 2011 to December 2012

- Point person for the company in every key state solar market except California.
 - Worked to balance cost effective utility-scale solar with state distributed generation policy goals.
 - Elected by SEIA member companies to be the state lead in Arizona.

TFS Solar

Government Affairs – September 2010 to September 2011

- Created a solar financing program for faith based organizations in Tucson.
- Instrumental in forming the Southern Arizona Solar Standards Board.
- Advocated for policies in front of ACC.

Arizona Research Institute for Solar Energy at the University of Arizona

“Founding employee” and Policy Program Associate – August 2007 to September 2010

- Helped build the institute while gaining experience with the technical attributes and challenges of various energy technologies.

Lon Huber
928-380-5540
lonmhuber@gmail.com

Congressional Fellow – D.C.

January 2009 to May 2009

- Responsibilities included weekly memos to the Congress member on energy issues, forming energy related legislation (Solar Schools Act - H.R. 4967), and creating educational presentations on energy.

COMMUNITY INVOLVEMENT

- Appointed to the Arizona Governor's Solar Task Force, 2013
- Chairman - Southern Arizona Regional Solar Partnership at the Pima Association of Governments, 2011
- Founding Chairman - University of Arizona Green Fund, 2010 to 2011
- Member of UA President's Campus Sustainability Advisory Board, 2008 to 2011
- Big Brother for a child in special needs program - Tucson Big Brothers Big Sisters, 2006 to 2008

AWARDS AND HONORS

- *Arizona Daily Star's* "40 Under 40" winner for leadership, community impact, and professional accomplishment, 2011
- University of Arizona Honors College Young Alumni Award Winner, 2011
- Outstanding Professional Staff Member – University of Arizona, 2010
- Arizona Foundation Outstanding Senior Award for the Eller College of Management, 2009
- Honors College Pillars of Excellence Award, March 2009
- Congressional Recognition Award, May 2008