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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
DOCKET CONTROL

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

DOCKET NO. E-01933A-15-0239

IN THE MATTER OF THE APPLICATION OF
TUCSON ELECTRIC POWER COMPANY FOR
THE ESTABLISHMENT OF JUST AND
REASONABLE RATES AND CHARGES
DESIGNED TO REALIZE A REASONABLE RATE
OF RETURN ON THE FAIR VALUE OF THE
PROPERTIES OF TUCSON ELECTRIC POWER
COMPANY DEVOTED TO ITS OPERATIONS
THROUGHOUT THE STATE OF ARIZONA AND
FOR RELATED APPROVALS.

DOCKET NO. E-01933A-15-0322
Arizona Corporation Commission

DOCKETED

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DOCKETED BY

PROCEDURAL ORDER

BY THE COMMISSION:

On July 1, 2015, in Docket No. E-01933A-15-0239, Tucson Electric Power Company (“TEP” or “Company”) filed with the Arizona Corporation Commission (“Commission”) its 2016 Renewable Energy Standard and Tariff (“REST”) Implementation Plan (“Plan” or “2016 REST Plan”) in compliance with A.A.C. R14-2-1801 *et seq.* (“REST Rules”).

On November 5, 2015, in Docket No. E-01933A-15-0322, TEP filed an Application with the Commission for a rate increase (“Rate Case”).

Intervention in the 2016 REST Plan was granted to the Residential Utility Consumer Office (“RUCO”) on October 15, 2015, to the Energy Freedom Coalition of America (“EFCA”) on November 2, 2015; and to Arizona Public Service (“APS”) on April 1, 2016.¹

Intervention in the Rate Case has been granted to RUCO, Pima County, Freeport Minerals and

¹ APS had requested intervention on January 20, 2016, but no action was taken on that application. At a telephonic procedural conference on April 1, 2016, APS confirmed that it desires intervenor status, and no party objected. APS acknowledged that it accepted the procedural status of the case and had no objection. The Administrative Law Judge granted APS’s Motion to Intervene during the April 1, 2014 Procedural Conference.

1 Arizonans for Electric Choice and Competition, International Brotherhood of Electrical Workers Local
2 1116, Noble Solutions, Arizona Investment Council, Vote Solar, Sierra Club, The Alliance for Solar
3 Choice, Arizona Public Service Company, the Arizona Solar Energy Industries Association, and the
4 Arizona Utilities Ratepayers Alliance.

5 By Procedural Order dated January 6, 2016, the 2016 REST Plan was set for an evidentiary
6 hearing to commence April 5, 2016.² The hearing was set after EFCA raised issues of material fact
7 concerning TEP's proposed expansion of the TEP-owned Rooftop Solar ("TORS") program, and a
8 newly proposed Residential Community Solar ("RCS") program.³

9 Pursuant to the January 6, 2016 Procedural Order:

- 10 • On February 12, 2016, TEP filed the Direct Testimonies of Carmine Tilghman and
11 Craig Jones;
- 12 • On March 11, 2016, EFCA filed the Direct Testimonies of R. Thomas Beach, David W.
13 Deramus, and Charles J. Cicchetti, RUCO filed the Direct Testimony of Lon Huber, and
14 the Commission's Utilities Division ("Staff") filed the Direct Testimony of Robert
15 Gray; and
- 16 • On March 28, 2016, TEP filed the Rebuttal Testimonies of Mr. Tilghman, Mr. Jones
17 and Robert Yardley, Jr., RUCO filed the Responsive Testimony of Mr. Huber; EFCA
18 filed the Responsive Testimony of Mr. Cicchetti and Dr. Deramus, and Staff filed the
19 Responsive Testimony of Mr. Gray.

20 TEP provided notice of the 2016 REST Plan hearing by mail as a bill insert between January
21 22, 2016 and February 19, 2016, and by publication on February 2, 2016.

22 On March 31, 2016, in the 2016 REST Plan Docket, TEP filed a Motion to Bifurcate and to
23 Consolidate ("TEP Motion"). TEP sought to bifurcate the TORS and RCS programs from the 2016
24 REST Plan. TEP proposed that because there was no opposition to the portions of the 2016 REST Plan
25 that do not involve the TORS and RCS programs, Staff could prepare a Staff Report and Order for
26 Commission consideration on those portions of the 2016 REST Plan, including the 2016 budget, REST

27 ² The Rate Case has been set for hearing to commence on September 1, 2016.

28 ³ See EFCA's November 14, 2015 Motion and subsequent responses by the parties, and the transcript of the December 17, 2015 Procedural Conference.

1 surcharge and surcharge caps.⁴ TEP proposed that the TORS and RCS programs be consolidated with
2 the pending TEP Rate Case. Under TEP's proposal, the focus of the April 5, 2016, hearing would be
3 on whether community solar programs could be used to meet the Distributed Generation ("DG")
4 requirements in the REST Rules.

5 Staff and RUCO supported TEP's Motion.

6 On March 31, 2016, EFCA filed an Opposition to the TEP Motion. EFCA stated that it did not
7 oppose the request that Staff prepare an Order on the uncontested portion of the 2016 REST Plan, but
8 opposed TEP's request to limit the scope of the April 5th hearing to whether the RCS could be
9 considered DG in the REST Rules. EFCA viewed TEP's request as an attempt to confirm TEP's role
10 as the monopoly provider of community solar without addressing EFCA's allegations of the anti-
11 competitive impact of the RCS proposal.

12 TEP, EFCA, RUCO, APS and Staff participated in a telephonic procedural conference on April
13 1, 2016, to discuss TEP's Motion. All agreed that it was in the public interest for Staff to prepare an
14 Order for the Commission on the non-TORS and non-RCS portions of the 2016 REST Plan. EFCA
15 argued that the April 5, 2016 hearing should address all facets of the TORS and RCS programs that
16 have been addressed in pre-filed testimony. Staff and TEP argued that because the RCS program
17 involves a tariffed rate, the Rate Case was the appropriate venue to consider that program.

18 After hearing from the parties, the Administrative Law Judge ruled that the April 5, 2016
19 hearing should proceed as originally envisioned and would consider all of the issues and
20 recommendations raised in the pre-filed testimony in the 2016 REST Plan docket, and took the matter
21 of consolidation under advisement.

22 Because one of Staff's recommendations contained in its pre-filed testimony is for the RCS rate
23 to be considered as part of the Rate Case, and because the Rate Case is proceeding simultaneously with
24 the 2016 REST Plan proceeding, in order to preserve the ability to set the RCS tariff and rate in the
25 Rate Case, the 2016 REST Plan Docket and Rate Case Docket need to be consolidated.

26 Although all of the issues and recommendations raised in the pre-filed 2016 REST Plan
27

28 ⁴ Neither the proposed TORS expansion nor proposed RCS program affect the REST budget or surcharge.

1 testimony will be heard in the REST Plan Docket, if the Commission determines that the program is in
2 the public interest, the specifics of the tariff and rate will be considered in the Rate Case. **As a result,**
3 **the parties to the Rate Case docket are on notice that in the event the Commission determines**
4 **that it is in the public interest that the RCS program should qualify for the DG carve out under**
5 **the REST Rules, the RCS tariff and rate will be considered and set in the Rate Case proceeding.**
6 Thus, to the extent that the issue of the RCS tariff and rate is of interest to the intervenors in the Rate
7 Case, those parties should address the RCS tariff in their pre-filed testimonies.⁵

8 IT IS THEREFORE ORDERED that APS's request to intervene is granted.

9 IT IS FURTHER ORDERED that the TORS and RCS programs are bifurcated from the
10 remainder of the 2016 REST Plan and shall be the focus of the hearing set to commence on April 5,
11 2016.

12 IT IS FURTHER ORDERED that Staff shall prepare a Staff Report and Order for
13 Commission consideration on the uncontested portion of the TEP's 2016 REST Plan (i.e. the non-
14 TORS and non-RCS programs).

15 IT IS FURTHER ORDERED that the 2016 REST Plan (Docket No. E-01933A-15-0239) and
16 the Rate Case (Docket E-01933A-15-0322) are consolidated.

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

19 DATED this 6th day of April, 2016.

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21 
22 JANE L. RODDA
23 ADMINISTRATIVE LAW JUDGE
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27 ⁵ TEP has filed testimony in support of its RCS tariff in the 2016 REST Plan docket which, upon consolidation, shall be
28 deemed part of the Rate Case Docket. If the Commission determines that the RCS program is not in the public interest,
there will no longer be a need to consider the rate in the Rate Case.

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