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EXCEPTION



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BEFORE THE ARIZONA CORPORATION COMMISSION

DOUG LITTLE
 CHAIRMAN

BOB STUMP
 COMMISSIONER

BOB BURNS
 COMMISSIONER

TOM FORESE
 COMMISSIONER

ANDY TOBIN
 COMMISSIONER

14 **IN THE MATTER OF THE) DOCKET NO. E-04204A-15-0142**
 15 **APPLICATION OF UNS ELECTRIC,)**
 16 **INC. FOR THE ESTABLISHMENT)**
 17 **OF JUST AND REASONABLE)**
 18 **RATES AND CHARGES DESIGNED)**
 19 **TO REALIZE A REASONABLE)**
 20 **RATE OF RETURN ON THE FAIR)**
 21 **VALUE OF THE PROPERTIES OF) THE ALLIANCE FOR SOLAR**
 22 **UNS ELECTRIC, INC. DEVOTED TO) CHOICE'S EXCEPTIONS TO**
 23 **ITS OPERATIONS THROUGHOUT) RECOMMENDED OPINION AND**
 24 **THE STATE OF ARIZONA, AND) ORDER**
 25 **FOR RELATED APPROVALS.)**

26 The Alliance for Solar Choice ("TASC") would like to thank the Administrative Law Judge
 27 for her thoughtful and comprehensive evaluation of the numerous important and often novel issues
 28 presented in this docket. While TASC does not agree with all aspects of the Recommended
 Opinion and Order (the "ROO"), TASC believes the ROO presents a fair way forward on key
 issues of rate design and the treatment of current and future customers with distributed generation
 solar ("DG"). As explained more fully below, TASC believes the ROO should be adopted as
 written and wishes to highlight two of the ROO's recommendations.

1 First, the ROO's proposal for a Phase II of this proceeding provides a framework by which
2 the Commission can weave in the work undertaken in the Value of Solar ("VOS") proceeding to
3 move towards a more uniform resolution of issues related to DG rate design in Arizona. Second,
4 the ROO recommends, and TASC supports, protecting ratepayers who have adopted DG from
5 negative financial impacts that could be caused by retroactively altering net energy metering
6 ("NEM") or rate design for these customers. TASC supports the ROO's proposal to fully
7 grandfather all customers who submit an application for interconnection to the utility prior to the
8 issuance of a final Order in Phase II.

9 **I. COMMENTS ON PHASE II**

10 TASC believes that the utilization of the Phase II proceeding as contemplated in the ROO
11 has several benefits and is an appropriate way for this docket to be informed by and benefit from
12 the VOS proceeding.

13 **A. Phase II can Consider and Utilize the Record Created in the VOS Docket**

14 One of the benefits of making a final decision on NEM and DG rate design in Phase II is
15 that it permits the Commission to get the benefit of the VOS docket and to recognize that benefit
16 in all pending rate cases. TASC is supportive of commencing a Phase II wherein the record of the
17 VOS docket can be available and considered as part of the evidentiary hearing.

18 **B. Phase II Allows for a Common Set of Facts to be Considered in all Rate Cases**

19 As it stands, the hearing in at least five electric utility rate cases¹ will have concluded prior
20 to a decision being issued in the VOS docket. That means that none of these dockets will be able
21 to incorporate information derived from the VOS docket into their evidentiary hearing unless a
22 Phase II proceeding is ordered in each.

23 TASC believes that the Phase II construct should be built into not just the result in this
24 docket but also in the other pending dockets dealing with these issues. As a result, each of these
25 dockets will then have access to the same information and the complete record of the VOS docket
26 for use in the evidentiary hearings that will ultimately resolve this issue in what would be Phase II
27 of each rate case.

28 _____
¹ Garkane Electric Cooperative; UNSE; SSVEC; Trico; and TEP.

1 The alternative is that each rate case will be decided without the benefit of the evidentiary
2 record established in the VOS docket. This means that each docket would be decided without a
3 commonality in the record, making it more difficult for the Commission to justify taking a uniform
4 approach to any method of implementing change.

5 **C. There is Not Sufficient Evidence in this Docket to Value DG, Therefore, Phase II**
6 **is Necessary.**

7 The ROO concludes that the “record in this case is not sufficient to determine the value or
8 cost of DG solar for UNSE or to approve a specific rate for excess DG energy.”² This means that
9 if the Commission wants to arrive at a value of DG for UNSE, there must be additional evidentiary
10 proceedings. The Phase II proposed in the ROO provides the Commission the best opportunity to
11 build a sufficient record.

12 **II. COMMENTS ON GRANDFATHERING**

13 TASC strongly supports the ROO’s recommendations on grandfathering and believes that
14 full grandfathering through the date of the final decision in Phase II is not only legally required
15 but the right thing to do. As set forth in detail in TASC’s briefing, the Commission has a long
16 history of grandfathering customers to protect them from rate changes that would otherwise be
17 harmful.

18 Threats of retroactive or backward-looking solar rate changes require ratepayers to evaluate
19 the potential impact of a utility proposal even though that proposal has never been vetted by the
20 Commission. Anything other than grandfathering customers who go solar through the date of the
21 final decision will allow utilities to impact the adoption of DG merely by making a proposal, no
22 matter how outlandish that proposal may be. The Commission should assert its authority over this
23 issue and again clarify, as it did when it adopted the grid access fee applicable in APS service
24 territory, that customers who go solar before a final decision date will be grandfathered.

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² ROO, 116:28-117:1.

1 Respectfully submitted this 29th day of July, 2016.

3 /s/ Court S. Rich

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5 Loren R. Ungar
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8 Attorneys for The Alliance for Solar Choice

9 **Original and 13 copies filed on
10 this 29th day of July, 2016 with:**

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