

ORIGINAL

INTERVENTION



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BEFORE THE ARIZONA CORPORATION COMMISSION

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

2016 NOV 10 P 1:24

**COMMISSIONERS:**

DOUG LITTLE, CHAIRMAN BOB STUMP,  
BOB BURNS, TOM FORESE, ANDY TOBIN

Arizona Corporation Commission

DOCKETED

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DOCKETED BY

DOCKET NO. E-01345A-16-0036

DOCKET NO. E-01345A-16-0123

IN THE MATTER OF THE APPLICATION OF  
ARIZONA PUBLIC SERVICE COMPANY FOR A  
HEARING TO DETERMINE THE FAIR VALUE OF  
THE UTILITY PROPERTY OF THE COMPANY FOR  
RATEMAKING PURPOSES, TO FIX A JUST AND  
REASONABLE RATE OF RETURN THEREON, TO  
APPROVE RATE SCHEDULES DESIGNED TO  
DEVELOP SUCH RETURN.

IN THE MATTER OF FUEL AND PURCHASED  
POWER PROCUREMENT AUDITS FOR ARIZONA  
PUBLIC SERVICE COMPANY.

**APPLICATION OF THE ARIZONA CORPORATION COMMISSION FOR  
LEAVE TO INTERVENE**

Pursuant to A.A.C. R14-3-105RE: **Thomas E Stewart** (Manager) hereby makes Application to  
Leave to Intervene ("Application") in the above captioned and above-docketed proceedings  
("Instant proceeding"), in support of its Application, Power submits the following information.

**I**

**Description of Granite Creek Power & Gas**

Mr. Stewart is General Manager of Granite Creek Power & Gas LLC (Power) which is 100%  
owned by Granite Creek Farms LLC (Farms). The Manager through Power & Farms propose  
environmentally responsible, solutions based conventional system integration for Municipal  
Scale Waste to Energy (W<sub>2</sub>E) Base and Peal Load Power Generation, Gas Production, Water  
Reclamation and Recyclable Materials Recovery. The Manager proposes Power & Farms  
become a sustainable long term presence in the Renewable Energy and Recycled Materials  
space, offering to each other a hand in hand suite of alternatives to landfilling municipal solid  
waste (MSW) streams and pollution emissions while producing commodity products such as  
Syngas, Fly Ash, reclaimed water and clean recyclables from alternative energy production.  
Fly-ash for cement and alternative commodity services for Recycled Materials (steel and glass)  
whose operations are structured to meet the unique opportunity of avoided municipal waste  
handling costs (Avoided Costs) savings and to capture the benefits of an Alternative Generation  
(AG-1) and long term stable Electricity Pricing. Conventional Alternative systems will add an

1 alternative to the "Duck Curve" simply put, is what higher and higher penetration of renewable  
2 (solar) energy looks like to a grid operator, who begins to have nightmares about the rising  
3 slope of the two daily ramps, in collaboration with Base Load Steam Power Generation and  
4 Aeroderivative Gas Turbine "Peak" Power Generation.  
5

6  
7 **II**  
8 **CIRCUMSTANCES OCCASIONING POWER AND FARMS**  
9 **INTERVENTION REQUEST**

10 May 24, 2012 Decision No. 73183 in APS' 2011 rate case, the Commission approved  
11 Experimental Rate Rider Schedule AG-1, Alternative Generation General Service ("AG-1  
12 Program") for a four (4)-year period, commencing on July 1, 2012. Thereafter, following  
13 discussions with prospective customers and third-party providers of alternative generation service,  
14 APS implemented the AG-1 Program effective July 1, 2012. In that regard, APS conducted a lottery  
15 to identify prospective candidates and ultimately select the AG-1 Program participants.  
16

17 Participants successfully negotiated the AG-1 Program generation service contracts with APS  
18 customers who were selected by APS to participate in the AG-1 Program, hence, continuously has  
19 been providing alternative generation service to AG-1 Program customers since commencement of  
20 the Program. In that regard, the ACC in its November 25, 2015 Decision No. 75322, the  
21 Commission extended the duration of the AG-1 Program until at least the date on which new rates  
22 and charges become effective as a result of a final decision in the APS then contemplated 2016 rate  
23 case, which was yet to be filed.  
24

25 On June 1, 2016, APS filed its 2016 rate case which is the subject of the above-captioned  
26 and docketed proceeding ("Instant Proceeding"). Included in its Application and supporting  
27 prepared Direct Testimony and Exhibits is a request by APS that the AG-1 Program be terminated.  
28 Needless to say, a Commission decision either granting APS' request for termination of the Program  
29 or substantially modifying the same could have a direct and substantial impact on Rural Community  
30 Alternative W<sub>2</sub>E options within the contemplation and meaning of A.A.C. R14-3-105. In that regard,  
31 Power and Farms intervention and participation as a party of record in the Instant Proceeding will  
32 not unduly delay the conduct of the same, in as much as Power and Farms currently does not  
33 contemplate raising issues not already raised directly or indirectly by APS in its June 1, 2016 filing.  
34

35 **III**  
36 **SATISFACTION OF REQUIREMENTS FOR INTERVENTION**  
37 **PRESCRIBED BY A.A.C. R14-3-105**

38 Following our statement in Sections I and II above, the Manager believes that he has  
39 fully satisfied the requirements of A.A.C. R14-3-105 governing requests for intervention in  
40 proceedings before the Commission. First, as supported third party provider of alternative electric  
41 generation service under the guise of the existing AG-1 Program to its municipal customers pursuant  
42 to those long term Syngas feedstock supply agreements tied directly to forward Power Purchase  
43 Agreement (PPA) complying with the AG-1 Program protocols and requirements, Power and Farms  
44 in combination with its opportunity to create private sector jobs, higher learning and certifications,  
45

1 considerable municipal cost savings will be "substantially and directly affected" by a Commission  
2 decision in the Instant Proceeding as to whether or not to terminate the AG- 1 Program, as requested  
3 by APS, or to continue the AG-1 Program in either its existing form, or to fit rural municipal needs  
4 into its decision or a modified form and content. Albeit rural community alternative generation was  
5 not one (1) of the Joint Movants in the motion requesting extension of the AG-1 Program, however  
6 that motion was the subject of the Commission's Decision No. 75322, Power and Farms together  
7 with its municipal constituents also has an interest in how the Commission addresses and resolves  
8 certain questions identified in Decision No. 75322 that were deferred for a final decision by the  
9 Commission within the context of the Instant Proceeding. Second, Power and Farms intervention  
10 and participation in the Instant Proceeding will not delay the same or broaden the issues to be  
11 considered therein, because APS itself has included the status of the AG-1 Program and asserted  
12 alternatives thereto for serving large commercial and industrial customers as a part of its June 1,  
13 2016 filing with the Commission.  
14

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16 **IV**  
**Charges and Fees**

17 The Manager proposes expanding AG-1 and development of a customized Open Access  
18 Transmission Tariff ("OATT") through the Federal Energy Regulatory Commission's ("FERC")  
19 access to APS transmission service for various participating Municipalities or Cooperatives (Co-  
20 Op) under an AG-1 tariff structure, perhaps and compared to the charges customer incurs under its  
21 applicable utility rate schedules. For instance, AG-1, ie:

- 22 1. Utility generation charge.  
23 2. Power supply adjustment after the first year (approximately \$0.00566/kWh).  
24 3. Environmental improvement surcharge (approximately \$0.00016/kWh).  
25 4. Instead, the customer will be required to pay the following charges:  
26 5. Generation charge as negotiated between the customer and GSP.  
27 6. Utility management fee (\$0.00060/kWh)  
28 7. Utility reserve capacity charge (\$6.985 per kW/month on 15% of peak)  
29 8. A returning customer charge should the customer choose to return to utility service.  
30 9. A one-time charge based on liquidating hedge costs associated with customer's standard  
31 generation service.

32 The following charges that a retail customer pays under its applicable rate schedule will NOT apply to  
33 a Municipal or Co-Op under AG-1, ie:

34 **APS Retail Distribution Rates .10¢ Utility Generation Charge / Production**

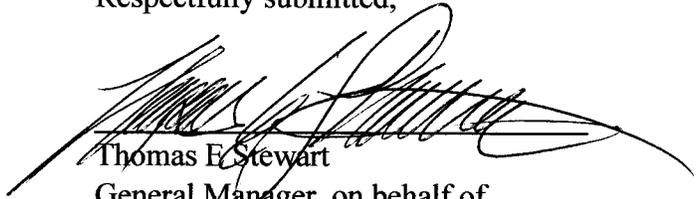
- 35 1. .00119 Customer Account Fee  
36 2. .003575 Delivery Fee  
37 3. .0003 Federal environmental improvement surcharge  
38 4. .00655 Environmental Benefits Surcharge  
39 5. .00393 System benefits charge  
40 6. .00206 Power supply adjustment  
41 7. .0279 Metering  
42 8. .00192 Meter Reading Fee  
43 9. .00688 Federal transmission and ancillary services Depreciation  
44 10. .00927 Federal transmission cost adjustment  
45 11. .00217 Billing Fee  
46 12. .00195 LFCR adjustor

V  
CONCLUSION

WHEREFORE, the General Manager hereby requests that the Commission enter an appropriate form of order granting (i) Power and Farms Application to Leave to Intervene in the Instant Proceeding and (ii) Power and Farms all rights as a party of record therein.

Dated this 10<sup>th</sup> day of November 2016

Respectfully submitted,



Thomas E. Stewart  
General Manager, on behalf of  
Granite Creek Power & Gas LLC  
Granite Creek Farms LLC  
[tom@gcfaz.com](mailto:tom@gcfaz.com)  
928-227-3801

The original and thirteen (13) copies of the foregoing will be mailed this 10<sup>th</sup> day of November 2016 with:

1  
2 The Intervening parties hereby consents to receive service of each filing in the above-  
3 captioned docket, including each filing made by another party, each filing made by a  
4 Commissioner, each Procedural Order, each Recommended Opinion and Order, each  
5 Recommended Order, and each Decision, via an email sent to the email address set forth for the  
6 party below (the "designated email address"). The party understands and agrees that through  
7 the filing of this Consent to Email Service, each representative of the party consents to email  
8 service and, thus, that after this Consent to Email Service is approved, no representative of the  
9 party will receive service by U.S. Mail unless and until this Consent to Email Service is  
10 withdrawn through a subsequent filing.  
11

12 The party further understands and agrees that each email providing service of a filing  
13 may include a link to access the filing online rather than an electronic copy of the filing and,  
14 further, that the receipt of such an email may occur either on the date the filing is made or as  
15 soon as possible thereafter.  
16

17 The party certifies that the designated email address is a valid and active email address  
18 to which the party has regular and reliable access.  
19

20 The party further certifies that the party has sent or will promptly send an email to  
21 HearingDivisionServicebyEmail@azcc.gov from the designated email address and that such  
22 email contained or will contain the docket number for this matter and the party's name.  
23

24 The party further understands that the party may provide below additional email  
25 addresses for individuals to whom the party desires to have service emails sent as a courtesy.  
26

27 The party understands that a Procedural Order approving the use of email service for  
28 the party will be issued in this matter upon verification by the Hearing Division that the party's  
29 email to HearingDivisionServicebyEmail@azcc.gov has been received from the designated  
30 email address.  
31

32 The party further understands and agrees that service of a filing on the party shall be  
33 complete upon the first of the following to occur: (1) the sending, to the designated email  
34 address, of an email containing an electronic copy of the filing or a link to access the filing  
35 online; or (2) for a filing made by a Commissioner, the Commission Executive Director, or a  
36 Commission Division, the making of the filing with a service certification including coding  
37 indicating that an automatic service email for the filing shall be sent to each party whose consent  
38 to email service has been approved.  
39

40 The parties further understand and agree that the party will no longer receive service in  
41 this matter through First Class U.S. Mail or another form of hard-copy delivery, unless and until  
42 the party withdraws this consent through a filing made in the above-captioned docket.  
43  
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Respectfully Submitted this 10<sup>th</sup> day of November, 2016

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