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**ANDY TOBIN'S PROPOSED AMENDMENT NO. 1**

TIME/DATE PREPARED: 6/4/2018

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AZARCA CORPORATION COMMISSION  
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COMPANY: Arizona Corporation Commission

AGENDA ITEM NO.: 24  
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DOCKET NO.: E-01933A-15-0239 & E-01933A-15-0322 OPEN MEETING DATE: 6/12/2018

**Purpose:** The purpose of this consolidated amendment is to incorporate several recurring concepts among amendments submitted by various stakeholders and commissioners. This amendment:

1. Adopts the Company's Cost of Service Methodology and adopts Staff's DG rate design for new residential and SGS DG customers which is not directly based on Company's Cost of Service Methodology.
2. Adopts RCP rates for each utility independently based on a 5-year proxy method incorporating the most recently available project data.
3. Expresses the intent of the Commission to adopt a 5-year rolling average Resource Comparison Proxy (RCP) that utilizes at least one data point in each year recognizing that in years without actual company project data, a market-based proxy should be adopted.
4. Recognizes that despite actual avoided cost benefits being difficult to accurately quantify, public policy reasons exist for transmission and distribution (T&D) costs from distributed generation (DG) power to be accounted for through a credit to customers.
5. Allows solar customers the option to either exchange renewable energy credits (RECs) for RCP compensation on PV system exports or keep their RECs and receive the MCCCCG rate on their exports.

On page 94, line 10, **DELETE** the sentence starting with "If DG export production occurs..." and **INSERT** "It is appropriate and reasonable to include usage of the grid for export or import in the allocation of costs as it impacts distribution system capacity."

On page 95, line 1, **DELETE**, starting with "However, usage of the grid..." through page 96, line 8.

On page 96, line 12, **DELETE**, starting with "However, the..." through page 96, line 18.

On page 96, **DELETE** lines 20 through 28 and **INSERT** "Staffs proposed DG customer rate design for new residential and SGS DG customers collects less fixed cost revenues than from the equivalent same sized non-DG customer, but will still help reduce the subsidy paid by non-DG customers in future rate cases. We find the Staff DG rate design proposal, which is supported by the Companies and RUCC, to be reasonable and in the public interest."

Arizona Corporation Commission

**DOCKETED**

JUN 11 2018

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*[Signature]*

On page 97, line 5, **DELETE** the sentence starting with "However,..." through page 97, line 19.

On page 98, **DELETE** line 6 starting with "TEP..." through page 98, line 10.

On page 98, **DELETE** lines 11 through 17.

On page 110, line 16, **DELETE**, starting with "In this case..." through page 111, line 8 and **INSERT** new Finding of Fact: "New Residential and SGS DG customers who submit an application to interconnect after the effective date of this Decision, shall take service under the proposed DG TOU rate options jointly proposed by Staff, the Companies and RUCO with the modified incremental DG meter fee as discussed herein."

On page 101, line 9 and 10, **DELETE**, "...we find that Staff's recommended" and **INSERT** "we find that a..."

On page 101 line 14, **DELETE** the sentence beginning with "We also agree with Staff..." through page 101, line 21 and **INSERT**:

"We believe that the weighted average of the RCP should be based on actual date for the utility when possible. However, for any years in the five-year time frame where actual utility project data is not available, a market-based proxy calculated from project data of other similarly sized and situated Arizona utilities should be used. Including a data point for each year of the five-year time-frame will result in the most reasonable RCP rates based on current market realities. We also acknowledge the discussion in these proceedings regarding a potential "adder" to account for transmission and distribution (T&D) benefits to the utility. While it is possible that the benefits for T&D are real, there was little evidence that quantification of such benefits could be made reliably at this point. Despite this lack of certainty, we feel that there are very real public policy reasons to acknowledge these potential benefits, and therefore, add \$0.005/kWh to both the TEP and UNSE RCP. We also do not acquiesce here that future costs can never be regarded as avoided costs where the evidence is clear that a future investment can be avoided due to DG."

On page 101, line 22, **DELETE** the sentence starting with, "Staff included the 12-month..."

On page 102, line 22, **DELETE**, "9.64 cents per kWh for TEP and and 11.5 cents per kWh for UNSE." and **INSERT**, "9.1 cents per kWh for TEP and 7.5 cents per kWh for UNSE, excluding any T&D adders."

On page 111, **DELETE** lines 14 through 16 and **INSERT** "In calculating the RCP rate, the weighted average, should be based on actual date for the utility when possible. However, for any years in the five-year time frame where actual utility project data is not available, a market-based proxy calculated from project data of other similarly sized and situated Arizona utilities should be used."

On page 111, **DELETE** lines 17 through 20 and **INSERT** "There are public policy reasons to acknowledge the potential benefits of avoided transmission and distribution costs associated with DG, and therefore, add \$0.005/kWh to adopted RCP."

On page 111, line 23, **DELETE** "9.64 cents per kWh for TEP." and **INSERT** "9.1 cents per kWh for TEP."

On page 104, line 14, **INSERT** a new paragraph that reads, "Since above market costs are being collected through the REST surcharge, RCP compensation should only be provided for renewable energy. Therefore, DG customers seeking the RCP rate for their exports shall exchange all the renewable energy credits (RECS) their system produces for as long as they receive RCP compensation. Customers choosing to retain their RECs will receive the MCCCCG rate for their PV system exports."

Following the current Findings of Fact 26 on page 112, line 6, **INSERT** "It is reasonable to provide an option to DG system owners to either exchange all the RECs produced by their PV system for RCP compensation on exports or receive the MCCCCG rate for exports if they choose to retain their PV system's RECs."

**RENUMBER ACCORDINGLY, ADD NECESSARY ORDERING PARAGRAPHS, AND MAKE ALL OTHER CONFORMING CHANGES\*\***

**\*\* Make all conforming changes**

	<b>THIS AMENDMENT:</b>	
Passed	Passed as amended by	
Failed	Not Offered	Withdrawn