BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH, Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY FOR APPROVAL OF NET METERING COST SHIFT SOLUTION.

DOCKET NO. E-01345A-13-0248

ARIZONA PUBLIC SERVICE COMPANY'S COMMENTS CONCERNING SCOPE OF PROCEEDING

APS appreciates the opportunity to provide its Comments regarding the proper scope of the recently-ordered Grid Access Charge Reset Proceeding. Paragraph 164 of Decision No. 75251 provided clear direction regarding the appropriate scope, stating that this proceeding "can establish the cost of service and the existence of and size of the alleged cost shift and determine to what extent the LFCR adjustor should be reset."

Accordingly, the Grid Access Charge Reset Proceeding should focus on, be limited to, and resolve the following issues:

- The cost to serve customers with DG;
- The existence and size of the cost shift; and, as a result,
- The extent to which the Grid Access Charge should be reset.

By setting these parameters for the proceeding, and focusing the parties on presenting evidence about these issues, the Commission will provide the structure needed to ensure
that the Grid Access Charge Reset Proceeding is conducted and concluded in a manner
that addresses the primary concern raised during the August 18, 2015 Open Meeting:
how to have an efficient and timely hearing that concludes before APS’s next rate case.
To further assist in the efficient conduct of the Grid Access Charge Reset Proceeding,
APS attaches to these Comments a proposed procedural schedule that would result in a
decision, resolving the issues identified above, in early 2016 and before APS files its
next rate case.

The discussion that took place during the August 18, 2015 Open Meeting
provides additional information regarding the proceeding, and specifically, what is NOT included in the scope of the proceeding. It is clear from the August 18 discussion that this Grid Access Charge Reset Proceeding is not a rate case. Consequently, discovery,
evidence, and testimony regarding (i) the value of APS’s entire rate base; (ii) detailed
cost of capital information; (iii) audited financial statements; (iv) a detailed inquiry into the cost to serve all APS customers; and (v) proposed revenue levels based on that cost of service study, are unnecessary to resolve the issues identified above and assess whether to reset the Grid Access Charge. These categories of information appear in A.A.C. R14-2-103 and are required in the course of a rate case. As such, they concern APS’s entire business enterprise, and it would be inappropriate to include them in this hearing because they are beyond the scope of the Grid Access Charge Reset Proceeding.

The Grid Access Charge Reset Proceeding does not require evaluating APS’s entire business enterprise. It is a revenue neutral adjustment, is designed only to mitigate the cost shift impacts of residential customers who might install solar after a Commission decision in this proceeding, and is an interim solution while a broader rate design solution can be crafted in APS’s next rate case. Decision No. 75251 contemplated that this proceeding would commence and conclude before APS’s rate case, and only examine “the issue of resetting the [Grid Access Charge] mechanism.” It is clear from Decision No. 75251 that this proceeding is not a rate case. APS believes that clear direction from the Commission on this issue—that this proceeding does not
include the broad categories of information addressed in A.A.C. R14-2-103—will facilitate an efficient proceeding, and permit a thoughtful “examination of an interim solution in an evidentiary hearing.”

In addition, it does not appear that the Commission intended this hearing to be an inquiry into the value of solar. Multiple amendments were offered that would have involved assessing the value of solar in connection with this proceeding. The Commission declined to adopt any of those amendments, and instead invited a value of solar discussion in a manner that could include all electric utilities and all technology types. APS believes that the value of solar can be an important part of any resource planning discussion, and looks forward to discussing the topic further. But to include the value of solar in this Grid Access Charge Reset Proceeding would introduce what are fundamentally resource planning concepts into an otherwise narrow proceeding that is solely about the revenue-neutral Grid Access Charge. Doing so would needlessly prolong the proceeding, and ultimately risk achieving the Commission’s objective of considering an interim solution to the cost shift before APS’s rate case. APS believes that Commission direction regarding the value of solar, and specifically, whether and the extent to which rooftop solar might provide long-term value as a resource, is not within the scope of this proceeding.

Finally, the need for an orderly and efficient hearing may warrant establishing classes of interested parties as provided for under the Commission’s rules. A.A.C. R14-3-105(C) establishes a mechanism for an Administrative Law Judge to group like-minded intervenors into one or more classes of interested persons:

“[w]hen two or more interested persons under this rule have substantially like interests and positions, the presiding officer may declare them a class of interested persons for purposes of the hearing. The members of the class shall designate to be spokesman for the class one of their number, or his attorney, or such greater of their number, or attorneys, as the presiding officer shall determine.”

1 Decision No. 75251 at P 164.
Establishing a group of interested intervenors ensures that each party’s perspective is heard, but also avoids unnecessary duplication of discovery, testimony, and cross examination. APS believes that the number of parties, and the substantially identical positions of several parties, may warrant reviewing the benefits of establishing a class of intervenors. Currently, numerous parties appear to have identical substantive positions in this proceeding, including TASC, Sunrun, SEIA, AriSEIA, WRA, and IREC. In light of concerns raised about efficiency, concerns raised by some of these same parties, APS urges that creating a class of interested persons under A.A.C. R14-3-105(C) be considered both during the initial procedural conference and throughout the proceeding, as necessary.

APS believes that further direction from the Commission on the parameters of this hearing is critical. During the deliberations on Decision No. 75251, there was much discussion about efficiency and duplication of efforts. The best way to avoid an inefficient proceeding is to clarify what is in scope, but also specifically clarify what is outside of scope. This will provide parties with guidance in preparing testimony and requesting discovery, and generally assist in the orderly administration of the hearing and a timely resolution of the issues identified above.

RESPECTFULLY SUBMITTED this 4th day of September, 2015.

By: [Signature]
Thomas A. Loquiam
Attorney for Arizona Public Service Company

ORIGINAL and thirteen (13) copies of the foregoing filed this 4th day of September, 2015, with:

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Proposed Procedural Schedule
APS Motion to Reset Grid Access Charge

Procedural Conference
Motions to Intervene deadline
APS Direct Testimony including COSS
Staff and Intervenor Direct Testimony
Last Day to Serve Discovery
APS Rebuttal Testimony
Pre-hearing Procedural Conference (includes any objections to pre-filed testimony)
Hearing (Staff and Intervenor Surrebuttal given orally at hearing)
Initial Post-Hearing Briefs
Reply Post-Hearing Briefs
Recommended Order
Exceptions to ROO
Open Meeting
Rate Effective Date

Monday, September 14, 2015
Friday, September 18, 2015
Friday, October 2, 2015
Monday, November 9, 2015
Friday, November 20, 2015
Friday, November 20, 2015
Friday, November 20, 2015
November 30 – December 4, 2015
Friday, December 18, 2015
Friday, January 8, 2016
On or before February 19, 2016
February 29, 2016
March 2016
April 1, 2016