



The January 2019 Open Meeting of the Arizona Corporation Commission commenced at 10:00 a.m. on Tuesday, January 15, 2019 and Wednesday, January 16, 2019.

Water & Wastewater

The Commission considered **EPCOR Water Arizona, Inc.'s** general rate case for Epcor's 11 water districts: Agua Fria, Anthem, Chaparral, Havasu, Mohave, North Mohave, Paradise Valley, Sun City, Sun City West, Tubac, and Willow Valley. In Decision No. 75268 (September 8, 2015), the Commission directed EPCOR to file a rate application that would include the option of consolidating all of its water systems instead of treating each one on an independent basis. The Recommended Opinion & Order ("ROO") recommended against consolidation.

The Commission's discussion on consolidation included understanding where, why and when consolidation is appropriate. Commissioner Dunn stated that he understands that consolidation may be very useful in areas where a utility is performing poorly but wondered under what circumstances consolidation is appropriate for a utility like EPCOR. Commissioner Dunn also asked if the issue of consolidation complicated other factors of the case, such as the post-test year plant analysis. The ALJ responded that consolidation did not complicate the post-test year plant analysis.

Both Commissioners Tobin and Olson asked questions regarding how the parties evaluated post-test year plant and if the evaluation was consistent with previous rate cases. There was a suggestion that a workshop be held to consider how the Commission might more uniformly apply post-test year plant inclusions. Discussion on post-test year plant led to questions on how the matching principle was used. Commissioner Olson asked whether it may be appropriate to consider new customers added in the post-test year time period if post-test year plant is going to be added to rate base.

Commissioner Olson was also interested in whether the reduction in regulatory lag and risk achieved through adjustor mechanisms (like the System Improvement Benefits charge or "SIB") was considered when determining the ROE. Specifically, did EPCOR and the ALJ look at comparable utilities? EPCOR responded that adjustor mechanisms, similar to the SIB, are common in other states and used by comparable utilities.

In closing the discussion, Chairman Burns posed a question to be addressed on January 25, 2019 when the vote is scheduled to be taken: if it is lawful for the Commission to approve a zero percent fair value increment,

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why did no party propose it in this case? At the beginning of the deliberation, the Commissioners went into executive session. Commissioner Kennedy has recused herself from voting on this matter. (Docket No. WS-01303A-17-0257). *No votes were taken on this matter on the January 15 & 16 open meeting.*

The Commissioners deliberated on the **EPCOR Water Rate Application** during a Special Open Meeting held on January 25, 2019. Because the Commission had already conversed with the parties and public during the regularly scheduled open meeting, the discussion focused on the Commissioner's Proposed Amendments.

Commissioner Tobin's Proposed Amendment No. 1 made the costs associated with bonus compensation shared equally among shareholders and ratepayers (50/50), as opposed to the Company's current 90/10 split. The Company opposed the amendment based on its unique bonus structure. Tobin's Proposed Amendment No.1 unanimously passed.

Commissioner Olson's Proposed Amendment No. 1 would have adopted RUCO's position that post-test year plant would be limited to the six months after the end of the test year. It would further direct Staff to open a docket to evaluate the standards for including post-test year plant in future rate cases. Commissioner Olson believes a more thorough review of the entire post-test year plant policy is needed, citing concerns about the matching principle. Further, he wants to begin a process to more specifically articulate a post-test year plant policy as opposed to setting a pattern through rate case orders. Commissioner Tobin supported Olson Amendment No. 1 because he views the Commission's job as protecting the consumer and believes that the amendment furthers that goal. Additionally, Commissioner Tobin posited that perhaps the Commission should move in the direction of requiring prior approval of capital expenditures. Commissioner Dunn did not support Olson Amendment No. 1 because he views it as changing precedent at the end of the process and thus does not treat all companies equally and fairly. While he would support exploring a change to including 12 months of post-test year plant, he wants to see that change discussed in a workshop, not in an open meeting discussion on a rate application that has been pending for 18 months. Chairman Burns agreed with Commissioner Dunn and voted against the amendment. Commission Staff did not support the amendment. The amendment failed in a 2 – 2 vote.

Commissioner Olson's Proposed Amendment No. 2 would require the Company to include all new customers added during the post-test year as part of the post-test year plant calculation. Commissioner Olson indicated that if the other Commissioners supported this amendment, he would recommend keeping the record open for the parties to present the necessary evidence to make the appropriate calculation. Commissioner Dunn opposed creating a new approach to post-test year plant in this rate case, requiring it to be sent back to hearing. Both Chairman Burns and Commissioner Dunn are amiable to discussing a change to the current policy, but indicated that such a change should not happen by changing the ROO in one utility's rate case. Commission Staff did not support the amendment. The amendment failed in a 2-2 vote.

Commissioner Olson's Proposed Amendment No. 3 was intended to eliminate the SIB mechanism. During the discussion, Commissioner Olson clarified that he does not want to eliminate the SIB mechanism as a matter of policy, but would remove it if there is not a corresponding reduction to the ROE. Commissioner Dunn opposed this amendment because he did not think such a policy change was appropriate to achieve in a single company's rate case. Commissioner Dunn indicated that he is not in favor of eliminating the SIB - he believes it has functioned as initially intended - but would nevertheless recommend reviewing the topic outside of a rate case. Commissioner Tobin, on the other hand, was in favor of the

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Matters Removed from the Agenda

SQF, LLC received a Certificate of Convenience and Necessity to provide wholesale non-switched facilities based private line point-to-point fiber transport telecommunications services in Arizona. (Docket No. T-21041A-18-0054). *Item approved on Consent Agenda.*

Gila Local Exchange Carrier was designated an Eligible Telecommunications Carrier (ETC) pursuant to U.S.C. §214(e)(1) for the purposes of receiving federal universal service support in Arizona, in the designated service area. (Docket No. T-20515A-18-0298). *Item approved on Consent Agenda.*

16. Arizona Corporation Commission (AU-00000A-17-0379) – In the Matter of the Commission Inquiry Into Possible Modification of the Federal Income Tax Reform Rate Adjustment – Motion to Reopen Decision No. 76974 Pursuant to A.R.S. §40-252 for Consideration of Commissioner Olson's Amendment No. 6 and the Water Utility Association of Arizona's Proposed Amendment No. 2. *Pulled at the request of Commissioner Kennedy.*

19. Tucson Electric Power Company (E-01933A-17-0250) – Application for Approval of Its 2018 Energy Efficiency Implementation Plan and Request for Waiver Under A.A.C. R 14-2-2419. (NOTE: This item will be heard for discussion purposes only and no vote will be taken on this item.)

amendment, even though a SIB mechanism is included in his Small Water Company Policy. Commissioner Tobin explained his concern with the large rate increase associated with capital expenditures and noted that, unlike small distressed water companies, EPCOR can pay for the capital improvements without a SIB mechanism in place. Chairman Burns declined to support the amendment because he believes that the SIB mechanism is advantageous. The amendment failed in a 2-2 vote.

Commissioner Olson's Proposed Amendment No. 4 would limit the allowance of a SIB mechanism to districts suffering from greater than 10% water loss. Commissioner comments were similar to those expressed in response to Olson Proposed Amendment No. 3. Commission Staff did not support it. The amendment failed in a 2-2 vote.

Commissioner Olson's Proposed Amendment No. 5 and Commissioner Burns' Proposed Amendment No. 1 were discussed together. Olson No. 5 would adopt a five-tier commodity rate structure for the Paradise Valley District, whereas Burns No. 1 would keep the docket open so that EPCOR can submit for the Commission's consideration an alternative rate design proposal for each of its Districts that maintains the same number of tiers that existed during the test year. There was significant discussion concerning the mechanics of Burns No. 1, including whether it would cause a delay in implementing the rates. The Commissioners asked intervenors how they felt about adjusting the rate design, specifically the tiers. The Commissioners unanimously passed Burns No. 1 and will review and approve alternative rate designs in the future. Because the Town of Paradise Valley had created a record for allowing a five-tier rate structure, the Commissioners felt comfortable passing Olson Amendment No. 5. Olson Proposed Amendment No. 5 was also unanimously approved.

Commissioner Burns' Proposed Amendment No. 2 would keep the docket open to allow for the correction of any unintended consequences resulting from the Decision's rates and rate design, and allow EPCOR, Staff and any intervenors to file alternative rate design options that may be considered by the Commission. Considering the amount of time already invested in this rate case, Commissioner Dunn supported keeping the docket open to make sure everything was done right and to provide the Districts with an opportunity to discuss consolidation. Commissioners Olson and Tobin were opposed to the amendment. Commissioner Olson posited that the Commission should dispense with and come to conclusions on matters before they approve decisions and rates go into effect. He is not against further discussions but indicated that if additional conversations are to take place, they should occur before the new rates are implemented. The amendment failed in a 2-2 vote.

The Company requested that the Commission adopt a friendly amendment to modify its one-time tax credit refund from 11 months to 13 months. Also, the Company used a group depreciation method to calculate ADIT and requested a friendly amendment rejecting the ROO's recommendation that it move toward a vintage depreciation method. Commissioner Tobin adopted the requested amendments, which were unanimously approved.

The Hearing Division proposed three amendments that corrected typographical errors and adopted corrections and clarification. All three hearing amendments unanimously passed.

When it came time to vote on the item, Commissioner Olson expressed his disappointment at not having some of his amendments adopted. Because he believes in the principles expressed in those amendments, he stated that he could not support the ROO as written. Commissioner Tobin stated that because he only had 25 days to review the ROO, and given the number of issues still outstanding, he was not comfortable voting to approve it as this time. Commissioner Dunn commended the Hearing Division for the ROO's level of detail and stated that he had ample opportunity go through it. He believes this ROO meets the appropriate balance between the utility and its

customers and voted to approve it. Chairman Burns voted to approve the ROO. With a vote of 2 -2, the Commission failed to approve the ROO.

The Commission went into executive session for guidance on next steps on this item. When they returned, Commissioner Olson made a motion to reconsider the agenda item. Specifically, Commissioner Olson stated that he would be comfortable voting to approve the ROO if his Proposed Amendments Nos. 1 and 4 were passed. Ultimately, the Company could support Amendment No. 4, but could not support Amendment No. 1. Commissioner Olson withdrew his motion for reconsideration. The Chairman directed EPCOR to file an application for interim or emergency rates pursuant on A.A.C. R14-2-103(B)(11)(h) and ordered the Hearing Division to open a new docket for a hearing to begin as early as the following week. The agenda item concluded with the understanding that the Commission will have to vote on interim rates within 60 days of EPCOR's interim rate application.

The Commission approved **EPCOR Water USA, Inc's transaction with Rio Verde Utilities, Inc.** under the Affiliated Interest Rules. In a pending transaction, EPCOR USA intends to acquire all the issued and outstanding shares of Rio Verde's common stock through a Stock Purchase Agreement, for the price of \$22,977,000 plus any working capital that remains with Rio Verde at closing. The Commission approved the proposed transaction (without a hearing) as a reorganization of a holding company pursuant to A.A.C. R14-2-803. The Commission denied EPCOR USA's request for an accounting order for Rio Verde to (i) allow the deferral for future rate case recovery of the difference between the purchase price and the Original Cost Rate Base for Rio Verde (Acquisition Premium) and (ii) provide the opportunity in the next rate case to show "clear and quantifiable net benefits" under EPCOR USA's ownership in seeking the inclusion of the Acquisition Premium in rate base.

EPCOR USA is the holding company of EPCOR Arizona, a Class A public service corporation that currently provides water and wastewater service to approximately 135,000 and 57,000 customers, respectively. Rio Verde is a Class C public service corporation providing water and wastewater service to approximately 2,154 and 2,057 respectively. There will be limited change to Rio Verde customers and operations after the acquisition because Rio Verde will remain the same legal entity, retain the same rates and charges, and retain all current employees who wish to remain; however, it will be a subsidiary of EPCOR USA.

While this item remained and was ultimately approved on the Consent Agenda, the Commissioners entertained questions and comments from various parties involved in the transaction. The Commissioners were specifically interested as to when EPCOR will address an odor issue with the wastewater treatment facility. While intervenors suggested that the Commission should require EPCOR to fix the issue by a date specific, and some Commissioners seemed inclined to do so, ultimately the Commissioners were satisfied with directing Staff to investigate the odor issue. Additionally, there was a discussion about acquisition premiums and whether or not the Commission could prevent a company from requesting an acquisition premium when the acquired company is not in distress. (Docket Nos. WS-01303A-18-0304 & WS-02156A-18-0304). *Item approved on Consent Agenda.*

The Commission approved an emergency rate surcharge for Sun Valley Farms, Unit VI Water Company. Sun Valley is a nonprofit corporation providing water service to approximately 228 connections on 660 acres southeast of Chandler, Arizona in the San Tan Valley region. Sun Valley was operating under rates established in 1985 and was charging a \$1.00

per 1,000 gallons flat rate fee and a monthly fee of \$15 for 5/8 x 3/4-inch, 3/4-inch and 1-inch meter sizes.

Sun Valley received a Small Drinking Water System Fund grant from the Water Infrastructure Financing Authority (WIFA) to install a pump to lower its water's nitrate levels. During the installation, the well casing failed causing water from all tapped aquifers to pour into the well, exacerbating the nitrate issue. The WIFA grant did not cover repairs for the well casing and Sun Valley had to shut down the well and interconnect its water system with neighboring Diversified Utilities. Sun Valley has incurred purchase water expenses and repair costs totaling almost \$25,000, creating a sudden financial hardship for the Company. The Commission concluded that Sun Valley's current situation constitutes an emergency as contemplated by AG Opinion No.71-17 and relevant case law.

The Commission approved an emergency interim surcharge of \$9.10 per customer per month for a period of 12 months, or until new rates are approved in a formal rate case. The funds collected are subject to a true-up and refund if they are not disbursed for the reasons discussed above. The Commission further ordered Sun Valley to post a \$10 bond with the Commission before the interim emergency surcharge is implemented. The Commission also approved an Emergency Water Augmentation Surcharge Tariff, which the Company is required to file with Docket Control within 30 days of this Decision. Finally, Sun Valley was ordered to file a permanent rate case no later than July 1, 2019 using a 2018 calendar test year. (Docket No. W-02425A-18-0381). *Item approved on Consent Agenda.*

Graham County Utilities, Inc. ("GCU") received approval for a Customer Water and Wastewater Information Sharing Tariff with the Town of Pima, the area's wastewater provider. The Town of Pima and GCU need to share customer information because GCU will be performing operator services related to sewer billing and collections for the Town of Pima. The Town of Pima will pay GCU \$1.43 per bill per month to administer sewer billing and collections, a 24-hour emergency customer service phone number, monthly billing reports, routine customer service, and clerical duties. (Docket No. W-02527A-18-0292). *Item approved on Consent Agenda.*

Arizona Water Company received authorization to implement Step-1 Arsenic Cost Recovery Mechanism (ACRM) Surcharges in its Navajo and Southeastern Region Service Areas. ACRM surcharges are intended to recover costs associated with the construction of Arsenic Treatment Facilities. The Navajo Service Area's ACRM surcharge will recover \$781,988 of capital costs related to the design and construction of ATMs. The Commodity Surcharge for all meter sizes is \$0.1340 per 1,000 gallons, and the fixed Monthly Surcharge for 5/8-inch meters is \$0.42. An average 5/8-inch meter customer's bill will increase 2.90 percent, or \$0.84 per month. The Southeastern Region Service Area's ACRM surcharge will recover \$4,614,725 of capital costs related to design and construction of ATFs. The Commodity Surcharge for all meters is \$0.0948 per 1,000 gallons, and the fixed Monthly Surcharge for 5/8-inch meters is \$0.64. An average 5/8-inch meter customer's bill will increase by 3.19 percent or \$1.16. (Docket Nos. W-01445A-12-0348 and W-01445A-16-0443). *Item approved on Consent Agenda.*

Clear Springs Utility Company, Inc. received authorization to implement a loan surcharge mechanism. Clear Springs serves approximately 560 water and 364 wastewater customers in non-contiguous areas south of Willcox, Arizona. Clear Springs received a loan from CoBank in the amount of

\$892,427 and requests that the proceeds be divided between the water and wastewater divisions at 77 percent and 23 percent respectively. For the water division, the total finance surcharge for 5/8 x 3/4-inch metered customers will be \$9.86 per month (Debt Service Surcharge of \$8.27 and Debt Service Reserve Surcharge of \$1.59). For the wastewater division, the total finance surcharge for residential customers will be \$4.87 per month (Debt Service Surcharge of \$4.08 and Debt Service Reserve Surcharge of \$0.79) and for commercial customers will be \$5.23 per month (Debt Service Surcharge of \$4.38 and Debt Service Reserve Surcharge of \$0.85). Clear Springs is authorized to collect the debt service reserve fund portion of the surcharge for up to five years or until its next general rate case, whichever comes first, and it will be recorded as regulatory liability to be deducted from the rate base calculation. (Docket Nos. WS-01689A-16-0184, W-01689A-16-0187, WS-01689A-16- 0287 & W-01689A-16-0288). *Item approved on Consent Agenda.*

The Commission heard arguments on the Emergency Petition to Rescind **Mesaland Water Company's** Decision deeming it not a Public Service Corporation. Mr. El-Kareh filed an Emergency Petition pursuant to A.R.S. §40-252 to Rescind Decision No. 57358 which deemed Mesaland Water Company not a public service corporation. Mr. El-Kareh received County authority to split a lot he purchased in the Mesaland subdivision and build new homes on each lot. The homeowner's association brought a lawsuit against Mr. El-Kareh for splitting the lots and building two new homes without the HOA's consent in violation of the CCRs. Ultimately, the Arizona Supreme Court ruled that the houses may stay, even though they were built in violation of the CCRs, but the Court declined to order Mesaland to provide water service to the second house. Mesaland does not want to provide service to the second house and has denied consent for Mr. El-Kareh to build a well or interconnect with a water district that serves homes across the street. While the Commission understands that the houses were built in violation of the HOA's CCRs, it does think that leaving a house without the ability to interconnect to *any* water source is inappropriate. After Commission Staff discussed the matter with Mr. El-Kareh and the representative from the HOA, Commission Staff's recommendation was to hold the item until February Open Meeting to give the parties an opportunity to resolve the issue, since the HOA Board has a scheduled meeting on January 24, 2019. (Docket No. W-01526A-18-0410).

Johnson Utilities

The Commission heard a verbal status update on **Johnson Utilities** from its interim manager, **EPCOR Arizona**. EPCOR filed a comprehensive written update in the docket and therefore only intended to discuss the five major capital projects it is working on prior to the summer season increase in demand.

The first project discussed was the San Tan One Well. This well will be an additional source of water supply to the system. It is an existing well but has not been used do to access restrictions. EPCOR has worked with a local HOA to obtain an easement to access the well. EPCOR will also begin pump testing to determine water quality and the volume of water that can be produced.

The second capital project involved the installation of an ion exchange treatment for nitrates. Johnson Utilities had been using reverse osmosis to treat nitrates; while this is an effective method, it also produces a waste stream of approximately 10 percent. The installation of an ion exchange at the Main Yard will reduce the waste stream to 1-2 percent.

The third project is for treatment at the Morning Sun Farms treatment plant. EPCOR is currently constructing the necessary pipeline to hook up one temporary reverse osmosis system. Unfortunately, an ion exchange is not possible given the current time frame, but there is a possibility that the treatment plant can be converted to ion exchange in the near future.

The fourth project is titled the Bella Vista Main. It consists of the construction of several miles of 16-inch transmission mains that will move water to the Main Yard where centralized treatment can be performed.

The fifth project involves treatment optimization measures at the Section 11 wastewater treatment plant. Section 11 is scheduled to be decommissioned and replaced with a new treatment plant, however, optimization measures are necessary to ensure that the plant can continue to function for the next few years until the new plant is built.

EPCOR has continued to make several management and operational improvements. They have worked with the Hunt Management group to improve the working conditions for employees and elevate employee engagement. EPCOR has also been making changes to management structure so that it more closely resembles that of other utilities. EPCOR has optimized the banking structure, so the working cash account is swept more frequently, and funds can be moved into interest bearing accounts.

Finally, EPCOR stated that they are working with the Town of Queen Creek on an interconnection agreement, so the Johnson system will have the necessary water supply and the moratorium can be lifted.

Chairman Burns inquired about the time frame for the five capital projects and was told the targeted completion date is May. Commissioner Dunn commented that his office had noticed a significant decline in customer complaints. He also asked how EPCOR was addressing the staffing issue. Finally, Commissioner Tobin, concerned about spending money on the Section 11 treatment plant, asked what the timeframe for decommissioning was. Under EPCOR's 3-year Capital Plan, the new treatment plant will be designed in 2019, constructed in 2020 and hopefully completed in 2021, at an estimated cost of \$40 million. (Docket No. WS-02987A-18-0050). *No votes were taken on this matter.*

Electricity

The Commission approved an updated annual average avoided cost rate for **Trico Electric Cooperative, Inc's** existing Net Metering Tariffs (Schedules NM and NMN). Trico's current approved rate is \$0.02585 per kWh, and its new annual average avoided cost is increased to \$0.02737 per kWh.

Net metering allows electric utility customers to be compensated for generating their own energy. If a customer's energy production exceeds the energy supplied by Trico during a billing period, the excess kWh generated is used to reduce the kWh billed by Trico during subsequent billing periods. Each calendar year for the customer bills produced in October (for September usage) or for a customer's final bill upon discontinuation of service, Trico credits the customer for the balance of any remaining excess kWh at Trico's annual average avoided cost. (Docket No. E-01461A-18-0349). *Item approved on Consent Agenda.*

Interconnection of Distributed Generation Facilities

The Commission unanimously passed rules governing the interconnection of distributed generation facilities. The docket to amend the Arizona Administrative Code Rule for Fixed Utilities regarding Interconnection of

Distributed Facilities was opened in 2007, however most of the work took place 2015. The first draft of the proposed rules was submitted in 2015, followed by a comment period and two rounds of workshops. In 2017, the second draft of proposed rules was submitted, followed by a comment period and an additional workshop. The rules approved by the Commission in this Decision will be filed with the Secretary of State for publication in the *Arizona Administrative Register*. The Hearing Division was directed to hold proceedings to receive public comment and parties are invited to provide written comments.

The new rules will apply to a Generating Facility that is electrically interconnected (either on a momentary or continuous basis) to a bus common with the Distribution System of a utility. Generating Facility is defined to mean all or part of a Customer's electrical generator(s), energy storage system(s), or any combination of electrical generator(s) and storage system(s), together with all inverter(s) and protective, safety, and associated equipment necessary to produce electric power at the Customer's facility; this includes solid-state or static inverters, induction machines, and synchronous machines. While the Rules detail a Customer's and the utilities' rights and responsibilities, it is fundamentally a technical document intended to promote safety and predictability. Additional utility specific requirements may also be found in a utilities' Commission-approved Interconnection Manual.

A reoccurring theme emerged during the Open Meeting deliberation regarding stakeholder's input throughout the process and stakeholders advocating changes to the proposed rules now through Commissioner Amendments. Commissioner Dunn was first to inquire about the process and to ensure that every interested party had the opportunity to be involved in the process. He was assured that the parties submitting exceptions and amendments had been involved throughout the process.

Staff Proposed Amendment No. 1 was approved during the December 2018 Open Meeting. The amendment allows for future implementation of new standards on advanced inverters without the need for a formal rulemaking process.

Commissioner Olson had filed but did not offer several of his proposed amendments because he concluded that the issues they addressed were covered by Commissioner Tobin's proposed Amendments.

Commissioner Tobin's Revised Amendment No. 1 requires utilities and customers to rely on the Operating Characteristics, as opposed to maximum name plate capacity, of the Customer's facilities when evaluating system impacts and interconnection. The amendment deleted the definition of "Maximum Capacity" and replaced it with "Operating Characteristics," which was defined to mean the mode of operation of a Generating Facility (Exporting System, Non-Exporting System, or Inadvertent Exporting System) that controls the amount of power delivered across the Point of Interconnection to the Distribution System."

The main concern with this amendment was that "Operating Characteristics" can be modified with software updates, whereas the maximum nameplate capacity cannot. Chairman Burns and Commissioner Dunn expressed safety concerns and believed it would be safer to use nameplate capacity. However, other Commissioners were persuaded that this modification was appropriate because it is the standard used in several other states. Tobin's Revised Amendment No. 1 was passed in a 3-2 vote.

In response to Tobin's Revised Amendment No. 1, Staff put forth *Staff Amendment No. 2*, which would have put the responsibility for loss of or damage to property arising from the Interconnection of a Generating Facility based on its Operational Characteristics on the Applicant. Based on Commissioners' concerns with holding the Applicant (as opposed to the Installer) liable and the lack of specificity on liability, Chairman Burns proposed an Amendment to the Amendment, which required that "the installer shall be responsible for loss of or damage to property arising from

the interconnection of a generating facility that is inadvertently or intentionally operated at a higher capacity than the Operating Characteristics approved by the utility.” The Amendment unanimously passed.

Commissioner Olson Proposed Amendment No. 6 would have eliminated third party certification for a Non-Exporting System. However, it was not adopted due to Commissioners Kennedy and Dunn and Chairman Burns’ concerns about safety issues.

Commissioner Olson Proposed Amendment No. 7, as amended by the ALJ, allows the customer to sign documents electronically, if the customer has that capability and submits the document electronically. Olson Amendment No. 7 passed 4-1, with Commissioner Kennedy voting against.

Commissioner Olson Proposed Amendment No. 8 inserted clarifying language that a utility shall not require resubmission of an interconnection application due to a change in ownership of the system. Modifications were made to the proposed Amendment by the ALJ. Olson Amendment No. 8 passed 4-1. Commissioner Kennedy voted against because she does not believe that the Commission should be making substantive changes to Amendments from the dais.

Both Commissioners Tobin and Olson proposed Amendments to accelerate review times. *Commissioner Tobin Proposed Amendment No. 3* initially proposed to accelerate review times for the Level 1 Super-Fast Track from 21 to 7 days. Commissioners Dunn and Kennedy asked questions about the actual cost to utilities to meet the 7-day deadline. Ultimately, Chairman Burns proposed to modify the review time to 14 days. Tobin Amendment No. 3 as amended unanimously passed. *Commissioner Olson Proposed Amendment No. 10* accelerated the review time for the Level 2 Super-Fast Track Applications from 28 to 21 days. Commissioners Kennedy and Dunn voted no, with Commissioner Dunn concerned about balancing speed and safety for the large capacity customers. Olson Amendment No. 10 passed 3-2.

Commissioner Olson Proposed Amendment No. 11 clarified that an expedited process is appropriate for adding storage to an already interconnected PV system. The ALJ made some minor wording and conforming modifications. Commission Staff expressed support for the Amendment. Olson Amendment No. 11 was approved with a 3-1 vote. Commissioner Tobin was excused, and Commissioner Kennedy voted against, citing concerns about supporting amendments that required modification from the dais.

Commissioner Olson Proposed Amendment No. 12 proposed streamlining the Expedited Interconnection Process for standard equipment and allowing for self-certification. Both Commission Staff and the utilities strongly opposed this amendment, citing safety concerns. Olson Amendment No. 12 failed 3-1, with Commissioner Tobin excused.

Commissioner Kennedy Proposed Amendment No. 1 allows the utility to stop service to an unapproved Generating Facility without terminating all electric service to a Customer. Neither Commission Staff nor the utilities were opposed to the amendment. Kennedy Amendment No. 1 was approved 4-0 with Commissioner Tobin excused.

The Interconnection of Distributed Generation Facilities Rules, as amended during Open Meeting, were unanimously approved by all five Commissioners. (Docket No. RE-00000A-07-0609).

Taxes

SQF, LLC received a Certificate of Convenience and Necessity to provide wholesale non-switched facilities based private line point-to-point fiber

transport telecommunications services in Arizona. (Docket No. T-21041A-18-0054). *Item approved on Consent Agenda.*

Gila Local Exchange Carrier was designated an Eligible Telecommunications Carrier (ETC) pursuant to U.S.C. §214(e)(1) for the purposes of receiving federal universal service support in Arizona, in the designated service area. (Docket No. T-20515A-18-0298). *Item approved on Consent Agenda.*

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Railroads

The Commission approved modifications and upgrades to a **Burlington Northern & Santa Fe Railway Company and Arizona Department of Transportation** railway crossing at Bethany Home Road in Glendale, Arizona (DOT #025590V). The improvements will widen the road to the south and install a raised center and new gates in the median, a new traffic signal in a new location on the track side of US60 east of the tracks, and advanced pre-emption equipment. The Commission has begun to include additional requirements in its orders approving railway crossing modifications. Here, BNSF is required to: complete the upgrade within 15 months of the Decision; notify the Commission in writing within 10 days of the commencement and completion of the upgrade; and maintain the crossing in compliance with A.A.C. R14-25-104 upon completion of the upgrade. (Docket No. RR-02635B-18-0256). *Item approved on Consent Agenda.*

Telecommunications

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