



# Word on the Street

BY GARY YAQUINTO

January's regular Open Meeting agenda for utilities matters was the shortest in recent memory. The Commission approved four utilities items from its consent agenda and removed two items for future consideration. Of note is the Commission's approval of a formula and plan of administration for annual adjustments to the distributed generation export rate for Trico Electric Cooperative.

While January's Open Meeting was without any seismic utilities decisions, two items in process this month at the ACC will generate some interesting discussion.

First is Commissioner Dunn's draft "Code of Ethics". The 8-page document with numerous attachments was filed on December 29, and Commissioner Dunn has asked interested parties to submit comments on the draft by January 19.

The other item up for discussion at the ACC is how to incorporate recent changes in the federal tax code into utility company rates. On December 20, Commissioner Olson issued a letter to Arizona's regulated utilities seeking their cooperation "to pass tax savings onto the ratepayers." Additionally, Mr. Olson invited companies to submit any comments

or proposals on the matter by January 20 and requested ACC Staff schedule a workshop. That workshop is scheduled for January 31.

In his letter, Mr. Olson recognized that a few companies have agreed through prior rate settlement agreements to pass tax savings along to customers. For example, following on its commitment to create a rate adjustment mechanism for tax change, APS filed its proposed Tax Expense Adjustor Mechanism (TEAM) on January 8. In its filing, APS seeks to implement the reduction in rates in two phases with the first to reflect a reduction of \$119 million related to the decline in the marginal tax rate from 35% to 21%, for an average bill reduction of \$4.68 for residential customers. APS also proposes the reduction to be based on an equal kWh basis for

all rate schedules. The second phase could result in further reductions for other tax-related items, such as accumulated deferred income taxes, once the impact is known.

All utilities will be affected by the changes in federal taxes, although the impact will differ for each utility depending upon tax status.

There remain questions, however, about how changes in utility rates would be implemented and what information will be required to implement any changes in rates. Those issues will surely surface in comments to be filed by January 20 and vetted in subsequent workshop discussions.

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ARIZONA INVESTMENT COUNCIL

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## JANUARY CONSENT AGENDA

The January 2018 Open Meeting at the Arizona Corporation Commission convened at 10:00 a.m. on January 9, 2018.

The following matters were approved on consent agenda:

**TELECOMMUNICATION**

**Electric Lightwave, Eschelon Telecom of Arizona, and Mountain Telecommunications of Arizona,**

received approval from the Commission to complete a pro forma internal consolidation. Eschelon and Mountain will operate under Electric Lightwave's Certificate of Convenience and Necessity (CC&N), and upon subsequent Commission approval, Eschelon and Mountain's CC&Ns will be canceled. (Docket No. (T-03054A-17-0324, T-03406A-17-0324 & T-03432A-17-0324)

**ELECTRIC**

The Commission approved the transfer of portions of **Graham County Utilities** and **Eden Water Co.'s** CC&N service territories. The companies will exchange portions of their respective service territories by deleting a portion of each respective CC&N that cannot be served effectively or economically, and transferring that portion of the CC&N to the other company. This will allow the company with the closest and best resources to serve each area. There are currently no customers or utility facilities located within either of the transferred service territories. (Docket Nos. W-02527A-17-0199 and W-02068A-17-0199).

**Trico Electric Cooperative** received approval for a formula and plan of administration to provide for annual adjustments to the distributed generation

export rate. Trico's residential export rate was set at \$0.0770 for new distributed generation customers in Decision No. 75976 (February 24, 2017). The POA provides that the export rate will be reset annually, will decrease by no more than 10 percent annually, will apply to a customer for a 10 year period, and will be locked in on the date of the interconnection application if DG system is installed within 180 days. (Docket No. E-01461A-15-0363).

**Gila Bend Power Partners** received an extension of time for three of its Certificates of Environmental Compatibility (CEC) to construct a natural gas power plant, transmission lines, and associated facilities. This is the third time extension. All CECs received an additional seven years, from February 7, 2018 to February 7, 2025, to construct the facilities. There are three CECs associated with the project related to the following facilities: (1) a natural gas-fired, combined cycle generating plant consisting of three combustion gas turbines and one steam turbine producing 845 MW, a switchyard, and related facilities in the Town of Gila Bend, Arizona (CEC 106); (2) a 500 kV Watermelon Switchyard, a 500 kV transmission line from the Gila Bend Power Plant to the Watermelon switchyard, and a 500 kV interconnection at the Watermelon Switchyard (CEC 109); and (3) a 500 kV transmission line from the Hassayampa Switchyard to the Jojoba Switchyard and associated switchyard components (CEC 119). (Docket Nos. L-00000V-00-0106-00000, L-00000V-01-0109-00000, and L-00000V-02-0119-00000).

**The following matters were removed from the Agenda:**

**Johnson Utilities L.L.C:** Proposed Central Arizona Groundwater Replenishment District Adjustor Fees. (Docket No. WS-02987A-08-0180).

**Rancheros Bonitos Water Co., L.L.C:** Application for Approval of a Rate Increase and for Financing Approval. (Docket Nos. W-03254A-17-0273 and W-03254A-17-0336).