

ORIGINAL

# OPEN MEETING



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MEMORANDUM  
RECEIVED

2008 DEC 31 P 2:27

TO: THE COMMISSION

FROM: Utilities Division

AZ CORP COMMISSION  
DOCKET CONTROL

DATE: December 31, 2008

RE: SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC. -  
APPLICATION FOR APPROVAL OF ITS 2009 REST IMPLEMENTATION PLAN  
(DOCKET NO. E-01575A-07-0310)

On November 13, 2008 Sulphur Springs Valley Electric Cooperative ("SSVEC") filed an Amended Application with the Arizona Corporation Commission ("Commission") seeking approval of its 2009 Renewable Energy Standard and Tariff ("REST") Implementation Plan per Arizona Administrative Code ("A.A.C.") R14-2-1813. The application includes a tariff titled Schedule REST. The application is made in compliance with Commission Decision No. 70096 of December 2007. Decision No. 70096 approved a 2008 REST Implementation Plan, and tariffs similar to those included in the instant application. The Decision ordered SSVEC to file a 2009 REST Implementation plan by October 1, 2008.

The instant application cites that it is seeking no change to the approved tariffs in this filing. Staff notes that the Amended Application appears to propose one minor change to the SunWatts Loan Program for Large (over 20kW) Systems. The Amended Application also adds a Solar Water Heater Program and adds four new qualifying renewable energy technologies to the 2009 REST Plan.

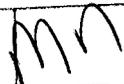
## Details of the SSVEC REST Plan

### The SunWatts Green Contribution Program

In this program, customers may elect to contribute additional dollars on their bills to be used to fund various renewable energy projects. Staff notes that the Amended Application refers to this program as both the SunWatts Green Contribution Program and the SunWatts Green Energy Purchase Program. In order to avoid confusion about whether these two titles describe the same or differing programs, SSVEC has communicated to Staff that both titles refer to the same program and that SunWatts Green Contribution Program is the correct title of the program.

Arizona Corporation Commission  
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DEC 31 2008

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### The SunWatts Residential and Commercial Rebate Program

The SunWatts Residential and Commercial Rebate Program provides incentives to both residential and commercial customers for installation of qualifying photovoltaic and small wind energy systems. Through this program SSVEC provides incentives of \$4.00 per installed Watt, up to 50 percent of the total installed cost of the system. This program also includes a \$1,500 incentive to new home builders who add photovoltaic systems as an option on new homes.

### The Clean Renewable Energy Bonds ("CREB") for Schools Program

The CREB program makes use of funding available through a Federal program that allows cooperatives to borrow money at no interest for use in renewable energy projects. SSVEC is making use of these funds for solar shade structures in public schools. SSVEC is undertaking 41 solar projects presently through this program.

### The SunWatts Large-Scale Generating Program

The SunWatts Large-Scale Generating Program promotes the development of utility-sized renewable generating facilities. Facilities built through this program could be operated by SSVEC itself, or operated by other entities who would sell energy to SSVEC.

### The SunWatts Residential and Small Business Loan Program

The SunWatts Residential and Small Business Loan Program makes low interest rate loans available to residents and small businesses for the financing of renewable projects.

### The SunWatts Loan Program for Large (Over 20 kW) Systems

The SunWatts Loan Program for Large (over 20 kW) Systems is similar to the SunWatts Residential and Small Business Loan Program. The instant application appears to propose a change to one component of this program. The 2007/2008 plan allows customers participating in the SunWatts Loan Program for Large (over 20 kW) Systems to also be eligible for a SunWatts rebate of \$4.00 per watt up to a maximum of 10,000 watts (\$40,000). The instant application includes a sentence that appears to change the SunWatts rebate eligibility for customers who are also participating in the SunWatts Loan Program for Large (over 20 kW) Systems to \$4.00 per watt up to a maximum of 5,000 watts (\$20,000). This sentence is found in the SunWatts Loan Program for Large (over 20 kW) Systems section of the plan filed on November 3, 2008. In response to a data request from Staff, SSVEC explained that the sentence, "These customers will also be eligible for the Sun Watts rebate of \$4.00 per watt up to a maximum of 5,000 watts (\$20,000)" was included inadvertently and that SSVEC proposes to maintain the rebate criteria maximum at 10,000 watts (\$40,000).

### New Programs for 2009

The Amended Application includes a section titled New Programs for 2009. The New Programs section includes a proposal for a new Solar Water Heater Program. The Solar Water Heater Program would pay a rebate equal to \$0.75 per kWh of energy saved during a solar water heater system's first year of operation. Savings would be based on ratings established by the Solar Rating and Certification Corporation. This program would be available to both commercial and residential ratepayers.

In addition to adding the Solar Water Heater Program to the 2009 REST Plan, SSVEC proposed to include four new qualifying technologies. The new technologies include Biomass, Biogas, Daylighting and Solar Space Cooling. The proposed Daylighting program would rebate \$0.20 per kWh saved during the first year. The other programs would offer Production Based Incentives ("PBI") paid for Renewable Energy Credits over a ten-year period. The Biomass/Biogas incentives per kWh will be: \$0.06 for electric generation, \$0.035 for Biomass/Biogas CHP-electric, \$0.018 for Biomass/Biogas CHP-Thermal, \$0.015 for Biomass/Biogas thermal and \$0.032 for Biomass/Biogas cooling. The Solar Cooling PBI would be for ten years in the amount of \$0.129 per measured kWh. SSVEC states that it would adopt the prescriptions within the final report of the Uniform Credit Purchase Program ("UCPP") working group in regard to these programs.

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The Amended Application describes that SSVEC will continue to contribute funds to the Habitat for Humanity organization for the purchase of photovoltaic and other renewable energy equipment for Habitat homes.

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The Amended Application indicates that SSVEC will continue to work with a local grant writer to seek federal funding that would supplement SSVEC's REST efforts.

### Advertising, Promotion, R&D and Education

SSVEC advertises its REST programs in a variety of mediums including but not limited to bill inserts, television, radio, and a bi-monthly magazine produced by SSVEC called Currents. SSVEC works in partnership with other electric providers in Arizona in the Arizona Utilities for Renewable Energy Education initiative. In this application SSVEC proposes to offer a grant program for teachers in its service territory for the development of renewable curricula for the classroom. SSVEC states that it intends to make up to ten \$500 grants for a maximum of \$5,000 per year.

Annual Reporting

Decision No. 70096 (December 2007) ordered SSVEC to file its Annual Compliance Report by February 15th of each year. The instant application proposes that that reporting date be moved to March 1st of each year in order to provide sufficient time to close out financial reports for the year in accordance with its normal schedule. SSVEC asks for this timing consideration because the staff that prepare the financial reports also prepare the Annual Compliance Report.

Funding and Surcharge Schedule

Staff has reviewed SSVEC's proposed Renewable Energy Standard Surcharge Schedule. SSVEC's proposed Schedule REST sets forth the surcharge rates and monthly maximums to be collected to fund its annual REST budget for 2009. The proposed Renewable Energy Standard Surcharge Schedule includes a surcharge of \$0.005 per kWh for its customers. SSVEC proposed that no change be made to the surcharge or cap levels. The current monthly maximums ("caps") for the proposed Schedule REST are:

Table I

<b>Customer Class/Category</b>	<b>Existing REST Maximums/Caps</b>
Residential	\$1.30
Non-Residential	\$42.00
Industrial>3MW	\$150.00

The following table provides examples of sample SSVEC customers and the monthly impact customers can expect to see:

Table II

<b>Sample Customers</b>	<b>Average kWh</b>	<b>Existing REST Surcharge</b>
Barber Shop	342	\$1.71
Department Store	175,264	\$42.00
Mall (Less Tenants)	24,744	\$42.00
Rental Video Store	12,363	\$42.00
Large Hotel	92,260	\$42.00
Large Building Supply and Hardware	243,213	\$42.00

Motel	24,920	\$42.00
Large Office Building	49,486	\$42.00
Hospital	59,473	\$42.00
Supermarket	221,800	\$42.00
Convenience Store	17,270	\$42.00
School	36,300	\$42.00
Irrigation Customer	56,685	\$42.00

SSVEC estimates its Renewable Energy Standard Surcharge Schedule will collect the following funds, by customer category:

Table III

	Total \$	Average \$ per Bill	% of Customers Reaching Cap
Residential	\$543,995	\$1.16	75%
Non-Residential	\$851,602	\$21.05	9%
Non-Residential >3MW	\$1,800	\$150.00	100%
Total	\$1,397,397		

SSVEC has also provided to Staff a chart which divides the Non-residential section, in Table III into components. The broken-out version of the Non-Residential segment is shown in Table IV:

Table IV

	Total \$	Average \$ per Bill	% of Customers Reaching Cap
General Service	\$466,097	\$7.30	2%
Irrigation	\$216,474	\$26.31	56%
Large C&I	\$169,030	\$35.61	75%
Total	\$851,602		

SSVEC's proposed REST budget for 2009 is \$3,429,006. This funding level is comprised of both projected collection in 2009 (\$1,397,397) and the estimated balance from 2008 (\$2,031,609).

The proposed budget is as follows:

Table V

	<b>2009</b>
<b>Renewable Energy Resources:</b>	
Loan Program	\$ 514,351
Program Costs (Includes Administration, R&D, and Advertising)	342,901
Habitat for Humanity projects	30,000
CREB Bond Repayment	765,333
SunWatts Rebates - Residential	1,065,853
SunWatts Rebates - Commercial	710,569
<b>Total Projected Budget</b>	<b>\$3,429,006</b>

**Staff Review of the SSVEC REST Plan**

Implementation Plan Goals

A.A.C. R14-2-1814(A) creates a provision for electric cooperatives that allows for their Commission-approved REST implementation plans to substitute for the requirements of A.A.C. R14-2-1804 and A.A.C. R14-2-1805. SSVEC has communicated to Staff that its REST Implementation Plan does not adopt the annual kWh percentage requirements specified in A.A.C. R14-2-1804 and A.A.C. R14-2-1805 and instead has a goal to spend 100 percent of the money, budgeted and received, for rebates to customers in the most cost-effective manner that results in the maximum amount of projects possible.

SSVEC's proposed budget allocates 31 percent of funds toward residential rebates and 21 percent toward commercial rebates. SSVEC would use the balance of REST funds to repay Clean Renewable Energy Bonds loans.

Staff notes that Decision No. 70096 of 2007, which approved SSVEC's 2008 REST Implementation Plan, at page 2 line 9 contains the following sentence: "The SSVEC EPS/REST Plan is very similar to the AEPSCO EPS/REST Plan, with a few differences." Staff also notes that the Findings of Fact section of the Decision does not mention that a significant difference between the AEPSCO REST Plan and SSVEC's REST Plan is that the AEPSCO REST Plan contains goals for achieving stated levels of renewable energy acquisition or production through the REST Plan and the SSVEC REST Plan does not. Staff notes it is possible that it may have been assumed that SSVEC's 2008 REST Plan did contain such goals. Staff finds no reason why, on a going forward basis, that SSVEC should not include stated renewable energy goals similar to those included in A.A.C. R14-2-1804 and A.A.C. R14-2-1805. Staff recommends that in its 2010 REST Implementation Plan application, SSVEC include stated renewable energy goals

similar to those included in A.A.C. R14-2-1804 and A.A.C. R14-2-1805 and design its REST Implementation Plan to meet the goals in order to make its goals more closely aligned with the goals of the REST rules.

#### Implementation Plan Experience

During the period of 2005 to 2007, SSVEC paid 102 incentive rebates. From the beginning of 2008, SSVEC has paid 77 rebates. These figures do not include 41 school solar projects that are projected to be completed in the first quarter of 2009. SSVEC estimates that approximately 304,595 renewable kWh have been generated as of the end of October 2008. All renewable energy generated as a result of the program has been through member-sited equipment. SSVEC has not purchased any Utility-scale renewable kWh. SSVEC reports that 66 percent of residential funds and 2 percent of available commercial funds collected have been distributed to customers. SSVEC calculates that the 111 residential projects undertaken represent 0.28 percent of all residential customers. SSVEC calculates that the 68 non-residential projects undertaken represent 0.72 percent of non-residential customers. These figures do not include the solar projects at schools as SSVEC retains ownership of the equipment.

#### 2009 REST Implementation Plan Proposal

Staff has reviewed SSVEC's proposal for inclusion of a new Solar Water Heater Program and inclusion of the four new qualifying technologies: Biomass, Biogas, Daylighting and Solar Space Cooling in its REST Implementation Plan. Staff concludes that these changes are appropriate as they serve to include in the SSVEC REST Implementation Plan programs and technologies considered in the present draft of the Uniform Credit Purchase Program. Additionally, they serve to expand the renewable technology options included in the Implementation Plan increasing the likelihood of participation in SSVEC's REST programs.

Staff recommends approval of SSVEC's proposed 2009 REST Implementation Plan and accompanying Schedule REST tariff. This plan promotes the adoption of renewable technologies, and continued operation of the plan will help SSVEC gain experience that will help in the modification and improvement of REST efforts in the future. SSVEC did not use its entire budget in 2008; however, Staff notes that incentive programs are self selecting and that SSVEC can offer but not compel customers to undertake renewables projects. Expanding the program through the addition of the Solar Water Heater Program and the addition of new qualifying technologies will expand the opportunities for renewables projects.

Staff recommends that should SSVEC find in 2009 that there continues to be a significant amount of unused REST funds due to lack of customer participation, that it consider for its 2010 REST Implementation Plan an option for the purchase of renewable energy to displace load met with non-renewable energy in order to make use of unused funds in a way that results in the generation and use of renewable energy.

Incentive Program Contract

On November 18, 2008, SSVEC docketed a document that is designed to describe the SunWatts program. The document is included as Attachment I. In the cover letter for the filing SSVEC comments that "SSVEC's agreement does not require its customers to choose between a SunWatts rebate for the installation cost of a qualified PV system and the payment for energy produced by a qualified PV system." On page 6 of the SunWatts description is a page titled Incentive Program. Item number 3 on the page reads "You sign an agreement assigning all associated environmental credits to SSVEC."

Previously, Staff had downloaded a version of this document from SSVEC's website. The document is included as Attachment II. This version of the document at item number 3 reads, "You sign an agreement assigning rights to the electrical output and all associated environmental credits to the co-op. Since the co-op is paying up to half the cost of the unit, the co-op will not buy any electric generation output from the unit."

The previous Incentive Program Enrollment Form included an agreement with language that read, "... I understand the cooperative will not buy from me any electric power generated by the solar/photovoltaic unit." The enrollment form included in the filing of November 18, 2008, includes no such statement.

In response to a data request from Staff which asked how many people have signed the incentive agreement, SSVEC communicated to Staff that it has had 179 total projects, not including the school solar projects. Of the 179 projects, 111 are residential projects and 68 are commercial and industrial projects. Staff additionally asked through a data request what plans SSVEC has for customers who have signed incentive contracts with regard to the net metering rules. SSVEC responded that it plans on replacing the existing incentive contracts with a Net Metering tariff once the Net Metering Rules have been certified and an SSVEC Net Meeting tariff is approved.

SSVEC's response states that it intends to allow SSVEC customers who have signed incentive contracts participate in net metering. However, SSVEC did not specifically indicate in its response to Staff's data request that it would take any formal measures to terminate or replace the existing contracts.

SSVEC indicated in its response to Staff's data request that it would notify customers participating in the EPS/REST program by direct mail, and would notify the remainder of the membership by ads placed in SSVEC newsletters and magazines, local print ads, and other media about the availability of net metering.

Staff recommends that SSVEC contact each customer who has signed an agreement that included a waiver of rights to sell back energy and offer to amend the contracts to include the language contained in the version of the contract included in the November 18, 2008, filing. This will provide customers with an opportunity to eliminate contractual language that describes

customers participating in the SunWatts Incentive program may not participate in net metering arrangements.

Staff recommends that SSVEC use direct mail or bill insert material found acceptable to Staff for the purpose of informing customers of the opportunity to amend existing incentive contracts.

#### Other Staff Recommendations

In order to provide an opportunity for Staff to review elements of the programs that SSVEC implements, Staff recommends that any new SSVEC SunWatts Incentive program literature and enrollment forms should be in a format found acceptable to staff.

Staff notes that the work of the UCPP Working Group, which commenced in 2006, is pending completion and will establish uniform incentives for each renewable generation technology. Staff recommends that, if the Commission approves a UCPP, that SSVEC should be required to develop a mechanism to incorporate UCPP procedures and incentive levels for all eligible technologies in its proposed REST plan for 2010 and subsequent years. To the extent that SSVEC feels that different incentive levels than those of the UCPP program are justified, particularly in remote, rural areas, SSVEC could develop such proposals

In order to implement the changes prescribed by this order, Staff recommends that SSVEC file a 2009 Renewable Energy Standard Implementation Plan and Schedule REST as modified by this decision within 15 days of the date of this decision.

Staff recommends that the proposed 2009 Renewable Energy Standard Implementation Plan and Schedule REST tariff remain in effect until further order of the Commission in order to continue operation of the REST program.

#### **Summary of Staff Recommendations**

Staff recommends that the proposed 2009 Renewable Energy Standard Implementation Plan and Schedule REST be approved as discussed herein.

Staff recommends that in its 2010 REST Implementation Plan application, SSVEC include stated renewable energy goals similar to those included in A.A.C. R14-2-1804 and A.A.C. R14-2-1805 and design its REST Implementation Plan to meet those goals.

Staff recommends that should SSVEC find in 2009 that there continues to be a significant amount of unused REST funds as a lack of customer participation, that it consider for its 2010 REST Implementation Plan an option for the purchase of renewable energy to displace load met with non-renewable energy.

Staff recommends that SSVEC communicate with each customer who has signed an agreement that included a waiver of rights to sell back energy and offer to amend the contracts so that they contain the same provisions as the version of the contract included in the November 18, 2008 filing.

Staff recommends that SSVEC use direct mail or bill insert material found acceptable to Staff for the purpose of informing customers of the opportunity to amend existing incentive contracts.

Staff recommends that any new SSVEC SunWatts Incentive program literature and enrollment forms should be in a format found acceptable to staff.

Staff recommends that, if the Commission approves a Uniform Credit Purchase Program, that SSVEC develop a mechanism to incorporate Uniform Credit Purchase Program procedures and incentive levels for all eligible technologies in its proposed REST plan for 2010 and subsequent years.

Staff recommends that SSVEC file a 2009 Renewable Energy Standard Implementation Plan and Schedule REST having made conforming changes within 15 days of the date of this decision.

Staff recommends that the proposed 2009 Renewable Energy Standard Implementation Plan and Schedule REST remain in effect until further order of the Commission.

Staff recommends that this Order shall become effective immediately.

*for*   
Ernest G. Johnson  
Director  
Utilities Division

EGJ:SPI:lh\WVC

ORIGINATOR: Steve Irvine

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

MIKE GLEASON  
Chairman  
WILLIAM A. MUNDELL  
Commissioner  
JEFF HATCH-MILLER  
Commissioner  
KRISTIN K. MAYES  
Commissioner  
GARY PIERCE  
Commissioner

IN THE MATTER OF SULPHUR SPRINGS )  
VALLEY ELECTRIC COOPERATIVE, INC. )  
APPLICATION FOR APPROVAL OF ITS )  
2009 REST IMPLEMENTATION PLAN )

DOCKET NO. E-01575A-07-0310  
DECISION NO. \_\_\_\_\_  
ORDER

Open Meeting  
January 13 and 14, 2009  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") is certificated to provide electric service as a public service corporation in the State of Arizona.
2. On November 13, 2008 SSVEC filed an Amended Application with the Arizona Corporation Commission ("Commission") seeking approval of its 2009 Renewable Energy Standard and Tariff ("REST") Implementation Plan per Arizona Administrative Code ("A.A.C.") R14-2-1813.
3. The application also includes a tariff titled Schedule REST.
4. The application is made in compliance with Commission Decision No. 70096 of December 2007. Decision No. 70096 approved a 2008 REST Implementation Plan and tariffs similar to those included in the instant application. This Decision ordered SSVEC to file a 2009 REST Implementation plan by October 1, 2008.

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	Total \$	Average \$ per Bill	% of Customers Reaching Cap
22 General Service	\$466,097	\$7.30	2%
23 Irrigation	\$216,474	\$26.31	56%
24 Large C&I	\$169,030	\$35.61	75%
25 Total	\$851,602		

1 SSVEC's proposed REST budget for 2009 is \$3,429,006. This funding level is comprised  
 2 of both projected collection in 2009 (\$1,397,397) and the estimated balance from 2008  
 3 (\$2,031,609).

4 22. The proposed budget is as follows:

5 Table V

	2009
Renewable Energy Resources	
Loan Program	\$ 514,351
Program Costs (Includes Administration, R&D, and Advertising)	342,901
Habitat for Humanity projects	30,000
CREB Bond Repayment	765,333
SunWatts Rebates - Residential	1,065,853
SunWatts Rebates - Commercial	710,569
Total Projected Budget	\$3,429,006

13 **Staff Review of the SSVEC REST Plan**

14 Implementation Plan Goals

15 23. A.A.C. R14-2-1814(A) creates a provision for electric cooperatives that allows for  
 16 their Commission-approved REST implementation plans to substitute for the requirements of  
 17 A.A.C. R14-2-1804 and A.A.C. R14-2-1805.

18 24. SSVEC has communicated to Staff that its REST Implementation Plan does not  
 19 adopt the annual kWh percentage requirements specified in A.A.C. R14-2-1804 and A.A.C. R14-  
 20 2-1805 and instead has a goal to spend 100 percent of the money budgeted and received for rebates  
 21 to customers in the most cost-effective manner that results in the maximum amount of projects  
 22 possible.

23 25. SSVEC's proposed budget allocates 31 percent of funds toward residential rebates  
 24 and 21 percent toward commercial rebates. SSVEC would use the balance of REST funds to repay  
 25 Clean Renewable Energy Bonds loans.

26 26. Staff notes that Decision No. 70096 of 2007, which approved SSVEC's 2008 REST  
 27 Implementation Plan, at page 2 line 9 contains the following sentence: "The SSVEC EPS/REST  
 28 Plan is very similar to the AEPCO EPS/REST Plan, with a few differences." Staff also notes that

1 the Findings of Fact section of the Decision does not mention that a significant difference between  
2 the AEPCO REST Plan and SSVEC's REST Plan is that the AEPCO REST Plan contains goals  
3 for achieving stated levels of renewable energy acquisition or production through the REST Plan  
4 and the SSVEC REST Plan does not. Staff notes that it is possible it may have been assumed that  
5 SSVEC's 2008 REST Plan did contain such goals. Staff finds no reason why, on a going forward  
6 basis, that SSVEC should not include stated renewable energy goals similar to those included in  
7 A.A.C. R14-2-1804 and A.A.C. R14-2-1805. Staff has recommended that in its 2010 REST  
8 Implementation Plan application, SSVEC include stated renewable energy goals similar to those  
9 included in A.A.C. R14-2-1804 and A.A.C. R14-2-1805 and design its REST Implementation Plan  
10 to meet the goals in order to make its goals more closely aligned with the goals of the REST rules.

#### 11 Implementation Plan Experience

12 27. During the period of 2005 to 2007, SSVEC paid 102 incentive rebates. From the  
13 beginning of 2008 to date, SSVEC has paid 77 rebates. These figures do not include 41 school  
14 solar projects that are projected to be completed in the first quarter of 2009.

15 28. SSVEC estimates that approximately 304,595 renewable kWh have been generated  
16 as of the end of October 2008. All renewable energy generated as a result of the program has been  
17 through member-sited equipment. SSVEC has not purchased any Utility-scale renewable kWh.

18 29. SSVEC reports that 66 percent of residential funds and 2 percent of available  
19 commercial funds collected have been distributed to customers.

20 30. SSVEC calculates that the 111 residential projects undertaken represent 0.28  
21 percent of all residential customers. SSVEC calculates that the 68 non-residential projects  
22 undertaken represent 0.72 percent of non-residential customers. These figures do not include the  
23 solar projects at schools as SSVEC retains ownership of the equipment.

#### 24 2009 REST Implementation Plan Proposal

25 31. Staff has reviewed SSVEC's proposal for inclusion of a new Solar Water Heater  
26 Program and inclusion of the four new qualifying technologies: Biomass, Biogas, Daylighting and  
27 Solar Space Cooling in its REST Implementation Plan. Staff concludes that these changes are  
28 appropriate as they serve to include in the SSVEC REST Implementation Plan programs and

1 technologies considered in the present draft of the Uniform Credit Purchase Program.  
2 Additionally, they serve to expand the renewable technology options included in the  
3 Implementation Plan increasing the likelihood of participation in SSVEC's REST programs.

4 32. Staff has recommended approval of SSVEC's proposed 2009 REST  
5 Implementation Plan and accompanying Schedule REST tariff. This plan promotes the adoption  
6 of renewable technologies, and continued operation of the plan will help SSVEC gain experience  
7 that will help in the modification and improvement of REST efforts in the future. SSVEC did not  
8 use its entire budget in 2008; however, Staff notes that incentive programs are self selecting and  
9 that SSVEC can offer but not compel customers to undertake renewables projects. Expanding the  
10 program through the addition of the Solar Water Heater Program and the addition of new  
11 qualifying technologies will expand the opportunities for renewables projects.

12 33. Staff has recommended that should SSVEC find in 2009 that there continues to be a  
13 significant amount of unused REST funds due to lack of customer participation, that it consider for  
14 its 2010 REST Implementation Plan an option for the purchase of renewable energy to displace  
15 load met with non-renewable energy in order to make use of unused funds in a way that results in  
16 the generation and use of renewable energy.

17 Incentive Program Contract

18 34. On November 18, 2008, SSVEC docketed a document that is designed to describe  
19 the SunWatts program. The document is included as Attachment I in Staff's memorandum. In the  
20 cover letter for the filing SSVEC comments that "SSVEC's agreement does not require its  
21 customers to choose between a SunWatts rebate for the installation cost of a qualified PV system  
22 and the payment for energy produced by a qualified PV system." On page 6 of the SunWatts  
23 description is a page titled Incentive Program. Item number 3 on the page reads "You sign an  
24 agreement assigning all associated environmental credits to SSVEC."

25 35. Previously, Staff had downloaded a version of this document from SSVEC's  
26 website. The document is included as Attachment II in Staff's memorandum. This version of the  
27 document at item number 3 read, "You sign an agreement assigning rights to the electrical output  
28

1 and all associated environmental credits to the co-op. Since the co-op is paying up to half the cost  
2 of the unit, the co-op will not buy any electric generation output from the unit.”

3 36. The previous Incentive Program Enrollment Form included an agreement with  
4 language that reads, “.... I understand the cooperative will not buy from me any electric power  
5 generated by the solar/photovoltaic unit.”

6 37. The enrollment form included in the filing of November 18, 2008, includes no such  
7 statement.

8 38. In response to a data request from Staff which asked how many people have signed  
9 the incentive agreement, SSVEC communicated to Staff that it has had 179 total projects, not  
10 including the school solar projects. Of the 179 projects, 111 are residential projects and 68 are  
11 commercial and industrial projects.

12 39. Staff additionally asked through a data request what plans SSVEC has for  
13 customers who have signed incentive contracts with regard to the net metering rules. SSVEC  
14 responded that it plans on replacing the existing incentive contracts with a Net Metering tariff once  
15 the Net Metering Rules have been certified and an SSVEC Net Metering tariff is approved.

16 40. SSVEC's response states that it intends to allow SSVEC customers who have  
17 signed incentive contracts to participate in net metering. However, SSVEC did not specifically  
18 indicate in its response to Staff's data request that it would take any formal measures to terminate  
19 or replace the existing contracts.

20 41. SSVEC indicated in its response to Staff's data request that it would notify  
21 customers participating in the EPS/REST program by direct mail, and would notify the remainder  
22 of the membership by ads placed in SSVEC newsletters and magazines, local print ads, and other  
23 media about the availability of net metering.

24 42. Staff has recommended that SSVEC contact each customer who has signed an  
25 agreement that included a waiver of rights to sell back energy and offer to amend the contracts to  
26 include the language contained in the version of the contract in the November 18, 2008 filing.  
27 This will provide customers with an opportunity to eliminate contractual language that describes  
28

1 that customers participating in the SunWatts Incentive program may not participate in net metering  
2 arrangements.

3 43. Staff has further recommended that SSVEC use direct mail or bill insert material  
4 found acceptable to Staff for the purpose of informing customers of the opportunity to amend  
5 existing incentive contracts.

6 Other Staff Recommendations

7 44. In order to provide an opportunity for Staff to review elements of the programs that  
8 SSVEC implements, Staff has recommended that any new SSVEC SunWatts Incentive program  
9 literature and enrollment forms should be in a format found acceptable to staff.

10 45. Staff notes that the work of the UCPP Working Group, which commenced in 2006,  
11 is pending completion and will establish uniform incentives for each renewable generation  
12 technology.

13 46. Staff has recommended that, if the Commission approves a UCPP, SSVEC should  
14 be required to develop a mechanism to incorporate UCPP procedures and incentive levels for all  
15 eligible technologies in its proposed REST plan for 2010 and subsequent years. To the extent that  
16 SSVEC feels that different incentive levels than those of the UCPP program are justified,  
17 particularly in remote, rural areas, SSVEC could develop such proposals.

18 47. In order to implement the changes prescribed by this order, Staff has recommended  
19 that SSVEC file a 2009 Renewable Energy Standard Implementation Plan and Schedule REST as  
20 modified by this decision within 15 days of the date of this decision.

21 48. Staff has further recommended that the proposed 2009 Renewable Energy Standard  
22 Implementation Plan and Schedule REST tariff remain in effect until further order of the  
23 Commission in order to continue operation of the REST program.

24 **Summary of Staff Recommendations**

25 49. Staff has recommended that the proposed 2009 Renewable Energy Standard  
26 Implementation Plan and Schedule REST be approved as discussed herein.

27 ...

28 ...

1           50.     Staff has recommended that in its 2010 REST Implementation Plan application,  
2 SSVEC include stated renewable energy goals similar to those included in A.A.C. R14-2-1804 and  
3 A.A.C. R14-2-1805 and design its REST Implementation Plan to meet those goals.

4           51.     Staff has further recommended that should SSVEC find in 2009 that there continues  
5 to be a significant amount of unused REST funds as a lack of customer participation, that it  
6 consider for its 2010 REST Implementation Plan an option for the purchase of renewable energy to  
7 displace load met with non-renewable energy.

8           52.     Staff has further recommended that SSVEC communicate with each customer who  
9 has signed an agreement that included a waiver of rights to sell back energy and offer to amend the  
10 contracts so that they contain the same provisions as the version of the contract included in the  
11 November 18, 2008 filing.

12           53.     Staff has further recommended that SSVEC use direct mail or bill insert material  
13 found acceptable to Staff for the purpose of informing customers of the opportunity to amend  
14 existing incentive contracts.

15           54.     Staff has further recommended that any new SSVEC SunWatts Incentive program  
16 literature and enrollment forms should be in a format found acceptable to staff.

17           55.     Staff has further recommended that, if the Commission approves a Uniform Credit  
18 Purchase Program, that SSVEC develop a mechanism to incorporate Uniform Credit Purchase  
19 Program procedures and incentive levels for all eligible technologies in its proposed REST plan for  
20 2010 and subsequent years.

21           56.     Staff has further recommended that SSVEC file a 2009 Renewable Energy Standard  
22 Implementation Plan and Schedule REST having made conforming changes within 15 days of the  
23 date of this decision.

24           57.     Staff has further recommended that the proposed 2009 Renewable Energy Standard  
25 Implementation Plan and Schedule REST remain in effect until further order of the Commission.

26           58.     Staff has further recommended that this Order shall become effective immediately.

27     ...

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CONCLUSIONS OF LAW

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2           1.       Sulphur Spring Valley Electric Cooperative, Inc. is a public service corporation  
3 within the meaning of Article XV of the Arizona Constitution.

4           2.       The Commission has jurisdiction over Sulphur Spring Valley Electric Cooperative,  
5 Inc. and the subject matter of the application.

6           3.       The Commission, having reviewed the application and Staff's Memorandum dated  
7 December 31, 2008, concludes that it is in the public interest to approve the proposed 2009  
8 implementation plan with the modifications described herein.

ORDER

9  
10           IT IS THEREFORE ORDERED that the Sulphur Spring Valley Electric Cooperative, Inc.  
11 proposed 2009 Renewable Energy Standard Implementation Plan, and Schedule REST be and  
12 hereby is approved as discussed herein.

13           IT IS THEREFORE ORDERED that in its 2010 REST Implementation Plan application,  
14 Sulphur Spring Valley Electric Cooperative, Inc. include stated renewable energy goals similar to  
15 those included in A.A.C. R14-2-1804 and A.A.C. R14-2-1805 and design its REST  
16 Implementation Plan to meet those goals.

17           IT IS FURTHER ORDERED that the Sulphur Spring Valley Electric Cooperative, Inc.  
18 2009 Renewable Energy Standard Implementation Plan and Schedule REST remain in effect until  
19 further order of the Commission.

20           IT IS FURTHER ORDERED that should Sulphur Spring Valley Electric Cooperative, Inc.  
21 find in 2009 that there continues to be a significant amount of unused REST funds as a lack of  
22 customer participation, that it consider for its 2010 REST Implementation Plan an option for the  
23 purchase of renewable energy to displace load met with non-renewable energy.

24           IT IS FURTHER ORDERED that Sulphur Spring Valley Electric Cooperative, Inc. contact  
25 each customer who has signed an agreement that included a waiver of rights to sell back energy  
26 and offer to amend the contracts so that they contain the same provisions as the version of the  
27 contract included in the November 18, 2008 filing.

28 . . .

1           IT IS FURTHER ORDERED that Sulphur Spring Valley Electric Cooperative, Inc. use  
2 direct mail or bill insert material found acceptable to Staff for the purpose of informing customers  
3 of the opportunity to amend existing incentive contracts.

4           IT IS FURTHER ORDERED that any new Sulphur Spring Valley Electric Cooperative,  
5 Inc. SunWatts Incentive program literature and enrollment forms should be in a format found  
6 acceptable to staff.

7           IT IS FURTHER ORDERED that, if the Commission approves a Uniform Credit Purchase  
8 Program, that Sulphur Spring Valley Electric Cooperative, Inc. develop a mechanism to  
9 incorporate Uniform Credit Purchase Program procedures and incentive levels for all eligible  
10 technologies in its proposed REST Plan for 2010 and subsequent years.

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1           IT IS FURTHER ORDERED that Sulphur Spring Valley Electric Cooperative, Inc. file  
 2 with Docket Control, as a compliance matter in this docket, a 2009 Renewable Energy Standard  
 3 Implementation Plan and Schedule REST consistent with this Decision and having made  
 4 conforming changes within 15 days of the date of this Decision.

5           IT IS FURTHER ORDERED that this Decision shall become effective immediately.

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**BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

CHAIRMAN	COMMISSIONER
COMMISSIONER	COMMISSIONER
	COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

\_\_\_\_\_  
 BRIAN C. McNEIL  
 EXECUTIVE DIRECTOR

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

EGJ:SPI:ihm\WVC

1 SERVICE LIST FOR: Sulphur Spring Valley Electric Cooperative, Inc.  
2 DOCKET NO. E-01575A-07-0310

3 Mr. John Wallace  
4 Grand Canyon State Electric Cooperative Association, Inc.  
5 120 North 44th Street, Suite 100  
6 Phoenix, Arizona 85034-1822

7 Mr. Ernest G. Johnson  
8 Director, Utilities Division  
9 Arizona Corporation Commission  
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