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ORIGINAL

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

Investigator: Christy Parker

Phone: (520) 526-6571

Fax:

Priority: Respond Within Five Days

Opinion No. 2009 - 83120

Date: 11/17/2009

Complaint Description: 08A Rate Case Items - Opposed
N/A Not Applicable

Complaint By: **First:** David **Last:** Gerloff

Account Name: David Gerloff

Home: (000) 000-0000

Street: 5254 S San Fernando Ave

Work:

City: Sierra Vista

CBR: gerloffd@msn.com

State: AZ **Zip:** 85650

is: E-Mail

Utility Company: Sulphur Springs Valley Electric Cooperative, Inc.

Division: Electric

Contact Name: Lainie Keltner

Contact Phone: (520) 515-3440

Nature of Complaint:

11/17/2009
Arizona Corporation Commission
eDocket Control
1200W Washington Street
Phoenix, AZ 85007

Arizona Corporation Commission
DOCKETED

NOV 19 2009

DOCKETED BY *MM*

2009 NOV 19 A 9:56
DOCKET CONTROL
RECEIVED

Reference - E-Docket: E-01575A-09-0429
Sulphur Springs Valley Electric Cooperative
2010 REST Implementation Plan

David Gerloff
5254 S San Fernando Ave
Sierra Vista, AZ 85650

As a current SSVEC customer and potential Net Metering user I would like to provide public input for consideration by the ACC board prior to their making a decision on accepting SSVEC's plan. I would also request SSVEC provide additional information concerning their plan.

- 1. SSVEC will continue to provide a \$1,500 builder advertising incentive for builders who install renewable technologies on their model homes.
 - How is the incentive amount allocated to developers incorporated in the table?
 - Is there a cap on developer incentives?

2. The Clean Renewable Energy Bonds for Schools: As part of the Federal Energy Bill of 2006, there was a provision for electric cooperatives to borrow monies at no interest expense. SSVEC submitted 41 projects for a total of \$11,480,000 in order to fund solar shade structures for each public school in SSVEC's service territory.

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Rather than increase the REST would it be possible to extend repayment terms to 15 years and make the difference available as rebates? This would serve several purposes.

- Provide quicker funding to pay outstanding rebates.
- Provide a more-timely path to increase near term solar investment within SSVEC's area.
- Negate REST increase.

SSVEC is not showing debt retirement of the loan/bonds and what if any part was repaid using the then existing REST funds to the project.

3. Administrative costs.

The 10% administrative cost for the CREB \$1,045,000.00 loan repayment is excessive. Based on 10% SSVEC is charging \$8708.33 a month to make a single established payment. Realizing there are real administrative costs for a program this complex it should be shown to be based on actual costs.

-If \$211k is the cost for Option #1 Proposed 2010 REST budget then SSVEC should submit a breakout of costs with more granularity. All administrative charges paid by customers should be included as an offset to this amount.

-Projected costs are shown as \$211,000.00 of \$1,405,495.00. This is 15% which is not in agreement with SSVEC statement: In order to ensure that SSVEC members receive maximum value for the REST/Sun Watts programs, SSVEC will not use more than 10% of the total surcharge funds collected for administration, research, and development, and advertising expenses.

4. Schedule of fee's for SunWatts inspections:

As listed:

- 1st inspection no charge
- 2nd inspection (if needed*) \$75
- 3rd and subsequent inspections (if needed*) \$150

-This should not increase based on number of return inspections. The cost should be calculated based on a flat hourly rate or flat fee and mileage reimbursement from the place where the inspector left SSVEC offices. He would be paid a set amount each return visits. Essentially is should be revenue neutral. This should be deductible from the rebate.

-The Electrician should be charged for common code violations and not passed to the consumer.

-Code violations should be captured monthly, categorized and published on the SSVEC websites without reference to individual electrician or company to assist in reducing return visits.

5. Metering installed for the service provided under this tariff shall be capable of registering and accumulating the kilowatt-hours (kwh) of electricity flowing in both directions in a billing period.

The customer requesting Net Metering shall pay for the incremental cost difference of the bidirectional meter required for Net Metering and the standard meter, as a one-time charge. The charges will be reviewed annually and updated meter costs will be provided to the ACC staff for their review.

-SSVEC should amend their proposal and make public this cost. The ACC staff cannot review charges otherwise. Additionally, the public can't comment or provide meaningful input.

6. Annual Average Avoided Cost is defined as the average wholesale fuel and energy cost per kwh

The Annual Average Avoided Cost will then be applied in the September "true up" period or when a NET Meter Account is closed during the Net Metering Calendar Year. This cost will be updated on September 1st each year and posted to the SSVEC website and available at any Cooperative office.

-What is the SSVEC policy when a NET Metering Account is closed? Is the cost difference of the meter returned or credited to the customer's account?

7. The Loan Program Funding (7%) and Interest from Loans is listed however, there is no row and column

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showing loan principal repayment actual or projections.

8. SSVEC listed their Residential Monthly Service Availability Charge at \$23.31 derived from a study conducted in 2008 and requested it be passed to the net metering consumer. Would this charge be in addition to the \$8.25 basic services?

9. Production of energy returned to SSVEC through net metering that is trued up at avoided cost provides an inherent profit at minimal cost involving only administrative tracking costs to SSVEC. It is resold to other customers at full value with no associated infrastructure cost offset. Net metering customers who provide energy to SSVEC are therefore subsidizing SSVEC.

Customers should receive the full kwh rate until they have met the Residential Monthly Service Availability Charge and initial meter differential cost. When they have met that threshold a reduced kwh rate may be more appropriate. An equal percentage of the difference between the amount reimbursed and full value should go towards REST funding. This would perpetuate the program by incentivizing both SSVEC and the net metering customer.

10. Metering - The customer requesting Net Metering shall pay for the incremental cost difference of the bidirectional meter required for Net Metering and the standard meter, as a one-time charge. The charges will be reviewed annually and updated meter costs will be provided to the ACC staff for their review. The incremental meter cost shall be posted on the SSVEC website and available at any SSVEC office along with the annual avoided kwh cost.

-This should be an at cost transaction. Customers should receive the full kwh rate until they have met the Residential Monthly Service Availability Charge and initial meter differential cost. When they have met that threshold a reduced kwh rate may be more appropriate. An equal percentage of the difference between the amount reimbursed and full value should go towards REST funding. This would perpetuate the program by incentivizing both SSVEC and the net metering customer.

Please include these questions, recommendations and comments in deciding the acceptability of SSVEC filing. SSVEC has been very helpful during the process of investigating and implementation of my system. All parties involved acted in a professional and courteous manner.

Sincerely,
David Gerloff
End of Complaint

Utilities' Response:

Investigator's Comments and Disposition:

11/17/2009

E-01575A-09-0429

Please refer to Complaint number 83144.

Sent by email to Richard Weiss in Phoenix for docketing.
End of Comments

Date Completed:

Opinion No. 2009 - 83120