

OPEN MEETING



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MEMORANDUM

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Arizona Corporation Commission

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2009 DEC -2 P 1: 03

TO: THE COMMISSION

DEC -2 2009

AZ CORP COMMISSION
DOCKET CONTROL

FROM: Utilities Division

DATE: December 2, 2009



RE: ARIZONA ELECTRIC POWER COOPERATIVE, INC. - APPLICATION FOR APPROVAL OF THE 2010 RENEWABLE ENERGY STANDARD AND TARIFF PLAN (DOCKET NO. E-01773A-09-0335)

Background

On June 30, 2009, Arizona Electric Power Cooperative, Inc. ("AEP CO") filed the 2010 Renewable Energy Standard and Tariff ("REST") Plan on behalf of three of its Arizona member distribution cooperatives in compliance with Arizona Administrative Code ("A.A.C.") R14-2-1801 through R14-2-1816. On November 6, 2009, AEP CO filed its Amended and Restated 2010 REST Plan ("2010 Restated REST Plan") on behalf of three of its Arizona member distribution cooperatives. The three distribution cooperatives are Duncan Valley Electric Cooperative, Inc. ("Duncan Valley"), Graham County Electric Cooperative, Inc. ("Graham County"), and Trico Electric Cooperative, Inc. ("Trico").

According to AEP CO, in 2009 (through August), 75 new photovoltaic ("PV") systems, 11 new residential wind generating systems, and 17 new solar water heaters have been installed in the participating Cooperatives' service territories.¹ There is a total amount of 330 kW installed capacity from new PV installations, 48 kW of installed wind generation, and 48 kW from solar water heaters. In addition, AEP CO has stated that in 2009 (through August), there has been 875.820 total kWh of energy obtained from renewable resources.² AEP CO has informed Staff that there have not been any commercial installations in 2009, to date. AEP CO indicated that participation in its rebate program has substantially increased. In addition, AEP CO has indicated that Trico and Graham County have both exhausted the funds for the SunWatts rebate program, with Duncan Valley quickly exhausting the remaining funds. According to its 2010 REST Plan, AEP CO has increased the budget for distributed generation projects to \$1,339,349 compared to the \$600,000 budget in its 2009 REST Plan. In addition, AEP CO has indicated that through August 2009, the Cooperatives have collected a total of approximately \$951,300 in REST funds. However, AEP CO has spent approximately \$1,123,700. This amount includes surplus funding from previous years, above what has been collected in 2009, which has been used to support the Cooperatives' rebate program.

^{1,2} This information includes Mohave Electric Cooperative, Inc.

According to A.A.C. R14-2-1804, the annual renewable energy requirement in 2010 is 2.50 percent of the total retail kWh sales. In addition, according to A.A.C. R14-2-1805.B, the annual distributed renewable energy requirement in 2010 is twenty percent (20%) of the annual renewable energy requirement. AEPCO has indicated that if the distributed renewable projects included in the 2010 REST Plan are completed, they will exceed the distributed requirements of A.A.C R14-2-1805.B.

AEPCO has also indicated that Trico and Graham County have both exhausted their 2009 REST funds. In addition, AEPCO stated that as of September 10, 2009, there were forty-six customers with partially completed or completed projects that have not received funding and remain on the reservation list for funding. According to AEPCO, on September 14, 2009, it informed solar contractors that there was no longer funding available for projects. In addition, AEPCO indicated that on September 22, 2009, another letter was sent to customers and contractors explaining the status of the REST funds and describing the reservation process. AEPCO states that it has continued to send a letter to each new applicant informing them of the REST fund shortage. Trico has placed all customers with a confirmed application on a reservation list. AEPCO has indicated that since September 10, 2009, it has received 21 PV applications and four solar water heater applications that have been placed on a reservation list.

The 2010 Restated REST Plan

The AEPCO 2010 Restated REST Plan will assist three of its member distribution cooperatives ("the Cooperatives") in meeting the REST requirements. The 2010 Restated REST Plan, called SunWatts, includes six programs:

The SunWatts Green Energy Purchase Program

According to AEPCO, the Cooperatives will continue to offer this voluntary program in which retail customers can choose to support renewable energy by purchasing blocks of "green energy." The retail customers can purchase 50 kWh blocks of green energy at a cost of \$2.00 per block.

The SunWatts Residential and Commercial Rebate Program

The SunWatts rebate program, offered in compliance with R14-2-1809, provides incentives to customers for installation of qualifying photovoltaic ("PV"), solar water heating, and small wind renewable systems. For PV and small wind systems, the Cooperatives would pay Up-Front Incentives ("UFIs") of \$3.00 per installed watt, up to 40 percent (40%) of the total cost of the system, for systems up to 10 kW in size. The Cooperatives will own all the Renewable Energy Credits ("RECs") from a project receiving UFIs for its operational life. In addition, PV and wind systems eligible for Production Based Incentives ("PBIs") will be subject to a \$7.50 per watt invoice cap. If an invoice for a residential or commercial project exceeds the \$7.50 per watt cap, the incentive will then be calculated based on a total system cost reflecting the \$7.50 per watt cap.

The Cooperatives would provide PBIs of no more than \$.14 per kWh for PV and small wind systems greater than 10 kW in size, up to fifty percent (50%) of the total project cost. PBI incentives would be available for a term of up to 25 years but may be limited to the expected operational life of the specific technology. In addition, the Cooperatives will own all of the RECs from the project receiving PBIs, for the term of the REC agreement. Further, systems eligible for PBIs will be subject to a competitive selection process, resulting in the most cost-effective projects receiving a rebate. Projects eligible for PBIs will be competitively selected on a quarterly to semiannual basis. If a project is not selected, the applicant is then informed of the project's status and given an opportunity to resubmit the project for consideration during the next selection process. In addition, AEPCO stated that the Cooperatives reserve the right to negotiate the PBI agreement based on current market conditions in order to obtain the most competitive priced RECs. According to AEPCO, projects that are one megawatt ("MW") or greater would not be eligible for the incentives outlined below in Table 1, but instead would be negotiated on a per-project basis relative to market conditions.

According to AEPCO, projects would receive a rebate on a first-come first-serve basis until funding is no longer available. Systems which have been approved but have not yet received a rebate due to lack of funding would be placed on a reservation list until additional funding becomes available. Once funding becomes available, rebates would be paid following a final inspection of the system. Installations are required to be performed by licensed renewable energy contractors, electricians, or plumbers (in the case of solar water heaters). The Cooperatives may permit self-installations only if the installation has been inspected and verified by a licensed contractor.

Currently, the Cooperatives pay UFIs of \$4.00 per installed watt, up to 50 percent (50%) of the total cost of the system, for systems up to 25 kW in size; \$3.00 per installed watt, up to 50 percent (50%) of the total cost of the system, for systems from 25.1 kW to 50 kW in size; and any PV or small wind system greater than 50kW in size is offered PBIs consistent with the proposed Uniform Credit Purchase Program ("UCPP"). For residential solar water heating systems, the Cooperatives would continue to provide a rebate of \$0.75 per kWh of energy saved during the system's first year of operation, based on the OG-300 ratings of the Solar Rating and Certification Corporation. After accounting for and applying all federal and state incentives, the customer contribution to the solar water heating project cost would not be less than 15 percent of the total project cost.

According to the AEPCO 2010 Restated REST Plan, the Cooperatives would continue to offer the following renewable technologies: Biomass, Biogas, Daylighting, and Solar Space Cooling. The rebate for the Daylighting program would be \$0.20 per kWh saved during the first year. The Biomass, Biogas, and Solar Space Cooling programs would offer PBIs paid for RECs over a 20-year period based on actual measured output. The following incentives would be applied to the Biomass/Biogas technologies: \$0.054 per kWh for electric generation, \$0.031 per kWh for CHP-electric, \$0.016 per kWh for CHP-thermal, \$0.013 per kWh for thermal, and \$0.029 per kWh for cooling. The Solar Cooling PBIs would be for 20 years at \$0.115 per measured kWh. In addition, AEPCO has proposed to offer the following PBIs for Geothermal

technology: \$0.022 per kWh for geothermal-electric and \$0.043 per kWh for geothermal-thermal. The Geothermal program would offer PBIs paid for RECs over a 20-year period based on actual measured output.

Table 1 below illustrates the incentive levels provided for each technology proposed in AEPCO's 2010 Restated REST Plan.

Table 1

Technology	UFIs	PBIs
Solar Electric	\$3.00 per watt up to 10 kW	\$0.14 (max) per kWh over 10 yrs (over 10 kW)
Small Wind	\$3.00 per watt up to 10 kW	\$0.14 (max) per kWh over 10 yrs (over 10 kW)
Solar Water Heating	\$0.75 per kWh for first year savings	
Solar Daylighting	\$0.20 per kWh for first year savings	
Geothermal -Electric -Thermal		\$0.022 per kWh over 20 yrs \$0.043 per kWh over 20 yrs
Biogas/Biomass -Electric -Thermal -Cooling -CHP-Electric -CHP-Thermal		\$0.054 per kWh over 20 yrs \$0.013 per kWh over 20 yrs \$0.029 per kWh over 20 yrs \$0.031 per kWh over 20 yrs \$0.016 per kWh over 20 yrs
Solar space Cooling		\$0.115 per kWh over 20 yrs

According to AEPCO, the Cooperatives generally follow the program process guidelines of the UCPP working group recommendations. Staff recommends that, if the Commission approves a UCPP, that AEPCO and the participating Cooperatives should be required to develop a mechanism to incorporate UCPP procedures and incentive levels for all eligible technologies in its proposed REST Plans for later years. To the extent that AEPCO believes that different incentive levels than those of the UCPP are justified, particularly in remote, rural areas, AEPCO could develop such proposals.

The AEPCO 2010 Restated REST Plan indicated that any allocated funds not used in a particular year would be carried over to the following year and may be used in subsequent years to support any REST program. Staff believes that AEPCO should be able to transfer any allocated funds not used by a particular program to any other program during the Implementation Plan year.

The following larger distributed generation projects are currently under consideration for rebate support:

Solar Plant-Tucson-AEPCO, Trico and the City of Tucson Water Department are working together to develop a 1 MW PV Plant in the Avra Valley area northwest of Tucson.

The Cooperatives have agreed to purchase the RECs generated by the facility. Currently, the Cooperatives and Tucson Water are working on a REC purchase agreement.

Wilcox Greenhouse Geothermal-The Cooperatives, in cooperation with Sulphur Springs Valley Electric Cooperative, Inc., are evaluating a potential geothermal project located in the Wilcox area. If built, the project could produce as much as 1.5 MW of RECs.

The SunWatts Large-Scale Purchase Power Contract Program & Generating Program

The large-scale Generating Program would have the Cooperatives, as a group or in partnership with others, install and assist in the development of large-scale renewable resources either through purchase power agreements or by the construction of utility owned resources. AEPCO and the Cooperatives continue to issue Request for Proposals ("RFPs") to seek large-scale renewable proposals. In addition, AEPCO has indicated that the resources being considered are not expected to develop before 2012. Therefore, the Cooperatives are not anticipating any large-scale expenditures in 2010.

SunWatts PV for Schools Program

The Cooperatives propose to reward at least one school a 5 kW PV system at no cost to the school. The school would be located either in or near a Cooperative's service area and will be chosen after a competitive application process. AEPCO indicated that the budget for this program would not exceed \$30,000, a decrease from the current budget of \$180,000. In addition, the Cooperatives are discussing a possible partnership with the Schools Facilities Board in 2010. According to AEPCO, such a partnership would allow the Cooperatives to leverage budgeted money for this program with stimulus money allocated to the schools to provide additional PV support for the schools.

SunWatts Habitat for Humanity Program

The AEPCO 2010 Restated REST Plan would continue AEPCO's partnership with Habitat for Humanity to offer renewable energy options to low-income housing in a participating Cooperative's service area. However, AEPCO has indicated that there are no Habitat for Humanity homes planned for completion, and the Cooperatives do not anticipate any Habitat for Humanity Homes to be completed in a Cooperative's service territory for the 2010 plan year. Therefore, there has not been a budget allocated for this program in 2010 due to the shortage of funds experienced from the Cooperatives. AEPCO further states that should a Habitat for Humanity home be completed, the Cooperatives will work to support the project.

SunWatts Educational Grant Program

The Cooperatives would continue to offer teachers in each Cooperative's service territory an education grant of no more than \$5,000, per service territory. A maximum of \$15,000 will be

granted to teachers for the development of renewable curricula for the classroom. In addition, the Cooperatives will continue to support Arizona Utilities for Renewable Energy Education ("AZURE") in partnership with other utilities to develop renewable education materials for teachers in Arizona.

Administrative, Advertising, and Research and Development

According to the new budget stated in its 2010 Restated REST Plan, AEPCO has allocated approximately \$240,000, or fifteen percent (15%) of the total funds collected on administrative, advertising, and R&D expenses. The participating Cooperatives have jointly developed and executed a plan for advertising and promotion of the SunWatts programs. In addition, AEPCO has indicated that no R&D is scheduled for 2010. However, R&D funds will be used to support the Cooperatives' membership in the University of Arizona's AZRise Consortium.

Budget

AEPCO initially expected to collect \$1,700,000 from the REST surcharge in 2010. However, in its 2010 Restated REST Plan, AEPCO has indicated that \$1,624,349, rather than \$1,700,000, is expected to be collected. AEPCO has indicated that the Cooperatives do not anticipate any surplus funding to be carried over from 2009 or previous years that will assist in funding the 2010 REST Budget.

Table 2 below indicates the REST funds AEPCO estimates that would be collected in 2010 by each Cooperative in association with the 2010 Restated REST Plan:

Table 2

	Duncan Valley	Graham County	Trico	Total
Residential	\$34,700	\$161,912	\$859,316	\$1,055,928
Non-Residential	\$35,500	\$136,490	\$288,344	\$460,334
Government/Agricultural	\$5,400	\$16,905	\$85,782	\$108,087
Totals	\$75,600	\$315,307	\$1,233,442	\$1,624,349

However, each Cooperative has provided Staff with the following estimated REST funds collected from each customer class which are indicated in table 3 below. With the information provided by each Cooperative, the estimated total is \$1,626,653. There is a difference of \$2,304 in the revised estimated budget provided by AEPCO and the information provided by the Cooperatives.

Table 3

	Duncan Valley	Graham County	Trico	Total
Residential	\$34,783	\$160,145	\$859,316	\$1,054,244
Non-Residential	\$35,788	\$122,609	\$288,344	\$446,741
Government/Agricultural	\$5,426	\$34,460	\$85,782	\$125,668
Totals	\$75,997	\$317,214	\$1,233,442	1,626,653

Table 4 below indicates AEPCO's estimated REST budget needed in order to meet the REST requirements for 2010:

Table 4

Category	\$ Amount of Total Budget
Rebate Program	\$1,339,349
---Residential Distributed Generation	\$1,033,349
---Commercial Distributed Generation	\$150,000
---LS*Commercial Distributed Generation	\$156,000
LS*Purchase Power & Generation Program	\$0
Habitat for Humanity Program	\$0
Educational Grant Program	\$15,000
School PV Program	\$30,000
Administration, Advertising, and R&D	\$240,000
Total	\$ 1,624,349

*LS=Large Scale

Tariffs

In its application, AEPCO stated that the funding from the Cooperatives in previous years will almost be exhausted by the end of 2009. Staff was later informed that the Cooperatives have in fact exhausted the funds for the Rebate Program. The participating Cooperatives have each filed new RES Tariffs, for Commission approval, in conjunction with the AEPCO 2010 Restated REST Plan.

AEPCO's Response to Chairman Mayes' Letter Regarding Solar Mapping

On April 20, 2009, Chairman Mayes wrote a letter to several of Arizona's regulated electric utilities, including AEPCO, regarding the development of a solar map in Arizona. Chairman Mayes requested that the utilities prepare, as part of their 2010 RES Implementation Plans or pending rate cases, for the Commission's consideration, a proposal for building and funding a solar map of Arizona.

In its 2010 REST Plan, AEPCO includes its response to Chairman Mayes' letter. AEPCO indicated that the Cooperatives recommend a multi-utility approach to developing a solar map of Arizona. The costs of such a project would be proportionally shared, based on utility size, between all interested parties. In addition, in an effort to streamline processes, the Cooperatives recommend the study and utilization of information from other similar state

projects. AEPCO states that because the Cooperatives' service territories are mainly comprised of low-density residential or rural areas there is no real benefit to identifying high-density commercial or congestion zones. In addition, AEPCO states that with the increased tax credits and generous incentives the Cooperatives already provide there would be no need to provide heightened rebates for early adopters of the REST Program or those who adopt solar technology on a large scale basis. Further, AEPCO indicates that the Cooperatives would develop a program that would encourage the deployment of solar technology on multifamily buildings and community centers. The program would offer developers of multifamily buildings a performance incentive based on the actual metered output of all the solar meters. The incentives paid would be based on the UCPP incentives.

Response to American Solar Electric, Inc.

On September 15, 2009, American Solar Electric, Inc. ("ASE") filed a letter in this docket expressing several concerns it had with the 2010 REST Plan filed by AEPCO and specifically Trico's administration of the Rebate Program. According to ASE, it has a considerable customer base in Trico's service territory. As of the date of the ASE's letter, ASE indicated that it has twenty-four residential customer contracts at varying stages of completion which represent 150 kW of residential PV capacity.

ASE's letter also addresses its concerns with Trico's reservation process and AEPCO's compliance with A.A.C. R14-2-1804 and R14-2-1805 of the REST Rules. Staff notes that A.A.C. R14-2-1814 substitutes for R14-2-1804 and R14-2-1805 upon Commission approval of an electric cooperative's REST Plan. First, ASE's letter stated that under Trico's current process, a customer must submit the request for a reservation, a signed contract, building permit, system design schematic, and the application for interconnection, all in one package, without guarantee that funds have been reserved. Second, ASE's letter indicated that Trico does not provide adequate notice to customers regarding the status of a project approval.

ASE's letter further indicates that Trico's website indicated that the "SunWatts Program was out of money and would no longer be accepting reservations for incentives for the remainder of 2009." However, appendix 1 and 2 of ASE's letter which are printed pages from Trico's website do not indicate that Trico "would no longer be accepting reservations for incentives for the remainder of 2009." Trico's website indicated that "...rebate funds for 2009 have been exhausted. Trico's rebate program is suspended until additional rebate monies are available." Staff understands this statement to explain that Trico is currently unable to provide incentives due to the lack of available funding for the Rebate Program. Staff does not believe that Trico's website indicated that it would no longer be accepting reservations for incentives. Trico has since revised its website to indicate that although funds have been exhausted, Trico is accepting reservations and the website provides an email address for questions (see attachments 1 and 2).

According to AEPCO, although each Cooperative's process may vary slightly, the Cooperatives follow the general outline of the UCPP. AEPCO has indicated that after a customer submits an enrollment form to the Cooperative, it is evaluated and determined if the

requested project is eligible and if the enrollment form is complete with the required information. If it is determined that a project is not eligible or an enrollment form is in some way deficient, the Cooperative then notifies the customer of the application status and allows them to resubmit the necessary materials. If the enrollment form is sufficient and the project is eligible, it is then put on the Cooperative's reservation list (which has only recently been implemented due to the shortage of funds). All projects put on the reservation list would be funded in the order they were put on the list as additional funding becomes available. A customer is then notified if their project has been placed on the reservation list and informed that they must complete an interconnection agreement, submit a system schematic, provide copies of the project estimate, and supply all permits within sixty days of the project being accepted. Once a system is installed, it is inspected by the Cooperative and interconnection verified. Finally, once a system passes inspections, the Cooperative processes the incentive, pending funding availability.

AEPCO has further indicated that projects eligible for PBIs also submit an enrollment form which is evaluated in the same manner as those projects eligible for UFIs. With projects eligible for PBIs, however, once these projects are accepted by the Cooperative, the project is then put in a queue to compete against other projects in a competitive process. Projects are evaluated on a quarterly basis and are supported until funds for that period are no longer available.

Finally, ASE's letter makes the following recommendations regarding Trico's reservation process:

1. Trico's reservation process should make changes to conform to Arizona Public Service Company's ("APS") process: only a reservation request, signed contract or quote, and document assigning payment to the installer should be required in order to reserve incentive funds for the project;
2. Trico should allow the customer the option to assign the SunWatts credit purchase payment to the installer, rather than paying the customer directly;
3. Within 5 business days of receipt of a reservation request, Trico should provide the installer and customer with a confirmation notice that funds are reserved;
4. Within 10 business days of receipt of an interconnection application and system design schematic, Trico should provide the installer and customer a written notice of application status or a written Utility Design Approval ("UDA") letter;
5. Within 5 business days of receipt of Authority Having Jurisdiction ("AHJ") clearance, Trico should provide the installer and customer a written notice with a schedule for system commissioning and meter swap; and
6. Trico should publish a quarterly REST compliance report modeled on the APS Quarterly Compliance Report.

Staff believes that the Cooperatives' reservation process described above is appropriate and does not believe the recommendations proposed by ASE are necessary. The reservation process has only recently been implemented due to the shortage of funds. However, Staff does agree that the Cooperatives should allow customers the option to assign the incentive payments to the installer, if they so choose. Staff notes that according to the Cooperatives, Duncan Valley does allow customers the option to assign incentive payments to the installer.

Staff's Review of the AEPCO 2010 Restated REST Plan

Staff believes the SunWatts Green Energy Purchase Program should be continued without change. Customers who volunteer to purchase renewable energy would continue to see the specific amount of energy their contributions are supporting.

Staff has reviewed the SunWatts Residential and Commercial Rebate Program. The 2010 SunWatts Residential and Commercial Rebate Program has incorporated Staff's recommendations that were approved in Decision No. 70655. In addition, the Rebate Program has decreased the incentives for PV and small wind systems, as specified above. Staff believes that the decrease in incentives for systems eligible for UFIs is appropriate at this time and will help the Cooperatives support more systems with the 2010 funds. Further, AEPCO has included incentives for geothermal technology. AEPCO has also increased the available rebate fund amount to \$1,339,349 or approximately 82 percent of the total 2010 Restated REST Budget. AEPCO has committed to reserving one half of the surcharge funds collected for the Residential and Commercial Rebate Program. Further, AEPCO has proposed a \$7.50 per watt invoice cap for PV and wind systems eligible for PBIs and has proposed a decrease in the incentive levels for systems eligible for PBIs. The Cooperatives have only recently begun to receive requests for PBI eligible installations and have not had sufficient experience with PBI eligible installations. Staff believes that the PBIs currently offered should remain in effect until further order of the Commission. Therefore, Staff does not believe that the proposed \$7.50 per watt invoice cap nor the lowered incentive levels for systems eligible for PBIs is in the public interest at this time.

Staff has reviewed the SunWatts Large-Scale Purchase Power & Generation Program and believes it should be approved without change. The AEPCO SunWatts Large-Scale Purchase Power Contract & Generation Program has the potential to significantly reduce the cost of renewable energy by installing and operating utility-sized renewable generating units. Staff believes the two potential projects, the Solar Plant-Tucson and the Wilcox Greenhouse Geothermal, should be approved without change.

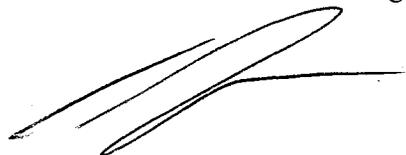
AEPCO is continuing its PV for Schools Program and has decreased the budget by \$150,000, from last year's plan, to a maximum of \$30,000. In addition, AEPCO will not have a budget for its Habitat for Humanity Program which had a budget maximum of \$50,000 in its 2009 REST Plan. AEPCO has stated that should there be any plans for a Habitat for Humanity home to be completed in the Cooperatives' service territories in 2010, the funds would come from the Rebate Program. Further, AEPCO will continue its Educational Grant Program with a maximum budget of \$15,000 (\$5,000 per service territory). Staff believes the PV for Schools

Program, Habitat for Humanity Program, and Educational Grant Program that are included in AEPCO's 2010 Restated REST Plan should be approved without change.

Staff believes that the AEPCO's proposed budget of \$1,624,349 for 2010 is appropriate and will assist in meeting the REST Rules requirements.

Staff Recommendations

Staff has reviewed the AEPCO 2010 Restated REST Plan and Staff believes that the AEPCO 2010 Restated REST Plan will help the participating Cooperatives meet the requirements of the REST Rules. Staff recommends approval of the plan as specified herein. In addition, Staff recommends that the Commission approve AEPCO's proposed budget of \$1,624,349. Staff believes that the estimated total to be collected by the Cooperatives will help AEPCO meet its 2010 budget.



Steven M. Olea
Director
Utilities Division

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ORIGINATOR: Candrea Allen

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BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES
Chairman
GARY PIERCE
Commissioner
PAUL NEWMAN
Commissioner
SANDRA D. KENNEDY
Commissioner
BOB STUMP
Commissioner

IN THE MATTER OF ARIZONA ELECTRIC
POWER COOPERATIVE, INC.
APPLICATION FOR APPROVAL OF THE
2010 RENEWABLE ENERGY STANDARD
AND TARIFF PLAN

DOCKET NO. E-01773A-09-0335
DECISION NO. _____
ORDER

Open Meeting
December 15 and 16, 2009
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Arizona Electric Cooperative, Inc. ("AEPSCO") and its Arizona member distribution cooperatives are certificated to provide electricity as public service corporations in the state of Arizona.

Background

2. On June 30, 2009, AEPSCO filed the 2010 Renewable Energy Standard and Tariff ("REST") Plan on behalf of three of its Arizona member distribution cooperatives in compliance with Arizona Administrative Code ("A.A.C.") R14-2-1801 through R14-2-1816. On November 6, 2009, AEPSCO filed its Amended and Restated 2010 REST Plan ("2010 Restated REST Plan") on behalf of three of its Arizona member distribution cooperatives. The three distribution cooperatives are Duncan Valley Electric Cooperative, Inc. ("Duncan Valley"), Graham County Electric Cooperative, Inc. ("Graham County"), and Trico Electric Cooperative, Inc. ("Trico").

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1 installed in the participating Cooperatives' service territories.¹ There is a total amount of 330 kW
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20 the system, for systems up to 10 kW in size. The Cooperatives will own all the Renewable Energy
21 Credits (“RECs”) from a project receiving UFIs for its operational life.

22 10. In addition, PV and wind systems eligible for Production Based Incentives
23 (“PBIs”) will be subject to a \$7.50 per watt invoice cap. If an invoice for a residential or
24 commercial project exceeds the \$7.50 per watt cap, the incentive will then be calculated based on a
25 total system cost reflecting the \$7.50 per watt cap.

26 11. The Cooperatives would provide PBIs of no more than \$.14 per kWh for PV and
27 small wind systems greater than 10 kW in size, up to fifty percent (50%) of the total project cost.
28 PBI incentives would be available for a term of up to 25 years but may be limited to the expected

1 operational life of the specific technology. In addition, the Cooperatives will own all of the RECs
2 from the project receiving PBIs for the term of the REC agreement. Further, systems eligible for
3 PBIs will be subject to a competitive selection process, resulting in the most cost-effective projects
4 receiving a rebate.

5 12. Projects eligible for PBIs will be competitively selected on a quarterly to
6 semiannual basis. If a project is not selected, the applicant is then informed of the project's status
7 and given an opportunity to resubmit the project for consideration during the next selection
8 process. In addition, AEPCO stated that the Cooperatives reserve the right to negotiate the PBI
9 agreement based on current market conditions in order to obtain the most competitive priced
10 RECs. According to AEPCO, projects that are one megawatt ("MW") or greater would not be
11 eligible for the incentives outlined below in Table 1, but instead would be negotiated on a per-
12 project basis relative to market conditions.

13 13. According to AEPCO, projects would received a rebate on a first-come first-serve
14 basis until funding is no longer available. Systems which have been approved but have not yet
15 received a rebate due to lack of funding would be placed on a reservation list until additional
16 funding becomes available. Once funding becomes available, rebates would be paid following a
17 final inspection of the system. Installations are required to be performed by licensed renewable
18 energy contractors, electricians, or plumbers (in the case of solar water heaters). The Cooperatives
19 may permit self-installations only if the installation has been inspected and verified by a licensed
20 contractor.

21 14. Currently, the Cooperatives pay UFIs of \$4.00 per installed watt, up to 50 percent
22 (50%) of the total cost of the system, for systems up to 25 kW in size; \$3.00 per installed watt, up
23 to 50 percent (50%) of the total cost of the system, for systems from 25.1 kW to 50 kW in size;
24 and any PV or small wind system greater than 50kW in size is offered PBIs consistent with the
25 proposed Uniform Credit Purchase Program ("UCPP"). For residential solar water heating
26 systems, the Cooperatives would continue to provide a rebate of \$0.75 per kWh of energy saved
27 during the system's first year of operation, based on the OG-300 ratings of the Solar Rating and
28 Certification Corporation. After accounting for and applying all federal and state incentives, the

1 customer contribution to the solar water heating project cost would not be less than 15 percent of
2 the total project cost.

3 15. According to the AEPCO 2010 Restated REST Plan, the Cooperatives would
4 continue to offer the following renewable technologies: Biomass, Biogas, Daylighting, and Solar
5 Space Cooling. The rebate for the Daylighting program would be \$0.20 per kWh saved during the
6 first year. The Biomass, Biogas, and Solar Space Cooling programs would offer PBIs paid for
7 RECs over a 20-year period based on actual measured output. The following incentives would be
8 applied to the Biomass/Biogas technologies: \$0.054 per kWh for electric generation, \$0.031 per
9 kWh for CHP-electric, \$0.016 per kWh for CHP-thermal, \$0.013 per kWh for thermal, and \$0.029
10 per kWh for cooling. The Solar Cooling PBIs would be for 20 years at \$0.115 per measured kWh.
11 In addition, AEPCO has proposed to offer the following PBIs for Geothermal technology: \$0.022
12 per kWh for geothermal-electric and \$0.043 per kWh for geothermal-thermal. The Geothermal
13 program would offer PBIs paid for RECs over a 20-year period based on actual measured output.

14 16. Table 1 below illustrates the incentive levels provided for each technology
15 proposed in AEPCO's 2010 Restated REST Plan.

16 **Table 1**

Technology	UFIs	PBIs
Solar Electric	\$3.00 per watt up to 10 kW	\$0.14 (max) per kWh over 10 yrs (over 10 kW)
Small Wind	\$3.00 per watt up to 10 kW	\$0.14 (max) per kWh over 10 yrs (over 10 kW)
Solar Water Heating	\$0.75 per kWh for first year savings	
Solar Daylighting	\$0.20 per kWh for first year savings	
Geothermal -Electric -Thermal		\$0.022 per kWh over 20 yrs \$0.043 per kWh over 20 yrs
Biogas/Biomass -Electric -Thermal -Cooling -CHP-Electric -CHP-Thermal		\$0.054 per kWh over 20 yrs \$0.013 per kWh over 20 yrs \$0.029 per kWh over 20 yrs \$0.031 per kWh over 20 yrs \$0.016 per kWh over 20 yrs
Solar space Cooling		\$0.115 per kWh over 20 yrs

25 17. According to AEPCO, the Cooperatives generally follow the program process
26 guidelines of the UCPP working group recommendations. Staff recommends that, if the
27 Commission approves a UCPP, that AEPCO and the participating Cooperatives should be required
28 to develop a mechanism to incorporate UCPP procedures and incentive levels for all eligible

1 technologies in its proposed REST Plans for later years. To the
2 extent that AEPCO believes that different incentive levels than those of the UCPP are justified,
3 particularly in remote, rural areas, AEPCO could develop such proposals.

4 18. The AEPCO 2010 Restated REST Plan indicated that any allocated funds not used
5 in a particular year would be carried over to the following year and may be used in subsequent
6 years to support any REST program. Staff believes that AEPCO should be able to transfer any
7 allocated funds not used by a particular program to any other program during the Implementation
8 Plan year.

9 19. The following larger distributed generation projects are currently under
10 consideration for rebate support:

11 Solar Plant-Tucson-AEPCO, Trico and the City of Tucson Water Department are working
12 together to develop a 1 MW PV Plant in the Avra Valley area northwest of Tucson. The
13 Cooperatives have agreed to purchase the RECs generated by the facility. Currently, the
14 Cooperatives and Tucson Water are working on a REC purchase agreement.

15 Wilcox Greenhouse Geothermal-The Cooperatives, in cooperation with Sulphur Springs
16 Valley Electric Cooperative, Inc., are evaluating a potential geothermal project located in
17 the Wilcox area. If built, the project could produce as much as 1.5 MW of RECs.

18 **The SunWatts Large-Scale Purchase Power Contract Program & Generating**
19 **Program**

20 20. The large-scale Generating Program would have the Cooperatives, as a group or in
21 partnership with others, install and assist in the development of large-scale renewable resources
22 either through purchase power agreements or by the construction of utility owned resources.
23 AEPCO and the Cooperatives continue to issue Request for Proposals ("RFPs") to seek large-scale
24 renewable proposals. In addition, AEPCO has indicated that the resources being considered are
25 not expected to develop before 2012. Therefore, the Cooperatives are not anticipating any large-
26 scale expenditures in 2010.

27 **SunWatts PV for Schools Program**

28 21. The Cooperatives propose to reward at least one school a 5 kW PV system at no
cost to the school. The school would be located either in or near a Cooperative's service area and
will be chosen after a competitive application process. AEPCO indicated that the budget for this

1 program would not exceed \$30,000, a decrease from the current budget of \$180,000. In addition,
2 the Cooperatives are discussing a possible partnership with the Schools Facilities Board in 2010.
3 According to AEPCO, such a partnership would allow the Cooperatives to leverage budgeted
4 money for this program with stimulus money allocated to the schools to provide additional PV
5 support for the schools.

6 **SunWatts Habitat for Humanity Program**

7 22. The AEPCO 2010 Restated REST Plan would continue AEPCO's partnership with
8 Habitat for Humanity to offer renewable energy options to low-income housing in a participating
9 Cooperative's service area. However, AEPCO has indicated that there are no Habitat for
10 Humanity homes planned for completion, and the Cooperatives do not anticipate any Habitat for
11 Humanity Homes to be completed in a Cooperative's service territory for the 2010 plan year.
12 Therefore, there has not been a budget allocated for this program in 2010 due to the shortage of
13 funds experienced from the Cooperatives. AEPCO further states that should a Habitat for
14 Humanity home be completed, the Cooperatives will work to support the project.

15 **SunWatts Educational Grant Program**

16 23. The Cooperatives would continue to offer teachers in each Cooperative's service
17 territory an education grant of no more than \$5,000, per service territory. A maximum of \$15,000
18 will be granted to teachers for the development of renewable curricula for the classroom. In
19 addition, the Cooperatives will continue to support Arizona Utilities for Renewable Energy
20 Education ("AZURE") in partnership with other utilities to develop renewable education materials
21 for teachers in Arizona.

22 **Administrative, Advertising, and Research and Development**

23 24. According to the new budget stated in its 2010 Restated REST Plan, AEPCO has
24 allocated approximately \$240,000, or fifteen percent (15%) of the total funds collected on
25 administrative, advertising, and R&D expenses. The participating Cooperatives have jointly
26 developed and executed a plan for advertising and promotion of the SunWatts programs. In
27 addition, AEPCO has indicated that no R&D is scheduled for 2010. However, R&D funds will be
28 used to support the Cooperatives' membership in the University of Arizona's AZRise Consortium.

Budget

25. AEPCO initially expected to collect \$1,700,000 from the REST surcharge in 2010. However, in its 2010 Restated REST Plan, AEPCO has indicated that \$1,624,349, rather than \$1,700,000, is expected to be collected. AEPCO has indicated that the Cooperatives do not anticipate any surplus funding to be carried over from 2009 or previous years that will assist in funding the 2010 REST Budget.

26. Table 2 below indicates the REST funds AEPCO estimates that would be collected in 2010 by each Cooperative in association with the 2010 Restated REST Plan:

Table 2

	Duncan Valley	Graham County	Trico	Total
Residential	\$34,700	\$161,912	\$859,316	\$1,055,928
Non-Residential	\$35,500	\$136,490	\$288,344	\$460,334
Government/Agricultural	\$5,400	\$16,905	\$85,782	\$108,087
Totals	\$75,600	\$315,307	\$1,233,442	\$1,624,349

27. However, each Cooperative has provided Staff with the following estimated REST funds collected from each customer class which are indicated in Table 3 below. Staff believes that the information provided by the Cooperatives is a more up-to-date and accurate estimate of the funds to be collected. With the information provided by each Cooperative, the estimated total is \$1,626,653. There is a difference of \$2,304 in the revised estimated budget provided by AEPCO and the information provided by the Cooperatives.

Table 3

	Duncan Valley	Graham County	Trico	Total
Residential	\$34,783	\$160,145	\$859,316	\$1,054,244
Non-Residential	\$35,788	\$122,609	\$288,344	\$446,741
Government/Agricultural	\$5,426	\$34,460	\$85,782	\$125,668
Totals	\$75,997	\$317,214	\$1,233,442	1,626,653

28. Table 4 below indicates AEPCO's estimated REST budget needed in order to meet the REST requirements for 2010:

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Table 4

Category	\$ Amount of Total Budget
Rebate Program	\$1,339,349
---Residential Distributed Generation	\$1,033,349
---Commercial Distributed Generation	\$150,000
---LS*Commercial Distributed Generation	\$156,000
LS*Purchase Power & Generation Program	\$0
Habitat for Humanity Program	\$0
Educational Grant Program	\$15,000
School PV Program	\$30,000
Administration, Advertising, and R&D	\$240,000
Total	\$ 1,624,349

*LS=Large Scale

Tariffs

29. In its application, AEPCO stated that the funding from the Cooperatives in previous years will almost be exhausted by the end of 2009. Staff was later informed that the Cooperatives have in fact exhausted the funds for the Rebate Program. The participating Cooperatives have each filed new RES Tariffs, for Commission approval, in conjunction with the AEPCO 2010 Restated REST Plan.

AEPCO's Response to Chairman Mayes' Letter Regarding Solar Mapping

30. On April 20, 2009, Chairman Mayes wrote a letter to several of Arizona's regulated electric utilities, including AEPCO, regarding the development of a solar map in Arizona. Chairman Mayes requested that the utilities prepare, as part of their 2010 RES Implementation Plans or pending rate cases, for the Commission's consideration, a proposal for building and funding a solar map of Arizona.

31. In its 2010 REST Plan, AEPCO includes its response to Chairman Mayes' letter. AEPCO indicated that the Cooperatives recommend a multi-utility approach to developing a solar map of Arizona. The costs of such a project would be proportionally shared, based on utility size, between all interested parties. In addition, in an effort to streamline processes, the Cooperatives recommend the study and utilization of information from other similar state projects. AEPCO states that because the Cooperatives' service territories are mainly comprised of low-density residential or rural areas there is no real benefit to identifying high-density commercial or congestion zones.

...

1 32. In addition, AEPCO states that with the increased tax credits and generous
2 incentives the Cooperatives already provide there would be no need to provide heightened rebates
3 for early adopters of the REST Program or those who adopt solar technology on a large scale basis.
4 Further, AEPCO indicates that the Cooperatives would develop a program that would encourage
5 the deployment of solar technology on multifamily buildings and community centers. The
6 program would offer developers of multifamily buildings a performance incentive based on the
7 actual metered output of all the solar meters. The incentives paid would be based on the UCPP
8 incentives.

9 **Response to American Solar Electric, Inc.**

10 33. On September 15, 2009, American Solar Electric, Inc. ("ASE") filed a letter in this
11 docket expressing several concerns it had with the 2010 REST Plan filed by AEPCO and
12 specifically Trico's administration of the Rebate Program. According to ASE, it has a
13 considerable customer base in Trico's service territory. As of the date of the ASE's letter, ASE
14 indicated that it has twenty-four residential customer contracts at varying stages of completion
15 which represent 150 kW of residential PV capacity.

16 34. ASE's letter also addresses its concerns with Trico's reservation process and
17 AEPCO's compliance with A.A.C. R14-2-1804 and R14-2-1805 of the REST Rules. Staff notes
18 that A.A.C. R14-2-1814 substitutes for R14-2-1804 and R14-2-1805 upon Commission approval
19 of an electric cooperative's REST Plan. First, ASE's letter stated that under Trico's current
20 process, a customer must submit the request for a reservation, a signed contract, building permit,
21 system design schematic, and the application for interconnection, all in one package, without
22 guarantee that funds have been reserved. Second, ASE's letter indicated that Trico does not
23 provide adequate notice to customers regarding the status of a project approval.

24 35. ASE's letter further indicates that Trico's website indicated that the "SunWatts
25 Program was out of money and would no longer be accepting reservations for incentives for the
26 remainder of 2009." However, appendix 1 and 2 of ASE's letter which are printed pages from
27 Trico's website do not indicate that Trico "would no longer be accepting reservations for
28 incentives for the remainder of 2009." Trico's website indicated that "...rebate funds for 2009

1 have been exhausted. Trico's rebate program is suspended until additional rebate monies are
2 available." Staff understands this statement to explain that Trico is currently unable to provide
3 incentives due to the lack of available funding for the Rebate Program.

4 36. Staff does not believe that Trico's website indicated that it would no longer be
5 accepting reservations for incentives. Trico has since revised its website to indicate that although
6 funds have been exhausted, Trico is accepting reservations and the website provides an email
7 address for questions (see attachments 1 and 2).

8 37. According to AEPCO, although each Cooperative's process may vary slightly, the
9 Cooperatives follow the general outline of the UCPP. AEPCO has indicated that after a customer
10 submits an enrollment form to the Cooperative, it is evaluated and determined if the requested
11 project is eligible and if the enrollment form is complete with the required information. If it is
12 determined that a project is not eligible or an enrollment form is in some way deficient, the
13 Cooperative then notifies the customer of the application status and allows them to resubmit the
14 necessary materials. If the enrollment form is sufficient and the project is eligible, it is then put on
15 the Cooperative's reservation list (which has only recently been implemented due to the shortage
16 of funds). All projects put on the reservation list would be funded in the order they were put on
17 the list as additional funding becomes available.

18 38. A customer is then notified if their project has been placed on the reservation list
19 and informed that they must complete an interconnection agreement, submit a system schematic,
20 provide copies of the project estimate, and supply all permits within sixty days of the project being
21 accepted. Once a system is installed, it is inspected by the Cooperative and interconnection
22 verified. Finally, once a system passes inspections, the Cooperative processes the incentive,
23 pending funding availability.

24 39. AEPCO has further indicated that projects eligible for PBIs also submit an
25 enrollment form which is evaluated in the same manner as those projects eligible for UFI's. With
26 projects eligible for PBIs, however, once these projects are accepted by the Cooperative, the
27 project is then put in a queue to compete against other projects in a competitive process. Projects
28 ...

1 are evaluated on a quarterly basis and are supported until funds for that period are no longer
2 available.

3 40. Finally, ASE's letter makes the following recommendations regarding Trico's
4 reservation process:

- 5 a. Trico's reservation process should make changes to conform to Arizona Public
6 Service Company's ("APS") process: only a reservation request, signed
7 contract or quote, and document assigning payment to the installer should be
8 required in order to reserve incentive funds for the project;
- 9 b. Trico should allow the customer the option to assign the SunWatts credit
10 purchase payment to the installer, rather than paying the customer directly;
- 11 c. Within 5 business days of receipt of a reservation request, Trico should
12 provide the installer and customer with a confirmation notice that funds are
13 reserved;
- 14 d. Within 10 business days of receipt of an interconnection application and
15 system design schematic, Trico should provide the installer and customer a
16 written notice of application status or a written Utility Design Approval
17 (UDA) letter;
- 18 e. Within 5 business days of receipt of Authority Having Jurisdiction ("AHJ")
19 clearance, Trico should provide the installer and customer a written notice with
20 a schedule for system commissioning and meter swap; and
- 21 f. Trico should publish a quarterly REST compliance report modeled on the APS
22 Quarterly Compliance Report.

23 41. Staff believes that the Cooperatives' reservation process described above is
24 appropriate and does not believe the recommendations proposed by ASE are necessary. The
25 reservation process has only recently been implemented due to the shortage of funds. However,
26 Staff does agree that the Cooperatives should allow customers the option to assign the incentive
27 payments to the installer, if they so choose. Staff notes that according to the Cooperatives, Duncan
28 Valley does allow customers the option to assign incentive payments to the installer.

Staff's Review of the AEPCO 2010 Restated REST Plan

42. Staff believes the SunWatts Green Energy Purchase Program should be continued
without change. Customers who volunteer to purchase renewable energy would continue to see
the specific amount of energy their contributions are supporting.

43. Staff has reviewed the SunWatts Residential and Commercial Rebate Program. The
2010 SunWatts Residential and Commercial Rebate Program has incorporated Staff's

1 recommendations that were approved in Decision No. 70655. In addition, the Rebate Program has
2 decreased the incentives for PV and small wind systems, as specified above. Staff believes that the
3 decrease in incentives for systems eligible for UFIs is appropriate at this time and will help the
4 Cooperatives support more systems with the 2010 funds. Further, AEPCO has included incentives
5 for geothermal technology. AEPCO has also increased the available rebate fund amount to
6 \$1,339,349 or approximately 82 percent of the total 2010 Restated REST Budget. AEPCO has
7 committed to reserving one half of the surcharge funds collected for the Residential and
8 Commercial Rebate Program.

9 44. Further, AEPCO has proposed a \$7.50 per watt invoice cap for PV and wind
10 systems eligible for PBIs and has proposed a decrease in the incentive levels for systems eligible
11 for PBIs. The Cooperatives have only recently begun to receive requests for PBI eligible
12 installations and have not had sufficient experience with PBI eligible installations. Staff believes
13 that the PBIs currently offered should remain in effect until further order of the Commission.
14 Therefore, Staff does not believe that the proposed \$7.50 per watt invoice cap nor the lowered
15 incentive levels for systems eligible for PBIs is in the public interest at this time.

16 45. Staff has reviewed the SunWatts Large-Scale Purchase Power & Generation
17 Program and believes it should be approved without change. The AEPCO SunWatts Large-Scale
18 Purchase Power Contract & Generation Program has the potential to significantly reduce the cost
19 of renewable energy by installing and operating utility-sized renewable generating units. Staff
20 believes the two potential projects, the Solar Plant-Tucson and the Wilcox Greenhouse
21 Geothermal, should be approved without change.

22 46. AEPCO is continuing its PV for Schools Program and has decreased the budget by
23 \$150,000, from last year's plan, to a maximum of \$30,000. In addition, AEPCO will not have a
24 budget for its Habitat for Humanity Program which had a budget maximum of \$50,000 in its 2009
25 REST Plan. AEPCO has stated that should there be any plans for a Habitat for Humanity home to
26 be completed in the Cooperatives' service territories in 2010, the funds would come from the
27 Rebate Program. Further, AEPCO will continue its Educational Grant Program with a maximum
28 budget of \$15,000 (\$5,000 per service territory). Staff believes the PV for Schools Program,

1 Habitat for Humanity Program, and Educational Grant Program that are included in AEPCO's
2 2010 Restated REST Plan should be approved without change.

3 47. Staff believes that the AEPCO's proposed budget of \$1,624,349 for 2010 is
4 appropriate and will assist in meeting the REST Rules requirements.

5 **Staff Recommendations**

6 48. Staff has reviewed the AEPCO 2010 Restated REST Plan and Staff believes that
7 the AEPCO 2010 Restated REST Plan will help the participating Cooperatives meet the
8 requirements of the REST Rules. Staff recommends approval of the plan as specified herein. In
9 addition, Staff recommends that the Commission approve AEPCO's proposed budget of
10 \$1,624,349. Staff believes that the estimated total to be collected by the Cooperatives will help
11 AEPCO meet its 2010 budget.

12 **CONCLUSIONS OF LAW**

13 1. Arizona Electric Power Cooperative, Inc. is an Arizona public service corporation
14 within the meaning of Article XV, Section 2, of the Arizona Constitution.

15 2. Duncan Valley Electric Cooperative, Inc., Graham County Electric Cooperative,
16 Inc., and Trico Electric Cooperative, Inc. are public service corporations within the meaning of
17 Article XV, section 2, of the Arizona Constitution.

18 3. The Commission has jurisdiction over AEPCO, Duncan Valley Electric
19 Cooperative, Inc., Graham County Electric Cooperative, Inc., and Trico Electric Cooperative, Inc.
20 and over the subject matter of the application.

21 4. The Commission, having reviewed the application and Staff's Memorandum dated
22 December 2, 2009, concludes that it is in the public interest to approve the Arizona Electric Power
23 Cooperative, Inc. 2010 REST Plan as specified in this order.

24 **ORDER**

25 IT IS THEREFORE ORDERED that the Arizona Electric Power Cooperative, Inc. 2010
26 REST Plan is approved as specified herein.

27 IT IS FURTHER ORDERED that the Arizona electric Power Cooperative, Inc. 2010 REST
28 budget of \$1,624,349 is hereby approved.

1 IT IS FURTHER ORDERED that the current PBI incentive levels remain in effect until
2 further Order of the Commission.

3 IT IS FURTHER ORDERED that AEPCO be allowed to transfer any allocated funds not
4 used by a particular program to any other program during the Implementation Plan year.

5 IT IS FURTHER ORDERED that the participating Cooperatives amend their SunWatts
6 Residential and Commercial Rebate Program reservation process to allow customers the option to
7 assign the SunWatts credit purchase payment to the installer, if they choose.

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1 IT IS FURTHER ORDERED that each participating Cooperative's Customer Self-Directed
 2 Tariff and the Voluntary RES Contribution Program Tariff, currently on file with the Commission,
 3 remain in effect until further Order of the Commission.

4 IT IS FURTHER ORDERED that this Order shall become effective immediately.

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

6

7

CHAIRMAN

COMMISSIONER

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9

10

COMMISSIONER

COMMISSIONER

COMMISSIONER

11

12

IN WITNESS WHEREOF, I ERNEST G. JOHNSON,
 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.

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 ERNEST G. JOHNSON
 EXECUTIVE DIRECTOR

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20 DISSENT: _____

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22 DISSENT: _____

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SMO:CLA:lhm\WVC

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1 SERVICE LIST FOR: Arizona Electric Power Cooperative, Inc.
2 DOCKET NO. E-01773A-09-0335

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