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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

Arizona Corporation Commission

**DOCKETED**

JAN - 6 2010

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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. 71451

ORDER

Open Meeting  
December 22, 2009  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Arizona Electric Cooperative, Inc. ("AEPCO") 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, AEPCO 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, AEPCO 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").

3. According to AEPCO, in 2009 (through August), 75 new photovoltaic ("PV") systems, 11 new residential wind generating systems, and 17 new solar water heaters have been

1 installed in the participating Cooperatives' service territories.<sup>1</sup> There is a total amount of 330 kW  
2 installed capacity from new PV installations, 48 kW of installed wind generation, and 48 kW from  
3 solar water heaters. In addition, AEPCO has stated that in 2009 (through August), there has been  
4 875,820 total kWh of energy obtained from renewable resources.<sup>2</sup> AEPCO has informed Staff that  
5 there have not been any commercial installations in 2009, to date.

6 4. AEPCO indicated that participation in its rebate program has substantially  
7 increased. In addition, AEPCO has indicated that Trico and Graham County have both exhausted  
8 the funds for the SunWatts rebate program, with Duncan Valley quickly the exhausting remaining  
9 funds. According to its 2010 REST Plan, AEPCO has increased the budget for distributed  
10 generation projects to \$1,339,349 compared to the \$600,000 budget in its 2009 REST Plan. In  
11 addition, AEPCO has indicated that through August 2009, the Cooperatives have collected a total  
12 of approximately \$951,300 in REST funds. However, AEPCO has spent approximately  
13 \$1,123,700. This amount includes surplus funding from previous years, above what has been  
14 collected in 2009, which has been used to support the Cooperatives' rebate program.

15 5. According to A.A.C. R14-2-1804, the annual renewable energy requirement in  
16 2010 is 2.50 percent of the total retail kWh sales. In addition, according to A.A.C. R14-2-1805.B,  
17 the annual distributed renewable energy requirement in 2010 is twenty percent (20%) of the annual  
18 renewable energy requirement. AEPCO has indicated that if the distributed renewable projects  
19 included in the 2010 REST Plan are completed, they will exceed the distributed requirements of  
20 A.A.C R14-2-1805.B.

21 6. AEPCO has also indicated that Trico and Graham County have both exhausted their  
22 2009 REST funds. In addition, AEPCO stated that as of September 10, 2009, there were forty-six  
23 customers with partially completed or completed projects that have not received funding and  
24 remain on the reservation list for funding. According to AEPCO, on September 14, 2009, it  
25 informed solar contractors that there was no longer funding available for projects. In addition,  
26 AEPCO indicated that on September 22, 2009, another letter was sent to customers and contractors

27 \_\_\_\_\_  
28 <sup>1,2</sup> This information includes Mohave Electric Cooperative, Inc.

1 explaining the status of the REST funds and describing the reservation process. AEPSCO states that  
2 it has continued to send a letter to each new applicant informing them of the REST fund shortage.  
3 Trico has placed all customers with a confirmed application on a reservation list. AEPSCO has  
4 indicated that since September 10, 2009, it has received 21 PV applications and four solar water  
5 heater applications that have been placed on a reservation list.

#### 6 **The 2010 Restated REST Plan**

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

#### 10 **The SunWatts Green Energy Purchase Program**

11 8. According to AEPSCO, the Cooperatives will continue to offer this voluntary  
12 program in which retail customers can choose to support renewable energy by purchasing blocks  
13 of "green energy." The retail customers can purchase 50 kWh blocks of green energy at a cost of  
14 \$2.00 per block.

#### 15 **The SunWatts Residential and Commercial Rebate Program**

16 9. The SunWatts rebate program, offered in compliance with R14-2-1809, provides  
17 incentives to customers for installation of qualifying photovoltaic ("PV"), solar water heating, and  
18 small wind renewable systems. For PV and small wind systems, the Cooperatives would pay Up-  
19 Front Incentives ("UFIs") of \$3.00 per installed watt, up to 40 percent (40%) of the total cost of  
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 AEP CO 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, AEP CO 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 AEP CO'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 AEP CO, 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 AEP CO 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. AEPSCO initially expected to collect \$1,700,000 from the REST surcharge in 2010. However, in its 2010 Restated REST Plan, AEPSCO has indicated that \$1,624,349, rather than \$1,700,000, is expected to be collected. AEPSCO 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 AEPSCO 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 AEPSCO 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 AEPSCO'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
<b>Total</b>	<b>\$ 1,624,349</b>

\*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 UFIs. 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 AEPSCO 2010 Restated REST Plan**

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

27 43. Staff has reviewed the SunWatts Residential and Commercial Rebate Program. The  
28 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 49. The Commission remains concerned that Arizona utilities are not adequately  
13 promoting and marketing to homeowners the availability of REST funds for residential distributed  
14 solar projects. While we appreciate and approve of AEPCO's outreach efforts, we would like to  
15 see the Company go further. Specifically, we believe it is in the public interest for AEPCO to  
16 participate in creating a joint website to be titled "Go Solar Arizona" with other ACC-regulated  
17 electric utilities that would make available to Arizonans at a minimum, information regarding the  
18 availability of all residential and commercial solar incentives, including utility rebates offered  
19 through the REST, as well as applicable state and federal tax credits; information about the RES;  
20 information regarding any relevant Commission sponsored workshops on renewable energy;  
21 information regarding the status of the utility's efforts toward meeting the Standard; and  
22 information regarding the geographical location of residential and commercial and utility scale  
23 systems in the Company's service territory.

24 50. Moreover, we believe this web site should make available twice monthly on the  
25 new web site at least the following information: the reservation request review date; the incentive  
26 program under which the incentive is being offered; the amount of the incentive offered; the size  
27 and nature of the systems (whether commercial or residential); the step in the reservation process  
28 each system is in at the time it is posted; total cost of the system; nameplate rating of the system;

1 current incentive application status; and the name of the installer of the system. We believe that  
2 providing this information will increase the transparency of the REST, provide customers and  
3 installers with greater information regarding the status of system reservations, and encourage  
4 competition among installers, thus benefiting ratepayers.

#### 5 CONCLUSIONS OF LAW

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

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

11 3. The Commission has jurisdiction over AEPCO, Duncan Valley Electric  
12 Cooperative, Inc., Graham County Electric Cooperative, Inc., and Trico Electric Cooperative, Inc.  
13 and over the subject matter of the application.

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

#### 17 ORDER

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

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

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

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

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

1 IT IS FURTHER ORDERED that Arizona Electric Power Cooperative, Inc. shall  
2 participate in the creation of a new "Go Solar Arizona" web site, and Arizona Electric Power  
3 Cooperative, Inc. shall seek the participation of all ACC-regulated utilities for the purpose of joint  
4 operation of the web-site. The web-site will provide Arizonans at a minimum information  
5 regarding the availability of all residential solar incentives, including utility rebates offered  
6 through the REST, and state and federal tax credits; information about the RES; information  
7 regarding the status of Arizona Electric Power Cooperative, Inc. in meeting the Standard;  
8 information regarding the location, by postal zip code, of residential and commercial and utility  
9 scale systems statewide, and any "solar calculator" that is created by Arizona Electric Power  
10 Cooperative, Inc.

11 IT IS FURTHER ORDERED that Arizona Electric Power Cooperative, Inc. shall make  
12 publicly available, if applicable, twice monthly, via the new "Go Solar Arizona" web site at least  
13 the following information: the reservation request review date; the incentive program under which  
14 the incentive is being offered; the amount of the incentive offered; the size and nature of the  
15 systems (whether commercial or residential); the step in the reservation process each system is in  
16 at the time it is posted; total cost of the system; nameplate rating of the system; current incentive  
17 application status; and the name of the installer of the system.

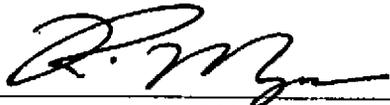
18 IT IS FURTHER ORDERED that Utilities Division Staff shall annually file each  
19 November 1<sup>st</sup> beginning in 2010, a memorandum stating whether the Go Solar Arizona website is  
20 in compliance with this Decision, and if the website is not in compliance, Staff shall list the  
21 reasons why.

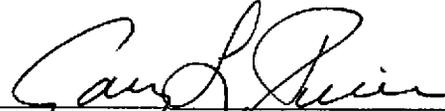
22 ...  
23 ...  
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28 ...

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

8  
9  
10   
COMMISSIONER

  
COMMISSIONER

  
COMMISSIONER

12 IN WITNESS WHEREOF, I ERNEST G. JOHNSON,  
13 Executive Director of the Arizona Corporation Commission,  
14 have hereunto, set my hand and caused the official seal of  
15 this Commission to be affixed at the Capitol, in the City of  
16 Phoenix, this 6<sup>th</sup> day of JANUARY, 2010.

17   
18 ERNEST G. JOHNSON  
19 EXECUTIVE DIRECTOR

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

21  
22 DISSENT: \_\_\_\_\_

23 SMO:CLA:lm\WVC

24  
25  
26  
27  
28

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

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9 Arizona Corporation Commission  
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