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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

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IN THE MATTER OF THE APPLICATION
OF TRICO ELECTRIC COOPERATIVE,
INC. FOR APPROVAL OF RENEWABLE
ENERGY STANDARD TARIFF

DOCKET NO. E-01461A-09-0449

DECISION NO. 71453

ORDER

Open Meeting
December 22, 2009
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Trico Electric Cooperative, Inc. ("Trico" or "Company") is certificated to provide electricity as a public service corporation in the State of Arizona.

Background

2. On February 27, 2008, the Arizona Corporation Commission ("Commission") issued Decision No. 70168 which approved Trico Electric Cooperative, Inc.'s ("Trico") application for approval of its Renewable Energy Standard ("RES") Tariff. Trico's RES Tariff was associated with Arizona Electric Power Cooperative, Inc.'s ("AEPSCO") Amended and Restated REST Plan ("Restated Plan") which was approved on July 30, 2007, in Decision No. 69728. AEPSCO's Plan was filed on behalf of four of its Arizona member distribution cooperatives. The four distribution cooperatives were Trico, Duncan Valley Electric Cooperative, Inc. ("Duncan Valley"), Graham County Electric Cooperative, Inc. ("Graham County"), and Mohave Electric Cooperative, Inc. ("Mohave").

1 3. On September 18, 2009, Trico filed its application for approval of its RES Tariff
2 associated with AEPCO's 2010 REST Plan filed on June 30, 2009 (AEPCO filed its Amended and
3 Restated 21010 REST Plan on November 6, 2009) and pursuant to Arizona Administrative Code
4 ("A.A.C.") R14-2-1808. In addition, Trico is also submitting its proposed budget of \$1,233,442
5 for its portion of the Restated Plan. Duncan Valley and Graham County have also submitted
6 separate tariffs which include each Cooperative's individual budget for its portion of the Restated
7 Plan. Trico's current RES Tariff was approved by the Commission on February 27, 2008, in
8 Decision No. 70168. Decision No. 68073 established an adjustor mechanism for renewable energy
9 costs.

10 Tariffs

11 4. Staff has reviewed Trico's proposed RES Tariff which was filed in association with
12 the AEPCO 2010 Restated Plan. Trico's proposed RES Tariff sets forth the surcharge rates and
13 monthly maximums to be collected to fund its annual budget for 2010. The proposed tariff
14 includes a surcharge of \$0.001663 per kWh for governmental and agricultural members/customers,
15 which is an increase from the current REST surcharge of \$0.000875. The proposed monthly
16 maximums for governmental and agricultural member/customers are \$24.70 per service and
17 \$74.10 per service for governmental and agricultural members/customers whose demand is 3,000
18 kW or more for three consecutive months.

19 5. For residential and non-residential members/customers, Trico is proposing a
20 surcharge of \$0.009477 per kWh, which is an increase from the current REST surcharge of
21 \$0.004988. The proposed monthly maximum per service for residential members/customers is
22 \$2.00. Trico is proposing a \$74.10 per service monthly maximum for non-residential
23 members/customers. For non-residential members/customers whose demand is 3,000 kW or more
24 for three consecutive months, the proposed monthly maximum is \$222.30 per service. The
25 proposed kWh surcharges and monthly maximums ("caps") for Trico's proposed tariff, compared
26 to the current REST maximums, are:

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Customer Class/Category	Current		Proposed	
	Existing Surcharges	Existing Maximums/Caps	Proposed Surcharges	Proposed Maximums/Caps
Residential	\$0.004988	\$ 1.05	\$0.009477	\$2.00
Governmental & Agricultural	\$0.000875	\$ 13.00	\$0.001663	\$24.70
Governmental & Agricultural >3MW	\$0.000875	\$ 39.00	\$0.001663	\$74.10
Non-Residential	\$0.004988	\$ 39.00	\$0.009477	\$74.10
Non-Residential >3MW	\$0.004988	\$ 117.00	\$0.009477	\$222.30

6. Trico is also proposing to introduce a \$50.00 Inspection Fee. According to Trico's proposed tariff, the charge would be associated with the second inspection and subsequent inspections. The Inspection Fee would cover the increased costs associated with repeated inspections due to improper installations that do not meet the Cooperative's requirements. In addition, Trico has indicated that the costs of the additional inspections would be paid out of REST funds and allocated as administrative expenses. However, Trico did not provide information as to whether the costs for the proposed Inspection Fee would include labor costs for employees that are already being paid out of base rates. Staff does not believe that costs for the Inspection Fee should be included in the REST budget. Therefore, Staff does not believe that the proposed Inspection Fee is in the public interest.

7. The following table provides examples of sample Trico customers and the impact customers can expect to see.

Sample Customers	Average kWh	Current REST	Proposed REST	Difference
Farm	8,666	\$7.58	\$14.41	\$6.83
Convenience Store	18,133	\$39.00	\$74.10	\$35.10
Drug Store	271,280	\$39.00	\$74.10	\$35.10
Town of Sahuarita	141,380	\$13.00	\$24.70	\$11.70
Residential Customer	1,068	\$1.05	\$2.00	\$0.95

8. Trico has calculated that its RES Tariff will collect the following funds, by customer category:

	Total \$	% Reaching Cap
Residential	\$859,316	91%
Governmental & Agricultural	\$85,782	16%
Governmental & Agricultural >3MW	-	0%
Commercial & Industrial	\$288,344	11%
Commercial & Industrial >3MW	-	0%
Total	\$1,233,442	

1 9. Trico believes that the surcharge rates and the monthly maximums proposed in
2 Trico's RES Tariff will be sufficient to fund its annual budget for 2010.

3 10. Trico is not filing a revised Voluntary RES Contribution Program Tariff. The
4 program allows members/customers to purchase 50 kWh blocks of green energy for an additional
5 \$2.00 per block. In addition, Trico is not filing a revised Customer Self-Directed Tariff. Trico's
6 current Customer Self-Directed Tariff allows eligible non-residential members/customers with
7 multiple meters that pay more than \$25,000 annually in RES Surcharge funds to receive funds
8 from the Cooperative to install Distributed Renewable Energy Resources.

9 **Budget**

10 11. According to Trico, the RES funding from the RES surcharge is estimated to be a
11 total of \$1,233,442. The AEPCO Restated Plan includes a total surcharge budget of \$1,624,349.
12 Trico's \$1,233,442 fund plus the remaining two cooperatives' funds (Duncan Valley and Graham
13 County) come to a total of \$1,626,653, according to information provided by each Cooperative.
14 There is a difference of \$2,304 between the proposed total AEPCO fund amount and the total
15 estimated amount based on information provided by each Cooperative. According to AEPCO, the
16 Cooperatives do not anticipate any funds from 2009 will be carried over into 2010.

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

18 12. On September 15, 2009, American Solar Electric, Inc. ("ASE") filed a letter in
19 Docket No. E-01773A-09-0335 expressing several concerns it had with the 2010 REST Plan filed
20 by AEPCO and specifically Trico's administration of the Rebate Program. According to ASE, it
21 has a considerable customer base in Trico's service territory. As of the date of the ASE's letter,
22 ASE indicated that it has twenty-four residential customer contracts at varying stages of
23 completion which represent 150 kW of residential PV capacity.

24 13. ASE's letter also addresses its concerns with Trico's reservation process and
25 AEPCO's compliance with A.A.C. R14-2-1804 and R14-2-1805 of the REST Rules. Staff notes
26 that A.A.C. R14-2-1814 substitutes for R14-2-1804 and R14-2-1805 upon Commission approval
27 of an electric cooperative's REST Plan. First, ASE's letter stated that under Trico's current
28 process, a customer must submit the request for a reservation, a signed contract, building permit,

1 system design schematic, and the application for interconnection, all in one package, without
2 guarantee that funds have been reserved. Second, ASE's letter indicated that Trico does not
3 provide adequate notice to customers regarding the status of a project approval.

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

15 15. According to AEPCO, although each Cooperative's process may vary slightly, the
16 Cooperatives follow the general outline of the Uniform Credit Purchase Program ("UCPP").
17 AEPCO has indicated that after a customer submits an enrollment form to the Cooperative, it is
18 evaluated and determined if the requested project is eligible and if the enrollment form is complete
19 with the required information. If it is determined that a project is not eligible or an enrollment
20 form is in some way deficient, the Cooperative then notifies the customer of the application status
21 and allows them to resubmit the necessary materials. If the enrollment form is sufficient and the
22 project is eligible, it is then put on the Cooperative's reservation list (which has only recently been
23 implemented due to the shortage of funds). All projects put on the reservation list would be
24 funded in the order they were put on the list as additional funding becomes available. A customer
25 is then notified if their project has been placed on the reservation list and informed that they must
26 complete an interconnection agreement, submit a system schematic, provide copies of the project
27 estimate, and supply all permits within sixty days of the project being accepted. Once a system is

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1 installed, it is inspected by the Cooperative and interconnection verified. Finally, once a system
2 passes inspections, the Cooperative processes the incentive, pending funding availability.

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

9 17. Finally, ASE's letter makes the following recommendations regarding Trico's
10 reservation process:

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

27 18. Staff believes that the Cooperatives' reservation process described above is
28 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.

...

1 **Recommendations**

2 19. Staff has reviewed Trico's proposed tariffs and finds that they are consistent with
3 A.A.C. R14-2-1808, R14-2-1809(A), and Appendix A: Sample Tariff of the Renewable Energy
4 Standard and Tariff Rules. Staff has recommended the following:

- 5 a. Approval of Trico's Renewable Energy Standard Tariff;
- 6 b. Trico removes the \$50.00 Inspection Fee from its Renewable Energy Standard Tariff;
- 7 c. Trico's Voluntary Renewable Energy Standard Contribution Program Tariff, currently
8 on file with the Commission, remains in effect until further Order of the Commission;
9 and
- 10 d. Trico's Customer Self-Directed Tariff, currently on file with the Commission, remains
in effect until further Order of the Commission.
- 11 e. Trico file a revised RES Tariff consistent with the Decision in this matter within 15
12 days of the effective date of the Decision.
- 13 f. The Cooperatives should allow customers the option to assign the incentive payments
14 to the installer, if they so choose

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

27 21. Moreover, we believe this web site should make available twice monthly on the
28 new web site at least following information: the reservation request review date; the incentive

1 program under which the incentive is being offered; the amount of the incentive offered; the size
2 and nature of the systems (whether commercial or residential); the step in the reservation process
3 each system is in at the time it is posted; total cost of the system; nameplate rating of the system;
4 current incentive application status; and the name of the installer of the system. We believe that
5 providing this information will increase the transparency of the REST, provide customers and
6 installers with greater information regarding the status of system reservations, and encourage
7 competition among installers, thus benefiting ratepayers.

8 **Renewable Reporting**

9 22. The Commission is concerned that the current renewable reporting requirements
10 provide insufficient detail on the progress of Trico's programs for the Commission and the public
11 to accurately assess the Company's efforts toward meeting the REST. Access to information on a
12 more regular basis would better inform the public and greatly improve monitoring of REST
13 progress.

14 CONCLUSIONS OF LAW

15 1. Trico Electric Cooperative, Inc. is an Arizona public service corporation within the
16 meaning of Article XV, Section 2, of the Arizona Constitution.

17 2. The Commission has jurisdiction over Trico Electric Cooperative, Inc. and over the
18 subject matter of the Application.

19 3. The Commission, having reviewed the application and Staff's Memorandum dated
20 December 2, 2009, concludes that it is in the public interest to approve the Trico RES Tariff, as
21 specified in this order.

22 ORDER

23 IT IS THEREFORE ORDERED that the Trico Electric Cooperative, Inc. RES Tariff is
24 hereby approved as discussed herein.

25 IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. shall file with Docket
26 Control, as a compliance matter in this case, tariff pages consistent with the terms of the
27 Commission's Decision within 15 days from the effective date of the Decision.

28 IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. shall participate in the

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

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

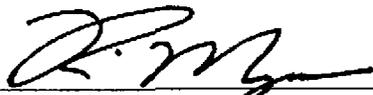
16 IT IS FURTHER ORDERED that Utilities Division Staff shall annually file each
 17 November 1st beginning in 2010, a memorandum stating whether the Go Solar Arizona website is
 18 in compliance with this Decision, and if the website is not in compliance, Staff shall list the
 19 reasons why.

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1 IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. shall disclose, on a
 2 quarterly basis via their website, their annual progress to date in meeting the annual REST
 3 requirement. At a minimum, Trico Electric Cooperative, Inc. shall disclose i) total and program
 4 year-to-date numbers of Megawatts and systems installed, broken out by technology type and
 5 residential and non-residential categories and ii) total amounts of monies remaining for the current
 6 program year with breakouts for residential and non-residential categories. Trico Electric
 7 Cooperative, Inc. shall provide this information going forward and additionally break out this
 8 information on a historical basis to date.

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

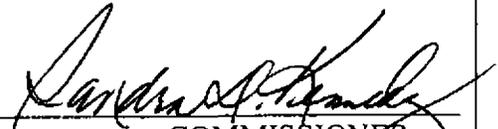
10 BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

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 12 _____
 13 CHAIRMAN

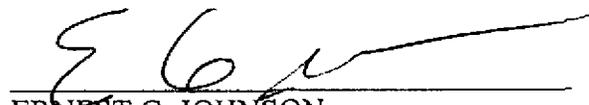

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23 IN WITNESS WHEREOF, I ERNEST G. JOHNSON,
 24 Executive Director of the Arizona Corporation Commission,
 25 have hereunto, set my hand and caused the official seal of
 26 this Commission to be affixed at the Capitol, in the City of
 27 Phoenix, this 6th day of JANUARY, 2010.

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 ERNEST G. JOHNSON
 EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

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1 SERVICE LIST FOR: Trico Electric Cooperative, Inc.
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