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BEFORE THE ARIZONA CORPORATIC

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

Arizona Corporation Commission

DOCKETED

MAR 17 2010

DOCKETED BY [nr]

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IN THE MATTER OF GRAHAM COUNTY)
ELECTRIC COOPERATIVE, INC.'S)
APPLICATION FOR APPROVAL OF A NET)
METERING TARIFF)
)
)
)

DOCKET NO. E-01749A-09-0451
DECISION NO. 71506
ORDER

Open Meeting
March 2 and 3, 2010
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Graham County Electric Cooperative, Inc. ("Graham" or "Co-op") is certificated to provide electric service as a public service corporation in the State of Arizona.

2. On September 18, 2009, Graham filed an application for approval of its Net Metering Tariff, Schedule NM. Commission Decision No. 70567 (October 23, 2008), approved Proposed Rulemaking Regarding Net Metering ("Rules"). The Rules, after certification by the Arizona Attorney General, became effective on May 23, 2009, and require each Electric Utility to file, for approval by the Commission, a Net Metering tariff within 120 days from the effective date of the Rules.

Proposed Tariff

3. Graham's proposed Schedule NM would apply to customers with any type of on-site generation using resources allowed by the Net Metering Rules, and would work in conjunction with the rate schedule from which the customer currently takes service. The proposed Schedule ...

1 NM follows the Net Metering Rules with respect to eligibility, metering, billing, and disposition of
2 excess customer generation.

3 4. Net Metering allows electric utility consumers to be compensated for generating
4 their own energy using renewable resources, fuel cells, or Combined Heat and Power (i.e., co-
5 generation).

6 5. Partial requirements service is necessary for customers such as Net Metering
7 customers who provide either all or a portion of their own generation. If the self-generation
8 supplies less than 100 percent of the customer's load, utility generation must be purchased for the
9 remainder. Even if the customer's generation is sufficient to serve the full load, utility service is
10 needed as back-up during maintenance or other outage circumstances of the customer's generation.

11 6. Graham's Schedule NM would provide for power sales beyond what the customer's
12 on-site facilities supply, as well as replacement power if the on-site generation is out of service for
13 maintenance or due to a forced outage. Charges under Schedule NM would be priced pursuant to
14 the customer's standard rate schedule otherwise applicable under full requirements service. This
15 would avoid additional charges such as standby or back-up charges.

16 7. In addition to any charges billed under the standard rate schedule, Graham proposes
17 an Administrative Charge of \$10.00 per month to be charged for the additional meter reading,
18 billing, and software upgrade costs associated with the provision of this service. Graham has
19 provided average, embedded cost data in support of the additional charge. However, Graham has
20 not demonstrated that these billing costs are new or incremental to Net Metering. Therefore, Staff
21 does not recommend the approval of the additional \$10 per month customer charge.

22 8. In addition, as the Rules require, if the customer's generation facility's energy
23 production exceeds the energy supplied by the Co-op during a billing period, the customer's bill
24 for subsequent billing periods would be credited for the excess generation. That is, the excess
25 kWh during the billing period would be used to reduce the kWhs (not kW or kVA demand, nor
26 customer/facilities charges) billed by the Co-op during subsequent billing periods. Customers
27 taking service under a time-of-use rate would receive such credit in subsequent billing periods for
28 the on-peak, shoulder, or off-peak periods in which the kWhs were generated by the customer.

1 9. The Co-op would install a bi-directional meter at the point of delivery to the
2 customer. Graham proposes the incremental cost of the additional metering would be the
3 responsibility of the customer as an up-front payment. Staff recommends that customers not be
4 charged these up-front costs because the Co-op has not specified the amount of the metering
5 charge nor supplied support as required by the Rules at R14-2-2305(A).

6 10. At the end of each twelve months ending December 31 (or for a customer's final
7 bill upon discontinuance of service), Graham would credit the customer for the balance of excess
8 kWhs remaining. The payment for the purchase of these excess kWhs would be at the Co-op's
9 average annual avoided cost. Graham proposes that its avoided cost for the billing credit be equal
10 to the average annual wholesale fuel and energy costs per kWh charged by the Co-op's wholesale
11 power supplier(s), which has been provided to Staff and currently equals 4.529 ¢ / kWh. Since
12 R14-2-2306 (F) requires the avoided costs to be specified on the net metering tariff, Staff
13 recommends that Graham specify this avoided cost rate of 4.529 ¢ / kWh in its tariff.

14 Staff Recommendations

15 11. Staff has recommended that Graham's proposed Net Metering Tariff, Schedule
16 NM, be approved as amended herein.

17 12. Staff also has recommended that Graham be ordered to file a revised Net Metering
18 Tariff, Schedule NM, consistent with the Decision in this matter within 15 days of the effective
19 date.

20 CONCLUSIONS OF LAW

21 1. Graham is an Arizona public service corporation within the meaning of Article XV,
22 Section 2, of the Arizona Constitution.

23 2. The Commission has jurisdiction over Graham and over the subject matter of the
24 application.

25 3. Approval of Schedule NM does not constitute a rate increase as contemplated by
26 A.R.S. Section 40-250.

27 4. The Commission, having reviewed the application and Staff's Memorandum dated
28 February 17, 2010, concludes that Schedule NM should be approved as discussed herein.

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ORDER

IT IS THEREFORE ORDERED that the Graham County Electric Cooperative, Inc. Net Metering Tariff be and hereby is approved as discussed herein.

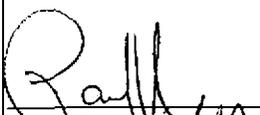
IT IS FURTHER ORDERED that Graham County Electric Cooperative, Inc. should file a revised tariff consistent with this Decision within 15 days of the effective date of this Decision.

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

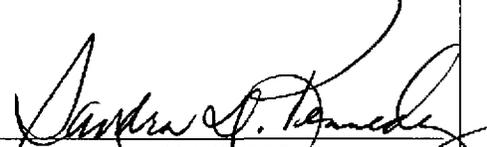
BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION


CHAIRMAN


COMMISSIONER


COMMISSIONER


COMMISSIONER


COMMISSIONER

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 17th day of MARCH, 2010.


ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:JJP:lm\RM

1 SERVICE LIST FOR: Graham County Electric Cooperative, Inc.
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