

ORIGINAL

FORMAL COMPLAINT



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AZ 2009 C. PROVISION: Arizona Corporation Commission
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1 **TO:** The Arizona Corporation Commission
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3 **FROM:** Salt River Solar & Wind
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5 **DATE:** May 14, 2010
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7 **DOCKET NO.:** E-01575A-07-0310
8
9 **REGARDING:** Formal Complaint: Sulphur Springs Valley Electric Cooperative
10 Failure to Pay 2009 Sunwatts Solar Rebates

11 Dear Madam Chairman and Commissioners:

E-01575A-10-0195

12 The purpose of this document is file a formal complaint against Sulphur Springs
13 Valley Electric Cooperative, Inc. (SSVEC) for not paying approved solar reservations
14 in a timely manner that were reserved beginning in October 2009 and continuing
15 through February 2010.

16 Salt River Solar & Wind (Salt River Solar) submitted reservation forms, received
17 SSVEC approvals and commissioned twenty-two (22) solar power arrays, which are
18 outlined in Exhibit A.

19 The total amount owed to Salt River Solar under the 2009 SSVEC Sunwatts rebate
20 program is approximately \$345,796.75.

21 Salt River Solar has contacted SSVEC in an attempt to collect these funds, but has
22 been informed that the expected payment date for these solar rebate checks is two
23 years.

24 Salt River Solar respectfully requests that the Arizona Corporation Commission
25 instruct SSVEC to pay these approved solar incentive payments as promised under
26 the Sunwatts Rebate program within 30-days of the system's commissioning.

27 If not, Salt River should be allowed to collect an eight-percent interest fee
28 compounded monthly for serving as a bank to fund SSVEC's Sunwatts solar rebate
29 program.

30 SSVEC has stated that it cannot meet its financial obligations due to the funding and
31 construction of its utility-owned distributed generation solar facilities located on the
32 premises of forty-one local school properties.

33 It is not clear to Salt River Solar how SSVEC was allowed to utilize money that was
34 apportioned to fund residential and commercial distributed generation solar power
35 arrays and instead redirect the money to finance its own utility-owned solar projects
36 at an artificially high price per installed watt.

37 How is it possible for a utility company to subcontract with Solon to install 41 utility-
38 owned solar farms at an expense of \$11,480,000 using Clean Renewable Energy
39 Bond (CREB) funding mechanism and then be allowed to pay off these capital
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50 investments with money that was collected from ratepayers under the guise of a
51 Renewable Energy Standard Tariff (REST)?

52
53 Utility grid upgrades and expansion costs have been recovered once through the
54 customer's regular electric bill. Charging customers a second time to fund a utility-
55 owned electrical generation plant seems to be unethical.

56
57 Monies collected under the Sunwatts 2009 Incentive program should only be used to
58 fund the installation residential and commercial solar distributed generation systems
59 that are used to offset the use of carbon-based fuel by installing solar power arrays on
60 SSVEC customer premises, not utility owned assets.

61
62 Also in question is the Request for Proposal (RFP) process. According to Jack Blair,
63 the RFP was not made public by publishing a formal announcement in the public
64 notice section of a local newspaper, but instead it was only posted to the company's
65 website.

66
67 As a result Mr. Blair stated that only three RFPs were received. And of the three RFPs
68 received Solon's RFP bid at \$11.77 per installed watt was the lowest bid. A rate that
69 is four times higher than the going rate? Buying direct from the manufacturer usually
70 would result in a lower than average cost per installed watt. Buying a megawatt of
71 solar panels also should provide significant economies of scale.

72
73 Was this really the lowest bid for installing \$11 million worth of utility-owned solar
74 farms?

75
76 It would be great to see all three RFPs published for review, but unfortunately it is
77 impossible for the industry, peers and ratepayers to determine whether or not the RFP
78 selected provides the best return on investment for ratepayers.

79
80 In fact, instead of funding distributed generation solar power arrays on SSVEC
81 customers' premises that would normally produce free solar power that would be
82 used to reduce customer electricity bills, SSVEC instead elected to use the REST money
83 to build utility-owned solar farms that are generating electricity that is fed back into
84 the grid in the same manner as any other power generation station, minus the free
85 electricity provided while school is in session.

86
87 Since SSVEC customers paid for these solar farms via a RES tariff, all profits from
88 the solar electricity being produced should be utilized to fund the Sunwatts 2009
89 Rebate Incentive Program until their rebate backlog is paid off.

90
91 And, if SSVEC's Sunwatts has been put on hold, perhaps the administrative fees to
92 manage their Sunwatts program also should be placed on hold.

93
94 According to SSVEC's 2009 Annual Report, the Company has \$55 million dollars in
95 its Patronage Capital Fund.

96
97 Because SSVEC invested \$11 million to construct capital intensive utility-owned
98 solar farms, the CREB loan payments should be paid out of the Patronage Capital
99 Fund, not the Sunwatts 2009 Solar Incentive program.

101 The Patronage Capital Fund is also paying a yearly dividend of ~\$260,000 to
102 cooperative members. If the cooperative cannot pay its debts, then all dividends
103 should be suspended until the Sunwatts 2009 Rebate Incentive Program backlog is
104 paid off.

105
106 For the record, it is very disappointing for a solar installation company to file twenty-
107 two (22) reservation forms, receive solar rebate approvals for each, finance the costs
108 of equipment purchases, install the systems, commission them, then be informed that
109 SSVEC will not pay the promised solar incentives because they "simply don't have
110 the money" and do not expect a payment for up to twenty-four months.

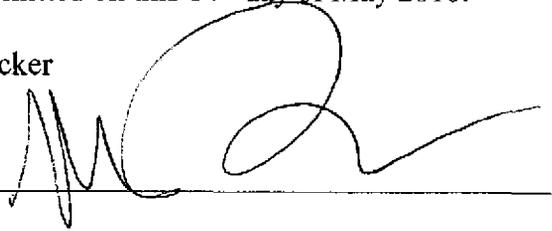
111
112 That is the equivalent of SSVEC's customer base telling them at the end of the
113 month, "Sorry, SSVEC, we simply do not have the money to pay our electricity bill
114 this month, but we can probably pay it off in two years."

115
116 It appears that SSVEC has some very creative accountants and, in our humble
117 opinion, it would be a wise to decision for the Commission to conduct a formal audit
118 on SSVEC's entire accounting system to ensure that ratepayers are not being charged
119 twice for capital improvements.

120
121 Salt River Solar would like to point out that an Arizona Solar feed-in tariff would
122 provide a welcome relief for faltering incentive programs, secretive RFPs and utility
123 companies that fail to pay the their solar reservation contracts in a timely manner.

124
125
126 Respectfully submitted on this 14th day of May 2010.

127
128 Mike Fricker

129
130
131 By  _____

132
133 Mike Fricker
134 General Manager/Owner
135

Exhibit A: SSVEC Past Due Rebates

Name	Address	City	Zip	Size	Contract	Received	Approved	Commissioned	Owed	Past Due
	3641 MOHAWK DR	SIERRA VISTA	85635	5.16	04-Nov-09	13-Nov-09	16-Dec-09	03/10/10	\$18,447.00	63
	1124 OCOTILLO DR	SIERRA VISTA	85635	5.805	05-Nov-09	13-Nov-09	16-Dec-09	03/17/10	\$18,808.00	56
	3049 ST. ANDREWS	SIERRA VISTA	85635	3.44	09-Nov-09	12-Nov-09	14-Dec-09	03/01/10	\$13,760.00	72
	3061 ST ANDREWS	SIERRA VISTA	85635	3.44	09-Nov-09	30-Nov-09	16-Dec-09	03/01/10	\$10,578.00	72
	2703 N CALLE SEIS	HUACHUCA CITY	85616	4.3	04-Nov-09	13-Nov-09	16-Dec-09	03/10/10	\$13,222.00	63
	322 MEADOWOOD	SIERRA VISTA	85635	3.44	02-Jan-00	15-Sep-09	22-Oct-09	01/20/10	\$12,600.00	112
	424 W. OAK ST.	HUACHUCA CITY	85616	5.805	02-Jan-00	15-Sep-09	22-Oct-09	01/20/10	\$22,640.00	112
	495 S. TAYLORS TRAIL	SIERRA VISTA	85635	4.73	02-Jan-00	20-Oct-09	29-Nov-09	01/20/10	\$18,920.00	112
	1004 RANCHO BLVD.	WETSTONE	85616	3.78	02-Jan-00	25-Sep-09	02-Jan-00	03/17/10	\$15,120.00	56
	3704 E. MANDAN DR.	SIERRA VISTA	85605	3.87	02-Jan-00	10-Sep-09	19-Nov-09	01/20/10	\$15,480.00	112
	823 N. NORTH AVE.	SIERRA VISTA	85635	3.87	02-Jan-00	13-Nov-09	29-Nov-09	01/13/10	\$15,120.00	119
		SIERRA VISTA		4.73	26-Oct-09	27-Oct-09	29-Nov-09	01/13/10	\$14,544.75	119
	528 S. CHASE	SIERRA VISTA	85635	2.58	02-Jan-00	06-Oct-09	22-Oct-09	01/20/10	\$8,127.00	112
	558 S. SKY RANCH RD	SIERRA VISTA	85635	5.805	02-Jan-00	06-Oct-09	02-Jan-00	03/01/10	\$23,220.00	72
	426 S. TAYLORS TRAIL	SIERRA VISTA	85635	3.01	02-Jan-00	02-Nov-09	15-Nov-09	01/13/10	\$12,040.00	119
	6227 E. DAKOTA	HEREFORD	85615	5.16	11-Nov-09	24-Nov-09	15-Dec-09	03/01/10	\$20,640.00	72
	386 S. CLUBHOUSE LN.	SIERRA VISTA	85635	3.87	26-Oct-09	27-Oct-09	16-Nov-09	01/20/10	\$11,900.00	112
	914 SAGUARO	PEARCE	85625	5.16	02-Jan-00	12-Nov-09	14-Dec-09	03/01/10	\$15,480.00	72
	3318 E NAVAHO	SIERRA VISTA	85650	5.805	09-Nov-09	28-Dec-09	01-Feb-10	03/01/10	\$17,850.00	72
	6317 E. GATEWAY DR.	SIERRA VISTA	85635	3.01	04-Nov-09	13-Nov-09	16-Dec-09	03/01/10	\$12,040.00	72
	260 S. CLUBHOUSE	SIERRA VISTA	85635	3.01	02-Nov-09	12-Nov-09	16-Dec-09	03/01/10	\$12,040.00	72
	3114 E. SAN XAVIER	SIERRA VISTA	85635	5.805	12-Nov-09	24-Nov-09	14-Dec-09	03/01/10	\$23,220.00	72

Total: \$345,796.75