

ORIGINAL

NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
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E-01461A-10-0263

IN THE MATTER OF THE APPLICATION OF)
TRICO ELECTRIC COOPERATIVE, INC. FOR)
APPROVAL OF ITS 2011 RENEWABLE)
ENERGY STANDARD TARIFF)
IMPLEMENTATION PLAN.)
)
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DOCKET NO. E-01461A-10-

APPLICATION
Arizona Corporation Commission

DOCKETED

JUL -1 2010

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Trico Electric Cooperative, Inc. ("Trico" or the "Company") submits its 2011 Renewable Energy Standard and Tariff Implementation Plan ("2011 REST Plan") for Arizona Corporation Commission ("Commission") approval. Trico provides the following Plan information:

I. Background.

Trico is an Arizona nonprofit corporation that is certified to provide electricity as a public service corporation in the State of Arizona. Trico is a distribution cooperative member of Arizona Electric Power Cooperative ("AEPSCO"). Since the approval of the Renewable Energy Standard Tariff Rules ("REST Rules") in Decision No. 69127 (November 14, 2006), AEPSCO has filed REST Plans on behalf of itself and several of its member distribution cooperatives, including Trico. AEPSCO's most recent REST Plan was approved in Decision Nos. 71451 (January 6, 2010). Trico has filed its own renewable energy standard tariffs since the Commission approved its REST Rules. The most recent tariff was approved in Decision No. 71453 (January 6, 2010).

Trico is filing its own REST Plan for 2011, which is attached to this pleading as Exhibit A. As part of its 2011 REST Plan, Trico is proposing to lower the per-kWh rate for all customers and

1 raise the caps in its renewable energy standard tariff. Trico is submitting its 2011 REST Plan
2 pursuant to the section within the REST Rules specifically addressing electric power cooperatives
3 (A.A.C. R14-2-1814), which allows a cooperative like Trico to file “an appropriate plan for
4 acquiring Renewable Energy Credits from Eligible Renewable Energy Resources for the next
5 calendar year.”

6 Trico’s 2011 REST Plan maintains the programs of the AEPCO REST Plans with some
7 revisions. The programs, include: (1) SunWatts Green Energy Purchase Program; (2) SunWatts
8 Residential and Commercial Rebate Program; (3) SunWatts Large-Scale Renewable Program; (4)
9 PV for Schools Program; (5) SunWatts Habitat for Humanity Program; and (6) SunWatts
10 Educational Grant Program. Trico also indicates that qualifying facilities will be eligible to
11 participate in its net metering tariff, and that Trico has and will continue to participate in the Go
12 Solar AZ Website. Any allocated funds not used in the plan year may be used to support any of
13 the programs within Trico’s 2011 REST Plan. Trico must have the ability to move REST dollars
14 between various programs in order for the Company to meet the REST requirements in the most
15 economical manner.

16 While Trico’s 2011 REST Plan maintains many features of the AEPCO 2010 Restated and
17 Amended REST Plan (“AEPCO 2010 Restated REST Plan”) approved in Decision No. 71451, it
18 also contains some significant changes for 2011.

19 **II. Significant Changes in Trico’s 2011 REST Plan.**

20 **A. Trico SunWatts Residential and Commercial Rebate Program.**

21 Trico proposes several changes to the SunWatts Residential and Commercial Rebate
22 Program from what is currently stated in the AEPCO 2010 Restated REST Plan. Trico’s main
23 focus was to provide a plan to eliminate and prevent a future reservation waiting list backlog, as
24 further in this and the following sections.

25 First, Trico proposes to reduce the up-front incentive (“UFI”) rebate paid to customers to
26 install PV and small wind systems (up to 10 kW). Currently, Trico pays a UFI rebate of \$3.00 per
27

1 installed Watt up to 40% of the total cost of the system. In 2011, for renewable photovoltaic
2 systems under 10 kW, Trico proposes to:

- 3 • Pay a reduced UFI rebate of \$1.50 per installed Watt up to 30% of the total cost of the
4 system.
- 5 • Provide UFI rebates in 2011 until a UFI budgeted amount of \$591,408 is exhausted.
6 Once Trico's amount for UFIs is exhausted, Trico customers may either: (1) opt for a
7 performance-based incentive ("PBI") equaling \$0.068493 per kWh over ten years; or
8 (2) wait and submit an application for a UFI rebate under Trico's 2012 REST Plan.
- 9 • Allow customers to opt for the PBI equaling \$0.068493 per kWh over ten years at any
10 time during the 2011 REST Plan.

11 Trico believes these changes are appropriate and necessary because it experienced a
12 dramatic increase in requests for residential UFI rebates. This led to a backlog, which is estimated
13 to be between \$1.5 million and \$2.0 million by the end of 2010. Trico believes that reducing and
14 limiting the UFI rebates will not hinder the proliferation of residential PV installations. This is
15 partially because of improved technology resulting in reduced solar system installation costs, as
16 well as better government tax incentives offered and faster renewable pay-back of installation
17 costs through the net metering tariff. Further, Trico believes the proposed incentives in its 2011
18 REST Plan will be commensurate with those of neighboring utilities. Concurrent with this filing,
19 Trico is applying to reduce the UFI rebates for the remainder of 2010 from \$3.00 per installed
20 Watt to \$1.50 per installed Watt for residential and non-residential PV systems up to 10 kW within
21 its service territory.

22 Second, for systems over 10 kW but under 1 MW, Trico will continue to offer (as it did
23 under the AEPCO 2010 Restated REST Plan) PBIs on a first come, first served basis under a
24 quarterly selection basis through a competitive solicitation process until the monthly-budgeted
25 amount is exhausted. Under AEPCO's 2010 Restated REST Plan, these systems were eligible to
26 receive a PBI not to exceed \$0.14 per kWh for a term up to 25 years. Under Trico's 2011 REST
27 Plan, the PBI will be based on the outcome of the competitive solicitation process, not to exceed

1 \$0.10 per kWh for a term of up to 25 years. For PBI incentives both in the over 10 kW and under
2 10 kW programs, Trico requests the recovery of the lifetime costs of PBIs for the full term of the
3 contracts underlying the PBIs.

4 Third, Trico's 2011 REST Plan will include a UFI rebate for solar water heaters equal to
5 \$0.40 per kWh of energy for energy saved during the system's first year of operation, which
6 decreases the incentive from \$0.75 per kWh from the AEPCO 2010 Restated REST Plan.

7 **B. Changing the rates and caps in Trico's RES tariff for 2011.**

8 In Decision No. 71453, the Commission approved Trico's RES tariff of \$0.009477 per
9 kWh for residential and all non-residential customers (except governmental and agricultural
10 customers). Regarding Trico's proposed tariff for 2011 ("RES Tariff"), Trico is proposing to
11 reduce that rate to \$0.008065 per kWh for those customers. For governmental and agricultural
12 customers, Trico is proposing a reduced rate of \$0.001411 per kWh from \$0.001663 per kWh.
13 Trico's RES tariff will therefore reduce the impact to low-use customers.

14 Trico also proposes to raise the caps to: \$3.00 per-month RES Tariff maximum per
15 residential customer (from \$2.00); \$130 per-month maximum for non-residential customers with
16 less than or equal to 3 MW of demand (from \$74.10); \$3,500 per-month maximum for non-
17 residential customers with over 3 MW of demand (from \$222.30); and \$43 per-month maximum
18 for agricultural and governmental customers with demand equal to or less than 3 MW demand
19 (from \$24.70).

20 **C. Allocating funds to reduce the residential PV reservation waiting list.**

21 In an effort to eliminate the backlog of current residential solar system rebates, Trico also
22 proposes to allocate approximately \$825,354 of its 2011 REST budget toward the elimination of
23 the residential solar system rebate waiting list. Trico believes that it could completely eliminate
24 the backlog by the end of 2012 (a backlog estimated to be between \$1.5 million and \$2.0 million
25 by the end of 2010).

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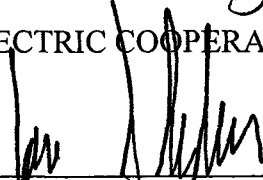
III. Conclusion

WHEREFORE, for the reasons set forth herein, Trico respectfully requests that the Commission issue an Order:

- (1) Approving Trico's 2011 REST Plan, including its proposals regarding its SunWatts Residential and Commercial Rebate Program;
- (2) Approving Trico to move REST dollars between its various programs so that it may meet its REST requirements in the most economical manner;
- (3) Approving the changes to Trico's RES Tariff;
- (4) Approving the recovery of the lifetime costs of PBIs for the full term of the contracts underlying the PBIs, both in the over 10 kW and under 10 kW programs; and
- (5) Approving allocating \$825,354 towards eliminating the residential solar system rebate waiting list in 2011.

RESPECTFULLY SUBMITTED this 1st day of July 2010.

TRICO ELECTRIC COOPERATIVE, INC.

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25
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28 By Rebbie Amsel

EXHIBIT

"A"

Trico Electric Cooperative, Inc.
REST Plan for Calendar Year 2011

A.A.C. R14-2-1814

July 1, 2010

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I. BACKGROUND

The Arizona Corporation Commission (“Commission”) approved the Renewable Energy Standard and Tariff Rules (“REST Rules”) in Decision No. 69127 dated November 14, 2006. Following Attorney General certification, the REST Rules took effect August 14, 2007. Among other things, the REST Rules require the affected utilities serving retail electric load, such as Trico Electric Cooperative (“Trico”) to derive certain percentages of the total energy that they sell at retail from eligible renewable energy resources.

Trico, a distribution cooperative member of Arizona Electric Power Cooperative (AEPSCO), has filed its tariffs to establish a REST surcharge pursuant to the requirements of R14-2-1808 in conjunction with participation under the AEPSCO REST plans which include certain of its member distribution cooperatives. On January 6, 2010, the Commission approved Trico’s most recent revision to its tariff in Decision No. 71453 and Trico’s participation in the 2010 AEPSCO REST Plan in Decision No. 71451.

The REST Rules contain a section that specifically addresses electric power cooperatives. R14-2-1814 instructs the cooperatives to file “an appropriate plan for acquiring Renewable Energy Credits from Eligible Renewable Energy Resources for the next calendar year.” Upon Commission approval, the provisions of the plan substitute for the requirements of R14-2-1804 and R14-2-1805 for Trico.

Trico has previously participated in the AEPSCO REST Plan, but now files its own REST Plan for calendar year 2011. Pursuant to the REST Rules, Trico submits this REST Plan for calendar year 2011 (the “2011 REST Plan”).

II. TRICO'S 2011 REST PLAN

Trico will use surcharge dollars and proceeds from consumer participation in the Green Energy Purchase Program, hereinafter defined, to fund renewable programs. The 2011 REST Plan includes rebate support for distributed residential and commercial photovoltaic, solar water heating and wind generation, and anticipated participation in large-scale commercial renewable installations. Such programs are referred to as SunWatts.

The 2011 REST Plan continues rebate support for all technologies that were approved as part of the 2010 AEPCO REST Plan.¹ Funds will also be used to pay for a portion of the administration, advertising and promotion of the SunWatts programs.

There are six SunWatts programs that make up Trico's 2011 REST Plan, which include: the Green Energy Purchase Program; the Residential and Commercial Rebate Program; the Large-Scale Renewable Program; the PV for Schools Program; the Habitat for Humanity Program; and the Educational Grant Program. Each of these programs is discussed in greater detail below.

Additional renewable energy initiatives include the availability of Net Metering through Trico's approved Net Metering Tariff, Decision No. 71462, dated January 26, 2010, as well as Trico's participation in the "Go Solar AZ Website", pursuant to Decision No. 71453, and the submission of a grant application to the Arizona Department of Commerce to assist in the development of a Community Supported Solar Demonstration Project at Trico's facility.

(1) SunWatts Green Energy Purchase Program: In this program, Trico's retail customers are given the opportunity to voluntarily support the purchase of "green energy." Green energy is offered to customers for purchase in 50 kWh blocks at a cost of

¹ Decision No. 71451 dated January 6, 2010.

\$2.00 per block. Green energy purchases are reflected as a line item on participating customers' retail bills. All funds received are used in support of the 2011 REST Plan programs. Advertising and other promotional activities encourage participation in this program.

(2) SunWatts Residential and Commercial Rebate Program: The rebate program pays customers rebates to encourage the installation of qualifying solar photovoltaic ("PV"), solar water heating, small wind systems and other renewable technologies.

(a) PV and small wind systems up to 10 kW in system size:

Trico will pay an Up-Front Incentive ("UFI") of \$1.50 per installed Watt, up to 30% of the total cost of the system until the UFI budgeted amount of \$591,408 is exhausted. Trico members with systems up to 10 kW will also have the option of receiving a Production Based Incentive ("PBI") in the amount of \$0.068493 per kWh over a ten-year period. At such time as the budgeted amount for UFI incentives is exhausted, Trico members will still have the option of receiving a PBI or, they may wait and submit an application for a UFI rebate under the 2012 REST Plan. The 2011 REST Plan includes funding dollars for additional metering costs associated with the PBI program. For all systems up to 10 kW in size receiving a UFI or PBI, the customer will transfer the Renewable Energy Credits ("RECs") to Trico for the system's actual or estimated kWh generation over a 20 year period.

(b) Systems over 10 kW but under 1 MW: These systems are not eligible for UFIs. PBIs will be distributed on a first come, first served basis until the budgeted amount of approximately \$22,400 per month (or \$268,800 for the year)

is exhausted. Participants will only be eligible to receive a PBI through a competitive selection process. PBI projects will be selected on a quarterly basis. Systems that are not selected may be resubmitted in a subsequent quarter. Trico anticipates that the following projects will go into service by the end of 2010:

Continental Schools Solar Project – Green Valley: Trico, Continental School District #39 (the “School”), located in Green Valley, Arizona, and Continental Energy, LLC., entered into an agreement in which Trico purchases the RECs produced by a 346 kW PV System to be installed on the School’s parking structures in late 2010.

WATTS Solar Project – Marana: The Arizona Department of Emergency and Military Affairs, Western ARNG Aviation Training Site (“WATTS”) plans to install an additional 13 kW PV array to its existing system located at its WATTS Facility in Marana, which will bring the total system output from 82 kW to 95 kW. Trico will purchase the RECs pursuant an existing agreement in which this installation is the last phase of a planned project. The system is expected to go into service in August 2010.

(c) Trico will offer rebates for solar water heaters:

A UFI rebate equal to \$0.40 per kWh of energy saved during the system’s first year of operation will be paid. Only systems certified by the Solar Ratings and Certification Corporation (“SRCC”) as being OG-300 are eligible for this rebate. A list of OG-300 certified Solar Systems is available at the Solar Rating and Certification Corporation’s website at www.solar-rating.org. In addition, the customer contribution to the cost of the solar water heater project must be a minimum of 15% of the total project cost after accounting for and applying all

federal and state incentives. Rebates for solar water heaters will be distributed on a first come, first served basis until the budgeted amount of \$25,247.76 is exhausted. At such time that the rebate budget is exhausted, Members will be placed on a rebate reservation waiting list. Solar swimming pool heating systems are not eligible for the rebate.

The UFIs and PBIs may be paid either directly to the customer or may be assigned by the customer during the application process. System installations are required to be performed by a licensed renewable energy contractor or electrician. In the case of solar water heaters, a licensed plumber can be used. If local conditions dictate, Trico may allow self-installations as long as the customer has the installation inspected and verified by a licensed contractor. Also, with respect to PBI incentives both in the over 10 kW and under 10 kW programs, Trico requests approval of the recovery of the lifetime cost of PBIs for the full term of the contracts underlying the PBIs.

The attached Exhibit 1 entitled "Renewable Technologies Supported by the 2011 REST Plan" summarizes the incentive levels provided for each technology. If Trico receives a request for a new technology not described in Exhibit 1, Trico will utilize the guidelines described in the Uniform Credit Purchase Program to define the viability, process and funding terms.

At least one-half of the surcharge funds collected each year are set aside to support the distributed generation rebate program. It should be stressed that this is an expectation and not a budget cap. Of the funds earmarked for distributed renewable generation, at least half will be set aside for residential distributed projects. Any allocated funds not used in the plan year may be used to support any REST program. The

ability to move REST dollars between various programs is essential to Trico's ability to meet the REST requirements in the most economical manner.

(3) The SunWatts Large-Scale Renewable Program: The SunWatts large-scale renewable program calls for Trico to participate in the development of large-scale renewable resources which may include large commercial renewable projects of 1 MW or greater, purchase power agreements or construction of utility owned resources.

Trico, as a small distribution cooperative, finds it difficult to economically fund large utility scale renewable energy generation. As a result, Trico has in the past participated with AEPCO and its member cooperatives in negotiating with such renewable energy providers to gain economies of scale. Trico hopes to continue this type of collaborative process in the future, by partnering with other distribution cooperatives or with investor-owned utilities. Trico anticipates that the following project will go into service by the end of 2010:

City of Tucson Solar Project: AEPCO and Trico are working with the City of Tucson to develop a 1 MW PV plant located in the Avra Valley area northwest of Tucson. The parties are currently working on finalizing a PBI REC purchase agreement with the City of Tucson. The solar plant is expected to go into service in late 2010.

(4) PV for Schools Program: Trico intends to suspend its PV for Schools Program for 2011. This program, included in the AEPCO REST Plan, was intended to award to one school per year a 5 kW PV system at no cost to the school. The program was intended to have one of the AEPCO REST Plan participating cooperatives fund this program each year, essentially asking that a particular cooperative fund the program

every four years. Trico expects to fund this program in 2010 by providing \$30,000 to the Pascua Yaqui Tribe. Trico does not plan to fund this program in 2011, but will evaluate it again in the 2012 REST Plan.

(5) SunWatts Habitat for Humanity Program: Trico will continue its partnership with the Habitat for Humanity to offer renewable energy options to low-income families. The Habitat organization will receive grants for the purchase of PV and other renewable energy equipment to be installed on Habitat homes. We also assist in finding local renewable energy equipment dealers who are willing to donate products and services. The type and amount of equipment will vary from project to project. Up to two of these projects will be undertaken each year with a total program budget of \$5,000.

(6) SunWatts Educational Grant Program: Trico will continue its support of renewable energy education in the classroom by offering teachers education grants for the development of renewable curricula for the classroom. A maximum of \$2,500 will be allocated for this program in 2011.

(7) Net Metering: All members with a renewable resource that is a qualifying facility in accordance with the Net Metering Rules A.A.C. R14-2-2301 through R14-2-2308 are eligible to participate in Trico's Net Metering Tariff; Decision No. 71462 dated January 26, 2010.

(8) Go Solar AZ Website: Trico has participated with Arizona Public Service (APS) and the other Arizona utilities in this project. It is anticipated that the website will be

available to the public by the end of 2010. As required by Decision No. 71453, Trico will continue to support the Go Solar AZ Website and will, once the web site becomes operational provide the following information: the reservation request review date; the incentive program under which the incentive is being offered; the amount of the incentive offered; the size and nature of the systems (whether commercial or residential); the step in the reservation process each system is in at the time it is posted; total cost of the system; nameplate rating of the system; current incentive application status; and the name of the installer of the system.

(9) Community Solar Demonstration Project: This program is designed to make solar energy accessible for renters and homeowners who cannot site a solar system or who do not have the capital to fund or otherwise finance their own unit.

Trico has submitted a grant application to the Arizona Department of Commerce to fund an initial \$1 million dollars to begin this project. If awarded, the grant will provide approximately 85% of the initial project cost and Trico would fund the remaining 15% through its own general funds, with the expectation that participating members will purchase the renewable output to ultimately fund the initial project and future projects as well (the project cost will be subsidized with the grant dollars to make it competitive with other renewable products).

Trico has proposed the initial installation of 210 kilowatts of PV generation to be located on parking structures located at the Trico headquarters. The installation will permit additional generation as participation increases. Trico does not plan to use any REST funding to cover the costs associated with this program and has not included the

renewable energy associated with this program in the 2011 forecast as the timing of the project and grant status is at this time unknown.

III. ADMINISTRATION OF THE SUNWATTS PROGRAM

Annual Reporting and Plan Development: By April 1, 2012, Trico will file a report that describes results for its 2011 REST Plan. On or before July 1 of each year, Trico will file an updated plan as required R14-2-1814.B.

Advertising and Promotion: Trico SunWatts advertising includes a variety of mediums, including, but not limited to: bill inserts and ads/stories in monthly newsletters; counter cards and posters; paid ads in local newspapers; paid ads on rural radio stations; participation at local events, such as cooperative annual meetings and county fairs; and a SunWatts promotional presence on the Trico website.

IV. ESTIMATED RESULTS/BUDGET/TARIFFS

Starting in May of 2009, Trico saw a dramatic increase in its residential (less than 10kW) SunWatts program. This huge increase resulted in not enough funding to provide for all Member's that wanted to install solar systems. Trico projects that the backlog of rebate applications will be between \$1.5 million to \$2.0 million by the end of 2010. Some potential reasons for this large increase in participation include: Trico's rates are higher than neighboring utilities, resulting in faster renewable pay-back of installation costs through the net metering tariff, better government tax incentives offered, member anticipation of future reductions in the incentive programs, and betterments in technology resulting in reduced solar system installation costs.

The 2011 REST Plan incorporates a plan to reduce and ultimately eliminate the backlog of residential solar system rebates and at the same time continue to keep the programs running such that no new backlog occurs. In an effort to eliminate the backlog of current residential solar system rebates, Trico will allocate approximately \$825,354 of its 2011 REST budget toward the elimination of the residential solar system rebate waiting list. With this plan in place Trico would hope to fully eliminate the backlog by the end of 2012.

Based on the programs and projects currently in place, as well as the assumptions stated in this 2011 REST Plan, Trico anticipates that its programs will provide a total of 8 million kWh of distributed renewable generation by the end of 2011. Trico does not anticipate the installation of renewable utility scale generation during 2011, though as discussed; it continues to work toward this end and anticipates that funding for these efforts would be available in the 2013 timeframe after elimination of the residential rebate waiting list backlog. The attached Exhibit 2 entitled "Renewable Energy Forecast" reflects Trico's estimated renewable energy for 2011.

The renewable forecasts described above were used to formulate the proposed budget described in the attached Exhibit 3 entitled "Proposed Trico 2011 REST Plan Budget". This budget assumes an increase to a \$3.00 per month REST Tariff maximum per residential customer (from the current \$2.00 per month maximum), \$130 monthly maximum for non-residential customers <3MW, \$3,500 monthly maximum for non-residential customers >3MW and \$43 monthly maximum for Agricultural and Governmental customers. To reduce the impact on the low use customers of the increased customer maximum monthly charges the REST Tariff also includes a reduced energy surcharge of \$0.008065/kWh for the Residential and Non-Residential customers and \$0.001411/kWh for the Agricultural and Governmental customers. Exhibit 4 entitled "Comparison of Existing and Proposed REST Surcharge: Residential" and Exhibit 5 entitled "Calculation of 2011 REST Fund Recovery" summarizes the impact on the

residential customers and the forecasted collection from Trico's REST surcharge tariff by customer class utilized for the 2011 REST Plan budget.

The attached Exhibit 6 entitled "Renewable Energy Customer Self-Directed Tariff, Exhibit 7 entitled "Voluntary Renewable Energy Standard Program Tariff and Exhibit 8 entitled "Renewable Energy Standard Tariff" represent the Tariffs applicable to the 2011 REST Plan. Exhibits 6 and 7 remain unchanged, whereas Trico has modified Exhibit 8 to reflect the proposed 2011 Renewable Energy Standard Tariff described above.

Exhibit
"1"

Exhibit 1

Renewable Technologies Supported by the 2011 REST Plan

Technology	UFI	PBI
Solar Electric	For systems up to 10 kW: \$1.50 per watt (up to 30% of system cost)	For systems up to 10kW: \$.0068493/kWh over 10 years (up to 30% of system cost) For systems 10kW up to 1MW Not to exceed \$0.10/kWh (quarterly competitive bid process)
Small Wind	For systems up to 10kW: \$1.50 per watt (up to 30% of system cost)	For systems up to 10kW: \$.0068493/kWh over 10 years (up to 30% of system cost) For systems 10kW up to 1MW Not to exceed \$0.10/kWh (quarterly competitive bid process)
Solar Water Heating	\$.40 per kWh for first year savings	N/A

Exhibit
"2"

Exhibit 2

Renewable Energy Forecast

	<u>2011</u>
	<u>Energy - kWh</u>
<u>Residential DG</u>	
PV RECs	4,276,723
Wind RECs	5,256
Solar Water Heater RECs	302,787
Allocated RECs From Joint AEPCO Plan	145,394
Subtotal Trico RECs Residential DG	4,730,160
IOU Target RECs – Residential	2,557,089
Difference	2,173,071
<u>Non-Residential DG</u>	
Existing PV RECs	1,126,029
New Installation UFI	65,700
AEPCO Unit	11,256
New Installations PBI & Schools	2,068,158
Subtotal Trico RECs Non-Residential DG	3,271,143
IOU Target RECs – Non-Residential	2,557,089
Difference	714,054
<u>Combined Residential and Non-Residential DG</u>	
IOU Target RECs	5,114,178
Total Trico 2011 DG RECs	8,001,303

IOU REC Target Calculation for 2011	
Trico Forecast kWh Sales – 2011	681,890,317
<u>Total IOU REC Target</u>	
Target REC %	3.00%
Target REC kWh	20,456,710
<u>Breakdown of Distributed Generation IOU</u>	
<u>Target</u>	
Total DG REC Target %	25.00%
Total DG REC Target kWh	5,114,178
Res DG REC Target %	50.00%
Res DG REC Target kWh	2,557,089
Non-Res DG REC Target kWh	2,557,089
Total IOU DG Target	5,114,178

Exhibit
"3"

Exhibit 3

Proposed Trico 2011 REST Budget

Residential DG PV UFI	\$	546,408
Residential DG PV PBI	\$	32,783
Residential Solar Water Heaters	\$	25,248
Total Residential	\$	604,439
Non-Residential DG PV UFI	\$	45,000
Non-Residential DG PBI	\$	268,785
Total Non-Residential	\$	313,785
Educational Grant Program	\$	2,500
Habitat for Humanity	\$	5,000
Used to Reduce Rebate Waiting List	\$	825,354
Total Rebates	\$	1,751,078
Admin, R&D Expenses	\$	249,110
Total Budget	\$	2,000,188

Exhibit
“4”

Exhibit 4

Comparison of Existing and Proposed REST Surcharge: Residential

<u>kWh Usage</u>	<u>Existing Billing</u>	<u>Proposed Billing</u>	<u>Change</u>	<u>Percent Change</u>
Customer Charge	15.00	15.00	0.00	0.00%
Energy Charge	0.121600	0.121600	0.000000	0.00%
WPCA	0.020000	0.020000	0.000000	0.00%
				-
REST	0.009470	0.008065	(0.001405)	14.84%
Max REST	2.00	3.00	1.00	50.00%
<hr/>				
50	22.55	22.48	(0.07)	-0.31%
100	30.11	29.97	(0.14)	-0.46%
250	52.40	52.42	0.02	0.04%
500	87.80	88.80	1.00	1.14%
750	123.20	124.20	1.00	0.81%
1,000	158.60	159.60	1.00	0.63%
1,500	229.40	230.40	1.00	0.44%
2,000	300.20	301.20	1.00	0.33%
3,000	441.80	442.80	1.00	0.23%
5,000	725.00	726.00	1.00	0.14%
916 Average	146.71	147.71	1.00	0.68%

Exhibit
"5"

Exhibit 5

**Calculation of 2011 REST Fund Recovery
(Test Year 12/31/2009)**

	<u>Residential</u>	<u>Non-Res < 3 MW</u>	<u>Non-Res > 3 MW</u>	<u>Agricultural & Government</u>	<u>Total</u>
<u>Existing</u>					
Maximum Monthly Recovery Per Consumer	\$ 2.00	\$ 74.10	\$ 222.30	\$ 24.70	
Recovery Per kWh	\$ 0.009477	\$ 0.009477	\$ 0.009477	0.001663	
Maximum kWh Subject to Recovery	211	7,819	23,457	14,853	
kWh Billed in Recovery Block	82,705,260	82,887,361	281,481	2,334,571	168,208,674
Total kWh	369,415,658	206,975,965	48,626,086	6,997,382	632,015,091
Recovery kWh as % of Total kWh	22.38813%	40.04685%	0.57887%	33.36349%	26.61466%
Calculated Revenue	\$ 783,797.75	\$ 785,523.52	\$ 2,667.60	\$ 3,882.39	\$ 1,575,871.26
Percent of Total	49.737%	49.847%	0.169%	0.246%	100.000%
Actual 2010 Budgeted Revenue					\$ 1,224,552.66
<u>Proposed</u>					
Maximum Monthly Recovery Per Consumer	\$ 3.00	\$ 130.00	\$ 3,500.00	\$ 43.00	
Recovery Per kWh	\$ 0.008065	\$ 0.008065	\$ 0.008065	0.001411	
Maximum kWh Subject to Recovery	372	16,119	433,974	30,475	
kWh Billed in Recovery Block	138,200,702	103,952,774	5,207,688	3,699,532	251,060,695
Total kWh	369,415,658	206,975,965	48,626,086	6,997,382	632,015,091
Recovery kWh as % of Total kWh	37.41062%	50.22456%	10.70966%	52.87023%	39.72385%
Calculated Revenue	\$ 1,114,588.66	\$ 838,379.12	\$ 42,000.00	\$ 5,220.04	\$ 2,000,188
Percent of Total	55.724%	41.915%	2.100%	0.261%	100.000%
Proposed 2011 Budgeted Revenue					\$ 2,000,188

Exhibit
"6"

ELECTRIC RATES

TRICO ELECTRIC COOPERATIVE, INC.

8600 W. Tangerine Road

Marana, Arizona 85658

Filed By: Vincent Nitido

Title: CEO/General Manager

Effective Date:

STANDARD OFFER TARIFF

**RENEWABLE ENERGY CUSTOMER SELF-DIRECTED TARIFF
SCHEDULE RESD**

Background

On November 14, 2006, the Arizona Corporation Commission (“Commission”) issued Decision No. 69127 that contained a Renewable Energy Standard (“RES”) that set forth annual renewable energy requirements for all affected electric utilities in the State of Arizona as well as a requirement that each affected electric utility file with the Commission for approval a RES Customer Self-Directed Option Tariff as defined below.

Availability

The RES Customer Self-Directed Option is available to single and three phase service for Non-Residential Members/Customers with multiple meters that pay more than \$25,000 annually in RES Surcharge funds pursuant to the Renewable Energy Standard Tariff for any number of related accounts or services within the Trico Electric Cooperative, Inc. (“Cooperative”) service territory (“Eligible Customer”).

Application

An Eligible Customer may apply to the Cooperative to receive funds to install Distributed Renewable Energy Resources. An Eligible Customer seeking to participate in this program shall submit to the Cooperative a completed application that describes the Renewable Energy Resources that it proposes to install and the projected cost of the project. An Eligible Customer shall provide at least half of the funding necessary to complete the project described in its application.

An Eligible Customer shall enter into a contract with the Cooperative that specifies, at a minimum the following information: the type of Distributed Generation (“DG”) resource, its total estimated cost, kWh output, its completion date, the expected life of the DG system, a schedule of the Eligible Customer’s expenditures and invoices for the DG system, Cooperative payments to an Eligible Customer for the DG system and the amount of a Security Bond or Letter of Credit necessary to ensure the future operation of the Eligible Customer’s DG System, metering equipment, maintenance, insurance and related costs.

Before connection to the Cooperative's electrical system, an Eligible Customer's DG Resource shall meet all of the Cooperative's DG interconnection requirements and guidelines.

All Renewable Energy Credits derived from the project, including generation and extra credit multipliers, shall be applied to satisfy the Cooperative's Annual Renewable Energy Requirement.

The funds annually received by an Eligible Customer pursuant to this tariff may not exceed the amount annually paid by the Eligible Customer pursuant to the RES Surcharge Tariff.

Exhibit
“7”

Exhibit 7

ELECTRIC RATES

TRICO ELECTRIC COOPERATIVE, INC.

8600 W. Tangerine Road

Marana, Arizona 85658

Filed By: Vincent Nitido

Title: CEO/General Manager

Effective Date:

**VOLUNTARY RENEWABLE ENERGY STANDARD PROGRAM TARIFF
SCHEDULE VRES**

Availability

The Renewable Energy Standard ("RES") Voluntary Contribution Program is available to all member/customers of Trico Electric Cooperative, Inc. ("Cooperative") who wish to contribute funds in support of the construction and acquisition of renewable resources.

Background

The Cooperative is one of five Arizona distribution members of Arizona Electric Power Cooperative, Inc. ("AEPCO"). AEPCO has prepared and the Arizona Corporation Commission ("Commission") has approved in Decision No. 69728 a RES Plan, which currently provides for rebate support of customer owned renewable resources or the acquisition of large scale renewable resources. The RES Plan may be modified from time to time on further application to the Commission. Funds to support the RES Plan are collected by certain of AEPCO's member distribution cooperatives pursuant to Commission Rules and applicable RES Surcharge tariffs and are remitted to AEPCO for expenditure in accordance with the terms of the approved RES Plan. The purpose of this RES Voluntary Contribution Program is to allow member/customers an option to contribute additional amounts if they desire in support of the RES Plan.

Contribution Program

Participation in the Contribution Program is voluntary. Any member/customer desiring to participate in the Contribution Program may do so by completing and returning to the Cooperative a form supplied by the Cooperative specifying the amount of the monthly contribution. Member/customers may purchase 50 kWh blocks of green energy for an additional cost of \$2.00 per block. The amount of the cost of the blocks selected will then be added to the member/customer's bill on a monthly basis. All monthly contributions associated with this tariff shall be utilized to permit the participation in the Contribution Program. Member/customers may cancel their participation in the Contribution Program at any time by notifying the Cooperative at least 30 days in advance of the member/customer's billing date of their decision to cancel effective as to such billing date on a form supplied by the Cooperative.

Elections to participate or to cancel participation in the Contribution Program may only be by completion of applications on forms supplied by the Cooperative, which are available at the Cooperative's main office or on the Cooperative's website.

Exhibit
"8"

Exhibit 8

ELECTRIC RATES

TRICO ELECTRIC COOPERATIVE, INC.

8600 W. Tangerine Road

Marana, Arizona 85658

Filed By: Vincent Nitido

Title: CEO/General Manager

Effective Date:

STANDARD OFFER TARIFF

**RENEWABLE ENERGY STANDARD TARIFF
SCHEDULE RES**

Background

On November 14, 2006, the Arizona Corporation Commission (“Commission”) issued Decision No. 69127 that contained a Renewable Energy Standard (“RES”) which set forth annual renewable energy requirements for all affected electric utilities in the State of Arizona as well as a requirement that each affected electric utility file with the Commission for approval a RES Tariff to fund such renewable energy requirements.

Availability

In the Cooperative’s Certificated Area where its facilities are of adequate capacity and the required phase and suitable voltage are in existence and are adjacent to the premises served.

Application

On all bills for all governmental and agricultural members/customers with multiple meters, a Renewable Energy Standard Surcharge mandated by the Arizona Corporation Commission (“Commission”) will be assessed monthly at the lesser of the per kilowatt-hour of retail electricity purchased by the consumer, or the maximum, both as stated below. In the case of unmetered services, Trico Electric Cooperative, Inc. (“Cooperative”) shall, for purposes of billing the RES Surcharge and subject to the maximum assessment set forth herein, use the lesser of (i) the load profile or otherwise estimated kWh required to provide the service in question; or (ii) the service's contract kWh.

Monthly Rate

Customer	kWh	Maximum
Governmental and Agricultural	\$.001411	\$43.00

Application

On all bills in all other tariff service categories than those listed above, an RES Surcharge mandated by the Commission will be assessed monthly at the lesser of the per kilowatt-hour of retail electricity purchased by the consumer, or the maximum stated below.

In the case of unmetered services, the Cooperative shall, for purposes of billing the RES Surcharge and subject to the maximum assessment set forth herein, use the lesser of (i) the load profile or otherwise estimated kWh required to provide the service in question; or (ii) the service's contract kWh.

Monthly Rate

Customer	kWh	Maximum
Residential	\$.008065	\$3.00
Non-Residential	\$.008065	\$130.00
Non-Residential whose metered demand is 3,000 kW or more for 3 consecutive months	\$.008065	\$3,500.00

The RES Surcharge is in addition to all other rates and charges applicable to service to the member/customer.