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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

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DOCKET NO. E-01773A-09-0335

IN THE MATTER OF THE APPLICATION  
OF TRICO ELECTRIC COOPERATIVE, INC TO  
REDUCE THE RESIDENTIAL PHOTOVOLTAIC  
REBATE FROM ITS CURRENT LEVEL AS  
STATED IN ARIZONA ELECTRIC  
COOPERATIVE, INC.'S 2010 RENEWABLE  
ENERGY IMPLEMENTATION PLAN WITHIN  
ITS SERVICE TERRITORY

**APPLICATION TO AMEND  
COMMISSION  
DECISION NO. 71451  
PURSUANT TO A.R.S. § 40-252**

**(Request to Expedite Review)**

Trico Electric Cooperative, Inc. ("Trico") requests that the Commission approve a modification to certain distributed renewable energy incentives within its service territory. Specifically, Trico requests to reduce the up-front incentive for residential and non-residential photovoltaic ("PV") systems up to 10 kW from \$3.00 per installed Watt up to 40% of the total cost of the system to \$1.50 per installed Watt up to 30% of the total cost of the system. This is consistent with the reduced incentives Trico is requesting in its 2011 Renewable Energy Implementation Plan ("Trico 2011 REST Plan"). Trico also requests that the decision be made retroactive to take effect starting July 15, 2010 – which allows Trico to notify its members while stabilizing its backlog by preventing a substantial rush of applications at the end of the year. Trico further requests expedited treatment of the application.

1. On January 6, 2010, the Commission issued Decision No. 71451, which approved the 2010 Amended and Restated Renewable Energy Standard and Tariff Plan ("2010 Restated REST Plan") for Arizona Electric Power Cooperative, Inc. ("AEPSCO"). As explained in that order, AEPSCO filed its 2010 Restated REST Plan on behalf of three of its Arizona member distribution cooperatives – Duncan Valley Electric Cooperative, Inc., Graham County Electric Cooperative, Inc. and Trico.

1 Trico has participated in AEPCO's REST Plans through the current 2010 plan, which ends on  
2 December 31, 2010. For 2011, Trico has prepared a separate plan rather than participating in  
3 AEPCO's REST Plan.

4         2. The up-front incentives ("rebates") for customers are part of AEPCO's SunWatts  
5 Residential and Commercial Rebate Program ("SunWatts rebate program"). For residential and non-  
6 residential photovoltaic systems, Trico pays \$3.00 per installed Watt, up to 40% of the total cost of  
7 the system, for systems up to 10 kW in size. Customers receive rebates for projects on a first-come  
8 first-serve basis until funding is no longer available. Customers whose systems are approved but  
9 have not yet received a rebate due to lack of funding are placed on a reservation waiting list until  
10 funding becomes available. Trico provides funding based on the approved incentive levels at the  
11 time of receipt of the customer's application.

12         3. Decision No. 71451 (January 6, 2010) noted that Trico had exhausted its 2009 REST  
13 funds – and that Trico sent a letter on September 22, 2009 to customers and contractors explaining  
14 the status of the Trico REST funds and describing the reservation process. Since September of 2009,  
15 Trico began placing all customers with a confirmed application on a reservation waiting list. Trico  
16 has continued to place customers on this list in 2010 due to the lack of funds – and projects the  
17 backlog of rebate applications will total about \$1.5 million to \$2.0 million by the end of 2010. Each  
18 new customer applying for rebates receives a letter informing them of the REST fund shortage.

19         4. The demand for incentive funding for residential PV systems remains high in 2010.  
20 Since January 1, 2010, Trico has received 32 requests for PV system incentives. Its reservation  
21 waiting list currently has 91 installed PV systems awaiting rebate payments, equaling approximately  
22 \$1.6 million. Trico does not anticipate having funding available to complete payment of all the  
23 customers currently on the waiting list until 2012. Trico believes a lower rebate will continue to  
24 encourage customer participation in the current SunWatts rebate program, but will help to slow the  
25 rate at which the waiting list grows. Trico will be proposing increases to its RES surcharge tariff as  
26 well as additional changes in the Trico 2011 REST Plan.

27         5. Trico proposes, for residential and non-residential PV systems up to 10 kW, a reduced

1 rebate of \$1.50 per installed Watt up to 30% of the total cost of the system – from the current rebate  
2 of \$3.00 per installed Watt up to 40% of the total cost of the system.

3           6.       Trico proposes that the reduced rebate take effect starting Thursday, July 15, 2010.  
4 Trico believes that a two week grace period to notify its members about the reduced rebate is  
5 sufficient and should give customers in the final stages of completing their PV system purchases  
6 enough time to submit applications before the close of business on Thursday, July 15, 2010. For any  
7 applications received starting after close of business on July 15, 2010, Trico will provide notice to  
8 customers regarding its pending request to reduce rebate levels for residential PV systems,  
9 retroactive to July 15, 2010, but will not confirm any applications before the Commission renders a  
10 decision on this Application. Should the Commission approve an incentive level that differs from  
11 Trico's proposal, then Trico will confirm all reservations received between July 15, 2010 and the date  
12 the Commission approves this Application at the incentive level authorized.

13           7.       Trico believes its Application should be approved as being in the public interest.  
14 Customer interest in renewable energy has increased significantly. That interest will likely remain,  
15 even with rebates lower than the current levels. The reduced rebate Trico proposes here is equal to  
16 the rebate Trico is proposing for residential and non-residential PV systems up to 10 kW in its 2011  
17 REST Plan. Trico is proposing additional changes in 2011 regarding rebates and to pay down the  
18 rebate reservation waiting list. The reduced rebates for residential PV systems from July 15, 2010  
19 going forward is designed to prevent a substantial rush of applications at the end of the year and to  
20 stabilize the backlog.

21           8.       Trico requests approval pursuant to A.R.S. § 40-252. Further, Trico requests  
22 expedited review and approval.  
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