

NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION

2010 JUL 20 P 12: 26

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E-01575A-10-0298

APPLICATION

IN THE MATTER OF SULPHUR SPRINGS
VALLEY ELECTRIC COOPERATIVE,
INC.'S APPLICATION FOR APPROVAL OF
NET METERING TARIFF REVISIONS.

DOCKET NO. E-01575A-10-_____

Pursuant to A.R.S. §§ 40-365, 40-367, and A.A.C. R14-2-2301, *et seq.*, Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC"), through counsel undersigned, hereby requests approval of revisions to its Net Metering Tariff (Schedule NM). In support of this Application, attached are the following documents:

- Revised Net Metering Tariff (Schedule NM);
- Marked copy of Revised Net Metering Tariff reflecting changes to existing Schedule NM; and
- Summary of Changes that includes an avoided cost calculation spreadsheet.

SSVEC respectfully requests that the Commission approve this Application on or before August 31, 2010, so that the Revised Net Metering Tariff may be implemented on September 1, 2010, to correspond with the September "true-up" period as provided in Schedule NM.

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Arizona Corporation Commission
DOCKETED
JUL 20 2010

DOCKETED BY *NR*

Snell & Wilmer
LLP
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RESPECTFULLY SUBMITTED this 20th day of July, 2010.

SNELL & WILMER LLP.

By 
Bradley S. Carroll
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Attorneys for Sulphur Springs Valley
Electric Cooperative, Inc.

ORIGINAL and 13 copies filed this
20th day of July, 2010, with:

Docket Control
ARIZONA CORPORATION COMMISSION
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COPIES of the foregoing hand-delivered
this 20th day of July, 2010, to:

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Lyn Farmer, Chief Administrative Law Judge
Hearing Division
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By Cathy Edwards

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ELECTRIC RATES

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

P.O. Box 820

Willcox, Arizona 85644-0820

Filed By: Creden Huber

Title: General Manager/CEO

Effective Date: September 1, 2010

STANDARD OFFER TARIFF

NET METERING TARIFF SCHEDULE NM

Availability

Net Metering service is an option for all customers of the Cooperative with a qualifying Net Metering Facility. Participation under this schedule is subject to availability of enhanced metering and billing system upgrades. The electric energy generated by or on behalf of the member from a qualifying Net Metering Facility and delivered to the Cooperative's distribution facilities may be used to offset electric energy provided by the Cooperative during the applicable billing period.

Net Metering Facility means a facility for the production of electricity that:

- a. Is operated by or on behalf of the customer and is located on the customer's premises;
- b. Is intended to provide part or all of the customer's requirements for electricity;
- c. Uses Renewable Resources, a Fuel Cell or CHP (as defined below);
- d. Has a generating capacity less than or equal to 125% of the customer's total connected load, or in the absence of customer load data, capacity less than or equal to the customer's electric service drop capacity; and
- e. Is interconnected with and can operate in parallel in phase with the Cooperative's existing distribution system.

Service under this tariff is available provided the rated capacity of the customer's Net Metering Facility does not exceed the Cooperative's service capacity. The customer shall comply with all of the Cooperative's interconnection standards. The customer is also required to sign and complete the Net Metering Application prior to being provided Net Metering Service. This service is also referred to as Partial Requirements Service.

Monthly Service Charge

There is no additional monthly service charge for Net Metering. The monthly Service Charge shall be the same as the non-net metering tariff that the customer would use if they did not choose to Net Meter.

Metering

Metering installed for the service provided under this tariff shall be capable of registering and accumulating the kilowatt-hours (kWh) of electricity flowing in both directions in a billing period.

The customer requesting Net Metering shall pay for the incremental cost difference of the bi-directional meter required for Net Metering and the standard meter, with a monthly fee of \$2.70.

**NET METERING TARIFF
SCHEDULE NM**

Monthly Billing

If the kWh supplied by the cooperative exceeds the kWh that are generated by the customer's Net Metering Facility and delivered back to the cooperative during the billing period, the customer shall be billed for the net kWh supplied by the Cooperative in accordance with the rates and charges under the customer's standard rate schedule.

If the electricity generated by the customer's Net Metering Facility exceeds the electricity supplied by the Cooperative in the billing period, the customer shall be credited during the next billing period for the excess kWh generated. That is, the excess kWh during the billing period will be used to reduce the kWh supplied (not kW or kVA demand or customer charges) and billed by the Cooperative during the following billing period.

Customers taking service under time-of-use rates who are to receive credit in a subsequent billing period for excess kWh generated shall receive such credit during the next billing period during the on- or off- peak periods corresponding to the on- or off- peak periods in which the kWh were generated by the Customer.

The Customer may choose either September or March for the once per year "true up". In the "true up" month or when the account is closed, the Cooperative shall issue a check or billing credit to customers with Net Metering Facilities for the balance of any credit due in excess of amounts owed by the customer to the Cooperative for Non-Firm Power. The payment for any remaining credits shall be at the Cooperative's Annual Average Avoided Cost which is \$0.0377 per kWh. Amounts over \$100.00 will be paid by check lesser amounts will be a billing credit. The Customer may also elect to donate the payment to the SSVEC Foundation or Operation RoundUP. Any payment for Firm Power will be pursuant to a separate contract.

Definitions

1. Annual Average Avoided Cost is defined as the average wholesale fuel and energy cost per kWh charged by the Cooperative's wholesale power supplier(s) during the previous 12 months calculated with the receipt of the May wholesale power bills. The Annual Average Avoided Cost will then be applied in the September or March "true up" period or when a NET Meter Account is closed during the Net Metering Calendar Year. SSVEC will submit an updated NET Meter tariff prior to September 1st to the ACC for approval of the Average Avoided Cost and posted to the SSVEC website and available at any Cooperative office.
2. Calendar Year: For the purpose of determining the billing credit for the balance of any credit due in excess of amounts owed by the customer to the Cooperative, the Calendar Year for NET Metering is defined as September 1 through August 31 (September billing cycle).
3. Renewable Resource means natural resources that can be replenished by natural processes, including Biomass, Biogas, Geothermal, Hydroelectric, Solar or Wind as defined in A.A.C. R14-2-2302(2) &(3).

**NET METERING TARIFF
SCHEDULE NM**

4. Combined Heat and Power or CHP (also known as cogeneration) means a system that generates electricity and useful thermal energy in a single, integrated system such that the useful power output of the facility plus one-half the useful thermal energy output during any 12-month period must be no less than 42.5 percent of the total energy input of fuel to the facility.
5. Fuel Cell means a device that converts the chemical energy of a fuel directly into electricity without intermediate combustion or thermal cycles. The source of the chemical reaction must be from Renewable Resources.
6. Determining the customers 125% capacity from load data:
 - a. In the absence of demand data (for residential and small business) the highest 12 months (calendar year) kWh consumption in the previous three years, will be divided by 2190 (average annual PV production hours) to determine the 100% capacity level in kW which will achieve a "net zero" home or business. To which the 125% will be applied.
 - b. For customers with a demand history it will be 125% of the average demand in the most current 12 month period. Demand history can be obtained by a billing meter with a demand register or demand data acquired by the Automatic Meter Reading (AMR) system.
7. Partial Requirements Services- Electric service provided to a customer that has an interconnected Net Metering Facility whereby the output from its electric generator(s) first supplies its own electric requirements and any excess energy (over and above its own requirements at any point in time) is then provided to the Company. The Company supplies the customer's supplemental electric requirements (those not met by their own generation facilities). This configuration may also be referred to as the "parallel mode" of operation.
8. Non-Firm Power- Electric power which is supplied by the Customer's generator at the Customer's option, where no firm guarantee is provided, and the power can be interrupted by the Customer at any time.
9. Firm Power- Power available, upon demand, at all times (except for forced outages) during the period covered by the Purchase Agreement from the customer's facilities with an expected or demonstrated reliability which is greater than or equal to the average reliability of the Company's firm power sources.
10. Standard Rate Schedule- Any of the Company's retail rate schedules with metered kWh charges.
11. Time Periods- Mountain Standard Time shall be used in the application of this rate schedule. Because of potential differences of the timing devices, there may be a variation of up to 15 minutes in timing for the pricing periods. On-peak and off-peak time periods will be determined by the applicable Standard Retail Rate Schedule.

ELECTRIC RATES

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

P.O. Box 820

Willcox, Arizona 85644-0820

Filed By: Creden Huber

Title: General Manager/CEO

Effective Date: January 28September 1, 2010

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NET METERING TARIFF

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Definitions

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SCHEDULE NM**

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Sulphur Springs Valley Electric Cooperative, Inc.

A Touchstone Energy® Cooperative 

In the Matter of Sulphur Springs Valley Electric Cooperative, Inc. Application for Approval of Net Metering Tariff Revisions

Supplemental Information in Support of Application Summary of Changes

In Sulphur Springs Valley Electric Cooperative's ("SSVEC") Net Meter Tariff (Schedule NM) ("Tariff"), the Annual Average Avoided Cost is set forth in the Tariff as required by the Arizona Corporation Commission's ("Commission") Net Metering Rules (A.A.C.R14-2-2301 *et seq.*) ("Rules"). As such, the Tariff needs to be periodically revised to reflect the Avoided Cost to be applied to the September and March true-ups.

The first change reflects the new kWh avoided cost:

The Customer may choose either September or March for the once per year "true up". In the "true up" month or when the account is closed, the Cooperative shall issue a check or billing credit to customers with Net Metering Facilities for the balance of any credit due in excess of amounts owed by the customer to the Cooperative for Non-Firm Power. The payment for any remaining credits shall be at the Cooperative's Annual Average Avoided Cost which is ~~\$0.0494~~ \$0.0377 per kWh. Amounts over \$100.00 will be paid by check lesser amounts will be a billing credit. The Customer may also elect to donate the payment to the SSVEC Foundation or Operation RoundUP. Any payment for Firm Power will be pursuant to a separate contract.

The next change revises the definition of Annual Average Avoided Costs to ensure that there is sufficient time for the Staff and Commissioners to approve the updated Tariff. The existing definition did not contemplate SSVEC filing a Tariff each year for Commission approval, but to simply update the Tariff with Staff:

1. Annual Average Avoided Cost is defined as the average wholesale fuel and energy cost per kWh charged by the Cooperative's wholesale power supplier(s) during the previous 12 months calculated with the receipt of the ~~July~~ May wholesale power bills. The Annual Average Avoided Cost will then be applied in the September or March "true up" period or when a NET Meter Account is closed during the Net Metering Calendar Year. SSVEC will submit an updated NET Meter tariff prior to September 1st to the ACC for approval of the Average Avoided Cost ~~This cost will be updated on September 1st each year and and posted the updated value to the SSVEC website and copies of the NET Metering tariff are available at any Cooperative office.~~

The final change is in definition 6b of the Tariff to determine the 125% capacity sizing. If demand is used to determine the system size for Net Metering, utilization of the "average" (as opposed to "highest") demand sizes the system closer to the goal of a "NET Zero" size than using a peak demand that reflects a period of consumption that might happen only 3-5 times per year. This can result in the customer buying more system than needed. Consequently, the Customer would experience diminished returns on the investment. SSVEC believes that using the average, rather than the highest demand, meets the goals of the Rules. This belief is based on the comments from Staff and the other parties who commented on the Rules:

- a. For customers with a demand history it will be 125% of the average ~~highest~~ demand in the most current 12 month period. Demand history can be obtained by a billing meter with a demand register or demand data acquired by the Automatic Meter Reading (AMR) system.

Attachment A is the spreadsheet that SSVEC used to calculate the Avoided Cost and the updated. SSVEC requests that the Commission approve the revised Schedule NM effective September 1, 2010. Any questions regarding the revisions to Schedule NM should be directed to David K. Bane at 520-515-3472.

ATTACHMENT A

