

ORIGINAL



Sulphur Springs Valley Electric



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A Touchstone Energy® Cooperative



311 E. Wilcox Drive · Sierra Vista, AZ 85635

November 24, 2010

Arizona Corporation Commission

DOCKETED

NOV 24 2010

DOCKETED BY 

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AZ CORP COMMISSION
DOCKET CONTROL

Hand Delivered

Mr. Brian Bozzo, Compliance Manager
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

Re: Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") – Compliance with Decision No. 71463 – Minutes for Town-Hall Style Meetings – Docket No. E-01575A-09-0429

Dear Mr. Bozzo:

In compliance with Arizona Corporation Commission Decision No. 71463 (page 6, lines 16-18) in the above-referenced docket, SSVEC hereby provides the attached information for its nine (9) town-hall style meetings as well as three (3) community leaders luncheons for a total of twelve (12) meetings. The requirement was three (3).

If you have questions or need additional information, please contact me at (520) 515-3470, or my assistant Roxanne Williams at (520) 515-3471.

Sincerely,

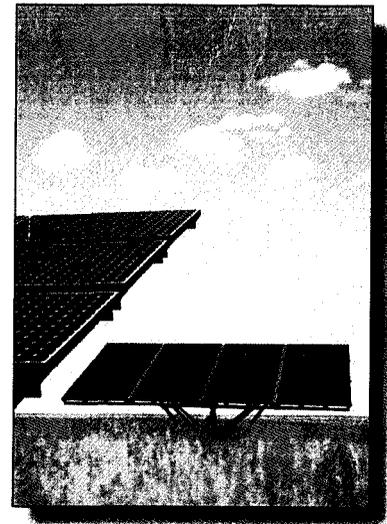
Jack Blair
Chief Member Services Officer

Enclosure

cc: Docket Control (14 copies)

Announcing Community Seminars

**SSVEC's Renewable Energy
and Energy Efficiency Programs**



Would you like to know:

- *why and how SSVEC came to offer a renewable energy rebate program?
- *the current provisions of SSVEC's renewable program for members (including net-metering)?
- *proper sizing of renewable energy projects?
- *the potential benefits (and current limitations) of renewable energy?
- *the impact of renewable energy on SSVEC's members' electric bills?
- *SSVEC's residential and business energy efficiency programs?
- *the status of SSVEC's Smart Grid project?

Join us for a presentation on these subjects at one of the following locations:

Willcox	Kiva Room/Best Western Motel 1100 W. Rex Allen Drive	August 12, 2010	5:30 p.m.
Sunsites	Sunsites Community Center Treasure Road	August 16, 2010	2:00 p.m.
Elfrida	Elfrida Community Center Route 191	August 16, 2010	5:30 p.m.
Benson	Benson Schools Multipurpose Center 360 S. Patagonia Street	August 17, 2010	5:30 p.m.
Sonolta	Elgin School 23 Elgin Road	August 31, 2010	6:00 p.m.
Sierra Vista	Windemere Hotel and Conference Center 2047 S. Highway 92	September 2, 2010	6:00 p.m.

**Each session is open to the public
and should last about one hour.**



**Sulphur Springs Valley
Electric Cooperative, Inc.**

A Touchstone Energy® Cooperative 

SSVEC Community Presentation

Sign-In Sheet

Willcox

Kiva Room (Plaza Inn)

Noon

August 12, 2010

PAT McCOUNT	City of Willcox
BROOKS CLIFTON	SSVEL
Heather Floyd	Sierra Southwest
Chris Baggett	SSW
Howard O'Belton	Self
Sam Linden	City
MIKE FORTENBERRY	UTC
CORINA Pino-Reyes	UTC
Tom Miner	City
Joanne Grove	CWLT Hospice
Monika Cronburg	WUSD / City / Wine Growers ^{WWS...}
Oscar Hudson	City of Willcox Public Works
VIRGINIA SALDANA	SESCSP
PATRICIA Lopez	SEACAP
Connie Bonner	
Ruthy Smith	
MOHAN PATEL	DAY'S INN
Peggy Judd	Rex Allen Days - Willcox Real Estate
Stephan Klump	

SSVEC Community Presentation

Sign-In Sheet

Willcox

Kiva Room (Plaza Inn)

Noon

August 12, 2010

Jeffrey M Stoddard City of Willcox
Sara + Bill Nolan
Gay Moe
Kathy Smith
Cathy Collins Farm Bureau
Cynthia Judd
Dave Bonner City of Willcox
Jamie Anderson
Robert Carlson III Carlson Creek Vineyard
Kees Rodenburg Eurofresh Farms

Geoff Oldfather Sierra S.W. Coop Soc

SSVEC Community Presentation

Sign-In Sheet

Willcox

Kiva Room (Plaza Inn)

5:30 p.m.

August 12, 2010

CLAIR ST CLAIR

Tony LIAWHIAC

Jerem and Mary Montierth

Tina & Hannah Mascareñas

Michael & Jimara McGee

Robert Bruce

Mike HONICKMAN

Jack & Jackie Walter

Joyce Steyer

Ed Alden

Lee Moon

Gae Steyer

Ron + Singell + Lisa Singell

Rhonda

Kathy Batcher

John

Mike Schmelzer

Joyce Creamer

Ed Fox

SSVEC Community Presentation

Sign-In Sheet

Pearce-Sunsites

Sunsites Community Center

2:00 p.m.

August 16, 2010

DARLENE BURNETT

Cyndi Waldmann

Peter Guntz

ALLAN GJOVIG

MURRAY McClelland

Linda Burnett

John Saunders Lehman

Kary Corwan

LEO PARSCELL

Carl Schnabel

Dorothea Vondenbrink

John E. Dal

JOHN P. MATTEI

SSVEC Community Presentation

Sign-In Sheet

Pearce-Sunsites

Sunsites Community Center

2:00 p.m.

August 16, 2010

STEPHEN T SMITH
FRANK J SEIFERT
Harold v. Ziemer
Homer W. Marshall
Jim & Marianne Dodd
Melanie Palmer
Lee Frasher
Joan Brown
Richard & Barbara Carr

Robert & Bruce
Tom & Alice
Barbara Highfield
RAY KLUMB
Eric Stegemeyer
Alex and Mabel Kadet
Carl & Betty Russell
Yvonne C Lawrence
Jany Edmiston
Betty Russell

SSVEC Community Presentation

Sign-In Sheet

Elfrida

Elfrida Community Center

5:30 p.m.

August 16, 2010

EO HENLEY
Manuel Fuentes
Joan Ruane
HARRY SCARLETT
Angela Owens
Mike Miller
Charlotte Davis - ECA
DELA CALLAHAN - ST. VINCENT de PAUL
ALFONSO ANTILLON " " " "
BOB BURK

Mary Ann Royer
Robert Bruce
Dennis Moroney

Community Presentation on Renewable Energy and Energy Efficiency

August 17, 2010

Benson Schools Multi-Purpose Facility

Benson

5:30 p.m.

~~Nov~~ ^{Butterfield RV Park}

Sylvia Burnside - San Pedro River Cents Council

Lyndon Denton - ANPI

Pamela Beilke ANPI

Janice Wright - SPRAC

Vicki Vinaw - City of Benson

Heather Floyd - SSW

Bruce Stagg

Bonnie Stagg

ARRY MARTINEZ Community Food Pantry

Will CASON Community Food Pantry

Judy Thompson & Joyce Walsh - National Bank of AZ

Jim Cox City of Benson

MARK M. FENN - FENN HOMES / CITY of BENSON

CARRIE FENN - " "

JIM ALLEN VERMILION REATY ST DAVID

DON GRAVES VERMILION RLTY ST DAVID

GROFF OLDFATHER AZ CAT COOPS Benson AZ

Leo O'Connell Benson Food Bank " "

Community Presentation on Renewable Energy and Energy Efficiency
August 17, 2010 Butterfield RV Park Benson Noon

Robert Boettcher
Quincy Rush
Jennifer [unclear]
Steve [unclear] City Benson
John K. [unclear] City of Benson
Kathy Jacobs SVEC
Van [unclear] Flowers on Fourth
Bill [unclear] " " "
Pat Thibodeaux Benson Area Food Bank

Community Presentation on Renewable Energy and Energy Efficiency

August 17, 2010

Benson Schools Multi-Purpose Facility

Benson 5:30 p.m.

Melanie Judd

Howard Judd

Heather Borman

ANA J. LUCORE

Lisa Hill

Wendy Schmitt

JEFF WEBSTER

Sue Hamilton

Mike Stanley

Tom Setzer

Bob Rawley

James Wehmann

Mark + Syndy Black

Dave + Judi Sigmar

Darrell + Athena Crayson

Paula Barnes

Brook Johnson

George C. Thoburn

Melinda Supt

JOSEPH L. KRAUSE, JR.

Community Presentation on Renewable Energy and Energy Efficiency

August 17, 2010

Benson Schools Multi-Purpose Facility

Benson

5:30 p.m.

Gerald Fredrickson

Joan & Daniel Davarport

Robert Stet

Gulf Mitchell

Alana Bortea

Joe Laszlo

Bill + Cathy Orman

Guff Westing Holland

~~Ken~~

Beta Donna Quisambani

Terry & Jeni Celentano

Nancy Johnson

Sook Khoo

Bill Withers ~~Bill Withers~~

Bill PARKER

Patty Walman

Michael and Sarah

Bette May (Whetstone)

Alan Kandel

Gerard & Darla Rodriguez

SSVEC Community Presentation

Sign-In Sheet

Sonoita

Elgin School

6:00 p.m.

August 31, 2010

Al Gam

~~Ken~~

Denzlo Hancock

Jess Duncan (Bare)

Myda Rozant

~~Al~~

John Holcombe

Jerry Winslow

Wayne Parker
gout getzwiller

ANDREW GUSTAFSON

LINDA KENNEDY

MARILYN WALTON

FREDERICK B. WILKES

KEVIN MORROW

JEFFREY LATHAM

SSVEC Community Presentation

Sign-In Sheet

Sierra Vista

Windemere Hotel

11:30 a.m.

September 2, 2010

~~David Fuerness~~

~~Denny Kutz~~

~~Gene Kruttschnitt~~

RON OROZCO

Mark Apel

Brad SNYDER

Karin Phillips

Eileen Breier

Dominic Mejia

FRANIL GARCIA

Rod White R.D.I.

MIKIE RATHERFORD RDI

JONATHAN GROTH, GROTH DEVELOPMENT SVCS.

Roberto Ortega

John Hargrave's Sierra Vista Chamber of Commerce

DIANE ERWIN " " " " " "

Paul Strand

Spay Endlin Family MWR

Karla Rothrock Chamber

John Russell Suburban Extended Stay

SSVEC Community Presentation

Sign-In Sheet

Sierra Vista

Windemere Hotel

11:30 a.m.

September 2, 2010

Jackie Moore

Nick Garcia

Klancy Garcia

Nancy Bittler

Bryan Bowen

SSVEC Community Presentation

Sign-In Sheet

Sierra Vista

Windemere Hotel

6:00 p.m.

September 2, 2010

MARK STEVENS

CECIL O. CARLILE

RICHARD DIXON

ELLEN R. MOBLEY

MARK SCHMIDT

Jim Wisbey

David Dennison

Joe & Cal Thurlow

Glen & Deanna Lanner

ABE BOLF

Marilyn E. Vance

Donna & Dick Brown

Bob & Sondi Dalby

Anthony A. Ralph

Mr. & Mrs. Lavan Fullington

Sharon Barnett

Heather Williams list #

Richard Chendy A BRAVAV4@yaho.com

Ed Weiss

David C. Lambert

SSVEC Community Presentation

Sign-In Sheet

Sierra Vista

Windemere Hotel

6:00 p.m.

September 2, 2010

Gary + Jane Hartling

Charles Darrow

MARK BETTIE HANNA

Joseph L. Black

Jane R. Brofer

Roger + Steve Carstensen

David + Dorothy Brown

Larry Woodruff

Nick + Shelley Dirks

Samuel Strickland

William S. Davis

Craig + Kathy McClintock

Phillip Buckstead

Eliot Harris

Dean + Sudi Berkey

Gordon + Lucy Allen

TIMOTHY M. STRICKLAND

ROBERT HOBERT

ZINA A JUSTINIANO

William Day

[Handwritten signature]

SSVEC Community Presentation

Sign-In Sheet

Sierra Vista

Windemere Hotel

6:00 p.m.

September 2, 2010

Richard Williamson
~~Scott & Theresa Sanchez~~
JOHN GARTNER
HENNE CRODRIGUE.
John Strom
Phil Baker
Catherine Plets & Edward Ubaldo
Bob Thompson
Gene Manning
ROSS LAMPENT

~~Bridget Bayrow~~
~~[Signature]~~
JARKA & CAROL SELINEK
Glenn Miller
Donald Smyth
mike ramos
Monica Lake & Jeff Heller
James E. & Dora G. STRAKA
Luz E. CHINEA-LUNA Laura M. Luna
Byd A. & Bryant Semerkofe

over →

Sergio Velasquez

Sandi Matara

Roland Bockhorst

Brittany Farrar

Damian Collier

Barry Beuenger

James M. Besselt

Brenna Guehmann

PAUL AVALLO

Linda Langner / Dennis Witthoff

Vaden + Josette Harford

David + Nancy MacCollum

FRANK CHACK

Dale Dickerson

Wendy + Brian Stafa

STEVEN SCHEUMANN

Elvis Noova

Bonnie Stone

L+T Skiddell

Sheridan Stone



Sulphur Springs Valley Electric Cooperative, Inc.

A Touchstone Energy[®] Cooperative 

RENEWABLE ENERGY

ENERGY EFFICIENCY PROGRAMS

SMART GRID GRANT

Good Morning Evening or Afternoon,

Welcome to SSVECs Community Seminar on Renewable Energy, Energy Efficiency and our smart grid grant that SSVEC was successful in securing as from the federal government..

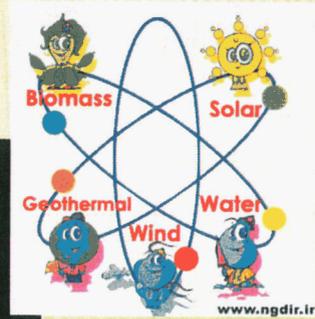
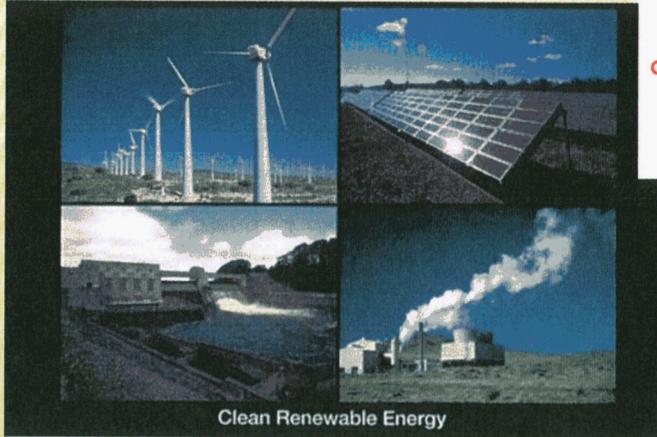
TODAY'S PROGRAM

- ✓ why and how SSVEC came to offer a renewable energy program
- ✓ the current and proposed renewable program (including net metering)
- ✓ proper sizing of renewable energy projects
- ✓ the potential benefits and current limitations of renewable energy
- ✓ cost of renewable energy for members
- ✓ residential and business energy efficiency programs
- ✓ Smart Grid project status

Today's program we will discuss READ SLIDE topics come up automatically

RENEWABLE ENERGY PROGRAM

REST



Lets start out with our renewable energy program. The Renewable Energy Surcharge Tariff or REST.

HOW DID REST BEGIN?

- Environmental Portfolio Standards (EPS) began in 2003 at the direction of the Arizona Corporation Commission (ACC)
- Renewable Energy Standard Tariff (REST) program approved by the ACC in 2006.
 - Promoted by the AZ Co-ops using SunWatts Brand



In 2003 The ACC enacted the Environmental Portfolio Standards which set minimum requirements for electric utilities to purchase renewable energy as a percentage of their total power purchases. In this rule the Cooperatives were exempt from the mandated levels if they produced an acceptable plan to the ACC. This became the REST program in 2006 which we marketed with the other cooperatives using the SunWatts brand.

SSVEC GOALS

Year	Retail Sales (MWh) from the 2008 PRS	Renewable Goal (%)	Renewable Energy Needed (MWh)	Renewable Capacity needed (MW)	Renewable MW Installed	Installed Systems
2005 - 2007	796,093	.5%	3,980	1.8	.14	102
2008	819,072	.5%	4,095	1.9	.31	90
2009	886,759	1.00%	8,868	4.0	3.1	298
2010	917,376	1.25%	11,467	5.2	4.5*	
2011	945,922	1.50%	14,189	6.5		
2012	973,679	1.75%	17,039	7.8		
2013	998,033	2.00%	19,961	9.1		
2014	1,023,514	2.25%	23,029	10.5		
2015	1,047,502	2.50%	26,188	12.0		
2016	1,073,556	3.00%	32,207	14.7		
2017	1,097,220	3.50%	38,403	17.5		
2018	1,122,319	4.00%	44,893	20.5		
2019	1,149,655	4.50%	51,734	23.6		
2020	1,176,514	5.00%	58,826	26.9		
2021	1,202,185	5.50%	66,120	30.2		
2022	1,228,846	6.00%	73,731	33.7		
2023	1,254,640	6.50%	81,552	37.2		
2024	1,281,112	7.00%	89,678	40.9		
2025	1,305,392	7.50%	97,904	44.7		

As part of the REST plan SSVEC established goals and they were accepted by the ACC.

These goals are about half of what the Investor Owned Utilities, such as APS and TEP have to reach.

One item to note is the 331% increase in the number of system installed from 2008 to 2009.

2010 REST REBATES

For Photovoltaic systems (PV)

\$3.00 per watt "One Time Incentive" with a maximum of 50% of your system cost

Or

Performance Based Incentive that pays you 18 to 20.2 cents per kWh each month based on the production from your system with a maximum of 60% of the system cost.

For 2010, SSVEC offers for photovoltaic or PV systems either a one time incentive or rebate of \$3 per watt up to half the cost of your system or a performance based incentive that pays you 18 to 20 cents per kWh (based on the length of the contract) each month based on what your system produces up to 60% of the cost of your system. In short, you can either get a lump sum one time incentive or receive a larger amount paid over time. The choice is for members to make.

Which is better? It is really up to you. Do you want a single incentive or get it a little at a time each month.

2010 REST REBATES

Solar Water Heating

incentive based on the first year kWh savings for a Solar Water Heater (SWH).

Using the OG-300 pay \$0.75 per kWh saved for the first year.

Solar Water Heating is the simplest form of using solar energy. Low cost, efficient, and simple. Under our REST program the Incentive is based on the systems rating in the OG-300 which estimates the annual kWh savings. We will pay 75 cents per kWh saved for the first year. This is a one time lump sum payment and the system must be listed in the OG-300.

FEDERAL AND STATE TAX CREDITS

IN ADDITION TO THE SSVEC INCENTIVES, YOU MAY BE ELIGIBLE FOR STATE AND FEDERAL TAX CREDITS.

In addition to the incentives and rebates offered by SSVEC, members may be eligible for state and federal tax credits.

Our corporate attorney will not allow us to provide tax advice so please see your tax advisor.

2010 REST PROGRAM

Solar Loan Program

- Borrow up to \$2.00 per watt or 25% of the system cost with an \$8,000 maximum
- Interest rate = 3%
- 5 year loan

\$128,846 loaned in 2009



To help with the cost of solar installations, SSVEC developed a loan program in 2008 (first in the State) that people have used to get their system installed. Our members can borrow \$2 per watt or up to 25% of the cost of the system with an 8,000 dollar maximum. Loans are paid back over 5 years. In 2009 we loaned over 128,000 dollars.

We have a loan program for businesses as well with a higher maximum and longer term with the same interest rate.

The loans are secured by a lien on the property.

SSVEC'S REST PROGRAM RECOGNIZED



**Rated #1 in the
Nation for PV
based on solar
watts per customer
for 2009**



SSVEC's renewable energy program was recognized nationally in 2010 for the amount of solar installed in 2009. Out of all of the utilities in the United States, SSVEC ranked number one based on the number of installed watts per consumer.

BENEFITS AND LIMITS FOR RENEWABLES

- ✓ Reduced dependence on other fuels
- ✗ Potential to delay line or generation upgrades
- ✗ PV doesn't work at night or on cloudy days
- ✗ PV production decreases with heat
- ✗ Wind doesn't blow consistently
- ✗ Higher cost than traditional generation
- ✗ Distribution system not designed for large reverse flow
- ✗ Maintenance costs for the system owner

Renewables, What are the benefits and limits.

Reduced dependence on other fuels, the limiting factor is quantity available

If PV were installed on every home we would get more life from our current infrastructure as long as the load at night did not increase as well.

They don't have a panel to work on moon light yet.

The Modules rated output assumes an outdoor temperature of 77 degrees. As the temperature rises the production drops. Work best in winter.

Studies by NAU don't show commercial grade wind for power production in most of Cochise County.

When you take the total cost of the system and divide it by the expected production of kWh over its life, it comes close to the retail cost of electricity but a long way from wholesale.

SSVECs grid was designed to provide energy from a central location (our substations). Installing a large scale renewable project on the outer edges of our grid is like trying to do a heart transplant by connecting a heart to your finger.

What we have seen this year is people are discovering that PV systems need attention, whether its cleaning, checking circuit breakers, or repairing damage you have to spend time taking care of a system.

WHAT IS THIS COSTING ON MY BILL?

- ✦ The REST Surcharge is a line item on your electric bill.
 - ✦ \$0.007937 per kWh with the following maximums (based on your rate class) per meter
 - ✦ \$3.49 for residential
 - ✦ \$85.00 for small commercial
 - ✦ \$50.00 for Irrigation
 - ✦ \$200.00 for large commercial
 - ✦ \$300.00 for Industrial (Demand over 3MW)



The REST program is required by the ACC. Funding for all utilities REST programs are from a single line item on your electric bill. The exact cost varies by each utility based on their customer base and how much money they feel they need for their program. The ACC provided utilities with a starting point for the tariff and we have had to modify it over the years to fund the changing needs of the program. Needless to say it is fine line we walk in collecting additional revenue from our members to support renewable energy.

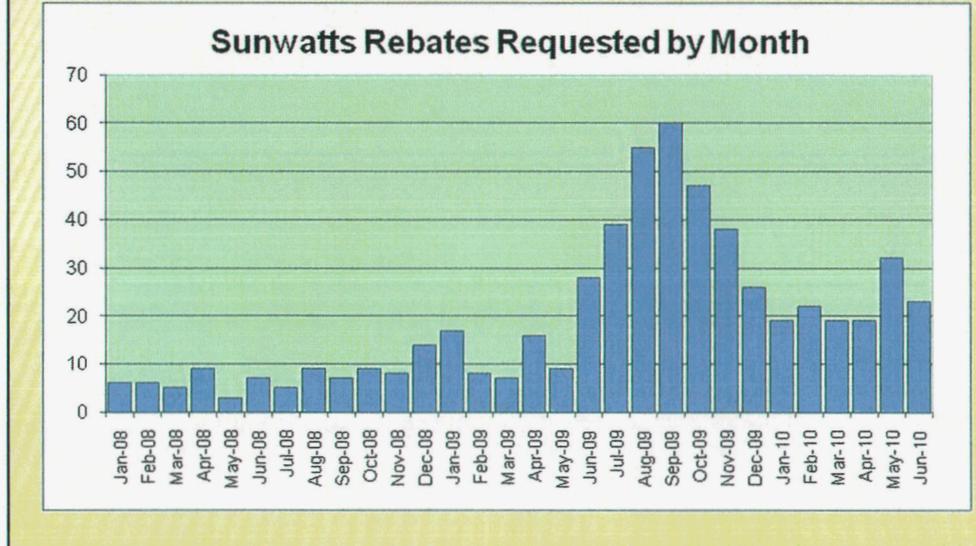
REST COLLECTIONS AND BUDGET

2010 REST Budget		
Estimated 2010 Collections	\$	3,009,635
Estimated 2009 carry over	\$	10,000
Total Budget	\$	3,019,635
Loan Program	\$	200,000
Program Costs	\$	200,000
Habitat Project	\$	34,000
CREBs for Schools	\$	1,045,000
Large Scale Renewables (CREBs) or PPA	\$	650,000
SunWatts Residential Incentives	\$	534,381
SunWatts Commercial Incentives	\$	356,254
Total Budget	\$	3,019,635

Here is our 2010 budget for REST. All these funds come out of the surcharge, none from our general funds or rates. In short, whatever we bring in thru the surcharge we use to operate the program (6.6% of receipts) and provided incentives. So in 2010 SSVEC will collect about 3 million dollars and either pay out in loans, incentives and bonds 2.8 million dollars.

To give you some perspective the APS budget for their 2010 REST plan is over \$67 Million. They are a lot larger than we are.

PARTICIPATION LEVELS



The largest impact on the cost of our program is participation levels. From the inception of the program until December 2008 we were pretty consistent month to month. But in January 2009 the federal and state tax codes changed making renewable energy a much more financially viable idea and more people began to install their own systems. In the summer of 2009 when SSVEC submitted its 2010 program which decreased the incentives to stay on par with other utilities in the state, the numbers really surged. The numbers have remained strong in 2010 even though the incentives levels from SSVEC have decreased.

PV AND SHADE FOR SCHOOLS

- ✦ The Clean Renewable Energy Bonds (CREBs) are zero interest loans for Co-ops to fund renewable energy projects.
- ✦ In 2008 the ACC approved a program for SSVEC to install a 24kW solar system on each campus we serve (41 locations).
- ✦ Repaid over 15 years.

When this program was conceived late in 2006, we had a surplus of funds because people just were not putting in a lot of renewables. We wanted to see where we could spend this money to everyone's benefit and help us reach the goals for the ACC.

This became the PV and shade for the Schools project.

This is one of our most "visible" renewable projects because they are on every public school that we serve.

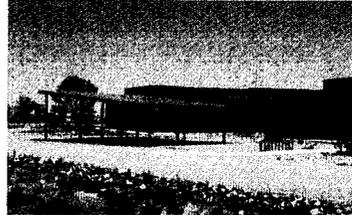
To make it happen we had to find a way to finance the project that would be acceptable to the ACC. The Investor owned utilities like APS and TEP could use Investment Tax Credits to fund their projects.

Because Cooperatives could not take advantage of the Investment Tax Credits (remember we are non-profit) the Federal Government made zero interest bonds available to non profits. These are called clean renewable energy bonds or CREBSs.

So in 2008 the ACC approved SSVEC borrowing money under the CREB's program to build these school solar shade structures at our 41 public schools and we are repaying these bonds over 15 years.

WHO BENEFITS FROM THIS PROGRAM?

- ✦ The energy produced provides energy to the schools at no cost.
- ✦ Lower bills for the schools
- ✦ Shade for the students
- ✦ Real life example of renewable energy for teachers to use in classroom
- ✦ Your REST contribution working for everyone

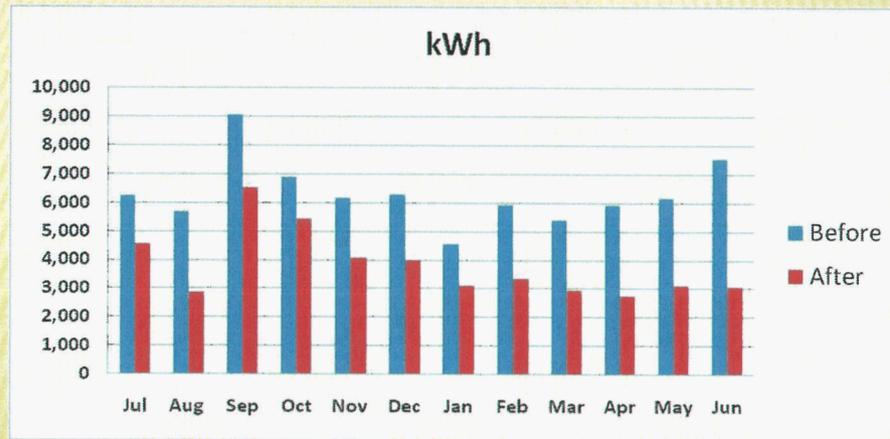


The teachers looked forward to the shade as much as the business managers looked forward to lower bills. The electricity produced by the system goes to the school at no cost thus lowering their utility bills.

Projects of this magnitude are quite different than a system for your home. Where you could buy a circuit breaker for \$10-15 for your home system, Commercial grade breakers cost \$125-500 along with the construction meeting commercial requirements.

The other difference is these systems have a 15 year full service warranty. We did not want to give the school savings on one hand and an expense on the other.

DID IT LOWER THE BILLS? LET'S LOOK



This is one example where it is very easy to see the changes in kWh usage. As you can see, the solar shade structures did reduce their energy consumption which in turn lowered their energy bills.

WILLCOX GREENHOUSE GEOTHERMAL

- First results as of June 1, 2010
 - Total RECs produced 2,031,144
 - Equal to a 1.85 MW of PV (annualized)
 - Total PBI (contract maximum) \$44,763.00
 - REC Cost of \$0.02204 (max \$0 .045)
 - ≈ Cost of Solar PV REC \$0.0684 (at \$3 / Watt)
- SSVEC share (53%)
 - RECs 1,076,507
 - Equal to a 983kW of PV (annualized)
 - PBI \$23,724.39



REC = Renewable Energy Credit and is 1 kWh of energy or equivalent

Remember the REST program is for all renewables not just solar and wind. Here we purchase RECs which stands for Renewable Energy Credits and are equivalent to the energy in 1 kWh. In this performance based project (which we share with Mohave Electric Cooperative, Graham County EC, and Duncan Valley EC) hot water from a very deep well is used to heat the greenhouse instead of natural gas. In this six month period we received the RECs for a third of the cost of a PV REC.

SUNIZONA GREENHOUSE BIOMASS

- In 2009
 - Reduced fossil fuel consumption by 78,327 therms
 - Generated 2,293,624 RECs
 - Converted 1,455,580 lbs of waste to energy
 - Cost per REC of \$0.01499

This biomass project came on-line two years ago and again has a very low cost for each REC. The biomass used in the boiler is pecan shells that are burned instead of going to the landfill. It is good for the Pecan orchard, the greenhouse, and everyone else as well.

2011 REST PROGRAM

- ✦ SUBMITTED TO ACC IN JULY
- ✦ INCREASES FUNDING BY \$300,000
- ✦ DECREASES REBATES
- ✦ FIRST UTILITY SCALE PROJECT

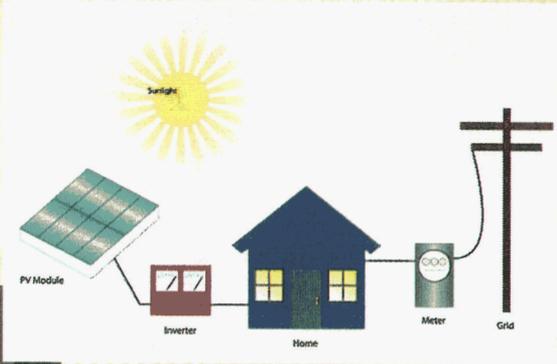
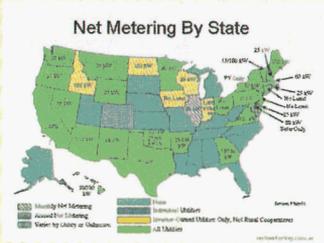
In July, SSVEC submitted its annual 2011 REST plan to the ACC for approval. Our plan increases funding by about 10% or \$300,000 while decreasing the rebate amounts that are paid. It also includes SSVEC's first utility scale project which will be built as part of our new Sonoita substation. This project will benefit all of SSVEC members.

SSVEC REST PROGRAM



Questions?

NET METERING



Now lets look at net metering.

WHAT IS NET METERING?

Net metering allows customers with generation resources (PV, wind, etc...) to use the SSVEC grid “like a battery”

Excess kWh is recorded by the meter and used to offset kWh purchased from SSVEC.

You “bank” excess kWh for use later in the year.

In late January of 2010 the ACC approved our Net Metering tariff that was filed in September of 2009.

What net metering does is allows excess power produced by our members to flow on to our system and then our members can use that excess when needed. In short, members who net meter use the SSVEC system kind of like a battery.

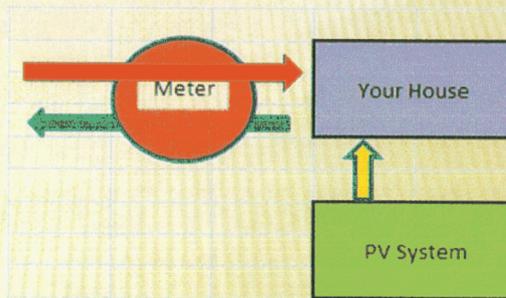
How NET metering works is the same for all electric utilities. What is unique to each one is the true up dates and the wholesale cost as those will vary between each utility. If you produce more electricity than you use in a month you can bank this amount and at the end of an established 12 month period, SSVEC will then credit your account with any excess production at what our cost of power was for a 12 month period.

HOW DOES THE NET METER WORK

The RED arrow shows the energy from SSVEC

The YELLOW arrow shows the energy produced by the PV system that goes straight to your home. Our meter does not record that energy

The GREEN arrow shows "excess energy" that flowed to the grid for later use. Our meter can see this flow and records it.



On the Meter:

The DE register records all energy DELivered by SSVEC

The RE register records all the energy RECEIVED by SSVEC to store on the grid

One provision in the rules is each month you can only get "credit" for what you received from SSVEC during that month. Any remainder goes into "the bank" for future use.

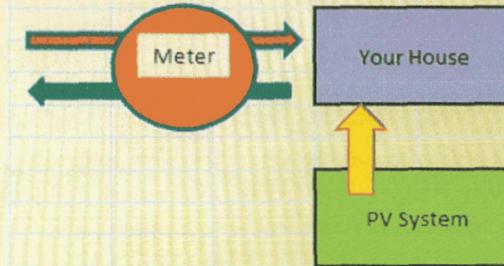
The Red Arrow represents the energy supplied by SSVEC to keep you comfortable when the PV system is not producing everything you need.

HOW DOES THE NET METER WORK

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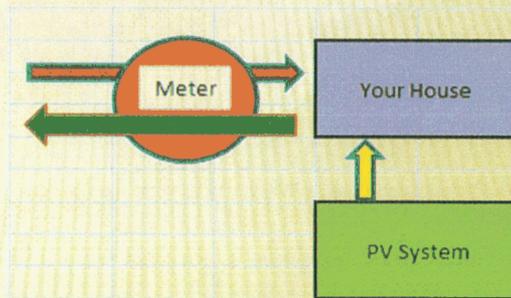
The Yellow arrow shows the flow of energy from your PV system to your home, where you consume as much energy as the system produces or as much as you need.

HOW DOES THE NET METER WORK

The RED arrow shows the energy from SSVEC

The YELLOW arrow shows the energy produced by the PV system that goes straight to your home. Our meter does not record that energy

The GREEN arrow shows "excess energy" that flowed to the grid for later use. Our meter can see this flow and records it.



On the Meter:

The DE register records all energy DELivered by SSVEC

The RE register records all the energy RECEIVED by SSVEC to store on the grid

The green arrow shows the flow of energy back to the grid. This is energy you produced with your PV system but did not have to consume. Under the Net Metering Rule we will "save" these kWhs for you to use later.

Under the NET Metering rules we can't give you credit every for more kWh than you received from SSVEC.

NET METERING

Does it cost extra for Net Metering?

Yes, there is a \$2.70 per month meter fee for the “smarter” meter.

Is there a size limit for Net Metering?

YES, the rules allow you to size the system to no more than 125% of your consumption.

The “smarter” meter cost a lot more than a simple meter so we took the extra cost and spread it over the life of the meter so those who chose to net meter pay an additional \$2.70 per month.

The NET Metering regulations are not meant to punish but rather to protect the consumer from “over zealous” sales people so there is a size limit that is based on your consumption history.

HOW DO YOU PROPERLY SIZE A SYSTEM

- ✗ How much space you have for a system
- ✗ How much you want to spend .
- ✗ “net zero” home. This simply means that you produce all your own kWh for the month (year). During the day the system provides all the kWh you are using and creates enough extra to “bank” on the grid for use that night.

So how do you properly size your system? First of all you need to determine how much space you have available to properly site a system. Second is you need to determine how much you want to spend on your system. If you have the space and the money to invest, the best system is a net zero home. This means that you produce all of your own kWh for the month and year. In short, during the day your system would produce all the electricity you need to run your home and enough extra that you can store or bank on the SSVEC system to use during the night.

HOW DO YOU PROPERLY SIZE A SYSTEM

So, why don't I add even more panels and "make money" with the excess kWh?

Under the Net Metering rules, once per year you have to "true up" your bill with the utility. At that point you don't get retail credit for your excess kWh but the utilities avoided cost (or wholesale cost) for kWh.

So today, that means 4.91¢ per kWh instead of 12.17¢. That's quite a reduction in value.

This is truly a case where bigger is not better. Remember on a monthly basis you can only get credit for the kWh you receive from SSVEC. So all your excess waits until the true up month. Under the Net Metering regulations when the true up month is reached all excess kWh is at the avoided cost not retail. So your return on your solar investment drops by 60% (or more) when you produce more than you can use.

HOW DO YOU PROPERLY SIZE A SYSTEM

Can SSVEC help me determine the proper size?

YES. We look at the last three years of usage (in kWh) and estimate the size needed to be a Net Zero home.

We are owned by our Customers and we want to help them make the best decision for them.

We have all the usage history and want to help you.

We don't sell panels or systems, we just want to help you make good choices.

HOW DO YOU PROPERLY SIZE A SYSTEM

But I want to install more system than you recommend?

If your system is 10kW or larger and exceeds 125% of your load, Net Metering is no longer an option. You can sell your excess kWh back to SSVEC under the Purchase Power Agreement which we call a PPA.

If your system is less than 10kW it qualifies for NET metering. Any system that is 10kW and higher, you must show that it is within the 125% rule. Again, over sizing is your choice, but we don't recommend over sizing for financial reasons.

HOW DO YOU PROPERLY SIZE A SYSTEM

I want a large system. How does a PPA work?

It is very simple, you pay retail (12.17¢) for all kWh from SSVEC. We pay the SSVEC cost of power for all kWh you place on the grid (4.91¢)

- No true up month
- No “banking” of excess kWh

We use the same meter as we do for Net Metering (measure kWh from SSVEC and kWh to SSVEC). When it is all said and done and you have a credit of \$100 or more we send you a check. Anything less carries forward to the next month as a credit. We have a handout in the back that compares Net Metering and Non-Net Metering for a short 4 month sample.

NET METERING



Questions?

Before we continue to other programs, what can I answer about Net Metering or PV sizing?

ENERGY SAVINGS PROGRAMS

The collage features several key elements:

- Touchstone Energy HOME PROGRAM**: Logo with a stylized human figure in red and blue.
- Screenshot of Sulphur Springs Valley Electric Cooperative website**: Shows a navigation menu (HOME, EQUIPMENT, PRODUCTS & SERVICES, PROGRAMS, ABOUT US, CONTACT US) and a main content area with a 'Welcome to Sulphur Springs Valley Electric Cooperative' message. It includes a 'What's New' section with links to 'Payroll Fund 99 Update', 'Press Release', 'Employment Opportunity', 'Budget Forecast', 'Service Reliability Program', 'Digital Phone Service', 'Partnership Opportunities', and 'Partnership Request Request'. A 'Quick Links' section lists 'Touchstone Energy Program', 'Energy Efficiency Loans', 'Energy Savings Program'. A 'LOCAL WEATHER' section shows weather for Booneville, AZ (88°F, Partly Cloudy), Benson, AZ (78°F, Partly Cloudy), and Wilcox, AZ (82°F, Clear). A '10 Power' logo is also present.
- Home Energy Savings Guide**: A booklet with a cover image of a family and a house.
- Commercial Energy Savings Guide**: A booklet with a cover image of a woman and a building.
- Touchstone Energy HOME ENERGY AUDIT**: Logo with the stylized human figure.

Now we would like to talk about our Energy Saving programs.

FREE HOME OR BUSINESS ENERGY AUDIT

- Start at the SSVEC website (ssvec.org) to find hints and tips to save energy.
- Online self audit to help identify what is using energy in your home.
- Walk through audits for homes or businesses will help identify options to lower your energy bill (both gas and electric)
- For businesses, we offer rate analysis to make sure you are on the best rate for you.

As odd as it sounds we want to help you use as little of our product as possible.

Our website has lots of information for you to read and includes the Touchstone Energy Home Energy Audit that helps you identify the best ways to save energy in your home.

You will also find links to other sites to help you save energy.

We provide audits for homes and businesses. We can help identify opportunities for you to lower your bills.

Businesses change over time and the best rate when you started may not be the best rate today. Contact David Bane (or me if this is my portion of the talk) and it only take a few minutes to see if you are using the best rate available.

TOUCHSTONE ENERGY HOME PROGRAM

- ✦ Began almost 20 years ago as the GoodCents Home program
- ✦ Free review of building plans
- ✦ Sets energy standards for windows, insulation, infiltration, and HVAC equipment that is higher than the minimum allowed by code
- ✦ Lowers both your electric and gas bill
- ✦ Builders join the program and agree to meet our requirements
- ✦ Random inspections of home to insure compliance



SSVEC has been committed to helping members keep their bills low for new home construction for almost 20 years.

This began with the GoodCents Home program where we set the standards for construction that were far beyond the minimums allowed by the building codes. Every year the standards are reviewed and updated as the building codes begin to copy our standards.

If you have a home built and your builder is not a Touchstone approved contractor, or if you are building it yourself, we will review your plans and make suggestions on how to upgrade your specifications to help you save energy. If you agree to build it to our specs we will even make spot inspections to make sure you are getting the value of our program and provide you with a certificate when you are finished.

The program is not limited to only all electric homes. We want to help you keep your gas bill low if that is how you choose to heat your home.

Touchstone Builders sign a contract to agree to build to the Touchstone Standards and we inspect on a random basis to make sure they are doing it right.

OTHER SSVEC ENERGY PROGRAMS

- ✦ Low interest loans for Heat Pumps
- ✦ Rebates for high SEER Heat Pumps
- ✦ Rebates for high efficiency electric water heaters
- ✦ Energy Saving Advice (handouts and articles)
 - ✦ On our website
 - ✦ In our Magazine
 - ✦ In the bill insert
 - ✦ At our offices



We offer 7% loans on heat pumps (go with a 14 SEER or higher and get a rebate as well)

Higher SEER heat pumps cost more than the least efficient allowed by law, so we help make the upgrade easier with a \$500 rebate

Put in a new electric water heater with a Energy Factor of .90 or better and get \$100 rebate.

We offer energy saving advice everywhere we can included County Fairs and Business Expos.

NEW PROGRAMS FOR 2010

- ✦ Zero interest loans for residential energy upgrades
 - ✦ *Designed for homes built prior to 1975*
 - ✦ *Used for upgrading insulation, windows and doors to the Touchstone Energy Home standards first*
 - ✦ *Can be used for additional upgrades after meeting those standards*
- ✦ *Secured by Lien on property*

Zero interest loans for residential energy upgrades

Designed for homes built prior to 1975

Used for upgrading insulation, windows and doors to the Touchstone Energy Home standards first

Can be used for additional upgrades after meeting those standards

Secured by Lien on property

NEW PROGRAMS FOR 2010

- ✦ Zero Interest loans for Businesses
 - ✦ Pilot program approved by the ACC
 - ✦ Very flexible on what technology to use
 - ✦ Perfect for lighting upgrades
 - ✦ New high efficient heating and cooling
 - ✦ Motor upgrades
 - ✦ Variable speed drives
- ✦ Approval is based on the return on investment
- ✦ Secured by a lien on the property

Pilot program approved by the ACC

Very flexible on what technology to use

Perfect for lighting upgrades

New high efficient heating and cooling

Motor upgrades

Variable speed drives

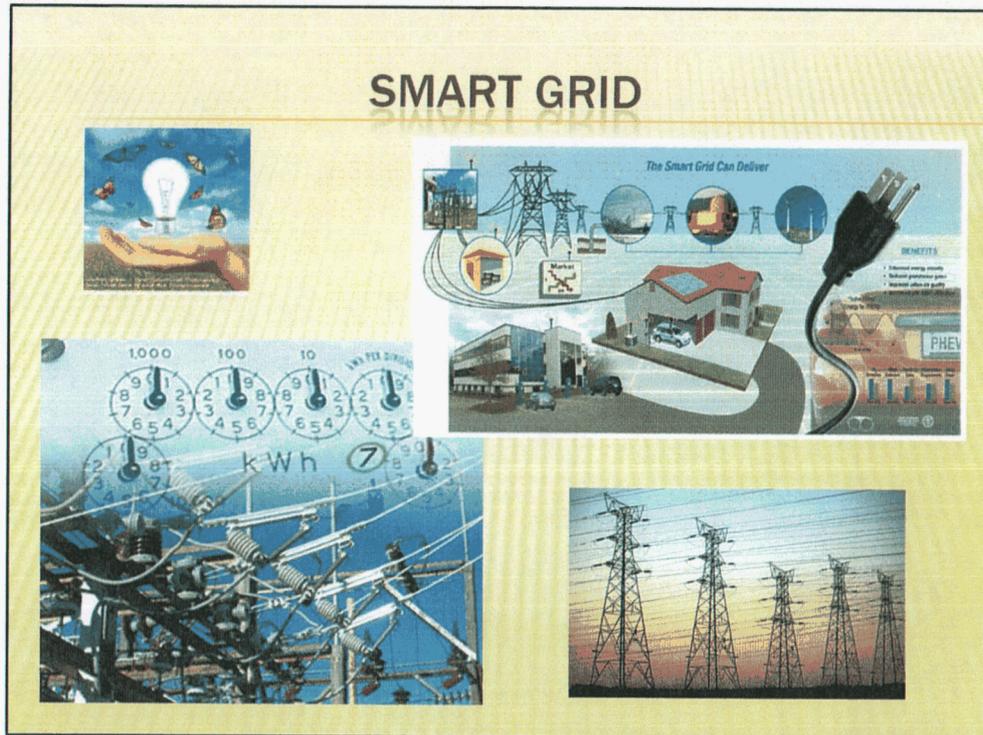
SSVEC ENERGY SAVINGS PROGRAMS



QUESTIONS

Any Questions before we move on to Smart Grid?

SMART GRID



Now lets talk about the smart grid grant which SSVEC was recently awarded.

SMART GRID GRANT

- 50% Cost-sharing Grant Awarded by the Department of Energy
- Funded with American Recovery & Reinvestment Act (ARRA)
- Grant for \$44 million (half SSVEC half USA)

Earlier this year, SSVEC was awarded a smart grid grant by the United States Department of Energy. This grant was part of the American Recovery and Relief Act or as it is commonly known, the stimulus package.

The grant is for 44 million dollars, half of which will come from the federal government and the other half from SSVEC.

Now we know that not all members supported the stimulus package, but when we analyzed the program, virtually all of the programs that we submitted we projects that were in our pipeline at some point, and by utilizing this program it sped up these projects while savings our members about 22 million dollars that at some point we were going to need to collect.

SMART GRID GRANT

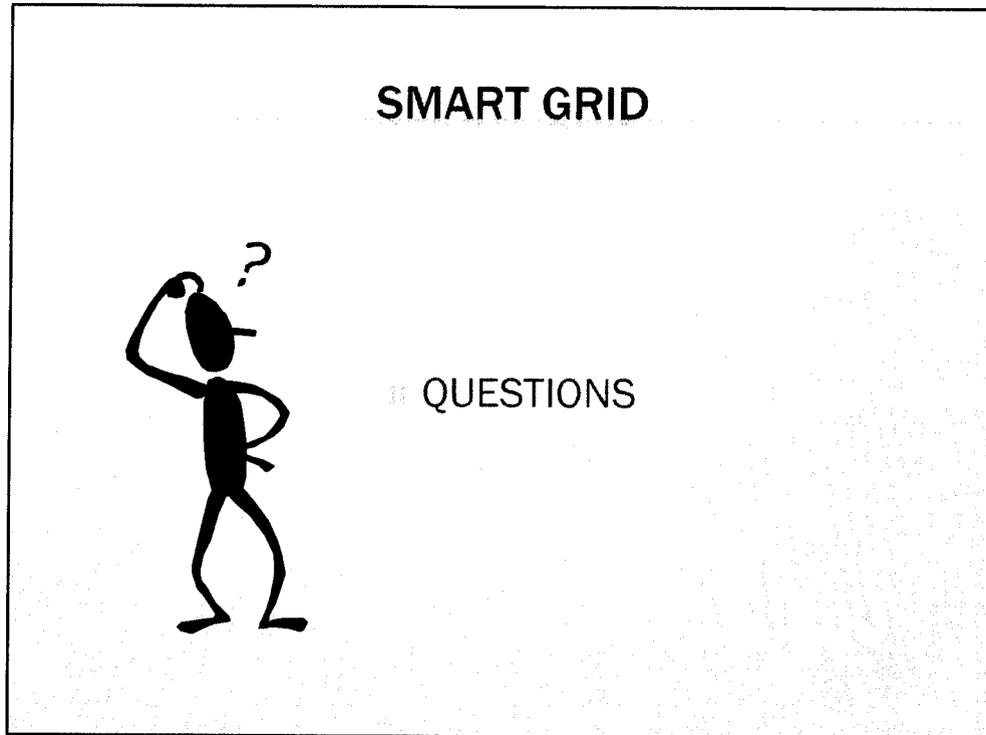
- Efforts To Smarten Our Grid Will:
 - ✦ Promote automation, reliability & efficiency
 - ✦ Provide information to members to decrease usage
 - ✦ Promote alternative power supply & storage

This grant will enable SSVEC to do several things that will directly benefit our members. It will increase automation, reliability and efficiency of our electric grid. In short, it will make our system more robust and reduce both the number and duration of outages. We will have money to work with our members to delivery of information that can decrease their usage. And finally money to promoted alternative supply and storage technology which has the potential to save our members money.

SMART GRID GRANT

- Efforts To Smarten Our Grid Will:
 - Promote automation, reliability & efficiency
 - Provide information to members to decrease usage
 - Promote alternative power supply & storage
- Major Efforts Include:
 - Expansion of Automatic Meter Infrastructure
 - Expansion of Fiber Installation
 - Enhanced Distribution and Substation Automation
 - Enhanced energy savings and rates

We will do this by expanding our automatic meter reading infrastructure, expand our fiber installation so that our system is “smarter” and can detect problems much quicker than our current system. The installation of fiber optic cable on our line will create a more secure and robust, more reliable communications backbone between our substations and our office which allows for automatic meter ready, monitoring and data gathering between our offices and substations and remote access of equipment in our substations and our line equipment. In short, SSVEC will enhance the automation of our electric grid and substation which benefits our members thru reduced energy usage as well as quicker outage responses. Finally, we have money set aside to assist our members in reducing their electric consumption which is good for SSVEC as well as our members. We are currently looking a wide variety of programs ranging from low or no interest loans to improve the thermal envelop of a house or a business, to time of use rates, to state of the art devices in homes and businesses.



We do want to take this time to thank you for coming to this presentation by SSVEC.

Employees will be around to answer any individual questions you may have.



Sulphur Springs Valley Electric Cooperative, Inc.

A Touchstone Energy® Cooperative 

Thank you for coming
Please drive safely
going home

Question and Answer Sessions from Renewable Energy,
Energy Efficiency, Smart Grid Project Community
Information Sessions

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.
RENEWABLE ENERGY AND ENERGY EFFICIENCY COMMUNITY SEMINAR
HELD IN WILLCOX, ARIZONA, AT THE PLAZA RESTAURANT
AUGUST 12, 2010, AT NOON
QUESTION AND ANSWER PORTION OF THE PROGRAM

1. Question – Did you say the incentive for renewable is dropping?

Answer—Yes. The amount paid per watt of system capacity was \$4.00 for 2009, it is \$3.00 for 2010 and will drop to \$2.00 in 2011 if the ACC adopts the plan submitted by SSVEC.

2. Question – You mentioned the solar installations at schools, is the cooperative considering installations at other nonprofits that could benefit from the free electricity?

Answer –We did the 41 school installations but are not planning on providing additional installations. We do have a contracted grant writer and if you're interested we could set up a meeting for him to assist your 501 C3 in pursuing a grant. He will, however, charge you for the grant writing.

3. Question – Are there tax credits for multi-family (three) housing projects?

Answer – You will need to check with a tax accountant for information on tax credits. (David Bane added the person could get three separate incentives from SSVEC for three separate installations if he chose to do so.)

4. Question – Are there restrictions on selling power back to the cooperative if a member installs solar?

Answer-David Bane will cover the information in the upcoming portion of the presentation.

5. Question—How does a person decide on the size of his renewable project?

Answer – David Bane will also cover that information in the upcoming portion of the presentation.

6. Question--Are renewable projects really feasible for residential applications?

Answer—Though renewables are still not fully competitive with traditional energy sources, the tax credits, incentives and net metering make it a more viable option. With many current cash investments earning only .5 to 1.35 percent interest, it makes more sense now to consider renewable.

7. Question—You mentioned energy audits as part of SSVEC's energy savings programs, is there a charge for energy audits?

Answer—No.

8. Question--What does the cooperative provide for these audits?

Answer—Basically the cooperative offers tips and advice on how to save energy through specific improvements and practices. Auditors check for the basics—cracked weather stripping, installation of dual pane windows and regularly changing out furnace or heat pump filters. They will also make recommendations on what you can do to even further lower your energy usage. These can range from things that cost a few dollars to ones that cost a lot of money.

9. Question—Do you recommend the installation of ground source heat pump?

Answer—We've found the improvements in air-to-air heat pump systems have increased the efficiency approaching that of ground source units. The expense of installing the ground source systems has been the greatest drawback.

Comment from attendee—I've had a ground source unit for 20 years and it has been great! Also the installation of a reflective metal roof has made a big difference in my electric bills.

10. Question—Do you use a blower-door when you perform energy audits?

Answer—No.

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.
RENEWABLE ENERGY AND ENERGY EFFICIENCY COMMUNITY SEMINAR
HELD IN WILLCOX, ARIZONA, AT THE PLAZA RESTAURANT
AUGUST 12, 2010, AT 5:30 P.M.
QUESTION AND ANSWER PORTION OF THE PROGRAM

1. Question – On the solar water heater rebate how do you determine the equivalent kWh savings?

Answer – We use the OC 300 guide which lists by size, model and climate usage by electric water heaters.

2. Question – Are you promoting the purchase/installation of heat pumps?

Answer – We are through rebates and low interest loans to members.

3. Question – Why is the amount of the renewable energy rebates or incentives going down?

Answer – The price of renewable systems is actually coming down. Incentives are used to “prime the pump” and encouraging installations so that the cost will come down. So far this has worked out well.

4. Question – How many renewable energy rebates have you paid out?

Answer – At this time we’ve paid approximately 350.

5. Question – Are you encouraging members to install ground source heat pumps?

Answer – Because the installation costs are considerably higher than those for air to air units (up to three times higher), we are recommending high efficiency air to air heat pumps.

6. Question – The original SunWatts program could not require SSVEC to buy the power produced. Was this due to safety considerations?

Answer—There are required safety devices for net metering installations.

7. Question--If you want to save fossil fuel and promote solar, why not allow as large a system as possible under your program?

Answer—If you look at the actual tariff you'll find that we buy back at the rate of \$.0491 cents per kilowatt hour. This would not make economic sense for our members but if a member wants to do so we have no issues with a large system as long as the injection point infrastructure can handle it.

8. Question—But over time isn't there an advantage in terms of payback to the cooperative buying large amounts of renewable power?

Answer—It depends a lot on the market. Three years ago I might have said "yes" as energy prices were high. Now it would take considerable longer to achieve a payback as the cost SVEC pays for power has decreased. We do believe that the best policy in terms of buying energy to keep the costs as low as possible is to diversify our sources and renewables is part of our portfolio.

9. Question – You mentioned "wheeling." What is that?

Answer—"Wheeling" is the use of utilities' lines to transmit electricity from one utility to another across each others lines.

10. Question—How does that make a difference for solar?

Answer—It's an important factor for large scale solar operations that would need to send the energy collections to another geographic area.

11. Question—You said the cost of power at \$.1271 cents is coming down?

Answer—Yes. You see that primarily in the fuel adjustor line on your bill. It was a charge of four cents a few years ago, and now following our most recent rate case and our ability to purchase power at lower costs than in previous years it is zero. If fuel costs drop this adjustor could actually be a small credit. It has been in the past.

12. Question – What is the system requirement for net metering?

Answer – The sizing maximum for residential members to participate in net metering is 125 percent of usage based on the highest month consumption/usage based on the past 36 months.

13. Question – What is the latest on the Bowie Power Station?

Answer –SSVEC has nothing to do with the Bowie Power Station project. If it is developed and built SSVEC could purchase power from the company who owns it. We remain a distribution cooperative and as such do not own any generation at the current time.

14. Question—Wheeling increases costs for electricity transmission doesn't it?

Answer—Yes, as electricity is sent over transmission lines, there is a payment to every system whose lines are used.

15. Question--Is that figure of 125 percent of maximum residential usage a firm figure in order to qualify for the rebate/incentive?

Answer—Yes.

16. Question—Are there tax credits for audits and improvements made?

Answer—Telly Stanger can answer this.

(Telly: Thirty percent of the cost of a renewable system can qualify for a tax credit. You can find more information at the website energystar.gov. and see whoever does your taxes)

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

RENEWABLE ENERGY AND ENERGY EFFICIENCY COMMUNITY SEMINAR

HELD IN PEARCE-SUNSIDES, ARIZONA, AT THE SUNSIDES COMMUNITY CENTER

AUGUST 16, 2010, AT 2:00 P.M.

QUESTION AND ANSWER PORTION OF THE PROGRAM

1. Question –Where is the money for the rebates coming from?

Answer –There is a surcharge on everyone’s monthly electric bill that funds the SunWatts rebates.

2. Question – Do these rebates apply to individuals who are “off grid”?

Answer –Some of the first systems were within the geographic area served by SSVEC though not connected to the grid. We have an on grid and off grid rate.

3. Question – If a \$6,000 system has limited output, how large a system would a person need to pay for our power used?

Answer – We provide expertise in sizing a system based on your usage history. We have seen a \$40,000 system for a large well insulated home in Sierra Vista that cut the electric bill in half. We have seen smaller systems where the electric bill is basically net zero. In short, it depends on the size of the house, how well it was constructed and the member usage.

4. Question – What sort of tax credit is available?

Answer—Currently there is a tax credit equal to 30 percent of the cost of a system. We do ask you to contact your tax preparer for what it will do to a person or a company’s taxes.

There is also a state tax credit.

5. Question—What do you think of the idea of “cap and trade”?

Answer—As a cooperative we’re most concerned about the increase to fuel costs and ultimately to your electric bill if it is enacted as most of our members want an electric bill that is as low as possible. There are other alternatives such as a carbon tax but it too would impact members’ electric bills.

Note: Several individuals have expressed their view that even with the waiting period for the rebate/incentive it is a much more positive investment at this time than traditional financial instruments.

6. Question—How about the alternative of methane gas from mine, landfills, even human waste?

Answer—I think these considered renewable options and can be considered under our SunWatts program, but I would have to check to make sure. If you call me I can get you a definitive answer.

7. Question—Who sets the standards for these renewable programs?

Answer—The Arizona Corporation Commission.

8. Question—Isn’t it the EPA?

Answer—No, it is the Arizona Corporation Commission

9. Question—Why promote these systems when they’re not feasible?

Answer—The cost of these systems has begun to decline largely because of the rebates/incentives. Second, the programs are mandated by the Arizona Corporation Commission and we are under the Commission’s jurisdiction. And even though some folks don’t support a carbon tax we’ve found many others that support America being energy independent.

10. Question—Retirees are looking at ways to save money. What sort of benefits are there for older individuals?

Answer—The average residential system size we’re seeing is about 6 kilowatts (6,000 watts). To achieve net-zero (that is, produce enough power to sell back to the cooperative to offset actual usage) is about 36 to 48 kilowatts depending on actual consumption. We can provide up to half the cost, there is three percent interest money for a quarter of the cost and there

is a tax credit. As I mentioned earlier there is a better return than there is on traditional investments at the present time.

11. Question/comment: I am in favor of all these actions and more. We must lessen our dependence on foreign oil and provide a cleaner (green) environment for our children and grandchildren.

Answer/comment: These programs are seen as an effort to move forward and “prime the pump” by encouraging the adoption and purchase of renewable systems in an effort to reduce costs and gain acceptance.

12. Comment: I’m opposed to “fear mongering” when there is no evidence of carbon pollution on conclusive evidence on our role in climate change. I’m opposed to efforts to require systems before homes can be sold or a “tax” on non-renewable energy homes. Perhaps there could be standards for new homes, but I’m opposed to requirements on existing homes.

13. Question/comment: There’s real skepticism of most things coming out of Washington, D.C. I hope you will represent us first.

Answer—We listen to our members and in our role of providing reliable power at a reasonable cost we express those points of view to our elected representatives at the state and national levels.

14. Question—there are two readings taken in net metering, one for power used and one to keep track of that goes back to the cooperative, is that correct?

Answer—Correct.

15. Question—Can you provide assistance in determining sizing of units for homes and businesses?

Answer—Yes, we can. We can get you a pretty good estimate to start and remember this service is free.

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.
RENEWABLE ENERGY AND ENERGY EFFICIENCY COMMUNITY SEMINAR
HELD IN ELFRIDA, ARIZONA, AT THE ELFRIDA COMMUNITY CENTER
AUGUST 16, 2010, AT 5:30 P.M.
QUESTION AND ANSWER PORTION OF THE PROGRAM

1. Question –Has the cooperative considered large distributed production and feed into the grid?

Answer –If you can build it, we will buy the power or help you find someone who will. The trick is locating it at a point in our system where it can be injected. We have plans to build in 2011 a large SSVEC owned project that will benefit all of our members.

2. Question – If power costs are coming down will our rate come down as well?

Answer –The rate will remain the same but you will see a bill credit or a smaller amount for each kilo watt hour as a reflection of decreased power costs. This is under the “fuel and purchased power” portion on each months bill.

3. Question – You mentioned the zero percent loans for making energy-efficiency home upgrades. You have a low interest program that doesn't involve upgrades don't you?

Answer – We have a seven percent heat pump loan program with no upgrade requirements.

4. Question – What year did Elfrida start receiving electric power?

Answer—Power came to the Elfrida area in 1940 and 1941 I believe.

5. Question—What is the efficiency of those electric fireplaces you sell?

Answer –It is the same as a space heater which is rated at 1,500 watts and will heat approximately the same area as a space heater.

6. Question—About how much does a solar water heating systems cost? How is the incentive determined for solar water heating?

Answer—The most efficient systems cost about \$5,000. We will pay about 40 percent or \$2,000 and there is a 30 percent tax credit depending on your tax status. We check the model number for the current water heater to determine the kilowatt hour savings for the first year. We calculate the amount at \$.75 per kilo watt hour.

7. Question—So we have to provide the money up front for a system?

Answer—Yes. Or you can wait for your name to move to the top of the rebate/incentive list and get a contractor at that point who will agree to install for your portion of the cost and pay the balance from the rebate/incentive.

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.
RENEWABLE ENERGY AND ENERGY EFFICIENCY COMMUNITY SEMINAR
HELD IN BENSON, ARIZONA, AT THE BUTTERFIELD RV PARK
AUGUST 17, 2010, AT NOON
QUESTION AND ANSWER PORTION OF THE PROGRAM

1. Question – Is your reservation list moving more quickly now?

Answer – It has improved. At its peak we estimated a waiting period of 18 to 24 months. Today we are looking at 12 to 15 months.

2. Question – What change are you anticipating in the rebate/incentive program?

Answer – We started at \$4 per watt of installed capacity, It now \$3 per watt and we're planning to drop it to \$2 per watt for next year subject to the approval from our regulators. We currently have a 50 percent of the system's total cost as a maximum. That will drop to 40 percent next year.

3. Question – Once a person reaches the top of the list, how long does he have to install a system to qualify?

Answer – The person will have 30 days to respond after being notified he is eligible. And he will have 120 from the date of notification to complete the installation or to show us that they are well underway. We can be somewhat flexible on this but a few weeks. The key to us is showing that you are making progress in getting your system installed.

4. Question – You mentioned “wheeling.” What is that?

Answer-“Wheeling” is the use of other utilities’ lines to transmit electricity.

5. Question—You said it doesn’t make sense to produce all the power you can. Why is that?

Answer—We say to generate all the power you’ll actually need and use but don’t overbuild as the cost is considerable greater and the payback is longer. We believe, based on our experience that to net out your electric bill to zero is the most cost efficient method.

6. Question—You mentioned the option of installing a system and not using net metering. Why would anyone do that?

Answer—If it is a very small system (1 or 2 kilowatts), everything produced will probably be used by appliances in your home and the production would never reach a level that would allow you to sell power back to SSVEC. So you would be paying an additional \$2.70 per month for the net meter and not getting anything for it.

7. Question—Do the zero percent interest loans apply to homes with propane? To manufactured homes?

Answer—The fuel (propane, natural gas, electricity) doesn’t make any difference. So individuals whose homes are heated by propane can apply for the loans. Currently only site-built homes qualify for the loan funds. However, we are looking at expanding to include newer manufactured homes.

8. Question—How is the date of the manufactured home relevant? You mentioned a cutoff date of 1975.

Answer—We’re ‘grappling’ with that. Frankly there’s a limit to the effectiveness of improvements to manufactured home 30 years or older. We’ll check and make a decision based on a reasonable payback for money invested in these older manufactured homes.

9. Comment—Reminder that this particular session will be repeated this afternoon at 5:30 p.m. at the Benson Schools Multi-Purpose Room.

10. Question—I understand then that you recommend solar (PV) systems over wind?

Answer—We've found that solar has better capabilities here in southeast Arizona. The performance-based incentive are available for wind projects.

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

RENEWABLE ENERGY AND ENERGY EFFICIENCY COMMUNITY SEMINAR

HELD IN BENSON, ARIZONA, AT THE BENSON SCHOOL'S MULTIPURPOSE ROOM

AUGUST 17, 2010, AT 5:30 P.M.

QUESTION AND ANSWER PORTION OF THE PROGRAM

1. Question – What size solar units were installed at the schools?

Answer – They were 24 kilowatt systems.

2. Question – What sizes do you recommend for homes?

Answer –That information is coming up.

3. Question – If I put in a system do I have to sell power back to SSVEC?

Answer – That information is coming up.

4. Question – Why doesn't SSVEC just create solar farms?

Answer--We've talked with groups about that possibility. We've also looked at larger solar arrays at apartment buildings.

5. Question—I have taken advantage of the rebate program for an installation. Can I apply for additional rebates as well?

Answer—Yes, you can. It's not just a "one-time" program.

6. Question—Can multiple meters be aggregated for a house regarding the 125 percent usage maximum?

Answer—No, the usage maximum must be used at that meter. It has to offset only the usage measured at that meter. This may or may not change in the future.

7. Question—Can the installation be to an off-grid site (barn on the property) that has no power lines running to it?

Answer—Yes.

8. Question—I'm getting restrictions from the county regarding wind generation and lot size.

Answer—That would be a county planning and zoning issue and they would have jurisdiction. Here in southeast Arizona we're actually finding that solar (PV) power is more efficient. And there is considerable noise associated with wind turbines and we've actually received several complaints from folks whose neighbors put up wind systems.

9. Question—So if I install a system with no net metering it is still a rebate/incentive of \$3 a watt?

Answer—Right.

10. Question—And if I choose the performance-based option of up to 60 percent, how long is the discounted amount paid out?

Answer—It is paid out over 10, 15 or 20 years depending on the contract that you sign.

11. Question—How do I apply for the rebate/incentive?

Answer—Submit an application to go on our reservation list.

12. Question—Does it cover a battery system for a PV installation?

Answer—No, but with net metering you have all the advantages and no cost in using SSVEC as the “storage battery.” We put the battery restriction in after we received many complaints from those who installed systems early and found out the batteries just didn’t pay out and added a lot of cost to the system. The purpose is to get members attention so we can explain the pitfalls of batteries. However, if a member really wants them we do allow them to be used.

13. Question—How is power sold to the cooperative priced if the system is beyond the net metering limit?

Answer—This contracted power is purchased at the avoided cost (wholesale). This amount changes year to year based on the changing power prices.

Remember that performance-based incentives do not change, but the yearly settle-up (or buy back from net metering) will change.

14. Question—The performance-based option starts immediately after installation?

Answer—Yes, you get started right away.

15. Question—Does net metering give you power during a power outage on the grid?

Answer—No, if you power goes out the system will not produce electricity.

16. Question—Do you (SSVEC) design the system?

Answer—No, we will review plans and determine the 125 percent sizing maximum. It is up to you to work with the contractor to determine system size and design. We do help with the system sizing if you want.

17. Question—I understand the electrical safety aspect of these systems, but there has be a way to utilize PV power during an outage. Can you have a separate inverter to power the house?

Answer—The only way is with a battery system.

18. Question—Regarding the Smart Grid Project, when do you expect to start and to finish?

Answer—We started on the project and we have a three-year window to complete all phases. This \$44 million matching grant will benefit our members.

19. Question—Will this project indeed create new jobs?

Answer—Seven new jobs have been created in-house. Some will carry over beyond the three years. And there will be some contractor jobs as well.

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

RENEWABLE ENERGY AND ENERGY EFFICIENCY COMMUNITY SEMINAR

HELD IN SONOITA, ARIZONA, AT THE ELGIN SCHOOL ON AUGUST, 31, 2010, AT 6:00 P.M.

QUESTION AND ANSWER PORTION OF THE PROGRAM

-
1. Question – Do the schools where you have installed the PV structures have the ability to look at the system working on-line?

Answer – yes

2. Question – How did the geo-thermal heating system at the greenhouse come about?

Answer – They drilled deep and found a large hot water reservoir. They are using this to offset natural gas usage.

3. Question – Are there rebates for individual houses?

Answer – Yes. People who have not installed their systems yet but have a reservation and have come to the top of the list have received a certified letter stating that they have 30 days to show they intend to install a system by providing either a county building permit or a signed contract with their contractor of choice. About a third of the members are proceeding with the installation and the others are still considering installing.

4. Question – What is the average wait for the rebate?

Answer – There is no way to really judge with all the variables involved, but we believe, based on folks that we have contacted who have reserved a system and not built and are now deciding not to build plus a phone poll with those on the list that if you applied today and went on our reservation list the wait would be somewhere between 12 and 15 months give or take a month or two..

5. Question – What is the average cost of a system?

Answer – It is hard to give an average and it depends on the member's needs. We do see a trend that the cost for all renewables have gone down and they keep going down.

6. Question - We are on the list to receive \$4.00 per watt. What happens if we don't install for quite some time?

Answer – You are locked in at that rate based on the program in effect at the time of your reservation. If you submitted a Rebate Reservation Form prior to December 31, 2009 you get that program. When your name comes up on the reservation list, we will notify you with a certified letter. You then have 30 days to show that you intend to install the system and 90 days to complete the installation or make a lot of progress. You can also ask for a 30 day extension. At the end of the 120 days, if the system is not installed or you can't show us you are working on it, your reservation will be moved to the bottom of the list and subject to the rules and limits of the current REST program.

7. Question – What is PBI?

Answer – PBI stands for Performance Based Incentive. Members who choose this option will receive a credit on their monthly bill instead of the one-time cash incentive. The PBI is limited to a maximum of 60% of the system cost and you can choose a 10, 15 or 20 year term for the pay-out. If the monthly credit is more than \$100, the member will receive a check for the excess credit.

8. Question – For net metering, will SSVEC send me a check every month for the excess energy I produce?

Answer – No, you “bank” the excess you produce until your “true-up” month and you will be mailed a check for any credit accrued over \$100 at that time.

9. Question – How do you find out what size system to install?

Answer - Call Roxanne in the Member Services office and she can run the Net Zero sizing based on the past three years of your usage.

10. Question – How do I determine the best “true-up” month?

Answer – You would want to consider the month after your highest usage.

11. Question - Can I change my “true-up” month?

Answer – After a one year cycle.

12. Question – Does the retail price go down as the wholesale price goes down?

Answer – No. The fuel adjustment surcharge is currently 0. It adjusts with a complicated formula based on the cost of power SSVEC buys.

13. Question – If I install new windows, what kind of program does SSVEC have available?

Answer – We have a 0% loan program for installing new dual pane windows, insulated doors and insulation that meets the Touchstone Home standard among other things. However, there is no rebate on windows that are not energy efficient.

14. Question – How does a business owner get a loan if they are leasing the building?

Answer – We work with whoever pays the bill, the actual owner.

15. Question – Will my net meter be replaced by a smart meter?

Answer – Perhaps, it is too early to tell.

16. Question – Will SSVEC be installing fiber optics in our area for internet service?

Answer – This is a tough area. We believe that in 6 to 9 months, TransWorld Network, our partner for wireless internet and digital phone service will be available in the Elgin/Sonoita area. We will not be using our fiber optics for commercial internet ventures.

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

RENEWABLE ENERGY AND ENERGY EFFICIENCY COMMUNITY SEMINAR

HELD IN SIERRA VISTA, ARIZONA, AT THE WINDEMERE HOTEL & CONFERENCE CENTER

SEPTEMBER 2, 2010, AT 11:30 A.M.

QUESTION AND ANSWER PORTION OF THE PROGRAM

-
1. Question – What is the state of discussion on the solar farm SSVEC is constructing?

Answer – It had been part of the Sonoita project which has been delayed. We are now dusting off our old plans and have begun to work it.

2. Question – On a 100% Net Zero system, can I get retail for the excess I generate?

Answer – 125% is the maximum allowed for net metering. That is the number set by the Arizona Corporation Commission after much study and input. We pay the avoided cost for excess generated at “true-up”.

3. Question – How much does a system cost?

Answer – We see a \$6.00 to \$7.00 per watt system cost, however, we suggest you get three bids.

4. Question – What about the new meters?

Answer – We have installed approximately 25,000 AMRs up to this date.

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

RENEWABLE ENERGY AND ENERGY EFFICIENCY COMMUNITY SEMINAR

HELD IN SIERRA VISTA, ARIZONA, AT THE WINDEMERE HOTEL & CONFERENCE CENTER

SEPTEMBER 2, 2010, AT 6:00 P.M.

QUESTION AND ANSWER PORTION OF THE PROGRAM

-
1. Question - We have spoken to a couple companies. One leases panels. How would that work?

Answer – We are currently taking a look at this.

2. Question – We are buying an all electric car. We want to charge it with solar but we are not tied to the grid. Are we still eligible for a rebate?

Answer – If you live in our service territory we do have rebates for non grid tied folks.

3. Question – If my system is in the works, will my rebate change if the rates change in the 2011 REST plan?

Answer – Not if your name is currently on the reservation list. Whatever plan you signed up for is what you will receive.

4. Question – Can I install my own system?

Answer – Yes, but your system has to be certified by a licensed electrician.

5. Question – Can you give me an idea of pay back and up-front costs for installing a system?

Answer – When you add everything up, probably 5-7 years on a whole house system and 2 to 3 years for a solar water heating system, but this could vary by quite a bit.

6. Question – What can you tell me about battery storage technology?

Answer – Battery storage has remained relatively unchanged since the invention of the car battery. The technology for renewables is “not there yet”. We hope that with all of the interest in renewables that we will see some big leaps in technology soon.

7. Question – Does SSVEC buy renewable power from outside our area?

Answer –Through many meeting with our members it was crystal clear that our members wanted the money collected spent locally for rebates and programs in our area which is what we are doing.

8. Question – If we get on the reservation list now but don't install right away, what happens?

Answer – When your name comes to the top of the reservation list and we don't have a record that you have installed a system, we send you a certified letter stating you have thirty days from the receipt of the letter to show us that you intend to install a system

by either sending us a building permit from the county or a signed contract with an installer. You then have 90 days to install the system. If your system is not installed within those 120 days, you may request a 30 day extension but we need to see that you are doing something.

9. Question – I live at the mouth of a canyon. 10mph winds are consistent. How would a wind generator benefit me?

Answer – Discuss it with your contractor. According to Northern Arizona University, there is little commercially available wind in Cochise County.

10. Question – If I am in the process of building a new home, how do you calculate the load for system sizing?

Answer – The architect or electrical engineer can estimate the load. We can also help if you have any questions but we will need some plans and have you answer some questions.

11. Question – On a 10kW system, what will my bill be?

Answer – Call us in the Member Services Department and we will run the calculation on a spreadsheet.

12. Question – What contractor do you recommend?

Answer – We cannot recommend a contractor. Check the phone book and we suggest you get three bids.

13. Question – Does a net meter have to be 240 volts?

Answer – It will work with any voltage but you need an inverter. It does need to be compatible with the energy we sell.

14. Question – If I am leasing a building, how do I go about making the upgrades for the 0% interest loan?

Answer – The owner must take out the loan.

15. Question – Do heat pumps work when it gets cold?

Answer – When it falls below 35° it does go into emergency mode and the output decreases. But we have very few days when the temperature drops that low. Proper sizing is important.

16. Question – Are heat pumps more efficient than air conditioning?

Answer – They are more efficient than the old air conditioners.

17. Question – Is there a program for builders to sign up for the Touchstone Home Program? Do you have a list of builders?

Answer – Call Albert Gomez, our Energy Management Specialist. See Roxanne for his number.



Sulphur Springs Valley Electric Cooperative, Inc.

A Touchstone Energy® Cooperative 

311 E. Wilcox Drive · Sierra Vista, AZ 85635

September 13, 2010

Dear :

Sulphur Springs Valley Electric Cooperative will host its annual Community Leaders Luncheon on Thursday, September 30, 2010. SSVEC will provide lunch and I will give a presentation on current issues and concerns of the cooperative and programs for cooperative members. This is NOT a repeat of the August 17th presentation on renewable energy and energy efficiency. Though those topics may be mentioned, it will include a much broader view of SSVEC today and a look at the year ahead.

Because we are a cooperative, SSVEC strives to offer the highest quality services to our members. Your on-going membership, support, and leadership are important to us. This yearly luncheon grants us an opportunity to keep you, the community leaders, updated on the rates, improvements and programs we continue to offer the community. It also allows you to share with us your ideas to improve our service in an open forum discussion.

Please join us for lunch and a *Cooperative Update*.

Date: Thursday, September 30, 2010

Time: 12:00 Noon

Place: Cochise College Campus

1025 State Route 90

Benson, Arizona

Please RSVP to Roxanne Williams at 520-515-3471 or e-mail rwilliams@ssvec.com by September 24, 2010.

Sincerely,

Creden W. Huber

Creden W. Huber

Chief Executive Officer



Sulphur Springs Valley Electric Cooperative, Inc.

A Touchstone Energy® Cooperative 

311 E. Wilcox Drive · Sierra Vista, AZ 85635

September 24, 2010

Dear :

Sulphur Springs Valley Electric Cooperative will host its annual Community Leaders Luncheon on Tuesday, October 12, 2010. SSVEC will provide lunch and we will give a presentation on current issues and concerns of the cooperative and programs for cooperative members. This is NOT a repeat of the September 2nd presentation on renewable energy and energy efficiency. Though those topics may be mentioned, it will include a much broader view of SSVEC today and a look at the year ahead.

Because we are a cooperative, SSVEC strives to offer the highest quality services to our members. Your on-going membership, support, and leadership are important to us. This yearly luncheon grants us an opportunity to keep you, the community leaders, updated on the rates, improvements and programs we continue to offer the community. It also allows you to share with us your ideas to improve our service in an open forum discussion.

Please join us for lunch and a *Cooperative Update*.

Date: Tuesday, October 12, 2010
Time: 11:30 a.m. lunch followed by
12:00 presentation
Place: Windemere Hotel & Conference Center
2047 S. Highway 92
Sierra Vista, AZ

Please RSVP to Roxanne Williams at 520-515-3471 or e-mail rwilliams@ssvec.com by October 6, 2010.

Sincerely,

Creden W. Huber

Creden W. Huber
Chief Executive Officer

Willcox Attendees (Community Leaders' Luncheon)

September 9, 2010

Pat McCourt
Richard Searle
Charles Brown
Kathy Thatcher
Tom Miner
Joanne Grove
Bill Nolan
Sara Nolan
Dave Bonner
Oscar Hudson
Jeff Stoddard
Delcie Schultz
Sam Lindsey
Jeremy Graves
Corina Pino-Reyes
Bob Dahlstrom
Bob Coder
Corey Alexander
Ainslee Wittig
Lineva Donahue
Steven Klump
Kathy Smith

SSVEC

Creden Huber
Kirby Chapman
Anselmo Torres
Ron Orozco
Jack Blair
David Bane
Telly Stanger
Wayne Crane

Benson Attendees (Community Leaders' Luncheon)

September 30, 2010

Jim Burson
Patrick Ledger
Kiri Hall
Dennis Criswell
Jeri Carlile
Richard Coleman
Daniel Chapman
Candace Roll
Rod Rothrock
Eric Witt
Joanne Gammon
Heather Floyd
Geoff Oldfather
Susan Kartchner
Kate Mueller
Mike Ortega
Glenn Nichols
Brad Hamilton
Jennifer Rush
Leo O'Farrell
David Woodall
Jack Comaduran
Mark Fenn
Al Sacco
John Lodzinski
Bob Mucci
Don Grafues
Thelma Grimes

SSVEC

Creden Huber
Jack Blair
David Bane
Telly Stanger
Wayne Crane

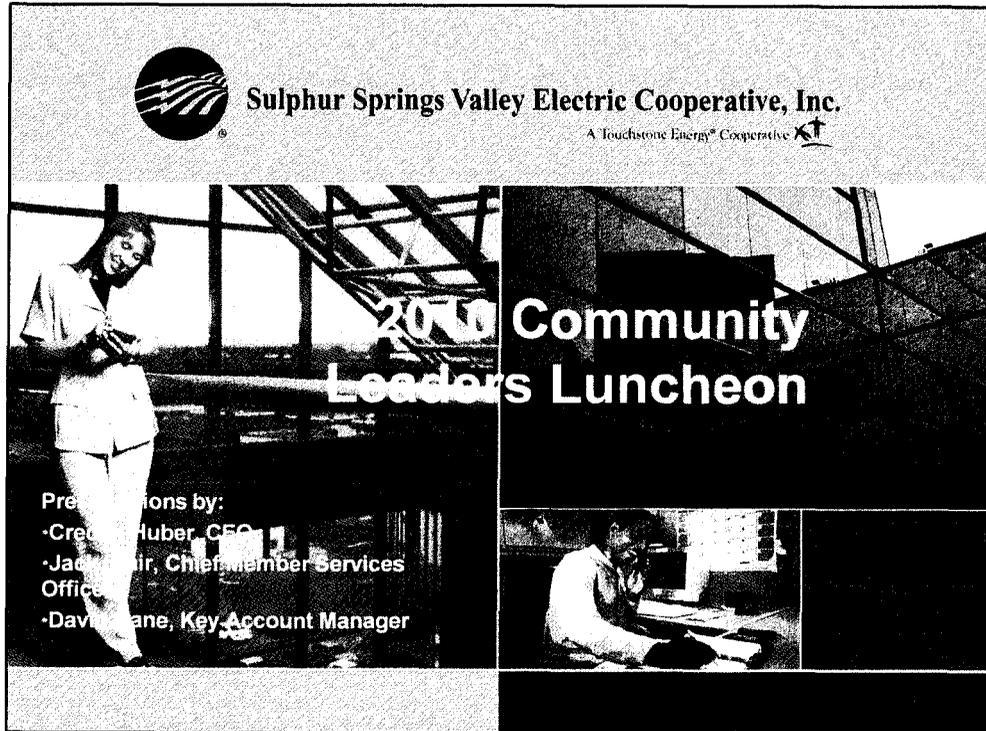
Visitors' Register

2010 Sierra Vista Community Leaders Luncheon

DATE	NAME	FIRM	ADDRESS	TO SEE
10/12/10	Don Kyte	SSVEC	STREET CITY STATE	TIME IN TIME OUT
	Kwara M. Luma		STREET CITY STATE	TIME IN TIME OUT
	Paula Luma		STREET CITY STATE	TIME IN TIME OUT
	Carol Dockter	city of Sierra Vista	STREET CITY STATE	TIME IN TIME OUT
	Donna Whipple		STREET CITY STATE	TIME IN TIME OUT
	Trudy Berry	Cochise County	STREET CITY STATE	TIME IN TIME OUT
	John	Cochise College	STREET CITY STATE	TIME IN TIME OUT
	Jared Hauser	SSVEC	STREET CITY STATE	TIME IN TIME OUT
	Jainie Keltner	SSVEC	STREET CITY STATE	TIME IN TIME OUT
	Vonnie Keltner	SSVEC	STREET CITY STATE	TIME IN TIME OUT
	Hank Huisking	City of SV	STREET CITY STATE	TIME IN TIME OUT
	Pat Call	Cochise County	STREET CITY STATE	TIME IN TIME OUT
	Bob STRAEN	City SV	STREET CITY STATE	TIME IN TIME OUT
	LYNN MATTINGLY	SV Economic Development Fund Strai	STREET CITY STATE	TIME IN TIME OUT
	SCOTT LOVELADY	SW GAS	STREET CITY STATE	TIME IN TIME OUT

Visitors' Register

DATE	NAME	FIRM	ADDRESS	TO SEE
10/12/10	Desak Jordan	ASUADA	STREET CITY STATE	TIME IN TIME OUT
10/12/10	Ken Kameel	Sierra Vista ID	STREET CITY STATE	TIME IN TIME OUT
10/12/10	Ruz E. Chavez-Ruiz	SV	STREET CITY STATE	TIME IN TIME OUT
10/12	ROBERT CARREIRA	COCHISE COLLEGE	STREET CITY STATE	TIME IN TIME OUT
	Kathy C'Brien	Sonora Realty	STREET CITY STATE	TIME IN TIME OUT
	Adrian	Star Realty	STREET CITY STATE	TIME IN TIME OUT
	Frank Gonzalez	Lewley Automotive	STREET CITY STATE	TIME IN TIME OUT
	GENE MARRING	SSUEC	STREET CITY STATE	TIME IN TIME OUT
	L.H. Hamilton	Cochise County	STREET CITY STATE	TIME IN TIME OUT
	John Hargraves	Sierra Vista CHAMBER	STREET CITY STATE	TIME IN TIME OUT
	Ann English	Cochise County	STREET CITY STATE	TIME IN TIME OUT
	PA English	SSUEC	STREET CITY STATE	TIME IN TIME OUT
	Cary McWorter	Sun Canyon Inn	STREET CITY STATE	TIME IN TIME OUT
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			STREET CITY STATE	TIME IN TIME OUT



Good Afternoon and welcome to our annual Community Leaders Luncheon.

We appreciate you taking the time to attend this presentation.

Today we have broken the presentation into several segments and you will be hearing from myself, Jack Blair, and David Bane.



Today's program

- Update on SSVEC
- Smart Grid Grant
- Renewable Energy Programs
- Energy Efficiency Programs
- Energy Savings Programs

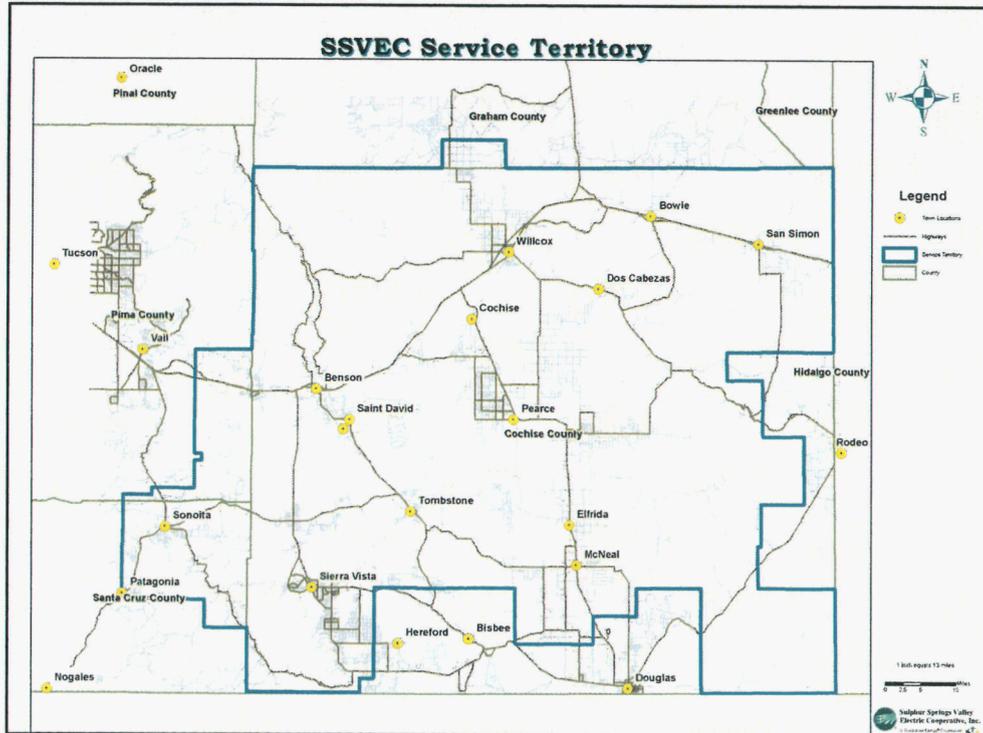
Today we will present a brief update on SSVEC, update you on the smart grid grant that we received, review our current and proposed renewable energy programs as well as our energy efficiency and energy savings programs.



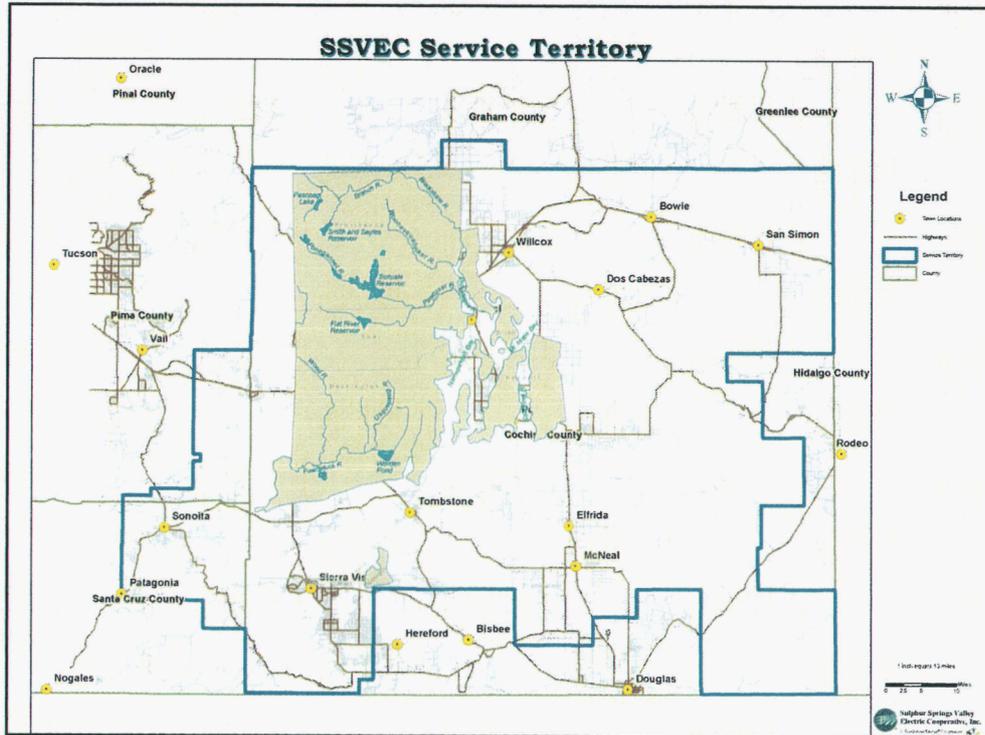
SSVEC Vision

- Our vision is that SSVEC be a financially strong organization with stable rates, reliable service, and employees who display outstanding performances in their areas of expertise and have a customer-focus.

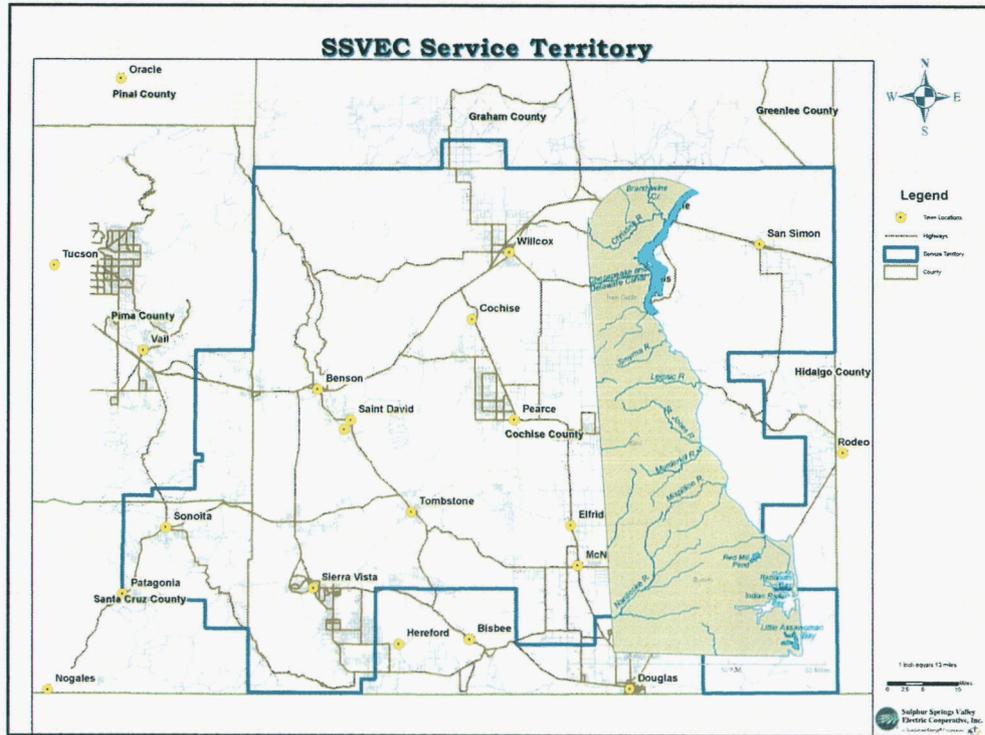
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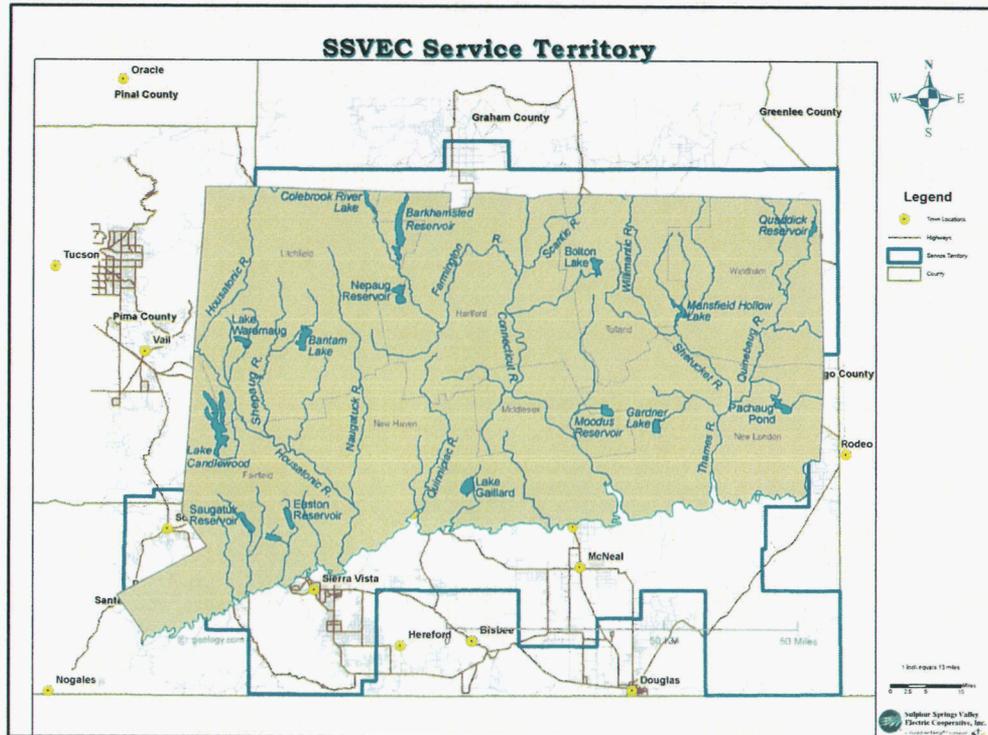
SSVEC serves in four counties in southeast Arizona. We serve over 52,000 electric meters, spread over 6,400 square miles, served by over 4,000 miles of electric lines. Our service area is larger than three states;



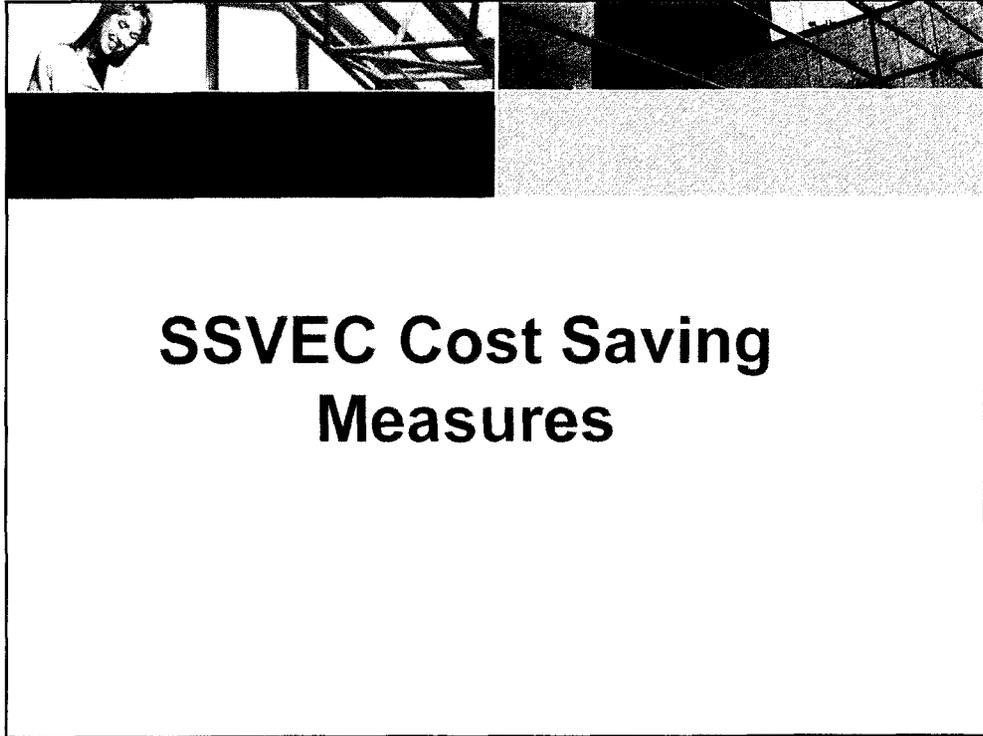
Rhode Island (1,044),



Delaware (1,953)

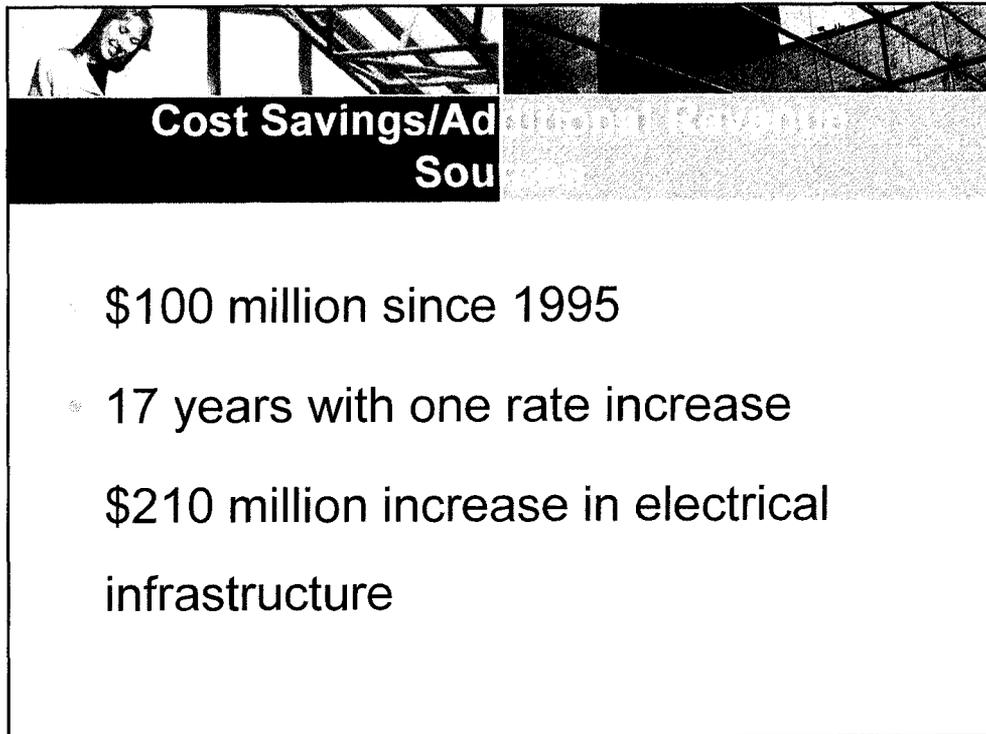


Connecticut (4,844) and about the same size as Hawaii (6,422)



SSVEC Cost Saving Measures

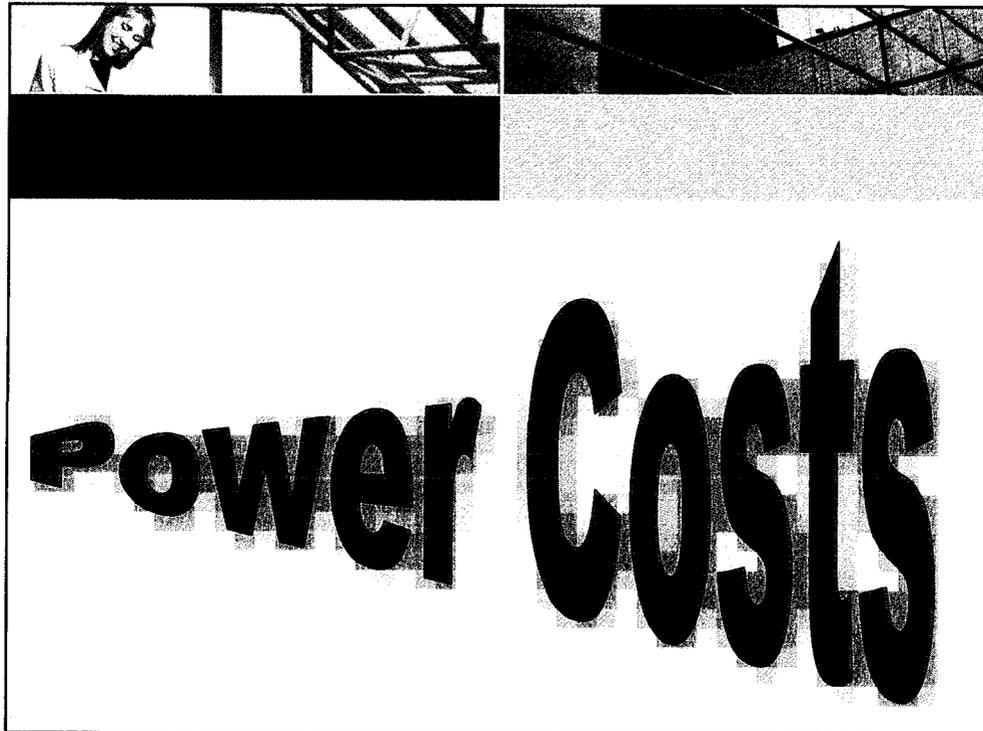
At SSVEC we are constantly looking for ways to reduce costs, improve efficiencies, and seek additional revenue sources.



Cost Savings/Additional Revenue Sources

- \$100 million since 1995
- 17 years with one rate increase
- \$210 million increase in electrical infrastructure

When we combine our cost savings programs with our additional revenue sources, we estimate that we have saved our members approximately 100 million dollars since 1995 while adding over 210 million dollars to our infrastructure



By far, the largest portion of our costs and your electric bill is the cost of buying power. The power costs are passed on directly to our members with no mark-up or margin for SSVEC.



Power Purchases	
Year	Amount
2009	\$63,941,366
2008	\$68,593,249

In 2009, SSVEC power purchases exceeded 63 million dollars and accounted for 64% of our total revenues. This represents a decline of almost 5 million dollars when compared to 2008 and this was despite an increase in kWh's purchased. To date for 2010, our power purchases have declined even more. So why are we paying less for power now? One of the major reasons is that SSVEC is now a partial requirements member of AEPCO.



Partial Requirements

- In 2008 SSVEC became a “Partial Requirements” member of AEPCO
- Able to request bids from other power producers
- Not “all of our eggs in one basket”
- Working with other power producers
- Goal is lowest possible power costs for our members

In 2008, SSVEC became a partial requirements member of AEPCO. Previously, SSVEC was required by contract to purchase all of its power needs from AEPCO. While SSVEC is still obligated to purchase a specified amount of power from AEPCO, we are now able to request bids for power above and beyond this amount from other power generators. In short, we feel it prudent not to have “all of our eggs in one basket”. SSVEC is constantly working with several other organizations on long and short term power contracts. Our goal is to ensure that our members get the lowest power cost possible. So what has our going partial meant to our members?



Power Costs 9/1/10

1-Sep-2010 Coop	Total Power Costs	Above SSVEC	Difference By Percent
SSVEC	0.07213	0	0
MEC	0.09030	0.01817	20.42%
DVEC	0.09043	0.01830	20.57%
GCEC	0.10151	0.02938	33.02%
Trico	0.10164	0.02951	33.17%

In September 2010, SSVEC had the lowest power costs of all the AEPCO member cooperatives. We were 1.8 cents to 2.95 cents per kWh lower than the rest of the AEPCO members. As a percent that equates to 20.4 to 33.17% per kWh lower than the other cooperatives. This is saving millions of dollars that you get to keep and the good news is that our power costs continue to decline in 2010.

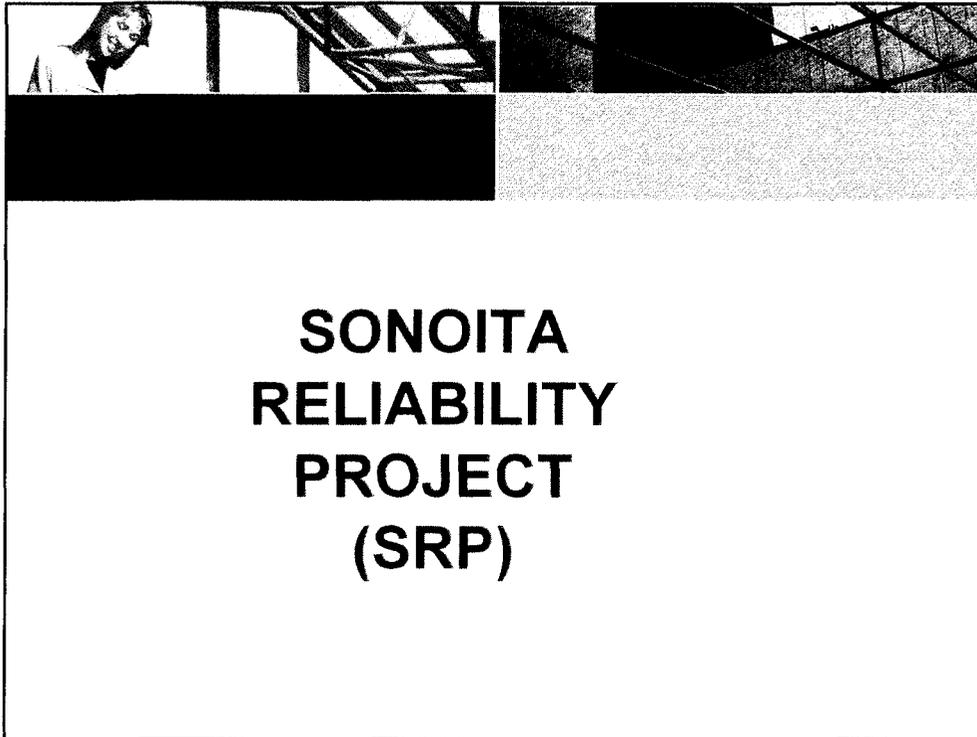


Power Costs 2010

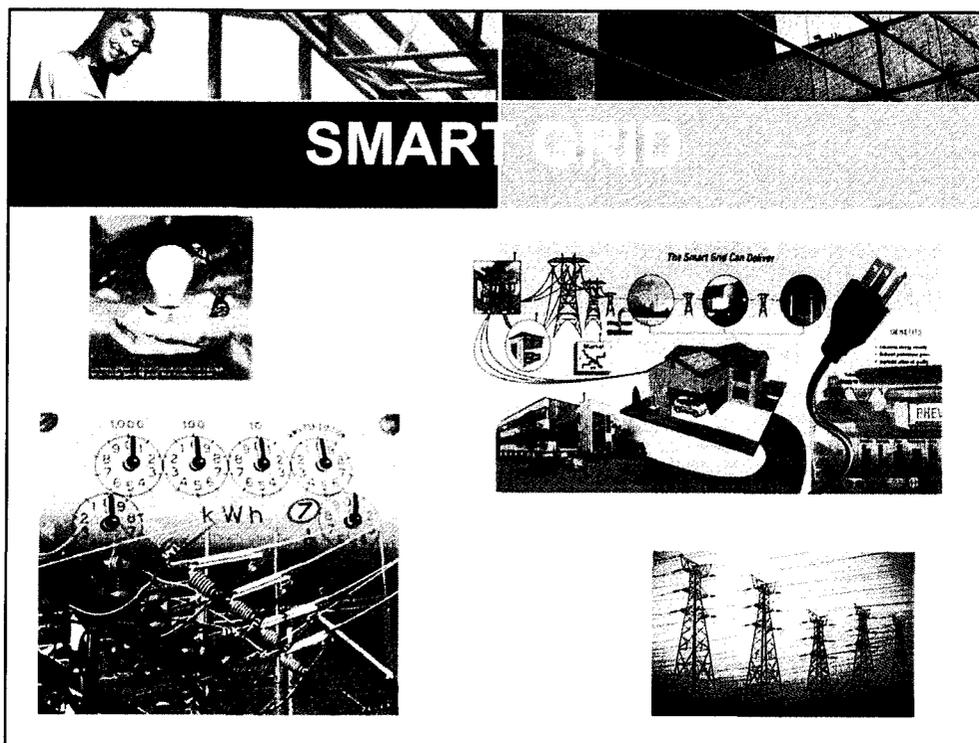
Summer Peaking Purchases

- Contract 6.2 cents per kWh
- Contract 4.9 cents per kWh
- WAPA 3.8 cents per kWh.
- AEPCO 2009 Base load 6.926
- 4/1/10 AEPCO increased .9 cents
- AEPCO filed for 1 to 2 percent increase

For the summer of 2010 we have purchased three major blocks of power for our summer peak. The first for 6.2 cents per kWh, a second at 4.9 cents per kWh and a third from Western Area Power Administration or WAPA for 3.8 cents, which is a great rate for summer peaking power in Arizona. AEPCO's average rate to SSVEC in 2009 was 6.9 cents per kWh and AEPCO raised its purchased power and fuel adjuster to its members by .9 cents – almost a penny per kWh effective April 1, 2010, which will raise AEPCO's rate to about 7.8 cents per kWh. AEPCO has filed for a rate increase which we recently gave our members notice of the filing.



As I'm sure most of you have heard or read in the paper, there is an issue concerning a much needed power line that SSVEC needs to build to the Elgin, Sonoita, and Patagonia area in order to bring them reliable power. The good news is that the ACC, after a delay of nearly a year, recently approved the building of this line and SSVEC has commenced construction. The bad news is that a very few members who opposed the line routing and who wanted the line built on someone else's property and not theirs delayed this much needed line that three quarters of the members in the area wanted and cost all SSVEC members about a million dollars in total.



As some of you may have heard, in 2009 SSVEC submitted a grant to the Department of Energy that was part of the American Recovery and Reinvestment Act of 2009. This is also know as the stimulus package and earlier this year the grant was approved and SSVEC has commenced work on the projects.

We have actually been using what is now being termed “smart grid” technologies for a number of years and I’m going to take a few minutes to cover our current programs.



SMART GRID GRANT

- * Grant for \$22 million
- * 50% Cost-sharing Grant Awarded by the Department of Energy
- * Funded with American Recovery & Reinvestment Act (ARRA)

The smart grid grant that SSVEC received is for 22 million dollars, which SSVEC will match the federal funding with 22 million dollars.

Now we know that not all members supported the stimulus package, but when we analyzed the program, virtually all of the programs that we submitted were projects that were in our pipeline at some point, and by utilizing this program it sped up these projects while savings our members about 22 million dollars that at some point we were going to need to collect.



SMART GRID GRANT

Efforts To Smarten Our Grid Will:

- Promote automation, reliability & efficiency
- Provide information to members to decrease usage
- Promote alternative power supply & storage

Major Efforts Include:

- Expansion of Automatic Meter Infrastructure
- Expansion of Fiber Installation
- Enhanced Distribution and Substation Automation
- Enhanced energy savings and rates

**We will do this by expanding our automatic meter reading infrastructure, expand our fiber installation so that our system is “smarter” and can detect problems much quicker than our current system. The installation of fiber optic cable on our line will create a more secure and robust, more reliable communications backbone between our substations and our office which allows for automatic meter reading, monitoring and data gathering between our offices and substations and remote access of equipment in our substations and our line equipment.
(next slide)**



SMART GRID DRANT

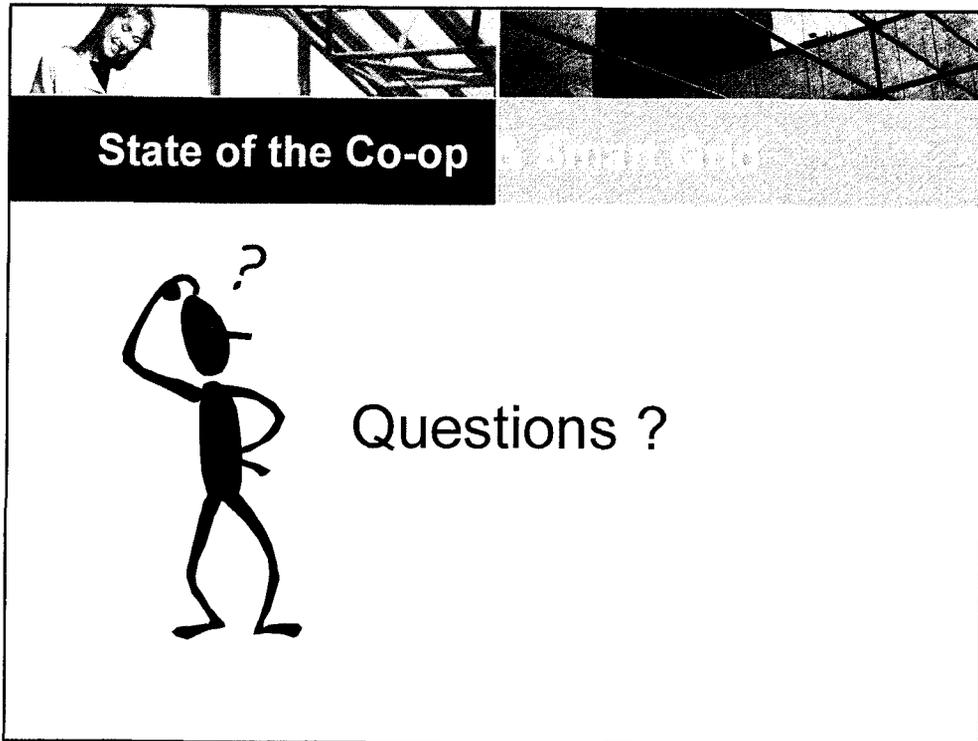
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- Promote automation, reliability & efficiency
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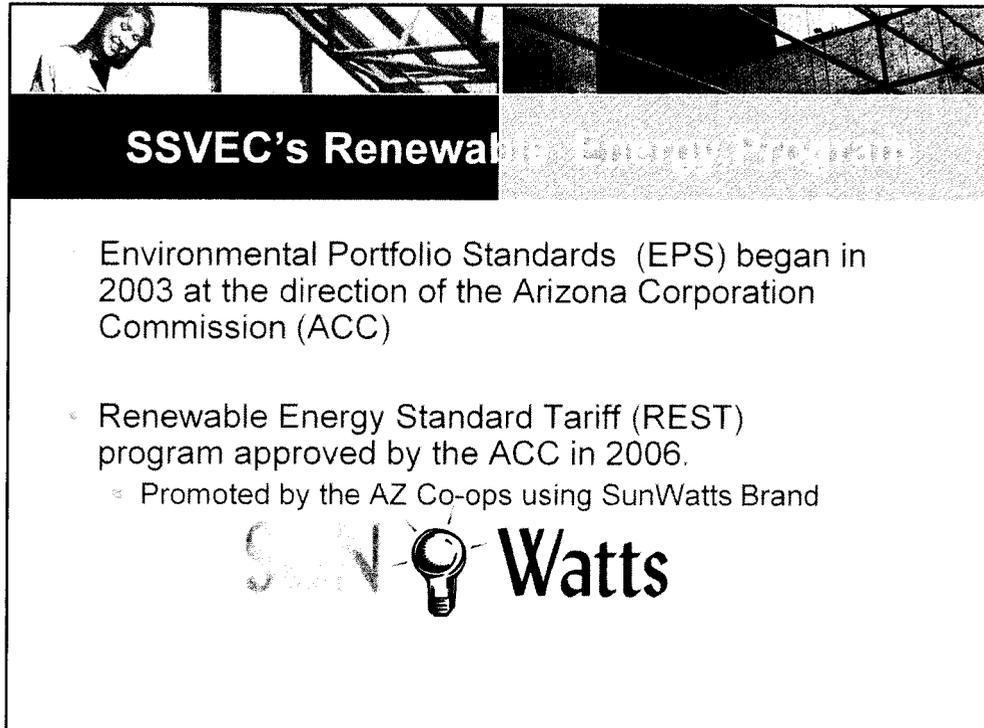
Major Efforts Include:

- Expansion of Automatic Meter Infrastructure
- Expansion of Fiber Installation
- Enhanced Distribution and Substation Automation
- Enhanced energy savings and rates

In short, SSVEC will enhance the automation of our electric grid and substation which benefits our members thru reduced energy usage as well as quicker outage responses. Finally, we have money set aside to assist our members in reducing their electric consumption which is good for SSVEC as well as our members. We are currently looking a wide variety of programs ranging from low or no interest loans to improve the thermal envelop of a house or a business, to time of use rates, to state of the art devices in homes and businesses.



Before I turn the program over to Jack Blair are there any questions in what I've covered?



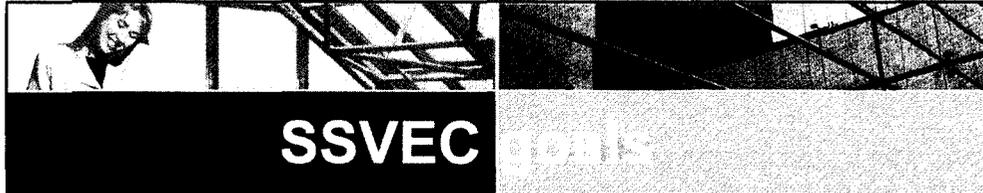
SSVEC's Renewable Energy Projects

- Environmental Portfolio Standards (EPS) began in 2003 at the direction of the Arizona Corporation Commission (ACC)
- Renewable Energy Standard Tariff (REST) program approved by the ACC in 2006.
 - Promoted by the AZ Co-ops using SunWatts Brand



The SunWatts logo features the word "Sun" in a stylized font with a lightbulb icon integrated into the letter "n", followed by the word "Watts" in a bold, sans-serif font.

In 2003 The ACC enacted the Environmental Portfolio Standards which set minimum requirements for electric utilities to purchase renewable energy as a percentage of their total power purchases. In this rule the Cooperatives were exempt from the mandated levels if they produced an acceptable plan to the ACC. This became the REST program in 2006 which we marketed with the other cooperatives using the SunWatts brand.



SSVEC Goals

Year	Retail Sales (MWh) from the 2008 PRS	Renewable Goal (%)	Renewable Energy Needed (MWh)	Renewable Capacity needed (MW)	Renewable MW Installed	Installed Systems
2005 - 2007	796,093	.5%	3,980	1.8	.14	102
2008	819,072	.5%	4,095	1.9	.31	90
2009	886,759	1.00%	8,868	4.0	3.1	298
2010	917,376	1.25%	11,467	5.2	4.5*	
2011	945,922	1.50%	14,189	6.5		
2012	973,679	1.75%	17,039	7.8		
2013	998,033	2.00%	19,961	9.1		
2014	1,023,514	2.25%	23,029	10.5		
2015	1,047,502	2.50%	26,188	12.0		
2016	1,073,556	3.00%	32,207	14.7		
2017	1,097,220	3.50%	38,403	17.5		
2018	1,122,319	4.00%	44,893	20.5		
2019	1,149,655	4.50%	51,734	23.6		
2020	1,176,514	5.00%	58,826	26.9		
2021	1,202,185	5.50%	66,120	30.2		
2022	1,228,846	6.00%	73,731	33.7		
2023	1,254,640	6.50%	81,552	37.2		
2024	1,281,112	7.00%	89,678	40.9		
2025	1,305,392	7.50%	97,904	44.7		

As part of the REST plan SSVEC established goals and they were accepted by the ACC.

These goals are about half of what the Investor Owned Utilities, such as APS and TEP have to reach.

One item to note is the 331% increase in the number of system installed from 2008 to 2009.



2010 rebates

For Photovoltaic systems (PV)

\$3.00 per watt "One Time Incentive" with a maximum of 50% of your system cost

Or

Performance Based Incentive that pays you 18 to 20.2 cents per kWh each month based on the production from your system with a maximum of 60% of the system cost.

For 2010, SSVEC offers for photovoltaic or PV systems either a one time incentive or rebate of \$3 per watt up to half the cost of your system or a performance based incentive that pays you 18 to 20 cents per kWh (based on the length of the contract) each month based on what your system produces up to 60% of the cost of your system. In short, you can either get a lump sum one time incentive or receive a larger amount paid over time. The choice is for members to make.

Which is better? It is really up to you. Do you want a single incentive or get it a little at a time each month.



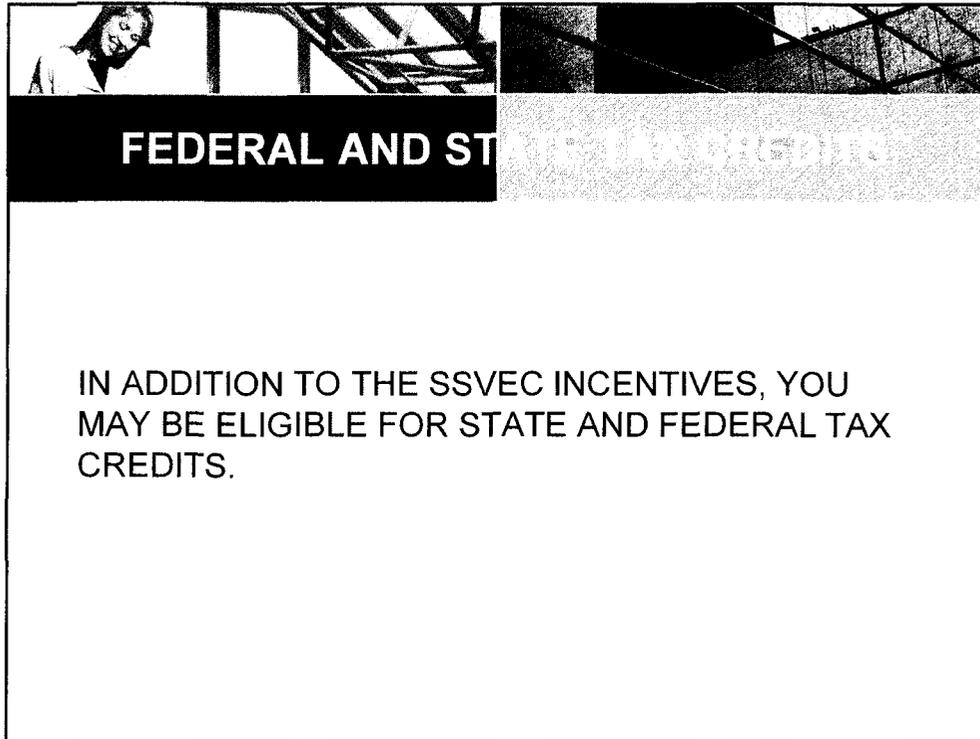
2010 rest incentives

Solar Water Heating

Incentive based on the first year kWh savings for a Solar Water Heater (SWH).

Using the OG-300 testing data we pay \$0.75 per kWh saved for the first year.

Solar Water Heating is the simplest form of using solar energy. Low cost, efficient, and simple. Under our REST program the Incentive is based on the systems rating in the OG-300 which estimates the annual kWh savings. We will pay 75 cents per kWh saved for the first year. This is a one time lump sum payment and the system must be listed in the OG-300.



FEDERAL AND STATE TAX CREDITS

IN ADDITION TO THE SSVEC INCENTIVES, YOU
MAY BE ELIGIBLE FOR STATE AND FEDERAL TAX
CREDITS.

In addition to the incentives and rebates offered by SSVEC, members may be eligible for state and federal tax credits.

Our corporate attorney will not allow us to provide tax advice so please see your tax advisor.



2010 REST PROGRAM

Solar Loan Program

Borrow up to \$2.00 per watt or 25% of the system cost
with an \$8,000 maximum
Interest rate = 3%
5 year loan

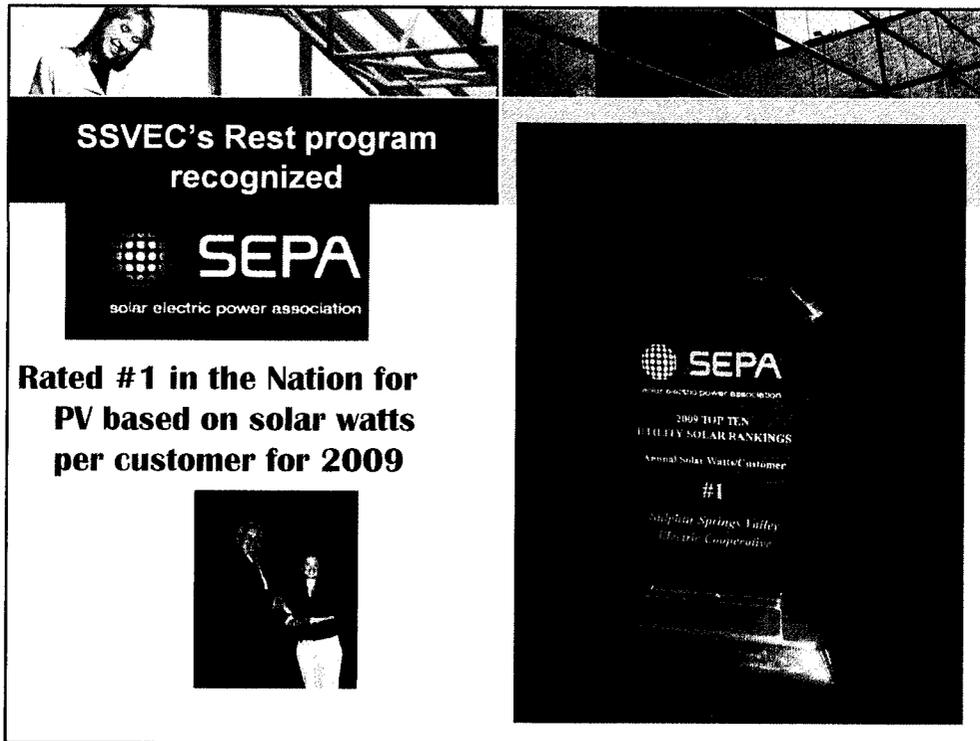
\$128,846 loaned in 2009



To help with the cost of solar installations, SSVEC developed a loan program in 2008 (first in the State) that people have used to get their system installed. Our members can borrow \$2 per watt or up to 25% of the cost of the system with an 8,000 dollar maximum. Loans are paid back over 5 years. In 2009 we loaned over 128,000 dollars.

We have a loan program for businesses as well with a higher maximum and longer term with the same interest rate.

The loans are secured by a lien on the property.



SSVEC's renewable energy program was recognized nationally in 2010 for the amount of solar installed in 2009. Out of all of the utilities in the United States, SSVEC ranked number one based on the number of installed watts per consumer.



benefits and limits for renewables

- Reduced dependence on other fuels
- Potential to delay line or generation upgrades
- PV doesn't work at night or on cloudy days
- PV production decreases with heat
- Wind doesn't blow consistently
- Higher cost than traditional generation
- Distribution system not designed for large reverse flow
- Maintenance costs for the system owner

Renewables, What are the benefits and limits.

Reduced dependence on other fuels, the limiting factor is quantity available

If PV were installed on every home we would get more life from our current infrastructure as long as the load at night did not increase as well.

They don't have a panel to work on moon light yet.

The Modules rated output assumes an outdoor temperature of 77 degrees. As the temperature rises the production drops. Work best in winter.

Studies by NAU don't show commercial grade wind for power production in most of Cochise County.

When you take the total cost of the system and divide it by the expected production of kWh over its life, it comes close to the retail cost of electricity but a long way from wholesale.

SSVECs grid was designed to provide energy from a central location (our substations). Installing a large scale renewable project on the outer edges of our grid is like trying to do a heart transplant by connecting a heart to your finger.

What we have seen this year is people are discovering that PV systems need attention, whether its cleaning, checking circuit breakers, or repairing damage you have to spend time taking care of a system.



What is this costing on my bill?

The REST Surcharge is a line item on your electric bill.

\$0.007937 per kWh with the following maximums (based on your rate class) per meter

- \$3.49 for residential
- \$85.00 for small commercial
- \$50.00 for Irrigation
- \$200.00 for large commercial
- \$300.00 for Industrial (Demand over 3MW)

SUN Watts

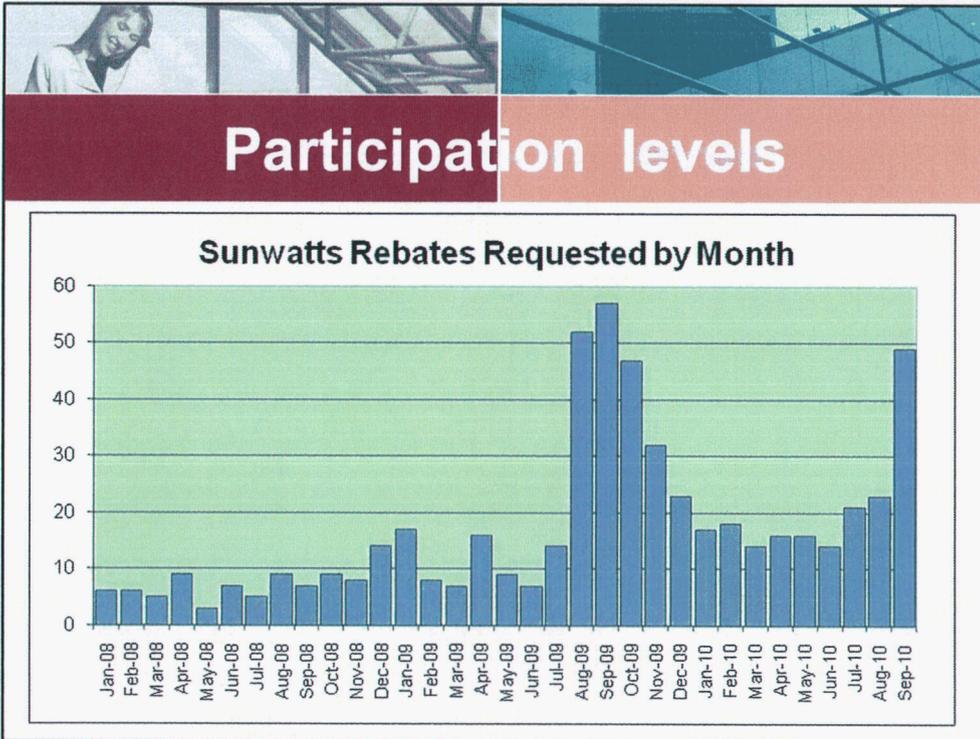
The REST program is required by the ACC. Funding for all utilities REST programs are from a single line item on your electric bill. The exact cost varies by each utility based on their customer base and how much money they feel they need for their program. The ACC provided utilities with a starting point for the tariff and we have had to modify it over the years to fund the changing needs of the program. Needless to say it is fine line we walk in collecting additional revenue from our members to support renewable energy.



2010 REST Budget	
Estimated 2010 Collections	\$ 3,009,635
Estimated 2009 carry over	\$ 10,000
Total Budget	\$ 3,019,635
Loan Program	\$ 200,000
Program Costs	\$ 200,000
Habitat Project	\$ 34,000
CREBs for Schools	\$ 1,045,000
Large Scale Renewables (CREBs) or PPA	\$ 650,000
SunWatts Residential Incentives	\$ 534,381
SunWatts Commercial Incentives	\$ 356,254
Total Budget	\$ 3,019,635

Here is our 2010 budget for REST. All these funds come out of the surcharge, none from our general funds or rates. In short, whatever we bring in thru the surcharge we use to operate the program (6.6% of receipts) and provided incentives. So in 2010 SSVEC will collect about 3 million dollars and either pay out in loans, incentives and bonds 2.8 million dollars.

To give you some perspective the APS budget for their 2010 REST plan is over \$67 Million. They are a lot larger than we are.



The largest impact on the cost of our program is participation levels. From the inception of the program until December 2008 we were pretty consistent month to month. But in January 2009 the federal and state tax codes changed making renewable energy a much more financially viable idea and more people began to install their own systems. In the summer of 2009 when SSVEC submitted its 2010 program which decreased the incentives to stay on par with other utilities in the state, the numbers really surged. The numbers have remained strong in 2010 even though the incentives levels from SSVEC have decreased.



PV and Shade for Schools

The Clean Renewable Energy Bonds (CREBs) are zero interest loans for Co-ops to fund renewable energy projects.

In 2008 the ACC approved a program for SSVEC to install a 24kW solar system on each campus we serve (41 locations).

Repaid over 15 years.

When this program was conceived late in 2006, we had a surplus of funds because people just were not putting in a lot of renewables. We wanted to see where we could spend this money to everyone's benefit and help us reach the goals for the ACC.

This became the PV and shade for the Schools project.

This is one of our most "visible" renewable projects because they are on every public school that we serve.

To make it happen we had to find a way to finance the project that would be acceptable to the ACC. The Investor owned utilities like APS and TEP could use Investment Tax Credits to fund their projects.

Because Cooperatives could not take advantage of the Investment Tax Credits (remember we are non-profit) the Federal Government made zero interest bonds available to non profits. These are called clean renewable energy bonds or CREBSs.

So in 2008 the ACC approved SSVEC borrowing money under the CREB's program to build these school solar shade structures at our 41 public schools and we are repaying these bonds over 15 years.



Who benefits from this program?

- The energy produced provides energy to the schools at no cost.
- Lower bills for the schools
- Shade for the students
- Real life example of renewable energy for teachers to use in classroom



Your REST contribution working for everyone

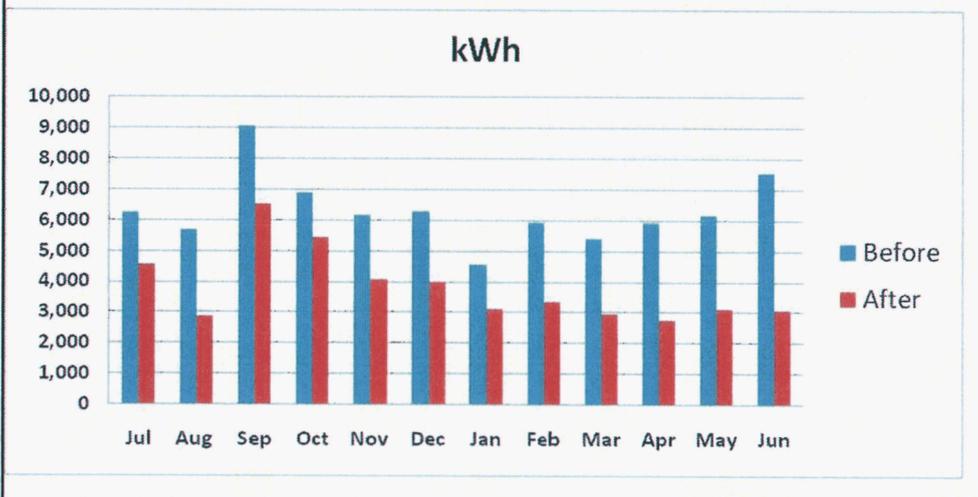
The teachers looked forward to the shade as much as the business managers looked forward to lower bills. The electricity produced by the system goes to the school at no cost thus lowering their utility bills.

Projects of this magnitude are quite different than a system for your home. Where you could buy a circuit breaker for \$10-15 for your home system, Commercial grade breakers cost \$125-500 along with the construction meeting commercial requirements.

The other difference is these systems have a 15 year full service warranty. We did not want to give the school savings on one hand and an expense on the other.



Did it lower the kWh? Let's look



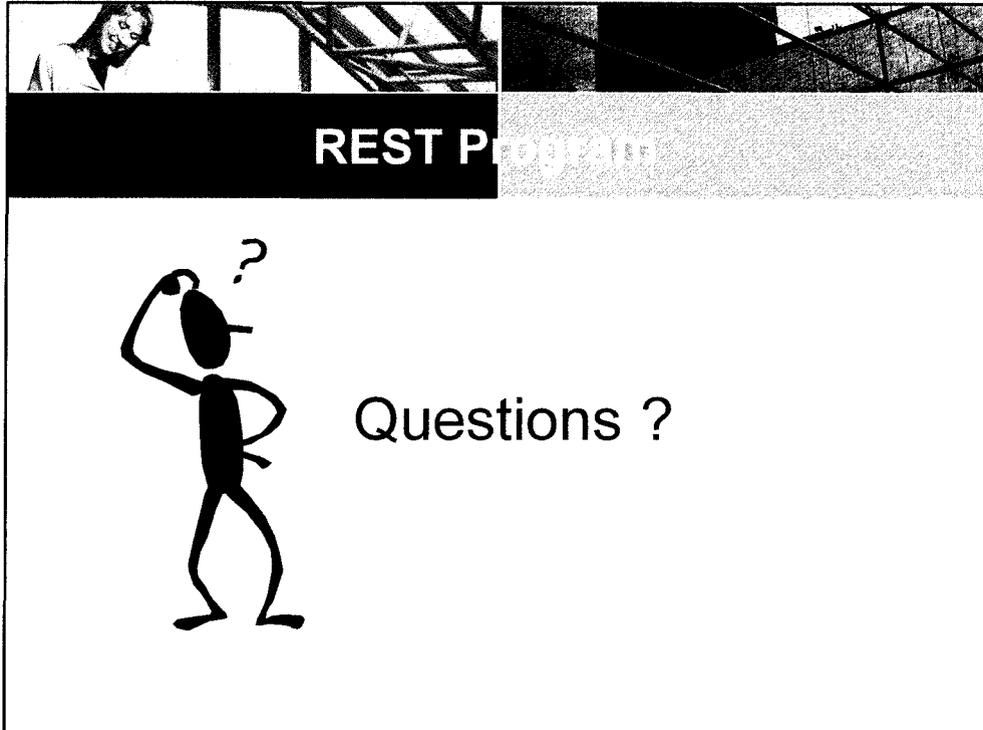
This is one example where it is very easy to see the changes in kWh usage. As you can see, the solar shade structures did reduce their energy consumption which in turn lowered their energy bills.



2011 REST PROGRAM

- SUBMITTED TO ACC IN JULY
- INCREASES FUNDING BY \$300,000
- DECREASES REBATES
- FIRST UTILITY SCALE PROJECT

In July, SSVEC submitted its annual 2011 REST plan to the ACC for approval. Our plan increases funding by about 10% or \$300,000 while decreasing the rebate amounts that are paid. It also includes SSVEC's first utility scale project which will be built as part of our new Sonoita substation. This project will benefit all of SSVEC members.



Before I turn the last portion of the presentation over to David Bane are there any questions?



What is net metering?

Net metering allows customers with generation resources (PV, wind, etc...) to use the SSVEC grid "like a battery"

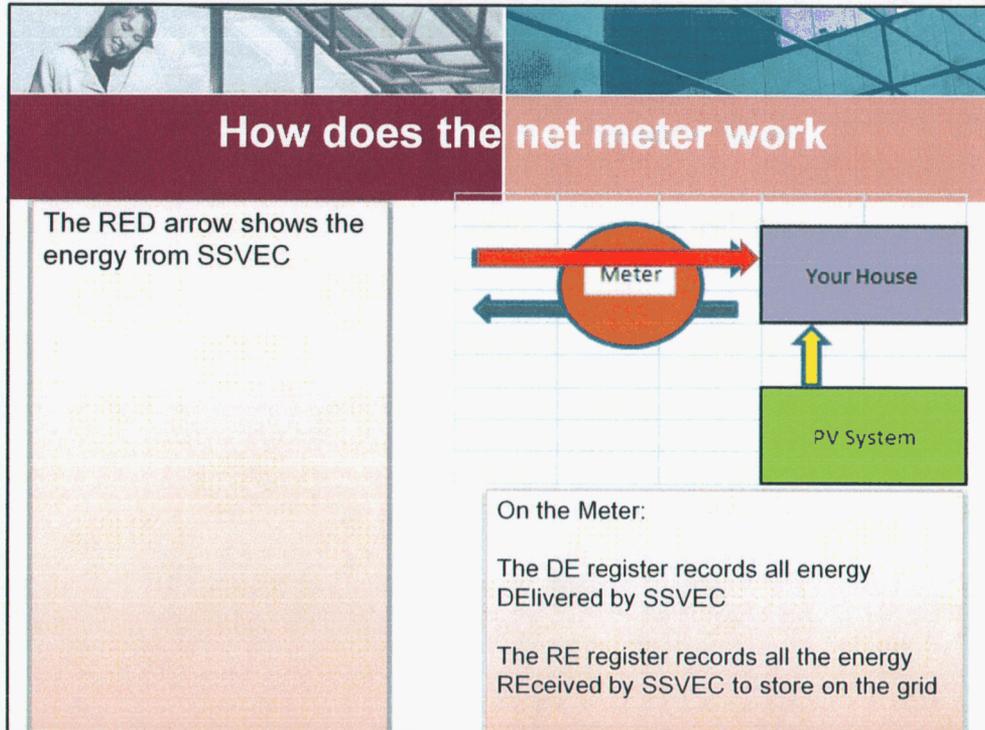
Excess kWh is recorded by the meter and used to offset kWh purchased from SSVEC.

You "bank" excess kWh for use later in the year.

In late January of 2010 the ACC approved our Net Metering tariff that was filed in September of 2009.

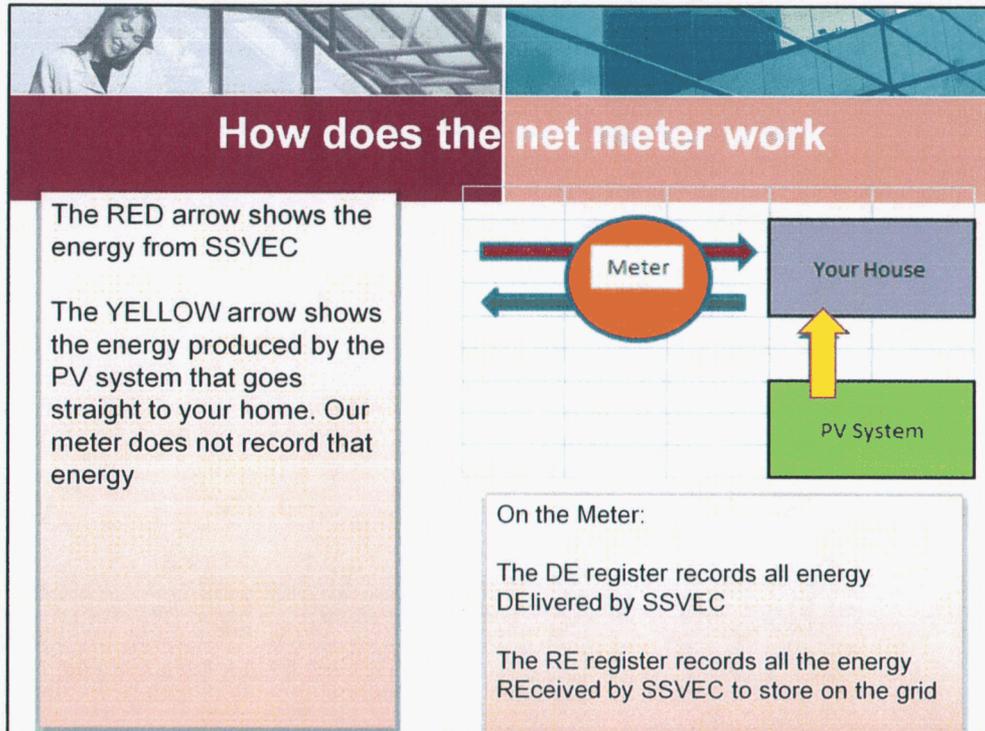
What net metering does is allows excess power produced by our members to flow on to our system and then our members can use that excess when needed. In short, members who net meter use the SSVEC system kind of like a battery.

How NET metering works is the same for all electric utilities. What is unique to each one is the true up dates and the wholesale cost as those will vary between each utility. If you produce more electricity than you use in a month you can bank this amount and at the end of an established 12 month period, SSVEC will then credit your account with any excess production at what our cost of power was for a 12 month period.

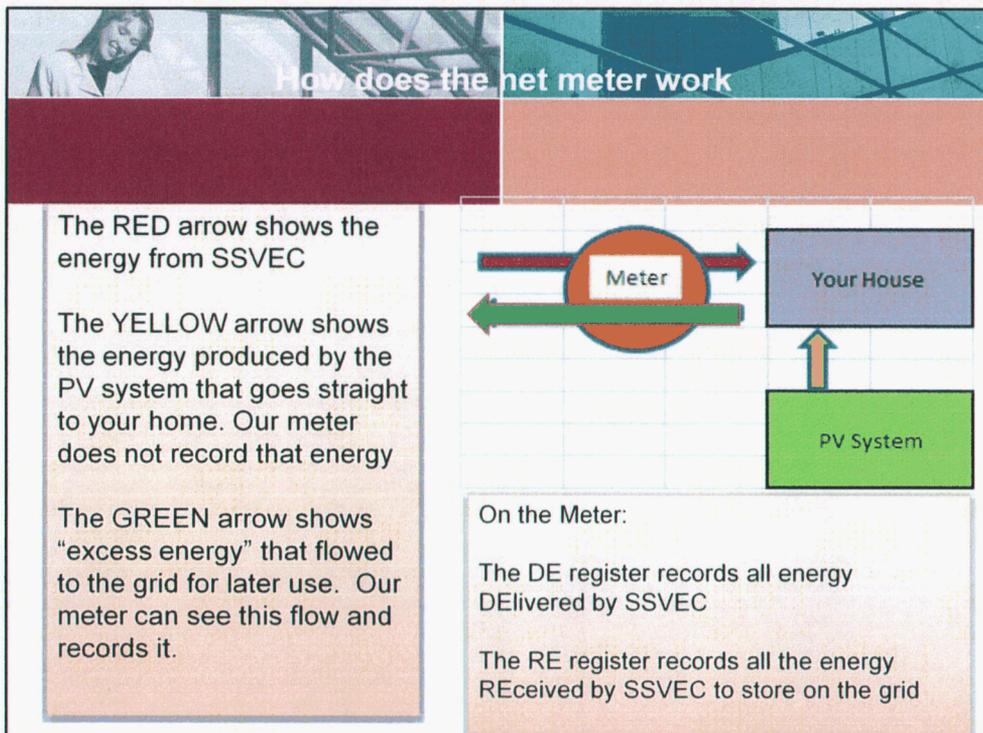


One provision in the rules is each month you can only get "credit" for what you received from SSVEC during that month. Any remainder goes into "the bank" for future use.

The Red Arrow represents the energy supplied by SSVEC to keep you comfortable when the PV system is not producing everything you need.

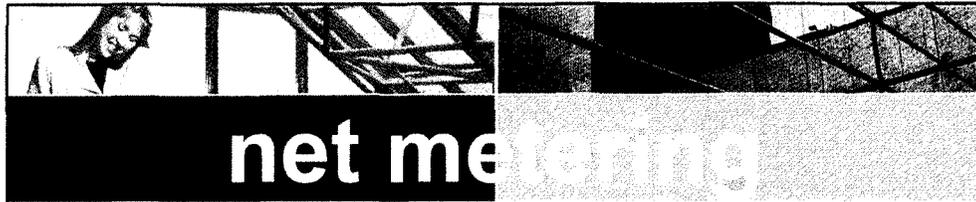


The Yellow arrow shows the flow of energy from your PV system to your home, where you consume as much energy as the system produces or as much as you need.



The green arrow shows the flow of energy back to the grid. This is energy you produced with your PV system but did not have to consume. Under the Net Metering Rule we will "save" these kWhs for you to use later.

Under the NET Metering rules we can't give you credit every for more kWh than you received from SSVEC.



net metering

Does it cost extra for Net Metering?

Yes, there is a \$2.70 per month meter fee for the “smarter” meter.

Is there a size limit for Net Metering?

YES, the rules allow you to size the system to no more than 125% of your consumption.

The “smarter” meter cost a lot more than a simple meter so we took the extra cost and spread it over the life of the meter so those who chose to net meter pay an additional \$2.70 per month.

The NET Metering regulations are not meant to punish but rather to protect the consumer from “over zealous” sales people so there is a size limit that is based on your consumption history.



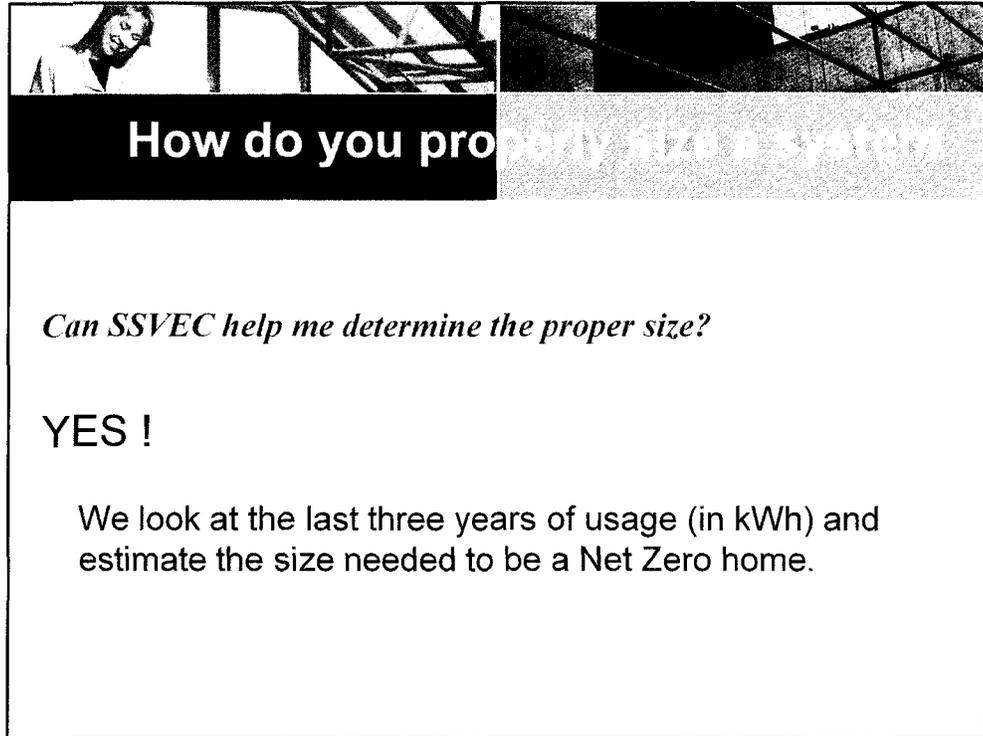
Net Metering

So, why don't I add even more panels and "make money" with the excess kWh?

Under the Net Metering rules, once per year you have to "true up" your bill with the utility. At that point you don't get retail credit for your excess kWh but the utilities avoided cost (or wholesale cost) for kWh.

So today, that means 3.77¢ per kWh instead of 12.17¢. That's quite a reduction in value.

This is truly a case where bigger is not better. Remember on a monthly basis you can only get credit for the kWh you receive from SSVEC. So all your excess waits until the true up month. Under the Net Metering regulations when the true up month is reached all excess kWh is at the avoided cost not retail. So your return on your solar investment drops by 60% (or more) when you produce more than you can use.



How do you properly size a system?

Can SSVEC help me determine the proper size?

YES !

We look at the last three years of usage (in kWh) and estimate the size needed to be a Net Zero home.

We are owned by our Customers and we want to help them make the best decision for them.

We have all the usage history and want to help you.

We don't sell panels or systems, we just want to help you make good choices.



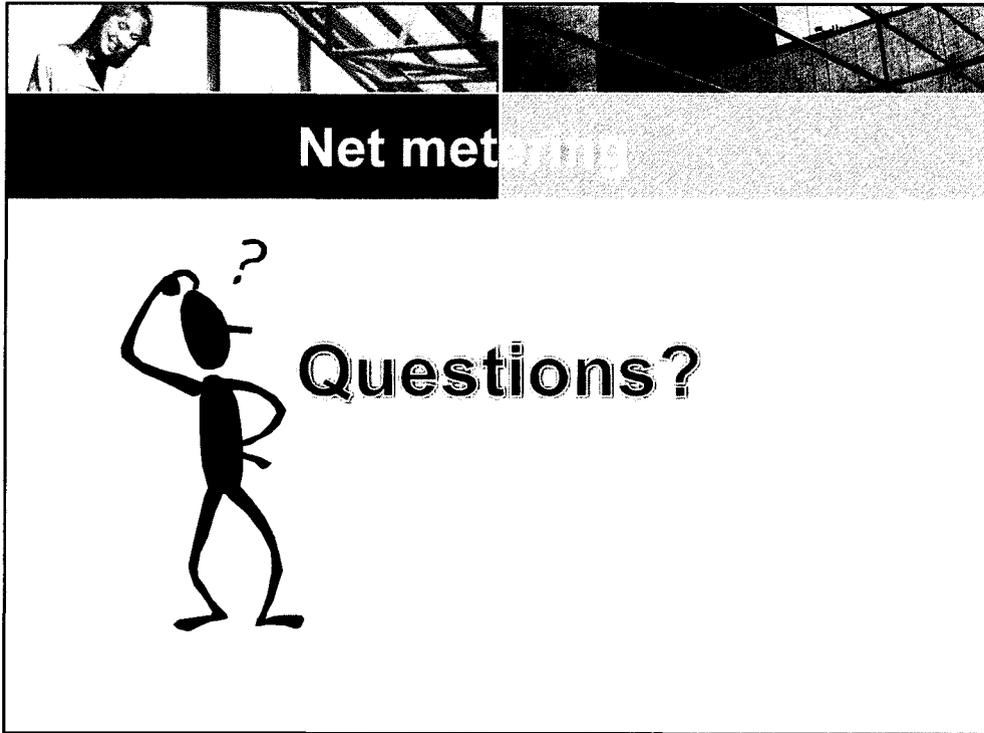
How do you properly size a system

I want a large system. How does a PPA work?

It is very simple, you pay retail (12.17¢) for all kWh from SSVEC. We pay the SSVEC cost of power for all kWh you place on the grid (3.77¢)

- No true up month
- No “banking” of excess kWh

We use the same meter as we do for Net Metering (measure kWh from SSVEC and kWh to SSVEC). When it is all said and done and you have a credit of \$100 or more we send you a check. Anything less carries forward to the next month as a credit. We have a handout in the back that compares Net Metering and Non-Net Metering for a short 4 month sample.



Before we continue to other programs, what can I answer about Net Metering or PV sizing?

Energy savings opportunities

Now we would like to talk about our Energy Saving programs.



Touchstone Energy Member Services

Began almost 20 years ago
as the GoodCents
Home program



Free review of building plans

Sets energy standards for windows, insulation, infiltration, and HVAC equipment that is higher than the minimum allowed by code

Lowers both your electric and gas bill

Builders join the program and agree to meet our requirements

Random inspections of home to insure compliance

Program available to self built homes

SSVEC has been committed to helping members keep their bills low for new home construction for almost 20 years.

This began with the GoodCents Home program where we set the standards for construction that were far beyond the minimums allowed by the building codes. Every year the standards are reviewed and updated as the building codes begin to copy our standards.

If you are have a home built and your builder is not a Touchstone approved contractor, or if you are building it yourself, we will review your plans and make suggestions on how to upgrade your specifications to help you save energy. If you agree to build it to our specs we will even make spot inspections to make sure you are getting the value of our program and provide you with a certificate when you are finished.

The program is not limited to only all electric homes. We want to help you keep your gas bill low if that is how you choose to heat your home.

Touchstone Builders sign a contract to agree to build to the Touchstone Standards and we inspect on a random basis to make sure they are doing it right.



Other SSVEC Energy Services Offer:

- Low interest loans for Heat Pumps
- Rebates for high SEER Heat Pumps
- Rebates for high efficiency electric water heaters
- Look to the SSVEC home page (ssvec.org) to find
 - Online Self Audit
 - Links to energy saving websites
 - Handouts and brochures online
- Home and Business audits
- Rate analysis for Businesses



We offer 7% loans on heat pumps (go with a 14 SEER or higher and get a rebate as well)

Higher SEER heat pumps cost more than the least efficient allowed by law, so we help make the upgrade easier with a \$500 rebate

Put in a new electric water heater with a Energy Factor of .90 or better and get \$100 rebate.

We offer energy saving advice everywhere we can included County Fairs and Business Expos.



New program for 2010

Zero interest loans for residential energy upgrades
Designed for homes built prior to 1975
Used for upgrading insulation, windows and doors to the Touchstone Energy Home standards first
Can be used for additional upgrades after meeting those standards
Secured by Lien on property

Zero interest loans for residential energy upgrades
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Used for upgrading insulation, windows and doors to the Touchstone Energy Home standards first
Can be used for additional upgrades after meeting those standards
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New program for 2010

Zero Interest loans for Businesses

- Pilot program approved by the ACC
- Very flexible on what technology to use
 - Perfect for lighting upgrades
 - New high efficient heating and cooling
 - Motor upgrades
 - Variable speed drives

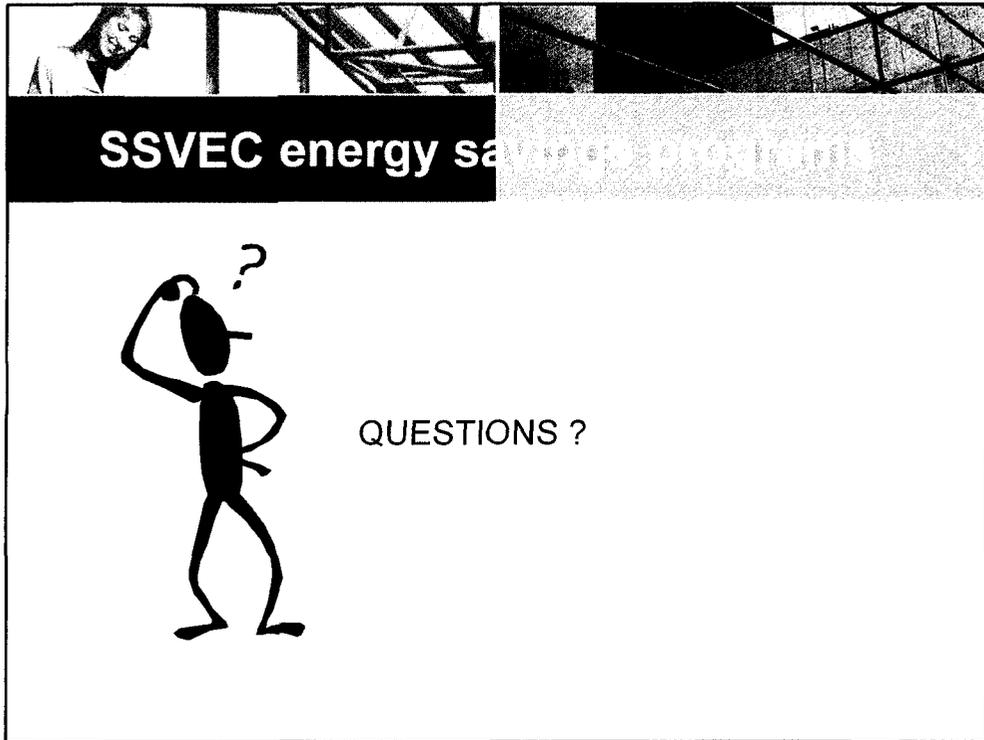
Approval is based on the return on investment

Secured by a lien on the property

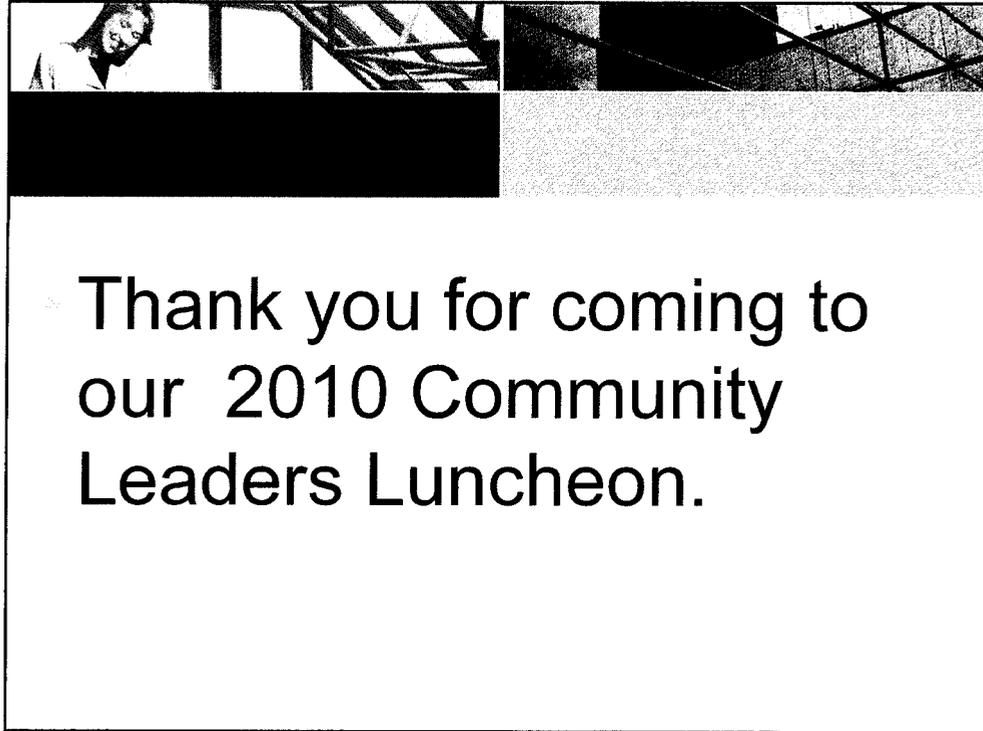
Pilot program approved by the ACC

Very flexible on what technology to use

- Perfect for lighting upgrades
- New high efficient heating and cooling
- Motor upgrades
- Variable speed drives



Any Questions on the SSVEC energy savings programs before I turn the program back over to our CEO?



Any other questions?

Thank you for coming to our 2010 Community Leaders Luncheon.



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SSVEC discusses progress, renewable energy

By Ainslee S. Wittig/Arizona Range News
Published: Wednesday, September 22, 2010 2:43 PM CDT

Sulphur Springs Valley Electric Cooperative held its annual Community Leader Luncheon Sept. 9, discussing cost-saving measures, renewable energy and other issues, including the progress of the Sonoita 69 kV line.



Jack Blair discusses renewable energy incentives and rebates at the community leaders' luncheon. (AINSLEE S. WITTIG / Arizona Range News)

CEO Creden Huber said, "In 2009, SSVEC power purchases exceeded \$63 million and accounted for 64 percent of total revenues. This represents a decline of almost \$5 million when compared to 2008 despite an increase in kWh's purchased. To date for 2010, power purchases have declined even more."

He said that one of the major reasons is that SSVEC is now a partial requirements member of Arizona Electric Power Cooperative. Previously, SSVEC was required by contract to purchase all of its power needs from AEPSCO.

"While SSVEC is still obligated to purchase a specified amount of power from AEPSCO, we are now able to request bids for power above and beyond this amount from other power generators. We feel it prudent not to have all of our eggs in one basket. SSVEC is constantly working with several other organizations on long- and short-term power contracts. Our goal is to ensure that our members get the lowest power cost possible."

Huber said this change has meant that as of December 2009, SSVEC had the lowest power costs of all the AEPSCO member cooperatives.

"We were 1.4 cents to 2.5 cents per kWh lower than the rest of the AEPSCO members, which equates to 16 to 28.6 percent per kWh lower than the other cooperatives -or savings of millions of dollars," Huber said. "And our power costs continue to decline in 2010."

Huber said that for the summer peak of 2010, SSVEC purchased three major blocks of power: the first for 6.2 cents per kWh, a second at 4.9 cents per kWh and a third from Western Area Power Administrators for 3.8 cents, which is a great rate for summer peaking power in Arizona."

"AEPSCO's average rate to SSVEC in 2009 was 6.9 cents per kWh and AEPSCO raised its purchased power and fuel adjuster to its members by .9 cents - almost a penny per kWh effective April 1, 2010, which will raise AEPSCO's rate to about 7.8 cents per kWh.," he said, adding that AEPSCO has filed for a one to two percent rate increase as well.

Another cost-savings measure is applying for and receiving the Smart Grid Grant, an American Recovery and Reinvestment Act grant for \$44 million - a savings of \$22 million, as \$22 million is the federal match for SSVEC's spending \$22 million on projects that were "already in the pipeline," Huber said.

The grant will be used to expand automatic meter reading infrastructure and expand fiber installation so that the system is "smarter" and can detect problems much quicker than the current system, he said.

Sonoita Reliability Project

Huber also responded to a letter to the editor from Gail Getzwiller regarding the 69kV line in Sonoita in the Sept. 8 issue of the Range News.

"As I'm sure most of you have heard or read in the paper, there is an issue concerning a much needed power line that SSVEC needs to build to the Elgin, Sonoita, and Patagonia area in order to bring them reliable power. The good news is that the ACC, after a delay of nearly a year, recently approved the building of this line and SSVEC has commenced construction," Huber said.

"The bad news is that a very few members who opposed the line routing and who wanted the line built on someone else's property and not theirs delayed this much needed line that three quarters of the members in the area wanted and cost all

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SSVEC members about a million dollars in total," he added.

SSVEC bought the easements to be used for the 69kV line in 1982, he said.

Jack Blair, Chief Member Services Officer, said only one property owner was there prior to the purchase of the easements, and they support the Sonoita Reliability Project.

"We bought the easements when the land was cheap, and everyone should realize there is a possibility of a power line there," he said.

"The current line is near capacity and a second line is needed for reliability," Blair said. "When we have an outage, you should hear how people complain. We've had two independent studies including licensed professional engineers and both have agreed with everything we have suggested."

He said the project should be completed in Fall 2011.

Renewable Energy

Blair also discussed the incentives, rebates and loan programs that help cooperative members turn to renewable energy.

In 2003, the Arizona Corporation Commission enacted the Environmental Portfolio Standards setting minimum requirements for electric utilities to purchase renewable energy as a percentage of their total power purchases. Cooperatives were exempt from the mandated levels if they produced an acceptable plan to the ACC. That plan, approved in 2006, is the Renewable Energy Standard Tariff (REST) program, which markets the SunWatts brand.

These goals are about half of what investor-owned utilities, such as APS and TEP have to reach, Blair said.

In 2010, SSVEC offers rebates through the REST plan:

- Photovoltaic or PV systems -- either a one time incentive or rebate of \$3 per watt up to half the cost of your system; or a performance-based incentive that pays you 18 to 20 cents per kWh (based on the length of the contract) each month based on what your system produces for up to 60 percent of the cost of your system.

"In short, you can either get a lump sum one-time incentive or receive a larger amount paid over time. The choice is for members to make," Blair said.

- Solar Water Heating -- The incentive is based on the system's rating in the OG-300, which estimates the annual kWh savings. SSVEC will pay 75 cents per kWh saved for the first year. This is a one-time lump-sum payment and the system must be listed in the OG-300, he said.

In addition to the incentives and rebates offered by SSVEC, members may be eligible for state and federal tax credits.

To help with the cost of solar installations, in 2008 SSVEC developed the first loan program in the state to help people get systems installed. Members can borrow \$2 per watt or up to 25 percent of the cost of the system with an \$8,000 maximum. Loans are paid back over 5 years. In 2009, SSVEC loaned over \$128,000.

Blair added that SSVEC has a loan program for businesses with a higher maximum and longer term with the same interest rate.

SSVEC's renewable energy program was recognized nationally by the Solar Electric Power Association in 2010 for the amount of solar systems installed in 2009. Out of all of the utilities in the United States, SSVEC ranked number one based on the number of installed watts per consumer, he said.

"In July, SSVEC submitted its annual 2011 REST plan to the ACC for approval. Our plan increases funding by about 10 percent or \$300,000 while decreasing the rebate amounts that are paid. It also includes SSVEC's first utility scale project which will be built as part of our new Sonoita substation. This project will benefit all of SSVEC members," Blair said.

Net Metering

David Bane, Key Account Manager, then looked at net metering.

In January, the ACC approved SSVEC's Net Metering tariff that was filed in September of 2009.

Bane said, "What net metering does is allows excess power produced by our members' photovoltaic systems (or other renewables) to flow on to our system and then our members can use that excess when needed. Under the Net Metering Rule we will "save" these kWhs for you to use later."

The "smarter" meter costs a lot more than a simple meter, so SSVEC took the extra cost and spread it over the life of the meter so those who chose to net meter pay an additional \$2.70 per month, he said. There is also a size limit for net metering of 125 percent of the member's consumption.

Home energy savings programs

The GoodCents Home program was started at SSVEC about 20 years ago to set the standards for construction beyond the minimums allowed by the building codes. Every year the standards are reviewed and updated as the building codes begin to copy our standards.

Now through the Touchstone Energy Home program, "we will review your plans (if they are not already by Touchstone builders) and make suggestions on how to upgrade your specifications to help you save energy. The program is not limited to only all-electric homes. We want to help you keep your gas bill low if that is how you choose to heat your home," Bane said.

'Touchstone Builders' are those who have signed a contract to agree to build to the Touchstone Standards and we inspect on a random basis to make sure they are doing it right.

SSVEC also provides home and business energy audits and rate analyses for businesses. Rebates for energy efficient heat pumps and loans are also available.

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Utility co-op holds annual meeting

Published: Wednesday, October 6, 2010 11:20 AM CDT

Thelma Grimes/San Pedro Valley News-Sun

Sulphur Springs Valley Electric Power Cooperative (SSVEC) held the annual community leader's luncheon in Benson, last week.

SSVEC administrators focused most of the information on going green.

Jack Blair, chief of members services, focused on a lot of the programs the cooperative is now providing customers.

Some of those programs include SSVEC's Sun Watts and the photovoltaic systems' program.

Photovoltaic systems is a performance based incentive that pays you 18 to 20.2 cents per kWh each month based on the production from your system with a maximum of 60 percent of the system cost.

Another incentive-based program is solar water heating.

Blair explained that SSVEC will pay up to 75 cents per kilowatt hour of energy saved.

Besides the tax incentives offered by SSVEC, residents and business owners are also eligible for federal tax breaks for going green.

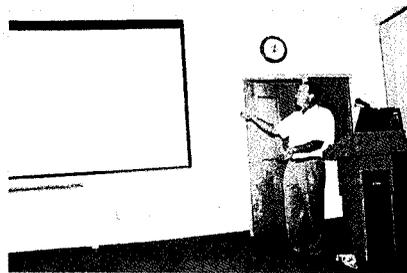
In a short presentation on current company projects, SSVEC CEO Creden Huber updated the more than 20 community leaders present on current and upcoming events for the cooperative.

After a lengthy battle with the Arizona Corporation Commission, Huber said SSVEC has been able to move forward with the Sonoita Reliability Project.

With a need for more power, Huber said SSVEC has already installed 17 miles of power lines. The project should be online some time next year, he said.

In grant funding, Huber said SSVEC will be getting a \$22 million smart grid grant.

Funding by the American Recovery and Reinvestment Act, Huber said SSVEC has agreed to a 50 percent matching, meaning the cooperative will put an additional \$22 million toward the project.



Annual luncheon: Jack Blair discusses the state of affairs at the Sulphur Springs Valley Electric Cooperative's yearly gathering last week in Benson. (Thelma Grimes/photo.)

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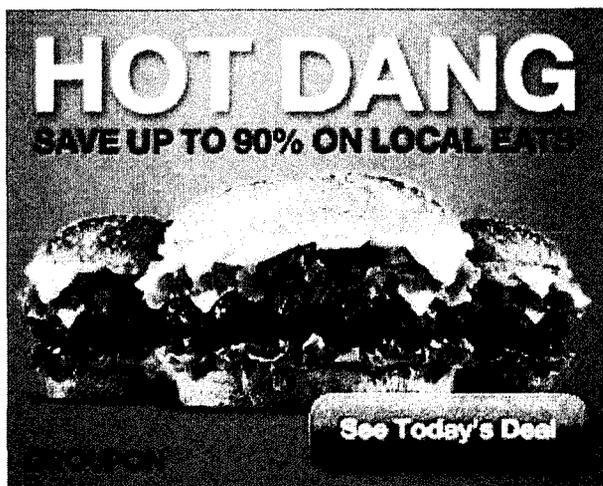
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SSVEC outlines its successes as a local power provider

By Derek Jordan
Herald/Review

SIERRA VISTA — City and county officials were briefed on the progress made in a number of areas by one of Cochise County's leading power supplier during Sulphur Springs Valley Electric Cooperative's annual Community Leaders Luncheon on Tuesday.

Decisions made just two years ago are already saving members millions of dollars in power costs, according to the cooperative's chief member services officer, Jack Blair.



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"We're actually paying less for electricity now than we were in 2008," Blair said to the small gathering at the Windemere Hotel and Conference Center.

According to the utility provider, it spent \$63.9 million on purchasing power last year, down from \$68.5 million in 2009.

This is because in 2008, the SSVEC board of directors decided to start purchasing a portion of the co-op's power from the open market instead of buying all of it from the Arizona Electric Power Cooperative.

"We thought that was a good idea because, like anything else, you don't want all your eggs in one basket," he said. "Diversification is good, because you can never tell what is going to happen, and because our goal is to buy power at the lowest cost possible."

In addition to reducing the cost of purchasing power, the electric utility has made headway in its efforts to have 7.5 percent of its energy coming from renewable sources.

More than 400 businesses and homes on the grid have installed renewable resource systems, like solar- and wind-powered systems.

State and local grants and rebates have helped to spur the growth of renewable energy systems.

A low-interest loan program offered by the co-op to help members build a solar energy system loaned out nearly \$129,000 last year.

Blair said the cost of such systems has decreased to the point where the utility has submitted a proposal to the Arizona Corporation Commission to reduce the size of its own rebate.

"The solar rebates through 2009 were \$4 a kilowatt-hour up 50 percent of the cost of the system," he said. This year saw the number fall to \$3 per kWh, and is set to reduce even more in 2011 to \$2 per kWh and up to 40 percent of the cost of the system, pending the approval of the ACC.

"It's in line with what the other utility providers in the state have," he said.

THE UTILITY

- The electrical cooperative serves four counties in southeast Arizona, with more than 52,000 electric meters spread over 6,400 miles, served by more than 4,000 miles of electrical lines
- By far, the largest portion of SSVEC's costs and electric bills is the cost of buying power. The power costs are passed on directly to the members with no mark-up or margin for SSVEC.
- SSVEC's renewable energy program was recognized nationally in 2010 by the Solar Electric Power Association for the amount of solar installed in 2009. Out of all the utilities in the country, SSVEC ranked first based on the number of installed watts per customer.

Source: SSVEC

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