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ARIZONA CORPORATION COMMISSION

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DATE: MARCH 14, 2011  
DOCKET NO.: E-01461A-09-0450

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Jane L. Rodda. The recommendation has been filed in the form of an Opinion and Order on:

TRICO ELECTRIC COOPERATIVE, INC.  
(NET METERING TARIFF)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

MARCH 23, 2011

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

MARCH 29, 2011 and MARCH 30, 2011

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602)542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

Arizona Corporation Commission

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MAR 14 2011

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ERNEST G. JOHNSON  
EXECUTIVE DIRECTOR

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

COMMISSIONERS

GARY PIERCE - Chairman  
BOB STUMP  
SANDRA D. KENNEDY  
PAUL NEWMAN  
BRENDA BURNS

IN THE MATTER OF TRICO ELECTRIC  
COOPERATIVE, INC.'S APPLICATION FOR  
APPROVAL OF A NET METERING TARIFF.

DOCKET NO. E-01461A-09-0450  
DECISION NO. \_\_\_\_\_

OPINION AND ORDER

DATE OF HEARING: December 8, 2010  
PLACE OF HEARING: Tucson, Arizona  
ADMINISTRATIVE LAW JUDGE: Jane L. Rodda  
APPEARANCES: Michael Patten, ROSHKA, DEWULF & PATTEN,  
PLC, on behalf of Trico Electric Cooperative, Inc.;;  
James Arkoosh, In Propria Persona, Intervenor;  
Scott Hesla and Wes Van Cleve, Staff Attorneys, Legal  
Division on behalf of the Arizona Corporation  
Commission Utilities Division Staff.

**BY THE COMMISSION:**

\* \* \* \* \*

Having considered the entire record herein and being fully advised in the premises, the  
Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

**FINDINGS OF FACT**

**Procedural Background**

1. On January 26, 2010, the Commission issued Decision No. 71462 which approved  
Trico Electric Cooperative, Inc.'s ("Trico" or "Cooperative") Net Metering tariff. The Net Metering  
tariff applies to customers with on-site generation using resources that are allowed by the  
Commission, and works in conjunction with the rate schedule under which the customer takes electric  
service from Trico.

1           2.       On February 3, 2010, James Arkoosh, an intervenor in the docket, filed an application  
2 for rehearing of Decision No. 71462 on the grounds that the Commission failed to apply the  
3 provisions of Arizona Administrative Code ("A.A.C.") R14-2-2305 when it approved a \$3.38  
4 monthly administrative charge for Trico's net metering customers. Mr. Arkoosh's application for  
5 rehearing was denied by operation of law.

6           3.       On April 8, 2010, Trico filed a request to reopen Decision No. 71462 pursuant to  
7 A.R.S. §40-252 for further Commission consideration and to provide notice and opportunity for the  
8 parties to be heard on the narrow issue raised by Mr. Arkoosh, and to supplement the record with  
9 information that Trico had previously provided to the Commission's Utilities Division ("Staff") and  
10 to Mr. Arkoosh, but which had not been formally docketed.

11           4.       On May 14, 2010, the Commission issued Decision No. 71694, which reopened  
12 Decision No. 71462 pursuant to A.R.S. § 40-252; directed the Commission's Hearing Division to  
13 hold a Procedural Conference to discuss further proceedings in this matter; and granted Trico's  
14 request to supplement the record with the information that was previously provided to Staff and Mr.  
15 Arkoosh.

16           5.       Pursuant to Procedural Order dated May 19, 2010, a Procedural Conference convened  
17 on June 22, 2010, at the Commission's Tucson offices. Trico and Staff appeared through counsel,  
18 and Mr. Arkoosh appeared in propria persona.

19           6.       The parties discussed their recommendations on how to comply with the  
20 Commission's directive to re-examine the approval of Trico's Net Metering administrative charge. At  
21 that time, Trico believed that a hearing might not be required;<sup>1</sup> Staff believed that in light of Mr.  
22 Arkoosh's claims, that a hearing would be necessary;<sup>2</sup> and Mr. Arkoosh expressed a desire to pursue  
23 his claims in the Arizona Court of Appeals.<sup>3</sup>

24           7.       By Procedural Order dated August 12, 2010, it was determined that a hearing would  
25 be required to resolve issues of fact. A hearing was set for December 8, 2010, at the Commission's

26 <sup>1</sup> Transcript of the June 22, 2010 Procedural Conference ("6/22/2010 Tr.") at 5 and 28.

27 <sup>2</sup> 6/22/2010 Tr. at 16 and 21.

28 <sup>3</sup> 6/22/2010 Tr. at 10 and 14. At the time of the Procedural Conference, Mr. Arkoosh had an appeal of Decision No. 71462 pending before the Arizona Court of Appeals in Tucson. Subsequently, the Commission received a copy of an order of the Court of Appeals Division Two dismissing the appeal.

1 Tucson offices. The parties were instructed to file their testimony and provide legal arguments in  
2 support of their positions.<sup>4</sup>

3 8. Pursuant to the schedule established in the August 12, 2010 Procedural Order, which  
4 was modified slightly by Procedural Order dated August 25, 2010, Trico filed the testimony of Karen  
5 Cathers on September 30, 2010; Mr. Arkoosh filed his Comments on October 27, 2010; Staff filed  
6 the direct testimony of Barbara Keene on November 16, 2010; and Trico filed the reply testimony of  
7 Karen Cathers on November 30, 2010. On December 1, 2010, Mr. Arkoosh filed documents  
8 pertaining to his claims.

9 9. The hearing convened as scheduled on December 8, 2010, before a duly authorized  
10 Administrative Law Judge, with Trico and Staff represented by counsel and Mr. Arkoosh appearing  
11 on his own behalf.

### 12 The Net Metering Tariff

13 10. Decision No. 70567 (October 23, 2008), approved Proposed Rulemaking Regarding  
14 Net Metering ("Net Metering Rules" or "Rules"). The Net Metering Rules, which became effective  
15 on May 23, 2009, require each electric utility to file, for approval by the Commission, a Net Metering  
16 tariff within 120 days of the effective date of the Rules.<sup>5</sup>

17 11. Net metering allows electric utility consumers to be compensated for generating their  
18 own energy from renewable resources, fuel cells or Combined Heat and Power.

19 12. On September 18, 2009, Trico filed an application for approval of a Net Metering  
20 tariff, Schedule NM.

21 13. The Commission approved Trico's Net Metering tariff in Decision No. 71462. Under  
22 Trico's Net Metering tariff, the Cooperative would install a bi-directional meter at the point of  
23 delivery to the customer. To recover costs associated with the additional data collection, Trico  
24 originally proposed an administrative charge of \$4.38 per month in addition to the charges under the  
25

26 <sup>4</sup> The Procedural Order provided: "The parties' filings shall address whether Trico's net metering charges are fair and  
27 reasonable and whether Trico has met its burden of proof to show that the charges are fully supported with cost of service  
28 studies and benefit/cost analyses, as well as the legal standard or requirements for approving net metering charges."  
August 12, 2010 Procedural Order at 3.

<sup>5</sup> A.A.C. R14-2-2307.

1 standard rate schedule.<sup>6</sup> Trico supported its requested administrative charge with data that indicated  
 2 its cost for interval data retrieval is \$5.00 per month for the phone charge that Trico incurs to  
 3 download the monthly interval data from each meter, and a \$1 charge for interval data  
 4 reduction/storage, for a total cost of \$6.00 per month per customer. To arrive at its requested  
 5 administrative charge of \$4.38, Trico deducted the standard tariff charge for meter reading of \$1.62  
 6 from the \$6.00.<sup>7</sup> Staff did not believe that Trico had sufficiently supported the \$1.00 estimate for data  
 7 storage, and recommended an incremental additional monthly meter reading cost for the net metering  
 8 customers of \$3.38 (\$5.00 - \$1.62). In Decision No. 71462, the Commission approved a charge of  
 9 \$3.38 per month.<sup>8</sup>

10 14. Mr. Arkoosh's Application for Rehearing alleged that in approving Trico's Net  
 11 Metering tariff and the \$3.38 monthly Administrative Charge, the Commission did not comply with  
 12 the requirements of A.A.C. R14-2-2305.

13 15. A.A.C. R14-2-2305 provides:

14 New or Additional Charges

15 Net Metering charges shall be assessed on a nondiscriminatory basis. Any  
 16 proposed charge that would increase a Net Metering Customer's costs  
 17 beyond those of other customers with similar load characteristics or  
 18 customers in the same rate class that the Net Metering Customer would  
 19 qualify for if not participating in Net Metering shall be filed by the  
 Electric Utility with the Commission for consideration and approval. The  
charges shall be fully supported with cost of service studies and  
benefit/cost analyses. The Electric Utility shall have the burden of proof  
on any proposed charge. (Emphasis Added)

20 16. Mr. Arkoosh alleges Trico did not meet its burden to demonstrate that the approved  
 21 \$3.38 charge was fully supported with cost of service studies and benefit/cost analyses, and he asserts  
 22 that Trico's costs for net metering are higher than necessary.

23 17. Trico's net metering technology allows the meter to measure energy flow to and from  
 24 the customer on a 15 minute interval. Trico states that 15 minute interval data is industry standard  
 25 and that the software that comes with the meter defaults to the 15 minute interval.<sup>9</sup> Trico uses an Itron

26 <sup>6</sup> Decision No. 71462 at 2.

27 <sup>7</sup> The \$1.62 is the cost embedded in Trico's standard rate tariff for meter reading.

28 <sup>8</sup> See Ex Trico-1, Application under A.R.S. § 40-252. In a series of email exchanges with Staff and regular mail  
 exchanges with Mr. Arkoosh, Trico provided the cost support for its net meter charges prior to the enactment of Decision  
 No. 71462.

<sup>9</sup> Ex Trico-2, Cathers Dir., at 2; 12/8/2010 Hearing Transcript ("12/8/2010 Tr.") at 11 and 33.

1 CENTRON meter type, which has an on-board SmartSynch® communications module that is  
 2 integrated into the meter.<sup>10</sup> This SmartSynch Metering System provides information through cell-  
 3 phone communication to Trico's internal web page service.

4 18. Trico's standard meters are automatically read using a power line carrier system,  
 5 which allows remote meter reads through Trico's distribution wires. The standard meter does not  
 6 provide interval data, and the power line carrier system cannot accommodate the two-way data  
 7 exchange necessary for net metering.<sup>11</sup>

8 19. Trico purchases the meters (which includes the software and communications  
 9 technology) needed for net metering from SmartSynch, Inc. in accordance with a meter services  
 10 agreement. The CENTRON meter costs \$245. The fee schedule in the meter services agreement  
 11 provides for \$5.00 per month for bi-directional interval metering.<sup>12</sup>

12 20. Trico uses the same SmartSynch Metering System for customers on more complex  
 13 tariffs, such as Time-of-Use ("TOU") and for large commercial customers; there are different  
 14 monthly communication charges for different uses depending on the amount and type of data to  
 15 transfer.<sup>13</sup> Ms. Cathers testified that Trico has had good experience using the SmartSynch metering  
 16 System.<sup>14</sup>

17 21. At the time testimony was filed, Trico had approximately 2,500 residential customers  
 18 using the SmartSynch Metering System and it anticipated installing an additional 500 SmartSynch  
 19 meters in the next year.<sup>15</sup> Currently, approximately 200 of the SmartSynch meters are for Trico's net  
 20 metering customers.<sup>16</sup>

### 21 Trico's Position

22 22. Trico argues that employing the SmartSynch technology is cheaper than Trico sending  
 23

24 <sup>10</sup> *Id.*

25 <sup>11</sup> *Id.* at 3 and 5, and 12/8/2010 Tr. at 56.

26 <sup>12</sup> Ex Trico-2 at 3-4. A standard meter costs \$101, which includes \$73 for the meter itself, plus \$28 for the  
 communications module. *See also*, Ex S-1, Keene Dir. at 3. Staff notes that the incremental costs of the SmartSynch  
 meter are not included in the administrative charge.

27 <sup>13</sup> Ex Trico-2 at 3.

28 <sup>14</sup> 12/8/2010 Tr. at 47-50.

<sup>15</sup> Ex Trico-2 at 3.

<sup>16</sup> *Id.* at 5.

1 a meter reader to read the meter each month.<sup>17</sup> Trico asserts it would not be cost effective to upgrade  
 2 the power line carrier system to accommodate the bi-directional flow of data needed for net metering  
 3 because of the extremely high cost and relatively small number of net metering customers.<sup>18</sup> Trico  
 4 asserts that it has almost fully transitioned to automated meters and does not have enough meter  
 5 readers to read the net meters manually.<sup>19</sup>

6 23. Trico asserts that obtaining 15 minute interval data is essential to the success of the net  
 7 metering program, especially in the early stages of the program.<sup>20</sup> Trico states that it uses the interval  
 8 data to monitor how distributed generation affects the operation of its system and to respond to net  
 9 metering customers' inquiries about the operation of their systems.<sup>21</sup>

10 24. Trico states that it incurred additional costs to those included in the administrative  
 11 charge to implement and coordinate net metering in with its billing system; e.g., even after working  
 12 with the software manufacturer for a year, it still has to check each net meter bill manually to verify  
 13 accuracy.<sup>22</sup> Trico notes that the \$3.38 monthly administrative charge does not contain these billing  
 14 costs, or the up-front investment in the net meters.<sup>23</sup> In addition, Trico asserts that in 2009, it lost  
 15 approximately \$142,000 that it did not recover in fixed costs related to net metering (the fixed-cost  
 16 portion of Trico's rate, or \$0.08360 per kWh, times the net metering energy of approximately  
 17 1,700,000 kWh).<sup>24</sup> Trico states that in a future rate case, member/customers who do not participate in  
 18 net metering may bear an additional proportion of fixed costs because net metering customers take  
 19 less energy from the utility, and some of the utility's fixed costs are recovered through energy sales.<sup>25</sup>

20 25. Trico argues that it has shown that the \$3.38 monthly administrative charge provides a  
 21 small offset to the overall incremental costs of net metering that Trico incurs to allow the net  
 22 metering customers to realize the full benefits of their renewable systems. It states that the charge  
 23

24 <sup>17</sup> *Id.* at 5.

25 <sup>18</sup> *Id.* Ms. Cathers testified the Cooperatives has 30,000 total customers with 200 net metering customers; *see also*  
 12/8/2010 Tr. at 57.

<sup>19</sup> *Id.* at 5.

26 <sup>20</sup> *Id.*

<sup>21</sup> 12/8/2010 Tr. at 10, 29-33; and Ex Trico-3, Cathers Reply at 2.

27 <sup>22</sup> Ex Trico-2 at 7.

<sup>23</sup> *Id.* at 6-7.

28 <sup>24</sup> *Id.* at 7.

<sup>25</sup> *Id.*

1 does not cover all of Trico's costs, but rather only the incremental costs of the monthly  
2 communication fee above the base rates for meter reading.<sup>26</sup>

3 26. In addition, Trico notes that its net metering customers typically received the benefit  
4 of incentives or "rebates" from Trico through its Renewable Energy Standard and Tariff  
5 Implementation Plan ("REST Plan").

6 27. Trico argues that it has met the requirements of A.A.C. R14-2-2305 by providing the  
7 incremental costs of providing the metering and meter reading costs associated with residential net  
8 metering. Trico asserts the identification of these costs is a cost study, and shows that net metering  
9 creates incremental costs to Trico totaling at least \$5.67 per month, comprised of \$3.38 for the  
10 wireless meter reading, \$1.00 for the incremental costs for additional labor for the net metering  
11 billing, and \$1.29 per month for the SmartSynch meter.<sup>27</sup>

12 28. Trico argues that all of the benefits it has identified in the course of this proceeding  
13 support the implementation of the \$3.38 charge and that the use of the SmartSynch Metering System  
14 is the best way to provide the service.<sup>28</sup>

15 **Mr. Arkoosh's Position**

16 29. Mr. Arkoosh questions whether the SmartSynch Metering System is the most efficient  
17 system for collecting information required by the Net Metering Rules. He believes that the 15 minute  
18 interval places an unreasonable burden on, and discriminates against, net metering customers.<sup>29</sup> He  
19 asserts the Net Metering Rules do not require 15 minute interval data and he does not believe that  
20 Trico needs 15 minute interval data in order to analyze its system's operations, or that customers need  
21 access to 15 minute intervals. He states that for net metering to work as intended under the Rules, all  
22 Trico needs to know is two numbers--the kWh delivered and received each month by the renewable  
23 systems.<sup>30</sup>

24 30. Mr. Arkoosh argues that Trico has not met its burden to provide a reasonable study of  
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26 <sup>26</sup> *Id.* at 10.

27 <sup>27</sup> *Id.* at 7.

28 <sup>28</sup> 12/8/2010 Tr. at 8-11.

29 <sup>29</sup> *Id.* at 65 and 110.

30 <sup>30</sup> *Id.* at 65 and 68.

1 the facts and alternatives or a review of the costs and benefits of various alternatives.<sup>31</sup> He believes  
2 that A.A.C. R14-2-2305 created a higher standard for the approval of the administrative charge for  
3 net metering than had existed prior to its enactment, and that the “fair and reasonable” standard that  
4 the Commission has used to approve rates and charges is not the only test required to approve the net  
5 metering charge.<sup>32</sup> He argues that the standard for cost studies and a benefit/cost analysis contained in  
6 R14-2-2305 requires more than merely an analysis of whether the charge is “fair and reasonable.”<sup>33</sup>

7         31. Mr. Arkoosh argues that there was no fully supported cost of service study or  
8 benefit/cost analysis in Trico’s September 18, 2009, net meter tariff application or in Staff’s proposed  
9 Order of January 5, 2010.<sup>34</sup> Mr. Arkoosh believes that Trico’s submission of additional information  
10 on April 8, 2010, is a weak attempt to provide information and there was no attempt to put the  
11 information into a study or to consider the benefit/cost issues.<sup>35</sup> Mr. Arkoosh also asserts that Trico’s  
12 September 30, 2010, testimony also fails to meet the requirement of R14-2-2305 because it does not  
13 contain a fully supported cost study or discuss alternatives to the transmission of 15 minute interval  
14 data.<sup>36</sup>

15         32. Mr. Arkoosh asserts that Trico is not recognizing the benefits that the Cooperative  
16 receives from the renewable generation systems owned by its member/customers, and that Trico does  
17 not consider the effect of the charge on his return from his investment in the system.<sup>37</sup>

18         33. Mr. Arkoosh asserts that Trico should have provided information on all of the  
19 alternatives for collecting the data, and that neither Staff nor the public were able to consider any  
20 option but the transmission of data via cell phone.<sup>38</sup> He believes that no one analyzed the reason that  
21 15 minute intervals are required.<sup>39</sup>

22         34. Mr. Arkoosh requests that the Commission clarify the meaning and application of  
23 A.A.C. R14-2-2305; that the Commission suspend the current \$3.38 per month Net Metering

24 <sup>31</sup> Ex Arkoosh-1, Comments at 1-2.

25 <sup>32</sup> 12/8/2010 Tr. at 14 and 74.

26 <sup>33</sup> Ex. Arkoosh-1 at 3.

27 <sup>34</sup> *Id.*

28 <sup>35</sup> *Id.* at 4.

<sup>36</sup> *Id.* at 4-6.

<sup>37</sup> 12/8/2010 Tr. at 66 and 110.

<sup>38</sup> *Id.* at 69-71.

<sup>39</sup> *Id.* at 72.

1 administrative charge until Trico provides a fully supported cost of service study, including a  
2 benefit/cost analysis; and that the Commission order Trico to refund the Net Metering administrative  
3 charges collected since February 2010.<sup>40</sup>

4 **Staff's Position**

5 35. Ms. Keene testified for Staff that net metering is "vastly different" from standard rate  
6 metering, as both load and generation must be measured and recorded which requires additional  
7 facilities and the two-way transfer of data.<sup>41</sup>

8 36. Staff asserts that costs associated with the communications and additional facilities  
9 should be recovered in the monthly charge, and recognizes that to the extent the rate paid by net  
10 metering customers does not recover all costs, such as the incremental meter facilities, or if the  
11 charge for the communications is eliminated, all Trico members/customers would be subsidizing the  
12 net metering customers.<sup>42</sup>

13 37. Staff believes that Trico has fully supported its charge for net metering.<sup>43</sup> Ms. Keene  
14 testified that the Cooperative provided the supporting cost data required by A.A.C. R14-2-2305  
15 before Staff made its recommendation and before the Commission adopted Decision No. 71462.<sup>44</sup>

16 38. Staff does not believe that A.A.C. R14-2-2305 created a new or different or additional  
17 standard for the approval of the Net Metering tariff than the standard that Staff and the Commission  
18 applied, and continues to apply, to the review and approval of any tariff prior to the enactment of  
19 A.A.C. R14-2-2305.<sup>45</sup>

20 39. Ms. Keene testified that it is the utility that determines the appropriate technology to  
21 use to comply with Commission rules. In this case, Staff considered the benefits of the technology,  
22 including the benefits of using the same meter already in use with the TOU customers. Staff finds  
23 that there are benefits from using the SmartSynch meter and operational benefits from obtaining  
24 interval data.<sup>46</sup>

25 <sup>40</sup> Ex Arkoosh-1 at 6.

26 <sup>41</sup> Ex S-1 at 1-2.

27 <sup>42</sup> *Id.* at 2.

28 <sup>43</sup> 12/8/2010 Tr. at 26.

<sup>44</sup> *Id.* at 96.

<sup>45</sup> *Id.* at 101.

<sup>46</sup> *Id.* at 98-102.

**Resolution**

1  
2           40.     In approving the Net Metering Rules, the Commission considered a broad public  
3 interest. The Commission recognized that the public at large benefits from net metering because it  
4 encourages the use of renewable energy production, and allows for lower levels of air emissions and  
5 a greater diversity and reliability of energy supply in Arizona.<sup>47</sup> The utility benefits from not having  
6 to finance as much generation or transmission facilities.<sup>48</sup> Ratepayers benefit from the ability to meet  
7 their own electricity needs rather than purchase from the utility.<sup>49</sup>

8           41.     The record shows that when the Commission approved the Net Metering Rules, that  
9 the Commission wanted to strike a balance between the two disparate positions that net meter  
10 customers would not be charged anything different than the standard customer of the same class, and  
11 the position that the utility be allowed to recover the costs of net metering from its net metering  
12 customers.<sup>50</sup> In an attempt to clarify what the utility would recover for net metering, the Commission  
13 adopted Staff's recommendation for the wording of Rule 2305.<sup>51</sup>

14           42.     The Net Metering Rules do not define "cost study" or "cost/benefit analyses," nor do  
15 they mandate how such a cost/benefit analysis should be evaluated or used. No party to this  
16 proceeding offered a specific definition for cost/benefit analysis. Mr. Arkoosh argues that a  
17 cost/benefit analysis is something more than a "fair and reasonable" analysis, and suggests that it  
18 requires a comparison of all of the alternatives.<sup>52</sup> All parties recognized that a cost/benefit analysis  
19 does not require that the utility employ the least-cost technology.<sup>53</sup>

20           43.     Staff was instrumental in the rulemaking process that led to the adoption of Rule 2305.  
21 Ms. Keene testified that Staff does not interpret Rule 2305 as requiring anything additional to the  
22 regular process Staff uses to evaluate tariff filings.<sup>54</sup>

23           44.     From our review of the record in the rule-making docket, we find that the Commission  
24

25 <sup>47</sup> Decision No. 70567 at Appendix C.

26 <sup>48</sup> *Id.*

27 <sup>49</sup> *Id.*

28 <sup>50</sup> *Id.* at Appendix B; and June 2, 2008 Staff Report in Docket No. RE-00000A-07-0608.

<sup>51</sup> See Notice of Filing Notice of Final Rulemaking, docketed April 20, 2009 in Docket No. RE-00000A-07-0608.

<sup>52</sup> 12/8/2010 Tr. at 24.

<sup>53</sup> *Id.* at 12, 13 and 26.

<sup>54</sup> *Id.* at 101.

1 did not intend the terms "cost study" or "cost/benefit" analyses to mean anything different than the  
2 usual meanings of those terms at the Commission.

3 45. We find that for the purposes of applying A.A.C. R14-2-2305, a utility satisfies the  
4 obligation to provide fully supported cost studies and cost/benefit analyses if it has provided data  
5 sufficient to determine the actual cost of the service, or a reasonable and documented estimate, and to  
6 consider the cost of the service in conjunction with the benefits to the public. The over-arching  
7 standard for this, and any charge, is whether it is "just and reasonable."<sup>55</sup> We do not require that the  
8 studies or analyses take any particular form, as the amount of information and analysis will vary  
9 greatly depending on the service being evaluated.

10 46. Trico opted to utilize the SmartSynch Metering System for its net metering customers,  
11 which is the same meter that it utilizes for its TOU customers. The SmartSynch meter includes a  
12 standard software and communications package that collects 15 minute interval data of a net metering  
13 customer's usage and transmits the data daily to Trico. Trico submitted evidence in the form of the  
14 meter service agreement with SmartSynch, Inc. that the cost of recording and transmitting data from  
15 the SmartSynch meter to Trico is \$5 per meter per month. Thus, Trico provided information  
16 documenting the actual cost of the service, and has fully supported the cost of the SmartSynch  
17 Metering System.

18 47. There is no obligation in the Net Metering Rules that a utility is required to provide  
19 costs and benefits for all possible means of providing the service. To find that the utility must provide  
20 data on the cost and benefits of all possible alternatives for proving the service could easily become  
21 burdensome and inefficient. The utility must provide the required supporting data for the tariff for  
22 which it requests approval. If Staff or an interested party has credible evidence that there may be a  
23 more efficient means of providing the same service, or that the benefits are not sufficient to justify  
24 the costs, the utility may be required to provide additional information about alternative means of  
25 achieving the same result in order to satisfy its burden of proof that the requested charge is just and  
26 reasonable. How many alternatives, or how much additional information will be required will  
27

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28 <sup>55</sup> Art. 15, § 3 of the Arizona Constitution.

1 depend on the circumstances of each case. The Commission will require sufficient information to  
2 make an informed decision in conformance with its Constitutional obligations.

3 48. Trico provided evidence supporting the benefits of its proposed tariff. Mr. Arkoosh  
4 does not agree with Trico that 15 minute intervals are a benefit to the Cooperative or to the customer.  
5 He testified that he read his own meter daily to determine how to utilize his system to its best  
6 advantage.<sup>56</sup> All customers may not need or want interval usage data, but Ms. Cathers testified that  
7 some customers do request this information, and that having the interval data is useful to both Trico  
8 and its customers.<sup>57</sup> Staff concurred with this assessment.

9 49. Mr. Arkoosh submits that Trico could obtain the data it needs for net metering cheaper  
10 than \$5 per meter per month. However, the record does not support a finding that there is a reliable  
11 cost-effective alternative that would provide the same level of data or service as the technology Trico  
12 currently utilizes. Trico has automated its meter reading, and it would be an odd result and  
13 unnecessary expenditure of resources to require Trico to manually read its smart meters. The cell  
14 phone communication technology utilized by the SmartSynch Metering System is a 21<sup>st</sup> century  
15 solution and well adopted for Trico's large and often rural service territory.

16 50. We find that the record supports a finding that Trico fully supported its Net Metering  
17 Tariff with evidence of the tariff's costs and benefits.

### 18 CONCLUSIONS OF LAW

19 1. Trico is a public service corporation pursuant to Article 15, of the Arizona  
20 Constitution, and A.R.S. Title 40.

21 2. The Commission has jurisdiction over Trico and the subject matter of this proceeding.

22 3. Notice of the proceeding was provided in conformance with law.

23 4. Trico's Net Metering Tariff is fully supported with cost of service studies and  
24 benefit/cost analyses, is fair and reasonable and is in the public interest.

25 ...

26 ...

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28 <sup>56</sup> 12/8/2010 Tr. at 71-71.

<sup>57</sup> *Id.* at 29.

ORDER

IT IS THEREFORE ORDERED that Trico Electric Cooperative's Net Metering Tariff Schedule NM approved in Decision No. 71462 is hereby re-affirmed by the Commission as discussed herein.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

ERNEST G. JOHNSON  
EXECUTIVE DIRECTOR

DISSENT \_\_\_\_\_

DISSENT \_\_\_\_\_

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