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BEFORE THE ARIZONA CORPORATION

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Arizona Corporation Commission

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COMMISSIONERS

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

IN THE MATTER OF THE
APPLICATION OF SULPHUR
SPRINGS VALLEY ELECTRIC
COOPERATIVE, INC., AN ARIZONA
NONPROFIT CORPORATION, FOR
AUTHORIZATION TO INCUR DEBT
TO FINANCE ITS 2010 - 2012
CONSTRUCTION WORK PLAN AND
FOR RELATED APPROVALS.

Docket No. E-1575A-10-0311

**SULPHUR SPRINGS VALLEY
ELECTRIC COOPERATIVE, INC.'S
COMMENTS REGARDING
PROPOSED AMENDMENTS TO
PROPOSED FINANCING ORDER**

On February 15, 2011, the Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") issued a Staff Report and Proposed Order in the above-captioned matter. On February 23 and March 3, 2011, Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC" or "Cooperative") submitted comments and supplemental comments, respectively. On March 11, 2011, Staff filed *Staff Proposed Amendment No. 1* ("Staff Amendment") and Commissioner Newman filed *Newman Proposed Amendment No. 1* ("Newman Amendment") (collectively "Proposed Amendments") to the Proposed Order. SSVEC, through counsel undersigned, hereby submits these comments regarding the Proposed Amendments.

Staff Proposed Amendment No. 1

The Staff Amendment will amend the Proposed Order consistent with SSVEC's comments and supplemental comments. As a result, the Cooperative and Staff are in agreement on all outstanding issues. Accordingly, SSVEC requests that the Commission adopt the Staff Amendment.

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1 **Newman Proposed Amendment No. 1**

2 The Newman Amendment adds a Finding of Fact No. 23 (“FOF 23”) and an
3 Ordering Paragraph to the Proposed Order that would require the Cooperative to develop
4 proposals for an aggregated net metering (“ANM”) pilot program and file such proposals
5 with the Commission by August 1, 2011. SSVEC does not support the Newman
6 Amendment for the following reasons:

7 1. The application pending before the Commission relates to the Cooperative’s
8 request for authorization to: i) borrow up to \$72,676,664 to finance its 2010-2012
9 Construction Work Plan; ii) borrow \$6 million in Clean Renewable Energy Bonds; and
10 iii) refinance existing debt at more favorable terms and conditions. This financing
11 application has nothing to do with ANM whatsoever. The Cooperative believes that just
12 because a utility is before the Commission on a specific matter, the Commission should
13 not use this as an opportunity to impose requirements or condition approval of such
14 matter, on compliance with an unrelated matter, unless otherwise agreed to by the utility.¹

15 2. The underlying record upon which the Proposed Order is predicated
16 contains no information to support the language set forth in proposed FOF 23 upon which
17 the Ordering Paragraph is based.

18 3. SSVEC disagrees with many of the statements made in proposed FOF 23.
19 For example, the language states that Staff recommended to the Commission in its
20 November 30, 2010, report entitled *Aggregate Net Metering in Arizona*² that it should
21 move forward with pilot programs for ANM. What the report recommends is that the
22 Commission move forward with pilot programs for the three Arizona investor-owned
23 utilities (“IOUs”) and permit voluntary participation by Arizona cooperatives.

24 4. The Commission is currently considering ANM issues for Arizona utilities
25 in its ANM Docket (No. E-0000J-10-0202). SSVEC has gone on record with its concerns
26 regarding ANM through the August 31, 2010, comments filed in the ANM Docket by
27 Grand Canyon State Electric Cooperative Association, Inc., that include:

28 ¹ To do so could result in unintended consequences, particularly in a financing matter.

² See Commission Docket No. E-0000J-10-0202.

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- a) ANM will increase the net metering subsidy to large customers with multiple systems which must be paid by all customers;
- b) ANM will require significant billing and software upgrade implementation costs that must be paid by all customers; and
- c) ANM should be addressed in the context of changes to the Commissions Net Metering Rules.

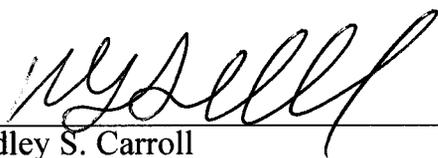
The Commission has yet to consider the comments and recommendations made by the cooperatives, Staff, the IOUs, and other interested parties in the ANM Docket. SSVEC believes that adoption of the Newman Amendment would circumvent the ANM Docket process.

Conclusion

On the basis of the foregoing, SSVEC requests that the Commission amend the Proposed Order to incorporate only *Staff Proposed Amendment No. 1*.

RESPECTFULLY SUBMITTED this 14th day of March, 2011.

SNELL & WILMER L.L.P.

By 

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ORIGINAL and 13 copies filed this 14th day of March, 2011, with:

Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington
Phoenix, Arizona 85007

1 COPY of the foregoing hand-delivered
2 this 14th day of March, 2011, to:

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