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BEFORE THE ARIZONA CORPORATIC
RECEIVED

3 COMMISSIONERS

4 GARY PIERCE, Chairman
5 BOB STUMP
6 PAUL NEWMAN
7 SANDRA D. KENNEDY
8 BRENDA BURNS

2011 MAR 31 P 4: 42
Arizona Corporation Commission
AZ CORP COMMISSION DOCKETED
DOCKET CONTROL
MAR 31 2011

DOCKETED BY

8 IN THE MATTER OF SULPHUR
9 SPRINGS VALLEY ELECTRIC
10 COOPERATIVE, INC.'S APPLICATION
11 FOR APPROVAL OF ITS 2011 REST
12 PLAN AND TARIFF.

Docket No. E-01575A-10-0308

**SULPHUR SPRINGS VALLEY
ELECTRIC COOPERATIVE, INC.'S
COMMENTS REGARDING STAFF
REPORT AND DRAFT
RECOMMENDED OPINION AND
ORDER**

Snell & Wilmer

LAW OFFICES
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Phoenix, Arizona
(602) 982-6000

13
14 On July 23, 2010, Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC" or
15 "Cooperative") filed with the Arizona Corporation Commission ("Commission") pursuant
16 to A.A.C. R14-2-1801 *et seq.*, an application for approval of its 2011 REST Plan and
17 Tariff. This filing was submitted more than two months early at the request of the then
18 Chairman Mayes due to the backlog of unpaid REST Plan incentives.¹ On March 15,
19 2011, the Commission's Utilities Division ("Staff") issued its Staff Report and Draft
20 Recommended Opinion and Order ("Draft ROO") for consideration by the Administrative
21 Law Judge ("ALJ"). The Staff Report requests that all interested parties file their
22 respective comments on or before March 31, 2011. Accordingly, SSVEC, through
23 counsel undersigned, hereby submits these comments for consideration by the ALJ and
24 the Commission.

25 SSVEC's comments are as follows: i) Opposition to Staff's proposed increase to
26 the REST Tariff CAPs; ii) Other Comments relating to the Staff Report; iii) Request that
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28 ¹ SSVEC is required to file its annual REST Plan and Tariff by October 1 of each year pursuant to
Commission Decision No. 70096.

1 the Draft ROO or an ALJ revised ROO be expeditiously submitted to the Commission for
2 its consideration; iv) Request for an evidentiary hearing if SSVEC's proposed REST
3 Tariff CAP is not going to be adopted by the Commission; and v) Request that the 2011
4 Rest Plan and Tariff be approved for 2012.²

5 **I. Staff's Recommendation to Increase the REST Tariff CAP Should Not Be**
6 **Adopted**

7 **A. Background**

8 SSVEC is committed to renewable energy and is proud that at the end of 2010,
9 68.3 percent of all funds collected were returned to customers in the form of an incentive.
10 An additional 23.6 percent was used to fund the debt service for its Clean Renewable
11 Energy Bonds (CREBs) for the Cooperative's highly successful Solar for Schools project
12 from 2008, which was approved and supported by the Commission. The Cooperative's
13 combined administrative/R&D/advertising cost to operate its REST Program was only 6.2
14 percent of funds collected (considerably less than the 15 percent allowed under the REST
15 Rules). SSVEC was the first utility in Arizona to have a loan fund for renewables, and
16 those loans are adding funds to its other collections each and every month. In 2010, the
17 Solar Electric Power Association (SEPA) recognized SSVEC as having more solar per
18 customer than any other utility in the United States. At the end of 2010, the Cooperative
19 reached 95 percent of the goal established in its REST Plan for renewables as a percentage
20 of sales. SSVEC estimates that with the completion of the planned large-scale (1MW)
21 solar project and the level of reservations for systems, the Cooperative will reach 98-103
22 percent of the goal established in its 2011 REST Plan.

23 The moderate climate of SSVEC's service area, as well as the Cooperative's long-
24 term Demand Side Management efforts, has impacted kWh sales. Recent statistics from
25 the National Rural Electric Cooperative Association ("NRECA") regarding the
26 Cooperative's residential customer sales reflect the following:

27
28 ² With the exception of the comments raised herein, SSVEC supports all other recommendations set forth
in the Staff Report.

1	SSVEC Average Monthly kWh	721	(\$87.74 cost)
2	US Average Monthly kWh	1173	(\$142.75 cost)
3	Average AZ Monthly kWh	764	(\$92.98 cost)

4 SSVEC ranks 759 out of 816 cooperatives in the United States for monthly kWh
5 sales per residential member. Among Arizona cooperatives, SSVEC ranks 4 out of 6 for
6 monthly kWh sales. Suffice it to say, SSVEC’s residential members use significantly less
7 power than almost all other cooperatives (and probably inventor-owned utilities as well).
8 Thus, any increase in surcharges affects SSVEC’s residential bills on a percentage basis to
9 a greater degree than on bills for residential customers of other utilities.

10 SSVEC has continued to make progress on its “waiting list.” Every member
11 currently on the waiting list was made aware at the time they reserved their incentive that
12 they could: i) wait for the “One-Time Incentive” which would be approximately 18 to 36
13 months away; or ii) choose to use the “Performance-Based Incentive” to receive a
14 monthly incentive. Those that chose to wait to reach the top of the reservation list before
15 installing a system are finding that they are getting more system for their investment and
16 that, with today’s cost, the 50 percent cap is less than the \$4.00 per watt incentive they
17 reserved. Ironically, the delay has actually worked to the benefit of the customer.

18 **B. The Commission Should Adopt SSVEC’s Funding Option**

19 The Staff Report and Draft ROO recommend adoption of Staff’s funding option
20 which would increase the REST residential CAP from its current \$3.49 to \$5.66. This
21 represents a 62 percent increase to SSVEC’s REST CAPs, a 30 percent increase in total
22 funds collected under the REST Tariff, and an additional \$1,000,000 collected from
23 SSVEC’s member-ratepayers. Staff asserts that the increase proposed by SSVEC “would
24 not yield adequate collections to significantly pay down the existing backlog of rebate
25 reservations during 2011.”³

26 In the analysis provided in Table IV on page 10 of the Staff Report and Finding of
27 Fact No. 46 of the Draft ROO, Staff’s proposed funding level shortens the estimated
28 backlog pay down date by a mere 4 months through an increase in the REST CAPs.

³ Staff Report at page 9; Draft ROO at Finding of Fact No. 46.

1 However, this requires an additional 2.4 percent in overall rates to the member-ratepayer
 2 over SSVEC's proposed funding level. This will put a severe burden on the member-
 3 ratepayers of SSVEC. When compared to the other cooperatives in Arizona (except for
 4 the over 3 MW customer class), SSVEC's proposed rates are already the highest among
 5 the cooperatives in REST surcharges and REST CAPs, ranging from 16 percent to 62
 6 percent higher than the average cooperative rate. The level of increase proposed by Staff
 7 will result in increasing SSVEC's rate CAPs from 51 percent to 163 percent, higher than
 8 the average cooperative in the State of Arizona. It is unclear why Staff is recommending
 9 that the Commission approve a REST CAP that treats SSVEC's member-ratepayers so
 10 differently than other cooperatives. The table below illustrates this point:

CAPs Compared	proposed 2011 SSVEC	proposed 2011 ACC Staff	Duncan Valley EC	Graham County EC	Mohave EC	Navopache EC	Trico EC ⁴
Residential	\$ 3.49	\$ 5.66	\$ 2.00	\$ 2.00	\$ 3.10	\$ 1.05	\$ 3.00
Small Business	\$ 85.00	\$ 137.85	\$ 74.10	\$ 74.10	\$ 49.00	\$ 39.00	\$ 130.00
Commercial & Industrial	\$ 200.00	\$ 324.36	\$ 222.30	\$ 222.30	\$ 49.00	\$ 39.00	\$ 130.00
Government and/or AG	\$ 50.00	\$ 81.09	\$ 24.70	\$ 24.70	\$ 49.00	\$ 13.00	\$ 43.00
3MW+	\$ 300.00	\$ 486.53			\$ 147.99	\$ 117.00	\$ 3,500.00
REST Surcharge	\$ 0.009880	\$ 0.009880	\$0.009477	\$ 0.009477	\$ 0.009501	\$ 0.004988	\$0.008065
Government and AG REST Surcharge	n/a	n/a	\$0.001663	\$ 0.001663	\$ 0.000942	\$ 0.000875	\$0.001411

Highest

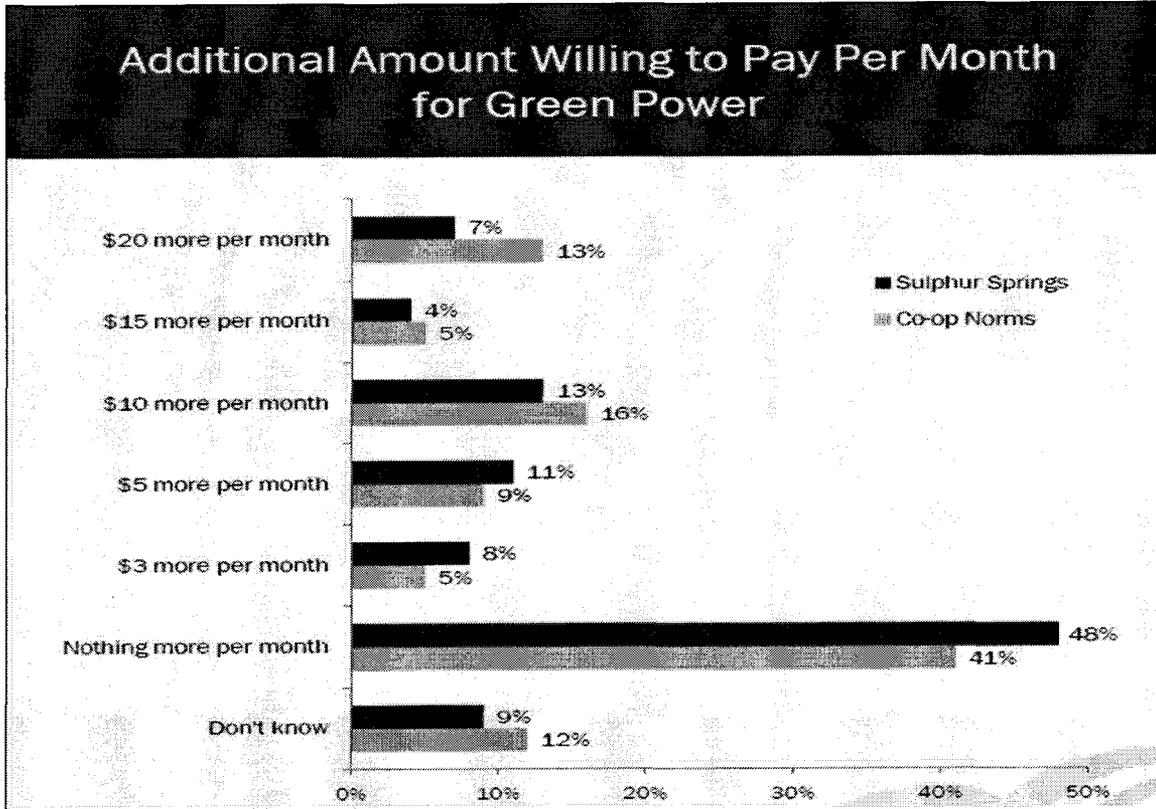
Lowest

17 When the NRECA Market Research Services and Severson and Associates
 18 conducted a phone survey for SSVEC in 2009, they found that 48 percent of the
 19 Cooperative's member-ratepayers did not want to contribute any additional funds for
 20 "Green Power". This is a higher percentage than what is considered normal for
 21 cooperatives. The graph below is the result of a portion of the survey.

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 27 ⁴ It should be noted that Trico only has 2 customers over 3MW+ and they are on the government tariff and
 28 do not reach the maximum cap. SSVEC has 1 customer above the 3MW+ year round and two customers
 at that level for part of the year.

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Taking all of this information into consideration, SSVEC’s democratically member-elected Board of Directors balanced the wants, needs, and impacts relating to increasing the REST Tariff on the Cooperative’s member-ratepayers, and unanimously voted to approve the tariff levels submitted in the 2011 REST Plan.

In these tough economic times, Staff’s recommended funding levels will have a severe impact on SSVEC’s member-ratepayers that have multiple meters such as schools, cities, multi-location businesses, and farmers. This is illustrated in the following table:

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Sample of Incremental Impact from Actual Customers	Number of Accounts by Rate Class			Estimated Monthly Impact				Estimated*** Annual Impact
	GS	P	IR	GS*	P**	IR	Total	
	A large School District	21	17	2	\$ 332.96	\$ 2,114.12	\$ 62.18	
Large City	125	24	8	\$ 1,981.88	\$ 2,984.64	\$ 248.72	\$ 5,215.24	\$ 62,582.82
Medium City	42	2	13	\$ 665.91	\$ 248.72	\$ 404.17	\$ 1,318.80	\$ 15,825.60
Small City	47	1	6	\$ 745.19	\$ 124.36	\$ 186.54	\$ 1,506.09	\$ 12,673.02
Community College	2	11	0	\$ 31.71	\$ 1,367.96	\$ -	\$ 1,399.67	\$ 16,796.04
County Government	39	9	0	\$ 618.35	\$ 1,119.24	\$ -	\$ 1,737.59	\$ 20,851.02
Large Business	4	10	0	\$ 63.42	\$ 1,243.60	\$ -	\$ 1,307.02	\$ 15,684.24
Convenience Store Chain	0	11	0	\$ -	\$ 1,367.96	\$ -	\$ 1,367.96	\$ 16,415.52
Water Company	11	0	17	\$ 174.41	\$ -	\$ 528.53	\$ 702.94	\$ 8,435.22
Farmer 1	18		23	\$ 285.39		\$ 715.07	\$ 1,000.46	\$ 9,004.14
Grower	17		14	\$ 269.54		\$ 435.26	\$ 704.80	\$ 6,343.16
Farmer 2	9		14	\$ 142.70		\$ 435.26	\$ 577.96	\$ 5,201.60

*assumes 30% reaching CAPs
 **assumes 100% reaching CAPs
 ***assumes 9 month irrigation season

Schools and local governments are already facing shortfalls in revenue. To add Staff's proposed level of additional REST collections to SSVEC's proposed funding level just to shorten the backlog by a mere 4 months, will not be supported by the Cooperative's member-ratepayers.

For the average residential customer reaching the CAP, SSVEC's proposed REST surcharge and CAP will represent approximately 3.97 percent of the energy portion of the electric bill. If Staff's proposed REST CAP is adopted, 6.45 percent of the average residential bill would represent just the REST Tariff. As illustrated in the graphs attached as Attachment A, in less than three years since the REST Tariff was implemented in 2008, the residential CAP will have gone from \$1.30 to its current \$3.49 under the Cooperative's proposal, or \$1.30 to \$5.66 under Staff's proposal. This represents a 435 percent increase in three years. The impacts on small business, large business, irrigation, and industrial customers are even more dramatic as reflected in Attachment A. These are relatively large increases in a short period of time.⁵

SSVEC is concerned that the higher REST Tariff CAP proposed by Staff could result in a backlash against continued proliferation of renewable resources. The funding level submitted by SSVEC in its filing reflects the maximum amount of increase that the

⁵ This is in addition to the rate increase in base rates that the Cooperative was granted in 2009.

1 Cooperative believes its member-ratepayers should bear at this time.⁶ Moreover, in
2 response to the recommendation in the Staff Report, SSVEC's democratically member-
3 elected Board of Directors unanimously adopted a Resolution directing Cooperative
4 management to "vigorously oppose" the increase proposed by Staff.⁷ A copy of the
5 SSVEC Board Resolution is attached hereto as Attachment B.

6 Other than the desire to accelerate the elimination of the backlog, the Staff Report
7 does not provide any additional analysis or support to justify its recommendation to
8 increase the CAP. For the reasons stated above, SSVEC believes that the Commission
9 should adopt the Cooperative's proposed funding level and leave the CAPs at their current
10 levels.

11 **II. Other Comments Relating to the Staff Report**

12 **A. Leased Systems**

13 Staff has recommended approval of SSVEC's proposed One-Time Incentives
14 (OTIs) and Performance-Based Incentives (PBIs). However, Staff has further
15 recommended that "SSVEC should not be allowed to differentiate between leased and
16 owned systems as the basis of determining eligibility incentives."⁸ SSVEC believes that
17 One-Time Incentives are not appropriate for equipment that the customer does not have
18 title or ownership. An example of what concerns SSVEC is as follows:

19 A customer leases an 8kW system which has a 20-year lease. The system
20 is installed and activated and SSVEC pays the customer its \$16,000 One-
21 Time Incentive. Two months (or two years) later, the customer breaks the
22 lease and leaves town with SSVEC and its member-ratepayers "holding
23 the bag" having already paid the customer its One-Time Incentive. In this
24 case, there is no benefit to SSVEC and its member-ratepayers, and the
only one that has benefited is the customer who left with \$16,000 of
member-ratepayer money.

25 ⁶ It should be noted that A.A.C. R14-2-1814 allows the Cooperative to submit a REST Plan as a substitute
26 for the Annual Renewable Energy Requirements set forth in A.A.C. R14-2-1804 and A.A.C. R14-3-1805.
Cooperatives are inherently different than investor-owned utilities. This was expressly recognized by the
Commission when it adopted A.A.C. R14-2-1814 relating to cooperatives.

27 ⁷ SSVEC informed Staff on several occasions during the pendency of the application that it would have no
28 choice but to oppose and request a hearing relating to any proposed increase in the REST surcharge
beyond the level proposed by the Cooperative.

⁸ Staff Report at page 12; Draft ROO at Finding of Fact No. 50.

1 SSVEC proposed in its 2011 REST Plan that leased systems not be eligible for
2 One-Time Incentives. Leased systems would still be eligible for Performance-Based
3 Incentives. Performance-Based Incentives are paid monthly which is more appropriate to
4 the structure of leases which are also usually paid monthly. Those that own a system are
5 asked to make an upfront payment for its system. Therefore, One-Time Incentives (along
6 with the option of Performance-Based Incentives) are more appropriate for a customer
7 that owns its system.

8 **B. Size Limitations for Incentives**

9 SSVEC and Staff are in agreement that the Cooperative use the same 125 percent
10 methodology that the Commission approved for the Cooperative's Net Metering Tariff to
11 determine eligibility for incentives.⁹ In order to ensure that SSVEC and its member-
12 ratepayers are not required to pay incentives to customers who are planning to over-size
13 their systems, SSVEC requests that the Order issued in this matter specify that the 125
14 percent limitation be applied to all systems that have not yet been installed, regardless of
15 whichever REST program they reserved their incentive. Since such customers have not as
16 yet installed their system and are simply waiting to receive their incentive before doing so,
17 this would provide the customer the opportunity to appropriately size their system in order
18 to qualify for the incentive, thereby protecting SSVEC's member-ratepayers from over-
19 paying for over-sized systems.

20 **III. The Draft of a Revised ROO Should be Expeditiously Submitted to the** 21 **Commission for its Consideration**

22 If the Commission had approved SSVEC's 2011 REST Plan and Tariff to be
23 effective on December 1, 2010, (which was SSVEC's expectation given the request by the
24 then Chairman Mayes for the Cooperative to file two months early to address the
25 incentive backlog) the difference in the amount of incentives reserved (at \$3.00 per watt
26 as compared to the proposed \$2.00 per watt that was proposed by SSVEC and agreed to
27 by Staff in the Staff Report and the Draft ROO) have increased program costs by over

28 ⁹ Staff Report at page 7; Draft ROO at Finding of Fact No. 51.

1 \$821,000 at the end of the first quarter of 2011. If the 2011 monthly participation level
2 stays proportional to that of 2010 (*i.e.*, based on watts reserved for incentive), the
3 additional cost to the Cooperative and its member-ratepayers in lower REST collections
4 could average over \$109,000¹⁰ for each additional month of delay until the 2011 REST
5 Plan is approved by the Commission. Therefore, to the extent there is additional delay in
6 Commission approval of the 2011 REST Plan, the very problems that the 2011 REST Plan
7 are intended to mitigate will continue to be exacerbated. This is why SSVEC believes that
8 it is important that this matter be put before the Commission for its consideration as
9 expeditiously as possible.

10 The most significant difference between SSVEC and Staff relates to the increase in
11 the funding for the REST CAPs. SSVEC believes that this matter should be submitted to
12 the Commission at the next available Open Meeting so the Commission can consider this
13 seminal issue. If the Commission determines that the CAP should not be increased per
14 SSVEC's request, the Cooperative believes there would be no need for an evidentiary
15 hearing. If however, the Commission indicates that it is not inclined to support the
16 Cooperative's position at that time, the Cooperative will request that the matter be
17 remanded back to the Hearing Division to establish a procedural schedule for an expedited
18 hearing.

19 Procedurally, this can occur two ways. First, if the ALJ agrees with SSVEC's
20 comments herein related to the REST CAP, the Draft ROO could be revised to
21 incorporate such comments and then submitted to the Commission. Second, if the ALJ is
22 not inclined to adopt SSVEC's comments related to the REST CAP at this time, the Draft
23 ROO could be submitted to the Commission in its current form. The Cooperative would
24 then file Exceptions (as well as proposed amendments) to the ROO consistent with these
25 comments. The Commission would then have the option of adopting SSVEC's position
26 set forth in its Exceptions or remanding the matter back to the Hearing Division to provide
27 the Cooperative its opportunity for a hearing if the Commission is not willing to adopt

28 ¹⁰ Based on a three-month average of comparing reservations in 2010 to 2011 and lower REST Tariff
revenue.

1 SSVEC's REST CAP at that time.¹¹

2 **IV. Request for Hearing if SSVEC's Proposed REST Tariff is Not Adopted**

3 For the reasons discussed in Section I above, SSVEC hereby requests a hearing on
4 its 2011 REST Plan only if the Commission is going to adopt Staff's proposed REST CAP
5 or impose a REST Tariff that is higher than the REST Tariff proposed by the Cooperative
6 in its filing. SSVEC requests that such hearing be held as expeditiously as possible and
7 limited in scope to issues of disagreement between the Cooperative and Staff. SSVEC
8 believes that at such hearing many of SSVEC's member-ratepayers (including schools,
9 cities, multi-location businesses, and farmers), will want to provide public comment or
10 intervene in the proceeding to express their opposition to paying the increase in the REST
11 Tariff proposed by Staff. SSVEC is also prepared to present evidence demonstrating that
12 Staff's proposed REST Tariff CAP is not appropriate.

13 **V. Request that the 2011 Rest Plan and Tariff Be Approved for 2012**

14 SSVEC requests that the Order the Commission ultimately issues in this matter
15 also approve the Cooperative's 2011 REST Plan and Tariff as its 2012 REST Plan and
16 Tariff. Pursuant to Commission Decision No 70096, SSVEC is required to file its annual
17 REST Implementation Plan and Tariff for the following year by October 1 of each year.
18 Even if the Commission considers and approves SSVEC's 2011 REST Plan and Tariff at
19 its May 2011 Open Meeting, given the approximately 30 days it will take for SSVEC to
20 make the changes to implement the new rates, the 2011 REST Tariff would not go into
21 effect until July 1, 2011. If the Commission is not inclined to adopt SSVEC proposed
22 funding mechanism (as discussed above), SSVEC is requesting an evidentiary hearing.
23 Given the resulting approximately three-to-five months' delay if there is a hearing, the
24 earliest SSVEC's 2011 REST Plan and Tariff would go into effect would be October or
25 November 2011.

26 ¹¹ SSVEC recognizes that this is a somewhat unusual procedure, but the Cooperative believes that this is
27 the first time in a REST application matter that a utility would be potentially requesting a hearing based
28 upon a disagreement with a Staff proposal. This process may negate the need for the Commission and
SSVEC to spend additional time, money, and resources on an evidentiary hearing. Additionally, SSVEC
believes that this process would meet both substantive and procedural due process requirements for all
interested parties.

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Given the amount of time, effort, and expense devoted to the 2011 REST Plan and Tariff by SSVEC and Staff, SSVEC believes it makes little sense for the Cooperative to put the 2011 REST Plan and new tariffed rates into operation in the middle to the end of 2011, only to return with a 2012 Plan on October 1, 2011. Moreover, at this late juncture, SSVEC has no plans to submit any changes to its 2011 REST Plan or its REST Tariff under a 2012 REST Plan. Member-ratepayers should not have to endure a change in the REST Plan or the rates they will be required to pay in the second half of 2011 only to have it potentially change once again in such a short period of time at the beginning of 2012. Nor should SSVEC be required to expend additional time, resources, and money to develop and file a new REST Plan and Tariff (possibly even before the Commission approves the Cooperative's 2011 REST Plan and Tariff). If the Commission approves this request, the 2011 REST Plan and Tariff adopted in this proceeding would negate the requirement for SSVEC to file its 2012 REST Plan and Tariff by October 1, 2011. Annual reporting requirements would remain in place for both Plan years, and SSVEC would file its 2013 REST Plan and Tariff for approval by October 1, 2012.

VI. Conclusion

On the basis of the foregoing, SSVEC requests that: i) the Commission adopt SSVEC's proposed funding level for its REST program; ii) this matter be considered by the Commission as soon as possible which may negate the need for a hearing; iii) this matter be scheduled for a hearing only in the event the Commission is not inclined to adopt SSVEC's proposed funding level at this time; iv) SSVEC's comments regarding leased systems and size limitations be adopted; and v) the Commission consider and approve SSVEC's 2011 REST Plan and Tariff as the Cooperative's 2012 REST Plan and Tariff as well.

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1 RESPECTFULLY SUBMITTED this 31st day of March, 2011.

2 SNELL & WILMER L.L.P.

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4 By


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5
6 ORIGINAL and 13 copies filed this
7 31st day of March, 2011, with:

8
9
10 Docket Control
11 ARIZONA CORPORATION COMMISSION
12 1200 West Washington
13 Phoenix, Arizona 85007

14 COPY of the foregoing hand-delivered
15 this 31st day of March, 2011, to:

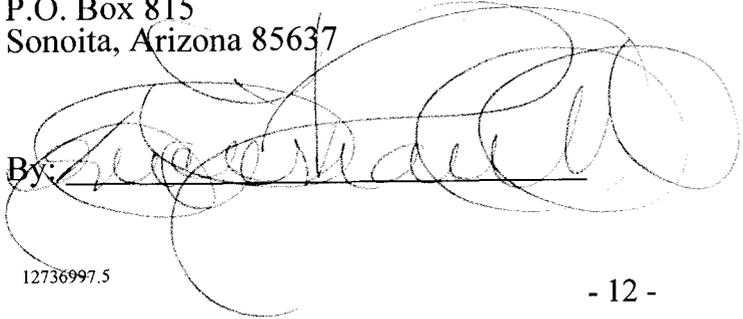
16 Steve Olea, Director
17 Utilities Division
18 ARIZONA CORPORATION COMMISSION
19 1200 West Washington Street
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21 Wesley C Van Cleve, Attorney
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25 Phoenix, Arizona 85007

26 COPY of the foregoing mailed
27 this 31st day of March, 2011, to:

28 Jane L. Rodda, Administrative Law Judge
Hearing Division
ARIZONA CORPORATION COMMISSION
400 West Congress
Tucson, Arizona 85701-1347

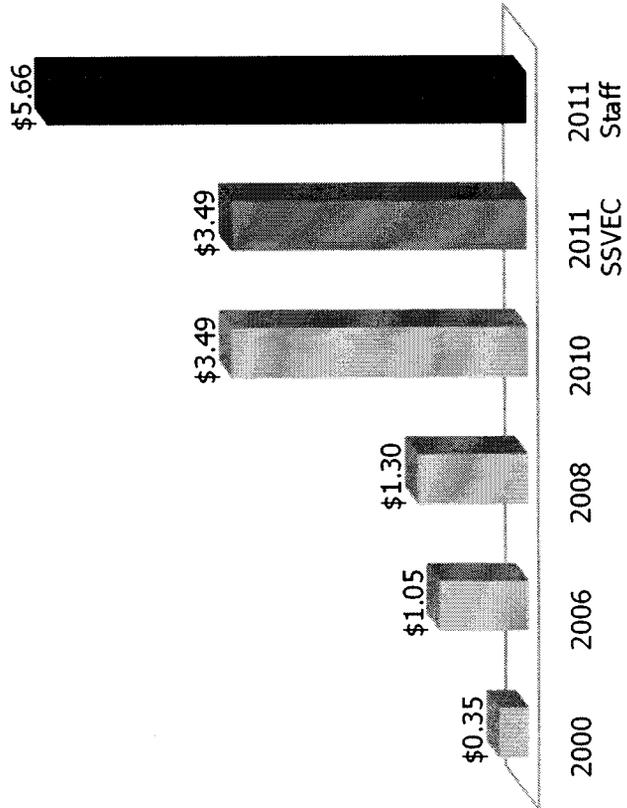
Gail Getzwiller
P.O. Box 815
Sonoita, Arizona 85637

By: 

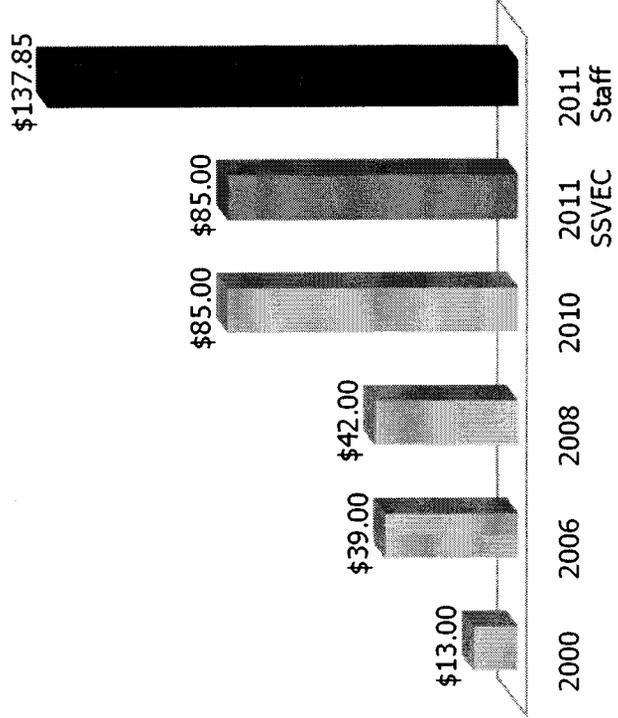
Attachment A

History of CAPS

Residential Cap

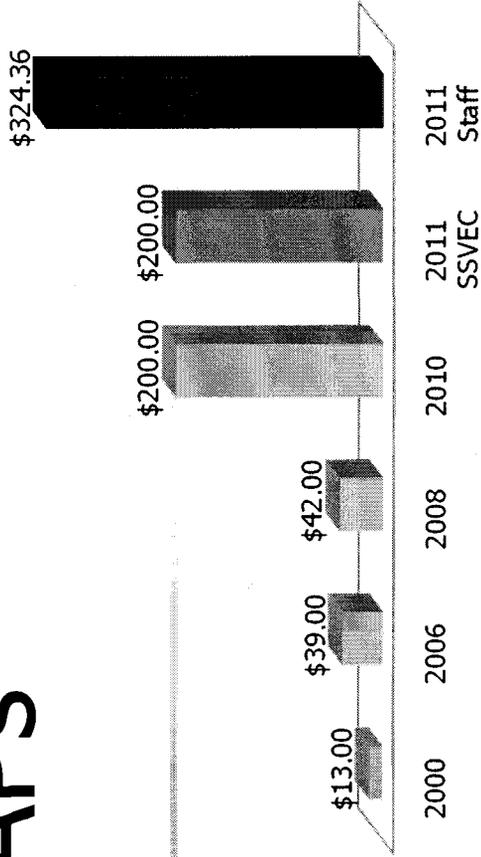


Small Business

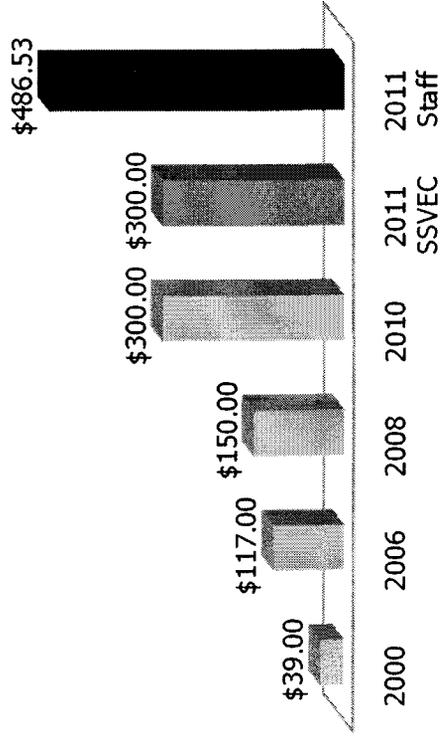


History of CAPS

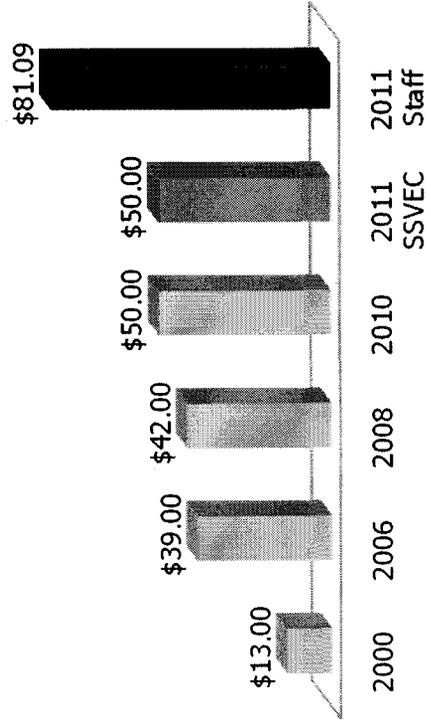
Large Business



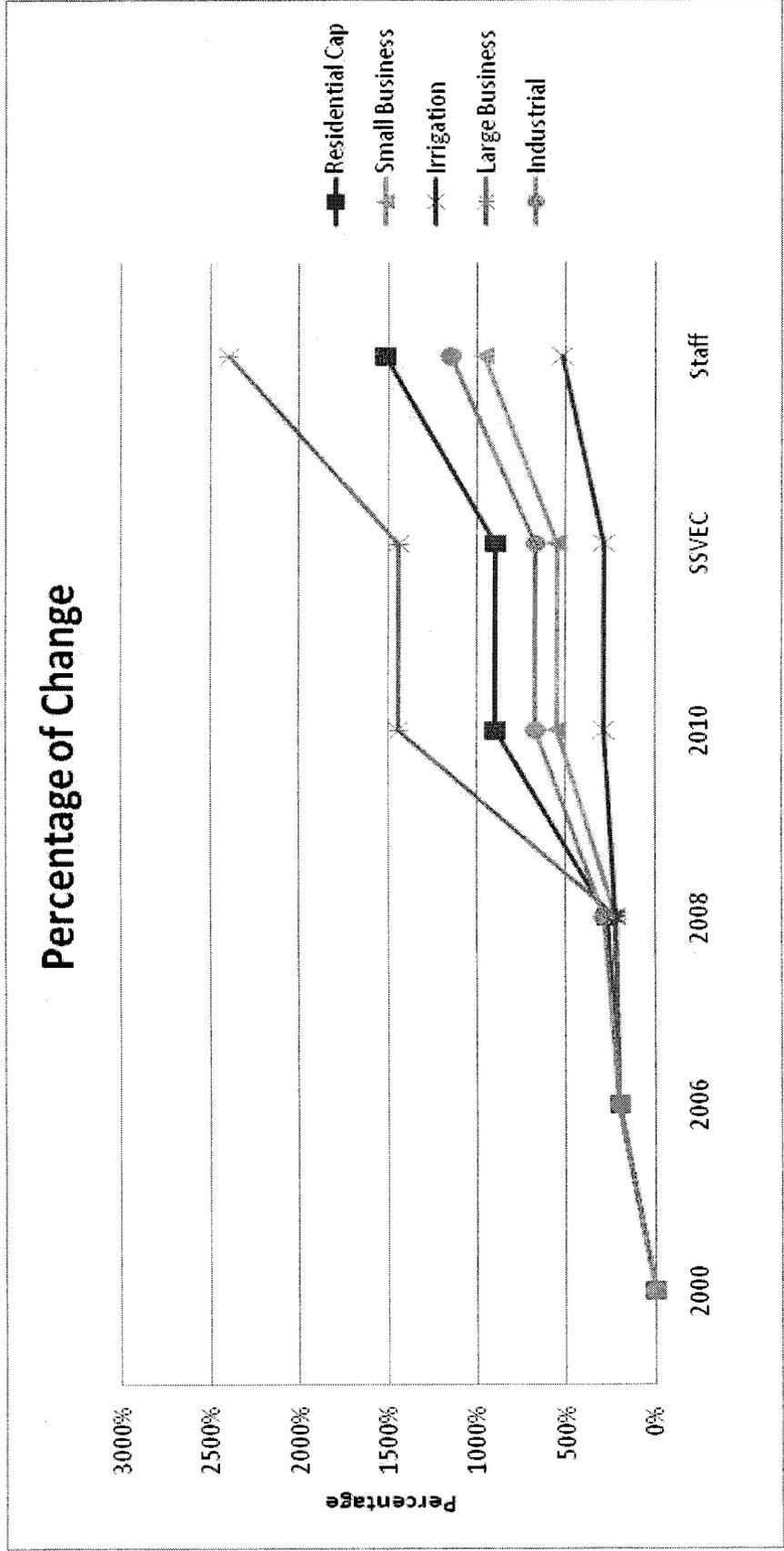
Industrial



Irrigation



History of CAPS



Attachment B

RESOLUTION

2011-03

WHEREAS, the Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) Board of Directors has actively supported the Arizona Corporation Commission (ACC) Renewable Energy Standard Tariff (REST) program and has been recognized as a leader in advancing alternative energy sources; and,

WHEREAS, SSVEC recognized that there was a significant backlog in the rebate payout; and,

WHEREAS, SSVEC's Board of Directors carefully reviewed all of the facts regarding financial impacts on its member as it recognized that this money for the REST program is coming from its members to pay to other members, considered various ways to reduce the backlog and decided the fairest way to balance this dilemma was to increase the kWh charge and leave the current Caps in place. It thus proposed in its REST plan to increase the funding by approximately \$300,000 a year or a 10% increase and understands that this increase in the rate will result in the backlog being paid off approximately 27 months from the approval of the tariff; and,

WHEREAS, ACC staff is recommending doing away with SSVEC's Board's limitation of the overall increase and is recommending that the CAP be increased an average of 62%; and,

WHEREAS, this increase in the CAP results in an additional one million-dollar (\$1,000,000) payout by our members at a time when many are having a hard time financially; and,

WHEREAS, this increase in the CAP will only result in a shortening of the pay off back log by a period of only four (4) months; and,

WHEREAS, asking the City of Sierra Vista to pay \$62,000 more, the Sierra Vista schools to pay \$30,000 more, the City of Benson \$15,000 more, the City of Willcox \$13,000 more, Cochise County \$20,000 more, Cochise College \$16,000 more, and asking individual businesses to pay from \$8,000 to \$12,000 more per year is patently unfair when they are being squeezed from all sides; and,

WHEREAS, SSVEC listened closely to the positions and desires of its members and believes that its proposed REST plan is beneficial to all of its members.

THEREFORE, BE IT RESOLVED,

The SSVEC Board of Directors directs its staff and management to vigorously Oppose the increase in the CAP proposed by ACC staff and present their position to the ACC.

I, Joseph Furno, certify that I am Secretary of the Sulphur Springs Valley Electric Cooperative, Inc. Board of Directors and that the foregoing is a true and correct copy of a resolution adopted by the SSVEC Board of Directors at a regular meeting held on March 23, 2011.

(seal)


Secretary