

ORIGINAL

OPEN MEETING



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MEMORANDUM

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Arizona Corporation Commission

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AUG 2 2011

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AZ CORP COMMISSION  
DOCKET CONTROL

DOCKETED BY

TO: THE COMMISSION

FROM: Utilities Division

DATE: August 2, 2011

RE: SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC. -  
APPLICATION FOR APPROVAL TO UPDATE ITS NET METERING TARIFF  
AVOIDED COST (DOCKET NO. E-01575A-10-0298)

On June 29, 2011, Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") filed an application for approval to update the avoided cost that is contained in its Net Metering Tariff. SSVEC's Net Metering Tariff was approved by the Commission in Decision No. 71463 (January 26, 2010 and revised in Decision No. 71864 (September 1, 2010)).

Net Metering allows electric utility customers to be compensated for generating their own energy from renewable resources, fuel cells, or Combined Heat and Power. If the customer's energy production exceeds the energy supplied by SSVEC during a billing period, the customer's bill for subsequent billing periods is credited for the excess generation. That is, the excess kWh generated during the billing period is used to reduce the kWh billed by SSVEC during subsequent billing periods.

Each September or March (or for a customer's final bill upon discontinuance of service), SSVEC credits the customer for the balance of any remaining excess kWh. The payment for the purchase of these excess kWh is at SSVEC's annual average avoided cost, which is specified on the Net Metering Tariff. R14-2-2302(1) defines avoided cost as "the incremental cost to an Electric Utility for electric energy or capacity or both which, but for the purchase from the Net Metering facility, such utility would generate itself or purchase from another source."

SSVEC's Net Metering Tariff provides for the annual average avoided cost to be determined by the average wholesale fuel and energy cost per kWh charged by SSVEC's wholesale power suppliers during the previous 12 months calculated with the receipt of the May wholesale power bills. SSVEC is required to file its updated avoided cost calculations with the Commission no later than July 1 of each year. This updated avoided cost, after approval by the Commission, would become effective on September 1.

SSVEC's current approved avoided cost rate is \$0.0377 per kWh. SSVEC proposes that the rate be decreased slightly to \$0.0367 per kWh. Staff has reviewed SSVEC's actual cost of purchased power over the past 12 months and confirms that the proposed rate reflects SSVEC's avoided cost. Therefore, Staff recommends that SSVEC's proposed annual average avoided cost for its Net Metering Tariff of \$0.0367 per kWh be approved, effective September 1, 2011.

THE COMMISSION

August 2, 2011

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Staff also recommends that SSVEC file future avoided cost updates as new applications filed in new dockets.

In addition, Staff recommends that SSVEC be required to file a revised Net Metering Tariff, with Docket Control, in compliance with the Decision in this case within 15 days of the effective date of the Decision.

for 

Steven M. Olea  
Director  
Utilities Division

SMO:BEK:lhm\WVC

ORIGINATOR: Barbara Keene

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

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

IN THE MATTER OF SULPHUR SPRINGS )  
 VALLEY ELECTRIC COOPERATIVE, )  
 INC.'S APPLICATION FOR APPROVAL TO )  
 UPDATE ITS NET METERING TARIFF )  
 AVOIDED COST )

DOCKET NO. E-01575A-10-0298  
 DECISION NO. \_\_\_\_\_  
ORDER

Open Meeting  
 August 16 and 17, 2011  
 Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") is certificated to provide electric service as a public service corporation in the State of Arizona.
2. On June 29, 2011, SSVEC filed an application for approval to update the avoided cost that is contained in its Net Metering Tariff. SSVEC's Net Metering Tariff was approved by the Commission in Decision No. 71463 (January 26, 2010 and revised in Decision No. 71864 (September 1, 2010)).
3. Net Metering allows electric utility customers to be compensated for generating their own energy from renewable resources, fuel cells, or Combined Heat and Power. If the customer's energy production exceeds the energy supplied by SSVEC during a billing period, the customer's bill for subsequent billing periods is credited for the excess generation. That is, the excess kWh generated during the billing period is used to reduce the kWh billed by SSVEC during subsequent billing periods.





1 IT IS FURTHER ORDERED that Sulphur Springs Valley Electric Cooperative, Inc. shall  
2 file, with Docket Control, a revised Net Metering Tariff in compliance with the Decision in this  
3 case within 15 days of the effective date of the Decision.

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

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6 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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CHAIRMAN

COMMISSIONER

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COMMISSIONER

COMMISSIONER

COMMISSIONER

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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  
this Commission to be affixed at the Capitol, in the City of  
Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

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ERNEST G. JOHNSON  
EXECUTIVE DIRECTOR

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DISSENT: \_\_\_\_\_

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DISSENT: \_\_\_\_\_

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SMO:BEK:lh\WVC

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1 SERVICE LIST FOR: Sulphur Springs Valley Electric Cooperative, Inc.  
2 DOCKET NO. E-01575A-10-0298

3 Mr. David K. Bane  
4 Key Account Manager  
5 Sulphur Springs Valley Electric Cooperative, Inc.  
6 311 East Wilcox  
7 Sierra Vista, Arizona 85635

8 Mr. Steven M. Olea  
9 Director, Utilities Division  
10 Arizona Corporation Commission  
11 1200 West Washington Street  
12 Phoenix, Arizona 85007

13 Ms. Janice M. Alward  
14 Chief Counsel, Legal Division  
15 Arizona Corporation Commission  
16 1200 West Washington Street  
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