

ORIGINAL

OPEN MEETING



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MEMORANDUM

Arizona Corporation Commission

DOCKETED

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

TO: THE COMMISSION

FROM: Utilities Division

DATE: July 24, 2012

DOCKETED BY *JM*

RE: SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC. -
APPLICATION FOR APPROVAL OF NET METERING TARIFF REVISIONS
(DOCKET NO. E-01575A-12-0271)

Background

On June 22, 2012, 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 most recently revised with updated avoided costs in Decision No. 72552 (August 24, 2011).

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 March¹ (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.

¹ Each September or March per each customer's selection.

THE COMMISSION

July 24, 2012

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SSVEC's current approved avoided cost rate is \$0.0367 per kWh. SSVEC proposes that the rate be decreased slightly to \$0.0359 per kWh. Staff has reviewed SSVEC's purchased power costs that resulted in the \$0.0359 per kWh rate 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 \$0.0359 per kWh be approved, and become effective September 1, 2012.

Recommendations

Staff recommends that SSVEC's revised Net Metering Tariff be approved, effective September 1, 2012.

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

Steven M. Olea
Director
Utilities Division

SMO:JJP:sms\WVC

ORIGINATOR: Jeffrey Pasquinelli

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 GARY PIERCE

Chairman

3 BOB STUMP

Commissioner

4 SANDRA D. KENNEDY

Commissioner

5 PAUL NEWMAN

Commissioner

6 BRENDA BURNS

Commissioner

7

8 IN THE MATTER OF THE APPLICATION)
OF SULPHUR SPRINGS VALLEY)
9 ELECTRIC COOPERATIVE, INC. FOR)
APPROVAL OF NET METERING TARIFF)
10 REVISIONS)

DOCKET NO. E-01575A-12-0271

DECISION NO. _____

ORDER

11 _____
12 Open Meeting

August 14 and 15, 2012

13 Phoenix, Arizona

14 BY THE COMMISSION:

15 FINDINGS OF FACT

16 1. Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") is certificated to
17 provide electric service as a public service corporation in the State of Arizona.

18 2. On June 22, 2012, SSVEC filed an application for approval to update the avoided
19 cost that is contained in its Net Metering Tariff. SSVEC's Net Metering Tariff was approved by the
20 Commission in Decision No. 71463 (January 26, 2010) and most recently revised with updated
21 avoided costs in Decision No. 72252 (August 24, 2011).

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

28 ...

1 3. Approval of SSVEC's updated Net Metering Tariff avoided cost does not constitute
2 a rate increase as contemplated by A.R.S. Section 40-250.

3 4. The Commission, having reviewed the application and Staffs Memorandum dated
4 July 24, 2012, concludes that it is in the public interest to approve the updated Net Metering Tariff
5 avoided cost, as discussed herein.

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ORDER

IT IS THEREFORE ORDERED that Sulphur Springs Valley Electric Cooperative, Inc.'s annual average avoided cost for its Net Metering Tariff shall be set at \$0.0359 per kWh, effective September 1, 2012.

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

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

BY THE 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 this Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2012.

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:JJP:sms\WVC

1 SERVICE LIST FOR: Sulphur Springs Valley Electric Cooperative, Inc.

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15 Arizona Corporation Commission
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