

ORIGINAL

# OPEN MEETING



0000141089

## MEMORANDUM

TO: THE COMMISSION

FROM: Utilities Division

DATE: December 20, 2012

RE: TRICO ELECTRIC COOPERATIVE, INC.-APPLICATION FOR APPROVAL OF ITS 2013 RENEWABLE ENERGY STANDARD TARIFF IMPLEMENTATION PLAN (DOCKET NO. E-01461A-12-0295)

Arizona Corporation Commission

DOCKETED

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DOCKETED BY *JM*

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ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

### Background

On July 2, 2012, Trico Electric Cooperative, Inc. ("Trico") filed its 2013 Renewable Energy Standard Tariff ("REST") Implementation Plan ("2013 REST Plan") in compliance with Arizona Administrative Code ("A.A.C.") R14-2-1801 through R14-2-1816. Trico's current REST Plan was approved by the Commission in Decision No. 73087, on April 5, 2012.

### The 2013 REST Plan

#### The SunWatts Green Energy Purchase Program

According to Trico, it will continue to offer this voluntary program in which retail customers can choose to support renewable energy by purchasing blocks of "green energy." The retail customers can purchase 50 kilowatt-hour ("kWh") blocks of green energy at a cost of \$2.00 per block.

#### The SunWatts Residential and Commercial Rebate Program

The SunWatts rebate program would continue to provide incentives to customers for installation of qualifying renewable systems. In its application, Trico is proposing to pay an Up-Front Incentive ("UFI") of \$0.50 per watt, up to 30 percent of the total system cost, for PV systems up to 10 kW in size. For PV systems up to 10 kW in size, Trico will own all the Renewable Energy Credits ("RECs") from a system's actual or estimated kWh generation over a 20-year period.

For solar water heating systems, Trico would continue to provide a UFI of \$0.40 per kWh of energy saved during the system's first year of operation, based on the OG-300 ratings of the Solar Rating and Certification Corporation. After accounting for and applying all federal and state incentives, the customer contribution to the solar water heating project cost would not be less than 15 percent of the total project cost. Incentives paid for solar water heaters would be distributed on a first-come, first-served basis. System installations would be required to be

performed by licensed renewable energy contractors, electricians, or plumbers (in the case of solar water heaters).

Trico may permit self-installations only if the installation has been inspected and verified by a licensed contractor. For its 2013 REST Plan, Trico has not included other renewable energy technology due to the lack of participation for these renewable resources. However, Trico states that should there be a customer requesting to install any eligible renewable technology not listed in the table below, Trico would evaluate the possibility of providing an appropriate rebate on a case by case basis and based on REST budget availability.

The table below illustrates the incentive levels provided for PV and solar water heating proposed in Trico's 2013 REST Plan.

<b>Technology</b>	<b>UFI</b>	<b>PBI</b>
Solar Electric	\$0.20/watt <sup>1</sup> for systems up to 10 kW (up to 30% of system cost)	For systems greater than 10 kW *Subject to competitive bid
Solar Water Heating	\$0.40 per kWh for first year savings	N/A

Trico is proposing to introduce its Generation Metering Program as part of its Rebate Program. The generation meters allow Trico to measure actual installed PV generation. Currently, Trico does not install its own meters that measure the output of PV generation; these meters are installed by the solar company. The information from these meters is not recorded by or provided to Trico. Currently, Trico uses the nameplate capacity and 2,190 hours, per in A.A.C. R14-2-1807.B., to calculate the number of RECs created from an eligible renewable energy resource. Trico is proposing to allocate a portion of its 2013 REST budget to install PV generation meters on all existing and new residential and commercial PV systems. The generation meters will allow Trico to track and record the actual output from installed PV systems.

#### **The SunWatts Large-Scale Generation Program (over 10 kW)**

Trico would provide a Production Based Incentive ("PBI") for systems that exceed 10 kW in size, subject to a competitive selection process. If a project is not selected, it can be resubmitted at a subsequent time. Trico would continue to allow systems that exceed 10 kW in size to participate in the UFI program with the customer's incentive level being capped at the maximum amount corresponding to the UFI incentive level for a 10 kW system.

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<sup>1</sup> This UFI changes with the UFI level of Tucson Electric Power as discussed later in this document.

**SunWatts Educational Grant Program**

This program was suspended in 2012. However, Trico is proposing to reinstate the program for 2013. This program offers teachers in its service territory an education grant for the development of renewable curricula for the classroom.

**SunWatts Habitat for Humanity Program**

Trico would continue its partnership with Habitat for Humanity to offer renewable energy options to low-income housing in its service area. Trico would provide grants to the Habitat organization to purchase PV and other renewable energy equipment to be installed on Habitat homes. In addition, Trico would assist in finding local renewable energy equipment dealers who would be willing to donate products and services.

**PV for Schools Program**

Trico suspended the PV for Schools Program in 2011 and 2012. However, Trico is proposing to reinstate this program for 2013. In addition, Trico is proposing to modify its PV for Schools Program to a competitive application process. The successful school would receive renewable energy through a purchased power agreement that Trico would negotiate directly with a solar firm.

**Tariffs and Budget**

Trico is not proposing any changes to its current per kWh surcharge or monthly maximums approved in Decision No. 73087 (April 5, 2012). Below is a table with the current per kWh surcharges and monthly maximums.

<b>Customer Class</b>	<b>Current Surcharges</b>	<b>Current Maximums</b>
Residential	\$0.008065	\$3.00
Non-Residential	\$0.008065	\$130.00
Non-Residential >3MW	\$0.008065	\$3,500.00
Governmental & Agricultural	\$0.001411	\$43.00

In its application, Trico estimates the 2013 REST budget to be \$1,656,533. The table below provides a breakdown of Trico’s proposed 2013 REST budget.

Category	Total Budget
Residential PV UFI Rebates	\$326,890
Residential SWH Rebates	\$66,483
Non-Res PV UFI Rebates	\$13,750
Large-Scale PV PBI Rebates	\$529,334
Educational Grant Program	\$2,500
Habitat for Humanity Program	\$5,000
PV for Schools Program	\$310,000
Generation Meter Program	\$137,970
Admin and Advertising	\$264,606
<b>Total</b>	<b>\$ 1,656,533</b>

The table below shows the amount Trico anticipates collecting from each customer class in 2013.

Customer Class	Anticipated 2013 Funds Collected
Residential	\$1,285,573
Non-Residential	\$322,913
Non-Residential ≥ 3MW	\$ 0
Governmental and Agricultural	\$50,870
<b>Total</b>	<b>\$1,659,326</b>

**REST Plan and Report Formats**

In Decision No. 72737 dated January 18, 2012, the Commission ordered the formation of a REST Format Working Group (“Working Group”) to prepare format guidelines for future REST Implementation Plans and REST Compliance Reports. The Working Group docketed a report with its recommendations on August 31, 2012, and is pending Staff approval. The effective date for usage of the templates is April 1, 2013, for the 2012 Compliance Reports and July 1, 2013, for the 2014 REST Implementation Plans. Staff recommends that Trico’s future REST Implementation Plans and Compliance Reports conform to the format guidelines as approved by Staff.

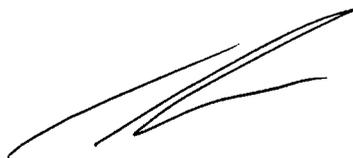
**Staff Recommendations**

At the time Trico filed its application for approval of the 2013 REST Plan, its UFI level was \$0.55 per watt, up to 30 percent of the total system cost. The 2013 REST Plan proposed a UFI level of \$0.50 per watt, up to 30 percent of the total system cost. Pursuant to Decision No 73087, Trico’s UFI level has decreased in conjunction with the UFI level of Tucson Electric Power Company. This was done in an effort to eliminate the disparate incentive levels between

the two companies because the service territory boundaries are adjacent to one another. Due to the reductions ordered in Decision No. 73087, Trico currently pays a UFI of \$0.20 per watt, up to 30 percent of the total system cost. Given the current UFI level of \$0.20 per watt, Staff believes that Trico should continue to offer the \$0.20 per watt UFI rather than the \$0.50 per watt UFI initially proposed in its 2013 REST Plan application. In addition, Staff believes that Trico should continue to reduce its UFI level consistent with the reductions of Tucson Electric Power Company's UFI level. Staff believes that the reduction in incentive levels will help ensure that Trico does not experience another backlog of incentive payments as it has in previous years.

Staff recommends the following:

1. Approval of the Trico 2013 REST Plan as discussed herein;
2. Trico offer a UFI level of \$0.20 per watt (or whatever UFI level is approved for Tucson Electric Power Company) up to 30 percent of the total system cost, for PV systems up to 10 kW in size beginning February 1, 2013;
3. Trico continue to reduce its UFI level consistent with the UFI level reductions in the Tucson Electric Power Company 2013 REST Plan Order;
4. Trico's Renewable Energy Standard Tariff, Voluntary Renewable Energy Standard Program Tariff, Renewable Energy Customer Self-Directed Tariff, and SunWatts Sun Farm Tariff currently on file with the Commission, remain in effect until further Order of the Commission;
5. Approval of Trico's 2013 REST Plan budget; and
6. Trico be ordered to implement the recommendations, as approved by Staff, of the REST Format Working Group.



Steven M. Olea  
Director  
Utilities Division

SMO:CLA:sms\WVC

ORIGINATOR: Candrea Allen

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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 THE APPLICATION )  
OF TRICO ELECTRIC COOPERATIVE, )  
INC. FOR APPROVAL OF ITS 2013 )  
RENEWABLE ENERGY STANDARD AND )  
TARIFF IMPLEMENTATION PLAN. )

DOCKET NO. E-01461A-12-0295  
DECISION NO. \_\_\_\_\_  
ORDER

Open Meeting  
January 30 and 31, 2013  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Trico Electric Cooperative, Inc. ("Trico") is certificated to provide electricity as a public service corporation in the State of Arizona.

Background

2. On July 2, 2012, Trico filed its 2013 Renewable Energy Standard Tariff ("REST") Implementation Plan ("2013 REST Plan") in compliance with Arizona Administrative Code ("A.A.C.") R14-2-1801 through R14-2-1816. Trico's current REST Plan was approved by the Commission in Decision No. 73087, on April 5, 2012.

The 2013 REST Plan

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3. According to Trico, it will continue to offer this voluntary program in which retail customers can choose to support renewable energy by purchasing blocks of "green energy." The

1 retail customers can purchase 50 kilowatt-hour (“kWh”) blocks of green energy at a cost of \$2.00  
2 per block.

3 **The SunWatts Residential and Commercial Rebate Program**

4 4. The SunWatts rebate program would continue to provide incentives to customers  
5 for installation of qualifying renewable systems. In its application, Trico is proposing to pay an  
6 Up-Front Incentive (“UFI”) of \$0.50 per watt, up to 30 percent of the total system cost, for PV  
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9 20-year period.

10 5. For solar water heating systems, Trico would continue to provide a UFI of \$0.40  
11 per kWh of energy saved during the system’s first year of operation, based on the OG-300 ratings  
12 of the Solar Rating and Certification Corporation. After accounting for and applying all federal  
13 and state incentives, the customer contribution to the solar water heating project cost would not be  
14 less than 15 percent of the total project cost. Incentives paid for solar water heaters would be  
15 distributed on a first-come, first-served basis. System installations would be required to be  
16 performed by licensed renewable energy contractors, electricians, or plumbers (in the case of solar  
17 water heaters).

18 6. Trico may permit self-installations only if the installation has been inspected and  
19 verified by a licensed contractor. For its 2013 REST Plan, Trico has not included other renewable  
20 energy technology due to the lack of participation for these renewable resources. However, Trico  
21 states that if a customer requests installation of any eligible renewable technology not listed in the  
22 table below, Trico would evaluate the possibility of providing an appropriate rebate on a case by  
23 case basis and based on REST budget availability.

24 7. The table below illustrates the incentive levels provided for PV and solar water  
25 heating proposed in Trico’s 2013 REST Plan.

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1           **SunWatts Habitat for Humanity Program**

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3 energy options to low-income housing in its service area. Trico would provide grants to the  
4 Habitat organization to purchase PV and other renewable energy equipment to be installed on  
5 Habitat homes. In addition, Trico would assist in finding local renewable energy equipment  
6 dealers who would be willing to donate products and services.

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12 solar firm.

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14          14.     Trico is not proposing any changes to its current per kWh surcharge or monthly  
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#### **Staff Recommendations**

18. At the time Trico filed its application for approval of the 2013 REST Plan, its UFI level was \$0.55 per watt, up to 30 percent of the total system cost. The 2013 REST Plan proposed a UFI level of \$0.50 per watt, up to 30 percent of the total system cost. Pursuant to Decision No 73087, Trico's UFI level has decreased in conjunction with the UFI level of Tucson Electric Power

1 Company. This was done in an effort to eliminate the disparate incentive levels between the two  
2 companies because the service territory boundaries are adjacent to one another.

3 19. Due to the reductions ordered in Decision No. 73087, Trico currently pays a UFI of  
4 \$0.20 per watt, up to 30 percent of the total system cost. Given the current UFI level of \$0.20 per  
5 watt, Staff believes that Trico should continue to offer the \$0.20 per watt UFI rather than the \$0.50  
6 per watt UFI initially proposed in its 2013 REST Plan application. In addition, Staff believes that  
7 Trico should continue to reduce its UFI level consistent with the reductions of Tucson Electric  
8 Power Company's UFI level. Staff believes that the reduction in incentive levels will help ensure  
9 that Trico does not experience another backlog of incentive payments.

10 20. Staff has recommended the following:

- 11 • Approval of the Trico 2013 REST Plan as discussed herein;
- 12 • Trico offer a UFI level of \$0.20 per watt (or whatever UFI level is approved for  
13 Tucson Electric Power Company) up to 30 percent of the total system cost, for PV  
14 systems up to 10 kW in size beginning January 1, 2013;
- 15 • Trico continues to reduce its UFI level consistent with the UFI reductions of  
16 Tucson Electric Power Company;
- 17 • Trico's Renewable Energy Standard Tariff, Voluntary Renewable Energy Standard  
18 Program Tariff, Renewable Energy Customer Self-Directed Tariff, and SunWatts  
19 Sun Farm Tariff currently on file with the Commission, remain in effect until  
20 further Order of the Commission;
- 21 • Approval of Trico's 2013 REST Plan budget; and
- 22 • Trico be ordered to implement the recommendations, as approved by Staff, of the  
23 REST Format Working Group.

#### 24 CONCLUSIONS OF LAW

25 1. Trico Electric Cooperative, Inc. is an Arizona public service corporation within the  
26 meaning of Article XV, Section 2, of the Arizona Constitution.

27 2. The Commission has jurisdiction over Trico Electric Cooperative, Inc. and over the  
28 subject matter of the Application.



1 IT IS FURTHER ORDERED that the Trico Electric Cooperative, Inc. 2013 REST Plan  
2 budget is approved, as shown herein.

3 IT IS FURTHER ORDERED that Trico shall implement the recommendations, as  
4 approved by Staff, of the REST Format Working Group.

5 IT IS FURTHER ORDERED that this Order shall become effective immediately.

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 \_\_\_\_\_, 2013.

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ERNEST G. JOHNSON  
EXECUTIVE DIRECTOR

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

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

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SMO:CLA:sms\WVC

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1 SERVICE LIST FOR: Trico Electric Cooperative, Inc.  
2 DOCKET NO.: E-01461A-12-0295

3 Mr. Michael Patten  
4 Mr. Jason D. Gellman  
5 Roshka DeWulf & Patten, PLC  
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7 Phoenix, Arizona 85004

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  
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