

E-01461A-12-0295



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**ORIGINAL ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM**

Investigator: Jenny Gomez

Phone: ()

2013 MAY 23 A 9:25

Fax:

Priority: Respond Within Five Days

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Opinion No. 2013 - 110763

Date: 5/22/2013

Complaint Description: 19Y Other - Elec Dereg - Renewable Resource Portfolio
N/A Not Applicable

Arizona Corporation Commission
DOCKETED

Complaint By: Bruce & Dorothy

Last: Anderson

MAY 23 2013

Account Name: Bruce & Dorothy Anderson

Home: (520) 000-0000

Street: Email Address

Work:

City: SaddleBrook

CBR:

State: AZ Zip: n/a

is: E-Mail

Utility Company: Trico Electric Cooperative, Inc.

Division: Electric

Contact Name:

Contact Phone:

Nature of Complaint:

DOCKET NO. E-01461A-12-0295**

From: [Redacted] On Behalf Of Bruce & Dorothy Anderson
Sent: Monday, May 20, 2013 11:23 AM
To: Vin Nitido
Cc: Jim Pyers; Pierce-Web; Burns-Web; Stump-Web; BitterSmith-Web; Rburns-Web
Subject: Re: Trico Questions

Mr. Nitido,

Thank for your reply to most of my questions.

According to your statement Trico membership is funding REST at around \$1.7 M per year. We are a small Co-op that has little or no possibility to expand customer service base beyond today and possibly for many years to come due to conditions beyond its control. I find it hard to understand exactly how and what is meant by "programs and expenses approved by the ACC in Trico's Renewable Energy Standard and Tariff Plan" that requires such a large annual expenditure with absolutely no fund surplus build up.

As member/owners of Trico we deserve to know exact details how and why our money is being spent supporting Trico and ACC claims that Trico membership/owners benefit 100% through these "programs"... what are they? I respectfully request a full detailed accounting disclosure from Trico and ACC regarding REST fund expenditures.

I request this disclosure be fully described in a letter from the Trico Board of Directors addressed to all members. Thank you.

Respectfully,

ARIZONA CORPORATION COMMISSION

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Bruce Anderson, SaddleBrook, AZ

On May 15, 2013, at 3:48 PM, Vin Nitido wrote:

Dear Mr. Anderson,

Jim Pyers asked that I respond to the questions in your May 13 email to him. I have broken your email down into the component questions, and answered each below:

What is the current rebate per kilowatt for PV solar installations?
\$0.10 per installed watt, up to 30 percent of the cost of the system.

Is this rate determined by Trico, ACC or both?

The rate is determined by order of the ACC following a hearing on Trico's proposed Renewable Energy Standard and Tariff Plan. Trico's rate is consistent with that set by the ACC for TEP and other Arizona utilities.

What is current value of this escrow fund?

Trico anticipates collecting approximately \$1,764,040 through the Renewable Energy Surcharge in 2013 - the same amount as 2012. The balance in the account varies from time to time depending upon the amount of monthly surcharge collections and the timing of programs and expenses under the Trico Renewable Energy Standard and Tariff Plan.

This fund is sure to have gained increased surplus... how or will this be distributed to the membership?

The Renewable Energy Surcharge Account has not gained a surplus. While the amount of surcharge funds allocated to residential rebates is lower due to the lower surcharge, a higher amount of funds is allocated to large scale renewable projects and other renewable programs. All funds collected are applied to programs and expenses approved by the ACC in Trico's Renewable Energy Standard and Tariff Plan.

The rebate has diminished significantly, will there ever be an increase?

It is unlikely the rebate for residential solar installations will increase. My guess is they will continue to decrease at all Arizona utilities. Because the cost of residential systems has decreased over time and the efficiency has increased, the demand for residential solar has remained steady despite reductions in the amount of the residential rebate. I think that is consistent with the ACC's intent in implementing the Renewable Energy Standard.

I am thinking of adding more SV capacity to my system.... Would I still be able to apply for another Trico rebate for an additional PV system increase?

Yes, subject to the applicable provisions of the Renewable Energy Standard and Tariff Plan in effect at the time you apply, it would be treated like an application for a new system.

How many current Trico members are on the net meter co-generator system? The last I knew it was less than 300.

There are currently 446 members on the net metering program. You may recall in Laree St. Onge's letter to you dated August 22, 2012, she indicated there were 337 members on the net metering program, so it is growing steadily.

I have talked to several people in SB who will be installing or considering leased SV systems because it is more cost effective than laying out a lot of their own cash.

Yes, that appears to be the trend statewide.

The general increase in PV systems both residential and commercial across the country is rising rapidly and causing concern among electric power providers. What are AZ electric power providers and ACC planning to do about the possible reduction of income available for maintaining the grid infrastructure system? Will the

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current escrow tariff provide funding?

That is a concern for all electric providers in Arizona. Most utilities (including Trico) have a relatively small fixed customer charge, and recover a large portion of the fixed costs of running the system through the energy charge. When less energy is used as a result of renewable resources, all of the fixed costs are not recovered. The current Renewable Energy Standard and Tariff does not provide funding for the loss in fixed costs associated with an increase in the amount of member-owned renewable resources. The ACC and Arizona utilities are engaged in ongoing discussions regarding an appropriate way to recover those costs, and Trico is participating in the process.

My May Trico statement shows an unretired capital credit account balance \$2287.99 and 2012 capital credit allocation \$13.19... what does this mean in pay back to me?

Your capital credit allocation is your share of Trico's net margins, allocated based on your energy usage for the year. Each year, the Trico board of directors decides whether to retire (pay out) a portion of the capital credit allocations, based on the needs of the business and available funds. The board paid out \$1.5 million in capital credits in each of the last two years. Trico is currently retiring annual capital credit allocations over about a 20 year period, which is a fairly typical schedule for an electric cooperative. I have attached a hyperlink to a more detailed explanation of the capital credit process on our website.

[Http://www.trico.coop/index.php?option=com_content&view=article&id=117&Itemid=127](http://www.trico.coop/index.php?option=com_content&view=article&id=117&Itemid=127)

I hope this has been responsive to your questions. Please let me know if you need anything else.

Best regards,

Vin Nitido
CEO/General Manager
Trico Electric Cooperative, Inc.
End of Complaint

Utilities' Response:

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Investigator's Comments and Disposition:

Noted and filed for the record in Docket Control
End of Comments

Date Completed: 5/22/2013

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