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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

BOB STUMP, Chairman  
GARY PIERCE  
BRENDA BURNS  
BOB BURNS  
SUSAN BITTER SMITH

Arizona Corporation Commission  
**DOCKETED**

JUN 26 2013

AZ CORP COMMISSION  
DOCKET CONTROL

DOCKETED BY  
JM NR

IN THE MATTER OF THE APPLICATION OF  
SULPHUR SPRINGS VALLEY ELECTRIC  
COOPERATIVE, INC. FOR APPROVAL OF THE  
2014 REST IMPLIMENTATION PLAN AND 2014  
RES TARIFF

DOCKET NO E-01575A-13-0209  
APPLICATION

Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") hereby submits the 2014 REST Implementation Plan for Arizona Corporation Commission approval.

**I. Background.**

SSVEC is an Arizona nonprofit corporation certified to provide electricity as a public service corporation in the State of Arizona.

SSVEC now files its 2014 REST plan (attached). The REST Rules (A.A.C. R14-2-1814) allow Cooperatives to file "an appropriate plan for acquiring Renewable Energy Credits from Eligible Renewable Resources for the next calendar year." In anticipation of potential questions regarding our proposed 2014 REST Plan, Exhibit A is pre-filed testimony based on questions asked in prior years and of questions asked in other utility REST filings.

SSVEC proposed REST plan has minor changes to the current program in the level of incentives and other updates to the program. Exhibit A provides detailed rational for our requested changes. The proposed RES Tariff has no changes.

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1                   **II. History**

2                   The following table summarizes the history of the incentive program for SSVEC and the proposed  
3                   2014 plan

4 <b>Program item</b>	<b>2009</b>	<b>2010</b>	<b>2011/2012</b>	<b>2013</b>	<b>2014 Proposed</b>
<b>Residential</b>					
5                   Residential Per Watt One Time Incentive (OTI)	\$ 4.00	\$ 3.00	\$2.00	\$0.50	<b>\$0.25</b>
6                   Maximum Residential Incentive					<b>\$2,500.00</b>
7                   Maximum OTI percentage based on the total cost	50%	50%	40%	35%	<b>n/a</b>
8                   PBI 10 year Rate and Cap	\$0.2002 60%	\$0.2002 60%	\$0.182 50%	\$0.084 40%	<b>n/a</b>
9                   PBI 15 year Rate and Cap	\$0.187 60%	\$0.187 60%	\$0.168 50%	\$0.082 40%	<b>n/a</b>
10                  PBI 20 year Rate and Cap	\$0.18 60%	\$0.18 60%	\$0.162 50%	\$0.080 40%	<b>n/a</b>
<b>Commercial</b>					
12                  Maximum System Size Allowed	N/A	N/A	50 kW	50kW	<b>n/a</b>
13                  C&I per Watt One Time Incentive (OTI)	\$4.00	\$2.50	\$1.25	\$0.50	<b>\$0.25</b>
14                  Maximum C&I Incentive					<b>\$5,000.00</b>
15                  Maximum OTI based on the percentage of total costs	50%	50%	45%	35%	<b>n/a</b>
16                  PBI 10 year Rate and Cap	\$0.2002 60%	\$0.2002 60%	\$0.182 50%	\$0.084 40%	<b>n/a</b>
17                  PBI 15 year Rate and Cap	\$0.187 60%	\$0.187 60%	\$0.168 50%	\$0.082 40%	<b>n/a</b>
18                  PBI 20 year Rate and Cap	\$0.18 60%	\$0.18 60%	\$0.162 50%	\$0.080 40%	<b>n/a</b>
<b>Solar Water Heating</b>					
19                  Per kWh Rebate based on first year kWh output (per OG-300)	N/A	\$0.75	\$0.70	\$0.65	<b>\$0.50</b>
<b>Wind</b>					
20                  One Time Incentive (per watt)					<b>\$0.10</b>
21                  Residential Maximum Incentive					<b>\$1,250.00</b>
22                  C&I Maximum Incentive					<b>\$2,500.00</b>
23                  PBI 10 year Rate and Cap	\$0.2002 60%	\$0.2002 60%	\$0.182 50%	\$0.084 40%	<b>n/a</b>
24                  PBI 15 year Rate and Cap	\$0.187 60%	\$0.187 60%	\$0.168 50%	\$0.082 40%	<b>n/a</b>
25                  PBI 20 year Rate and Cap	\$0.18 60%	\$0.18 60%	\$0.162 50%	\$0.080 40%	<b>n/a</b>

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**III. Conclusion**

SSVEC respectfully requests the Commission issue an Order:

- 1) Approving SSVEC's 2014 REST plan
- 2) Approving SSVEC's RES Tariff
- 3) Approving the program to be effective on the 1<sup>st</sup> day of the month after signing the final order.

RESPECTFULLY SUBMITTED this 26th day of June 2013  
Sulphur Springs Valley Electric Cooperative, Inc.

By   
David Bane  
SunWatts Program Manager

**Original** and thirteen (13) copies filed this  
26<sup>th</sup> day of June, 2013 with:

Docket Control  
Arizona Corporation Commission  
1200 W. Washington,  
Phoenix, AZ 85007



**Sulphur Springs Valley  
Electric Cooperative, Inc.**

A Touchstone Energy® Cooperative 

# 2014 REST Plan

Submitted prior to July 1, 2013

As required by

**A.A.C. R14-2-1814**

Submitted by:  
David Bane  
SunWatts Program Manager  
520-515-3472

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## **Executive Summary**

SSVEC will use surcharge dollars, any proceeds from consumer participation in the Green Energy Purchase Program, the SunWatts Loan program, solar farm energy sales, and other potential sources (principally from approved grants and Federal clean renewable energy bonds) to fund its renewable program. These programs include both residential and commercial photovoltaic and wind project distributed generation incentives, and large-scale renewable installations, including possible participation in multi-utility joint projects. Surcharge funds will also be used to pay for the administration, and educational activities. Due to the current oversubscription of the program, SSVEC will not expend funds on advertising and marketing of the Sun Watts program. SSVEC will also not expend any funds for research and development.

The primary parts to the SSVEC REST plan, which is called SunWatts, are:

- ✓ The Sun Watts Green Contribution Program
- ✓ The Sun Watts Residential Incentive Program
- ✓ The Sun Watts Commercial Incentive Program
- ✓ The 2009 School Program
- ✓ The Sun Watts Large-Scale Generating Program
- ✓ Solar Water Heating
- ✓ Other Renewable sources from the UCPP guidelines
- ✓ Additional Program incentives and grants
- ✓ NET Metering
- ✓ Calculating the 125% capacity
- ✓ Third Party Assignment of Incentives

Each of these programs components, administration and budget guidelines, will be presented in detail in the following.

## **1.0 Sun Watts Green Contribution Program:**

In this program, members may elect to contribute additional dollars on their bills to be used to fund various renewable energy programs. This program has very small participation but there are no costs associated with continuing this option.

## **2.0 The Sun Watts Residential Incentive Program**

The SunWatts program pays customers a One Time Incentive (OTI) for the installation of qualifying photovoltaic (PV), Wind systems, or solar water heating (SWH) system. The Customer is eligible to participate in NET Metering. To qualify for an Incentive, the system must be no more than 125% of system load measured in kWh as determined in Section 12.

Member-owned systems with batteries or back-up generators that are grid-tied do not qualify for an incentive. For a waiver to this provision, prior approval must be obtained from the SSVEC Chief Member Services Officer.

### **2.1 Photovoltaic systems Incentive:**

SSVEC will pay an incentive of \$0.25 per installed DC watt up to a maximum payment of \$2,500 per system per metered account or off grid residential PV systems. Customer will provide copies of their invoice for tracking system costs for posting on AZ goes Solar website.

### **2.2 Wind systems Incentive:**

The Incentive rate for Wind is \$0.10 per watt with a maximum Incentive of \$1,250. To qualify for an incentive the wind system must have a final output voltage of at least 120VAC and be grid tied. Wind Turbines that produce only DC voltages (for battery charging) do not qualify for incentives. Customer will provide copies of their invoice for tracking system costs for posting on AZ goes Solar website.

### **3.0 Commercial Incentive Program**

The SunWatts Commercial & Industrial (non-residential) incentive program will pay a One Time Incentive (OTI) for the installation of qualifying photovoltaic (PV), Wind systems, or solar water heating (SWH) system. The Customer is eligible to participate in NET Metering. To qualify for an Incentive, the system must be no more than 125% of system load measured in kWh as determined in Section 12.

#### **3.1 Commercial PV systems:**

SSVEC will pay an incentive of \$0.25 per DC watt, with a maximum payment of \$5,000 per system per non-residential Metered Account. Off grid systems for stock watering qualify for this incentive. Customer will provide copies of their invoice for tracking system costs for posting on AZ goes Solar website.

#### **3.2 Commercial Wind Systems**

The Incentive rate for Wind is \$0.10 per watt with a maximum Incentive of \$2,500. To qualify for an incentive the wind system must have a final output voltage of at least 120VAC and be grid tied. Turbines that produce only DC voltages (for battery charging) do not qualify for incentives. Customer will provide copies of their invoice for tracking system costs for posting on AZ goes Solar website.

### **4.0 System Sizing**

If the Residential or Commercial customer chooses to install a system that is larger than the customer's connected load as determined below in section 12 the excess energy either can be sold by the customer to the wholesale market (subject to an approved wheeling tariff) or, if SSVEC needs the power, it may be purchased by SSVEC under a negotiated Purchased Power Agreement. If the system qualifies as QF under PURPA rules, SSVEC will purchase the power at its avoided cost as required by PURPA. In either situation, the system will not qualify for Net Metering or an Incentive.

## **5.0 2008 Solar for Schools Project**

As part of the 2008 REST program the Commission approved a CREBs loan for the Solar for Schools project. The Maintenance and Debt Service budget is set to \$800,000 per year. Beginning with the 2014 REST Program SSVEC has to include some maintenance costs due to the bankruptcy and subsequent closure of the Inverter Manufacturer which nullified the extended warranty SSVEC had obtained in 2008.

## **6.0 SunWatts Large-Scale Generating Program**

In 2012 SSVEC installed two utility grade projects (1.5MW total capacity) using the ACC approved CREBs funds. The proposed budget includes the debt service for this project. SSVEC will reimburse the REST funds for all kWh produced at the Avoided Cost Rate as set in the Net Metering Tariff which is updated annually.

## **7.0 Independent Power Production Projects:**

If a developer wishes to install a renewable generation facility (i.e. a facility without any existing load being served by SSVEC) in SSVEC service area, they must contact SSVEC and coordinate the efforts so that any and all system improvements needed to “wheel” the power to a buyer or SSVEC is paid by the developer. For this program year SSVEC is not in the market for purchasing any renewable energy due to the backlog of incentives for residential and business customers.

## **8.0 Solar Water Heater Program.**

SSVEC will pay an incentive equal to \$0.50 per kWh of estimated energy saved during the system’s first year of operation based on the OG-300 ratings of the Solar Rating and Certification Corporation. Only OG-300 certified solar systems are eligible for the Sun Watts Incentive. A list of OG-300 certified Solar Systems is available at the Solar Rating and Certification Corporation’s website at [www.solar-rating.org](http://www.solar-rating.org). Residential and commercial water heater systems will be covered. Southwest Gas Customers who are eligible for a “*Smarter Greener Better Solar*

*Water Heating*” Rebate (effective for any system installed after June 2012) and solar swimming pool heating systems are not eligible. SSVEC highly recommends that systems be installed by licensed contractors but if the member chooses to do a “self-install”, the local building inspector must approve the installation to qualify for the SunWatts Incentive. Customer will provide copies of their invoice for tracking system costs for posting on AZ goes Solar website.

## 9.0 UCPP Approved Technologies:

SSVEC will use the incentive, specifications, and criteria developed by the UCPP Working Group as the basis for Performance Based Incentives for alternative renewable energy projects. Solar Day Lighting will be paid at the end of the 12 month measurement and validation period that quantifies the first year savings.

Technology	OTI	PBI
Solar Day lighting	\$.12 per kWh for first year savings	
Geothermal Electric Thermal		\$.02 per kWh over 10 years \$.035 per kWh over 10 years
Biogas/Biomass Electric Thermal Cooling CHP-Electric CHP-Thermal		\$.034 per kWh over 10 years \$.010 per kWh over 10 years \$.025 per kWh over 10 years \$.025 per kWh over 10 years \$.013 per kWh over 10 years
Solar Space Cooling		\$.077 per kWh over 10 years

PBI is limited to 25% of the total cost of the project

The Incentives are subject to revision based on the final approved version of the UCPP.

## 10.0 Additional Program Incentives and Grants:

- SSVEC will continue our partnership with the Habitat for Humanity Program to offer renewable energy options to low-income families in cooperative service territories. SSVEC will contribute up to \$15,000 dollars to the Habitat organization for the purchase of photovoltaic and other renewable energy equipment to be installed on Habitat homes and will also assist in finding local renewable energy equipment dealers who are willing to donate products and services. The type and amount of equipment will vary from project to project.

Up to two of these projects will be undertaken each year at a cost not to exceed the amount budgeted in the annual REST budget. If Habitat does not have a project these funds will be used to pay residential or commercial incentives.

- SSVEC will provide New Home Subdivision Model Home advertising allowance of \$250 per builder per year. Subject to available funds.
- SSVEC will continue to fund a grant program for teachers in our service territory for the development of renewable curricula for the classroom. The grant program is limited to ten, \$500.00 grants per year.

### **11.0 NET Metering:**

SSVEC has a NET Metering tariff and all customers with renewable sources and approved interconnections are eligible for NET Metering subject to the provisions of the currently approved Net Metering Tariff.

### **12.0 Calculation of the 125% of Capacity**

One of the societal goals of using renewable energy is to have homes or business to become a “net zero” facility where the customer produces all their own kWh needs for the year. This is evident in the Net Metering rules where the 125% sizing limit is stated. To qualify for an Incentive, the system must also qualify for Net Metering under the currently approved Net Metering Tariff. In the event that no prior history is available, it is up to the Customer and the Contractor to determine the proper system size that meets the Net Meter Definition. SSVEC assumes no responsibility for the over or under sizing of systems.

### **13.0 Third Party Assignment of Incentives:**

The customer may choose to assign their incentives to a third party. Payment will then be scheduled based on the customer’s position on the reservation list. Only the original SSVEC Customer may assign the Incentive to a third party, the third party cannot subsequently assign the incentive to a “4<sup>th</sup>” party.

## **14.0 Customers unwilling to assign the RECs to SSVEC**

In the event that Consumers decide not to release/assign the RECs associated with their renewable project, SSVEC would treat these Customers as Net Meter Customer only. No SunWatts incentives will be paid if the RECs will not be transferred to SSVEC. The Customer must still submit all interconnection documents and subject to the same standards as systems that receive an Incentive.

## **15.0 Administration of the REST Plan**

*Annual Reporting and Plan Development:* Decision No. 71458 allows SSVEC to file its annual report not later than March 1st for the prior calendar year. SSVEC will submit its plan for the following year as required by the REST rules.

*Advertising, Promotion, and Education:* SSVEC works closely with the other Arizona Cooperatives in developing and executing the REST/Sun Watts program. Since the implementation of our reservation system, SSVEC has limited its advertising/marketing expenses to posters and program pamphlets, participation in local events (annual meetings, county fairs, etc.), the SSVEC website, and our share of the AZ Goes Solar website. General advertising is left to the Solar Industry.

SSVEC also works in partnership with other electric providers in the state of Arizona for the Arizona Utilities for Renewable Energy Education (“AZURE”) initiative. AZURE is jointly developing renewable energy education material for teachers and educators across Arizona. The group’s website is [www.azureeducation.com](http://www.azureeducation.com).

In order to ensure that SSVEC members receive maximum value for the REST/Sun Watts programs, SSVEC will not use more than 15% of the total surcharge funds collected for administration, research, and development, and advertising expenses.

## 16.0 Estimated Results/Budget/Tariffs

The current REST tariff was approved in 2013 for the 2013 REST Plan. For the 2014 plan, SSVEC has proposed no changes in either the kWh surcharge or the Caps. Current and proposed tariff is Exhibit 1

Proposed 2014 REST budget	
Estimated 2014 Collections	\$ 3,500,000
Alamo & San Simon kWh Sales	\$ 112,839
Estimated 2013 carry over	\$ 15,000
<b>Total Budget</b>	<b>\$ 3,627,839</b>
Loan Fund from Surcharge	\$ -
Administration	\$ 200,000
Habitat for Humanity projects	\$ 15,000
Advertising	\$ 1,000
School Solar Project (CREBs 1 debt service)	\$ 800,000
SSVEC Solar Farm (CREBs 2 debt service)	\$ 375,000
SunWatts Incentives Residential	\$ 1,286,839
SunWatts Incentives Commercial	\$ 750,000
PBI Residential	\$ 100,000
PBI Commercial	\$ 100,000
	<b>\$ 3,627,839</b>

*Because SSVEC owns the PV systems under the CREBs portion of the budget (PV for Schools) these credits will be allocated to meet the R14-2-1805 distributed generation goals. For 2013, SSVEC has not budgeted additional funds to attract additional distributed generation projects in our system to further increase the R14-2-1805 credits until the backlog of OTI payments are paid.*

SSVEC retains the flexibility to shift budget allocations to pay as many Incentives payments as possible as recommended by the ACC Staff in the 2012 REST plan as long as there is no decrease in the funds for incentives.

## 16.1 Budget Projections

### REST Budget Projections

	Budget Year				
	2014	2015	2016	2017	2018
REST Revenue	\$ 3,500,000	\$ 3,535,000	\$ 3,570,350	\$ 3,606,054	\$ 3,678,175
Alamo & San Simon kWh Sales	\$ 112,839	\$ 112,828	\$ 112,816	\$ 112,805	\$ 112,794
Estimated carry over from prior year	\$ 15,000	\$ 64,395	\$ 63,929	\$ 56,064	\$ 63,396
<b>Total REST Budget</b>	<b>\$ 3,627,839</b>	<b>\$ 3,712,222</b>	<b>\$ 3,747,096</b>	<b>\$ 3,774,923</b>	<b>\$ 3,854,364</b>
<b>Projected Budget</b>					
Advertising	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Program Costs (Admin, Ads, etc)	\$ 200,000	\$ 222,733	\$ 224,826	\$ 226,495	\$ 231,262
Habitat Project	\$ 15,000	\$ 15,750	\$ 16,538	\$ 17,364	\$ 18,233
CREB Bonds for Schools	\$ 800,000	\$ 810,000	\$ 820,000	\$ 830,000	\$ 840,000
Large Scale Renewables (CREBs)	\$ 375,000	\$ 369,000	\$ 363,000	\$ 357,000	\$ 351,000
SunWatts Residential Rebates	\$ 1,386,839	\$ 1,376,243	\$ 1,393,039	\$ 1,405,838	\$ 1,447,722
SunWatts Commercial Rebates	\$ 850,000	\$ 917,496	\$ 928,693	\$ 937,225	\$ 965,148
<b>Total Projected Budget</b>	<b>\$ 3,627,839</b>	<b>\$ 3,712,222</b>	<b>\$ 3,747,096</b>	<b>\$ 3,774,923</b>	<b>\$ 3,854,364</b>
<b>Projected Expenses</b>					
Advertising	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Principal and Interest from loans	\$ (96,000)	\$ (94,080)	\$ (91,258)	\$ (87,607)	\$ (83,227)
Program Costs (Admin, Ads, etc)	\$ 190,000	\$ 211,597	\$ 213,584	\$ 203,846	\$ 208,136
Habitat Project	\$ 15,000	\$ 15,750	\$ 16,538	\$ 17,364	\$ 18,233
CREB Bonds for Schools	\$ 800,000	\$ 810,000	\$ 820,000	\$ 830,000	\$ 840,000
Large Scale Renewables (CREBs)	\$ 375,000	\$ 369,000	\$ 363,000	\$ 357,000	\$ 351,000
SunWatts Residential Rebates	\$ 1,428,444.17	\$ 1,417,530.77	\$ 1,448,761.06	\$ 1,462,071.35	\$ 1,520,107.78
SunWatts Commercial Rebates	\$ 850,000.00	\$ 917,495.64	\$ 919,406.06	\$ 927,852.97	\$ 955,496.32
<b>Total Expense Projections</b>	<b>\$ 3,563,444</b>	<b>\$ 3,648,293</b>	<b>\$ 3,691,031</b>	<b>\$ 3,711,527</b>	<b>\$ 3,810,745</b>
<b>End of Year Balance</b>	<b>\$ 64,395</b>	<b>\$ 63,929</b>	<b>\$ 56,064</b>	<b>\$ 63,396</b>	<b>\$ 43,619</b>

## 16.2 Estimated Impact of Tariff on Customers

Rate Class	Monthly Average per Bill	Percentage Reaching Cap	Estimated Collection by Rate Class per Month
Rate R	\$ 3.11	74.4%	\$ 121,205
Rate GS*	\$ 10.86	1.8%	\$ 80,144
Rates I	\$ 36.50	61.8%	\$ 19,802
Rates P	\$ 139.15	45.0%	\$ 53,397
Rate C	\$ 300.00	100.0%	\$ 900

\* This rate class includes private wells that will never reach the cap and lower both the average collected and percentage reaching the cap.

### 16.3 Sample Customer Impacts

Sample Customers	Average kWh	Monthly Bill Impact	
		2013	2014
Average Residential Customer	800	\$3.49	\$3.49
Barber Shop	3,541	\$34.99	\$34.99
Department Store	161,760	\$200.00	\$200.00
Mall (less tenants)	61,872	\$200.00	\$200.00
Retail Video Store	12,843	\$85.00	\$85.00
Large Hotel	30,700	\$200.00	\$200.00
Large Building Supply and Hardware	157,707	\$200.00	\$200.00
Motel	30,227	\$200.00	\$200.00
Large Office Building	78,120	\$200.00	\$200.00
Hospital	360,075	\$200.00	\$200.00
Supermarket	117,860	\$200.00	\$200.00
Convenience Store	18,403	\$181.82	\$181.82
School	67,967	\$200.00	\$200.00
Irrigation Customer	51,745	\$50.00	\$50.00

### 17.0 Distributed Generation REST Goals

Renewable Energy Goals							
Year	Retail Sales (MWh) from the 2012 PRS	Renewable Goal (%)	Renewable Energy Needed (MWh)	Est. Renewable Capacity needed (MW)	Renewable MWh	Percentage of Goal	Systems Installed (by year)
2005 - 2007	796,093	.5%	3,980	1.8	307	8%	102
2008	819,072	.5%	4,095	1.9	683	17%	90
2009	834,119	1.00%	8,341	3.8	4,684	56%	298
2010	822,776	1.25%	10,285	4.7	9,813	95%	153
2011	840,861	1.50%	12,613	5.8	11,269	89%	158
2012	853,741	1.75%	14,940	6.8	18,734	125%	273
2013*	874,021	2.00%	17,480	8.0	25,000	143%	200
2014	894,364	2.25%	20,123	9.2			
2015	916,825	2.50%	22,921	10.5			
2016	940,599	3.00%	28,218	12.9			
2017	965,588	3.50%	33,796	15.4			
2018	991,628	4.00%	39,665	18.1			
2019	1,018,648	4.50%	45,839	20.9			
2020	1,046,693	5.00%	52,335	23.9			
2021	1,075,657	5.50%	59,161	27.0			
2022	1,105,508	6.00%	66,330	30.3			
2023	1,136,264	6.50%	73,857	33.7			
2024	1,167,957	7.00%	81,757	37.3			
2025	1,200,655	7.50%	90,049	41.1			

\*projected

The REST Rules in Section R14-2-1814 allow the Cooperatives to submit a plan as a substitute from the percentage of kWh sold requirements as set for the Investor Owned Utilities (“IOUs”) as set forth in R14-2-1804 and R14-3-1805. SSVEC is voluntarily setting distributed generation goals in the form of a percentage of sales to

conform to the reporting requirements of the IOUs. Upon approval, this plan supersedes all prior REST plans.

**17.1 Implementation Plan Table 1 Targeted Resources**

**IMPLEMENTATION PLAN**

**Table 1 - Targeted Resources**

Line No.	Targeted Generation Resources:	Owners hip <sup>1</sup>	Targeted Completion	2005-2012 Total MW	Targeted Energy Production (MWh or Equivalent)						
					2014	2015	2016	2017	2018	Total	
1	<b>Solar:</b>										
2	SSVEC		Nov-12	1.478	891	882	873	864	856	4,365	
3											
4											
5											
6	<b>Wind:</b>										
7	None										
8											
9											
10	<b>Geothermal:</b>										
11	Customer		Dec-10	0.65	1.4	1.4	1.4	1.4	1.4	7	
12											
13	<b>Biomass/Biogas:</b>										
14	Customer		Dec-09	0.9	1.6	1.6	1.6	1.6	1.6	8	
15											
16											
17	<b>Total Targeted Generation</b>			<b>3</b>	<b>894</b>	<b>885</b>	<b>876</b>	<b>867</b>	<b>859</b>	<b>4,380</b>	
18											
19	<b>Targeted Distributed Energy Resources:</b>										
20	<b>Residential:</b>										
21	Customer		n/a	6	12,074	13,752	16,931	20,277	23,799	86,833	
22											
23											
24	<b>Subtotal Residential</b>			<b>6</b>	<b>12,074</b>	<b>13,752</b>	<b>16,931</b>	<b>20,277</b>	<b>23,799</b>	<b>86,833</b>	
25											
26	<b>Non-Residential:</b>										
27	Customer		n/a	3	8,048	9,188	11,287	13,518	15,866	57,889	
28											
29											
30											
31											
32	<b>Subtotal Non-Residential</b>			<b>3</b>	<b>8,048</b>	<b>9,188</b>	<b>11,287</b>	<b>13,518</b>	<b>15,866</b>	<b>57,889</b>	
33											
34	<b>Total Targeted DER</b>			<b>9</b>	<b>21,022</b>	<b>22,940</b>	<b>28,218</b>	<b>33,795</b>	<b>39,665</b>	<b>144,722</b>	

Notes:

**17.2 Implementation Plan Table 2 Targeted RES Resource Cost (in \$Ms)**

**IMPLEMENTATION PLAN**

**Table 1 - Targeted Resources**

Line No.	Targeted Generation Resources:	Ownership <sup>1</sup>	Targeted Completion	YYYY-YYYY Total MW	Targeted Energy Production (MWh or Equivalent)					Total	Line No.
					2014	2015	2016	2017	2018		
1	<b>Solar:</b>										1
2		SSVEC	Nov-12	1,470	891	882	873	864	856	4,365	2
3											3
4											4
5											5
6	<b>Wind:</b>										6
7		None									7
8											8
9											9
10	<b>Geothermal:</b>										10
11		Customer	Dec-10	0.65	1.4	1.4	1.4	1.4	1.4	7	11
12											12
13	<b>Biomass/Biogas:</b>										13
14		Customer	Dec-09	0.9	1.6	1.6	1.6	1.6	1.6	8	14
15											15
16											16
17	<b>Total Targeted Generation</b>			<b>2</b>	<b>894</b>	<b>885</b>	<b>876</b>	<b>867</b>	<b>858</b>	<b>4,372</b>	17
18											18
19	<b>Targeted Distributed Energy Resources:</b>										19
20	<b>Residential:</b>										20
21		Customer	n/a	6	12,074	13,752	16,391	20,277	23,799	66,833	21
22											22
23											23
24	<b>Total Residential</b>			<b>6</b>	<b>12,074</b>	<b>13,752</b>	<b>16,391</b>	<b>20,277</b>	<b>23,799</b>	<b>66,833</b>	24
25											25
26	<b>Non-Residential:</b>										26
27		Customer	n/a	3	8,049	9,168	11,287	13,518	15,866	57,889	27
28											28
29											29
30											30
31											31
32	<b>Total Non-Residential</b>			<b>3</b>	<b>8,049</b>	<b>9,168</b>	<b>11,287</b>	<b>13,518</b>	<b>15,866</b>	<b>57,889</b>	32
33											33
34	<b>Total Targeted DER</b>			<b>9</b>	<b>20,123</b>	<b>22,920</b>	<b>27,678</b>	<b>33,795</b>	<b>39,665</b>	<b>124,722</b>	34

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

Sulphur Springs Valley Electric Cooperative
350 N Haskell Ave
Willcox, Arizona 85643

SCHEDULE REST
Renewable Energy Surcharge Tariff

Effective: For electrical usage beginning on or about December 21, 2012 and billed beginning with the January 2013 cycle billings.

Applicability

The Renewable Energy Surcharge Tariff is applicable to all consumers located along existing electric distribution lines of the Cooperative, who use the Cooperative's standard service for single- or three-phase service. Surcharges under this schedule will be in accordance with the Cooperative's general rules, terms and conditions, available at the Cooperative's office, which general rules or subsequent revisions thereof are a part of the schedule as if fully written herein.

Rate

\$0.00988 per kWh delivered by the Cooperative

Subject to the following maximum per month:

Table with 2 columns: Category and Rate. Categories include Residential Consumers (Rates R, RT), General Service (Rates GS, GT, non-residential rates not listed below), Irrigation Customers (Rates CD, CW, CD-Large, IL, IS), Commercial & Industrial (Rates P, IP, PRV, PT), and Industrial (Demand over 3MWs). Rates range from \$3.49 to \$300.00.

For Rate RPS only the daily REST CAP shall be \$0.115 per day

Schedule of fee's for SunWatts inspections:

Table with 2 columns: Inspection Type and Fee. Inspection types include 1st inspection (no charge), 2nd inspection (if needed\*) (\$75.00), and 3rd and subsequent inspections (if needed\*) (\$150.00 ea.).

\* additional inspections charges are billed to the installation contractor as required when violations of the inter-connection requirements, the National Electric Code, or safety issues are found during the current inspection that cannot be corrected during the first or subsequent inspection. Inspection fees to be returned to the REST funds.

**RESOLUTION****2013-03**

The following resolution was adopted at a regular meeting of the Sulphur Springs Valley Electric Cooperative, Inc., Board of Directors held May 22, 2012, in Sierra Vista, Arizona:

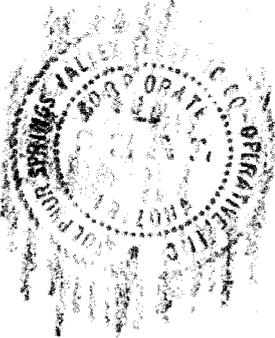
WHEREAS, Sulphur Springs Valley Electric Cooperative (SSVEC), an electric cooperative company in Arizona, is required to submit annual updates to the REST program and tariff, in the course of normal operations.

BE IT RESOLVED that the Board of Directors of SSVEC has reviewed the 2014 REST program presented by the SSVEC Management and Staff and fully supports the 2014 REST plan to be submitted to the ACC for approval.

I, Harold L. Hinkley, do hereby certify that I am the Secretary of Sulphur Springs Valley Electric Cooperative, Inc., and the foregoing is a true and correct copy of a resolution adopted by the SSVEC Board of Directors at a regular meeting held on May 22, 2013.

  
Secretary

SEAL



## Exhibit A

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The following are SSVEC's responses (or pre-filed testimony) regarding the proposed 2014 RES Tariff and Plan with questions we anticipate might be asked by the ACC Staff based on prior submissions our review of other utilities approved plans.

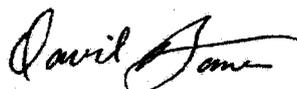
For questions or comments the point of contact is:

David Bane  
SunWatts Program Manager  
311 E. Wilcox  
Sierra Vista, AZ 85635  
[dbane@ssve.com](mailto:dbane@ssve.com)  
520-515-3472

With copies to;

Jack Blair  
Chief Member Services Officer  
311 E. Wilcox  
Sierra Vista, AZ 85635

Respectfully,



David Bane



Question 1) Did SSVEC consider any change to the method of the collection of REST funds or in the amount of the kWh surcharge or caps?

Response: We are proposing no changes in our collection method for the REST surcharge in the 2014 program. From the very beginning of the SSVEC Renewable Energy Program, based on Member input, our method has been to collect the surcharge based on the “delivered” kWh from SSVEC not the “net kWh” (see sample bill below). We felt that it was only fair those consumers who installed a “net zero” sized system would continue to contribute to the very same program that helped them install their systems. Spot checks show that these residential consumers with “net zero” systems continue to pay the same average REST surcharge as those without a PV system.

134791	107007500				
Cost of Basic Service					0.21
Wholesale Power and Fuel Charges					0.29
DSM Surcharge					0.29
Taxes					1.00
30 days of service from 09/01/2012 to 09/30/2012					TOTAL: \$4.99
Net kWh Res Customer Generated	0.007	0.007	1	0.007	\$0.19
Wholesale Power and Fuel Cost Adjuster					1.00
Balance Transfer Between Accounts					15.99
PREVIOUS BALANCE	15.99	PAYMENTS RECEIVED	0.00	BALANCE FORWARD	15.99
				BALANCE DUE	15.99

Further support that our method is working can be seen in our REST collections YTD report that shows are collections are for the most part slightly above projections.

### 2012 REST program Financial Report

Budget	Estimated REST Collections	Actual Collected *
Loan Fund from Surcharge	\$ 200,000	\$ 200,000
Program Costs (R&D, Advertising, Admin)	\$ 225,000	\$ 225,000
Habitat for Humanity projects	\$ 15,000	\$ 15,000
School Solar Project (debt service)	\$ 784,000	\$ 784,000
Utility Scale Project (debt service)	\$ 350,000	\$ 350,000
SunWatts Incentives Residential	\$ 1,333,000	\$ 1,327,327
SunWatts Incentives Commercial	\$ 266,000	\$ 1,034,097
PBI Residential	\$ 95,000	\$ 118,123
PBI Commercial	\$ 95,000	\$ 118,123
	\$ 3,363,000	\$ 4,171,670

Question 2) Why does SSVEC want to keep the incentives for PV higher than the other utilities specifically at \$0.25 per watt?

Response: Most of our installations are in the Sierra Vista area and this is a remote location compared to the metropolitan areas of the State served by the Investor Owned Utilities. The balance of our service area is even more remote than Sierra Vista. It costs the installers more to install systems because of the extended travel time, and higher transportation costs for equipment. With the smaller market area they cannot always buy materials in the same quantity as the installers in Tucson or Phoenix to leverage discounted purchases. In talking to our members and the local installers they feel the proposed \$0.25 per watt is a reasonable incentive for our market.

Question 3) Did SSVEC consider the lowering the REST Surcharge in light of the proposed lowering of the incentives paid to Customers?

Response: In our proposed plan we did lower the incentive levels to more closely match what was approved for other utilities in 2013. Because we have a backlog of members waiting for incentives with our reservations system that are funded at a much higher incentive level, we did not feel it would be fair to make them wait longer by reducing the collections and lowering the budget. The caps in the current RES Tariff have been there since 2010 and the kWh surcharge has been the same since 2011. The SSVEC Board of Directors and feedback from focus groups members feel the current RES Tariff is fair and balanced.

Question 4) What is the Customer's response to the SSVEC reservation system?

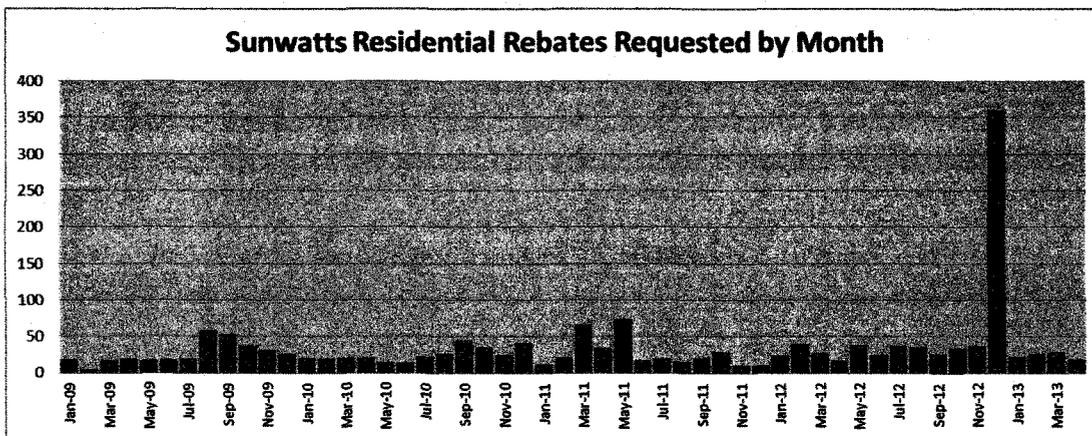
Response: Every Customer on the reservation list was informed at the time they made the reservation of a) the need for, b) time frame for payment, and c) the process the reservation list follows. Feedback we receive from customers and contractors is they feel we have the most fair and simple system of all utilities in the State. With our reservation system what the Customer will receive as an incentive is based on the reservation date not the funding levels at the time of installation. The customer can then choose to 1) install now and wait for the OTI or 2) install now and choose Performance Based Incentive (PBI from prior programs) or 3) wait to install until they reach the top of the reservation list and decide what they want to do then.

We have had no complaints from members or contractors (other than "I wish I had signed up when I first thought about it two years ago") on how we manage the reservation list. We have also found that customers who waited to come to the top of the list were able to purchase more system for the same price or the same size systems for a lower price. Either way the Customer has received a better value on their investment.

Question 5) What else can you tell Staff about your Reservation list?

Response: When we chose to use a reservation type system (based on input from our Members) we estimated that the wait time would be 18-24 months. Every customer currently on the list was aware of the waiting list when they made their reservation and made the choice to wait to reach the top of the list before they install a system or to install and wait for their name to reach the top of the reservation list to receive their One-Time Incentive (OTT). As of this filing, every residential customer who made a reservation before February 2012 has been informed that incentive funds are available for them to move forward with their installations. Our projection is that by the end of August 2013 we will reach the first weeks' worth of December 2012 reservations with the notice to proceed letter.

Late in 2012 as the per watt incentive in APS, TEP, and Trico service area were lowered to the 10 cent per watt amount while the SSVEC program was still at the \$2.00 per watt rate. This resulted in our service area being "flooded" with sales representatives resulting in an extreme amount of customer reservations (see graph). We now estimate a 14 to 30 month backlog (with the bulk of the 30 month backlog for those reservations taken in December of 2012). Time will tell if the systems reserved in December of 2012 actually come on-line. The most current mailing of "you are at the top of the list" letters had a 60% cancellation rate.



Question 6) Did you calculate what the REST surcharge would have to be so that SSVEC could meet the 15% of supply that is required of the investor owned utilities?

Response: For three REST program submissions we have performed that study and each time it has shown that the required REST tariff would be so large as to have an extreme negative impact on our members. Each time the Commissioners have agreed that our requested REST surcharge was fair and reasonable. Because we are not changing the REST surcharge, spending time to update this study would be a waste of both the time and efforts of the ACC Staff and SSVEC as the results would be virtually the same as prior studies. The following is the summary table from the 2011 submission.

Table # 1	REST Funding Options Considered					
	Submitted	Alternate #1	Alternate #2	Alternate #3	Alternate #4	alternative #5
Rest Surcharge	\$ 0.009880	\$ 0.009880	\$ 0.009880	\$ 0.021086	\$ 0.009880	\$ 0.039324
Res Cap	\$ 3.49	\$3.69	\$ 3.89	\$ 3.49	\$ 5.66	\$ 25.00
GS	\$ 85.00	\$89.87	\$ 94.74	\$ 85.00	\$ 137.85	\$ 250.00
Irrigation	\$ 50.00	\$52.87	\$ 55.73	\$ 50.00	\$ 81.09	\$ 200.00
Rate P & IP	\$ 200.00	\$211.46	\$ 222.92	\$ 200.00	\$ 324.36	\$ 400.00
3MW + Cap	\$ 300.00	\$317.19	\$ 334.38	\$ 350.00	\$ 486.53	\$ 1,500.00
Rest Collection	\$ 3,301,791	\$ 3,412,916	\$ 3,519,553	\$ 4,300,000	\$ 4,300,000	\$ 15,000,000
% of Change	10%	13%	17%	43%	43%	398%
2010 Budget	\$ 3,009,635					
Percentage reaching cap						
Rate R	74.4%	72.3%	70.1%	91.0%	51.5%	45.7%
Rate G	1.8%	1.6%	1.4%	7.3%	0.4%	3.5%
Rates I	61.8%	60.8%	59.8%	72.8%	53.3%	61.8%
Rates P	45.0%	42.3%	39.8%	71.7%	25.1%	70.3%
rate C	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average Charge						
Rate R	\$ 3.11	\$3.25	\$3.40	\$ 3.33	\$ 4.47	\$ 19.00
Rate G	\$ 10.86	\$10.94	\$11.01	\$ 19.41	\$ 11.35	\$ 40.95
Rates I	\$ 36.50	\$38.25	\$39.98	\$ 39.91	\$ 54.29	\$ 145.88
Rates P	\$ 139.15	\$144.15	\$148.86	\$ 163.94	\$ 181.24	\$ 324.90
rate C	\$ 300.00	\$317.19	\$334.38	\$ 350.00	\$ 486.53	\$ 1,500.00
Collected by Rate Class						
Rate R	\$ 1,454,465.26	\$1,523,191.01	\$1,589,922.99	\$ 1,559,756.68	\$ 2,092,838.97	\$ 8,891,872.73
Rate G	\$ 961,729.27	\$969,079.11	\$975,438.80	\$ 1,718,690.52	\$ 1,005,472.74	\$ 3,626,655.19
Rates I	\$ 237,628.49	\$249,200.19	\$260,598.05	\$ 258,442.42	\$ 355,244.22	\$ 949,834.27
Rates P	\$ 640,767.94	\$663,832.72	\$685,568.02	\$ 754,710.38	\$ 834,767.26	\$ 1,495,637.81
rate C	\$ 7,200.00	\$7,612.61	\$8,025.21	\$ 8,400.00	\$ 11,676.81	\$ 36,000.00
Total	\$ 3,301,790.96	\$3,412,915.63	\$3,519,553.07	\$ 4,300,000.00	\$ 4,300,000.00	\$ 15,000,000.00
	Surcharge from .007937 to .00988	Residential cap increased to 3.69 and remaining caps increased by same percentage	Residential cap increased to 3.89 and remaining caps increased by same percentage	Caps remain the same but surcharge increased to reach a 4.3 million total	Surcharge remain the same but Caps raised to reach the 4.3 Million	Level needed to get to the IOU % of Renewables

Question 7) Are there any other changes in your 2014 REST program from prior program?

Response: Yes,

- 1) We want to simplify the process of calculating the incentive. We began by reviewing the invoices for systems submitted using the different programs. From this review, it appears that the system prices were adjusted (all prices were virtually the same regardless of the contractor or location) to reach the maximum incentive based on the percentage of system cost (50%, 45% or 35%) allowed in the program year. SSVEC feels that by changing to a \$0.25 per watt incentive with a maximum incentive amount (described below), the Customer is encouraged to purchase the least cost system not

the system that has the highest incentive payment. Consequently, SSVEC is proposing to eliminate the use of a percentage cap. For example: If we used a 25% cap and a \$0.25 per watt incentive, the cost of PV would have to get to \$1.00 per watt before it reached the percentage cap so including a 25% cap would have no meaning and would just add to the confusion of the customer.

Instead of using a percentage cap, the program would then set a maximum residential incentive amount per system of \$2,500 which would "max out" at the 10kW system size. Our average Residential system size is 4.7 kW.

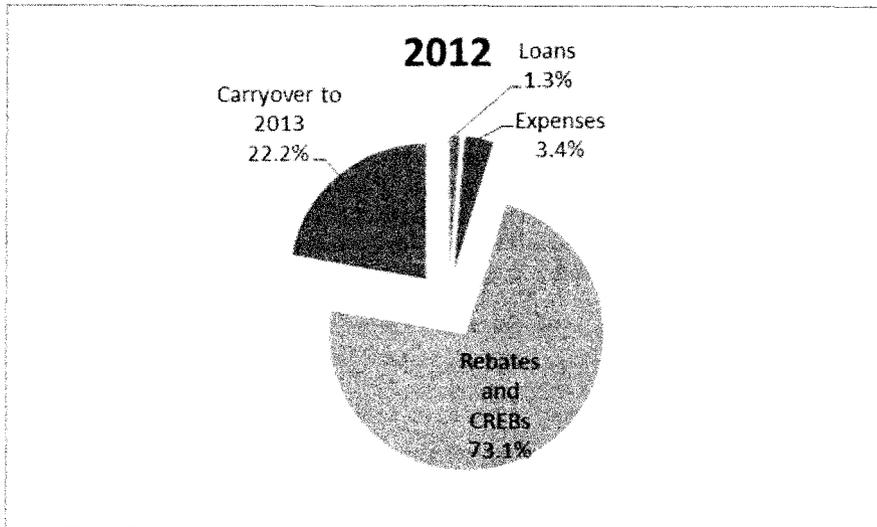
Similarly for C&I we would use a proportionally higher maximum of \$5,000 which would "max out" at a 20kW system size. Our average C&I size is 15.5 which is this higher than the "most common size" due to a 50kw system being installed last year.

- 2) When the Incentive level was above \$2.00 per watt, large systems (over 10kW) using an OTI would reduce the total number of system that could receive incentives in the program year. PBI was used as a method to extend or spread out the "cash flow" and allowed us to pay on more systems in any given year. We feel at the \$0.25 per watt incentive level and with the maximum incentive set, PBI is no longer needed to manage cash flow. Internally, PBI has created more administrative time than we anticipated and is not worth the effort at the proposed incentive level. Eliminating PBI also removes the long term (7-18 year) liability for incentive payments. Because Wind is not as effective or predictable as PV in SSVEC's service area, SSVEC feels that the lower incentive and cap is appropriate for Wind, and the PBI for Wind should also be eliminated. Continuing PBI for wind systems at the proposed incentive levels would be spending Admin "dollars" to measure out "pennies" which we don't feel is a good way to spend Customers Rest Funds.
- 3) Elimination of the loan program. With system prices dropping and solar installers offering more creative financing programs, the loan system was hardly being used by our customers. In 2012 only 5 loans were made for the whole year (only 26% of annual loan budget). We feel these funds would be better spent on decreasing the waiting list than sitting in a budget until the end of the year when we move all excess funds into the Incentive payments.
- 4) Reducing the Incentive paid to Builders to include PV in their model homes from \$500 to \$250 per builder per year. .

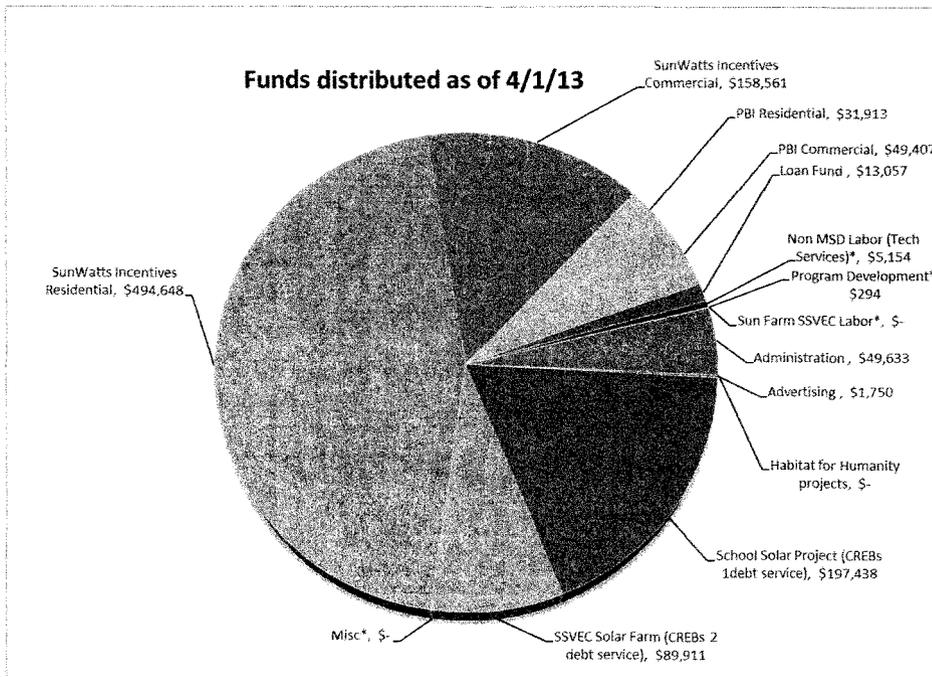
Question 8) Where did SSVEC spend the REST budget in 2012?

Response: This graph provides a visual of where the REST funds were distributed. As you can see 96.6% of funds collected went back to Customers in either an incentive, debt service for the PV for schools project, or carried forward to 2013.

Our total cost for program management was only 3.4% of funds collected, which is well below the 15% allowed by the RES guidelines. As you can see, because of our reservation list we didn't spend money on direct advertising (we did have to pay our share of the AZ goes Solar website as advertising) and are proud we get Admin costs down so that most of the money we receive can go directly to solar rebates and CREBS repayment.



As of 4/1/13 expenses are as follows:



Questions and Comments for the 2014 REST Plan for SSVEC

Question 9) Your 2012 REST compliance report showed a fairly large carryover of funds into 2013. Why was this?

Response: Our rate of payments is dependent on how fast the installers can complete systems, if they slow down our balance available for incentives increases accordingly. December is typically our busiest month for installations as people rush to get the projects completed before the end of the year for tax purposes. We also had two very large Commercial projects that were due to be complete in December and January. In January 2013 we paid out \$590,050.00 for Incentives (the monthly average for incentive payments in 2012 was \$46,657.00) for projects completed in December. We also have \$862,128.00 of incentives for two large C&I projects completed in January scheduled for payments.

Toward the end of the year we also found that the number of reservations being canceled by the Customers receiving their "funds available notice" was increasing from 50% to 60%. In response we have increased the number of notifications letters sent out to adjust for this change. Our goal is to clear the reservation list as fast as possible.

Question 10) Are there any comments you would like to share with the Commissioners and Staff?

Response: SSVEC feels that the lowering of the Incentive levels below the \$0.25 per watt would have an impact on our ability to meet the long term goals listed in the REST plan.

SSVEC would not object if this proposed REST program was made effective on the first day of the month following the approval of the Commission even if prior to January 1, 2014. This might prevent a spike in reservations like we saw in December 2012.

SSVEC would appreciate the expediting of this review of our plan based on the simplicity of our REST plan and the minor changes between the current and proposed plans.