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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

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

Arizona Corporation Commission  
**DOCKETED**

JUN 28 2013

AZ CORP COMMISSION  
DOCKET CONTROL

DOCKETED BY nr

IN THE MATTER OF THE APPLICATION OF  
SULPHUR SPRINGS ELECTRIC COOPERATIVE,  
INC. FOR THE 2013 NET METERING TARIFF  
WITH THE UPDATED AVOIDED COST

DOCKET NO. E-01575A-13-0216  
APPLICATION

Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") hereby submits this application to update the approved Net Metering Tariff (Decision 72552) to accurately determine the avoided cost of energy used for the reconciliation of Net Metered Customers beginning in September 2013.

**I. Background.**

- SSVEC is certificated to provide electric service as a public service corporation in the State of Arizona.
- On June 30, 2012, 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. 72552.

- 1           ➤ Net Metering allows electric utility customers to be compensated for generating their own  
2 energy from renewable resources, fuel cells, or Combined Heat and Power. If the  
3 customer's energy production exceeds the energy supplied by SSVEC during a billing  
4 period, the customer's bill for subsequent billing periods is credited for the excess  
5 generation. That is, the excess kWh generated during the billing period is used to reduce  
6 the kWh billed by SSVEC during subsequent billing periods.
- 7
- 8           ➤ Each September or March (or for a customer's final bill upon discontinuance of service),  
9 SSVEC credits the customer for the balance of any remaining excess kWh. The payment  
10 for the purchase of these excess kWh is at SSVEC's annual average avoided cost, which is  
11 specified on the Net Metering Tariff. R14-2-2302(1) defines avoided cost as "the  
12 incremental cost to an Electric Utility for electric energy or capacity or both which, but for  
13 the purchase from the Net Metering facility, such utility would generate itself or purchase  
14 from another source."
- 15
- 16           ➤ SSVEC's Net Metering Tariff provides for the annual average avoided cost to be  
17 determined by the average wholesale fuel and energy cost per kWh charged by SSVEC's  
18 wholesale power suppliers during the previous 12 months calculated with the receipt of  
19 the May wholesale power bills. SSVEC is required to file its updated avoided cost  
20 calculations with the Commission no later than July 1 of each year. This updated avoided  
21 cost, after approval by the Commission, would become effective on September 1.
- 22
- 23           ➤ Decision 72552 requires that SSVEC file avoided cost updates as new applications filed in  
24 new dockets.  
25  
26

1 **II. Application**

2 SSVEC's current approved avoided cost rate is \$0.0359 per kWh. SSVEC proposes that the rate  
3 be increased slightly to \$0.0364 per kWh.  
4

5 Attachment A is the proposed 2013 NET Metering Tariff which is identical to the current  
6 Net Metering Tariff (Decision 72552) with the exception of the revised  
7 Avoided Cost per kWh (Page 2, Paragraph 4, line 5).  
8

9 Attachment B is the wholesale purchase history and calculations to determine the new  
10 avoided cost to be used beginning on September 1, 2013.  
11

12 **III. Conclusion**

13 SSVEC respectfully requests the Commission issue an Order:

- 14 1) Approving the 2013 Net Metering Tariff  
15

16 RESPECTFULLY SUBMITTED this 28th day of June 2013.

17 Sulphur Springs Valley Electric Cooperative, Inc.  
18

19 By   
20 David Bane  
Key Accounts Manager  
21

22 **Original** and thirteen (13) copies  
23 filed this 28<sup>th</sup> day of June, 2013,  
with:

24 Docket Control  
25 Arizona Corporation Commission  
26 1200 W. Washington,  
Phoenix, AZ 85007

**Attachment A**  
**ELECTRIC RATES**

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**SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.**

**350 N. Haskell Ave**

**Willcox, Arizona 85643**

**Filed By: Creden Huber**

**Title: General Manager/CEO**

Effective Date: September 1, 2013

**STANDARD OFFER TARIFF**

**NET METERING TARIFF**  
**SCHEDULE NM**

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**Availability**

Net Metering service is an option for all customers of the Cooperative with a qualifying Net Metering Facility. Participation under this schedule is subject to availability of enhanced metering and billing system upgrades. The electric energy generated by or on behalf of the member from a qualifying Net Metering Facility and delivered to the Cooperative's distribution facilities may be used to offset electric energy provided by the Cooperative during the applicable billing period.

Net Metering Facility means a facility for the production of electricity that:

- a. Is operated by or on behalf of the customer and is located on the customer's premises;
- b. Is intended to provide part or all of the customer's requirements for electricity;
- c. Uses Renewable Resources, a Fuel Cell or CHP (as defined below);
- d. Has a generating capacity less than or equal to 125% of the customer's total connected load, or in the absence of customer load data, capacity less than or equal to the customer's electric service drop capacity; and
- e. Is interconnected with and can operate in parallel in phase with the Cooperative's existing distribution system.

Service under this tariff is available provided the rated capacity of the customer's Net Metering Facility does not exceed the Cooperative's service capacity. The customer shall comply with all of the Cooperative's interconnection standards. The customer is also required to sign and complete the Net Metering Application prior to being provided Net Metering Service. This service is also referred to as Partial Requirements Service.

**Monthly Service Charge**

There is no additional monthly service charge for Net Metering. The monthly Service Charge shall be the same as the non-net metering tariff that the customer would use if they did not choose to Net Meter.

**Metering**

Metering installed for the service provided under this tariff shall be capable of registering and accumulating the kilowatt-hours (kWh) of electricity flowing in both directions in a billing period.

The customer requesting Net Metering shall pay for the incremental cost difference of the bi-directional meter required for Net Metering and the standard meter, with a monthly fee of \$2.70.

**NET METERING TARIFF  
SCHEDULE NM**

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**Monthly Billing**

If the kWh supplied by the cooperative exceeds the kWh that are generated by the customer's Net Metering Facility and delivered back to the cooperative during the billing period, the customer shall be billed for the net kWh supplied by the Cooperative in accordance with the rates and charges under the customer's standard rate schedule.

If the electricity generated by the customer's Net Metering Facility exceeds the electricity supplied by the Cooperative in the billing period, the customer shall be credited during the next billing period for the excess kWh generated. That is, the excess kWh during the billing period will be used to reduce the kWh supplied (not kW or kVA demand or customer charges) and billed by the Cooperative during the following billing period.

Customers taking service under time-of-use rates who are to receive credit in a subsequent billing period for excess kWh generated shall receive such credit during the next billing period during the on- or off- peak periods corresponding to the on- or off- peak periods in which the kWh were generated by the Customer.

The Customer may choose either September or March for the once per year "true up". In the "true up" month or when the account is closed, the Cooperative shall issue a check or billing credit to customers with Net Metering Facilities for the balance of any credit due in excess of amounts owed by the customer to the Cooperative for Non-Firm Power. The payment for any remaining credits shall be at the Cooperative's Annual Average Avoided Cost which is \$0.0364 per kWh. Amounts over \$100.00 will be paid by check lesser amounts will be a billing credit. The Customer may also elect to donate the payment to the SSVEC Foundation or Operation RoundUP. Any payment for Firm Power will be pursuant to a separate contract.

**Definitions**

1. Annual Average Avoided Cost is defined as the average wholesale fuel and energy cost per kWh charged by the Cooperative's wholesale power supplier(s) during the previous 12 months calculated with the receipt of the May wholesale power bills. The Annual Average Avoided Cost will then be applied in the September or March "true up" period or when a NET Meter Account is closed during the Net Metering Calendar Year. SSVEC will submit an updated NET Meter tariff prior to July 1<sup>st</sup> to the ACC for approval of the Average Avoided Cost and post the updated value to the SSVEC website and copies of the NET Metering tariff are available at any Cooperative office.
2. Calendar Year: For the purpose of determining the billing credit for the balance of any credit due in excess of amounts owed by the customer to the Cooperative, the Calendar Year for NET Metering is defined as September 1 through August 31 (September billing cycle).
3. Renewable Resource means natural resources that can be replenished by natural processes, including Biomass, Biogas, Geothermal, Hydroelectric, Solar or Wind as defined in A.A.C. R14-2-2302(2) &(3).

**NET METERING TARIFF  
SCHEDULE NM**

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4. Combined Heat and Power or CHP (also known as cogeneration) means a system that generates electricity and useful thermal energy in a single, integrated system such that the useful power output of the facility plus one-half the useful thermal energy output during any 12-month period must be no less than 42.5 percent of the total energy input of fuel to the facility.
5. Fuel Cell means a device that converts the chemical energy of a fuel directly into electricity without intermediate combustion or thermal cycles. The source of the chemical reaction must be from Renewable Resources.
6. Determining the customers 125% capacity from load data:
  - a. In the absence of demand data (for residential and small business) the highest 12 months (calendar year) kWh consumption in the previous three years, will be divided by 2190 (average annual PV production hours) to determine the 100% capacity level in kW which will achieve a "net zero" home or business. To which the 125% will be applied
  - b. For customers with a demand history it will be 125% of the highest demand in the most current 12 month period. Demand history can be obtained by a billing meter with a demand register or demand data acquired by the Automatic Meter Reading (AMR) system.
7. Partial Requirements Services- Electric service provided to a customer that has an interconnected Net Metering Facility whereby the output from its electric generator(s) first supplies its own electric requirements and any excess energy (over and above its own requirements at any point in time) is then provided to the Company. The Company supplies the customer's supplemental electric requirements (those not met by their own generation facilities). This configuration may also be referred to as the "parallel mode" of operation.
8. Non-Firm Power- Electric power which is supplied by the Customer's generator at the Customer's option, where no firm guarantee is provided, and the power can be interrupted by the Customer at any time.
9. Firm Power- Power available, upon demand, at all times (except for forced outages) during the period covered by the Purchase Agreement from the customer's facilities with an expected or demonstrated reliability which is greater than or equal to the average reliability of the Company's firm power sources.
10. Standard Rate Schedule- Any of the Company's retail rate schedules with metered kWh charges.
11. Time Periods- Mountain Standard Time shall be used in the application of this rate schedule. Because of potential differences of the timing devices, there may be a variation of up to 15 minutes in timing for the pricing periods. On-peak and off-peak time periods will be determined by the applicable Standard Retail Rate Schedule.

# Attachment B

## Avoided Cost Calculations

	7	8	9	10	11	12	1
	12	12	12	12	12	12	13
	59,230,000	66,518,000	56,053,000	56,262,000	52,362,000	56,582,000	61,027,000
	31,402,000	27,227,000	22,570,000	8,349,000	2,417,000	5,811,000	6,242,000
	5,966,000	8,625,000	960,000				
	96,598,000	102,370,000	79,583,000	64,611,000	54,779,000	62,393,000	67,269,000
	760,000	290,000	1,853,000	911,000	975,000	569,000	209,000
39	36,154,359	35,111,957	27,842,642	23,905,049	25,519,416	34,741,970	
	9,821,480	9,530,825	9,458,598	8,594,297	7,783,307	7,399,948	8,310,340
	19,235,811	20,351,273	20,048,137	18,140,581	16,513,546	15,309,735	15,699,293
	27,038,035	25,541,145	20,897,216	11,397,930	5,068,876	2,726,814	1,827,779
	180,847	180,955	181,009	180,739	181,603	182,053	182,053
	57,036,212	92,048,557	87,549,917	67,067,189	54,427,381	51,706,966	60,970,435
\$	2,411,253	\$ 2,707,948	\$ 2,281,918	\$ 2,149,213	\$ 1,925,351	\$ 2,085,118	\$2,243,963.00
\$	59,707	\$ 59,707	\$ 59,707	\$ 59,707	\$ 59,707	\$ 59,707	\$1,839.00
\$	904,532	\$ 929,592	\$ 703,041	\$ 268,825	\$ 74,905	\$ 178,170	\$191,504.00
\$	328,920	\$ 393,674	\$ 50,544				
\$	3,704,412	\$ 4,090,921	\$ 3,095,210	\$ 2,477,745	\$ 2,059,963	\$ 2,322,995	\$ 2,437,306
\$	0.0383	\$ 0.0400	\$ 0.0389	\$ 0.0383	\$ 0.0376	\$ 0.0372	\$ 0.0362
\$	<b>0.0491</b>						
\$	<b>0.0377</b>						
\$	<b>0.0367</b>						
\$	<b>0.0359</b>						
\$	<b>0.0364</b>						