

ORIGINAL

NEW APPLICATION



0000146255

RECEIVED

BEFORE THE ARIZONA CORPORATION COMMISSION

2013 JUN 28 A 11:41

Arizona Corporation Commission

DOCKETED

JUN 28 2013

AZ CORP COMMISSION
DOCKET CONTROL

DOCKETED BY
nr

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

COMMISSIONERS

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

IN THE MATTER OF THE APPLICATION OF
NAVOPACHE ELECTRIC COOPERATIVE, INC.
APPLICATION FOR APPROVAL OF ITS 2014
RENEWABLE ENERGY STANDARD TARIFF,
AND IMPLEMENTATION PLAN AND NET
METERING TARIFF

DOCKET NO. E-01787A-13-0220

Navopache Electric Cooperative, Inc. ("NEC") hereby submits its 2014 REST Implementation Plan and Tariff pursuant to A.A.C. R14-2-1814. Navopache is also submitting an updated avoided cost amount to be included in its Net Metering Tariff.

RESPECTFULLY SUBMITTED this 28th day of June, 2013

By
Heather McInelly
Navopache Electric Cooperative, Inc.

Original and thirteen (13) copies filed this
28th day of June, 2013, with:

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



Navopache Electric Cooperative

**2014 REST Plan
July 1st, 2013**

Submitted by: Heather McInelly
Renewable Resources Specialist
Navopache Electric Cooperative, Inc.
1878 West White Mountain Boulevard
Lakeside, AZ 85929
1-800-543-6324 extension 211

TABLE OF CONTENT

BACKGROUND	3
NEC 2014 REST PLAN	3
2014 REQUESTED CHANGES	3
REST SURCHARGE CALCULATED ON DELIVERED KWH	4
NET METERING MEMBER SURCHARGE IMPACT.....	4
INCENTIVE CAP MODIFICATION	4
INCENTIVE LEVEL MODIFICATION IMPACT	5
EXISTING INFRASTRUCTURE	5
UTILITY OWNED PHOTOVOLTAIC RESOURCES	5
OTHER RENEWABLE ENERGY RESOURCES	6
PERCENTAGE OF ARIZONA RETAIL KWH GOAL	6
FUTURE RENEWABLE ENERGY RESOURCES	7
BIOMASS	7
GEOTHERMAL GENERATING STATION PROJECT	7
RENEWABLE ENERGY INCENTIVE PLAN - REIP	7
RESIDENTIAL PHOTOVOLTAIC INCENTIVE	7
COMMERCIAL PHOTOVOLTAIC INCENTIVE	7
SOLAR WATER HEATER PROGRAM	8
PROGRAM FUNDING	8
REST FUNDING FROM SURCHARGE	8
VOLUNTARY RENEWABLE ENERGY PROGRAM	8
EXHIBIT 1 – PROPOSED REST TARIFF	9
EXHIBIT 2 – REVISED NET METERING SERVICE TARIFF FILING	13
CALCULATION OF NAVOPACHE’S ANNUAL AVOIDED COST	19
EXHIBIT 3 - PROPOSED 2014 REST BUDGET	20
EXHIBIT 4 - BUDGET PROJECTIONS	21
EXHIBIT 5 – IMPLEMENTATION PLAN	22

BACKGROUND

Navopache Electric Cooperative, Inc. ("NEC") is a rural electric transmission and distribution cooperative headquartered in Lakeside, Arizona. NEC provides electric service to approximately 40,000 members in its 10,000 square mile service territory covering east-central Arizona and west-central New Mexico. NEC owns and operates 263 miles of 69kV sub-transmission lines, 3,478 miles of 24.9/14.4kV distribution lines, and employs 102 full time employees. NEC is an "all-requirements" wholesale power customer of the Public Service Company of New Mexico ("PNM"). In 2012, NEC delivered 393.8 gigawatt hours in retail sales to its AZ membership.

The Arizona Corporation Commission ("ACC") approved the Renewable Energy Standard and Tariff Rules ("REST Rules") in Decision No. 69127 dated November 14, 2006. Following Attorney General Certification, The REST Rules took effect on August 14, 2007. The REST Rules require affected utilities to derive certain percentages of the total energy that they sell at retail from eligible renewable energy resources.

The REST Rules contain a section that specifically addresses electric power cooperatives. R14-2-1814 instructs the cooperatives to file "an appropriate plan for acquiring renewable energy credits for eligible renewable energy resources for the next calendar year." The provisions of this section of the REST Rules substitute for the requirement of R14-2-1804 and R14-2-1805 for NEC.

NEC owns and operates renewable energy resources, has secured renewable energy credit purchase agreements and has implemented a renewable energy incentive program to help the cooperative reach its renewable energy goals under the REST Rules.

NEC 2014 REST PLAN

2014 REQUESTED CHANGES

For the 2014 REST Plan, NEC seeks approval to make two changes in its REIP. Specifically, NEC proposes:

1. Amend REST language to state that the surcharge is calculated on energy delivered to member.
2. The "Annual Purchase Rate ($\$/kWh$)" on page 4 changes from the current \$0.02879 to \$0.03333, to reflect Navopache's Annual Average Avoided Cost for calendar year 2012; and the new effective date on page 1 changes from December 1, 2013. (Exhibit 4)
3. REIP cap modification.

REST SURCHARGE CALCULATED ON DELIVERED KWH

We are seeking approval for a clarification in our collection methodology for the 2014 REST surcharge. NEC currently accesses the REST surcharge for net metered participants on their Net kWh billed. Changing the surcharge calculation to the kWh delivered by NEC will make NEC's calculation consistent with the other utilities calculations.

The table below illustrates the impacts of this change on net metered customers' surcharges. In most cases, the proposed surcharge is higher and more consistent with what non-net metered customers pay and will result in net metered customers paying some surcharge rather than avoiding paying a surcharge as is the case currently.

Net Metering Member Surcharge Impact

		kWh	Current Surcharge	Proposed Surcharge	Increased Surcharge
Example 1: Residential Consumer	NEC Delivered	1,000		1.05	
	NEC Received	1,000			
	Net kWh Billed	0	0.00		1.05
Example 2: Residential Consumer	NEC Delivered	200		1.00	
	NEC Received	100			
	Net kWh Billed	100	0.50		0.50
Example 3: Residential Consumer	NEC Delivered	0		0.00	
	NEC Received	1,000			
	Net kWh Billed	0	0.00		0.00
Example 4: Commercial Consumer	NEC Delivered	20,000		39.00	
	NEC Received	1,000			
	Net kWh Billed	19,000	39.00		0.00
Example 5: Commercial Consumer	NEC Delivered	3,000		14.96	
	NEC Received	1,000			
	Net kWh Billed	2,000	9.98		4.99
Example 6: Commercial Consumer	NEC Delivered	0		0.00	
	NEC Received	1,000			
	Net kWh Billed	0	0.00		0.00

INCENTIVE CAP MODIFICATION

NEC proposes to simplify the process of calculating the incentive by removing the percentage cap and the size limitation from the REIP qualification. Current PV market cost support implementation of a set maximum incentive without a need for a percentage cap and promote adaption for future cost through removal of size limitation. Please review table below for REIP payment impact.

- \$5,000.00 REIP Cap for a Residential Site
- \$12,500.00 REIP Cap for a Commercial Site

Incentive Level Modification Impact

2013 REIP Incentive					
Classification	Installed Cost	Installed Capacity	Size Limit Cap	% Cap	Incentive Paid
Residential	50,000.00	10 kW	10 kW	50%	5,000.00
Commercial	100,000.00	25 kW	50 kW	50%	12,500.00

Proposed 2014 REIP Incentive				
Classification	Installed Cost	\$ Cap	Incentive Paid	
Residential	50,000.00			
Commercial	100,000.00			

EXISTING INFRASTRUCTURE

NEC will use a combination of utility owned photovoltaic installations, renewable energy credit purchase agreements and distributed generation facilities installed by its membership to achieve its 2014 REST goals.

As of December 31, 2012 NEC had 196 member-installed renewable energy systems connected to its power system, as per the Distributed Renewable Energy requirement of the REST Rules. The NEC Renewable Energy Incentive Program ("REIP") was approved by the ACC as a component of the 2013 NEC REST Plan in Decision No. 73770 of March 2013.

UTILITY OWNED PHOTOVOLTAIC RESOURCES

Since 2003, NEC has installed four separate photovoltaic arrays totaling 278 kilowatts. Two of the installations are grid-connected at primary (24.9/14.4kV) voltage on the NEC distribution system; two are distributed generation facilities, connected at secondary voltages to serve existing load on property secured by easements from the NEC member. The annual quantities of renewable energy these systems produce and the incremental cost of the associated RECs are included.

Resource	Type	System Size in Kw	Projected Annual Output in kWh
NEC St. Johns Substation	Photovoltaic - Grid Connected	94	205,860
NEC Springerville Area Office	Photovoltaic - Grid Connected	114	249,660
Blue Ridge High School	Photovoltaic - Distributed Generation	58	127,020
Mountain Meadows Complex	Photovoltaic - Distributed Generation	18	39,420
Total NEC Owned Resources		284	621,960

OTHER RENEWABLE ENERGY RESOURCES

The NEC member-installed systems include photovoltaic systems, photovoltaic water heater systems and wind turbines. The annual quantities of renewable energy these systems produce and the incremental cost of the associated RECs are included.

Classification	Type	System Size in kW	Projected Annual Output in kWh
Residential	Photovoltaic - Grid Connected	933.17	1,852,311
Residential	Photovoltaic Water Heaters	23.695	51,891
Residential	Photovoltaic – Off-Grid	87.361	191,322
Residential	Wind – Grid Connected	6.200	13,578
Residential	Wind – Off-Grid	3.200	7,008
Commercial	Photovoltaic – Grid-Connected	208.135	455,815
Other Renewable Energy Resources		1,261.761	2,571,925

PERCENTAGE OF ARIZONA RETAIL KWH GOAL

Year	*Retail mWh Sales	Renewable Goal (%)	Renewable Energy Needed mWh	Renewable Energy Achieved to Date (mWh)	Percentage of Goal (%)
2013	393,791	.81	3,189	3,373	106
2014	393,791	.98	3,856		

**Projection*

FUTURE RENEWABLE ENERGY RESOURCES

BIOMASS

In 2011, NEC issued a Request for Proposals (RFP) to purchase additional energy and Renewable Energy Credits (RECs) from qualified facilities. NEC received a number of proposals and is in the process of negotiating a contract with a biomass project. NEC estimates that the biomass project could be producing power by the fourth quarter of 2014.

GEOHERMAL GENERATING STATION PROJECT

NEC has completed a feasibility study, which recommends that a 5-megawatt Enhanced Geothermal System (EGS) generating station is feasible on both a technical and economic basis in the NEC service territory. The Final Report completed by Black & Veatch Corporation of Walnut Creek, California, and GeothermEx, Inc., of Richmond, California, was submitted to the ACC as a requirement of Decision No. 70699 dated 1/20/09.

NEC is investigating and intends to develop this resource unless factors surface to indicate that it is not in our member's best interest. NEC is interested in this project as a high capacity factor renewable energy resource. NEC has prepared a technical abstract and is investigating possible funding in order to make a filing with DOE. A 5-megawatt geothermal generation facility would produce around 40 million kWh's of renewable energy annually. NEC will keep the ACC informed on the progress of this project as we continue to search for funding to move forward.

RENEWABLE ENERGY INCENTIVE PLAN - REIP

NEC offers its members an Up-Front Incentive for the installation of qualifying photovoltaic, wind systems or solar water heating system.

RESIDENTIAL PHOTOVOLTAIC INCENTIVE

NEC will pay an Up-Front Incentive of \$0.50 per installed DC watt up to a maximum payment of \$5,000.00 per metered location. Member will provide copies of their invoice for tracking system costs for posting on AZ goes Solar website. To qualify for an Incentive, installation must qualify for Net Metering in which the installation may not exceed 125% of system load measured in kWh.

COMMERCIAL PHOTOVOLTAIC INCENTIVE

NEC will pay an Up-Front Incentive of \$0.50 per installed DC watt up to a maximum payment of \$12,500.00 per metered location. Member will provide copies of their invoice for tracking system costs for posting on AZ goes Solar website. To qualify for an Incentive, installation must qualify for Net Metering in which the installation may not exceed 125% of system load measured in kWh.

SOLAR WATER HEATER PROGRAM

NEC will pay an incentive equal to \$0.75 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 REIP. A list of OG-300 certified Solar Systems is available at the Solar Rating and Certification Corporation's website at www.solar-rating.org.

PROGRAM FUNDING

With the exception of changing the language to charge the REST surcharge on delivered kWh as discussed above, NEC is proposing no changes to and will continue to use its currently approved *Renewable Energy Standard Tariff – Schedule 9* and *Standard Tariff Voluntary Renewable Energy Program – Schedule 10* surcharge dollar proceeds to fund its renewable energy objective. These programs include the Renewable Energy Incentive Program for both residential and non-residential in addition to potential large-scale renewable installations, which may include possible participation in multi-utility joint projects. Surcharge funds will also be used to pay for the administration expense associated with program operations.

REST FUNDING FROM SURCHARGE

Classification	Projected Annual Surcharge Collection	% Reaching Cap	Average \$ Per Bill	% Not Reaching Cap	Average \$ Per Bill
Residential	352,000.00	70.6	1.05	29.4	0.54
Commercial	323,000.00	12.3	35.77	87.7	5.51
Irrigation	14,000.00	40.0	35.75	60.0	12.41
Security Lights	1,200.00	1.0	39.00	99.0	0.65
Non-Residential > 3MW	0.00	0.0	0.00	0.0	0.00
Total Annual Projection	690,200.00				

VOLUNTARY RENEWABLE ENERGY PROGRAM

Classification	Projected Annual Surcharge Collection
Residential	912.00
Commercial	0.00
Irrigation	0.00
Security Lights	0.00
Total Annual Projection	912.00

EXHIBIT 1 – PROPOSED REST TARIFF

NAVOPACHE ELECTRIC COOPERATIVE, INC.
Lakeside, Arizona

RENEWABLE ENERGY STANDARD TARIFF
SCHEDULE NO. 9

Effective: January 1, 2014

Renewable Energy Standard ("RES") Surcharge

On all bills for governmental and agricultural customers with multiple meters, a RES Surcharge mandated by the Arizona Corporation Commission will be assessed monthly at the lesser of \$0.000875 per kilowatt-hour of electricity delivered to the consumer, or:

Governmental and Agricultural Customers:	\$ 13.00 per service;
Governmental and Agricultural Customers whose metered demand is 3,000 kW or more for 3 consecutive months:	\$ 39.00 per service.

In the case of unmetered services, the Cooperative shall, for the purposes of billing the RES Surcharge and subject to the caps set forth above, use the lesser of (i) the load profile or otherwise estimated kWh required to provide the service in question; or (ii) the service's contract kWh.

On all bills in all other tariff service categories than those listed above, a RES Surcharge mandated by the Arizona Corporation Commission will be assessed monthly at the lesser of \$0.004988 per kilowatt-hour of electricity delivered to the customer, or:

Residential Customers:	\$ 1.05 per service;
Non-Residential Customers:	\$ 39.00 per service;
Non-Residential Customers whose metered demand is 3,000 kW or more for 3 consecutive months:	\$ 117.00 per service.

In the case of unmetered services, the Cooperative shall, for purposes of billing the RES Surcharge and subject to the caps set forth above, use the lesser of (i) the load profile or otherwise estimated kWh required to provide the service in question; or (ii) the service's contract kWh.

The applicable RES Surcharge is in addition to all other rates and charges applicable to service to the customer.

Additional inspections and charges are billed to the installation contractor as required when violations of the interconnection requirements, the National Electric Code or safety issues are found during the inspection that cannot be corrected during the first or subsequent inspections.

1 st Inspection no charge subsequent inspections	\$75.00
---	---------

NAVOPACHE ELECTRIC COOPERATIVE, INC.
Lakeside, Arizona
STANDARD OFFER TARIFF
VOLUNTARY RENEWABLE ENERGY PROGRAM
SCHEDULE NO. 10

Effective: For electrical usage beginning on July 1, 2008 and billed beginning with the August 1, 2008 cycle billings.

Availability

Available as an option to all residential and non-residential standard offer members of the Cooperative to participate in the cooperative's renewable energy program. Not applicable for resale, breakdown, standby or auxiliary service. This service is subject to the Cooperative's rules and regulations.

Type of Service

Available to all classes of members, regardless of service entrance size or installed infrastructure located at the member's residence or place of business.

Monthly Rate

\$2.00 per month or each block of 50 kWh of electric generation from renewable resources. Members electing this option may purchase one or more blocks. The rate is in addition to the otherwise applicable charges for all kWh consumed under standard offer service provided by the Cooperative.

Members of the Cooperative may enroll at any time, effective at the beginning of the next billing month. Members may terminate their participation at any time by notifying the Cooperative; termination is effective at the end of the current billing month. Terminations made in conjunction with termination of all service from the Cooperative are effective at the time of such termination.

Conditions

All funds collected under this Schedule will be used solely to construct, operate, and maintain renewable energy projects carried out by the Cooperative in Arizona, including solar electric generating projects. Electric energy generated by renewable resources is blended with other energy throughout the Cooperative's distribution system. Energy delivered to members electing this option will consist of such blended energy.

Tax Adjustment

The applicable sales tax in Arizona will be added to bills where required. The cooperative is authorized to pass on to the consumers the applicable proportionate part of any taxes or government impositions, which are or may in the future be assessed on the basis of the gross revenues of the cooperative.

Terms of Payment

Billing made under this schedule will be due and payable upon receipt and past due fifteen (15) days from the date the bill is mailed. Service will be subject to disconnect in accordance with the cooperative's collection policy.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
Lakeside, Arizona
RENEWABLE ENERGY
CUSTOMER SELF-DIRECTED TARIFF
SCHEDULE NO. 11

Effective: July 1, 2008

Renewable Energy Standard ("RES") Customer Self-Directed Option

Application

The RES Customer Self-Directed Option is applicable to single and three phase service for Non-Residential Customers with multiple meters that pay more than \$ 25,000 annually in RES Surcharge funds pursuant to the Renewable Energy Standard Tariff for any number of related accounts or services within the Cooperative's service territory. This service is subject to the Cooperative's rules and regulations.

Eligible Customer

An Eligible Customer may apply to the Cooperative to receive funds to install Distributed Renewable Energy Resources. An Eligible Customer seeking to participate in this program shall submit to the Cooperative a written application that describes the Renewable Energy Resources that it proposes to install and the projected cost of the project. An Eligible Customer shall provide at least half of the funding necessary to complete the project described in its application.

An Eligible Customer shall enter into a contract with the Cooperative that specifies, at a minimum, the following information: the type of Distributed Generation ("DG") resource, its total estimated cost, kWh output, its completion date, the expected life of the DG system, a schedule of Eligible Customer expenditures and invoices for the DG system, Cooperative payments to an Eligible Customer for the DG system, and the amount of a Security Bond or Letter of Credit necessary to ensure the future operation of the Eligible Customers' DG system, metering equipment, maintenance, insurance, and related costs.

If proposed to be connected to the Cooperative's electrical system, an Eligible Customer's DG resource shall meet all of the Cooperative's DG interconnection requirements and guidelines before being connected to the Cooperative's electrical system.

All Renewable Energy Credits derived from the project, including generation and extra credit multipliers, shall be applied to satisfy the Cooperative's Annual Renewable Energy Requirement.

The funds annually received by an Eligible Customer pursuant to this tariff may not exceed the amount annually paid by the Eligible Customer pursuant to the RES Surcharge Tariff.

EXHIBIT 2 – REVISED NET METERING SERVICE TARIFF FILING

NEC is aware that the Commission is reconsidering costs and the benefits associated with Net Metering for Arizona Public Service as ordered in Decision No. 73636, dated January 31, 2013. Navopache has delayed making revisions to its Net Metering tariff at this time but reserves the right to file such revisions when the Commission has complete its consideration of this matter.

CALCULATION OF NAVOPACHE'S ANNUAL AVOIDED COST

Public Service Company of New Mexico	
kWh Purchased	424,234,563
Total \$ Cost 2012	\$14,139,944.19
Avoided Cost in \$/kWh	.03333

NAVOPACHE ELECTRIC COOPERATIVE, INC.
Lakeside, Arizona

**SCHEDULE NMS
NET METERING SERVICE**

Effective Date: This Tariff is effective December 1, 2013, pursuant to Arizona Corporation Commission Decision No. 71635.

Availability

Net Metering service is available to all end-use retail customers of the Cooperative with metered kWh usage with a qualifying Net Metering Facility that uses Renewable Resources, a fuel cell or combined heat and power (CHP) to produce electricity at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the sites served. Service is subject to the rules and regulations of the Cooperative. This service is also referred to as Partial Requirements Service.

Application

Under Net Metering 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 as specified in this Tariff. Service under this Tariff is subject to: installation of a bidirectional meter; availability of enhanced metering and billing system upgrades; the rated capacity of the customer's Net Metering Facility not exceeding the Cooperative's service capacity; and the customer complying with all of the Cooperative's interconnection standards. The customer may also be required to sign and complete a Net Metering Application prior to being provided Net Metering Service. A customer that installs a Net Metering Facility is not required to take service under this Tariff, but still must comply with the Cooperative's interconnection standards.

Type of Service

Electric Sales to the Cooperative must be single phase or three phase, 60 Hertz, at one standard voltage as may be selected by customer (subject to availability at the premises).

Definitions

Definitions below and contained in A.A.C. R14-2-2302 (some of which are set forth below) apply to Net Metering offered under this Tariff.

1. **Annual Average Avoided Cost** means the average annual wholesale fuel and energy costs per kWh charged by the Cooperative's wholesale power supplier(s) during the calendar year. The annual avoided kWh cost will be determined every July based upon the Cooperative's most recent audited financial statement and applied to Excess Generation during that Calendar Year. The current avoided kWh cost will be available at every Cooperative office.
2. **Calendar Year** means January 1 through December 31, 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.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
Lakeside, Arizona

SCHEDULE NMS
NET METERING SERVICE

3. **Combined Heat and Power** or **CHP** 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.
4. **Customer Supply** means energy (kWh) from a customer-owned Net Metering Facility that exceeds the customer's load at a point in time and is fed back into the Cooperative's electric system, as metered by the Cooperative.
5. **Customer Purchase** means energy (kWh) that is provided from the Cooperative to the customer to serve the load that is not being served by a customer-owned Net Metering Facility, as metered by the Cooperative.
6. **Excess Generation** means the Customer Supply (kWh) less the Customer Purchase (kWh) over a monthly billing period. For time-of-use rates the Excess Generation corresponding to the on and off peak periods is computed for on-peak and off-peak periods over the monthly billing period. (Not to be less than zero.)
7. **Firm Power** means power available, upon demand, at all times (except for forced outages) during the Contract Period from the customer's facilities with an expected or demonstrated reliability which is greater than or equal to the average reliability of the Cooperative's firm power sources.
8. **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.
9. **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 to generate electricity;
 - 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 with the Cooperative's existing distribution system.

The customer's 125% total connected load limit shall be determined:

- 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 (to determine the 100% capacity level in kW which will achieve a "net zero" home or business) and multiplied by 125%.
- b. For customers with a demand history it will be 125% of the highest demand in the most current 12 month period.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
Lakeside, Arizona

**SCHEDULE NMS
NET METERING SERVICE**

10. **Partial Requirements Service** means 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 by the Cooperative. The Cooperative supplies the customer's supplemental electrical requirements (those not met by their own generation facilities). This configuration may also be referred to as the "parallel mode" of operation.
11. **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.
12. **Standard Retail Rate Schedule** means any of the Cooperative's retail rate schedules with metered kWh charges.
13. **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 some variation in the timing for the pricing periods. In most instances the variation should not exceed 15 minutes. On-peak and off-peak time periods will be determined by the applicable Standard Retail Rate Schedule.

Metering

Customers served under this Tariff will require a bidirectional meter that will register and accumulate the net electrical requirements of the customer and shall have other capabilities similar to meter that is being replaced or that would be installed for the service (e.g., smart metering capabilities). The Cooperative will install such a meter at the customer's Net Metering Facility if proper metering is not already present. The incremental metering costs for bidirectional metering and the facility meter will be incurred by the Cooperative.

Billing

A. During the billing period for:

1. Customer Purchases in excess of Customer Supply

Cooperative shall bill the customer for the net kWh supplied by the Cooperative in accordance with the Cooperative's applicable Standard Retail Rate Schedule.

2. Customer Supply in excess of Customer Purchases (Excess Generation)

Cooperative shall credit the customer the Excess Generation kWh in subsequent billing periods to reduce the kWh supplied (not kW or kVa demand or customer charges).

NAVOPACHE ELECTRIC COOPERATIVE, INC.
Lakeside, Arizona

**SCHEDULE NMS
NET METERING SERVICE**

- B. For customers taking service under time-of-use rates, Customer Supply and Customer Purchases will be segmented by on-peak and off-peak periods. Excess Generation kWh credits will be applied to the time-of-use periods in which the kWh were generated by the customer.
- C. Basic Service Charges and Demand Charges (either metered or contract) and all other elements of the Cooperative's applicable Standard Retail Rate Schedule will continue to apply in full, except that the monthly "Customer Charge" for the applicable Optional Time-of-Use Rate will be applied whether or not the customer has elected the Time-of-Use rate.
- D. For the billing each April or for the last billing period at the time the customer discontinues taking service under this rate schedule:

The Cooperative shall issue a billing credit to the customer for any remaining Excess Generation balance. In the event the customer's electric service is terminated, after applying a billing credit for any Excess Generation up to the amount the customers owe the Cooperative, the Cooperative shall issue a check for the remaining value of the Excess Generation balance. The payment or credit will be determined at the Cooperative's Annual Average Avoided Cost, which shall be updated annually and are as specified below:

Annual Purchase Rate (¢/kWh): 3.333¢

Any payment for Firm Power will be pursuant to a separate contract.

- E. An Administrative Charge may be charged by the Cooperative to collect new or additional costs the Cooperative incurs associated with the provision of Net Metering service (such as additional data communication access and billing costs) upon filing with and approval of such charge by the Arizona Corporation Commission pursuant to A.A.C. R14-2-2305.

Contract Period

Any applicable contract period(s) will be set forth in an Agreement between the customer and the Cooperative.

EXHIBIT 3 - PROPOSED 2014 REST BUDGET

Estimated 2014 Collections	691,112.00
Estimated 2013 Carry Over	0.00
<hr/>	
Total 2014 Budget	691,112.00

Generation Costs

RUS Loan Obligation	(60,000.00)
Administration	(140,677.00)
Utility Owned Photovoltaic System Maintenance/Repair	(10,000.00)
Purchase Power Agreement	(50,000.00)
<hr/>	
Total Generation Costs	(260,677.00)

Distributed Energy Cost

Residential PV REIP	(298,935.00)
Commercial PV REIP	(109,500.00)
Solar Water Heater REIP	(10,000.00)
Net Metering True-Up	(12,000.00)
<hr/>	
	(430,435.00)

Estimated 2014 Carry Over	0.00
---------------------------	------

EXHIBIT 4 - BUDGET PROJECTIONS

	2014	2015	2016	2017	2018
Carry Over Prior Year	0.00	0.00	0.00	0.00	0.00
Collections	691,112.00	691,112.00	691,112.00	691,112.00	691,112.00
Budget	691,112.00	691,112.00	691,112.00	691,112.00	691,112.00
Generation Costs					
RUS Loan Obligation	(60,000.00)	(60,000.00)	(60,000.00)	(60,000.00)	(60,000.00)
Administration	(140,677.00)	(140,677.00)	(140,677.00)	(140,677.00)	(140,677.00)
System Maintenance/Repair	(10,000.00)	(10,000.00)	(10,000.00)	(10,000.00)	(10,000.00)
Purchase Power Agreement	(50,000.00)	(200,232.00)	(200,232.00)	(200,232.00)	(204,237.00)
Total Generation Costs	(260,677.00)	(410,909.00)	(410,909.00)	(410,909.00)	(414,914.00)
Distributed Energy Cost					
Residential PV REIP	(298,935.00)	(188,850.22)	(188,850.22)	(188,850.22)	(184,845.22)
Commercial PV REIP	(109,500.00)	(66,352.78)	(63,352.78)	(60,352.78)	(57,352.78)
Solar Water Heater REIP	(10,000.00)	(10,000.00)	(10,000.00)	(10,000.00)	(10,000.00)
Net Metering True-Up	(12,000.00)	(15,000.00)	(18,000.00)	(21,000.00)	(24,000.00)
	(430,435.00)	(280,203.00)	(280,203.00)	(280,203.00)	(276,198.00)
Carry Over	0.00	0.00	0.00	0.00	0.00

EXHIBIT 5 – IMPLEMENTATION PLAN

Table 1 - Targeted Resources

Line No.	Ownership ¹	Targeted Completion	2014-2018 Total MW	Targeted Energy Production (MWh or Equivalent)					Total	Line No.	
				2014	2015	2016	2017	2018			
Targeted Generation Resources:											
<i>Solar:</i>											
1									1		
2									2		
3									3		
4									4		
5									5		
6									6		
<i>Wind:</i>											
7									7		
8									8		
9									9		
<i>Geothermal:</i>											
10									10		
11									11		
12									12		
13	Biomass/Biogas:	Third Party	Sep-14	1.00	1,896	7,585	7,585	7,585	7,585	32,236.00	13
14										14	
15										15	
16										16	
17	Total Targeted Generation				1,896	7,585	7,585	7,585	7,585	32,236	17
18										18	
Targeted Distributed Energy Resources:											
<i>Residential:</i>											
20										20	
21	PV	Third Party	Dec-14	1.365	597.87	597.87	597.87	597.87	597.87		21
22	PV Water Heater	Third Party	Dec-14	0.133	13.33	13.33	13.33	13.33	13.33		22
23											23
24	Subtotal Residential				611.20	611.20	611.20	611.20	611.20		24
25											25
26											26
27	Non-Residential:	PV	Third Party	Dec-14	0.50	219.00	219.00	219.00	219.00	219.00	27
28											28
29											29
30											30
31											31
32	Subtotal Non-Residential				219.00	219.00	219.00	219.00	219.00		32
33											33
34	Total Targeted DE				830.20	830.20	830.20	830.20	830.20	4,151	34

Notes:
¹All utility-owned and Third Party generation projects are developed through a competitive RFP process, and all DE systems are built independently by Third Party developers and installers.

Table 2 - Targeted RES Resource Costs (in \$Ms) **COMPETITIVELY CONFIDENTIAL¹**

Line No.	Ownership	Targeted Generation Resources ¹ :	Projected RES Cost per Year ¹					Total	Line No.
			2014	2015	2016	2017	2018		
<i>Solar:</i>									
1									1
2									2
3									3
4									4
5									5
6									6
7									7
8									8
9									9
<i>Wind:</i>									
10									10
11									11
<i>Geothermal:</i>									
12									12
13	Biomass/Biogas:	Third Party	50,058	200,232	200,232	200,232	204,237	854,991	13
14									14
15									15
16	Total Targeted Generation		50,058	200,232	200,232	200,232	204,237	854,991	16
17									17
Targeted and Expected Distributed Energy Resources:									
<i>Residential:</i>									
20									20
21	PV	Third Party	298,935	298,935	298,935	298,935	298,935		21
22									22
24	Subtotal Residential								24
27									27
<i>Non-Residential:</i>									
28									28
29	PV	Third Party	109,500	239,805	239,805	239,805	239,805		29
30	PV Water Heater	Third Party	10,000	10,000	10,000	10,000	10,000		30
31									31
32									32
33									33
34									34
35	Subtotal Non-Residential		109,500	239,805	239,805	239,805	239,805		35
36									36
37	Total Targeted Distributed Energy		408,435	538,740	538,740	538,740	538,740		37
38									38
39	Total Targeted Energy Costs		458,493	738,972	738,972	738,972	742,977		39

¹ Redacted due to the competitively confidential nature of the information.