

**ORIGINAL**

**OPEN MEETING**



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**MEMORANDUM**

RECEIVED

Arizona Corporation Commission  
**DOCKETED**

JUL 22 2013

TO: THE COMMISSION

2013 JUL 22 A 10: 56

FROM: Utilities Division

AZ CORP COMMISSION  
DOCKET CONTROL

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DATE: July 22, 2013

RE: SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC. -  
APPLICATION FOR APPROVAL OF NET METERING TARIFF WITH THE  
UPDATED AVOIDED COST (DOCKET NO. E-01575A-13-0216)

**Background**

On June 28, 2013, Sulphur Springs Valley Electric Cooperative, Inc. ("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. 71463 (January 26, 2010) and most recently revised with updated avoided costs in Decision No. 73346 (August 21, 2012).

Net Metering allows electric utility customers to be compensated for generating their own energy from renewable resources, fuel cells, or Combined Heat and Power. If the customer's energy production exceeds the energy supplied by SSVEC during a billing period, the customer's bill for subsequent billing periods is credited for the excess generation. That is, the excess kWh generated during the billing period is used to reduce the kWh billed by SSVEC during subsequent billing periods.

Each September or March<sup>1</sup> (or for a customer's final bill upon discontinuance of service), SSVEC credits the customer for the balance of any remaining excess kWh. The payment for the purchase of these excess kWh is at SSVEC's annual average avoided cost, which is specified on the Net Metering Tariff. Arizona Administrative Code R14-2-2302(1) defines avoided cost as "the incremental cost to an Electric Utility for electric energy or capacity or both which, but for the purchase from the Net Metering facility, such utility would generate itself or purchase from another source."

SSVEC's Net Metering Tariff provides for the annual average avoided cost to be determined by the average wholesale fuel and energy cost per kWh charged by SSVEC's wholesale power suppliers during the previous 12 months calculated with the receipt of the May wholesale power bills. SSVEC is required to file its updated avoided cost calculations with the

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<sup>1</sup> Each September or March per each customer's selection.

THE COMMISSION

July 22, 2012

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Commission no later than July 1 of each year. This updated avoided cost, after approval by the Commission, would become effective on September 1.

SSVEC's current approved avoided cost rate is \$0.0359 per kWh. SSVEC proposes that the rate be increased slightly to \$0.0364 per kWh. Staff has reviewed SSVEC's purchased power costs that resulted in the \$0.0364 per kWh rate and confirms that the proposed rate reflects SSVEC's avoided cost.

Therefore, Staff recommends that SSVEC's proposed annual average avoided cost for its Net Metering Tariff of \$0.0364 per kWh be approved, and become effective September 1, 2013.

**Recommendations**

Staff recommends that SSVEC's revised Net Metering Tariff be approved, as discussed herein, effective September 1, 2013.

Staff further recommends that SSVEC be required to file, with Docket Control, a revised Net Metering Tariff in compliance with the Decision in this case within 15 days of the effective date of the Decision.



Steven M. Olea  
Director  
Utilities Division

SMO:RBL:sms\CHH

ORIGINATOR: Rick Lloyd

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

- BOB STUMP  
Chairman
- GARY PIERCE  
Commissioner
- BRENDA BURNS  
Commissioner
- BOB BURNS  
Commissioner
- SUSAN BITTER SMITH  
Commissioner

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

DOCKET NO. E-01575A-13-0216  
 DECISION NO. \_\_\_\_\_  
 ORDER

Open Meeting  
 August 13, 2013 and August 14, 2013  
 Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") is certificated to provide electric service as a public service corporation in the State of Arizona.
2. On June 28, 2013, SSVEC filed an application for approval to update the avoided cost that is contained in its Net Metering Tariff.
3. SSVEC's Net Metering Tariff was approved by the Commission in Decision No. 71463 (January 26, 2010) and most recently revised with updated avoided costs in Decision No. 73346 (August 21, 2012).
4. Net Metering allows electric utility customers to be compensated for generating their own energy from renewable resources, fuel cells, or Combined Heat and Power. If the customer's energy production exceeds the energy supplied by SSVEC during a billing period, the customer's bill for subsequent billing periods is credited for the excess generation. That is, the excess kWh generated during the billing period is used to reduce the kWh billed by SSVEC during subsequent billing periods.



1           2.     The Commission has jurisdiction over SSVEC and over the subject matter of the  
2 application.

3           3.     Approval of SSVEC's updated Net Metering Tariff avoided cost does not constitute  
4 a rate increase as contemplated by A.R.S. Section 40-250.

5           4.     The Commission, having reviewed the application and Staff's Memorandum dated  
6 July 22, 2013, concludes that it is in the public interest to approve the updated Net Metering Tariff  
7 avoided cost, as discussed herein.

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ORDER

IT IS THEREFORE ORDERED that Sulphur Springs Valley Electric Cooperative, Inc.'s annual average avoided cost for its Net Metering Tariff shall be set at \$0.0364 per kWh, effective September 1, 2013.

IT IS FURTHER ORDERED that Sulphur Springs Valley Electric Cooperative, Inc. shall file, with Docket Control, a revised Net Metering Tariff in compliance with this Decision in this case within 15 days of the effective date of the Decision.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

**BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, Jodi Jerich, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
Jodi Jerich  
EXECUTIVE DIRECTOR

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

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

SMO:RBL:sms\CHH

1 SERVICE LIST FOR: Sulphur Springs Valley Electric Cooperative, Inc.

2 DOCKET No. E-0 1575A-13-0216

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18 Ms. Janice M. Alward  
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