



BEFORE THE ARIZONA CORPORATION COMMISSION

- 1
- 2 BOB STUMP
Chairman
- 3 GARY PIERCE
Commissioner
- 4 BRENDA BURNS
Commissioner
- 5 BOB BURNS
Commissioner
- 6 SUSAN BITTER SMITH
Commissioner
- 7

Arizona Corporation Commission
DOCKET # 10
OCT 25 2013
[Signature]

8 IN THE MATTER OF THE APPLICATION)
9 OF SULPHUR SPRINGS VALLEY)
10 ELECTRIC COOPERATIVE, INC. FOR)
11 APPROVAL OF ITS 2014 RENEWABLE)
ENERGY STANDARD TARIFF)
IMPLEMENTATION PLAN)

DOCKET NO. E-01575A-13-0209
DECISION NO. 74158
ORDER

12 _____

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14 Open Meeting
15 October 16th and 17th, 2013
Phoenix, Arizona

16 BY THE COMMISSION:

17 FINDINGS OF FACT

18 1. Sulphur Springs Valley Electric Cooperative, Inc. (“SSVEC” or “Company”) is
19 certificated to provide electric service as a public service corporation in the state of Arizona.

20 Introduction

21 2. On June 27, 2013, SSVEC filed an application with the Arizona Corporation
22 Commission (“Commission”) seeking approval of its 2014 Renewable Energy Standard and Tariff
23 (“REST”) Implementation Plan (“Plan”).

24 3. The SSVEC 2014 REST Plan targets a renewable energy goal of 2.25 percent of retail
25 sales. Based on 2014 retail sales of 894,364 MWh, this equates to 20,123 MWh of renewable
26 energy.

27 4. The implementation portion of the Plan consists of several programs, collectively called
28 “Sun Watts”. Details of the programs are discussed below.

1 The Sun Watts Green Contribution Program

2 5. This program allows customers to elect to contribute additional dollars on their bills to
3 be used to fund various renewable energy programs. SSVEC does not propose changes to this
4 program in the 2014 Plan.

5 Proposed Incentives

6 6. A summary of SSVEC's proposed and current, Commission-approved Up-Front
7 Incentives ("UFI") are presented in Table I.

8 **Table I**
9 **Proposed and Current Up-Front Incentives**

Program	Proposed 2014 Up-Front Incentives	Approved 2013 Up-Front Incentives
Sun Watts Residential PV Incentive	\$0.25 per Watt, up to \$2,500	\$0.50 per Watt, up to 35 % of installed cost
Residential Wind Incentive	\$0.10 per Watt, up to \$1,250	N/A
Sun Watts Commercial PV Incentive	\$0.25 per Watt, up to \$5,000 of system cost for grid-connected and off-grid systems.	\$0.50 per Watt, up to 35% of system cost for grid-connected systems less than 50 kW; \$1.00 per Watt. Up to 35% of system cost for off-grid systems.
Commercial Wind Incentive	\$0.10 per Watt, up to \$2,500	N/A
Solar Water Heater Program	\$0.50 per kWh of estimated energy saved during 1st year of system operation, up to 25% of system cost.	\$0.65 per kWh of estimated energy saved during 1st year of system operation, up to 25% of system cost.

23 7. Performance-based incentives ("PBIs") were originally used as a method to extend or
24 spread out the "cash flow" and allowed SSVEC to pay on more systems in any given year. At the
25 \$0.25 per watt UFI level for photovoltaic ("PV") systems and with the maximum incentive set,
26 PBIs are no longer needed to manage cash flow. Per SSVEC, PBIs have created more
27 administrative work than was anticipated and are not worth the effort. Eliminating PBIs also
28 removes the long term (7- 18 years) liability for incentive payments. Because wind is not as

1 effective or predictable as PV in SSVEC's service area, SSVEC feels that the lower UFI and cap is
 2 appropriate for wind, and the PBIs for wind should also be eliminated. SSVEC believes that
 3 continuing PBIs for wind systems at the current incentive levels would be spending administrative
 4 "dollars" to measure out "pennies", which SSVEC does not feel is a good way to spend customer
 5 REST funds.

6 **Table II**
 7 **Proposed (2014) and Current (2013) Performance Based Incentives**

Performance Based Incentive	10-Year REC & Payment Agreement (\$/kWh)		15-Year REC & Payment Agreement (\$/kWh)		20-Year REC & Payment Agreement (\$/kWh)	
	2014	2013	2014	2013	2014	2013
Grid-Connected	0.00	0.084	0.00	0.082	0.00	0.08
Off-Grid	0.00	0.06	0.00	0.05	0.00	0.04

16 **The Sun Watts Residential Incentive Program**

17 8. The SunWatts Residential incentive program will pay a UFI for the installation of
 18 qualifying PV, wind, or solar water heating ("SWH") systems. To qualify for an incentive, the PV
 19 or wind system must be eligible to participate in Net Metering. Therefore, the system must be no
 20 more than 125% of the customer's total connected load.

21 **Photovoltaic System Incentives**

22 9. Currently, this program pays a UFI of \$0.50 per installed watt, up to 35 percent of
 23 the total cost of a PV system. SSVEC now proposes to pay \$0.25 per installed watt of a PV
 24 system, up to \$2,500 (see Table 1).

25 **Wind System Incentives**

26 10. The proposed incentive rate for wind is \$0.10 per watt with a maximum incentive of
 27 \$1,250. To qualify for an incentive, the wind system must have a final output voltage of at least
 28 ...

1 120 VAC and be grid-tied. Wind turbines that produce only DC voltages (for battery charging) do
2 not qualify for incentives.

3 **Sun Watts Commercial One-Time Incentives**

4 11. The SunWatts Commercial & Industrial (non-residential) incentive program will pay a
5 UFI for the installation of qualifying PV, wind or SWH systems. To qualify for an incentive, the
6 PV or wind system must be eligible to participate in Net Metering. Therefore, the system must be
7 no more than 125% of the customer's total connected load.

8 **Photovoltaic System Incentives**

9 12. Currently, this program pays an OTI of \$0.50 per installed watt, up to 35 percent of the
10 total cost of a PV system. SSVEC now proposes to pay \$0.25 per installed watt of a photovoltaic
11 system, up to \$5,000 (see Table 1).

12 **Wind System Incentives**

13 13. The proposed incentive rate for wind is \$0.10 per watt with a maximum incentive of
14 \$2,500. To qualify for an incentive the wind system must have a final output voltage of at least
15 120 VAC and be grid-tied. Wind turbines that produce only DC voltages (for battery charging) do
16 not qualify for incentives.

17 **Debt Service for the 2008 Schools Project**

18 14. As part of the 2008 REST program the Commission approved a Clean Renewable
19 Energy Bonds ("CREB") loan for the Solar for Schools project. The Maintenance and Debt
20 Service budget is set to \$800,000 per year. Beginning with the 2014 REST Program SSVEC has to
21 include some maintenance costs due to the bankruptcy and subsequent closure of the Inverter
22 Manufacturer which nullified the extended warranty SSVEC had obtained in 2008.

23 **The Sun Watts Large-Scale Generating Program**

24 15. SSVEC installed two cooperative-owned, utility-scale solar photovoltaic systems in
25 2012, with a total capacity of 1.5 MW. These solar power plants were funded through
26 Commission-approved CREB funds. SSVEC's proposed 2014 REST Plan budget includes a line
27 item for debt service of these CREB bonds. SSVEC proposes to reimburse the REST fund for all

28 ...

1 kWh produced by these solar power plants at the Avoided Cost Rate as set in SSVEC’s Net
 2 Metering Tariff which is updated annually.

3 **The Sun Watts Loan Program**

4 16. SSVEC will eliminate its revolving loan program for residential, small business and
 5 large systems. With system prices dropping and solar installers offering more creative financing
 6 programs, the loan system was hardly being used by SSVEC customers. In 2012, only 5 loans
 7 were made for the whole year (only 26% of annual loan budget).

8 **Solar Water Heater Program**

9 17. SSVEC proposes to pay a rebate equal to \$0.50 per kWh of estimated energy saved
 10 during the system’s first year of operation. This proposed rate is \$0.15 per kWh less than the
 11 current approved rate. Only OG-300 certified solar systems are eligible for the Sun Watts
 12 Incentive. SSVEC highly recommends that systems be installed by licensed contractors but if the
 13 member chooses to do a “self-install”, the local building inspector must approve the installation to
 14 qualify for the SunWatts Incentive. Customers will provide copies of their invoice for tracking
 15 system costs for posting on the AZ Goes Solar website.

16 **UCPP Approved Technologies**

17 18. SSVEC states that it will use the incentive, specifications, and criteria developed by the
 18 Uniform Credit Purchase Program (“UCPP”) Working Group as the basis for Performance Based
 19 Incentives. SSVEC is proposing to continue incentives for solar day lighting, geothermal,
 20 biogas/biomass, and solar space cooling. The 2014 proposed incentive levels are as follows in
 21 Table III:

22 **Table III**

23 **Proposed and Approved Incentives for UCPP Approved Technologies**

Technology	Current/Proposed UFI	Current/Proposed PBI
Solar Day Lighting	\$0.12 per kWh for first year savings	
Geothermal		

1	Electric	\$0.02 per kWh over 10 years
2		\$0.035 per kWh over 10 years
3	Thermal	
4	Biogas/Biomass	
5	Electric	\$0.034 per kWh over 10 years
6	Thermal	\$0.010 per kWh over 10 years
7	Cooling	\$0.025 per kWh over 10 years
8	CHP-Electric	\$0.025 per kWh over 10 years
9	CHP-Thermal	\$0.013 per kWh over 10 years
10		\$0.077 per kWh over 10 years
11	Solar Space Cooling	
12		

Additional Programs and Incentives

14 19. SSVEC proposes to continue the Habitat for Humanity (“Habitat”) Program. SSVEC
 15 contributes up to \$15,000 to the Habitat organization for the purchase of photovoltaic and other
 16 renewable energy equipment to be installed on Habitat homes. If Habitat does not have a suitable
 17 project, these funds will be used to pay residential and commercial incentives. SSVEC notes that
 18 it will also assist in finding local renewable energy equipment dealers who are willing to donate
 19 products and services to the Habitat cause.

20 20. SSVEC will provide New Home Subdivision Model Home advertising allowance of
 21 \$250 per builder per year, subject to available funds.

22 21. SSVEC proposes to continue to fund a grant program for teachers in its service
 23 territory for the development of renewable energy curricula for the classroom. SSVEC’s 2014
 24 budget allows up to ten grants of \$500 each.

REST Plan Funding and Expenditures

26 22. SSVEC is not proposing any changes to its REST kWh surcharge or the REST
 27 surcharge caps. The SSVEC REST Surcharge is \$0.00988 per kWh and the collection caps are
 28 shown in the following Table IV:

Table IV**REST Plan Collections**

Rate Class	Monthly Collection Caps	Monthly Average per Bill	Percentage Reaching Cap	Collection by Rate Class per Month
Residential	\$3.49	\$ 3.11	74.4%	\$121,205
General Service	\$85.00	\$ 10.86	1.8%	\$80,144
Irrigation	\$50.00	\$ 36.50	61.8%	\$19,802
Large Commercial/Industrial	\$200.00	\$ 139.15	45.0%	\$53,397
Contract	\$300.00	\$ 300.00	100.0%	\$900

23. SSVEC has provided the 2014 REST Plan budget as shown in the following Table V:

Table V**Proposed 2014 REST Plan Budget**

Collections	
Estimated 2014 REST Surcharge	\$3,500,000
SSVEC-owned Solar Power Plant production	\$112,839
Estimated 2013 carryover	\$15,000
Total	\$3,627,839
Expenditures	
Program Costs (Administration, Advertising, etc.)	\$200,000
Habitat Program	\$15,000
Advertising	\$1,000
CREB Bonds for Schools Debt Service	\$800,000
CREB Bonds for Solar Power Plant Debt Service	\$375,000
SunWatts Residential Incentives	\$1,286,839
SunWatts Commercial Incentives	\$750,000
PBI Residential	\$100,000
PBI Commercial	\$100,000
Total	\$3,627,839

Recommendations

24. Staff has recommended approval of SSVEC's 2014 REST Implementation Plan, as discussed herein.

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ORDER

IT IS THEREFORE ORDERED that Sulphur Springs Valley Electric Cooperative, Inc.'s 2014 REST Implementation Plan be approved as discussed herein.

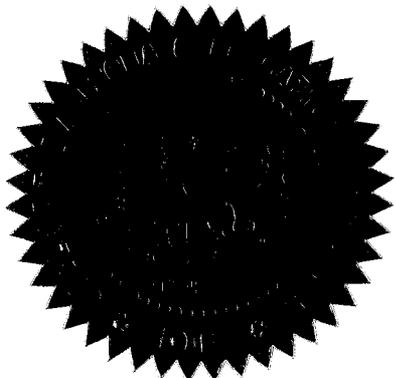
IT IS FURTHER ORDERED that the words One-Time Incentive ("OTI") be replaced with Up-Front Incentive ("UFI") in all future filings (either new applications or compliance filings) by Sulphur Springs Valley Electric Cooperative, Inc.

IT IS FURTHER ORDERED that Sulphur Springs Valley Electric Cooperative, Inc. shall file a Renewable Energy Surcharge tariff in compliance with the Decision in this case within 15 days of the effective date of that 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 25th day of October, 2013.


JODI JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:PML:sms\CHH

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2 DOCKET NO. E-01575A-13-0209

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