



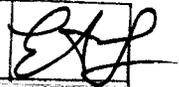
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BEFORE THE ARIZONA CORPORATION COMMISSION

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

Arizona Corporation Commission  
**DOCKETED**  
DEC 18 2014

DOCKETED BY 

IN THE MATTER OF THE APPLICATION )  
OF TRICO ELECTRIC COOPERATIVE, )  
INC. FOR APPROVAL OF ITS 2015 )  
RENEWABLE ENERGY STANDARD )  
TARIFF IMPLEMENTATION PLAN. )

DOCKET NO. E-01461A-14-0216  
DECISION NO. 74863  
ORDER

Open Meeting  
December 11 and 12, 2014  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Trico Electric Cooperative, Inc. ("Trico" or "Company") is certificated to provide electric service as a public service corporation in the State of Arizona.

Background

2. On June 27, 2014, Trico filed its 2015 Renewable Energy Standard Tariff (REST") Implementation Plan ("2015 REST Plan") in compliance with Arizona Administrative Code ("A.C.C.") R14-2-1801 through R14-2-1816. Trico's current REST Plan (2014) was approved by the Commission in Decision No. 74169 on October 25, 2013.

3. Summary of Trico Proposals. In addition to requesting approval of its seven existing SunWatts programs and to maintain its zero Up-Front Incentive ("UFI") for customer-owned and leased PV systems (Residential and Commercial), Trico has made the following proposals in its 2015 REST Plan:

- 1 • Trico is proposing a temporary reduction in its REST surcharge rate and monthly  
2 dollar caps to zero due to the \$1.4 million budget carryover projected for 2015;
- 3 • Trico has asked to continue the provision that any allocated funds not used in the  
4 plan year may be used to support any programs in the 2015 plan year in order to  
5 maintain and maximize successful programs;
- 6 • Trico proposes suspending its PBIs associated with installation of new renewable  
7 generation over 10 kW; and
- 8 • Trico proposes to continue allowing recovery of lifetime costs of PBIs for the full  
9 term of the contracts underlying the PBIs for generation installed before 2015.

#### 10 **The 2015 REST Plan**

11 4. Trico has seven existing programs in its renewable portfolio and proposes to continue  
12 them with limited changes, as discussed herein. In communications with Staff, Trico notes that its  
13 previous backlog has been eliminated and that there is no waiting list for any of its programs.

#### 14 **(1)The Sun Watts Green Energy Purchase Plan**

15 5. Trico proposes to continue this existing voluntary program, which provides customers  
16 with an opportunity to purchase 50 kWh blocks of “green energy” at the cost of \$2.00 per block.  
17 Funds received through green energy purchases will be used in support of 2015 REST Plan programs.  
18 Green energy purchases are reflected on participating customers’ bills as a line item.

19 6. Approximately two to three Trico customers buy green energy per year, for a total of  
20 three to five blocks of energy. Funds collected from such sales are used to fund other renewable  
21 energy programs in Trico’s portfolio.

#### 22 **(2)The SunWatts Residential and Commercial PV Interconnection Program**

23 7. Trico would continue to offer the PV Interconnection Program, which assists  
24 customers with the interconnection of PV systems to encourage the installation of qualifying solar PV  
25 and which offers incentives for the installation of solar water heating systems and other renewable  
26 technologies.

- 27 • **PV Systems up to 10 kW in system size.** Trico proposes to continue paying a zero  
28 Up-Front Incentive (“UFI”) for customer owned and leased PV systems. Trico is also

1 seeking a compliance waiver from A.A.C. R14-2-1805 to the extent necessary under  
2 Decision No. 74365 (February 26, 2014), pending the proposed rulemaking to modify  
3 the Renewable Energy Standard.

- 4 • **Solar Water Heater System.** Trico proposes to continue its UFI rebate of \$0.40 per  
5 kWh of energy saved during the first year of operation. Systems must be certified by  
6 the Solar Rating and Certification Corporation (“SRCC”) or the International  
7 Association of Plumbing and Mechanical Officials (“IAPMO”) as being OG-300 in  
8 order to be eligible for an incentive.

9 In addition, the customer contribution to the cost of the solar water heater project  
10 must be at least 15% of the total cost (after taking federal and state incentives into  
11 account). Rebates will be distributed on a first-come, first-served basis until the  
12 program budget is exhausted, at which point applicants will be placed on a waiting list.  
13 (Note: there is currently no waiting list.) Solar swimming pool heating systems are not  
14 eligible for rebates.

15 8. **Incentives.** The table below illustrates the current incentive levels provided for PV  
16 systems up to 10 kW and solar water heating and those proposed for Trico’s 2015 REST Plan.

Technology	UFI	PBI
Solar Electric	For systems up to 10 kW: \$0.00 per watt (up to 30% of system cost)	N/A
Solar Water Heating	\$0.40 per kWh for the first year of savings	N/A

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22 **(3)SunWatts Large-Scale Generation Systems over 10 kW**

23 9. This program includes commercial renewable projects that exceed 10 kW. These  
24 systems are not eligible for UFIs. Trico has proposed to suspend Performance-Based Incentives  
25 (“PBIs”) associated with the installation of new systems in 2015. Trico is proposing the suspension  
26 due to low participation and because removing PBIs conforms to the practice of most other utilities in  
27 Arizona. Trico will continue to support interconnection and Net Metering for PV systems that exceed  
28 10 kW.

**(4)SunWatts Educational Grant Program**

10. Trico proposes to continue offering this existing program, which offers education grants to teachers to develop renewable curricula for the classroom. A maximum of \$2,500 would be allocated for this program in 2015.

**(5)SunWatts Habitat for Humanity Program**

11. Trico proposes to continue its existing partnership with Habitat for Humanity (“Habitat”) for 2015. Under the program, Trico provides grants to Habitat to offer renewable energy options to low-income families. The Habitat organization will receive grants for the purchase of PV and other renewable energy equipment for installation on Habitat homes. Trico will also assist in finding local renewable energy equipment dealers willing to donate products and services. Up to two such projects will be undertaken each year, with a total budget of \$5,000.

**(6)PV for Schools Program**

12. Trico proposes to continue its PV for Schools Program in 2015. In 2013, Trico revised its PV for Schools Program to make it a competitive application process. The successful schools receive renewable energy through a purchased power agreement that Trico negotiates with a solar company. Trico has received applications from three school districts and anticipates participation from up to 18 schools from those districts.

**(7)Generation Metering Program**

13. Trico began installing meters to measure the output of PV generation on all new and existing PV systems in 2014. For 2015, Trico proposes to continue this program as currently offered. The program cost includes the cost of each meter, the cost to install the meter and the cost of electronically reading each meter. The generation meters are billing quality and electronically read by Trico. The data provides customers with information regarding the system output and efficiency of their PV systems and also provides Trico with the information needed to analyze the impact of renewable generation and answer billing questions on Net Metering. Trico estimates that it will install approximately 204 meters in 2014 and anticipates installing 300-320 meters in 2015.

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**Budget and Surcharge**

14. Trico's proposed budget is shown in the table below. Trico anticipates a carryover of \$1.4 million in budget dollars in 2015. Trico states that the carryover began when Trico received Federal stimulus dollars for the period from 2010 through 2012. The stimulus dollars allowed Trico to eliminate its rebate backlog, with additional funds left over for future incentives. The reduction of Trico's rebate incentives for new PV systems installed in its service territory also contributed to the carryover, as did a delay in the installation of systems under its PV for Schools Program.

15. Trico has requested that its REST surcharge and monthly dollar caps be reduced to zero in order to address the carryover. The \$1.4 million carryover is significantly more than would be required to fund Trico's proposed 2015 REST Plan budget of \$852,641.

16. Trico's proposed budget is listed below:

**Proposed Trico 2015 REST Plan Budget**

Program	Budget
Residential PV UFI Rebates	\$0
Residential SWH Rebates	\$14,358
Non-residential PV UFI Rebates	\$0
Large-Scale PV PBI Program Rebates	\$501,808
PV for Schools Program	\$79,751
Educational Grant Program	\$2,500
Habitat for Humanity Program	\$5,000
Administrative Expenses	\$185,943
Generation Meter Program	\$63,281
Total 2015 REST Budget	\$852,641

**Estimated Results and Tariff**

17. Trico forecasts that its renewable programs will produce 29,166,809 kWh of distributed and 392,602 of non-distributed generation for a total of 29,559,411 kWh by the end of 2015.

18. The following table shows the current surcharge rate and caps and the proposed zero surcharge rate and caps:

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Customer Type	2014 Rate (\$/kWh)	2014 Cap (per month)	2015 Proposed Rate (\$/kWh)	2015 Proposed Cap (per month)
Residential	\$0.001360	\$0.70	\$0.00	\$0.00
Non-residential (less than 3,000 kW)	\$0.001360	\$34.00	\$0.00	\$0.00
Non-residential (equal to or greater than 3,000 kW)	\$0.001360	\$650.00	\$0.00	\$0.00
Government and Agricultural	\$0.000250	\$10.50	\$0.00	\$0.00

### **Flexibility of Funds.**

19. Trico is requesting Commission-approval to shift approved REST funds between programs and to modify program budgets in the 2015 REST Plan. Staff recommends the following latitude for shifts in funding, which conforms to that approved for Mohave Electric Cooperative:

- that no more than 15% of a program's approved budget be affected by the shift;
- that Trico notify Staff of any plan to shift funds no less than 60 days prior to implementing the shift; and
- that, if Staff notifies Trico in writing that it is opposed to a shift in funds, no shift would occur unless Trico first secures a Commission order authorizing the shift.
- "Within 60 days following any funds shift, Trico must submit to Staff a revised budget recognizing the shift of funds."

### **Advertising and Promotion.**

20. Trico SunWatts advertises in a variety of mediums, including: bill inserts, ads/stories in newsletters, counter cards and posters, ads in newspapers and on the radio, participation at local events and the Trico website.

### **Waiver Request.**

21. Staff does not believe Trico needs a waiver from R14-2-1805. The REST rules, pursuant to R14-2-1814, require Trico to submit "an appropriate plan for acquiring Renewable Energy from Eligible Renewable Energy Resources". Once the Commission approves the plan, its provisions substitute for the requirements of R14-2-1804 and R-14-2-1805. Under the plan submitted by Trico, Trico will not pay an incentive or receive RECs for customer-owned or -leased PV systems.

1 Staff believes Trico's plan is "appropriate" under the circumstances. If the Commission agrees, no  
2 waiver is necessary.

3 **Community Solar Project ("SunWatts Sun Farm")**

4 22. Trico's SunWatts Sun Farm became operational in June 2011. Trico's SunWatts Sun  
5 Farm consists of 840 ground mounted fixed tilt panels that total up to 227 kW. The program allows a  
6 Trico member to purchase panels in quarter, half, or whole panel increments, up to their average  
7 monthly kWh energy usage, up to a maximum of 10,000 watts. Customers who purchase entire or  
8 partial panels will receive credits on their bills equal to the energy generated by their panel(s), in  
9 accordance with the Sun Watts Sun Farm Tariff approved under Decision No. 72068.

10 23. There are 46 Trico customers currently participating in the Community Solar Project.  
11 Trico did not use any REST surcharge funds in the construction of SunWatts Sun Farm.

12 **Arizona Goes Solar Website**

13 24. As required by Decision No. 71453 (January 6, 2010), Trico will continue to support  
14 the Arizona Goes Solar website and to provide the website with information regarding its renewable  
15 programs.

16 **Staff Recommendations**

17 25. Staff recommends the following:

- 18 • that Trico Electric Cooperative's 2015 REST Plan be approved as discussed herein.
- 19 • that Trico Electric Cooperative's Voluntary Renewable Energy Standard Program  
20 Tariff, Renewable Energy Customer Self-Directed Tariff, and SunWatts Sun Farm  
21 Tariff currently on file with the Commission, remain in effect until further order of the  
22 Commission.
- 23 • that Performance-Based Incentives be eliminated for new commercial renewable  
24 projects that exceed 10 kW installed in 2015.
- 25 • that Trico Electric Cooperative be allowed to shift funds between programs with the  
26 restrictions listed in Finding of Fact No. 19.
- 27 • that Trico Electric Cooperative's REST surcharge rate and monthly dollar caps be  
28 reduced to zero.

1 • that Trico Electric Cooperative file an updated Renewable Energy Standard Tariff in  
 2 compliance with the Decision in this case within 15 days of the effective date of the  
 3 Decision.

4 CONCLUSIONS OF LAW

5 1. Trico is an Arizona public service corporation within the meaning of Article XV,  
 6 Section 2, of the Arizona Constitution.

7 2. The Commission has jurisdiction over Trico and over the subject matter of the  
 8 application.

9 3. The Commission, having reviewed the application and Staff's Memorandum dated  
 10 November 26, 2014, concludes that it is in the public interest to approve the Trico 2015 REST Plan as  
 11 discussed herein.

12 ORDER

13 IT IS THEREFORE ORDERED that Trico Electric Cooperative's 2015 REST Plan be  
 14 approved as discussed herein.

15 IT IS FURTHER ORDERED that Trico Electric Cooperative's Voluntary Renewable Energy  
 16 Standard Program Tariff, Renewable Energy Customer Self-Directed Tariff, and SunWatts Sun Farm  
 17 Tariff currently on file with the Commission, remain in effect until further order of the Commission.

18 IT IS FURTHER ORDERED that Performance-Based Incentives be eliminated for new  
 19 commercial renewable projects that exceed 10 kW installed in 2015.

20 IT IS FURTHER ORDERED that Trico Electric Cooperative be allowed to shift funds  
 21 between programs with the restrictions listed in Finding of Fact No. 19.

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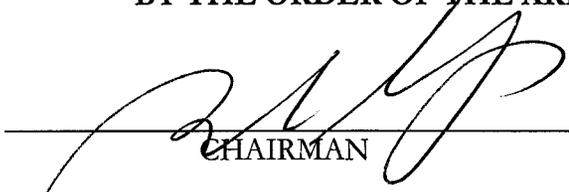
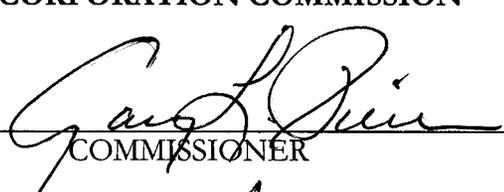
1 IT IS FURTHER ORDERED that Trico Electric Cooperative's REST surcharge rate and  
2 monthly dollar caps be reduced to zero.

3 IT IS FURTHER ORDERED that Trico Electric Cooperative file an updated Renewable  
4 Energy Standard Tariff in compliance with the Decision in this case within 15 days of the effective  
5 date of the Decision.

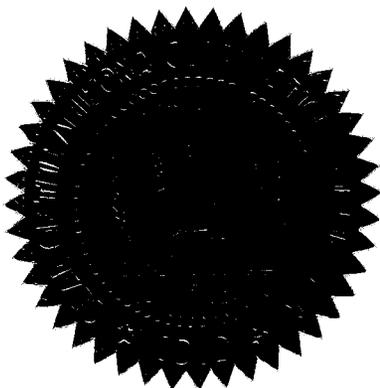
6 IT IS FURTHER ORDERED that this Order shall take effect immediately.

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

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 CHAIRMAN	 COMMISSIONER	
 COMMISSIONER	 COMMISSIONER	 COMMISSIONER

15 IN WITNESS WHEREOF, I, JODI JERICH, Executive  
16 Director of the Arizona Corporation Commission, have  
17 hereunto, set my hand and caused the official seal of this  
18 Commission to be affixed at the Capitol, in the City of  
19 Phoenix, this 18<sup>th</sup> day of December, 2014.



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JODI JERICH  
EXECUTIVE DIRECTOR

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

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

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1 SERVICE LIST FOR: Trico Electric Cooperative  
2 DOCKET NO. E-01461A-14-0216

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