

NEW APPLICATION



0000162405

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH, Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

ORIGINAL

Arizona Corporation Commission
DOCKETED

JUL 01 2015

DOCKETED BY [Signature]

IN THE MATTER OF THE APPLICATION OF
SULPHUR SPRINGS ELECTRIC COOPERATIVE,
INC. FOR THE 2015 NET METERING TARIFF
WITH THE UPDATED AVOIDED COST

DOCKET NO
APPLICATION

E-01575A-15-0236

RECEIVED
2015 JUL - 1 10 4:29
AZ CORP COMMISSION
DOCKET CONTROL

Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") hereby submits this application to update the approved Net Metering Tariff (Decision 74704 and 74814) to accurately determine the avoided cost of energy used for the reconciliation of Net Metered Customers beginning in September 2015.

I. Background.

- SSVEC is certificated to provide electric service as a public service corporation in the State of Arizona.
- In June of 2014, 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. 74704.

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

- 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 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. 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 Commission no later than July 1 of each year. This updated avoided cost, after approval by the Commission, would become effective on September 1.
- Decision 72552 requires that SSVEC file avoided cost updates as new applications filed in new dockets.

1 **II. Application**

2 SSVEC's current approved avoided cost rate is \$0.0307 per kWh. SSVEC proposes that the rate
3 be changed to \$0.0258 per kWh based on the attached purchase history.
4

5 Attachment A is the proposed 2015 NET Metering Tariff which is identical to the current
6 Net Metering Tariff (Decision 74704 & 74811) with the exception of the
7 revised 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, 2015.
11

12 **III. Conclusion**

13 SSVEC respectfully requests the Commission issue an Order:

- 14 1) Approving the 2015 Net Metering Tariff
15

16 RESPECTFULLY SUBMITTED this 30th day of June 2015.

17 Sulphur Springs Valley Electric Cooperative, Inc.
18

19 By 
20 David Bane
21 Key Accounts Manager

22 **Original** and thirteen (13) copies
23 filed this 30th day of June, 2015,
24 with:

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

Attachment: A

ELECTRIC RATES

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, 2015

STANDARD OFFER TARIFF

NET METERING TARIFF

SCHEDULE NM

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**

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.

As of January 1, 2015, the "true up" month to meet the requirements of R14-2-2306 (F) will be September only. 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 \$0.0258 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 1st 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.

** For those Customers who are "grandfathered" using the March "true up"*

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**

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

Month Year	6 14	7 14	8 14	9 14	10 14	11 14	12 14	1 15	2 15	3 15	4 15	5 15
kWh Purchased												
AEPSCO	84,859,868	85,822,390	82,249,922	79,095,358	77,695,619	74,381,874	66,560,468	66,005,224	54,032,390	53,205,241	47,268,125	48,485,514
AEPSCO - MSSA	9,945,000	10,214,067	10,196,000	3,043,616	249,132	207,461	162,103	160,251	219,526	666,033	300,872	335,000
3rd Party	8,524,000	4,873,000	1,555,000	1,043,000	30,000	2,000	1,909,000	1,520,829	601,753	9,603,855	16,910,373	23,952,303
Total kWh Purchased	103,328,868	100,909,457	94,000,922	83,181,974	77,974,751	74,591,335	70,631,571	67,686,304	54,853,669	63,475,129	64,479,370	72,372,817
Total Cost of Purchases												
kWh Sold												
Non-member sales	791,000	2,444,000	8,003,000	12,808,000	21,444,000	22,540,000	10,078,000	5,864,976	5,507,066	2,108,713	6,366	64,888
Residential Sales	29,950,274	38,320,266	35,909,448	31,261,731	27,158,641	22,669,620	25,964,336	33,138,744	27,922,541	23,640,846	22,098,919	61,541,491
Commercial Sales (Small)	8,712,560	9,893,149	9,145,311	8,554,555	7,905,212	7,247,112	6,942,782	7,866,362	7,276,730	6,796,950	7,202,519	
Commercial Sales (Large)	16,285,229	18,199,876	17,250,579	17,481,815	16,481,284	15,069,881	14,915,805	14,882,143	14,343,335	14,244,602	15,373,656	
Irrigation Sales	29,273,025	27,992,082	24,839,219	16,366,442	5,672,673	3,981,236	2,646,815	2,455,128	2,609,924	8,513,690	17,256,041	
Other Sales	183,997	183,997	183,997	183,889	183,769	183,709	183,709	183,709	183,709	183,709	183,889	
Total kWh Sold	85,196,085	97,023,370	95,331,554	86,656,432	78,845,579	71,691,558	60,731,447	64,391,062	57,843,305	55,488,510	62,122,390	61,606,370
Avoided Cost of Energy												
AEPSCO Firm Energy	\$ 2,375,626.93	\$ 2,401,218.89	\$ 2,298,965.76	\$ 2,208,256.22	\$ 1,938,475.40	\$ 1,846,690.53	\$ 1,663,845.52	\$ 1,611,144.01	\$ 1,275,904.98	\$ 1,168,617.08	\$ 1,101,352.46	\$ 1,078,436.85
AEPSCO Purchase Power & Fuel												
Adjuster												
AEPSCO MSSA Energy	\$ 336,929.07	\$ 226,922.51	\$ 65,344.30	\$ 39,078.67	\$ 510.00	\$ 80.70	\$ 58,392.50	\$ 30,323.47	\$ 11,795.03	\$ 229,380.77	\$ 396,940.21	\$ 514,106.19
3rd Party Purchases	\$ 450,894.62	\$ 462,619.16	\$ 462,919.23	\$ 129,478.37	\$ 7,707.05	\$ 6,429.16	\$ 5,037.29	\$ 4,868.45	\$ 6,780.77	\$ 20,507.30	\$ 9,298.85	\$ 10,284.50
Shell Energy												
Powerex Energy												
Total Avoided Cost of Energy	\$ 3,163,451	\$ 3,090,761	\$ 2,827,249	\$ 2,376,813	\$ 1,946,692	\$ 1,852,200	\$ 1,727,275	\$ 1,646,436	\$ 1,294,481	\$ 1,418,515	\$ 1,507,592	\$ 1,602,828
Avoided Cost per kWh Purchased	\$ 0.0306	\$ 0.0306	\$ 0.0301	\$ 0.0286	\$ 0.0250	\$ 0.0248	\$ 0.0245	\$ 0.0243	\$ 0.0236	\$ 0.0223	\$ 0.0234	\$ 0.0221
Avoided Cost used as of 9/1/09	\$ 0.0491											
Avoided Cost used as of 9/1/10	\$ 0.0377											
Avoided Cost used as of 9/1/11	\$ 0.0367											
Avoided Cost used as of 9/1/12	\$ 0.0364											
Avoided Cost used as of 9/1/13	\$ 0.0307											
Avoided Cost used as of 9/1/14	\$ 0.0258											