

ORIGINAL

NEW APPLICATION



0000163685

RECEIVED

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH, Arizona Corporation Commission
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

AZ CORP COMMISSION
DOCKET CONTROL

DOCKETED

JUL 16 2015

DOCKETED BY [Signature]

IN THE MATTER OF THE APPLICATION OF
SULPHUR SPRINGS VALLEY ELECTRIC
COOPERATIVE, INC. FOR APPROVAL OF THE
2016 REST IMPLIMENTATION PLAN AND 2016
RES TARIFF SURCHARGE

DOCKET NO. E-01575A-15-0264
APPLICATION

Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") hereby submits the 2016 REST Implementation Plan for Arizona Corporation Commission approval.

I. Background.

SSVEC is an Arizona nonprofit corporation certified to provide electricity as a public service corporation in the State of Arizona.

SSVEC now files its 2016 REST plan (attached). The REST Rules (A.A.C. R14-2-1814) allow Cooperatives to file "an appropriate plan for acquiring Renewable Energy Credits from Eligible Renewable Resources for the next calendar year." In anticipation of potential questions regarding our proposed 2015 REST Plan, Attachment A is pre-filed testimony based on questions asked in prior years and of questions asked in other utility REST filings.

SSVEC proposes in this plan to eliminate the incentive for PV and Wind systems. SSVEC also proposes to lower the incentive for solar water heating (SWH) to \$0.25 per kWh of the first year annual savings as calculated by OG-300 rating system. SSVEC requests the Commission to approve the budget to increase the funds for a future expansion of the Current Solar Farm or other large utility scale options when the funds have reached an appropriate level. No changes in the RES Tariff are requested.

II. History

The following table summarizes the program history and the proposed 2016 plan

Program item	2009	2010	2011/ 2012	2013	2014 / 2015	2016
Residential						
Residential Per Watt	\$4.00	\$3.00	\$2.00	\$0.50	\$0.25	\$0.00
One Time Incentive (OTI)						
Maximum Residential Incentive					\$2,500	\$0.00
Maximum OTI percentage based on the total cost	50%	50%	40%	35%	n/a	n/a
PBI 10 year	\$0.20	\$0.20	\$0.18	\$0.08	n/a	n/a
Rate and Cap	60%	60%	50%	40%		
PBI 15 year	\$0.19	\$0.19	\$0.17	\$0.08	n/a	n/a
Rate and Cap	60%	60%	50%	40%		
PBI 20 year	\$0.18	\$0.18	\$0.16	\$0.08	n/a	n/a
Rate and Cap	60%	60%	50%	40%		
Commercial						
Maximum System Size Allowed	N/A	N/A	50 kW	50kW	n/a	n/a
C&I per Watt One Time Incentive	\$4.00	\$2.50	\$1.25	\$0.50	\$0.25	\$0.00
Maximum C&I Incentive					\$5,000	\$0.00
Maximum OTI based on the percentage of total costs	50%	50%	45%	35%	n/a	n/a
PBI 10 year	\$0.20	\$0.20	\$0.18	\$0.08	n/a	n/a
Rate and Cap	60%	60%	50%	40%		
PBI 15 year	\$0.19	\$0.19	\$0.17	\$0.08	n/a	n/a
Rate and Cap	60%	60%	50%	40%		
PBI 20 year	\$0.18	\$0.18	\$0.16	\$0.08	n/a	n/a
Rate and Cap	60%	60%	50%	40%		
Solar Water Heating						
Per kWh Rebate based on first year kWh output (per OG-300)	N/A	\$0.75	\$0.70	\$0.65	\$0.50	\$0.25
Wind						
One Time Incentive (per watt)					\$0.10	\$0.00
Residential Maximum Incentive					\$1,250	\$0.00
C&I Maximum Incentive					\$2,500	\$0.00
PBI 10 year	\$0.20	\$0.20	\$0.18	\$0.08	n/a	n/a
Rate and Cap	60%	60%	50%	40%		
PBI 15 year	\$0.19	\$0.19	\$0.17	\$0.08	n/a	n/a
Rate and Cap	60%	60%	50%	40%		
PBI 20 year	\$0.18	\$0.18	\$0.16	\$0.08	n/a	n/a
Rate and Cap	60%	60%	50%	40%		

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

III. Conclusion

SSVEC respectfully requests the Commission issue an Order:

- 1) Approving SSVEC's 2016 REST plan as filed
- 2) Approving SSVEC's current RES Tariff
- 3) Approving the program to be effective on the 1st day of the month after signing the final order.

RESPECTFULLY SUBMITTED this 17th day of July 2015

Sulphur Springs Valley Electric Cooperative, Inc.

By 
David Bane
SunWatts Program Manager

Original and thirteen (13) copies filed this
17th day of July 2015 with:

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

Copy of the foregoing hand delivered/mailed
this 17th day of July 2015

Lyn Farmer, Esq
Chief Administrative Law Judge
Hearing Division
Arizona Corporation Commission
1200 W. Washington,
Phoenix, AZ 85007

Janice M. Alward, Esq
Chief Counsel, Legal Division
Arizona Corporation Commission
1200 W. Washington,
Phoenix, AZ 85007

Steve Olea
Director, Utilities Division
Arizona Corporation Commission
1200 W. Washington,
Phoenix, AZ 85007



**Sulphur Springs Valley
Electric Cooperative, Inc.**

A Touchstone Energy® Cooperative 

2016 REST Plan

As required by

A.A.C. R14-2-1814

Submitted by:
David Bane
SunWatts Program Manager
520-515-3472

Table of Contents

Executive Summary	3
1.0 Sun Watts Green Contribution Program:	4
2.0 The Sun Watts Residential Incentive Program	4
2.1 Photovoltaic systems Incentive:	4
2.2 Wind systems Incentive:	4
3.0 Commercial Incentive Program	4
3.1 Commercial PV systems:	4
3.2 Commercial Wind Systems	4
4.0 System Sizing	4
5.0 2008 Solar for Schools Project	5
6.0 SunWatts Large-Scale Generating Program (Solar Farm)	5
7.0 Independent Power Production Projects:	5
8.0 Solar Water Heater Program.	5
9.0 UCPP Approved Technologies:	6
10.0 Additional Program Incentives and Grants:	6
11.0 NET Metering:	7
12.0 Calculation of the 125% of Capacity	7
13.0 Third Party Assignment of Incentives:	7
14.0 Customers unwilling to assign the RECs to SSVEC	8
14.1 Interconnections	8
15.0 Administration of the REST Plan	8
16.0 Long Range Utility Scale Expansion	9
16.1 Reducing Program PBI Liability	9
17.0 Estimated Results/Budget/Tariffs	9
17.1 Budget Projections	10
17.2 Estimated Impact of Tariff on Customers	11
17.3 Sample Customer Impacts	11
18.0 Distributed Generation REST Goals	12
Exhibit #1 Current RES Tariff	13

Executive Summary

SSVEC will use surcharge dollars, any proceeds from consumer participation in the Green Energy Purchase Program, the SunWatts Loan program, solar farm energy sales, and other potential sources (principally from approved grants and Federal clean renewable energy bonds) to fund its renewable program. These programs include both residential and commercial photovoltaic and wind project distributed generation incentives, and large-scale renewable installations, including possible participation in multi-utility joint projects. Surcharge funds will also be used to pay for the administration, and educational activities. SSVEC will not expend funds on commercial advertising and marketing of the Sun Watts program. SSVEC will also not expend any funds for research and development.

The primary parts to the SSVEC REST plan, which is called SunWatts, are:

- ✓ The Sun Watts Green Contribution Program
- ✓ The Sun Watts Residential Incentive Program
- ✓ The Sun Watts Commercial Incentive Program
- ✓ The 2009 School Program
- ✓ The Sun Watts Large-Scale Generating Program
- ✓ Solar Water Heating
- ✓ Other Renewable sources from the UCPP guidelines
- ✓ Additional Program incentives and grants
- ✓ NET Metering
- ✓ Calculating the 125% capacity
- ✓ Third Party Assignment of Incentives
- ✓ Long Range Utility Scale Expansion
- ✓ Reducing Program Liability

Each of these programs components, administration and budget guidelines, will be presented in detail in the following sections.

1.0 Sun Watts Green Contribution Program:

In this program, members may elect to contribute additional dollars on their bills to be used to fund various renewable energy programs. This program has very small participation but there are no costs associated with continuing this option.

2.0 The Sun Watts Residential Incentive Program

Beginning with the 2016 REST program the Residential Incentives will be limited to compliant solar water heating only.

2.1 Photovoltaic systems Incentive:

SSVEC will no longer pay incentives for PV systems.

2.2 Wind systems Incentive:

SSVEC will no longer pay incentives for Wind systems.

3.0 Commercial Incentive Program

The SunWatts Commercial & Industrial (non-residential) incentive program will be limited to compliant Solar Water heating only.

3.1 Commercial PV systems:

SSVEC will no longer pay incentives for PV systems.

3.2 Commercial Wind Systems

SSVEC will no longer pay incentives for Wind systems.

4.0 System Sizing

If the Residential or Commercial customer chooses to install a system that is larger than the customer's connected load as determined below in section 12 the excess energy either can be sold by the customer to the wholesale market (subject to an approved wheeling tariff) or, if SSVEC needs the power, it may be purchased by SSVEC under a negotiated Purchased Power Agreement. If the system qualifies as QF under PURPA rules, SSVEC will

purchase the power at its avoided cost as required by PURPA. In either situation, the system will not qualify for Net Metering or an Incentive.

5.0 2008 Solar for Schools Project

As part of the 2008 REST program the Commission approved a CREBs loan for the Solar for Schools project. The Maintenance and Debt Service budget is set to \$1,000,000 per year. Beginning with the 2014 REST Program SSVEC has to include some maintenance costs due to the bankruptcy and subsequent closure of the Inverter Manufacturer which nullified the extended warranty SSVEC had obtained in 2008. Inverters are failing each year for the past three years.

6.0 SunWatts Large-Scale Generating Program (Solar Farm)

In 2012 SSVEC installed two utility grade projects (1.5MW total capacity) using the ACC approved CREBs funds. The proposed budget includes the debt service for this project. SSVEC will reimburse the REST funds for all kWh produced at the Avoided Cost Rate as set in the Net Metering Tariff which is updated annually.

7.0 Independent Power Production Projects:

If a developer wishes to install a renewable generation facility (i.e. a facility without any existing load being served by SSVEC) in SSVEC service area, they must contact SSVEC and coordinate the efforts so that any and all system improvements needed to “wheel” the power to a buyer or SSVEC is paid by the developer. For this program year SSVEC is not in the market for purchasing any renewable energy due to the backlog of incentives for residential and business customers.

8.0 Solar Water Heater Program.

SSVEC will pay an incentive equal to \$0.25 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 Sun Watts Incentive. A list of OG-300 certified Solar Systems is available at the Solar Rating

and Certification Corporation’s website at www.solar-rating.org. Residential and commercial water heater systems will be covered. Southwest Gas Customers who are eligible for a “*Smarter Greener Better Solar Water Heating*” Rebate (effective for any system installed after June 2012) and solar swimming pool heating systems are not eligible. SSVEC highly recommends that systems be installed by licensed contractors but if the member chooses to do a “self-install”, the local building inspector must approve the installation to qualify for the SunWatts Incentive. Customer will provide copies of their invoice for tracking system costs for posting on AZ Goes Solar website.

9.0 UCPP Approved Technologies:

SSVEC will use the incentive, specifications, and criteria developed by the UCPP Working Group as the basis for Performance Based Incentives for alternative renewable energy projects. Solar Day Lighting will be paid at the end of the 12 month measurement and validation period that quantifies the first year savings.

Technology	OTI	PBI
Solar Day lighting	\$.03 per kWh for first year savings	
Geothermal Electric Thermal		\$.005 per kWh over 10 years \$.009 per kWh over 10 years
Biogas/Biomass Electric Thermal Cooling CHP-Electric CHP-Thermal		\$.009 per kWh over 10 years \$.002 per kWh over 10 years \$.006 per kWh over 10 years \$.006 per kWh over 10 years \$.003 per kWh over 10 years
Solar Space Cooling		\$.015 per kWh over 10 years

PBI is limited to 10% of the total cost of the project and no more than 10% of the total PBI will be paid in any one year.

10.0 Additional Program Incentives and Grants:

- SSVEC will continue our partnership with the Habitat for Humanity Program to offer renewable energy options to low-income families in cooperative service territories. SSVEC will contribute up to \$15,000 dollars to the Habitat organization for the

purchase of photovoltaic and other renewable energy equipment to be installed on Habitat homes and will also assist in finding local renewable energy equipment dealers who are willing to donate products and services. The type and amount of equipment will vary from project to project. Up to two of these projects will be undertaken each year at a cost not to exceed the amount budgeted in the annual REST budget. If Habitat does not have a project these funds will be used to pay residential or commercial incentives.

- SSVEC will continue to fund a grant program for teachers in our service territory for the development of renewable curricula for the classroom. The grant program is limited to ten, \$500.00 grants per year.

11.0 NET Metering:

SSVEC has a NET Metering tariff and all customers with renewable sources and approved interconnections are eligible for NET Metering subject to the provisions of the currently approved Net Metering Tariff.

12.0 Calculation of the 125% of Capacity

One of the societal goals of using renewable energy is to have homes or business to become a “net zero” facility where the customer produces all their own kWh needs for the year. This is evident in the Net Metering rules where the 125% sizing limit is stated. To qualify for an Incentive, the system must also qualify for Net Metering under the currently approved Net Metering Tariff. In the event that no prior history is available, it is up to the Customer and the Contractor to determine the proper system size that meets the Net Meter Definition. SSVEC assumes no responsibility for the over or under sizing of systems.

13.0 Third Party Assignment of Incentives:

The customer may choose to assign their incentives to a third party. Only the original SSVEC Customer may assign the Incentive to a third party, the third party cannot subsequently assign the incentive to a “4th” party.

14.0 Customers unwilling to assign the RECs to SSVEC

In the event that Consumers decide not to release/assign the RECs associated with their renewable project, SSVEC would treat these Customers as Net Meter Customer only. No SunWatts incentives will be paid if the RECs will not be transferred to SSVEC. The Customer must still submit all interconnection documents and is subject to the same standards as systems that receive an Incentive.

14.1 Interconnections

The Customer / Contractor must submit all interconnection documents. This insures compliance with the ACC order to populate the AZ Goes Solar website with current program statistics and installations

15.0 Administration of the REST Plan

Annual Reporting and Plan Development: Decision No. 71458 allows SSVEC to file its annual report not later than March 1st for the prior calendar year. SSVEC will submit its plan for the following year as required by the REST rules.

Advertising, Promotion, and Education: SSVEC works closely with the other Arizona Cooperatives in developing and executing the REST/Sun Watts program. Since the implementation of our reservation system, SSVEC has limited its advertising/marketing expenses to posters and program pamphlets, participation in local events (annual meetings, county fairs, etc.), the SSVEC website, and our share of the AZ Goes Solar website. General advertising is left to the Solar Industry.

SSVEC also works in partnership with other electric providers in the state of Arizona for the Arizona Utilities for Renewable Energy Education (“AZURE”) initiative. AZURE is jointly developing renewable energy education material for teachers and educators across Arizona. The group’s website is www.azureeducation.com.

In order to ensure that SSVEC members receive maximum value for the REST/Sun Watts programs, SSVEC will not use more than 15% of the total surcharge funds collected for administration, research, and development, and advertising expenses.

16.0 Long Range Utility Scale Expansion

Based on input from our Members, there is a desire for additional utility sized PV systems that provide PV benefits to all Customers. To accomplish this new goal, SSVEC proposes to accumulate funds to expand the current San Simon site. When the account has a sufficient balance to economically expand the San Simon PV site, SSVEC will issue an RFP to expand the solar field.

16.1 Reducing Program PBI Liability

PBI was used as a cash management tool when the incentives were high and large projects would have the effect of “shutting down” or “depleting” the available incentives for the year. Beginning in 2014 when the incentives were “capped” at \$2,500 or \$5,000 PBI was no longer needed or offered. The current PBI accounts do incur administrative costs and is a long term liability for current and future programs. To reduce these costs, SSVEC proposed to budget funds to “buy down” existing PBI Customers each December using a First in First out (FIFO) basis as fund balance allows.

17.0 Estimated Results/Budget/Tariffs

The current REST tariff was approved in 2013 for the 2013 REST Plan. For the 2015 plan, SSVEC has proposed no changes in either the kWh surcharge or the Caps. The current tariff is included in Exhibit 1

SSVEC retains the flexibility to shift budget allocations at the end of the year to pay as many Incentives payments as possible as recommended by the ACC Staff in the 2012 REST plan as long as there is no decrease in the funds for incentives.

Proposed 2016 REST budget

Estimated 2015 Collections	\$ 4,091,000
Alamo & San Simon kWh Sales	\$ 112,828
Estimated 2015 carry over*	\$ 35,000
Total Budget	\$ 4,238,828

Administration	\$ 300,000
Habitat for Humanity projects	\$ 15,000
Advertising	\$ 1,000
Future Large Scale Project	\$ 1,500,000
PBI "Buy Down"	\$ 200,000
School Solar Project (CREBs 1 debt service)	\$ 1,000,000
SSVEC Solar Farm (CREBs 2 debt service)	\$ 550,000
SunWatts Incentives Residential	\$ 25,414
SunWatts Incentives Commercial	\$ 25,414
Residential PBI	\$ 311,000
Commercial PBI	\$ 311,000
	\$ 4,238,828

17.1 Budget Projections

	Budget Year				
	2016	2017	2018	2019	2020
REST Revenue	\$ 4,091,000	\$ 4,091,000	\$ 4,091,000	\$ 4,091,000	\$ 4,131,910
Alamo & San Simon kWh Sales	\$ 112,828	\$ 77,705	\$ 77,697	\$ 77,689	\$ 77,682
Estimated carry over from prior year	\$ 35,000	\$ 34,187	\$ 78,050	\$ 102,072	\$ 140,759
Total REST Budget	\$ 4,238,828	\$ 4,202,892	\$ 4,246,747	\$ 4,270,761	\$ 4,350,351

Projected Budget					
Administration	\$ 300,000	\$ 285,000	\$ 242,250	\$ 205,913	\$ 185,321
Habitat for Humanity projects	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Advertising	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Future Large Scale Project	\$ 1,500,000	\$ 1,695,205	\$ 1,894,693	\$ 2,106,919	\$ 2,351,829
PBI "Buy Down"	\$ 100,000	\$ -	\$ -	\$ -	\$ -
School Solar Project (CREBs 1 debt service)	\$ 1,000,000	\$ 1,010,000	\$ 1,010,000	\$ 1,010,000	\$ 1,010,000
SSVEC Solar Farm (CREBs 2 debt service)	\$ 550,000	\$ 544,500	\$ 539,055	\$ 533,664	\$ 528,328
SunWatts Incentives Residential	\$ 100,414	\$ 12,209	\$ 6,104	\$ -	\$ -
SunWatts Incentives Commercial	\$ 25,414	\$ 15,248	\$ 7,624	\$ -	\$ -
Residential PBI	\$ 311,000	\$ 295,450	\$ 251,133	\$ 188,349	\$ 122,427
Commercial PBI	\$ 336,000	\$ 329,280	\$ 279,888	\$ 209,916	\$ 136,445
Total Projected Budget	\$ 4,238,828	\$ 4,202,892	\$ 4,246,747	\$ 4,270,761	\$ 4,350,351

Interest rate on Future LS Project		0.10%	0.10%	0.10%	0.10%
Future Large Scale Project EOY Balance	\$ 2,400,000	\$ 4,097,605	\$ 5,996,395	\$ 8,109,311	\$ 10,469,249

Projected Expenses					
Administration	\$ 285,000	\$ 256,500	\$ 230,138	\$ 164,730	\$ 148,257
Habitat for Humanity projects	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Advertising	\$ 990	\$ 990	\$ 990	\$ 990	\$ 990
Future Large Scale Project	\$ 1,500,000	\$ 1,695,205	\$ 1,894,693	\$ 2,106,919	\$ 2,351,829
PBI "Buy Down"	\$ 100,000	\$ -	\$ -	\$ -	\$ -
School Solar Project (CREBs 1 debt service)	\$ 1,000,000	\$ 1,010,000	\$ 1,010,000	\$ 1,010,000	\$ 1,010,000
SSVEC Solar Farm (CREBs 2 debt service)	\$ 550,000	\$ 544,500	\$ 539,055	\$ 533,664	\$ 528,328
SunWatts Incentives Residential	\$ 100,414	\$ 6,104	\$ 1,526	\$ -	\$ -
SunWatts Incentives Commercial	\$ 12,707	\$ 3,050	\$ 1,906	\$ -	\$ -
Residential PBI	\$ 307,890	\$ 280,678	\$ 213,463	\$ 141,262	\$ 79,578
Commercial PBI	\$ 332,640	\$ 312,816	\$ 237,905	\$ 157,437	\$ 88,690
Total Expense Projections	\$ 4,204,641	\$ 4,124,842	\$ 4,144,675	\$ 4,130,003	\$ 4,222,671

End of Year Balance	\$ 34,187	\$ 78,050	\$ 102,072	\$ 140,759	\$ 127,680
----------------------------	-----------	-----------	------------	------------	------------

17.2 Estimated Impact of Tariff on Customers

Rate Class	Monthly Average per Bill	Percentage Reaching Cap	Estimated Collection by Rate Class per Month
Rate R	\$ 3.11	74.4%	\$ 121,205
Rate GS*	\$ 10.86	1.8%	\$ 80,144
Rates I	\$ 36.50	61.8%	\$ 19,802
Rates P	\$ 139.15	45.0%	\$ 53,397
Rate C	\$ 300.00	100.0%	\$ 900

* This rate class includes private wells that will never reach the cap and lower both the average collected and percentage reaching the cap.

17.3 Sample Customer Impacts

Sample Customers	Average kWh	Monthly Bill Impact	
		2014	2015
Average Residential Customer	800	\$3.49	\$3.49
Barber Shop	3,541	\$34.99	\$34.99
Department Store	161,760	\$200.00	\$200.00
Mall (less tenants)	61,872	\$200.00	\$200.00
Retail Video Store	12,843	\$85.00	\$85.00
Large Hotel	30,700	\$200.00	\$200.00
Large Building Supply and Hardware	157,707	\$200.00	\$200.00
Motel	30,227	\$200.00	\$200.00
Large Office Building	78,120	\$200.00	\$200.00
Hospital	360,075	\$200.00	\$200.00
Supermarket	117,860	\$200.00	\$200.00
Convenience Store	18,403	\$181.82	\$181.82
School	67,967	\$200.00	\$200.00
Irrigation Customer	51,745	\$50.00	\$50.00

18.0 Distributed Generation REST Goals

Year	Retail Sales (MWh) from the 2013 PRS	Renewable Goal (%)	Renewable Energy Needed (MWh)	Est. Renewable Capacity needed (MW)	Renewable MWh	Percentage of Goal	Systems Installed (by year)
2005 - 2007	796,093	.5%	3,980	1.8	307	8%	55
2008	819,072	.5%	4,095	1.9	683	17%	87
2009	834,119	1.00%	8,341	3.8	4,684	56%	239
2010	822,776	1.25%	10,285	4.7	9,813	95%	166
2011	840,861	1.50%	12,613	5.8	11,269	89%	184
2012	853,741	1.75%	14,940	6.8	18,734	125%	359
2013	873,738	2.00%	17,475	8.0	24,495	140%	505
2014	924,230	2.25%	20,795	9.5	27,536	132%	281
2015	888,343	2.50%	22,209	10.1			
2016	906,948	3.00%	27,208	12.4			
2017	927,379	3.50%	32,458	14.8			
2018	949,010	4.00%	37,960	17.3			
2019	971,765	4.50%	43,729	20.0			
2020	995,563	5.00%	49,778	22.7			
2021	1,020,944	5.50%	56,152	25.6			
2022	1,047,324	6.00%	62,839	28.7			
2023	1,074,710	6.50%	69,856	31.9			
2024	1,104,037	7.00%	77,283	35.3			
2025	1,134,443	7.50%	85,083	38.9			

The REST Rules in Section R14-2-1814 allow the Cooperatives to submit a plan as a substitute from the percentage of kWh sold requirements as set for the Investor Owned Utilities (“IOUs”) as set forth in R14-2-1804 and R14-3-1805. SSVEC is voluntarily setting distributed generation goals in the form of a percentage of sales to conform to the reporting requirements of the IOUs. Upon approval, this plan supersedes all prior REST plans.

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

Sulphur Springs Valley Electric Cooperative
350 N Haskell Ave
Willcox, Arizona 85643

SCHEDULE REST
Renewable Energy Surcharge Tariff

Effective: For electrical usage beginning on or about December 1, 2012 and billed beginning with the January 2013 cycle billings.

Applicability

The Renewable Energy Surcharge Tariff is applicable to all consumers located along existing electric distribution lines of the Cooperative, who use the Cooperative's standard service for single- or three-phase service. Surcharges under this schedule will be in accordance with the Cooperative's general rules, terms and conditions, available at the Cooperative's office, which general rules or subsequent revisions thereof are a part of the schedule as if fully written herein.

Rate

\$0.00988 per kWh delivered by the Cooperative

Subject to the following maximum per month:

Table with 2 columns: Category and Rate. Categories include Residential Consumers (Rates R, RT), General Service (Rates GS, GT, non-residential rates not listed below), Irrigation Customers (Rates CD, CW, CD-Large, IL, IS), Commercial & Industrial (Rates P, IP, PRV, PT), and Industrial (Demand over 3MWs). Rates range from \$3.49 to \$300.00.

For Rate RPS only the daily REST CAP shall be \$0.115 per day

Schedule of fee's for SunWatts inspections:

Table with 2 columns: Inspection Type and Fee. Rows include 1st inspection (no charge), 2nd inspection (if needed*) (\$75.00), and 3rd and subsequent inspections (if needed*) (\$150.00 ea.).

* additional inspections charges are billed to the installation contractor as required when violations of the inter-connection requirements, the National Electric Code, or safety issues are found during the current inspection that cannot be corrected during the first or subsequent inspection. Inspection fees to be returned to the REST funds.

Attachment A

The following is SSVEC's responses (or pre-filed testimony) regarding the proposed 2016 RES Tariff and Plan with questions we anticipate might be asked by the ACC Staff based on prior submissions and our review of other utilities approved plans.

For questions or comments the point of contact is:

David Bane
SunWatts Program Manager
311 E. Wilcox
Sierra Vista, AZ 85635
dbane@ssvec.com
520-515-3472

With copies to;

Jack Blair
Chief Member Services Officer
311 E. Wilcox
Sierra Vista, AZ 85635
jblair@ssvec.com

Respectfully,



David Bane

Question 1) What are the requested changes from the 2015 plan?

Response: As ordered by the Commission for other utilities, SSVEC is going to eliminate incentives for PV and Wind systems. We also cut the incentive for solar water heating (SWH) by 50% but still would like to encourage the technology at least for the next year.

The other difference is not so much as a change in concept but a change in quantity. The Commission approved a budget item in our 2015 plan to begin accumulating funds for a future large scale expansion of the current solar farm owned by SSVEC. We feel this is the best investment in solar for our members and would like to take the funds previously used for incentives and direct them into the funds toward this future project. This is without changing or increasing the current REST surcharge.

Question 2) Did SSVEC consider any change to the method of the collection of REST funds or in the amount of the kWh surcharge or caps?

Response: We are proposing no changes in our collection method for the REST surcharge in the 2016 program. From the very beginning of the SSVEC Renewable Energy Program, based on Member input, our method has been to collect the surcharge based on the “delivered” kWh from SSVEC not the “net kWh” (see sample bill below). We felt that it was only fair those consumers who installed a “net zero” sized system would continue to contribute to the very same program that helped them install their systems. Spot checks show that these residential consumers with “net zero” systems continue to pay the same average REST surcharge as those without a PV system.

134741	L07057580Y					
NR IDE	Net Meter RES 1 Delivered	7821	8146	1	325	39.55
	Cost of Basic Service					8.25
	Wholesale Power and Fuel Cost Adjustor					1.02CR
	DSM Surcharge					0.29
	ACC Environmental Surcharge (REST)					3.21
	Taxes					3.69
	30 days of service from 08Feb2012 to 09Mar2012			TOTAL:	54.99	
NGE	Net Me Res Customer Generated	8407	8925	1	325	39.55CR
	Barbed kWh 283					
	Wholesale Power and Fuel Cost Adjustor					1.02
	Net Meter Charge					2.70
	Balance Transfer Between Accounts					18.99CR
PREVIOUS BALANCE:	18.99	PAYMENTS RECEIVED:	0.00	BALANCE FORWARD:	18.99	
				BALANCE DUE:	18.14	

Further support that our method is working can be seen in our REST collections report for 2014 that shows are collections are slightly above projections.

Income Allocations	Actual YTD Collected	Budget
Administration	\$ 198,982	\$ 199,000
Habitat for Humanity projects	\$ 15,000	\$ 15,000
Advertising	\$ 1,000	\$ 1,000
School Solar Project (CREBs 1debt service)	\$ 800,000	\$ 800,000
SSVEC Solar Farm (CREBs 2 debt service)	\$ 375,000	\$ 375,000
Misc	\$ 1,000	\$ 1,000
SunWatts Incentives Residential	\$ 1,264,430	\$ 1,186,839
SunWatts Incentives Commercial	\$ 585,957	\$ 550,000
PBI Residential	\$ 266,344	\$ 250,000
PBI Commercial	\$ 266,344	\$ 250,000
Total	\$ 3,774,056	\$ 3,627,839

Questions and Comments for the 2016 REST Plan for SSVEC

Question 3) Did SSVEC consider the lowering the REST Surcharge in light of the lower incentives paid to Customers?

Response: Feedback from our Members indicates the desire for more SSVEC owned large scale systems. Keeping the Surcharge at the current level will allow SSVEC to accumulate funds for future large scale projects without having to incur finance charges and long term debt. See Attachment B for executive summary of Customer Survey.

The caps in the current RES Tariff have been there since 2010 and the kWh surcharge has been the same since 2011. The SSVEC Board of Directors and feedback from focus groups members feel the current RES Tariff is fair and balanced.

Question 4) You have funds in the budget for incentives in 2016 even though you have taken the incentives to zero. Why is this?

Response: SSVEC has always based our incentives on when the Customer makes their request. In anticipation of a high number of Customers signing on "at the last moment" I anticipate a large number of December requests that won't "expire" until July of 2016 since we allow the Customer 6 months to install their systems once they have made the request. This budget also includes the incentive for Solar Water Heating which still in the program.

Question 5) Did you calculate what the REST surcharge would have to be so that SSVEC could meet the 15% of supply that is required of the investor owned utilities?

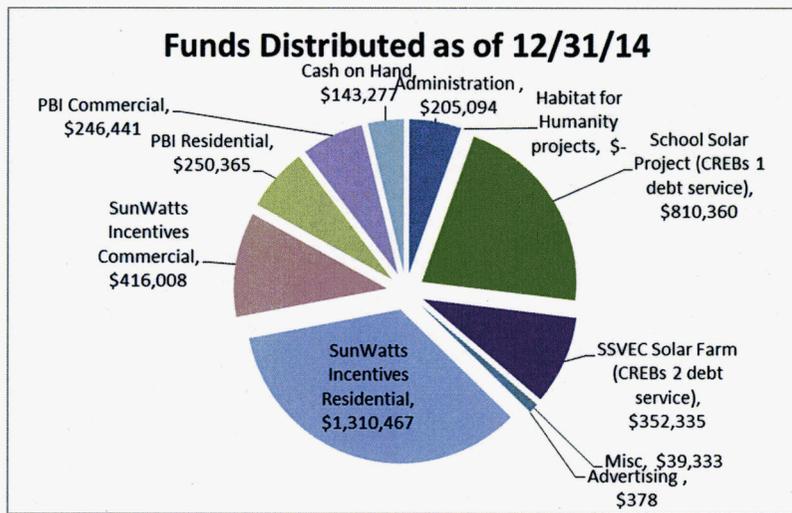
Response: For three REST program submissions we have performed that study and each time it has shown that the required REST tariff would be so large as to have an extreme negative impact on our members. Each time the Commissioners have agreed that our requested REST surcharge was fair and reasonable. Because we are not changing the REST surcharge, spending time to update this study would be a waste of both the time and efforts of the ACC Staff and SSVEC as the results would be virtually the same as prior studies. The following is the summary table from the 2011 submission.

Table # 1 REST Funding Options Considered						
	Submitted	Alternate #1	Alternate #2	Alternate #3	Alternate #4	alternative #5
Rest Surcharge	\$ 0.009880	\$ 0.009880	\$ 0.009880	\$ 0.021086	\$ 0.009880	\$ 0.039324
Res Cap	\$ 3.49	\$ 3.69	\$ 3.89	\$ 3.49	\$ 5.66	\$ 25.00
GS	\$ 85.00	\$ 89.87	\$ 94.74	\$ 85.00	\$ 137.85	\$ 250.00
Irrigation	\$ 50.00	\$ 52.87	\$ 55.73	\$ 50.00	\$ 81.09	\$ 200.00
Rate P & IP	\$ 200.00	\$ 211.46	\$ 222.92	\$ 200.00	\$ 324.36	\$ 400.00
3MW + Cap	\$ 300.00	\$ 317.19	\$ 334.38	\$ 350.00	\$ 486.53	\$ 1,500.00
Rest Collection	\$ 3,301,791	\$ 3,412,916	\$ 3,519,553	\$ 4,300,000	\$ 4,300,000	\$ 15,000,000
% of Change	10%	13%	17%	43%	43%	398%
2010 Budget	\$ 3,009,635					
Percentage reaching cap						
Rate R	74.4%	72.3%	70.1%	91.0%	51.5%	45.7%
Rate G	1.8%	1.6%	1.4%	7.3%	0.4%	3.5%
Rates I	61.8%	60.8%	59.8%	72.8%	53.3%	61.8%
Rates P	45.0%	42.3%	39.8%	71.7%	25.1%	70.3%
rate C	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average Charge						
Rate R	\$ 3.11	\$ 3.25	\$ 3.40	\$ 3.33	\$ 4.47	\$ 19.00
Rate G	\$ 10.86	\$ 10.94	\$ 11.01	\$ 19.41	\$ 11.35	\$ 40.95
Rates I	\$ 36.50	\$ 38.25	\$ 39.98	\$ 39.91	\$ 54.29	\$ 145.88
Rates P	\$ 139.15	\$ 144.15	\$ 148.86	\$ 163.94	\$ 181.24	\$ 324.90
rate C	\$ 300.00	\$ 317.19	\$ 334.38	\$ 350.00	\$ 486.53	\$ 1,500.00
Collected by Rate Class						
Rate R	\$ 1,454,465.26	\$ 1,523,191.01	\$ 1,589,922.99	\$ 1,559,756.68	\$ 2,092,838.97	\$ 8,891,872.73
Rate G	\$ 961,729.27	\$ 969,079.11	\$ 975,438.80	\$ 1,718,690.52	\$ 1,005,472.74	\$ 3,626,655.19
Rates I	\$ 237,628.49	\$ 249,200.19	\$ 260,598.05	\$ 258,442.42	\$ 355,244.22	\$ 949,834.27
Rates P	\$ 640,767.94	\$ 663,832.72	\$ 685,568.02	\$ 754,710.38	\$ 834,767.26	\$ 1,495,637.81
rate C	\$ 7,200.00	\$ 7,612.61	\$ 8,025.21	\$ 8,400.00	\$ 11,676.81	\$ 36,000.00
Total	\$ 3,301,790.96	\$ 3,412,915.63	\$ 3,519,553.07	\$ 4,300,000.00	\$ 4,300,000.00	\$ 15,000,000.00
	Surcharge from .007937 to .00988	Residential cap increased to 3.69 and remaining caps increased by same percentage	Residential cap increased to 3.89 and remaining caps increased by same percentage	Caps remain the same but surcharge increased to reach a 4.3 million total	Surcharge remain the same but Caps raised to reach the 4.3 Million	Level needed to get to the IOU % of Renewables

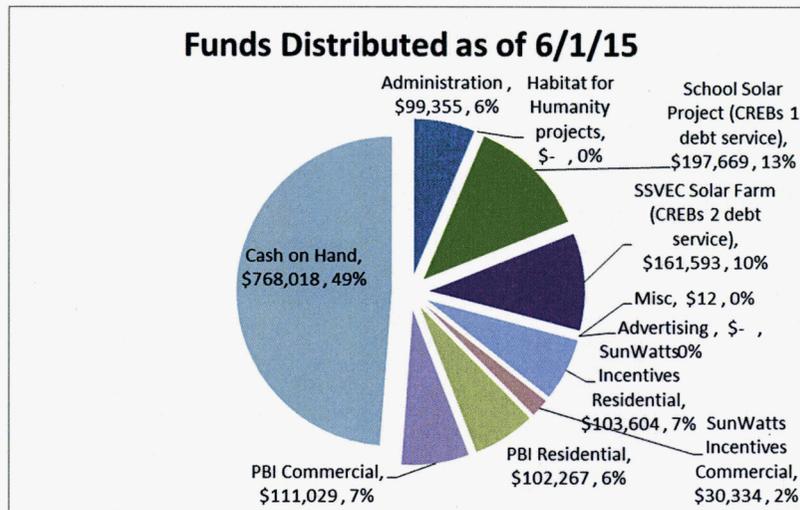
Question 6) Where did SSVEC spend the REST budget in 2014?

Response: This graph provides a visual of where the REST funds were distributed. As you can see 95% of funds collected went back to Customers in either an incentive, debt service for the PV for schools project, or carried forward to 2015.

Our total cost for program management was only 5.6% of funds collected, which is well below the 15% allowed by the RES guidelines. As you can see, because of our reservation list we didn't spend money on direct advertising (we did have to pay our share of the AZ Goes Solar website as advertising) we work hard to keep Admin costs down so that most of the money we receive can go directly to solar rebates and CREBS repayment.



As of 6/1/15 expenses are as follows:



Since we have eliminated the "backlog" from the reservation list, Incentives are paid within 2-4 weeks from when the final inspection and all documents have been received.

Question 7) You are asking to budget \$1,500,000.00 for future “SSVEC utility grade” solar expansion. When would you expend the funds and how do you plan on “holding” the funds from year to year?

Response:

A reasonable “price point” to put the solar project out to bid is when the funds collected is close to \$15 million (projections show this will be reached in 2022). Right now this seems to be a good price point to reach economics of scale to get the most solar for the dollar. The funds collected under the REST tariff are held in a separate “account” so the funds are not co-mingled with normal operating funds. We post our REST budget balances each month on our website and submit formal reports to the ACC Staff twice per year. If this budget item is approved any funds left at the end of the year will be allocated to the same budget item for the following year. The remaining “carry over” funds will then be allocated proportionally over the normal budget categories.

When the balance in the “expansion account” approaches the \$15 million, we will then prepare an RFP to see who can provide the most kW capacity expansion at the San Simon Solar Farm for the \$15 million. Copies of the bids and notice of the winning bid will be filed in the Docket of the current REST program (since each program year has its own docket number) when the RFP is signed by SSVEC.

Question 8) Are there any comments you would like to share with the Commissioners and Staff?

Response:

SSVEC would appreciate the expediting of this review of our plan based on the simplicity of our REST plan and the minor changes between the current and proposed plans.

Attachment B

Severson & Associates

Member Opinion Survey on Solar Power Issues Sulphur Springs Valley Electric Executive Summary

In a Nutshell

Continued solid and improving performance in the core electric business has given SSVEC a solid foundation and consumer confidence in its ability to manage the challenges ahead. Good performance on rates and quality of service appears to have restrained resentment about paying more for renewables and conservation measures.

A solid pro-solar, pro-renewable, environmentally concerned block has been developed that will demand further progress on those fronts as the years go by. Meanwhile the rest of the membership is benign about those things, as long as it doesn't cost too much.

Basic Performance Is Strong

Compared to earlier polls, SSVEC has seen impressive improvement in the percentage of members who say that overall they are satisfied with SSVEC. Today 48% give you a 10 on a 10-point scale. Another 33% give you a rating of pretty good (8 or 9).

There has also been nice improvement in the percentage that sees themselves as cooperative members rather than customers. Today 54% of them think of themselves as members or member-customers, while 40% see themselves as just a customer.

Your scores on "keeping blinks to a minimum" have improved dramatically since 2010 (the last time we asked that question). 87% rate you excellent or pretty good, compared to 78% earlier.

Your scores on "working to keep rates low" are likewise strong. 57% rate you excellent or pretty good, 18% average, and 16% only fair or poor.

You have seen good improvement on "providing options to save energy and money." It's now 63% excellent or pretty good, with merely 12% saying "only fair" or "very poor."

Attachment B

Severson & Associates

An overwhelming number (64%) believe that climate change is the result of man-made and natural causes. Merely 6% think it's a hoax. 29% think it's a natural cycle.

Solar Energy Users

Member impressions of your efforts to encourage solar power are overwhelmingly positive.

Those who have solar have substantially lower monthly bills, as would be expected given your generous net metering policy. 70% of the solar customers reported a monthly bill of \$45 or less, compared to 8% of the other members.

Two-thirds of your solar users were motivated by financial considerations. About a third of the solar users were strongly motivated by environmental concerns.

Solar users are more likely to think of themselves as members of SSVEC and are more likely to describe their political leanings as conservative.

Solar Subsidies

Overall, SSVEC members seem to be mildly in favor of paying retail rates for wholesale solar power.

A plurality of 48% favors SSVEC paying the retail rate as a way to encourage more solar, even after hearing that it involves a subsidy from fellow ratepayers. On the other side, 37% favored paying wholesale rates for solar power.

Initially, solar users opposed some sort of modest charge to help pay for the use of the poles and wire by a 2:1 margin, money that SSVEC currently cannot recover when it pays retail rates for wholesale power.

After reviewing those responses, SSVEC ordered a second round of calls to its solar members to ask a follow-up question. In that second survey, another rationale was tested, the proposition that SSVEC should impose a modest fee in an effort to avoid a regulatory mandate that could cost residential solar users \$70-\$120 more per month. In that case:

- 41% would pay \$10, 38% are opposed to it.
- 49% would pay \$5, while 25% are opposed and 25% are undecided about the \$5 fee.

Attachment B

Severson & Associates

If you assume that a \$2.50 fee would gain support at the same rate as we saw when moving from \$10 down to \$5, the result would be that 55% support a \$2.50 fee while 20% opposed it.

When viewed in light of overall poll findings (high overall satisfaction ratings and a strong ratio of positive to negative ratings on "working to keep rates low"), including general levels of support among solar customers for renewable energy policies, it is apparent that SSVEC can impose a \$2.50 fee and expect very little pushback, if any. It can impose a \$5 fee and might encounter a modest bit of griping that would most likely fade quickly (unless you hit everyone with a large rate increase at about the same time). SSVEC could also impose a \$10 fee, but it would be advisable to do so only after some public education on the issue.

Rooftops or large scale?

Initially 50% choose small, individual solar units while 32% prefer large, commercial solar collection facilities.

When you add that larger units are less expensive to build and operate, it changes completely: 70% favor large scale, 18% favor small projects, and the rest don't know. This is true among solar members as well, though not by as large a margin.

Public education on the cost advantages of large scale solar installations will tip the scale strongly in favor of the large scale projects, but care must be taken not to threaten existing solar users.

We note here also that people are woefully unaware of how much of their monthly bill goes to the cost of generating electricity. Merely 20% of the members were able to surmise that energy generation amounts to more than half of their monthly bill, and 4 in 10 wouldn't even hazard a guess.

State Regulation / Environmental Costs

Several findings in this poll lead us to conclude that the days of there being an automatic and overwhelming majority opposed to any sort of added expense for renewable or conservation efforts are now a thing of the past.

Attachment B

Severson & Associates

The REST (Renewable Energy Standards and Tariff) received more support than may have been expected. 28% clustered on the high end of the support spectrum (8, 9, or 10 rating) while 25% clustered at the opposite end (1, 2, or 3).

American energy independence is a powerful motivation for that. One in five are willing to pay 25% more on their bills to meet that goal, if it is phased in over 10 years. Among people who are more motivated by environmental considerations, support was slightly higher.

By a 2 to 1 margin, people have a positive opinion about Arizona's renewable and conservation effort.

Likewise, there was surprisingly strong support for the half penny surcharge to fund energy efficiency efforts. 48% said it's a good idea, merely 16% said it's a bad idea, and the remainder didn't particularly care. When the doubters hear that the program pays back its costs in energy savings, support rises even further.

Energy Efficiency

Two thirds of the members are not aware that you offer energy efficiency loans. About a fourth of members are interested, once they hear about it.

Media / Website/ Smart Hub

As seen in the earlier survey on communication options, local television is far and away the preferred source of local news, with Internet and printed newspaper tied for a distant second place.

We found that 16% of the members claim to use the Smart Hub, while 22% are aware of it but do not use it. Most, 62% are unaware that you offer it.

Methodology

Between March 19 and March 26, 2014, 620 interviews were conducted of randomly-selected residential members. Results for the overall sample of residential members, 500 interviews, have a margin of error +/- 4.35%. An additional 120 interviews were conducted of members who are using SSVEC's solar program (there are 694 residential solar accounts at SSVEC). The margin of error in that group is +/- 8.75%.

Attachment B

Severson & Associates

The follow-up calling to solar members about a monthly fee to avert a higher regulatory imposition was done the week of May 6. 150 solar members were interviewed, with a margin of error +/- 7.09%.

Thank you!

Severson & Associates
3102 Stockade Drive
Rapid City, SD 57702
Jody Severson
Kim Haug
605 721-1450

jodysev@gmail.com

kimhaug8357@gmail.com