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OPEN MEETING AGENDA ITEM



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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

2015 SEP -3 A 11: 48

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

AZ CORP COMMISS
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION
OF DUNCAN VALLEY ELECTRIC
COOPERATIVE, INC. FOR APPROVAL OF
ITS 2016 RENEWABLE ENERGY
STANDARD AND TARIFF
IMPLEMENTATION PLAN.

DOCKET NO. E-01703A-150240

COMMENTS TO THE
RECOMMENDATIONS OF THE
PROPOSED ORDER

On July 1, 2015 Duncan Valley Electric Cooperative, Inc. ("DVEC" or "Cooperative") filed its 2016 Renewable Energy Standard and Tariff ("REST") Implementation Plan ("2016 Plan") pursuant to A.A.C. R14-2-1814.

On August 25, 2015 ACC Staff filed its memorandum and proposed order for the Cooperative's 2016 Plan.

The Proposed Order, on page 8 starting on line 12, states that DVEC should reimburse its REST fund for all kWh produced by the utility owned system at the Cooperative's avoided cost set in its Net Metering Tariff.

DVEC is concerned with the recommendations and the proposed order that "Duncan Valley should reimburse the REST fund for all kwh produced by the proposed utility-owned PV system at the avoided cost rate set in its Net Metering Tariff...until such time that the total cost of the proposed utility-owned PV system is fully reimbursed." We respectfully request that this provision be removed from the order for the following reasons:

1. In the memorandum, in the last paragraph of page 5 and in the Proposed Order under Findings of Fact, item 21 on page 6 starting on line 13, Staff uses Decision No. 73631 of the 2013 REST Plan for Graham County Electric Cooperative, Inc. ("GCEC") as a basis for the reimbursement of REST funds. In fact, the actual order does not contain this provision. The

Arizona Corporation Commission

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1 provision was included in the proposed order but an amendment introduced by Commissioner
2 Brenda Burns and adopted by the Commission removed this paragraph from the order. In
3 subsequent years, GCEC has requested to continue to use part of its rest funds for utility
4 owned solar and no such provisions were included in those orders that requires GCEC to
5 reimburse the REST funds for utility based renewable projects (see Decision No. 74160 for
6 2014 Plan and Decision No. 74874 for the 2015 Plan.) There is no reason to expect different
7 treatment for DVEC's Plan.

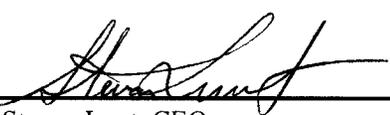
- 8 2. DVEC feels that using REST funds for a utility owned project is the best option for all of its
9 member-consumers. DVEC has submitted comments in response to Staff's questions regarding
10 this project. In sum, those comments express the fact that despite having the highest rebate in
11 the state, DVEC's members have not responded to the call to install more renewable energy.
12 Most members that request bids for installation withdraw from the Cooperative's rebate
13 process, and do not install any renewable resource, because of the high cost of installation that
14 is borne by the member – usually about \$15,000 up-front costs after the rebate. Larger scale,
15 distribution-company owned resources make more economic sense than smaller home based
16 systems, especially when one considers the costs shifts that are inherent in Net Metering.
- 17 3. If the goal of the REST rules is to install more renewable energy, the fact that DVEC can use
18 these funds to build a renewable resource that benefits all of its member-consumers should be
19 paramount in the decision making process. In using the REST funds for this project, no one
20 member would be treated differently because of their economic status. There is no inequality
21 issue that should require the reimbursement of REST funds. Using the REST funds on this
22 project showcases the use of the funds and gives positive feedback to the membership and
23 community that DVEC is doing its part to acquire renewable resources.
- 24 4. Requiring the Cooperative to reimburse the REST fund is only an exercise in accounting with
25 no real benefit. Using members' funds collected through a billing mechanism or using
26 members' funds collected from a RES Tariff still has the same result, i.e. all members will be
27 paying for the cost of the installation and all members would be receiving the benefit. Since
28 the costs of energy used on Cooperative facilities is borne by all members through DVEC's

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Purchased Power Cost Adjustor, all members would benefit from lower costs being passed through.

- 5. There are no provisions in place that require other renewable resource owners to reimburse the REST funds for energy that is produced. If this resource were a built by a third party and DVEC entered into a purchased power agreement for the renewable energy as provided for in DVEC's overall 2016 Plan, there would be no provision for the third party to reimburse the fund.

RESPECTFULLY SUBMITTED this 3rd day of September, 2015

By 
Steven Lunt, CEO
Duncan Valley Electric Cooperative, Inc.
PO Box 440
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Original and thirteen (13) copies filed this 3rd day of September, 2015 with:

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