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# OPEN MEETING

## MEMORANDUM

Arizona Corporation Commission

**DOCKETED**

JUL 30 2015

TO: THE COMMISSION

FROM: Utilities Division

DATE: July 30, 2015

DOCKETED BY 

RECEIVED  
2015 JUL 30 P 3:10  
AZ CORP COMMISSION  
DOCKET CONTROL

**ORIGINAL**

RE: IN THE MATTER OF THE APPLICATION OF SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC. FOR THE 2015 NET METERING TARIFF WITH UPDATED AVOIDED COST (DOCKET NO. E-01575A-15-0236)

### Background

On July 1, 2015, Sulphur Springs Valley Electric Cooperative, Inc. ("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. 71463 (January 26, 2010) and most recently revised with updated avoided costs in Decision No. 74704 (August 26, 2014).

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 in the Net Metering Tariff. Arizona Administrative Code 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.

SSVEC's current approved avoided cost rate is \$0.0307 per kWh. SSVEC proposes that the rate be decreased to \$0.0258 per kWh. Staff has reviewed SSVEC's purchased power costs that resulted in the \$0.0258 rate and confirms that the proposed rate reflects SSVEC's avoided cost.

THE COMMISSION

July 30, 2015

Page 2

Therefore, Staff recommends that SSVEC's proposed annual average avoided cost for its Net Metering Tariff of \$0.0258 per kWh be approved, and become effective September 1, 2015.

**Recommendations**

Staff recommends that SSVEC's proposed annual average avoided cost for its Net Metering Tariff of \$0.0258 per kWh be approved, and become effective September 1, 2015.

Staff further recommends that SSVEC be required to file, with Docket Control, a revised Net Metering Tariff in compliance with the Decision in this case within 15 days of the effective date of the Decision.



Tom Broderick  
Director  
Utilities Division

TMB:JJP:nr\WVC

ORIGINATOR: Jeffrey Pasquinelli

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BEFORE THE ARIZONA CORPORATION COMMISSION

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

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

DOCKET NO. E-01575A-15-0236  
DECISION NO. \_\_\_\_\_  
ORDER

Open Meeting  
August 18 and 19, 2015  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") is certificated to provide electric service as a public service corporation in the State of Arizona.
2. On July 1, 2015, SSVEC filed an application for approval to update the avoided cost that is contained in its Net Metering Tariff.
3. SSVEC's Net Metering Tariff was approved by the Commission in Decision No. 71463 (January 26, 2010) and most recently revised with updated avoided costs in Decision No. 74704 (August 26, 2014).
4. 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.



1 rate increase as contemplated by A.R.S. Section 40-250.

2           4.       The Commission, having reviewed the application and Staff's Memorandum dated July  
3 30, 2015, concludes that it is in the public interest to approve the updated Net Metering Tariff avoided  
4 cost, as discussed herein.

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ORDER

IT IS THEREFORE ORDERED that Sulphur Springs Valley Electric Cooperative, Inc.'s annual average avoided cost for its Net Metering Tariff shall be set at \$0.0258 per kWh, effective September 1, 2015.

IT IS FURTHER ORDERED that Sulphur Springs Valley Electric Cooperative, Inc. shall file, with Docket Control, a revised Net Metering Tariff in compliance with the Decision in this case within 15 days of the effective date of the 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 \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
JODI JERICH  
EXECUTIVE DIRECTOR

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

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

TMB:JJP:nr\WVC

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SERVICE LIST FOR: Sulphur Springs Valley Electric Cooperative, Inc.  
DOCKET No. E-01575A-15-0236

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Mr. Dwight Nodes  
Acting Chief Administrative Law Judge  
Hearing Division  
Arizona Corporation Commission  
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