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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

Arizona Corporation Commission

DOCKETED

OCT 27 2015

DOCKETED BY [Signature]

IN THE MATTER OF THE APPLICATION
OF MOHAVE ELECTRIC COOPERATIVE,
INC. FOR APPROVAL OF ITS 2016
RENEWABLE ENERGY STANDARD AND
TARIFF PLAN, INCLUDING A
RENEWABLE ENERGY STANDARD
TARIFF.

DOCKET NO. E-01750A-15-0237

DECISION NO. 75291

ORDER

Open Meeting
October 20 and 21, 2015
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Mohave Electric Cooperative, Inc. ("MEC") is engaged in providing electric service
within portions of Arizona, pursuant to authority granted by the Arizona Corporation Commission
("Commission").

Background

2. On July 1, 2015, Mohave Electric Cooperative, Inc. ("MEC") filed an application for
approval of its 2016 Renewable Energy Standard and Tariff ("REST") Plan. The 2016 REST Plan
retains the significant features of the 2015 REST Plan (approved in Decision No. 74879) with some
modifications.

MEC's REST Plan

3. The MEC REST Plan for 2016 would continue the eight components from the 2015
Plan. Those components are the following:

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- 1 a. Voluntary Renewable Energy Program
- 2 b. Member Self-Directed Renewable Energy Program
- 3 c. SunWatts Residential and Commercial Incentive Program
- 4 d. PV¹ for Schools Loan Repayment – formerly Clean Renewable Energy Bonds
- 5 PV for Schools
- 6 e. SunWatts Large-Scale Program (in conjunction with AEPCO)
- 7 f. Geothermal Resources
- 8 g. Distributed Generation Solar Installation
- 9 h. Solar Initiative Benefitting the Community (formerly “Community-Based
- 10 Projects”)

11 4. MEC is not proposing any changes to its Voluntary Renewable Energy Program, its
 12 Renewable Energy Customer Self-Directed Program, its PV for Schools Loan Repayment (formerly
 13 “Clean Renewable Energy Bonds”), its SunWatts Large-Scale Program or its Geothermal Resources.
 14 MEC is proposing minor changes to its SunWatts Residential and Commercial Incentive Program, its
 15 Distributed Generation Solar Installation, and its Solar Initiative Benefitting the Community (formerly
 16 “Community-Based Projects”).

17 **SunWatts Residential and Commercial Incentive Program**

18 5. MEC proposes to change the residential and commercial PV and wind incentive from
 19 the 2015 amount of \$0.20/watt of installed nameplate capacity to \$0.05/watt for 2016. Additionally,
 20 the associated dollar cap would be reduced to \$2,500 for both residential and commercial PV and
 21 wind systems installed at a single location. MEC proposes that all other terms for the program remain
 22 the same in 2016 as in 2015.

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¹ Photovoltaic

6. The proposed incentives are shown in Table 1 below.

Table 1
Mohave Electric Cooperative
Proposed 2016 REST Incentives

System	Incentive	Cap or Limit
Residential and Small Commercial PV or Wind up to 50 kW and 125% of connected load. Greater than 50 kW on case-by-case incentive.	\$0.05/Watt	\$2,500 residential or commercial system
Solar Water Heating if replacing traditional electric.	\$0.75/kWh saved, based on first year of operation	Customer contributes at least 15% of system cost
Daylighting	\$0.20/kWh saved, based on first year of operation	
Biomass/Biogas Electric Generation	\$0.06/kWh over 10 years	
Biomass/Biogas CHP Electric	\$0.035/kWh over 10 years	
Biomass/Biogas CHP Thermal	\$0.018/kWh over 10 years	
Biomass/Biogas Thermal	\$0.015/kWh over 10 years	
Biomass/Biogas Cooling	\$0.032/kWh over 10 years	
Solar Cooling	\$0.129/kWh over 10 years	

Distributed Generation Solar Installation

7. The 4.8 MW photovoltaic project described in MEC's approved 2015 REST Plan became operational in April 2015. The developer-based solar farm is located within MEC's service territory, is connected at distribution voltage level, and the energy produced is used by MEC to serve load near the location of the project. MEC is purchasing the renewable energy production through a Purchase Power agreement. REST funds will be used for the cost of renewable power purchased from this resource to the extent such power costs exceed MEC's currently posted and Commission-approved Annual Average Avoided Cost of power set forth in its Net Metering Service Tariff.

Solar Initiative Benefiting the Community (formerly "Community-Based Programs")

8. MEC's program is focused on facilities serving government, schools, fire stations, and non-profit organizations. This program benefits a large number of MEC's members as taxpayers by reducing operating costs for these entities and organizations.

9. Since 2010, this program has funded PV installations at five fire stations, four government buildings, two high schools, and four non-profit facilities.

1 10. MEC proposes to continue this program to include the following projects with a total
2 budget of \$200,000 for 2016:

3 PV for Fire Stations

4 MEC will select up to four fire stations in its service territory for PV projects not to exceed
5 \$75,000 each, and with a total budget of \$150,000.

6 Habitat for Humanity

7 MEC's previous REST Plans provided for one Habitat for Humanity residential PV project
8 per year; not to exceed \$25,000. In years where Habitat does not designate an eligible low
9 income single-family residential project under this program by July 1 of the Plan year, MEC
10 would select another community-based nonprofit organization to receive the \$25,000 PV
11 project.

12 1947 Lil' Red Schoolhouse

13 MEC has selected a historical community project building known as the Lil' Red Schoolhouse
14 to receive a PV system not to exceed \$25,000.

15 11. In previous REST Plan years, MEC successfully facilitated government funding and
16 private donations to enhance this program. MEC will continue to pursue similar funding for future
17 projects under this program when opportunities exist.

18 Educational Grant Program

19 12. One school per year, in MEC's service area, would be offered an educational grant of
20 no more than \$5,000 for the development of renewable energy generation educational curricula for
21 the classroom.

22 Administration and Advertising

23 13. MEC will not use more than 15 percent of total surcharge funds for administration
24 and advertising expenses. At the end of each program year, unused funds will be carried over to fund
25 activities and programs in the following year. MEC also seeks to maintain its ability to shift approved
26 REST Plan funds between programs as approved in MEC's 2015 Plan.

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1 14. MEC maintains information on its customer-driven programs on its website at
 2 www.mohaveelectric.com. MEC continues to support and participate in the Arizona Goes Solar
 3 website mandated by the Commission, the administration of which is spearheaded by Arizona Public
 4 Service Company.

5 **Budget**

6 15. The budget proposed for 2016 is approximately \$1.03 million as shown below in Table
 7 2.

8 **Table 2**
 9 **Mohave Electric Cooperative**
 10 **2016 REST Plan Budget**

11 Residential and Commercial Incentives	\$100,000
12 Up to 5 MW Distributed Generation-Solar	435,632
13 PV For Schools Loan Repayment	103,189
14 GO SOLAR Website	516
15 Solar Water Heating	18,000
16 Geothermal Resources-Willcox Greenhouse	29,544
17 Administration & Advertising	140,000
18 Educational Grants	5,000
19 Solar Initiatives for the Community:	
20 Habitat for Humanity	25,000
21 Fire Stations	150,000
22 1947 Schoolhouse	25,000
23	
24 Total Budget	\$1,031,881

25 **Funding and Surcharge**

26 16. MEC is proposing to reduce its REST surcharge rates for 2016. Over the past two
 27 years, Mohave has accumulated a surplus of funds (\$3,039,516 forecasted for January 1, 2016) from
 28 the REST surcharge revenue collected. The proposed reduced rates are designed to maintain current
 budget levels for the existing programs by using past accumulated revenue along with revenue from
 expected collections with the amended rates. A copy of the proposed Tariff is included in the REST
 TARIFFS section of the filed REST Plan.

17. Staff has reviewed MEC's REST surcharge rates proposed to fund its annual budget for 2016 which are reduced from present rates. In light of the over-collection, Staff is proposing to reduce the REST surcharge to zero for all customers. Rates are shown in Table 3 below.

18. Expected revenue from customer classes is shown in Table 4.

Table 3
Mohave Electric Cooperative
Present and Proposed REST Surcharge Rates

Customer Class	Present		MEC Proposed		Staff Proposed	
	Energy Charge	Monthly Cap	Energy Charge	Monthly Cap	Energy Charge	Monthly Cap
Residential	\$0.0032	\$1.05	\$0.0023006	\$0.75	\$0.00	\$0.00
Governmental and Agricultural	\$0.0003	\$5.00	\$0.0002198	\$3.50	\$0.00	\$0.00
Governmental and Agricultural ≥ 3 MW	\$0.0003	\$16.50	\$0.0002198	\$10.50	\$0.00	\$0.00
Irrigation	\$0.0018	\$16.50	\$0.0012881	\$11.75	\$0.00	\$0.00
Small Commercial	\$0.0018	\$16.50	\$0.0012881	\$11.75	\$0.00	\$0.00
Large Power	\$0.0018	\$16.50	\$0.0012881	\$11.75	\$0.00	\$0.00
Non-Residential ≥ 3 MW	\$0.0018	\$49.50	\$0.0012881	\$35.25	\$0.00	\$0.00
Highway	\$0.0032	\$1.05	\$0.0023006	\$0.75	\$0.00	\$0.00

Table 4
Mohave Electric Cooperative
2016 REST Funding from Surcharge

	Revenue	Average Charge	Cap Amount	Percent of Customers at Cap
Residential	\$267,657	\$0.37	\$0.75	75.38%
Government	\$3,363	\$0.53	\$3.50	8.71%
Irrigation	\$1,519	\$5.39	\$11.75	72.37%
Small Commercial	\$93,234	\$1.73	\$11.75	6.75%
Large Power	\$10,126	\$5.67	\$11.75	92.63%
Street Lighting	\$351	\$0.13	\$0.75	1.38%
Total	\$376,251			

In the application, MEC has included some language on its RES Tariff regarding calculation of the RES Surcharge for prepaid customers (See A. under "Special Calculations"). MEC has agreed that the proposed language is in error. The language on the tariff should be the language that was

1 approved by Decision No. 72082 (rate case Decision) with the updated surcharge and cap as approved
2 by the Decision in this matter. The language should be as follows:

3 In the case of residential customers taking optional Prepaid Residential Service, the
4 RES surcharge will be calculated daily at \$0.00 per kilowatt-hour of retail electricity
5 purchased by the consumer that day, until the monthly surcharge cap of \$0.00 per
6 service has been reached for the monthly billing period applicable to the service
7 address.

8 Staff Recommendations

9 19. Staff has recommended that MEC's proposed 2016 Renewable Energy Standard and
10 Tariff Plan be approved as discussed herein.

11 20. Staff has recommended that MEC's proposed incentive amounts as shown in Table 1
12 be approved with the exception that the incentive for PV and wind remain at \$0.20/watt.

13 21. Staff has recommended that MEC's Renewable Energy Standard Tariff rates and caps
14 be reduced as proposed by Staff in Table 3.

15 22. Staff has recommended that, beginning in 2016, MEC file its annual REST compliance
16 reports (required per Arizona Administrative Code R14-2-1812) in a docket to be opened by Staff.

17 23. Staff has recommended that MEC file in Docket Control a Renewable Energy
18 Standard Tariff consistent with the Decision in this case within 15 days of the effective date of the
19 Decision.

20 CONCLUSIONS OF LAW

21 1. Mohave Electric Cooperative, Inc. is an Arizona public service corporation within the
22 meaning of Article XV, Section 2 of the Arizona Constitution.

23 2. The Commission has jurisdiction over Mohave Electric Cooperative, Inc. and over the
24 subject matter of the application.

25 3. The Commission, having reviewed the application and Staff's Memorandum dated
26 October 6, 2015, concludes that it is in the public interest to approve Mohave Electric Cooperative's
27 Renewable Energy Standard and Tariff Implementation Plan as discussed herein.

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ORDER

IT IS THEREFORE ORDERED that Mohave Electric Cooperative's proposed 2016 Renewable Energy Standard and Tariff implementation plan is approved as discussed herein.

IT IS FURTHER ORDERED that Mohave Electric Cooperative's proposed incentive amounts as shown in Table 1 are approved with the exception that the incentive for PV and wind remain at \$0.20/watt.

IT IS FURTHER ORDERED that Mohave Electric Cooperative's Renewable Energy Standard Tariff rates and caps be reduced as proposed by Staff in Table 3.

IT IS FURTHER ORDERED that, beginning in 2016, Mohave Electric Cooperative shall file its annual REST compliance reports in a docket to be opened by Staff.

1 IT IS FURTHER ORDERED that Mohave Electric Cooperative shall file in Docket Control
2 a Renewable Energy Standard Tariff consistent with the Decision in this case within 15 days of the
3 effective date of the Decision.

4 IT IS FURTHER ORDERED that this Order shall become effective immediately.

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

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CHAIRMAN

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COMMISSIONER

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COMMISSIONER

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COMMISSIONER

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COMMISSIONER

13 IN WITNESS WHEREOF, I, JODI JERICH, Executive
14 Director of the Arizona Corporation Commission, have
15 hereunto, set my hand and caused the official seal of this
16 Commission to be affixed at the Capitol, in the City of
17 Phoenix, this 27th day of October, 2015.

18 
JODI JERICH
EXECUTIVE DIRECTOR

19 DISSENT: _____

20 DISSENT: _____

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1 SERVICE LIST FOR: Mohave Electric Cooperative, Inc.
2 DOCKET NO. E-01750A-15-0237

3 Mr. Michael A. Curtis
4 Mr. William P. Sullivan
5 Curtis, Goodwin, Sullivan, Udall, & Schwab, P.L.C.
6 501 East Thomas Road
7 Phoenix, Arizona 85012

8 Ms. Peggy Gillman
9 Manager of Public Affairs and Energy Services
10 Mohave Electric Cooperative, Inc.
11 P.O. Box 1045
12 Bullhead City, AZ 86430

13 Mr. Thomas M. Broderick
14 Director, Utilities Division
15 Arizona Corporation Commission
16 1200 West Washington Street
17 Phoenix, Arizona 85007

18 Ms. Janice M. Alward
19 Chief Counsel, Legal Division
20 Arizona Corporation Commission
21 1200 West Washington Street
22 Phoenix, Arizona 85007

23 Dwight Nodes
24 Chief Administrative Law Judge
25 1200 West Washington Street
26 Phoenix, Arizona 85007

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