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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**

NOV 25 2015

DOCKETED BY	<i>JK</i>
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IN THE MATTER OF THE APPLICATION )  
 OF TRICO ELECTRIC COOPERATIVE, )  
 INC. FOR APPROVAL OF ITS 2016 )  
 RENEWABLE ENERGY STANDARD )  
 TARIFF IMPLEMENTATION PLAN. )

DOCKET NO. E-01461A-15-0223  
 DECISION NO. 75324  
ORDER

Open Meeting  
 October 20 and 21, 2015  
 Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Trico Electric Cooperative, Inc. ("Trico" or "Company") is certificated to provide electric service as a public service corporation in the State of Arizona. Trico provides service in Santa Cruz, Pima, and Pinal counties, and has approximately 43,000 primarily Residential and Commercial customers. The Company also has a small number of Industrial, Public Street and Highway Lighting, and Irrigation customers.

Background

2. On June 30, 2015, Trico filed its 2016 Renewable Energy Standard Tariff ("REST") Implementation Plan ("2016 REST Plan") in compliance with Arizona Administrative Code ("A.A.C.") R14-2-1801 through R14-2-1816. Trico's current REST Plan (for 2015) was approved by the Commission in Decision No. 74863 (December 18, 2014).

3. Summary of Trico Proposals: Trico is requesting to continue the following five programs: (i) the Green Energy Purchase Program; (ii) the Residential and Commercial PV

1 Interconnection Program; (iii) the Educational Grant Program (with expanded renewable energy  
2 education outside the classroom); (iv) the Habitat for Humanity Program; and (v) the Generation  
3 Metering Program. Trico is also proposing to reinstate its Utility-Scale Generation Program and to  
4 suspend its PV for Schools program (due to completion of projects for interested schools).

5 4. Trico has also made proposals with respect to budget flexibility, incentives and  
6 program modification. Trico's proposals are listed and summarized below:

- 7 • Approval for Trico to move REST dollars between its various REST programs  
8 in order to maintain and maximize successful programs;
- 9 • Approval to reinstate its REST energy rates and monthly dollar caps, as well as  
10 its Residential Prepaid Service ("RPS") REST Surcharge energy rates and daily  
11 caps;
- 12 • Approval to maintain incentives (UFI and PBI) at current levels (meaning at  
13 zero); approval is also requested to maintain UFI rebates of \$0.40 per kWh  
14 saved during the first year of operation for appropriately-certified solar hot  
15 water systems.
- 16 • Approval to continue recovering lifetime costs of PBIs for the full term of the  
17 contracts underlying the PBIs; and
- 18 • Approval to continue the provision that any allocated funds not used in the  
19 plan year may be used to support any programs going forward, in order to  
20 maintain and maximize successful programs.

21 5. Summary of Results: Below see the table indicating Trico's program activities in 2014  
22 (the last complete REST year) and the projected number of installations for 2015.

Measures Installed	2014	2015 (estimated)
PV Systems	309	415-435
Generation Meters	309 <sup>1</sup>	415-435
Solar Water Heating	8	2

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28 <sup>1</sup> Updated number. Compliance Report for Trico's 2014 Renewable Energy Standard and Tariff Plan reports 308. The Generation Meters are installed as part of new PV systems.

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Systems		
Habitat for Humanity projects	0	0

<u>Measure</u>	<u>Savings 2014 (MWh)</u> <u>(annualized total of all installations)</u>
<u>Sun Farm</u>	<u>442</u>
<b><u>Residential</u></b>	
<u>Photovoltaic</u>	<u>12,297</u>
<u>Solar Water Heating</u>	<u>563</u>
<u>Wind</u>	<u>11</u>
<b><u>Non-Residential</u></b>	
<u>Photovoltaic</u>	<u>8,116</u>
<u>Solar Water Heating</u>	<u>9</u>
<b><u>Total MWh</u></b>	<b><u>21,438</u></b>

The installed capacity of PV systems installed in 2014 equaled approximately 2,128 kW, while the new solar water heating systems installed in 2014 are estimated to save approximately 22,337 kWh per year. As of the end of 2014, there were a total of 1,116 renewable generation installations in Trico's service area, saving an annualized total of approximately 21,438 MWh.

**Programs**

6. Trico does not have any active waiting lists for its REST programs. As of July 17, 2015, Trico has 58 applications in various stages of being processed.

**(1)The Sun Watts Green Energy Purchase Plan**

7. Trico proposes to continue this existing voluntary program, which provides customers with an opportunity to purchase 50 kWh blocks of "green energy" at the cost of \$2.00 per block. Funds received through green energy purchases will be used in support of 2016 REST Plan programs. Green energy purchases are reflected on participating customers' bills as a line item.

8. Trico is not proposing to change the existing tariff, the Voluntary Renewable Energy Standard Program Tariff (Schedule VRES).

1           9. On average, two to three Trico customers buy green energy per year. In the current year,  
2 two customers have purchased a total of three blocks of energy. Funds collected from such sales are  
3 used to fund other renewable energy programs in Trico's portfolio.

4 **(2) The SunWatts Residential and Commercial PV Interconnection Program**

5           10. Trico would continue to offer the Residential and Commercial PV Interconnection  
6 ("PV Interconnection") program, which assists customers with the interconnection of PV systems to  
7 encourage the installation of qualifying solar PV and which offers incentives for the installation of  
8 solar water heating systems and other renewable technologies.

9           11. Although any renewable technology permitted by the Rules is eligible for incentives  
10 under the PV Interconnection program, subject to budget availability, nearly all of the applications  
11 have been for solar installations. However, two wind generators installed in Trico's territory in 2009  
12 and 2011 were incentivized as part of the program.

- 13           • **PV Systems up to 10 kW in system size.** Trico proposes to continue paying  
14 a zero Up-Front Incentive ("UFI") for newly installed customer-owned and  
15 leased PV systems.
- 16           • **PV Systems over 10 kW in system size.** Trico proposed to maintain its zero  
17 dollars Performance Based Incentive ("PBI") for newly installed customer-  
18 owned and leased systems.
- 19           • **Solar Water Heater System.** For 2016, Trico proposes to continue its UFI  
20 rebate of \$0.40 per kWh of energy saved during the first year of operation.  
21 Systems must be certified by the Solar Rating and Certification Corporation  
22 ("SRCC") or the International Association of Plumbing and Mechanical  
23 Officials ("IAPMO") as being OG-300 in order to be eligible for an incentive.

24           In addition, the customer contribution to the cost of the solar water heater project must be at  
25 least 15 percent of the total cost (after taking federal and state incentives into account). Rebates will  
26 be distributed on a first-come, first-served basis until the program budget is exhausted, at which point  
27 applicants will be placed on a waiting list. Solar swimming pool heating systems are not eligible for  
28 rebates.

1           12.     The table below illustrates the current incentive levels provided for PV systems up to  
2 10 kW and solar water heating and those proposed for Trico's 2016 REST Plan.

Technology	UFI	PBI
Solar Electric	For systems up to 10 kW: \$0.00.	For systems over 10 kW: \$0.00
Solar Water Heating	\$0.40 per kWh for the first year of savings	N/A

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7 **(3) Generation Metering Program**

8           13.     Trico began installing meters to measure the output of PV generation on all new and  
9 existing PV systems in 2014. For 2016, Trico proposes to continue this program as currently offered.  
10 The program cost includes the cost of each meter, the cost to install the meter and the cost of  
11 electronically reading each meter. The generation meters are billing quality and electronically read by  
12 Trico. The data provides customers with information regarding the system output and efficiency of  
13 their PV systems and also provides Trico with the information needed to analyze the impact of  
14 renewable generation and answer billing questions on Net Metering.

15           14.     Trico estimated that it would install approximately 204 meters in 2014 and anticipated  
16 installing the same number in 2015. Due to an increase in demand, approximately 309 generation  
17 meters were installed as part of new PV systems in 2014. (Very few, if any, generation meters were  
18 installed as retrofits.) Trico now estimates that it will install a total of 415 to 435 Generation Meters  
19 during 2015.

20 **(4) Utility Scale Generation Program**

21           15.     Trico proposed to reinstate the Utility Scale Generation Program and to investigate  
22 utility scale renewable projects, and potentially issue a request for information ("RIF") or proposals in  
23 2016. The Utility Scale Generation Program was suspended because, at the time of the requested  
24 suspension, Trico's main focus was on rooftop solar and Trico did not wish to continue collecting  
25 funds for an inactive program. A maximum of \$25,000 would be allocated to this program in 2016.

26 **(5) SunWatts Educational Grant Program**

27           16.     Trico proposes to expand this existing program, which currently offers education  
28 grants to teachers to develop renewable curricula for the classroom, to include grants for renewable

1 energy education outside the classroom. Trico has proposed to expand this program to include grants  
2 for the installations of renewable energy technology for educational purposes. An installation for  
3 educational purposes is envisioned as a functional renewable energy installation installed to educate  
4 others about the benefits of renewable technology. This could be small solar or wind structures or  
5 other approved renewable energy technologies, placed at a location such as a school or museum where  
6 students or the public could learn about the technology. Trico also envisions the possibility of 1-2  
7 smaller renewable projects, the cost of which Trico would offset.

8 17. A maximum of \$30,000 would be allocated for this program in 2016, an increase from  
9 \$2,500. The primary reason for the additional budget for Educational Grants would be to offset costs  
10 of the 1-2 smaller renewable projects envisioned as part of the Educational Grant Program.

11 **(6)SunWatts Habitat for Humanity Program**

12 18. Trico proposes to continue its existing partnership with Habitat for Humanity  
13 ("Habitat") for 2016. Under the program, Trico provides grants to Habitat to offer renewable energy  
14 options to low-income families. The Habitat organization will receive grants for the purchase of PV  
15 and other renewable energy equipment for installation on Habitat homes. Trico will also assist in  
16 finding local renewable energy equipment dealers willing to donate products and services. Up to two  
17 such projects will be undertaken each year, with a total budget of \$5,000.

18 **(7)PV for Schools Program**

19 19. Trico is proposing to suspend its PV for Schools program in 2016, because Trico has  
20 completed projects for all the schools in its territory currently wishing to participate in the program.  
21 There are a limited number of schools in Trico's service territory and Trico was able to speak to  
22 representatives from each of the schools with respect to its PV for Schools Program. Trico also does  
23 not intend to continue marketing the program, because it has already contacted the schools in its  
24 service territory. As noted above, Trico intends to expand its Education Grant Program to permit for  
25 the installations of renewable energy technology for educational purposes.

26 **Budget and Surcharge**

27 20. Trico's proposed budget is shown in the table below. Trico projects a carryover of  
28 \$361,326. This amount will not cover the cost of the entire 2016 REST Plan.

**2015 Rest Plan Budget and Proposed 2016 Trico Rest Plan Budget**

<b>Program</b>	<b>Budgeted for 2015</b>	<b>Spending through August 2015</b>	<b>2016 Budget</b>
PV Systems under 10 kW UFI Rebates	\$0	\$0	\$0
PV Systems Over 10 kW PBI Rebates	\$501,808	\$280,665	\$402,882
Residential SWH UFI Rebates	\$14,358	\$2,532	\$4,848
PV for Schools Program <sup>2</sup>	\$79,751	\$2,163	\$228,478
Utility Scale Renewable Project	\$0	\$0	\$25,000
<b>Subtotal Distributed Energy Cash Incentive Payments</b>	<b>\$595,917</b>	<b>\$285,360</b>	<b>\$661,208</b>
Educational Grant Program	\$2,500	\$0	\$30,000
Habitat for Humanity Program	\$5,000	\$0	\$5,000
<b>Total Distributed Energy Costs</b>	<b>\$603,417</b>	<b>\$285,360</b>	<b>\$696,208</b>
<b>Total Generation Costs</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Program Costs</b>	<b>\$249,224</b>	<b>\$428,081</b>	<b>\$301,949</b>
Administrative Expenses <sup>3</sup>	\$185,943	\$202,118	\$170,000
Generation Meter Program	\$63,281	\$225,963	\$131,949
<b>Total</b>	<b>\$852,641</b>	<b>\$713,441</b>	<b>\$998,157</b>

**Estimated Results and Proposed Surcharge Rate and Caps**

21. Trico forecasts that its renewable programs will produce 39,970,637 kWh of distributed generation and 391,817 kWh of non-distributed generation for a total of 40,362,454 kWh by the end of 2016.

22. The following table shows the proposed surcharge rate and caps. Currently, the rate and surcharge are set at zero.

<b>Customer Type</b>	<b>2016 Proposed Rate (\$/kWh)</b>	<b>2016 Proposed Cap (per month)</b>
Residential	\$0.002380	\$1.20
Non-residential (less than 3,000 kW)	\$0.002380	\$59.50
Non-residential (equal to or greater than 3,000 kW)	\$0.002380	\$1,135.00
Government and Agricultural	\$0.000438	\$18.50

<sup>2</sup> Although Trico is proposing to suspend the program, funding is required for existing projects.

<sup>3</sup> Trico states that the Administration Expenses include labor and training needed to manage the programs and postage for program mailings.

23. As shown herein, Trico has not projected any revenue coming from the customer class with usage greater than 3,000 kW during 2016. All of Trico's Non-residential customers have usage levels significantly below 3,000 kW, making it unlikely that any customer will reach 3,000 kW.

#### Customer Class Collections

24. The table below indicates the REST funds Trico estimates would be collected from each customer class:

Customer Class	% of Customers Reaching the REST Cap	Estimated Revenue (\$)	Estimated Revenue (%)
Residential	50%	\$529,417.13	83%
Non-Residential (< 3 MW)	39%	\$87,744.39	14%
Non-Residential ( $\geq$ 3 MW)	N/A (no customers in this class)	\$0.00	0%
Agricultural & Governmental	51%	\$22,345.13	3%
<b>Total</b>		<b>\$639,506.64</b>	<b>100%</b>

#### Flexibility of Funds

25. Trico is requesting Commission approval to shift approved REST funds between programs and to modify program budgets in the 2016 REST Plan. Staff has recommended the following latitude for shifts in funding, which conforms to that approved for Mohave Electric Cooperative:

- that no more than 15 percent of a program's approved budget be affected by the shift;
- that Trico notify Staff of any plan to shift funds no less than 60 days prior to implementing the shift;
- that, if Staff notifies Trico in writing that it is opposed to a shift in funds, no shift would occur unless Trico first secures a Commission order authorizing the shift; and
- within 60 days following any funds shift, Trico must submit to Staff a revised budget including the shift of funds.

1 **Residential Prepaid Service (“RPS”) Pilot Program REST Surcharge Calculation**

2 26. Trico states that “[p]ursuant to Decision No. 75087, dated May 19, 2015, the RPS  
3 tariff is subject to the REST Surcharge on a per kWh basis as all other Trico rates, but with the use of  
4 a daily (rather than monthly) REST Surcharge Cap.” The equation is as follows: Monthly Residential  
5 REST surcharge maximum x 12/365 rounded to nearest mill (one-tenth of a penny).

6 27. Trico is proposing a REST Surcharge Cap for RPS customers of \$0.04 per day. (See  
7 Schedule RES).

8 **Community Solar Project (“SunWatts Sun Farm”)**

9 28. Trico’s SunWatts Sun Farm became operational in June 2011. Trico’s SunWatts Sun  
10 Farm consists of 840 ground mounted fixed tilt panels that total up to 227 kW. The program allows a  
11 Trico member to purchase panels in quarter, half, or whole panel increments, up to their average  
12 monthly kWh energy usage in the last 12-month period. Customers who purchase entire or partial  
13 panels will receive credits on their bills equal to the energy generated by their panel(s), in accordance  
14 with the Sun Watts Sun Farm Tariff approved under Decision No. 72068.

15 29. There are 49 Trico customers currently participating in the Community Solar Project,  
16 for a total of 191.5 panels. Trico did not use any REST surcharge funds in the construction of  
17 SunWatts Sun Farm.

18 30. In its Application, Trico proposed a Monthly Participation Tariff allowing customers  
19 to purchase panel output through a monthly solar energy charge. The Company made the proposal  
20 based on requests from its members. (The Company has clarified that the Monthly Participation  
21 Tariff was intended to supplement, rather than replace, the existing panel-purchase option.) On  
22 September 8, 2015, Trico filed to withdraw its request for approval of its proposed Monthly  
23 Participation Tariff (Exhibit 6 to its Application) from the current Docket. Trico will, instead,  
24 propose a Monthly Participation Tariff for consideration as part of its next rate case.

25 **Compliance Requirements**

26 31. Trico did not use any RECs not owned by the utility to comply with the Commission’s  
27 REST rules in 2014.

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1 IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. maintain UFI rebates of  
2 \$0.40 per kWh saved during the first year of operation for appropriately-certified solar hot water  
3 systems.

4 IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. be permitted to continue  
5 recovering lifetime costs of PBIs for the full term of the contracts underlying the PBIs.

6 IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. continue the provision  
7 that any allocated funds not used in one plan year may be used to support any programs in the next  
8 plan year, in order to maintain and maximize successful programs.

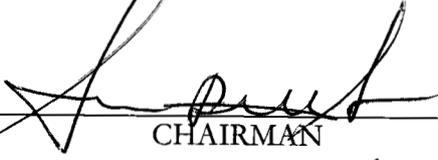
9 IT IS FURTHER ORDERED that, beginning in 2016, Trico Electric Cooperative, Inc. shall  
10 file its annual REST compliance reports in a docket to be opened by Staff.

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1 IT IS FURTHER ORDERED that Trico Electric Cooperative, Inc. shall file its Schedule RES  
2 and Schedule RESD in compliance with this Decision within 15 days of the effective date of this  
3 Decision.

4 IT IS FURTHER ORDERED that this Order shall take effect immediately.

7 BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

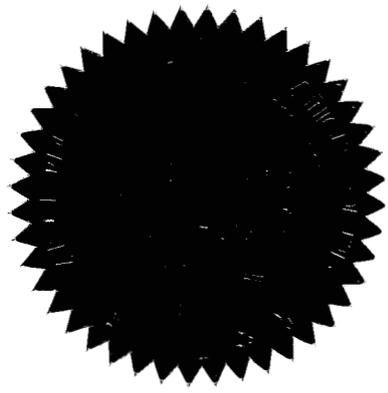
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CHAIRMAN

  
COMMISSIONER

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COMMISSIONER

11 Commissioner Forese  
Absent  
12 COMMISSIONER

  
COMMISSIONER



14 IN WITNESS WHEREOF, I, JODI JERICH, Executive  
15 Director of the Arizona Corporation Commission, have  
16 hereunto, set my hand and caused the official seal of this  
17 Commission to be affixed at the Capitol, in the City of  
18 Phoenix, this 25th day of November, 2015.

18   
19 JODI JERICH  
20 EXECUTIVE DIRECTOR

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

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

23 TMB:JMK:nr/WVC  
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1 SERVICE LIST FOR: Trico Electric Cooperative  
DOCKET NO. E-01461A-15-0223

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