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BEFORE THE ARIZONA CORPORATION COMMISSION

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

Arizona Corporation Commission

DOCKETED

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

DOCKET NO. E-01575A-15-0264  
DECISION NO. 75348  
ORDER

Open Meeting  
December 8 and 9, 2015  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC" or "Cooperative") is certificated to provide electric service as a public service corporation in the state of Arizona.

**Introduction**

2. On July 16, 2015, SSVEC filed its 2016 Renewable Energy Standard and Tariff ("REST") Implementation Plan in compliance with A.A.C. R14-2-1801 through R14-2-1816. SSVEC's current REST Plan was approved by the Commission in Decision No. 74870 on December 18, 2014.

3. The 2016 SSVEC REST Plan targets a renewable energy goal of 3.0 percent of retail sales. Based on 2016 retail sales of 906,948 MWh, this equates to 27,208 MWh of renewable energy.

4. In its 2015 REST Plan, SSVEC targeted a renewable energy goal of 2.5 percent of retail sales. The Cooperative reports that it has already met that goal. SSVEC reports that it anticipates meeting its renewable energy goal of 3.0 percent in 2016 under the proposed REST plan,

1 and that it should meet its 2017 goal of 3.5 percent due to a purchase power agreement the  
 2 Cooperative has entered with a solar provided. In 2014, SSVEC targeted a renewable energy goal of  
 3 2.25 percent of retail sales and reports that it exceeded that goal.

4 5. The implementation portion of the Plan consists of several programs, collectively  
 5 called "Sun Watts." Details of the programs are discussed below.

#### 6 **The Sun Watts Green Contribution Program**

7 6. This program allows customers to elect to contribute additional dollars on their bills to  
 8 be used to fund various renewable energy programs. SSVEC does not propose changes to this  
 9 program in the 2016 Plan.

#### 10 **Proposed Incentives**

11 7. A summary of SSVEC's current Commission-approved Up-Front Incentives ("UFI")  
 12 is presented in Table I. SSVEC proposes eliminating all UFIs for 2016 with the exception of those  
 13 for the Solar Water Heater Program.

14 **Table I**

15 **Proposed and Current Up-Front Incentives**

| 16 <b>Program</b>                    | <b>Current Up-Front Incentives</b>  | <b>Proposed 2016 Up-Front Incentives</b>  |
|--------------------------------------|---|---|
| 17 <b>Residential PV Incentive</b>   | \$0.25 per Watt, up to \$2,500  | No Incentive  |
| 18 <b>Residential Wind Incentive</b> | \$0.10 per Watt, up to \$1,250  | No Incentive  |
| 19 <b>Commercial PV Incentive</b>    | \$0.25 per Watt, up to \$5,000 of system cost for grid-connected and off-grid systems.                              | No Incentive  |
| 20 <b>Commercial Wind Incentive</b>  | \$0.10 per Watt, up to \$2,500  | No Incentive  |
| 21 <b>Solar Water Heater Program</b> | \$0.50 per kWh of estimated energy saved during 1 <sup>st</sup> year of system operation, up to 25% of system cost. | \$0.25 per kWh of estimated energy saved during 1 <sup>st</sup> year of system operation, up to 25% of system cost. |

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Decision No. \_\_\_\_\_

1 **Solar Water Heater Program**

2 8. SSVEC proposes to reduce the incentive from \$0.50 to \$0.25 per kWh of estimated  
3 energy saved during the system's first year of operation. Only OG-300 certified solar systems are  
4 eligible for the Sun Watts Incentive. SSVEC highly recommends that systems be installed by licensed  
5 contractors, but if the member chooses to do a "self-install" the local building inspector must approve  
6 the installation to qualify for the Sun Watts Incentive. Customers will provide copies of their invoice  
7 for tracking systems costs for posting on the AZ Goes Solar website.

8 **Debt Service for 2008 Schools Project**

9 9. As part of the 2008 REST program the Commission approved a Clean Renewable  
10 Energy Bonds ("CREBs") loan for the Solar for Schools project. The Maintenance and Debt Service  
11 budget is set to \$1,000,000 per year. Beginning with the 2014 REST Program, SSVEC had to include  
12 additional maintenance costs due to the bankruptcy and subsequent closure of the inverter  
13 manufacturer which nullified the extended warranty SSVEC had obtained in 2008. The Cooperative  
14 reports that inverters have failed every year for the last three years.

15 **The Sun Watts Large-Scale Generating Program**

16 10. SSVEC installed two Cooperative-owned, utility-scale solar photovoltaic systems in  
17 2012, with a total capacity of 1.5 MW. These solar power plants were funded through Commission-  
18 approved CREB funds. The proposed 2016 budget includes debt service for this project. SSVEC  
19 reimburses the REST fund for all kWh produced by these solar power plants at the Avoided Cost  
20 Rate as set in SSVEC's Net Metering Tariff which is updated annually.

21 **Additional Programs and Incentives**

22 11. SSVEC proposes to continue the Habitat for Humanity ("Habitat") Program. SSVEC  
23 contributes up to \$15,000 to the Habitat organization for the purchase of photovoltaic and other  
24 renewable energy equipment to be installed on Habitat homes. If Habitat does not have a suitable  
25 project, these funds will be used to pay residential and commercial incentives.

26 12. SSVEC notes that it will also assist in finding local renewable energy equipment dealers  
27 who are willing to donate products and services to the Habitat cause.

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1           13.     SSVEC proposes to continue to fund a grant program for teachers in its service  
2 territory for the development of renewable energy curricula for the classroom. SSVEC's 2016 budget  
3 allows up to ten grants of \$500 each. This program is included in SSVEC's Administration budget  
4 line item.

#### 5 **Future Large-Scale Project Fund**

6           14.     In Decision No. 74870, the Commission approved a budget item which permits the  
7 Cooperative to begin accumulating funds for a future large-scale expansion of the current solar farm  
8 owned by SSVEC. SSVEC's 2015 Plan included a budget amount of \$900,000 for this fund, and the  
9 Cooperative reports that as of September 2015, the balance of this fund was approximately \$609,000.  
10 The Cooperative further reports that it anticipates it will reach its budgeted amount of \$900,000 by the  
11 end of 2015.

12           15.     In SSVEC's 2016 Plan, the Cooperative requests permission to reallocate those funds  
13 previously used for PV and wind incentives toward this future project.

#### 14 **Residential and Commercial Performance-Based Incentives ("PBI")**

15           16.     SSVEC no longer includes Performance-Based Incentives in its program offerings, but  
16 PBI obligations from prior program years continue for the term of the PBI agreement or until they  
17 reach maximum eligible payout. SSVEC's 2016 Plan includes expected PBI payments for 2016 based  
18 on the current level of distributions. As of September 2015, SSVEC reports that it has a PBI liability  
19 of \$2,275,728.37.

#### 20 **PBI "Buy Down"**

21           17.     Decision No. 74870 permitted SSVEC to begin paying off its existing PBI  
22 commitments early on a first in, first out ("FIFO") basis with a goal of reducing the liability and  
23 administrative costs caused by the use of PBIs. PBI "buy outs" are processed in December of each  
24 year. The Cooperative's 2016 Implementation Plan allocates \$200,000 for this purpose.

#### 25 **REST Plan Funding and Expenditures**

26           18.     SSVEC is not proposing any changes to its REST kWh surcharge or the REST  
27 surcharge caps. The SSVEC REST surcharge is currently and proposed at \$0.00988 per kWh, and the  
28 collection caps are shown in the following Table II:

**Table II**  
**2016 REST Plan Collections**

| Rate Class                  | Monthly Collection Caps | Monthly Average per Bill | Percentage Reaching Cap | Collection by Rate Class per Month |
|-----------------------------|-------------------------|--------------------------|-------------------------|------------------------------------|
| Residential                 | \$3.49                  | \$3.11                   | 74.4%                   | \$121,205                          |
| General Service             | \$85.00                 | \$10.86                  | 1.8%                    | \$80,144                           |
| Irrigation                  | \$50.00                 | \$36.50                  | 61.8%                   | \$19,802                           |
| Large Commercial/Industrial | \$200.00                | \$139.15                 | 45.0%                   | \$53,397                           |
| Contract                    | \$300.00                | \$300.00                 | 100.0%                  | \$900                              |

19. The proposed 2016 REST Plan budget and actual spending are shown in the following Tables III and IV.

**Table III**  
**Proposed 2016 REST Plan Budget Collections**

| Collections                              | Actual for 2014 | Actual through 6/1/15 | Current Budget | Proposed Budget |
|--|-----------------|-----------------------|----------------|-----------------|
| REST Surcharge                           | \$3,601,057     | \$1,668,627           | \$4,535,000    | \$4,091,000     |
| SSVEC-owned Solar Power Plant production | \$108,797       | \$48,291              | \$112,828      | \$112,828       |
| Prior year carryover                     | \$169,569       | \$143,274             | \$35,000       | \$35,000        |
| Total                                    | \$3,879,423     | \$1,860,192           | \$4,682,828    | \$4,238,828     |

**Table IV**  
**Proposed 2016 REST Plan Budget Expenditures**

| Expenditures                                       | Actual for 2014 | Actual through 6/1/15 | Current Budget | Proposed Budget |
|--|-----------------|-----------------------|----------------|-----------------|
| Administration                                     | \$205,094       | \$99,355              | \$200,000      | \$300,000       |
| Habitat for Humanity Program                       | \$0             | \$0                   | \$15,000       | \$15,000        |
| Advertising  | \$378           | \$12                  | \$1,000        | \$1,000         |
| Future Large Scale Project                         | N/A             | \$0                   | \$900,000      | \$1,500,000     |
| PBI "Buy Down"                                     | N/A             | \$0                   | \$200,000      | \$200,000       |
| School Solar Project (CREBs Debt Service)          | \$810,360       | \$197,669             | \$900,000      | \$1,000,000     |
| Large-Scale Solar Power Plant (CREBs Debt Service) | \$352,335       | \$161,593             | \$425,000      | \$550,000       |
| Sun Watts Residential Incentives                   | \$1,310,467     | \$103,604             | \$645,828      | \$25,414        |
| Sun Watts Commercial Incentives                    | \$416,008       | \$30,334              | \$290,000      | \$25,414        |
| Residential PBI                                    | \$250,365       | \$102,267             | \$521,000      | \$311,000       |
| Commercial PBI                                     | \$246,441       | \$110,029             | \$585,000      | \$311,000       |
| Total  | \$3,591,448     | \$804,863             | \$4,682,828    | \$4,238,828     |

1 **Requested Changes from 2015 REST Plan**

2 20. SSVEC’s proposed 2016 REST plan includes three requested changes from its  
3 approved 2015 Plan. First, SSVEC would like to eliminate incentives for PV and wind systems.  
4 Second, SSVEC is seeking to reduce its incentive for solar water heating by 50 percent from its 2015  
5 Plan. Finally, SSVEC requests permission to reallocate funds previously used for PV and wind  
6 incentives toward its future large scale project fund. SSVEC does not seek any change to the current  
7 REST surcharge.

8 **Compliance Requirements**

9 21. SSVEC did not use any RECs not owned by the utility to comply with the  
10 Commission’s REST rules in 2014.

11 22. Per A.A.C. R14-2-1812, SSVEC is required to file an annual compliance report. Staff  
12 recommends that, beginning in 2016, SSVEC file its annual REST compliance reports in a docket to  
13 be opened by Staff.

14 **Recommendations**

15 23. Staff has recommended approval of SSVEC’s 2016 REST Implementation Plan as  
16 described above.

17 CONCLUSIONS OF LAW

18 1. Sulphur Springs Valley Electric Cooperative, Inc. is an Arizona public service  
19 corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

20 2. The Commission has jurisdiction over Sulphur Springs Valley Electric Cooperative,  
21 Inc. and the subject matter of the application.

22 3. The Commission, having reviewed the application and Staff’s Memorandum dated  
23 November 24, 2015, concludes that it is in the public interest to approve Sulphur Springs Valley  
24 Electric Cooperative, Inc.’s 2016 REST Plan as specified in this order.

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ORDER

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IT IS THEREFORE ORDERED that the Sulphur Springs Valley Electric Cooperative, Inc. 2016 REST Plan is hereby approved as discussed herein.

IT IS FURTHER ORDERED that the Sulphur Springs Valley Electric Cooperative, Inc. approved REST surcharge and surcharge caps shall be as reflected in Finding of Fact 18.

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

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

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

  
CHAIRMAN

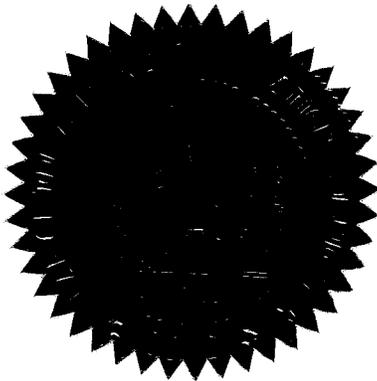
  
COMMISSIONER

**EXCUSED**  
COMM. STUMP

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 17th day of December, 2015.

  
JODI JERICH  
EXECUTIVE DIRECTOR

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

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

TMB:EAH:red/RWG

1 SERVICE LIST FOR: Sulphur Springs Valley Electric Cooperative, Inc.  
2 DOCKET NO. E-01575A-15-0264

3 Mr. David Bane  
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