

ORIGINAL

NEW APPLICATION



BEFORE THE ARIZONA CORPORATION COMMISSION

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF)
TRICO ELECTRIC COOPERATIVE, INC. FOR)
APPROVAL OF ITS 2017 RENEWABLE)
ENERGY STANDARD TARIFF)
IMPLEMENTATION PLAN.)

DOCKET NO. E-01461A-16-0229

APPLICATION

Trico Electric Cooperative, Inc. ("Trico" or the "Company") submits its 2017 Renewable Energy Standard and Tariff Implementation Plan ("2017 REST Plan") for Arizona Corporation Commission ("Commission") approval. Trico provides the following Plan information:

I. BACKGROUND.

Trico is an Arizona non-profit corporation that is certified to provide electricity as a public service corporation in the State of Arizona. Trico is a distribution cooperative partial requirements member of Arizona Electric Power Cooperative ("AEPSCO"). Trico has had its own REST Plan since 2011.¹ The Commission approved Trico's 2011 REST Plan in Decision No. 72086 (January 20, 2011), Trico's 2012 REST Plan in Decision No. 73087 (April 5, 2012), Trico's 2013 REST Plan in Decision No. 73634 (January 31, 2013) (amended nunc pro tunc in Decision No. 73776 (March 21, 2013)), Trico's 2014 REST Plan in Decision No. 74169 (October 25, 2013), Trico's 2015 REST Plan in Decision No. 74863 (December 18, 2014), and Trico's 2016 REST Plan in Decision No. 75324 (November 25, 2015).

Arizona Corporation Commission

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¹ Until 2011, AEPSCO had filed REST Plans on behalf of itself and several of its member distribution cooperatives, including Trico.

1 **II. OVERVIEW OF 2017 REST PLAN.**

2 Trico's proposed 2017 REST Plan is attached to this pleading as Exhibit A. Trico is
3 submitting its 2017 REST Plan in accordance with A.A.C. R14-2-1814, which is the section in the
4 REST Rules that specifically pertains to electric power cooperatives. Trico is allowed to file "an
5 appropriate plan for acquiring Renewable Energy Credits from Eligible Renewable Energy
6 Resources for the next calendar year."

7 Trico's 2017 REST Plan includes many of the same renewable energy programs and
8 initiatives that were in the approved 2016 REST Plan. Trico anticipates that its programs will
9 provide almost 52,000 MWh a year of distributed energy and almost 15,000 MWh per year of
10 non-distributed energy by the end of 2017 – for a total of almost 67,000 MWh of renewable
11 generation. The details of Trico's renewable energy forecast are included as Exhibit 2 to Trico's
12 2017 REST Plan.

13 Trico currently projects a budget deficit going into 2017 of approximately \$30,000 from
14 2016. This deficit is attributable to the higher-than-anticipated participation in Trico's SunWatts
15 Residential PV Interconnection Program (i.e., a higher than anticipated number of its members
16 seeking to interconnect PV systems onto Trico's distribution system). This resulted in an
17 unanticipated increase to Trico's generation metering and interconnection-related administrative
18 costs. Trico also has assumed, for its 2017 REST Plan, 2015 levels of participation with this
19 program, or approximately 450 customers. This is 287 more than what Trico assumed for its 2016
20 REST Plan.

21 The result of this increased participation is the predominant reason for the \$520,146
22 proposed budget increase in Trico's 2017 REST Plan from its 2016 REST Plan.² Consequently,
23 Trico proposes a 2017 REST Plan budget of \$1,518,303. By comparison, Trico's total proposed
24

25 ² Other changes from the proposed budget in 2016 to the proposed budget in 2017 include no line item for
26 the PV for Schools Program (which was completed in 2016), an increase in the amount of performance-
27 based incentive ("PBI") rebates, and a slight decrease in up-front incentives anticipated for solar hot-water
heating.

1 budget for its 2016 REST Plan was \$998,157. Details of Trico's proposed budget are provided as
2 Exhibit 3 to the 2017 REST Plan.

3 As with previous REST Plans, Trico proposes to continue the provision that any allocated
4 funds not used in the plan year may be used to support any of the programs within Trico's 2017
5 REST Plan and that it have the ability to move REST dollars between its various programs, within
6 the plan year. Trico must have this flexibility to maintain and maximize successful programs.

7 **III. SURCHARGE RATES AND CAPS IN TRICO'S 2017 RES TARIFF.**

8 The Commission approved reinstatement of Trico's REST Surcharge in 2016, since
9 carryover funds could no longer cover the budget needed to fund all of Trico's REST Plan
10 programs (Trico's surcharge was temporarily suspended in 2015). To fund the increase in Trico's
11 REST Plan budget to \$1,518,303, Trico proposes the following surcharge energy rate and monthly
12 caps:

13 **Summary of Trico's Surcharge Tariff Rates**

15 Customer Type	2017 Energy Rate (\$/kWh)	2017 Surcharge Maximum
16 Residential	\$0.006093	\$3.00
17 Non-Residential (less than 3,000 kW)	\$0.006093	\$148.75
18 Non-Residential (equal to or greater than 3,000 kW)	\$0.006093	\$2,837.50
19 Governmental and Agricultural	\$0.001121	\$46.25

20 Additionally, Trico is proposing a modification to its 2017 Renewable Energy Standard
21 Tariff – Schedule RES that for those customers taking service under Trico's Net Metering Tariff –
22 Schedule NM, who have a net zero usage for the month and only pay the Customer Charge set
23 forth in their applicable rate tariff, they will be billed the applicable monthly maximum REST
24 surcharge above.

1 Trico provides calculations of recovery of funds in Exhibit 4 to its proposed 2017 REST
2 Plan. The proposed surcharge energy rates and monthly caps are reflected in Exhibit 5 –
3 “Renewable Energy Standard Tariff” – attached to Trico’s proposed 2017 REST Plan.

4 For customers on Trico’s Residential Prepaid Service (“RPS”) Pilot Program that was
5 approved in Decision No. 75087 (May 19, 2015) – those customers will remain subject to the
6 REST surcharge on a per-kWh basis, with use of a daily REST surcharge cap. Trico proposes to
7 modify the REST Surcharge Cap for RPS customers to \$0.10 per day under its 2017 REST Plan.
8 This is also set forth in the revised “Renewable Energy Standard Tariff” and attached as Exhibit 5
9 to Trico’s proposed 2017 REST Plan.

10 **IV. OTHER COMPONENTS OF TRICO’S 2017 REST PLAN.**

11 Trico proposes to maintain six of its SunWatts programs for its 2017 REST Plan,
12 including: (1) the Green Energy Purchase Program; (2) the Residential and Commercial PV
13 Interconnection Program (including PV systems over 10 kW, Solar Water Heating systems, as
14 well as continuing to install Trico-owned PV generation meters on all residential and commercial
15 systems); (3) the Utility Scale Generation Program; (4) the Educational Grant Program (including
16 expansion of renewable energy education outside of the classroom); (5) the Habitat for Humanity
17 Program; and (6) the Generation Metering Program.

18 Specifically regarding the Generation Metering Program, Trico proposes to continue its
19 program started in 2014 of installing its own meters that measure the output of the PV generation
20 on all new and existing residential and commercial PV systems. The cost for the program includes
21 capital costs of each meter, the labor to install the meter and the cost of the cell phone service to
22 electronically read the meters.

23 Trico’s Community Solar Project – the SunWatts Sun Farm – remains operational and
24 Trico members can purchase panels in one-quarter, one-half, or in full-panel increments up to, but
25 not to exceed, their average monthly energy (kWh) usage in the last 12-month period. Members
26 who purchase entire or partial panels will receive credits on their bills equal to the energy
27

1 generated by the panel(s), which is in accordance with the Sun Watts Sun Farm Tariff approved in
2 Decision No. 72086.

3 Trico has proposed an option for the participation in its SunWatts Sun Farm in its current
4 rate case (Docket No. E-01461A-15-0363) that requires no up-front dollars; instead, members can
5 participate by purchasing panel output through a monthly solar energy charge. Trico had
6 originally proposed this option in its 2016 REST Plan, but withdrew it, and then subsequently
7 proposed it as part of its current rate case. This monthly solar energy charge will stay fixed for a
8 20-year term. Trico customers, under this option, can purchase energy in whole-panel increments
9 up to, but not to exceed, their minimum monthly kWh energy usage in the last 12 months. Trico's
10 proposed new "SunWatts Sun Farm Monthly Tariff" is attached as Exhibit 6 to its 2017 REST
11 Plan, but is subject to Commission review and approval in Trico's current rate case proceeding.
12 To be clear, it is an alternative, but not a replacement, for its existing panel-purchase option.

13 Trico requests to maintain its zero-dollar Up-Front Incentive ("UFI") for customer owned
14 and leased PV systems (residential and commercial). Trico also requests to maintain its zero-
15 dollar Performance-Based Incentive ("PBI") for newly installed customer owned and leased PV
16 systems. For appropriately-certified solar hot-water systems, Trico proposes to continue its UFI
17 rebate of \$0.40 per kWh energy saved during the first year of operation. These are included in
18 Exhibit 1 to Trico's 2017 REST Plan.

19 **V. CONCLUSION.**

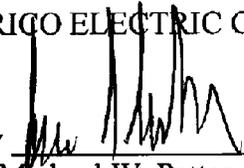
20 WHEREFORE, for the reasons set forth herein, Trico respectfully requests that the
21 Commission issue an Order:

- 22 (1) Approving Trico's proposed 2017 REST Plan;
- 23 (2) Approving Trico to move REST dollars between its various programs so it has the
24 flexibility to maintain and maximize successful programs;

- 1 (3) Approving modifications to Trico's REST Surcharge energy rates and monthly
2 caps for 2017, as well as its RPS REST Surcharge energy rates and daily caps in
3 accordance with the formula set forth in the RPS Tariff;
- 4 (4) Approving maintaining the incentives (both UFIs and PBIs) at current levels of
5 zero;
- 6 (5) Approving continuation of the SunWatts Sun Farm program, with the addition of
7 the "SunWatts Sun Farm Monthly Tariff" subject to Commission review and
8 approval in Trico's current rate case;
- 9 (6) Continuing to allow the recovery of the lifetime of costs of PBIs for the full term of
10 the contracts underlying the PBIs;
- 11 (7) Bill the applicable monthly maximum REST surcharge for those customers taking
12 service under Trico's Net Metering Tariff – Schedule NM, who have a net zero
13 usage for the month and only pay the Customer Charge set forth in their applicable
14 rate tariff.

15 RESPECTFULLY SUBMITTED this 30th day of June 2016.

16 TRICO ELECTRIC COOPERATIVE, INC.

17
18 By  _____

19 Michael W. Patten
20 Jason D. Gellman
21 Snell & Wilmer L.L.P.
22 One Arizona Center
23 400 East Van Buren Street
24 Phoenix, Arizona 85004

25 Attorneys for Trico Electric Cooperative, Inc.

26 Original and 13 copies of the foregoing
27 filed this 30th day of June 2016 with:

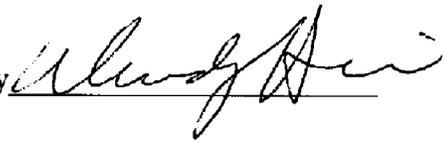
28 Docket Control
29 Arizona Corporation Commission
30 1200 West Washington Street
31 Phoenix, Arizona 85007

1 Copy of the foregoing hand-delivered/mailed
2 this 30th day of June 2016 to:

3 Steve Olea, Director
4 Utilities Division
5 Arizona Corporation Commission
6 1200 West Washington
7 Phoenix, Arizona 85007

8 Janice Alward, Chief Counsel
9 Arizona Corporation Commission
10 1200 West Washington
11 Phoenix, Arizona 85007

12 Dwight Nodes
13 Chief Administrative Law Judge
14 Arizona Corporation Commission
15 1200 West Washington
16 Phoenix, Arizona 85007

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By 

21910404

Trico Electric Cooperative, Inc.
REST Plan for Calendar Year 2017

A.A.C. R14-2-1814

July 1, 2016

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Exhibits

- Exhibit 1 – Distributed Renewable Technologies Supported by the 2017 REST Plan
- Exhibit 2 – Renewable Energy Forecast
- Exhibit 3 – Proposed Trico 2017 REST Plan Budget
- Exhibit 4 – Calculation of 2017 REST Fund Recovery
- Exhibit 5 - Renewable Energy Standard Tariff
- Exhibit 6 – Monthly SunWatts Sun Farm Tariff
- Exhibit 7 – Required Reporting Information

I. BACKGROUND

Trico Electric Cooperative, Inc. (“Trico”) has prepared this Renewable Energy Standard and Tariff (“REST”) Plan for calendar year 2017 (the “2017 REST Plan”), pursuant to the REST rules approved in Decision No. 69127 dated November 14, 2006 which took effect following Attorney General certification on August 14, 2007 (“REST Rules”).

The REST Rules contain a section that specifically addresses electric power cooperatives. A.A.C. R14-2-1814 instructs the cooperatives to file “an appropriate plan for acquiring Renewable Energy Credits from Eligible Renewable Energy Resources for the next calendar year.” Upon Commission approval, the provisions of the plan substitute for the requirements of A.A.C. R14-2-1804 and R14-2-1805 for Trico.

Trico’s current 2016 REST Plan and its most recent revision to its RES tariffs were approved by the Arizona Corporation Commission (“Commission”) in Decision No. 75324, on November 25, 2015.

Pursuant to the REST Rules, Trico submits this 2017 REST Plan for calendar year 2017.

II. TRICO’S 2017 REST Plan

The 2017 REST Plan includes continuing its interconnection program for residential and commercial photovoltaic (“PV”) installations, rebates for solar water heating installations and existing performance based incentives approved under previous REST Plans as well as funding to explore utility scale renewables. Trico’s renewable generation programs are referred to as SunWatts. Trico will use surcharge dollars and proceeds from consumer participation in the Green Energy Purchase Program, hereinafter defined, to fund renewable programs.

The proposed 2017 REST Plan continues rebates for all technologies that were approved as part of the 2016 REST Plan. Funds will also be used to pay for the administration, advertising and promotion of the SunWatts programs.

There are six SunWatts programs that make up Trico's 2016 REST Plan, which include: (1) the Green Energy Purchase Program; (2) the Residential and Commercial PV Interconnection Program; (3) the Utility Scale Generation Program; (4) the Educational Grant Program; (5) the Habitat for Humanity Program; and (6) the Generation Metering Program. Each of these programs is described below.

Additional renewable energy initiatives include the availability of Net Metering through Trico's approved Net Metering Tariff, Decision No. 75226, dated August 26, 2015, pending a decision to Trico's Rate Case Application (Docket No. E01461A-15-0363) as well as Trico's participation in the "Go Solar AZ Website", pursuant to Decision No. 71453, and Trico's approved Community Solar Project ("SunWatts Sun Farm"), located at Trico's facility.

(1) SunWatts Green Energy Purchase Program: This is an existing program whereby Trico's retail customers are given the opportunity to voluntarily support the purchase of "green energy." Green energy is offered to customers for purchase in 50 kWh blocks at a cost of \$2.00 per block. Green energy purchases are reflected as a line item on participating customers' retail bills. All funds received are used in support of the 2017 REST Plan programs. Advertising and other promotional activities encourage participation in this program and will continue as conducted under the 2016 REST Plan. Trico proposes no change to the existing tariff applicable to this program, the Voluntary Renewable Energy Standard Program Tariff (Schedule VRES).

(2) SunWatts Residential and Commercial PV Interconnection Program: This is an existing program where Trico assists customers with the interconnection of PV systems to encourage the installation of qualifying solar PV. Trico also offers incentives for the installation of solar water heating systems and other renewable technologies, as applicable.

(a) PV systems up to 10 kW in system size:

Trico is requesting to maintain its zero dollar Up-Front Incentive (“UFI”), for newly installed customer owned and leased PV systems.

(b) PV systems over 10 kW in system size:

Trico is requesting to maintain its zero dollar Performance Based Incentive (“PBI”), for newly installed customer owned and leased PV systems.

(c) Solar Water Heater Systems:

As currently offered under the 2016 REST Plan, Trico proposes to continue its UFI rebate equal to \$0.40 per kWh of energy saved during the system’s first year of operation. Only systems certified by the Solar Ratings and Certification Corporation (“SRCC”) or the International Association of Plumbing and Mechanical Officials (“IAPMO”) as being OG-300 are eligible for this rebate. A list of OG-300 certified Solar Systems is available at SRCC’s website at www.solar-rating.org or at the IAPMO website at <http://pld.iapmo.org>. In addition, the customer contribution to the cost of the solar water heater project must be a minimum of 15% of the total project cost after accounting for and applying all federal and state incentives. Rebates for solar water heaters will be

distributed on a first-come, first-served basis and will be available until such time as the budget for the program is exhausted. At such time that the rebate budget is exhausted, customers will be placed on a rebate reservation waiting list. Solar swimming pool heating systems are not eligible for the rebate.

(d) Generation Metering Program:

In 2014, approved under Trico's 2013 REST Plan, Trico began installing its own meter that measures the output of the PV generation on all new and existing PV systems. For 2017, Trico proposes to continue this program as currently offered, whereby Trico allocates a portion of the budget to installing Trico owned PV generation meters on all residential and commercial PV systems. The cost for the program includes the capital cost of each meter, the labor to install the meter and the cost of the cell phone service to electronically read the meters.

The generation meters are billing quality and electronically read by Trico and the data recorded. The installation of the PV generation meters provides Trico the data to analyze the impacts of the renewable generation (e.g. system reliability, potential reduction of the need for area facilities through better system planning, rate design, etc.). The data also provides information to customers that have PV systems regarding their system output/efficiency and helps Trico respond to billing questions associated with Net Metering.

The attached Exhibit 1 entitled "Distributed Renewable Technologies Supported by the 2017 REST Plan" summarizes the incentive levels provided for each technology. For

2016 Trico has not received a request for a new technology not described in Exhibit 1; however Trico will evaluate applications received for a new technology on a case by case basis.

(3) Utility Scale Generation Program: As part of Trico's 2016 REST Plan, Trico proposed to investigate utility scale renewable projects and potentially issue a request for information and/or proposals in 2016. Trico issued a Request for Proposal (RFP) for up to 10 MW DC utility scale solar generation. Trico anticipates awarding a contract for this project by the end of 2016, with an anticipated in-service date for the project in 2017. Trico expects the solar project will take the form of a purchase power agreement, the cost of which will be recovered through Trico's Wholesale Power Cost Adjustor (WPCA) rather than through Trico's REST Plan. However, Trico does expect some expenses in 2017 for review and analysis of the RFP and negotiations of the purchase power agreement. Trico proposes to allocate a maximum of \$25,000 for this program in 2017.

(4) SunWatts Educational Grant Program: For 2017, Trico proposes to continue its Educational Grant Program. Trico's Educational Grant Program offers education grants to schools for the development of renewable energy curricula and/or renewable energy installations. Trico will review applications submitted by any Trico Member who wishes to create renewable curricula or install renewable energy technology to support an educational purpose. A maximum of \$30,000 will be allocated for this program in 2017.

(5) SunWatts Habitat for Humanity Program: Trico proposes to continue its Habitat for Humanity Program for 2017. Trico's Habitat for Humanity Program allows it

to partner with the Habitat for Humanity to offer renewable energy options to low-income families. The Habitat organization will receive grants for the purchase of PV and other renewable energy equipment to be installed on Habitat homes. Trico will also assist in finding local renewable energy equipment dealers who are willing to donate products and services. The type and amount of equipment will vary from project to project. Up to two of these projects will be undertaken each year with a total program budget of \$5,000.

(6) Net Metering: All customers with a renewable resource that qualifies and meets the requirements under the Net Metering Rules, A.A.C. R14-2-2301 through R14-2-2308, and Trico's Net Metering Tariff, Decision No. 75226, dated August 26, 2015, pending a decision to Trico's Rate Case Application (Docket No. E01461A-15-0363), are eligible to participate in Trico's Net Metering program.

(7) Arizona Goes Solar Website: Trico has participated with Arizona Public Service (APS) and the other Arizona utilities in this project. The website was made available to the public in September 2010. As required by Decision No. 71453, Trico will continue to support the Arizona Goes Solar (formerly called "Go Solar AZ") Website and will continue to provide information such as and including the following: the reservation request review date; the incentive program under which the incentive is being offered; the amount of the incentive offered; the size and nature of the systems (whether commercial or residential); the step in the reservation process each system is in at the time it is posted; total cost of the system; nameplate rating of the system; current incentive application status; and the name of the installer of the system.

(8) Community Solar Project (“SunWatts Sun Farm”): Trico’s SunWatts Sun Farm became operational in June 2011 and consists of 840 ground mount fixed tilt panels that total to 227 kW. The current program includes that a Trico member can purchase panels in one-quarter, one-half or in full panel increments up to but not to exceed their average monthly kWh energy usage in the last twelve-month period. Customers who purchase a part or several panels will receive a credit on their bill equal to energy generated by their panel(s) in accordance with the SunWatts Sun Farm Tariff approved under Decision No. 72086.

In an effort to provide a competitive option that requires no upfront dollars, Trico’s Rate Case Application (Docket No. E01461A-15-0363) includes a new tariff that will allow participation by purchasing panel output through a monthly solar energy charge. The solar energy charge will stay fixed for a twenty (20) year contract term. A Trico customer can purchase energy output in whole panel increments up to but not to exceed their minimum monthly kWh energy usage in the last twelve-months. The proposed new SunWatts Sun Farm Monthly Tariff (Schedule RESFM), as initially filed in Trico’s Rate Case, is included in Exhibit 6 and is subject to revision and approval by the Commission as part of the Trico Rate Case proceeding.

(9) Other Items:

Flexibility of Funds: To maintain and grow participation in its 2017 REST Plan programs, Trico requests Commission approval to shift approved funds between programs, and to modify the program budgets in the 2017 REST Plan when cost-effective to do so. This flexibility is essential to Trico’s ability to grow its programs as Trico does

not know the response from its customers when implementing its programs. This flexibility will also help Trico to maintain and maximize the most successful programs without oversubscription.

Residential Prepaid Service (RPS) Pilot Program REST Surcharge Calculation:

Pursuant to Decision No. 75087, dated May 19, 2015, the RPS Tariff is subject to the REST Surcharge on a per kWh basis as all other Trico rates, but with the use of a daily (rather than monthly) REST Surcharge Cap. The methodology for calculating a daily REST surcharge Cap is based on the following formula; the Monthly Residential Rest Surcharge maximum $\times 12$ months $\div 365$ days rounded to nearest mill (1/10 of a penny). Trico proposes a REST Surcharge Cap for RPS customers of \$0.10 per day under its 2017 REST Plan, which is included in the revised Renewable Energy Standard Tariff (Schedule RES) attached as Exhibit 5.

III. ADMINISTRATION OF THE SUNWATTS PROGRAM

Annual Reporting and Plan Development: By April 1, 2017, Trico will file a report that describes results for its 2016 REST Plan. On or before July 1 of each year, Trico will file an updated plan as required A.A.C. R14-2-1814.B.

Required Reporting Information: Decision Nos. 72734, 72737, and 72738 ordered Tucson Electric Power Company, Arizona Public Service, and UNS Electric, Inc. to submit a report for Commission Staff approval on the Companies' joint REST Plan formatting standardization efforts. Such report was to be formulated by a REST Format Working Group ("REST Working Group") that consisted of members of all utilities that fall within the

jurisdiction of the Commission. The REST Working Group submitted its recommendations to the Commission, which were subsequently adopted. Trico submits the following tables, in Exhibit 7, attached hereto, to meet this requirement:

Table 1 – Targeted Resources

Table 2 – Targeted RES Resource Costs

Advertising and Promotion: Trico SunWatts advertising includes a variety of mediums, including, but not limited to: bill inserts and ads/stories in monthly newsletters; counter cards and posters; paid ads in local newspapers; paid ads on rural radio stations; participation at local events, such as cooperative annual meetings and county fairs; and a SunWatts promotional presence on the Trico website.

IV. ESTIMATED RESULTS/BUDGET/TARIFFS

Based on the programs and projects currently in place, as well as the assumptions included in this 2017 REST Plan, Trico anticipates that its programs will provide 51,999,294 kWh of distributed and 7,698,929 kWh of non-distributed generation totaling 59,698,223 kWh of renewable generation by the end of 2017. The attached Exhibit 2 entitled “Renewable Energy Forecast” reflects Trico’s estimated renewable energy for 2017. Trico currently forecasts that in 2016, it will exceed both the distributed and the total renewable energy targets set for the investor owned utilities in the REST Rules.

The renewable forecasts described herein were used to formulate the proposed budget included in the attached Exhibit 3 entitled “Proposed Trico 2017 REST Plan Budget”. This budget assumes that the surcharge tariff will be modified as described below.

Trico received a significant amount of Federal stimulus dollars for the period 2010 through 2012, which allowed Trico to eliminate its once significant rebate backlog and left additional funds for future incentives. Additionally, Trico's rebate incentives for new PV systems installed in its service territory were reduced to zero dollars earlier than expected, resulting in unused budget dollars. Trico also experienced a delay in the installation of systems under its PV for Schools Program. All of these events resulted in carryover funds for several years that were applied to future year REST Plan budgets. By the end of 2014, Trico's carryover funds exceeded the 2015 budget needs for its program, resulting in Trico requesting a temporary reduction in the REST Surcharge for all customer classes to zero dollars for 2015. Beginning in 2016, Trico estimated that its carryover funds from 2015 would not cover the budget needed to fund all of Trico's 2016 REST programs and requested a reinstatement of its REST Surcharge. Trico currently projects a budget deficit going into 2017 of approximately \$30,000. This anticipated deficit is due to larger than anticipated participation in Trico's SunWatts Residential PV Interconnection Program resulting in an unanticipated increase to Trico's generation metering and interconnection related administrative costs. In addition, Trico has assumed 2015 levels of participation in its SunWatts Residential PV Interconnection Program of 450 customers which is 287 more than was assumed in 2016 REST Plan. This increased participation corresponds to the entire \$520,146 of the increase budget proposed in the 2017 REST Plan. As a note, the actual 2016 REST Plan participation in the SunWatts Residential PV Interconnection Program is currently forecasted at 511 customers.

Trico's 2017 REST Plan includes an increase to the existing REST surcharge energy rate and monthly dollar caps to increase the total budget revenue for 2017 to \$1,518,303 (an increase of approximately \$520,146). A comparison of the 2016 to the proposed 2017 surcharge is included in Table 1 below. Additionally, Trico is proposing a modification to its 2017

Renewable Energy Standard Tariff – Schedule RES that for those customers taking service under Trico’s Net Metering Tariff – Schedule NM, who have a net zero usage for the month and only pay the Customer Charge set forth in their applicable rate tariff, they will be billed the applicable monthly maximum rate set forth below in Table 1.

Table 1: Summary of Trico’s Surcharge Tariff

Customer Type	2016 Rate (\$/kWh)	2017 Rate (\$/kWh)	2016 Maximum	2017 Maximum
Residential	\$0.002380	\$0.006093	\$1.20	\$3.00
Non-Residential (less than 3,000 kW)	\$0.002380	\$0.006093	\$59.50	\$148.75
Non-Residential (equal to or greater than 3,000 kW)	\$0.002380	\$0.006093	\$1,135.00	\$2,837.50
Governmental and Agricultural	\$0.000438	\$0.001121	\$18.50	\$46.25

Exhibit 4 entitled “Calculation of 2017 REST Fund Recovery” summarizes the impact on the residential customers and the forecasted collection from Trico’s REST surcharge tariff by customer class utilized for the 2017 REST Plan budget.

The revised tariff, as described in this 2017 REST Plan is attached as Exhibit 5 entitled “Renewable Energy Standard Tariff”.

Exhibit
“1”

Exhibit 1

Distributed Renewable Technologies Supported by the 2017 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 first year savings	N/A

Exhibit
“2”

Exhibit 2

Renewable Energy Forecast

	<u>2017</u>
	<u>Renewable Energy (kWh)</u>
<u>Residential DG</u>	
Existing and New PV Installations	34,137,186
Existing Wind Installations	10,512
Existing and New Solar Water Heater Installations	578,515
Allocated Renewable Energy From Joint AEPSCO Plan	145,394
Subtotal Trico Renewable Energy - Residential DG	34,871,607
IOU Target Renewable Energy – Residential	7,616,008
<u>Non-Residential DG</u>	
Existing PV Renewable Energy (UFI and PBI)	17,116,431
AEPSCO Unit	11,256
Subtotal Trico Renewable Energy - Non-Residential DG	17,127,687
IOU Target Renewable Energy – Non-Residential	7,616,008
<u>Other Renewable (Non-DG)</u>	
SunWatts Sun Farm	430,358
Utility Scale Generation	7,268,571
Total Trico Renewable Energy	59,698,223
Trico Forecast kWh Sales – 2017	725,334,078

Exhibit
“3”

Exhibit 3

Proposed Trico 2017 REST Plan Budget

Proposed 2017 REST Budget	
Program	Total Budget
Residential/Commercial UFI Program Rebates	\$0
Existing Residential/Commercial/School PBI Rebates	\$667,705
Residential SWH UFI Rebates	\$2,424
Utility Scale Renewable Project	\$25,000
Subtotal Distributed Energy Cash Incentive Payments	\$695,129
Educational Grant Program	\$30,000
Habitat for Humanity Program	\$5,000
Total Distributed Energy Costs	\$730,129
Total Generation Costs	\$0
Other Program Costs	\$788,174
Administrative Expenses	\$260,861
Generation Meter Program	\$497,313
Projected Deficit from 2016	\$30,000
Total 2017 REST Budget	\$1,518,303

Exhibit
“4”

Exhibit 4

Calculation of 2017 REST Fund Recovery

	Residential	Non-Res < 3 MW	Non-Res > 3 MW	Agricultural & Government	Total
Existing Rate with 2015 Usage					
Maximum Monthly Recovery Per Consumer	\$ 1.20	\$ 59.50	\$ 1,135.00	\$ 18.50	
Recovery Per kWh	\$ 0.002380	\$ 0.002380	\$ 0.002380	0.000438	
Maximum kWh Subject to Recovery	504	25,000	476,891	42,237	
kWh Billed in Recovery Block	208,176,923	32,826,394	0	45,785,011	286,788,328
Total kWh 2015 Usage	421,559,341	88,896,576	30,976,680	93,194,423	634,627,020
Recovery kWh as % of Total kWh	49.38259%	36.92650%	0.00000%	49.12849%	45.19006%
Calculated 2015 Revenue	\$ 495,461.08	\$ 78,126.82	\$ -	\$ 20,053.83	\$ 593,641.73
Percent of Total	83.461%	13.161%	0.000%	3.378%	100.000%
Proposed with 2015 Usage					
Maximum Monthly Recovery Per Consumer	\$ 3.00	\$ 148.75	\$ 2,837.50	\$ 46.25	
Recovery Per kWh	\$ 0.006093	\$ 0.006093	\$ 0.006093	0.001121	
Maximum kWh Subject to Recovery	492	24,414	465,714	41,248	
kWh Billed in Recovery Block 2015 Usage	208,176,923	32,826,394	0	45,785,011	286,788,328
Total kWh 2015 Usage	421,559,341	88,896,576	30,976,680	93,194,423	634,627,020
Recovery kWh as % of Total kWh	49.38259%	36.92650%	0.00000%	49.12849%	45.19006%
kWh Billed in Recovery Block 2016 Usage	208,176,923	32,826,394	0	45,785,011	286,788,328
Total kWh 2016 Usage	421,559,341	88,896,576	30,976,680	93,194,423	634,627,020
Recovery kWh as % of Total kWh	49.38259%	36.92650%	0.00000%	49.12849%	45.19006%
Calculated 2016 Revenue 2015 Billing Units	\$ 1,268,380.36	\$ 200,004.65	\$ -	\$ 51,337.82	\$ 1,519,722.83
Percent of Total	83.461%	13.161%	0.000%	3.378%	100.000%
2017 Budget					\$ 1,518,303.29

Exhibit
“5”

Exhibit 5

Renewable Energy Standard Tariff

ELECTRIC RATES

TRICO ELECTRIC COOPERATIVE, INC.
8600 W. Tangerine Road
Marana, Arizona 85658
Filed By: Vincent Nitido
Title: CEO/General Manager

Effective Date: January 1, 2017

STANDARD OFFER TARIFF

**RENEWABLE ENERGY STANDARD TARIFF
SCHEDULE RES**

Background

On November 14, 2006, the Arizona Corporation Commission ("Commission") issued Decision No. 69127 that contained a Renewable Energy Standard ("RES") which set forth annual renewable energy requirements for all affected electric utilities in the State of Arizona as well as a requirement that each affected electric utility file with the Commission for approval a RES Tariff to fund such renewable energy requirements.

Availability

In the Cooperative's Certificated Area where its facilities are of adequate capacity and the required phase and suitable voltage are in existence and are adjacent to the premises served.

Application

On all bills for all governmental and agricultural members/customers with multiple meters, a Renewable Energy Standard Surcharge mandated by the Arizona Corporation Commission ("Commission") will be assessed monthly at the lesser of the per kilowatt-hour of retail electricity purchased by the consumer, or the maximum, both as stated below. For those members/customers taking service under Trico's Net Metering Tariff -- Schedule NM, who do have a net zero usage for the month and only pay the Customer Charge set forth in their applicable rate tariff, they will be billed the applicable monthly maximum rate set forth below. In the case of unmetered services, Trico Electric Cooperative, Inc. ("Cooperative") shall, for purposes of billing the RES Surcharge and subject to the maximum assessment set forth herein, use the lesser of (i) the load profile or otherwise estimated kWh required to provide the service in question; or (ii) the service's contract kWh.

Monthly Rate

Customer	kWh	Maximum
Governmental and Agricultural	\$0.001121	\$46.25

Application

On all bills in all other tariff service categories than those listed above, an RES Surcharge mandated by the Commission will be assessed monthly at the lesser of the per kilowatt-hour of retail electricity purchased by the consumer, or the maximum stated below.

In the case of unmetered services, the Cooperative shall, for purposes of billing the RES Surcharge and subject to the maximum assessment set forth herein, use the lesser of (i) the load profile or otherwise estimated kWh required to provide the service in question; or (ii) the service's contract kWh.

Monthly Rate

Customer	kWh	Maximum
Residential	\$0.006093	\$3.00
Non-Residential (less than 3,000 kW)	\$0.006093	\$148.75
Non-Residential (equal to or greater than 3,000 kW)	\$0.006093	\$2,837.50

RES Surcharge Cap for Residential Prepaid Service (RPS) customers: \$0.10 per day

The RES Surcharge is in addition to all other rates and charges applicable to service to the member/customer.

Exhibit
"6"

Exhibit 6

Monthly SunWatts Sun Farm Tariff

ELECTRIC RATES

Trico Electric Cooperative, Inc.
8600 W. Tangerine Road
Marana, Arizona 85658
Filed By: Vincent Nitido
Title: CEO/General Manager

Effective Date: _____

STANDARD OFFER TARIFF

SUNWATTS SUN FARM MONTHLY PARTICIPATION TARIFF SCHEDULE RESFM

Background and Availability

The Arizona Corporation Commission ("Commission") approved the Renewable Energy Standard and Tariff Rules ("REST Rules") in Decision No. 69127 dated November 14, 2006, which set out the renewable energy requirements for all affected electric utilities in the State of Arizona. Trico Electric Cooperative, Inc. ("Cooperative") has prepared a REST Plan which provides for rebate support of customer owned renewable resources and larger scale renewable resources. The REST Plan may be modified from time to time on further application to the Commission.

The Residential Community Solar Demonstration Project Voluntary Purchase Program ("SunWatts Sun Farm") is part of the Cooperative REST Plan and is available to all RS1, GS1, GS2 and GS3 customers of the Cooperative who wish to participate in support of renewable resources through the purchase of energy output from the installation of a Cooperative-owned Photovoltaic (PV) generation facility. Customers being served under the Cooperative's time of use or self-generation tariffs may not purchase power under this Schedule RESFM (including, but not limited to the Cooperative's Net Metering Tariff Schedule NM).

Program

The Sun Watts Sun Farm is located at the Cooperative office facility at 8600 W. Tangerine Road, Marana, Arizona 85658. The SunWatts Sun Farm provides for voluntary participation by residential and small commercial customers which may benefit renters and other customers who cannot install renewable resources on their property, as well as, customers that want to expend minimal initial capital on renewable energy. The Cooperative plans to utilize all proceeds associated with this tariff for future expansion of the SunWatts Sun Farm through construction of additional SunWatts Sun Farm renewable resources.

A customer may purchase panel output up to but not to exceed their minimum monthly kWh energy usage in the last twelve month period. A Customer can purchase solar energy output in solar blocks of 432 kWh per year or 36 kWh per month. The Cooperative will apply the energy charge to the customer's monthly bill for a 20 year term or until such time as the customer cancels his/her participation in the program.

Rate

Wholesale power, transmission and distribution fixed costs will be applied to all energy delivered, including energy delivered under this Schedule RESFM. The customer is responsible for paying (each month) all charges incurred under their applicable rate schedule, and the total solar energy contracted for multiplied by the applicable solar block energy rate. Any demand based or fixed charges under the Customer's current Rate will not be affected by elections

under Schedule RESFM. No discounts specified in any of the above-listed standard offer tariffs will apply to this Rate. Table 1 below provides a summary of the proposed Cooperative Standard Offer Tariffs effective _____ and Table 2 provides the resultant customer energy rate for each rate class with the RESFM Tariff applied.

Rate Class	Fixed Cost Portion Energy Rate (\$/kWh)	Varriable Cost Portion Energy Rate (\$/kWh)	Total Energy Rate (\$/kWh)
RS1			
First 800 kWh/mo	\$0.0868	\$0.0308	\$0.1176
Over 800 kWh/mo	\$0.0968	\$0.0308	\$0.1276
GS1	\$0.1029	\$0.0308	\$0.1337
GS2	\$0.1156	\$0.0308	\$0.1464
GS3	\$0.0441	\$0.0308	\$0.0749

Rate Class	Fixed Cost Portion Energy Rate (\$/kWh)	Variable Cost Portion Energy Rate (\$/kWh)	Total Energy Rate (\$/kWh)
RS1			
First 800 kWh/mo	\$0.0868	\$0.06132	\$0.1481
Over 800 kWh/mo	\$0.0968	\$0.06132	\$0.1581
GS1	\$0.1029	\$0.06132	\$0.1642
GS2	\$0.1156	\$0.06132	\$0.1769
GS3	\$0.0441	\$0.06132	\$0.1054

Terms and Conditions

1. Participation in this program is limited in the Cooperative's sole discretion to the amount of solar generation available and subscription will be made on a first come, first served basis.
2. Each solar block's energy rate will be maintained for twenty years from the date of purchase. For the purposes of the twenty year energy rate, solar blocks will be attributed to the Customer's original service address. Transfer of service under Schedule RESFM is prohibited. Should the Customer cancel service for any reason, his or her subscription under RESFM will expire.
3. Customers may add or delete solar blocks once within a twelve month period. Any addition of solar blocks will be at the then offered solar block energy rate.
4. Solar blocks will be applied to the actual energy usage each month. Electricity used in excess of the purchased solar blocks will be billed at the Customer's regular energy rate. Any electric usage below the amount covered by the solar block(s) will not be rolled forward and credited again to the Customer's usage in the following month.
5. All contracted solar block energy and associated charges in a billing month will be excluded from the calculation of the Cooperative's Wholesale Power Cost Adjustor (PCA) and REST charges and/or credits.
6. The Cooperative shall retain the rights to all the Renewable Energy Credits (RECs) produced by the Sun Watts Sun Farm.

Exhibit
“7”

Exhibit 7

Required Reporting Information

IMPLEMENTATION PLAN

Table 1 - Targeted Resources²

Line No.	Targeted Generation Resources:	Ownership ¹	Targeted Completion	2017 Total MW	Targeted Energy Production (MWh or Equivalent)					Total	Line No.			
					2017	2018	2019	2020	2021					
1	Solar:	N/A		5	7,269					7,269	1			
2												2		
3													3	
4													4	
5													5	
6	Wind:	N/A									6			
7												7		
8													8	
9	Geothermal:	N/A									9			
10													10	
11	Biomass/Biogas:	N/A									11			
12													12	
13														13
14														14
15											15			
16	Total Targeted Generation	N/A		5						7,269	16			
17											17			
18	Targeted Distributed Energy Resources:										18			
19	Residential:										19			
20	PV	N/A	N/A	3.22	7,045					7,045	20			
21	Wind	N/A	N/A	-	-					-	21			
22	Solar Water Heating	N/A	N/A	0.003	6					6	22			
23	Subtotal Residential			3.22	7,051					7,051	23			
24											24			
25	Non-Residential:										25			
26	PV-UFI	N/A	N/A	0.03	56					56	26			
27	PV-FBI	N/A	N/A	-	-					-	27			
28											28			
29											29			
30											30			
31											31			
32	Subtotal Non-Residential			0.03						56	32			
33											33			
34	Total Targeted DE			0.25						14,376	34			

Notes:

¹All utility owned and Third Party generation projects are developed through a competitive RFP process, and all DE systems are built independently by Third Party developers and installers.
²In the Report on Renewable Energy Standards (RES) Plan Formats, this table focuses exclusively on new resources proposed or expected to be added across the Implementation Plan period. No prior installation information is included.

IMPLEMENTATION PLAN

Table 2 - Targeted RES Resource Costs (in \$Ms)

Line No.	Ownership	Targeted Generation Resources ¹ :	COMPETITIVELY CONFIDENTIAL ¹ Projected RES Cost per Year ²					Total	Line No.
			2017	2018	2019	2020	2021		
1		Solar:	N/A						1
2									2
3									3
4									4
5		Wind:	N/A						5
6									6
7									7
8									8
9		Geothermal:	N/A						9
10									10
11									11
12		Biomass/Biogas:	N/A						12
13									13
14									14
15									15
16		SubTotal Targeted Generation							16
17									17
18		Targeted and Expected Distributed Energy Resources²:							18
19									19
20		Residential:							20
21		PV	-	N/A	N/A	N/A	N/A	-	21
22		Wind	-	N/A	N/A	N/A	N/A	-	22
23		Solar Water Heating	0.002	N/A	N/A	N/A	N/A	0.002	23
24		Subtotal Residential	0.002					0.002	24
25									25
26		Non-Residential:							26
27		PV-UF1	-	N/A	N/A	N/A	N/A	-	27
28		PV-PB1	0.692	N/A	N/A	N/A	N/A	0.692	28
29									29
30		Subtotal Non-Residential	0.692					0.692	30
31									31
32		SubTotal Targeted Distributed Energy	0.695					0.695	32
33									33
34		Total Targeted Energy Costs	0.695					0.695	34
35									35
36									36
37									37
38									38
39									39

¹ Redacted due to the competitively confidential nature of the information.

² Data reflects only RES-attributable costs (i.e. incentives).