ORIGINAL

NEW APPLICATION

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

DOUG LITTLE, Chairman
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TOM FORESE
ANDY TOBIN

Arizona Corporation Commission
DOCKETED
JUL 01 2016
DOCKETED BY

IN THE MATTER OF THE APPLICATION OF SULPHUR SPRINGS ELECTRIC COOPERATIVE, INC. FOR THE 2016 NET METERING TARIFF WITH THE UPDATED AVOIDED COST	DOCKET NO. E-01575A-16-0232 APPLICATION

Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") hereby submits this application to update the approved Net Metering Tariff (Decision 75225) to accurately determine the avoided cost of energy used for the reconciliation of Net Metered Customers beginning in September 2016.

I. Background.

- SSVEC is certificated to provide electric service as a public service corporation in the State of Arizona.
- In June of 2015, SSVEC filed an application for approval to update the avoided cost that is contained in its Net Metering Tariff. SSVEC's Net Metering Tariff was approved by the Commission in Decision No. 75225.

- Net Metering allows electric utility customers to be compensated for generating their own energy from renewable resources, fuel cells, or Combined Heat and Power. If the customer's energy production exceeds the energy supplied by SSVEC during a billing period, the: customer's bill for subsequent billing periods is credited for the excess generation. That is, the excess kWh generated during the billing period is used to reduce the kWh billed by SSVEC during subsequent billing periods.

- Each September (or for a customer's final bill upon discontinuance of service), SSVEC credits the customer for the balance of any remaining excess kWh. The payment for the purchase of these excess kWh is at SSVEC's annual average avoided cost, which is specified on the Net Metering Tariff. R14-2-2302(1) defines avoided cost as "the incremental cost to an Electric Utility for electric energy or capacity or both which, but for the purchase from the Net Metering facility, such utility would generate itself or purchase from another source."

- SSVEC's Net Metering Tariff provides for the annual average avoided cost to be determined by the average wholesale fuel and energy cost per kWh charged by SSVEC's wholesale power suppliers during the previous 12 months calculated with the receipt of the May wholesale power bills. SSVEC is required to file its updated avoided cost calculations with the Commission no later than July 1 of each year. This updated avoided cost, after approval by the Commission, would become effective on September 1.

- Decision 72552 requires that SSVEC file avoided cost updates as new applications filed in new dockets.

II. Application

SSVEC's current approved avoided cost rate is $0.0258 per kWh. SSVEC proposes that the rate be changed to $0.0249 per kWh based on the attached purchase history.

Attachment A is the proposed 2016 NET Metering Tariff which is identical to the current Net Metering Tariff (Decision 75225) with the exception of the revised Avoided Cost per kWh (Page 2, Paragraph 4, line 5).

Attachment B is the wholesale purchase history and calculations to determine the new avoided cost to be used beginning on September 1, 2016.

III. Conclusion

SSVEC respectfully requests the Commission issue an Order:

1) Approving the 2016 Net Metering Tariff

RESPECTFULLY SUBMITTED this 1st day of July 2016.

Sulphur Springs Valley Electric Cooperative, Inc.

By David Bane
David Bane
Key Accounts Manager

Original and thirteen (13) copies
filed this 1st day of July, 2016, with:

Docket Control
Arizona Corporation Commission
1200 W. Washington,
Phoenix, AZ 85007

ATTACHMENT A

ELECTRIC RATES

SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.
350 N. Haskell Ave
Willcox, Arizona 85643
Filed By: Creden Huber
Title: General Manager/CEO

Effective Date: September 1, 2016

STANDARD OFFER TARIFF

NET METERING TARIFF
SCHEDULE NM

Availability

Net Metering service is an option for all customers of the Cooperative with a qualifying Net Metering Facility. Participation under this schedule is subject to availability of enhanced metering and billing system upgrades. The electric energy generated by or on behalf of the member from a qualifying Net Metering Facility and delivered to the Cooperative's distribution facilities may be used to offset electric energy provided by the Cooperative during the applicable billing period.

Net Metering Facility means a facility for the production of electricity that:

a. Is operated by or on behalf of the customer and is located on the customer's premises;
b. Is intended to provide part or all of the customer's requirements for electricity;
c. Uses Renewable Resources, a Fuel Cell or CHP (as defined below);
d. Has a generating capacity less than or equal to 125% of the customer's total connected load, or in the absence of customer load data, capacity less than or equal to the customer's electric service drop capacity; and
e. Is interconnected with and can operate in parallel in phase with the Cooperative's existing distribution system.

Service under this tariff is available provided the rated capacity of the customer's Net Metering Facility does not exceed the Cooperative's service capacity. The customer shall comply with all of the Cooperative's interconnection standards. The customer is also required to sign and complete the Net Metering Application prior to being provided Net Metering Service. This service is also referred to as Partial Requirements Service.

Monthly Service Charge

There is no additional monthly service charge for Net Metering. The monthly Service Charge shall be the same as the non-net metering tariff that the customer would use if they did not choose to Net Meter.

Metering

Metering installed for the service provided under this tariff shall be capable of registering and accumulating the kilowatt-hours (kWh) of electricity flowing in both directions in a billing period.

The customer requesting Net Metering shall pay for the incremental cost difference of the bi-directional meter required for Net Metering and the standard meter, with a monthly fee of $2.70.

Monthly Billing

If the kWh supplied by the cooperative exceeds the kWh that are generated by the customer's Net Metering Facility and delivered back to the cooperative during the billing period, the customer shall be billed for the net kWh supplied by the Cooperative in accordance with the rates and charges under the customer's standard rate schedule.

If the electricity generated by the customer's Net Metering Facility exceeds the electricity supplied by the Cooperative in the billing period, the customer shall be credited during the next billing period for the excess kWh generated. That is, the excess kWh during the billing period will be used to reduce the kWh supplied (not kW or kVA demand or customer charges) and billed by the Cooperative during the following billing period.

Customers taking service under time-of-use rates who are to receive credit in a subsequent billing period for excess kWh generated shall receive such credit during the next billing period during the on- or off- peak periods corresponding to the on- or off- peak periods in which the kWh were generated by the Customer.

As of January 1, 2015, the "true up" month to meet the requirements of R14-2-2306 (F) will be September only. In the "true up" month or when the account is closed, the Cooperative shall issue a check or billing credit to customers with Net Metering Facilities for the balance of any credit due in excess of amounts owed by the customer to the Cooperative for Non-Firm Power. The payment for any remaining credits shall be at the Cooperative's Annual Average Avoided Cost which is $0.0249 per kWh. Amounts over $100.00 will be paid by check lesser amounts will be a billing credit. The Customer may also elect to donate the payment to the SSVEC Foundation or Operation RoundUP. Any payment for Firm Power will be pursuant to a separate contract.

Definitions

1. Annual Average Avoided Cost is defined as the average wholesale fuel and energy cost per kWh charged by the Cooperative's wholesale power supplier(s) during the previous 12 months calculated with the receipt of the May wholesale power bills. The Annual Average Avoided Cost will then be applied in the September or March* "true up" period or when a NET Meter Account is closed during the Net Metering Calendar Year. SSVEC will submit an updated NET Meter tariff prior to July 1st to the ACC for approval of the Average Avoided Cost and post the updated value to the SSVEC website and copies of the NET Metering tariff are available at any Cooperative office.

   ** For those Customers who are "grandfathered" using the March "true up"*

2. Calendar Year: For the purpose of determining the billing credit for the balance of any credit due in excess of amounts owed by the customer to the Cooperative, the Calendar Year for NET Metering is defined as September 1 through August 31 (September billing cycle).

3. Renewable Resource means natural resources that can be replenished by natural processes, including Biomass, Biogas, Geothermal, Hydroelectric, Solar or Wind as defined in A.A.C. R14-2-2302(2) &(3).

4. Combined Heat and Power or CHP (also known as cogeneration) means a system that generates electricity and useful thermal energy in a single, integrated system such that the useful power output of the facility plus one-half the useful thermal energy output during any 12-month period must be no less than 42.5 percent of the total energy input of fuel to the facility.

5. Fuel Cell means a device that converts the chemical energy of a fuel directly into electricity without intermediate combustion or thermal cycles. The source of the chemical reaction must be from Renewable Resources.

6. Determining the customers125% capacity from load data:

    a. In the absence of demand data (for residential and small business) the highest 12 months (calendar year) kWh consumption in the previous three years, will be divided by 2190 (average annual PV production hours) to determine the 100% capacity level in kW which will achieve a "net zero" home or business. To which the 125% will be applied
    b. For customers with a demand history it will be 125% of the highest demand in the most current 12 month period. Demand history can be obtained by a billing meter with a demand register or demand data acquired by the Automatic Meter Reading (AMR) system.

7. Partial Requirements Services- Electric service provided to a customer that has an interconnected Net Metering Facility whereby the output form its electric generator(s) first supplies its own electric requirements and any excess energy (over and above its own requirements at any point in time) is then provided to the Company. The Company supplies the customer's supplemental electric requirements (those not met by their own generation facilities). This configuration may also be referred to as the "parallel mode" of operation.

8. Non-Firm Power- Electric power which is supplied by the Customer's generator at the Customer's option, where no firm guarantee is provided, and the power can be interrupted by the Customer at any time.

9. Firm Power- Power available, upon demand, at all times (except for forced outages) during the period covered by the Purchase Agreement from the customer's facilities with an expected or demonstrated reliability which is greater than or equal to the average reliability of the Company's firm power sources.

10. Standard Rate Schedule- Any of the Company's retail rate schedules with metered kWh charges.

11. Time Periods- Mountain Standard Time shall be used in the application of this rate schedule. Because of potential differences of the timing devices, there may be a variation of up to 15 minutes in timing for the pricing periods. On-peak and off-peak time periods will be determined by the applicable Standard Retail Rate Schedule.

Avoided Cost Calculation

Month	6	7	8	9	10	11	12	1	2	3	4	5
Year	15	15	15	15	15	15	15	16	16	16	16	16
kWh Purchased												
AEPCO	74,895,315	78,672,840	80,478,434	67,051,471	60,113,135	53,496,241	58,296,077	56,922,081	47,552,652	56,982,692	58,988,957	66,339,410
AEPCO - MSSA	14,597,475	7,924,729	8,671,463	6,392,881	1,188,246	1,479,510	6,362,516	6,526,098	8,948,079	6,542,523	6,236,016	11,513,844
3rd Party	5,103,106	14,990,757	10,178,988	1,005,215	223,495	210,909	174,580	131,435	170,510	584,970	210,034	319,246
Total kWh Purchased	94,595,896	101,788,326	99,328,885	74,449,567	61,524,876	55,186,660	64,833,173	63,579,614	56,671,241	64,110,185	65,435,007	78,172,500
Total Cost of Purchases												
kWh Sold												
Non-member sales	303,129	759,134	620,915	1,260,343	3,153,550	2,678,633	1,391,737	1,826,463	940,814	402,819	937,727	497,775
Residential Sales	26,562,092	36,799,743	34,892,669	34,534,684	28,174,603	23,139,639	27,616,896	34,306,542	32,347,979	22,607,522	22,235,658	21,343,357
Commercial Sales (Small)	7,870,539	9,175,433	8,995,539	9,047,714	8,009,674	7,050,764	6,993,723	7,642,744	7,861,307	6,469,037	6,828,372	6,777,607
Commercial Sales (Large)	17,347,625	18,315,367	18,633,426	19,010,857	16,460,786	14,705,797	14,812,873	14,332,266	15,230,379	13,577,960	14,139,773	14,144,578
Irrigation Sales	27,480,920	28,787,067	25,633,345	19,419,488	8,940,694	3,000,688	2,326,686	1,481,323	3,763,808	12,853,792	18,317,584	23,578,638
Other Sales	183,871	183,871	183,871	181,333	181,333	181,333	181,333	181,279	181,333	181,333	181,333	181,495
Total kWh Sold	79,748,176	94,020,615	88,959,765	83,454,409	64,920,640	50,756,854	53,323,248	59,770,617	60,325,620	56,092,463	62,640,447	66,523,450
Avoided Cost of Energy												
AEPCO Firm Energy	$ 1,849,760.23	$ 1,915,050.45	$ 2,010,687.67	$ 1,573,418.00	$ 1,486,408.42	$ 1,329,415.71	$ 1,448,720.25	$ 1,416,832.82	$ 1,173,536.89	$ 1,416,446.14	$ 1,616,227.40	$ 1,752,484.90
AEPCO Purchase Power & Fuel Adjuster												
AEPCO MSSA Energy	$ 375,020.74	$ 205,300.75	$ 246,457.24	$ 167,036.09	$ 26,640.24	$ 29,012.21	$ 118,456.86	$ 126,276.50	$ 150,082.03	$ 99,252.55	$ 94,894.34	$ 178,934.90
3rd Party Purchases	$ 178,577.87	$ 590,693.22	$ 389,786.45	$ 25,981.17	$ 5,812.35	$ 5,494.68	$ 4,556.28	$ 3,433.05	$ 4,449.65	$ 15,145.94	$ 5,481.99	$ 8,301.07
Shell Energy												
Powerex Energy												
Total Avoided Cost of Energy	$ 2,403,359	$ 2,711,044	$ 2,646,931	$ 1,766,435	$ 1,518,861	$ 1,363,923	$ 1,571,733	$ 1,546,542	$ 1,328,069	$ 1,530,845	$ 1,716,604	$ 1,939,721
Avoided Cost per kWh Purchased	$ 0.0254	$ 0.0266	$ 0.0266	$ 0.0237	$ 0.0247	$ 0.0247	$ 0.0242	$ 0.0243	$ 0.0234	$ 0.0239	$ 0.0262	$ 0.0248

Avoided Cost used as of 9/1/10	**$ 0.0491**
Avoided Cost used as of 9/1/11	**$ 0.0377**
Avoided Cost used as of 9/1/12	**$ 0.0367**
Avoided Cost used as of 9/1/13	**$ 0.0364**
Avoided Cost used as of 9/1/14	**$ 0.0307**
Avoided Cost used as of 9/1/15	**$ 0.0258**
Avoided Cost used as of 9/1/16	**$ 0.0249**

Attachment B

Data available via electronic file on request to dbane@ssve.com