



BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS

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IN THE MATTER OF THE APPLICATION OF)
TRICO ELECTRIC COOPERATIVE, INC., AN)
ARIZONA NONPROFIT CORPORATION, FOR)
A DETERMINATION OF THE CURRENT FAIR)
VALUE OF ITS UTILITY PLANT AND)
PROPERTY AND FOR INCREASES IN ITS)
RATES AND CHARGES FOR UTILITY)
SERVICE AND FOR RELATED APPROVALS.)

Docket No. E-01461A-15-0363

**JOINT REQUEST FOR
APPROVAL OF PLAN OF
ADMINISTRATION**

Utilities Division Staff ("Staff") of the Arizona Corporation Commission ("Commission") and Trico Electric Cooperative, Inc. ("Trico") jointly request Commission approval of the attached Plan of Administration ("POA") for Trico's Distributed Generation Energy Export Rate ("DGEE Rate"), a copy of which is attached as Exhibit 1.

The initial DGEE Rate was set in Decision No. 75976 (February 24, 2017). That Decision further required "a second phase of this docket [to be] promptly convened in order to apply the findings of the VOS Docket to this matter and to develop a formula and a plan of administration for annual adjustments to the export rate."¹ Staff and Trico submit that the attached POA comports with the findings of the VOS Order and should be approved by the Commission. Staff and Trico further believe that an evidentiary hearing of the POA is not necessary for approval.

A. Overview of Proposed POA

In the VOS Order (Decision No. 75859 (January 3, 2017)), the Commission ruled that electric cooperatives "should be afforded flexibility to develop rate design solutions to the cost shift caused by DG" and that "it may be appropriate to use other methodologies or modified

¹ Decision No. 75976 at 41:7-9.

1 versions of the methodologies adopted [in the VOS Order] that address the Cooperatives' unique
2 circumstances. The appropriate method for determining DG compensation rates shall be
3 determined on a case by case basis.”² In connection with approving Trico’s initial export rate, the
4 Commission noted that the public interest “favors consistent application of the VOS Docket” and
5 required Trico to develop a POA in a second phase of this docket.³

6 Staff and Trico submit that the proposed POA comports with the VOS Order. The DGEE
7 Rate will be reset annually and will target avoided cost.⁴ The DGEE Rate will reflect Trico’s
8 Avoided Cost Rate used for the annual true-up credits for DG customers grandfathered on net
9 metering. However, consistent with the VOS Order, the DGEE Rate can only decrease by 10%
10 annually.⁵ Although the 10% limit was adopted in connection with the Resource Comparison
11 Proxy, Trico agrees that it should apply to reductions in its export rate as well. Given the current
12 level of Trico’s Avoided Cost Rate, it is likely the 10% limit will affect DGEE Rate resets for
13 several years.

14 The POA also provides for grandfathering of DG customers as set forth in the VOS Order.
15 Each DG customers’ initial DGEE Rate will be applicable for a period of ten years.⁶ Moreover,
16 the DGEE Rate will be locked in as of the date of interconnection application, assuming the DG
17 customer completes installation of the DG systems within 180 days.⁷ Finally, the POA sets forth
18 the specific situations when a customer may forgo grandfathering, such as in the instance of
19 moving to a new location or unduly increasing the size of their DG system.⁸

20 Finally, the POA provides for a simple and straightforward process for the annual
21 adjustment of the DGEE Rate that will conserve both Commission and Trico resources.

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23 ² Decision No. 75859 at 180:1-8.

24 ³ Decision No. 75976 at 41:6.

25 ⁴ See Decision No. 75859 at 151:25-27, Finding of Fact 134.

26 ⁵ See Decision No. 75859 at 152:3-5.

27 ⁶ See Decision No. 75859 at 179:14-16. The grandfathering of net metering customers is already provided
for under Schedules NM and NM1, which were filed as compliance tariffs. Schedule NM1 also already
incorporates the 10 year lock-in period for DGEE Rates.

⁷ See Decision No. 75932 (January 13, 2017)(correcting Decision No. 75859 nunc pro tunc).

⁸ See Decision No. 75859 at 179:6-10.

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1 Original and 13 copies of the foregoing
2 filed this 25th day of September, 2017, with:

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7 Copy of the foregoing hand-delivered/emailed
8 this 28th day of September, 2017 to:

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Exhibit 1

Distributed Generation Energy Export Rate Plan of Administration

1. General Description

This document describes the Plan of Administration (“POA”) for administering the Distributed Generation Energy Export Rate (“DGEE”) approved for Trico Electric Cooperative, Inc. (“Trico” or “Company”) in Arizona Corporation Commission (“Commission”) Decision No. 75976 (February 24, 2017). The DGEE is the price at which the Company purchases Exported Energy from residential Customers with qualified on-site solar distributed generation facilities in conjunction with service provided under the DG Energy Export Tariff (Schedule NM1).

The DGEE is a proxy for the avoided cost of providing electrical service that results when a distributed generator exports power to the grid.

2. Distributed Generation Energy Export Rate

The Commission set the initial DGEE based on the first tier of the power supply rate in Trico’s Residential Service Standard Offer Tariff (Schedule RS1). The DGEE will be adjusted annually and administered as follows:

- The DGEE will be calculated annually and create a new tranche of DG Customers each year without proration. The DGEE may not be reduced by more than 10% each year.
- Each Customer’s bill credit will initially be based on the DGEE in effect at the time they (1) submit an interconnection application for their system and (2) subsequently complete the installation within 180 days of the interconnection application, unless, through no fault of the Customer or Customer’s installer, the interconnection is delayed by a third party. In that circumstance, the Customer shall have 270 days to complete their interconnection.
- Each Customer’s initial DGEE shall be applicable for 10 years from the time of their interconnection.
- After each Customer’s initial 10-year period the bill credit will be based on the Export Rate in effect at that time and will change from year to year.
- Unless otherwise approved by the commission, the DGEE for future years shall be calculated based on Trico’s Avoided Cost Rate used for determining annual true-up credits for DG customers grandfathered on Schedule NM, subject to the 10% limitation on the annual reduction. Trico shall submit the proposed Schedule NM and Schedule NM1 along with the Avoided Cost calculation to ACC staff by January 15th for review and approval. The effective date for the revised DGEE shall be March 1st of each year.

3. Customer Billing

Trico will provide the Customer a monthly bill credit for the Export Energy based on the applicable DGEE. Any bill credit in excess of the Customer’s otherwise applicable monthly bill will be credited on the next monthly bill, or subsequent bills if necessary. After the Customer’s December bill, a Customer may request a compensation for any outstanding credits from the prior year; if the outstanding credits exceed \$25, a check will automatically be issued; otherwise the bill credits will carry forward to the following year.

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4. Definitions

Avoided Cost. In the context of this Plan of Administration, the additional cost Trico would incur to acquire electric energy to serve its customers if electricity was not available from on-site distributed generation sources.

Customer(s). For purposes of this Plan of Administration, a Trico Customer taking service under the DG Energy Export Tariff (Schedule NM1).

Exported Energy. Energy generated by an on-site interconnected solar photovoltaic distributed generation source that is greater than the Customer's electric load at any single point in time and flows into the Company's distribution grid.

5. System Eligibility

A distributed generation facility must meet all of the following qualifications to be eligible for the DGEE:

- Electricity must be generated using solar photovoltaic panels;
- The facility must be interconnected to the Company's distribution grid;
- The generator must be on-site, installed behind the billing meter, and must serve the Customer's load;
- For services, the renewable facility must have 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 is interconnected with and can operate in parallel and in phase with the Cooperative's existing distribution system.

SPECIAL CASES

Switching from a grandfathered net metering tariff. A Customer may switch from the grandfathered Net Metering Tariff (Schedule NM) to the DG Energy Export Tariff (Schedule NM1). However, they will lose their grandfathering status and may not subsequently switch back to the grandfathered Net Metering Tariff. In addition, the Customer will not be eligible for an initial 10-year lock in the purchase rate; rather their bill credits will be based on the annual DGEE rate as it changes from year to year.

Increasing Capacity. If a Customer modifies their generation system to include a material increase in capacity, they will no longer be eligible for the initial DGEE purchase rate they locked in for ten years; rather their bill credits will be based on the current DGEE rate locked in for a period of ten years minus the number of years they received service under a prior DGEE rate. For purposes of this Plan of Administration, a material increase in capacity means increasing the capacity by 10% or 1 kW, whichever is greater. Over the term of the Customer's ten year DGEE lock, they may only increase their system's capacity by a total of 10% or 1 kW,

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whichever is greater, subject to meeting the system eligibility requirements of Section 5 above.

Transferring Service. If a Customer moves to a site that is currently being served under the DG Energy Export Tariff (Schedule NM 1), they will continue service under that tariff with the same rate tranche. If a Customer moves their solar system to another site, they will no longer be eligible for the initial 10-year lock; rather their bill credits will be based on the annual DGEE rate as it changes from year to year.

6. Procedural Timeline

The Company will provide Commission Staff with its annual DGEE update no later than January 15th each year. Unless Commission Staff requests modification of the DGEE, the DGEE will become effective on March 1st.