



ORIGINAL



Sulphur Springs Valley Electric Cooperative, inc.

A Touchstone Energy® Cooperative 

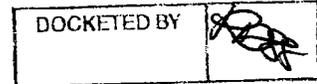
311 E. Wilcox Dr. • Sierra Vista, AZ 85635

February 15, 2012

Arizona Corporation Commission
DOCKETED

FEB 15 2012

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



Re: 2011 Annual Compliance Report by Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC); Docket No. E-01575A-10-0308.

Dear Sir or Madam:

Pursuant to the requirements of A.A.C. R14-2-1812 (A) & (B), SSVEC submits our Annual Compliance Report for the calendar year 2011. An electronic copy of this report is also being transmitted to the Director of the Utilities division.

Sincerely,


J.S. Blair
Chief Member Services Officer
Sulphur Springs Valley Electric Cooperative, Inc.

JSB/db
Enclosure

Original and 13 copies filed with Docket Control this 15th day of February, 2012

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SULPHUR SPRINGS VALLEY ELECTRIC COOPERATIVE, INC.

**RENEWABLE ENERGY STANDARD
AND TARIFF COMPLIANCE REPORT FOR 2011
R14-2-1814**

INTRODUCTION

Pursuant to A.A.C. R14-2-1814, Sulphur Springs Valley Electric Cooperative, Inc. (SSVEC) submits our compliance report for calendar year 2011. This report relates to the REST plan for 2011 and 2012 was approved by Decision No. 72395 dated May 27, 2011 pursuant to R14-2-1814

EXECUTIVE SUMMARY

The REST Plan uses surcharge dollars from SSVEC retail tariffs to support programs for developing renewable facilities, purchasing renewable energy and participation in large-scale renewable generation projects. Funds are also used for administration, advertising and educational activities.

This report covers activity for calendar year 2011. R14-2-1814.A provides that upon approval of SSVEC's REST Plan, its provisions substitute for the Annual Renewable Energy and Distributed Renewable Energy requirements of rules 1804 and 1805, respectively. SSVEC's current retail tariffs (as required under the REST Rules) were approved by the Commission at its Open Meeting on May 27, 2011.

With the change in Federal Tax rules in 2009, our requests for incentives exceeded our available funds and a reservation system was initiated to fairly deal with the backlog of requests. Incentives are paid based on the REST program in place at the time we accepted the reservation. By the end of 2011 we paid the last of the 2009 program residential reservations and began working on the 2010 reservations. All customers still on the reservation list were advised at the time they reserved their incentives that we were "oversubscribed" and would have to wait for their reservations to reach the "top of the list". Our customers have appreciated our open communication regarding the reservation list and with the decline in the cost of PV systems have been able to install their systems at a noticeable savings from the time they reserved their incentives.

POINT of CONTACT

For questions regarding this report please contact:

David Bane
SunWatts Program Manager
520-515-34725
dbane@ssvec.com

2011 REST program Year End Financial Report

	Estimated REST Collections	
Income	\$ 3,311,791	Actual Collected
Loan Fund from Surcharge	\$ 200,000	\$ 206,232
Program Costs (R&D, Advertising, Admin)	\$ 225,000	\$ 232,011
Habitat for Humanity projects	\$ 15,000	\$ 15,467
School Solar Project (debt service)	\$ 1,000,000	\$ 1,031,160
Utility Scale Project	\$ 650,000	\$ 670,254
SunWatts Incentives Residential	\$ 806,708	\$ 831,845
SunWatts Incentives Commercial	\$ 315,537	\$ 325,369
PBI Residential	\$ 55,000	\$ 56,714
PBI Commercial	\$ 45,000	\$ 46,402
		\$ 3,415,453
Expenses		% of Budget spent
Loan Fund	\$ 148,504	72%
R&D	\$ 24,271	61%
Advertising	\$ 367	
Administration	\$ 115,938	
Habitat for Humanity projects	\$ -	0%
School Solar Project (CREBs 1debt service)	\$ 788,018	76%
Utility Grade Project	\$ -	0%
SunWatts Incentives Residential	\$ 1,324,727	159%
SunWatts Incentives Commercial	\$ 590,436	181%
PBI Residential	\$ 56,118	99%
PBI Commercial	\$ 40,439	87%
Total	\$ 3,088,817	
Year End Balance	\$ 326,636	

NOTE: The utility grade project has not been started so there was no debt to service. Funds for debt service were used to accelerate the backlog of incentives for Residential and Commercial customers.

REST Compliance Report for 2011

1. The actual kWh of energy or equivalent obtained from Eligible Renewable Energy Resources ("ERER")

Residential	System Count			kW			kWh			Est. 2011 Production (kWh)		
	Month	PV	SWH	Wind	PV	SWH	Wind	PV	SWH	Wind		
Jan	5	5			26,551	15,798		57,350	15,798	0		
Feb	5	3			28,106	9,034		55,650	8,281	0		
Mar	10	1	1		62.5	3,347	1	112,500	2,789	48		
Apr	11	1			55.8	2,600		90,396	1,950	0		
May	3	1			14.4	3,034		20,736	2,023	0		
Jun	6	5			41.649	12,565		52,478	7,330	0		
Jul	6	1			23.324	2,177		25,190	1,089	0		
Aug	9	0			46.81	-		42,129	-	0		
Sep	10	3			54.74	8,834		39,413	2,945	0		
Oct	9	1			41.505	3,034		22,413	759	0		
Nov	8	6			36.92	20,967		13,291	3,495	0		
Dec	7	7			23.735	20,870		4,272	1,739	0		
Totals	89	34	1		456.04	102,260	1	535,818	48,196	48		

C&I	System Count			kW			kWh			Est. 2011 Production (kWh)		
	Month	PV	SWH	Wind	PV	SWH	Wind	PV	SWH	Wind		
Jan	2				57.1			123,336	-	0		
Feb	6				108.615			215,058	-	0		
Mar	2				18.68			33,624	-	0		
Apr			4			11,878		-	8,909	0		
May								-	-	0		
Jun	2				35.22			44,377	-	0		
Jul								-	-	0		
Aug	1				1.32			1,188	-	0		
Sep	3				47.915			34,499	-	0		
Oct	7				56.53			30,526	-	0		
Nov	4				113.462			40,846	-	0		
Dec	3				36.94			6,649	-	0		
Totals	30	4	0		475.782	11,878	0	530,103	8,909	0		

Note: SSVEC does not require PV production meters so all production is estimated using the following formula:

DC nameplate rating X 6 hours X 365 days

3. The kW of generation capacity, disaggregated by technology type

	PV		Wind		Other		Solar WH	
	Count	Watts	Count	Watts	Count	RECs	Count	RECs
2005	37	35,593						
2006	14	16,790						
2007	49	83,145	3	15,000				
2008	77	149,416	10	22,000	1	1,604,129		
2009	237	1,769,013	18	56,690	1	1,047,000	42	102,205
2010	127	568,404	4	9,200	2	3,635,621	22	61,999
2011 YTD	119	931,442	1	1,000	2	3,026,088	38	114,138
Totals	660	3,553,803	36	103,890	2	9,312,838	102	278,342
	Total System Count =		800					

The "Other" renewable technologies in the SSVEC REST program are:

1 – Biomass Boiler using Pecan Shells to replace a Natural Gas Boiler

1 – GeoThermal well to replace a Natural Gas Boiler.

4. Cost information regarding cents per actual kWh of energy obtained from EREC and cents per kW of generation capacity, disaggregated by technology type

Residential PV

Incentives Paid in 2011	\$ 1,179,804
Capacity of systems that received an incentive in 2011	403.145 kW
Estimated 30 year production	26,489,626 RECs
Estimated Cost per REC	\$0.0445
Estimated Cost per kW	\$2,926.50

Residential SWH

Incentives paid in 2011	\$ 110,798
Annual kWh production	151,203 kWh
Estimated 20 year production	3,024,060 kWh
Estimated Cost per kWh (20 year term)	\$0.0366

Residential Wind

Incentives paid in 2011	\$ 12,570
Capacity of systems that received an incentive in 2011	3.4 kW
Estimated 30 year production	7,446 RECs
Estimated Cost per REC	\$1.688
Estimated Cost per kW	\$3,697.05

Commercial PV

Incentives paid in 2011	\$ 434,208
Capacity of systems that received an incentive in 2011	119.43 kW
Estimated 30 year production	7,846,551 RECs
Estimated Cost per REC	\$0.0553
Estimated Cost per kW	\$3,635.67

Commercial SWH

Incentives paid in 2011	\$8,224
Annual kWh production	11,878 kWh
Estimated 20 year production	237,560 kWh
Estimated Cost per kWh (20 year term)	\$0.0346

5. A breakdown of the Renewable Energy Credits used to satisfy both the Annual Renewable Energy Requirement and the Distributed Renewable Energy Requirement and appropriate documentation of the Affected Utility's receipt of those Renewable Energy Credits

For 2011 SSVEC does not have any Utility Scale system nor did we purchase any RECs from a qualifying facility. Because of our backlog of reservations for Residential and Commercial systems we did not feel it was appropriate to purchase RECs while we owe incentives to Customers.

Program Totals Converted to RECs			
Assumption	6 hrs x nameplate x 365 = annual RECs		
Assumption	Wind has a 20% load factor (i.e. only produces nameplate output 20% of the day)		
PV watt	3,553,803		
Wind Watts	103,890		
PV RECs	7,782,829		
Wind RECs	182,015		
Other RECs	3,026,088		
SWH RECs	278,342		
Total RECs	11,269,274	Per Year (2011 YTD)	
2011 MWh sales = 835,767		Renewable Goal = 12,537 MWh	Achieved YTD = 11,269 MWh
		Percentage of goal achieved = 90%	

The following is the production report for the GeoThermal project

Actual Production					REST Payments				RECs Assigned					
Month	Days	Meter Readings	SRU	RECs	Monthly/Total MWh Incentive Coaches	SSVEC 40%	MRC 33%	GCRC 19%	DVRC 8%	SSVEC 40%	MRC 33%	GCRC 19%	DVRC 8%	
December	15(15/2011)	1,131,208												
January	1(1/2011)	2,974,991	2,891,261	347,730	\$ 28,149.01	\$ 10,299.43	\$ 12,094.18	\$ 2,846.41	\$ 1,201.91	\$ 296,191	\$ 226,754	\$ 141,034	\$ 57,431	
February	3(1/2011)	3,526,034	3,424,464	416,624	\$ 22,825.84	\$ 2,228.98	\$ 4,207.81	\$ 3,192.92	\$ 1,804.45	\$ 207,298	\$ 152,943	\$ 78,421	\$ 30,411	
March	4(1/2011)	5,786,779	5,664,703	428,741	\$ 19,114.31	\$ 7,728.13	\$ 4,881.63	\$ 6,674.18	\$ 1,547.07	\$ 175,496	\$ 141,818	\$ 81,651	\$ 34,379	
April	5(1/2011)	6,714,152	6,577,573	271,718	\$ 12,237.30	\$ 4,890.32	\$ 4,033.01	\$ 3,329.18	\$ 972.18	\$ 263,447	\$ 205,447	\$ 115,447	\$ 46,737	
May	6(1/2011)	7,730,467	7,516,115	151,279	\$ 6,407.33	\$ 2,733.02	\$ 2,244.43	\$ 2,204.43	\$ 544.60	\$ 66,512	\$ 50,512	\$ 28,743	\$ 12,102	
June	7(1/2011)	7,444,104	7,115,817	61,181	\$ 3,843.13	\$ 1,137.26	\$ 816.38	\$ 840.28	\$ 227.43	\$ 25,372	\$ 20,430	\$ 12,004	\$ 5,034	
Total annual payment amounts subject to max amt of \$ 66,769,833					\$ 187,889	\$ 63,763.00	\$ 12,905.20	\$ 14,771.50	\$ 3,501.97	\$ 5,981.04	\$ 212,678	\$ 159,267	\$ 83,231	\$ 34,545
Average REC cost = \$					0.02002									
July	8(7/2011)	7,437,819	7,177,779	1,430	\$ 145.29	\$ 69.16	\$ 33.25	\$ 24.30	\$ 12.47	\$ 1,142	\$ 839	\$ 436	\$ 174	
August	9(7/2011)	7,692,413	7,434,434	1,338	\$ 139.78	\$ 79.91	\$ 39.73	\$ 18.73	\$ 11.98	\$ 478	\$ 351	\$ 183	\$ 76	
September	10(7/2011)	9,463,343	9,169,930	1,048,937	\$ 8,394.12	\$ 4,837.06	\$ 2,176.07	\$ 1,753.80	\$ 327.91	\$ 28,619	\$ 20,357	\$ 10,842	\$ 4,372	
October	11(1/2011)	8,873,323	8,587,740	348,503	\$ 11,056.34	\$ 4,796.14	\$ 1,906.44	\$ 2,379.11	\$ 979.43	\$ 206,435	\$ 157,946	\$ 80,542	\$ 31,723	
November	12(1/2011)	10,119,229	9,744,568	344,754	\$ 16,413.91	\$ 6,243.97	\$ 2,814.42	\$ 3,116.68	\$ 1,811.11	\$ 445,962	\$ 320,349	\$ 165,202	\$ 65,140	
December	13(1/2011)	11,037,902	1,028,628	416,254	\$ 18,781.41	\$ 2,491.57	\$ 4,393.37	\$ 2,358.97	\$ 1,492.51	\$ 196,501	\$ 147,344	\$ 79,088	\$ 31,490	
Total annual payment amounts subject to max amt of \$ 66,769,833					\$ 1,316,806	\$ 48,763.07	\$ 17,905.26	\$ 14,772.79	\$ 8,800.67	\$ 3,381.50	\$ 215,354	\$ 165,832	\$ 87,208	\$ 35,711
Average REC cost = \$					0.02734									
						\$ 85,270.00	\$ 23,245.34	\$ 17,829.94	\$ 7,982.06	\$ 3,352.20	\$ 2,515,979	\$ 1,845,309	\$ 959,495	\$ 373,446

The following is the production report for the bio-mass boiler.

Baseline		2011		2011 Usage and Rebate data			
Greehouse (4 year)	Spec Greehouse (2 Yr)	Greehouse	Specialty Greehouse	Btu reduction via bio fuel (in Therms)	Btu Savings	Equivalent kWh kWh = 34.6 BTU	UCPP Recommended rebate
12,958	4,157	4,575	3,930	8,383	838,325,000	245,483	\$ 3,682
15,336	3,681	3,726	3,601	11,610	1,160,975,000	339,963	\$ 5,099
9,946	3,331	3,467	4,073	6,479	647,875,000	189,714	\$ 2,846
8,824	2,244	1,792	2,017	7,032	703,175,000	205,908	\$ 3,089
6,207	2,499	3,746	1,654	2,461	246,075,000	72,057	\$ 1,081
4,509	1,573	884	1,455	3,625	362,500,000	106,149	\$ 1,592
2,522	661	193	817	2,329	232,850,000	68,184	\$ 1,023
1,111	116	0	515	1,111	111,100,000	32,533	\$ 488
2,008	358	0	1,136	2,008	200,800,000	58,799	\$ 882
4,298	1,126	2850	1556	1,448	144,825,000	42,408	\$ 636
8,531	2,528	1,751	3,168	6,780	678,000,000	198,536	\$ 2,978
13,230	3,337	9,333	3,459	3,897	389,725,000	114,122	\$ 1,712
89,479	25,607	32,317	27,381	57,162	5,716,225,000	1,673,858	\$ 25,108

Installed Cost of System	
First year lease	\$ 31,486
Lease year 2-4	\$ 91,342
Downpayment	\$ 11,000
Installation	\$ 27,860
Total	\$ 161,688
Rebate Max (60% of cost)	\$ 97,013
First Year (2008)	\$ 24,062
Second Year (2009)	\$ 34,404
Third Year (2010)	\$ 31,002
Fourth Year (2011)	\$ 7,545
Total Rebate Paid =	\$ 97,013

Project Cost per kW = \$	132.53
Compared to PV	
1kW of PV =	2190 kWh per year
Fourth year calculated production	
1,673,858 kWh =	764 kW of PV equivalent
Cost per REC = \$ 0.0029 over 20 years	
PV Reabate @ \$4.00 per watt = \$ 3,057,275	
Biomass converted	1,080,560 lbs

6. A description of the Affected Utility's procedures for choosing ERER and a certification from an independent auditor that those procedures are fair and unbiased and have been appropriately applied

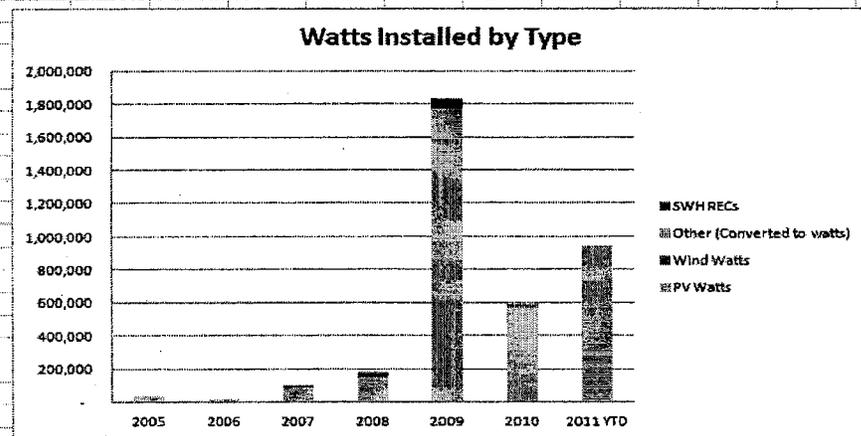
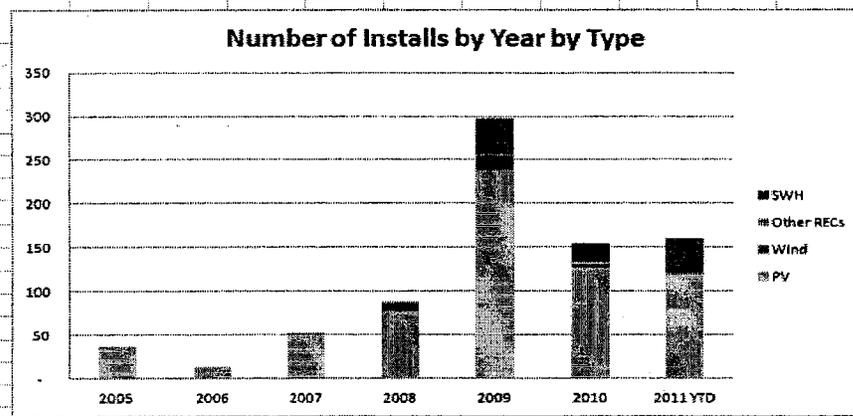
SSVEC maintains a reservation system that is based on the date of application. We do not use a competitive bidding system for projects so there is nothing for an independent auditor to review or certify.

Report that is updated on our website monthly.

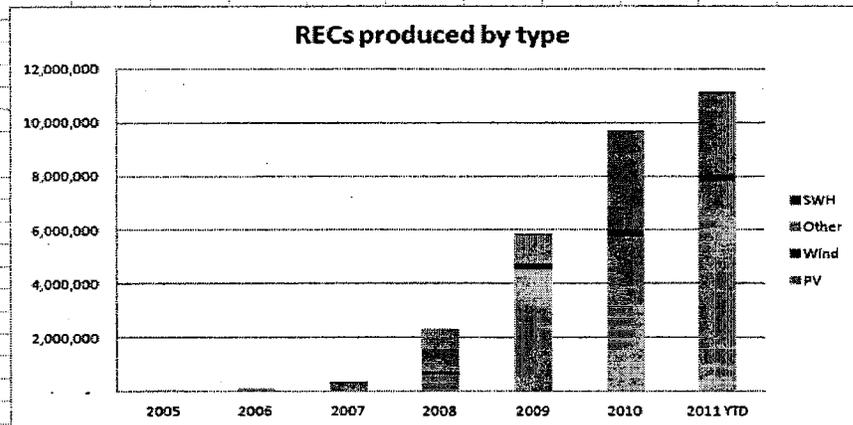
Renewable Recap for SSVEC								
	PV		Wind		Other		Solar WH	
	Count	Watts	Count	Watts	Count	RECs	Count	RECs
2005	37	35,593						
2006	14	16,790						
2007	49	83,145	3	15,000				
2008	77	149,416	10	22,000	1	1,604,129		
2009	237	1,769,013	18	56,690	1	1,047,000	42	102,205
2010	127	566,404	4	9,200	2	3,635,621	22	61,599
2011 YTD	119	931,442	1	1,000	2	3,026,088	98	114,138
Totals	660	3,553,803	36	103,890	2	9,312,838	102	278,342
Total System Count =			800					
Program Totals Converted to RECs								
Assumption	6 hrs x nameplate x 365 = annual RECs							
Assumption	Wind has a 20% load factor (i.e. only produces nameplate output 20% of the day)							
PV watt	3,553,803							
Wind Watts	103,890							
PV RECs	7,782,829							
Wind RECs	192,015							
Other RECs	3,026,088							
SWH RECs	278,342							
Total RECs	11,269,274 Per Year (2011 YTD)							
2011 MWh sales = 835,767			Renewable Goal = 12,537 MWh			Achieved YTD = 11,269 MWh		
Percentage of goal achieved = 90%								
Program Totals Converted to Watts								
Assumption	RECs divided by 2190 = equivalent PV panel Watts							
Assumption	Wind has a 20% load factor (i.e. only produces nameplate output 20% of the day)							
PV Watts	3,553,803							
Wind Watts	83 (derated for assumed load factor)							
Other Watts	1,382							
SWH Watts	127							
Total Watts	3,555,395 installed							
Installed Systems waiting for Incentives								
	PV	Wind	Total					
Residential	4	0	12					
C&I	2	0	0					
Dollar Value of Incentives outstanding				Residential	\$	33,871		
				C&I	\$	15,725		
				Total	\$	49,596		
Systems Reserved but NOT Installed								
Type	Count	Watts						
Res PV	277	1,691,478						
Res SWH	123	369,000						
RES Wind	12	39,000						
C&I	48	1,055,260						
C&I SWH	94	376,000						
Residential Incentives Reserved				\$	4,526,645			
C&I Incentives Reserved				\$	2,677,427			
Total				\$	7,204,071			
Other RECs (PBI)								
2008	1,604,129	RECs	This is the use of bio-mass to replace Natural Gas (Sunizona Greenhouse)					
2009	1,047,000	RECs	This is the use of bio-mass to replace Natural Gas (Sunizona Greenhouse)					
2010	1,568,849	RECs	This is the use of Geo-Thermal energy to replace Natural Gas and is YTD (WXGreenhouse)					
2010	2,066,772	RECs	The 2010 bio-mass RECs (Sunizona Greenhouse)					
Updated as of 1/3/2012								
Current Rest Fund Balances				as of 1/1/12				
		Spent	Balance					
Loan Fund	\$	148,504	\$	57,728			17.7%	
Program Costs (R&D, Advertising, Admin)	\$	140,575	\$	81,436			28.0%	
Habitat for Humanity projects	\$	-	\$	15,467			4.7%	
School Solar Project (CREBs 1 day service)	\$	788,018	\$	243,142			74.4%	
Utility Scale Project	\$	-	\$	670,254			205.2%	
SunWatts Incentives Residential	\$	1,324,723	\$	(492,883)			(150.6%)	
SunWatts Incentives Commercial	\$	690,436	\$	(263,067)			(81.2%)	
PBI Residential	\$	26,118	\$	396			0.2%	
PBI Commercial	\$	40,439	\$	5,963			1.8%	
Total Funds	\$	3,068,817	\$	326,636			100.0%	

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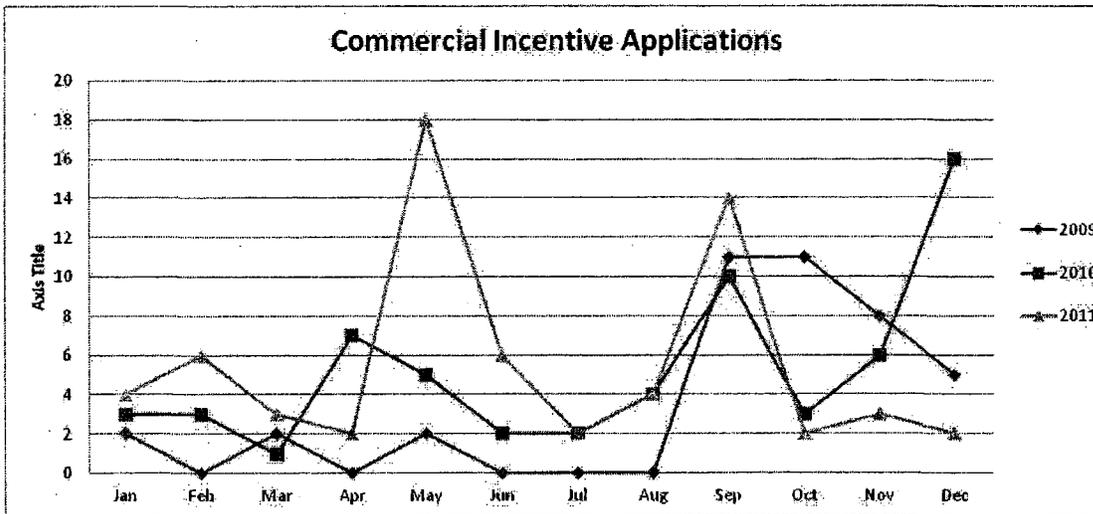
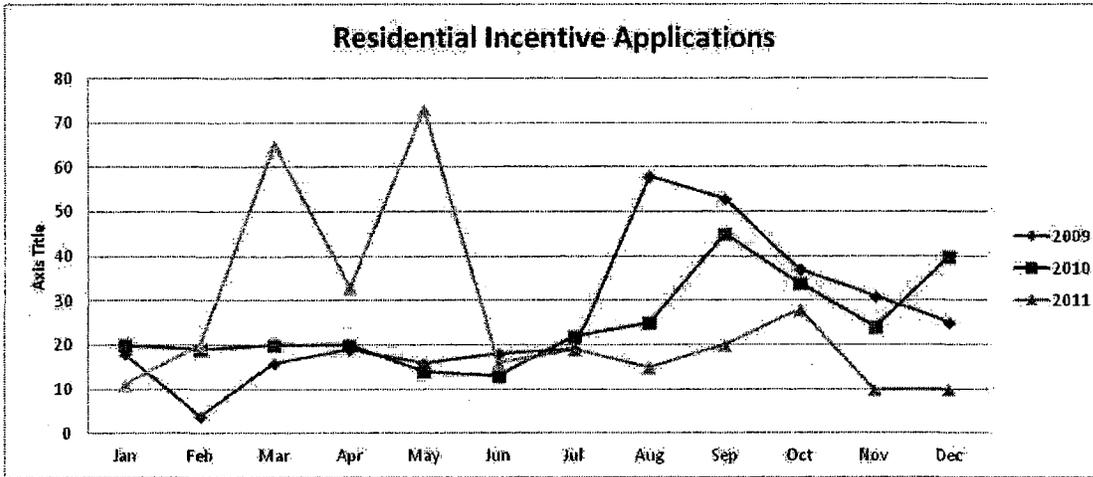
Special Note: These 18 unpaid systems were completed in December but after the December incentive processing deadline, not because of a lack of funds.



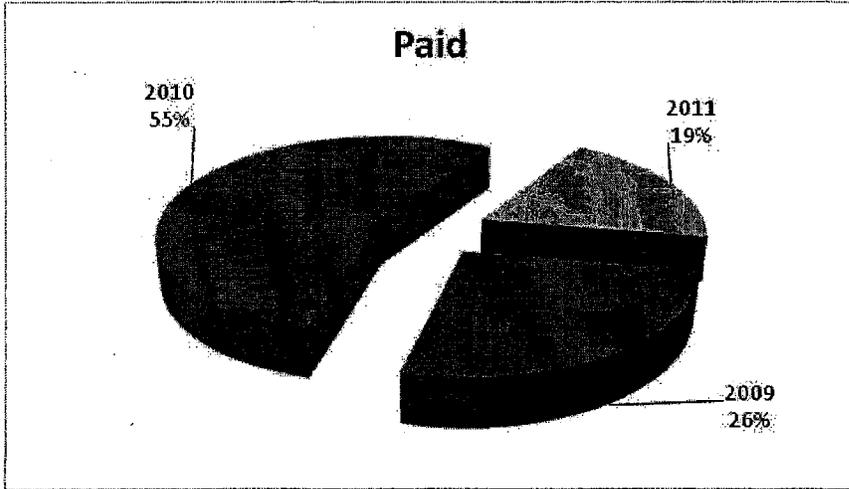
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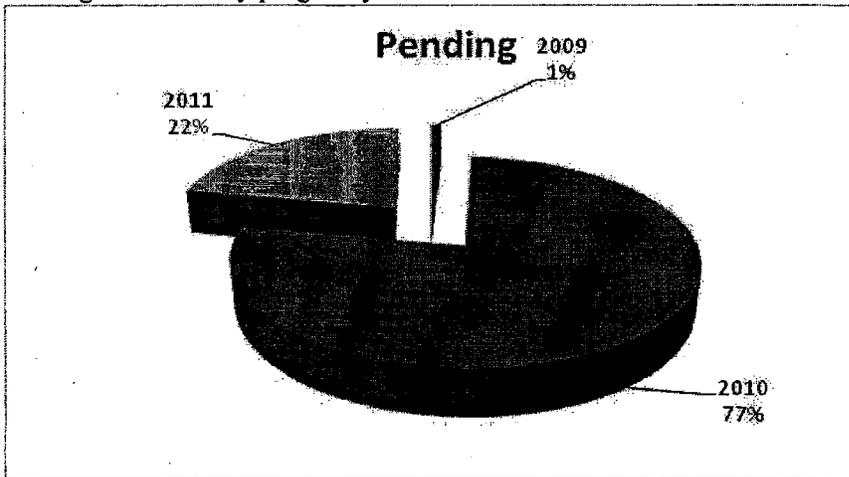
The following graphs illustrate the trends of our program.



Incentives paid by program year.



Pending Incentives by program year.



2011 installs by program year

