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Major Rebecca C. Salisbury
56th Fighter Wing JA
7383 N. Litchfield Road
Luke AFB, AZ 85309-1540
623-856-6901
State Bar No. 022006

2003 DEC 31 A 11: 25

AZ CORP COMMISSION
DOCUMENT CONTROL

Major Allen G. Erickson AFCES A/ULT
139 Barnes Drive, Suite 1
Tyndall AFB, FL 32403-5319

Arizona Corporation Commission

DOCKETED

DEC 31 2003

Attorneys for Federal Executive Agencies

DOCKETED BY	<i>CM</i>
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**BEFORE THE
ARIZONA CORPORATION COMMISSION**

**In the Matter of the Application of)
Arizona Public Service Company)
for a Hearing to Determine the Fair)
Value of the Utility Property of the)
Company for Ratemaking)
Purposes, to Fix a Just and)
Reasonable Rate of Return)
Thereon, to Approve Rate)
Schedules Designed to Develop)
Such Return, and for Approval of)
Purchased Power Contract)**

Docket No. E-01345A-03-0437

**FIRST SET OF INTERROGATORIES
PROPOUNDED BY THE UNITED
STATES FEDERAL EXECUTIVE
AGENCIES**

The United States Federal Executive Agencies ("FEA") hereby requests that Arizona Public Service Company ("APS" or "Company") provide the following information and answer the following questions under oath. Each Request incorporates fully by reference each and every Instruction and Definition as if set forth fully therein. Any questions, comments, or objections to said Requests should be directed as soon as feasible to the undersigned counsel in order to expedite the discovery process. APS is requested to provide its responses on an as-available basis and in accordance with the Commission's Rules of Practice and Procedure. In addition, please state the name and address of the person preparing the response to each request.

INSTRUCTIONS

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1. In answering each Request, state the text of the Request prior to providing the response. Each Request and applicable response should be on a separate page. Where there are subparts to a Request, each subpart and applicable response should be on a separate page. Each Request is continuing in nature. Thus, if APS acquires or discovers additional or different information with respect to a Request after the Request has been initially answered, APS is required to supplement its response immediately following the receipt of such additional or different information, giving the additional or different information to the same extent as originally requested. APS may not postpone serving such responsive supplemental information until after the filing of any testimony or supporting documents in this proceeding. Initial and supplementary responses shall be full, complete and accurate since they will be relied upon by FEA for the purposes of this proceeding. For each Request, list all assumptions made by APS in answering said Request.
2. In the event that APS asserts that any of the information requested is deemed by it to be privileged or proprietary, then APS in its written response should identify any such data, and any supporting documents, by date and general content. APS should also identify all persons who participated in the preparation of the document and all persons, inside or outside APS, who received a copy, read or examined any such document. In addition, APS should indicate its claim of privilege with particularity and describe the grounds upon which privilege is claimed. State the present location of the document and all copies thereof and identify each person having custody or control of the document and said copies.
3. For information considered proprietary or confidential by APS, FEA will hold said information confidential and make it available only to FEA's counsel and consultants in the present case, pending the execution of an appropriate protective agreement or the entry of an appropriate protective order by the Commission.
4. To the extent that APS asserts that any requested information is not relevant or not material to any issue in the above-captioned matter, APS, in its written response hereto, should indicate a specific basis for said assertion in the context of any issues arising in this proceeding.
5. In the event APS asserts that any requested information is not available in the form requested, APS, in its written response thereto, should disclose the following:

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- (a) the form in which the requested data currently exists (identifying documents by title);
- (b) whether it is possible under any circumstances for APS to provide the data in the form requested;
- (c) the procedures or calculation necessary to provide the data in the form requested;
- (d) the length of time (in hours or days) necessary for APS to prepare the data in the form requested; and
- (e) the earliest dates, time period, and location that representatives of FEA may inspect APS' files, records or documents in which the requested information currently exists.

- 6. The Requests contained herein contemplate that individual copies of any documentary material requested will be provided to FEA as is the usual custom in regulatory proceedings. In the event that APS asserts that any requested documents are too voluminous, or, for some other reason, that copies cannot be provided, APS is requested to make this documentary material available for inspection. Selective copying shall also be provided by APS pursuant to FEA's designation at that time.
- 7. In providing documents, APS is requested to furnish all documents or items in its physical possession or custody, as well as those materials under the physical possession, custody or control of any other person acting or purporting to act on behalf of APS or any of APS' employees or representatives, whether as an agent, independent contractor, attorney, consultant, witness, or otherwise.
- 8. To the extent any requested document cannot be provided in full, it shall be provided to the extent possible, with an indication of what document or portion of what document is being withheld and the reasons for withholding said document.
- 9. All documents shall be provided in the same order as they are kept or maintained by APS. To the extent they are attached to each other, documents should not be separated.
- 10. Documents not otherwise responsive to this Request shall be provided if such documents are attached to documents responsive to this Request, and constitute routing slips, transmittal memoranda, letters, comments, evaluations, or similar materials.

1 11. For each Request answered, provide the name of the person or persons
2 answering, the title of such persons and the name of the witness or
3 witnesses who will be prepared to testify concerning the matters
4 contained in each response or document provided. APS shall provide all
5 responses under oath.

6 12. Where these Requests seek quantitative or computational information
7 (e.g., models, analyses, databases, formulas) stored by APS or its
8 consultants in machine-readable form, in addition to providing hard copy,
9 APS is requested to furnish such machine-readable information, on CD-
10 ROM for IBM compatible PC for large files, as:

11 (i) Excel worksheet files;

12 (ii) ASCII text files; or

13 (iii) other IBM PC compatible worksheet or database files.

14 13. Responses to any of these Requests may include incorporation by
15 reference to responses to other Requests only under the following
16 circumstances:

17 (a) the reference is explicit and complies with instruction 11; and

18 (b) unless the entirety of the referenced response is to be incorporated,
19 the specific information or documents of the referenced response
20 shall be expressly identified.

21 14. FEA requests that APS send by overnight delivery service (such as
22 Federal Express or a comparable service) copies of its responses to the
23 following:

24 Major Allen G. Erickson
25 HQ AFCESA/ULT
26 139 Barnes Drive, Suite 1
27 Tyndall AFB, FL 32403-5319
28 Telephone: 850.283.6350
Fax: 850.283.6219
Email: Allen.Erickson@tyndall.af.mil

Dennis Goins
Potomac Management Group
P.O. Box 30225
5801 Westchester Street
Alexandria, VA 22310

1 Telephone: 703.313.6805
2 Fax: 703.313.6807
3 Email: DGoinsPMG@aol.com

4 Responsive information and documents should be provided as they become
5 available and should not be withheld until a complete response to all of FEA's
6 requests is available.

7 **DEFINITIONS**

- 8 1. "APS" or the "Company" refers to APS, its subsidiaries, affiliates,
9 predecessors, successors, officers, directors, agents, employees, and
10 other persons acting in its behalf.
- 11 2. "Commission" refers to the Arizona Corporation Commission.
- 12 3. "Application" refers to the Application of APS filed with the Commission by
13 APS in Docket No. E-01345A-03-0437.
- 14 4. "Identify" means as follows:
- 15 (a) when used in reference to an individual, to state his full name and
16 present or last known residence address and telephone number, his present or
17 last known position and business affiliation, and his position and business
18 affiliation at the time in question;
- 19 (b) when used in reference to a commercial or governmental entity, to
20 state its full name, type of entity (e.g., corporation, partnership,
21 single proprietorship), and its present or last known address;
- 22 (c) when used in reference to a document, to state the date, author,
23 title, type of document (e.g., letter, memorandum, photograph, tape
24 recording, etc.) and its present or last known location and
25 custodian;
- 26 (d) when used in reference to a communication, to state the type of
27 communication (i.e., letter, personal conversation, etc.), the date
28 thereof, and the parties thereto and, in the case of a conversation,
to state the substance, place, and approximate time thereof, and
identity of other persons in the presence of each party thereto; and
- (e) when used in reference to an act, to state the substance of the act,
the date, time, and place of performance, and the identify of the
actor and all other persons present.

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5. The term "document" as used in the Requests contained herein is used in its customary broad sense, and includes, without limitation, any kind of printed, recorded, written, graphic, or photographic matter and things similar to any of the foregoing, regardless of their author or origin. The term specifically includes reports, studies, statistics, projections, forecasts, decisions and orders, intra-office and inter-office communications, correspondence, memoranda, financial data, summaries or records of conversations or interviews, statements, returns, diaries, workpapers, graphs, sketches, computer printouts, summaries or reports of investigations or negotiations, opinions or reports of consultants, photographs, brochures, bulletins, pamphlets, books, articles, advertisements, circulars, press releases, graphic records or representations or publications of any kind (including microfilm, videotape and records, however produced or reproduced), electronic, mechanical and electrical records of any kind (including, without limitation, tapes, tape cassettes, disks and records), other data compilations (including, without limitation, input/output files, source codes, object codes, program documentation, computer programs, computer printouts, cards, tapes, disks and recordings used in automated data processing together with the programming instructions and other material necessary to translate, understand or use the same), all drafts, prints, issues, alterations, modifications, changes and amendments to the foregoing, and all other documents or tangible things of whatever description that constitute or contain information within the scope of a Request that are in the possession of APS. A Request seeking the identification or production of documents addressing, relating or referring to, or discussing a specified matter encompasses documents having a factual, contextual, or logical nexus to the matter, as well as documents making explicit or implicit reference thereto in the body of the documents. Originals and duplicates of the same document need not be separately identified or provided; however, drafts of a document or documents differing from one another by initials, interlineations, notations, erasures, file stamps, and the like shall be deemed to be distinct documents requiring separate identification or production.

6. "Communication" shall mean any transmission of information by oral, graphic, written, pictorial, or otherwise perceptible means, including, but not limited to, telephone conversations, letters, telegrams, and personal conversations. A Request seeking the identity of a communication addressing, relating or referring to, or discussing a specified matter encompasses documents having factual, contextual, or logical nexus to the matter, as well as communications in which explicit or implicit reference is made to the matter in the course of the communication.

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- 7. The "substance" of a communication or act includes the essence, purport or meaning of the same, as well as the exact words or actions involved.
- 8. Words expressing the singular number shall be deemed to express the plural number; those expressing the masculine gender shall be deemed to express the feminine and neuter genders; those expressing the past tense shall be deemed to express the present tense; and vice versa.
- 9. The unqualified term "or" shall be construed either conjunctively or disjunctively to bring within the scope of these Requests any matters that might otherwise be construed to be outside their scope.
- 10. The unqualified term "person" shall mean an individual, corporation, partnership, unincorporated association or other business or governmental entity.
- 11. The term "e.g." indicates illustration by example, not limitation.

FEA-1-1. Please provide copies of all requests for information submitted by other parties to APS in this docket. This is an ongoing request.

FEA-1-2. Referring to the direct testimony of Alan Propper at page 2, lines 13-20:

- (a) Provide on CD-ROM an electronic copy—with all formulas intact—of the cost-of-service model used in this case.
- (b) Provide written instructions regarding how to operate and run the cost-of-service model.
- (c) Provide all workpapers, studies, analyses, and documents supporting and/or underlying the proposed cost-of-service model.
- (d) For each allocator used in the cost-of-service model, identify and define the allocator.
- (e) Has this cost-of-service model ever been reviewed and approved by the Commission in a previous regulatory proceeding. If the answer is yes, please provide a copy of the order(s) from the case(s) in which the model was reviewed and approved.

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FEA-1-3. Referring to the direct testimony of Alan Propper at page 4, lines 11-12:

- (a) Explain in detail the meaning of “generally consistent with historical practices.”
- (b) Identify and explain in detail the basis for each instance in which the proposed cost allocation study is *inconsistent* with historical APS practices.

FEA-1-4. Referring to the direct testimony of Alan Propper at page 6, line 14 – page 7, line 4:

- (a) Provide a detailed breakdown of each test-year component of the Revenue Credit.
- (b) Provide all workpapers, studies, analyses, and documents supporting and/or underlying each identified component of the Revenue Credit and its allocation in the cost-of-service model.
- (c) For each identified component of the Revenue Credit provide the component’s annual value for the years 1997-2001.
- (d) Identify the basis for allocating Revenue Credits in APS’ cost-of-service model.

FEA-1-5. Referring to the direct testimony of Alan Propper at page 8, line 21 – page 9, line 5:

- (a) Provide all workpapers, studies, analyses, and documents supporting and/or underlying the proposed cost treatment of transmission-related rate base and expense (lines 10-19).
- (b) Provide all workpapers, studies, analyses, and documents supporting and/or underlying the proposed cost treatment of total transmission costs (page 8, line 21 – page 9, line 5).

FEA-1-6. Referring to the direct testimony of Alan Propper at page 9, line 7 – page 10, line 12:

- (a) Provide all workpapers, studies, analyses, and documents supporting and/or underlying APS’ proposed treatment of production-related ancillary services (page 9, lines 8-16).

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(b) Provide all workpapers, studies, analyses, and documents supporting and/or underlying APS' derivation of "the applicable Ancillary Service expense assigned to retail customers..." (page 9, lines 25-26).

FEA-1-7. Referring to the direct testimony of Alan Propper at page 10, lines 13-23:

- (a) Provide a detailed breakdown of each test-year component of System Benefits.
- (b) Provide all workpapers, studies, analyses, and documents supporting and/or underlying each identified component of System Benefits and their allocation in the cost-of-service model.
- (c) For each identified component of test-year System Benefits provide the component's annual value for the years 1997-2001.
- (d) Identify the basis for allocating Revenue Credits in APS' cost-of-service model.
- (e) Identify and describe in detail the basis for recovering test-year System Benefits in APS' proposed rates.

FEA-1-8. Referring to the direct testimony of Alan Propper at page 11, line 24 – page 12, line 15:

- (a) Provide on CD-ROM an electronic copy—with all formulas intact—of Schedules G-1 through G-7.
- (b) Provide all workpapers, studies, analyses, and documents supporting and/or underlying the information presented in Schedules G-1 through G-7.
- (c) With respect to Schedule G-2, identify for each major customer class shown under the heading **Total ACC Jurisdiction** the level of Revenues from Rates (line 1.a) that would have been necessary to produce an 8.67 percent system average rate of return for each class. Provide all workpapers, studies, analyses, and documents supporting and/or underlying the estimated revenues for each class.

1 FEA-1-9. Referring to the direct testimony of Alan Propper at page 12, line 17
2 – page 13, line 5:

3 (a) Provide on CD-ROM an electronic copy—with all formulas
4 intact—of Schedules GJ and GE-1 through GE-3.

5 (b) Provide all workpapers, studies, analyses, and documents
6 supporting and/or underlying the information presented in these
7 schedules.

8 (c) Provide on CD-ROM an electronic copy—with all formulas
9 intact—of the detailed schedules and/or studies reflected in
10 *summary* Schedules GJ and GE-1 through GE-3.

11 FEA-1-10. Referring to SFR Schedule H:

12 (a) Provide on CD-ROM an electronic copy—with all formulas
13 intact—of Schedules H-1 through H-5.

14 (b) Provide all workpapers, studies, analyses, and documents
15 supporting and/or underlying the information presented in these
16 schedules.

17 (c) With respect to Schedule H-1, explain in detail why APS has
18 spread its proposed rate increase such that each major
19 customer class essentially receives the system average retail
20 percentage increase. Provide all workpapers, studies,
21 analyses, and documents supporting and/or underlying this
22 proposed revenue spread.

23 FEA-1-11. Referring to the direct testimony of Alan Propper at page 13, line 18
24 – page 18, line 10:

25 (a) Provide all workpapers, studies, analyses, and documents
26 supporting and/or underlying APS' proposed design for each
27 proposed rate.

28 (b) Identify the docket and year of final order for APS' last fully
litigated retail base rate case. Provide a copy of the
Commission's final order relative to any rate adjustment(s) in
that case.

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FEA-1-12. Referring to the direct testimony of Alan Propper at page 15, lines 4-17:

- (a) In APS' opinion, at what level would the percentage increase in annual base rate revenue for any customer class become unacceptably large? Provide all workpapers, studies, analyses, and documents supporting and/or underlying this opinion.
- (b) In APS' opinion, at what level would the percentage increase in total monthly base rate charges for any customer become unacceptably large? Provide all workpapers, studies, analyses, and documents supporting and/or underlying this opinion.
- (c) In APS' opinion, at what level would the percentage increase in total annual base rate charges for any customer become unacceptably large? Provide all workpapers, studies, analyses, and documents supporting and/or underlying this opinion.

FEA-1-13. Referring to the direct testimony of Alan Propper at page 16, lines 1-9, provide all workpapers, studies, analyses, and documents supporting and/or underlying APS' statement that "[t]he cost-of-service study was used to develop pricing for these unbundled Revenue Cycle Services costs for each unbundled rate schedule." Such workpapers, studies, analyses, and documents should clearly demonstrate the linkage between the cost-of-service study results and the proposed prices for unbundled Revenue Cycle Services.

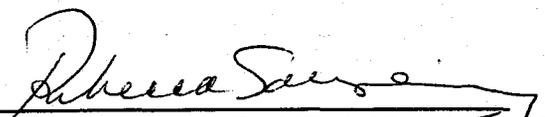
FEA-1-14. Referring to APS' *proposed* Rate Schedules E-32, E-32TOU, E-34, and E-35:

- (a) Provide all workpapers, studies, analyses, and documents supporting and/or underlying the proposed charges for the Standard Service Offer rate and the Unbundled Components.
- (b) Define *Instrument-Rated Meters*. Describe the general differences in load characteristics and/or service deliveries of customers using Self-Contained Meters vs Instrument-Rated Meters.
- (c) Provide test-year billing determinants for each proposed rate component and rate block by component (for example in Rate E-32, test-year May-October billing kW at Secondary Service for customers with monthly maximum demands of 20 kW or less).

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- (d) Provide all workpapers, studies, analyses, and documents supporting and/or underlying all **time-of-use rate differentials** if applicable in each proposed rate.
- (e) Provide all workpapers, studies, analyses, and documents supporting and/or underlying all **voltage-specific charges** if applicable in each proposed rate.
- (f) Provide all workpapers, studies, analyses, and documents prepared by or for APS in the past two years regarding variances in its cost of service by voltage level of service.

RESPECTFULLY SUBMITTED this 30th day of December 2003.

BY: 
REBECCA C. SALISBURY, Maj, USAFR
ALLEN G. ERICKSON, Maj, USAF
Attorneys for Federal Executive Agencies

ORIGINAL of the foregoing FILED BY MAIL
and copy MAILED this 30th day
of December 2003 to:

Thomas L. Mumaw
Karilee S. Ramaley
PINNACLE WEST CAPITAL CORPORATION
P.O. Box 53999, MS 8695
Phoenix, AZ 85072-3999

Jeffrey B. Guldner
Faraq Sanei
SNELL & WILMER
One Arizona Center
400 E. Van Buren Street
Phoenix, AZ 85004-2202
Attorneys for Arizona Public Service Company

...
...

1 C. Webb Crockett
2 FENNEMORE CRAIG
3 3003 N. Central Avenue, Suite 2600
4 Phoenix, AZ 85012
5 Attorneys for AECC and Phelps Dodge

6 Major Allen G. Erickson AFCES A/ULT
7 139 Barnes Drive, Suite 1
8 Tyndall AFB, FL 32403-5319
9 Attorney for FEA

10 Michael L. Kurtz
11 BOEHM, KURTZ & LOWRY
12 36 E. Seventh Street, Suite 2110
13 Cincinnati, OH 45202
14 Attorneys for Kroger Company

15 Scott Wakefield
16 RUCO
17 1110 W. Washington St., Suite 220
18 Phoenix, AZ 85007

19 Walter W. Meek
20 AUIA
21 2100 N. Central Ave., Suite 210
22 Phoenix, AZ 85067

23 Christopher Kempley, Chief Counsel
24 ARIZONA CORPORATION COMMISSION
25 1200 W. Washington Street
26 Phoenix, AZ 85007

27 Ernest Johnson, Director of Utilities
28 ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, AZ 85007

Arizona Reporting Service, Inc.
2627 N. Third Street, Suite Three
Phoenix, AZ 85004-1103