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AZ CORP COMMISSION  
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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JEFF HATCH-MILLER, CHAIRMAN  
WILLIAM A. MUNDELL  
MARC SPITZER  
MIKE GLEASON  
KRISTIN K. MAYES

IN THE MATTER OF THE COMPLAINT OF  
MOHAVE ELECTRIC COOPERATIVE, INC.  
AGAINST UNISOURCE ENERGY  
CORPORATION.

DOCKET NO. E-01750A-04-0798  
E-04204A-04-0798  
E-04230A-04-0798

IN THE MATTER OF THE APPLICATION OF  
UNS ELECTRIC, INC. FOR AN ORDER  
APPROVING A TRANSFER OF A PORTION OF  
A CERTIFICATE OF CONVENIENCE AND  
NECESSITY.

DOCKET NO. E-04204A-04-0824  
DOCKET NO. E-01750A-04-0824

**NOTICE OF FILING DIRECT TESTIMONY  
OF THOMAS J. FERRY ON BEHALF OF  
UNS ELECTRIC, INC. IN SUPPORT OF THE  
STIPULATION AND PROPOSED RESOLUTION**

Arizona Corporation Commission

**DOCKETED**

JUN 24 2005

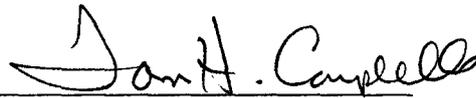
DOCKETED BY

KS

1 Notice is given that UNS Electric, Inc. is filing the direct testimony of  
2 Thomas J. Ferry in the above-captioned dockets.

3 RESPECTFULLY SUBMITTED this 24<sup>th</sup> day of June, 2005.

4 LEWIS AND ROCA LLP

5  
6  
7 

8 Thomas H. Campbell  
9 Michael T. Hallam  
10 40 N. Central Avenue  
11 Phoenix, Arizona 85004

12 - AND -

13 Michelle Livengood  
14 UniSource Energy Corporation  
15 One S. Church Avenue  
16 P.O. Box 711  
17 Tucson, Arizona 85702-0711

18 Attorneys for UNS Electric, Inc.

19 ORIGINAL and twenty-one (21) copies  
20 of the foregoing filed this 24<sup>th</sup> day of  
21 June, 2005, with:

22 The Arizona Corporation Commission  
23 Utilities Division – Docket Control  
24 1200 W. Washington Street  
25 Phoenix, Arizona 85007

26 COPY of the foregoing hand-delivered  
this 24<sup>th</sup> day of June, 2005, to:

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Jason Gellman  
Diane Targovnik  
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1200 W. Washington Street  
Phoenix, Arizona 85007

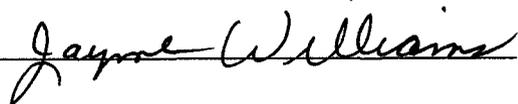
Dwight Nodes  
Hearing Division – Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, Arizona 85007

Ernest Johnson, Director  
Utilities Division  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, Arizona 85007

COPY of the foregoing mailed this  
24<sup>th</sup> day of June, 2005, to:

Michael A. Curtis  
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Phoenix, Arizona 85006-1090

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Central Trucking, Inc.  
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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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WILLIAM A. MUNDELL  
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**DIRECT TESTIMONY  
OF THOMAS J. FERRY  
ON BEHALF OF  
UNS ELECTRIC, INC.  
IN SUPPORT OF THE  
STIPULATION AND PROPOSED RESOLUTION**

**June 24, 2005**

INTRODUCTION

1  
2  
3 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

4 A. My name is Thomas J. Ferry. I am Vice President and General Manager of  
5 UNS Electric Inc. ("UNS Electric"). My business address is 2498 Airway Avenue,  
6 Kingman, Arizona 86401.  
7

8  
9 **Q. WHAT ARE YOUR CURRENT RESPONSIBILITIES?**

10 A. I have overall management responsibility for the electric operations in  
11 Mohave County, Arizona. Oversight includes construction and maintenance of  
12 electric transmission and distribution systems as well as business office functions  
13 related to serving electric and gas customers in Mohave County.  
14

15  
16 **Q. PLEASE SUMMARIZE YOUR EMPLOYMENT BACKGROUND.**

17 A. I started in the power design field with Stanley Consultants Inc. in  
18 Muscatine, Iowa. I performed electric utility distribution and substation design and  
19 equipment testing. I joined Citizens Utilities Company ("Citizens") in Kingman,  
20 Arizona in 1972 as an Engineering Technician and moved to District Engineer and  
21 then to District Manager in Lake Havasu City from 1979 to 1985. I served as  
22 Division Manager responsible for Electric and Water operations in Idaho from 1985  
23 to 1990. I returned to Kingman in 1990 as the Division Manager of Mohave  
24  
25  
26

1 Electric Cooperative, Inc. ("MEC"). From 1997 to 1999, I worked on design and  
2 implementation of a corporate-wide financial and accounting systems for Citizens  
3 in Stamford, Connecticut. I returned again to Kingman in 1999 to serve as Division  
4 Manager for the electric operations in Arizona. UniSource Energy Corporation  
5 purchased Citizens' Electric Division in 2003, which led to my current position.  
6

7 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

8 A. The purpose of my testimony is to support the Joint Stipulation and  
9 Proposed Resolution filed by MEC and UNS Electric.  
10

11 **Q. ARE YOU FAMILIAR WITH THE JOINT STIPULATION AND  
12 PROPOSED RESOLUTION BETWEEN UNS ELECTRIC AND MEC  
13 IN THIS DOCKET?**

14 A. Yes.

15 **Q. DESCRIBE THE GEOGRAPHIC AREA ADDRESSED IN THE  
16 JOINT STIPULATION (THE "AREA").**

17 A. The Certificate of Convenience and Necessity ("CC&N") Area at issue is  
18 located near the McConnico interchange of I-40, approximately five miles south of  
19 Kingman, Arizona. It is approximately 1000 acres in size and is divided in two  
20 parts by I-40. The area east of the highway is about 800 acres in size and is located  
21 between and east of the railroad tracks owned by Burlington Northern and Sante Fe  
22 Railroad. Nucor owns an idle manufacturing facility originally constructed and  
23 operated by North Star Steel ("NSS") between the north and southbound tracks.  
24 The area west of I-40 is mostly vacant land adjacent to the highway frontage road  
25  
26

1 intended for commercial development and is where Central Trucking, Inc. ("CTI")  
2 is located. Attached as Exhibit TJJ-1 is a map showing the entire Area and the  
3 Nucor plant site within the Area.

4  
5 **Q. WHEN WAS THE CC&N FOR THIS AREA ORIGINALLY**  
6 **AWARDED TO CITIZENS?**

7 A. The CC&N was originally granted to Citizens as part of the purchase of  
8 Public Utilities Consolidated Corporation in 1935.

9 **Q. WHY IS UNS ELECTRIC SUPPORTING THE JOINT**  
10 **STIPULATION WHICH TRANSFERS THIS AREA BACK INTO ITS**  
11 **SERVICE AREA?**

12 A. UNS Electric can provide electric service to companies such as CTI that may  
13 want to locate in the Area. UNS Electric has facilities on site that can be used to  
14 provide service to new customers at a reasonable cost. Furthermore, UNS  
15 Electric's CC&N surrounds the Area and UNS Electric currently serves several  
16 customers in areas immediately adjacent to the Area.

17  
18 **Q. DESCRIBE UNS ELECTRIC'S EXISTING FACILITIES IN THE**  
19 **AREA.**

20 A. UNS Electric owns and operates three phase distribution lines, which  
21 traverse through the area and serve customers surrounding the Area. UNS Electric  
22 owns and operates two 69kV transmission lines which traverse the subject area and  
23 are used to supply power to distribution substations east, west and south of the  
24 Area. These lines originate at the Griffith transmission substation south of the Area  
25 and the Hilltop transmission substation north of the Area. The transmission  
26

1 substations are interconnected to Western Area Power Administration (“WAPA”)  
2 and provide most of the power requirements for UNS Electric’s Kingman District.  
3 Exhibit TJF-1 shows the UNS Electric facilities in the Area.  
4

5 **Q. DESCRIBE HOW UNS ELECTRIC WOULD SERVE THE**  
6 **CURRENT LOAD IN THE AREA.**

7 A. UNS Electric currently serves CTI from UNS Electric’s distribution lines,  
8 which are located within the Area. UNS Electric could establish a delivery point at  
9 the McConnico transmission substation to serve the load currently served by MEC  
10 at the Nucor plant site.  
11

12 **Q. DESCRIBE HOW UNS ELECTRIC WOULD SERVE ANY FUTURE**  
13 **LOAD IN THE AREA.**

14 A. UNS Electric has facilities described above which are capable of providing  
15 electric service in the Area. UNS Electric currently serves customers in all  
16 directions surrounding the Area. Depending on the size and specific location of the  
17 future load, facilities in the Area may need to be expanded.  
18

19 **Q. IS UNS ELECTRIC WILLING TO PAY \$48,070 FOR THE MEC**  
20 **INSTALLED FACILITIES IN THE AREA, EXCEPTING THE**  
21 **PORTION DESCRIBED AS THE NUCOR PLANT SITE?**

22 A. Yes, UNS Electric believes that these facilities will be useful and that the  
23 price set using the straight line depreciation adjustment made in the proposal is  
24 reasonable. UNS Electric’s purchase of these facilities is contingent upon all  
25 necessary approvals, assignments, and/or releases being received from the Rural  
26 Utility Service (“RUS”) and any other lienholder on these facilities and MEC’s

1 assignment and quit claim of all easements and rights-of-way to the extent they  
2 contain these facilities.

3 **Q. IS UNS ELECTRIC WILLING TO SERVE THE NUCOR PLANT**  
4 **SITE AT A LATER DATE?**

5 A. Yes. As set forth in the Stipulation, the CC&N for the Nucor plant site  
6 automatically will be transferred to UNS Electric at a later date. As stated above,  
7 UNS Electric will be able to serve the load at Nucor.

8 **Q. DOES UNS ELECTRIC BELIEVE THIS RESOLUTION IS**  
9 **REASONABLE AND IN THE PUBLIC INTEREST?**

10 A. Yes. UNS Electric believes this is a reasonable resolution of the matter that  
11 will allow UNS Electric to continue to serve CTI and any new customers in the Area  
12 and will allow UNS Electric to serve the Nucor plant site at some time in the future  
13 pursuant to the terms of the Stipulation.

14 **Q. WHAT ACTION IS UNS ELECTRIC REQUESTING FROM THE**  
15 **COMMISSION REGARDING THE STIPULATION AND PROPOSED**  
16 **RESOLUTION?**

17 A. UNS Electric requests that the Stipulation and Proposed Resolution be  
18 approved by the Commission and that the Docket be closed.

19 **Q. DOES THIS CONCLUDE YOUR TESTIMONY IN THIS MATTER?**

20 A. Yes, it does.  
21  
22  
23  
24  
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26

**EXHIBIT Tjf-1**

